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The Take-up of Business Support by Minority Ethnic SMEs: The Experience of the Asian, Korean and African-Caribbean Businesses in England

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Abstract

Against a background of low levels of business support take-up by SMEs, this article analyses minority ethnic businesses (MEBs) in three local authority areas in England to see whether they differ from the SME population generally and considers the extent to which differences are pronounced across the various ethnic minority communities.

Fifty businesses across three local authorities were contacted and interviews took place between September 1998 and February 1999. The businesses included those from the Asian, African-Caribbean and Korean communities. Through a semi-structured interview, together with a number of open-ended questions, the respondents were able to elaborate on their usage of business support mechanisms.

The study found different attitudes and levels of take-up across the different communities with African-Caribbean firms being most positive towards business support. Asian businesses tended to rely more on informal support networks and Korean companies were the least engaged with formal support structures and mechanisms.

The findings suggest that policy makers need to appreciate the diversity of MEBs and policies aimed at helping such businesses should reflect that diversity. This research adds to the growing literature on the poor take-up of business support by MEBs. In so doing it contributes to a greater understanding of the needs of ethnic minority small businesses and sheds light on these issues in order to see how support agencies can aid their development.

Key Words

Ethnic minority businesses, support agencies, business support, small businesses

Introduction

SME Support

Support for small firms has been on the Government agenda in the UK for many years. The initial Bolton report in 1971 made the case for improved management information and training to assist performance (Stanworth and Gray 1991). The report led to the establishment of a Small Firms Division within the DTI and a network of regional small firm centres. However, most provision was piecemeal and *ad hoc*. Training programmes and information and advisory services became more diverse and there is evidence to suggest that the level of take up of training provided increased (Stanworth and Gray 1991). Growth occurred mainly in the latter part of the 1980s, however the number of firms taking up support remained small. Training for existing businesses achieved less than 3% penetration of the total stock from 1988-89.

Since then many attempts have been made to increase the level of SME activity. The business support sector itself continues to evolve from Enterprise Agencies to Training and Enterprise Councils to the establishment of Business Links (Ram and Jones 1998). Start ups overall have shown a general flat trend over the past 10 years – growing from the early to late 1990s before starting to tail off more recently. In this broader context, evidence suggests that MEBs are well represented in self-employment; for example whilst ethnic minorities account for roughly 8% of the working population, MEBs are responsible for about 9% of new start-ups (Bank of England 1999). However, in balancing start-ups with closures, the central problem is that the Government has been generally unsuccessful in generating a growing sector. For example, the stock of small businesses actually contracted by 50, 000 between 1990 and the end of the decade (Bank of England 2002).

Small Business and Government – The Way Forward (SBS 2002) sets out the UK Government's policy framework for the support of the small business sector and introduces seven core themes aimed at helping small businesses to grow and prosper. These include reducing social inclusion and increasing economic flexibility.

Minority Ethnic Businesses

Thus there are efforts by the current Government to promote entrepreneurship and small business development within the UK (DTI 2003), and within this there are also efforts to support and promote minority ethnic enterprise. The Small Business Service is keen to address this issue and have made it a part of their seven key policy themes (DTI 2003).

Ethnic minority businesses are an integral part of the UK economy. The ethnic minority community and the range of ethnic businesses play an influential role and make a significant contribution to the competitiveness of the local community and employment. The presence of ethnic minorities in the labour force is significant.

The definition of the ethnic community is a sensitive matter. Broadly speaking, its main constituents are the South Asian, Afro-Caribbean and South East Asian and Far East communities, but with recent surges in immigration from, for example, Iraq and Afghanistan, the make-up of the group is changing. The estimated size of the minority ethnic population of Great Britain is 4 million, 7.1 % of the total UK population (Office of National Statistics 2001). Interestingly, this population also accounts for 9% of Business Start Ups. The market can be characterised as follows (British Bankers Association 2002): The Asian British is made up of a number of smaller groups, each with different languages. They earn an estimated £5 billion a year disposable income. 60 % are aged less than 30 years old, while 12 % represent the UK university student population. They demonstrate a high savings rate and risk adverse tendencies, this market utilises more secure saving products (Datamonitor 2001). Family values are very important to these communities. There is a significant difference in average age and lifecycle from the indigenous community. Asian families are on average younger (Datamonitor 2001), demonstrating high saving rates (e.g. for children's education). Many younger Asians still live with their parents, increasing the household income.

The African Caribbean community is longer established, but shows problems in engaging

with the world of financial services. For example, they appear to have less success in accessing bank loans than either their white or other ethnic minority counterparts. This 'disadvantage' is a recurring theme. There are a number of reasons why informal networks in this community are less developed. One is that most original immigrants in this group came from working-class backgrounds to work in the UK public sector. Another may be the discrimination they have experienced.

Table 1, below, shows that ethnic minorities in the UK have generally higher self-employment rates than the white population but there is disparity between the groups. This move towards setting up in business can be accounted for by both 'push' and 'pull' factors (Ram 1996; Ram and Jones 1998). Push factors include prejudice found in employment that leads to individuals being pushed into entrepreneurship. There is frustration at being overlooked for promotion. Pull factors include a cohesive family strategy, a greater degree of independence and keeping the rewards of ones own efforts (Ram and Jones 1998).

Insert Table 1 here.

The high presence of MEBs has meant recognition by government initiatives to support this group, initially in the form of Enterprise Agencies, the Training and Enterprise Councils (TECs) and most recently Business Links (Ram and Jones 1998). However, research would suggest that Enterprise Agencies have not proved popular with MEBs (Curran 1993) but that African-Caribbean entrepreneurs are significantly more likely to use the support of an agency than either White or Asian owned business (Jones and McEvoy 1992; Ram and Deakins 1995). Equal opportunity agendas and quotas mean that there is widescale recognition of the poor take-up by MEBs of support services. There is, as yet, no national co-ordinated policy to address this issue, but organisations are exploring how to increase the take-up of their services by MEBs or to customise the services to meet the needs of MEBs. Even so, they tend to set myopic targets rather than a cohesive long-term strategy often targeting one group per year (Ram 1996). This is something the Small Business Service is attempting to address (SBS 2002).

The failure of support agencies to recruit MEBs to support programmes is evident. It is widely

recognised that take-up rates are universally poor at about 4-5% on average (Storey 1994; Barratt *et al* 1996). This is mainly due to a lack of awareness but also because of cultural reluctance and issues of 'trust' (Fadahunsi, Smallbone and Sapri, 2000). The most common source of advice for Asians is accountants, followed by family and friends (Dhaliwal 2003). The Bank of England report adds weight to the argument that official enterprise support agencies are not sufficiently tailored towards the needs of MEBs (Bank of England 2002).

In dealing with the phenomena of MEBs generally, and the Asian business community specifically, much of the literature addresses issues through the use of stereotyping and therefore treatment is on the basis of homogeneity. For example, it is believed that Asians tend to be risk averse relying firstly on personal savings and then family money, followed by community support and then bank finance. They are also more easily frustrated with bureaucracy preferring informal relationships and a minimum of paperwork. A common problem faced by Asians in starting a business is that many ideas and plans tend to be too ambitious or not clearly written. In addition, the reluctance of the banks to talk to potential business customers until they have produced viable business plans deters many serious business propositions. Support agencies offer even more bureaucracy (Shanmuganthan *et al* 2003)..

Issues of first generation Asians included 'push' and 'pull' factors such as escaping discrimination and enjoying independence (Dhaliwal 2000, Dhaliwal and Amin 1995, Ram 1992, Ram and Jones 1998). Many businesses were set up as a cohesive family strategy. They kept the family members together and in employment. Furthermore they enjoyed the status of being 'business' people which carried weight in the community. This was particularly the case with East African Asians trying to recapture the self-esteem they lost as they were forced to leave their businesses behind to become an unwelcome minority in the UK. The businesses compensated to some degree for the lack of respect from the wider community (Gidoomal 1997).

The second and third generations place a greater significance on the pull factors. Chavan and Agrawal (2000) have identified that Asians are now beginning to recognise the economic benefits and opportunities that lie in multiculturalism. They are gaining competitive

advantage by capitalising on their linguistic skills, cultural knowledge and business contacts of migrants and ethnic communities. The first generation placed greater importance on economic necessity and unemployment (push factors), the second and third generations are placing a greater importance on the opportunities that exist within the UK for doing business and links to the country of origin (pull factors). Therefore entry into business is a positive choice not last resort.

Many of the younger generation have problems accessing finance due to a breakdown of the 'family' business (Dhaliwal 2002). Asian women in particular face cultural and family barriers and do not enjoy easy access to family or community finance and support in the same way as the men. In addition they tend to have less personal savings and many MEBs are in deprived areas, thus affecting their credit rating and disadvantaging them.

African Caribbean businesses (ACBs) are more likely to apply for funding through national support agencies. The ACBs that succeed tend to be run by highly qualified individuals. ACBs are more likely to turn to non-bank formal sources of start up finance, a view confirmed by Ram and Smallbone (2001). The report by the British Bankers Association (Ram *et al* 2002), finds the persistence of a 'communication gap' between financial institutions and ethnic customers. Given the importance of the ethnic community, initially to banks and later on to the investment sector, it is not surprising that several companies have developed a formal approach to managing the ethnic market. Most of the effort has been by the banks.

Aims and Methodology

Current trends indicate that ethnic minority businesses and their workforce are under-represented in current local provision. This research contributes, therefore, to a greater understanding of ethnic minority business needs and practices. The research helps identify the support needs of ethnic minority firms in relation to the existing support provision. The aims are, therefore, to examine the take-up of support by minority ethnic enterprises (focusing on the Asian, Korean and African-Caribbean communities).

South West London covers an ethnically diverse population (Kingston SBRC 1999). The area has an ethnic minority population of about 16.8% (Labour Market Trends, 1998). It encompasses the London Boroughs of Wandsworth (which has an estimated ethnic minority population of 20.2%) and the London Borough of Merton (which has an ethnic minority population of 16.2%) and Kingston upon Thames (which has an ethnic minority population of about 7%) (Owen, 1992). Wandsworth's largest ethnic minority is of African Caribbean origin and Merton's largest ethnic minority is Indian (Owen 1992).

There is consequently a substantial MEB population in the area with almost 3,000 MEBs resident in the three Boroughs. Participation in self-employment varies from 4.6 per cent of the economically active population for African Caribbeans to 18.5 per cent of the Asian Group.

Table 2 shows that the Asian community is the most active in terms of self-employment. The 'growth' of Asian enterprises has been a prominent feature of the small business population in Britain (Dhaliwal 1998; Dhaliwal and Amin 1995). The figures mask the role of female involvement in the businesses which is often a neglected issue (Dhaliwal 1998; Dhaliwal 2000) and show that women owned concerns form, on average, less than a quarter of total businesses in each category. This figure is likely to underestimate the true role of women in business as many women are "silent contributors", their roles often unacknowledged despite playing a pivotal role in the business (Dhaliwal 1998; 2000; Metcalf, Modood and Virdee 1997; Jennings and Cohen 1993).

Insert Table 2 here

The Interviews

In order to illuminate the position of MEBs a series of qualitative interviews was undertaken. Fifty SME business owners were interviewed in total and the interviews took place with owners/owner-managers between September 1998 and February 1999 across the Boroughs of Wandsworth, Merton and Kingston. The businesses included those from the Asian, African-Caribbean and Korean communities and were situated in Tooting, Clapham, Wandsworth, New Malden, Southfields, Earlsfield and Kingston. Thirty-six of the respondents were Asian (originally from India, Pakistan, Bangladesh or East Africa); ten of the respondents were African/Caribbean and six were Korean.

The approach used to identify individual business owners to be interviewed involved first building links with community and relevant business organisations e.g. Tooting Asian Traders Association. From these initial links, it was possible to snowball the sample of respondents. The data were generated through referrals and personal research of the locality. Twenty-three of the businesses were identified during visits to the area, twenty were referrals from other businesses and seven were from the local Training and Enterprise Council database.

The business owners were contacted by telephone in the first instance and then followed up with a face to face interview lasting about one hour on average. The approach adopted consisted of semi-structured interviews with a series of open-ended questions where the respondents were able to elaborate on their business and themselves as owners/owner-managers. A small number of the businesses were 'cold called' where the interviewer entered the premises, usually retail outlets, and requested to speak with the owner.

The scope of the businesses was wide-ranging including retail (e.g. newsagents, Indian clothes/material), manufacturing and distribution (mail order), professional services (pharmacies, solicitors) etc. From the sample of 50 businesses interviewed, the majority had between 4 and 6 employees; most of these included some family members. 18 of the firms had fewer than 3 employees and 7 firms had over 10 employees including one with 40.

Issues explored included how their training needs were met, whether they employed people outside the family and any other personnel matters. One of the key areas discussed was whether they had any contact with outside support agencies, or whether they felt they could benefit from outside support.

The three main ethnic minority groups, Asian, African-Caribbean and Korean, differed very much in their responses and their experiences of business support. Difficulties were encountered, particularly with the Korean group of businesses. They were very reluctant to talk about the business and gave very short answers or refused to discuss the business at all. In many of these cases English was not their first language so there was a communication problem; however, in some cases their lack of English fluency seemed to be a convenient excuse not to be interviewed.

Findings

The findings need to be broken down to obtain a general overview of the main issues concerning the different ethnic minority groups. In particular, the Asian community, which is the largest ethnic minority community in the Borough of Merton, and the Black African Caribbean community, which is the largest ethnic minority community in the Borough of Wandsworth. The Korean community is also mentioned because there is a concentration in the Merton Borough and they illustrate the issues and concerns around 'break out' more acutely than the other communities. 'Break-Out' is concerned with the context within which ethnic minority businesses find themselves in (Ram and Jones 1998). It pertains to certain features such as clustered inner city areas. Whilst a co-ethnic customer base can be an asset with specialist knowledge giving the business a competitive advantage e.g. ethnic food, jewellery etc it can also be seen as a severe constraint where the customer group is limited.

The Asian Community

Most of the Asian businesses displayed a low level of awareness of support agencies and there was a level of cynicism regarding the issue of outside advice or support. The interviewees' Asian

origin, small business background and academic title (Dr) were all factors very much in her favour when interviewing the Asian business community. It enabled both the men and women to open up and *'trust'* her and she could empathise with their frustrations. They were candid about their frustration in dealing with outside agencies. They were positive in their willingness to do their best to communicate but demanded more dialogue and action that would be directly beneficial to them.

Most of the respondents either had no previous knowledge of the existence of support agencies, had heard of them but were unaware of how they could help their business, or had a very negative previous experience e.g. business advisors who were impatient and were not interested in them, too much paperwork to fill etc. There was an expectation in some cases that these would give them money.

In the Tooting area, which has a high density of Asians, there is great emphasis on reducing costs thus enabling low prices to be charged due to the fierce competition in the area. This was particularly true for the fabric retailers who were concerned that Tooting market traders were taking away their clientele and benefiting from lower overheads. This is a niche area well known for being cheap and their customers are co-ethnic as is their staff, and with fairly low incomes there is not much scope to go for higher income customers.

The majority of the respondents met their training needs *'on-the-job'* or through their professional body in the case of the service sector businesses. On the whole, it seems that training is not viewed as a major factor to business success; *'either you can run a business or you cannot'* was a popular view. A couple of the businesses hired outside consultants whom they stressed were to, *'get outside expertise without having to pay salaries'*. Most owner-managers kept themselves up-to-date via trade journals, talking to others in the same profession or through suppliers. A few owners had attended seminars and courses run by their professional bodies, in particular pharmacists and solicitors, whilst owner-managers in the retail and restaurant sector did not feel that this was an important issue worthy of investing their time or money.

Many of the restaurant owners had attended health and hygiene seminars provided by the Local

Authority and were positive about it even though this course was mandatory. There was some open mindedness i.e. willingness to hear about possible future workshops. Topics suggested for workshops included customer care and window display techniques. Whilst willing to hear about support in terms of workshops there was an emphasis on wanting immediate results which several of the respondents echoed. In addition they felt strongly that any workshop or even a one-to-one counsellor should go to them at their convenience, as time is always an issue.

Very few of the business roles were organised in any operational or strategic manner. Instead, roles overlapped, family members had equal decision making authority, taking it in turns to be in charge of the business. The smaller businesses were constantly juggling roles within the family and operating on an informal rota system. It emerged from discussions that family roles overlapped and there was no division of labour according to specialism or expertise. No distinct roles were given within the business, they just "*muddled through*" or "*we do what needs to be done*". A few of the more sophisticated businesses had the owner or owner manager overseeing day to day activity but with particular roles and responsibilities assigned to staff.

In some of the businesses, most notably the garages and car spare parts, the whole family are actively involved so there is a mixture of first generation parents having established the business and built up the customer base and the sons joining it as professionals having studied at University and being urged to take the business forward with modern practices and better communication. The sons had actually never left the business as they helped out at weekends even while studying.

In most retail shops youngsters have moved on to study further but help out at weekends and in the evenings. There was virtually no interest in Modern Apprenticeships (support aimed at the young), either because those aged between 16-21 were already studying full-time and were professional or else the owner deemed it not his responsibility and certainly not worth investing in other workers who were not relatives. They did not appear to understand the benefits of a highly qualified, empowered workforce, particularly as their myopic business practices had served them well for the size and nature of their business. There was no desire to grow, in many cases, as the businesses were a cohesive family strategy.

A number of the larger, more sophisticated businesses referred by the local Training and Enterprise Council from their database were also targeted. Dynamic, young entrepreneurs who operate using largely western business practices and hire experts for each specific operational area run these. The main concerns in terms of training needs revolved around issues of recruitment and staff development. These businesses were expanding, in most cases, and the owner had to learn rapidly about managing a larger concern and delegating responsibility. These businesses were also more computer literate and exploited technology at all levels.

The majority of owner-managers, regardless of size and number of their employees felt that '*time*' was a real problem, or rather '*lack of time*'. Most owners were running to keep up with the business often complaining about the long hours and heavy workload. Despite this they did not consider investing in training to alleviate the problem nor did they consider the modern apprenticeships route or any other recruitment issue. Consequently, any workshop or course offered would have to yield '*instant*' results and be at their convenience in terms of time and location. They are reluctant to hire staff seeing them as a nuisance and an additional responsibility rather than a source of eliminating any inefficiency. Some of the very small retail shops could not support another salary.

The Korean Community

The Korean community were the most problematic to interview. They were extremely reluctant to talk and did not welcome people outside the business asking questions. In some cases the language was an issue where the respondent could not speak English fluently. All these respondents were 'cold-called' by the interviewer walking into their premises requesting an interview. Telephone calls in advance had not yielded any results so these businesses were identified during visits to the area. This explains the brevity of responses compared to the Asian community. The Korean community is less well established than the Asian community in entrepreneurial terms and is facing the same issues that the Asian community has faced over the past three decades. In order to progress they need to 'break out'. These businesses are labour intensive practices using family and co-ethnic labour where often family resources are hidden.

'Break-out' is about entrepreneurial motivation, growth aspirations, emphasis on 'quality' markets, new product development and human resource issues. This is a path that the Korean community may have to follow to ensure survival. These businesses - mainly retail, travel agents, cafes - were heavily reliant on co-ethnic labour. All the respondents did not wish to be contacted by any business support provider and emphasised that "*we train our own staff*". One travel agent owner employed four full-time staff, all fellow Koreans, and the customer base is virtually all Korean with the main service being flights to Korea. There was no indication that this would change or that the owner wanted to grow or expand his market base. A female cafe owner serving Korean food employed two staff in addition to three family members. She claimed that getting and training staff was not a problem, "*Our menus are simple, training is not necessary*". A larger concern employing ten people was a food supplier who supplied fresh and frozen Thai foods to restaurants. He had no plans to expand further in the near future and his simple solution to meeting his training needs was that "*the old train the new*". He maintains his staff have separate and clear roles from the office staff to the deliverymen but his biggest problem is collecting money from customers. He has constant cash flow problems and is reluctant to chase customers, as they are his "*friends*". A Korean who was a specialist in Chinese herbs and acupuncture ran another business. Alternative medicine is a growing area and more and more UK residents are aware of alternative therapies in this country. Despite this, his client base is mainly local Koreans and the owner was very reluctant to talk despite his professional status and the fact that there were no customers in his premises requiring his attention.

The African/ Caribbean Community

The African-Caribbean communities have a very different entrepreneurial background from the above two business communities. The family and community networks found in the Asian communities are missing and the community/family element is less strong compared to both the Asian and Korean communities. All the respondents were young and professional and the businesses had not emerged from the first generation. Consequently, the owners were more open to outside advice and support and welcomed it more so than the other two groups.

Most of the respondents had attended training programmes or had some experience of business counselling. There was less reliance on family or the community for support and so outside help and advice were their only means. Regardless of this, the business issues experienced were similar to those of small businesses in general i.e. problems with hiring workers, getting the right skills and retaining labour were all pertinent issues. Lack of time for anything other than the day to day running of the business was a major problem for all of the respondents regardless of the nature of the business or the number of employees. So whilst open to outside business support, finding the time to accommodate it was a major problem.

One company developing Web sites, based in Clapham is expanding rapidly in terms of moving into new premises and hiring more staff. The owner, however, is faced with the problems of dealing with a small, growing business; *"I am constantly rushing from role to role"*. He realises that he can improve his management and recruitment practices and is not averse to outside help and support but he finds that *"time is always a problem"* and *"training is never a priority"* despite being fully aware of its potential benefits.

The owner of another company based in Wandsworth has had a steep learning experience since he established the company. The company is involved in training and recruitment, particularly disadvantaged and disaffected youth. In terms of building up the business, the owner recalls that *"support agencies were not helpful in the early stages of development"* and it was only when he was more established and had gained a reputation for delivering high quality courses that outside agencies began to contact him.

Another young entrepreneur had set up a hairdressing salon in the Southfields area. It is an "upmarket" location, which he hopes to expand by extending into the beauty business to complement the hairdressing. Whilst this type of business is usually associated with black women, it is rare to see such an ambitious, young black man who has clearly researched the area and identified a niche. He is the only hairdresser in the area opening on a Sunday. He finds the business an enormous responsibility and like all the other respondents finds that time is a rare commodity as are good staff, *"I can run the hairdressing side effectively and I am good at generating creative new ideas for the expansion of the business but I do not always know how to*

handle the business side of things".

All the respondents in this category were eager to expand their business and were totally engrossed with the product i.e. the business had been initiated as a result of their interest rather than as a family obligation or escape from the prejudice faced in the labour market. There were more 'pull' than 'push' factors for this particular young group, all of whom were under 40 years old. These respondents have helped discard the stereotypes that exist with this community of black businesses being female dominated in low value added specialisms such as beauty and hairdressing (see Wanogho, 1997).

Conclusions and Recommendations

Minority ethnic businesses tend not to access business support. This study emphasises the diversity of MEBs and support providers need to be aware of the differences in the stage of the business and the community and not deal with MEBs as a homogenous group. For example, the Korean businesses need to diversify out of their existing activities and 'break out' of their existing markets as they are concentrated in relatively undynamic or slow growing sectors with an over-reliance on co-ethnic custom, as well as co-ethnic labour. They are following the pattern of the Asian community two decades ago and could learn from this entrepreneurial minority. Training and empowerment programmes for women in particular need to be developed which include networking and finding mentors who are culturally sensitive. More dialogue with community leaders and second and third generation Koreans would also be of value in breaking down barriers.

It is important to cultivate and nurture the Korean businesses over a period of time in order to gain their confidence and trust. This is a time expensive exercise and these businesses require specialist attention in order to understand and articulate their own business needs. The penetration rate can be improved through visits and continuous attempts to involve these businesses with support agencies or to work in partnership with community groups. Long term

ongoing involvement is needed to gain confidence and to help improve the quality of businesses. Steps should be taken towards appointing staff with relevant knowledge, skills and experience and possibly from an ethnic minority background, particularly for the Korean community. There should be recognition of the changing profiles of MEBs and their owners the second and third generation is very different from the first.

The Asian community is more evolved and is in a transition stage from the first to second generation owner and the African/Caribbean community is less dependent on family/community networks and is eager for growth and expansion. Some of the more 'modern' businesses run by second or third generation entrepreneurs, such as the mail order business, do not necessarily require an ethnic minority business advisor as they are built on Western business practices. As MEBs evolve it appears that the ethnicity of its advisors is low priority for second and third generation businesses, the quality of advice and value for money are deemed more important. Many of the respondents from the Asian community indicated that they were interested in workshops/seminars but they were tentative about their commitment and emphasised that they wanted some tangible outcome. These seminars were not really viewed as a good investment of their time.

There seems to be a general lack of understanding about the variety of available forms of support, as well as a lack of experience in dealing with support regimes. Most firms had received some form of external support since the business was established, mainly from family, friends, accountants and bank managers. Most commonly, this was in the form of advice and consultancy, and the least common form of external support was in workforce training.

There is no instant solution to the perceived exclusion by many MEB owners from the mainstream business support system, the preference that many demonstrate to using ethnic business or community-based organisations, rather than mainstream agencies such as the former TEC's, Business Links etc., offers these agencies an opportunity to reach the ethnic 'market', perhaps working in partnership with ethnic-based organisations.

This research has identified the attitudes and support needs of ethnic minority firms in the South-

West London area in relation to the existing support provision and has enabled some insight into the particular areas of potential support services. The difficulty lies in considering whether any strategy should target all businesses within a sector rather than identifying businesses solely on the basis of ethnicity. Any strategy should be sensitive both to business needs and ethnicity.

Support agencies need to recognise and deal with deficiencies in relationships. The BBA report finds African Caribbean Businesses still experience difficulties accessing finance. Issues of trust persist (due to past and present day discrimination). Support agencies need to build credibility in these communities to demonstrate inclusive strategies.

The BBA report emphasises the gaps between policy and implementation. This can be seen in the business support sector where organisations must work to increase diversity in recruitment, as it certainly helps if front line staff and management represent the diversity of the community they are trying to serve. This approach should result in improved comfort levels and trust for ethnic minority customers. Moving from a service to a customer value focus will help, as this is precisely what ethnic customers value i.e. the lifecycle and family focus. This approach may require changes in processes relating to all areas, not just customer-facing processes. In addition, support agencies need to demonstrate process transparency, to address the problem of mistrust in certain ethnic minority communities. This should include the monitoring of unsuccessful applications.

There is a lack of 'robust intelligence' on ethnic minority businesses. Support agencies must consider whether they should focus more on information capture and updating, to build their understanding of various ethnic communities rather than rely on centralised market research and statistics or informal local knowledge. Life cycle data is particularly valuable. If the Small Business Service (SBS) is to be successful in increasing its penetration of ethnic minority business communities, it will need to take proactive steps to promote its services to all ethnic groups, while systematically and transparently monitoring take-up to contribute to greater equality of access.

This study is not without its limitations, namely that it is a relatively small scale study based

in one geographical area. Nevertheless, the issues raised and the profiles of the businesses are representative of those around the country, and touch on issues of minority ethnic businesses and support provision internationally and within other cultural contexts. Further research in this area is needed to improve the quality of data on minority ethnic communities both at the quantitative and qualitative levels. The MEB population remains significant and is a key driver to growth within the increasingly important SME sector. Continued advances in this area need to be made.

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Table 1: Self Employment Rates for Selected Ethnic Groups in Great Britain, 1991

| | White | Black/Cari bbean | Indian | Pakistani | Bangladeshi | Chinese | All |
|---|-----------|---------------------|--------|-----------|-------------|---------|-----------|
| Total Number of self- employed by ethnic group | 2 922 917 | 13 392 | 97 340 | 22 642 | 5060 | 17 869 | 3 078 436 |
| As % of economically active members of ethnic group | 7.0 | 3.4 | 11.4 | 8.3 | 5.9 | 14.9 | 7.0 |

Source: Adapted from Barrett *et al* 1996:784

Table 2: Self Employment Figures for Males and Females in Kingston, Merton and Wandsworth by ethnic group and self employment rates as percentage of economically active by ethnic group.

| | Total Persons | White | Black(1) | Asian(2) | Chinese |
|---|----------------------|---------------|-----------------|-----------------|----------------|
| Kingston Upon Thames | | | | | |
| Male Self Employment | 6735 | 6087 | 48 | 365 | 68 |
| Female Self Employment | 1969 | 1719 | 14 | 129 | 37 |
| Merton | | | | | |
| Male Self Employment | 7920 | 6832 | 252 | 563 | 67 |
| Female Self Employment | 2062 | 1766 | 37 | 167 | 27 |
| Wandsworth | | | | | |
| Male Self Employment | 11265 | 9684 | 463 | 749 | 104 |
| Female Self Employment | 4513 | 3979 | 119 | 243 | 62 |
| Total Self Employed | 34 464 | 30 067 | 933 | 2216 | 365 |
| %age of economically active within ethnic category self employed | 11.5% | 11.7% | 4.7% | 17.1% | 15.6% |

Source: Adapted from Appendix One Kingston Small Business Research Centre (January 1999) *Enterprise for Cultural Diverse Communities. A Survey of Ethnic Minority Business Needs in the AZTEC area*. Report. SBRC, Kingston University which was adapted from 1991 Census County Reports.

(1) Black includes - Caribbean, African, Other; (2) Asian includes - Indian, Pakistani, Bangladesh