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Ralph L. Bangs PhD , Audrey Murrell PhD & Monique Constance-Huggins MPIA

To cite this article: Ralph L. Bangs PhD , Audrey Murrell PhD & Monique Constance-Huggins MPIA (2007) Minority Business Bidding for Local Government Contracts: The Complexity of Availability, *Social Work in Public Health*, 23:2-3, 247-262, DOI: [10.1080/19371910802152109](https://doi.org/10.1080/19371910802152109)

To link to this article: <https://doi.org/10.1080/19371910802152109>



Published online: 13 Aug 2009.



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Minority Business Bidding for Local Government Contracts: The Complexity of Availability

Ralph L. Bangs
Audrey Murrell
Monique Constance-Huggins

SUMMARY. While minority-business enterprises (MBEs) have gained some access to local government contracts during the last three decades, these firms continue to receive a small share of local government contract spending relative to the number of available firms. Researchers have suggested two general explanations for the low representation of MBEs in contract awards: (1) lack of qualifications and capacity among MBEs, and (2) public and private discrimination against MBEs in contracting processes. This study on prime contract opportunities in a Northern central city and county with a large minority population finds that low bid rates greatly contribute to the low MBE shares of prime contracts

Ralph L. Bang, PhD, is Associate Director of the Center on Race and Social Problems, University of Pittsburgh.

Audrey Murrell, PhD, is Associate Professor in the Katz Graduate School of Business, University of Pittsburgh.

Monique Constance-Huggins, MPA, is Research Associate in the University Center for Social and Urban Research, University of Pittsburgh.

This research was supported by a grant from the Center on Race and Social Problems and a grant from the University Center for Social and Urban Research at the University of Pittsburgh.

[Haworth co-indexing entry note]: "Minority Business Bidding for Local Government Contracts: The Complexity of Availability." Bangs, Ralph L., Audrey Murrell and Monique Constance-Huggins. Co-published simultaneously in *Social Work in Public Health* (The Haworth Press) Vol. 23, No. 2/3, 2007, pp. 247-262; and: *Racial Disparity in Mental Health Services: Why Race Still Matters* (ed: Ralph L. Bangs, Edmund M. Ricci, and Larry E. Davis) The Haworth Press, 2007, pp. 247-262. Single or multiple copies of this article are available for a fee from The Haworth Document Delivery Service [1-800-HAWORTH, 9:00 a.m. - 5:00 p.m. (EST). E-mail address: docdelivery@haworthpress.com].

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doi:10.1080/19371910802152109

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and that bidding is reduced by both local government processes and characteristics of the firms. Some implications of these findings are that local governments need to: (1) monitor MBE shares of prime contract bids by size of contract and use share of bids as one measure of program and organizational effectiveness; (2) identify MBEs that are qualified for prime contracts and encourage and help interested firms to submit competitive bids; and (3) ensure that local government policies and practices do not diminish access to information about prime contract opportunities for qualified and interested minority firms. Another implication is that bidders lists should not be a primary basis for determining MBE availability, since many qualified and interested MBEs do not bid because of perceived barriers in local government.

KEYWORDS. Minority businesses, contracting, local government, discrimination, availability, *Croson*, social capital, United States of America

INTRODUCTION

Since the 1970s, minority business enterprises (MBEs) increased in number and size, expanded in business services and other industries where MBEs were previously underrepresented, and began selling to corporations, government, and other formerly closed markets (Bates, 1995, 1999, 2001). Affirmative action programs by federal, state, and local government helped to promote minority business development and increase minority business access to public contracting markets (Boston, 1999).

The issue of MBE access to public contracting markets is particularly relevant to urban areas, which often have large concentrations of minority people, workers, and businesses. In 1974, the “Atlanta Plan,” developed by Mayor Maynard Jackson, was the first city program to require that local government and prime contractors achieve substantial goals for minority participation in contracting. The program was designed to overcome the effects of past and present discrimination against MBEs, and it became a model for hundreds of other local governments. However, the 1989 Supreme Court decision, *City of Richmond v. J. A. Croson Co.* (488 U.S. 469), required a higher standard of evidence of discrimination to justify minority business programs with race-based goals and caused many cities to cut back affirmative action programs.

Today, MBEs have access to only part of the contracting opportunities in local government. A review by Enchautegui et al. (1997) of disparity studies found:

- MBEs receive about 42% of the local government spending that would be expected based on the availability of ready, willing, and able MBEs for prime contracts and subcontracts.
- African American, Hispanic/Latino, and Asian American firms receive about twice as much contract spending from local governments that have affirmative action programs than from local governments without them.
- Even with affirmative action programs, African American, Hispanic/Latino, and Asian American firms receive only about 50% of the contract spending expected from local government based on the availability of these firms.

Researchers have suggested two major reasons for the low utilization of MBEs in local government contracting: (1) lack of MBE qualifications and capacity, including the effects of past discrimination; and (2) current discrimination by public and private organizations. La Noue (1994, 1998, 2002) has argued that minority-owned firms receive a low share of contracts because of a lack of qualifications and capacity. These limitations can include non-qualification for specific contract opportunities; qualification for the work, but inadequate capacity; qualification and adequate size to perform the work, but inadequate time to perform the work; and qualification and availability but inadequate size and less experienced and competitive than non-minority firms.

Enchautegui et al. (1997) provide another framework for understanding factors that affect qualifications and capacity. They note that MBEs, compared to non-MBEs, often have less financial, social, and human capital and less access to White consumer markets. MBEs have limited financial capital because these business owners have lower income and wealth and less ability to borrow money from friends, family, and lending institutions. MBEs are disadvantaged in social capital because their business, family, and other networks give them less access to business opportunities. Minority business owners also tend to be disadvantaged in human capital, such as education, business experience, and work experience, which can greatly affect the capabilities of MBEs. Further, lack of access to White consumers can substantially limit the size and capabilities of MBEs.

However, lack of qualifications and capacity cannot be the only reason for low MBE participation in contracting. Many disparity studies in recent years have focused on MBEs with adequate qualifications and capacity for local government contracts and nevertheless found MBE under-representation. For example, Mason Tillman Associates (2000) controlled for race of firm, qualifications for the industry category of prime contract opportunities, and size of contract and found the disparities shown in Table 1 for African American firms in relation to prime contracts under \$500,000 issued by the City of Pittsburgh and its authorities from 1996 through 1998.

Several scholars have provided evidence to support a second major explanation—that MBE shares of local government contract spending are low because of discriminatory practices in local government contracting processes and in private markets for loans, bonds, supplies, and other business needs. Feagin and Imani (1994) provided anecdotal evidence based on a survey of African American contractors, and Myers and Chan (1996) and Bates (2001) used regression analysis to show that discrimination is a likely explanation. Enchautegui et al. (1997) also pointed out that racial and ethnic discrimination often cause MBEs to have less financial, social, and human capital and less access to White consumer markets. For example, discrimination in employment and lending reduces financial capital, exclusion of minorities from White social groups reduces social capital, discrimination in education and contracting limits the skill and experience of minority business owners, and White customers who refuse to shop at minority businesses and racial segregation in housing limit the size and capabilities of MBEs.

Discrimination in public contracting processes includes using restrictive specifications in contract announcements to give contracts to

TABLE 1. MBE Availability and Utilization in Prime Contracts Under \$500,000, City of Pittsburgh, 1996-98

Industrial Sector	MBE % of Avail. Firms	MBE % of Contract \$
Construction	13.4%	4.1%
Architecture & Engineering	7.4%	0%
Other Professional Services	13.1%	8.5%

Adapted from: Mason Tillman Associates, 2000.

preferred contractors; providing less information or late information to minority firms about contract opportunities; awarding contracts to majority firms with unrealistically low bids and later amending contracts to increase payments to majority contractors; rebidding or using subjective judgments in order to deny contracts to minority firms; awarding contracts to minority firms that act as fronts for majority firms; receiving MBE quotes for subcontract work and then asking majority firms to beat the MBE price; and using late payments, hostility, or sabotage to make contract work more difficult for minority firms. MBEs are discriminated against in private markets in several ways. For example, MBEs are rejected at higher rates and receive smaller business loans and bonds than White businesses with similar financial circumstances, and suppliers charge MBEs higher prices than White firms (Enchautegui et al., 1997).

Efforts to determine contracting discrimination by local governments against minority firms have been greatly affected by the 1989 Supreme Court *Croson* decision. The Court said that general societal discrimination or past discrimination by an entire industry were not evidence of current contracting discrimination and could not justify race-based contracting programs by local government. The Court provided guidelines for obtaining adequate evidence: "Where there is a significant statistical disparity between the number of qualified minority contractors willing and able to perform a particular service and the number of such contractors actually engaged by the locality or the locality's prime contractors, an inference of discriminatory exclusion could arise."

However, there is no definitive means for identifying which MBEs are "qualified, willing, and able" in relation to local government contracts. Many approaches have been used, and none of them are fully satisfactory (Bates, 1999; Enchautegui et al., 1997).

One source that clearly should not be used is a list of all MBEs, such as from the U.S. Census Bureau's Survey of Minority-Owned Business Enterprises. Not only does this source include firms that are neither qualified for nor interested in government contracts, but the source actually underestimates MBE availability rates. Rates are underestimated since the MBEs share of the pool of firms qualified for and interested in government work is larger than the MBE share of all existing firms. MBEs are a larger share of the pool of qualified and interested firms because MBEs are more interested than majority firms in government work, in part because MBEs face greater discrimination in private than in government markets (Enchautegui et al., 1997).

It is also not advisable to rely on a list of actual bidders, as suggested by La Noue (1998), to determine MBEs qualified, willing, and able to perform local government contracts. The act of bidding does not actually indicate qualification, and qualified MBEs may be unable to bid due to lack of bid information and outreach by local government officials (Boston, 1999).

While it is likely that discriminatory practices that withhold bid information from MBEs reduce MBE bid rates, it may also be the case that perceptions of discrimination and exclusion *cause* qualified and interested MBEs to decide not to bid (Enchautegui et al., 1997). However, little evidence on this is known to exist. One exception is noted in work by Mason Tillman Associates (1996). They found that MBEs submitted only 3.3% of the bids to a government consortium in Oregon, even though these firms constituted 10.9% of available firms, and found that some MBEs reported they were willing to work for the consortium but did not bid because of perceived discrimination in contracting processes. No statistical evidence showing that MBEs choose not to bid due to perceptions of discriminatory barriers is known to exist.¹

In this article, we explore choosing not to bid as a reason for low levels of MBE contracting with local government. Specifically, we measure to what extent MBEs with basic information on prime contract opportunities in local government submit bids in a Northern central city and county and examine qualifications data and survey data to explain why MBEs decide not to bid. We also discuss the policy implications of the findings.

METHODOLOGICAL APPROACH

The research questions for this study are:

1. To what extent do certified MBEs in a Northern urban area bid on local government prime contracts of \$25,000 or more?
2. Why do some local MBEs *not* bid on local government prime contracts of \$25,000 or more?

To determine the extent of MBE bidding on local government prime contracts, we first identified all prime contract opportunities of \$25,000 or more from central city and county governments and their authorities in a Northern metropolitan area. We chose contracts of \$25,000 or more

because a disparity study for the central city and its authorities showed that MBEs received mostly small contracts and received few contracts of \$25,000 or more, which resulted in a low MBE share of total contract spending.

Prime contract opportunities were identified by checking local newspapers and web pages for announcements and by requesting and receiving information directly from local governments. The likely size of contracts was determined from the public announcements and by calling local government agencies. We identified 131 prime contract opportunities that were likely to be \$25,000 or more during the period January through April 2004.

Information on the contract opportunities was then provided by phone, email, or fax to all MBEs that were located in the metropolitan area, certified as minority-owned businesses according to at least one of three local certification services,² and certified for work in the industry category (construction, professional services, etc.) relevant to a particular contract opportunity. Using these criteria, we located 91 unique MBEs in the region that matched at least one of the 131 prime contract opportunities of \$25,000 or more, and we found that 65 of these 131 contract opportunities had at least one MBE match. The total number of matches between the 91 local MBEs and the 65 local government prime contract opportunities was 384, which represented the total number of bid opportunities which appeared to match qualifications of MBEs interested in local government contracts. We then monitored bid openings and contract awards through the end of June 2004.

To determine why qualified MBEs were or were not bidding, we conducted a survey of MBEs by fax, with phone and email follow-up. Of the 215 MBEs on the local certification lists, we were able to contact 184. Of these, 102 (55%) completed the survey. A description of the firms who responded to our survey is provided in Table 2.

In the survey, we asked the MBEs to respond to a series of eight questions aimed at identifying reasons for not bidding on local government prime contracts. These questions were derived from previous research that identified potential reasons why MBEs don't participate in government contract opportunities (Bates, 2001; Chell & Baines, 2000). Each question was presented on a 1-5 Likert scale with level of agreement being the focal dimension. The possible reasons for not bidding were:

- not successful in the past
- difficult to get information

TABLE 2. Profile of MBE Respondents to Survey

Industry	N
Service	49 (50%)
Construction	29 (30%)
Engineering/Architectural	6 (6%)
Broker	4 (4%)
Supplier	9 (9%)
Manufacturing	1 (1%)
	98 (100%)
Area/Location	
Inside County	81 (79%)
Outside County	21 (21%)
Firms with Current Bonding	36 (35%)
Firms with Prior Prime Contract Experience	63 (62%)
Dollars of Prior Prime Contracts (range)	\$1k - \$12m

- takes too much time and expense
- bidding process is unfair
- have not received payment from previous contracts
- difficult to get bonding, do not have right contacts
- lack technical expertise

We also asked an open-ended question about other reasons for not bidding.

There are many advantages to the methodological approach that we used. First, we used a set of MBE firms that had passed rigorous certification standards and procedures, including written proof of ownership and control, site visits, and interviews. This step ensured that we were studying only legitimate MBEs. Second, we studied contract opportunities of \$25,000 or more in order to study bidding for the size of contracts in which MBEs have a low share of contract awards according to a disparity study for the central city.

Third, we focused on bids because prime contract awards based on bidding are supposed to be open and objective decisions in which the bidder with the lowest price receives the contract so long as the firm meets the basic requirements for the work. Thus, prime contract awards provide a quantifiable and verifiable outcome measure. We did not fo-

cus on prime contract awards, such as for many professional services, in which proposals are submitted by a pool of prequalified firms and a committee or person decides somewhat subjectively which firm is most qualified to do the work at a reasonable, but not necessarily, lowest price.

Fourth, we studied a wide range and large number of contract opportunities of \$25,000 or more for which certified and qualified MBEs appeared to exist. Fifth, we provided information on bid opportunities to every MBE in the same industry as the available work. This eliminated the issue that MBEs may lack basic information on the requests for bids issued by a local municipality.

RESEARCH FINDINGS AND DISCUSSION

Contract Bidding

For the 131 contract opportunities, there were a total of 108 bid openings where there was at least one bidder. Among the 23 contract opportunities not counted in the bidding data are three bid openings with no bidders, one contract opportunity that was cancelled after bids were opened, one contract opportunity where most bids were less than \$25,000, and 18 that did not yet have bid openings or did not have bid information available by the date of tabulation. For the 108 bid openings, there were 376 bidders and 101 contracts awarded. While the average number of bidders was 3.5 per contract opportunity, nearly half of the bid openings had two or fewer bidders.

While most prime contract awards were listed with unit prices and no total cost, total contract dollars were available for 41 prime contract awards. Of these, 39 awards had low bids of \$25,000 or more, and two were less than \$25,000. The 39 awards of \$25,000 or more had a total value of about \$11.4 million. Of the 39 awards, 15 (38%) were \$25,000 to \$99,999, 17 (44%) were \$100,000 to \$499,999, and 7 (18%) were \$500,000 or higher.

Of the 376 bidders, ten certified MBEs in the region submitted twelve, or 3.2%, of the bids. The MBEs represented 11% of the 91 certified MBEs that were found to be qualified for at least one of the local government contract opportunities. This is a surprisingly low rate because these MBEs had demonstrated some interest in local government contracts by completing the extensive work needed to meet certification requirements. One bid was submitted by an MBE that was located out-

side the region but was certified locally. No award decision had been made on this contract at the time of this study. No list of available non-MBEs exists, so it is not possible to calculate the percent of non-MBEs that submitted bids.

Contracts Awarded

Of the twelve regional MBE bids, one was low but was rejected because of incomplete bid information, and three others were low and received contracts. Thus, MBEs received only three (3%) of the 101 prime contracts awarded for \$25,000 or more. The 3% MBE share of awards is slightly below the 3.2% MBE share of bids submitted, but the difference is not statistically significant because of the small number of cases.

One way to measure success is to compare MBE and non-MBE rates for number of contracts awarded divided by number of bids submitted. While MBE bidders from the region had an award rate of 25% (three contract awards out of twelve MBE bids), other bidders had an award rate of 27% (98 contract awards out of 364 bids). The difference in rates could be due to chance because of the small number of MBE cases.

Two of the three MBE contracts contained total dollars awarded. These two contracts totaled \$271,000, which represented 2.4% of the \$11.4 million value of the 39 prime contracts with total value available and worth at least \$25,000.

Proportion of MBE Bid Participation

As noted previously, the ten local MBEs that submitted bids were not the only qualified MBEs in the local area. When we matched contract opportunities to MBEs, we found that 91 local MBEs were in the same industry as work required. In addition, about 71% (51 of 72) of the MBEs responding to our survey reported that they either had a contract or applied for a contract of \$25,000 or more in the last three years. Our analysis of local certification records showed that 82% (123 out of 150 certified firms) had completed a contract of \$25,000 or more in the past three years. It cannot be concluded that the small number of MBE bids and the low MBE share of contract awards were due to a lack of qualified or interested MBEs.

Since the MBE award rate per bid was about the same as that for other firms and many more qualified and interested MBEs were available to bid, we can assume that the low MBE share of contracts might be in-

creased by more bidding by local MBEs. Since many qualified and interested MBEs were available but few bid on prime contracts of \$25,000 or more, it also seems likely that MBE programs in local government and the community were not very effective in encouraging and helping MBEs to bid.

Survey Analysis: Low MBE Bidding

We examined responses to our survey questions to determine some of the key reasons why these qualified and interested firms were not able or were not willing to participate in the bidding process. The means and percentages for the overall sample (n = 102) are provided in Table 3.

A majority of the firms surveyed indicated that they believe they do not have the right contacts to be successful in getting contracts (55% agreed), and about half (49%) agreed that it is difficult to get information on contracting opportunities. Open-ended responses confirmed this result. A number of MBEs commented that “other firms have inside connections so they can make their bids more competitive” and that the lack of information available to MBEs is indicative of bias in the bid-

TABLE 3. Means and Percentages for Survey Responses

Item	Mean	% Agree
I do not submit bids to government agencies because our firm has not been successful in the past.	3.2	38%
This firm does not submit bids because it is difficult to get information on contract opportunities.	2.9	49%
This firm does not submit bids because it is too expensive in terms of time and resources to prepare them.	3.2	44%
I avoid the bidding process with this county and city because it is unfair.	3.1	31%
This firm does not submit bids because our firm has not received payment from previous contracts.	4.1	16%
This firm does not submit bids because it is difficult for this company to be bonded as required for the bid.	3.0	46%
I do not have the right contacts to be successful in getting government contracts.	2.7	55%
We lack the technical knowledge within this firm to submit competitive bids.	4.2	17%

Note: Responses were provided on a 1-5 Likert scale with 1-agree strongly to 5-disagree strongly.

ding process. The survey suggests that issues such as the timing of information and the role of information networks substantially affect the ability or willingness of MBEs to submit bids for public contracting opportunities.

Also rated as important factors were the expense and time needed to prepare bids for contracting opportunities (44%) and the financial burden of getting bonding as part of contract requirements (46%). Some of the MBEs commented that there was “no point in minorities spending money to prepare bids when they are not going to get contracts,” that bidding involved “too much paperwork,” and that “it’s difficult for a small firm to have two or more jobs when they are required to have a 100% performance bond.”

Interestingly, the issues that were lowest rated as factors in preventing MBEs from submitting bids included lack of technical experience (17%) and not receiving payments from previous contracts (16%). The issue of lacking technical expertise is important because other writers have claimed that capacity is a factor that limits MBEs availability for public contracting work. Our findings suggest that technical knowledge may not be a critical factor that limits these firms.

In order to determine whether the issue of having the right contacts and access to information are related factors, we examined correlations for the survey response data. MBE responses for not having the right contacts and having difficulty getting access to information were significantly correlated ($r = .47, P < .01$). In addition, not having the right contacts was significantly correlated with perceiving the bidding process to be unfair ($r = .31, P < .01$) and issues related to bonding of MBEs ($r = .32, P < .01$). Thus, having informal contacts is clearly related to gaining valuable access to information and to resources necessary for the bidding process (e.g., bonding).

In addition, the issue of lacking technical knowledge and the expense of the bidding process were significantly correlated ($r = .40, P < .01$). This finding is further validation of the role that government-sponsored programs can play in providing needed resources to those qualified MBEs that lack technical expertise to help level the playing field in terms of public contracting opportunities. The expense of technical assistance and the bidding process appears to place an undue burden on some MBEs and affects their ability or willingness to compete for public contracting work.

Thus, the issue of disparity in the utilization of MBEs as prime contractors is directly associated with availability within the bidding process. Furthermore, this availability is driven by the capacity of the firm,

having enough information to be able to bid, and the firm's willingness to participate in the bidding process.

CONCLUSIONS AND IMPLICATIONS

MBEs cannot receive many contracts from local government if they do not submit bids. We found that MBEs located in a Northern central city and county submitted almost no bids for more than 100 contract opportunities of \$25,000 or more even though the MBEs were aware of the contract opportunities, were generally qualified for contracts of this size, and had an interest in obtaining local government contracts. We also found that the firms did not bid primarily because they believed they lacked the contacts and information to be able to bid and to justify the high cost of preparing bids. We did not find support for the notion that MBEs do not receive contracts because they are generally not qualified or are unable to perform contracting work. This finding contradicts previous attempts to argue that underutilization of MBEs is due to a lack of availability, strictly defined in terms of qualified and able to perform the work. For this selected pool of MBEs, the issue of having enough information to be able to bid and willingness to bid are much more important dimensions of the availability question.

Central to willingness is timely access to bidding information and access to networks of information and resources. The issue of the value of entrepreneurial networks has been examined in other work (e.g., Anderson & Jack, 2002; Chell & Baines, 2000) that provides evidence for the role that social capital factors play in the success of entrepreneurs in general and MBEs in particular. This perspective argues that informal networks provide information and resources that are both forms of what is called "social capital." This form of capital, especially in the case of entrepreneurial activity, should be evaluated on equal terms as other sources of capital (e.g., financial). In fact, Fatchamps and Minten (1999) argue that social capital is essential for firm growth and that successful entrepreneurs must accumulate social capital in much the same way as they accumulate financial or other physical resources. This adds an important new dimension to future discussions of discrimination in public contracting. Fatchamps and Minten (1999) suggest that social capital is a driver of entrepreneurship and firm success and is not a by-product of it. The implication of this view is that lack of access to social capital is a form of discrimination and one that has not been identified or articulated by existing judicial opinions such as *Croson*. It is critical that future work

examine the role that social capital plays in the differential success of MBEs versus traditional firms who participate in public contracting work.

An additional contribution of the current work is the methodological approach taken in our research. Our research focused on contract opportunities of \$25,000 or more because the problem of lack of MBE utilization exists in this set of contracts, and we sought to explain why MBEs get a small share of them. In addition, we focused on a set of mostly qualified and certified MBE firms. This is an important feature because it addresses the common concern that “qualified” MBEs are not available. Further, we provided a match between the scope of work of contract opportunities and the industries of the MBEs. Lack of bidding is less likely to be due to lack of “able” firms if firms are matched to opportunities. Thus, our methodology is able to focus attention on willingness as a determining factor in MBE bidding. Overall, our methodological approach helps to address some of the key limitations of previous disparity studies and outlined in the *Croson* case. These have given too little attention to determining qualified and able firms and almost no attention to determining willingness. A focus on eliminating barriers to submitting bids for willing MBEs is a vital area for future research and is essential to the development of more policies and programs aimed at the elimination of racial disparities in public contracting.

The findings of this study have a number of policy implications. First, local governments must pay closer attention to participation of minority firms in prime contracting. It is clear that minority-firm participation in prime contracts can greatly affect the overall share of contract spending received by minority firms.

Second, local governments must pay close attention to the size of prime contracts, such as those that are \$25,000 or more, where qualified MBEs are available but receive small shares of prime contract spending. It is important to establish which part of prime contract spending represents a problem for MBE utilization.

Third, some local governments need to do much more to increase bidding by qualified and interested MBEs for prime contracts, including determining why these firms are not bidding. It is the lack of bidding by qualified and interested minority firms, and not just the lack of qualified firms or discrimination, that is preventing MBEs from receiving contracts. Lack of bidding is likely to be a problem in the size categories of prime contracts where MBEs are underrepresented in the shares of contract spending. More outreach is needed to identify, encourage, and assist potential MBE bidders. Issues of financial support for the preparation of bids

and for the bonding of qualified MBEs should also be addressed in future policy and program efforts.

Fourth, local governments need to ensure that actual discrimination in prime contracting processes, such as withholding information from MBEs or providing late information to these but not majority firms, is not occurring. It is unlikely that perceptions of discrimination are completely unfounded. Increased bidding will have almost no effect on minority contracts if discrimination is widespread.

Lastly, "willingness" to participate in public contracting needs to be included as a criterion to determine overall effectiveness and impact of public contracting efforts at the local, regional and national levels. An appropriate measure of "willingness" would be the share of qualified and interested MBEs that submit bids and proposals for prime contracts in various size categories.

Only when qualified MBEs eagerly submit bids in proportionately appropriate numbers will their representation in awarded contracts increase. Attention to all of these essential policy implications will enhance MBE participation in bidding for government contracts.

NOTES

1. Two other studies on bid rates are known. First, Roper (1994) compared MBE availability rates and bid rates for prime contracts of the Port Authority of New York and New Jersey and found that bid rates were almost equal to availability rates. However, this study could not determine whether MBE bid rates were low since availability was defined as firms that had bid on or received contracts, and this was nearly the same group of firms as those defined as bidders. Second, Myers and Chan (1996) conducted a survey of MBE and majority firms in New Jersey and found that bid rates for state government contracts between the two groups were about equal. However, this finding is not definitive since MBEs responding to the survey may not have been representative of all MBEs in the state.

2. Certifications were by a county minority business office, a county transportation authority, and a local minority purchasing council. Note that the certification process for the county minority business office was a rigorous approach involving written documentation, site visits, and interviews. Many firms were denied certification and decertified in recent years, and nearly all of these actions were upheld when appealed to an independent board. Most (84%) of the 215 certified MBEs studied were certified by the county minority business office, and 16% were certified by the other two offices. The other two certification services appeared to be reliable. We found that they had certified only one of the firms that had been denied certification by the county minority business office.

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