ORGANIZATIONAL MARGINALIZATION AND EMBEDDEDNESS IN DISTRESSED BUSINESS ENVIRONMENTS

A Dissertation

By

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ABSTRACT

Extant literature on institutionalization asserts that organizations establish norms and practices collectively with peer organizations to enhance stability in the business environment. Organizations with practices reflecting these expected norms attain legitimacy and strengthen their position in the environment. While research suggests that cooperative collaboration across organizational peers contributes to positive outcomes for the environment and its member organizations, the literature fails to identify the way in which institutionalization plays out in marginalized contexts. This research, therefore, extends existing work on institutional theory by exploring organizational behavior among isolated organizations, which challenges the inferred notion that all organizations identify with a network of peers. The study highlights organizations operating in underserved communities with limited resources. Accordingly, I assert that isolated organizations facing environmental constraints are less likely to mimic industry peers operating outside of their community, but instead engage in mimetic diversity. I further posit that marginalized organizations are less embedded in the region in which they operate, and instead place greater priority on the micro environment, or local neighborhood.

Through interviews with top managers of 10 organizations and surveys of top managers at 151 organizations operating in relatively high poverty neighborhoods in Houston, Texas, I find support that organizational marginalization is positively related to mimetic diversity, while mimetic diversity enhances an organization’s embeddedness within the local neighborhood. Contrary to the expectation that limited resources contribute to organizations’ engagement in mimetic diversity, the data indicate a positive relationship between access to resources and mimetic diversity. This study highlights an essential alternative to the classic behavioral constructs, institutional mimicry and strategic differentiation, by advancing the idea that forms of disadvantage preclude some organizations from pursuing either of these disparate lanes. This work offers implications for future research and practice.

DEDICATION

This dissertation is dedicated to my parents, Carolyn and Charles, my brother, Noel, and my late grandparents, Marie Malcolm Dunbar (1922-2004) and Charles Fuller Sr. (1934-2013). It is also dedicated to my future descendants as my intention is to create a financial, intellectual and spiritual legacy that enhances your lives.

ACKNOWLEDGEMENTS

I would be remiss if I did not firstly acknowledge those who came before me, my ancestors, as I stand in this unlikely position. Without their tenacity and prudence, I would not be here. My maternal great-grandmother, Mary Moss Malcolm, was an illiterate laborer in Jamaica. I met her shortly before she passed away at the age of 102 in the 1980s. This dissertation, the fact that I am a Doctor of Philosophy, is a testament to how far my family has come in four generations.

However, this dissertation is not by any means the original change agent for my family. The decision to live a better life started with Mary's daughter. My late grandmother, Marie, moved to the United States as a single mother of four children and worked her way through nursing school. Her pursuit of higher education allowed her to purchase property, send her children to college, and set a new standard for the generations that follow. So this dissertation is for her. And it is for my late paternal grandfather, Charles Sr., who left the Jim Crow South as a teenager and never finished high school. This is for my father who recently obtained his Associate's degree. This is for my mother who started a PhD program many years ago, but never completed it. This dissertation has been generations in the making.

I would not have achieved a terminal degree were it not also for my "village" beyond my parents and grandparents: my brother, aunts, uncles, cousins and friends who have become family. Their wisdom, support, guidance and prayers have made a significant impact on my life outcomes thus far. My village expected me to be above average, and so I (usually) was. Their faith in me was often stronger than my faith in myself.

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Most of all, I thank God. This decision to enroll in graduate school was a step out on faith. It did not go as smoothly as I had hoped. It has stretched me such that living outside of my comfort zone has become my norm. It has strengthened my faith so that now I know for sure that what appears to be impossible can actually come to pass.

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TABLE OF CONTENTS

Page

Page

LIST OF FIGURES

FIGURE Page

LIST OF TABLES

INTRODUCTION

In October 2014, over 3,000 residents from New York's South Bronx community protested the impending closure of the local Barnes & Noble bookstore. Decades earlier, the South Bronx community was predominately middle class and Jewish. Beginning in the 1960s, however, the area became home to larger proportions of working class ethnic minority families. Poverty rates rose, property values fell and urban decay set in. Today, the South Bronx is 75% Hispanic and four in ten residents live below the poverty line. Half of all adults never graduated from high school. And once Barnes & Noble permanently closed its doors in 2016, it left not only this community, but the larger Bronx borough with its 1.4 million residents, without a single general interest bookstore.

Noelle Santos, a South Bronx native, avid reader and human resources professional, decided to stand in the gap that Barnes & Noble left, and began to raise money to open a new brick and mortar bookstore. Although Santos is still $60,000 away from her funding goal, she has received significant media coverage about her plans for the bookstore, which she aims to name, The Lit. Bar. Unlike her chain store predecessor, she intends to sell both literature and wine at her bookstore. Further, she wants the inventory of books to reflect the diversity of ethnicities and interests of the local community.

While Santos's ambitions are admirable, one must consider the implications of being the borough's only bookstore. Barnes & Noble's departure implies that operating a retail outlet in the South Bronx may have been difficult or unprofitable. Given the dearth of industry peers in the local environment, Santos will likely have limited access to other organizations after which she can model her own business. Business models are important because they display the logics and pathways to success in a given field. Models even behoove organizations hoping to differentiate themselves because models provide a basis from which to distinguish themselves (Magretta, 2002). Santos, however, will essentially have to make her own rules, based on her specific circumstances and knowledge. The learning curve, already steep for owners and managers of new ventures with limited start-up experience (Shepherd, Douglas & Shanley, 2000), will likely be even steeper for her. In the process of having to contend with unique circumstances, including the entrepreneur's and the community's limited economic resources, the lack of geographically proximal peers and organizational models, and (presumably) relatively low consumer demand in the community, Santos' venture will likely need to be much different from other booksellers.

In DiMaggio and Powell's (1983) preeminent work on isomorphism, they propose that the process of institutionalization occurs more quickly in environments with fewer alternative organizational models. Inherent in this assertion is the assumption that salient models, even if there are relatively few, exist in every environment. This study defines an environment as an area encompassing geographically proximal organizations. The emphasis placed on proximity is based on research suggesting that geographical nearness contributes to greater transparency among peers and more benchmarking behaviors (Lublinsky, 2003). Accordingly, if actors in an environment jointly establish and maintain institutions, how does this institutionalization process manifest for actors without salient peers? When organizations choose to enter communities with weak institutional environments, how does this influence the organization's norms and behaviors?

More recent research, however, acknowledges the limitations of mimicry in practice. Work from Deephouse (1999) highlights the tension organizations feel in attempting to mimic models and achieve legitimacy, while also combatting competition through differentiating themselves from peers. The research finds that organizations capture performance advantages in achieving balance between mimicry and differentiation simultaneously, or incorporating practices that are similar and some that are different from peers. I plan to extend this research, integrating the impact of marginalization on organizations' mimicry and differentiation behaviors.

The Lit. Bar's story, particularly the fact that it will be the only bookstore in the borough, is illustrative of the research questions I will explore in this work. It highlights the need to understand how institutionalization occurs in the midst of organizational marginalization. Marginalization describes isolation, exclusion, a dearth of proximal peers and relational ties, and disadvantage based on an entity's characteristics (Salenius, 2016). How do the organizations currently operating in distressed communities function such that they are able to overcome the perceived obstacles that otherwise serve as barriers to their peers that choose not to operate in these contexts. Further, if these organizations do function differently from peers in more integrated environments (for the purpose of this research, I will use the term "integrated environments" or alternatively, "thriving business environments", to describe healthy business communities, with agglomeration economies serving as the ideal standard), what are the implications for the organization and the local community?

This work specifically explores three research questions. The first question investigates how organizations behave in marginalized settings. The second question explores the implications of organizational behavior within marginalized contexts for the community in which the organization operates. The third question considers the impact of minority ownership on organizational embeddedness.

Results of interviews with and surveys of owners and managers of businesses in inner cities neighborhoods in Houston, TX indicated that operating in a marginalized context disallows organizations ability to engage in institutional mimicry. The data confirm that these organizations are more likely to engage in mimetic diversity. Mimetic diversity describes entities that should, theoretically, take on forms akin to those of their taxonomic peers in order to achieve similar goals, but instead develop geographically influenced idiosyncratic norms in response to unique environmental challenges and isolation from peers in order to enhance the likelihood of survival (Kronforst & Gilbert, 2008). This differs from institutional mimicry, which refers to the imitation of highly visible peers' norms and practices using similar resources in order to overcome the same or comparable environmental uncertainties to achieve legitimacy (Heugens & Lander, 2009). Further, the results indicated that the nature of an organization's behavior is associated with varying levels of neighborhood embeddedness, such that marginalized organizations become embedded in the immediate neighborhood surrounding the organization.

In the pages that follow, I will provide a preliminary description of the theoretical bases for this study. Next, I will introduce the inner city context of the study, followed by a summary of the historical origins of the inner city, life in the inner city, and the urban business environment. Subsequently, I will discuss in more detail the theories undergirding this study. Finally, I will specify hypotheses, the theoretical model and the results of the statistical analyses.

THEORETICAL OVERVIEW

The idea of socially acceptable behaviors within environmental fields is well established in social sciences research (e.g. Meyer & Rowan, 1977; DiMaggio & Powell, 1983; Oliver, 1991). As people, social groups, organizations, nations and other entities collectively define the spectrum of behavioral norms, they simultaneously place expectations on themselves and their peers to consistently adhere to behaviors falling within these boundaries (Meadows, 1967). The presumption that one's peers will display socially acceptable behaviors creates a sense of stability in an otherwise unpredictable environment (Scott, 1987). Accordingly, institutional theory speaks to the rules and norms that organize and define a given social setting, and the benefits adherence to these standards grants to the entities honoring them (Meyer et al., 1977).

Theory asserts that specific catalysts goad social actors into adhering to institutional norms. One of these catalysts is environmental uncertainty. Institutional theory posits when actors coexist in an uncertain setting, standards of appropriateness may be ambiguous thus, actors assess the behaviors of their peers and mimic the actions of their ostensibly successful or most salient peers (DiMaggio et al., 1983). Underlying the idea of mimicry is the assumption that social actors can clearly observe, comprehend and have the capability to implement the practices and subsequent outcomes of their peers' behavioral patterns (Strang & Soule, 1998).

However, in highly complex environments, which speak to settings where there is significant unpredictable variability, rather than there being a set of distinctly superior institutional norms to mimic, there are multiple institutional demands from a number of sources actors must simultaneously navigate. Such institutional complexity becomes even more problematic when the various norms conflict (e.g. Luo, Wang & Zhang, 2017). The existence of institutional pluralism, wherein actors must appeal to various behavioral expectations, results in a weakening of the institutional environment. In weak institutional environments, actors exhibit a greater reliance on their peer networks to reinforce a sense of normalcy and counteract the absence of institutional support (Batjargal, Hitt, Tsui, Arregle, Webb & Miller, 2013).

Not only do peer networks allow members to cooperatively reinforce institutional stability in otherwise uncertain spaces, they also contribute to an array of additional practical benefits. More specifically, groups of organizations linked through buyer and supplier relationships, shared technologies and similar skills are instrumental to enhanced firm performance (Porter, 1996, 1997). Organizations geographically clustered with peers typically also realize advantages from close proximity to skilled workers, easier access to specialized suppliers and information advantages from knowledge spillovers (Alcacer & Chung, 2014). Further, geographical proximity enhances mimics' ability to observe and adopt model behaviors (Lublinsky, 2003).

Thus far, the literature has reiterated the idea that ties among related organizations are particularly important components of thriving business environments. With respect to mitigating environmental uncertainty and enhancing firm performance, it is clear that organizations rely on peers for support and cooperation in a shared social setting. However, these aforementioned theories overlook the experiences of socially marginalized organizations. Like their socially integrated counterparts, marginalized organizations also face uncertainty and intend to perform well. Unlike their socially integrated counterparts, marginalized firms often lack the resource and capability advantages their counterparts possess that would allow them to assimilate with the integrated group (e.g. Mehra, Kilduff & Brass, 1998).

Extant research asserts that organizations in shared environments engage in mimicry and reap performance benefits from proximal peers (Strang et al., 1998). At the other end of the spectrum, however, are organizations operating in spaces where they have few to no peers. Prior work on organizations targeting underserved consumer groups in the informal economy posits that there is a gap between norms in the wider society, and those prevalent within the underserved community. This may result in the organizations in underserved communities adhering to practices differing from those of their peers in thriving business environments (Webb, Tihanyi, Ireland & Sirmon, 2009). Accordingly, I assert that in contrast to the organizations in these clustered social settings that mimic their peers' practices, marginalized organizations engage in mimetic diversity. Mimetic diversity describes the phenomenon in which species that should, theoretically, display similar behaviors instead behave differently from others in response to isolation from peers and the unique circumstances in their sub habitats (Mallet & Gilbert, 1995). Given the dearth of peers nearby with which to cooperate, I argue marginalized organizations must set and follow a relatively idiosyncratic set of institutions based on their distinct circumstances. Further, I posit that such idiosyncratic practices, adopted through necessity, often dictate the extent to which marginalized organizations become embedded in the environment.

CONTEXT

This study will explore institutionalization among marginalized organizations, and the impact the institutional norms will have on organizational embeddedness within the environment. Organizational marginalization is relatively common in distressed urban communities. In order to spur economic development in distressed urban communities across America, the Department of Housing and Urban Development has issued billions of dollars in grant money over the last several decades (e.g. Smith, 2015). Many of these distressed environments, with their high poverty and unemployment rates and low per capital incomes (e.g. Oakley & Tsao, 2006), are inner city neighborhoods. Inner city neighborhoods pose unique social and institutional obstacles to organizations, which deters entrepreneurs and managers from operating outlets in these communities (Robinson, 2004). Since organizations are often hesitant to operate in the inner city, I propose that it is an ideal context in which to explore organizational marginalization. Therefore, given the limited resources and enhanced likelihood of organizational marginalization in this particular environment, the focal context for this research is the American inner city.

THE ORIGINS OF THE INNER CITY

Why are there communities in major cities that mirror developing countries in terms of the relative poverty of the residents and the absence of thriving business environments? Across the globe, many organizations avoid operating in low income communities due to concerns over whether the local residents can afford their products and services (Prahalad & Hammond, 2002). In the U.S., the foundation for today's marginalized, urban neighborhoods stem back to the original establishment of large cities across America. The original neighborhoods in cities are often the points of initial residential settlement. Historically, these neighborhoods arose around a trade area or a transportation center (e.g. Geismar & Krisberg, 1967).

Prior to the establishment of these predominately residential original neighborhoods, one could find homes nested among commercial enterprises. However, by the 1850s, downtowns began to morph into neighborhoods dedicated to commerce. As more companies began to open shop on streets with higher proportions of incumbent businesses, families began moving to neighborhoods with more residences and fewer commercial and industrial buildings. Entrepreneurs converted the homes that families left behind downtown into businesses. This separation of housing and commercial enterprise led to the birth of the central business district (Fogelson, 2003).

In the wake of the establishment of residential neighborhoods, higher income families preferred to live in the areas surrounding downtown for convenience. Stately homes for the elite and higher-income professionals who worked downtown dotted the area around the downtown business district. These areas were not only close to work, but they were also among the first to benefit from infrastructural development. Poorer residents, on the other hand, lived in less developed sections of the city, further away from the city center. However, as cities became increasingly industrialized, low income populations intentionally sought out neighborhoods near their new factory jobs. Proximity to work was particularly important to disadvantaged groups, as they often lacked access to private transportation that would allow them to conveniently travel across long distances (Wilson, 1996). Accordingly, clusters of European immigrants and African Americans formed insular communities across various original neighborhoods surrounding downtown (Geismar et al., 1967).

As European and African American newcomers flocked into neighborhoods in cities' urban cores, housing shortages and overcrowding ensued. The previously refined, higher income original neighborhoods near the central business district quickly fell into states of distress, as high income families moved away. Landlords placed "rooms for rent" signs in windows, and subdivided homes and apartments in order to house multiple families in each building, and profit from the increase in demand for lodging (Chudacoff, Smith & Baldwin, 2010).

Neighborhoods in the city center were not only becoming increasingly overcrowded, but the residents were disproportionately socioeconomically disadvantaged. In general, urban newcomers had fewer years of formal education and fewer job skills than the neighborhood's previous residents. Accordingly, they sought out relatively unskilled positions, such as truck drivers, porters, domestics, retail employees or factory workers. Zoning and other red-lining practices safeguarded the demographic composition in wealthier neighborhoods and ensured the continued marginalization of poor ethnic minorities in neighborhoods around downtown (Geismar et al., 1967).

The original neighborhoods of yesterday are today's inner cities. Inner cities are communities outside of a central business district, or downtown, that are notable for their distressed business environments, low income residents, higher proportions of ethnic minorities, and antiquated infrastructure (Walks, 2001). Inner cities stand in stark contrast to the central business district and higher income communities in other parts of the city. The Initiative for a Competitive Inner City, a Boston-based organization specializing in inner city research founded by Dr. Michael Porter, defines inner cities as contiguous urban tracts with poverty levels that exceed 20% or 1.5 times the poverty rate of the metropolitan statistical area (Key Battlegrounds for the War on Poverty, 2017). In 2016, individuals who made less than $11,880 per year, or families of four with a combined income of less than $24,300 per year, fell below the federal poverty line (Federal Poverty Level, 2017).

LIFE IN THE INNER CITY

By the mid-19th century, the city was beckoning people from all walks of life. Rural Whites, Black ex-slaves leaving plantations, and newly arrived European immigrants all began moving into America's cities (Massey & Denton, 1993). New industries emerging in cities, which offered promising employment opportunities to those with limited training but a willingness to work, contributed to what would become a steady flow of migrants into the urban core over the next century. In the city of Philadelphia, for instance, between 1820 and 1830, the local Black population increased by 27%, or approximately 16,000 people. The city's White population exploded simultaneously, increasing by almost 175,000 people. Three percent of the White newcomers were immigrants (DuBois, 1899).

Around the turn of the century, it was common for city dwellers of different ethnicities and socioeconomic backgrounds to live in close proximity to one another. A study by Lieberson (1980) showed that most Blacks living in large cities across the U.S. did not reside in predominately Black neighborhoods during this period. In other words, Blacks usually were not concentrated in certain parts of a city. This diversity contributed to a more prosperous inner city. White and middle class Black residents were better positioned to advocate for city services and decent schools in their neighborhoods. They also offered stability through their support of and participation in local churches and social organizations. Beyond these practical advantages, scholars also note that inner city residents in upper castes served as role models for underclasses (Du Bois, 1899).

Racial and ethnic concentration began to take root as the population of ethnic newcomers to urban areas increased, particularly during the first two decades of the 20th century (Massey et al., 1993). Various ethnic groups were now relegated to competing with dissimilar others for limited resources. At the same time, precipitous increases in the urban population contributed to housing shortages and consequently, the deterioration of living conditions (DuBois, 1899).

Increased demand in manufacturing during the two World Wars compounded the streams of Blacks leaving the rural South and emptying into the sea of large cities. Business owners and managers with a plethora of new industrial jobs, thanks to the wars, began actively recruiting new migrants to fill the open positions. Opposing tradition, a significant proportion of these jobs went to Southern-born Black migrants rather than European migrants, as migration from European countries abated during the wars (Drake & Clayton, 1962).

Although job opportunities increased, housing construction slowed dramatically in cities across the U.S. as resources went towards the war effort. Housing in the poorest urban areas was essentially at capacity, which contributed to further deterioration of already dilapidated homes. In Chicago, the Chairman of the Housing Authority noted, “In 1939, there was an excess population of 87,300 persons, measured by citywide standards of density. Since then an estimated 60,000 or more persons have moved into the area to accentuate an already bad condition” (Drake et al., 1962: 201). More specifically, this “bad condition” referred to relatively high rates of mental illness, sickness and death, insufficient recreation facilities, inadequate upkeep of city streets and garbage disposal, high proportion of residents relying on government assistance, overcrowded schools, and crime. Poor neighborhoods, bursting at the seams, began to outgrow their territory. Newcomers to the city had no choice but to begin seeking homes in peripheral neighborhoods (Massey et al., 1993).

The infringement of ethnic minorities on predominately Anglo neighborhoods peripheral to the Black neighborhoods led to violent clashes in some cases. For instance, in Chicago, between 1917 and 1921, angry residents threw 58 bombs at newcomers’ homes in response to the perceived neighborhood invasion. In 1919, a five-day riot resulted in the loss of approximately 38 lives, more than 500 injuries and a quarter million dollars' worth of property damage, which left more than 1,000 people homeless (Drake et al., 1962).

The violence was often successful at dissuading Blacks from moving into outlying neighborhoods. However, growing concentrations of Blacks residents in particular neighborhoods lead to an inevitable implosion and expansion, which created an increasing number of contiguous tracts of solidly Black communities (Massey et al., 1993). White incumbent residents in neighborhoods immediately adjacent to a predominately Black neighborhood began to filter out and move into other communities. Over time, communities would shift from entirely White to entirely Black. Massey and Denton (1993) note a five-stage categorization for urban communities during this time of transition: all White, invasion, succession, consolidation, and all Black. A Black migrant living in Chicago in the 1920s described the impact of these shifts.

> Residential segregation is a big mistake. When I came here, there were white and colored living in the same neighborhood and the people seemed to understand each other. But since this neighborhood is colored only, everything is different. There are less jobs, and the neighborhood is not kept as clean as it used to be (Drake et al., 1962: 199).

The end of the Second World War marked the beginning of American suburbanization. White people with the financial means left the central city in droves, opting to live in more spacious, single family homes in newly developed communities. This period of suburbanization was a major contributor to the complete socio spatial marginalization of poor ethnic minorities in urban areas. Between 1950 and 1970, the proportion of Blacks in a city's population more than doubled in large cities across the country. For instance, the proportion grew from 14% to 33% in

Chicago and from 16% to 44% in Detroit. During this time, cities like Newark and Washington, DC became predominately Black, with Blacks representing 54% and 71% of those populations, respectively (Massey et al., 1993).

A study conducted in Washington, DC in the 1960s explored the lives of Black men living in a predominately Black neighborhood. This particular community had the city's highest proportion of residents receiving government assistance, illegitimate births, and expectant mothers not receiving prenatal care. The men in the study had all moved into Washington, DC from various states, and were in their 20s and 30s. The men's educational attainment ranged from elementary school to grade 12. They worked as unskilled construction workers and day laborers, retail or service employees, or were unemployed. The employed men felt little commitment to their jobs, noting the low pay, daily monotony, and lack of upward mobility. Relatedly, they felt insecure about their intellectual abilities and capacity to provide for a family. None of the men in the study were happily married. Some of the men lived separately from their families. The men who did live with their wives and children admitted to feeling like failures in their inability to provide a comfortable home life, and responded by intentionally maintaining emotionally distant relationships with their children. Most of the men were not raised with their fathers in the home. Outside of the home, the community was generally transient. The men often had short lived friendships, as people moved into and out of the neighborhood (Liebow, 1967).

In 1968, a year after the publication of the study in Washington, DC (Liebow, 1967), another study began in an undisclosed, predominately Black and low income community in Illinois. Unlike its predecessor, this study focused on women and the structure of the kinship network. The kinship network included household members, as well as extended family and trusted neighbors living in other households in the same vicinity. Many of the city's Black residents had moved to the area within the last twenty years from southern states like Arkansas and Mississippi. At the time of the study, the community suffered from a 20% unemployment rate. Given the income restrictions families faced, the social exchange system across kin was invaluable. Kinship network members would exchange a variety of items and services, ranging from household furniture and food to childcare. There was a disproportionately high rate of teenage pregnancy in the community, so in many cases, young mothers relied on kin to raise their children. The household composition often did not follow the model of the traditional nuclear family, and would change based on external factors such as employment opportunities, local housing shortages and rent prices, and welfare requirements (women were not eligible to receive welfare benefits if a man lived in the household). Similar to the findings of the Washington, DC study, men were transient members of the household. Poverty, joblessness and the need for welfare often interfered with the longevity of romantic relationships (Stack, 1970).

Ethnographic studies of life in high poverty, urban neighborhoods carried out in the decades following the studies in Washington, DC and Illinois emphasized the division between different classes of Blacks living together in these communities. Duneier's (1992) work on race and masculinity in inner city Chicago in the 1980s highlighted the ways in which standards of respectability shift based on the evaluator's demographics. The men at the core of this study were Black, blue collar employees (i.e. mechanics, longshoremen) around retirement age. They were critical of lower class Blacks who rely on government assistance, as well as middle class Blacks who they deemed wasteful and pretentious. They disdained Black youth's disrespect toward their elders and lack of personal responsibility. These men seemed to derive self-esteem from adhering to societal standards of decency, such as being financially self-sufficient, frugality, and having a strong work ethic. They deemed groups of people who seemingly depart from these values as less respectable than themselves.

A study in 1990s Philadelphia also explored life in the inner city, positing that low quality education, racial prejudice in hiring, and a paucity of social connections contribute to drugs, violence and crime in these neighborhoods. This study emphasizes the dichotomy between inner city residents who abide by mainstream values, and their neighbors who do not. Anderson (1999) categorized these residents in two ways: decent and street, noting that some people can straddle the fence between the two categories as circumstances require. The author identifies inner city families as "street" when the household exhibits blatant dysfunction: drug addiction, unhealthy romantic relationships, lack of responsible planning and prioritization, general untidiness and violence. On the other hand, he labels decent inner city families as those exhibiting support for their children academically and/or athletically. Unlike their street counterparts, decent households are most likely to have married parents who encourage their children to be financially responsible and pursue higher education. Just as upper class Americans avoid their lower class counterparts, whether this avoidance is intentional or de facto, decent families also make efforts to avoid their street neighbors, despite being relegated to living in the same community. But even with family support, the author notes that children raised in decent families can take on street characteristics based on both their external influences and the child's perceived future career prospects (those children who excel at sports or in school are more likely to adhere to decent values instead of falling victim to street values).

During the same time period in which Anderson (1999) conducted his study in Philadelphia, Newman (1999) was spearheading research in Manhattan's Harlem neighborhood. Newman explored the plight of the working poor: those inner city residents who are consigned to working retail and service jobs due to limited education and career opportunities, given the loss of higher paying manufacturing jobs that historically hired and trained workers with limited education. The subjects in this study pride themselves on being financially independent rather than relying on government assistance or engaging in criminal activity. At the same time, these low income workers are saddled with health care and childcare costs that their counterparts receiving government aid are not. Newman carried out the study in the wake of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 which, in order to address the perceived complacency of welfare recipients, required them to find employment within 24 months. However, given Harlem's 18% unemployment and 14:1 ratio of job applicants to available jobs during that period, one could infer that these statistics would only worsen once the community fully experienced the aftermath of the Personal Responsibility and Work Opportunity Reconciliation Act, when a multitude of new job seekers entered the workforce. That is, unless more jobs became available.

THE URBAN BUSINESS ENVIRONMENT

Historically, manufacturers often employed job seekers of various ethnic and educational backgrounds. However, minority applicants were often relegated to the lowest paying and least stable positions, while the more senior white collar positions were most likely granted to Whites. For instance, in Chicago in the 1930s, White workers were overrepresented in professional and managerial, clerical, and skilled labor positions while Black workers were overrepresented in semi-skilled, unskilled, and at the lowest tier, service positions. More specifically, while Black workers held approximately 2% of all professional jobs in Chicago such as mail carriers, clergymen, doctors and undertakers, they held one-third of all servant roles, including railroad porter, domestic service, janitors and elevator operator (Drake et al., 1962).

As the economy faltered during the Great Depression, Black workers were at least two times as likely as their White counterparts in the same occupations to lose their jobs. Even as America eased onto the path of recovery, Blacks were still least likely to obtain employment by 1940. While 11.6% and 10%, respectively, of native and foreign-born White men, respectively, were seeking work in 1940, this figure was 17.2% for Black men (Drake et al., 1962).

Evaluators may attribute these hiring differences to variances in the educational levels of White and Black job applicants. However, Sugrue (1996) notes that auto plants in the 1940s in Detroit with comparable occupational structures had widely varying proportions of Black employees. For instance, the Fisher Body plants had very few Black employees while Chevrolet hired a relatively large proportion of Blacks. This suggests that hiring decisions may have had less to do with credentials and more to do with racial preference.

Differences in educational attainment also failed to justify a Black applicant's placement within the company on the occasion that he did receive a job offer. Companies publicizing job openings would commonly specify the preferred race of the applicant in advance within the advertisement. Such announcements would usually specify Black applicants for the most unpleasant, high risk, low paid positions. It was not until 1952, after goading from Urban League officials, that major auto manufacturers like Ford and Chrysler agreed to stop posting discriminatory job advertisements (Sugrue, 1996).

After the Second World War, additional avenues of employment opened up to Black workers. A number of Black workers found new opportunities in municipal jobs. In 1935 in Detroit, for instance, Blacks represented less than 1% of all city employees. By 1946, 36% of the municipal workforce was Black. Similar to the Black experience in manufacturing jobs, these new hires had the least desirable positions. The majority of these employees worked as laborers, groundskeepers and sanitation workers. Not only were these jobs among the most unpleasant, but a large proportion of them were only part-time or seasonal (Sugrue, 1996).

In general, Blacks were least likely to find employment in high visibility jobs. This was also the case in the retail industry. Across shopping malls in Detroit in the 1960s, Blacks held about 4% of the jobs. Within this group, the vast majority worked as janitors, shoe shiners and stockroom laborers, while a mere 6% worked as salespeople. Outlets that served predominately Black populations were most likely to hire Black salespeople. Even in these cases, however, White salespeople outnumbered their Black coworkers. For instance, King Cole grocery stores, which primarily served inner city Detroit neighborhoods, had 110 Blacks out of a total of 800 employees in 1955 (Sugrue, 1996).

Because of the rampant discrimination in hiring practices, Blacks were not only largely underemployed, but they were also disproportionately unemployed. Many of the men found work as day laborers on construction sites. Day laborers looking for work would typically gather at an informal outdoor market in a given city where they waited for contractors to drive past the group on the way to job sites and select them for work. Given that the number of men looking for day work exceeded the need, a surplus of men would remain at the end of the day on the market site. Whites and middle class Blacks viewed these men as loiterers, and found the sight of them gathered together on a corner distasteful. The image of large groups of unemployed men standing on a corner came to represent the Black "underclass". These men reinforced stereotypical views of the able-bodied Black man who preferred not to work. Their presence on the corner supported the ideas of the "culture of poverty" and the undeserving poor (Sugrue, 1996). By the 1960s, interest in this subgroup of Blacks had reached such a point that sociologists began pursuing academic studies about street corner men (e.g. Liebow, 1967).

The shift away from manufacturing in the U.S. in the 1970s had the greatest impact on the least advantaged subset of the American population. Previously, an individual with limited education could still take home a living wage through employment at a local factory. During the 1980s and beyond, factory closures relegated lesser educated workers to jobs in the service industry. These service jobs, which range from food services to retail, paid substantially less than the salary one historically received from a factory. A number of families with adults working in the service economy either have to work multiple jobs simultaneously in order to pay for basic necessities, or they are relegated to rely on additional support through government assistance (Newman, 1999).

In general, there are limited employment opportunities in inner city neighborhoods. There are several explanations for the dearth of businesses in inner cities. For one, entrepreneurs and firm leaders may believe that the local community lacks the resources to financially support the business (Pothukuchi, 2005). Therefore, the assumption is that it is unwise to invest in a community that is incapable of investing in the business.

Another reason explaining a business environment's distress stems from human capital concerns. More specifically, if a manager did decide to operate a business in an inner city neighborhood, she may struggle to find qualified employees from the pool of local workers (Porter, 1997). A limited applicant pool may relegate the manager to running the business entirely on her own, or recruiting new hires from outside of that community.

A third cause for the distress within a business environment could be the seclusion of the local businesses, such that new entrants may be concerned about visibility and access. Businesses in inner cities may be marginalized, operating in a location that potentially isolates it from customers, suppliers and competitors (Bendick & Egan, 1993). In other words, inner city firms may miss out on agglomeration benefits. Finally, on a more fundamental level, concerns about crime and local quality of life may discourage business managers from choosing to locate in inner cities (e.g. Nelson, Dawkins, Ganning, Kittrell & Ewing, 2016). Managers are hesitant to choose office locations that may be unattractive to or uncomfortable for their employees.

The paradoxical juxtaposition of the economic prosperity of central business districts against the distress of inner city neighborhoods just miles away in American cities is visually apparent to the average tourist. The stark contrast between these neighboring communities is undeniable evidence of the inequality between the haves and the have-nots. The idea that so much money and commerce can occur in one neighborhood, while the neighborhood next door struggles with falling property values and unemployment is unconscionable at worst and questionable at best.

However, the very fact that the inner city is underutilized can behoove businesses seeking competitive advantages. According to Porter's (1995) work on the competitive advantage of inner cities, these overlooked communities offer a number of benefits to the entrepreneurs and managers who choose to operate there. Among these advantages is the community's strategic location, which is typically near the city's central business district and public transportation. A second advantage is that companies in the inner city can address and profit from local residents' unmet local market demand. Third, the inner city location allows for companies to still gain from agglomeration economies from industry clusters in the larger region. Finally, the inner city has a large pool of prospective employees who are underemployed or unemployed and enthusiastic about new job opportunities.

And yet, despite Porter's reassurances on the competitive advantage of operating a business in the inner city, many inner cities continue to struggle to attract businesses. Between 1974 and 2014, the Department of Housing and Urban Development (HUD) issued a number of grants dedicated to spurring business development in distressed, urban areas. The grants have attempted to offset the real (outdated infrastructure and facilities, under-trained local employee pool, relatively high crime) and perceived (negative reputation) hardships of operating a business in economically distressed communities. These HUD economic development grants typically lower tax and regulatory burdens, and offer reimbursements for labor and training costs to businesses that chose to open an outlet in the community (Bendick et al., 1993; Hyman, 1998).

Research analyzing the tangible impact HUD grants, amounting to billions of dollars collectively, have had in communities across the United States over the years has shown mixed results. While some studies find that these neighborhoods achieve gains in business openings and completions of large real estate development and improvement projects, others show that there is no change in neighborhood poverty levels. Even worse, some communities experienced a net negative change in neighborhood income levels as disadvantaged incumbent businesses did not qualify for the incentives new entrants into the community were receiving (Greenbaum & Engberg, 2004; Jennings, 2011).

Porter, keenly aware of the limited impact HUD economic development grants have had on urban areas thus far, argues that the subsidies are simply misdirected. Instead of goading any firm to open an outlet in the urban community, governments should specifically appeal to firms that will have a strong likelihood of achieving competitive advantages in those locations. A firm that is incapable of serving the local community, exporting its products and services to the surrounding communities, and engaging with industry clusters in the region is not well suited to achieve a competitive advantage in the under developed urban business environment (Porter, 1995). Equally as important, local residents are unlikely to realize any significant benefit from a new firm entering their community and failing to serve or hire them, or falling short of profitability and subsequently opting to exit the market. In fact, these kind of misplaced firms become more of a liability than an asset to the community when one considers that they are likely exempt from taxes (e.g. Porter, 1997).

While the onus for economic development efforts is often on attracting new business to relatively distressed communities, research often overlooks the (relatively small) group of incumbent, local businesses serving these communities in the meantime. Similarly, administrators of economic development initiatives fail to consider the needs of these incumbent businesses, such that research shows that pre-existing firms in some HUD-sponsored economic development initiatives experience decreased performance post-initiative compared to their preinitiative performance (Greenbaum et al., 2004), likely due to a lack of adequate resources to respond to the enhanced competition in the environment.

It is clear that driving economic development in under developed and communities is a complicated and effortful process. It requires thoughtful examination of the most appropriate incentives to utilize, and the long term potential consequences that these incentives may have on all stakeholders involved. As federal agencies, academics and other experts continue to explore best practices for economic development, many urban business environments across the nation remain in states of distress.

When we consider the relatively small number of businesses currently operating in these environments, what are the implications of marginalization on these business's practices? The fact that a significant proportion of organizations choose not to open outlets in these communities implies that decision makers assume conditions within the community make operating businesses there difficult or unprofitable. Given this perception of difficulty, how do the businesses that currently operate in distressed communities function such that they are able to overcome these perceived obstacles? If businesses in distressed communities must engage in unique practices in order to surmount unique obstacles, what impact does this have on prospective organizational newcomers to the community? How might the idiosyncratic practices of businesses in distressed communities reinforce the perception of difficulty for prospective organizations considering opening outlets in these neighborhoods?

THEORETICAL BACKGROUND

Institutions

There are certain behavioral expectations placed on individuals and businesses sharing space in an environment. Evaluators develop these expectations from a communal context, in which they collectively deem a set of actions as appropriate norms (Scott, 1987). Institutionalization describes the process by which behaviors become akin to rules in a society (Meyer et al., 1977). Accordingly, institutions is an umbrella term encompassing norms, values, beliefs, regulations and definitions that denote suitable action within a group (Berger & Luckmann, 1967; Selznick, 1949, 1957).

At the heart of abiding by institutions is the attainment of legitimacy and enhancement of survival chances for organizations. Suchman (1995) defined legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed systems of norms, values, beliefs and definitions" (574). Scott (2008) refers to shared professional values as ideals to which evaluators compare an entity's actual structures and behaviors. The idea is that when entities behave similarly in social settings, evaluators are more easily able to identify each entity as an official and legitimate member of a particular category. The legitimacy gained through compliance with institutional expectations subsequently enhances an entity's chances of survival (Kostova, Roth & Dacin, 2008).

Accordingly, "in the face of such uncertainty, social systems evolve prescribed scripts, rules, norms, values and models that are socially reinforced throughout the system and that come to be accepted by social actors as legitimate (i.e. acceptable, desirable, and/or appropriate). When confronted with uncertain decisions (as so many decisions are), social actors refer back to this stock of scripts, rules, norms, values, and models in order to proceed” (Zimmerman & Zeitz, 2002: 416). The establishment of shared institutions lessens the costs associated with transaction and production. Institutions serve as the formal and informal constraints on behavior and practices in business such that they regulate the codes of conduct in exchange.

There are specific classes of mechanisms attributed with catalyzing the process by which organizations take on similar institutions and become increasingly isomorphic. Isomorphism describes the way in which organizations in a shared social setting begin to resemble their peers within the same environment, as they adopt structures and practices that are thought to behoove the organizations most in striving to be economically viable (Hawley, 1968; Hannan & Freeman, 1977). While there are instances in which institutions do not serve abiding organizations in their efforts to operate efficiently and profitably, organizations may display a veiled adherence to institutions in order to appease evaluators and appear legitimate (Crilly, Zollo & Hansen, 2012).

DiMaggio and Powell (1983) highlight three mechanisms by which the institutional isomorphism process occurs. One class, coercive mechanisms, describes formal and informal pressures from external entities to conform. These entities, which can be other organizations in the environment or evaluators’ cultural beliefs on appropriate behavior, produce rules for appropriate organizational conduct in the environment. These rules can be as explicit as laws prohibiting discriminatory practices, and as implicit as public expectations of organizational environmental sustainability practices. An additional class of mechanisms is normative, which stems from the professionalization of a field of organizational members. Members of a shared profession or environment collectively establish standards. The normative institutionalization process often occurs in spaces fostering the exchange of ideas and knowledge, such as universities and training programs, business councils, expert consulting firms, and professional social groups. Normative institutions are also reinforced through on-the-job socialization.

Mimetic isomorphism describes a third class of institutional mechanisms DiMaggio and Powell (1983) discuss. Uncertainty, within organizations or in external environments in which the organization operates, prompts organizations to mimic more ostensibly successful peers. Such uncertainty can arise from unclear problems or solutions, unexpected environmental shifts, and new technologies, among other factors. When organizations lack the internal wisdom on how best to respond to uncertainty, they model their actions after external examples of other organizations in the environment. The more visible the focal organization is, in terms of the market it serves, its size, or the level of media coverage it garners, the greater pressure it feels to employ practices and standards similar to those of its peers (Ahmadjian & Robinson, 2001; Rehbein, Waddock, & Graves, 2004).

Mimicry

Under conditions of uncertainty, isomorphism typically occurs through organizational mimicry. Organizations engage in mimicry when they observe the practices and norms of successful, related organizations in the environment. These successful, related organizations become models for the focal organization, such that the focal organization imitates the observed behaviors of the model. In other words, when organizations encounter uncertainty with respect to operating successfully and surviving in a given environment, they mimic the actions of models that appear to be successfully navigating the ambiguity. As organizations mimic the same behaviors, isomorphism takes root in the environment (DiMaggio et al., 1983).

While highly visible organizations feel more pressure to conform to institutions, acceptable arrangements and standards become more salient when highly visible peers exhibit them. Once actors behave in accordance with institutions, they lend credence to the institutions. Similarly, instructors, consultants, members of the media and activists who encourage pupils, clients and decision makers to engage in practices that support institutions authenticate those norms (Strang et al., 1998). Alternatively, if credible actors engage in behaviors and messages that run counter to societal expectations, their actions can invalidate norms. These forms of communications from actors in the environment are examples of market feedback. Market feedback grants credibility to, or disapproval of, organizational forms (Lee & Pennings, 2002). Accordingly, market feedback influences the rate of institutional diffusion across actors in an environment.

While organizational visibility plays an important role in institutional diffusion, the strength of relationships between actors in an environment is also integral to the decision to mimic behavior. Network ties between actors modeling particular behaviors and peers who have not yet adopted those behaviors increase the likelihood of mimicry (Galaskiewicz & Wasserman, 1989; Raffaelli & Glynn, 2014). Network ties can either reinforce institutions, or replace them, altogether. In environments where institutions are weak, actors' ties with one another can substitute for institutions such that actors rely on peers for rules, practices and resources that weak institutions fail to establish (Batjargal et al., 2013).

Organizations mimic models in the environment in order to embrace an identity more similar to that of the model organization. However, comprehensive duplication of the model's identity is often unachievable (Frenkel, 2008). Full replication of model behavior is infeasible, and in some instances, undesirable for several reasons. Access to resources represents one key variable influencing the extent to which an organization mimics models. The ability to fully exhibit all of the same behaviors as the model organization is contingent upon the nature of the institution, and the mimicking organization's ability to learn and access the necessary resources (Newman, 2000). Possession of a set of resources dissimilar from those of the model may relegate the mimic to disassociate from the shared identity of its peers, and instead craft a distinct identity that better reflects its unique circumstances. So while scholars have long considered mimicry the default response to uncertainty, organizations unable to adhere to institutional norms may opt to manage uncertainty by differentiating from peers. Relatedly, organizations may have the capacity to mimic, but may have access to distinctive resources, and intentionally choose to differentiate in order to capture a competitive advantage (DiMaggio et al., 1983; King, et al., 2011).

In certain instances, a salient model displaying appropriate behavior fails to emerge. This is likely to occur in settings in which institutional norms are overly ambiguous or conflict with one another (Kostova et al., 2008). An example of institutional ambiguity occurs in settings in which national legislation clashes with legislation at the state or provincial level. In the process of navigating institutional requirements of both legislative bodies, entities may display various behavioral responses (Luo et al., 2017). This lack of institutional clarity mitigates mimicry due to a scarcity of legitimate templates (Newman, 2000). Consequently, proper protocol becomes vague. Predominant norms may be context-specific, so without the emergence of an overarching institution, environments can become institutionally plural, hosting a plethora of institutions, which is problematic for members attempting to determine appropriate behavior (Batjargal et al., 2013). In the work that follows, I analyze the behaviors of organizations facing uncertainty but lacking salient models to mimic.

Institutional Pluralism

In some environments, the interaction of several institutions requires adjustments from actors as they determine how to go about exhibiting appropriate behaviors while facing a complex set of demands. Organizations in institutionally plural settings face context-specific expectations from multiple sources, which contribute to a complex and inconsistent basis on which to identify collectively appropriate norms. In these cases, organizations are forced to simultaneously manage multiple expectations. Such complexity fosters inequity among organizations in this environment, such that some organizations find methods that allow them to benefit from the institutional complexity, while others, struggling to create clarity out of complexity, become socially (institutionally) marginalized (Batjargal et al., 2013).

In general, entities' responses to institutions can be just as complex as the institutional environment, itself. There is a range of behaviors on the spectrum of responses to institutional pressures beyond simple compliance or rejection. Instead, organizational responses to institutional standards can be multifaceted; particularly when actors are trying to create a structure from multiple, and potentially competing, institutions (Cardinale, 2018). Accordingly, actors may not only be flexible when it comes to adhering or rejecting a norm, but they may also display variation with respect to the degree to which they mimic an institutional norm. Such institutional variation contributes to dissimilarity across organizational behavior.

Organizations encountering institutional complexity in the environment face the challenge of making sense out of complicated, and often conflicting, scripts dictating appropriate behavior. The social component inherent in the institutionalization process calls for organizations to co-create standards of appropriateness with other entities in the environment (Raffaelli et al., 2014). As such, organizations working towards elucidating a shared understanding in institutionally complex environments have to formalize agreed upon standards through rules and procedures and collaborate on putting these standards into practice (Ramus, Vaccaro & Brusoni, 2017). In other words, fortifying the institutional environment, and reaping the stability and legitimacy advantages therein, relegates organizations to rely on other organizations in their peer group to join forces toward common goals that will, theoretically, benefit all parties involved. As mentioned, entities without organizational peers in their environment may be relegated to create a set of behavioral norms out of complexity in relative isolation, which, I predict, enhances the likelihood that these norms will differ from those of their peers in other environments.

Agglomeration

In contrast to institutionally plural contexts, environments with geographically clustered organizations are associated with strong institutional foundations (Pouder & John, 1996). Communal environments contribute to the maintenance of collective understandings. Institutional development, maintenance and compliance occur in social settings in which entities cooperate by adhering to standards collectively deemed appropriate. The establishment of these collective understandings promotes organizational success. Social actors benefit from the establishment of shared norms and the resulting stability shared norms bestow upon the environment (Kostova et al., 2008). Beyond engendering stability, cooperation with peers precedes another key benefit for organizations, as well. Agglomeration, or organizational clustering, is a crucial catalyst of economic growth. Benefits stemming from agglomeration can outweigh cost savings derived from locating in a relatively inexpensive area in relative solitude (Erickcek & McKinney, 2006). Accordingly, it behooves organizations to co-locate with peers, in order to realize institutional cohesion and financial advantages.

Agglomeration describes the existence of geographically clustered industries linked through buyer supplier relationships. Agglomeration benefits are realizable at various geographic levels, including within cities, metropolitan statistical areas, states and countries (e.g. Porter, 1996). Common examples of geographical clusters include tech companies in Silicon Valley, government organizations in the Washington, DC metropolitan area and financial firms on and around New York City's Wall Street.

Organizations cluster near similar others in order to achieve a number of beneficial externalities. Member organizations connected to a cluster achieve cost savings through access to pools of skilled employees, specialized suppliers and knowledge transfer across peers (Rosenthal & Strange, 2001; Florida, 2002). Research suggests that while the largest organizations can succeed apart from clusters, on average, there is a relationship between strong organizational performance and participation in agglomeration economies (Shaver & Flyer, 2000; Alcacer et al., 2014). Clusters are also associated with greater organizational value and effectiveness with respect to achieving goals (e.g. Berrone, Gelabert, Massa-Saluzzo & Rousseau, 2016). In general, clustered organizations participating in related industries are associated with higher productivity, mitigation of risk, and enhanced likelihood of survival (Greenstone & Looney, 2011; Pe'er, Vertinsky & Keil, 2016).

Productive clusters develop organically based on a location's historical industrial activity and endowments (Porter, 1996). For this reason, Porter (1996) asserts that economic development efforts in the form of offering grants and tax abatements to any organization willing to move into a particular area, for example, often have limited success. Without convenient access to the appropriate workforce, network ties, suppliers and infrastructure in a region, clusters may struggle. Development efforts with the highest likelihood of enduring success will focus on attracting industries that correspond with existing regional resources and competencies.

Clusters vary in their appeal to prospective organizational members based on the cluster's current organizational members. Even new ventures are usually selective in determining where to operate, often opting to coexist in dense environments near similar organizations offering easier access to knowledge, social ties and key resources (Sorenson & Audia, 2000). More specifically, both high resource and low resource organizations are more likely to choose to cluster with high resource incumbents (Kalnins & Chung, 2004). In other words, organizations are drawn to clusters composed of resource abundant peers. This, however, implies that organizations avoid co-locating with low resource peers, which contributes to the isolation of low resource organizations. To review, organizations with low resources, or those in relatively low resource communities do not have the wherewithal to draw peers into agglomeration relationships with them. These organizations must either seek out clusters to join or remain isolated.

Marginalization

The homophily principle suggests that entities gravitate toward, and are more likely to associate with, other similar entities (Kandel, 1978). Accordingly, the establishment of norms within social environments is likely to occur in groups of similar organizations. With that in mind, one must question how the institutionalization process evolves among organizations that are geographically or relationally isolated from industry peers. The reality is that non-marginalized members of majority groups not only avoid relationships with marginalized others, but they also emphasize in-group similarities and out-group differences in order to intentionally preserve in-group distinction. Such exclusion from majority groups limits marginalized entities from access to key networks, and by extension, constrains access to necessary resources (Mehra et al., 1998). Therefore, marginalized groups often remain outcasts on the margins, unable to merge into the center. Research indicates that organizations choosing to serve Bottom of the Pyramid populations, which consist of the world's poorest and most isolated markets, craft their practices carefully around the unique needs of the specific market they are serving (Simanis, Hart & Duke, 2008). This may imply that consumer needs take primary precedence in guiding organizational behavior, while the practices of other organizations may be less influential as these organizations decide how to operate.

Given the propensity for similar entities to assemble with each other, entities that are dissimilar based on noticeable characteristics, particularly when there are relatively few of them in a given environment, become marginalized. Marginalization describes isolation and exclusion from the in group. More specifically, it is the process through which entities are relegated to the periphery within a social setting due to their identities, associations, environment or practices (Hall, Stevens & Meleis, 1994). Organizations without proximal peers in an environment and/or those lacking network ties to peers are marginalized. While some organizations may choose to separate themselves from peers in order to achieve some advantage, marginalization implies some level of disadvantage compared to peers (e.g. Zhao & Wry, 2016). Marginalized entities typically possess salient stigmatized characteristics (e.g. Strauss & Pollack, 2003). This stigma, whether it stems from an entity's socio economic status, ethnicity, gender or culture, among other sources, serves as the impetus for majority group members to relegate these entities to a lower status in social settings.

Social norms may be schismatic such that they may serve as structural pedestals for some groups, and structural barriers for others. Institutions often reflect the norms and practices of majority groups, which effectively reinforce disparities between majority and marginalized entities (e.g. Gaudreault, Richards & Woods, 2017). While entities can push for policies and practices that aim to provide integration opportunities to marginalized groups, entrenched beliefs and values in the macro environment can overrule calls for change in the micro environment (e.g. Zhao et al., 2016). Accordingly, institutions can impede or support efforts to improve circumstances for marginalized populations.

Social environments marked by the existence of marginalized groups on the fringes of majority groups lend to an inherent power imbalance between factions, as majority members possess the ability to set the normative standards of the environment (Ragins & Sundstrom, 1989). In coming to terms with their disconnection from these normative standards, marginalized members in the environment both identify as members of a shared environment and as outliers from the majority group holding the power (Salenius, 2016). To mitigate some of the deleterious consequences stemming from the power imbalance (with majority groups holding institutional power), marginalized groups must create unique power bases apart from the standard power bases of the majority, and exert more effort to maintain these idiosyncratic power bases (Ragins, 1997).

The idea that entities mimic others under uncertainty (DiMaggio et al., 1983) is unrealistic in marginalized settings. In these environments, the key barrier to the practice of mimicry is that there are often no proximal models, which creates ambiguity with respect to whom or what the organization should mimic. Further, awareness of, and access to, more distal models may be limited (Lewis & Neighbors, 2006). Therefore, it behooves marginalized entities to develop their own, alternative institutional models (Clemens, 1993). Many assumptions and theories within the social sciences, particularly those about organizational behaviors and strategies, give voice to the experience of the majority: the largest organizations and those organizations engaged in clusters. However, on the opposite end of the spectrum from large organizations and clusters are marginalized organizations, which have received little scholarly attention. The practice of placing the greatest importance and attention on predominant models effectively dismisses alternative accounts of organizational practices (Boje, 1995). This work aims to explore the organizational models that do not fit these most common molds.

Mimetic Diversity

Theories on mimetic behavior among organizations facing risk are well-established in the social sciences (George, Chattopadhyay, Sitkin & Barden, 2006). However, in the last 25 years, strategic management scholarship has taken steps to address the intrinsic oversimplification of organizational mimicry and that of its counterpart, strategic differentiation (Deephouse, 1999). Extant literature on mimicry posits that organizations' imitation of successful peers' behaviors engender legitimacy benefits (Kostova et al., 2008). At the same time, extant literature on differentiation posits that organizational engagement in discrete production and service activities allows them to charge premiums and consequently achieve superior performance (Porter, 1991).

In response to these mutually exclusive assertions, Deephouse (1999) introduced what he terms the theory of strategic balance, wherein organizations find distinct balances between mimicry and differentiation. The theory specifically applies to for-profit organizations in institutionalized organizational fields. Deephouse's (1999) study considers the asset allocation strategies of commercial banks in the twin cities region of Minnesota, exploring the extent to which the allocations were similar across banks. Deephouse (1999) places strategic differentiation and mimicry on a continuum, and finds evidence that organizations operating near the continuum's midpoint, rather than on either end of the spectrum, achieved the highest performance in terms of return on assets. Accordingly, strategic balance asserts that moderately differentiated organizations can capture both legitimacy and competitive advantage.

While strategic balance theory and differentiation address behavioral variances across similar organizations, they fail to acknowledge the influential role of organizations' specific environmental contexts. Strategic balance theory bases its assumptions on a sample of organizations operating among peers in a thriving business environment. Differentiation depicts socially integrated organizations in complex environments choosing to serve superior products and services, or products and services intentionally distinct from peer organizations to sell to niche markets which may grant these organizations the opportunity to charge premium prices (Khandwalla, 1973; Schmidt & Cummings, 1976). The ability to differentiate implies that the organization is in a privileged position to assess peer norms, and is choosing to utilize a distinct set of resources to set itself apart from others.

Over the last 20 years, ecology scholars have studied an alternative construct describing differential behavior among similar entities across different geographies. In the field of ecology, which studies the ways in which organisms interact with their environment, mimicry is a conventional phenomenon scientists have recognized since the 19th century (e.g. Muller, 1879). Ecologists now recognize, however, that contrary to traditional theory, there is expansive diversity in characteristics among taxonomic peers (Joron & Mallet, 1998).

Much of the ecological research on the concept of mimicry focuses on butterflies' wing patterns. Muller's (1879) work establishes the idea that, in response to predators in the environment, butterflies' wing patterns will genetically transform to reflect the wing patterns of the most poisonous species of butterflies in a given environment. In mimicking highly noxious peers, butterflies protect themselves from predators unable to visibly differentiate between harmful and palatable prey. Therefore, mimicry enhances butterflies' likelihood of survival (Joron et al., 1998).

However, counter to the idea of Mullerian mimicry, scientists have become increasingly aware of vast diversity among butterfly wing patterns across species that should, theoretically, mimic similar patterns. Accordingly, the construct, mimetic diversity, describes location-based differences in closely related species' characteristics. These variations across closely related species arise in response to unique environmental conditions within species' sub habitats (Joron et al., 1998). In other words, while species still reflect some characteristics similar to those of their closely related peers, they also display some characteristics that differ as a reflection of specialized forces in the entity's local environment. Scientists now deem Muller's mimicry theory as overly parsimonious in predicting organisms' behavior (Aubier & Sherratt, 2015).

Spatial segregation among species within habitats is one justification of the prevalence of mimetic diversity (Hill, 2009). Isolation from other peer groups results in a higher likelihood of mimetic diversity (Mallet et al., 1995; Kronforst et al., 2008). The identification and application of the mimetic diversity construct is important because it speaks to a phenomenon that is distinct from its foundational constructs, mimicry and differentiation. Mimetic diversity specifically speaks to variations in an entity's characteristics stemming from isolation from peers and sub habitat-specific conditions, while mimicry and differentiation both stem from exposure to peers, and choosing to either intentionally imitate these peers or distinguish oneself from these peers.

While researchers note the role of spatial isolation and variations in sub habitat conditions in mimetic diversity, they are unclear about which factors within these sub habitats are contributing to the mimetic diversity. Scholars have explored whether the existence of different types of predators across micro habits in an environment might explain mimetic diversity among butterflies. Fittingly, this research does show increased mimetic diversity across related butterfly species is associated with heterogeneous predators (Gompert, Willmott & Elias, 2011). In other words, butterflies must alter their characteristics based on the specific type of predators they face within their sub habitats. Differences across predators in related peers' sub habitats result in geographical variation in characteristics across related species. However, more recent work points out that attributing mimetic diversity to a single causal factor (i.e. asserting that mimetic diversity solely stems from the type of local predators the butterfly faces) in the environment results in an over simplification of the phenomenon (Kozak, Wahlberg, Neild, Dasmahapatra, Mallet & Jiggins, 2015).

Marginalized organizations engaged in mimetic diversity also differentiate, but it is based on the need to overcome exigencies in the local environment (Hill, 2009). In other words, while differentiation suggests that organizations possess capabilities allowing them to choose to operate differently from peers, mimetic diversity reflects the idea that organizations isolated from peers are relegated to behave differently within uniquely challenging contexts in order to survive. Organizations with limited resources and information about other markets often remain in their home market similar to butterflies, which rarely leave their home environments (Baguette & Neve, 1994; Stam, 2007). This speaks to the compulsory component of mimetic diversity as opposed to the choice associated with strategic differentiation. Therefore, I posit that mimetic diversity, which describes entities that should, theoretically, take on forms akin to those of their taxonomic peers in order to achieve similar goals, but instead develop geographically-influenced idiosyncratic norms in response to unique environmental challenges and isolation from peers in order to enhance the likelihood of survival (Kronforst & Gilbert, 2008), best explains the phenomenon of marginalized organizations engaging in distinct practices across isolated environments. Below, Figure 1 presents brief summaries of the behavioral constructs mimicry, mimetic diversity, and strategic balance. Similarly, Table 1 highlights differences and similarities between the constructs mimetic diversity, strategic differentiation and mimic.

Figure 1. Typology of Behavioral Constructs

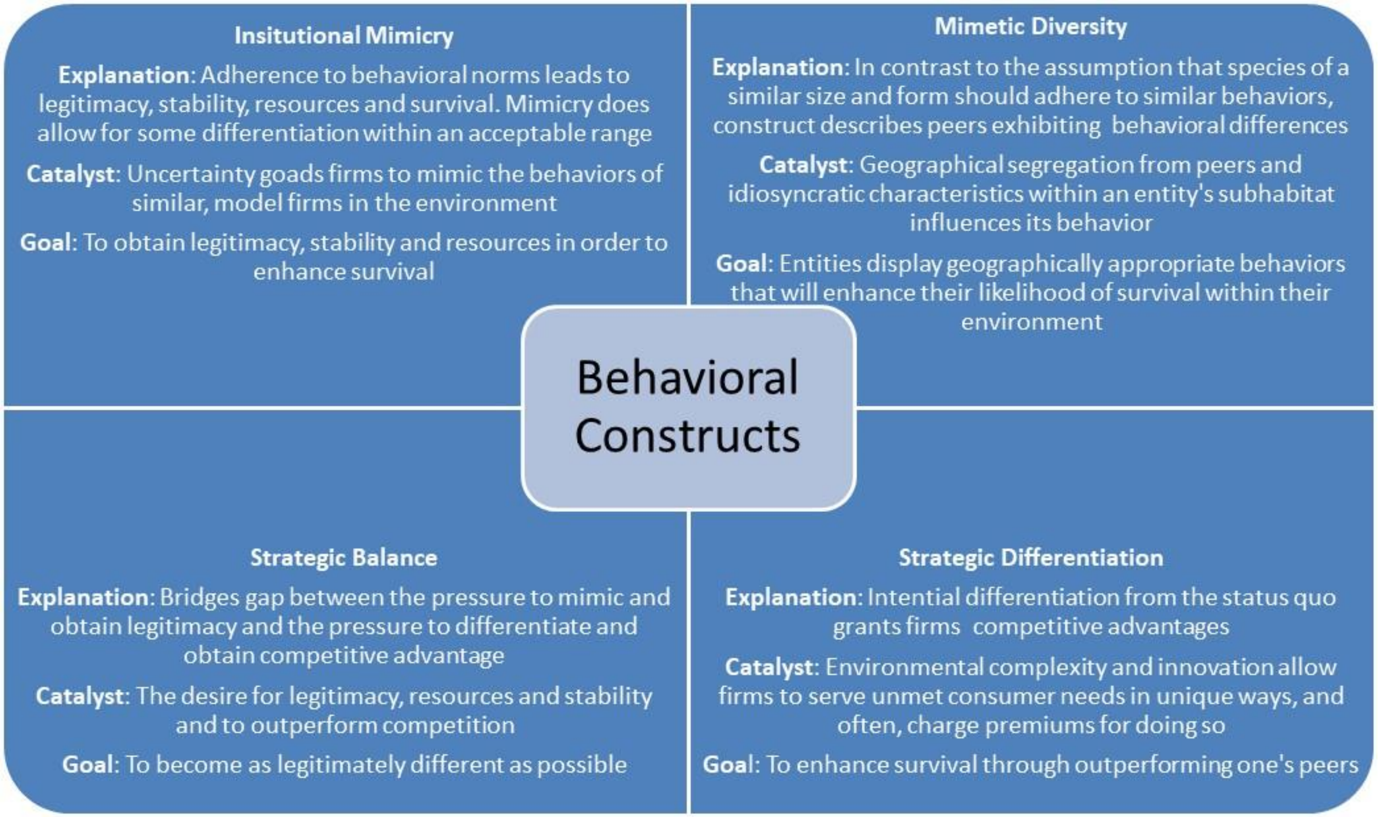

Table 1. Typology of Behavioral Constructs

Typology of Behavioral Constructs					
	Institutional Mimicry (IM)	**Strategic Differentiation (SD)**	**Mimetic Diversity (MD)**	**IM-MD Intersection**	**SD-MD Intersection**
Catalyst	Environmental ambiguity and proximal and/or relational exposure to successful peers drives the imitation of organizational norms and practices.	Environmental complexity and innovation goad an entity to distinguish itself from peers in order to customize its products and services for certain facets within the environment.	Isolation from peers and heterogeneous obstacles within an entity's sub habitat compels an entity to take on unique characteristics different from the characteristics of taxonomic peers outside of the sub habitat.	No	Partial
Geography	Spatial proximity to peers spurs greater diffusion of behaviors.	Complexity in the larger environment influences an entity's characteristics. One form of differentiation, focused differentiation prioritizes the customized service of geographic, market or product segments.	Sub habitat-specific obstacles are more influential on the entity's characteristics than obstacles in the larger environment. The extent to which an entity resembles a certain standard or norm varies across geographies.	No	Partial
Network Ties	Exposure to and awareness of peer behaviors serve as the basis for an entity's mimicry.	Exposure to and awareness of peer behaviors serve as the basis for an entity's differentiation.	Isolation from peers typically lends to greater diversity in an entity's features.	No	No
Access to Resources	Entities experience resource parity with peers in an environment.	Entities have access to resources that differ from peers.	Entities' access to resources is similar to others (whether peers or unrelated entities) in its sub habitat.	Partial	No
Goal	Entities aim to enhance their likelihood of survival and strengthen their positions as legitimate members of peer groups.	Entities aim to enhance their likelihood of survival and diverge from peers in order to command premium prices on products and services.	Entities aim to overcome sub habitat-specific obstacles and enhance their likelihood of survival.	Partial	Partial

Marginalization and Mimetic Diversity in the Inner City

The idea of agglomeration and organizational clusters inherently presupposes interdependence among actors rather than independent behavior based on unique organizational capabilities or constraints (Gimeno, Hoskisson, Beal & Wan, 2005). Similarly, isomorphism describes collaboration among peers in order to intentionally mitigate arbitrary behavior (DiMaggio et al., 1983). Accordingly, theories on clusters and institutions fail to draw inferences on the behaviors of socially marginalized organizations.

Marginalized organizations are distinctly different from their industry peers and possess characteristics that mutually inhibit related entities from sharing a social identity, such that the marginalized organization does not identify with their in group industry peers and the in group industry peers do not identify with the marginalized organizations. Marginalized entities excluded from the in group typically experience limited access to resources, restricted power, under representation, spatial segregation and underperformance (Mehra et al., 1998; Ragins, 1997; Boje, 1995). Accordingly these actors face barriers to integration with the majority group.

Marginalized entities experience institutional contradictions as they attempt to reconcile their circumstances with those of majority group members (Creed, DeJordy & Lok, 2010). These entities are usually relegated to develop unique practices and cultures more suitable for the distinct contexts in which they operate, rather than fully assimilating with the behaviors of majority group members (Clemens, 1993; Hajro, Gibson, and Pudelko, 2017). Thus, marginalized actors find themselves operating at the intersection of two different realities: that of the highly visible majority group holding the power to establish norms, and that of the marginalized actors, themselves, as excluded others facing circumstances requiring a different set of norms (Salenius, 2016).

Distressed communities, characterized by poverty, unemployment and visible deterioration, are often home to marginalized entities (Wacquant & Wilson, 1989). These communities typically require federal intervention to enact policies to strengthen the local business environment (Oakley et al., 2006). The intended outcomes of these policies are to create job opportunities and enhance business activity for the benefit of disadvantaged residents (Porter, 1997). However, despite government interventions and scholarly arguments that local distressed communities can tap into the resources stemming from industry clusters in the larger region (Porter, 1995), many of the business environments in these communities remain underdeveloped (Greenstone et al., 2011).

The American inner city is one specific example of a distressed community. Inner city business environments often exhibit relatively low consumer purchasing power, outdated facilities, excessive vacancies, limited foot traffic, and relatively high crime. Businesses tend to struggle to survive in these contexts (Bendick et al., 1993). Given the unique obstacles of the inner city business environment, I assert that a number of the organizations in these communities face social and geographic marginalization and consequently, engage in mimetic diversity. Table 2 below clarifies the differences between inner city economies and agglomeration economies.

Table 2. Typology of Business Contexts

Typology of Business Contexts			
	Inner Cities	**Agglomeration Economies**	**Intersection**
Organization Size	Entrepreneurs in these environments struggle to gain access to capital, which limits organizational growth	Small and medium sized organizations realize greater benefit from, and are more likely to participate in, clustering than their larger counterparts	Yes
Infrastructure	Communities are typically located near cities' downtowns, which grants them close access to major transportation nodes Poorly maintained land and buildings are usually barriers to development	Highly dependent on convenient and proximal access to competitors, suppliers and employees Contingent upon an incumbent supportive business ecosystem	Partial
Labor Pool	Local workforce has limited occupational preparation due to weak education and training system Unemployment rates among local labor pool is consistently above average, while income levels are typically below average	Reliant on skilled workforce Associated with employment growth and higher incomes	No
Organizational Density	Communities often suffer from economic disinvestment, and many are categorized as "food deserts"	Collocation of related firms is a prerequisite. Associated with economic development	No
Costs of Doing Business	While communities are less expensive than downtown, business environment is associated with inflated taxes, utility, insurance, real estate development, and workforce training liabilities	Associated with organizational cost savings stemming from access to specialized suppliers, employees, technologies, and knowledge spillovers	No

HYPOTHESES

Organizational Marginalization

Entities are more likely to become marginalized when they possess salient, stigmatized characteristics (e.g. Strauss et al., 2003). Organizational marginalization describes isolation and exclusion from a majority in group. An organization experiencing marginalization engages in some noticeable practice that differs from the practices of the majority of its peers. Organizational marginalization can manifest as geographical isolation from other organizations, a lack of relational ties to other organizations, or both.

Organizations marginalized from industry peers behave differently than organizations possessing membership within the in group such as those participating in a nearby industry cluster. During an interview I had with the manager of the only bakery in a low income neighborhood, she noted, “We aim to offer underprivileged communities a place to go. We want to give them unique food and drinks. This [community] is a food desert. The idea is to provide something unique and refreshing to distressed communities.” Geographical or relational isolation renders peer organizations’ norms less influential and less salient than the norms of their in group peers (e.g. Atkinson, 1982).

Geographical proximity, on the other hand, enhances mimics’ ability to observe and adopt model behaviors (Lublinsky, 2003). Isolated organizations face environmental conditions and circumstances different from those of their integrated peers (Gompertz et al., 2011). Mimetic diversity occurs when entities facing unique circumstances in their isolated sub habitats engage in behaviors diverging from those of their peers in other habitats. Under alternative, integrated conditions, the entity would either mimic its peers’ behavior in order to combat similar uncertainties, or aim to outperform its peers through offering premium products or services through differentiation (e.g. Lawless & Finch, 1989). However, the idiosyncratic nature of the threats in the entity's sub habitat relegates it to take on distinct practices in order to survive in the environment (Hill, 2009). In other words, the desire to survive, rather than outperform distal peers, compels marginalized organizations to create norms based on local environmental conditions and requirements. Accordingly, I assert a positive association between marginalization and mimetic diversity.

Hypothesis 1: Organization marginalization is positively related to mimetic diversity.

Target Market Marginalization

Customer relationship management, particularly with respect to relationship initiation and maintenance, is associated with enhanced organizational performance (Reinartz, Krafft & Hoyer, 2004). Organizations can achieve competitive advantages through their customer base; however achieving competitive advantages with customers requires that organizations collect comprehensive data on these target markets, including paying more attention to "soft" qualitative data, and accurately translating customers' desires on value dimensions into value delivery on the product or service (Woodruff, 1997).

Organizational practices become entrenched pieces of the organization's strategy (King & Tucci, 2002). The practices the organization needs to develop in response to its target markets' demands become routines within the organization. These routines may be difficult to alter and therefore, may constrain the organization's ability to respond quickly to emerging external shifts, such as the development of new prospective consumer markets (Teece, Pisano & Shuen, 1997).

This implies that organizations can become adept specialists with respect to serving unique market needs of a particular consumer group (Simanis et al., 2008). For example, the owner of a restaurant in a predominately African American neighborhood I interviewed described how he intentionally engaged in practices that reminded his clientele of home:

> [We're] located in a predominately minority area. Most of the people are middle to low income. I guess I can say we're unique in our way because we present something differently. Not to say that the other restaurants aren't family oriented, but I think this is more family oriented and intimate. It's a home away from home. It's different from the fact that, you can come here and you're eating like you're eating at home, versus 'I'm going to get a steak or seafood platter', or what have you. When you come here, it's like, 'I never left home.'

Given the extensive impact consumer groups have on an organization's behavior and outcomes (Niraj, Gupta & Narasimhan, 2001), I argue organizational behavior reflects the needs of the customers they serve. Serving a niche market of consumers who are marginalized based on ethnicity, religion, socioeconomic status or sexual orientation, for example, calls for the organization to engage in unique practices in order to cater to these consumers' distinct needs. Behaving in the interest of marginalized target markets can isolate the organization from other consumers (e.g. Tracey & Phillips, 2016) and potentially the peer organizations serving these other consumers. An exception to the idea that target marginalization contributes to the isolation of the organization are social enterprises. This is because social enterprises, which include nonprofit and for profit organizations specifically hoping to address societal ills impacting certain groups, typically garner institutional support from governments and other key constituents within an environment (Korosec & Berman, 2006; Terjesen, Bosma & Stam, 2015). As such, I posit that this support may mitigate the need for many social enterprises to engage in mimetic diversity. Beyond social enterprises, I argue that target market marginalization is associated with unique organizational practices so that the organization serves the target market's unique needs.

> Hypothesis 2: Target market marginalization is positively associated with mimetic diversity.

Access to Network Ties and Resources

Access to resources and network ties allows organizations to compete more effectively. It is also associated with greater market share and organizational profitability (Day & Wensley, 1988). Having equal access to resources contributes to competitive parity across peers within a field (Bowers, Greve, Mitsuhashi & Baum, 2014). Possession of similar resources attracts organizations to comparable and aspirant others. Accordingly, an organization with access to resources and network ties with other organizations in its industry is more likely to co-locate because it can effectively compete with peers. Not only are organizations better positioned to engage with clustered peers when they have access to important resources, but the clusters, themselves, are often conduits for resources and network ties (Toussaint-Comeau, Newberger & Augustine, 2016). A lawyer who benefitted from the resources the local business incubator provided him, despite being in a high poverty community, noted:

> My business is in a business incubator, so there are several other businesses right around it. But that community [where my business is located] doesn't have a lot of other businesses elsewhere. The proximity to downtown and other areas, and the low overhead, allows me to compete better. I just won a bid on a contract thanks to my low overhead. My rent is only $546 per month. Being in an incubator community also grants me access

to resources that other businesses might not have access to, like a space where I can hold training [sessions] with my coaching clients.

Similarly, having access to unique resources and network ties, can grant some organizations a competitive advantage when these resources and network ties are superior to those of their peers (Elling & Halebsky, 1961; Deephouse, 1999). In these instances, when the organization has access to differential and/or superior resources, the organization may choose to differentiate itself, and either co-locate with peers or intentionally separate itself from peers because the benefits gained from co-locating are negligible if not obstructive to the organization's pursuit of a competitive advantage. No matter the location choice, the ability to differentiate implies that the organization is in a privileged position to assess peer norms and choose to utilize a distinct set of resources to set itself apart from others.

In general, isomorphism is associated with the ability to attract favorable resources (Meyer et al., 1977; Heugens et al., 2009). Network ties (strong and weak) contribute to the diffusion of norms between entities. Norms diffused through networks may mitigate variations across organizational behavior (DiMaggio et al., 1983; Strang et al., 1998; Raffaelli et al., 2014). In other words, a link exists between mimicry, access to resources and ties to networks. Entities without ties to peers and with limited access to resources, therefore, would likely engage in practices that differ from norms. One art gallery manager mentioned in her interview with me, "[I don't interact with other businesses] as often as I'd like to because I'm busy running my own business. There aren't any other [art galleries] like ours. We're very unique. I can't think of [the] names [of other galleries] off the top of my head right now."

Accordingly, I posit negative relationships between access to network ties with peer organizations and mimetic diversity and between access to resources and mimetic diversity.

Hypothesis 3: Access to network ties is negatively related to mimetic diversity.

Hypothesis 4: Access to resources is negatively related to mimetic diversity.

Embeddedness

Organizational embeddedness within an environment describes the degree to which the organization is socially tied to its environment. It speaks to interdependence between the organization and the community in which it operates (e.g. Cohen, Robinson & Edwards, 1969; Uzzi & Lancaster, 2003). Organizations enhance their level of embeddedness within an environment in multiple ways. One way that organizations become more socially tied to and dependent upon the environment is through forging links with other associations, groups, organizations and individuals also sharing that environment (Cornwell & Harrison, 2004). During an interview, the manager of a bakery told me the extent to which she prioritizes fostering relational ties with the local residents which, she anticipates, may contribute to greater long term success in the community:

> Right now I'm looking [out the window] at boarded up homes. Local residents thank us for opening up a business like this here. There are some intersections in this neighborhood that aren't very inviting, so they're surprised we're here. They see that we put a lot of care and thought into this, and they're really thankful. We have events, like a Thanksgiving Turkey Drive, Christmas Gift giveaways; we intentionally extend goodwill

> to residents, because they look out for us and support us. So yes, [we intend to remain in this community] because it is our first store: the prototype.

Embeddedness implies organizational relational and informational connections with other entities in the environment (Gulati, 1998). Accordingly, diffusion and mimicry are likely to occur among groups of embedded entities as they influence and learn from one another through their relational ties (Hagedoorn, 2006). Similarly, it is through embeddedness in unique social structures that organizations can serve their customers in distinctive ways (Uzzi & Lancaster, 2004). Hence, embeddedness is also related to an organization's ability to differentiate.

While organizational behavior can enhance the extent to which an organization is embedded within its environment, one must acknowledge that there are different environmental contexts in which an entity can be embedded. Kloosterman and Rath (2001) specifically explore embeddedness in national, regional and neighborhood contexts, asserting that the extent to which an organization is embedded in an environment may vary within each tier. Accordingly, embeddedness is contextual such that organizations can be more or less embedded at different levels and sub-environments within a larger environment. For instance, a homebuilder who interacts with customers and suppliers across the Greater Houston metropolitan statistical area noted during his interview that he had no plans to relocate his company's office from the relatively high poverty neighborhood in which it currently stands. He teased, "This [neighborhood] is home to me. If you took me out of the Third Ward, I'd get lost."

Hagedoorn (2006) also acknowledges the various environmental levels in which an organization may become embedded, pointing out that mimicry can occur from learning from peers within the local environment, as well as through influences from models in the macro environment. Marginalized organizations, in contrast, are more likely to seek out embeddedness within the local environment. Research indicates that immigrant entrepreneurs and managers are more likely to serve immigrant-dominated neighborhoods, and are consequently prone to become embedded at the neighborhood level because they may lack opportunities to move into larger markets (Hagedoorn, 2006). Separation from the in group is associated with limited access to resources, restricted power, under representation, spatial segregation and underperformance (Mehra et al., 1998; Ragins, 1997; Boje, 1995). This may create a barrier to expansion in new markets. This suggests that operating in potentially unique environments (for example, those constituted predominately of minorities) with consumers possessing distinct needs is associated with embeddedness in the micro environment.

Because marginalized organizations are heavily reliant on their niche markets (Rosenbaum & Montoya, 2007), I predict organizations engaging in mimetic diversity are less embedded in the macro, regional environment and more embedded in the micro, neighborhood context.

Hypothesis 5: Mimetic diversity is positively associated with neighborhood embeddedness.

Conditional Effects: Minority Ownership

Research shows that compared to White business owners, Hispanic business owners obtain more costly lines of credit, and African American business owners are more likely to be denied credit entirely (Cavalluzzo, Cavalluzzo & Wolken, 2002). Since minority businesses struggle to access resources, they are more likely to rely on cost advantages, or in other words, operate lean businesses in order to offer products and services at relatively lower prices

(Bonacich, 1973). Alternatively, minorities, fully aware of the unique biases and obstacles they face, may put additional effort toward developing specialized expertise in order to enhance their organizations' likelihood of survival, thereby placing greater emphasis on targeting fellow minorities as consumers (Ragins, 1997; Portes & Sensenbrenner, 1993). One art gallery manager explained to me the justification behind the decision to locate the gallery in a predominately minority neighborhood, some distance from area in which most Houston art galleries choose to locate: "We want to be near African Americans because that's who our products appeal to."

The relatively high barriers in obtaining capital that many minority business owners face often puts them at a disadvantage with respect to competition with peers who are members of majority groups. This then relegates minority businesses to competitive fields made up of other minority businesses (Aldrich & Waldinger, 1990). Therefore, minority businesses may have limited access to integrated markets (particularly in their early stages), as research indicates that lenders hold loan applications from gender and ethnic minorities to higher standards than applications from White male borrowers. It is no wonder that one owner of a real estate firm in a relatively high poverty Houston neighborhood pointed out to me, "African American business owners are common in this area."

Scholars note that lending discrimination impacts minority organizations' capacity to serve these larger, integrated markets, as compared to their often larger, White-owned counterparts (Bates, 2001). However, minority owned businesses that are able to enter racially and economically integrated communities are those typically able to meet the bank's higher standards and obtain bank loans (Cavalluzzo et al., 2002), as opposed to their peers who are relegated to operating in communities with greater proportions of minorities (Hyman, 1998). In other words, a high proportion of the ethnic minority-owned businesses serving marginalized markets are likely those that struggled to obtain financing. This lack of funding often bars these organizations from serving integrating markets with lower proportions of minorities and greater numbers of businesses. Belonging to an ethnic minority group often limits entrepreneurs' options to opening businesses in certain communities. Given these limitations, ethnic minority business owners become more dedicated these communities, since there are few opportunities to serve other communities. Accordingly, I assert that minority organizational ownership enhances the likelihood that the organization is embedded at the local neighborhood level and it reduces the likelihood that the organization is embedded at the larger, regional level. Figure 2 displays the full theoretical model, while Table 3 lists each of the aforementioned hypotheses.

> Hypothesis 6: Ownership by members of ethnic minority groups moderates the positive relationship between mimetic diversity and neighborhood embeddedness: the relationship will be more positive when the organization's owners are members of ethnic minority groups.

Figure 2. Theoretical Model

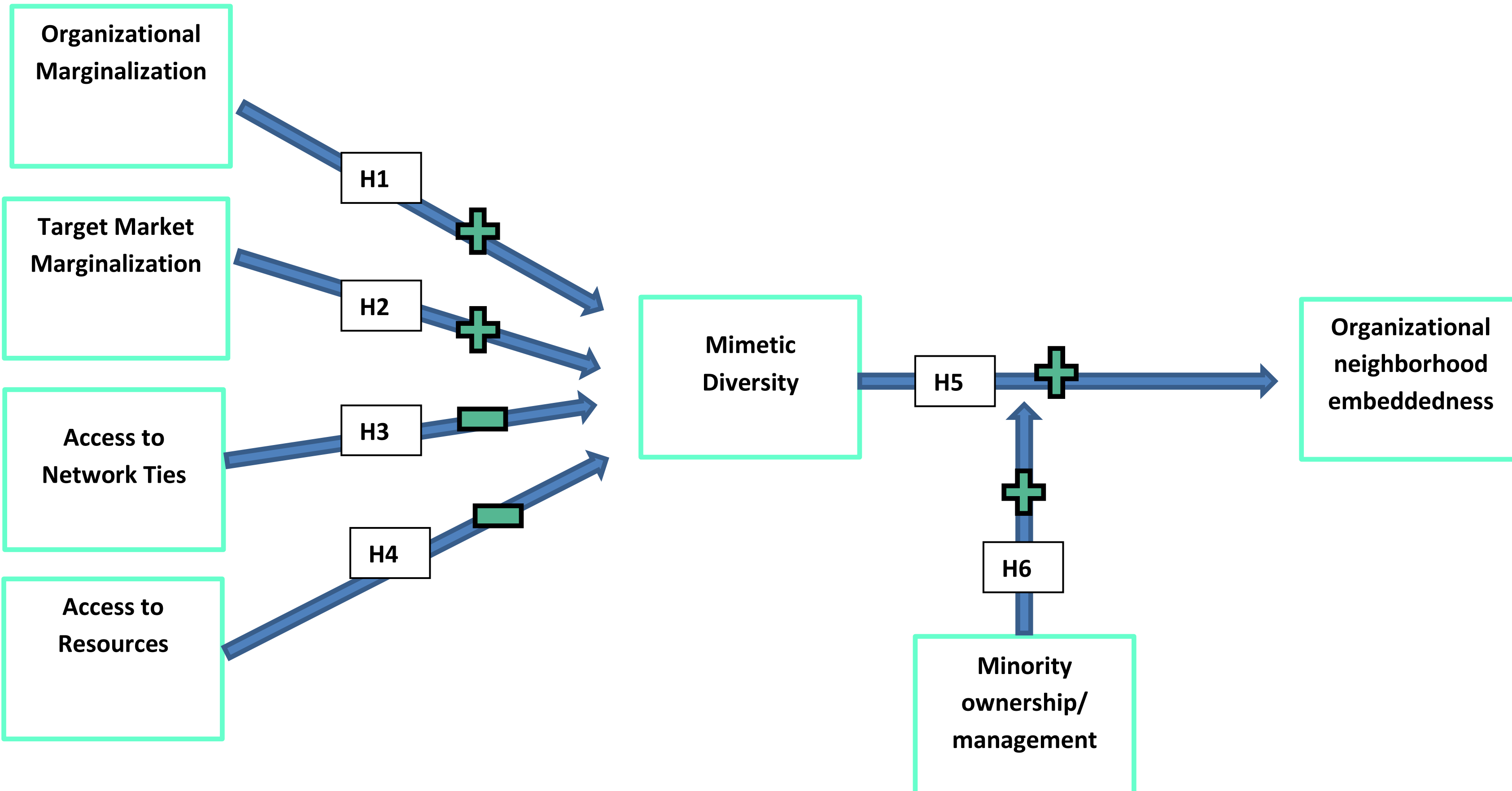

Table 3. Summary of Hypotheses

Number	Hypotheses
H1	Organization marginalization is positively related to mimetic diversity.
H2	Target market marginalization is positively related to mimetic diversity.
H3	Access to network ties is negatively related to mimetic diversity.
H4	Access to resources is negatively related to mimetic diversity.
H5	Mimetic diversity is positively related to neighborhood embeddedness.
H6	Minority ownership positively moderates the positive relationship between mimetic diversity and neighborhood embeddedness

METHOD

Research Setting

This study explores the unique institutional behaviors of organizations in distressed business environments, and the impact these behaviors have on prospective organizational newcomers into the environment. Generally, markers of distressed communities include relatively high poverty and unemployment rates (Oakley et al., 2006). Inner city neighborhoods, home to roughly 10% of the U.S. population, are prime examples of communities with high concentrations of low income households and unemployed adults (Key Battlegrounds for the War on Poverty, 2017). These communities have weak and underutilized business environments unable to adequately support the needs of the local population. The goal of this study is to apply theory to this overlooked context and examine the ways in which institutionalization plays out in relatively isolated spaces.

The inner city is made up of urban neighborhoods that are near, but outside of, cities' downtowns (Porter, 1997). The often bustling economic environment downtown takes a marked shift upon entry into the inner city, where there is often visible physical deterioration and economic disinvestment (Loukaitou-Sideris, 2000). The ICIC defines the inner city as contiguous urban census tracts with poverty levels exceeding or equal to 20% (Key Battlegrounds for the War on Poverty, 2017). The inner city is where my sample of organizations does business.

Sample

The study's sample consists of organizations operating in inner city communities.

I relied on interviews and surveys to more clearly understand the institutionalization process in distressed communities. Given the context, the inclusion of self-reports will likely provide greater clarity of the unique phenomenon relative to elusive archival data.

During March and April, 2017, I met with and interviewed nine CEOs and/or managers of businesses in inner city Houston, and one manager of an economic development organization in one of Houston's poorest communities. I audio recorded and transcribed these interviews. These conversations granted me greater insight on business practices in distressed communities and allowed me to consider the barriers to economic development in these spaces. I identified interviewees in several ways. Some of the interview participants' business contact information is publicly listed in the Greater Houston Black Chamber of Commerce's 2017 Buy Black directory. I located other interviewees through my own extended network. I used Google Maps and Census Bureau data to confirm that all interviewees have inner city office locations.

In November 2017 I conducted a pilot study of the survey, and between February and April 2018, I disseminated this survey to firms in inner city neighborhoods across Houston. I derived survey items from previous surveys published across the Management, Marketing, Education and Criminal Justice academic disciplines. I created a comprehensive survey to email to the owner or manager of the organizations in the sample.

I used a multi-step approach to identify firms for this sample. First, I pinpointed inner city neighborhoods in Houston, TX. To do this, I created two maps using Simply Analytics software. The first map identified Houston zip codes and the poverty rates corresponding with these zip codes. The second map identified Houston census tracts and their associated poverty rates. The poverty rates in Simply Analytics are 2017 estimates based on the 2010 Census. While scholars identify inner city neighborhoods based on characteristics at the census tract level[1] (Key Battlegrounds for the War on Poverty, 2017), I was also interested in capturing zip code data because organizations' addresses are more commonly classifiable at the zip code level. I then exported the zip code and census tract files from Simply Analytics to the ArcGIS geographic information system to overlay the two maps. ArcGIS highlighted the various census tracts and poverty rates within each zip code. I downloaded the combined map as a list in excel format and sorted this list from census tracts with the highest poverty rates to those with the lowest poverty rates.

After identifying high poverty, contiguous census tracts (inner city neighborhoods), I found organizations with registered addresses within these census tracts. Using Simply Analytics, I input a census tract code and the software returned a listing of businesses in these census tracts. Out of the 291 Houston census tracts with poverty rates at or exceeding 20%, I focused on the organizations located in the 20 highest poverty census tracts. Within the Simply Analytics database, there are 5,607 organizations with addresses registered to these 20 census tracts. From this, I isolated a random sample of 2,000 organizations. Of the 2,000, I excluded government agencies, religious organizations, schools, civic associations, correctional institutions, non-commercial sites and farms either because they do not sell products or services to consumers or because the consequences of operating in a given location is less influential on the organization's practices. 1,688 organizations remained in the sample after these exclusions.

[1]The Census Bureau defines census tracts as geographic subdivisions with population sizes between 1,200 and 8,000 residents. One zip code is typically composed of several census tracts.

Once I identified the organizations, I searched for contact email addresses for each business. This ranged in difficulty depending on the organization. Some organizations have an online presence while other businesses, particularly small ones, do not. I primarily relied on Google's search engine and Facebook's business pages to find contact names and emails. Proving to be quite time consuming, I decided to complement the list of organizations from Simply Analytics with membership lists from two Houston-based Chambers of Commerce. The Greater Heights Area Chamber of Commerce and the Greater Houston Black Chamber of Commerce have publicly available membership lists of organizations located in northwest Houston, and those with Black owners or managers in the Greater Houston area, respectively. The Greater Heights community in Houston covers a predominately Hispanic array of inner city and non-inner city neighborhoods. Similarly, while some businesses in the Greater Houston Black Chamber directory are located within Houston's inner city neighborhoods, others are not. A significant proportion of the businesses listed in these Chamber directories included email addresses within the contact information. Accordingly, I sent surveys to the businesses with available email addresses.

In total, I found email addresses for 1,001 companies in Houston. 497 Houston Chamber members and 504 businesses within the Simply Analytics received these emails. I subsequently excluded 129 of these firms for various reasons including recent relocations outside of Houston, office closings, nonprofit status, or the owner or manager explicitly communicated to me that the he or she would be unable to participate in the survey. Of the remaining 872 contacts, 445 of these emails were from the two Chamber of Commerce directories, while 427 came from the Simply Analytics database of organizations within inner city census tracts. Out of these 872 surveys, 199 survey emails were undeliverable either because the email address was incorrect or the organization had recently closed. 673 owners or managers of organizations received the survey email. 151 people responded to the survey, yielding a 22.4% response rate. I incentivized participants with an Amazon.com gift card.

I compared characteristics of the respondents with those of non-respondents and the population of organizations. I determined the neighborhood poverty rate for firms in the sample by identifying the census tracts in which they are located based on the organization's address using information from the Census Bureau, and recording the census tracts' poverty rates. The mean census tract poverty rate for respondents is 27.03%, while that of non-respondents and the population is 38.3% and 52.1%, respectively. A two-sample t test comparing the means between respondents and non-respondents confirmed that the poverty rates are significantly different ($t(592) = 6.16$, p-value= 0.000). In other words, survey recipients in relatively lower poverty areas were more likely to complete the survey.

I also compared respondents, non-respondents and the population based on industry membership by identifying the two most common industries within each of these groups. Among respondents, 18% are in the Business Services industry (SIC code 73) and almost 13% are within the Engineering, Accounting, Research and Management Service industry (SIC code 87). With respect to non-respondents, 10% are members of the Business Services industry (SIC code 73), while 7.7% of the organizations within this group are in the Wholesale Trade- Durable Goods industry (SIC code 50). Within the larger population, 7.3% of organizations fall within the Engineering, Accounting, Research and Management Service industry (SIC code 87), while another 7.3% belong to the Business Services industry (SIC code 73). So, while the nature of the respondent, non-respondent and population groups does differ significantly in terms of the neighborhood poverty rates, they better reflect one another with respect to industry membership. In particular, respondent organizations are similar to those in the larger population as the majority of them belong to the Business Services and Engineering, Accounting, Research and Management Services industries.

Interviews and Surveys

The interviews occurred in-person at each organization's premises. Given that these interviews took place early on in the research process, even before my specific research questions had been finalized, the purpose of these interviews was to gain a general understanding of the institutional environment in distressed communities. The interviews began with basic identification questions, such as *what industry is your business in?* and *how would you describe the neighborhood in which your business is located?* Follow up questions focused on Porter's (1997) work on inner city business development, which approaches the topic from an economic lens. Here, I asked interviewees questions about whether they perceive strategic benefits stemming from operating in the inner city, and whether they hire from the local population, for example. I approached the next set of questions from social responsibility and relational perspectives wherein I asked interviewees questions about their personal ties to the community and whether they were committed to serving the community over the long term. I also included questions about institutional mimicry by asking interviewees to consider their similarities with peers, and mimetic diversity, by asking them to consider how they differ from peers. In the end, I allowed for every respondent to speak openly about any comments that had not come up during questioning.

I used these interviews, along with theory, to construct the study's model and hypotheses. I have included excerpts from the conversations with each hypothesis above. Please see the complete list of interview questions in the appendix.

Each survey recipient received at least four emails from me. One introductory email explaining who I am, the nature of the study, and preparing them for the subsequent email which included the survey link. The second email contained the survey link, and reiterated the purpose and importance of the study. Within one week, survey recipients received one or two reminder emails encouraging them to complete the survey. Finally, participants who took the survey received a "thank you" email, while the final email to non-respondents encouraged them once more to consider taking the survey.

Measures

Organizational Marginalization. The organizational marginalization variable measures the extent to which the focal organization is isolated from organizational peers. I assert that organizational marginalization is associated with the organization's likelihood of engaging in mimetic diversity. I operationalize this variable by drawing on the Gaudreault, Richards and Woods (2017) Physical Education Marginalization and Isolation Survey. Example survey items include *we don't interact with other organizations in our line of work often* and *our organization seems isolated in the community where it is located*. Respondents addressed these items using a seven-point scale ranging from 1, "strongly agree," to 7, "strongly disagree". The complete list of survey items for this variable is in Table 4. The overall organizational marginalization mean was 3.86 (s.d. 1.69), with a Cronbach's alpha of 0.67.

Access to Network Ties and Resources. Access to network ties and resources represents the extent to which the focal organization perceives ease in establishing relational ties with peers and obtaining valuable resources necessary for survival within their environment. I assert that access to network ties and resources influences an organization engaging in mimetic diversity. I use survey items from Meyer, Estrin, Bhaumik and Peng (2009) survey which explored the resources most important to MNE subsidiaries entering emerging economies in four countries and how these organizations access those resources. Example survey items include *our organization's community allows for easy access to buildings and real estate* and *our organization is closely connected to other businesses*. Respondents addressed these items using a seven-point scale ranging from 1, "strongly agree," to 7, "strongly disagree". I treated access to resources and access to network ties as two distinct factors. The mean for access to resources was 3.1 (s.d. 1.2), while Cronbach's alpha was 0.67. The mean for access to network ties was 0.002 (s.d. 0.71), and Cronbach's alpha was 0.66. The complete list of survey items for this variable is in Table 4.

Target Market Marginalization. The target market marginalization variable measures the extent to which the organization's primary target market is isolated from other consumer groups. I posit that target market marginalization enhances the likelihood of an organization engaging in mimetic diversity. In order to operationalize this variable, I draw from Gaudreault et al. (2017) survey on the marginalization Physical Education teachers' experience. Adapted survey items include *our primary target market is one that many of the other organizations in our industry value* and *the primary target market we serve is isolated or excluded in certain ways from the larger society* . Respondents addressed these items using a seven-point scale ranging from 1, "strongly agree," to 7, "strongly disagree”. The complete list of survey items for this variable is in Table 4. The mean for target market marginalization was 3.97 (s.d. 1.69). Cronbach’s alpha was 0.86.

Mimetic Diversity. This variable measures the extent to which the organization offers unique products or services based on the needs and demands of consumers in the local market, limited capabilities, and isolation from industry peers (as opposed to differentiation which is associated with intentional distinction from peers and premium pricing). I assert mimetic diversity and mimicry can potentially hold different positions on the same institutional spectrum. Accordingly, this construct will measure the extent to which the organization engages in mimetic diversity rather than whether or not it engages in mimetic diversity (i.e. as represented by a dummy variable). I assert that mimetic diversity influences an organization’s embeddedness within the environment. I adapt survey questions for this variable from existing research on the factors loading onto a differentiation latent variable (Kotha & Vadlamani, 1995) and institutional mimicry within police organizations (Giblin, 2006). Examples of survey items include *our organization offers products or services that are relatively atypical from those offered by other organizations in our industry* and *we pay attention to the practices of other organizations in our industry*. Respondents addressed these items using a seven-point scale ranging from 1, "strongly agree," to 7, "strongly disagree”. The complete list of survey items for this variable is in Table 4. The mean for mimetic diversity was 3.72 (s.d. 1.19) and Cronbach’s alpha was 0.66.

Neighborhood Embeddeness. Regional embeddedness measures the extent to which the organization is socially and economically entrenched in the regional environment, as compared to its entrenchment in the neighborhood environment. I posit that mimicry, differentiation and mimetic diversity influence the degree of the organization's regional embeddedness. I combine two measures to operationalize this variable (Uzzi, 1996; Uzzi & Gillespie, 2002). The first measures the strength of relational ties by calculating the proportional distributions of an organization's business ties with other organizations. The second measure considers three subcategories of embeddedness: the duration of relationships, the multiplexity of relationships and the total size of a network. In combining the proportional measure and the three subcategories, an example question is *Duration: Our organization has been located in this neighborhood for a longer period of time than we have in any other neighborhood in Greater Houston.* Respondents addressed the degree to which they identify with these items using a seven-point scale ranging from 1, "strongly agree," to 7, "strongly disagree". The complete list of survey items for this variable is in Table 4. The mean for embeddedness was 3.45 (s.d. 1.48) and Cronbach's alpha was 0.57. Cronbach's alpha values below 0.50 suggest that the observed variance is due to random error. Further, factors with a greater number of measured variables typically yield higher reliability scores (Kline, 2011). To increase the reliability of this factor given its relatively low score, I created a new four-item embeddedness factor by maintaining the existing three measured variables and including an additional measured item recommended through the Mplus 8 (Muthen & Muthen, 1998) software (I will discuss this revised factor in greater detail in the results section). The mean for the revised embeddedness factor was 3.48 (s.d. 1.39) and Cronbach's alpha slightly improved at 0.62.

Table 4. Operationalization of Dependent, Independent and Moderating Variables

VARIABLE	MEASUREMENT	SOURCE
Organizational Marginalization	1= strongly agree, 7=strongly disagree ▪ Our business is undervalued in the eyes of potential customers across this city ▪ Our business receives less recognition than other businesses in our line of work across this city ▪ Our expertise/skills are underestimated ▪ Our business sells products/services that are undervalued ▪ We rarely interact with other businesses in our line of work ▪ We miss out on potential customers from other parts of the city who avoid our business because of its location ▪ Our business is one of the relatively few businesses operating in our neighborhood ▪ Our business is often overlooked	Gaudreault, Richards & Woods, 2017
Target Market Marginalization	1= strongly agree, 7=strongly disagree For clarity, you can define industry as a group of businesses producing similar products and services. You can define target market based on the socioeconomic characteristics (income, ethnicity, education level, religion, etc.) of the primary group of customers your business serves on a regular basis ▪ Other businesses place lower value on the target market our business serves ▪ Other businesses consider the target market our business serves as unimportant ▪ Other businesses undervalue the buying power of the target market our business serves ▪ The target market we serve is isolated from larger society in certain ways ▪ There are relatively few businesses serving our business's target market ▪ Other businesses believe the customers in our target market have a lower status	Gaudreault, Richards & Woods, 2017

Table 4. Continued

VARIABLE	MEASUREMENT	SOURCE
Access to Resources	1= strongly agree, 7=strongly disagree Our organization's neighborhood allows for easy access to: ▪ Buildings and real estate ▪ Business network relationships ▪ Our distribution network (buyers and suppliers) ▪ Loans ▪ Licenses ▪ Machinery and equipment ▪ Potential employees	Meyer, Estrin, Bhaumik, & Peng, 2009
Access to Network Ties	1= strongly agree, 7=strongly disagree ▪ Our business is closely connected to trade associations ▪ Our business is closely connected to other businesses ▪ Our business is closely connected to suppliers ▪ Our business is closely connected to business incubators ▪ Our business is closely connected to business mentors or advisors	Meyer, Estrin, Bhaumik, & Peng, 2009

Table 4. Continued

VARIABLE	MEASUREMENT	SOURCE
Mimetic Diversity	1= strongly agree, 7=strongly disagree ▪ Our business offers unique products/services ▪ Our business intentionally meets the needs/expectations of a specific target market ▪ Our business sells products/services that are less expensive than the average product/service other businesses in our line of work offer ▪ Our business does not pay close attention to the practices of other businesses in our line of work ▪ Our business does not model itself after any other business in our line of work ▪ Our business faces unique obstacles/limitations by operating in this neighborhood that we would not face if we operated in other neighborhoods ▪ There aren't many businesses in our line of work in this neighborhood	Kotha & Vadlamani, 1995 Marsden, Cook & Kalleberg, 1996 as referenced in Giblin, 2006
Organizational Neighborhood Embeddedness	1= strongly agree, 7=strongly disagree ▪ Duration: Our business has been located in this neighborhood for a longer period of time than we have in any other neighborhood in Greater Houston ▪ Number of ties: We have many more relationships inside our business's neighborhood than we do outside of this neighborhood in other parts of Greater Houston ▪ Strength of ties: Our business has a greater variety (many different types—relationships with associations, lenders, suppliers, other organizations, etc.) of relationships within our neighborhood than in other neighborhoods across Greater Houston	Uzzi, 1996 Uzzi & Gillespie, 2002

Table 4. Continued

VARIABLE	MEASUREMENT	SOURCE
Minority Ownership	What is the owner's ethnicity?	

Moderator

Minority Ownership/ Management. Minority ownership and/or management is a dichotomous variable representing whether the organization's owner and/or manager is an ethnic or gender minority. I assert that minority ownership and/or management influences the relationship between mimetic diversity and regional and neighborhood embeddedness. A '1' affirms that these individuals are indeed minorities, while a '0' suggests the alternative. I also tested whether female ownership affected the relationship between mimetic diversity and embeddedness. Like minority ownership, female ownership was a dichotomous variables. 60.4% of the owners of the organizations in the sample are ethnic minorities. Women lead 38.9% of the organizations in the sample.

Control Variables

I included several controls. Survey respondents reported organizational size (Lee et al., 2002) by indicating the organization's number of employees. Survey respondents also identified industry membership (Hoffman, 1999), and I subsequently confirmed this through an internet search on each organization. I later converted these industry categories to the appropriate SIC codes. Respondents indicated the organization's age (Desai, 2008) as the total number of years the organization has been in operation. Each of these organizational characteristics may influence the way in which the organization responds to environmental catalysts. The organization's independence (Butt, Antia, Murtha & Kashyap, 2018), a self-reported measure, is concerned with distinguishing between franchises (1), government affiliates (2), subsidiaries of a parent company (3), independently owned organizations (4) or otherwise (5) as this can impact the organization's access to networks and resources. Tenure of the owner or manager (Gupta, Briscoe & Hambrick, 2017) influences the practices firm leaders adopt. Owners and managers shared the number of years they have been affiliated with the organization. Prior entrepreneurial experience, a self-reported dichotomous variable, may influence the way in which owners operate the focal organization (Toft-Kehler, Wennberg & Kim, 2014). Similarly, the owner or manager's education level serves as a proxy for the individual's skills and ability to access key resources (Kolstad & Wiig, 2015). Whether the organization is business-to-consumer or business-to-business, a self-reported measure, affects its practices as it caters to its specific market (Swani, Brown & Milne, 2014). Table 5 displays the operationalization of each control variable.

Once I distributed the survey to Chamber of Commerce members, the sample was no longer solely made up of organizations in the inner city. In fact, 48% of respondents are not located in inner city neighborhoods, while 52% are in the inner city. I classified respondents according to whether or not the organization is located in an inner city neighborhood because of the effect this has on the organization's ability to access resources, such as bank loans (Bates & Robb, 2015), and used this designation as a control. Zip code (Berglund, 2018), a measure I confirmed through Google's search engine, is meaningful because organizations belonging to the same or related industries may locate within close proximity of peers either by choice or due to zoning edicts. Finally, the poverty rate (Oakley et al., 2004) is the proportion of residents living below the poverty line in the organization's community (by census tract). I will collect data on census tract poverty rate from the Census Bureau. These environmental variables may influence the level of economic development and organizational concentration.

Table 5. Operationalization of Control Variables

VARIABLE	MEASUREMENT	SOURCE
Organization Size	Please indicate the number of employees at your business	Self-report
Industry	What is your business's industry or line of work?	Yang, 2008
Organization's Age	What year did your business open?	Self-report
Neighborhood Poverty Rate	Archival: Identify the poverty rate associated with the organization's zip code	Simply Analytics
Zip Code	Organization's address	Self-report and Google
Owner's Tenure	How many years have you been affiliated with the business?	Self-report
Firm Independence	Is your business a franchise, a subsidiary, independent, a government entity, or other?	Self-report
Inner City	Organization's address	Simply Analytics, Census Bureau
B2C	Does your business predominately serve other business or individual consumers?	Self-report
Prior Entrepreneurial Experience	Did you have entrepreneurial experience prior to working at this business?	Self-report
Education Level	What is the highest level of education you have completed? (primary school, high school, some college, associates, bachelor's, master's, PhD/JD/MD)	Self-report

RESULTS

To assess the extent to which marginalization, access to resources and network ties influence an organization's engagement in mimetic diversity, and by extension, its embeddedness in the local neighborhoods, I conducted confirmatory factor analysis (CFA) using Mplus 8 (Muthen & Muthen, 1998) with maximum likelihood estimation. Organizational embeddedness had significant and positive correlations with each of the other factors: organizational marginalization, target market marginalization, network ties, access to resources and mimetic diversity. Mimetic diversity was significantly and positively correlated with prior entrepreneurial experience, target market marginalization, organizational marginalization, network ties and resources. Network ties and access to resources has positive, significant correlations with one another, as well as with prior entrepreneurial experience. Counter-intuitively, access to resources was also positively and significantly correlated with the neighborhood poverty rate. Firm independence had a significant, negative relationship with firm size. Table 6 displays the correlation table.

Table 6. Means, Standard Deviations, and Zero-Order Correlations for Latent and Control Variables

Means, Standard Deviations, and Zero-Order Correlations for Latent and Control Variables

Variable	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. Industry	62.13	21.72																	
2. Firm Size	24.9	96.52	-0.07																
3. Firm Age	17.75	19.01	-0.03	0.09															
4. Neighborhood Poverty	27.03	19.22	-0.18*	-0.03	0.14														
5. Zip Code	77050.8	108.31	0.05	-0.02	-0.3	-0.17*													
6. Owner Tenure	13.4	11.8	0.06	0.03	0.57*	0.06	0.06												
7. Firm Independence	3.75	0.83	-0.08	-0.29*	0.08	0.09	0.03	0.16											
8. Inner City Neighborhood	0.52	0.50	-0.09	-0.06	0.14	0.91*	0.12	0.12	0.10										
9. Business-to-Consumer	1.49	0.51	-0.02	-0.06	0.13	0.22*	0.15	0.16	0.04	0.22*									
10. Prior Entrepreneurial Experience	1.43	0.50	-0.15	0.14	0.06	0.15	0.04	-0.01	0.04	0.10	-0.09								
11. Owner Education Level	2.91	1.32	0.001	0.03	0.04	-0.02	-0.16	-0.14	-0.01	-0.01	0.07	0.05							
12. Target Market Marginalization	3.97	1.69	0.06	-0.05	-0.02	-0.06	0.11	0.06	0.10	0.09	-0.10	0.08	- 0.10						
13. Organizational Marginalization	3.86	1.31	-0.08	-0.05	0.02	0.001	0.04	-0.03	0.12	-0.04	0.07	0.07	-0.01	0.57*					
14. Access to Network Ties	0.002	0.71	-0.05	0.01	-0.03	0.14	0.04	0.03	0.10	0.13	0.14	0.29*	-0.03	0.18	0.35*				
15. Access to Resources	3.10	1.23	-0.06	-0.07	0.01	0.23*	-0.08	0.12	0.10	0.15	-0.04	0.27*	-0.16	0.16	0.21*	0.24*			
16. Mimetic Diversity	3.72	1.19	-0.05	0.12	-0.01	0.09	-0.003	0.08	0.08	0.03	0.07	0.24*	0.09	0.43*	0.56*	0.35*	0.36*		
17. Embeddedness	3.45	1.48	-0.14	-0.08	0.08	0.09	0.03	0.24*	0.17	0.04	0.06	0.09	-0.17	0.24*	0.34*	0.21*	0.28*	0.30*	

*p < .05

To begin testing each of the proposed relationships, I examined the fit of the full hypothesized five-factor model testing the latent variables organizational marginalization, target market marginalization, access to resources and networks, mimetic diversity and embeddedness. The results of the confirmatory factor analysis indicated a poor fit (x^2= 883.65, df= 584, p-value= 0.00; CFI= 0.68, RMSEA= 0.07, p-value= 0.001). Statistics indicating a good fit in Structural Equation Modeling (SEM) include a chi-square p-value exceeding 0.05, a CFI value of at least 0.90 and an RMSEA measure no greater than 0.08 (Hu & Bentler, 1999).

After testing the fit of a model, Mplus software offers suggestions for model alterations to potentially improve the fit. In this case, the software suggested that I exclude four measured variables from the analysis: one measuring the perceived amount of recognition the organization receives, one measuring the perceived extent to which the public may overlook the organization, one measuring the organization's access to skilled potential employees, and one measuring the organization's ties to business incubators. Three or more measured variables, or items, make up each of the latent factors in the model. The low factor loadings of the measured variables representing the organization's network ties indicated that it may improve the model to create a separate latent variable for network ties rather than combining these measured variables with those gauging the organization's access to resources. The revised six-factor theoretical model yielded improved, nevertheless poor, fit statistics (x^2= 646.55, df= 453, p-value= 0.00; CFI= 0.77; RMSEA= 0.06, p-value= 0.03).

Given that both the original and revised versions of the theoretical model produced fit statistics indicating inadequate fit, I performed exploratory factor analysis (EFA) to allow the measured variables to load on the factors that would result in the best fitting model. This analysis generated a five-factor model with slightly improved, but still inadequate fit statistics (x^2= 340.0, df= 242, p-value= 0.00; CFI= 0.84; RMSEA= 0.06, p-value= 0.12). This model excluded seven of the original items. To address the low Cronbach's alpha value for the embeddedness factor in the revised theoretical model, I tested that same model with a modified embeddedness factor. EFA analysis indicated that one of the measured variables, sale of less expensive products and services, originally included in the mimetic diversity factor, also loads on the embeddedness factor. Therefore, I removed this item from the mimetic diversity factor and added it to the embeddedness factor. While the Cronbach's alpha for the original embeddedness factor was 0.57, the Cronbach's alpha of this revised factor was 0.62. Fit statistics for the revised theoretical model with the modified embeddedness factor were nearly identical to those of the revised theoretical model (x^2= 637.12 df= 453, p-value= 0.00; CFI= 0.78; RMSEA= 0.06, p-value= 0.06). Table 7 compares the fit statistics and the measured variable factor loadings of the original theoretical model, the revised theoretical model, the EFA model and the revised theoretical model with the modified embeddedness factor

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Table 7. Comparison of Fit Statistics and Loading Factors

	Original Theoretical Model	Revised Theoretical Model	EFA Model	Revised Theoretical Model with Modified Embeddedness Factor
Chi-Square Test	X^2= 883.65, df= 584, p-value= 0.00	X^2= 646.55, df= 453, p-value= 0.00	X^2= 340.9, df= 242, p-value= 0.00	X^2= 637.12, df= 453, p-value= 0.00
CFI	0.68	0.77	0.84	0.78
RMSEA	0.07, p-value= 0.001	0.06, p-value= 0.03	0.06, p-value= 0.12	0.06, p-value= 0.06
No. of Factors	5 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources & Networks, Mimetic Diversity & Embeddedness	6 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources, Networks Ties, Mimetic Diversity & Embeddedness	5 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources & Networks, Mimetic Diversity & Embeddedness	6 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources, Networks Ties, Mimetic Diversity & Embeddedness
Measured Variables:	**Standardized Estimates**			
Org Margin- undervalued	0.68	0.66	0.77	0.66
Org Margin- less recognition	0.50	excluded	excluded	excluded
Org Margin- expertise underestimated	0.46	0.40	0.46	0.41
Org Margin- services undervalued	0.48	0.43	0.46	0.43
Org Margin- don't interact with others	0.40	0.44	excluded	0.43
Org Margin- avoid neighborhood	0.65	0.62	0.62	0.62
Org Margin- few businesses	0.46	0.49	excluded	0.49
Org Margin- overlooked	0.44	excluded	excluded	excluded

Table 7. Continued

	Original Theoretical Model	Revised Theoretical Model	EFA Model	Revised Theoretical Model with Modified Embeddedness Factor
Chi-Square Test	X^2= 883.65, df= 584, p-value= 0.00	X^2= 646.55, df= 453, p-value= 0.00	X^2= 340.9, df= 242, p-value= 0.00	X^2= 637.12, df= 453, p-value= 0.00
CFI	0.68	0.77	0.84	0.78
RMSEA	0.07, p-value= 0.001	0.06, p-value= 0.03	0.06, p-value= 0.12	0.06, p-value= 0.06
No. of Factors	5 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources & Networks, Mimetic Diversity & Embeddedness	6 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources, Networks Ties, Mimetic Diversity & Embeddedness	5 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources & Networks, Mimetic Diversity & Embeddedness	6 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources, Networks Ties, Mimetic Diversity & Embeddedness
Measured Variables:	**Standardized Estimates**			
Target Market- low value	0.83	0.83	0.83	0.83
Target Market- unimportant	0.85	0.85	0.86	0.85
Target Market- undervalue	0.85	0.85	0.85	0.85
Target Market- isolated	0.64	0.64	0.64	0.64
Target Market- few businesses	0.50	0.50	0.50	0.50
Target Market- low status	0.62	0.62	0.61	0.62
Resources- real estate	0.46	0.41	0.42	0.42
Resources- licenses	0.48	0.50	0.53	0.52
Resources- loans	0.43	0.45	0.50	0.46
Resources- skilled employees	0.19	excluded	excluded	excluded
Resources- new equipment	0.67	0.73	0.67	0.71
Resources- information	0.49	0.55	0.55	0.55

Table 7. Continued

	Original Theoretical Model	Revised Theoretical Model	EFA Model	Revised Theoretical Model with Modified Embeddedness Factor
Chi-Square Test	X^2= 883.65, df= 584, p-value= 0.00	X^2= 646.55, df= 453, p-value= 0.00	X^2= 340.9, df= 242, p-value= 0.00	X^2= 637.12, df= 453, p-value= 0.00
CFI	0.68	0.77	0.84	0.78
RMSEA	0.07, p-value= 0.001	0.06, p-value= 0.03	0.06, p-value= 0.12	0.06, p-value= 0.06
No. of Factors	5 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources & Networks, Mimetic Diversity & Embeddedness	6 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources, Networks Ties, Mimetic Diversity & Embeddedness	5 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources & Networks, Mimetic Diversity & Embeddedness	6 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources, Networks Ties, Mimetic Diversity & Embeddedness
Measured Variables:	**Standardized Estimates**			
Resources- Public transportation	0.32	0.35	0.36	0.36
Network Ties- trade associations	0.23	0.63	0.62	0.62
Network Ties- other businesses	0.25	0.74	0.72	0.74
Network Ties- suppliers	0.27	0.66	0.67	0.66
Network Ties- incubators	0.25	excluded	excluded	excluded
Network Ties- mentors	0.12	0.34	0.34	0.34
Mimetic Diversity- unique products	0.24	0.22	excluded	0.24
Mimetic Diversity- specific target market	0.56	0.56	0.35	0.57
Mimetic Diversity- less expensive	0.48	0.50	0.70	0.73
Mimetic Diversity- no attention to others	0.52	0.49	excluded	0.50
Mimetic Diversity- no modeling peer firms	0.48	0.46	excluded	0.46

Table 7. Continued

	Original Theoretical Model	Revised Theoretical Model	EFA Model	Revised Theoretical Model with Modified Embeddedness Factor
Chi-Square Test	X^2= 883.65, df= 584, p-value= 0.00	X^2= 646.55, df= 453, p-value= 0.00	X^2= 340.9, df= 242, p-value= 0.00	X^2= 637.12, df= 453, p-value= 0.00
CFI	0.68	0.77	0.84	0.78
RMSEA	0.07, p-value= 0.001	0.06, p-value= 0.03	0.06, p-value= 0.12	0.06, p-value= 0.06
No. of Factors	5 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources & Networks, Mimetic Diversity & Embeddedness	6 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources, Networks Ties, Mimetic Diversity & Embeddedness	5 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources & Networks, Mimetic Diversity & Embeddedness	6 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources, Networks Ties, Mimetic Diversity & Embeddedness
Measured Variables:	**Standardized Estimates**			
Mimetic Diversity-unique barriers	0.62	0.62	excluded	0.64
Mimetic Diversity- no nearby peers	0.32	0.32	excluded	0.33
Embeddedness- longevity	0.59	0.54	0.44	0.41
Embeddedness- amount of ties	0.51	0.55	0.51	0.51
Embeddedness- variety of ties	0.45	0.46	excluded	0.45

Out of the three models tested, the revised theoretical model and the EFA model yielded superior, albeit inadequate, fit statistics. I decided to compare the structural path coefficients of both models to determine which model found significant relationships between the latent variables. In spite of its slightly improved fit statistics, the only significant regression coefficient in the EFA model was on the path between mimetic diversity and embeddedness ($\gamma = 0.30$, p-value= 0.05), supporting hypothesis 5, which asserted a positive relationship between mimetic diversity and embeddedness. The revised theoretical model, however, measured a positive, significant regression coefficient between organizational marginalization and mimetic diversity ($\gamma = 0.65$, p-value < 0.05), which supports hypothesis 1. The revised theoretical model also results in a significant path coefficient between access to resources and mimetic diversity, however unlike hypothesis 4, which posits a negative relationship between the two variables, the coefficient is positive ($\gamma = 0.31$, p-value < 0.05). Finally, the revised theoretical model also yields a significant, positive relationship between mimetic diversity and embeddedness ($\gamma = 0.45$, p-value < 0.05), supporting hypothesis 5. Neither the revised theoretical model nor the EFA model support hypothesis 2, which predicts a positive relationship between target market marginalization and mimetic diversity, or hypothesis 3, which proposes a negative relationship between access to network ties and mimetic diversity. Table 8 exhibits a comparison between the fit statistics and regression coefficients of the revised theoretical model and those of the EFA model. Figure 3 displays a diagram of the revised theoretical model with standardized factor loadings between the measured variables and six latent variables.

Hypothesis 6 posited that minority ownership of an organization positively moderates the relationship between mimetic diversity and neighborhood embeddedness such that organizations are even more embedded in the local community when the organization's owner is a minority. To investigate the effects of minority ownership on neighborhood embeddedness, I relied on SEM two-group analyses (Song, Droge, Hanvanich & Calantone, 2005). I categorized each organization in the sample based on whether the owner is White or non-White. Two-group analysis revealed that the coefficients did not significantly vary between groups, which does not support hypothesis 6. I also tested whether women-led organizations strengthen the relationship between mimetic diversity and embeddedness. The analysis showed that there was no significant difference between organizations with male or female leadership. I tested these relationships in the revised theoretical model and in the EFA model. Table 9 shows the results of the revised theoretical model two-group analysis, while Table 10 and Table 11 highlight the results from the EFA model and the revised theoretical model with the modified embeddedness factor, respectively.

Table 8. Comparison of Structural Path Coefficients

	Revised Theoretical Model		EFA Model		Revised Theoretical Model with Modified Embeddedness Factor	
Chi-Square Test	X^2= 646.55, df= 453, p-value= 0.00		X^2= 351.97, df= 245, p-value= 0.00		X^2= 673.12, df= 453, p-value= 0.00	
CFI	0.77		0.83		0.78	
RMSEA	0.06, p-value= 0.03		0.06, p-value= 0.08		0.06, p-value= 0.03	
No. of Factors	6 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources, Networks Ties, Mimetic Diversity & Embeddedness		5 factors: Organizational Marginalization, Target Market Marginalization, Access to Resources & Networks, Mimetic Diversity & Embeddedness		6 factors: Organizational Marginalization, Target Market Marginalization Access to Resources, Networks Ties, Mimetic Diversity & Embeddedness	
	Path to Mimetic Diversity	**Path to Embeddedness**	**Path to Mimetic Diversity**	**Path to Embeddedness**	**Path to Mimetic Diversity**	**Path to Embeddedness**
Org. Marginalization	0.65, p-value= 0.002		0.21, p-value= 0.32		0.64, p-value= 0.003	
Target Market Margin.	0.01, p-value= 0.96		0.04, p-value= 0.81		0.03, p-value= 0.86	
Access to Resources	0.31, p-value= 0.02				0.28, p-value= 0.04	
Network Ties	0.18, p-value= 0.2				0.2, p-value= 0.15	
Resources & Networks			0.14, p-value= 0.36			
Mimetic Diversity		0.45, p-value= 0.002		0.30, p-value= 0.05		0.55, p-value= 0.000

Figure 3. Revised Theoretical Model- Standardized Factor Loadings

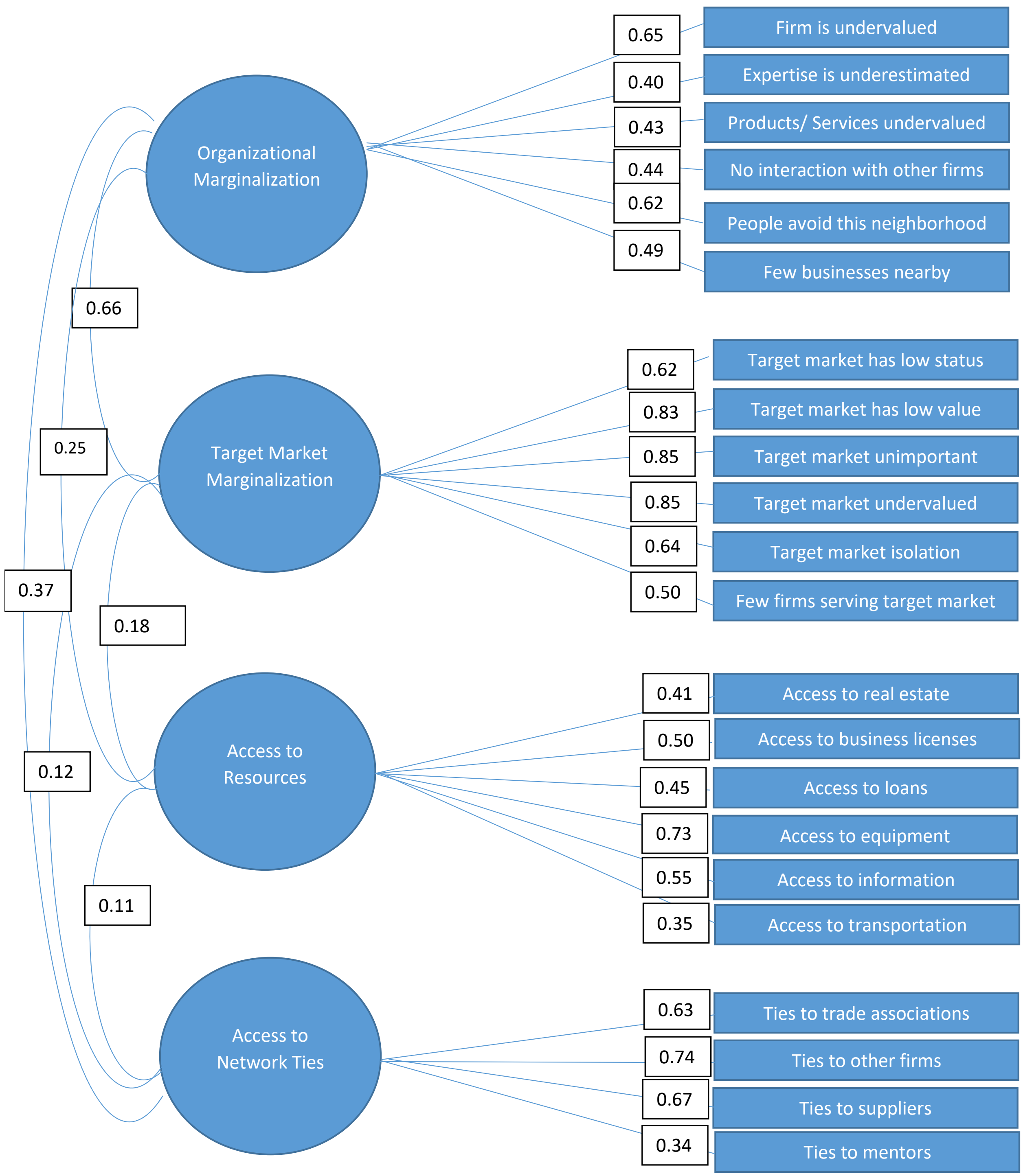

Figure 3. Continued

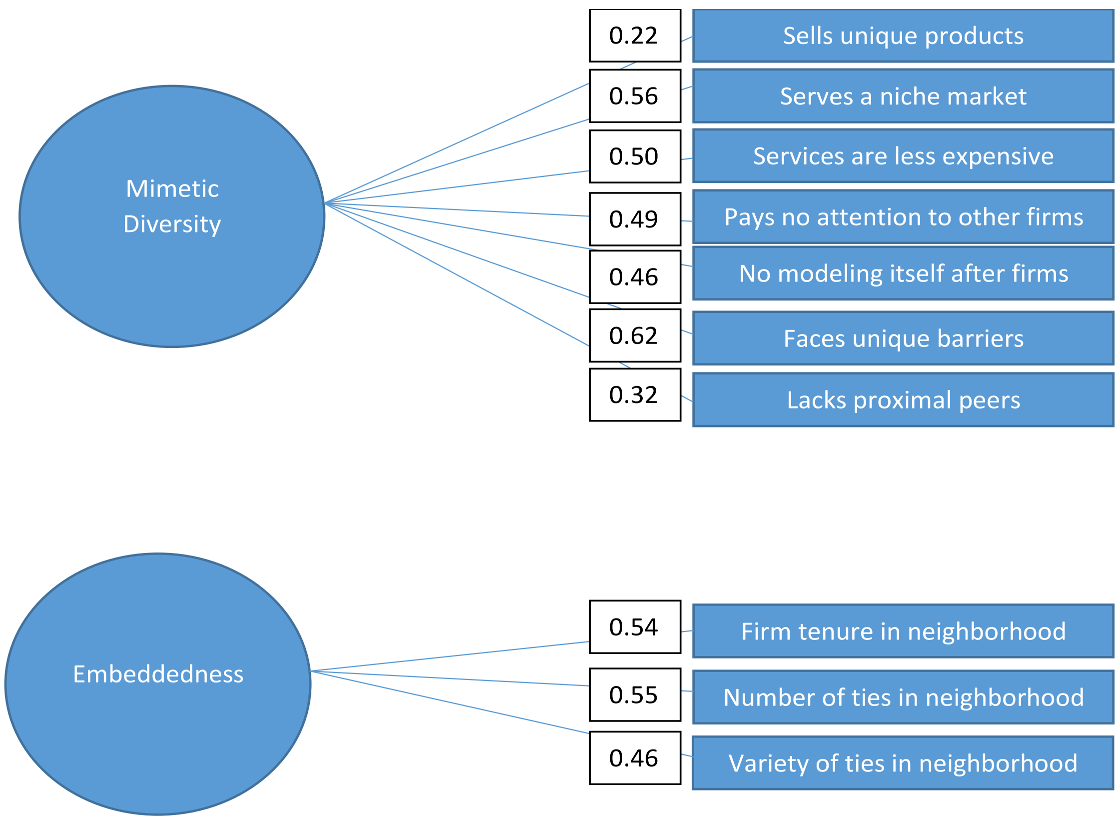

Table 9. Two Group Analysis Testing Minority Ownership Moderation within Revised Theoretical Model

	Revised Theoretical Model					
	White owner coefficient	**Minority owner coefficient**	**Score Test p-value**	**Female owner coefficient**	**Male owner coefficient**	**Score test p-value**
N	44	67		38	65	
Factor:						
Embeddedness						
Measured Variables:						
Embeddedness-longevity	0.77	0.77	0.85	0.63	0.63	0.32
Embeddedness- amount of ties	0.87	0.87	0.98	0.70	0.70	0.47
Embeddedness- variety of ties	0.49	0.49	0.82	0.42	0.42	0.74

Table 10. Two Group Analysis Testing Minority Ownership Moderation within EFA Model

	EFA Model					
	White owner	**Minority owner**	**Score Test p-value**	**Female owner**	**Male owner**	**Score test p-value**
N	46	67		39	67	
Factor:						
Embeddedness						
Measured Variables:						
Embeddedness-longevity	0.66	0.66	0.97	0.76	0.76	0.35
Embeddedness- amount of ties	0.82	0.82	0.39	0.88	0.88	0.19
Sale of less expensive products/services (originally a measured variable for mimetic diversity)	0.43	0.43	0.33	0.48	0.48	0.72

Table 11. Two Group Analysis Testing Minority Ownership Moderation within Revised Theoretical Model with Modified Embeddedness Factor

	Revised Theoretical Model with Modified Embeddedness Factor					
	EFA Model					
	White owner	**Minority owner**	**Score Test p-value**	**Female owner**	**Male owner**	**Score test p-value**
N	46	67		39	67	
Factor:						
Embeddedness						
Measured Variables:						
Embeddedness-longevity	0.66	0.66	0.97	0.76	0.76	0.35
Embeddedness- amount of ties	0.82	0.82	0.39	0.88	0.88	0.19
Sale of less expensive products/services (originally a measured variable for mimetic diversity)	0.43	0.43	0.33	0.48	0.48	0.72

DISCUSSION AND CONCLUSION

This research considers the link between marginalization and institutionalization. While the extant literature assumes the innate existence of organizational models fostering institutionalization within environments (DiMaggio et al., 1983), this study argues, and finds evidence for the idea that some organizations lack models due to marginalization. I developed and tested a model highlighting factors contributing to organizational isolation and disadvantage, and these factors' influence on organizational mimicry, and by extension, embeddedness within the local environment.

I asserted that organizations experiencing isolation from peers are more likely to develop unique norms and practices based on the idiosyncratic complexities in the environment in which they operate. From the ecology literature, I adopted the construct mimetic diversity to describe divergence from behavioral norms in response to threats and unique conditions in an entity's sub habitat (Hill, 2009). I found support for the notion that organizational marginalization is positively related to mimetic diversity. I further explored how mimetic diversity relates to the extent to which the organization is embedded in the neighborhood in which it operates. Again, the data confirmed that mimetic diversity is positively related to organizational embeddedness within the local neighborhood.

The data did not indicate a significant relationship between target market marginalization and mimetic diversity. This could reflect the fact that survey respondents were not, on average, from the highest poverty communities in Houston and therefore may not primarily serve marginalized consumer groups. Results testing the impact of network ties and resources on mimetic diversity did not support the hypotheses. The data failed to support a link between organizational network ties and mimetic diversity, and contrary to the hypotheses, the data revealed a positive relationship between access to resources and mimetic diversity. These outcomes could potentially stem from the nature of the survey question which asks organizational leaders the extent to which they have access to certain resources and networks. All organizations objectively have some access to resources and networks ties in order to survive. Perhaps asking respondents to assess their level of access relative to the perceived access other organizations in their industry have to resources and networks would provide a better sense of the degree to which focal firms identify with being disadvantaged compared to peers. Finally, tests of the differences in neighborhood embeddedness between minority and non-minority owners yielded no significant results. This could also be a reflection of the fact that respondents did not operate businesses in extremely high poverty neighborhoods. Alternatively, it could raise an interesting question for future research exploring the circumstances in which organizational leaders become deeply embedded in neighborhoods, particularly when the leader's demographics (ethnicity, income, education level) differs from that of the average neighborhood resident.

This study makes several theoretical contributions. First, it expands upon existing institutional theory work, and subsequent research bridging strategic differentiation and institutional mimicry, by highlighting another construct, mimetic diversity, that more accurately describes organizational behavior in distressed contexts. Further, this work provides explanations for the limited economic growth many inner cities experience, as it offers evidence of a link between disadvantage and embeddedness at the neighborhood level. Addressing Porter's (1996) advocacy for stronger ties between the inner city business environment and regional clusters, the results present additional evidence that organizations in relatively high poverty communities are disconnected from regional networks, and that this disconnect from regional clusters stems from the organizations' marginalized experience which renders them more deeply embedded in the neighborhoods where they operate. Accordingly, it may be unrealistic to expect these organizations to simply tap into these regional networks without additional support that will allow them to overcome their disadvantages. Unfortunately, as long as groups of organizations remain isolated from larger networks, neither the isolated organization nor the regional cluster is achieving its full potential.

This research yields a number of practical implications, as well. As previously mentioned, marginalized organizations require additional support in order to overcome their disadvantages. I assert that this support can come in the form of greater publicity among city media outlets. Because isolated organizations, by definition, are often secluded and perhaps unknown across consumer groups that would potentially patronize the organization, cities should make intentional efforts to highlight the openings and special events of organizations choosing to operate in distressed communities. Simply by their existence, the organizations in high poverty communities are essentially supporting economic development and providing jobs in communities that other managers and entrepreneurs may deliberately avoid. Cities can support these organizations by granting them greater media attention in the local newspaper, for instance.

Secondly, it is imperative for marginalized organizations in relatively high poverty neighborhoods to advocate for themselves by establishing an online presence. In the course of distributing surveys, it became clear that the most isolated organizations were also among the most difficult for which to find contact information. If purchasing a domain is cost prohibitive for a small business owner, one should consider free webpage options, such as a Facebook business page. In recent years, a business webpage has become a key marketing tool (Wang, Law, Guillet, Hung & Fong, 2015), and could potentially mitigate some of the disadvantage stemming from organizational marginalization.

Finally, the implications of this work place responsibility on the local neighborhood, as well. Residents in neighborhoods with comparatively few organizations serving them should consider prioritizing shopping locally when possible in order to help sustain the neighborhood business environment. Additionally, it may behoove relatively high poverty communities to establish a neighborhood blog highlighting local events and business news. Doing so provides information to local residents and to those in other neighborhoods such that a larger group of people can collectively support these communities.

One should consider the results of this study in light of its limitations. Firstly, the study relies on a relatively small sample size. Small samples can potentially produce biased results (McNeish & Stapleton, 2016). Secondly, the results that the existing sample produced, with the inclusion of some organizations that are not located in the inner city, may have differed had the sample been solely made up of inner city organizations. Finally, the reliance on distributing the surveys by email effectively excludes the most marginalized organizations without any online presence. In-person visits likely would have resulted in greater participation of extremely isolated organizations.

In spite of its limitations, this work raises a number of important questions I can explore in future research. For instance, if organizations in distressed communities must engage in unique norms and practices in order to surmount unique obstacles, what impact does this have on prospective organizational newcomers to the community? Relatedly, how might the idiosyncratic practices of organizations in distressed communities reinforce the perception of difficulty for prospective organizations considering opening outlets in these neighborhoods, and by extension, reinforce existing marginalization?

The study's survey participants also shared concerns with me that were outside of the immediate scope of the research, but raised some interesting considerations for future research. A Hispanic, female CEO shared, "Minority-owned businesses are too often slotted into a category of serving only minorities or doing 'diversity work'. We are a general market marketing and advertising agency like any other." Another owner noted, "The speed at which gentrification has taken over our area is really quite astounding." The points they raised suggest additional areas for exploration in future research. More specifically, I am interested in investigating the nuances between organizations experiencing marginalization (resigned separation) and those engaging in isolationism (intentional separation). Finally, while operating in isolated inner city communities influences organizational behavior, it is also appropriate to consider how current gentrification trends, which has resulted in greater numbers of organizations opening up in previously distressed business environments, impacts incumbent organizations as they witness significant shifts in their external environments.

In conclusion, this study supports the idea that disadvantage within a sub habitat may preclude the adoption of norms established in the larger environment. I explored three research questions. The first question considered how organizations behave in marginalized settings. The second question explored the implications of organizational behavior within marginalized contexts for the community in which the organization operates. The third question examined the impact of minority ownership on organizational embeddedness. The findings indicate that marginalized organizations engage in mimetic diversity, rather than mimicry, and are typically embedded within the local neighborhood. Highlighting the role that disadvantage plays in organizational practices creates an opportunity for scholars and city officials to consider ways in which we can better support these business environments, and in the process strengthen cities, regions and nations as a whole.

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APPENDIX

Interview Questions

Preliminary Questions

What is the name of your company?

What is the office's address? Does your company have any additional locations?

How long has it been in business at this location?

What industry is it in?

Is your business located in a neighborhood with other businesses in the same industry? If so, approximately what proportion of the businesses in this neighborhood is in the same industry as your business?

How would you describe the neighborhood in which your business is located (downtown, inner city, suburban, rural, residential, art district etc.)?

Porter's Research and the Competitive Advantage of Inner Cities

Would you describe your decision to open an office in this location as "strategic" for your business and its ultimate success? How so?

To what extent do you believe that your office's location has granted you easier access to key suppliers, customers and competitors in the larger metro area?

What roles have the needs and demands of the local population played in the decision to open a business in this neighborhood?

Would you describe the population of potential employees living within your business's neighborhood as an asset to your business and its growth and viability? Why or why not?

Has crime in your business's neighborhood served as a hindrance in any way in the growth and viability of the company? How so?

Beyond Economics

Did you have any ties to the neighborhood prior to working in the community?

How would you describe your relationship to the neighborhood in which your business is located? Would you describe your relationship to the community as purely a business relationship? Do you spend time or resources there outside of work hours?

What were your thoughts of the neighborhood before you started working in the community? Have your thoughts about the neighborhood changed since you've been working here?

If faced with the opportunity to open up another office for the company elsewhere, would you choose a neighborhood that is similar to this one? Why or why not?

Are you interested in continuing to work in this community into the foreseeable future? Why or why not?

Mimicry

What are the names of three of your peers in the same industry (or competitors) in this city? In what kind of neighborhoods do those businesses operate (downtown, inner city, suburban, rural, residential, etc.)?

In which kind of neighborhoods do you feel most of your peers in your industry locate their offices (suburban, urban, residential, downtown, inner city, etc.)? If they tend to choose a specific kind of neighborhood, why do you think this is the case?

What do you believe are the similarities between your company and peers in the same industry who have business locations in neighborhoods that are different from yours?

Beyond location choice, do your peers in the same industry that are located in neighborhoods similar to this neighborhood share certain characteristics with your company that you all may not share with peer firms in neighborhoods that are different from this neighborhood?

What kind of professional standards do you feel that your company and peer firms in the same industry must meet in order for customers to view your business as legitimate? What kind of practices or behaviors do people expect of you as an owner/manager of this kind of business?

Mimetic Diversity

Out of all of the businesses located in your company's neighborhood, is there a predominant kind of business/industry? What is the most common business type or industry located in this neighborhood? If there are just one or a few other businesses in your neighborhood, what are they?

How often do you interact with managers and employees at the other businesses in your neighborhood?

Describe the characteristics of these other businesses in your office's neighborhood.

- Managers (gender, ethnicity, education, etc.)
- Ownership Type (i.e. private, public, family owned, etc.)
- Neighborhood type of other office/store locations (are these firms' other offices also located in inner cities, or other areas?)
- Marketing initiatives
- Employee hiring and training (hire from the local neighborhood? Offer training programs?)
- Size of company (approximate number of employees)
- Business model (B2B vs. B2C)
- Interaction with local community, i.e. participation in community events and/or charitable giving to the community
- Target market
- Location within the inner city (i.e. located in the same vicinity as other key businesses)
- Office characteristics beyond location (aesthetics, building security, hours of operation, parking)
- Professional certifications

Are there any characteristics that you have in common with the other businesses in your office's neighborhood?

Do any of these characteristics that your business has in common with the other businesses in your community differ from the characteristics that most of your peers outside of the inner city possess?

Are there any other not previously discussed comments, concerns or thoughts you have about working in an inner city neighborhood?

Survey Sources

Variable	Survey Name	Source	Original Survey Questions
Marginalization	Physical Education Marginalization and Isolation Survey (PE-MAIS)	Gaudreault, K., Richards, K., Woods, A. 2017. Initial validation of the Physical Education Marginalization and Isolation Survey (PE-MAIS). Measurement in Physical Education and Exercise Science, 21: 69-82.	Scale: 1= strongly disagree, 7=strongly agree ▪ As a physical education teacher, my opinions are valued in my school (reverse code) ▪ Physical education is just as important as other subjects at my school (reverse code) ▪ My teaching colleagues value physical education (reverse code) ▪ In my school, physical education is a marginalized subject ▪ I feel as if physical education is a lower class subject in my school ▪ I feel mostly alone in my school because I don’t see other adults during the school day ▪ As times, I feel isolated ▪ I have time to interact with other teachers in my school on a daily basis (reverse code) ▪ Since my teaching area is located centrally in the school, I see my teaching colleagues on a routine basis (reverse code) ▪ I spend most of my day interacting only with children
Access to Network Ties	Economic Freedom Index	Meyer, K., Estrin, S., Bhaumik, S. & Peng,	Please rank which of the following resources were most crucial for the

Variable	Survey Name	Source	Original Survey Questions
and Resources		M. 2009. Institutions, resources, and entry strategies in emerging economies. Strategic Management Journal, 30: 61-80. Adapted from Kane, T., Holmes, K. & O'Grady, M. 2007. 2001 Index of Economic Freedom. Washington, DC: Heritage Foundation	successful performance of the affiliate during the first two years of operation 1. Buildings and real estate 2. Brand names 3. Business network relationships 4. Distribution network 5. Equity 6. Innovation capabilities 7. Licenses 8. Loans 9. Machinery and equipment 10. Managerial capabilities 11. Marketing capabilities 12. Networks and authorities 13. Patents 14. Sales outlets 15. Technological know-how 16. Trade contacts 17. Other Where did the affiliate obtain the top three ranked resources above during the first two years of operation? 1. Local firm (JV partner or acquired firm) 2. Foreign patent firm 3. Other local sources 4. Other foreign sources 5. Other
Mimetic Diversity	Porter's Three Factor Model	Kotha, S. & Vadlamani, B. 1995. Assessing generic strategies: An empirical investigation of two competing typologies in discrete manufacturing industries. Strategic Management Journal, 16: 75-83.	Differentiation Factor Items include: ▪ New product development ▪ Quality control procedures ▪ Quality of product ▪ Building brand identification ▪ Influencing distribution channel ▪ Customer service capability ▪ Highly trained personnel ▪ Refine existing products ▪ Marketing innovations ▪ Above average promotion ▪ High priced products ▪ Enhance advertising quality ▪ Build reputation
Access to Network Ties and Resources	Economic Freedom Index	Meyer, K., Estrin, S., Bhaumik, S. & Peng, M. 2009. Institutions, resources, and entry strategies in emerging	Please rank which of the following resources were most crucial for the successful performance of the affiliate during the first two years of operation 18. Buildings and real estate

Variable	Survey Name	Source	Original Survey Questions
		economies. Strategic Management Journal, 30: 61-80. Adapted from Kane, T., Holmes, K. & O'Grady, M. 2007. 2001 Index of Economic Freedom. Washington, DC: Heritage Foundation	19. Brand names 20. Business network relationships 21. Distribution network 22. Equity 23. Innovation capabilities 24. Licenses 25. Loans 26. Machinery and equipment 27. Managerial capabilities 28. Marketing capabilities 29. Networks and authorities 30. Patents 31. Sales outlets 32. Technological know-how 33. Trade contacts 34. Other Where did the affiliate obtain the top three ranked resources above during the first two years of operation? 6. Local firm (JV partner or acquired firm) 7. Foreign patent firm 8. Other local sources 9. Other foreign sources ▪ Other
Differentiation	Porter's Three Factor Model	Kotha, S. & Vadlamani, B. 1995. Assessing generic strategies: An empirical investigation of two competing typologies in discrete manufacturing industries. Strategic Management Journal, 16: 75-83.	Differentiation Factor Items include: ▪ New product development ▪ Quality control procedures ▪ Quality of product ▪ Building brand identification ▪ Influencing distribution channel ▪ Customer service capability ▪ Highly trained personnel ▪ Refine existing products ▪ Marketing innovations ▪ Above average promotion ▪ High priced products ▪ Enhance advertising quality 10. Build reputation
Mimicry	National Organization's Study (items capturing mimetic isomorphism as define by DiMaggio and Powell, 1983)	Giblin, M. 2005. Structural elaboration and institutional isomorphism: the case of crime analysis units. Policing: An International Journal of Police Strategies &	Scale: paid significant attention, some attention, little attention, or no attention ▪ In evaluating your own agency's performance with respect to crime analysis, to what extent does your agency pay attention to the

Variable	Survey Name	Source	Original Survey Questions
		Management, 29: 643-664 Adapted from Marsden, P.V., Cook, C.R. and Kalleberg, A.L. (1996), "Bureaucratic structures for coordination and control", in Kalleberg, A.L., Knoke, D., Marsden, P.V. and Spaeth, J.L. (Eds), Organizations in America: Analyzing Their Structures and Human Resource Practices, 69-86. Thousand Oaks, CA: Sage	practices of other law enforcement agencies like your own? Scale: often, sometimes, or never ▪ To what extent does your organization model its analysis activities after other agencies perceived as successful? ▪
Organizational Regional and Neighborhood Embeddedness	Embeddedness and Performance	Uzzi, B. 1996. The sources and consequences of embeddedness for the economic performance of organizations: The network effect. American Sociological Review, 61: 674-698.	Calculated embeddedness by summing the squared proportion of work done by a contractors for each of the contractor's manufacturers.
	Knowledge Spillover in Networks	Uzzi, B. & Gillespie, J. 2002. Knowledge spillover in corporate financing networks: Embeddedness and the firm's debt performance. Strategic Management Journal, 23: 595-618.	Highlighted 3 measures of embeddedness: the duration of a relationship, the multiplexity of a relationship, and the size of a network