

Ethnic Minority Business: Policy and Practice Review

A report prepared for *emda*

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2009

2009

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ESRC/CRE/DTI/EMDA

Ethnic Minority Business Workshop

Paper 3

Ethnic Minority Business: Policy and Practice Review

URN 07/1050

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Executive Summary

This paper firstly identifies a set of key problems with the ways in which racism and ethnicity have been addressed in a range of policy fields, considers the importance of framing attention to ethnic and cultural diversity within universalistic principles and explores the opportunities for cross-policy learning with specific examples from housing, mental health and television. Secondly, models of research impact on policy are considered, together with some limited assessment of ESRC research in this specific field and its dysfunctional consequences for understanding of ethnicity. Thirdly, a substantial section of this paper assesses cross-government strategy and its implications for ethnic minority business (EMB) with attention to specific aspects of the work of the DWP, EMETF, Home Office, DCLG and the CRE. The linkages between debates on social capital and EMB is also examined. At key points attention is given to identification of research agendas and their possible links to research on EMB. Fourthly, consideration is given to the EU context and the opportunities for cross-national learning and further research. This section concludes with a call to abandon the notion of 'ethnic enterprise'. Lastly, eleven gaps in knowledge and potential research issues are identified drawing on the wide range of research questions and agendas raised in previous sections of this paper. In conclusion, there are a key set of vital and urgent research themes in the specific field of EMB which, if addressed, would have the potential to make a significant impact on improving governance and management of ethnicity and racism across a wide range of EU and UK policy fields.

1.0 Introduction

The purpose of this paper is to examine the overall context of UK policy and practice in relation to ethnic minority business, and identify issues of concern that may be fruitfully addressed through further research. Using an assessment of cross-government strategy, key knowledge gaps and research issues and questions will be identified. This will be used to indicate priorities for investigation and research in this field.

2.0 Theoretical and conceptual context

This paper builds on a collective body of work which has been concerned with critical examination of the ways in which a variety of UK and EU policy domains have engaged with questions of racism and ethnicity, including health, benefits, housing, social services, higher education, news media and ICT (Law 1996, 1997, 2002, Law et al 2001, 2002, 2003, 2006). This work identifies, in particular, three key concerns including fundamental tensions in modernist approaches to racism and ethnicity, the failure to adequately conceptualise these ideas and carry through the implications of this for policy and lastly, the pitfalls of ethnic managerialism. Science, technology and rational bureaucracy have all provided contexts for both the elaboration of racist and antiracist ideas, hence technocratic and managerial solutions to racism and ethnic diversity cannot be relied on and are fraught with difficulties and unintended consequences, such as reinforcing ethnic conflict or producing new forms of racial exclusion. Measuring racial discrimination and inequalities using comparison of outcomes against the white norm, rather than needs or preferences, is also a conventional but highly problematic feature of both research and policy. Framing attention to ethnic and cultural diversity and patterns of inequality within universalistic principles, as proposed by Poulter's (1992) work on cultural and religious pluralism in English law, and in the proposed framework for the new 'equalities' Commission is vital here. The need to bridge the gap between policy and theorisation, as recently noted by Ram et al. (2006), and the need to build cross-policy learning on how to effectively respond to questions of racism and ethnicity provide two key challenges here. For example, what might EMB (ethnic minority business) policy learn from the long and successful experience of the Housing Corporation's Black and Minority Ethnic Housing Policy (MDA 2005, Housing Corporation 2005)? This has been heralded as one of the 'success stories of contemporary Britain', without parallel in Europe in developing black leadership and black empowerment, and as a model for EMB. A track record of innovative research on BME needs assessment and racial discrimination is a particular feature of the housing field. Another of the many

possible examples that might be helpful here is Department of Health action plan on delivering race equality in mental health care (2005). Taking the best from these policies including the elements addressing compensation, empowerment, participation and community engagement, effective needs assessment, protection from discrimination, positive action and investment may collectively inform more thorough and systematic policy development. More generally, there has been a move to mainstreaming equality agendas and addressing BME needs as an integral part of overall strategy. In another field, what might EMB policy learn from film and media organisations and the ways in which representation and management of issues of ethnicity and racism has been addressed, and from organisations such as the Culture Diversity Network? On the one hand, research by Pollard et al. (2005) shows that the key barrier for minority led independent production companies is being labelled and pigeon-holed to produce programmes for ethnic minority audiences or involving ethnic minority writers and actors. This indicates the serious dangers of naïve ethnic managerialism and the importance of consultation and dialogue with EMB in different sectors. On the other hand, some of the most creative, innovative examples of ways in which racial and ethnic difference is understood and negotiated across other forms of difference may be found in television output, (Gilroy recently confirmed this point with reference to some reality tv shows, 2006). The implications of some of the issues addressed in this section are addressed at various further points below.

3.0 Research, Policy and Ethnic Minority Business

This section seeks to address some of the questions raised in the examination of the impact of research and new knowledge on both business and policy. The Department of Trade and Industry (DTI) *Innovation Report* (2003) on competing in the global economy identifies that the UK has a weak record of knowledge transfer and exploitation generally by business. It also acknowledges that the Research Councils have significantly increased the rate of knowledge transfer from research activities. Whether there is a better track record of research impact on policy rather than on business is unclear, and the author is unaware of such a comparative analysis. However, measures to improve the rate of knowledge transfer and the level of interaction with both business and policy makers are being implemented.

In the context of this drive to improve impact, consideration will be given to general models of social science research impact on policy and on other non-academic users in order to derive an agenda of questions and issues for research in the specific field

of ethnic minority business (EMB). A key source for this discussion is the frequently cited report of the ESRC symposium on assessing the non-academic impact of research (Davies, Nutley and Walter, 2005). This paper identified two general starting points for assessing impact. Firstly, a 'forward looking' or 'classic, knowledge driven' approach which seeks to ascertain how and with what consequences findings and outputs influence users (e.g. 'networks and flows' and 'post-research tracing' are two forms of this type of approach, examining either linkages between researchers and users or the post-research activities of funded researchers). Secondly, a 'backward looking' or 'problem solving, policy driven' approach which seeks to understand how policies and practices in user communities are determined by research outputs. This approach has great difficulties in attribution of causality and may often involve longitudinal or ethnographic work with policy makers and professionals. A new third 'interactive issue' approach could be suggested which assesses the extent and level of interaction occurring between researchers and users in both research and policy processes relating to a specific issue, for example the development of EMB, which may often be occurring simultaneously involving knowledge exchange. A different version of this 'interactive' model is cited by Davies *et al.* and this focuses primarily on the research process and researcher/user interaction.

The research base on the effectiveness of research impact strategies is gradually developing (see www.st-and.ac.uk/~ruru), as is the identification of the range of conceptual and methodological issues that need to be addressed to effectively carry out evaluation and assessment. Davies *et al.* identify two dimensions of impact instrumental (e.g. specific changes to policy or practice) and conceptual (e.g. changes to attitudes or understanding). Rarely, it is argued, has research impact been instrumental, with more frequent impact through 'policy creep' and more subtle agenda setting (2005: 13). This latter process has been called an 'enlightenment' model. Two further models are derived from the literature including a 'political' model which sees research as a weapon in political conflict, and a 'tactical' model which sees research as a political resource which may be used to press for or deflect action on a specific issue. Further methodological issues to be addressed include; specification of time frames, evaluating context receptivity and identifying the effect of research in the 'swirl' of policy, people and organisational contexts. Also there are many potential levels and audiences within which the impact of a piece of research may be assessed.

A search of EMB related ESRC research projects on the ESRC website shows a relatively limited number of projects which have been funded in this field (Basu 1996, Metcalf *et al.* 1997, Werbner 1986, Ward 1985, Ward and Jenkins 1984,). It is clearly difficult to make a detailed impact assessment of these projects in the context of this paper, but together with a range of other studies, it would be reasonable to claim they have collectively contributed to a body of knowledge and enlightenment on this topic (see Barrett, Jones and McEvoy, 1996) which has influenced and been mediated by the *Ethnic Minorities in the Labour Market* report project (2003) and subsequently the agenda of the Ethnic Minorities Employment Task Force (EMETF) which is discussed below. A dysfunctional consequence of research in this field and other related policy fields could be identified as the unwarranted privileging of ethnicity in understanding and policy termed 'ethnic managerialism' (Law 1997, Law and Harrison 2001, DCLG 2006b). Here the essentialist, mechanistic and homogenous use of ethnic labels to refer to complex and diverse patterns of identification, needs and aspirations, combined with delegation of strategy and action to regional or local managers leads to poor policy, provision and practice.

Mechanisms which may facilitate the process of research/policy exchange may be identified. Interactions between researchers and research users in the formation of research agendas, funding decisions, research project design, on advisory groups and in the process of project dissemination can all assist in improving research impact on policy and practice, bearing in mind of course that dissemination does not equal impact. Openness of politicians and policy-makers to research findings and effective dissemination strategies by researchers, which engage with the opportunities and constraints of policy, are both necessary to facilitate impact. Here, receptivity of research *and* policy contexts is important to assess. Engagement of researchers in pursuing change arising from their research is also a pre-requisite (Ram and Smallbone, 2003, identify the value of an 'engaged stance'). The relatively restricted parameters of this research field, together with existing establishment of a number of relevant forums and groups will help to identify key users, stakeholders and audiences for research programmes and projects. Many of these are identified below in examination of national strategy and research agendas.

4.0 Cross-Government Strategy

There are three key cross-government strategies that are particularly relevant to the issue of ethnicity and enterprise:

- Ethnic Minority Employment Task Force (EMETF, DWP)
- Improving Opportunity, Strengthening Society (Home Office, DCLG)
- Commission for Racial Equality Commission for Equalities and Human Rights / (CRE /CEHR)

4.1 EMETF and related activity

This initiative is overseen by the Department for Work and Pensions (DWP) and is a Ministerial group with public and private sector representation, charged with carrying through the recommendations of the Strategy Unit report on *Ethnic Minorities in the Labour Market* (2003). A key starting point is consideration of this and a more recent review of ethnic minority enterprise and policy by Mascarenhas-Keyes (2006). The Strategy Unit report highlighted both the significant contribution made to the economy by ethnic minority business and the low levels of business activity in areas where ethnic minorities live, with nominal increases in demand for labour from ethnic minority business communities. It notes in response that, the Government is committed to promoting entrepreneurship amongst ethnic minority groups as well as more generally in deprived neighbourhoods, with key policy drivers being social policy concerns of equity and social justice together with economic policy objectives. Policy initiatives include Enterprise Areas in deprived neighbourhoods, the ethnic minority brief given to the SBS (Small Business Service) and its Business Link operators and the specification in DTI's PSA (Public Service Agreement) regarding enterprise and disadvantage together with PSA's (6, 9 and 10) which identify the need to increase self-employment amongst disadvantaged communities, women and ethnic minorities. The City Growth Initiative, the Local Enterprise Growth Initiative (LEGI) and business premises renovation support are all examples of area-based policies which may impact particularly on ethnic minority business. Although it is unclear yet whether evaluation shows that this has worked. In a related set of concerns, the recent report *Managing for Diversity* (DCLG 2006b) clearly sets out the downside of area targeting as being its potential for increasing social tensions and ethnic conflict. Lower levels of material disadvantage amongst some neighbourhoods, differential patterns of public investment or access to public services and differential perceptions of such investment and access may all it is argued incite conflict. That is not to say that responding to inequity should be avoided, rather that the potential for increased conflict needs strong local leadership and the development of community based participatory approaches. The establishment of the Phoenix Fund by the DTI has facilitated the provision of venture

capital (RVCF), loan guarantees, mentors, innovative development funding. Examples of new developments cited include the Faith in Business initiative working in Afro-Caribbean communities and the Bangladeshi Women's Co-operative Social Enterprises. Also the establishment of the Ethnic Minority Business Forum in 2000 is also noted as a significant intervention.

Despite these developments a very small proportion (8%) of ethnic-minority owned businesses appear to be using support services. The report recommended action by the SBS to improve ethnic minority customer base data, strategy development in this field and the setting of targets for improving service provision. Persistent problems and barriers in access to finance are also highlighted and DTI and the Neighbourhood Renewal Unit (NRU) are recommended to report regularly on how funding benefits ethnic minority communities. It also recommends that the CRE and the SBS should further promote race equality policies and practice amongst small business, although a connection is not directly drawn with ethnic minority business. (The recent EU conference on the benefits of diversity for small and medium sized enterprises (September 2006, Cyprus) reported on cross national approaches to this topic and resources and reports on EU initiatives in this area can be found at www.stop-discrimination.info). In summary, the EMETF second annual report highlights that the SBS has begun to collect data on Business Link's ethnic minority business customer base quarterly through the Business Link Operator (BLO) customer satisfaction survey. This is to check whether would-be entrepreneurs from the ethnic minority communities are benefiting equally from the services offered by the BLOs. In 2003 Ram and Smallbone examined the role of Business Link activities. They identified a range of problems including poor data collection with two out of three areas having no policy in relation to EMBs, even in some areas of high minority ethnic concentration. Overall, despite documentation of a number of examples of good practice, the lack of awareness of support services, the lack of understanding of EMB needs and the lack of credibility of mainstream agencies in the perceptions of EMBs are identified.

There are useful cross-sector lessons to be drawn upon in the conceptualisation of ethnicity and service take-up, e.g. from work on social security benefits, that appear not to have influenced research and policy in this field (Law 1996). Much of the literature on the take-up of public services by ethnic minority users demonstrates a very limited understanding of the process and factors involved. The conceptualisation of service provision to these users is commonly made in terms of whether they know

about the service and whether they use it. Basic service knowledge and rational information decisions are frequently assumed to be the key factors in explaining service use, hence provision of information and improved communication messages, e.g. through use of translated material, is seen as the appropriate answer. In early take-up research on social security ignorance was seen as a crucial cause of non take-up and often this was the explanation provided by non-claimants. But, when information was provided many still failed to claim. The conceptualisation of the process of take-up of means-tested benefits has drawn on 'threshold' analytical frameworks developed in research in this field (e.g. Davies and Ritchie 1988). These frameworks can be used to develop a more complex general account of business support take-up from the users' perspective. The interconnection of four key factors; negative general perceptions of services amongst ethnic minority groups and communities, uncertainty about eligibility, lack of perceived need and perceptions of utility are likely to be of particular significance in explaining non take-up with basic knowledge being of much lesser importance. Also, it is highly likely that general perceptions of provision, and perceptions of eligibility and utility would vary significantly across EMBs. The table below provides an outline indication of how this might be applied to business support.

Table 1. **Threshold model of factors affecting demand for business support services**

Perceptions of need for business support, and ability to manage
Perceptions of eligibility, or rights, to access particular services
Perceptions of usefulness, or utility, of a service, particularly the practical value of help or support received and its relevance to most strongly perceived needs
General perceptions, bundle of attitudes and feelings about business support, which includes both negative aspects e.g. stigma, expectations of checks, demands for documentation or racial discrimination, or positive aspects e.g. improved business performance
Peer/Social acceptability of receiving business support, particularly amongst family and friends
Personal encouragement to request a service, either informally e.g. a relative or friend, or more formally from an agency/organisation
Perceptions of stability, recent changes in circumstances and expectations of any future positive or negative changes
Basic knowledge of support available, particularly amongst informal community networks, and any knowledge of other peoples' experience of provision

(Source: model derived from Davies and Ritchie 1988, Law 1996)

Explanations for the low take-up of, particularly community-based services, need to acknowledge the extensive range of factors which determine service use. The importance of personal encouragement has been highlighted in studies of social service take up. General perceptions of support services may have many negative aspects; they may be seen to be difficult to communicate with, slow to respond, unwilling to understand, narrow in perspective and slow to change. The importance of perceptions of utility can be indicated by concerns and complaints over poor understanding of needs, or culturally or ethnically inappropriate advice and provision as recent research has noted (see above).

Criticism of the lack of a 'truly strategic approach' and a call for redefinition of mainstream business support around the principle of diversity raises questions about the comprehensiveness and limitations of the EMETF initiative in this area. Handling hyper-diversity, the growth of intra-group divisions and the growth of ethnically mixed

individuals, families and firms raises a set of complex issues which need to be addressed in policy responses to the role of ethnicity. Mascarenhas-Keyes (2006) acknowledges recognition of diversity and its implications for the SBS, but this opens a wide agenda as noted above, for example, little is known about business and enterprise in many diverse minority communities who are hidden in the aggregation of ethnic data, e.g. Bolivians or the Vietnamese, and more in-depth community based studies are needed to flesh out the meaning of diversity in enterprise contexts. Such studies addressing a range of dimensions of community activity form part of the current research programme of the Runnymede Trust. The EMETF report identified the need to evaluate the LEGI in order to measure the impact on ethnic minority groups of government funds aimed at supporting economic growth and businesses in deprived neighbourhoods. It was noted that the University of Hull has completed work to scope the research which shows whether the money has reached ethnic minority people and, if not, will enable policy makers to revisit their targeting.

The EMETF report also acknowledges the role of the National Employment Panel (NEP), an employer-led organisation that advises Ministers on labour market policies and ethnic minority disadvantage. The NEP report *Enterprising People, Enterprising Places* (2005) specifically addressed black and minority ethnic enterprise and self-employment, acknowledged the importance of ethnic minority entrepreneurship for national prosperity and identified ethnic differentials in access to finance and indirect discrimination through 'red-lining' high risk neighbourhoods. In the 2004 Pre-Budget Report, the Chancellor asked the Panel, in collaboration with the Department of Trade and Industry's Ethnic Minority Business Forum (EMBF), to recommend measures for increasing ethnic minority employment and business growth. The Chancellor accepted the Panel's 10 key recommendations as part of the March 2005 budget. The EMETF has now assumed lead responsibility for overseeing the implementation of the report's recommendations. Those relevant to ethnic minority business include:

- RDAs should assess the needs of ethnic minority businesses as part of their Regional Economic Strategies, here comparative evaluation of needs assessment and its effectiveness would be helpful,
- New Centres of Vocational Excellence (CoVEs) for Entrepreneurship should be established in the designated cities, more specifically, examination of their impact on ethnic minority populations would be relevant here,

- The SBS should work with banks and financial intermediaries to review the availability and accessibility of finance for ethnic minority firms in the designated cities, again evaluation of the impact of this work would be helpful.

In addition the NEP report called for improved sample sizes of ethnic minorities in enterprise surveys and targeting of ethnic minority women for pre-self-employment support by Business Link and Jobcentre Plus. These priorities are reflected in the work of the EMBF. The Ethnic Minority Business Forum was established in 2000 and is supported by the SBS in the Department of Trade and Industry (DTI) as an independent, strategic advisory body to represent the views of ethnic minority business communities. It advises Government on policies and practices as they relate to ethnic minority business across England (the development of similar mechanisms by Devolved Administrations is unknown). The Ethnic Minority Business Forum (EMBF) Strategy (2005-2008) acknowledges the strength of entrepreneurial activity in the UK and persisting barriers in business development. Better access to finance, improving data collection, improving business support, greater involvement in public sector procurement and in e-commerce, influencing policy-makers and enhanced leadership and workforce skills development are all specified as key priorities for action. In Scotland a scoping study for EMB has recently been completed for the Scottish Executive (Deakins et al, 2005). This identified the importance of the scale and diversity of EMB's and their success in diversification. It also identified general problems in access to formal sources of finance, lack of engagement with mainstream advice and support and low take-up of formal training. Also, generational succession, diversification, geographical marginalisation and the needs of rural EMB's were all seen as areas requiring intervention. This report also identified a research agenda which specified the need for work on the following:

- Quantitative assessment of the role and impact of EMB's in local economies
- Qualitative and longitudinal investigation of inter-generational succession and the role of EMB's as a 'springboard' for educational, economic, social or political mobility
- Evaluation of successful diversification
- Marginalisation of EMB's in hostile trading conditions
- EMB development in rural areas and the implications for addressing service provision and ethnic minority needs in those areas
- Improving advice, support and finance for EMB's

- Evaluation of initiatives targeted at EMB's.

In a recent statement by EMETF (26/4/06 minutes), key priorities were identified including; procurement, city strategy, employer engagement, public sector recruitment and issues relating to the impact of the Olympics. The implications for EMB was not spelled out here and this raises a number of questions. To what extent will EMB be encouraged to participate in, and be successful in, public sector procurement? (for a review of issues relevant to ethnic minority contractors and housing see Harrison and Davies 1995, and for recent discussion of the supplier diversity debate see Ram et al. 2002) To what extent should time bound special measures be used to facilitate this process, given the likely proposals emerging from the Equality Review, and the report of the Bristol project on positive action policies for DWP? (for a review of issues relevant to positive action policies and practice see Law and Harrison 2001). To what extent will City Strategy incorporate performance indicators regarding EMB activity?

4.2 Improving Opportunity, Strengthening Society

The Home Office launched a cross-government strategy for race equality and community cohesion in 2005 and highlighted the importance of the work undertaken by the NEP, the EMBF and the EMETF. It also usefully presents a view in principle on mainstream versus ethnically targeted service provision. Here it states that,

'Generic programmes of support are important, but not always sufficient' (DCLG, 2005: 16)

Hence, focused support for disadvantaged Black and minority ethnic groups is seen as essential in overcoming particular barriers arising from racial discrimination, culture or other specific circumstances. This requires a sound evidence base on the type and role of barriers experienced. On the other hand, exclusive provision through special minority focussed measures e.g. the Ethnic Minority Business Initiative, may marginalise EMB's, fragment provision and potentially increase competition and conflict across minority groups (Ram and Smallbone 2003, Ram, Jones and Patton 2006).

The recent review of strategy (DCLG 2006a) usefully identifies a set of knowledge gaps and challenges. These include a concern to understand the impact of

concentration of minorities, differential outcomes within 'white' groups e.g. for Gypsy/Roma, Turkish or Irish groups, linkages between spatial factors and education and employment outcomes, ethnic and religious perceptions of public services, the impact of racism in the workplace, evaluation of racial harassment policies, impact of the Employment Equality (Religion and Belief) Regulations, 2003, and lastly, evidence of what works in community cohesion. Connecting this general research agenda to the specific issue in question here could raise the following questions:

- What impact does concentration of particular ethnic groups have on ethnic minority business development? The negative impact of inner city locations on EMBs has long been documented in terms of poor physical environments, poor customer base, high crime rates and expensive, possibly discriminatory financial service provision e.g. insurance (Aldrich *et al.* 1984, Ram and Smallbone 2003)
- What needs and experiences related to business development arise for particular ethnic groups classified as white, e.g. Gypsy/Roma people?
- How can we better understand ethnic minority and religious group's perceptions of public services for business?
- What evidence is there of discrimination and harassment within EMB businesses?
- What impact has the Employment Equality (Religion and Belief) Regulations, 2003, had on EMB business?
- What impact does minority ethnic business and its leaders have on community cohesion? This is discussed further below.

4.3 Social capital

There has been enormous expansion in the study of social capital and its implications for policy across a wide range of fields including economic growth, social exclusion, health, civic regeneration, volunteering and community self-help (ONS 2001, Babb 2005). Development of methodologies, to examine these networks and their shared norms that facilitate cooperation within and among groups, has focussed on measurement of five aspects, civic participation, social networks, social participation, reciprocity and trust, and perceptions of localities with over twenty government and independent surveys providing data in the UK. The literature on EMB's has often made reference to the significance of aspects of within-community, bonding social capital as being of particular significance in their development and

success (Zhou 2005), but this is highly contested. The negative effects of co-ethnic obligations have also been highlighted particularly in the American literature (Sanders and Nee 1987: 765). Korean entrepreneurs in the USA are often regarded as benefiting from reciprocal obligations and relationships (Light and Bonacich 1988). But, Valdez's work (2002) suggest that ethnic reciprocity has a marginal effect which may often be positive but may also be negative, and provocatively identifies these latter effects on Korean business owners e.g. decreasing business longevity amongst Korean business owners who have relatives in business. Valdez sees the ability of an entrepreneur to borrow from a bank or investment company and to acquire start-up capital as being more significant than intra-ethnic group support, with evidence that some Black and Mexican entrepreneurs, who possess and access market exchange relationships, are outperforming Whites and Koreans. There is a parallel discussion in the UK literature on the negative effects of bonding social capital, for example in relation to gang/crime cultures (DCLG 2006b), which is also examined in work on Chinese gangs, extortion and enterprise in New York (Chin 2000). Also Hjerm (2004) presents a fundamental challenge to EMB policy, showing that in the Swedish case, migrant entrepreneurship is highly detrimental to integration, e.g. long working hours reducing the opportunity to participate in civil society.

The recent DCLG report (2006b) also acknowledged that Government strategies for building cohesive communities will have little chance of success without addressing disparities in economic well-being. Self-employment amongst ethnic minority groups is examined in this report yet this section demonstrates a set of recurring problems. Exclusionary labour market processes are the sole determinant of ethnic differentials cited. Despite the call for attention to complex patterns of diversity, little effort is made to address the implications of this for EMB, with a very limited range of 'standard' ethnic categories/groups identified. Even for these groups the widely differing local levels of self-employment were not discussed, could local patterns of labour market discrimination differ so much across localities? For example, the rate of self-employment for whites in the four Northern towns was consistently 10%, but for ethnic minority groups it was highly variable ranging from 18% to 28% for Pakistanis, 16% to 26% for Indians and 8% to 14% for Bangladeshis. Also, more importantly for this discussion the report fails to examine critical intersections between these two literatures, which is remarkable given its objectives of examining the different dimensions of community cohesion and is indicative of limitations in both policy and research. There has been little consideration of the role and impact of

EMB back onto these various dimensions of social capital. To what extent, for example, does the development of EMB contribute to increasing trust and reciprocity, local leadership in strengthening civic values and commitment to inclusive citizenship and the strengthening of bridging social capital across communities? To what extent does EMB impact on the 'parallel lives thesis', in other words to what extent does meaningful social interaction occur in this context? Further, to what extent should EMB activity be considered in the measurement of social capital?

4.4 Commission for Racial Equality / Commission for Equality and Human Rights

The CRE's role in this field is highlighted in the context of developing strategic partnerships (2005a). These include work with the British Bankers' Association to improve access to finance for businesses, the development of a Supplier Diversity Guide in association with CREME and work with the Ethnic Business Support Programme in Wales together with the Welsh TUC and Development Agency. CRE (2005b) work in Scotland has highlighted the significant connections between homeworking and ethnic minority business for ethnic minority women and perceptions that business support agencies lack awareness of ethnic minority business needs. The CRE's general priorities for research in this field are the diversification of ethnic minority businesses, access to finance and the contribution of ICT to business practice. The recently announced CRE formal investigation into the impact of regeneration policies highlights ongoing concerns, particularly over the impact of RDA's on minority ethnic communities and enterprise. However, the lack of a track record of CRE research and investigation of direct and indirect discrimination in this field is in marked contrast to other sectors e.g. housing. Systematic identification of the range and form of discriminatory practices by relevant institutions in this area is still required.

5.0 EU context and cross-national research

Policy and research on this issue has also been developing at the EU level, with a cross-national pilot project (CEEDR 2000), a European Conference (2003) and a project on good practice in the promotion of ethnic minority entrepreneurs (2005-06). Identification of common cross national problems includes, access to finance and support, language barriers, limited business, management and marketing skills and over-concentration in low-entry threshold activities with limited scope for diversification into mainstream markets. The significance of welfare regimes, immigration policies and regulatory contexts is central in explaining cross-national differences in levels of EMB activity.

The production of reports on racial equality, discrimination and employment by national focal points across EU member states for EUMC provides a further opportunity to consider comparative cross national analysis of EMB issues (see CRE 2002, ICMPD 2003 and Law *et al* 2006 for housing). The meta-analysis by ICMPD notes that structural economic changes in many (post-) industrial economies have diminished the demand for traditional guest-worker occupations (e.g. in Denmark, France, Germany), as a result self-employment has become an increasingly important option for many (e.g. in Austria, Germany, Sweden). Most of the newly created ethnic businesses are rather small and aim at local markets, sometimes even at specific ethnic communities. Typical branches include: merchandise, restaurants, cleaning services, barbershops, wholesale, retail trade (especially groceries), tourism and manufacturing (textile, clothing and leather). Evidence shows that self-employed migrants tend to be middle-aged with long employment periods prior to business start-up. Common problems being lack of financial support and the small-scale of enterprise. Comprehensive data on migrant self-employment is scarce, reflecting the fact that the rise in self-employment is recent and also because a fair number of migrant-run enterprises may operate in the informal sector (e.g. Roma businesses in Greece, street vendors in Italy). Where data is available, this demonstrates that in recent years the number of non-EU nationals in self-employment has increased significantly, with some ethnic communities being particularly prominent e.g. Chinese, Senegalese, Egyptians and Moroccans. More detailed research into the relative success of enterprise within specific diasporic groups across differing national contexts may help to resolve questions as to the relative significance of ethnicity and structural/regulatory factors. An excellent example that addresses this issue is Benton's (2005) ESRC project on Chinese business. He identifies the need to 'de-essentialise Chinese capital', stresses the importance of intra-ethnic competition rather than intra-ethnic cooperation in determining growth and challenges the whole value of the notion of 'ethnic enterprise'. This is supported by the critique of the essentialist post-Confucian explanation of Chinese business success by Mackie (2000), and also by Tong (2005) in examination of Chinese business failure and conflicts over succession and inheritance.

6.0 Knowledge gaps and research themes

A wide range of possible research questions, issues and themes have been identified in this paper. This section seeks to summarise some key knowledge gaps and to suggest a range of priorities for research funding.

6.1 Research and policy

In examining research and policy linkages, two key issues were identified. Firstly, the value of an interactive issue approach was highlighted involving examination of simultaneous research processes and policy processes relating to a specific issue, such as ethnic minority business, over a specific period of time. Secondly, examination of the dysfunctional consequences of research in this and related fields which have led to a range of forms of 'ethnic managerialism' in public service provision.

6.2 Policy, equality and diversity

Every sphere of public policy is engaged with the question of how to understand and respond to equality and diversity agendas, to a greater or lesser extent. Research and policy in this area shows little evidence of cross-sector learning and there are fundamental problems which have yet to be effectively addressed including handling hyper-diversity (the complex reality of multiple nationalities, languages, cultures and faiths), the growth of divisions in income and wealth, and communities within each ethnic minority group and the growth of ethnically mixed individuals, families and firms raises a set of complex issues which need to be addressed in policy responses to the role of ethnicity. The ethnic essentialism of minority brokers and organisations structurally fostered by 'backward looking' notions of ethnicity amongst policy-makers and service providers can be contrasted with the wishes of 'so-called' EMBs who wish to define themselves in a forward-looking manner beyond the categories of ethnicity. There is an important cross-policy agenda for research and policy here.

6.3 EMB needs assessment

The specification and understanding of the varying needs of EMBs and the development of effective assessment strategies is a pre-requisite to the development of appropriate forms of provision. Given the growing diversity of forms of ethnic minority enterprise greater knowledge is needed here. The funding of detailed community based studies of business and enterprise, particularly amongst under-researched groups and in previously undifferentiated sections of larger ethnic minority categories and groups would be helpful here. Furthermore, policy and needs assessment in this area should encompass all ethnicities and address the needs and experiences related to business development that arise for particular ethnic groups made invisible in the white category. Also the question of the business support needs

of other groups including refugees and asylum seekers is relevant here. This points to the need for greater consistency and coverage in regional and local strategy.

6.4 Area-based policy

The proliferation of area-based policies (e.g. CGI, LEGI, business support, NRU) and differing approaches across Regional Development Agencies and Devolved Administrations has highlighted a set of questions regarding the need for policy evaluation and assessment of impact on ethnic minority and equity for EMBs. Developing best practice methodologies in ethnic and racial impact assessment and targeting is a pre-requisite here. Also, meta-analysis of learning from policy evaluation studies may help to inform these issues. Also significant here is the question about the impact of the concentration of particular ethnic groups on ethnic minority business development, given evidence on the negative impact of inner city locations on EMBs.

6.5 Take-up of business support

As indicated above there is a need for better conceptualisation and testing of models of service take-up to improve understanding of persisting problems in provision. The bundle of negative general perceptions held by some EMBs about support services needs unpacking, and key elements in models of good practice in achieving breakthroughs in improving provision need documentation. This topic also has vital cross-policy implications for all public services

6.6 SMEs and diversity/ race equality policy

Both the benefits of diversity and the costs of discrimination and harassment in EMBs is an area that has received very little attention. It is highly likely that persisting casual forms of direct discrimination may be continuing at a similar level to that amongst similar sized white-led businesses. Also, the value and benefits of implementing effective diversity policies are likely to be similar amongst both white and EMBs. In addition, the question of the impact of the Employment Equality (Religion and Belief) Regulations, 2003, on EMB business was raised.

6.7 Direct and indirect discrimination

The track record of testing, actual cases and formal investigations of varying forms of unlawful racial discrimination against EMBs is rather limited compared to other sectors, e.g. compared to the extensive record of examples of racial discrimination in the housing sector. Access to finance and support services and 'red-lining' of high

risk neighbourhoods have been highlighted and systematic study is needed. The CRE investigation of discrimination in regeneration may be a useful model to follow.

6.8 Ethnic minority women

The recent reports from the Gender and Employment in Local Labour Markets Programme (GELLM) have identified the need for urgent action to improve the position of ethnic minority women (Yeandle *et al.* 2006). Despite some evidence of good local initiatives, tackling discrimination and appropriate gender-sensitive strategies to promote business development by ethnic minority women is needed. Examination of connections between enterprise and the lifecourse may be of value here, given that key barriers identified include weaknesses in local support infrastructure (including childcare) and entrenched poverty.

6.9 EMB and Procurement

The extent to which EMB will be encouraged to participate in, and be successful in, public sector procurement raises a set of questions for further research, including the strategies adopted by public agencies, the strategies adopted by EMBs, barriers and constraints on taking advantage of procurement opportunities, and performance measurement and monitoring.

6.10 EMB and positive action

The extent to which time bound positive action measures should be used to facilitate equality in public sector procurement as well as more generally in the support and development of EMBs, also raises a set of questions for further research. These could include analysis of the values and drivers of key positions in this debate (compensatory, utilitarian, diversity, individual rights, empowerment), evaluation of different forms of intervention and specification of time bound measurement frameworks. (Recent work by the Runnymede Trust on affirmative action drawing on a study of India addresses some of these issues, October 2006)

6.11 EMB, social capital and community cohesion

The nature of the role and impact EMB and its leaders has on community cohesion and social capital has been highlighted as a key under-researched area. The identification of the contribution of EMBs to trust and reciprocity, local leadership, civic values and social interaction, as well as potential negative effects, may prove fruitful in establishing connections for consideration in national and local policy.

7.0 Conclusion

In conclusion, there are a key set of vital and urgent research themes in the specific field of EMB which, if addressed, would have the potential to make a significant impact on improving governance and management of ethnicity and racism across a wide range of EU and UK policy fields.

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