THE SCARCITY OF ORGANIZATIONAL RESOURCES IN HIGH POVERTY NEIGHBORHOODS

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Extended Abstract

QUESTION

In Messner and Rosenfeld's (2001) widely cited book on crime, the authors quote a police officer who describes the physical conditions of a poor Chicago neighborhood: "Do you see any hardware stores? Do you see any grocery stores? Do you see any restaurants? Any bowling alleys? There is nothing here.... Everything we take for granted---a laundromat, a cleaner's, anything. It's not here" (2001:33). The officer's description captures the standard depiction of poor neighborhoods among many social scientists (Wilson 1987) and policy makers (Goering and Feins 2003): that poor neighborhoods are deprived of the basic organizational resources the middle class takes for granted.

This idea, however, is rarely tested, and appears to never have been tested on a national scale employing a representative sample of neighborhoods and cities. Are poor neighborhoods less likely to have these organizational resources? We address this question among zip codes in 331 metropolitan areas.

HYPOTHESES

We test three sets of hypotheses: whether the prevalence of one type of resource co-varies with that of others, whether the prevalence of resources declines as poverty increases, and whether it increases with foreign-born population. The first set of hypotheses addresses whether organizational resources as diverse as community centers, childcare centers, and barbershops will, in fact, demonstrate the same pattern.

> *H1a. As the number of critical resources of one type increases in the neighborhood, the number of critical resources of other types should increase as well.*

Behind this hypothesis is the theory that larger ecological factors have the same effect on otherwise diverse businesses and organizations. The alternative perspective would suggest that the organizations are so diverse---some businesses, some non-profit institutions---that no discernible pattern should emerge.

H1b. The prevalence of resources depends on the specific resource. The prevalence of resources of one type should have little or no relation to the prevalence of resources of other types

The second issue, assuming H1a is supported, is whether there is the expected association between neighborhood poverty and organizational resources. The standard perspective would predict a negative relationship.

H2. As the poverty level of the neighborhood increases, the number of critical resources should decrease.

The final issue regards ethnic makeup. Ethnic enclave theory has discussed the importance of immigrant entrepreneurship to the development of businesses in urban neighborhoods (Portes and Bach 1985, Bailey and Waldinger 1991). Immigrants, often of low income upon arrival, are said to be able to sidestep the secondary labor market of low wages and dead end jobs by avoiding the split labor market altogether and finding jobs in the enclave economy. Thus, ethnic enclave theory would yield the following hypothesis:

H3. Controlling for poverty level, the number of critical resources should increase with the number of immigrants.

We test these hypotheses using a dataset compiled from several sources.

DATA

The County Business Patterns section of the U.S. Census collects extensive data from a range of governmental administrative sources from all businesses and organizations in the United States that have a payroll. Businesses and organizations are identified by over 1,000 North American Industry Classification System (NAICS) codes. The office makes some these data available at the zip code level. At this level, however, only the presence of the business and the number of employees are recorded, for confidentiality reasons. No data are available below the zip code level. We obtained the available data for the year 2000.

Our second set of data was the 2000 U.S. Census, Summary File 3, from which we obtained data demographic data at both the zip code level and the Metropolitan Statistical Area (MSA) and Primary Metropolitan Statistical Area (PMSA). (We divided each Consolidated MSA into its component PMSAs and used these, along with the MSAs in the rest of the country. This yielded 331 MSA/PMSAs, because of the unavailability of data for Puerto Rico.) We matched zip codes to metropolitan areas employing GIS technology. The result is a two-level dataset containing a tabulation of every establishment with a payroll, by zip code, for every metropolitan area in the U.S.

APPROACH

Our dataset contains over 1,000 different establishments in all sectors and industries; many, such as mining companies or gun manufacturers, bear no relationship to our question. We established two criteria for selection: (a) the establishment should be an organizational resource basic to day to day living regardless of social class, and (b) it should be a resource identified in the literature as generally missing from poor

neighborhoods. We selected the following: banks, barber shops, bars, beauty salon/nail centers, childcare centers, convenience stores, pharmacies, laundries, grocery stores, and religious organizations. We deliberately excluded schools and hospitals, because they have much wider ranges in size, administrative control, and profit orientation. Because of data limitations, we do not assess quality.

RESULTS

With respect to the first set of hypotheses, we find high, positive, and statistically significant ($p < 0.05$) correlations among all our organizational resources. This lends support to hypothesis 1a, the idea that factors affecting one resource affect the other. All correlations are positive; they range from 0.28 to 0.67. That is, the presence of one type of resource is positively associated with that of all others in our list.

With respect to the second hypothesis, we find a *positive*, and linear relationship between poverty and all our measures. Poorer neighborhoods have more of these organizational resources than non-poor ones. Finally, in random effects models we find that both percent non-Hispanic black and percent Hispanic tend to be negatively associated with presence of these resources, while percent non-Hispanic Asian tend to be positively associated. The association with percent non-Hispanic Asian tends to disappear after controlling for percent foreign born.

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