

**MULTIPLE DISADVANTAGE AND BLACK ENTERPRISE:
ASPECTS OF AFRICAN-CARIBBEAN AND SOUTH ASIAN
SMALL BUSINESS.**

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ABSTRACT.

Numerous studies have been undertaken on a wide range of issues affecting racialised minorities and small businesses. This thesis has chosen to focus on a number of issues pertinent to the nature of ethnic minority owned small firms. Whilst the topic of finance has been researched in tandem with other factors, it has rarely received the attention devoted to it in this thesis. The thesis critically evaluates finance availability for black small enterprises owned by persons of South Asian and African-Caribbean origins. Semi-structured interviews have been conducted with business owners in fifteen locations in England. These interviews have been enriched by a smaller number of in-depth unstructured conversations. Apart from finance, other relatively under-researched aspects of black enterprise are also discussed in this investigation. The interplay of gender, ethnicity and small enterprise is explored in chapter four whilst chapter seven examines the nature of both African-Caribbean and South Asian businesses situated in contrasting market areas. Parallels are drawn between the experiences of allegedly entrepreneurial-minded groups such as the Koreans and African-Americans in the USA who are distinctly under-represented among the small business owning classes. The outcome of this investigation of African-Caribbean and South Asian small enterprises is an image of a group of owners who have a strong determination to succeed in their ventures, exemplified through such factors as their motivation and attendant vocational qualifications, whilst simultaneously attempting to overcome numerous obstacles. Some of these barriers are generic to small businesses per se, whilst others are more exclusively 'ethnic'. The whole thesis is encapsulated within socio-political debates around the plight of severely disadvantaged visible minorities and proposed self-help strategies mediated by the persistence of covert and blatant racism.

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CHAPTER 1: BLACK ENTERPRISE ON THE PUBLIC AGENDA: DISCOURSE IN POLITICAL AND ACADEMIC CIRCLES.

1. 1 The socio-political context of black enterprise.

1. 1. 1 Urban unrest in Britain.

The early 1980s represents an important episode in the long-running debate on small business enterprise. This followed a period in the 1970s when central government was becoming increasingly perturbed about degeneration of the nation's urban centres (Thompson 1991). The mid 1980s period was characterised by the politically motivated promotion and launch of a business enterprise culture (Burrows 1991; Storey and Strange 1992). This entrepreneurial fever was marketed as a panacea for sustained national economic growth and individual self-betterment.

'The history of the Thatcher years of the 1980s had begun to be written as the journey down an epic road to economic recovery, a new ideological vision of a bright, shining world of enterprise turned into an economic miracle of declining inflation, rapidly falling unemployment and a record number of jobs created. The beginning of the new decade has already shown that much of this story has been written in sand' (Macdonald and Coffield 1991: 263).

Extra incentives were aimed particularly at black racialised minorities¹ who are residentially concentrated in central city areas (Cross and Waldinger 1992; Gordon and Sassen 1992) especially in the wake of the civil disturbances of the early 1980s. The involvement of the black population in productive pursuits was seen as critical to not only restoring but also maintaining social harmony in Britain's urban centres. The incidences of urban unrest represented the culmination of frustrations around key issues such as severe housing stress, over-zealous policing strategies and the dearth of suitable employment opportunities.

1. 1. 2 Social, economic and political regulation.

The plight of Britain's black population since their arrival into British society in the 1950s and 1960s has been exacerbated by their intra-urban concentration. On arrival in Britain both legal and illegal forms of discrimination arising out of the colonial legacy ensured that the black population were allocated the worst public housing and the least desirable employment opportunities and conditions (Henderson and Karn 1984; Robinson 1989):

¹ For the purposes of this thesis, the term 'black' is chiefly used to refer to those business owners whose family origins were originally in the Caribbean, India, Pakistan, Bangladesh or Sri Lanka. Hence those under discussion include direct migrants, descendants of migrants, as well as those who have sojourned in countries such as Uganda or South Africa (McEvoy and Jones 1993). The term 'black' is also used more generally during this thesis to refer to business owners whose family origins were originally in other Asian countries such as South Korea and China. The term 'black' is also used interchangeably and in conjunction with the terms 'ethnic minority', 'racialised minority' and 'visible minority'. Potential problems and arguments over these categorisations are recognised in section 3.10 where discourses on 'blackness', 'whiteness' and cultural identities are raised.

‘I’ve had 300 blacks through my hands in the last two years. As workers I find them slow, lazy and aggressive... Now I put most of my coloured workers in their own gangs under white supervisors. I am sorry for them, but they are just not up to the work here. They are only a generation away from the jungle, trying to be Western and failing. They’re cunning and have an inborn animal instinct. Those who do well do so by preying on their own people’ (words of a building contractor’s agent in Brixton cited in Patterson 1965: 118).

The emergent boom in the domestic economy in the post-war period was concomitant with huge labour shortage for British industry. This sparked a wave of labour migrants from the New Commonwealth to plug these employment gaps. Most notably, migrants from the Caribbean and the Indian Subcontinent were recruited in their thousands to work in the health and transport industries, whilst others found opportunities in the textile trades and metal manufacture in the northern shires and West Midlands respectively. Many of these emerging employment opportunities were unpopular with the indigenous workforce. They were characterized by low pay, poor working conditions and unsociable hours and had been vacated by the indigenous workforce following the availability of better opportunities. Hence ‘black labour tends to be replacement labour, employed in socially undesirable jobs vacated in the context of full employment by white indigenous labour’ (Phizacklea and Miles 1980: 19).

This set of circumstances confirmed their residence in blighted inner-city areas and it is in the zone in transition (see Burgess 1925; Flanagan 1990 for discussions of this term), with its endemic problems, that in the 1990s a vast proportion of the black population is still found. For the urban masses located in central city areas characterised by such factors as high population densities and a shrinking pool of labour market opportunities these ongoing crises of deprivation represented the catalyst for protest:

‘However, underneath the conservative popular base is the substratum of the outcasts and outsiders, the exploited and the persecuted of other races and other colours, the unemployed and the unemployable. They exist outside the democratic process; their life is the most immediate and the most real for ending intolerable conditions and institutions. Thus their opposition is revolutionary even if their consciousness is not’
(Marcuse 1968 200)

Deindustrialisation and the reduction in welfare spending has led to the economic marginalization of vulnerable groups in society including Britain’s black populations (Fainstein 1992, Fielding 1994)

In retrospect, the measures undertaken to promote sustained entrepreneurial activities among ethnic minorities have encountered only partial success. A more cynical analysis might argue that the success achieved may have happened anyway, independent of governmental intervention. In addition there was very little co-ordination between the measures implemented which resulted in a hotchpotch of business support organisations and schemes:

‘... the 1980s spawned a confusing array of business support services through the Training and Enterprise Councils, Enterprise Agencies and Business Links which were over-layed on private sector providers like the Chambers’ (Guardian 1995c: 16).

More than ten years after the first entrepreneurship proclamations, chronic unemployment is still a very evident feature among Britain’s visible minorities. Harriet Harman, Labour’s Employment spokesperson, repeated the call of Lord Scarman (Scarman 1981) for initiatives targeted at Britain’s inner city areas and populations:

‘A whole generation (young black men) is in danger of being alienated from the rest of a society which appears to offer them little or no future. Society has an obligation to offer young people opportunities in life’ (Harman 1995: 2).

Racism has conspired to dispossess some ethnic groups of acceptable life chances (Chaudhary 1996). The notion of institutionalised racism is part of a wider conceptualisation of the logic of racism. Institutionalised racism emerged in the USA during the 1960s as a direct challenge to the belief that racial inequality stemmed from the actions of a small minority of white people and was justifiable on biological grounds (Miles 1989). Discourse on institutionalised racism draws attention to the systematic nature of racism within societal organisations and how the

multiplicity of processes engaged in by these institutions either intentionally or not serves to marginalise a subordinate group (Mason 1995). The dominant and subordinate groups are differentiated by skin colour (polarised groupings of 'blacks' and 'whites') (see Carmichael and Hamilton 1968 for example). This institutionalised racism can be a feature of the labour market and the socio-political freedom bestowed on some subordinate groups in society. The comments of Sir Paul Condon, Commissioner of the Metropolitan Police, and their endorsement by the Home Secretary, Michael Howard, on criminalisation and black youth show how this marginalisation can be accentuated and become further embedded in the fabric of society:

'It is a fact that very many of the perpetrators of muggings are very young black people who have been excluded from school and/or are unemployed' (Condon quoted in Guardian 1995a: 1).

'Every section of the community - black and white - suffers from street robbery. Political correctness is the great discriminator. It is the enemy of the victims of crime, and its supporters are the friends of the criminal'

(Howard quoted in Guardian 1995b: 1).

These acutely insensitive statements and the politically incorrect, apartheid-style categorisation of the capital's population into 'white Londoners, black Londoners and brown Londoners' (Condon 1995) give ammunition to those who hold the agonizing belief that criminal tendencies in black people are somehow biologically determined and does little to raise the

self-esteem of black people or their standing in Britain's multi-racial communities (Phillips 1995). The comments also fail to address how issue of law and order fit into the wider discourses surrounding unacceptably high unemployment rates, housing stress and a mismatched education system which impact disproportionately on certain subgroups of Britain's population (Phillips 1996).

These spokespersons on law and order also appear to be advocating the urban policing strategies of the early 1980s when intense stop and search policies were foremost. All social analysts are familiar with the outcomes of these aggressive policing techniques (Lea and Young 1982; Scraton 1982). It is this chequered history of racial oppression which provides which provides the backdrop for this study of ethnic minority enterprise.

1.2 Conceptualising ethnic minority enterprise.

1.2.1 Research for government bodies.

A considerable number of studies pertaining to the development of ethnic enterprise in Europe have mainly been concerned with the reporting of primary research findings on specific ethnic groups operating in different socio-spatial settings. Hence the commercial activities of the Surinamese in Amsterdam, Chinese in Britain and the Tunisians in Paris, to name but a few examples, have been spotlighted and investigated (see Blaschke *et al* 1990; Boubakri 1985; Liao 1993 respectively for examples). Undoubtedly these studies and similar reports are extremely informative and assist in the trans-cultural comparisons of business and owners. In

Britain, a plethora of research projects were conducted and the reported around the period of the urban unrest of the 1980s (see studies by Kazuka 1980; Brooks 1983; Sawyerr 1983; Clark and Rughani 1983 for multiple examples).

These reports were largely descriptive in content though prescriptive in nature on how public policy might address some of the particular difficulties pertaining to ethnic minority business in Britain. Some of these difficulties and obstacles are discussed above. In the case of Wilson (1983) for example, the research was funded by a quasi-governmental body seeking information on the nature of black entrepreneurship (African-Caribbean and South Asian) in the London Borough of Brent. Hence the outcome is a portfolio of reports aimed at redressing difficulties in a specific locality though without doubt the substantive content has broader relevance for businesses in Britain run by the both South Asians and African-Caribbeans.

On the whole, research on ethnic minority entrepreneurship in Europe has been chiefly pragmatic in nature. The conceptual reasoning behind the empirical detail has been regularly neglected. When theoretical concepts are addressed Light's (1984) and Light and Bonacich's (1988) notions of ethnic and class resources have often been the avenues pursued (refer to section 1. 2. 2). Nonetheless the nature of the research output has often been determined by the requirements of research funding bodies and the specified needs of their target audiences (Hoggett, Jeffers and Harrison 1994).

1. 2. 2 Entrepreneurial minorities.

Ethnic resources are those cultural assets of the ethnic group which actively promote business activity such as strong kinship ties and a conscious sense of identity. These characteristics of in-group attachment help to make business ownership a viable proposition:

‘immigrants are embedded in social structures that provide basic resources they can use to obtain an opening... Myriad ties connect them to other members of the immigrant community, and those ties are also imbued with special meanings within the community’ (Morokvasic *et al* 1990: 170).

Class resources are those lower middle class assets which do not necessarily relate to aspects of in-group attachment but are prerequisites for business formation and sustainability. These include appropriate education and skills attainments (Barrett 1992), financial resources and a general commercial awareness. A combination of these assets is necessary for entrepreneurship, but success is only achievable in an opportunity environment conducive to small business ownership.

Business activities which have relatively low barriers to entry must adopt suitable strategies to stave off the attendant competition. Firms closely tied to serving the needs of a co-ethnic market are likely to face intense competition from other in-group providers and may decide to seek a customer base of both a co-ethnic and indigenous nature. Transformations within the running of the firm include the capacity to use unpaid family labour, longer working hours and product diversification. Among some South Asian and a lesser number of African-Caribbean

communities the competitive edge over non-co-ethnic business rivals may be achieved by accessing and mobilising financial resources. Numerous European scholars, this author included, have sought to accommodate their study of ethnic minority small firms within the context of this competitive advantage/resource base thesis (see Barrett 1996a, 1996b; Werbner 1984; Reeves and Ward 1984 for examples and subsequent chapters of this thesis).

In summary, European scholars of ethnic minority business have either relied primarily on the theoretical synthesis of their collaborators in North America or worked in close tandem with scholars based in America (see Bonacich 1973; Portes 1981; Light 1972; Waldinger, Aldrich and Ward 1990 for example) The ethnic/class resource thesis is one such approach. It examines the wealth and application of resources mustered by different ethnic groups in the establishment and preservation of a commercial venture. Other cornerstone approaches to understanding entrepreneurial behaviour are discussed below.

1. 2. 3 Middleman minorities: sojourning ethnic groups.

Bonacich (1973) has argued that some ethnic groups in the world have occupied a similar place in the social structure. These groups include the Jews in Europe (see for example Kessner 1977; Waldinger, McEvoy and Aldrich 1990), East African Asians (Bose 1982; Jamal 1976), South Asians in Britain (Aldrich *et al* 1981) and the Japanese and Koreans in the USA (Bonacich and Modell 1980; Min 1991):

‘Among the principal peculiarities of these groups is the economic role they play... they occupy an intermediate rather than a low status position. They tend to concentrate in certain occupations, notably trade and commerce, but also other “middleman” lines such as agent, labor contractor, rent collector, money lender and broker. They play the role of middleman between producer and consumer, employer and employee, owner and renter, elite and masses’ (Bonacich 1973: 583).

These groups have tended to begin their stay in the host country with a sojourning mentality and hence have developed very few ties, initially, to the territory they reside in, so as to create minimum problems when they decide to return to their homeland:

‘The sojourner wants a portable, or easily liquidated livelihood’ (Bonacich 1973: 585).

This desire for temporary status engenders a degree of social marginalisation which in turn brings the groups concerned into conflict with the host society and also other ethnic groups adopting a less insular stance. This in turn serves to heighten the in-group solidarity of the ethnic group. Whilst the sojourning mentality has faded for many first generation migrants and is distinctly absent from the psyche of many second and third generation descendents, the goal of serving an ethnically diverse market is still very real for business owners seeking to break-out of restricted markets. Aspects of Bonacich’s (1973) approach are revisited in chapter seven of this thesis and remains extremely influential for scholars of ethnic minority enterprise as an explanation of ethnic solidarity and its linkages with economic activity. She justifiably recognises that middleman status can be a lucrative avenue of upward mobility for some members of an ethnic group but not for all.

In the context of the UK, Ballard and Ballard (1977) remind us that in the first half of the twentieth century, Sikh migrants attempted to make a living by selling household goods from suitcases in rural areas and in the growing suburbs which were not yet well served with retail facilities. Today the archetypal South Asian middleman would be the corner shop proprietor selling alcohol and/or newspapers or the Indian restaurateur. These firms are not exclusively dependent on a co-ethnic market. Both sets of activities exhibit dispersed spatial patterns (Jones and McEvoy 1986; McEvoy and Jones 1993). Businesses must (re)locate to areas where their target populations reside. For example, Chinese restaurateurs in Britain are widely dispersed throughout urban areas where they have ease of access to their target populations (Bailey, Bowes and Sim 1995; Liao 1993; Watson 1977).

In Canada, South Asians have shown a similar inclination to their British counterparts to tailor their businesses towards the general population but on a more limited scale than in Britain owing to the smaller number of South Asians among the Canadian population. Comparisons of the relative performance and nature of businesses and their owners in both Britain and Canada highlight very little difference. Both investigations emphasise a male dominated ownership pattern, extremely well qualified proprietors, small proportions of full-time paid staff but significantly high proportions of unpaid family assistance (Jones *et al* 1992b; Jones *et al* 1993; McEvoy and Jones 1993). These findings are somewhat surprising given the relative openness and warmth of the Canadian economy and society towards foreigners and the absence of the more marginal enterprises in the Canadian sample which are numerous in the British survey. This leads McEvoy and Jones (1993) to succinctly conclude that:

‘ ... Canada has none of the ethnic enclave businesses which seem to fare least well in Britain. When, however, we compare firms in similar market circumstances in the two countries, in the “middleman” and higher order ethnic markets, there is relatively little distinctiveness. Canada’s positive multicultural stance cannot eliminate the operations of economic forces, but it does limit their worse impacts’ (McEvoy and Jones 1993: 159).

Hence ethnic minority small business research in the 1990s in both Europe and North America needs to stress that the development of a middleman status between producer and consumer and the shift towards an ethnically diversified clientele is less a route to accelerated socio-economic progression as Bonacich (1973) might have suggested and more a strategy of managed economic survival in difficult economic contexts for ethnic minority entrepreneurship (see section 7. 9. 2 for further discussion of this viewpoint).

Whilst Bonacich’s concept of middleman minorities has received a warm welcome among European scholars, the concept of ‘enclave economies’ has had less of an impact on European studies. Self-styled ‘enclave economists’ and ‘ethnic economists’ in the United States have also been responsible for a long running debate on the nature and characteristics of such ensembles. There is little doubt that whilst there are unique differences in the two approaches, the debate has become tiresome. The controversies are briefly reviewed in the next section.

1. 2. 4 Ethnic (enclave) economies?

In the USA, constant academic battles have been waged, in recent years, over defining and assessing the accuracy and utility of the concept of an 'ethnic enclave economy' *vis-à-vis* the concept of an 'ethnic economy' (see for example Portes and Bach 1985; Portes and Jensen 1987; Sanders and Nee 1987; Wilson and Martin 1982). Light *et al* (1994) argue that the enclave concept has its genesis in theories of labour market segmentation whilst the ethnic economy derives from the middleman minority concept. Bonacich and Modell (1980) first coined the phrase 'ethnic economy' and attributed it to the presence of ethnic welfare capitalism among Japanese Americans in the pre Second World War period. For these authors the term described the self-employed and their co-ethnic workers as distinct from co-ethnics working in the wider economy. At this stage Bonacich and Modell (1980) did not attempt a systematic dismantling of the components of the ethnic economy as they saw it.

This author does not wish to become embroiled in the circular debate that has developed but to take Waldinger's (1993) advice when he suggests there is an overdue need to shift the debate towards more fruitful concerns, namely how those facets of the 'ethnic (enclave) economy' where a consensus can be agreed can contribute to the knowledge bank of the sub-discipline (Waldinger 1993; Barrett *et al* 1996). However some discussion time must be spent on setting out how some of the different approaches, debates and issues of contention have been (de)constructed in the literature.

Light *et al* (1992) argue that enclave economy is a special case of ethnic economy and:

‘ (ethnic economy) is the proper conceptual tool to utilize in most studies of immigrant and ethnic minority business enterprise. This concept avoids the useless debates about where respondents reside or work... It also extends the range of research to a much broader class of phenomena and is, indeed, universal and exportable’ (Light *et al* 1992: 15).

Hence every immigrant group or ethnic group has an ethnic economy but a more distinct form of this ethnic economy is the enclave economy. A key issue of the discourse on ‘ethnic enclave economy hypothesis’ or ‘ethnic economy concept’ stems from an understanding of the firm owner-employee relationship. In *Latin Journey* (1985), Portes and Bach analysed the labour market experiences of Cuban refugees in Miami between 1973-79. This period was also synonymous with a rapid proliferation of Cuban owned businesses. Portes and Bach identified the most important attribute of the self-employed at the end of the study period as previous employment in a Cuban owned firm. Moreover co-ethnic employees in Cuban owned firms were shown to receive better returns to their labour than their co-ethnic counterparts employed in non-Cuban firms in the secondary sector (Zhou and Logan 1989). These findings severely contradicted established knowledge on immigrant economic adaptation. Many of the enclave firms comprised the secondary sector which is characterised by low skills, poor pay levels and restricted avenues of upward mobility. However this longitudinal study by Portes and Bach calls into question these traditional assumptions. Moreover Wilson and Martin (1982) aggrandise the enclave economy concept by treating it as a unique species of the primary economic sector. The reason for which surrounds the potential for horizontal and

vertical integration of Cuban enclave firms which could produce increased spending power among the Cuban community. This expansion and diversification augments production in related industries, raises wages in the enclave economy, increases job opportunities stemming from the initial demand for products and in turn raises profits accruing to the business owners.

Waldinger (1993) treats these arguments with some scepticism in arguing that Wilson and Martin's contribution to the enclave economy debate largely sums up to an aggrandisement of the internal dynamics of the ethnic enclave economy. Waldinger tempers their claims by forwarding three issues

(1) The evidence proffered mainly relates to vertical integration. However it is horizontal integration in the primary sector which can be achieved by establishing similar outlets in different locations which provides some degree of monopolistic control, increased profits and possibly higher wages. Arguably higher wage levels may be short lived given the business casualties and the increased pool of available labour ensuing from the growth of monopolistic control

(2) The effects of horizontal integration on business profits is closely related to lower employment, lower production costs and higher prices. These characteristics are not synonymous with ethnic minority firms which rely on suppressing price levels and labour intensive practices in order to compete in intense markets (Jones *et al* 1993).

(3) There are differing barriers to entry which prevent access to various economic activities. Hence whilst most small firms begin from humble origins, only a small proportion of these will

shed their marginal existence and develop, for example, a manufacturing and wholesaling portfolio.

Sanders and Nee's (1987) contribution to the ethnic enclave saga is stimulated in a study of Cuban and Chinese immigrants. They partially agree with Portes' school of thought on the greater benefits accruing to entrepreneurs from working in the enclave economy but suggest that traditional assimilation theory which argues that segregation thwarts the economic mobility of ethnic groups best explains the experiences of co-ethnic employees in the enclave economy. Their labour market experiences, measured through returns to labour, were found to be inferior to those immigrants working in the 'open' secondary sector. Waldinger (1993) notes that Sanders and Nee introduced a subtle change to their analysis. Portes and his associates had compared Cuban enclave workers with Cubans employed in the 'open' secondary sector. In contrast, Sanders and Nee compared Chinese and Cuban enclave workers and employees with a reference group of Chinese and Hispanics living in any other location and a non-Hispanic white sample. Moreover Sanders and Nee used the open economy comprising both primary and secondary sectors as the reference point. Not surprisingly their results largely contradicted those of Portes and his associates. Altering the parameters and reference points of study does little to advance knowledge in the enclave economy debate.

Having examined the contentious nature of the ethnic enclave economy phenomena, it is understandably difficult to identify a consensus that accurately sums up the typical characteristics of the ethnic enclave economy. For this author the ethnic enclave comprises a myriad of commercial activities in which large numbers of co-ethnics purchase goods. This concentration of co-nationals in a specific area promotes in-group attachment which is exemplified through the use of co-national suppliers, the greater availability of business capital through less recognised channels and the recruitment of co-nationals to work in the businesses. This interpretation of an enclave ensemble is adopted in chapter seven.

Co-ethnicity is fundamental to the workings of the enclave set-up because it provides enclave owners with:

‘privileged access to markets and sources of labor... (and) the reciprocal obligations attached to a common ethnicity’ (Wilson and Portes 1980: 315).

The diversity provided by the network of ethnic businesses attracts co-ethnics customers from outside the enclave and also the purchasing power of the majority group in society. This understanding complements Portes’ (1981) definition of ethnic enclaves:

‘Enclaves consist of immigrant groups which concentrate in a distinct spatial location and organize a variety of enterprises serving their own ethnic market and/or the general population. Their basic characteristic is that a significant proportion of the immigrant labour force works in enterprises owned by other immigrants’ (Portes 1981: 290-291).

Significant proportions of co-ethnics work in enterprises owned by co-nationals and the enclave environment regenerates itself by equipping suitable employees with the skills,

expertise and access to resources necessary for them to start up their own firms. In this sense, there is concurrence with Bailey and Waldinger's (1991) assertion on the need to examine the enclave from a 'training system' perspective, recognising the enclave economy as a training ground for future co-ethnic apprentice managers.

1.3 Towards new agendas for ethnic minority business research in Europe.

1.3.1 Flexible accumulation and ethnic minority business.

The competitive advantage/resource thesis discussed above can be described as a foundation theory. In other words, there is scope to graft on further conceptual thinking. In Europe, scholars such as Robin Ward have propelled conceptual reasoning on ethnic minority entrepreneurship forward through fusing together the nature of ethnic entrepreneurship with an understanding of meta-theories of small firm organization and technological change (Ward 1987, 1991).

It is widely argued and deeply contested that the 1980s witnessed the erosion of the dominant Fordist regime of accumulation and its co-existence with a neo- or post-Fordist regime with less demand for mass produced goods, and in which competitive pressures required much more flexible methods of production. Post-Fordism is associated with factors such as increased flexibility, a reduction in the size of production units, customised products and a

relaxation in the legal requirements concerning employee contracts (Boyer 1988; Crewe 1991; Hudson 1989; Scott 1988).

The Fordist regime of accumulation had reached its apogee in the 1960s. Its subsequent meltdown was concomitant with rising inflation, the oil crisis and a transition to a regime of flexible accumulation. The nature of the labour market now sees growing disparities between core and peripheral workers (Burrows *et al* 1994). Where flexible production arrangements are in place they are frequently accompanied by greater levels of exploitation manifest in a growth in part-time and temporary work and a high proportions of politically marginal workers such as immigrants, women and youths. Changes in industrial organisation have led to the significant emergence of subcontracting, homeworking, sweatshops and the use of female domestic labour. The move towards small-batch production runs represents a shift away from the Fordist economies of scale. Consumers now demand new products which alter in accordance to fashion (Dunford 1990; Sayer 1989; Wai-Cheung 1994).

Sketchy evidence to support the emergence of flexible accumulation can be found in both North America and in Europe. In the so-called Third Italy centred on Emilia Romagna, the artisanal industry has been successfully revived and is centred on the complex intermesh of small firms operating flexible production methods. The industrial base of the region was its craft production activities. Today, this dense network of artisanal small firms represents one of the most vibrant parts of the Italian economy contributing enormously to the economic development of the region (Storey *et al* 1988). A key strength of the Third Italy region is the 'specialised agglomeration of artisanal firms producing design-intensive product-differentiated outputs in short production runs and with remarkable adaptability of organisational and labour market relations' (Scott 1988: 180).

Ward (1991) proposes parallels between the organization of clothing manufacturers in the Third Italy and the nature of some south Asian firms in spatially bound districts which are also likely to be engaged in clothing production. Hence both sets of firms enjoy comprehensive networking arrangements which, coupled with the competitive advantage accruing from accessing the factors of production at low cost has enabled them to react quickly to fluctuations in the market. Working examples can be consulted in Manchester for Pakistani clothing producers (Werbner 1984) and in New York City for Chinese immigrants also engaged in garment production (Waldinger 1986; Morokvasic *et al* 1990). On the negative side, as far as the non-core employees are concerned, the increased flexibility does not come without costs. These firms are not exempt from exploitative working practices (Lloyd 1989). Pollert (1988) argues that the term 'flexibility' legitimises the deregulation of the labour

market, reinforces existing gender divisions and detracts from such issues as the social distribution of wealth. The exact nature of a post-Fordism era and the degree to which it differs from the previous Fordist regime is hotly contested (Fielding 1994; Labrianidis 1995; Tickell and Peck 1992). Nonetheless scholars should be applauded for attempting to synthesise research on ethnic minority business within the arenas of mainstream theoretical discourse on the changing nature of global capitalism since the underlying processes of black enterprise formation and existence are far from unique (Jones 1989; Ward 1991).

1. 3. 2 Reflexive in-depth research.

The style of research and discourse on ethnic minority business, particularly in the UK, is being transformed in the 1990s. Intrinsically anthropological type studies such as those undertaken by Werbner on Manchester Pakistanis and fact reporting exercises as commissioned by quasi-government bodies are being refashioned and revamped (see Werbner 1980, 1984, Wilson 1983 respectively for examples). Increasingly the emphasis is placed on giving life to the actors (the individual business owners) and the uniqueness of their experiences through qualitative research methods (see Deakins, Hussain and Ram (1995); Song 1995; Barrett 1996 for just a few examples). Moreover as Barrett *et al* (1996) assert, the growing involvement of black academics and commentators in the debates about black entrepreneurship is both welcomed and an essential component of a discourse and research agenda that is becoming increasingly reflexive (see chapter two).

Research on ethnic minority entrepreneurship is increasingly shifting away from large scale areal studies aimed at interviewing and recording the experiences of several hundred respondents towards drawing upon the exhaustive bank of quantitative studies as important background for smaller in-depth qualitative studies of ethnic entrepreneurship. For Ram (1992, 1993), for example, this is achieved by utilising the author's status as insider to obtain longitudinal case studies material on small Asian-owned firms in the West Midlands. The privileged access enjoyed by Ram enables him to grapple effectively with the intricacies of the Asian owned clothing manufacturer, the inter-connectedness of gender, ethnicity and how these factors are manifest in the workplace. Simultaneously the data collected is presented in a form which allows the critical reader to reinterpret the data whilst also examining the particular biases that the researcher may have instilled within the research process.

1. 3. 3 The significance of gender in small enterprise research.

The importance of debating the intersection of ethnicity, gender and enterprise is recognised particularly in chapter four of this thesis with a detailed account of gender relations within ethnic minority firms and the characteristics of female entrepreneurs. Anthias (1983) argues that it is not coincidental that those ethnic groups who have shifted into labour intensive activities are those which through kinship ties can utilise the unpaid assistance of female family members in the pursuit of economic viability (see Morokvasic, Waldinger and Phizacklea 1990; Phizacklea 1990 for examples).

Anthias (1993) states that ethnic minority entrepreneurs’:

‘...ethnic and family bonds are used to gain class advantages over their own groups and over women in particular. This is not to say that ethnic minority women do not feel that it is advantageous to work for a member of their own group - avoiding racism, language and other cultural problems they face, and feeling less alienated’ (Anthias 1993: 182).

Hence working in the ethnic economy provides a shielding mechanism from the associated problems of racism but it can also mean drudgery for some ethnic minority women labouring in co-ethnic controlled firms:

‘... this newly proletarianized labor pool has depressed wages internationally. Immigration has shifted some of the low-wage female industrial labor force from less-developed countries to Europe and the US. ... It would be exceptional to find immigrant women in the status of shop owners or contractors in these manufacturing networks. There is no “ethnic career ladder” for women garment workers; they remain on the bottom rungs of the industry’ (Petras 1992: 104).

Ethnic minority women seeking to become entrepreneurs in any activity in their own right can be faced with a set of unwritten restrictions which are patterned on patriarchal lines. Gaining access to suitable finance can be a key stumbling block as gender and race stereotypes conspire to deny access to crucial class resources.

1.4 Some recent research from continental Europe.

In Britain, the Chinese population have demonstrated their entrepreneurial vigour since their immigration to Britain in the 1950s and 1960s. They responded readily to changing eating patterns and greater levels of affluence among the host population. Hence the 1970s was characterised, among other events, by the phenomenal expansion of Chinese catering (Liao 1993). Because of their involvement in the catering trade, the Chinese community is widely dispersed in central city areas, small towns and suburbs and as Watson (1977:181) argues '(they) do not represent a very significant "problem" for local authorities. Even the two settlements in Liverpool and London cannot be described as ghettos in the usual sense of the term. Most of the Chinese in this country live and work in areas where they have easy access to a large middle-class clientele'.

In France, research has shown high levels of business activity among individuals of Moroccan, Tunisian and Chinese extraction. These businesses tend to offer the same product as indigenously owned firms but provide a different quality of service. Competitive advantage is achieved over their rivals through longer opening hours, easily available credit and the sale of produce in very small quantities (Ma Mung and Guillon 1986; Ma Mung 1994). The Tunisians are the smallest of the three groups originating in North Africa but they have the greatest affinity towards self-employment. Research has shown the concentration of approximately 180 Tunisian catering establishments in only a few neighbourhoods of Paris. Within these outlets

strong traditions are fostered and the firm provides work for family members and co-ethnics (Boubakri 1985).

Turkish owned business has blossomed considerably in Germany and has also been the focus of research. Strong family tradition, the satisfying of market demand for culturally specific products and self-employment as a vehicle of socio-economic progress against a backdrop of rising unemployment have given Turkish entrepreneurship the necessary impetus. Many firms are intrinsically associated with the community and practice a high degree of ethnic communalism and networking. Business activity has not been restricted to serving a solely co-ethnic market. Blaschke and Ersoz (1986) identify the externalisation of Turkish enterprise towards providing such items as fast food and transport for consumption by the wider society.

Recent research activity on ethnic minority business in the Netherlands is more restricted but more recently attention is turning to investigations of entrepreneurship. Ex-colonial subjects constitute the largest ethnic minority in the country and the Surinamese are the largest single group (Blaschke *et al* 1990). Low levels of entrepreneurial activity have been noted for Turks, Moroccans, Chinese, Javanese and Creoles among other groups. Perhaps the Surinamese are the most worthy of further examination. The immigration of Surinamese to the Netherlands has been characterised by a stop-start process. Immigration peaked in 1974-75 and then declined sharply following the independence of Surinam in 1975. The entrepreneurial behaviour of the Surinamese in Amsterdam reflects this pattern of migration. Hence businesses

which were established in the 1960s were concerned with serving the dietary needs of the early migrants. As the numbers of co-ethnics rose in subsequent years, there was both a proliferation in the number of these *tropica* food-stores and the diversification of entrepreneurial pursuits into other activities. Blaschke *et al* (1990) record that in 1983 there were approximately 250 Surinamese ventures in Amsterdam. The average age of the businesses was five years, which accords quite closely with the findings of this thesis, whilst the average age of the owners was thirty-eight. Most firms occupied the more inexpensive sites in the city in the older parts of the urban centre. This spatial pattern of business settlement also coincided with co-ethnic residential settlement patterns.

In total these studies represent just a small sample of a recent rich seam of research undertaken on minority sub-economies. The methodological emphasis of research in the sub-discipline continues to shift from large scale quantitative studies to ethnographic approaches to the study of small firm owners and their social lives (see chapter two). This thesis upholds these recent traditions by fully embracing the new directions for ethnic minority small firms research.

The key focus of this thesis is the nature of African-Caribbean and South Asian owned enterprise using a control sample of white owned firms in Britain (see chapter two for more details of methodologies employed). This is investigated via a large scale survey of ethnic minority business (410 interviews) but is also supplemented by the richness and depth derived from a smaller number of unstructured depth interviews. Where possible the white

comparative dimension derived from the control sample is introduced into the thesis which serves to both strengthen the arguments made and dispel justifiable criticism that there is very little difference between the nature of black controlled small firms and their white counterparts. Conversely the use of the white control sample avoids the:

‘danger of identifying certain characteristics as “ethnic” when in truth they are very often variants on a universal small-business culture... Diversity must be acknowledged, indeed celebrated, but it must not be allowed to obscure common humanity. That in itself is a form of racism’ (Barrett *et al* 1996: 804).

To date, very few studies of black enterprise have chosen to adopt this comparative research strategy. Moreover the thesis draws upon secondary sources in attempting to reconcile the experiences of the British based participants with minority owned firms in North America. The search for trans-Atlantic comparisons and contrast has also been largely neglected in the ethnic minority literature (Barrett *et al* 1996). In the following two sections the popular stereotypes of South Asian industriousness and entrepreneurial success and African-Caribbean laziness and inactivity are re-examined. The discussion is then broadened to examine North American similarities, namely the Korean self-help role model for empowering disadvantaged African Americans.

1. 5 South Asian success?

1. 5. 1 South Asian millionaires.

‘The encouragement of black people to secure a real stake in their own community through business and the professions, is of great importance if future stability is to be secured...there will be a long term need to provide useful gainful employment and suitable educational, recreational and leisure opportunities for young people especially in the inner city’ (Scarman 1981).

Lord Scarman’s rallying cry for black people to become more involved in the economic and social fabric of British cities ‘through business and the professions’ has been greeted with mixed outcomes by racialised minorities. Ironically the most vigorous response has been exhibited by entrepreneurs of South Asian extraction. Commercial activities have graduated from a plethora of corner-shop bazaars (Jones 1981; Malik 1994) and diversified into a myriad of retailing and servicing activities (Aldrich *et al* 1981). The number of South Asian businesses has blossomed from an insignificant scattering in the 1960s to over 61,000 to the present day (Rafiq 1992; Asian Business 1991). Equally there are an estimated 300 South Asian millionaires in the United Kingdom, many of them having made their fortune in the last twenty years (Day 1992).

This prolific growth indicates what Light and Bonacich (1988) refer to as an entrepreneurial minority (section 1. 1. 2). This entrepreneurial minority has harnessed the requisite ethnic resources (e.g. ethnic solidarity, shared values, skills and knowledge from which the business

actively benefits) and class resources (includes among other factors material wealth, bourgeois values and knowledge passed on inter-generationally (Light 1984). Somewhat indicative of the presence of these resources is the following anecdotal evidence from two business owners interviewed for the purpose of the research:

‘I try to borrow money from friends because there’s no interest charges. In our community there are resources so you can borrow money and pay it back when you’re ready. You agree a date with the lender and if necessary pay it back in parts’ (South Asian restaurateur in Liverpool).

‘The business has been in the family for many years. I use to work under my father's ownership. Now I’m a partner with my father...’ (South Asian Gravesend newsagent).

This commercial activity may not have heightened the social standing of business-minded Asians considerably among the white population. But as Srinivasan (1992) argues, more significantly the social standing of Asian business owners within their own communities is augmented. This notion of ‘intangible’ business success measures is returned to in section 7.4.

1. 5. 2 Realities of South Asian business.

Given the body of research which lends support to the increasingly popular notion of South Asian achievement in Britain, one must be careful not to disregard former popular images of Asian enterprise (Woodcock 1993). The preponderance of small retail outlets enduring long hours of trading and exploiting the unpaid labour of family members is still a reality (Picardie 1994). As Jones *et al* (1993: 188) reaffirm:

‘... much Asian business represents a misdirection of capital, talent and energy. Small scale retailing demands long and anti-social hours of work for the owner and often substantial unpaid assistance from the family. The financial rewards are generally small and unreliable’.

In contrast, Werbner (1984) portrays a more sanguine perspective of South Asian enterprise in a socio-cultural study of Pakistani merchants engaged in Manchester’s garment trade. She traces the entry of this group into several branches of the trade and identifies the strategies which have made this entry possible and sustained. These strategies include both financial and psychological support to friends and kin who also seek access to this niche economy (Dahya 1974). The outcome for the Pakistani community is both sufficient material resources and the business confidence to reinvest in other potential niche economies but also the creation of a regulated self-regenerating process of opportunity structures (Waldinger, McEvoy and Aldrich 1990). These niche economies are regulated by the blending together of ritual and kinship ties with the inevitable competition between rival proprietors:

‘... the encroachment into a new economic niche may be said to take the form of an “entrepreneurial chain”, as early successful entrepreneurs provide sponsorship, patronage, credit or advice to relatives and friends... What follows is the escalation of the number of immigrants within a niche and in the scope of their activities... (and) a “culture of entrepreneurship” develops within the immigrant group, informing the actions and dreams as well as the attitudes and beliefs of increasing numbers of immigrants’ (Werbner 1984: 187).

Hence Pakistani entrepreneurs in Manchester through their calculated invasion of niche activities are providing the catalyst for fellow co-ethnics to achieve a measure of upward mobility. Undoubtedly this represents a positive outcome given the limited opportunities in the mainstream labour market. More pessimistically however, the creation of ethnic sub-economies in areas of high ethnic minority concentration is leading to the spatial entrapment of these minority groups in central city areas (Werbner 1994); this is despite the recent suburbanisation by Asians ethnic groups, in particular, to commuter towns and the rural periphery (Werbner 1979). The pattern of spatial isolation of black populations in the major cities which have suffered sustained economic decline during the 1980s remains markedly unchanged (Owen 1995).

1. 6 African-Caribbean progression or regression?

1. 6. 1 Latent potential and African-Caribbean enterprise.

Lord Scarman's appeal for disenfranchised blacks to become an integral component among the business owning classes was particularly aimed at the African-Caribbean population.

'A weakness in British society is that there are too few people of West Indian origin in the business, entrepreneurial and professional classes' (Scarman 1982:168)

African-Caribbeans exhibit considerably lower rates of self-employment than their South Asian and white counterparts (see Table 1. 2, page 53).

Discussions of South Asian business development in Britain often engender a debate about the relative nature of African-Caribbean owned business. A stark contrast is regularly drawn between the perceived Asian success story and the development of African-Caribbean entrepreneurial class which is in a relatively embryonic stage. Despite African-Caribbeans having arrived at self-employment significantly later than their South Asian counterparts, a fact regularly forgotten by politicians, they are exhibiting a significant amount of entrepreneurial potential

'I thought I should try something which is black (African Caribbean) oriented so that we can establish some sort of recognition probably, that we can work well in business and keep a business together really. Black business in general has a lot of stick because they don't have any continuity. They don't seem to progress or expand without

controversy surrounding them and I think... it's true we can work a business on an equal level to any other groups really... and to give maybe some of the youngsters some sort of role model, some idea that if they do things in a proper manner things can work very well' (Manchester African-Caribbean travel agent).

Concurrent in-depth research by Ram and Deakins (1996) on African-Caribbean enterprise in England provides further testimony to the sanguine attitudes evident among the African-Caribbean business population. African-Caribbeans like their Indian counterparts have inordinately higher levels of qualifications compared with usual among small business owners, but unlike Indian owners they have a significantly higher propensity to seek out further business training (Barrett 1992) Both Storey (1982), in his study of new firm founders in northern England, and Curran and Blackburn (1993) have demonstrated the value of these personal attributes in attempting to assure the success of a venture.

1. 6. 2 A long term outlook for African-Caribbean enterprise.

Admittedly the long term progress and growth of African-Caribbean business is threatened by a series of cultural, social, political and economic obstacles (Basu 1991; Brooks 1983; Cashmore 1991; Milne 1987, Wilson 1983). Some of these barriers to growth and development affect the whole spectrum of small business regardless of ethnicity. However for black owned businesses these difficulties are augmented by phenotypical attributes of race.

Moreover as Kazuka (1980) argues, the situation is compounded by a disadvantaged socio-economic position.

1. 6. 3 Barriers to growth.

Sawyerr (1983) drawing upon research in the Moss Side area of Manchester identifies three particular aspects of business ownership which are problematic for African-Caribbean proprietors:

(1) Liaising with formal institutions: Some business owners alleged unequal treatment from public officials on tax, health and safety and planning matters for example. The present research also records incidences of unfair treatment of black owners. However these comments are matched by a similar number of white proprietors who allege the favourable treatment of black owners at the hands of officialdom.

(2) Management and personnel skills Sawyerr's survey of 25 mainly African-Caribbean entrepreneurs highlighted the owners' lack of management and communication skills since very few had access to the attainment of such skills in their previous jobs. The present research on African-Caribbean owners unearths a high proportion of skills and education attainment with proprietors exhibiting a close correlation between their accumulated skills and their business activity (Barrett 1996a). Moreover Barrett (1992) and McGoldrick and Reeve (1989) suggest that more flexible time-tabling of adult education courses (financial management, computing and marketing were particularly popular) by educationalists to match the long hours commitments of business owners would cater for the demand which clearly exists.

(3) Funding: The added difficulties securing finance for business start-up is the most documented problem facing both existing and potential African-Caribbean business owners. Allegations of race prejudice and cultural myopia on the part of high street clearing banks has undoubtedly tarnished their image amongst the African-Caribbean community. Problems of under-capitalisation perpetually thwart the growth and threaten the survival of small businesses. Sawyerr (1983) records that under capitalization and alleged prejudice on the part of banks was a major problem facing the business owners questioned. Woodcock (1994) comments on the growing phenomenon of centralised banking whereby one's business affairs are increasingly monitored from major regional branches and the autonomy of the local high street manager along with the rapport built with customers is increasingly eroded. According to Deakins, Hussain and Ram (1995) banks need to adopt a more positive trading relationship with their inner-city customers such as ethnic business owners. Some businesses require further bank support through which their burgeoning potential can be realised to the mutual benefit of both entrepreneur and financier

The three original criteria proposed by Sawyerr (1983) can be supplemented by a fourth. The spatial entrapment of some ethnic minority owned businesses in central city areas and the limitations this places on their markets and their financial affairs is of equal concern. Spatial concentration in dilapidated central city areas also has considerable repercussions for arranging suitable insurance cover for the business (Patel 1988). The comments of the following African-Caribbean enterprise owners encapsulate this frustration over business insurance:

'Insurance is one of the main problems because it (the business) is in the inner-city, the area where people don't like to insure me... you'll find that a lot of shops within this area are not insured whatsoever... there was a riot here at one time and they seem to dwell on that. It was an area where a lot of crime is done but there is not as much now, but the name sticks, it sticks that black people live here' (Liverpool African-Caribbean leather fashions manufacturer).

'Don't talk of insurance, insurance is killing me! I've had insurance for 4 years and I haven't claimed once. Then they tell me that its going up because I'm paying for people who have claimed. I went to Natwest and Barclays. Natwest wouldn't cover me for money lost due to robbery and theft and only for equipment. Barclays quoted a premium of 2,200 pounds a year!' (Liverpool African-Caribbean hairdresser).

McEvoy and Jones (1993 158) suggest a typology of small firm development. Most ethnic minority owned firms have their origins in serving the protected co-ethnic market (Aldrich *et al* 1985) and carry out their affairs totally in the 'ethnic enclosure' environment. The limitation of this customer base, which may be relatively impoverished, and the wish for economic survival, can lead to the firm entering a 'middleman' function of serving the majority market. The next logical step could be the progression into higher order retailing and servicing with larger geographical markets but regression in terms of targeting a predominately co-ethnic clientele. Following this pattern, the apogee is achieved with the movement into higher order,

non- and co-ethnic lines of commerce (Barrett *et al* 1996; Barrett 1996b; Ram and Hillin 1994).

Table 1. 1 Selected black business research in England.

Author and year	Study area and number of interviews conducted	Failed to secure start-up loan (unless stated otherwise)
Brooks (1983)	London Borough of Lambeth 70 Asians 33 African-Caribbeans 100 whites	74 percent of African-Caribbean firms 13 per cent of Asians 5 per cent of whites
Wilson (1983)	London Borough of Brent 60 Asians 60 Afro-Caribbeans	6.7 percent of Afro-Caribbean firms 8.3 percent of Asian firms
McGoldrick and Reeve (1989)	Kirklees Metropolitan District 42 Asians 8 African-Caribbeans	54 percent of respondents alleged problems getting bank loans. African-Caribbeans twice as likely as Asians to encounter problems

The selection of empirical studies in table 1. 1 substantiates claims about differential obstacles to entrepreneurial progress. All three studies involved locality studies of Asian and African-Caribbean firms in areas of considerable ethnic minority presence. Brooks (1983) supplemented the research on Asians and African-Caribbeans with a control sample of one hundred white owned firms. The findings are self-explanatory with regard to owners' ability to secure bank finance though sharp contrast are evident between the evidence from Brent *vis-à-vis* the data from Lambeth and Kirklees. More recent research evidence collected through interviews with ethnic minority business owners in a variety of inner city and suburban

locations serves to update the observed patterns. Management skills and funding strategies are key topics of investigation in this thesis and are the focus of in depth scrutiny in subsequent chapters.

1. 6. 4 African-Caribbean bourgeoisie.

Whereas Werbner (1984) enthuses about a ‘culture of entrepreneurship’ stimulating the thoughts and ambitions of like-minded Pakistanis in Manchester, African-Caribbeans particularly and some South Asians face what can be described as an ‘entrepreneurial lag’. According to Cashmore (1991) determined efforts to incubate an entrepreneurial culture and provide lasting role models for aspiring business owners are being compromised by factors with their origin in market forces. What these factors are, is not fully explained. Firms, regardless of owner’s ethnicity, can purport to wholeheartedly adopt the ideology of equal opportunities and even affirmative action but analysis of potentials for advancement could hint at obstacles to the advancement of black employees:

‘They (black owners) find themselves implicated in a virtual discrimination by proxy. Despite their economic power and ability to make key decisions, many of the larger companies find themselves badly compromised not by racist whites, but by more abstract factors with their source in market forces. The result adds a new twist to the already perverse logic of racism’ (Cashmore 1991:355).

Ultimately the underlying cause of the black bourgeoisie’s inability to affect the status quo is the way racism has become deeply embedded in the fabric of society (see section 1. 1. 2).

Hence efforts by black owners of larger firms to elevate co-ethnics to positions of greater responsibility and public visibility are greeted tepidly by conservative western societies (also see Zukin 1995).

1.7 *Spatial variations in self-employment.*

1.7.1 Ethnic origin and regional unevenness.

Studies by scholars such as Ma Mung (1994), Light and Bonacich (1988) and Werbner (1984), for example, attempt to articulate the differences between rival groups' access to business resources. They also hint at spatial differences in the nature of self employment and more particularly ethnic minority business in Britain. Extracting data from the 1991 Census, the propensity of ethnic groups to take up employment chances by United Kingdom regions is exposed. As mentioned earlier, black ethnic minorities in Britain are highly concentrated in central cities of metropolitan areas. Recessionary pressures have squeezed mainstream labour market opportunities and for ethnic minorities practices of overt and covert racism have conspired to constrain available opportunities even further. Unemployment rates for different ethnic minorities reveal higher levels of unemployment than average among Pakistanis, Bangladeshis, African-Caribbeans and Indians respectively. For those of South Asian extraction this disadvantage is offset by their greater recourse to business ownership. For African-Caribbeans, however, their high levels of labour market inactivity is concomitant with very low levels of entrepreneurial activity.

With regard to entrepreneurial activity, the 1991 Census data on self employment contrast sharply with data derived from the Labour Force Survey. On a technical note, the Labour Force Survey is based on interviews with members of approximately 60,000 private households in Britain chosen from the Post Office's postcode address file. The sample is chosen randomly but ensures that each standard region is represented in correct proportion to the country as a whole (Employment Gazette 1990). As with all sample surveys, the Labour Force Survey is subject to sampling error. The Census represents a one hundred per cent sample survey. A primary indication from both surveys is that the Labour Force Survey substantially over-estimates rates of self-employment *vis-à-vis* the different ethnic groups. However any decisions on Labour Force Survey data imperfections must be balanced against the knowledge that the decennial census is a self-administered survey and consequently must be prone to respondent error or disinformation.

In Great Britain, according to the Census, whites constitute 94.9 per cent (2,922,917 persons) of the economically active population engaged in self-employment (Table 1. 2). The next largest group by virtue of their size are Indians followed by the Chinese. Despite the white population's dominance in terms of sheer numbers, only 7 per cent of this group are self-employed (third set of figures in boxes). In contrast, the Chinese make up only 0.6 per cent of the total self-employed but are extremely entrepreneurially minded as an ethnic group. According to the Census, 14.9 per cent of Chinese are self-employed and this figure is more than double the proportion calculated for all ethnic groups (7 per cent). The number of African-Caribbean self-employed (13,392 persons) is not too dissimilar to the Chinese total

(17,869 persons) but the gulf in the proportion engaged in self-employment activities is more striking. Only 3.4 per cent of African-Caribbeans in Great Britain are self-employed. This pattern is consistent with arguments surrounding the barriers to entry stated above.

The Labour Force Survey estimates self-employment rates for Indians and Pakistani/Bangladeshis at 15 and 17 per cent respectively for the census year 1991. In the post-census year these rates for the South Asian groups rose to 25 per cent or 1 in 4 of the economically active population. Since 1992 the sharpest fall in these rates has been felt by Indians. This largely reflects the tendency of the young Indian population to invest their burgeoning academic qualifications in pursuit of professional occupations. The rates for both whites and all persons converge in the last census year at 11 per cent. This represents four percentage points higher than the census data. The nearest proximity in self-employment rates detected by both surveys is for African-Caribbeans. Nearly 5 per cent were recorded as self-employed in 1991 according to the Labour Force Survey. The 1991 Census places self-employment activity slightly lower at 3.4 per cent. In the post-census years this proportion has risen to 6 per cent as shown in table 1. 2. These revelations could call into question the findings of research undertaken in the 1980s which adopted non-adjusted sample estimates of ethnicity and self-employment derived from Labour Force Surveys and National Household Surveys for example.

Table 1. 2 Self-employment rates for selected ethnic groups and UK regions 1991.

<i>Ethnic group</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Region							
Great Britain	94.9	0.3	2.2	0.7	0.2	0.6	
	2,922,917	13,392	67,340	22,642	5,060	17,869	3,078,436
	<u>7.0</u>	<u>3.4</u>	<u>11.4</u>	<u>8.3</u>	<u>5.9</u>	<u>14.9</u>	<u>7.0</u>
Inner London	85.3	2.8	4.0	1.0	0.8	1.1	
	123,092	3,997	5,756	1,488	1,098	1,617	144,260
	<u>7.8</u>	<u>2.9</u>	<u>10.6</u>	<u>7.9</u>	<u>3.0</u>	<u>7.3</u>	<u>7.1</u>
Outer London	84.4	1.5	8.6	1.2	0.3	1.0	
	216,360	3,786	22,172	3,097	796	2,616	256,422
	<u>7.6</u>	<u>4.3</u>	<u>11.3</u>	<u>8.1</u>	<u>9.1</u>	<u>12.0</u>	<u>7.7</u>
East Anglia	98.3	0.1	0.5	0.2	0.1	0.4	
	128,574	153	689	222	93	468	130,852
	<u>8.0</u>	<u>3.8</u>	<u>14.4</u>	<u>6.8</u>	<u>10.2</u>	<u>16.0</u>	<u>8.0</u>
South West	98.7	0.1	0.3	0.1	0.1	0.3	
	334,511	438	1,049	234	227	1,146	338,823
	<u>9.1</u>	<u>4.4</u>	<u>13.4</u>	<u>9.6</u>	<u>16.1</u>	<u>22.2</u>	<u>9.1</u>
North West	95.2	0.2	1.4	1.4	0.2	0.9	
	286,567	583	4,300	4,126	476	2,593	300,909
	<u>6.0</u>	<u>3.4</u>	<u>11.8</u>	<u>9.9</u>	<u>6.4</u>	<u>19.9</u>	<u>6.1</u>
West Midlands	93.4	0.6	3.8	1.1	0.2	0.5	
	245,034	1,516	9,893	2,985	471	1,175	262,476
	<u>6.4</u>	<u>2.5</u>	<u>9.1</u>	<u>5.5</u>	<u>4.7</u>	<u>16.0</u>	<u>6.4</u>
East Midlands	95.0	0.3	3.2	0.4	0.1	0.5	
	208,951	639	7,100	879	167	1060	219,947
	<u>6.9</u>	<u>3.3</u>	<u>10.3</u>	<u>8.5</u>	<u>7.5</u>	<u>18.9</u>	<u>7.0</u>
Yorkshire and Humberside	95.6	0.2	1.6	1.5	0.1	0.5	
	231,167	514	3,870	3,540	202	1,176	241,723
	<u>6.2</u>	<u>3.0</u>	<u>14.0</u>	<u>6.9</u>	<u>4.8</u>	<u>19.1</u>	<u>6.3</u>
Merseyside Metropolitan County	96.3	0.1	0.8	0.2	0.1	1.5	
	48,240	48	380	89	58	735	50,110
	<u>4.4</u>	<u>2.8</u>	<u>19.0</u>	<u>14.9</u>	<u>14.6</u>	<u>17.1</u>	<u>4.5</u>
Greater Manchester Metropolitan County	92.7	0.4	2.1	2.6	0.3	1.0	
	109,183	436	2,484	3,009	305	1,207	117,844
	<u>5.8</u>	<u>3.2</u>	<u>12.5</u>	<u>11.0</u>	<u>5.4</u>	<u>19.4</u>	<u>6.0</u>
Greater London	83.7	1.9	7.0	1.1	0.5	1.1	
	335,452	7,783	27,928	4,585	1,894	4,233	400,682
	<u>7.6</u>	<u>3.4</u>	<u>11.1</u>	<u>8.1</u>	<u>4.2</u>	<u>9.6</u>	<u>7.5</u>
West Midlands Metropolitan County	85.8	1.3	8.4	2.5	0.4	0.6	
	85,118	1,289	8,365	2,465	381	635	99,225
	<u>4.8</u>	<u>2.3</u>	<u>8.7</u>	<u>5.1</u>	<u>4.1</u>	<u>13.4</u>	<u>4.9</u>
West Yorkshire Metropolitan County	92.2	0.4	3.2	2.9	0.1	0.5	
	87,432	352	2,999	2,793	98	460	94,854
	<u>5.9</u>	<u>2.9</u>	<u>12.8</u>	<u>6.5</u>	<u>3.3</u>	<u>15.6</u>	<u>6.0</u>

Source: OPCS 1993.

Key to figures

proportion of self-employed ethnic group in an area as a percentage of total economically active in the area.

total number of self-employed in an area and by ethnic group.

proportion of an ethnic group engaged in self-employment as a percentage of all co-ethnic economically active.

Key to ethnic groups

1	White	5	Bangladeshi
2	Black Caribbean	6	Chinese
3	Indian	7	All persons
4	Pakistani		

1. 7. 2 Asian groups and regional unevenness in rates of self-employment.

The findings of such research may have over-exaggerated ethnic minority entrepreneurial activity. However this does not detract from the valuable contribution of these surveys to charting the changing social and economic mobility of Britain's black populations between the decennial censuses (Peach 1990; Robinson 1990). Generally activity rates for most Asian ethnic minorities remain considerably in excess of the average for all persons but political claims about the importance of ethnic business as a catalyst for revitalising Britain's central cities and economies need to be tempered (Ward 1991). The disaggregation of the macro figures for Great Britain (presented in table 1. 2) illuminates considerable regional variations in entrepreneurial propensities among the ethnic groups.

In London, the main area of settlement for Indians is in Outer London and more specifically Hounslow and Ealing in West London are localities for high residential concentration (see figure 1. 1). Over 22,000 Indians confirmed themselves as self-employed in the last census. In Outer London this represented 8.6 per cent of the total economically active population in that region which is nearly four times the proportion for Indians in Great Britain. Alternatively the proportion of Indians who are self-employed as a percentage of all Indian economically active persons in this region is 11.3 per cent and this figure is on a par with the comparative Great Britain statistic (11.4 per cent). In contrast the major settlement of persons of Bangladeshi origin is the Inner London Borough of Tower Hamlets (figure 1. 1). Obviously at borough level, the areas of concentration become more marked and spatial differences become more

apparent. Proceeding down the spatial scale to electoral wards and enumeration districts the differences are intensified further as levels of ethnic concentration and segregation rise (McEvoy 1987). Hence within the Borough of Tower Hamlet, 60.7 per cent of the population of Spitalfields ward is of Bangladeshi origin (Storkey 1994) whilst the London Borough of Tower Hamlets is home to a quarter of all Bangladeshis in Britain (Guardian 1996b). At the region scale, only 3 per cent of Bangladeshis are self-employed. Hence their spatial entrapment in one borough of inner-London because of cultural and institutional constraints serves to dampen their propensity for entrepreneurship in dispersed localities of the region (Carey and Shukur 1985).

Ethnic minorities make up only a minute part of the self employed group in the South West region. The relatively high number of self employed in this region (338,823 persons) is partially a reflection of the prevalence of agricultural small holdings (Cater and Jones 1989) but also the significant growth in new firms engaged in business, financial and professional services (see Daly 1990; Daly 1991; Keeble 1990; Keeble and Walker 1994). Among the ethnic minority groups under investigation, the Chinese exhibit the inordinately high proportion of entrepreneurship (22.2 per cent of the economically active Chinese population). The disproportionately high levels of Chinese self-employment, compared to the all persons' statistic in nearly all the regions listed is tantamount to their demographic patterning. As mentioned above, this is mirrored in a dispersed residential and business settlement pattern. Only in Inner-London is their entrepreneurial activity rate surpassed by any group.

Figure 1. 1 Residential location of South Asian ethnic groups in Greater London 1991.



Data source: OPCS 1993

LJMU Cartographic Unit - 1996

1. 7. 3 African-Caribbeans and regional unevenness in rates of self-employment.

The proportion of African-Caribbean persons of self-employed status in any particular region of Britain generally fluctuates marginally around the Great Britain average. In Inner London where African-Caribbeans make up 2.8 per cent of the self-employed population they still only constitute 2.9 per cent of all African-Caribbeans economically active in the borough. This latter figure rises above the Great Britain statistic in East Anglia, Outer London, and the South

West (3.8 and 4.3 and 4.4 per cent respectively). Both the South West and East Anglia appear to be the foci of small firm growth for all ethnic groups. This might be explained by the birth of professional services in these regions but also the urban-rural shift in ethnic minority small business generally.

1. 7. 4 An urban-rural shift in ethnic enterprise?

Fothergill and Gudgin (1982) referred to the phenomena of an urban-rural shift which characterised the process of industrial deglomeration of manufacturing industry in the 1960s and early 1970s. They analyzed the relocation of existing industrial capacity from the old industrial conurbations and the establishment of new factories in rural areas. Lack of floorspace for physical expansion was posited as the main overriding reason for this shift supported by other factors such as labour supply difficulties. In comparison a similar rationale could prevail for ethnic minority business owners who establish retail outlets in new suburban and virgin locations for ethnic minority enterprise. They are either passively or actively seeking out profitable customer markets in new spaces away from the saturated customer base in older urban residential settlements. This is undoubtedly an area for further research around strategies adopted to combat the inelastic demand by co-ethnics, market saturation and breaking out of the stereotypical business mould.

1. 8 *Contrasting African American, African-Caribbean and Korean experiences.*

1. 8. 1 African Americans in business.

‘The mass of Negroes must learn to patronize business enterprises conducted by their own race, even at some slight disadvantage. We must co-operate or we are lost. Ten million people who join in intelligent self-help can never be long ignored or mistreated’ (Harris 1936:49-50 cited in Frazier 1957).

It was argued earlier in this chapter that it is unfair to compare African-Caribbean business in Britain with South Asian enterprise because of their different cultural traditions, attitudes and arrival times among the small business owning classes. However a more suitable match for African-Caribbean business in Britain can be found across the Atlantic. Both African Americans and African-Caribbeans have shared similar historical experiences of dehumanization, deprivation and fragmentation of their cultural identities under slavery (Fryer 1984; Gilroy 1987; Pajaczkowska and Young 1992).

As early as the 1880s some intellectual African American leaders in the United States, such as Booker T. Washington, were promulgating the rise and development of a black (African American) bourgeoisie (Asante and Mattson 1992). This emerging strand of the middle classes would lead to the full emancipation of African American peoples as business opportunities and property ownership became widespread and an accepted facet of African American culture. These developments would be underpinned by the bond of shared values, racial co-operation

and self help. These initiatives followed the enactment of new laws which regulated and institutionalised racial segregation and subordination to the total detriment of African Americans.

Frazier (1957) rightly affirms that the capital mobilised within the African American community was insignificant in relation to the American economy and that African American entrepreneurship provided very few jobs for co-ethnics. Hence to discuss the promotion of African American business as the panacea for the ills and gross injustices of institutionalised racism is merely skimming the surface of deep-rooted and institutionalised problems. Frazier (1957) labels the belief that entrepreneurship represented an overarching solution to the endemic problems of racism as a ‘social myth... (and)... one of the main elements in the world of “make-believe” which the black bourgeoisie has created to compensate for its feeling of inferiority in a white world dominated by business enterprise’(Frazier 1957:153).

Evidence from the 1980s indicates some progress by African American towards colonizing small business activities (US Bureau of Census 1991) but just as in Britain where African-Caribbean rates of entrepreneurship are contrasted with South Asians, African-Americans proprietors find themselves pitched against Korean immigrant owned small firms.

The relatively low rates of African American business ownership is generally attributed to the lack of socio-cultural and class resources which can be mobilised in the pursuit of entrepreneurship. Both Light and Bonacich (1988) and Waldinger, Aldrich and Ward (1990) affirm that the fragmented nature of African-American communities militates against the development of group social networks, mechanisms of in-group attachment which are essential in nurturing business opportunities.

The absence of petit bourgeois values is also a serious setback to encouraging new firms. Low educational attainments among African Americans, small amounts of financial capital and the absence of resource generating mechanisms such as rotating credit schemes are among the class related factors which severely hinder the processes of business formation (Bonacich and Modell 1980; Curran and Burrows 1986; Light and Rosenstein 1995). However the fundamental source of hindrance to black progression is the racism embedded in society's social structures (Hodge and Feagin 1995). The establishment of inner city enterprise zones has failed to galvanise a new generation of black entrepreneurs in the USA. Unequal access to health, education, capital and labour market opportunities have stunted the growth of a black entrepreneurial class (Gans 1992; Marable and Mullings 1994). These arguments are substantiated by the Guardian (1992: 11):

‘The tiny role of black entrepreneurship in the US economy and the institutional barriers they find to growth are now recognised by the Bush administration as key factors in the continuing deprivation of black communities, a pattern which helped

explain the recent wave of riots in Los Angeles. But black economists see little dramatic change coming through the new policies of enterprise zones and tax incentives, unless the government invests in an ambitious new programme of job training and education' (Guardian 1992c: 11).

Cashmore (1992) reminds us that the policy measures surrounding the development of an enterprise culture which were instigated by the then British prime-minister Margaret Thatcher were paralleled in the United States by the then President Ronald Reagan. The Reagan led administration was characterised by a strong belief in individual progression and self-reliance. In policy terms this emphasis was operationalized through considerable cuts in welfare and health expenditure and the proclaimed belief that poverty was a self-induced state of being. Hence socially, politically and economically marginalised groups such as the homeless, underemployed and visible minorities were held responsible for their own plight (Murray 1990). Neo-conservative thinking acted to create a pool of exploitable low cost labour so that US industrial capital could begin to compete more readily with its international competitors (Kasarda 1989; Sassen 1991).

1. 8. 2 Korean role models.

One self-help strategy adopted by some visible minorities in the USA was business ownership. Barrett *et al* (1996) remind us that the edicts of the media and government agencies for a culture of self-help was laced with a moralistic subtext. Business minded Koreans were

professed as the archetypal role model for all disadvantaged minorities to aspire to in their logical quest for socio-economic advancement.

The ethos of self-help served to relieve the State of the burden of catering for the economic and social needs of its diverse populations. Hence Korean immigrants bringing with them to the USA both the cultural and class based resources generic to small business formation were the ideal advertisement for individual self-reliance and progression. The fusion of cultural homogeneity and economically productive pursuits serves to enhance ethnic solidarity and embeddedness (Waldinger 1993). Min (1991) argues that this level of in-group attachment is enjoyed by very few Asian entrepreneurial minorities. Recent Chinese immigrants are of varying destinations such as Hong Kong, Singapore, mainland China and Taiwan. There are huge differences, for example, in the political ideologies of immigrants emanating from Taiwan as compared to those originating from mainland China. Similarly the Iranian immigrant group has distinct ethnic-religious sub-groups which has an adverse affect on the operations of a coherent Iranian ethnic economy (Light *et al* 1992; 1994).

Both Kim (1981) and Min (1991) discuss the propensity of Korean owned business to become established in low income black areas of central cities. Their decision to service the population in these areas is twofold. Firstly they have a desire to exploit the vacant niche which has not been filled by African-American entrepreneurs who lack the necessary resources. In New York City, another factor in the emergence of these niches has been the ageing population of Jewish

and Italian business owners whose fear of crime, age and the reluctance of heirs has prompted them to sell their businesses on:

‘Korean immigrants are able to buy shops from white minority shopkeepers, especially Jews, because the second- or third-generation children of these older immigrants have already entered the mainstream of the American occupational structure, and so they are reluctant to take over their parents’ businesses. In fact, experienced Korean shopkeepers have advised less experienced Korean businessmen that the prospect is very good if you buy a store in a good location from old Jewish people’ (Kim 1981: 111 cited in Waldinger, Aldrich and Ward 1990).

Secondly, Korean entrepreneurs perceive that the black ghettos represent a relatively less hostile environment than predominately white areas. Whilst Korean entrepreneurs have brought much needed services to central city ghettos, their strong ethnic ties and cultural attachment has served to exclude others (Light 1995). These exclusionary practices have prompted violent responses from inner-city black communities angered by the failure of Korean owned firms to employ African American workers and contribute finance to African American community organisations. The organised boycotts of Korean owned outlets has also been a feature. At this juncture the words of Harris (1936), cited above, begin to resonate. Hence the entrance of Korean businesses into African American locales is often viewed as risky because of the escalating inter-ethnic tensions (McEvoy and Cook 1993; Jo 1992; Ok Lee 1995).

Bates (1994) questions whether the educational merits of Korean entrepreneurs are sufficiently rewarded in their business activities. Min (1991, 1993) reminds us that the vast majority of Korean immigrants have received a high school or college education in South Korea and hence their employment in retail and service activities represents an underemployment of their human capital. Across the Atlantic a similar argument has been proposed for South Asians in Britain (Aldrich *et al* 1981; Barrett 1992). Hence self-employment has afforded the entrepreneur the opportunity to make her/his own decisions about the operations of the enterprise but the wider structures of society regulates access to the different types of activities. Despite the ethnic and economic solidarity exhibited by Korean enterprise and their heavy investment in their ventures their actual returns on their human and physical capital are very small and inferior to the returns accruing to African American owned ventures per dollar invested capital. Evidence from research casts considerable doubt on the appropriateness of the Korean entrepreneurship as the benchmark for all marginalised minorities to model.

1. 8. 3 African-Caribbean entrepreneurs in the USA and Britain.

Foner (1979,1987) has consistently argued that the relative slow rate of African-Caribbean self employment in Britain has been partially affected by the migration of those with the essential petty bourgeois values (higher educational qualifications and incomes) to the USA and Canada. The attraction of North America is closely associated with more productive life chances and the potential to achieve higher income employment in a more supportive environment both for business start-ups and visible minorities. The most significant trend in

New York City, with regard to African-Caribbean labour market experience, is the influx of African-Caribbeans into low grade service employment and not entrepreneurial activities:

‘An examination of the economic role West Indians now play in New York reveal that their relative prosperity is less a result of entrepreneurial activity than of their ability to adjust to economic and social change by filling the lower rungs of New York’s emerging service economy... Despite the “black Jews” mythology, West Indian rates of self employment are low’ (Kasinitz 1992: 99-101).

Asians have tended to occupy the traditional immigrant role of small retailing and service provision in predominately black locales whilst Hispanics have colonised the declining manufacturing sectors of the burgeoning New York economy. West Indians in the United States exhibit marginally higher rates of self-employment than African Americans but significantly lower rates than other immigrant groups. Despite the greater presence of the prerequisite entrepreneurial class resources, African-Caribbeans in the USA demonstrate remarkably similar self-employment trends to the British based Caribbean Diaspora. Just as African-Caribbean rates of entrepreneurship in Britain trail those exhibited by Asian ethnic groups and the native white population (OPCS 1993); using the 1980 US Census of Population, Kasinitz (1992) reveals the lower rates of African-Caribbean self-employment *vis-à-vis* Korean or Hispanic immigrants and the native white population of the USA.

1.9 Summary.

This chapter has highlighted the expansive literature on ethnic minority enterprise in both Europe and North America. Attention has been focused on the political, economic and social disadvantages facing racialised minorities. Among ethnic minorities, the heterogeneous nature of entrepreneurial behaviour is marked. Whilst some groups such as Chinese and Indians exhibit relatively high levels of self-employment activity and are seemingly able to mobilise the cultural and class resources synonymous with entrepreneurial potential, other groups are conspicuous by their low rates of entrepreneurship, high levels of underemployment and the apparent dearth of these enterprise facilitating resources.

This chapter has also highlighted the transatlantic similarities that persist between African-Caribbeans in Britain and African-Caribbeans and African-Americans in the United States. Whilst the class position of African-Caribbeans in British and North American society has been the subject of researchers' scrutiny, the discussion of African-Americans in the same breath is rarely attempted.

Equally upbeat statements about the performance of Korean and Hispanic controlled enterprise in North America and the rewards to be gained for South Asians engaged in small business ownership need to be constantly re-evaluated within the context of the returns to labour invested in these activities.

In conceptual terms, this thesis adopts a number of long-standing approaches to the study of ethnic minority owned businesses, such as Light and Bonacich's concept of resource (dis)advantage and Bonacich's (1973) theory of middleman minority. The thesis also recognises that issues such as ethnic and class resource endowment are not static but are dynamic factors which vary ethnically, temporarily and spatially. . This thesis is represents a vital contribution in forwarding the debates about labour market disadvantage, cultural capital and self-employment. The proceeding review of debates and conceptual reasoning on the significance of self-employment and the position of ethnic minorities within western post-industrial societies provides the essential backdrop for the treatment of the substantive issues raised in subsequent chapters of this thesis. Meaningful discussion of the multi-faceted nature of black business enterprise is, in my opinion, flawed without an elaborate understanding of the intricacies of global economic change and how and why the proclivity to entrepreneurship in advanced market economies varies between ethnic groups.

CHAPTER 2: THE RESEARCH METHODOLOGIES AND DATA SOURCES.

2.1 Introduction.

2.1.1 Discourses on quantitative and qualitative research methodologies.

Debates about the incongruity of quantitative and qualitative research methodologies within the social sciences surfaced during the so-called Quantitative Revolution of the 1960s (Graziano and Raulin 1989; Tesch 1990). Three decades on, researchers are gradually shifting to the thinking that the two research packages (quantitative and qualitative) are not diametrically opposed. Indeed considerable similarities can be discerned in the way information is collected by the two packages. Hence there is a progressive movement towards a more fruitful research methodological agenda which effectively combines the two methodological traditions.

The relaxation in the tensions between the proponents of qualitative and quantitative research has not been universal. Some scholars still uphold the contention and continue to stage quantitative and qualitative research as competing paradigms which cannot be reconciled (Bryman 1995). This long-running contention is captured by Filstead (1979) when he argues that:

‘Quantitative and qualitative methods are more than just differences between research strategies and data collection procedures. These approaches represent fundamentally

different epistemological frameworks for conceptualizing the nature of knowing, social reality and procedures for comprehending these phenomena' (Filstead 1979: 45 quoted in Bryman 1995:105).

The researcher who digests this particularly perspective on quantitative and qualitative research methodologies is forced to choose between the two research packages. For scholars such as Guba (1985), this way of handling the two research methods packages is the only way to proceed. If they represent different epistemologies then they represent different perspectives on the way social life should be studied and hence what should be regarded as knowledge. Conversely some scholars are becoming increasingly vocal in calling for the joint use of the two packages in a single research project. There is significant support for the notion that the two packages do represent competing paradigms but their integration in a single research project is not problematic. Presenting the two approaches as mutually exclusive only serves to obstructs their joint use.

Each set of methods is premised on a set of 'interrelated assumptions about the social world' (Rist 1977: 62 cited in Bryman 1995: 105). Quite justifiably, the researcher is at liberty to decide for her/himself what constitutes the appropriate foundations for the study of the social world, and in doing so the researcher selects her/his methods accordingly. The researcher who decides that the positivistic-scientific method for generating knowledge is the appropriate basis will choose methods which reflect this persuasion, whilst the researcher who decides the scientific basis is unsuitable may seek appropriate qualitative methods of data collection.

Therefore the researcher makes the most effective use of a particular paradigm. In their research on small business founders, Scase and Goffee's (1982) comments encapsulate the dilemma open to researchers seeking to select appropriate research methods for their investigation:

‘As with all social research, the methods adopted in this enquiry were largely dictated by the nature of the research problem. We set out to study the dynamics of small-scale capital accumulation and the social processes which account for the reproduction of the entrepreneurial middle class. In addition, it was our intention to define more precisely the nature and interrelationships of the constituent groupings within the class. The complexity of these issues did not favour quantitative investigations; in our view a qualitative approach was more appropriate... Consequently, we undertook an intensive study of a limited number of proprietors using semi-structured interviews which were, to a considerable extent, shaped by the personal experiences of the respondent’ (Scase and Goffee 1982: 198).

Resources have a major effect on whether a combination of methods can be used. Pragmatic considerations of time and finance influence the research design. Each method is furnished with a distinct set of advantages and disadvantages. Some qualitative methods are more appropriate than quantitative methods for expediting some research problems. In other cases quantitative methods are more suitable. For example, where the emphasis is on identifying cause and effect relationships it is probably quantitative techniques which are more suitable

(Bryman and Cramer 1990; Ragin 1994). In contrast, the researching of more sensitive issues such as marriage breakdowns may involve the use of methods which attempt to reconcile the respondent with the interviewer and vice versa, hence giving the interviewer some legitimacy. This might be achieved through less obtrusive methods such as participant observation or in-depth interviewing (Homan 1991; Reason 1994; Renzetti and Lee 1993). Brannen (1988) reminds us about the difficulties in collecting data on sensitive matters via more structured methods of research. She correctly argues that:

‘respondents’ accounts of sensitive topics... are frequently full of ambiguities and contradictions and are shrouded in emotionality. These form an integral part of the data set and therefore need to be confronted and taken account of in their interpretation’ (Brannen 1988: 554).

There are, undeniably, great benefits to be reaped from a blend of the two methods. Creswell (1994) refers to the concept of triangulation. The term has its origin in the field of navigation and land surveying but is used to propose a combination of methodologies. The concept arises from the assumption that inherent biases in a particular set of methods will be neutralized when it is used with a second set of methods. These methods might be drawn from within a methods package, such as the use of a structured questionnaire survey and an experiment, or between methods packages such as the use of a survey and participant observation methods. This triangulation strategy has worked effectively in numerous research projects (see for example Grant and Fine 1992 cited in Creswell 1994).

Cresswell (1994) identifies five important reasons for combining methods in a single research project:

- To seek convergence in the results of research.
- The different methods can dovetail and highlight similar and different facets of the phenomena under observation.
- The first method used helps to inform on the second method.
- The capacity to highlight previously unconsidered perspectives.
- The blend of methods give added scope and depth to the research project.

Along with writers such as Cresswell, this thesis has adopted the view that the aim of researching social life is best achieved using a hybrid of the two traditions. A mythical dichotomy exists between quantitative and qualitative approaches. An appropriate blend of the two will lead to the accurate, rich, and reliable informing on aspects of society. This thesis recognizes the debates underpinning the quantitative/qualitative discourse, and has adopted a blend approach by combining the use of a semi-structured questionnaire survey (expressly quantitative and qualitative) with unstructured in-depth interviews (expressly qualitative).

2. 2 Combining research traditions.

2. 2. 1 Semi-structured questionnaires.

The semi-structured questionnaire survey combines both open-ended and closed, precoded questions. In this way, a research design can be both qualitative and quantitative in nature. Harboring this viewpoint, the researcher is able to both rigorously plan some elements of the research whilst also maintaining the scope to introduce some flexibility and unpredictability. The issues to be explored are planned at the outset. Questionnaire design is undertaken, the survey is piloted, a control group is selected and an appropriate sampling frame is selected. The starting point for the quantitative survey is the interest in testing a particular theory/hypothesis encapsulated in a set of research questions. All in all the entrepreneurs at the focus of this investigation have a pre-ordained framework imposed upon them. Instantly the researcher has taken control over the interview experience and instigated a distant relationship with the respondent and constrained the respondents freedom of expression. This aspect of the research transaction is related to the notion of a detached scientific experimental investigation. Conversely it could be argued that a quantitative-qualitative (Q-Q) approach allows theoretical reasoning to enter the research equation at a much later stage. Q-Q research need not be overly bossed by theory. It can exhibit an unregulated, unpredictable and exploratory nature which is deemed to be a tenet of a qualitative research methodology such as the unstructured interview (Walker 1985). The experimental scientific approach which stresses the need to capture hard, unquestionable evidence can co-exist alongside the need to give salience to the way social actors interpret their social worlds. However the degree to which the researcher can drift between what is termed insider-outsider status is more debatable (see section 2. 10).

2. 2. 2 Nomothetic and ideographic reasoning.

Whichever research enquiry process is adopted for use, important questions must be answered about the nature of the data collected. A nomothetic approach to the research findings attempts to establish general scientific rules and laws. Ideographic reasoning involves the descriptive study of individuality and uniqueness. Hence survey research conducted under the banner of scientific quantitative research using random sampling procedures is taken to be representative of the population at large. It encapsulates a nomothetic approach because of the researcher's license to infer from the sample to the wider population. In contrast qualitative research which could include the unstructured interview is often conducted in a particular locality and focused on a particular subgroup of the population whose representativeness is unknown and indeterminable. Hence the capacity to generalise to the population at large is unknown and the representativeness of this sample is questionable.

There are a number of ways that Q-Q research can provide a useful backdrop to a purely qualitative study. The initial Q-Q inquiry may have highlighted themes and issues which make for interesting avenues of further research to be operationalised through a more qualitative inquiry. In the same way qualitative research can be seen as a preparatory step for further Q-Q inquiry. In any case the quantitative data generated is elevated to a lofty position. It is labelled reliable because it is collected by systematic procedures which allow independent parties to double-check its validity. The extent to which its scientific basis makes it more acceptable to policy makers is questionable. Discussions on qualitative data, in contrast, are fused with the

adjectives 'rich' and 'deep'. This stems from the capacity of qualitative research to maintain the style and detail in which the data was conveyed. Importance is assigned to the most insignificant of factors or items. In this way the data can be interpreted whole. It remains uncontaminated and untainted unlike the data collected via some quantitative techniques which, for example, stress the importance of tick boxes or some set of preordained rules.

2.3 Interviews.

2.3.1 The ethnic minority business survey and follow-up in-depth research.

Conversation and verbal interaction are important sources of information for social researchers. Interviews can take many forms and can be placed on a continuum with structured and unstructured interviews occupying the poles. The semi-structured interview on ethnic minority business occupies the centre ground on this continuum because of its capacity to blend unstructured and structured elements of the interview process. It has a clearly specified schedule, fixed wording of some questions, and a set of preordained replies to some questions to which the interviewee must respond. But it also embodies some of the characteristics of the unstructured interview.

The unstructured interview by its very nature appears to have no structure or design. However an interview framework is required to ensure that lengthy digressions, on the part of the respondents as well as the researcher, are avoided during the interview. A small number of unrefined questions are introduced into the framework to help steer the interview. These

aspects of interview control are supplemented with approving nods of the head and facial expressions which serve to put the respondent at ease and encourage the development of particular conversation topics. They are associated with the development of a rapport between the two parties. These facets of regulation do not prevent the unstructured interview from achieving the necessary flexibility and uncertainty of direction which are hallmarks of the unstructured interview approach (Brannen 1988).

Varying degrees of preoccupation with schedules and fixed replies in structured and semi-structured interviews reduce the significance of personal conversation and everyday interaction. In some cases this information is completely lost and substituted for a tick box reply:

‘In (formal structured interviews) ... questions are asked and the answers recorded in a standardized form. It is thus assumed that the researcher knows already that which the interview is designed to uncover... The questions must, therefore be understandable and the standardised answers, as found in many questionnaire schedules, must be meaningful in terms of the respondents experiences... While such schedules are useful in eliciting information of a routine nature... they tend to force replies into particular categories which the respondent may or may not have thought about. They also tend to assume an unproblematic relation between words and deeds’ (Eyles 1988: 7).

The layout of the ethnic minority business questionnaire on paper (see Appendix One) allowed the interviewer to make useful notes as the interview progressed to compensate for this

potential loss of data and routinization of the interview. As mentioned earlier, the structured scientific interview necessitates that the interviewer adopts an 'outsider' status in pursuit of an experimental research design (see section 2. 2. 1). The social world of the respondent is important but the researcher must maintain an objective and distanced stance in examining how the interviewee (de)constructs that social world.

Researchers using structured, semi-structured and unstructured interviews must not become passive during the interview but keep abreast of the information which the interviewee has disclosed and be ready to seek clarification where required. Moreover McCracken (1988) reveals the important nature of the opening transactions between interviewer and respondent:

'Whatever is said in the opening few minutes of the interview, it must be demonstrated that the interviewer is a benign accepting, curious (but not inquisitive) individual who is prepared and eager to listen to virtually any testimony with interest. Understandably, respondents are not keen to reveal very much about themselves, or to take a chance with an idea, if there is any risk of an unsympathetic response. Respondents must be assured that the potential loss-of-face that can occur in any conversation (and that we can devote considerable energy and attention to avoiding in every conversation) is not a grave danger in the present one. The way to signal this benign attitude is to use the body postures and facial gestures that signal assent. It is better here to appear slightly dim and too agreeable than to give any sign of a critical and sardonic attitude' (McCracken 1988: 38).

For the unstructured interviews conducted as part of this research project this awareness dictates the direction in which the interview is to be led. During the semi-structured interview stage, respondents often divulged information at an earlier stage than expected on the interview schedule. Hence it was essential to store this information and use this as a lead into the rest of the interview schedule. This is demonstrated in the following example:

GB: So you mentioned earlier that your father worked in the textile industry?
(appropriate enthusiastic and encouraging body language exhibited). What exactly was his occupation?

In this way the researcher has begun to develop some affinity with the respondent through this attempt to become partially involved in the interviewee's social world. This strategy may reap added benefits in terms of extra data stemming from the respondent's growing confidence and comfortability with both the interview experience and the researcher. The researcher is hence, by her/his use of prior knowledge, drifting between an insider and outsider status. For the purely structured interview, the prior knowledge of the father's occupation would probably be retained for cross-checking and clarification purposes. Nevertheless failure to acknowledge information offered at an earlier stage can serve to annoy the interviewee as they perceive that the researcher is not giving them her/his undivided attention.

The semi-structured interview data was collected by means of a questionnaire survey completed by the interviewer in a face to face manner with the respondent. (see below for nature of the questions asked). The information was recorded in writing and as close to

verbatim as possible as the interview progressed, with further notes made on termination of the interview. The need to make written notes undoubtedly slowed down the interview process and forewarned some entrepreneurs to the true nature of the time they were committing to the exercise. In some cases the reaction was to terminate the interview. Nevertheless written notes alongside the interview schedule was the only method open to record the data. Efforts to make copious notes after an interview had terminated were made extremely difficult by the sheer volume of data that one has seen and heard. The outcome is a skeleton of the interview but without the gestures and finer details which are an essential part of reconstructing the entrepreneurs' social realities. The unstructured follow-up interviews were tape-recorded where conditions permitted and respondents consented. The key determinant was the amount of background noise on the business premises. Where the interviews were recorded, reams of data was collected (Burgess 1984). Transcribing these in-depth interviews was an onerous and time consuming task so the interviews were maintained in their original form to be played back when the need arose. On the whole the tape recorder did not appear to inhibit the free speech of the respondents or threaten the rapport between the interviewee and myself. Indeed some respondents alluded to using such a device in the general course of their business.

2. 4 The design of the ethnic minority business research.

2. 4. 1 A basis in earlier research.

The main research used for the purpose of this thesis was originally collected as part of an ESRC funded investigation into ethnic minority small business (Jones *et al* 1992). I was employed as a research assistant for this project. The rich seam of data collected by the project enabled me to develop my own perspectives on selected aspects of black enterprise. The financing options of black owned small firms and their performance in 1990s Britain became important aspects of my own detailed investigation. Hence the methods used were very much influenced by the ESRC award holders though as one of seven research assistants on the project I had some input into how these methods were operationalised in the field. By chance, as the project developed, I emerged as the main research assistant. As a research assistant, I was responsible for nine field itineraries, the identification of all businesses in the nine localities, the selection of the interview sample and the subsequent interviews in those localities. I was also partly responsible for choosing the appropriate ward in those localities which I visited (see section 2. 4. 4). In total, my net contribution to the fieldwork was the preparation of the 'ground work' in nine localities and the interviewing of approximately two hundred business owners. Forty interviews were the target in each locality, hence my individual contribution to the project was quite considerable. The methods employed had been developed in earlier research by Aldrich and Reiss (1976), developed further in research funded by the Social Science Research Council (HR 5520) (McEvoy *et al* 1979) and detailed in numerous publications (see for example Aldrich *et al* 1981, 1983, 1984, 1985, 1986, 1989; Cater 1984a; Cater 1984b; Jones 1981; Jones and McEvoy 1986; McEvoy 1987). This earlier

work had focused exclusively on retailing and associated service activities and had been conducted in three areas of South Asian population (London Borough of Ealing, Leicester and Bradford), the findings of which provide some comparative elements for the context of this thesis.

The ESRC funded ethnic minority business research aimed at widening the parameters of the earlier work in terms of the geographical, sectoral and ethnic components of the study. Geographically, South Asian businesses in areas of South Asian concentration were once again incorporated into the study but were supplemented by South Asian businesses in areas classifiable as predominantly white British/European. These white areas were divided into two types:

- (1)** Areas within easy commuting distance of South Asian population concentration.
- (2)** Areas beyond easy commuting distance of South Asian population concentration.

It was hypothesised that firms in area type 2 might show noticeable differences in size, sectoral composition and other characteristics both from each other but also from firms located in the traditional heartlands of South Asian enterprise and residential settlement. In areas of South Asian population concentration, firms owned by co-ethnics often have strong links with the rest of their ethnic community in terms of both the demand for goods and services and the supply of those goods. In nearby white areas (area type 1) it may be possible to maintain links

with one's ethnic community concentration in terms of residence, labour supply and goods suppliers. Maintaining links with customers may be less tenable, particularly in retailing and consumer service activities, given the likelihood of more conveniently situated rivals. In areas remote from any South Asian population concentration (area type 2) the propensity for customer and supply side interaction with the rest of the ethnic community will be further reduced.

Sectorally, this study aimed to embrace the diversification of ethnic minority business. In practice the fieldwork was unable to fully capture this diversity. The two main reasons for this shortcoming was firstly the 'invisibility' of some business premises (sometimes situated in unmarked premises on the upper floors of buildings and without an obvious shop/commercial front at street level). Secondly, the method of 'cold-calling' on key informants who were frequently unavailable for comment and in some businesses activities employees felt that answering the researcher's questions was beyond their personal jurisdiction. In hindsight some of these intended interviews should have been subject to prior arrangement with the key informant. Hence evidence to support the popular stereotypes of the South Asian business such as the local convenience store or restaurateur can be found, there is also irrefutable evidence of expansion into professional sectors such as financial and legal advice and activities geared at the wider non-ethnic market such as clothing manufacturing and the wholesaling of foodstuffs; though interview contact with these diverse activities is disappointing. These non-traditional lines of activity may have greater potential for growth, employment and profitability (Guardian 1996a). They may also adopt quite different location patterns. In tune with the

preceding SSRC study, this research also employs the use of a white control sample of businesses in each of the localities studied. However this study departs significantly from earlier ones by collecting information on African-Caribbean entrepreneurs. As with the South Asian cohort, the African-Caribbean group included both post-war labour migrants and their descendants.

2. 4. 2 The selection of the study areas.

In addition to the ethnic minority considerations the research was given a regional focus. Levels of economic well-being at a macro level undoubtedly impact on the performance and survival of small firms operating at the local scale regardless of ethnicity. Therefore, a distinction was made between the North of England, Midlands of England and the South of England. The South was further sub-divided into the demographically expanding outer South East and the more stable, or declining Greater London. In this way the structural context of the firm's operating environment could be fully appreciated.

Research by Reeves and Ward (1984) and Kazuka (1980) had pointed to the significantly smaller numbers of African-Caribbean owned businesses in contrast to their South Asian counterparts. It was decided to research African-Caribbean business only in those areas where they were more numerous, namely areas of African-Caribbean population concentration. This generated four types of study area in each of the four regions:

- (1) Areas within easy commuting distance of South Asian population concentration.
- (2) Areas beyond easy commuting distance of South Asian population concentration.
- (3) Areas of South Asian population concentration.
- (4) Areas of African-Caribbean population concentration.

It is worth noting that Greater London does not include any areas of predominantly white population which are beyond easy commuting distance of clusters of South Asian population. The research involved a total of fifteen types of study area. The aim was to target a range of businesses for interview in each locality. Given the logistics of organising, conducting and collating large numbers of interviews it was feasible to only study one example of each area type in each of the regions.

It was decided that census wards would be the spatial unit for the study. Such areas have readily available secondary data on socio-economic factors. Enumeration districts (EDs) were briefly considered but a major drawback with EDs was that they were very unlikely to be large enough to contain the required numbers of businesses. The actual wards were selected by a two-stage process using the 1981 Census.

2. 4. 3 Stage one.

Previous research assisted in the identification of towns, cities and boroughs which had the required ethnic minority population factors. For example Manchester, Nottingham, Northampton and Lewisham were highlighted as cities/borough with significant numbers of African-Caribbean residents. In contrast, Coventry, Luton, Preston and the London Borough of Bexley were chosen because they contained areas of predominately white settlement with adjacent areas of significant South Asian residence (see table 2. 1). Table 2. 1 also highlights the growth of some areas as the residential foci of Britain's South Asian racialised minorities. Gravesend and Luton respectively have witnessed 94.4 and 75.3 per cent increases in the size of their South Asian population reinforcing their status as South Asian areas of residence in the outer South East (Helweg 1986). In the London Borough of Ealing, 1 in 5 (19.04 per cent of the borough population) claims their ethnic origin as either Pakistani., Bangladeshi or Indian.

In the chosen African-Caribbean areas, population change 1981-91 for the African-Caribbean ethnic group have been less remarkable. In contrast to the South Asian areas, some African-Caribbean areas have actually witnessed out-migration of African-Caribbeans and loss of population over the inter-census period (-15.7 per cent in Nottingham and -8.22 per cent in Northampton). Some or all of this population loss could be accounted for by under-enumeration and the fears that co-operating with enumerators would lead to poll-tax

registration (see section 2. 5). Alternatively some of the population loss could be the result of changes in the census ethnicity question between 1981 and 1991.

Table 2. 1 presents census data for the chosen study areas using both the 1981 and 1991 Censuses. Direct comparisons between the last two censuses regarding the information on ethnic origin is not possible for several reasons. The 1981 Census was based on the number of people living in households where the head of household was born in the New Commonwealth and Pakistan (NCWP), not the ethnic group of the resident as in the 1991 Census. The 1981 Census under-counts the number of people in different ethnic group (Owen 1995). However it is equally plausible to suggest that the 1981 Census over-estimates the size of ethnic groups by including white women with black husbands or partners as members of ethnic minorities. The 1981 data does not separately identify black and other ethnic group households where the household head was born in the UK.

Finally the 1981 Census will not differentiate mixed race households where the household head is not from a particular ethnic group. After successful trials in 1989, a question on ethnic groups was included in the 1991 Census. Answers from this question and those derived from either multi-ticked categories or self-assigned descriptions in the 'Black Other' and 'Any other ethnic group' options were fully classified into 35 categories. Therefore in 1991 Britain's first true ethnic group census was conducted (McEvoy 1996; Storkey 1994; Teague 1993).

Table 2. 1 Local authority areas containing the study areas and census data 1981-91.

<i>Variables</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
City/town/borough							
North							
Manchester	A-C area	A-C	6263	10526	1.43	2.61	+16.21
Kirkcaldy	S A area	S A	22409	29600	6.12	7.93	+32.09
Preston	White area near S A area	S A	8246	10103	6.75	8.01	+21.43
Liverpool	White area far from S A area	S A	2125	2320	0.43	0.51	+9.18
Midlands							
Nottingham	A-C area	A-C	10102	8516	3.83	3.23	-15.70
Wolverhampton	S A area	S A	25805	29893	10.30	12.34	+15.84
Coventry	White area near S A area	S A	21598	26619	7.04	9.04	+23.25
Shrewsbury & Atcham	White area far from S A area	S A	289	204	0.34	0.22	-29.41
Outer South East							
Northampton	A-C area	A-C	2943	2701	1.93	1.50	-8.22
Gravesend (Gravesham)	S A area	S A	3320	6453	3.48	6.98	+94.37
Luton	White area near S A area	S A	12308	21574	7.58	12.58	+75.28
Swindon (Thamesdown)	White area far from S A area	S A	2808	1541	2.08	1.14	-45.21
Greater London							
Lewisham	A-C area	A-C	21267	23229	9.33	10.06	+9.23
Ealing	S A area	S A	39741	52403	14.48	19.04	+31.86
Bexley	White area near S A area	S A	4406	5780	2.07	2.71	+31.18

Data source: The 1991 Census, Crown Copyright. ESRC purchase.

Key to variables

1 Area type

2 Ethnic minority group targeted

3 Residents in households whose head was born in Indian Subcontinent or Caribbean (1981) (refers to 'Ethnic minority group targeted')

4 South Asian or Caribbean ethnic group(s) size (1991) (refers to 'Ethnic minority group targeted')

5 Column 3 as a percentage of usually resident persons (1981)

6 Column 4 as a percentage of usually resident persons (1991)

7 Percentage change between Columns 3 and 4 (1981-91)

2. 4. 4 Stage two.

A ward was chosen which maximised the presence of persons born in the NCWP. A second aim was to maximise the presence or absence of particular ethnic groups. In the case of Manchester, for example, the Moss Side ward was selected because it was known to contain a much higher proportion of African-Caribbean residents in households headed by a person born in the Caribbean to South Asian residents in households headed by a person born in the Indian Subcontinent (9.78 and 3.26 per cent respectively, see table 2. 2). Hence the assumption was that this census ward would contain much higher numbers of African-Caribbean businesses and fewer in South Asian ownership. In Ealing, the Northcote ward was selected because of the very high presence of South Asian households (50.73 per cent of all residents in the ward were resident in households headed by a person born in the Indian Subcontinent compared to 2.56 per cent Caribbean households). Hence Northcote ward complemented the requirements of a distinctly South Asian area. The 1981 census data for all the selected wards is presented in table 2. 2.

Where several wards met the requirements of the study in a given locality then the ward was selected by lot. As expected, the intention to study African-Caribbean and South Asian businesses in completely different geographical areas was in practice virtually impossible. It was possible to identify areas where South Asians have no African-Caribbean business neighbours but almost impossible to find areas populated by African-Caribbeans firms and devoid of South Asian competitors.

In hindsight, some wards in the targeted areas should not have been selected. At the time of the selection process, the project managers did not have access to the census data which disaggregated the NCWP born population by ethnic group. But the need to start the area studies took precedence over the need to confirm the ward choices by reference to the ethnic minority population breakdowns. Hence decisions on ward choice were premised on guesstimates of the ethnic make-up of particular wards. For example, in Nottingham, the African-Caribbean area (Radford ward) selected for the research contained 3.65 per cent African-Caribbean population (see table 2. 2). In the case of Nottingham, this African-Caribbean figure is less than the statistic for those of South Asian origin (4.95 per cent). This point is reinforced by reference to ethnic group size for 1991 in table 2. 3.

Using the fuller details for the 1981 Census reveals that the ward of St. Annes in Nottingham would potentially have been a better choice in terms of maximising the presence of African-Caribbeans and minimising that of South Asians. In 1981, the St. Annes ward composed of an African-Caribbean population of 8.9 per cent but a South Asian population of only 4.8 per cent. By 1991, these differences are confirmed. The African-Caribbean ethnic groups size in the ward of St. Annes totals 10.2 per cent of the ward population whilst the South Asian ethnic group size equates to 5.9 per cent of the ward population.

In the case of Northampton, the selected African-Caribbean ward (Abington) contained 3.33 per cent African-Caribbean population but this figure only marginally surpassed the South Asian population percentage of 2.38 per cent. Even with the benefit of the breakdown of the NCWP group, Abington ward in Northampton was the best choice in terms of maximising the African-Caribbean population. In hindsight given the 1981 census data for Northampton, a consideration might be to deselect Northampton as the African-Caribbean area in the outer South East of England and replace it with Oxford. Within Oxford, the Blackbird Leys ward in 1981 contained 8.8 per cent of persons in households with heads born in the NCWP. Of this figure, 7.5 per cent were of Caribbean descent. By 1991 the ward boundaries have been changed but the African-Caribbean ethnic group make up 8.4 per cent of the ward population compared to only 0.7 per cent South Asian (The 1991 Census, Crown Copyright. ESRC purchase).

Table 2. 2 The selected study wards and census data 1981.

<i>Region and area type</i>	<i>Ward name</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
North					
A-C area	Moss Side	15942	3.26	9.78	83.67
S A area	Batley East	16874	23.70	0.17	73.69
White area near S A area	Ashton	6106	2.20	0.18	94.24
White area far from S A area	Abercromby	12673	1.03	1.10	90.37
Midlands					
A-C area	Radford	8607	4.95	3.65	88.66
S A area	Graiseley	13113	35.70	4.25	59.05
White area near S A area	Holbrook	18804	5.07	0.94	91.69
White area far from S A area	Underdale	4978	0.20	0.10	97.21
Outer South East					
A-C area	Abington	7056	2.38	3.33	89.71
S A area	Central	4078	10.35	0.22	85.80
White area near S A area	Icknield	9736	1.19	0.54	95.93
White area far from S A area	Lawns	9503	1.14	0.14	93.00
Greater London					
A-C area	Pepys	10651	1.03	9.75	82.39
S A area	Northcote	13383	50.73	2.56	42.22
White area near S A area	Belvedere	11356	4.38	0.35	92.50

Data source: Data source: The 1991 Census, Crown Copyright. ESRC purchase.

Key to variables

1 Usually resident population (1981)²

2 Residents in households with head born in Indian Subcontinent as a percentage of usually resident persons (1981)³

3 Residents in households whose head was born in Caribbean as a percentage of usually resident persons (1981)

4 Residents in households whose head was born in UK and Irish Republic as a percentage of usually resident persons (1981)

² Usually Resident Population does not include visitors to the area on census night, or households where all members were absent. This is very important when considered in the case of students. The census of 1981 was conducted when considerable numbers of students were on Easter vacation. As a direct consequence, the size of the 16-24 age group in some wards will be significantly lower than in term time. For the same reason the figure given for the total population was underestimated in those localities that have a significant student population.

³ Includes those born in East Africa.

The 1981 Census provided the database by which the targeted wards were chosen for the study of ethnic minority small business. The actual research for the project was carried out between 1989 and 1991 which marked the dawn of the latest decennial census. As mentioned earlier, the 1991 Census represented the first census to fully enumerate ethnic minority populations. By way of highlighting the partiality of the 1981 proxy of ethnic minority presence in Britain, table 2. 3 presents the 1991 ethnic group data for the chosen wards under investigation.

The disadvantages of the 1981 proxy of ethnic minority population can be demonstrated by reference to the figures in table 2. 2 and table 2. 3 for the Moss Side ward of Manchester. In 1981 the Census recorded that 9.78 per cent of the ward's population were resident in households headed by a person born in the NCWP. Population shifts such as inward migration, out-migration and natural increases may account for some of these changes in the interstitial decade. But these demographic factors do not fully account for the 1991 ethnic group data which reveals a much greater African-Caribbean presence in the ward of over 20 per cent of persons. Similarly the 1981 Census records 50.73 per cent of residents in Northcote ward in Ealing living in households headed by a person belonging to one of the South Asian groups. By 1991 the ethnic group data is indicating 78.76 per cent of residents.

Table 2. 3 The selected study wards and ethnic group data 1991.

<i>Region and area type</i>	<i>Ward name</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
North					
A-C area	Moss Side	13106	5.88	20.29	64.95
S A area	Batley East	17011	33.20	0.08	65.05
White area near S A area	Ashton	6190	2.36	0.36	96.69
White area far from S A area	Abercromby	8740	1.67	1.90	79.93
Midlands					
A-C area	Radford	8634	11.28	5.65	77.10
S A area	Graiseley	12183	30.49	5.80	60.30
White area near S A area	Holbrook	17975	13.36	1.65	83.64
White area far from S A area	Underdale	5191	0.25	0.06	99.25
Outer South East					
A-C area	Abington	6890	4.47	4.17	88.77
S A area	Central	4415	14.97	0.86	83.92
White area near S A area	Icknield	10996	5.01	1.66	91.14
White area far from S A area	Lawns	9478	1.50	0.21	97.00
Greater London					
A-C area	Pepys	10781	1.31	16.69	71.36
S A area	Northcote	11177	78.76	3.58	11.00
White area near S A area	Belvedere	12446	8.03	0.96	88.95

Data source: The 1991 Census. Crown Copyright. ESRC purchase.

Key to variables

1 Total persons present (1991)⁴

2 Indian/ Pakistani/Bangladeshi ethnic groups size as a percentage of usually resident ward population (1991)

3 Caribbean ethnic group size as a percentage of usually resident ward population (1991)

4 White ethnic group size as a percentage of the usually resident ward population (1991)

¹ These population figures comprised persons 'usually resident', the 'usually resident population absent' and 'visitors' present on census night.

In more general terms, the statistics in table 2. 3 indicate that the project managers, in conjunction with the field researchers, made satisfactory ward choices for the North region. However, in the Midlands region a number of contradictions are apparent. The African-Caribbean area has virtually twice as many South Asians as African-Caribbeans whilst the 'white area near to a South Asian area' has more South Asians (13.36 per cent) than the African-Caribbean area has African-Caribbeans (5.65 per cent). The South Asian area (Graiseley ward in Wolverhampton) has more African-Caribbeans (5.80 per cent) than the chosen African-Caribbean area of Radford in Nottingham.

In the outer South East of England, the choice of South Asian area and 'white area far from a South Asian area' appear to be justified by the 1991 Census. But the African-Caribbean area (Abington in Northampton, see earlier comments in this section) has more South Asians than African-Caribbeans whilst the 'white area near to a South Asian area' (Icknield ward in Luton) shows there are more African-Caribbeans (5.01 per cent) than in the purposely selected African-Caribbean area.

In Greater London, the African-Caribbean and South Asian areas are confirmed by the 1991 Census. However the 'white area near to a South Asian area' has a relatively high presence of South Asians (8.03 per cent) when compared to similarly identified areas in the other regions.

The availability of a both the NCWP breakdowns and a more accurate proxy of the resident ethnic population in Britain in the late 1980s would have led to different electoral wards being chosen for this study. But a substitute measure would have done little to tackle another major problem of defining and estimating populations, namely the failure to participate in the enumeration process.

2.5 *Under-enumeration in the 1981 and 1991 censuses.*

It is now widely acknowledged that the last two censuses of population in Britain, more notably, the 1991 census, have serious deficiencies in terms of the recorded population. Hall and Hall (1995) conclude that the 1981 census missed approximately 0.45 per cent of the population present in private households on census night (equating to approximately 214,000 people). However by 1991 the missing thousands had increased dramatically to 2.2 per cent of private households (1,113,000 people). Under-enumeration on this scale has significant impacts on the level of funding accruing to local authorities from central government since the level of grants relies heavily on census counts.

The Office of Population and Censuses (OPCS) has revised its figures upwards in an effort to assign the missing million persons to the relevant local authorities. The under-count in the 1991 census has distinct spatial and ethnic biases. Fears about the census data being mis-used to track down poll tax defaulters has been cited as the main reason for non-completion of the census form (Guardian 1991d). Over the 1981-91 period, population levels fell in all large

cities and almost half of smaller cities (Owen 1995; Rees, Phillips and Medway 1995). Population levels fell in all London Boroughs with the largest population decreases (Lambeth and Brent) correlating closely with the boroughs with high poll tax bills and high levels of non-registration. (Guardian 1991d).

In terms of an ethnic minority bias, the disproportionate levels of undercounting among young men in particular ethnic groups has been highlighted in the literature (Carr-Hill 1993; Glover 1993). Thompson (1993) confirms an OPCS report which estimates ‘... an overall under-enumeration of some 2% in the 1991 census for the population as a whole. This was higher for men (3%) than for women (1%), and among people in their 20s the figures were 9% and 3% respectively. Thompson (1993) goes on to identify higher levels of undercounting among young men in Greater London and other major conurbation in Britain arguing that these are the principal areas of residence for ethnic minorities (Liverpool City Council 1993). More specifically young African-Caribbean men are an important group which have in large numbers escaped the census count. These statements are supported by sex ratio research in Camberwell and Hammersmith. Glover (1993) is concerned that in the field of health research, the undercounting may distort estimates of disease occurrence and the uptake of medical services. These census undercounts may also contribute to the explanation of the low percentages of African-Caribbean residents in the selected study wards in the Midlands and South-East of England.

2. 6 Selecting firms for interview.

2. 6. 1 Foot soldiers.

Having selected the wards which would be targeted for interviews, the researchers then consulted the rateable valuation lists for businesses in each of the fifteen areas. The aim was to produce a detailed catalogue of all the businesses in the chosen wards and determine what proportion was being operated by visible minorities. This archival research was followed up with an exhaustive trek around all the commercial premises in the ward to confirm the business activity and the apparent ethnicity of the owner. In the process of detecting the ethnicity of proprietors, the researcher would often have to pose as a customer. It was commonplace to end a day in the field with no less than a dozen packets of chewing gum in one's pockets!

2. 6. 2 Sampling frame.

This exploratory research also allowed a sampling frame for the interview stage to be drawn up. The researchers were instructed to select a sample of twenty ethnic minority run businesses in each ward. Effort was made to stratify this sample and hence ensure that all types of businesses were represented (Prescott-Clarke, Atkins and Clemens 1993; Moser and Kalton 1986). Interviewers were asked, where possible, to select five food retailers, five service providers, five manufacturers or wholesalers and five other types of retailing activities. If the types of businesses were not present in the required numbers then the researchers were to fill the quota from whatever types of businesses were present. Where interviewees refused to partake in the research then the researcher was to approach another firm of similar type. Local

authority publications such as business directories assisted the search. Yellow Pages and telephone books were also instrumental in the searching and confirming of business activities and indicating the ethnicity of the proprietor through obvious surnames or business names.

Clearly there are flaws in this strategy. In many chosen areas there were fewer than twenty ethnic minority firms present or visible. In Shrewsbury's Underdale ward, for example, there were only two South Asian businesses. The researchers in this instance had to fill the quota of twenty by not only radiating outwards into surrounding wards but much further afield into most of Shropshire and into Hereford and Worcester.

The chosen ward in Luton was Icknield. This ward fitted the sampling criteria in terms of a relatively small percentage of residents in households where the head of household was born in the NCWP (1.19 per cent in 1981, see table 2. 2, but the 1991 figure for South Asian ethnic group size is 5.01 per cent of the ward population, see table 2. 3). Hence the ward was predominantly resident to UK born persons (95.93 per cent in 1981 but only 91.14 per cent in 1991) and could be fairly described as a white area adjacent to a distinctively Asian area (see table 2. 2) A shortage of South Asian owned firms in the Icknield ward meant my efforts to complete the sample left me with no option but to enter the neighbouring ward of Biscot which exhibits a much greater concentration of residents in households where the head of household was born in the Indian Subcontinent (23.98 per cent). Moreover this ward contained a diversified range of retailing and service synonymous with enclave type

commercial and residential spaces. Hence in the most extreme cases such as the Luton study, any intentions of unbiased sampling have been lost. In any case each locality has 'its own traditions and its own experiences, and whilst much can be learnt from these experiences such learning cannot be contained within neat categories or blueprints of "good practice" which can be easily generalised to other contexts' (Hoggett, Jeffers and Harrison 1994: 66). The results should hence be regarded as exploratory rather than definitive.

As mentioned in section 2. 4. 1, the exhaustive field survey had attempted to identify all types of business activities. In hindsight the field itineraries proved to be more complete with regard to some sectors than others. For example activities which rely on advertising, a visible shop front and window displays, such as retailers, were well covered in the process whilst other activities which can effectively operate from a concealed upstairs office or factory unit such as office-based services or motor trades are less well covered. In the case of one African-Caribbean business owner in Northampton, the visible shop-front indicated a general store. However after interviewing the shop owner it became apparent that a second business was trading from the same premises, namely a travel agency run by a relative of the owner. It is unlikely that the survey fully appreciated the presence of other trades such as plumbing and repair contractors who may operate from the inconspicuous setting of the family home.

2.7 *Designing the ethnic minority business questionnaire.*

2.7.1 *The semi-structured interview schedule.*

As discussed above, the research methods employed involved the use of a semi-structured questionnaire designed in such a way as to elicit the required information from the participants. The research brief stressed the gathering of information of both a quantitative and qualitative nature. The design of the ethnic minority business questionnaire embraced these objectives. The individual sections of the questionnaire highlighted particular themes, such as employment or finance. The order of the questions and themes respected the need to establish a rapport with the respondent. Hence early sections of the questionnaire focused on a profile of the owner and the business' history whilst latter sections addressed more personal and confidential aspects such as the financing of the business' start-up and perceptions of profitability and personal income levels. From a personal perspective, the participants generally responded warmly to the questionnaire and its subject matter.

The nature of the early questions was such that the participants were put at ease and were slightly flattered that someone seemed to be interested in their life history. This combination of relatively benign questions and encouraging body language on the part of the interviewer relieved some of the stress attached to the latter sections of the questionnaire survey. What follows, is a brief summary of the questionnaire topics, the nature of the information that the questions were hoping to expose and any problems faced administering the questionnaire.

2. 7. 2 Section one: Interviewee's role in the firm.

65.9 percent of the interviews were conducted with the business owner. A further 21.3 percent were carried out with the help of the manager or a director of the business. The remainder were accounted for by employees. Hence nearly two-thirds of respondents could be described as key informants on the nature and characteristics of the business venture, whilst another fifth could be strongly relied on to have access to and pass on the required information (though see 2. 7. 3 for exceptions). There is no suggestion that employees would not be able to produce the information required by the researcher. Rather, they may not have the authority to pass on that information despite the fact that their insights into the workings of the firm have been gained at the cutting edge and not subject to the exaggerations and inaccuracies of an absent owner. Hence there are potential drawbacks with contacting the different types of potential respondents.

2. 7. 3 Section two: biography of the owner.

Depending on the informant identified in section 1, this section of the questionnaire was completed with variable success. Most participants were able to provide guesstimates of the owner's age and gender if that owner was not known to them directly. However the questions on birthplace of owner, educational attainments and family history were found to be more problematic.

2. 7. 4 Section three: business history.

Questions on business history were geared towards ascertaining the motivating factors behind the entrepreneur's decision to start-up the business. The open-ended nature of Question 14 (What made you decide to start (or buy) this business?) produced many interesting and informative responses. Questions 15-18 allowed the owners' prior economic activity to be categorised using the Standard Occupational Classifications (Employment Department Group of OPCS 1990a; 1990b).

2. 7. 5 Section four: business activities, premises and location.

Having ascertained some information on the owner and her/his family the attention in section four turns to an in-depth examination of the business itself. One aim was to discover whether the present business on the site represented a virgin start-up or a purchase from the previous owner. Alternatively, was the present business on the site occupying previously residential premises or in a different line of business from the previous incumbent. These questions provided information on both the newness/continuity of the business at the particular site. A question on the previous owner's ethnic group allowed further examination of continuity and change in particular neighbourhoods. Knowledge of the tenure on the business premises assisted in making assessments about the development of the firm since new start-ups are more likely to rent or lease premises than own the premises outright. The ambitions of the owner could also be hinted at from a question which asked about relocation plans.

The respondent was also asked how these premises became known to them. In the pre-coded replies to this question it is possible to identify more formal methods of search, such as the use of newspapers and estate agents, and the use of less formal methods in the use of personal networks such as friends. Admittedly, however, a friend could be employed as an estate agent.

A definition of the exact activity of the business allowed the activity to be classified using the Standard Industrial Classifications (CSO 1991). A show card presented to the participants in the study enabled them to indicate the legal status of the business. This question was extremely useful because it highlighted discrepancies between the statement on the number of owners in question two and the legal form of the business. It was not uncommon to hear from South Asian men that they were the owner but to hear later that the business was legally a family partnership. This merely served to mask the key role of women and children in running of the firm (see section 4. 6).

An estimate of the firm's development, both spatially and economically, could be made from ascertaining the number and location of any branches. The participants were asked to voice any particular problems they were having working from the current premises. When this question was devised it was hypothesised that the respondents might wish to air dissatisfaction at the quality of premises available or affordable to them. Hence complaints about lack of floor space, security problems and inability to attract a diverse clientele into a particular neighbourhood were expected to be common responses; particularly among small businesses

established on small amounts of finance (Jones *et al* 1994). In truth these problems were raised but not with the frequency I expected. The most commonly heard and embittered complaints surrounded the lack of space for parking in front of the business premises and the local council's restrictive parking laws.

2. 7. 6 Section five: employment within the business.

This section highlighted staffing within the firm in terms of full-time, part-time and unpaid assistance. This set of questions also shed light on the propensity of the owners to recruit co-ethnic employees to work in the business. The respondents were asked for their assessment of the change in the size of the work force over the past twelve months. This data provides information on the firm's (under)development. Question thirty-one on premises search methods could be re-categorised into formal and informal methods so question forty on search methods for employees could be re-coded in a similar way. Careers offices, job centres, government schemes and newspaper adverts represent the formal, bureaucratic methods whilst the use of family, friends and personal contacts hint at a more casual approach. Just as with the search for premises the relative use of the both formal and informal search procedures is extremely informative when examining the development of business contacts networks and the role of more 'mainstream' lines of enquiry in the operation of the business.

2. 7. 7 Section six: customers and suppliers.

Questions forty-three to forty-eight probe the spatial and ethnic boundaries of customer and supplier markets to the business. Meanwhile the final question in this section explores whether advertising is used as a marketing strategy. Once again, this section accommodates the chance to examine co-ethnic networks and dependencies in uncovering the ethnicity of suppliers and customers and their commercial and residential locations respectively.

2. 7. 8 Section seven: finance and economic performance.

Respondents were asked to disclose the nature of the funds used to start-up and finance the present running of the business. The participants were asked to estimate the proportions derived from different sources such as bank loans, personal savings and re-mortgages. Once again a divide can be identified between formal sources such as bank loans and those loans mobilised personally or within the community (loans from family and friends). Indeed an inability to secure any sort of bank loan may have necessitated the search for alternative sources of finance so respondents were asked directly if they had faced difficulties getting a loan from a bank. In retrospect this question should have been rephrased to determine whether the participants in the study had obtained a bank loan which met their requirements hence cancelling out the need to seek out combination funding. Questions fifty-three and fifty-four asked for perception on the state of the owner's business profits and personal income. The precoded replies to these questions were phrased in a way that minimised intrusion. An earlier

study of ethnic minority business in Canada⁵ had similarly used perception type questions for personal income and business profits but had aimed at a greater level of disclosure on the issue of business sales but with limited success. The Canadian study had requested that the owner, if willing, should provide approximate weekly/annual sales figures. The final two questions in this section were devoted to uncovering the use of professional support, namely accounting and legal services. the phrasing of both questions also provided further information on the use or non-use of co-national persons or organisations.

2. 7. 9 Section eight: assistance from national and local organisation and schemes.

The replies to questions fifty-seven to sixty were extremely sketchy whilst at the same time very informative. Generally the small firm contacted in this study had little contact with business organisations, with the exception of the Federation of British Newsagents, and even less contact with government organised schemes. From the blank expressions on the faces of many participants it became apparent to me that this lack of contact stemmed more from a lack of awareness of such initiatives rather than a dislike of those schemes based on past experiences.

2. 7. 10 Section nine: business advantages and retirement plans.

In this final section, respondents were asked if they felt that African-Caribbean and Asian businesses had (dis)advantages relative to white owned businesses. Perhaps the positioning of

⁵The study was sponsored by the Canadian High Commission in London. It involved 216 interviews with the owners of retail and consumer services businesses in Toronto, Montreal and Vancouver in August and September of 1989.

this potentially contentious question meant that responses were not as full as might have been expected. By now participants were becoming a little fatigued. Nonetheless some highly informative replies were received particularly when the ethnicity of the interviewer coincided with that of the participant (see section 2. 10). In some cases, where a white interviewer had approached a white entrepreneur this had the effect of producing a type of ‘them (black business) against us (white business)’ mentality which was couched in language terms which revealed the owner’s lack of inhibitions. The final question on the questionnaire raises the issues of retirement and inheritance. Prior to conducting the research it was thought that attitudes of both parents and children towards the family business were gradually changing. To some extent these changing outlooks can be teased out in the research findings.

2. 8 *Qualitative interview with African-Caribbean entrepreneurs.*

2. 8. 1 *Selecting the firms for interview.*

The ethnic minority business questionnaire produced a wealth of data on the nature of African-Caribbean, South Asian and white owned businesses in the fifteen localities. However the apparent shortage of African-Caribbean firms in the selected localities triggered my wish to carry out a more in-depth qualitative interview with a subset of African-Caribbean entrepreneurs who were known to me through personal contacts. These businesses were located in Liverpool with the exception of one small business located in Batley. The selected businesses were contacted by telephone and an appointment was made to meet the owner usually at the commercial premises. Because the owners were known to me or recommended to me by other personal contacts I received no refusals for interview.

2. 8. 2 The unstructured interview.

The interviews with the participants were conducted around a number of pre-chosen topics. These were based on a selection of the themes of the ESRC funded ethnic minority business research. The five broad themes were as follows:

- (1)** Motivating factors behind the business start-up, previous employment and aspirations.
- (2)** Business activity, changes since start-up and future plans.
- (3)** Employment issues and owner's working hours.
- (4)** Start-up finance, present finance arrangements and insurance.
- (5)** Customers, suppliers and markets.

The merits of the unstructured interview include the flexibility to raise these topics in any order and with varying phraseology (Marshall and Rossman 1989). The emphasis is on establishing a rapport with the participant and engaging in a conversation which is guided somewhat by the themes articulated but not constrained by these topics (Burgess 1982; Patton 1990). Hence digressions are a major part of the unstructured interview though the interviewer must use her/his skills to steer the conversation back to topics in question but without interrupting the flow of data. The unstructured interviews were between thirty minutes and one hour in duration. I sought permission from the respondents to tape record the interview. Where permission was not forthcoming, such as in one case where background noise made it impractical, I made copious notes on what was said and gestured.

2. 9 Reflexivity in the research process.

2. 9. 1 Research and representation.

There is currently a growing literature within the social sciences which is dealing with issues concerning such issues as ethics in social research, value-free research and the problems facing researchers and participants in doing research crossing boundaries of gender, sexuality, race and class. For example within geography, feminist writers continue to contest the masculinism of geographical discourse:

‘... gender is not the only discourse through which geographers’ claims to power and knowledge are mediated. Race, class and sexuality are also central. The master subject of geography is not only masculine but white, bourgeois and heterosexual’ (Rose 1993: 9-10).

2. 9. 2 Incorporating feminist research methodologies.

Writers such as England (1994) and Nast (1994) remark that with some notable exceptions feminist geographers have been relatively subdued on issues concerning politics and representation in research (Eyles 1993; Herod 1993; McDowell 1992; Rose 1994; Sidaway 1992). England (1994) argues that neopositivistic methods of research articulate a strict set of rules that govern the relationship between researcher and subject. These rules are held to be the tenets of good and valid research. But these rules are being seriously challenged by feminism and the postmodern turn within the social sciences. The social world of the actors and researchers cannot be neatly divorced. Both researcher and researched have shared

meanings and experiences. There is a need for research approaches which adopt a more inclusive stance and accommodate difference.

Gilbert (1994) comments that feminist research methodologies fill this void. Feminist research methods have effectively challenged the notion that researching men equates to researching the human experience whilst the research that has been done on men can not be assumed to represent and inform on the lives of women. Moreover feminist research methodologies contest the notion that objectivity is achievable or even desirable. Instead of keeping distance as researchers, feminists propose ‘the mutuality of the research process; intersubjectivity not objectivity and dialogues in place of monologues...’ (Gilbert 1994: 90).

Stanley and Wiseman (1993:168) cited in England (1994) argue that ‘treating people like objects- sex objects or research objects- is morally unjustifiable’. The research subjects should be treated as people and not as mere passive banks of information. These changes in the epistemological basis of the research will lead to unknown levels of uncertainty in the research process with unpredictable challenges for the researcher.

England (1994) draws on geography’s humanistic tradition which in itself was a response to the discipline’s positivistic turn in the 1960s. Reflexivity in a humanistic sense refers to the self-reflection required from the author/researcher. The researcher engages in a process of self-cleansing through which s/he makes clear any presuppositions about their work so that

researcher's impact upon the study can be marked (Rose 1993). In other words 'reflexivity is self-critical sympathetic introspection and the self-conscious *analytical* scrutiny of the self as researcher' (England 1993:82). It is an essential element of interpretive approaches and in feminist research demands an awareness of both the gendered nature of social phenomena and the gender of the researcher *vis-à-vis* the research act (Dyck 1993).

2. 10 Inside and outside.

2. 10. 1 Neither insider nor outsider status.

The notions of reflexivity and intersubjectivity highlighted most commonly within feminist research methodologies have clear implications for the research methodologies employed in the study of ethnic minority businesses. The research objectives advocated the need to cross multiple boundaries of gender, 'race' and culture. The difficulties in achieving this process are now discussed.

In agreement with Song and Parker (1995: 243), 'dichotomized rubrics such as "black/white" or "insider/outsider" are inadequate to capture the complex and multi-faceted experiences of some researchers, such as ourselves, who find themselves neither total 'insiders' nor 'outsiders' in relation to the individuals they interview'. In this case the authors are debating their positionality (as a female Korean-American and a male of Chinese and British descent) *vis-à-vis* their Chinese subjects. In my own case, my African-Caribbean descent undoubtedly gave me a degree of commonality with my African-Caribbean subjects but some barriers

remained impenetrable. I recall an interview in Northampton with an African-Caribbean entrepreneur. His initial dread and hostility towards me only slowly gave way to a tepid welcome when I began to share my life experiences with him. Occasionally, as we spoke, his initial hostility towards me would return as he focused on our different identities, most notably my rearing in England and his own unique experiences in Jamaica and 'Babylon' which I could only comment on through my own parents' recollections. The perceived mutual understanding returned when he recounted tales of black disadvantage in Britain and the reason why he was helping me was so I would progress in my career. Parker, reflecting on his own experiences in Song and Parker (1995) substantiates these feelings for his own positionality with respect to his Chinese participants:

'...the positioning of me as someone "totally English", particularly by those anxious to assert their sense of being Chinese, could be suspended when shared experiences of discrimination were being discussed' (Song and Parker 1995: 245).

Moreover, Dyck (1993: 55) doing research on the lives of Indo-Canadian women in Vancouver alludes further to these types of problems arguing that 'while women researchers and subjects as gendered subjects are expected to have commonalities in experiences, there are also significant divisions which do not admit one as an insider on the basis of being a woman alone'.

A somewhat different set of circumstances awaited me when conducting some of my unstructured interviews in Liverpool. Here my commonality with the African-Caribbean interviewees was unchallenged in terms of a perceived 'racial' identity. Rather my non-local identity (despite living in the Toxteth area of the city) rendered me an outsider (Jacobs 1994). To some extent this placed me on the defensive whilst I searched within myself for reasons with which I could legitimise my presence within the community as an academic researcher with non-local roots:

‘ A reflexive researcher must contain the capacity to continually question his or her most automatic assumptions and specifically those bound up with the researcher’s own social position’ (Hoggett, Jeffers and Harrison 1994: 68).

In hindsight the community groups I became associated with at that time were partly an expression of, firstly, critical self-reflections on my positionality, secondly, a pressing need to gain some legitimacy within the Granby-Toxteth area to sanction the carrying out of research but also a medium through which research findings might be channeled back for dissemination to those who had given their time freely (see Barrett 1992). Indeed I was anxious to avoid what Hursh-Cesar and Roy (1976: 8) cited in Sidaway (1992) call ‘data mining by the sojourning social scientist (who) gathered his data, and went home to complete his analysis... (leaving) disappointed hosts who expected useful research results, correction of social problems, or even joint publications’.

One of the other researcher who was employed on the ESRC funded project shared her insights into her positionality as interviewer. Fiona is a white woman in her late twenties and was brought up in Northern Ireland. She was responsible for mainly a sub-sample of the South Asian and white interviews. Fiona explained to me that she did not feel that either her gender or ethnicity hampered or proved advantageous in the interview process. The important tool in gaining access to the information required and sustaining a rapport with the respondents was the fact that Fiona had travelled from Liverpool to ask about the experiences of the business owner. This symbol of commitment and interest allied to the youthfulness of her as a researcher far outweighed considerations of ethnicity and gender. Nonetheless, Fiona did comment on her reception by male South Asian enterprise owners, particularly in Southall. On several occasions, efforts to obtain interviews with South Asian jewellers in this area of distinct South Asian settlement (see Northcote ward, table 2. 3) were floundered with the immediate realisation that Fiona was not a genuine customer. Subsequent efforts to conduct an interview were further hampered by the unusualness of the situation (a western-style casually-dressed white female entering the premises of a highly-specialised purveyor of Asian ornate wedding jewellery) resulting in the owner becoming irritable and turning away to conduct mother-tongue conversations with other co-ethnics about the ‘invasion’ of his commercial space by this outsider.

Not having spoken to the other researchers, it would be misleading to suggest that the other interviewers shared the same perceptions or were able to build a similar level of rapport with their respondents. Focusing on physical characteristics, I can only infer that one of the other

male researchers, Terry, who was approximately fifty years old, carried a briefcase and was inclined to dress more formally than Fiona, Jan and myself may have encountered other difficulties. Similarly Mohammed, a male of Iraqi origin, was the fourth researcher and was mainly responsible for the interviews in Coventry, mainly because of his knowledge of that city. His interviews with South Asian manufacturers and wholesalers are particularly informative. However he did struggle to complete the quota of white control interviews. The large number of refusals he received may have been a reflection of the white respondents' determination to conceal information about their businesses from a suspected undercover 'Asian' rival. Alberto, a middle-aged Brazilian man, mainly conducted interviews in Preston.

During the regular research meetings organised to assess progress on the project I remember Alberto commenting that his knowledge of spoken English (and consequently his confidence to arrange interviews and explain the reasons for the research) were his main stumbling blocks. The outcome of these difficulties was that Alberto completed only a small number of interviews. Ray, a white man in his early thirties, was the final interviewer and was employed for a relatively short period of time on the project. He was charged with carrying out interviews with African-Caribbean respondents in Lewisham and Nottingham. Ray alleged that he was mugged whilst conducting the research in Lewisham and had all his completed questionnaires from both Lewisham and Nottingham stolen.

2. 10. 2 Interviewing as an outsider.

Some scholars have argued that gender is crucial to the decision on whether an interview is granted. Smith (1972) discusses the understandable reluctance of women to invite strangers, particularly males, into their homes. Clearly this can pose severe, though not insurmountable, problems for men seeking to research issues such as the sexual division of domestic labour or child-caring in their natural spaces because women are over-represented in these activities. Equally female researchers can face problems gaining access to spaces deemed the prerogative of men (Herod 1993). Carby (1982) cited in Edwards (1990) takes issue with white researchers who have carried out research on black people from a white eurocentric perspective. She highlights the research of Nancy Foner (1979) on African-Caribbean male and female migrants in London and suggests that a white feminist research agenda should endeavour to unearth the 'gender-specific mechanisms of racism amongst white women' (Carby 1982: 232).

Phoenix (1987) also cited in Edwards (1990) continues the debate about conducting research that transcends boundaries of race. She argues that the socio-political context of academic research is inherently biased against black people which means that 'when comparisons are made between groups of black people and groups of white people research continues to construct white people as the norm and black people as abnormal by comparison' (Phoenix 1987: 51). To a large extent much of the past research on ethnic minority business research has done little to challenge these tendencies. This thesis goes some way towards inverting this

process by elevating South Asian business owners to the role of the 'yardstick' by which differences in white and African-Caribbean owned businesses are examined. Nonetheless I recognise the fact that putting South Asian business on a pedestal is merely stereotyping in another guise. To counter this justifiable criticism, the analysis is not divorced from the considerations of the structures of social, economic, political and racial disadvantage since it is within this context that Britain's ethnic minorities must conduct their social lives.

Not surprisingly, the reflexivity and representation literature does not deal directly with the ethics and politics of a black African-Caribbean man interviewing white and South Asian men and women. Generally my reception varied only marginally depending upon the potential participant. Women of South Asian origin were the most difficult to contact owing to cultural and symbolic restrictions on behaviour. Where initial contact was made with South Asian women owners I was almost always ushered from the business premises or informed that the husband was unavailable to speak to me at that moment. On reflection I do not think the greeting would have changed significantly if I was female and/or African-Caribbean or white. Finch (1984) notes that her commonality of gender with her black respondent did assist her in sustaining contact but only after the initial barriers had been defused by her association with a university. This positive aspect of affiliation with an education institution is echoed in my own research. I perceived that the presentation of my business card, casual (student) dress and youthful looks were generally sufficient to render the consideration of my gender and racial background relatively unimportant. On seeing my identification respondents adopted a type of protective welfare stance which to me conveyed a grudging willingness to assist me with my

studies. Having seemingly overcome the impasse of race and/or colour the focus must be turned to the interpretation of the data itself and the extent to which that interview data has been corrupted by what Reisman (1987: 190) calls 'a lack of shared cultural and class assumptions' on the part of the participant and researcher (see also Edwards 1990; Kobayashi 1994).

2. 11 Filtering, coding and analysing the data.

2. 11. 1 Coding and computer analysis of the data.

Filtering, coding and analysis of the data are the strategies by which the researcher endeavours to bring order, shape and meaning to the voluminous amount of information collected. The ethnic minority business questionnaire already had pre-assigned codes given to particular replies to questions. Some of the more open-ended questions and replies were coded once the interviews had been collated. However the qualitative anecdotes volunteered by the respondents in reply to other questions could not be reduced into a methodical form of words. In these instances, the data was preserved in its original state. Once this process had been completed the questionnaire data was inputted into a data analysis computer software package suitable for handling this type of questionnaire data. The Statistical Package for the Social Sciences Extra (SPSSX) and its updated version, SPSS for Windows, are available through a mainframe computer system and personal stand-alone computers respectively allows questionnaire data to be easily retrieved and manipulated for analysis purposes. As the emerging lead field researcher, I became responsible for the quality control of the inputted

data. This involved the systematic checking of the missing cases identified by the software when the program was run.

2. 11. 2 Multivariate analysis of the questionnaire data.

The search for exploratory methods for analysing the survey data guided me into the field of multivariate techniques. In an attempt to make some initial sense of the wealth of interview data I decided to experiment with the use of cluster analysis. Cluster analysis seeks to classify objects or cases on the basis of their similarities (nearness to each other) or differences (distance from each other). Group membership for all cases or objects is unknown. The technique is widely used in the biological and earth sciences to classify, for example, forest vegetation, plankton and salinity levels in hydrological studies of water systems (see Sakai and Ohsawa 1994; Pakhomov *et al* 1994 and Herrera-Silveira 1994 respectively).

Increasingly cluster analysis techniques are also being applied within the social sciences and more particularly within human geography to 'cluster' phenomena such as spatial units (Davies and Donoghue 1993) Morrill (1994) uses this analysis tool to assess patterns of migration in the Pacific Northwest region of the USA. By grouping together like counties on the basis of their age-specific migration, Morrill (1994) communicates some important findings about the diversity of Pacific Northwest counties, the origins and destinations of age-specific net migration. Similarly, Pompili (1992) and Green *et al* (1994) use cluster analysis to comment effectively on the nature of local labour markets within urban systems in Italy and Britain respectively.

Before undertaking a cluster analysis the researcher must decide which variables will form the basis of the cluster analysis. Moreover the researcher must decide how the distance between cases will be measured and what criteria will be used for the formation of the objects into clusters (Everitt 1978). The selection of variables is extremely important. The omission of important variables can generate misleading findings whilst the initial choice of variables determines the characteristics that can be used to identify clusters:

‘If one is interested in clustering schools within a city and does not include variables like the number of students or the number of teachers, size is automatically excluded as a criterion for establishing clusters’ (Norusis 1988).

Having carefully selected the variables which will form the basis for the clustering of the research objects, the analyst must turn to the issue of the distance between the objects. In cluster analysis distance measures are small and similarity measures are large for objects that are similar. The cluster analysis in chapter six uses a measure called the squared Euclidean distance measure. This measure is computed by summing together the squared differences over all the variables. The squared Euclidean distance technique is a commonly used measure. One of the chief drawback of this distance measure is that it is extremely scale sensitive. Where researchers wish to standardize the distance and reduce the scale sensitivity, z-scores are often used. Use of the squared Euclidean distance measure means variables measured in large units will contribute much more to the derived squared Euclidean distance measure than variables measured in smaller units. Conversely this drawback represents a potent reason for

using the squared Euclidean distance because the variability of particular measures can generate useful information which become suppressed when z-scores are introduced.

The many methods of actually combining research objects into clusters includes the commonly used technique of agglomerative hierarchical clustering (Everitt 1974). This approach, as the name suggests, involves the agglomeration of objects into increasingly larger clusters until all the research objects are members of a single cluster. Initially all the objects represent individual clusters but at the second stage two objects merge to form a cluster and at every subsequent stage individual objects are added to existing clusters or clusters combine to form larger clusters. The cluster analysis in chapter six also uses a commonly used method of deciding which objects or clusters should be combined at each step. The 'furthest neighbour' technique computes the distance the furthest points of two clusters (Norusis 1988).

Cluster analysis can be justifiably criticised on several dimensions. A major criticism is its 'soft approach' to the rigours of scientific method. The researcher is at liberty to subjectively select the variables which will form the basis of the cluster procedure. Moreover the researcher also decides on the absolute number of clusters that will be formed through the analysis. For example, the analyst may decide that five clusters is the minimum number of clusters to be formed and eight to be the maximum number. In defence of these technical flaws, cluster analysis is an expressly exploratory technique geared towards identifying relatively homogenous groups in the data. It is a preliminary-type analysis technique and is sometimes

used as a precursor to further in-depth statistical analysis. It is used for this purpose in chapter six where the goal is to cast light on any tentative links between the personal attributes of the surveyed owners, their business activity and their financing arrangements.

2. 11. 3 Analysis of the qualitative data.

Writers such as Patton (1990) and Miles and Huberman (1993) argue that the qualitative researcher starts out with guiding hypotheses which are discarded and reworked as s/he collects the data and analyses it. Creswell (1994) identifies five phases of the analysis which provide useful guidance for the inexperienced fieldworker. More seasoned researchers will instinctively tend to follow some of these recommendations in a general attempt to make sense of the data collected.

2. 11. 4 Phase one: organizing the data.

Constant re-reading of the data familiarises the researcher with that data as quotations, people and events are sifted and revisited within the researcher's mind. Minor editing can also take place at this stage in a process of cleaning up the data. Creswell (1994) also suggests strategies to make field notes more easily retrievable such as the use of computer software. There are several software packages currently available for the analysis of qualitative data such as. Mere tinkering with one of these packages (NUDIST - Non-numerical unstructured data

indexing, searching and theory-building) has confirmed a fundamental contradiction, that is, the packages attempt to assign quantity to qualitative data.

2. 11. 5 Phase two: creating categories and recognising common themes and patterns.

The researcher endeavours to identifying salient themes, recurrent patterns of human interaction/behaviour . This can be difficult but also a challenging and interesting aspect of making sense of the data. The process of category generation involves the noting of regularities in the research setting or among the participants of the study. As categories of meaning emerge the researcher looks for those categories that have internal convergence but external divergence (Bryman and Burgess 1994). In other words the categories should be internally consistent but also distinct from each other.

2. 11. 6 Phase three: testing initial and developing hypotheses.

As categories and patterns emerge , the researcher must begin the process of evaluating the initial and developing hypotheses and testing them through the data. This involves a search through the data during in which the researcher challenges the hypotheses and searches for negative instances of the emergent patterns. The qualitative researcher should also be coming to some decision about whether the data is useful in highlighting the questions being explored

and whether the questions are central to the story being developed about the social phenomena.

2. 11. 7 Phase 4: the search for alternative explanations.

The researcher needs to challenge seemingly obvious patterns that may have emerged about the social phenomena. S/he must try to think of alternative plausible explanations for the data and the linkages between them. Alternative explanations always exist and it is the researcher's responsibility to find them and justify why a particular set of explanations are more plausible than others (Dey 1993).

2. 11. 8 Phase 5: report writing.

Writing the report can not be separated from the phases of data analysis since in writing the report the researcher is placing her/his own particular interpretations on the masses of raw data. Several models for report writing exist. Some are outlined in Taylor and Bogdan (1984). Among these models are the use of the descriptive life history account. The life history moves beyond simple chronology and channels the life history of the respondent according to, for example, the main turning points in the person's life. Mandelbaum (1989) argues that these turning points, which can be gradual or sudden, are triggered by a single event or set of circumstances. In reaction to these events the person adopts new roles, embarks on new relationships with other people and may also develop a new self-conception. A second model of report-writing sees the presentation of data gathered through in-depth interviews and part-

observation forming the framework for the report. In this thesis, anecdotal evidence obtained from the qualitative interviews conducted with African-Caribbean business owners is used in a supportive approach to substantiate and question inferences made from the quantitative data collected via the more structured ethnic minority business survey.

2.12 Summary.

This chapter has exposed for scrutiny the research methodologies underpinning this thesis. I have endeavoured to argue that a balanced approach between quantitative type approaches and qualitative methodologies can be successfully implemented in a data collection strategy and has been used in past studies. This is despite alleged frictions between the two research packages that can not be reconciled.

There is also a call for researchers to continue to be more self-reflexive. There is a unyielding need for the researcher to frequently question where s/he is positioned within or outside the research. Moreover the researcher must explain, at some stage, their background to the project under investigation and their values and expectations in relation to the social phenomena. In this way the research process is fully exposed for examination and reflections can be made on the accountability of that research.

CHAPTER 3:THE BUSINESS SURVEY: PROFILING THE PARTICIPANTS.

3.1 *Introduction.*

This chapter focuses on some of the key characteristics of the surveyed businesses. It represents a considered examination of the general findings relating to the surveyed businesses and their owners. Hence the main aim of this exposition is to allow the reader to become acquainted with the wider context of business and proprietor-lived experiences which encapsulates the more detailed studies in subsequent chapters. The style of this introductory chapter is primarily quantitative in conveying trends and patterns prevalent in the sample. However this style is also supplemented by and complemented by a qualitative approach to the conveyance of respondent views and interpretation of their business world experiences. This is presented via anecdotal evidence.

The detailed nature of the questionnaire survey provides a rich source of information about small firms. Due to the constraints on this thesis not all these issues can be thoroughly explored; though in total they offer an invaluable contribution to an understanding of both black and white owned small enterprises in the 1990s.

This chapter aims to highlight a number of key aspects which will familiarise the reader with some of the owner-manager's life experiences such as education experiences, personal characteristics and motivating factors whilst also giving an insight into the working lives of the entrepreneurs by divulging information on the firm's customers and suppliers, identified physical problems with the business premises and encounters with of forms of prejudice and future plans. Where possible these experiences are discussed in the context of the relevant literature.

The analysis will be couched, for the most part, in terms of the differences and similarities between the three ethnic groups under investigation, namely white, South Asian and African-Caribbean, since this is the socio-cultural cleavage which underpins the basis of the whole thesis. Simultaneously, the author recognises that generalisations and disregard for cultural difference can ensue from the use of these consolidated groups for analysis purposes.

3.2 Employment and unemployment prior to running present business.

The owner respondents were asked about their labour market experiences prior to starting or buying the current business. Some interesting observations emerge (see table 3. 1). Approximately equal proportions of white, South Asian and African-Caribbean respondents had been self-employed prior to starting their current business (16.9, 17.1 and 17.4 per cent respectively). White respondents were more likely than the other two groups to have been employees whilst similar proportions of both whites and South Asians had not been actively

seeking work prior to starting their business (7.1 and 7.0 per cent respectively). An examination of the unemployment figures among the sampled owners reveals an all respondents' proportion of 9.8 per cent. Somewhat expectedly, African-Caribbeans are observed to be substantially above this figure at 21.7 per cent followed by South Asians at 10.8 per cent. However white respondents register an unemployment figure which is nearly half of the all respondents' weighted average.

Table 3. 1 Previous economic status of surveyed owners.

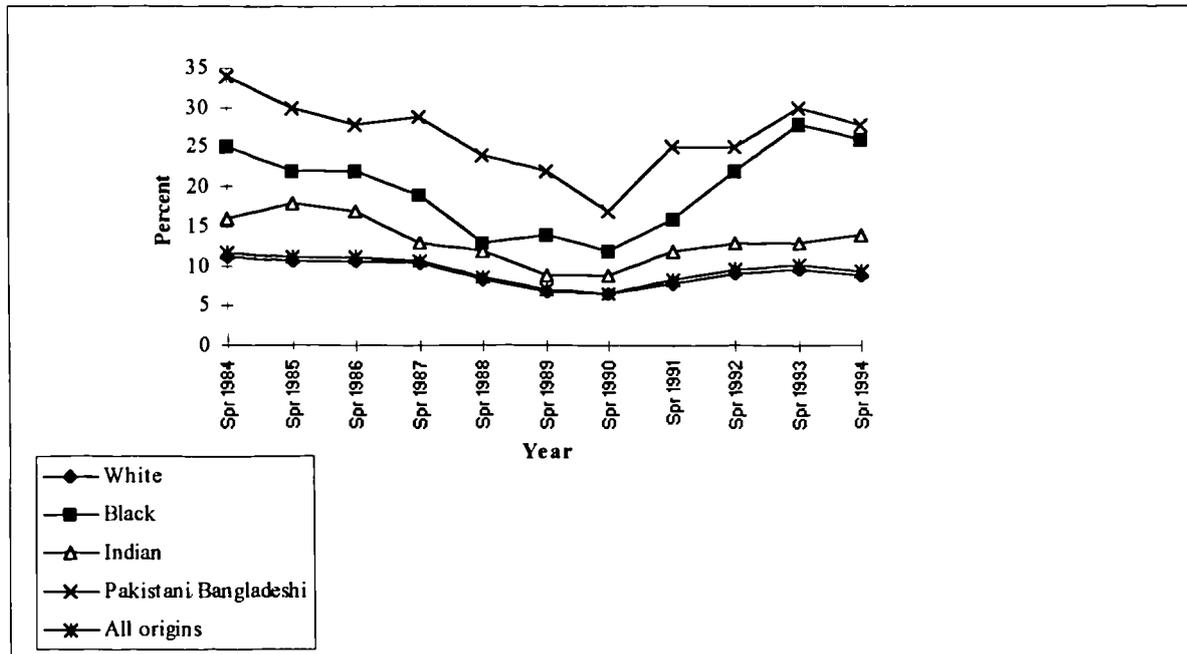
<i>Owner's ethnicity</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Status	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Employed	70.8 (109)	65.2 (103)	60.9 (28)	67.0 (240)
Self-employed	16.9 (26)	17.1 (27)	17.4 (8)	17.0 (61)
Not employed	7.1 (11)	7.0 (11)	0.0 (0)	6.1 (22)
Unemployed	5.2 (8)	10.8 (17)	21.7 (10)	9.8 (35)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	14.11271	6	.02840
Minimum Expected Frequency = 2.827		Cells with Expected Frequency <5 = 2 of 12 (16.7%)	

Figure 3. 1 highlights the striking similarity between the changing rates of white group unemployment *vis-à-vis* the pattern of all groups. These two lines on the graph are almost indistinguishable. In the decade between 1984 and 1994 the percentage unemployment rate resonates between seven and twelve per cent of the economically active population. Of the three black groups under statistical investigation Indians are the least likely to be officially

unemployed followed by African-Caribbeans and finally the Pakistani and Bangladeshi group. Nearly 35 per cent of the Bangladeshi/Pakistani economically active population were unemployed in 1984. Or in more alarmist terms more than 1:3 of this section of the population. Though this figure waned by 1990, it was once again spiralling upwards in 1993 before falling back again. Since the end of the Lawson boom years of the mid 1980s it is African-Caribbeans who have encountered the most sustained rise in unemployment among all the groups in question. Unemployment bottomed out at around 11 per cent in 1990 but has risen steadily to top 25 per cent or one in four of the economically active population by Autumn 1994. Undoubtedly these unemployment rates are conservative estimates of the true rate of non-activity (Guardian 1996b; Skellington 1996; Observer 1995). The comparability of the figures over time is tainted by the knowledge that numerous alterations to the official definition of unemployment have been made during the Conservative administration (Labour Market Trends 1995a).

Figure 3. 1 Trends in ILO unemployment rates by ethnic origin for Great Britain, spring 1984 to spring 1994.



Data source: Employment Gazette 1995

There are methodological inconsistencies which may affect data comparability in figure 3. 1. For example the figure for ‘black’ includes West Indian, Guyanese and African though after Spring 1992, the data for ‘black other’ has been excluded from this category. Nonetheless a number of useful inferences can be made through comparison of table 3. 1 and figure 3. 1. The pattern in these diagrams suggests that the surveyed owners have not been too adversely affected by labour market squeezes. The glut of data on unemployment inform on the lives and attitudes of the surveyed owners. The information offers an insight into the climate of opportunity and life chances surrounding the business owners at the time of setting up the firm. Moreover the Labour Force Survey data and the collected survey data sheds light on the labour market situation of the owners interviewed. Inferences can be made on the extent to

which interviewees have arrived at their current self-employment *vis-à-vis* their ethnic group experience in the labour market. On the whole the surveyed owners are a relatively 'fortunate' cohort who appear on the surface to have managed to escape the severe ravages of economic and social disadvantage synonymous with a vast majority of their associated ethnic group.

However an appreciation of the structural changes of the 1980s warrants a cautionary note on the concentration of all groups, including whites, in the distribution, catering and repair trade; and within this broad category the over-concentration of say Pakistani and Bangladeshi men in catering for example. Hence before assigning a privileged label to the surveyed owners in respect of their labour market experiences one must bear in mind the owners and the working conditions endured. Moreover information is scarce in the survey data on the considerable proportion of respondents who have jettisoned a previous business enterprise prior to being interviewed for the current venture.

3.3 Respondents' school leaving age.

Table 3. 2a, b and c cross-tabulate the age of the owners against their school leaving age for whites, South Asians and African-Caribbeans respectively. Comparisons between table 3.2a, b and c reveals that South Asians of whatever age have undertaken more education than both whites and African-Caribbeans. There is, on the whole, very little difference between whites and African-Caribbeans in any given age group. Nonetheless, white business owners have undertaken less education overall because of their concentration in the higher age groups.

If time spent in school can be equated with academic achievement then it is little surprise that South Asians perform better at GCSE level than any other group, including whites. A recent survey found that at eighteen years old, 65 per cent of Indians, 61 per cent of Pakistanis and Bangladeshis, 72 per cent of other Asians and 50 per cent of blacks are still in full-time education, compared with 38 per cent of whites. However unemployment rates among all ethnic minorities easily surpass the rate for whites (Office for National Statistics 1996).

Table 3. 2a School leaving age and owner's age (white owners).

<i>Owner's age</i>	<i>Under 25</i>	<i>25-34 years</i>	<i>35-44 years</i>	<i>45-54 years</i>	<i>55+ years</i>	<i>All respondents</i>
Leaving age	(Figures are expressed as column percentages. Figures in parentheses are raw counts)					
15 and under	25.0 (1)	13.9 (5)	41.1 (23)	57.8 (26)	65.5 (19)	43.5 (74)
16 to 18 years	175.0(3)	80.5 (29)	58.9 (33)	31.1 (14)	24.1 (7)	50.6 (86)
Over 18 years	0.0 (0)	5.6 (2)	0.0 (0)	11.1(5)	10.3 (3)	5.9 (10)

Chi-Square Value DF Significance

Pearson 34.60509 8 .00003

Minimum Expected Frequency = .235 Cells with Expected Frequency <= 7 of 15 (46.7%)

Table 3. 2c School leaving age and owner's age (African-Caribbean owners).

	<i>Owner's age</i>	<i>Under 25</i>	<i>25-34 years</i>	<i>35-44 years</i>	<i>45-54 years</i>	<i>55+ years</i>	<i>All respondents</i>
Leaving age							
15 and under		0.0 (0)	17.6 (3)	40.0 (4)	43.8 (7)	50.0 (1)	29.4 (15)
16 to 18 years		100.0 (6)	82.4 (14)	50.0 (5)	56.2 (9)	50.0 (1)	68.6 (35)
Over 18 years		0.0 (0)	0.0 (0)	10.0 (1)	0.0 (0)	0.0 (0)	2.0 (1)

(Figures are expressed as column percentages. Figures in parentheses are raw counts)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	10.74357	8	.21666

Minimum Expected Frequency = .039 Cells with Expected Frequency <5 = 11 of 15 (73.3%)

3.4 Post-school education, ethnic group and gender.

Mason (1995) has commented on the need for further research on the links between labour markets and the education system. The absence of black ethnic minorities of post-school age from the economically active population compared to their white counterparts is partly a reflection of their propensity to stay in full-time education beyond the minimum school leaving age (see section 3.3). But it remains unclear as to whether their endeavours in the classroom are being rewarded in the labour market. Indeed for many years the education literature which attempts to synthesise the issues of race and education has focused heavily on the notion of black under-achievement in the education system (Troyna 1984; Department of Education and Science 1985). This matter is returned to in subsequent sections of this chapter.

The personal characteristics of a substantial number of black shop owners do not conform to known stereotypes of small shopkeepers who have been highlighted in past studies as 'being poorly educated and of humble origins' (Aldrich *et al* 1981), and less academically qualified than the rest of the economically active population (Bolton Report 1971; Curran and Burrows 1988b). Notably high educational attainments have become synonymous with East African Asians. A study into East Indian entrepreneurs in Ontario, Canada which included a significant number of East African Asians unveiled that forty-five per cent had college degrees. Some of these had advanced degrees. This compares most favourably to the eighteen per cent of the Toronto population who are university graduates (Marger 1989). Similarly, McEvoy and

Jones (1993) found that forty per cent of South Asian retailers, as a whole, across three Canadian cities were university graduates.

Despite these achievements a significant proportion of black business owners undertake activities which belie their credentials. Table 3.3 cross-relates the findings pertaining to education, gender and ethnic origin. With regard to the male interviewees, Asians and more notably African-Caribbeans were more likely than their white male counterparts to possess post-school education and training. The statistics for women owners are even more striking. Once again, the white owners trail the other two groups in the sample. An astonishing 82.4 per cent of African-Caribbean women have attained post-school training and education. This proportion is by far in excess of the average for all women and all persons but is consistent with data emanating from the Labour Force Survey on ethnic origins and highest qualifications held (see Labour Market Trends 1996). Hence the research findings could be construed as representative of the three ethnic groups nationally. The data echoes the call for more optimistic assessments of black student performance and the collection of further evidence which contributes towards dispelling some of the myths surrounding black under-achievement in the education system (see Jenkins and Troyna 1983; Troyna 1984).

Table 3. 3 Post-school education, gender and ethnic origin.

	<i>Men</i>			<i>Women</i>			<i>All women</i>	<i>All respondents</i>	
	<i>White</i>	<i>South Asian</i>	<i>A-C</i>	<i>White</i>	<i>South Asian</i>	<i>A-C</i>			
Post-School education and training?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)								
Yes	38.2 (39)	46.9 (61)	50.0 (15)	43.9 (115)	34.8 (16)	58.1 (18)	82.4 (14)	51.1 (48)	45.9 (166)
No	61.8 (63)	53.1 (69)	50.0 (15)	56.1 (147)	65.2 (30)	41.9 (13)	17.6 (3)	48.9 (46)	54.1 (196)
<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>						
Pearson (male respondents)	2.26475	2	.37227						
Minimum Expected Frequency = 13.168									
<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>						
Pearson (female respondents)	12.14791	2	.00230						
Minimum Expected Frequency = 8.319									

3.5 Paper qualifications and ethnic origin.

The huge diversity of business activity demands that business owners have the necessary skills and qualification to practice and manage their businesses effectively. The respondents' education and training ranged from a minority who had no qualifications from school to those who possessed higher degrees. The best qualified respondents were usually those who had completed most, if not all, their schooling and post-schooling careers either in Britain or the country of origin but not a combination of the two. For a number of respondents migration had resulted in a break in their schooling. South Asians in particular faced the added disadvantage of having to adjust to another language (McGoldrick and Reeve 1989).

The study of Bradford, Leicester and the London Borough of Ealing by Aldrich *et al* (1981) generated some alarming findings. The Three Cities Study reported in Aldrich *et al* (1981) was one of the earlier research projects upon which the current research was modelled (see section 2.4.1). The study revealed a large number of well qualified Asians in shop-keeping activities. Table 3.4 portrays the marginally longer educational career of the South Asian entrepreneurs in the sample in each of the three study areas. The apprenticeship figures reveal the restricted access of South Asians to these opportunities of betterment despite their paper qualifications. The most striking figures pertain to those possessing a polytechnic or university degree. Of the South Asian sample in Bradford and Leicester twelve per cent and ten per cent respectively have achieved a degree qualification compared to zero and only four per cent for the white sample in those localities. The figures become more polarized in Ealing where thirty-nine

percent of Asians had a degree compared to only four per cent of whites. The evidence in the table four seems to support the proposition that South Asians in this survey were willing to accept self employment opportunities below their abilities in order to avoid low status jobs in the mainstream labour market.

Table 3. 4 Three cities study of Asian and white owned firms and their owners.

Characteristics	<i>Bradford</i>		<i>Leicester</i>		<i>Ealing</i>		<i>All cities</i>	
	<i>Asian</i>	<i>White</i>	<i>Asian</i>	<i>White</i>	<i>Asian</i>	<i>White</i>	<i>Asian</i>	<i>White</i>
Age	39	47	38	49	38	48	38	48
Years of education	10.2	10.1	10.2	9.9	10.2	8.9	10.2	9.7
Highest qualifications	(Figures are expressed as column percentages. Rounding errors mean that some columns do not total 100%)							
No qualifications	51	60	65	38	15	40	43	45
O-levels	4	3	10	9	3	9	6	7
Secondary school	30	11	6	34	28	23	22	23
A-levels	1	1	3	4	7	3	4	3
Apprenticeship	0	17	4	6	1	17	2	14
Technical training	3	7	2	5	7	4	4	5
Degree	12	0	10	4	39	4	20	3

Source: Aldrich *et al* (1981)

The findings of the 1981 study complement those of an earlier research project in Bradford in the 1960s which highlighted that over half of a sample of small shop owners had been self-employed business people, managers or professionals before arriving in Britain (Allen *et al* 1977). In many cases the elevation into the ranks of the self employed was facilitated through paid menial employment in the mainstream labour market.

Table 3. 5 reveals noteworthy similarities between the 1978 Three Cities Study data and the current research findings based on fifteen study areas. Once again South Asians easily out-score the white business owners on degree qualifications. The findings bear testimony to the high levels of paper qualifications among African-Caribbean business owners. This group is argued to consistently under-achieve in the British educational system (see section 3. 6).

Table 3. 5 Owners' highest qualifications and ethnicity.

<i>Origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Highest qualifications	(Figures expressed as column percentages. Figures in parentheses are raw counts)			
No qualifications	1.4 (1)	6.9 (8)	3.3 (1)	4.6 (10)
Degree	16.7 (12)	37.1 (43)	36.7 (11)	30.3 (66)
A-levels	9.7 (7)	12.1 (14)	10.0 (3)	11.0 (24)
CSEs/ O-levels	30.6 (22)	22.4 (26)	6.7 (2)	6.9 (50)
Vocational training	36.1 (26)	13.8 (16)	36.7 (11)	22.9 (53)
Other	5.6 (4)	7.8 (9)	6.7 (2)	24.3 (15)

Chi-Square Value DF Significance
 Pearson 26.78888 10 .00281
 Minimum Expected Frequency = 1.376 Cells with Expected Frequency <5 = 5 of 18 (27.8%)

3. 6 Re-assessing black under-achievement in schools.

Focusing on O-level and CSE equivalent qualifications, the relatively good performance of all three groups of business owners becomes apparent. Close examination of table 3. 5 indicates

that assuming that degree holders have A-levels and A-level holders have O-Levels then the relevant O-level figures are the cumulative totals of these figures. Hence 57 per cent of whites, 71.6 per cent of South Asians and 53.4 per cent of African-Caribbeans have O-levels qualifications. Whilst these findings seem to give credence to arguments that suggest the school achievement gap between white and African-Caribbean pupils is narrowing, there is also strong support for treating these findings and those of other studies of examination achievement, such as the conclusions of the Swann Report, with caution (Troyna 1984).

Skellington (1996) argues that findings on educational achievement need to be qualified and properly contextualised in a number of ways:

‘... different ethnic groups are often of very different social class composition. Since educational attainment is strongly linked to social class, some of the ostensible differences in achievement between ethnic groups may be reflections of class differences... Secondly, none of these ethnic categories is monolithic. The “Asian” group, for example, is itself made up of groups of different levels of achievement’
(Skellington 1996: 177)

The relatively small differences in the examination achievements of the business owners recorded in this thesis may well be symptomatic of the owners’ personal backgrounds and their emerging petit bourgeois values.

Putting aside the unique experiences of the survey respondents, mono-culturalism remains the dominant ethos underpinning teaching strategies in Britain and has been shown to ineffectual in raising African-Caribbean students' aspirations and motivation to learn (Wilkie 1992). A curriculum which embodies and purports eurocentricity essentially undermines the existence of other cultures which are equally valid to an understanding of the world. The biases have to be firstly recognized and then action must be taken to modify the curriculum accordingly. This will be a lengthy process since mono-culturalist perspectives are deeply enshrined in all aspects of society:

‘... Conservative governments since 1979, have lacked the political will to tackle inequalities. to transform rhetoric into action, and to confront British racism... The slowness of our progress, the persistence, and in some areas the increase of social and economic disadvantage and racialized inequalities is testimony to past neglect and the historical rootedness of British racist values’ (Skellington 1996: 247).

However a slow realisation of the situation and a need to correct the cultural imbalance in the school curriculum is beginning to crystallise amongst educationalists and tutors. Indeed McGivney (1990) records that tutors themselves believe that curriculums should ‘validate black experience by incorporating black perspectives and reference to other cultures’ (McGivney 1990: 107)

The Swann Report (1985) was an important watershed within the education sphere (Department of Education and Science 1985). The report advocated the need for 'race' equality work in all parts of the British Isles but most notably in predominately 'white' areas where racist attitudes continued to be deeply entrenched. Bonnett (1996) argues that the Swann Report was used by Local Educational Authorities as a means to sanction experiments in multi-cultural and anti-racist education.

The differences between anti-racist and multi-culturalist approaches to redressing problems in the education and employment spheres, for example, are deeply contested. An exposition of these discourses are beyond the scope of this thesis. The purpose of mentioning these approaches here is to draw the readers attention to the efforts of educationalists to bring about an education system which acknowledges culture, 'race' and difference. Nonetheless multi-culturalism has been rightly criticised for its narrow focus on prejudice and attitudes and its goal of neutralising prejudice and promoting tolerance by teaching about the existence of other cultures in a nation now characterised by cultural diversity (Rattansi 1992). Undoubtedly this needs to reach beyond an exotic ephemeralism such as Chinese martial arts or Indian cuisine and actively contribute to raising awareness of other cultures whilst also representing an enjoyable learning experience (Department of Education and Science 1985; Mason 1995). Hence in the Swann Report (1985) there are frequent warnings against stereotyping particular groups. Examples include images of African-Caribbeans as lazy and disruptive in the classroom but excelling on the sports field or South Asians as industrious, thrifty individuals who are somehow genetically programmed to excel in the running of small businesses. On the

other hand, anti-racists tend to argue that racism is subsumed within the fabric of society and efforts to tackle racism in the housing sphere, for instance, involve dismantling the whole housing process of which policy implementation and resource allocations are just two of the components. (Sivanandan 1985).

An examination of young economically active adults in full time education reveals the greater propensity of 16-24 year olds from ethnic minority groups to stay in full time education (27 per cent) compared to only 11 per cent of whites (Singh 1991). The inclination among some parents is that their children must be as well qualified as possible in order to compete in the white dominated labour market. In McGoldrick and Reeve's (1989) study of black small business in West Yorkshire they record the feelings of one South Asian business owner who recalls his own interrupted education because of migration but believes that if his children are vocationally well trained and qualified they will be able to succeed anywhere.

Notably absent from the statistics for all business owners regardless of ethnicity, partly because a question on this issue was not directly included, are achievements related to business studies. In principle the inclusion of a question probing this issue would allow the notion that skills obtained in the classroom and in practical employment could be re-invested in self employment to be examined. Undoubtedly some of the degrees embarked upon by the respondents such as accountancy will incorporate elements of business related studies.

3.7 Complementing business activity with educational attainments.

The three cities study by Aldrich *et al* (1981) identifies an undeniable mismatch between the qualifications of particularly Asian owners and their self-employment. Similarly this research points to a discrepancy between skills and actual economic activity. 40.4 per cent of South Asian retailers which includes food, confectionery, tobacco and newsagents (CTN) and other retailers possess a degree (table 3. 6b). This proportion becomes even more acute by focusing upon African-Caribbean retailers with degrees (42.9 per cent, see table 3. 6c). The proportion of owners possessing vocational qualifications is worth examining, particularly when analysing the match between experience and business activity. 80 per cent of the white owners in the manufacturing and wholesaling sector have a vocational qualification (table 3. 6a). It appears from the data that Asian entrepreneurs, on the whole, are not attracted to these learning opportunities.

Data for the African-Caribbean entrepreneurs reveal that 50 per cent of manufacturers, wholesalers and service providers have a vocational qualification. A note of caution is attached to attempts to interpret too much from these findings. Firstly the actual raw numbers in some of the cells are very small, particularly for the African-Caribbean sample, to draw meaningful conclusions. Moreover, just as the research highlights the mismatch in the career paths of degree holders, it does not necessarily follow that the vocational qualification obtained by the surveyed owners will be a match for the skills required in their business.

It seems likely that the myriad of tasks involved in running a business will demand the knowledge, skills and insights learnt whilst reading for a degree but whether food and CTN retailing represents a true manifestation of the business owner's talents and aspirations is arguable.

The fifty per cent of vocationally trained African-Caribbeans engaged in service activities demonstrate a closer link between acquired skills, such as City and Guilds qualifications, and business activity. For this group, the stereotypical avenues of hairdressing, beauty treatments and automobile repairs are prevalent.

Table 3. 6a Business activity, qualifications and ethnic origin (white owners).

<i>Business activity</i>	<i>Manufacturing and wholesale</i>	<i>Retail</i>	<i>Services</i>	<i>All respondents</i>
Highest qualification	(Figures expressed as column percentages. Figures in parentheses are raw counts)			
No qualifications	0.0 (0)	1.7 (1)	0.0 (0)	1.4 (1)
O-levels/ A-levels	20.0 (1)	41.4 (24)	44.4 (4)	40.3 (29)
Vocational training	80.0 (4)	31.0 (18)	44.4 (4)	36.1 (26)
Degree	0.0 (0)	19.0 (11)	11.1 (1)	16.7 (12)
Other	0.0 (0)	6.9 (4)	0.0 (0)	5.6 (4)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	6.38141	10	.78227
Minimum Expected Frequency = .069		Cells with Expected Frequency <5 = 14 of 18 (77.8%)	

Table 3. 6b Business activity, qualifications and ethnic origin (South Asian owners).

<i>Business activity</i>	<i>Manufacturing and wholesale</i>	<i>Retail</i>	<i>Services</i>	<i>All respondents</i>
Highest qualification	(Figures expressed as column percentages. Figures in parentheses are raw counts)			
No qualifications	11.1 (1)	6.4 (6)	7.7 (1)	6.9 (8)
O-levels/ A-levels	66.6 (6)	31.9 (30)	30.8 (4)	34.5 (40)
Vocational training	11.1 (1)	13.8 (13)	15.4 (2)	13.8 (16)
Degree	11.1 (1)	40.4 (38)	30.8 (4)	37.1 (43)
Other	0.0 (0)	7.4 (7)	15.4 (2)	7.8 (9)

Chi-Square Value DF Significance
 Pearson 10.13414 10 .42880
 Minimum Expected Frequency = .621 Cells with Expected Frequency <5 = 12 of 18 (66.7%)

Table 3. 6c Business activity, qualifications and ethnic origin (African-Caribbean owners).

<i>Business activity</i>	<i>Manufacturing and wholesale</i>	<i>Retail</i>	<i>Services</i>	<i>All respondents</i>
Highest qualification	(Figures expressed as column percentages. Figures in parentheses are raw counts)			
No qualifications	50.0 (1)	0.0 (0)	0.0 (0)	3.3 (1)
O-levels/ A-levels	0.0 (0)	21.4 (3)	14.3 (2)	16.7 (5)
Vocational training	50.0 (1)	21.4 (3)	50.0 (7)	36.7 (11)
Degree	0.0 (0)	42.9 (6)	35.7 (5)	36.7 (11)
Other	0.0 (0)	14.3 (2)	0.0 (0)	6.7 (2)

Chi-Square Value DF Significance
 Pearson 21.68831 10 .01677
 Minimum Expected Frequency = .067 Cells with Expected Frequency <5 = 14 of 18 (77.8%)

3.8 *Small firm ownership.*

A virtually even split was recorded for the number of persons owning individual firms. The survey revealed that 45 per cent of the firms interviewed had only one owner whilst 55 per cent of the small enterprises interviewed had two or more owners. These figure highlights the contribution of husband and wife partnerships to the survey sample (see section 4.6) and confirms the expected incidence of a high proportion of family-run businesses in the sample. Single ownership was more common among African-Caribbeans (53.8 per cent of firms) than South Asian and white owned businesses (45.0 per cent and 42.4 per cent respectively).

3.9 *Owners' ages and the age launch window.*

The survey found that the African-Caribbean respondents, more specifically African-Caribbean females, were marginally more likely than their Asian or white counterparts to be under 35 years old. Both white men and women and African-Caribbeans men are shown to dominate the older age groups. The South Asians in the sample are more clustered in the 25-44 category. A further interesting finding, with regard to the owners' ages and gender, is the distribution of the African-Caribbean sub-sample. Table 3.7 exposes a relative dearth of African-Caribbean owners in the middle age group of 35-44 years (19.6 per cent) whereas the proportions for both South Asians and whites tends to peak in this age group.

Commentators have remarked on the notion of the 'age launch window' as the period in one's life when the harmony between commitment, ambition and access to resources is most favourable for those predisposed for self employment (Curran and Burrows 1988a). Among the general population the age group for this entrepreneurial behaviour is the early 30s to the mid 40s. Though the data gathered on the age of the business owners at the time of the interview is an inaccurate estimate of this notion, coupled with the relevant data on the year the business was established under the respondent's ownership a more informed and accurate assessment of this 'age launch window' can be made. From the sample data set the peak age group is estimated at between early 20s and late 30s (see table 3. 7) which is earlier than the age frame prescribed by Curran and Burrows (1988a).

Table 3. 7 Owners' age, ethnic origin and gender.

Age group	Men			All men	Women			All women	All whites	All SA	All A-C	All respondents
	White	South Asian	A-C		White	South Asian	A-C					
Under 25	2.5 (3)	6.9 (10)	6.1 (2)	5.0 (15)	0.0 (0)	18.8 (6)	22.2 (4)	10.1 (10)	2.4 (4)	8.9 (16)	11.8 (6)	6.5 (26)
25-34 years	22.5 (27)	31.9(46)	30.3 (10)	27.8 (83)	18.8 (9)	28.1 (9)	38.9 (7)	26.3 (25)	21.2 (36)	31.7 (57)	33.3 (17)	27.4 (110)
35-44 years	30.8 (37)	36.1 (52)	18.2 (6)	31.8 (95)	37.5 (18)	37.5 (12)	22.2 (4)	34.3 (34)	32.9 (56)	36.7 (66)	19.6 (10)	32.9 (132)
45-54 years	27.5 (33)	18.8 (27)	39.4 (13)	24.8 (73)	25.0 (12)	15.6 (5)	16.7 (3)	20.2 (20)	26.5 (45)	17.8 (32)	31.4 (16)	23.2 (93)
55 and over	16.7 (20)	6.3 (9)	6.1 (2)	10.6 (31)	18.8 (9)	0.0 (0)	0.0 (0)	9.1 (9)	17.1 (29)	5.0 (9)	3.9 (2)	10.0 (40)

(Figures expressed as column percentages. Figures in parentheses are raw counts)

Chi-Square Pearson (male respondents) Value 20.41962 DF 8 Significance .00886

Minimum Expected Frequency = 1.667 Cells with Expected Frequency <5 = 2 of 15 (13.3%)

Chi-Square Pearson (female respondents) Value 23.28641 DF 8 Significance .00302

Minimum Expected Frequency = 1.653 Cells with Expected Frequency <5 = 8 of 15 (53.3%)

3. 10 Cultural homogeneity and birthplaces of owner-managers.

The survey unveils that only a small proportion of Asian businesses have passed in to the ownership of their British born offspring (10.6 per cent). This is largely a reflection of the age of the Asian owner managers (see table 3. 7). The main wave of labour migration from the New Commonwealth and Pakistan to Britain took place approximately thirty to forty years ago and the vast majority of Asian owned firms still remain under the control of their Asian born founders. The watershed in these relations is likely to take place in about a decade when either a younger British born business owning class will emerge or important decisions will have to be made about the future of many remaining small enterprises. This matter is discussed in more depth in the section on owner retirement and future plans. Hence Asian respondents are more likely to have been born in the Indian Subcontinent than in Britain.

The vast majority of Asian respondents have emanated from India (42.8 per cent, refer to table 3. 8) though nearly 20 per cent have their origins in Pakistan or Bangladesh. Whereas only a small proportion of Asians were born in Britain, the equivalent African-Caribbean contingent is much more substantial. The presence of 28.8 per cent of African-Caribbean respondents in this category is partial testimony to the process of inter-generational change in terms of business succession but the evidence from the interviews with African-Caribbean owners points more strongly to the emergence of a more youthful African-Caribbean business owning class responsible for new business start-ups (see table 3. 9).

The other key figure in table 3. 8 is the size of the East African Asian contingent (22.2 per cent). This group is noteworthy not just because it overshadows the Pakistani-Bangladeshi group but because of their unique historical experience and their economic and social constitution (Swinerton *et al* 1975; Twaddle 1975). Jamal (1976) charts the economic, social and political backdrop to the forced mass exodus of Asians out of Uganda in the early 1970s. As early as the 1880s East African Asians were demonstrating their entrepreneurial figure and the petite bourgeois values indicative of modern capitalism (Cater and Jones 1991; Srinivasan 1992, 1995). They set themselves up as ‘middleman’ traders (dukawallahs) and purveyors of merchandise in remote areas of Uganda providing a pivotal link between the farmers and the British Protectorate as the cotton trade expanded:

‘They (Asians) fanned out into the interior and set up their little dukas (shops) to sell tiny quantities of exotic consumers goods to the farmers... Their main advantage lay in their willingness to operate on a small scale and in their propensity to work long hours, live frugally, and plough back their profits... Their life-style was such that the Africans could reasonably aspire to it, and in this way were effective carriers of the “demonstration effect” both in consumption and production’ (Jamal 1976: 603)

These entrepreneurial values and ideologies were exported to Britain in the early 1970s and onwards. The three main religions forming the foci of Asian cultures and way of life are Islam, Sikhism and Hinduism. Rafiq (1992) stresses the importance of cultural uniqueness and the interplay with entrepreneurial behaviour. Hence some cultural institutions actively encourage entrepreneurship whilst others, conversely, can hinder access. Moreover culture can prescribe and shape consumers responses and demand to various business activities. Rafiq (1992)

attempts to articulate differences between the entrepreneurial behaviour of Muslims (generally speaking, Asians from Pakistan and Bangladesh) and non-Muslims (Sikhs and Hindus of East African and Indian origin).

In this thesis, Rafiq's valid justifications for the unravelling of cultural identities have been respected where possible. Elsewhere the author offers profound apologies for consolidating both Muslims and non-Muslims, Gujeratis and Punjabis under the universal banner 'South Asian'. The burgeoning literature on notions of cultural identities, race, ethnicity and difference are beyond the scope of this thesis and are discussed comprehensively elsewhere (see for example Anthias 1990; Brah 1992; Gilroy 1987; Miles 1982; 1989; Solomos 1989); a flavour of these recent debates can be sampled from the discourse on the boundaries and meanings of both 'blackness' and 'whiteness' which have attracted much attention.

Modood (1988) for example examines how the practice of calling South Asian people 'black' suppresses the variety of cultural identities within this group (Rattansi 1992; Modood 1988, 1992). Meanwhile Bonnett (1996: 99) argues that whilst commentators have sought to 'destabilise racial monoliths' and disentangle South Asians, for instance, from constructions of 'blackness', the notion of 'whiteness' has remained largely undisturbed. The failure to challenge 'whiteness' encourages to the 'white' people to not only view 'whiteness' as unproblematic but also as a category which is temporally fixed and unflinching. Meanwhile, notions of 'blackness' are continually contested and reworked. For Bonnett (1996: 99) 'to

subvert “blackness” without subverting “whiteness” reproduces and reinforces the “racial” myths, and the “racial ” dominance associated with the latter’. With Bonnett’s comments ringing in one’s ears, an apology should also be extended to the ‘white’ respondents in the sample for the failure to disentangle their ‘whiteness’.

Table 3. 8 Owners’ birthplace and ethnic origin.

<i>Birth place</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>Row total</i>
Ethnic origin	(Figures expressed as row percentages. Figures in parentheses are raw counts)						
White	96.5 (164)	0.6 (1)	0.0 (0)	0.0 (0)	0.0 (0)	2.9 (5)	100.0 (170)
South Asian	10.6 (19)	0.0 (0)	42.8 (77)	19.4 (35)	22.2 (40)	5.0 (9)	100.0 (180)
African-Caribbean	28.8 (15)	57.7 (30)	0.0 (0)	0.0 (0)	5.8 (3)	5.8 (3)	100.0 (52)

Key

- 1 Britain and Ireland
- 2 Caribbean
- 3 India
- 4 Pakistan and Bangladesh
- 5 East Africa
- 6 Other

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	507.69971	10	.00000
Minimum Expected Frequency = 2.199		Cells with Expected Frequency <5 = 3 of 18 (16.7%)	

3. 11 Business owning parents.

Approximately a third (34.2 per cent) of the surveyed business owners emanated from a family with a business owning tradition. The likelihood was greater for South Asians and African-Caribbeans. Statistically 28.8 per cent of white owners had parents with business experience compared to 37.3 and 35.8 per cent of South Asians and African-Caribbeans respectively. Consequently those current owners with business-minded parents could have obtained an

important grounding in running a business which potentially can represent invaluable experience for future self employment.

3.12 New businesses, take-overs and family firms.

Prior to carrying out the research it was anticipated that a considerable number of the businesses contacted for interview would have been purchases of going concerns as opposed to wholly new start-up businesses. Equally it was anticipated that the closer kinship ties and familial solidarity among the Asians would result in the more frequent occurrence of enterprises denoted as family concerns among Asian interviewees. On analysis of the data collected, these prior assumptions were only partially realized. The findings are presented in table 3.9.

Table 3.9 Business history and ethnic origin.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Business origin	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Started business	46.7 (79)	50.3 (89)	76.5 (39)	52.1 (207)
A purchase	45.6 (77)	46.3 (82)	23.5 (12)	43.1 (171)
Family concern	7.7 (13)	3.4 (6)	0.0 (0)	4.8 (19)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	18.19589	4	.00113
Minimum Expected Frequency = 2.441		Cells with Expected Frequency <5 = 1 of 9 (11.1%)	

Family businesses were more common among white owned firms (7.7 per cent) rather than Asian enterprises (3.4 per cent). On the whole the absolute number of enterprises described as family businesses was exceedingly low (19 businesses in total). However when the owners were asked about the legal status of their firm, a considerable number of replies highlighted the family partnership status. One reason which can be forwarded to explain this pattern is that the family partnerships in the table above are firms which have been inherited as family concerns.

African-Caribbeans were more likely to establish new business ventures and conversely less inclined to purchase an existing enterprise. This is partly a reflection of the relative size of the African-Caribbean business community *vis-à-vis* the other two groups in the sample. Hence because of the smaller numbers of Caribbean owned outlets the likelihood of being able to purchase a business from a co-national is substantially reduced. Hence of the businesses purchased as going concerns by the interviewees, African-Caribbeans are more likely to have transferred ownership from a white individual and not a co-ethnic. 51.5 per cent of businesses currently owned by South Asians were acquired from other South Asians. Formerly white owned concerns have been taken over by more whites in 89.4 per cent of cases (table 3. 10).

Table 3. 10 Ethnicity of previous owner and ethnicity of current business owner.

<i>Ethnicity of current owner</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Ethnicity of previous owner	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
African-Caribbean	0.8 (1)	1.5 (2)	22.8 (8)	3.6 (11)
South Asian	9.8 (13)	51.5 (70)	17.1 (6)	29.4 (89)
White	89.4 (118)	47.1 (64)	60.1 (21)	67.0 (203)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	103.84184	8	.00000
Minimum Expected Frequency = .116		Cells with Expected Frequency <5 = 9 of 15 (60.0%)	

Additionally, the need for African-Caribbeans to be truly new firm founders could stem from their propensity to concentrate on particular service activities such as hairdressing and beauty and motor vehicle repairs. In areas of African-Caribbean residence, the availability of these activities as going concerns are difficult to find because of the fledgling nature of African-Caribbean enterprise *per se*.

There is a general acceptance that the Asian business is an established feature of British society. Asian business exhibits the trappings of an established phenomenon in, for example, the widely held beliefs about long hours of work and images of the corner shop bazaar. There is not the same consensus of opinion about African-Caribbean enterprise, which unlike Asian firms has yet to reach what the economist W. W. Rostow (1971:10) termed, in a different context, the 'age of high mass consumption'. This level of enterprise diversity and its

association with African-Caribbeans among the wider populace can only be achieved by breaking out from the limitations imposed by serving a spatially and numerically restricted co-ethnic market (also see section 3. 14).

3. 13 Legal status of the businesses.

As discussed in section 3.12 on business histories, the survey highlights the contribution of family partnership to the sample. As expected their existence is most common among the Asian cohort (48.3 per cent of firms, refer to table 3. 11) and least common among African-Caribbeans (19.6 per cent of firms). In contrast African-Caribbeans were much more likely than Asians and whites to be have individual ownership of businesses (70.6 per cent of cases). Complementing Wilson (1983) the limited liability form of incorporation accounted for only a small proportion of all businesses regardless of ethnicity (7.6 per cent of all firms compared to 14.2 per cent of Wilson's (1983) sample). The larger proportion of single ownership African-Caribbean firms emphasises the smaller size of these firms *vis-à-vis* their Asian and white counterparts but also the 'differential impact of unlimited liability on the survival and growth of firms' in the three groups under investigation (Wilson 1983:58).

Table 3. 11 Legal status and ethnic origin.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Legal status	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Individ' owner	48.8 (81)	44.4 (79)	70.6 (36)	49.6 (196)
Ltd company	9.0 (15)	6.2 (11)	7.8 (4)	7.6 (30)
Family partnership	40.4 (67)	48.3 (86)	19.6 (10)	41.3 (163)
Other	1.8 (3)	1.1 (2)	2.0 (1)	1.5 (6)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	15.40752	8	.05169
Minimum Expected Frequency = .521		Cells with Expected Frequency <5 = 7 of 15 (46.7%)	

3. 14 Business sector, space and ethnic origin.

Among the surveyed white owners there is a clear tendency to populate the catchall other retail category (41.1 percent) and food retail and CTN (34.4 per cent). Only a small proportion of the businesses contacted were involved in manufacturing and wholesaling activities. This is largely a reflection of the survey design which sought to match the white control sample of firms to the Asian or African-Caribbean sample in the chosen wards. The proportion of manufacturers and wholesalers rises marginally when considering African-Caribbean owned firms with a further rise for Asian enterprises (11.1 per cent). Among Asian businesses the two most popular activities contacted for interview are a reverse of those observed for white entrepreneurs. Food retail and CTN outlets were the concern of 42.8 per cent of owners followed by 32.8 per cent of other retail. Whereas service activities are only

the third most interviewed activity among Asians and whites, 40.4 per cent of the African-Caribbean enterprises in this survey are service oriented. The importance of service firms is at the expense of the food and other retail activities, the extent of which is noted when comparing these sectoral proportions to the figure for the row percentage total.

The reproduction of like activities in a neighbourhood and the saturation of the market can lead to the clustering of similar businesses and an intensification of competition among providers. This is certainly the case among some Asian and white general store owners in the localities of Luton, Batley, Bexley and Gravesend. Access to a body of regular consumers is essential. Though such spatial clustering is not universally apparent in all business sectors. Liao (1993) contrasts the locational behaviour of Chinese take-away and restaurant outlets in Manchester. The author reveals the propensity of restaurants to cluster centrally because of their need for a wider catchment. This explains the importance of down-town locations, whilst take-away owners make property prices their priority. Emphasis is placed on lower land values and a desire to cater for local markets. Hence Liao (1993) finds that take-aways are scattered quite uniformly across the whole of Greater Manchester.

The scope of this analysis can be stretched beyond food preparation to retailing generally. Contrast are clearly evident between the economies of scales of larger providers targeting mobile consumers and the attempts by small providers to gain a competitive foothold in local residential areas. For some proprietors this competitive edge is achieved by servicing the needs

of a co-ethnic group in establishing an ethnic niche market. This insider knowledge and credibility is seen as the first step towards assuring the long term viability and development of the firm by achieving a multi-ethnic market share.

Table 3. 12 Ethnic origin and business activity.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Business activity	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Manufacturing and wholesale	7.6 (13)	11.1 (20)	7.7 (4)	9.2 (37)
Food retail and CTN	34.1 (58)	42.8 (77)	28.8 (15)	37.3 (150)
Other retail	41.2 (70)	32.8 (59)	23.1 (12)	35.1 (141)
Services	17.1 (29)	13.3 (24)	40.4 (21)	18.4 (74)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	24.7319	6	.00038
Minimum Expected Frequency = 4.786		Cells with Expected Frequency <5 = 1 of 12 (8.3%)	

The general pattern of these findings is substantiated by other major studies of ethnic minority entrepreneurship (Aldrich *et al* 1981; Reeves and Ward 1984; Wilson 1983). Ethnic minority concentration on retailing activities in both inner and outer urban areas is not unique to Britain. Waldinger, McEvoy and Aldrich (1990) argue that the cost of overheads in central urban areas means store sizes are kept down. This provides a viable niche for smaller retailers because larger chain-stores are unable to operate their economies of scale effectively. In New York City a similar pattern prevails where large stores play only a marginal role in food retailing activities. Consequently some racialised minorities have found this branch of retailing

as a relatively easy sector to enter. Moreover Kasinitz (1992) reminds us that in the context of the United States generally, native whites have shown an extreme reluctance to service black needs. As Kasinitz (1992) states 'the very idea cuts to the core of what race and servility have historically meant in this country'. Hence historical events continue to dictate the levels on which black and native white groups may interact. The socio-political cleavage manifest in this relationship provides a welcome niche for middleman minorities who take-up the distribution of merchandise from large corporations to low-income black consumers. This is not to argue that relations between middleman groups and black customers have always been harmonious.

Koreans businesses in cities such as New York, Los Angeles, Philadelphia and Baltimore which service low-income black ghettos face perpetual suspicion of black customers who identify Korean merchants as parasites. In servicing severely disadvantaged black groups the owners fail to return any benefits to those groups such as employing local people or contributing to black organisations. The reaction from black groups has been to boycott these outlets or resort to more extreme action such as arson and murder (Kim 1981). Despite the mutual hostility of both black consumers and middleman groups, the latter 'are not bound by the same taboos of racial propriety that limit white natives' and hence they have tended to dominate ghetto retailing (Kasinitz 1992: 103).

3. 15 Searching for premises and tenure on property.

A range of search procedures were employed by respondents in their quest to find appropriate premises for their business. These included enlisting the help of family members, approaching the local council for information on available sites, consulting estate agents and appropriate periodicals. For ease of comparison, these search techniques have been redefined as formal methods (use of estate agents, periodicals, other local agencies) and informal methods (use of family members and contacts). The aim is not to label the so-called informal methods as improper. Equally the goal is not to exalt more formal methods as complying with a recognised standard of business transactions. Just as with methods of recruiting employees, which are discussed in the next section, the purpose is to differentiate between the use of different types of contacts and networks in obtaining vital business information.

Table 3. 13 Premise search methods and owner's ethnic origin.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Search method	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Informal	61.6 (90)	51.6 (82)	59.6 (28)	56.8 (200)
Formal	38.4 (56)	48.4 (77)	40.4 (19)	43.2 (152)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	7.55346	4	.10937

Minimum Expected Frequency = 5.112

Just as the findings on the number and distribution of family businesses represented a surprise then so did the outcome of formal and informal search procedures. Once again there was an expectation that Asians would have utilised kinship networks in seeking out viable premises but table 3. 13 reveals that it is whites and African-Caribbeans who have employed the informal strategies to a greater degree and Asians have pursued premises through more formal channels. However a major flaw in this table is that it does not take into account the degree of Asian representation among methods which are deemed more mainstream. In other words, the use of the Asian estate agent who is also a friend or member of the family. Equally, information accessed from periodicals published in mother-tongue languages which hence represents privileged information to certain ethnic groups is also undetectable. This renders any divide between informal and formal methods of searching very fluid.

The incidence of renting/leasing and owning premises varied considerably among the three groups. Both whites and African-Caribbeans (67.1 and 62.0 per cent respectively) were more likely than their South Asian counterparts (45.5 per cent) to rent or lease. Conversely South Asian were considerably more likely to directly own their business site. Undoubtedly this has implications for raising further capital for the firm. South Asians may have the advantage in this scenario given the demand by financial institutions for collateral and their ability to utilise close family ties (chapters 5 and 6 provide detailed accounts on finance and black small enterprise). Deakins *et al* (1995) comments that the absence of collateral can stifle good business ideas as enterprise is greeted with over-caution. The non-existence of a business

owning tradition among African-Caribbean entrepreneurs and pervading negative racial stereotypes can lead to only one outcome:

‘This new guy (the manager) said we need security from you... He said you can go to your Mum and tell your Mum to put her house up as security. I said my Mum has got divorced. I couldn't go to her and burden her with that’ (African-Caribbean entrepreneur quoted in Deakins *et al* 1995: 96).

3. 16 Methods of recruiting employees.

The participants were asked ‘How do you usually recruit your employees?’ (see Business Survey in Appendix one). The emphasis in this question was on paid workers. The pre-coded replies included newspaper adverts, word of mouth and various quasi-government agencies. As with the methods of searching for premises, the recruitment procedures were subjectively redefined as formal and informal procedures. Hence ‘word of mouth’ and the use of family and friends was deemed informal whilst placing adverts in periodicals and job centres was labelled as a formal method.

Table 3. 14a Employee recruitment and ethnic origin.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Recruitment method	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Informal	71.4 (105)	78.2 (118)	69.2 (27)	74.2 (250)
Formal	28.6 (42)	21.8 (33)	30.8 (12)	25.8 (87)

Chi-Square Value DF Significance
 Pearson 2.31968 2 .31351

Minimum Expected Frequency = 10.068

Table 3. 14b Recruitment of white employees by South Asian firms.

<i>No. of white employees</i>	<i>One</i>	<i>2-3</i>	<i>4-5</i>	<i>6-7</i>	<i>8 or more</i>	<i>All respondents</i>
Recruitment method	(Figures are expressed as column percentages. Figures in parentheses are raw counts)					
Informal	70.6 (12)	53.3 (8)	20.0 (1)	0.0 (0)	77.3 (17)	63.3 (38)
Formal	29.4 (5)	46.7 (7)	80.0 (4)	100.1 (1)	22.7 (5)	36.7 (22)

Chi-Square Value DF Significance
 Pearson 24.54222 5 .00017

Minimum Expected Frequency = 2.19

Cells with Expected Frequency <5 = 7 of 12 (58.3%)

South Asians show a greater propensity to use informal methods (78.2 per cent of respondents, see table 3. 14a) whereas whites and African-Caribbeans are marginally more likely to use formal procedures. For African-Caribbeans and whites in the sample this may be a reflection of their more limited social and business networks or simply a demand for particular labour skills which are not readily available through informal channels. In either case the

evidence is inconclusive. Table 3. 14b presents those surveyed South Asian firms that use white employees. Comparisons between tables 3. 14a and 3. 14b indicate that whilst the recruitment of white employees by South Asian firms is still largely conducted on an informal basis (63.3 per cent), this proportion represents a substantial reduction on the aggregate figure for all employees of South Asian enterprises (78.2 per cent of firms using informal procedures, see table 3. 14a). Table 3. 14b reveals a firm-size effect with respect to the recruitment of employees where increasing formality of recruitment coincides with larger employers. However the raw counts in the individual cells of the table make any speculations very tentative whilst the pattern is somewhat disrupted by the '8 or more' category in which informality rises steeply. This anomaly may be largely attributable to the informal recruitment of newspaper deliverers in CTN firms.

3. 17 Advertising and marketing.

The greater likelihood for African-Caribbeans to advertise their business activity is probably a reflection of their over-concentration in service activities which in order to improve their visibility to the general public require more marketing than general store-keeping for example. Some Asian owners alluded to the belief that advertising was generally a waste of time and money. Good customers and an increase in trade for them was best achieved through customer and supplier referrals.

Table 3. 15 Use of advertising as a strategy.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Do you advertise?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Yes	49.7 (81)	39.9 (69)	57.7 (30)	46.6 (180)
No	50.3 (82)	60.1 (104)	42.3 (22)	53.6 (208)

Chi-Square Value DF Significance
 Pearson 8.23062 6 .22169
 Minimum Expected Frequency = 393 Cells with Expected Frequency <5 = 6 of 12 (50.0%)

3. 18 External advice: use of accountants and solicitors.

Deakins *et al* (1992) tell us that small business owners primarily used accountants for the collation of annual accounts and only a small proportion had used accountants in the preparation of proposals seeking funding. The vast majority of business owners in the sample made use of the services of an accountant. 94.3 per cent of white owners, 97.6 per cent of Asian owners and 88.9 per cent of African-Caribbean proprietors used accountants for financial management purposes (see table 3. 16a). The respective order of these proportions, Asian, white and then African-Caribbean represents no surprise. However the small differences in the figures may be explainable by reference to the business-type composition of each ethnic group. Some types of activities, such as manufacturers and wholesalers, may have more need for the services of accountants than other activities. African-Caribbeans have the lowest percentage use of accountants but the African-Caribbean sample is over-represented by service firms. South Asians have the highest percentage use of accountants because the sample contains more Asian manufacturers and wholesalers. Table 3. 16a also cross-tabulates the ethnicity of the business advisor against that of the owner. Once

again the order of the findings on the use of co-ethnic accountants are predictable. However the proportion of African-Caribbean and South Asian owners who have enlisted the help of co-ethnic accountants was higher than expected. 31.1 per cent of African-Caribbean owners and 66.1 per cent of South Asian owners use co-ethnic accountants. The comparative figure for whites is 84.5 per cent. South Asians owners who do not use a co-ethnic accountant are much more likely to use a white auditor rather than an African-Caribbean. A small proportion of white owners who have not enlisted a white accountant have turned to a South Asian professional (10 owners or 7 per cent of respondents). The 31.1 per cent of African-Caribbean owners who use a co-ethnic accountant is surpassed by the 37.8 per cent of African-Caribbeans who use a white accountant. 20 per cent of African-Caribbeans use a South Asian accountant.

Table 3. 16a Use of accountants, accountant's ethnic origin and owner's ethnic origin.

<i>Ethnic origin of owner</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Accountant's ethnic origin	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
African-Caribbean	0.0 (0)	1.2 (2)	31.1 (14)	4.5 (16)
South Asian	7.0 (10)	66.1 (109)	20.0 (9)	36.4 (128)
White	84.5 (120)	29.7 (49)	37.8 (17)	52.8 (186)
Other	2.8 (4)	0.6 (1)	0.0 (0)	1.4 (5)
Do not use an accountant	5.6 (8)	2.4 (4)	11.1 (5)	4.8 (17)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	212.06624	8	.00000
Minimum Expected Frequency = 639		Cells with Expected Frequency <5 = 5 of 15 (33.3%)	

Solicitors are less commonly used than accountants. Among African-Caribbeans 83.8 per cent use a solicitor. This proportion rises to 87.4 per cent for white owners and 87.9 per cent of Asian owners (see table 3. 16b). One very interesting finding on the use of co-ethnic solicitors is the relatively low proportion of South Asians business owners using co-ethnic solicitors compared to their use of co-ethnic accountants and white solicitors. It is unclear as to whether this finding is a product of the absolute numbers of South Asian solicitors in the UK, a need to have your solicitor in close proximity to your business address for emergency cases (unlike an accountant to whom accounts books can be sent and processed periodically), or a conscious decision by South Asian business owners to choose white legal representatives fearing injustices from the British legal system if they opt for a co-ethnic solicitor.

Table 3. 16b Use of solicitors, solicitor's ethnic origin and owner's ethnic origin.

<i>Ethnic origin of owner</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Solicitor's ethnic origin	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
African-Caribbean	0.0 (0)	0.0 (0)	16.3 (7)	2.0 (7)
South Asian	3.0 (4)	11.5 (19)	7.0 (3)	7.6 (26)
White	83.7 (113)	76.4 (126)	60.5 (26)	77.3 (265)
Other	0.7 (1)	0.0 (0)	0.0 (0)	0.3 (1)
Do not use an accountant	12.6 (17)	12.1 (20)	16.3 (7)	12.8 (44)

Chi-Square Value DF Significance
 Pearson 60.34773 8 .00000
 Minimum Expected Frequency = .125 Cells with Expected Frequency <5 = 7 of 15 (46.7%)

Clearly the services of these professional consultants (accountants and solicitors) are expensive and given that a substantial number of these businesses are marginal concerns registering returns as only satisfactory or worse then understandably their demand for these services are limited to only essential issues. If possible, owners were intent on using the informal services of family members with financial management skills to maintain accounts. This was particularly prevalent among Asians and more precisely among East African Asians and Indians whose affinity for education, primarily in the country of origin, has meant a substantial accumulation of professional qualifications (see Aldrich *et al* 1981 on South Asian owners' profiles in Three City Study).

Significantly, among the sampled business owners, there was an expressed wish to become competent in financial and business management (see Barrett 1992; McGoldrick and Reeve 1989). The following anecdote is typical of the firms which benefit from the pooling of family based skills and the owner's desire to improve their management acumen:

'Dad set me up in business after I was made unemployed and left me to handle it. He just pops in every now and again to do the books. I hope to go back to college part-time to do a business studies course so I can do my own books' (African-Caribbean greengrocer in Lewisham).

3. 19 External liaisons: membership of professional bodies.

Only a small proportion of all firms belonged to a representative trade or professional organisation with the likelihood greatest among the white business owners and least so among African-Caribbean firms (table 3.17). In partial agreement with Wilson (1983: 80) ‘these findings support the view that small businesses do not perceive advantages in joining representative bodies, preferring their relative isolation and eschewing the advisory and other benefits that membership can bring’.

Table 3. 17 Membership of external bodies.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African- Caribbean</i>	<i>All respondents</i>
Member of an organisation?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Yes	29.7 (46)	22.0 (36)	14.6 (7)	24.3 (89)
No	70.3 (109)	78.0 (128)	85.4 (41)	75.7 (278)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	5.39899	2	.06724

Minimum Expected Frequency = 11.640

Though it may also be true that for ethnic minority owned firms, the dearth of co-ethnics in prominent positions of authority within such organisations may be off-putting for potential members. Hence promoting South Asian and African-Caribbean persons to meaningful positions within representative bodies may do much for the kudos of the organisation

concerned. To this aim we can empathise with a Gravesend based Asian newsagent who commented on the 'need (for) a black face on the Federation of British Newsagents'.

3. 20 Summary.

The account in this chapter conveys important background information prior to the more intensive cross-examinations of factors which follow in subsequent chapters of the thesis. The hope is that the reader can ponder upon information relating to owner's personal backgrounds and business strategies which, in total, illustrate the owners' lived experiences.

This author had expected stronger kinship networks to be apparent among South Asians participants but this phenomena did not emerge in the data collected. This issue is returned to in chapters four, five, six and seven.

A recurring theme in this chapter is the relative position of the different minority owned firms along a type of business development continuum. An ethnic typology of ownership is suggested. The order of which assigns the status of most 'advanced' to white and South Asian owned small enterprises equally, followed at some distance by African-Caribbeans owned ventures.

This typology is far from revolutionary but the emerging dynamism of African-Caribbean enterprises and the zest of their owners has not fully been recognised in past research or given the attention it deserves. Efforts to expose the latent potential of African-Caribbean firms is a preoccupation throughout this thesis and is an integral element of the next chapter which focuses on gender and self-employment. The promotion of an image which intimates at the potential vibrancy of African-Caribbean enterprise amidst undeniable disadvantages represents a distinct shift in thought from the dominant studies of British based black enterprise in the 1980s which have tended to stress the obstacle strewn path to black progression rather than the aptitudes of the individual actors.

CHAPTER FOUR: ENTERPRISE, ETHNICITY AND GENDER.

4.1 Introduction.

This chapter contributes to the debate on the interconnectedness of race, ethnicity and the labour process in the context of ethnic minority enterprise. The chapter makes extensive use of the ethnic minority business survey of 410 proprietors in fifteen localities in England but also supplements this research with a handful of qualitative in-depth interviews conducted with African-Caribbean female owners in Liverpool and Manchester. The qualitative taped interviews which supplement and enrich the original data set provide a valuable insight into the characteristics of female owned firms and the nature of the gender division of labour within firms controlled by both men and women. This chapter emphasises the business and employment experiences of African-Caribbean women, recognising their business achievements to be a largely neglected area among studies of ethnic minority enterprise.

A growing body of research has focused on the small business related exploits of Chinese and South Asian women in Britain (see Song and Parker 1995; Song 1995; Ram and Holliday 1992; Brah 1993 for multiple examples); whilst articulation of the business experiences of African-Caribbean women have been subsumed and largely forgotten within investigations of 'why so few black businessmen' (see Kazuka 1980). Alternatively studies have tended to mainly focus on African-Caribbean women's experiences in the mainstream labour market as waged employees (Phizacklea 1982; Fryer 1984; Lewis 1993). Despite the fact that African-

Caribbean women's self-employment rates appear insignificant alongside the rates for women in other ethnic groups (see table 4. 1a), the subgroup represents a business owning minority bristling with enterprise potential. This chapter focuses on the owners' individual experiences. These individual insights are treated as unique and influenced by a set of circumstances which may not or may not be replicated in the context of another business owner. Nonetheless these experiences have common elements which allow for some degree of generalising to a wider population.

4. 2 Race and ethnicity within discourses on gender divisions of labour.

A key feature of British society is the division between men and women. Moreover gender is central to the understanding of the social divisions prevalent within society. The over-concentration of women workers in particular occupations and sectors of the economy is one manifestation of the gender divisions in society. McDowell (1986, 1989) reminds us that gender and class relations are interrelated. Conflict in the workplace and forms of industrial restructuring have a double significance. They are as much about maintaining and challenging for power and control (class relations) as they are the struggle between men and women over gender relations.

The gender division of labour in British society is based on the ideological separation of the spheres of production and reproduction, the notion of women's place as being the home or domestic sphere (reproduction) and the men as the architects of production in the workplace.

The content of what is deemed 'men's' work and what is deemed 'women's' work is changeable. New types of divisions and employment are created and these activities become gendered (Massey 1984; Walby 1986)

The wage can act as a control mechanism between the two spheres as 'men's work' is deemed as skilled and worthy of reward whilst 'women's work' stems from an innate ability and as such does not warrant material rewards. Labour shortages during the war meant women were recruited in their thousands to work in assembly line activities in manufacturing firms. Simultaneously many women maintained a dual role of home and family managers. The post war economy also triggered a policy response from central government aimed at increasing the number of part-time jobs available (McDowell 1989). Prior to the war part-time opportunities were virtually unheard of. These new avenues of opportunity appeared in teaching, clerical and caring departments of the central and local state. Despite these changes in the labour process, women were still considered as secondary wage earners. The growth and expansion of part-time employment opportunities continues to be a key feature of the labour process today (Beechey 1977, 1987; Cavendish 1982).

So far the discussion has not commented upon the role of black women in the British society. Their experiences can also be contextualised within the dynamics of the gender division of labour. Recent geographical research by feminist writers has expressed concern about the need for academic comment on the interaction of gender and race and how the politics of difference

inscribe diversity into the spaces of production and reproduction in which women construct their daily lives (Preston *et al* 1993; Hanson and Pratt 1988; McDowell 1991):

‘Many feminists attempt to situate themselves at the intersection of multiple axes of difference in an effort to dislodge a unitary feminism. They do this by reading situation in not only social but also *spatial* terms’ (Pratt and Hanson 1994: 8).

Race is a major determinant in the life chances of minority women both in the domestic and employment spheres. Analyses which incorporate race into the discussion of gender divisions further highlights these more latent inequalities.

For example, contrary to popular assumptions, a significant number of the New Commonwealth labour migrants to Britain from the Caribbean were women. Many black Caribbean women came to seek work in their own right. Moreover it is also assumed that these women had no domestic/family responsibilities. Once again this represents a distortion of the truth because the chance of self-betterment in Britain necessitated the initial separation of the family. Hence children were left in the country of origin under the supervision of grandparents and other family members. Consequently the low pay received for their labour market status in Britain accentuated their problems since they needed to send back remittances overseas.

‘Out of my wages of £6 a week , I used to send £3 a week back home. My weekly rent was £1.15 and the rest of my money... went towards everything else, such as fares, food, bringing up the baby, raising the deposit on a house and saving for the fares to bring the three children over’ (Views of a female African-Caribbean labour migrant quoted in Bryan *et al* (1985:32-33)).

This aggregate result of these financial pressures was the need to work overtime or long shifts to maximise income. The latter situation has changed only marginally in the 1980s and 1990s. Hence black Caribbean women labour migrants to post-war Britain faced a triple quandary:

- (1) The physical separation of their productive capacity from a previous site of reproduction
- (2) The racism encountered from employers, unions and fellow workers.
- (3) The low wages based on the assumption that women’s work is secondary to men which facilitated the need to work long, unsociable hours to make up pay.

4.3 Race, gender and self-employment.

There is no doubt that the last two decade has witnessed a burgeoning literature on the experiences of women in the labour process. Debates in academic circles has largely been instigated by feminist scholars whilst in the bureaucratic offices of government such as the Training and Enterprise Councils (TECs) and the Equal Opportunities Commission concerns have focused upon the policy implications of a gendered labour-force.

Much of the work of these government bodies has tended to omit from any detailed analyses other key axes of differentiation. Within geography, scholars are becoming increasingly aware that efforts at theorizing patriarchy are becoming increasingly complex as feminists insist that patriarchy, capitalism and racism mediate each other (Sanders 1990). McLafferty and Preston (1992) examine axes of difference in their study of commuting times in New Jersey, USA. Based on the spatial mismatch hypothesis which articulates the relationship between place of residence and work, the authors highlight a complex geography which modifies some earlier generalisations about suburban women's work. The authors reveal that Hispanic women generally work closest to home in manual occupations which tend to be the worst paid of all, while African-American women are willing to commute further to work in service sector work which is marginally better paid.

Similarly, Phizacklea (1990) takes a critical look at the social relations behind the production of women's clothes. She examines the industry on a global scale but also in the context of the UK where ethnic entrepreneurship and small firms dominate the sector. Westwood and Bhachu (1988) introduces the reader to the working lives of black and minority women in Britain. The analysis 'goes beyond an account of patriarchal relations and 'women', positing instead the articulation between racism, class relations, cultural forms and gender in the highly dynamic situation of contemporary Britain'.

As mentioned earlier in the thesis (see chapter one) business ownership has been regularly posited as an escape route for people traditionally disadvantaged in the labour market (Anthias and Yuval-Davis 1993; Lewis 1993). Hence self-employment can represent a strategy to overcome some of society's discriminatory practices and achieve a level of emancipation. Establishing small businesses has been the traditional path for some members of ethnic minorities seeking to opt out of a racist labour market, but women generally have not chosen or been able to follow this path. Detailed investigations of the experiences of minority women enterprise owners has captured only a fraction of this literary attention. This chapter represents an important and timely contribution to the slowly evolving literature on minorities, gender divisions and small enterprise.

4.4 *Gender, culture and economic activity.*

Table 4. 1a presents data pertaining to self-employment, gender and ethnic group from the 1991 Census of England and Wales. All the figures are expressed as percentages of the total number of economically active persons in a particular subgroup. A fleeting examination of the findings for all persons by gender shows that men (15.8 per cent) are approaching three times more likely than women (5.9 per cent) to be self-employed. Yet this is only a partial picture as it masks significantly higher levels of self-employment among notably the Chinese, Pakistani and Indian groups and much lower rates than the average for all persons among black Caribbeans.

Table 4. 1a also illuminates the very low levels of black Caribbean women engaged in self-employment. Surprisingly, the figure of 1.6 per cent of the economically active work African-Caribbean work-force is lower than the proportions for any other ethnic groups including Bagladeshi women. Moreover the ratio of African-Caribbean self-employed men to women is in excess of 4 to 1. In all other ethnic groups the ratio does not exceed 3 to 1.

Table 4. 1a Self-employment, ethnic group and gender in Britain, 1991.

<i>Ethnic origin</i>	<i>White</i>	<i>Black Caribbean</i>	<i>Indian</i>	<i>Pakistani</i>	<i>Bangladeshi</i>	<i>Chinese</i>	<i>All groups</i>
Gender	(Figures are expressed as total percentages of economically active population in any ethnic group)						
Male	15.5	7.5	21.5	18.3	14.1	28.9	15.8
Female	6.1	1.6	10.8	10.2	5.1	18.3	5.9

Source: OPCS 1993

Data on self-employment and gender is given a further twist when taking into account the findings of Allen and Truman (1993). Using Eurostat statistics the authors calculated that there are nearly 4.4 million self-employed women in the European Union and a further 8.8 million unwaged but working in their partner's business. This information serves to emphasise how women's small business activity can become obscured and possibly ignored.

Table 4. 1b highlights economic activity rates differentiated by both ethnic group and gender. The general picture, with regard to male economic activity rates, is of little difference between

ethnic groups, though the proportions of economically active Chinese, Bangladeshi and Pakistani men is notably less than the white, black Caribbean and Indian figures respectively. The major contrasts are observable for female economic activity rates. Here, we note the very low levels of economic activity among Pakistani and Bangladeshi women. Owen (1993) among others, reminds us that this statistic stems from cultural characteristics and the significance of women in the role of home-making and child upbringing. Meanwhile Mirza (1992) argues that the pattern of economic activity portrayed by African-Caribbean women is reminiscent of the social construction of femininity in communities where gender roles are more equitable (see section 4. 5).

Table 4. 1b Economic (in)activity, ethnic group and gender in Britain, 1991.

<i>Ethnic origin</i>	<i>Males</i>		<i>Females</i>	
	<i>% Econ' active</i>	<i>% Econ' inactive</i>	<i>% Econ' active</i>	<i>% Econ' inactive</i>
<i>Ethnic origin</i>				
White	88.2	26.8	71.4	50.3
Black Caribbean	87.5	19.9	75.7	33.1
Indian	82.8	21.9	61.1	44.6
Pakistani	76.0	26.7	28.6	72.9
Bangladeshi	74.7	27.6	22.4	78.2
Chinese	72.9	29.9	57.6	46.9
All groups	88.2	26.7	70.6	50.1

source: adapted from Owen (1993).

The survey of ethnic minority businesses found that approximately three-quarters of the sampled owners were male. Table 4. 2 confirms expectations that women entrepreneurs were least evident among South Asian women (and more particularly Muslim women, though this is not shown in table 4. 2).

Table 4. 2 Gender of surveyed owners and ethnic origin.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All groups</i>
Gender	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Male	71.4 (120)	81.8 (144)	64.7 (33)	75.2 (297)
Female	28.6 (48)	18.2 (32)	35.3 (18)	24.8 (98)

Chi-Square Value DF Significance

Pearson 8.42407 2 .01482

Minimum Expected Frequency = 12.653

Brah (1993) argues that most discussions on participation rates of Muslim women in the labour force put forward culturally specific explanations. Muslim men through Islam are cited as preventing Muslim women from becoming active in the labour market. Brah (1993) suggests that such explanations are only a partial reflection of the truth. They fail to take account of other key factors relating to the ‘racialised gendering’ of labour markets. The tenets of Islam mediate a tightly defined role for women:

‘men have authority over women because Allah has made one superior to the other, and because they spend their wealth to maintain them’ (Koran cited in Robinson 1993: 1456).

Hence whilst the role of Bangladeshi and Pakistani women is culturally enwrapped in the practices of Islam, their position is also dictated by how the labour of Muslim women is socially constructed within the gender division of labour.

‘They (women) are required to produce labour (more particularly sons) and service labour through domestic service. As women occupy a subsidiary position they have no independent status but simply reflect the *izzet* (honour or status) of their husbands or fathers’ (Robinson 1993: 1456).

Women’s power to make decisions on household and business affairs is sanctioned. Key decision-making revolves around the males in the extended family but ultimately with the eldest male in the household. In the mainstream employment sphere, the labour market actively discriminates against individuals and groups on the grounds of difference (race, culture, age, disability and gender) (Brah 1993). The outcome of these pressures is that women of South Asian origin have relatively low economic activity rates (Employment Gazette 1995, also see section 4. 6).

4.5 Explaining higher rates of economic activity among African-Caribbean women.

Both Rees (1992) and Lewis (1993) substantiates the findings of Owen (1993) on the economic activity of African-Caribbean women surpassing that of white, South Asian and Chinese women. Despite facing the dual disadvantage of being black and female in the labour market they have continually maintained the highest rates of economic activity and tendency to work full-time among all women. Reasons for the observed pattern include what some analysts have labelled 'the economic aspect of the motherhood role' (Jayaweera 1993).

Robinson (1993) reminds us that these patterns are an indirect product of slavery. Plantations owners strived to prevent relationships between male and female slaves. the discovery of relationships was frequently met by the Draconian solutions such as selling one of the slaves on. The legacy of these practices persists to the modern day Caribbean where marriage takes place relatively late in life. Legal marriage is often preceded by a common-law union or 'visiting union' (a regular sexual partner but without living together). Children that are reared out of wedlock are generally cared and provided for by the female. Hence decision-making and household management is the prerogative of the woman. As mentioned in the introduction to this chapter, the post-war movement of labour migrants from the Caribbean featured the autonomous migration of many women (Dodgson 1984; Lewis 1993). Statistically, this female led migration can not be understated:

‘... female migrants from the Caribbean to the United Kingdom outnumbered male migrants in 1958 and 1959, and in 1956, 1957, and 1960 the ratio of men to women never exceeded 58:42’ (Robinson 1993: 1456).

Hence high rates of female African-Caribbean economic activity are clearly visible in Britain. Matriarchy is fundamental to the nature of African-Caribbean societies both in Britain and the Caribbean. This must be explained by the legacy of enslavement and in the context of high male unemployment and underemployment in both contexts (see table 4. 3) and the continued growth of female headed single-parent households (Barker 1996; Foner 1979; Phizacklea 1982).

4.6 Women as 'hidden' business owners.

Rees (1992) has suggested that further research needs to be undertaken to identify the significant contribution of South Asian women to the running of family enterprises. A part of this chapter contributes to redressing this information imbalance. Despite male assertions of single ownership of their enterprises, a notable number of businesses are in fact registered legally as family partnerships which in essence constitute a joint ownership between husband and wife. Whilst both the lives of men and women revolve around the opening hours of the business, it is ultimately women who generally face 'the social and economic marginality such a living imposes. Time and again the sentiment, "It's his business, he makes the decisions" is reiterated and this is noticeably reflected in community life' (Baxter and Raw 1988: 68). In this way the fluidity of the gender division of labour is apparent as it can be transplanted into the social setting of the family workplace and domestic sphere with devastating efficiency.

Werbner (1984) makes reference to the highly organised nature of Pakistani families engaged in the Manchester rag trade. She states that.

'Pakistanis conceive of their immediate family, usually members of a single household, as constituting a joint enterprise having corporate aims and strategies. Each member of the household or joint family is expected to make a contribution, in accordance with his ability... Teenage boys and girls, wives and mothers, unmarried cousins or siblings living in the household or still attached to it, contribute their earnings to a common

pool... Once a business is started, members of the family are expected to provide labour and other forms of assistance to ensure its success' (Werbner 1984: 169)

Along gendered lines each individual knows implicitly their role and resource contribution to the efficient running of both the household and the family business. Hence according to Werbner (1984) the key tenets of this strategy such as hard work, delayed remuneration and self-denial which are associated with a Protestant ethic are synonymous with a Pakistani ethos.

The analysis of gender permits the exploration of differences between the working practices and experiences of men and women owners. Since the 1970s women's employment has been a major issue of investigation in both feminist discourse and among labour market analyst debating the changing nature of the employment market. The direct outcome has been a wealth of theoretical and empirical studies on the nature and extent of women's participation as waged labourers. With a few notable exceptions (see for example Phizacklea 1990; Ram and Holliday 1992; Westwood and Bhachu 1988) the analysis of gender and its interconnectedness with ethnicity and culture, within the sphere of ethnic business research, has largely been unexplored.

Phizacklea's (1990) comprehensive study of the clothing industry sheds some light on this information chasm. She shows that behind the patriarchal facade of the industry it is women who are the catalyst for achieving economic survival for these firms. These small firms are mainly run by ethnic minority men employing ethnic minority women. As suppliers to larger

firms and national chain stores the firms survive at the expense of their low paid workers and home-workers (Counter Information Services 1981). The social construction of skill depends on both which gender is performing the task and how those skills have been obtained. Skills acquired through training are better rewarded financially than skills obtained through learning in the home. Hence for the ethnic minority women engaged in the clothing industry their needlecraft skills developed in childhood are under-valued and under-rewarded (Rees 1992).

The fragility of the subcontracting arrangement and the nature of the clothing industry demands huge inputs of casual and flexible labour to meet the required orders. These capital relations of control and subordination are not only gendered but are inextricably linked to racism and ethnicity.

Phizacklea (1990) argues that the progress of black women towards competing fairly in the mainstream labour market has been thwarted on two levels. Firstly 'racism and sexism have been enshrined in immigration legislation institutionally relegating women to the position of chattels of men'. Moreover national studies continue to portray significant levels of racial discrimination in the labour market. Hence some women may perceive the ethnic economy as a more acceptable environment of opportunity within which to sell their labour.

Family and community networks have been shown in past research to be extremely important among the South Asian community in making available resources such as low cost female labour and finance for business ventures (Phizacklea and Wolkowitz 1995). The survival and success of some family businesses is dependent upon the strength of patriarchal relations which allow women to provide this essential cheap labour (Panayiotopoulos 1996). Phizacklea (1990: 23) writes that ‘in the clothing industry many wives and daughters of South Asian, Turkish, and Greek Cypriot entrepreneurs supply unpaid labour as machinists and finishers, but also as supervisors, mediating between the “boss” and other machinists.’

The findings of this research on South Asian and African-Caribbean small businesses reveals that South Asian clothing manufacturers, on the whole, did utilise the labour of female members of the family and friends but this labour was provided in return for wages despite the fact that the low pay was acknowledged by the male owners as a drawback in attracting staff. Given the relatively poor returns to human capital employment in a family business, employment in family-run concerns may merely represents the transplantation of patriarchy from the sphere of production for the larger employer to the production environment of the family firm. Though research on the full nature of women’s work in the smaller family-run enterprises is only slowly evolving and must avoid cross-cultural generalisations (see Song 1995 on the autonomous position of Chinese women within family-organised take-away businesses).

4.7 Business motivations.

Scase and Goffee (1983) have commented extensively on gender related disadvantage in all spheres of education, employment, property rights and wife-husband relationships. The marginalized position of women in society justifies their labelling as a minority group in that they are singled out for differential treatment because of physical characteristics and hence regard themselves as targets for collective discrimination.

In Britain, feminists have generally rejected business ownership as a means of overcoming societal discrimination and disadvantage. This is because business ownership is actively seen as supportive of capitalist values which in turn supports the concept of patriarchy nested in the subordination of women by men (Witz 1992). Such a view is anchored on stereotypical views of business ownership as an economic activity linked solely to profit accumulation. Conversely, business ownership could represent, as it does for some members of racialised minorities, an active decision to opt out of the mainstream labour market which is founded on such capitalist principles. Whilst not viewing profit accumulation as the prime objective, more attractive goals such as the opportunity to be independent, achieving economic survival and a desire to be 'one's own boss' may take priority.

As part of the questionnaire survey, the interviewees were asked to stipulate the reasons why they either started or bought their current business. The diverse list of reasons given have been re-categorised into a more user-friendly format comprising of a push/pull/family typology. The

push motives incorporate those business owners who started their current activity for reasons such as unemployment, redundancy or other structural constraints of the economy. Not for the want of trying the social and economic marginalisation of particularly black individuals has limited their returns in the mainstream economy leaving self-employment as one of the few available options through which energies may be vented. The pull (positively motivated) factors include those who were striving for independence, money accumulation or ambition as a prime objective. The family factors incorporate businesses started through the pressure of family influence. As Jones *et al* (1992) argue 'this is to distinguish between those whose socialisation in a business family has given them a pro-entrepreneurial cast of mind (pull factors) and those whose career paths were in a more tangible sense preordained by their membership of a business dynasty. Insofar as this absolves them from normal decision-making, the family is considered here as a neutral influence, neither positive or negative' (Jones *et al* 1992a: 10). Simultaneously this is recognising that the family is capable of exerting both a positive and negative influence on the owner. This can be positively realised in the family providing all or some of the three key commodities for business, capital, labour and information or negatively in that the family channels an individual's efforts and ambitions into self-employment opportunities which in the long-term may be misguided. Having considered the uncertainty of placing family factors in either the push or pull camps it seems logical to treat them as a discrete category.

Clearly, this push/pull/family typology is an unrefined method of analyzing motivations as many business owners are not motivated by one single factor but the combined weight of a set of circumstances. Furthermore those citing independence as the overriding factor for starting a business could be misinterpreted in their intentions. Independence could be a positive motivation emphasising free will, career aspirations or a desire to throw off the shackles of employee status. This view is substantiated by Werbner (1984) who argues that Pakistanis in the Manchester garment trade 'prefer independence to being employed by others. Being subordinated, an employee, whatever the salary and however safe the position, is inferior to being one's own boss'. Alternatively, the term independence could be construed as a push motive whereby the respondent was actually fleeing from some unpleasantness of employment in the mainstream labour market. Despite the flaws in this typology it remains a useful analytical framework for examining motivations (Storey 1982, Curran and Burrows 1986).

There appears to be little observable difference in the propensity of the three ethnic groups to be pushed into self-employment opportunities. It was expected that African-Caribbeans and to a lesser extent South Asians might show a greater tendency than whites to be forced into business ownership. Preceding sections of this chapter have highlighted the seemingly inadequate opportunities that prevail for South Asian graduates in the primary labour market and high levels of unemployment among African-Caribbean males. However these arguments are not immediately borne out in the table 4.4 presented overleaf.

Table 4. 4 Reasons for starting/buying business and ethnic origin.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Business motivation	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Push factors	30.5 (47)	29.6 (47)	30.4 (14)	30.1 (108)
Pull factors	55.8 (86)	56.6 (90)	69.6 (32)	57.9 (208)
Family factors	13.6 (21)	13.8 (22)	0.0 (0)	12.0 (43)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	7.58695	4	.10794

Minimum Expected Frequency = 5.510

However by examining table 4 5 the gender dimension permeates through. Here it is shown that African-Caribbean males (36.7 per cent) are more likely than any other subgroup (such as white males or South Asian females) to cite labour market pushes as the prime reason for their self-employment. The men in the survey are generally more likely to be pushed whilst African-Caribbean women are the least likely to opt for self-employment because of mainstream labour market pressures. The evidence on positively motivated entrepreneurs (pull factors) reveals that African-Caribbeans are more likely than South Asians and whites to be pulled into self-employment (see table 4 4). Women of African-Caribbean origin are the most prominent of the subgroups in relation to pull factors. Nearly 82 per cent of African-Caribbean women were positively motivated. This is indicative of a trend which highlights the greater likelihood of women being positively motivated compared to men.

Table 4. 5 Business motivation, ethnic origins and gender.

<i>Ethnic origin</i>	<i>White</i>		<i>South Asian</i>		<i>African-Caribbean</i>		<i>All respondents</i>
	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>	
Business motivation	(Figures are expressed as column percentages. Figures in parentheses are raw counts)						
Push factors	31.5 (34)	27.3 (12)	31.0 (39)	27.6 (8)	36.7 (11)	18.8 (3)	30.1 (107)
Pull factors	53.7 (58)	63.6 (28)	52.4 (66)	69.0 (20)	63.3 (19)	81.3 (13)	57.9 (204)
Family factors	14.8 (16)	9.1 (4)	16.7 (21)	3.4 (1)	0.0 (0)	0.0 (0)	12.0 (42)

Chi-Square Value DF Significance
 Pearson (male respondents) 5.68490 4 .22395
 Minimum Expected Frequency = 4.205 Cells with Expected Frequency <5 = 1 of 9 (11.1%)

Chi-Square Value DF Significance
 Pearson (female respondents) 2.99916 4 .55797
 Minimum Expected Frequency = .899 Cells with Expected Frequency <5 = 4 of 9 (44.4%)

Chi-Square Value DF Significance
 Pearson (all respondents) 7.58695 4 .10794
 Minimum Expected Frequency = 5.510

For African-Caribbean women this may be largely attributable to more clearly defined career trajectories. For a significant number of African-Caribbeans women in this survey, vocational qualifications such as City and Guilds have pre-defined career paths towards professions such as hairdressing and beauty therapies. The concentration of the African-Caribbean group in the

push and pull categories renders them absent from the family factors group. This is largely a symptom of the relative youth of African-Caribbean business tradition in Britain and weaker ties in the family. Both white and South Asian owners figure in similar proportions. It was expected that South Asian owners citing family reasons would outweigh the proportion of white owners due to the nature and tradition of the South Asian family business. In retrospect the findings serve to emphasise the importance and influence of family matters in not only the South Asian firm but white firms too. Disaggregating the findings according to gender reveals that family factors are more likely to impinge on male rather than female owners. These inequalities in gender expectations are amplified further when facets of culture are interwoven (Brah 1993). Only 34 per cent of South Asian women cite family pressures as the principal reason to start or buy the business compared to 67 per cent of South Asian men. The combined affects of culture, gender division of labour and patriarchal relations seek to socialise women into home-makers and men into the roles of 'bread-winners'. As discussed earlier in this chapter business matters within the family are deemed to be the concern of men.

4.8 *Owner's age and business age.*

Lonsdale (1985) has shown the propensity of married women with children to work both part-time and full-time. She also highlights that approximately 80 per cent of women in their twenties who have children remain at home without a waged income. This period of time out of the labour market can last for ten to fifteen years. Efforts to return to the labour market are thwarted by recent periods of domestic work and segmented labour market which confines

women returners to low paid and low skilled work. With these barriers to face some women hope to achieve socio-economic advancement through self-employment and being 'one's own boss' whilst still providing, if required, a degree of flexibility to manage affairs in the home.

The white female owners interviewed exhibited some of these characteristics. Table 4. 6 shows that they were more likely to occupy the older age group (81.3 per cent are thirty-five and over) which is consistent with this notion of women returners but as table 4. 5 demonstrates they tend to have been drawn to self-employment for positive reasons. For South Asian women the stark contrast between those under thirty-five and those thirty-five and over is less acute. For both South Asian women and men the importance of the offspring inheriting the family business at a young age is highlighted here. Several years diligent working in the business will have been a prerequisite to this succession. Even more so than South Asian women, African-Caribbean women owners are more numerous in the younger age group. This is partially a reflection of the youthfulness of African-Caribbean small firms generally (table 4. 7) but also the views of scholars such as Jayaweera (1993), expressed above, on matriarchy and the African-Caribbean family unit

Table 4. 6 Owners' ages, ethnic origins and gender.

<i>Ethnic origin</i>	<i>White</i>		<i>South Asian</i>		<i>African-Caribbean</i>		<i>All respondents</i>
	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>	
Age group	(Figures are expressed as column percentages. Figures in parentheses are raw counts)						
Under 35 years old	25.0 (30)	18.8 (9)	38.8 (56)	46.9 (15)	36.4 (12)	61.1 (13)	33.9 (136)
35 years and over	75.0 (90)	81.3 (39)	61.2 (88)	53.1 (17)	63.7 (21)	38.9 (7)	66.1 (264)

Chi-Square Value DF Significance
 Pearson (male respondents) 5.90132 2 0.05231
 Minimum Expected Frequency = 10.889

Chi-Square Value DF Significance
 Pearson (female respondents) 12.80957 2 0.00165
 Minimum Expected Frequency = 6.429

Chi-Square Value DF Significance
 Pearson (all respondents) 14.56838 2 0.00069
 Minimum Expected Frequency = 17.297

Both African-Caribbean and South Asian men exhibit a comparable age structure which broadly parallels the data for 'all respondents'. Just as white women owners tend to be older the men follow a similar pattern. I tentatively suggest that the white owners must persist in eking out a living in self-employment because the family environment is less supportive towards the old than in the South Asian family. Hence despite a waning appetite for the rigours of business proprietorship white owners must carry on till an older age before selling

or passing the business on. At this stage, given the youth of African-Caribbean firms (see table 4. 7, six years was found to be the median age for the surveyed businesses), it would be unfair to comment fully on emerging patterns of owner age and durability.

Table 4. 7 Business age, ethnic origins and gender.

<i>Ethnic origin</i>	<i>White</i>		<i>South Asian</i>		<i>African-Caribbean</i>		<i>All respondents</i>
	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>	
Business age	(Figures are expressed as column percentages. Figures in parentheses are raw counts)						
Less than six years	42.7	45.7	39.0	53.1	46.9	83.3	45.3
	(50)	(21)	(55)	(17)	(15)	(15)	(178)
Six years and over	57.3	54.3	61.0	46.9	53.1	16.7	54.7
	(67)	(25)	(86)	(15)	(17)	(3)	(215)

Chi-Square Value DF Significance
 Pearson (male respondents) 81420 2 .66558

Minimum Expected Frequency = 13 241

Chi-Square Value DF Significance
 Pearson (female respondents) 7.51268 2 .02337

Minimum Expected Frequency = 8 063

Chi-Square Value DF Significance
 Pearson (all respondents) 5.73126 2 .05695

Minimum Expected Frequency = 23 099

4.9 Use of unpaid labour.

The role of familial labour in the establishment, management and day to day running of the firm has been extensively documented elsewhere (Jones *et al* 1993; Phizacklea 1983; Ram 1993; Ram and Holliday 1993; Werbner 1984 to name but a few). However the analysis of unpaid assistance *vis-à-vis* the gender of the owner-manager has received considerably less attention. Both South Asian and white women are more likely to use unpaid staff when compared to their male counterparts. The likelihood being greater for South Asian women (56.3 per cent) in all groups. In contrast, African-Caribbean men (48.5 per cent) make more use of unpaid assistance than African-Caribbean women (35.3 per cent).

Table 4.8 Unpaid assistance, ethnic origin and gender.

Ethnic origin Gender	White		South Asian		African-Caribbean		All respondents
	Men	Women	Men	Women	Men	Women	
Use unpaid staff?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)						
Yes	23.9 (28)	29.2 (14)	38.6 (54)	56.3 (18)	48.5 (16)	35.3 (6)	34.9 (137)
No	76.1 (89)	70.8 (34)	61.4 (86)	43.8 (14)	51.5 (17)	64.7 (11)	65.1 (256)

<u>Chi-Square</u>	Value	DF	<u>Significance</u>
Pearson (male respondents)	9.969796	2	.00784
Minimum Expected Frequency = 11.152			
<u>Chi-Square</u>	Value	DF	<u>Significance</u>
Pearson (female respondents)	6.04066	2	.04879
Minimum Expected Frequency = 6.660			
<u>Chi-Square</u>	Value	DF	<u>Significance</u>
Pearson (all respondents)	12.16767	2	.00228
Minimum Expected Frequency = 17.430			

4. 10 Gendered business activities.

Some of the observed differences in the owner's use of unpaid labour may be a product of their sectoral activity. The concentration of South Asian women in labour intensive retailing activities (93.8 per cent in food, CTN and other retailing combined) is inextricably linked with the demand for and use of unwaged labour.

Alternatively, the existence of traditional gender roles may dictate that the female continues to provide childcare. For the working mother this task can only be achieved by taking children into the work place. Essentially this may lead on to some level of involvement of the offspring in the effective running of the family business.

Table 4. 9 Business activity, ethnic origin and gender.

<i>Ethnic origin</i>	<i>White</i>		<i>South Asian</i>		<i>African-Caribbean</i>		<i>All respondents</i>
	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>	
Business activity	(Figures are expressed as column percentages. Figures in parentheses are raw counts)						
Manufacture and wholesale	8.3 (10)	6.3 (3)	13.2 (19)	3.1 (1)	9.1 (3)	5.6 (1)	9.2 (37)
Food and CTN	33.3 (40)	33.3 (16)	40.3 (58)	56.3 (18)	30.3 (10)	27.8 (5)	37.3 (150)
Other retail	40.0 (48)	45.8 (22)	31.3 (45)	37.5 (12)	27.3 (9)	16.7 (3)	35.1 (141)
Services	18.3 (22)	14.6 (7)	15.3 (22)	3.1 (1)	33.3 (11)	50.0 (9)	18.4 (74)

Chi-Square Value DF Significance
 Pearson (male respondents) 9.50589 6 .14706
 Minimum Expected Frequency = 3.556 Cells with Expected Frequency < 5 = 1 of 12 (8.3%)

Chi-Square Value DF Significance
 Pearson (female respondents) 21.66701 6 .00139
 Minimum Expected Frequency = 9.18 Cells with Expected Frequency < 5 = 4 of 12 (33.3%)

Chi-Square Value DF Significance
 Pearson (all respondents) 24.73191 6 .00038
 Minimum Expected Frequency = 4.786 Cells with Expected Frequency < 5 = 1 of 12 (8.3%)

Both African-Caribbean women and men have a tendency to be over-represented in the provision of services (50 per cent and 33 per cent respectively). This broad category includes such varied activities as hairdressing, beauty care and travel and shipping agents. For the women, these concerns resemble the type of professions that respondents may have been involved with prior to international migration or equally their identity with a particular target consumer group (Bryan *et al* 1985). This allied with their gender renders them the legitimate agents for purveying that particular product:

‘Being a woman now, and the previous owner was a man, so you could imagine how difficult it must have been at times for him because we do cosmetics... it must have been difficult for him, well I know it was difficult for him, women coming in saying what do you think of this lipstick? Does this foundation suit me? It’s difficult for a man to say “oh no that’s not quite your shade, try another shade” [laughs]. Being a woman now , It’s expected now, the girls and the women that come now expect me to bring in new stock, bring in new cosmetics, new lipsticks ..’ (Liverpool African-Caribbean beauty products retailer)

A willingness to study for formal qualifications to support these ‘innate’ abilities acts as an added resource in a competitive market sector

4.11 Owners’ working hours.

Few would deny that the majority of small business owners invest huge amounts of time in the pursuit of making their business venture a success. The hours spent during the business

opening hours are supplemented by further investments of human capital outside business hours. These activities include stock-taking, book-keeping and product awareness:

‘...It’s a retailing shop so we’re open 9.30 to 6 p.m. Monday to Saturday. I still come into the shop on Sunday to check the stock, check the takings, the paper-work. I don’t have a day off’ (Female African-Caribbean food retailer in Lewisham).

Table 4. 10 emphasises the hours invested by the surveyed owners. Focusing on the 80 hours and over group reveals that women of all ethnicities tend to be harder working than their male counterparts. Once again these figures must be explored in the light of the business activity. This consideration assists in explaining the higher proportion of both South Asian men and women in the over 80 hours category where their involvement in food and CTN is dominant in the survey. Whereas for African-Caribbeans their disproportionate involvement in services which require relatively less investments of hours suppresses their presence in the high hours group and women’s presence in the 55-79 hours category. There is little surprise that the findings once again portray the tendency of both black groups to invest more time than their white counterparts. However the 20.8 per cent of white women doing over 80 hours contrasts with only 8.3 per cent of white men doing the same

One particular female owner alluded to her efforts to carve out new niche markets for her business. Consequently these endeavours commanded further inputs of time in addition to the business opening hours. On the whole, the sacrifice of further time was deemed worthwhile if

it led to the business becoming further embedded in local communities and whilst these added efforts may not directly raise the profitability of the firm, the associated actions were socially and psychologically beneficial:

‘Before I took over the shop one of the things I intended doing was supplying social services for black children in care... I find that a lot of black children in care who are fostered with English parents .. do not have a clue or an idea how to look after their hair or skin... I do the hospitals as well... there’s quite a few black in-patients there; take some products over from the shops and retail them to the hospitals... I’ve been currently speaking with one of the girls at Walton Prison... My interest is my shop, where there’s black people, if I can supply them with my products then I will regardless of whether they are in hospital, prison, the house next door or in the park’
(Liverpool African-Caribbean beauty care products retailer).

female and male gendered work may trigger a negative response and a need to vanquish the individual concerned:

‘barriers are particularly erected when women try to get out of the professional and social space which is perceived as specifically theirs: “Who do you think you are?” was a bank manager’s welcome to a black woman who had a project of setting up her own firm. She was inquiring about loans to start up an “Au Pair” agency in a white dominated, middle class area of London’ (Morokvasic 1993)

In this way the abject belief that self-employment is the prerogative of men is perpetuated. Furthermore being black or non-conformist in some way, such as personal disabilities, constitutes a further barrier to achieving this status. Some persons are able to mobilise the necessary resources for a business venture. But access to those resources is gendered, hence becoming self-employed in one’s own right is congested with difficulties. Muslim women who face a specific set of cultural exclusionary practices in breaking into the mainstream labour market can find their plans obscured further by employers’ stereotypes.

4. 12. 1 Women’s use of bank loans for start-up.

As table 4. 11 below reveals, women in all groups were more likely to obtain more than 50 per cent of their start-up costs from the formal financial institutions. South Asian women show the greatest propensity to obtain the majority of their start-up finance from banks (48.1 per cent of owners). Probably the sharpest contrast is observed for African-Caribbean owners 71.4 per cent of men used no bank finances whatsoever whilst this figure fall to only 42.9 per cent for

4. 12. 2 Women's problems securing a bank loan.

Qualitative anecdotes extracted from the interviews suggest some degree of satisfaction with the attitude of financiers and support agencies. There is also the recognition from the respondents that may be exceptional cases in that respect:

Respondent: 'I think I've been, if any, one of the more luckier ones because taking over the business...I've had help from the Taskforce... wasn't any problem when I approached the bank, not a problem with the bank, not a problem with the Taskforce, not a problem with the landlord, when I've taken over'.

GB: 'So it's been quite smooth?'.

Respondent: 'Yes it has been for me, but I wouldn't say so for everybody else. It has been through contacts for me. It has been smooth'. (Nottingham African-Caribbean hair and beauty product retailer).

The greater likelihood for women to use mainly bank finance at start-up is tempered by their greater likelihood to encounter difficulties securing bank loans. Table 4. 12 presents the findings that women in all groups, with the exception of South Asians, are more likely to face loan difficulties Chapter five on start-up finance for black businesses explores the intricacies of raising capital in more depth but irrespective of the more detailed information this research supports previous research efforts on the relative difficulty of black firms in securing suitable start-up capital from formal finance institutions such as banks (Brooks 1983; Kazuka 1980; Wilson 1983) In the case of South Asian men, the incidence of problems is on a par with

South Asian women (18.5 and 17.2 per cent of owners respectively). For white owners these figures drop markedly to 7.6 per cent for men but 12.5 per cent for women. African-Caribbean men (13.8 per cent) record a similar proportion to white women but all the proportions are surpassed by the 21.4 per cent of African-Caribbean women encountering problems. The lengthy but informative response of one particular African-Caribbean female entrepreneur perfectly encapsulates the tiers of disadvantage and pervading stereotypes about what constitutes women's work *vis-à-vis* men's work:

'The bank wasn't very willing. They thought it was quite risky at the time. I think we were at the start of a recession when I took the business on and I think they thought at the time it was a very risky venture and they weren't willing to get involved... even though I had a prepared business plan and I had done a freelance course involving all the inland revenue side of things and all the natural things you go through, it didn't seem to hold much weight. One of the things I noticed straightaway even though he (the white male bank manager) hadn't said anything. The fact that he was looking at me and thinking that here comes a woman who's got a couple of kids... she should be at home how could she progress into the business world. I think his thoughts were fairly negative at the outset. I think the black situation could have come into it, it wasn't something you could really identify, but I think the main thing was that I was a woman and that really disturbed him' (Manchester African-Caribbean Travel agent).

Table 4. 12 Problems securing a bank loan for start-up, ethnicity and gender.

<i>Ethnic origin</i>	<i>White</i>		<i>South Asian</i>		<i>African-Caribb'</i>		<i>All respondents</i>
	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>	
Had bank loan problems?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)						
Yes	7.6	12.5	18.5	17.2	13.8	21.4	14.0
	(7)	(5)	(22)	(5)	(4)	(3)	(48)
No	92.4	87.5	81.5	82.2	86.2	78.6	86.0
	(85)	(35)	(97)	(24)	(25)	(11)	(278)

Chi-Square Value DF Significance
 Pearson (male respondents) 5.17784 2 .07510
 Minimum Expected Frequency = 3.987 Cells with Expected Frequency < 5 = 1 of 6 (16.7%)

Chi-Square Value DF Significance
 Pearson (female respondents) 7.0996 2 .70119
 Minimum Expected Frequency = 2.193 Cells with Expected Frequency < 5 = 2 of 6 (33.3%)

Chi-Square Value DF Significance
 Pearson (all respondents) 4.70307 2 .09522
 Minimum Expected Frequency = 6.030

The testimony of Morokvasic (1993), recorded above, is fully supported by these findings. The revelations in this research are made more stark when considering the fact that a sizeable proportion of African-Caribbean women in this sample could be described as following customary lines of business. Neither remaining within the gendered boundaries of self-employment occupations or employing one's entrepreneurial flair to deviate from saturated

market opportunities in order to establish a market niche are sure of institutional support let alone material reward.

4. 13 Summary.

This chapter presents insights into the lived experiences of both overt and ‘concealed’ female proprietors. In the process, gendered aspects of ethnic minority enterprises are unveiled such as the impact of the gender division of labour on efforts to establish a business venture, the role of women in managing business and domestic affairs and marked gender and ethnic differences in raising finance for small enterprises. The issue of financing small firms is investigated in more depth in the next two chapters. Nonetheless the subject matter of this chapter has hopefully assisted in patterning the mosaic of research related to the interconnectedness between gender, ethnicity and economic activity.

CHAPTER FIVE: BLACK CONTROLLED SMALL ENTERPRISE AND SOURCES OF START-UP FINANCE.

5.1 Introduction.

Probably the most fundamental obstacle to achieving the status of self employment is finance (see Jones *et al* 1994). Postulating and refining a money making idea can be the relatively easy step to establishing one's own business. However a severe barrier to mobilising that idea is securing sufficient financial resources to make the idea a viable business proposition. The research findings presented in this chapter are an attempt to explore and unravel the intricacies of the financing decisions and constraints of both entrepreneurs and funding bodies. The need to recognise the differences between groups, is also explored, both in terms of ethnicity and their access to internal and external resources

As part of the semi-structured interviews conducted with business owners and employees a set of questions was targeted at obtaining information on the types of start-up finance used. Business owners were asked the following question

‘When you (the owner) were setting up/buying this business, how was the money raised?’

(Interviewer probe for % from each source).

<i>Proportion derived from each source</i>	<i>0%</i>	<i><25%</i>	<i>25-50%</i>	<i>51-75%</i>	<i>+75%</i>	<i>100%</i>
Sources						
Personal savings						
Loan from family and friends						
Loan from bank						
Loan from finance company						
Other (specify)						

‘Do not know’ and ‘No response’ options were also available to respondents in view of the personal and possibly confidential nature of some of these questions (see Appendix one).

5. 2 Understanding start-up finance.

5. 2. 1 Defining start-up finance.

In explaining the term start-up finance a generous definition is adopted that can be reduced to three factors. Start-up finance is taken to mean the money resources used in the:

- (1) Establishment of a virgin new business
- (2) Funding of a take-over of an existing business
- (3) Conversion of a formerly part-time business into a full-time operation.

5. 2. 2 Estimating the cost of start-up.

In his study of black businesses in the London Borough of Brent, Wilson (1983) found that fifty-five per cent of the one hundred and twenty Asian and African-Caribbean businesses interviewed required less than £25000 total start-up finance. A quarter of the businesses required no more than £5000 in total start-up money. The businesses concerned included a diversified range of activities such as clothing manufacturers, food retailing, travel agents and restaurants. Hence manufacturing and wholesaling concerns can have similar low monetary barriers to entry as food retailing and newsagencies. Furthermore Wilson and Stanworth (1988) highlight a sweet manufacturer whose operation producing Indian sweets began literally in the kitchen at home selling very small batches to local restaurants. In the current research figures for the cost of start-up extracted from qualitative anecdotes provide further support to the revelations of Wilson and Stanworth. A Preston Asian Printing and Phototypesetter established his business in 1985 through a bank loan of £5000 and £2000 of personal savings. Similarly another Preston based Asian entrepreneur began his metals finishing business in the same year on a £1000 bank loan supplemented by a £1000 of personal savings.

5. 3 *Personal savings as start-up.*

Prospective small business owners usually start businesses with money derived from personal savings and loans. The findings gave no grounds to refute this general statement. One of the two major sources of start-up finance utilised by the respondents was personal savings (see table 5. 1). Of the South Asian respondents 26.7 per cent of them derived more than 50 per cent of their start-

up money from personal sources. The comparable figures for whites and African-Caribbeans are 41.0 percent and 45.2 per cent respectively. The most outstanding feature of table 5. 1 below is the proportion of African-Caribbeans (45.2 per cent) who utilise their own personal savings for more than 50 per cent of the business start-up costs. Widening the analysis this figure rises smartly to 59.5 per cent for any proportion of start-up derived from personal money. The comparable figures for whites and Asians are significantly less at 51.9 and 52.2 per cent. These figures seem to suggest either an active choice by African-Caribbeans to use their own savings and avoid formal financing institutions or testament to the problems encountered gaining finance on approaching such institutions (Jones *et al* 1994).

Table 5. 1 Use of personal savings and ethnic origin.

<i>Ethnic Origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Used personal savings?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
None	48.1 (62)	47.8 (75)	40.5 (17)	154 (47.0)
Up to and including 50 percent	10.9 (14)	25.5 (40)	14.3 (6)	60 (18.3)
More than 50 per cent	41.0 (53)	26.7 (42)	45.2 (19)	114 (34.8)

Chi-Square Value DF Significance

Pearson 14.84309 4 .00504

Minimum Expected Frequency = 7.683

Having focused on personal savings relative to ethnicity it is equally informative to analyze in which economic sectors personal savings are prevalent (table 5. 2). Once again spotlighting the respondents who utilised more than 50 per cent personal income in their business set up; the sectoral bias for these individuals is surprisingly towards the perceived difficult to enter sectors such

as manufacturing and wholesaling. Of the manufacturers and wholesalers 45.2 per cent utilised 50 per cent or more personal savings. One would expect to find that personal savings would be employed in firms in the slow growth easy to enter sectors such as food retailing and CTN. But the research highlights the use of 50 per cent or more personal savings in only 28.0 per cent of food retailing and CTN outlets. Ceteris paribus, CTN and food retailing exist in a sector that is relatively easy to enter. Clearly these outlets are dealing with goods that represent some of the bare essentials of human existence, whereas most manufacturing and certain service projects must clearly identify a current or potential market for their goods and services. Personal savings used in the setting up of service orientated businesses also featured prominently. 36.8 per cent of the businesses engaged in the catchall other retail group, which includes clothing and household goods made use of personal assets for start-up.

Table 5.2 Use of personal savings and business activity.

<i>Business activity</i>	<i>Goods manufacturing and wholesale</i>	<i>Food and CTN</i>	<i>Other retail</i>	<i>Services</i>	<i>All respondents</i>
Used personal savings?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)				
None	38.7 (12)	51.5 (68)	46.2 (49)	43.8 (28)	47.1 (158)
Up to and including 50 percent	16.1 (5)	20.5 (27)	17.0 (18)	17.2 (11)	18.3 (61)
More than 50 percent	45.2 (14)	28.0 (37)	36.8 (39)	39.0 (25)	34.5 (115)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	4.90323	6	.55628

Minimum Expected Frequency = 5.679

Aside from the conjecture momentarily, it is worth recounting some of the qualitative anecdotes arising out of this research investigation in an effort to place this discussion of personal finance and its sectoral application in context. The profile evidence serves to enrich the discussion at this point and partially demonstrates that the financing decision of individual business owners is quite a complex procedure. In demonstrating this the focus is placed on an African-Caribbean business engaged in transport and a South Asian owned manufacturing enterprise. From the interviews with the said business owners one can construct an informative picture of the businesses characteristics and modes of financing with an view to teasing out vital information and gaining a valuable insight into the financing jigsaw of decisions and influences. Both business owners used personal savings as the principal source of start-up finance though as the case studies partly reveal, one cannot isolate a single issue for investigation. A plethora of related factors must be analyzed in tandem in order to convey the full circumstances (Jones *et al* 1994)

5. 3. 1 Profile 1: Northampton travel and shipping company.

The business has been established for six years and specializes in travel and shipping to and from the West Indies. The owner is a middle aged man born in the West Indies. Previously engaged in the engineering sector and with no apparent experience of the venture to be undertaken he has entered self employment with the rather vague motive of 'proving a point'. Personal savings provided over 50 per cent of the initial start-up finance and the owner did not apply for a bank loan. However he received money from the Enterprise Allowance Scheme and though no mention is made of this, it is reasonable to assume that our respondent was unemployed for a period prior to

starting this business. The travel agency operates from the same premises as the owner's daughter's general food-store which also happens to be the family home. Geographically the business is situated in the heart of the main African-Caribbean settlement in the town and consequently draws heavily on co-ethnic custom (over 50 per cent). The respondent views his current level of business profit as worse than satisfactory citing the infancy of the business as the main reason.

Most significantly this business shares its premises with another which undoubtedly served to reduce the amount of initial personal monetary outlay and hence the amount of risk. Additionally there was no need to approach a bank for a loan because enough personal revenue could be successfully amassed. Arguably a travel agency is a relatively medium risk affair under most conditions and is particularly cushioned when the business can be operated from a home-base. These money saving advantages coupled with the spatial location of the business at the hub of the African-Caribbean residential area, in theory, provide the necessary impetus for the business' survival. Yet clearly an over-arching dependence on an ethnic clientele accentuated by the acknowledged wider economic conditions has rendered the business' performance as less than satisfactory.

5. 3. 2 Profile 2: Wolverhampton metal goods manufacturer.

Born in India, this male business owner falls into the 44-54 age group. Prior to starting the business he was employed as a metal polisher. The business was established in 1973 though still exists as a single branch. The current activities of the business are painting, coating and finishing metals. When

starting the business the owner used personal savings totally and did not apply for a bank loan. Now he has links with the bank particularly to fund the planned diversification of the business. At present he is content with the profits from the business but dissatisfied with his own personal income.

One can only infer about the financing decisions of this business owner. Unfortunately the interviews did not request the business owners to divulge the total amount of start-up capital required hence the option to cross-check with Wilson (1983) is thwarted. From the evidence it seems feasible to suggest that the business originally started in the 1970s as a very small concern but has increased in stature during the interstitial decades. The business has ridden several long periods of *global economic recession and testament to its resilience the owner now employs more workers than last year*. Clearly the owner utilised his previous work experience as a metal polisher and hence reinvested his skills and personal contacts in his own business. This basic behavioural aspect ensured that the risk of failure was reduced somewhat. Consequently the perceived small set-up required only limited finance initially and this was found personally by the owner, though naturally having established a business reputation the bank now plays an involved part in his business plans

5. 3. 3 Summary of personal savings as start-up finance.

The findings have demonstrated the role of personal savings in the embryonic stages of small business development. Personal savings have been shown to be just as significant in the birth of supposedly more difficult to enter and more specialized manufacturing and servicing enterprises as they are in the relatively easy to enter retailing and servicing activities such as food retailing. This parallels research by Storey (1982). In his investigation of new firm founders in Cleveland he identifies an industry effect with new manufacturing and wholesaling enterprises highlighting personal savings as the main source of start-up finance.

The conscious decision in all cases seems to surround risk minimization. The steady development of a business founded on primarily personal wealth from humble beginnings is tantamount to suppressing the chances and inevitable costs of failure. Money derived from more formal financing channels such as banks and finance companies often provide the avenues for business expansion and diversification later once the business has become reasonably established and evidence of stability or even survival can be presented to the banks. These sentiments concerning reducing risks to a minimum are echoed by Wilson and Stanworth (1988).

‘As a start-up strategy, the deliberate commitment of only small amounts of capital to the business and the progressive accumulation of operating experience and exposure to the wider market , reduced the risk of failure to a tolerable level’ (Wilson and Stanworth 1988).

5.4 Bank loans as a source of start-up finance.

According to the findings, bank loans provided the other major source of finance for the business start-ups. In the sample 40.8 per cent of Asians, 36.4 per cent of whites and 26.2 per cent of African-Caribbeans interviewed relied on banks for more than 50 per cent of their start-up money (table 5.3).

Table 5.3 Use of bank loan and ethnic origin.

<i>Ethnic Origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Used bank loan?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
None	55.8 (72)	39.5 (62)	61.9 (26)	48.8 (160)
Up to and including 50 per cent	7.8 (10)	19.7 (31)	11.9 (5)	14.0 (46)
More than 50 per cent	36.4 (47)	40.8 (64)	26.2 (11)	37.3 (122)

Chi-Square Value DF Significance

Pearson 14.91156 4 00489

Minimum Expected Frequency = 5.890

These figures partially substantiate the arguments surrounding the relative inhibitions and failure of potential African-Caribbean business people to gain access to formal sources of finance. However the small number of African-Caribbeans interviewed undermines any positive assertions founded on these arguments. Undoubtedly the aggregate information on African-Caribbeans' comparable inability to secure bank finance, their reliance on personal savings as the main funding avenue to business ownership and the qualitative and quantitative information gathered on the problems

encountered gaining bank finance cancel out some of the methodological flaws in the sample. Whether the underlying reasons are encapsulated in bank racism, an inadequate business plan, symptomatic of the dearth of role models for prospective business owners to follow or a combination of negative factors, their dependence on personal savings as the unobstructed avenue to business establishment should not be understated (Dungu 1988). Clearly it is necessary to delineate as to why African-Caribbeans fare so badly in relation to bank finance. This issue will be explored more closely in subsequent sections of this chapter.

The sample exhibits some sectoral bias in relation to the input of bank money. There is a tendency for activities such as manufacturing and wholesaling concerns to *exploit personal savings when* seeking to establish a business. According to the research findings only 25.8 per cent of manufacturers and wholesalers utilised bank money in excess of 50 per cent of the necessary start-up revenue. The antithesis is portrayed when focusing on the so-called easy to enter sectors such as food and CTN. For these activities, bank loans in excess of half of the total costs of start-up comprise the funding avenue for 44.7 per cent of cases. Paralleling the role of personal savings for start-up, bank loans are as equally important for the catchall other retail group and service firms (table 5.4)

Table 5. 4 Use of bank loans and business activity.

<i>Business activity</i>	<i>Goods manufacturing and wholesale</i>	<i>Food and CTN</i>	<i>Other retail</i>	<i>Services</i>	<i>All respondents</i>
Used bank loan?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)				
None	58.1 (18)	40.2 (53)	52.8 (56)	54.7 (35)	48.6 (162)
Up to and including 50 percent	16.1 (5)	15.1 (20)	12.3 (13)	14.1 (9)	14.1 (47)
More than 50 percent	25.8 (8)	44.7 (59)	34.9 (37)	31.2 (20)	37.2 (124)

Chi-Square **Value** **DF** **Significance**
 Pearson 7.66296 6 .26385
 Minimum Expected Frequency = 4.375 Cells with Expected Frequency <5 = 1 of 12 (8.3%)

Bank loans are a key source of funding for nearly half of all food and CTN ventures. Through the following business profiles some of the intricacies are revealed. In contrast to the manufacturing and exporting projects featured earlier, the focus now shifts to two businesses engaged in retailing some of the everyday essentials of human existence.

5. 4. 1 Profile 3: South Asian Sidcup newsagent.

Born in Kenya but originating from India this middle-aged woman is a qualified teacher. Motivated by not wishing to continue in education and through agreement with her husband they set up the business in 1986. They utilised a 100 per cent loan from the bank to start the business. However this was only secured after several refusals. Currently they view both their profits and personal

income as satisfactory. Located in suburban Kent they understandably draw heavily on a white customer base.

5. 4. 2 Profile 4: White Bexley confectionery and tobacco retailer.

The business owners are a young British born couple. The husband has recently undertaken a course in small business management whilst being unemployed. When asked what made you start this business the rather opaque motive of ‘to try something different’ was presented. At the time of interview the business had been established for 18 months but in the owners’ view its short-term survival was in the balance. This is reinforced on reflection by the dissatisfaction with both profits and personal income. The original funding method comprised a 75 per cent loan from the bank with the remainder accounted for by personal savings liberated by the awarding of Enterprise Allowance Scheme (EAS).

5. 4. 3 Inferences from the case studies.

Though lacking the detail of some of the earlier life histories in, the two latter cases outlined above still prove extremely informative about issues of finance and related factors. Fundamentally we have owners who are seeking a career change, one a qualified teacher the other formerly unemployed. Both sets of respondents have entered a sector which is over saturated with similar outlets. Both sets of owners have resurrected the previous business on the site with minor changes. Of the two businesses the South Asian establishment is faring the better though notably had more problems

securing bank finance. Incidentally they have plans to move to a larger and more profitable outlet. The white owned business, in contrast, appears to have a bleak future. Its success is thwarted by a combination of 3 identifiable factors:

(1) It's location bordering on a railway station platform hence it's customer base in suburban Kent, though captive, is a distinct disadvantage to this business. The customers are principally commuters and hence flows are logically prone to ebb and peak throughout the day. This disadvantage is coupled with recessionary pressures which in the short term have dampened future plans of expansion.

(2) In comparison to other similar businesses its failure to secure the necessary licence⁶ to sell newspapers is particularly erosive. The captive customer base is, as a result, undermined even further.

(3) The counter-magnet of a more established business in close vicinity retailing a more diversified range of products

5.5 Loans from family and friends as start-up finance.

Past studies have highlighted the importance of intra-ethnic kinship ties for South Asians in business development (Rafiq 1992, Werbner 1984). Other studies have muted and played down the importance of mutual support networks (Aldrich *et al* 1984; Cashmore 1991; Marger 1989). The

⁶ The Monopolies and Mergers Commission has subsequently, in 1992, abolished the legislation that only licenced newsagents can sell newspapers and magazines. Rather than assisting the convenience storekeeper, the change in law has further intensified competition in the convenience goods sector to the extent that residential neighbourhoods are often characterised by spatial clusters of CTN stores offering an undifferentiated range of goods and services.

current research largely sympathises with the latter views of ethnic communality. There is evidence of Asian business owners turning to family for financial help but no evidence of community based help. Indeed to my knowledge no mentions were made of ethnic credit systems similar to those used by the Koreans and Japanese in the USA (Kim 1981; Light 1972; Light and Bonacich 1988). Of the Asian respondents 24.2 per cent used some degree of money derived from family and friends to start-up their business (see table 5. 5). The comparative figures for whites and African-Caribbeans were 7.7 and 14.3 per cent respectively. However the muted response to this question is made even more explicit in the Asian case when we examine the unweighted raw figures. Of the 157 valid responses to this question from persons with origins in the Asian subcontinent, only 38 answered positively to this question on loans from family and friends.

Table 5. 5 Loans from family and friends and ethnic origin.

<i>Origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Family and friends	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
None	92.3 (120)	75.8 (119)	85.7 (36)	83.6 (275)
Up to and including 50 percent	2.3 (3)	17.2 (27)	4.8 (2)	9.7 (32)
More than 50 percent	5.4 (7)	7.0 (11)	9.5 (4)	6.7 (22)

Chi-Square Value DF Significance
 Pearson 20.63475 4 .00037
 Minimum Expected Frequency = 2.809 Cells with Expected Frequency <5 = 2 of 9 (22.2%)

The proportions of financial inputs from kinsfolk to the African-Caribbean community is notable (14.3 per cent of the group) This finding somewhat contradicts previous research efforts on

African-Caribbean business in Britain which has attempted to explain the underdeveloped nature of black business. Culture laden suggestions point to the blacks historical absenteeism from capitalism and their 'African communal tradition' which has made trading and shop-keeping unattractive (Ofari 1970: 10-12). As a result their propensity to create support and kinship networks is low. The extent of African-Caribbean kinship networks, as measured by use of finance from family and friends, are notably more developed than those of their white counterparts (7.7 per cent of owners using financial support from relatives and friends). Further examination of table 5. 5 confirms that the use of monies from relatives and friends in the more than 50 per cent of start-up bracket illuminates the position of African-Caribbean firms (9.5 per cent compared to 7.0 and 5.4 per cent of South Asian and white firms respectively)

However caution is required when attempting to interpret from these figures. As discussed in chapter two, African-Caribbeans make up about 13 per cent of the total number of 410 interviews. This contrasts sharply with the 42.4 and 44.7 per cent white and South Asian proportions in the sample and consequently the more bona fide inferences made from these larger samples. Aside from the sampling inadequacies, African-Caribbean business development in Britain is a relatively new phenomenon and its conspicuousness reflects the fact that sufficient interviews, not for want of effort, could not be collected in the chosen localities. It is plausible that several successive waves of African-Caribbean businesses are required in order to provide the necessary seedbed for nurturing kinship ties, a vociferous Chamber of African-Caribbean Commerce and informal self help networks such as is evident among some South Asian communities. Tentatively one suggests that the roots of such mutual support are being laid. A dearth of business role models within a

community can have a negative impact on the perceptions of new generations entering the self employment arena. If potential and existing African-Caribbean business owners in Britain requires a role model to follow then the West Indian community in the United States fits the mould. Foner (1979) has highlighted, using census data, the significant migration of the better qualified West Indians to Canada and the United States where the opportunity structure for wealth, success and social advancement is infinitely more attractive.

Table 5. 6 Loans from family and friends and business activity.

<i>Business Activity</i>	<i>Goods manufacture and wholesale</i>	<i>Food and CTN</i>	<i>Other retail</i>	<i>Services</i>	<i>All respondents</i>
Loan from family and friends?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)				
None	80.6 (25)	84.1 (111)	82.2 (88)	87.5 (56)	83.8 (280)
Up to and including 50 percent	9.7 (3)	9.1 (12)	11.2 (12)	7.8 (5)	9.6 (32)
More than 50 percent	9.7 (3)	6.8 (9)	6.6 (7)	4.7 (3)	6.6 (22)

Chi-Square Value DF Sign ficance
 Pearson 1 52514 6 95781
 Minimum Expected Frequency = 2 042 Cells with Expected Frequency <5 = 3 of 12 (25 0%)

The marginal involvement of loans from family and friends is revealed in table 5. 6 above. Guided by any proportion of family involvement family and friends involvement it reveals slightly fewer mentions among those engaged in service provision No explanations are advanced for the pattern observed.

5.6 Assistance from finance companies for start-up.

Start-up loans from this type of financial institution were relatively under used by the business owners in the sample. Only a handful of both whites and Asians utilised this source of finance which seems to demonstrate that banks are the principal formal funding agencies for small businesses. Where finance companies were used, their involvement in the business start-up is generally a major one. Only one business received less than or the equivalent of fifty percent of the original start-up from this source.

Table 5.7 Loans from finance companies and ethnic origin.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Loan from finance company?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
None	94.6 (123)	93.2 (145)	100.0 (42)	94.8 (310)
Up to and including 50 percent	0.0 (0)	1.0 (1)	0.0 (0)	0.3 (1)
More than 50 percent	5.4 (7)	5.8 (9)	0.0 (0)	4.9 (16)

Chi-Square Value DF Significance

Pearson 3.63916 4 .45704

Minimum Expected Frequency = 128 Cells with Expected Frequency < 5 = 4 of 9 (44.4%)

5.7 Other financial assistance.

This miscellaneous section allowed the respondents to pinpoint arrangements made for any other type of loan. These alternative financing arrangements included primarily the remortgaging of homes. The figures below have been artificially inflated by a significant number of respondents who referred to the government initiated EAS. Yet the statistics on the use of EAS have not been

omitted because they provide further evidence of the rationale of financing business start-up. Courtesy of this scheme some of the business owners who had endured a period of unemployment (6 weeks or more) immediately prior to starting the business could take advantage of a weekly allowance of forty pounds for 52 weeks. However this weekly payment does not constitute start-up finance as defined above but provides some money towards enabling the business owner to purchase the resources by which s/he can sustain themselves so that other resources can be channelled into the development of the business. Hence one other major eligibility condition of the scheme is that an applicant must provide detailed proof that at least £1000 is available to invest in the business. Once again guided by the more than 50 per cent involvement of these other loans, approximately one quarter of both South Asians and 1:6 whites are highlighted but no African-Caribbeans (see table 5.8). As mentioned above these figures incorporate those respondents who considered EAS as a form of start-up grant which in effect frees up at least £1000 for business investment.

Table 5.8 Other loans and ethnic origin

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Used other types of loans?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
None	60.2 (80)	60.7 (85)	88.9 (40)	64.5 (205)
Up to and including 50 percent	24.1 (32)	13.6 (19)	11.1 (5)	17.6 (56)
More than 50 percent	15.7 (21)	25.7 (36)	0.0 (0)	17.9 (57)

Chi-Square Value DF Significance
 Pearson 22.47004 4 .00016
 Minimum Expected Frequency = 7.843

In terms of sector, more than 1 in 4 CTN and food retailers use other types of loans for the majority of their start-up (see table 5. 9). This contrasts with a more balanced involvement of other loans in firms engaged in other sectors. However by highlighting any level of use of other loans both the manufacturing and wholesaling (44.4 percent) and the food and CTN activities (45.4 percent) become features. A somewhat contradictory and partial explanation is offered for this observed pattern. In most cases the threshold cost of start-up for higher order activities such as manufacturers and wholesalers is significantly higher than that for food and CTN outlets. Given that capital accumulation is the main purpose of formal financing institutions then such manufacturing ventures which require the higher inputs of finance must represent a good risk to investors. If assurances can not be offered then collateral must be provided seemingly in the form of the business owner's home.

Table 5. 9 Other loans and business activity.

<i>Business activity</i>	<i>Goods manufacturing and wholesale</i>	<i>Food and CTN</i>	<i>Other retail</i>	<i>Services</i>	<i>All respondents</i>
Used other types of loans?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)				
None	55.6 (15)	54.6 (59)	75.2 (94)	65.1 (41)	64.7 (209)
Up to and including 50 percent	33.3 (9)	16.7 (18)	12.8 (16)	22.2 (14)	17.6 (57)
More than 50 percent	11.1 (3)	28.7 (31)	12.0 (15)	12.7 (8)	17.6 (57)

Chi-Square Value DF Significance
 Pearson 15.62698 6 .01590
 Minimum Expected Frequency = 4.881 Cells with Expected Frequency <5 = 2 of 12 (16.7%)

Deakins (1996: 83) reminds us that the issue of collateral generates problems for both the lender and the proposer. The nature of the security maintained by the client can provide useful information for the lender. Nevertheless 'collateral... is not without costs and its own problems... there are valuations problems, there might be depreciation to consider; and it might be necessary to revalue collateral at intervals. The taking of collateral, then, needs to be balanced against the costs of management for the bank'. Paradoxically given the saturation of the corner shop market, low returns to human inputs (Jones *et al* 1993) and the increasing dominance of the major superstores in food and CTN retailing the decision to start a small food retailing business can be met with equal scepticism by formal financiers (Guardian 1992a).

Drawing on table 5.9 and the qualitative information from the questionnaires there is a small but an undeniable presence of ventures who could not mobilise any personal or bank resources at all and were forced into remortgaging their home or that of family members to provide the security against the loan they needed for start-up. For these businesses founded on money raised from the remortgage of property, the general risks and costs of failure are exacerbated by the implication of the family home.

Sympathy is expressed for a Gravesend Asian clothing retailer whose predicament is not to be envied. In 1988, he remortgaged his home to fund the start-up of this business. He now rates the chances of business survival as slight. At the time of interview in September 1991 he claimed to be losing between £200-£300 per week. This deficit was amplified by his inability to meet his

mortgage repayments for the past seven months and the spiralling threat of building society repossession. Unfortunately this case scenario is far from unique for small business survival in the 1990s and serves as a reminder of the way small businesses can and do operate at the margins of viability (see chapter 7).

I had expected the catchall ‘other financial sources’ to at least expose one or more African-Caribbean enterprise owners to have used or come into contact with rotating savings schemes or ‘partner’ as they are named in Jamaica (Sterling 1995). The partner was brought to Britain from the Caribbean by post-war labour migrants. A predominantly female institution, the partner was organised completely within a community as a contributing savings scheme whereby its members could access its pooled resources on a rotating basis.

‘Partner groups emerged out of the *Gemeinschaft*-type (or “cluster” settlement derived from the pattern of migration) social setting in which the early migrants found themselves either as work-based or home-based groups. They were not necessarily parish or island based but these factors could have been important for increasing the level of trust’ (Sterling 1995. 656)

Hence the partner dispensed with the need to approach formal financial institutions for loans in the absence of sufficient collateral. Its transplantation to the British context assisted its members in, for example, bypassing the overt racism manifest by landlords/ladies of rented accommodation. Hence the partner could be tapped for the capital towards buying a house, furnishing a home or paying for the passage of the rest of the family from the Caribbean. The partner did have a history

of being used within commercial lines. In the Caribbean it was operated among market traders. Yet its application in small business start-up was not revealed in the current research. This is likely to be a reflection of the youthfulness of the African-Caribbean owners and the weakening of bonds of socio-cultural attachments.

This section on other finance sources also incorporates several South Asian owned businesses which were able to derive start-up money from good relations with wholesalers and suppliers. Mainly concentrated in the manufacturing sector, they were able to exploit an exclusive avenue of funding not fully available to the majority of business owners. A jeans clothing manufacturer in Preston remarked on his own record of good credit with fellow South Asian suppliers in London which enabled him to secure a £20,000 loan to start his current business. Werbner (1984) describes how monetary credit among Pakistanis in the Manchester clothing industry is taken for granted as the norm and used as a bonding mechanism by which relationships between suppliers, manufacturers and customers is crafted and strengthened. A Pakistani wholesaler succinctly comments on the scenario

‘Yes, I give credit to all my (Pakistani) customers. It’s open ended credit and involves no discount. It’s only in order that they continue trading with me...No, I never give credit to English customers. They don’t expect it and don’t get it.. But Asian traders expect credit as a right’ (Werbner 1984)

Hence under favourable conditions South Asians can secure credit terms which in turn could lead to larger amounts of money loaned on trust. For Werbner (1984) this is an important avenue of

fostering community business ties to the ultimate benefit of all concerned. Credit and loans from suppliers could provide an important avenue of start-up funding when the mainstream methods such as bank loans are barred. In contrast the insignificant number of African-Caribbean suppliers means that the preconditions for the arrangement of credit and loans within their business community on the South Asian scale are a virtual non-entity.

In 1981 the government initiated a potentially lucrative scheme by which small firms could obtain finance. Businesses which had encountered loan problems through banks could effectively get the government to underwrite seventy per cent of any loan leaving the banks responsible for only 30 per cent. The Small Firms Loan Guarantee Scheme (SFLGS) has added incentives for those businesses located in the inner cities. However, the general take-up of the scheme has been poor. A dearth of awareness of the scheme persists among potential user groups. It might be expected that black owned firms might would have adopted the scheme more readily given its favourable bias towards inner areas and their relative lack of access to formal finance. A diligent perusal of all four hundred and ten completed questionnaires revealed that only one owner, an African-Caribbean restaurateur in Northampton, had cited the scheme as a source of finance. In this one case, SFLGS had been effectively used in conjunction with Enterprise Allowance as the means of start-up.

5.8 Problems associated with obtaining bank finance.

As part of the section of questions assessing the financing arrangements of different businesses the respondents were asked if they had encountered difficulties obtaining bank finance. In the sample of

410 only forty-seven owners alleged problems securing bank finance. Though this equates to only a small proportion of the total number interviewed the characteristics and experiences of this self-confessed loan problem group is worth exploration and discussion. Earlier studies of black business in Britain have highlighted and documented in detail the unequal treatment of different racialised minority groups when approaching formal financing institutions. Such studies have frequently sided with notions of race prejudice. The following section not only revisits these arguments meticulously but attempts to salvage alternative explanations for black failure to secure bank finances. For different owners the severity of the problem securing bank finance clearly varies. For some the problem is realised in an outright refusal to lend under any conditions, for others the solution to any problems may comprise an accumulation of further collateral or the reworking of some aspects of a business plan before bank finance will be released

Disaggregating table 5 10 below on problems obtaining bank loans by ethnicity reveals 17.8 per cent of Asians who applied for a bank loan encountering problems compared to 9.0 per cent of whites and 16.3 per cent of African-Caribbeans. Hence a much lower proportion of whites faced difficulties with banks compared to African-Caribbeans and South Asians. These figures are at variance with the findings of Wilson (1983) in the London Borough of Brent who encountered 18.4 per cent of African-Caribbean firms in the sample encountering problems compared to 11.6 per cent of Asians

Table 5. 11 examines bank loan difficulties by business sector. Obtaining a loan for a service orientated firm is the most problematic in terms of loan problems (22.2 per cent of surveyed service firms faced loan problems) whilst the other retailers category faced a relatively straightforward bank loan experience. The 22.2 per cent of service outlets encountering difficulties relates consistently to the 16.3 per cent of African-Caribbeans facing difficulties because African-Caribbean are over-represented in the service sector of this business sample. The other two ethnic groups in the sample are relatively more dispersed throughout the various business activities.

Table 5. 10 Problems getting bank loans and ethnic origin.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Problems getting bank loan?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Yes	9.0 (12)	17.8 (27)	16.3 (7)	14.0 (46)
No	91.0 (122)	82.2 (125)	83.7 (36)	86.0 (283)

Chi-Square Value DF Significance
 Pearson 4.70307 2 .09522
 Minimum Expected Frequency = 6.030

Table 5. 11 Problems getting bank loans and business activity.

<i>Business activity</i>	<i>Manufacturing and wholesale</i>	<i>Food and CTN</i>	<i>Other retail</i>	<i>Services</i>	<i>All respondents</i>
Problems getting bank loan	(Figures are expressed as column percentages. Figures in parentheses are raw counts)				
Yes	18.2 (6)	15.9 (21)	5.8 (6)	22.2 (14)	14.2 (47)
No	81.8 (27)	84.1 (111)	94.2 (98)	77.8 (49)	85.8 (285)

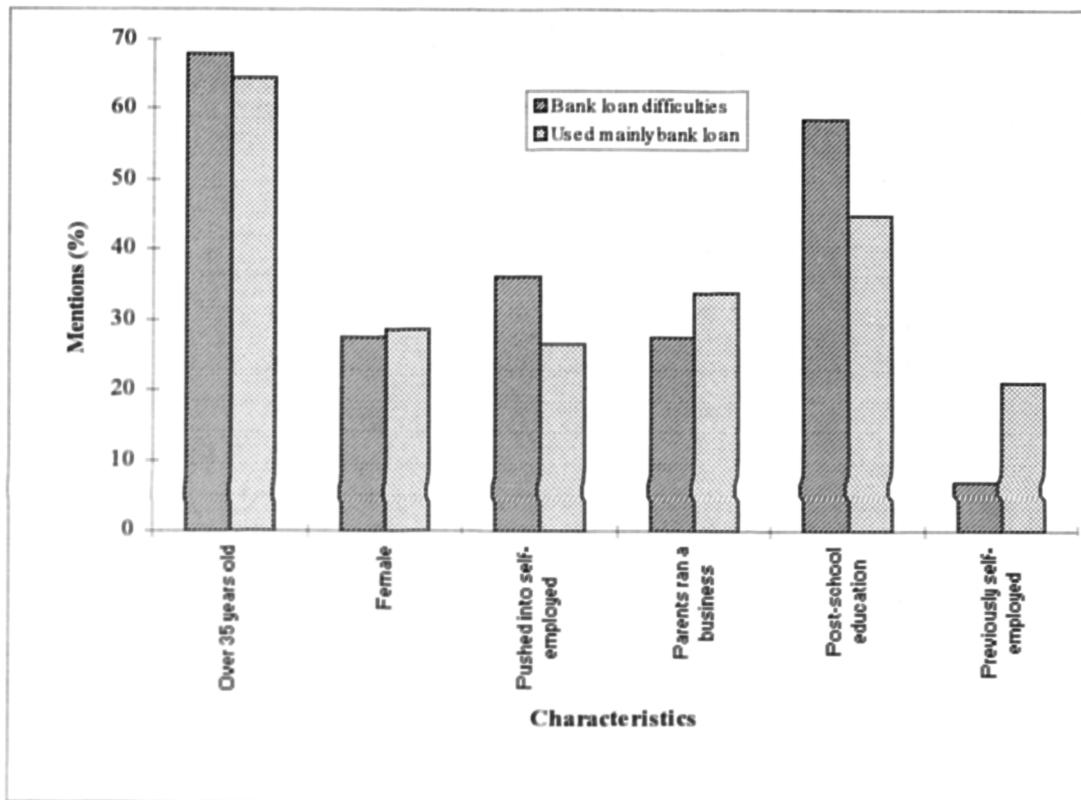
Chi-Square Value DF Significance
 Pearson 10.38766 3 .01554
 Minimum Expected Frequency = 4.686 Cells with Expected Frequency <5 = 1 of 8 (12.5%)

5. 8. 1 Further investigation of the loan problem cases.

An array of factors can affect the chances of a prospective business owner securing bank finance for a venture. For the potential funder, the evidence available to assess a client's business management pedigree includes personal characteristics such as educational attainments, age, gender and previous employment experience. This is combined with the knowledge of the intended business activity, the bank's assessment of risk associated with this investment and any collateral the client can present as insurance against that venture. With these factors in mind an attempt is made to unravel the possible reasons why some owners faced problems securing bank finance. Figure 5. 1 contains information for both those facing loan problems and those owners who successfully managed to obtain the majority of their start-up needs from banks. These bank supported entrepreneurs are used as the yardstick against which to assess the comparative characteristics of those encountering problems.

The variables in the figure 5 1 are based on mutually exclusive categories and where, for example, the statistic for females is shown the corresponding one for male owners is omitted. Some overlap does exist in that some owners represented as having loan problems may have eventually managed to secure the majority of their start-up costs from the bank. Hence they are represented in both appropriate columns of the graph

Figure 5.1 Personal characteristics of those encountering bank loan problems and those participants using mainly bank loans as start-up finance.



Whites make up 26.1 per cent of all those encountering loan problems. This compares starkly with particularly Asians who provide 58.7 per cent of those encountering problems. Considering the small size of the overall African-Caribbean sample, this figure also reads unfavourably at 15.2 per cent. Examination of the figures for those applying for a bank loan and using more than 50 per cent bank money for start-up reveals that only white owners have managed to supersede their group statistic for problems faced.

Academics have remarked on the notion of the 'age launch window' as the period in one's life when the harmony between commitment, ambition and access to resources is most favourable for those predisposed for self employment (Curran and Burrows 1988a). Among the general population the age group for this inspired behaviour is the early 30s to the mid 40s. Though the data gathered on the age of the business owners at the time of the interview is an inaccurate estimate of this notion, coupled with the relevant data on the year the business was established under the respondent's ownership a more informed and accurate assessment of this 'age launch window' can be made. From the sample data set the peak age group is estimated at between early 20s and late 30s which is earlier than the age frame prescribed by Curran and Burrows (1988a). The greatest number of problems getting bank loans by proportion coincides with the 35-44 age group which accounts for 44.7 per cent of all the difficult cases (not represented visually). Drawing on the estimated peak age group for the sampled owners, figure 5.1 contains the visual representation of the over thirty-five age group. However there is only a minute amount of evidence to support the notion of age as a factor. There is little discrepancy in the over thirty-five age group's penchant to use mainly bank money for start-up and their facing loan problems.

There appears to be no reason to cite the owner's gender as a reason for bank problems. About 28 per cent of all those having bank loan problems were female. A very similar proportion also used primarily banks as their main source of start-up. However, some variance does exist when spotlighting the motivation of business owners

The push motives incorporate those business owners who started their current activity for reasons such as unemployment and other structural constraints of the economy (see section 4.7 for business motivation typology). The assumption is that those who are positively (pull) motivated may be able to present their business plan to the bank for finance in a more forceful, organized, persuasive manner whilst simultaneously emphasising self-employment through choice (Jones *et al* 1992a). This may reduce the risk of refusal. 36.2 per cent of all those who faced loan problems were 'pushed' into self employment yet only 26.7 per cent of all owners using predominately bank finance for start-up were 'pushed' into self-employment. These statistics seem to add support to the notions outlined regarding the reaction by banks to self-employment achieved through labour market pressures. To say that ethnic origin and business motivation are the two reasons for the problems faced by some owners is *far too simplistic. Other factors prevail to complicate the summary*

One factor to explore concerns the importance attached by the banks to previous experience of working in a family business. The suggestion is that being reared in a business environment might equip the potential business owner with some of the vital experience to run a venture independently. In essence this experience could be used as a persuasive tool when seeking to secure start-up finance from financial institutions. Just over a quarter of the loan problem owners have parents with a business background. However the figure for primarily bank users is 33.9 per cent which hints at the contributory importance of a family business acumen.

One unanticipated finding is that those owners who have post-school education are more likely to be less successful securing a bank loan. Nearly 60 per cent of the loan problem group had benefited from post-sixteen schooling but only 45 per cent of all those using mainly bank money at start-up had post-school education. Post-school education and the attainment of further qualifications should be viewed as a positive attribute when seeking finance from formal institutions. Drawing on evidence not presented in figure 5. 1, nearly 1 in 4 owners with degrees encountered bank loan difficulties. This scenario is made more interesting when it is revealed that this ratio refers to only African-Caribbean and Asian owners. The inclusion of whites merely improves the ratio to 1 in 5. One possible explanation for the pattern observed is the mismatch that exists between educational attainments and business activity (Barrett 1992). This phenomenon is also highlighted by Allen *et al* (1977) who comment on the large number of well qualified Asians in not only professional occupations but also in shop-keeping. Bank managers may not view such entrepreneurs in a totally favourable manner since their expertise and abilities are clearly misplaced in the role of small shopkeepers.

The last characteristic presented in figure 5. 1 relates to whether the owner has been self-employed prior to starting this business. Only 7 per cent of the loan problem group had been self-employed. But 21.2 per cent of those successfully gaining bank loans had been self-employed. As expected, previous experience of directly managing a business appears to have worked in favour of those owners seeking to secure bank finance.

The aim of this profile type analysis was to highlight some of the personal attributes of business owners which could influence whether they manage successfully to secure a bank loan of the amount requested. There appears to be some evidence to support the belief that a proven track record in terms of previous experience of self employment, both on a personal level and through parental business experience has a positive impact on the case for finance to be presented at the bank. Similarly, motivation to start a business for positive (pull factors) reasons seems to be also beneficial for the case.

In Brooks' (1983) study of black businesses in Lambeth he assigns the failure of African-Caribbean businesses to gain bank finance to the non-recognition of African-Caribbeans as a business owning class. Closely linked are the views of those owners who cite racial prejudice as the insuperable barrier. Brooks (1983) in common with most small business research records personal savings as the major funding dimension but records a startling 74 per cent of African-Caribbeans failing with loan attempt from the clearing banks

McGoldrick and Reeve (1989) examining black businesses in Kirklees note that African-Caribbeans were twice as likely to encounter bank loan difficulties or more significantly to avoid the clearing banks and utilise personal savings after friends and relatives had recounted negative experiences of dealings with banks. The current research is not too far divorced from the Lambeth and Kirklees studies, but whereas African-Caribbeans featured as the focal disadvantaged group in those studies

with relation to securing bank finance, in this study South Asians appear to have suffered the brunt of bank refusals.

McGoldrick and Reeve (1989) highlighted the tendency for bank managers to be 'extra careful' with South Asians compared to white businesses. Paralleling the Lambeth and the Kirklees studies the current research pinpoints personal sources as the main funding avenue for all groups but seemingly negligible incidence of difficulties securing bank loans for African-Caribbeans. However these are tentative conclusions It is worth reiterating the dangers of generalizing from the small number of African-Caribbeans interviewed The South Asian owned export company detailed below appears to have suffered from many of the stigmas recounted by Brooks (1983) in reference to African-Caribbeans One would argue that problems persuading banks to invest in a business idea and the owner's abilities to manage the business successfully afflict all black businesses both Asian and African-Caribbean though arguably to differing degrees. The entrepreneurial cultural predisposition of certain race groups, including South Asians, to prosper in business has attracted much academic attention (Bonacich and Modell 1980, Light 1972; Werbner 1984). However bank perceptions of this 'innate' ability appear mixed as the Preston based exporter discovered to his dissatisfaction

5. 8. 2 Profile 5: Preston South Asian marketing and export company.

This middle-aged Indian business owner established this business in 1979. Previously his parents had owned and run a related general merchandise business in Malawi. The current owner entered business with the positive motive of exploiting an economic niche in which he would be able to bring his previous experience, both cultural and employment, to bear:

‘I realized that white people do not understand the exporting business with the countries of Africa. There was an opportunity there. My knowledge of Africa was a potential’.

When looking to gain financial support for his venture the owner was forced to use his own personal savings. He had approached the bank and had been refused a loan:

‘The bank manager did not believe that ethnic minority people could go into the exporting business’.

Since this initial hiccup in obtaining finance he now regards his business profits and income as better than satisfactory. Furthermore he now employs more than twenty-five paid staff, some twenty of these are fellow South Asians, which represents an increase from the previous year.

Clearly, because of the design of the questionnaire, some questions pertinent to the original financing arrangements were not included or rather were not teased out of the respondent. These include questions about his business plan, how much he was requesting and the security he was able to present against the proposed loan application

In retrospect the information that can be extracted from this interview represents an indictment of bank lending policy and attitudes towards, in this case, a potentially successful Asian business. Operating within fixed models there is little opportunity for individual managers to exercise discretion. As a consequence, because security in lending is uppermost in the mind of managers the merits of a proposal can only be assessed in the light of the business plan presentation and the owners personal attributes. Hence any potential for future income growth derived from a new high risk venture is not fully assessed.

5. 8. 3 Funding options for those facing bank loan problems.

For those owners facing difficulties securing bank finance, their problems do not always equate to a complete refusal by the bank. Nearly a third of those encountering problems successfully managed to secure a loan in excess of 50 per cent of the necessary start-up. It is inconclusive from the findings whether this loan was achieved by negotiating a smaller sum. For the remainder, alternative sources had to be sought. Personal savings provided the main option for a further 25.5 per cent of the group followed by the catchall other loan category (14.6 per cent), finance companies (8.5%) and family and friends (4.3 per cent). A further 15.2 per cent of this loan problem group derived parts of their start-up costs from a combination of sources.

5.9 *Unravelling bank rhetoric on small business lending.*

In reaction to their refusal by the high street clearing banks, some black businesses have expressed a desire for the formation and establishment of a 'black bank', a financial institution geared to empathise with the business proposals of black people without being too lenient. This institution will hence be less intimidating to approach for help with financial queries. This call has been more vocal amongst the African-Caribbean owners who, unlike their South Asian counterparts, are not served by a proliferation of co-national lending institutions.

Evidence of race discriminatory practices can not be totally denied. Equally its existence is very hard to prove. Nonetheless bank managers are not a single homogeneous group who behave in an objective or clone like manner. Reeves and Ward (1984) found West Indian business people had encountered considerable variations in the lending policies of different bank managers. Indeed McGoldrick and Reeve (1989) recall the experiences of some business owners who commented on their local bank manager's loss of autonomy and the way decisions are no longer made locally.

The question that remains to be answered is what formal lending institutions can do or are currently doing to instil greater confidence in their practices and hence both attract and minimize the alienation of a potential business client?

New policy initiatives designed by the main High street banks in collaboration with the Home Office Ethnic Minority Business Initiative have been implemented to counter the difficulties black people have in securing finance from banks. It was stated at the Home Office 'Into the Mainstream' Conference in 1989 that:

'there would be serious consequences if the rising generation of Black or Asian business people encountered the same difficulties that too many ethnic minority entrepreneurs had faced' (Home Office 1991b).

The British Bankers Association (BBA) has openly acknowledged the tepid relations between banks and minority owned small businesses. However action is being taken to counter this reality and promote the development of ethnic business along formal lines. These primarily include initiatives to combat prejudice and lack of awareness among banking staff through education and the funding of research (see table 5.12)

Table 5.12 Ongoing initiatives by the BBA.

Initiative 1	Development of training packages for staff in order to break down negative stereotyping and promote race awareness.
Initiative 2	Provision of dual language information packages for clients.
Initiative 3	The establishment of 16 local loan funds throughout England and Wales with the aim of providing low cost finance to viable businesses which have faced problems in raising finance through traditional banking methods.

Source: Home Office 1991b.

Although the banks would like to feel that propositions from clients are treated on an equal basis irrespective of the client's racial origin they do concede that cultural and language barriers can instigate an unfair assessment of the client's business proposal. The over-arching requirement is to provide bank managers with the opportunity to gain a vivid understanding and insight into the socio-cultural lifestyles of different racialised minority groups. Similarly, one of the guidelines produced by the EMBI surrounded the need for local enterprise support services, such as enterprise agencies to collate information on the demography and history of their local ethnic minority communities. This portfolio of information could serve as a training pack for local providers and generate greater understanding of a locality's cultural distinctiveness and unique identities. Anecdotal evidence from enterprise support agencies suggests that these proposals were written in sand (see Ram 1996)

With reference to banks, *the required levels of understanding of local affairs can only prove* effective tools if greater amounts of autonomy and discretion at the local level are sanctioned. As noted earlier, such flexibility and free-thinking is being withdrawn. Given the variance in cultural traditions and demand that exist each manager would be required to obtain relevant information on the composition of racialised minority business in their geographical area.

Clearly for the banks, any lending must be commercially viable. The study by Wilson (1983) of African-Caribbean and Asian owned businesses in the London Borough of Brent encompassed interviews with nine local banks. Significantly most of the bank managers concerned had extensive experience of lending to a racially mixed business community including entrepreneurs of South Asian and Caribbean origin.

The managers concerned approximated that South Asians and African-Caribbeans constituted between a quarter and a third of their lending portfolio. In terms of applications for business finance, the managers remarked on language difficulties as the main obstacle for South Asian finance seekers though external advisors were called in to offer effective support not only in the areas of language but in presentation and awareness of banking policy. *For African-Caribbeans no* such advisors existed and this partially explains their penchant for bank borrowing. The latter particularly had problems with their presentations to the bank. The bank managers also remarked on the inadequate level of personal equity offered against a loan. Similarly in this research the question of equity was promulgated by owners who encountered problems securing a bank loan pinpoint reasons for rejection. Putting aside the personal characteristics of the owners, reasons of insufficient collateral, the sum requested being too large or even too small and a lack of creditworthiness were all recorded by those facing loan difficulties.

‘Its not easy to get a bank loan, they (banks) think that the business involves too many risks’ (Preston South Asian clothing wholesaler)

'My husband was new in the country, so he had no security and track record' (Bexley South Asian newsagent).

'Bank refused loan for the first shop we showed interest in buying because we asked for too much. But no problems with our second application for this shop' (Gravesend white CTN).

'Bank wanted collateral which we managed to scrape together ... banks want a lot of collateral these days. It use to be 30 per cent, now its 75 per cent' (Lewisham African-Caribbean general storekeeper).

The significance of the final point uttered by the Lewisham based general store owner is amplified when considering research by Bannock and Morgan (1988). They found that the level of collateral requested in the UK is overly excessive United Kingdom firms with less than nine employees are requested for three times as much collateral as their United States counterparts. This squeeze on finance simply has the effect of strangling the plans of business-minded individuals who may find themselves having to negotiate for finance elsewhere For South Asian entrepreneurs, an important alternative to the western-style high-street banks has ceased trading. The Bank of Credit and Commerce International was marketed as a South Asian bank offering a sympathetic ear to both the South Asian community's personal investment decisions and commercial concerns. The bank's collapse in 1991 shocked financial institutions globally and destabilised many investing business ventures.

5. 10 The collapse of the Bank of Credit and Commerce International (BCCI).

‘BCCI was being presented as an Asian bank and many people in our community turned to it and used it as a bank in the normal way... Now through no fault of their own, they are facing ruin. They are innocent victims paying for other people’s mistakes’ (Shah 1991).

These reflections are echoed by the South Asian business tycoon, Nazmu Virani:

‘... the headaches its closure caused us has given me real sympathy for many smaller businesses and depositors for whom the closure is a nightmare. I cannot recall a similar event of such magnitude and its effects on the Asian community will be felt for a very long time to come’ (Virani quoted in Asian Business 1991).

The words of Hasmukh Shah, spokesperson for the World Council of Hindus, and Nazmu Virani, executive chairman of Control Securities, give voice to the mixed emotions of anger and despondency felt by the many Asian entrepreneurs who invested with the failed and discredited BCCI. Any discussions with relevance to the financing of black small businesses in the 1990s can not omit debate on the widely documented BCCI saga.

Unfortunately the fieldwork and research on Asian entrepreneurs for this thesis had been virtually conducted already in the preceding summer to the bank's collapse in early July 1991 so there are no utterances of reaction available. However, without doubt, a significant number of the Asian surveyed businesses will have been affected. Clearly the scale of the bank’s collapse affected both high profile ventures and small businesses alike. For Nazmu Virani’s property and brewing group

Control Securities, the losses total £1.3 million. Not only did BCCI lease properties from Control Securities but it also held a 5.5% share holding in the company (Guardian 1991c)

The relative minnows in the banking scandal have suffered equally badly and possibly more. Hasmukh Shah stated that 500 businesses in West Yorkshire and 55,000 nation-wide were affected. The publicity surrounding the Bank has rendered its former customers desperate to avoid any publicity which in effect could undermine their relations with suppliers and in turn jeopardise orders and deliveries. By no means unique is the case of an Asian restaurateur in Bradford who had an approximate £40,000 overdraft arrangement with the failed bank. The worst scenario for this owner is that the liquidator could repossess his business as collateral. For other business owners relations with the Bank incorporated an all inclusive package of finance and insurance. They now have no money or business insurance (Guardian 1991b). More light-heartedly an interview completed with a Wolverhampton Asian general storekeeper in late July 1991 records how several years earlier she had encountered problems securing a bank loan from BCCI. In retrospect she may now consider this refusal as a unplanned success!

5. 11 Summary.

Access to suitable finance remains a key element in small business development for all potential business owners regardless of their ethnicity. This chapter has highlight the financial choices of the three groups under investigation. Personal savings and bank loans dominate funding requirements at start-ups. However the application of these two sources is extremely uneven both in terms of business sector and their use by different groups in the sample.

The expected mentions of moneys derived from within the South Asian family or kinship network did not materialise Equally encounters with African-Caribbean ventures funded by rotating credit schemes were also conspicuous by their absence

Whilst Manufacturing, wholesaling and service concerns show a propensity to exploit personal sources CTN and food retailers tend to pursue bank finance for start-up finance or a combination personal assets and bank loans The research added support to the body of evidence which suggests that banks discriminate against businesses run by members of racialised minorities. Both African-Caribbeans and South Asians record levels of loan problems which easily surpass the proportions witnessed for white enterprise owners This finding alone reveals the disadvantaged position of ethnic minority businesses when attempting to access a fundamental determinant (finance) of small business survival and growth

Though the research has only partially detected the intensity of the shock waves emanating from the collapse of BCCI, the limited primary evidence allied to the testimony from secondary sources confirms that the closure of this institution has had (and will have for many years) far reaching consequences for a generation of investing businesses and ultimately the pool of resources from which the next generation of business owners can tap.

These emergent patterns of finance use and non-use are generally transferred to the sphere of the current financing of the ventures. Within the realm of the firms' current financing *decisions*, a key factor for all firms, regardless of ethnicity, is the augmented importance of bank derived money. The current financing of ethnic minority small enterprises is discussed extensively in the next chapter.

CHAPTER SIX: SOURCES OF CURRENT FINANCE FOR THE BLACK CONTROLLED SMALL FIRM.

6.1 Introduction.

This chapter accounts for the types of current finance used by the surveyed participants. Their financing arrangements will be examined, particularly, in relation to owner's ethnicity and the activity of the business. The chapter seeks answers to a number of pertinent issues. These include the propensity for the use of the different sources of current finance to vary with the age and maturity of the business. Secondly, how much influence do the types of start-up finance used have upon the avenues tapped for sources of current finance?

The first question is grounded in the notion that the age of the firm is a major determinant of the quality of access and nature of the finance accruing to the firm (for examples, see Storey 1982 and Peterson and Shulman 1987). Hence it is reasonable to argue that the propensity of banks to lend to established businesses will be increased because the resultant track record can be investigated whereas for relatively new businesses this asset is yet to come to fruition. Established businesses have in the process of their development acquired further collateral to secure any loans. The aggregate of these factors is that for older businesses the banks' risk assessment is reduced (Deakins *et al* 1992, Stanworth and Gray 1991). Also implicit in this argument is that age is synonymous with maturity. Strictly this is not always the case. Businesses can remain marginal concerns for many years with age bringing merely further problems which threaten viability.

Counteracting this adversity, the owners show great willingness to input overly long hours for relatively meagre returns on human and monetary capital (Aldrich *et al* 1981; Jones *et al* 1993). These issues will be highlighted and discussed via a multivariate analysis of the survey data. This chapter follows on logically from the previous chapter on start-up finance. In some sections, issues that were addressed in chapters one and five are briefly reiterated and expanded upon for purposes of clarity and reinforcement. Firstly some key arguments about the role of finance for small businesses are addressed by way of situating this chapter within the context of the whole thesis.

6.2 Funding problems for small businesses.

The Small Business Research Trust (1992)/Natwest's Quarterly Survey of Small Businesses in Britain provides useful longitudinal data on the nature and problems of small businesses. Though it lacks the in-depth analysis of more narrowly focused research studies it does provide a reliable overview of experiences across all business sectors and geographical areas within Britain. Analysis of the findings reveals that small businesses consider low turnover, cash flow difficulties and government regulations as the most severe problems. Nearly one in every two businesses highlighted the difficulty of poor turnover figures. Access to finance, though to a much lesser extent, remains an important problem both in periods of recession and economic growth (on average 39 per cent of mentions). This is reinforced by the in-depth survey results presented earlier in this thesis (see table 1.1) and the current research which reaffirms that access to finance is a problematic issue for small businesses *per se*. Ethnicity merely magnifies the problem.

Both central government and commercial banks have recognised that finance availability has a severe problem and in partnership have acted to tackle the problem. A key initiative is the Home Office sponsored Ethnic Minority Business Development Team created in 1989. The team is charged, among other things, with the task of reconciling the high street clearing banks to both existing and potential black business owners. For example, progress is being made in ensuring that the profiles of the branch staff reflect the local community which it serves (Home Office 1991a; also see section 5. 9).

Clearly this individual goal must be viewed as part of a wider strategy of making banks more accessible and understanding of the needs of black small businesses. However, I would argue that until the policies of the high street banks are properly geared towards equality of service and provision, then a black face behind the counter of a bank is merely superficial window dressing and does not counteract the underlying causes of ignorance of other cultures and, more damningly, racial prejudice as alleged by some black proprietors. The need for greater understanding on the behalf of banks is re-emphasised by Deakins *et al* (1992) in a study of ethnic minority small business and finance in the West Midlands. Only 29 per cent of black business owners thought the bank understood their business and this lack of knowledge frequently led to the misconception that small businesses are an homogenous group

6.3 Defining current finance.

Hence finance related issues will remain extremely important for small firms, generally, and will continue to have a significant role to play in determining both the growth and survival of commercial activities. The available sources of start-up finance for small businesses were discussed in the preceding chapter. The attention is now turned to the types of current finance utilised for such matters as:

(1) Refurbishing premises

(2) Purchasing new equipment

At this stage, it is important to make a key distinction. A distinction is drawn between what is referred to as expenditure on capital goods, which is subsumed by this term current finance, and revenue expenditure which encompasses the outlay on the *everyday items of running a business* such as rent, rates and fuel bills, which is not under discussion here. The project researchers were told to prompt the respondents on this matter. Respondents were asked to indicate what sources of finance, if any, they had used since starting the business (see question 52 on Business Survey in Appendix one)

Current finance in this context is defined as money which is invested in the business after the initial start-up stage. Undoubtedly, the division between start-up finance and current finance is arbitrary. The stage when start-up becomes current finance is extremely porous. Businesses and their owners in different sectors of economic activities will vary in the managed development of the enterprise.

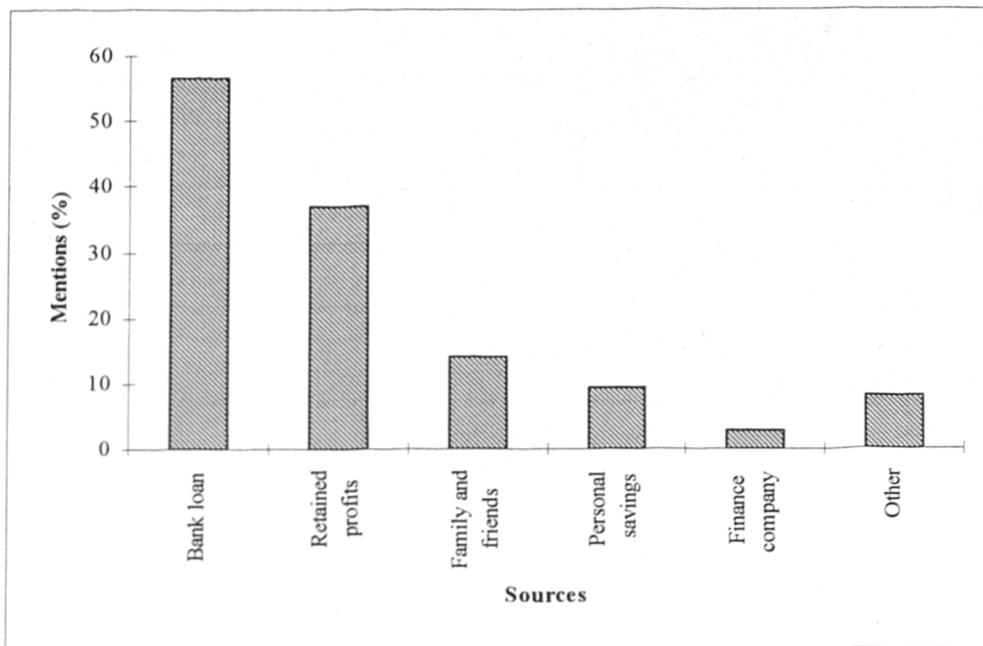
To this extent the owners' own subjective opinions on the firm's development and its current financing become essential. In this chapter, both the author's and respondents' perceptions on these issue are paramount.

6.4 Sources of current finance and frequency of mentions.

Figure 6. 1 emphasises that banks are the main source of current finance used by the respondents. Over half of the respondents who answered this question indicated the importance of the local branches of clearing banks for their business. Examination of the figures relating to start-up finance revealed that 33.6 per cent of valid respondents had used banks for in excess of 75 per cent of their start-up. Having bypassed the bank at the start-up stage, a significant proportion of new businesses have enlisted the help of the banks once their businesses have become reasonably established and a creditable track record accumulated. Generally banks will only show willing to lend on these terms.

Hutchinson and McKillop (1992) support bank policy on the reluctance to lend to businesses in distress, in purely economic terms if the anticipated pay-off in the medium term if the business is successful does not surpass the perceived risk then the business is viewed as a bad investment. Hence statements by owners on their efforts to persuade the bank that their 'business was going to be okay' are frequent in the current research

Figure 6. 1 Sources of current finance used by survey participants⁷.



The growth in bank popularity with regard to current financing is matched by a curtailment in the importance of the owner's personal savings at this stage of the firm's development. Nearly a third of the valid cases in the sample (104 out of 333 businesses) had used personal savings in excess of 75 per cent for their start-up. For current finance the use of personal sources falls to 9.2 per cent of valid cases (24 out of 262 businesses). Only 4.3 per cent of valid cases had commented on the contribution of family and friends to the cost of business start-up in excess of 75 per cent. This figure rises only to only 9.4 per cent when more than 25 per cent of start-up from family and friends is considered. Generally the proportion of respondents who highlighted the financial input from relatives and friends is broadly on a par at both stages of the business cycle. Finance companies remain a relatively under-used source of finance (7 out of 262 businesses or 2.7 per cent of valid cases).

⁷ The design of the survey allowed respondents to indicate a combination of current finance sources.

Figure 6. 1 also highlights the prominent position of profit retainment and reinvestment (37 per cent) as a current finance option. This figure represents something of a surprise given the significant number of businesses interviewed concentrated in low yield business sectors. 37.3 per cent of the entire sample were engaged in food retailing and CTN, a further 35.1 per cent were engaged in non-food retailing activities, 9.2 per cent in manufacturing and wholesaling and 18.4 per cent of those interviewed in services (see final column of table 3. 12). Table 6. 1 cross-tabulates types of current finance against business activity. Among the surveyed owners, there appears to be very little difference in their propensity to use bank loans as a source for current finance. A greater degree of variation by sector is detectable for the use of retained business profits and loans from family and friends. For both of these sources the relative figures for food retail and CTN outlets can be contrasted with those for manufacturing and wholesale firms.

Table 6. 1 Types of current finance and business activity.

<i>Business activity</i>	<i>Manuf and wholesale</i>	<i>Food retail and CTN</i>	<i>Other retail</i>	<i>Services</i>
Types of current finance	(All figures expressed as column percentages . Multiple responses means that figures do not add to 100%)			
Bank loan	61.5 (16)	54.9 (56)	59.8 (49)	53.1 (36)
Personal savings	3.8 (1)	9.8 (10)	8.5 (7)	12.2 (6)
Retained profits	26.9 (7)	44.1 (45)	32.9 (27)	32.7 (16)
Loan from family and friends	3.8 (1)	18.4 (16)	17.1 (14)	10.2 (5)
Finance company	0.0 (0)	4.9 (5)	1.2 (1)	2.0 (1)
Other	14.8 (4)	5.9 (6)	7.2 (6)	10.2 (5)

In terms of employee size the vast majority of businesses interviewed were very small concerns (average 1.96 full time employees per firm). Past research experience meant that the present research had purposely omitted a question on firm turnover from the design and replaced it with a request for the owner's subjective remarks on the state of the business profits and personal income (see section 2. 7. 8).

The findings reveal that 8 per cent of valid respondents (21 owners) sought current finance from other sources. This contribution was made up of those respondents who perceived Enterprise Allowance as current finance and a few respondents who had obtained a grant from the Department of Trade and Industry (DTI). Generally as Deakins *et al* (1992) confirm the take up of such grants designed to aid businesses in inner city locations is quite poor. The figure for other sources also includes those respondents who utilised supplier trade credit.

Peterson and Shulman (1987) and particularly Werbner (1984) highlight supplier credit as an important source of start-up finance particularly for Asian clothing manufacturers in the North West England rag trade of which Manchester is the focal centre. A contracted arrangement was made whereby the manufacturer would sell his product to co-ethnic wholesalers. This provided start-up money alongside personal savings but the arrangement is also extended to the current financing of the business. A Preston Asian jeans manufacturer was proud to inform that he had been able to start his business with £20,000 credit from his supplier. As Jones *et al* (1992b) states 'this funding method combines a formal commercial relationship with all the informal advantages of an

ethnic insider network'. Potentially this gives the Asian owned firm a significant advantage over any white owned counterparts who generally do not enjoy such a well developed network of trust, kinship and mutual support.

Despite the strength of these account and several more statements from other North-West of England based Asian manufacturers and clothing retailers in the current survey it is difficult to make inferences about the relative importance of supplier credit *not only at start-up but at all stages of the business life cycle*. It is difficult, however, to discern from the interviews if all proprietors regardless of ethnicity considered supplier credit as a source of finance. Further investigation of this issue would mean drawing upon a very small and biased sub-sample of North-West based garment manufacturers. Furthermore, to describe supplier credit as a finance option largely restricted to Asians is unjustified. Others could actually be employing this mode of funding without consciously or actively describing it as such.

6.5 Current finance and owner's ethnicity.

Inevitably any investigation of black controlled small business will endeavour to analyze both sectoral differences in the use of financial sources and also any differences that exist between, in this instance, African-Caribbeans and South Asians and whites. Figure 6. 2 and figure 6. 3 respectively highlight the use of current finance sources and start-up sources *vis-à-vis* ethnic group. Figure 6. 3 represents a recap of the findings related to start-up finance. It re-emphasises graphically an important issue raised in chapter five about African-Caribbean tendency to 'avoid' bank sources for

the majority of start-up (in excess of 50 per cent) relative to the two other groups in the survey. Their limited take-up of this market source is largely offset by their propensity to use personal savings (45.2 per cent of valid cases) compared to all persons (34.6 per cent). With regard to other specified loans for start-up, the African-Caribbeans in the sample make no apparent use of supplier credit, business support organizations. Neither do they perceive EAS as start-up as some of the sampled business owners did.

Figure 6. 2 Sources of current finance and owner's ethnic origin.

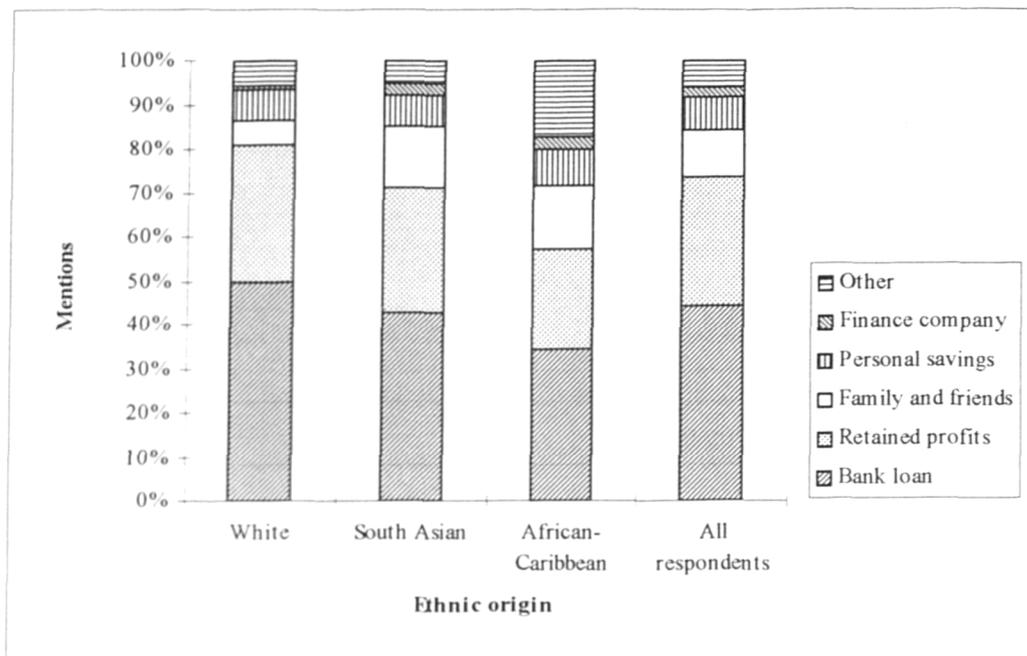
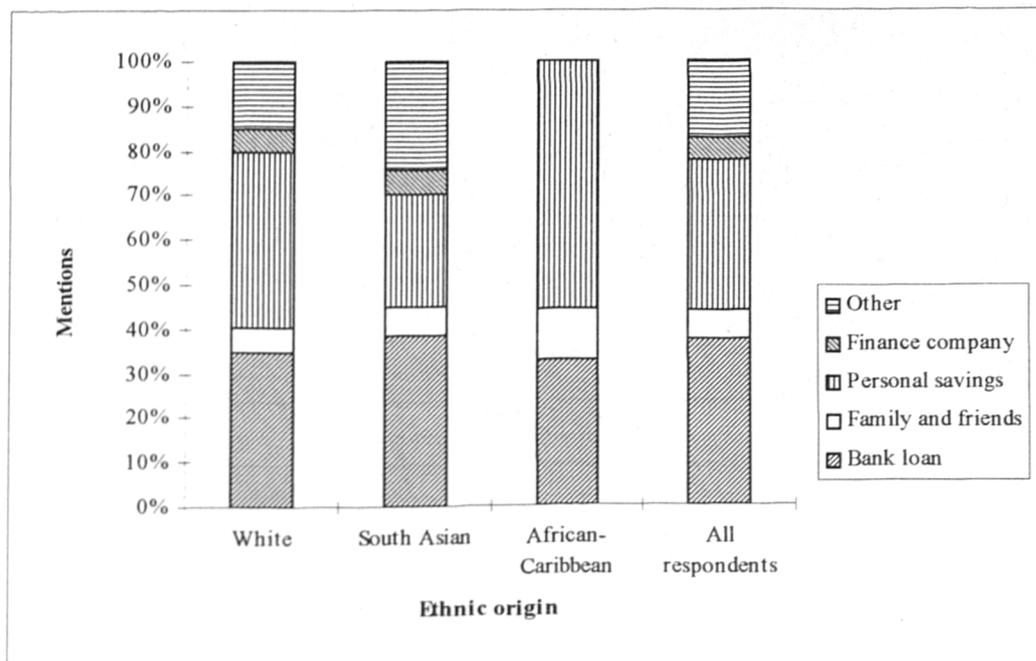


Figure 6.3 Main sources of start-up finance used by participants and ethnic origin.



Comparison between Figures 6.2 and 6.3 are difficult because of the survey design. Tenuously it suggests that the use of banks has increased. Drawing on data not presented in the charts, 51.3 per cent of valid respondents (171 businesses) used some degree of bank money at start-up (see table 5.4). At the current stage mentions of bank sources has risen to 56.5 of valid responses but this figure is only based on 148 cases. Of the 171 businesses that obtained a proportion of their start-up from banks only 48 per cent of these have extracted further finance from the banks for current finance. Notably nearly 49 per cent of those who used under 50 per cent start-up from the bank have returned for current finance. This figure rises to 53.6 per cent of the 50 to less than 100 per cent bank start-up category and drops to 44.5 per cent of the 100 per cent bank start-up people. Given that a significant number of businesses in the sample are relatively new concerns (see table 4.7) which in the fragile economic situation that exists nationally, are still striving to establish themselves fully. Arguably this process of establishment and consolidation will encompass a need to raise

current business finance. The survey provides no absolute figures about the costs of start-up or investments for the sampled businesses and hence only mentions of current sources and proportions of start-up obtained from the various types can be discussed.

The contributions by friends and relatives receives 11.3 per cent of mentions by current finance users. Asians (15.7 per cent of valid cases) surpass this figure which could possibly reflect on their capacity to mobilise resources raised within the ethnic community. The figure for the whites is only 6.0 per cent of valid respondents with regard to money derived from the family and 11.5 per cent for African-Caribbeans.

Two countervailing views persist on the willingness of relatives and friends to help, particularly amongst the Asian community. The chapter on start-up finance examined the documented belief that for Asians, relatives represented a potentially lucrative source of start-up finance. Informal self-help networks and strong kinship ties and ethnic identity mean resources can be mobilised to support enterprise (Light 1984, Werbner 1984, Marger 1989). However these conclusions could not be drawn from this sample. The input of relatives was relatively marginal in terms of the absolute number of businesses supported to some extent by this source at start-up (38 firms); though as some Asian business owners remarked money was available if required. This is typified to some extent in the words of a South Asian restaurateur in Liverpool:

'I try to borrow money from friends because there's no interest charges. In our community there are resources so you can borrow money and pay it back when you're ready. You

agree a date with the lender and if necessary pay it back in parts' (South Asian restaurateur in Liverpool).

Equally, alleged neglect and disappointment in the amount of assistance proffered by relatives was sounded:

'... Because no one wants to know nowadays, even relatives and friends do not want to help because they think of their own sake and save their money instead' (South Asian engineering contractor in Coventry).

The implication here is that family and relatives were once a widely acknowledged source of funds and assistance but recessionary pressures have forced them to cut back. Indeed Cashmore (1991) substantiates this argument and goes further commenting that the vast majority of Asians have never benefited from an informal, supporting, financial network as is popularly believed. A retraction of family based finance may not mean that family support for small businesses is waning. The financial assistance that has been withdrawn may have been substituted by additional inputs of low cost family labour. This notion is examined more closely in section 7. 6.

Across all three groups the use of personal savings for current finance seems to have reduced dramatically from the levels ascribed at the start-up stage whilst reinvested returns or profits from the business venture are a popular method of nurturing the business' survival and growth. However this observation is probably due to the fact that personal savings can be indistinguishable from

reinvested profits at a career stage when all (or most) of the owner's income is derived from the business. Compared to 'all respondents', both South Asians and Whites gave a broadly similar proportion of mentions to the issue of retained profits (see figure 6. 2); in contrast the figure for African-Caribbeans is substantially less than the 'all respondents' figure.

Once again there are no raw figures in terms of pounds sterling to assess the absolute contribution of reinvested profits. The inference from figure 6. 2 is that either African-Caribbeans have a different perception from the other two groups regarding profit retainment, or, generally, African-Caribbean owned businesses are relatively less profitable than White and South Asian owned concerns.

Examining this issue more closely, the owners' perceptions of the profitability of their businesses provides some support for the latter of the above arguments. 59 per cent of white owners were more than satisfied with the business profits compared to 99 per cent of South Asian owned concerns. But only 21 per cent of African-Caribbeans were better than satisfied with the business returns. Conversely dissatisfaction rates for business profits are highest for African-Caribbeans (40.4 per cent of respondents compared to 37.5 and 29.8 per cent of whites and South Asians respectively, see section 7.4 for further discussion). Admittedly the African-Caribbean figure is based on a substantially smaller sample base than the other two groups in the survey and the figures are not statistically significant. But tentatively the suggestion is that African-Caribbean owned businesses reap smaller rewards and hence there is less to plough back into the business.

But the statements above about the profitability of African-Caribbean ventures *vis-à-vis* their white and Asian owned counterparts fail to consider one other important factor. Forty per cent of African-Caribbean owned businesses in the sample are concentrated in the provision of services, the main examples being hairdressing, beauty products and garage services. Barrett (1992) argues that by proportion 34 per cent of African-Caribbeans bring the skills and expertise derived from a degree qualification to the businesses. A further 19 per cent have undertaken vocational training through City and Guilds qualifications. The combined percentage (53 per cent of valid cases) easily surpasses that of the other two groups in the sample. With this in mind African-Caribbeans seemingly have higher expectations of returns from the ownership of businesses for which they have specific training, a matter confirmed in the owners' perceptions of the business profits.

6.6 *Multivariate analysis: Patterns of current and start-up finance use.*

As previously noted, the businesses that make up the present sample of small firms were, on average, very small concerns indeed both in terms of employee size and turnover. Hence justifiably they are termed micro-firms 45.4 per cent of these businesses had been established during the 1986 to 1991 period, on the tail end of what has been deemed the Lawson economic boom years of the mid 1980s. A further 31.4 per cent of firms were established between five and ten years ago with the rest dating back to before 1980. The median age for all firms in the sample was six years.

In the introduction to this chapter, I proposed a number of research issues around current financing of the firm. These are presented below in the form of research questions:

(1) Do more mature firms in the sample tend to have different financial requirements from the more recently established ventures?

(2) Do older businesses tend to exhibit different patterns of finance use and are they seemingly able to command easier access to overdrafts and extra loan facilities due to their more established track record?

(3) Is there any relationship between the sources of start-up finance and the utilised sources of current finance?

(4) Do gender and ethnicity matter?

As a means of finding explanations for these questions, a multivariate statistical analysis technique called cluster analysis was conducted. *Cluster analysis is an exploratory statistical technique which aims to produce clusters of cases based on their similarity or conversely their dissimilarity on one or a set of variables (see section 2.11.2 for a more detailed discussion of the technique).* In this instance the cases in question are small firms

For the purposes of this cluster analysis any cases with a missing value for any variable in the variable list were omitted from the analysis. Hence only 263 firms are actually used in the analysis. Table 6.3 presents the matrix of results emanating from the cluster analysis. Through the technique, seven clusters (families) of businesses have been identified based on the variables chosen.

Fifteen variables were purposefully selected for inclusion in the analysis. These variables emanating from the questionnaire data are presented in table 6. 2.

Table 6. 2 Variable list for cluster analysis.

Variable	<i>Variable description</i>
1	Ethnic origin of owner
2	Age of owner
3	Gender of owner
4	Business activity
5	Business establishment year
6	Does the owner own the business premises
7	Bank loan as main source of start-up finance
8	Personal savings as main source of start-up finance
9	Family and friends as main source of start finance
10	Had problems securing a bank loan
11	Bank loan provided some of current finance
12	Retained business profits provided some of current finance
13	Family and friends provided some of current finance
14	Personal savings provided some of current finance
15	Dissatisfied with business profits

Table 6. 3 Matrix of cluster analysis results ⁸.

<i>Cluster</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>
Variables							
South Asian	195	130	206	41	168	5	15
African-Caribbean	54	286	15	163	75	184	0
White	0	0	0	150	26	187	237
Female	0	114	80	130	120	80	158
Under 35	142	175	49	80	133	116	78
Firm est. 6 years or more	81	66	115	110	145	93	77
Own business premises	0	64	225	122	142	65	21
Food retail and CTN	47	88	126	160	122	41	92
Manufacturing and wholesaling	162	0	164	257	0	0	42
Services	82	109	34	12	171	241	80
Other retail	149	142	84	26	78	226	239
Bank loan as main start-up	31	292	94	38	195	0	163
Personal savings as main start-up	98	0	104	113	46	262	0
Family and friends loan as main start-up	198	0	83	211	0	0	161
Had problems getting bank loan	86	114	120	117	160	80	42
Bank as current finance source	97	89	104	121	118	74	97
Profits as current finance source	94	63	125	150	77	73	84
Family and friends as current finance source	114	38	160	139	80	18	130
Personal savings as current finance source	118	0	110	92	109	181	79
Dissatisfied with business profits	81	121	79	129	75	69	145
Cluster size (N)	28	21	50	46	30	45	43
Percentage of valid cases	10.6	8.0	19.0	17.5	11.4	17.1	16.3

⁸ The figures expressed in the matrix are indices. The base index figure is 100. Hence indices above and below this base figure indicate a relative preponderance or dearth of a particular variable in a cluster.

6. 6. 1 Cluster one.

This cluster contains 10.6 per cent of valid cases. Asians are unusually represented in this cluster which interestingly contains no white owned businesses. Similarly no specifically female owned firms are present in this cluster. The owners are unusually youthful (under 35 years old has an index of 142) whilst the businesses themselves also tend to be more newly established. Perhaps somewhat of a reflection of the owners' ages and the business ages is the fact that no owners in this cluster own the actual business premises

Manufacturing, wholesaling and other types of retailing are the activities with above average indices in this cluster. In the previous chapter on start-up finance, I remarked on the tendency for manufacturing and wholesaling outlets not to use bank finance at start-up. The cluster analysis reinforces this finding and reveals that the firms in this cluster are unusually reliant on personal savings (index = 98) and more notably loans from family and friends (index = 198) for start-up finance. The emphasis is clearly on Asian familial support for small business endeavours. This support is also evident at the current finance stage though having established some track record with the formal funders, the importance of the high street banks to the business has increased. This source is used alongside family and friends financial help and further personal savings.

6. 6. 2 Cluster two.

Asians are once again over-represented in this cluster compared to the average, but their presence is overshadowed by the unusually high presence of African-Caribbean owned businesses in this cluster (index=286). Once again there are apparently no white owned businesses in this cluster. There is a tendency for these businesses to be owned by young females and this largely corresponds with the gender patterns of ownership exhibited by African-Caribbean owned businesses in England (see section 4. 5). As with cluster one, youthful owners accords with youthful businesses though there is a greater likelihood than in cluster one that the proprietor will be owner of the business premises. However an index of 64 still indicates that these owners are predominantly renting or leasing their business site.

Whilst food retail and CTN is marginally under-represented, compared to the average, there are no manufacturing and wholesaling outlets present. The main activities are services and other retail which once again accords with the ethnic bias of this cluster membership. Contrary to the previous chapter on start-up finance which highlighted an African-Caribbean propensity to use personal savings for start-up, the cluster technique appears to have isolated those African-Caribbeans who depended largely on bank finance for start-up. There are no mentions of either personal savings or loans from family and friends (in excess of 50 per cent of start-up) being used. The bank loans obtained by the owners were, on average, not secured without difficulty. Somewhat typical of this cluster are the impartial comments of two African-Caribbean business owners who did use bank money either at start-up or currently in their business.

‘Banks are helpful, having good relations with banks is important and we’ve got that’
(Female African-Caribbean boutique owner based in Lewisham).

‘Yes they (banks) are helpful. You can expect the bank to lend you more money and when it refuses it’s for good reasons usually’ (African-Caribbean general storekeeper based in Northampton).

A reflection of the business’ ages and effort to become established is possibly the fact that banks are marginally under-represented as source of current finance compared to the average. Further borrowing or investment is deemed unnecessary at this stage of the business’ cycle and this thrift is part of a wider strategy of risk minimization during the early years of the business formation. Similarly it is often too early to make a detailed comment on the state of the business profits because the costs of start-up are not yet settled. This view is substantiated by one particular cluster member, a South Asian business owner in Luton. When asked about the state of his business profits he replied

‘Within two or three years of opening, no businesses are doing well after your initial outlay on loans, extensions and refurbishment’ (Luton South Asian off-licence owner).

6. 6. 3 Cluster three.

This is an almost exclusively Asian cluster of fifty firms (19.0 per cent of all valid cases). Not only are the owners less youthful on average (index = 49) but also there is a tendency for the businesses to have been established in excess of six years. The age of both businesses and owners is paralleled by the unusually high presence of premises owned by owner (index = 225).

Use of bank loans for start-up is marginally under-represented compared to the average whilst conversely the use of personal savings is marginally over-represented. The owners in this cluster have encountered above average problems securing bank loans and the slight under-representation of bank loans for start-up could be a symptom of these difficulties. Considering the problems securing bank finance for start-up these older firms have since been able to develop a business track record on which to borrow further money from banks as current finance. This source is supplemented by retained profits which are deemed as largely satisfactory, assistance from family and friends which was not prevalent at the start-up stage and further personal assets.

6. 6. 4 Cluster four.

This cluster contains 46 firms or 17.5 per cent of valid cases. In profile it is predominantly African-Caribbean and White with a significant female presence. There is a tendency for the businesses to have been established for over five years and for the owners to be over thirty five years old. As with cluster three, which contains both older firms and older business owners, this cluster exhibits a

tendency for the proprietor to be the owner of the business premises.

Food retail, manufacturing and wholesaling are represented above average whilst the members are unusually reliant on loans from family and friends and personal savings for start-up funding. The conspicuous absence of bank money at start-up is possibly explained by the tendency for the owners in this cluster to face above average problems obtaining loans. One outspoken African-Caribbean owner who started his business on money solely derived from his family remarked on his experiences with banks saying

‘Need a black bank for black businesses I had £8,000 in bank and wanted to borrow £24,000 for a flat but bank said no In end I had to go to a finance company’ (African-Caribbean General Storekeeper in Lewisham)

To some extent this perceived negative ethos surrounding formal financing institutions appears to be suffocating lending relations for some African-Caribbean owners. Ultimately this has severe implications for small businesses generally which can be starved of the necessary finance to stave off under-funding. These relatively older businesses have established some relations with banks for the finance that they currently use in their business. This has been accompanied by further inputs from family and retained business profits which are deemed by an above average number of owners to be unsatisfactory.

6. 6. 5 Cluster five.

This cluster is dominated by Asian owned businesses. Females are also over-represented in this cluster. Cluster five members are youthful entrepreneurs but their businesses tend to be over five years old and the premises owned by the owner. The main activities of this cluster are food retail, CTN and the provision of services. Despite the tendency of encountering problems getting a bank loan, the latter is the dominant mode of start-up financing and is used ahead of retained profits and family help for current finance. This cluster records the second lowest index for owner dissatisfaction with business returns.

6. 6. 6 Cluster six.

Cluster six contains 45 firms or 17.1 per cent of clustered businesses. Whites and African-Caribbeans are the dominant groups. There is a slight tendency for the owners to be under thirty-five years old and to have been in business for under five years. This youthfulness is matched with the likelihood that the entrepreneur will not be the owner of the business premises. Services and other retail are the key types of activities engaged in by these firms and the start-up of these businesses was funded through personal savings (index = 262). Use of banks and other sources in excess of 50 per cent of start-up receive an index of zero. The likelihood is that the majority of businesses turned immediately to personal savings as the mode of start-up funding since no sizeable index relating to problems obtaining bank loans is recorded. Hence it is reasonable to assume that the majority of businesses did not apply for any bank loan whatsoever. Just as personal savings provide the avenue of start-up they also provide the mode of business current finance. If profit

accumulation is a goal of self-employment then the owners in this cluster record the best index for satisfaction rates with their business profits.

6. 6. 7 Cluster seven.

This is a predominantly white cluster numbering 43 firms in size. In gender terms, this cluster is unusually female. Mirroring clusters three and four it has a tendency to include older business owners but unlike clusters three and four the member businesses are more likely to be under six years old. The more recent nature of the businesses means that the owner has yet to graduate to owning the business premises. Other retail is the only detectable activity which is over-represented in this cluster with food retail and CTN slightly under-represented. Member firms are unusually reliant on a combination of loans from family and friends and bank loans, the latter being obtained with very few problems. In sharp contrast to cluster five members' perceptions of business profits these owners record the highest index for dissatisfaction with returns.

6. 6. 8 Suggested answers to the research questions.

Clusters three, four and particularly five contain those firms which in terms of the current sample are relatively mature. By virtue of their age these businesses have reached the stage when current finance to purchase new equipment, for example, might be sought. Hence they record generally higher indexes than the more newly founded businesses. Clusters three and four members use a combination of bank, family and retained profits for current finance whereas cluster five members

who have used predominantly bank loans for start-up are disposed to use the bank again for further finance. A discernible relationship seems to exist between the pattern of start-up financing and the pattern of current financing particularly for the more established firms in the sample. A reliance on bank loans and overdrafts at the start-up stage correlates generally with the use of bank for current financing (see cluster five)

Cluster four members are unusually reliant on the family and friends for start-up money and this reliance is transferred through to the current stage though a switch has taken place involving the increased importance of banks, and retained business profits.

Cluster three members exhibit a fascinating pattern of finance use. The inputs from family, friends and banks are below average at the start-up stage but by the current finance stage money derived from banks, retained profits and particularly the family have above average indices. In all three clusters the age of the firm equates with the likelihood that the premises will be the property of the business owner and in this sense could provide important bargaining power as collateral when seeking further finance from banks

Clusters one, two, six and seven are populated by those firms who are relatively youthful in age. Cluster seven is almost exclusively white with a clear bias towards female ownership. In contrast to the other newer firm clusters, cluster seven members show a likelihood that the owner will be in

excess of thirty-five years old and hence can be described as late-starting entrepreneurs. Their start-up has been funded through bank loans and family loans with the latter receiving the most mentions as a source of current finance. Other retailing activities are unusually over-represented in cluster seven.

In contrast, cluster one members are predominantly young Asian male entrepreneurs. Similar to cluster seven, other retail has an above average index; however manufacturing and wholesale also figures strongly in cluster one. Having used personal savings and more specifically help from kin for start-up, the cluster members are unusually reliant on family and friends as a source of current finance. A significant feature of this cluster and also cluster six is the growing importance of banks as a more conventional avenue of finance as the businesses become established and develop a credible track record, this finding is more visible for cluster six members who are predominantly African-Caribbean and white in profile with an unrivalled dependence on the less formal source of personal savings for the start-up of mainly other retail and service outlets. Despite the growing importance of bank money at the current finance stage this still leaves cluster one and six members below an index of 100 for this source.

6.7 Summary.

This chapter encapsulates an informative investigation of the sources of finance currently used by the participating business owners. It draws attention to the interaction between ethnicity, sectoral activity and the sources of start-up finance previously used. As noted earlier, exact quantities of

money used were not asked for in the interview schedule but this deficiency is partially made up by the qualitative anecdotes offered by those interviewed.

The main research question proposed in this chapter was an investigation of the links between the age of the firm, ethnicity of the owner and its financing arrangements. The main findings can be summarized as follows

(1) The types of finance used at start-up has a substantial influence on the mentions given to the different sources of current finance. The tendency is for the same source to be used at both stages but for the importance of the more formal funders, namely the High Street banks, to be *augmented* as the business becomes more established. These findings are generally compatible with those of Storey (1982) for his study of small manufacturing firms in Cleveland and Deakins *et al* (1992) for ethnic minority small firms in the West Midlands of England

(2) In agreement with Deakins *et al* (1992), *the present research advocates the need to explain differences between small businesses and not to treat the sector as an homogenous group exhibiting an indistinguishable desire for finance.* The sectoral activity of the firm and other mitigating factors such as ethnicity must be taken into account when assessing patterns relating to the application of finance

(3) Those clusters containing older firms demonstrate a greater likelihood that the business premises will be the property of the owner. With the benefit of this asset as collateral further finance, if necessary, could be sought more positively from the banks. Only cluster one which contains a predominance of Asian owned manufacturing, wholesaling and other retail firms has no

entrepreneur who owns the business premises. In this case, start-up finance has been primarily obtained from family sources and supplemented particularly by personal savings for current financing. This is not to suggest that property ownership is a prerequisite for negotiating loans and overdraft facilities.

CHAPTER SEVEN: MANAGED SURVIVAL IN CONTRASTING CONTEXTS: BLACK ENTERPRISE IN THE 1990s.

7.1 Introduction.

‘The age old field of opportunity (retail proprietorship) by which a person of humble origin and circumstance may hope to become an owner, secure profits, and achieve a measure of personal security against the hazards of life’ (Anderson and Davidson 1940 450, quoted in Light 1972).

This chapter provides a profile of the economic performance of the businesses interviewed within the environment of opportunity for small businesses in the early 1990s. Among the issues addressed will be the interaction of culturally prescribed advantages exemplified through mechanisms of ethnic solidarity such as *unpaid labour inputs and relations with suppliers* and how these processes impinge on the day to day running of the enterprise (see section 1. 2. 2). Inextricably linked to this examination of small business organization and performance in varying socio-economic settings are the conceptual approaches brought to the study of immigrant business by scholars such as Wilson and Portes (1980), Light *et al* (1992) and Waldinger (1984) (discussed in section 1 2 4) A key question is. are some black owned firms performing better or adjusting quicker to recessionary pressures than their counterparts in other socio-economic settings? The somewhat pessimistic outlook of some proprietors with regard to their business fortunes is balanced by more sanguine accounts of business consolidation and growth under adverse circumstances

The chapter also examines those South Asian shopkeepers who have founded new retail outlets in what are relatively new semi-rural and virgin locations for black enterprise. They are either passively or actively seeking out profitable customer markets in new spaces away from the saturated customer base in the older urban residential settlements. A potentially different opportunity structure exists for these owners, compared to those businesses still located in the areas of ethnic concentration. For better or worse, the prevailing economic conditions and the modes of organization among ethnic businesses in these older localities may have laid the foundations for the establishment of an ethnic economy or an ethnic enclave economy (Light *et al* 1992; Waldinger 1993)

These conceptual approaches to the study of economic relations have *primarily been explored* for firms of a particular structure and composition. The value of these approaches in the current context will be assessed via an examination of small businesses in different social and spatial settings, namely localities deemed to possess some of the hallmarks of an South Asian enclave area, localities and Asian businesses positioned to serve a middleman role and thirdly areas deemed to contain a significant proportion of persons of African-Caribbean origin. Germane to this in-depth examination is the need to briefly recount both the wider economic conditions within which all the firms were operating at the time of interview and some general findings about small business performance

7.2 The opportunity structures.

‘...with the Federation of Small Businesses, the largest of the lobby groups, anticipating a further 60,000 firms to go out of business this year to add to last years 50,000, the place to find entrepreneurs seems more likely to be in the bankruptcy courts or the dole queue than in the still growing number of business parks’ (Woodcock 1992 cited in Stanworth *et al* 1992).

The ongoing severe recession of the late 1980s and early 1990s has undoubtedly had profound effects on the small business community not only in Britain but also in the rest of Europe and the United States. These events have prompted economic statisticians of various political persuasions to engage in a multiplicity of surveys. The outlooks proffered by these expert analysts range from gloomy prospects surrounding a calamitous increases in business failures and the perceived inability of the small firms sector to lead the glimpses of economic recovery:

‘The small firm “engine for growth” in fact still seems to be coughing and spluttering in the pits rather than gearing up for recovery’ (Guardian 1992b: 1).

Simultaneously whispers of reserved optimism about the resilience of the small firm sector during recession have also been sounded. One undisputed element of this debate is that the small business sector is not a homogenous breed to be discussed with naive generality. The diversity is exhibited in, for example, firm size within the catchall term ‘small’, business sector, geographical location and personal attributes of the owner such as ethnicity.

With regard to the geographical location of the firm, for example, the business information company Dun and Bradstreet record that in the first half of 1991 the East Midlands region was the worst affected region with regard to business deaths showing an increase of over 88 per cent on the same period in 1990. This region was closely followed by the South West and East region. Up to this juncture Scotland had escaped the worst ravages of the recession with regard to business deaths (Guardian 1991a). Similarly with regard to spatiality and owners' cultural attributes, Leicester's textile manufacturing base has been substantially eroded by the contraction in the hosiery industry. This, coupled with the collapse of the coal-mining industry, has meant massive job losses on a comparable scale to other UK regions.

Despite these downturns in economic fortunes, the official rate of unemployment for the county stands at only 8.5 per cent which is 2 per cent lower than the national rate (Guardian 1993). Amidst this milieu of economic fluctuations, job loss and sectoral contraction a feeling of quiet optimism surrounds the flexibility and hardiness of the South Asian owned small business sector in the city (CSPO 1993, Guardian 1993).

Daly (1991) substantiates these arguments about the performance and resilience of the small firms sector. Among the key findings derived from VAT business registration and deregistration figures, Daly (1991) reports on an increase of 50,000 in the number of businesses registered for VAT in 1990. This rate of growth equates to nearly 1000 businesses per week yet is significantly less than the 1,600 per week recorded for 1989 and 1,200 per

week for 1988. The slowing down in the rate of increase in 1990 clearly represents a symptom of the reduction in the rate of new registrations rather than a rise in the rate of deregistrations. In summary, Daly argues that the scenario presented by the VAT figures reveals a remarkably resilient small firm sector in a recessionary period. Undoubtedly these estimates are factually in error since many firms do not bother to register for VAT and hence any estimates will fall short of the true figure. However they do provide a useful guide to the prevailing trends in business births and deaths

In addition to the economic context within which the firms are operating, the opportunity structure is a major determinant dictating the success and resilience of any enterprise. As Marger (1990) contends, the opportunity structure extends beyond purely economic concerns to transcend both social and political factors which impinge upon business.

The opportunity structure can be viewed as the

‘aggregate of social, political and economic circumstances with which immigrants must deal in securing a livelihood. It includes, therefore, the nature of markets and the relative accessibility of newcomers to them, the needs of the work-force, the legal system that regulate economic activity, and the social conventions that both facilitate interaction and sustain boundaries among groups’

In conjunction with these key factors, some entrepreneurs are further able to insulate themselves from the rigours and pitfalls of self-employment by utilising aspects of their cultural heritage. For example a business which services and provides special ethnic preferences and tastes could, under suitable conditions, provide a business opportunity which integrates both the benefits of a good idea with the cultural advantage of servicing an ethnic market. As members of the same community these business owners can benefit from the ensuing protected market and establish stable niches of entrepreneurial opportunity (Aldrich *et al* 1985)

Moreover access to preferential terms with wholesalers and a dependable supply of family and co-ethnic labour can give an owner the competitive edge over his/her rivals in the host society. However, once again it is imperative to stress that above all else the wider economic framework of opportunity will eventually dictate the relative utility of these ethnically prescribed benefits. There is no doubt that minority business is heavily dependent on the purchasing power of co-ethnics

Given the added economic disadvantage of urban minorities in times of recession (Cross and Waldinger 1992) compared to whites, their ability to absorb the surplus value generated by their co-ethnic entrepreneurs is dramatically reduced. In this instance dependence on a protected market may prove exceedingly damaging for those businesses concerned, whilst ties

of ethnic communality which had provided such benefits as zero interest finance under less austere conditions may also become restricted (Aldrich *et al* 1981).

7.3 The field-work timetable.

The work of such scholars as Wilson and Stanworth (1986) in their portrait of African-Caribbean and South Asian small business in North West London in the early 1980s impress on the importance ascribed to the analysis of the wider economy and the framework of opportunity that persisted at the time of interview for those businesses under investigation. This structural approach to understanding the growth and size of larger Asian firms in Britain between 1973-82 is also adopted by Khan (1986, 1988). Equally, this thesis contextualises its findings and conclusions within wider discourses on race and socio-economic disadvantage (see, for example, section 1.1 and 1.8)

The business interviews were conducted over the period June 1990 to July 1992, with 97.3 per cent of the fieldwork conducted within the twelve months from the start date (see table 7.1). Business owners have been approached only once for interview with the result that no longitudinal data has been collected on the scale of McEvoy and Aldrich's (1986) informative longitudinal survey investigation into survival rates of Asian and white retailers in three British cities. Indeed as Stanworth *et al* (1992) comment, given the length of the current recession few research studies could possibly possess the longitudinal time frame to record its full span.

Table 7. 1 Interview quota timetable.

	<i>Number of interviews conducted</i>	<i>Percentage of total number</i>
Year		
1990	215	52.6
1991	183	44.7
1992	11	2.7
Total	409	100.0

The discussion presented above describes a difficult climate of opportunity bounded by recession for the businesses participating in this research. Moreover, it is generally recognised that in terms of peak-to-peak economic cycles the last cycle occurred in 1979-88. Since this time the economy has grown less rapidly. The effects on small firms include low turnover and lack of business which further accentuates other dilemmas such as cash flow problems and the late payment of bills.

Table 7. 2 Number of years business established by date of interview.

<i>Year of interview</i>	<i>1990</i>	<i>1991</i>	<i>1992</i>	<i>All respondents</i>
Number of years business established?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Up to and including 6 years	57.0 (118)	47.2 (84)	81.8 (9)	53.0 (212)
Over 6 years	43.0 (89)	52.8 (94)	18.2 (2)	47.0 (188)

Given the fragility of small businesses in the early years of their existence the youthfulness of the firms contacted merely emphasises the worst ravages of the recession. Just over 50 per cent of all firms contacted had been in existence for less than or equal to the median firm age of six years (table 7. 2). The majority of the remainder were less than ten years old (see section 6. 6). The eleven firms contacted in 1992 make up part of the Liverpool sample. By chance occurrence, these firms were much younger than the samples collated in the previous years of the research project.

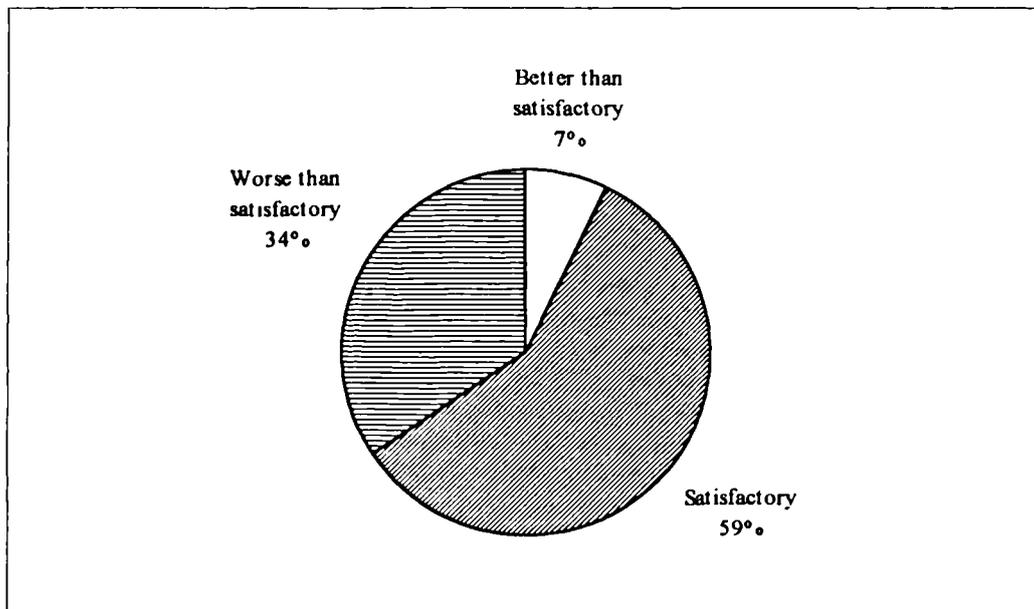
7. 4 Perceptions of small business profitability and owners' personal incomes.

One indicator of business survival is the profitability of the firm and ultimately the owner's capacity to capture a living wage from the venture. The owners were invited to comment on the state of their business profits and their personal income. No actual figures and statistics on turnover were requested for the reasons stated in section 2. 7. 8.

Without doubt the entrepreneurial psyche demands that the owner will inflate, somewhat, estimates of the profitability of the business in order to impress upon the interviewer that s/he has the business acumen to run a successful enterprise. Alternatively for some owners, the invite to detail their perception of profitability is license to bemoan and exaggerate the way that competitors, interest rates and lack of business have conspired to render their returns a disappointment. On aggregate I expect these polarized perspectives will negate each other in

the examination of the opinions of four hundred and nine business owners. Figure 7. 1 presents the attitudes of the sampled owners towards their profit margins in graphical form.

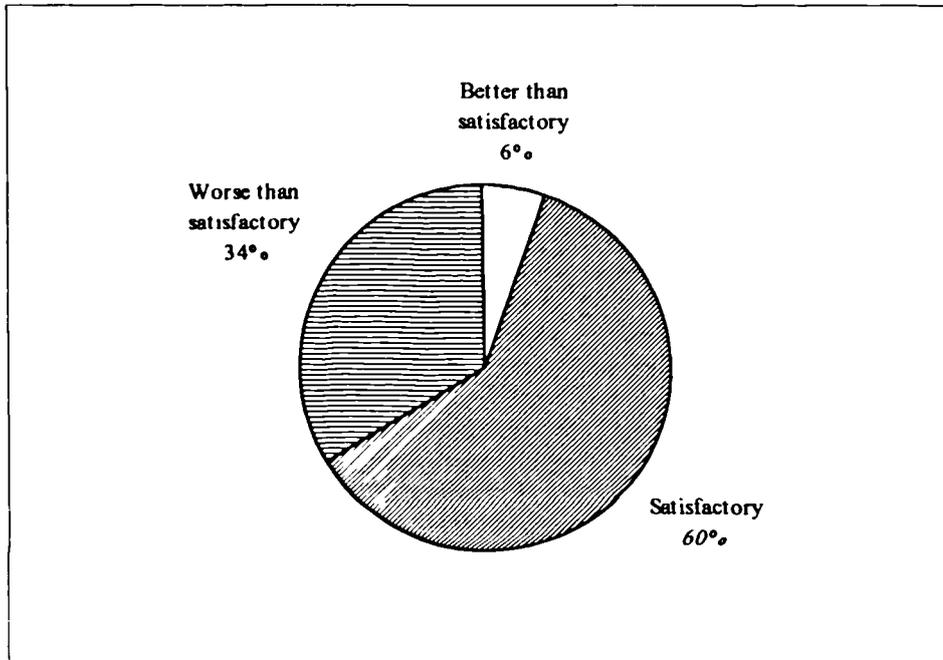
Figure 7. 1 Perceptions of business profits.



The immediate impression gained from the chart is the proportion of owners satisfied or worse than satisfied with business returns (59 per cent and 34 per cent respectively). Conversely the small proportion of owners reporting above satisfactory profit levels also demands attention. This pattern is largely replicated when examining attitudes to personal income (see figure 7. 2) On the whole, figure 7.1 and 7.2 suggest that the participants make little distinction between their business profits and personal income. This observation substantiates an earlier point concerning the owners lesser use of personal income at the current finance stage reflecting their tendency to view personal income as retained profit (see section 6. 5). As a consequence of the similarities between figures 7. 1 and 7. 2 and the

tendency for personal income to be subsumed under retained profits, perceptions of personal income are omitted from subsequent analysis.

Figure 7.2 Perceptions of personal incomes.



A marginal decrease in size is observed for the sector denoting those alleging above satisfactory personal incomes. Some explanation for the patterns observed is provided by the environment of opportunity within which the sampled firms are actively competing. Another reason forwarded is the age of the firms surveyed. In chapter three, it is stated that the median age of the firms surveyed is a youthful six years (section 3. 2). Firms in their early years of existence must consolidate and strive for economic survival. Moreover it may be misguided to make tangible assessments about the condition of business returns and the income accruing to the owner.

Table 7. 3 Perception of business profits and ethnic origin.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Perceptions of profits	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Better than satisfactory	5.9 (9)	9.9 (16)	2.1 (1)	7.2 (26)
Satisfactory	56.6 (86)	60.2 (97)	57.4 (27)	58.3 (210)
Worse than satisfactory	37.5 (57)	29.8 (48)	40.4 (19)	34.4 (124)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	5.77963	4	.21622
Minimum Expected Frequency = 3.394		Cells with Expected Frequency <5 = 1 of 9 (11.1%)	

In table 7. 3 the highest rate of satisfaction with business profits is shown by Asian owners (71.1 per cent) followed by white owners and African-Caribbeans respectively. The relatively high rate of Asian satisfaction means that statements of dissatisfaction are reduced. Both whites and African-Caribbeans demonstrate similar rates of dissatisfaction with business profits. For the latter of these two groups the ratio is 2 in 5.

Table 7. 4a examines perceptions of profitability by business activity. The lowest levels of dissatisfaction are recorded for the more vocational self-employed activities bracketed within the categories of services, manufacturing and wholesaling. It can be argued that these two sets of activities require a different type of managerial approach. Barrett (1996a) emphasises the vocational qualifications of a significant number of the service providers interviewed. Similarly, manufacturing may not be an activity to enter into without the necessary

qualifications or experience for that venture (tables 3. 6a, b and c provide tentative support for this argument. Though overall, the findings are inconclusive and hampered by small cell counts).

Table 7. 4a Profits and business activity (all owners).

<i>Business activity</i>	<i>Manufacture and wholesale</i>	<i>Food retail and CTN</i>	<i>Other retail</i>	<i>Services</i>	<i>All respondents</i>
Perceptions of profits	(Figures are expressed as column percentages. Figures in parentheses are raw counts)				
Better than satisfactory	8.8 (3)	6.1 (8)	6.9 (9)	8.6 (6)	7.1 (26)
Satisfactory	67.6 (23)	61.1 (80)	49.6 (65)	65.7 (46)	58.5 (214)
Worse than satisfactory	23.5 (8)	32.8 (43)	43.5 (57)	25.7 (18)	34.4 (126)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	9.52639	6	.14607
Minimum Expected Frequency = 2.415		Cells with Expected Frequency <5 = 2 of 12 (16.7%)	

Given a need for relevant skills and hence the barriers to entry confronting non-qualified persons, goods manufacturing, wholesaling and services benefit from comparatively better protected opportunities than those owners engaged in the easy to enter and highly competitive retail sectors. This aspect of opportunity structure partially assists in the explanation of the variance in views surrounding small firm profitability. A clear testament to the endeavour of small business owners and the desire to see their venture succeed is their determined resolve to work long and arduous hours. It is little surprise that owners of food retailing and CTN outlets are the most likely to work in excess of 80 hours per week in the business (35.1 per cent of

owners). This figure is followed, at distance, by 1 in 5 goods makers and wholesalers and approximately 1 in 8 service providers and retailers of other consumer items.

Table 7. 4b, 7. 4c and 7. 4d disaggregate the information in 7. 4a. Controlling for the ethnicity of the business owner reveals some noteworthy findings. Table 7. 4b reveals that, with the exception of white owned services, the proportions of owners viewing their profits as better than satisfactory are marginally lower than the figures in the first row of table 7. 4a. There are noticeably fewer *white operated service firms and manufacturers* and wholesalers compared to the figures for all service respondents and manufacturers and wholesalers in table 7. 4a. Those white owner recording dissatisfaction with their profits compared to the findings for all respondents in table 7. 4a highlights the 23.5 per cent of all manufacturers and wholesalers viewing profits as worse than satisfactory. However, there is a notable increase in this figure when considering the white owners alone (33.3 per cent).

Table 7. 4b Profits and business activity (white owners).

<i>Business activity</i>	<i>Manufacture and wholesale</i>	<i>Food retail and CTN</i>	<i>Other retail</i>	<i>Services</i>	<i>All white respondents</i>
Perceptions of profits	(Figures are expressed as column percentages. Figures in parentheses are raw counts)				
Better than satisfactory	8.3 (1)	3.9 (2)	4.8 (3)	11.5 (3)	5.9 (9)
Satisfactory	58.3 (7)	60.8 (31)	52.4 (33)	57.7 (15)	56.6 (86)
Worse than satisfactory	33.3 (4)	35.3 (18)	42.9 (27)	30.8 (8)	37.5 (57)

Chi-Square Value DF Significance
 Pearson 3.27672 6 .77340
 Minimum Expected Frequency = .711 Cells with Expected Frequency <5 = 5 of 12 (41.7%)

Table 7. 4c focuses on the South Asian business owners only. The proportions of owners in all sector expressing their profits as better than satisfactory are in excess of the aggregated figures in table 7. 4a and are markedly higher than the white respondents in table 7. 4b, particularly in food retail and CTN and the other retail sectors (9.1 per cent in each sector for South Asians compared to only 3.9 and 4.8 per cent, respectively, for whites). With the exception of ‘other retailers’, Asians are proportionally more ‘satisfied’ with their business returns than whites. This differential is most marked for the manufacturers and wholesalers; 77.8 per cent of South Asians are satisfied with business returns compared to only 58.3 per cent of whites. Consequently, greater levels of satisfaction among Asian manufacturers and wholesalers shrinks the proportion expressing dissatisfaction with business returns. Only 11.1 per cent of this group view profits as worse than satisfactory. This compares very favourably to the 33.3 per cent of whites and 23.5 per cent for all manufacturers and wholesalers in table 7. 4a. In all other sectors Asians are marginally less dissatisfied than whites. For both ethnic

groups, relatively high proportions of 'other retailers' are dissatisfied with business returns (42.9 per cent for whites and 41.8 per cent for Asians).

Table 7. 4c Profits and business activity (South Asian owners).

<i>Business activity</i>	<i>Goods manufacture and wholesale</i>	<i>Food retail and CTN</i>	<i>Other retail</i>	<i>Services</i>	<i>All South Asian respondents</i>
Perceptions of profits	(Figures are expressed as column percentages. Figures in parentheses are raw counts)				
Better than satisfactory	11.1 (2)	9.1 (6)	9.1 (5)	13.6 (3)	9.9 (16)
Satisfactory	77.8 (14)	63.6 (42)	49.1 (27)	63.6 (14)	60.2 (97)
Worse than satisfactory	11.1 (2)	27.3 (18)	41.8 (23)	22.7 (5)	29.8 (48)

Chi-Square	Value	DF	Significance
Pearson	7.92104	6	.24395
Minimum Expected Frequency = 1.789		Cells with Expected Frequency <5 = 2 of 12 (16.7%)	

To some extent, meaningful analysis of the disaggregated African-Caribbean data is hampered by small cell counts, particularly for the manufacturers and wholesalers (see table 7. 4d). Examination of the more than satisfied across the spectrum of sectors shows very low levels of owners expressing better than satisfactory business returns. With the exception of services, the proportions of African-Caribbean owners in the different sectors who are satisfied with business profits trail their counterparts in the corresponding sectors. However, 77.8 per cent of African-Caribbean service firms are satisfied with business returns compared to only 63.6 per cent of Asians and 57.7 per cent of whites. The figure for all service respondents of 49.6 per cent, see table 7. 4a, merely clouds this aspect of African-Caribbean business performance.

Table 7. 4d Profits and business activity (African-Caribbean owners).

<i>Business activity</i>	<i>Goods manufacture and wholesale</i>	<i>Food retail and CTN</i>	<i>Other retail</i>	<i>Services</i>	<i>All African-Caribbean respondents</i>
Perceptions of profits	(Figures are expressed as column percentages. Figures in parentheses are raw counts)				
Better than satisfactory	0.0 (0)	0.0 (0)	8.3 (1)	0.0 (0)	2.1 (1)
Satisfactory	50.0 (2)	46.2 (6)	41.7 (5)	77.8 (14)	57.4 (27)
Worse than satisfactory	50.0 (2)	53.8 (7)	50.0 (6)	22.2 (4)	40.4 (19)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	7.47665	6	.27900
Minimum Expected Frequency = .085		Cells with Expected Frequency <= 7 of 12 (58.3%)	

The absence of African-Caribbean firms in the 'better than satisfactory' categories of table 7. 4d and their lower levels of satisfaction with business returns (excluding services) has a knock-on-effect for those dissatisfied with the returns from their enterprise. Consequently, much higher proportions of manufacturers and wholesalers and food retailers and CTNs are unhappy with profits compared to their white and Asian counterparts. Interestingly, the dissatisfaction rate among African-Caribbean food and CTN retailers exceeds the figure for other retailers. This is not reflected in the findings for the other two ethnic groups in the sample or in the aggregated data in table 7 4a

Examining business returns in isolation, the specialisation of African-Caribbeans in service provision appears to be slowly reaping benefits. Though table 7. 4d reveals that no African-Caribbeans regarded their profits as better than satisfactory, the concentration of service firms in the satisfactory category can be greeted with guarded optimism for their long term potential. Furthermore, marginally fewer, by proportion, African- Caribbean service providers occupy the less than satisfied category of table 7. 4d compared to their counterparts in tables 7. 4b, 7. 4c and the aggregated information in table 7. 4a.

Table 7. 5 Business profitability, owner's working hours and ethnic origin.

Perceptions of profits	South Asian			White			African-Caribbean			All respondents	
	Hour	<55	55-79	>80	<55	55-79	>80	<55	55-79		>80
Better than satisfactory		8.8 (5)	12.0 (6)	9.3 (5)	7.8 (7)	2.3 (1)	5.6 (1)	0.0 (0)	10.0 (1)	0.0 (0)	7.1 (26)
Satisfactory		63.2 (36)	56.0 (28)	61.1 (33)	55.5 (50)	65.9 (29)	38.9 (7)	64.3 (18)	40.0 (4)	55.6 (5)	58.5 (214)
Worse than satisfactory		28.0 (16)	32.0 (16)	29.6 (16)	36.7 (33)	31.8 (14)	55.6 (10)	35.7 (10)	50.0 (5)	44.4 (4)	34.4 (126)

(Figures are expressed as column percentages. Figures in parentheses are raw counts)

Chi-Square Value DF Significance

Pearson (<55 hours respondents) 3.61222 4 .46102

Minimum Expected Frequency = 1.920 Cells with Expected Frequency <5 = 2 of 9 (22.2%)

Chi-Square Value DF Significance

Pearson (80+ hours respondents) 4.80000 4 .30844

Minimum Expected Frequency = 0.667 Cells with Expected Frequency <5 = 4 of 9 (44.4%)

Chi-Square Value DF Significance

Pearson (all respondents) 4.88227 4 .29959

Minimum Expected Frequency = .769 Cells with Expected Frequency <5 = 4 of 9 (44.4%)

Chi-Square Value DF Significance

Pearson (all respondents) .47636 4 .97576

Minimum Expected Frequency = 5.754

Table 7. 5 presents information relating to profitability, the average number of hours worked each week in the business by the owner, and ethnicity. Examination of the worse than satisfied owners doing fifty five hours or less and those performing Stakhanovite feats of eighty hours or more reveals a slight tendency for dissatisfaction to grow with increased labour inputs by the owner. This dissatisfaction transcends the boundaries of ethnicity. Excessively long hours for the owner can also mean the disruption of family and personal life. For both Jones *et al* (1993) and for this author, a key finding is that for white, African-Caribbean and Asians owners alike, hard toil exemplified through overly long hours is no guarantee of satisfactory business returns.

The Asians interviewed seem less perturbed by their long working hours. Similar proportions of South Asian owners are recorded as dissatisfied throughout the three working hours categories. This finding does not validate the popular myth of the industrious, uncomplaining and 'beaver like' South Asian entrepreneur. As Jones *et al* (1993) argue 'he or she (South Asian business owner) is subject to the same human emotion as anyone else. The myth with its undertones of robotic insensitivity, is profoundly dehumanizing, despite its kind intentions' (Jones *et al* 1993. 188) In the better than satisfied category, South Asians who are working 55-79 hours per week and over 80 hours per week are marginally more satisfied with their business returns than those owners working less than a 55 hour week. In the over 80 hours category, satisfaction rates for South Asian owners are virtually on par with those labouring for less than 55 hours per week (61.1 per cent and 63.2 per cent respectively).

In table 7.5, the highest levels of dissatisfaction with returns to the owner's labour inputs (80 hours or more per week) are demonstrated by whites (55.6 per cent) and to a lesser extent African-Caribbeans (44.4 per cent). A somewhat worrying finding is that no African-Caribbeans working less than fifty-five hours or over eighty hours are better than satisfied with their profits. Though this revelation could be as much a symptom of sample size as business performance (see very small cell counts).

There is no overall trend to the findings on business profits, owners' working hours and ethnic origin presented in table 7. 5. On the whole, the picture is extremely confused. Efforts to identify patterns in the findings are complicated by the 55-79 hours category for all three ethnic groups. Jones *et al* (1993) would argue that a major finding of their research is that longer working hours deplete an owner's level of satisfaction with business profits and *vice versa*

'Without doubt, one of the most important findings of the present research is that business rewards appear as inversely proportional to time and effort expended by Asian owners. Whatever the supposed moral virtues of hard work, business pay-off is not achieved by sweat alone. This is cold comfort for those compelled to work colossal hours to keep their firms afloat and it flies in the face of conventional views...' (Jones *et al* 1993. 188)

The absence of any patterns across the spectrum of the findings, presented in table 7.3 and suggests that this view on differential rewards to labour inputs and a possible 'ethnicity effect'

can not be supported solely by the statistics. Whilst a composite approach to the findings which adopts a Q-Q style investigation (see section 2. 2) may not solve the inconclusiveness of the statistics, it does offer invaluable insights into the views and experiences of the owners beyond those that can be attained by pure quantitative analysis. The spontaneous responses of the following owners are somewhat typical of the general mood of ambivalence surrounding the material returns to labour investment in small firms:

‘Profits are worse than satisfactory considering the hours *we put in*’ (*Bexley white* newsagent).

‘Everyone thinks we are rich because we have our own business, but the wages at the end of the week don’t show how hard we work. Factory workers are much better off than us!’ (Luton South Asian wholesaler).

‘Satisfied? No The hours I put in, I’m not compensated’ (Preston South Asian manufacturer)

Table 7. 6 Business profitability, business opening hours and ethnic origin.

Hours	South Asian			White			African-Caribbean			All respondents	
	<55	55-79	>80	<55	55-79	>80	<55	55-79	>80		
Perceptions of profits	(Figures are expressed as column percentages. Figures in parentheses are raw counts)										
	Better than satisfactory	6.8 (3)	13.3 (8)	8.7 (5)	4.4 (4)	7.3 (3)	10.0 (2)	3.8 (1)	0.0 (0)	0.0 (0)	7.3 (26)
	Satisfactory	54.5 (24)	56.7 (34)	68.4 (39)	53.8 (49)	63.4 (26)	55.0 (11)	65.4 (17)	38.5 (5)	62.5 (5)	59.2 (210)
Worse than satisfactory	38.6 (14)	30.0 (18)	22.8 (13)	41.1 (38)	29.3 (12)	35.0 (7)	30.8 (8)	61.5 (8)	37.5 (3)	33.5 (119)	

Chi-Square Value DF Significance

Pearson (<55 hours respondents) 1.55634 4 .81626

Minimum Expected Frequency = 1.292 Cells with Expected Frequency <5 = 3 of 9 (33.3%)

Chi-Square Value DF Significance

Pearson (80+ hours respondents) 2.34241 4 .67306

Minimum Expected Frequency = 0.667 Cells with Expected Frequency <5 = 4 of 9 (44.4%)

Chi-Square Value DF Significance

Pearson (55-80 hours respondents) 6.91593 4 .14040

Minimum Expected Frequency = 1.254 Cells with Expected Frequency <5 = 3 of 9 (33.3%)

Chi-Square Value DF Significance

Pearson (all respondents) 5.36412 4 .25193

Minimum Expected Frequency = 6.038

Comparing the pattern portrayed in table 7. 5 to that observed in table 7. 6 for perceived profit levels by the actual business opening hours, reveals several interesting findings. Concentrating once again on the worse than satisfied owners there is a clear tendency among Asian owners for the proportion alleging dissatisfaction to decrease with increased business opening hours. For whites, this trend is upset by the middle hours group. African-Caribbeans appear to be excluded from this trend. Nearly 2 in 3 African-Caribbean owners opening for between fifty-five and seventy-nine hours per week are dissatisfied with their returns. Examination of the over eighty hours African-Caribbeans sees this ratio drop sharply to nearer 1 in 3. The absence of any better than satisfied African-Caribbeans in the latter two hours categories is noteworthy. Reasons for these patterns are unclear and a statistical quirk arising from the size of the African-Caribbean sample is not to be discounted.

Table 7. 5 does not support a trend towards the more hours the owner has to work in the venture correlating with greater dissatisfaction with business profits. However table 7. 6 offers a hints that the greater the number of hours the business is open for trading, the greater the owner's satisfaction with business profits. The identifiable trend for Asians, and to a lesser extent whites, points to the rational requirement for the businesses to remain open for as many hours as possible in order to maximise potential income. This tactical endeavour to keep the business viable is operationalised through overly long working hours. Clearly regular inputs in excess of seventy to eighty hours are beyond the bounds of most individuals who also wish to hold together an essence of 'normal' family life. The reduction in the rates of dissatisfaction in table 7. 6 are partially attributable to the burden taken up by employees. Inputs from waged

and unwaged labour psychologically frees the owner-manager from their day to day drudgery. Moreover the ability to recruit reliable employees to run the business, physically frees the owner to engage in other activities which may or may not be linked to the operation of the business (see section 7. 5).

The findings in this section have raised a number of key issues linked to how these micro businesses operate both in terms of opening times and the owner’s physical involvement on the ‘shop-floor’. The main revelation in the quantitative data is that there appears to be only minor differences between businesses operated by persons of different ethnicities. South Asians are willing to work longer and more unsociable hours than their white and African-Caribbean counterparts (see 55-79 hours and 80 hours plus categories in table 7. 7) but this added commitment does not necessarily translate into any specific ethnic advantage or disadvantage.

Table 7. 7 Owners' working hours and ethnic origin.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Hours worked	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
55 or less	59.4 (101)	37.8 (68)	59.6 (31)	49.8 (200)
55 to 79	28.8 (49)	30.0 (54)	23.1 (12)	28.6 (115)
80 or more	11.8 (20)	32.2 (58)	17.3 (9)	21.6 (87)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	27.49899	4	.00002

Minimum Expected Frequency = 11.254

Eurocentric views of business success/failure tend to dictate that business rewards are measured in purely economic terms. Whilst balance sheets and cash-till receipts have an important role to play in business viability, they are not the only determinants of success and reward recouped by the owner. Srinivasan (1995) widens the analysis by drawing our attention to the 'intangible' returns to Asian migrants from business ownership:

'... entry into self-employment is the one strategy which satisfies prestige and mobility aspirations within all groups - the South Asian migrant perceives his standing within the ethnic group both here and at "home", as well as within British society, as substantially improved by "business" entry' (Srinivasan 1995: 139).

This analysis of business intangibles can be widened further beyond the South Asian groups stipulated in Srinivasan's account. We can view the establishment of a business enterprise as more than furthering the social standing of the individual South Asian entrepreneur. For all owners, regardless of ethnicity, there are benefits to business formation accruing to their wider community. These latent success measures include the provision of suitable petty bourgeois role models for prospective owners to follow and social stability among the local community's institutions. Wilson (1987) and Fainstein (1993), for example, remark on how the outflow of the black middle-class from inner neighbourhoods to the suburbs in the United States has weakened social institutions, law and order in inner-city neighbourhoods. The departure of more affluent groups of African-Americans from ghetto areas has weakened mainstream values relating to education, employment and family structure, made the survival of small businesses and local services more fragile (owing to the greater disposal income of middle-class groups) and in turn impacted negatively on the sense of community and positive neighbourhood identity.

7.5 Labour recruitment and job creation.

Interviews with not only Asian entrepreneurs but all business owners identify the specifically Asian phenomenon surrounding the ability to mobilise family labour as a vital resource in the running of the business. The multitude of views amassed from the questionnaires range from statements of grudging admiration to statements of discontent tinged with racial hostility stemming from the competitive imbalance that ensues from this labour transaction. A selection of these views showing the variety in attitudes are presented below:

‘Can’t keep up with the Asians. They club together, work all hours and drive the likes of me out’ (white Ealing clothing shopkeeper).

‘Whites are at disadvantage because they don’t put in the hours we do. The (white) locksmith across the road has two half days in a week. They are lazy, they don’t want to work’ (South Asian Luton electrical retailer).

‘Asians are willing to work bloody longer hours and also get their families to help out’ (white Bexley Pet shop owner)

It is worth emphasising that not only whites express feelings of racial hostility towards their Asian counterparts but Asians are at times equally emotive and dismissive about the comparative idleness of whites. However a key issue embedded in these anecdotes is the crucial role of the family in the survival and success of all enterprises regardless of ethnicity (Jones *et al* 1993; Mars and Ward 1984). Research by Aldrich *et al* (1983) in four British localities highlighted the comparative propensity of both Asian and white owned businesses to utilise the labour of spouses and children. The more significant use by Asians of family and kin labour stems from the greater involvement of the extended family as workers. According to

Ram and Holiday (1992) the family is viewed as both a valuable resource but also a constraint. The owner can benefit from the flexible work practices afforded by kinship ties but is also restricted by 'imposed obligations which contradict economic rationality'. The complexity of these social relations defies some commonly held views about the dynamics of family labour in the workplace.

7.6 Unpaid family labour inputs.

The attractiveness of family labour to the ethnic minority firm and the importance of this resource stems quite simply from its cost. Family labour is not only cheap but flexible in its practices. During periods of high demand for the products or services of a business, the family can be relied on to work the long, unsociable hours which would not be expected on a regular basis from a paid employee Table 7. 8 cross-tabulates the incidence of unpaid workers against the ethnicity of the owner

Table 7. 8 Use of unpaid workers and ethnic origin.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Use unpaid workers?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Yes	25.1 (42)	41.5 (73)	44.0 (22)	34.9 (137)
No	74.9 (125)	58.5 (103)	56.0 (28)	65.1 (256)

Chi-Square Value DF Significance
 Pearson 12.16767 2 .00228

Minimum Expected Frequency = 17.430

It is immediately apparent that white owners make the least use of unpaid family labour (1 in 4). This is substantiated by some of the qualitative anecdotes compiled from the questionnaires and presented in section 7. 5.

For some white owners the ability among Asian owners to recruit their family's labour on extremely favourable terms stems from a cultural conditioning for hard work which is prevalent within the Asian community. This incubation dictates that 'Asians have an advantage (over white business owners) because children are brought up with business ownership in their blood... and from an early age they are willing to pitch in and help out' (white Bexley newsagent)

An unexpected outcome of table 7. 8 is the ratio of African-Caribbean firms using unpaid employees to those who are not. A figure approaching 1 in 2 African-Caribbean firms is recorded which marginally surpasses the figure for Asians. The most surprising aspect of this is relatively smaller extended family that African-Caribbeans can call on compared to Asians. Moreover, this is compounded by a *significant number of interviewed African-Caribbean owners who allege that a major barrier to the growth of African-Caribbean businesses is the ineffectual support given to them by the African-Caribbean community. Given the alleged lack of communal support and the smaller extended family why are African-Caribbean businesses more numerous, by proportion, with regard to the use of unpaid labour from family and friends? This finding becomes even more surprising when considering the smaller average size of African-Caribbean firms* Generally, smaller firms require lesser inputs of labour, paid or

unpaid, in the running of the business. The demand for labour, other than that of the owner, may be partially a consequence of the over-concentration of African-Caribbean firms in personal services. For example, in hairdressing salons, assistance is often sought to carry out miscellaneous duties whilst the stylist tends to the customer. These general tasks might include keeping the salon floor clean and answering the telephone.

Another partial answer to the finding that African-Caribbeans use proportionally greater inputs of unpaid assistance than whites and South Asian firms may be found by examining the ages of the firms against the ethnicity of the owners (see table 7. 9). The relative youthfulness of African-Caribbean firms is a main feature of table 7. 9. Nearly 3 in 5 of the surveyed African-Caribbean firms were under six years old at the time of interview (59.2 per cent). This contrasts markedly with 43.6 and 42.4 per cent of white and Asian owned firms respectively.

Table 7. 9 Business age and owners' ethnic origins.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
Business age	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
Less than six years	43.6 (72)	42.4 (75)	60.8 (31)	45.3 (178)
6 years and over	56.4 (93)	57.6 (102)	39.2 (20)	54.7 (215)

<u>Chi-Square</u>	<u>Value</u>	<u>DF</u>	<u>Significance</u>
Pearson	5.73126	2	.05695

Minimum Expected Frequency = 23.099

Boissevain *et al* (1990) note that a key factor in the establishment of most ethnic businesses is the capacity to draw on the labour of at least two family members, particularly in the formative years of the venture. The inflated figure for African-Caribbean use of unpaid help may simply be a symptom of firm age. Nonetheless we should not mistake the importance of unpaid assistance as a legitimate and natural strategy for sustaining a business venture.

The statement about the use of unpaid help as a mechanism of business stability in its early years undoubtedly characterises businesses in all economic sectors. Table 7. 10 demonstrates that approximately 1:3 higher order goods manufacturers and retailers of other products, 2:5 food retailing and CTN outlets and approximately 1:4 service providers currently use unpaid labour in their business. Hence unpaid help has no exemptions and encompasses both higher order and lower order economic activities.

Those owners who can not draw on unpaid assistance in their business yet require workers to share the burden of opening hours might consider government supported schemes as a pressure relieving strategy. It was little surprise that only 23.8 per cent of the firms interviewed had used the Youth Training Scheme⁹. Lack of awareness and formal bureaucratic barriers made the take-up of youth training sluggish. Similar explanations apply to the slow take-up of the Enterprise Allowance Scheme. Firms wishing to pursue the possibility of youth training are vetted by training officers who assess the chances of a placement candidate

⁹ The Youth Training Scheme is now termed FUTURE, but still serves the same function as its predecessor.

receiving good training and support alongside a reasonable chance of gaining permanent employment with the firm at the end of the placement period. Central government funding takes care of the candidate's £35 per week training allowance. Obviously youth training placements can be both a success in terms of the benefits accruing to both the candidate and the business owner and a disaster as testified by the sampled owners who remarked on the mismatch between the aspirations of the candidate and those of the entrepreneur.

Table 7. 10 Unpaid workers and business sector.

<i>Business activity</i>	<i>Goods manufacture and wholesale</i>	<i>Food retail and CTN</i>	<i>Other retail</i>	<i>Services</i>	<i>All respondents</i>
Use unpaid workers?	(Figures are expressed as column percentages. Figures in parentheses are raw counts)				
Yes	34.3 (12)	40.3 (60)	33.8 (47)	27.3 (21)	35.0 (140)
No	65.7 (23)	59.7 (89)	66.2 (92)	72.7 (56)	65.0 (260)

Chi-Square Value DF Significance
 Pearson (male respondents) 3.93283 3 .26881

Minimum Expected Frequency = 12.250

Family workers may trade-off their exploitation in the short-term against the long term possibility of inheriting the business from their parents. This was definitely observable in the joking sarcasm of mainly South Asian offspring. Verbal reactions such as 'I'm not doing this for nothing!' in reply to question 63 on the questionnaire (see Appendix one) were frequent among South Asian family workers. In this way, a postponement in the payment of returns for labour can be viewed as one strategy through which the short term sustainability of the business is managed. This prospect of business inheritance is one of the obligations envisaged

by Ram and Holiday (1992). Polarizing the options crudely, a risky venture or a successful growing venture could be 'palmed-off' on a family member when disinterested economic logic might have initiated the public sale of the enterprise. Whilst delayed remuneration may help to explain the differences between South Asians and whites, with regard to the use of unpaid workers, it does not offer any further explanations for African-Caribbean rates of unpaid labour use.

7.7 Employment creation and loss in the sampled firms.

This section draws on *quantitative and qualitative* information collected from the surveyed firms linked to the incidence of paid employees. To reiterate a point stated in chapter six of this thesis, *the firms contacted were very small concerns both in terms of turnover and the number of employees*. On average the firms questioned employed 1.96 full-time employees. Similarly data collected by the DTI records that 2.6 million (72.3 per cent) of the 3.6 million VAT registered enterprises in 1993 were owned by one or more persons with no employees (Labour Market Trends 1995b)

Table 7. 11 presents the findings pertaining to job creation and loss for the sampled firms. Approximately three-quarters of businesses owned by African-Caribbean, Asian and white entrepreneurs have had stable employment levels based on the previous twelve months. However, both whites and African-Caribbeans are more likely than South Asians to have increased the number of workers employed in the business. Conversely, Asians and African-Caribbean firms are marginally more likely than whites to have shed employees in the last

twelve months. Nonetheless, the proportion of declining South Asian owned firms (in terms of employees) exceeds the proportion of growth firms; whereas for African-Caribbeans and whites the antithesis is the case with the proportion of growth firms exceeding those shedding employment.

Table 7. 11 Employment creation and loss and owners' ethnic origins.

<i>Ethnic origin</i>	<i>White</i>	<i>South Asian</i>	<i>African-Caribbean</i>	<i>All respondents</i>
+ or - workers	(Figures are expressed as column percentages. Figures in parentheses are raw counts)			
More workers	14.6 (21)	8.1 (13)	14.3 (6)	11.5 (40)
No change	77.1 (111)	79.5 (128)	73.8 (31)	77.8 (270)
Fewer workers	8.4 (12)	12.4 (20)	11.9 (5)	10.7 (37)

In explaining the characteristics of this employment data, table 7. 12 presents information on employment by business activity. In the year preceding the interviews, 21.4 per cent or approximately 1 in 5 manufacturing and wholesaling activities had generated new jobs compared to the other sectors. As a result of this growth, the manufacturers and wholesalers show the lowest percentage for stable employment levels but the highest proportion of growth firms. The highest figure in the 'no change' category is recorded by food and CTN outlets (80.7 per cent). As with the manufacturers and wholesalers, the food and CTN retailers and other retailers have more growth firms than declining firms. The greatest levels of job losses are experienced in service outlets (18.2 per cent).

The service firms have proportionally more declining firms (18.2 per cent) than growth firms (10.6 per cent). This worse performance of the service firms makes the performance of the African-Caribbean firms more remarkable. As stated earlier, African-Caribbean firms are over-concentrated in this service sector. Table 7. 11 has highlighted the growth potential of African-Caribbean firms (in terms of employees). Asians are over-represented among the manufacturing and wholesalers in the business sample. Table 7. 12 reveals that 21.4 per cent of manufacturers and wholesalers have more employees than the same period twelve months ago. Nonetheless this apparent expansion of employment in manufacturing and wholesaling is not sufficient to reverse, on balance, the general trend of declining employment among Asian firms (see table 7. 11)

Table 7. 12 Employment creation and loss and business activity.

<i>Business activity</i>	<i>Goods manufacture and wholesale</i>	<i>Food retail and CTN</i>	<i>Other retail</i>	<i>Services</i>	<i>All respondents</i>
+ or - workers	(Figures are expressed as column percentages. Figures in parentheses are raw counts)				
More workers	21.4 (6)	11.1 (15)	11.2 (14)	10.6 (7)	11.9 (42)
No change	67.9 (19)	80.7 (109)	79.2 (99)	71.2 (47)	77.4 (274)
Less workers	10.7 (3)	8.1 (11)	9.6 (12)	18.2 (12)	10.7 (38)

7.8 Other sustaining strategies.

Some strategies for sustaining a livelihood clearly demand a mammoth effort by the business owners concerned. A strategy which is identified in the qualitative anecdotes of the interviewed owner-managers is the ability to run a business whilst still sustaining full-time

employment in the wider labour market. A vivid example of this gritty determination is supplied by a Bexley Asian grocer. She remarked on her husband's full-time commitment as an electrician and her own full-time commitment to the family business. However her husband's working day does not consist of a nine o'clock to five o'clock existence but is further extended by the necessity in the evenings, to relieve his wife from her twelve hour stint in the family business.

Some owners are clearly dissatisfied with a target of business survival. Their wish to succeed, stave off increasing competition and seek out new profitable markets can be seen in their desire to diversify their current lines of activities. This pattern of *business adaptation* to changing markets is linked to the processes of vertical and horizontal integration. A business established from humble origins may endeavour to expand vertically to incorporate complementary wholesaling and manufacturing outlets. Horizontal expansion can be achieved through opening further branches of the same business or on a smaller scale undergo a process of in-situ diversification Werbner (1984) cites market trading as a good example of an activity with low barriers to entry but with potential for growth. The rapid proliferation of Pakistani market stall traders in Manchester since the 1950s has led to a situation of market saturation. The adaptive response by more successful and resource endowed traders is to expand their operations vertically into wholesaling. From this elevated position they then supply goods to other traders whilst also eliminating the 'middle man' and reducing costs for their own retail outlets.

Paralleling the experiences of market traders in Manchester, a number of respondents in this research discussed the modest origins of their businesses and the need to counteract increased competition by diversifying into more specialised higher order activities. Somewhat typical of these owners is a South Asian business proprietor in Gravesend who specialises in Indian confectionery and music:

‘I started by selling groceries, then began selling sweets then branched into records and tapes’ (Gravesend South Asian shop owner).

Unfortunately, diversification strategies are no guarantee of business success particularly in periods of economic recession. The Gravesend business owner, quoted above, describes his business profits as worse than satisfactory and as a further survival strategy he has been forced to shed employees over the past twelve months.

This stands in contrast to a Luton Asian saree shop owner. The business has grown to incorporate related activities such as soft furnishings, carpets and furniture. The strengths of the business appear to be the ready supply of family labour, the owner’s family business tradition in the area and the diversified product range. In the past twelve months a further three members of the extended family have been recruited to work in the business. The owner emphasises the intensity of competition in the fabric business but still describes both the business profits and his personal income as better than satisfactory.

Some caution must be applied when comparing the performance and characteristics of individual firms engaged in different economic activities, with different organizational structures and operating in dissimilar environments of opportunity. Any inferences made from such case studies definitely breach the rules of representativeness and generalisation. These accusations can be mitigated by aggregating the findings from the interviews undertaken with firms in Asian enclave areas, near enclave areas, distant from enclave areas and African-Caribbean areas.

7.9 *Ethnic solidarity and black business in contrasting spaces.*

In the USA, constant academic exchanges have been waged, in recent years, over defining and assessing the accuracy of the concept of an 'ethnic enclave economy' versus the concept of the 'ethnic economy' (see for example Portes and Bach 1985; Sanders and Nee 1987; Wilson and Martin 1982. Section 1 2 4 carries a more detailed examination of this technical debate).

It is understandably difficult to identify a consensus that accurately sums up the typical characteristics of the *ethnic enclave economy* *For this author the ethnic enclave comprises a cluster of commercial activities in which large numbers of co-ethnics purchase goods. This concentration of co-nationals in a specific area promotes in-group attachment which is exemplified through the use of co-national suppliers, the greater availability of business capital through less recognised channels and the recruitment of co-nationals to work in the businesses* The diversity provided by the network of ethnic businesses attracts co-ethnic customers from outside the enclave and also the purchasing power of the majority group in

society. This understanding complements Portes' (1981) definition of ethnic enclaves (section 1. 2. 4).

A key aim of outlining the discourses on ethnic enclave and ethnic economies is to assess how the incumbent class and ethnic resources are mobilized and utilized in the context of the Asian enclave and middleman areas. The following sections examine the contention that the interaction of social, economic and spatial properties of the Asian enclave actively promotes the fostering and transfer of these resources among the ethnic community. A direct outcome of these processes is that businesses in the enclave appear to be performing better than firms operating in other socio-spatial scenarios.

The analysis in table 7 13 is based only on the retail and service firms in the sample which are found in large numbers throughout the surveyed firms. Manufacturing and wholesaling firms have been omitted because they were not uniformly available throughout the different targeted areas. The presence of these types of firms in enclave areas and their relative absence in middle man and African-Caribbean areas distorts the overall profiles of the three spatial contexts presented in table 7. 13

7. 9. 1 Nature of South Asian enterprise in South Asian enclave residential spaces.

The first column of table 7. 13 presents twenty-four attributes of both Asian firms and owners with businesses sited in areas deemed as enclave (N = 100). The justification for treating these one hundred firms as enclave outlets stems firstly from their location in electoral wards with a relatively high proportion of persons of New Commonwealth or Pakistani origin (see section 2. 4. 4) Secondly, these businesses were part of a significant cluster of diversified commercial activities within their respective areas. The enclave sub-sample is made up of South Asian owned firms in Batley in Kirklees, Preston, Wolverhampton, Coventry, Gravesend, Luton and Southall. A glance at table 2. 1 reveals that Preston, Coventry and Luton were originally targeted as 'white areas near a South Asian area'. However, in practice a combination of researcher misjudgement and a dearth of businesses in the original electoral wards led to a businesses sample constituted of firms belonging to South Asian areas and exhibiting properties of enclave enterprises (see section 2. 6. 2). At this stage no judgement is made on the determination of these firms as operating a Cuban style enclave economy.

Table 7. 13 Contrasting black owned enterprises in different socio-spatial contexts.

Characteristics	Spatial context		
	(Figures are expressed as percentages)		
	<i>Enclave</i>	<i>Middleman</i>	<i>African-Caribbean</i>
Owner's age 35 years or over	41.0	58.3	61.0
Female	21.9	16.7	31.7
Born in East Africa	18.0	28.3	0.0
Born in India	51.0	28.3	0.0
Born in Britain	8.0	16.7	21.4
Born in Pakistan or Bangladesh	17.0	21.7	0.0
Born in Caribbean	0.0	0.0	64.3
Post 16 education	47.0	50.9	57.9
Positively motivated	57.0	55.1	65.8
Started this business	50.0	36.7	73.8
Parents had a business	40.0	37.9	37.5
Own business premises	60.0	43.9	41.5
Business to be inherited by children on retirement	60.3	54.8	23.8
Owner's working >80 hours per week	29.0	38.3	16.7
Use unpaid labour	45.0	37.9	41.5
No full-time paid staff other than owner	53.0	53.3	54.8
More workers than last year	5.0	8.3	8.3
Use two or more co-ethnic workers	90.0	73.3	80.9
Rely on a <u>co-ethnic market</u> ¹⁰	43.4	73.3	35.7
No branches	79.0	71.7	95.2
Firm established for over 6 years	55.0	58.6	39.0
Use <u>mainly</u> ¹¹ co-ethnic suppliers	30.2	21.2	16.7
Used <u>mainly</u> family loan as start-up	6.7	7.8	8.8
Used <u>mainly</u> personal savings as start-up	24.7	25.5	50.0
Used <u>mainly</u> bank loan as start-up	41.6	45.1	29.4
Had problems getting a bank loan	16.7	18.2	19.4
Profits considered worse than satisfactory	28.4	39.6	40.5
Profits considered better than satisfactory	10.5	8.3	2.7

¹⁰ For the purposes of this thesis, a 'co-ethnic market' is defined as a customer base which is more than fifty per cent co-ethnic in nature

¹¹ The term 'mainly' as used here with co-ethnic suppliers and subsequently in relation to family loans, personal savings and bank loans for start-up capital refers to the use of a particular item in excess of fifty per cent.

The owners in this subgroup show a slight tendency to be under thirty-five years old. Britain tends not to be their country of birth and hence their homeland tends to be in the Indian Subcontinent. More specifically, 51 per cent of this subgroup were born in India. A further 17 per cent were born in Pakistan or Bangladesh. In terms of petit bourgeois class resources, 47 per cent of owners have attained post-school training whilst 57 per cent have been drawn to self-employment for positive reasons. 1 in 2 enclave based firms were started as new businesses by their current owners. This seems largely consistent with the internal dynamic of the established enclave, in which a business nurturing environment is prominent and which will regularly renew itself by sanctioning the establishment of new firms run by former co-ethnic employees, sometimes in very *different activities from the established activities* of the enclave. This insulating and renewing sometimes precludes the entry of 'outsiders' into the enclave set up. These outsiders can include both small independent rivals and much larger chain stores:

'In Southall, white owned shops have disappeared so Asians are in the majority. So here Asians are at an advantage Competition, however, is quite intense. Yet big organisations like Ritz wouldn't dare to come to Southall because they'd get wiped out!' (Southall South Asian video tape hire)

In less established enclaves, where a fortress mentality underpinned by ethnic and religious ties is not yet fully in place, the threat of direct competition from outsiders persists and there is very little that cultural affinity and ethnic communality can do to halt the process. The future for some Asian firms trapped in this quandary can be uncertain.

‘... video (tape hire) business has peaked. Membership is now free. Too much competition in video trade. Big companies like Ritz are monopolizing trade at cheaper prices for film hire’ (Batley South Asian Video tape hire).

Whilst many aspects of daily life can be satisfactorily carried out in the microcosm of the enclave, the enclave neighbourhood is unable to fully insulate its constituents from wider structural processes of the economy such as recession and market competition as the following owner testifies:

‘Business changes because I rely on the mills in the area. Because the *mills are closing* down, my business is declining too’ (Batley South Asian CTN).

Despite their spatial concentration in areas of high ethnic residence, the enclave firms are not solely dependent on the local ethnic market. 43.4 per cent firms rely on a co-ethnic customer base. As noted above, the economic diversity attracts co-ethnic customers from other regional urban centres whilst also attracting significant numbers of consumers from the majority population. The comment of one owner in Southall, though not typical of the magnetic attraction of all firms, is testament to the pilgrimage of customers:

‘Customers come from Glasgow, Yorkshire, Canada, America ...’ (Southall based South Asian haberdashery)

In terms of labour attributes, 29 per cent of owners invests in excess of eighty hours a week in their business. In most cases the arduous task of running the business is subsidised by the unpaid assistance customarily provided by family and kin (45 per cent of firms). There is no major dependence on paid help, 53 per cent of enclave firms have no paid full-time employees other than the business owner. 9 in 10 enclave firms use the labour of two or more co-ethnics, whether paid or unpaid. This aspect of in-group attachment and mutual support is exemplified in the words of a South Asian haberdashery owner:

‘... Girls come in often enquiring about work but even if there was work available my uncle wouldn’t employ them. He wants to keep the business as closely tied to the family as possible’ (Luton South Asian haberdashery).

The ethnic social and economic network is further substantiated by considering the use of co-national suppliers 30.2 per cent of firms have links with co-ethnic wholesalers and suppliers. The relationship with co-ethnic suppliers facilitates the blending of ethnic ties with business links. The outcome for both the supplier and small firm owner is a flexible working agreement which protects the interests of the wholesaler whilst simultaneously recognising the fragility of the small firm

‘To keep stock to a certain level, I’m now using a 60 day credit limit with wholesaler. I’m paying off the last few months debts with this months sales...’ (Southall South Asian haberdashery)

As expected, very few of the enclave firms are prodigious employment generators. This is very much a symptom of firm size and maturity (Storey 1994; Storey and Johnson 1987). Only 1 in 20 firms have increased their labour force over the twelve month period prior to interview. The vast majority of firms have unchanged levels of employment. 55 per cent of enclave ventures have been established for a period in excess of the median age for all surveyed firms (six years). Consequently the vast majority are single outlet operations (79 per cent of firms). Their battle to become established ventures contributes to the finding that 28.4 per cent of owners consider their business returns as a *disappointing, worse than satisfactory*. Some interviewees felt compelled to subsidise the meagre returns from their small business by undertaking other jobs such as taxi driving. These extra money raising activities raised their weekly working time to nearly one hundred hours.

About 1 in 10 firm owners were extremely optimistic about their business profits (10.5 per cent of owners) In terms of financing business start-up, about 2 in 5 firms had used mainly bank loans (41.6 per cent of firms) and nearly 1 in 4 had used personal assets to fund the start-up of their ventures. But 16.7 per cent of the owners of these enclave ventures had had difficulties securing a bank loan for start-up. Only a small proportion had recourse to finance generated internally within the family or ethnic community (6.7 per cent of firms). Only 60.3 per cent of enclave business owners planned to pass on the business to their children when they retired.

7. 9. 2 Nature of South Asian enterprise in middleman spaces.

In areas of ethnic concentration such as New York's Chinatown and London's Southall, ethnic minority business owners specialise in serving the consumer tastes of their own populations. Though as demonstrated for the enclave firms above, ethnic market dependence is not exclusive. Opportunities to serve the majority population may also provide a viable economic niche. Ethnic groups who specialise in commercial activities serving the majority population can be termed middleman minorities (section 1. 2. 3). For some ethnic groups the ability to develop consumer markets outside their own ethnic group has provided the impetus for self-employment success. The aim of serving the non-ethnic market affects the spatial distribution of ethnic minority businesses. *Businesses must (re)locate to areas where their target populations reside.* For example, Chinese restaurateurs in Britain are widely dispersed throughout urban areas where they have ease of access to their target populations (Watson 1977)

Achieving the role of middleman minority is a gradual process and is generally preceded by serving a predominately ethnic clientele. This developmental path is undoubtedly to the fore for the South Asian owners trading in neighbourhoods near to enclave areas and also at distance from areas of ethnic concentration (see section 2. 4 2). Both sets of ventures are clearly oriented at this stage of their development to serving a distinctly ethnic market. The firms operating in these two types of market area (near enclave and distant from enclave) have been combined for practicalities of sample size

Table 7. 13 presents the twenty-eight attributes used for analysing the nature of enclave firms and owners for businesses identified as operating in middleman conditions (N = 60). The subgroup show a greater tendency than their enclave counterparts to be owned by entrepreneurs in the over thirty-five age group (58.3 per cent of middle man firm owners compared to 41.0 per cent of enclave business owners). Whereas 21.9 per cent of enclave firms are owned by a female proprietor, the figure for middleman enterprises is 16.7 per cent. The findings on owners' birthplaces are particularly interesting. The proportion of owners who were born in India is matched by the proportion who were born in East Africa (28.3 per cent). This pattern is very different from that observed for the enclave firm owners (section 7. 9. 1).

Prior to the mass expulsion of East African Asians from Uganda in 1972, *many of them had* performed middleman functions in the economy. Bose (1982) reports that Ugandan Asians had controlled 68 per cent of the economy of the country but had little political influence in the nation's affairs. Hence following their enforced expulsion, a significant number of these political refugees arrived in Britain with the class resources to make entrepreneurship a propitious undertaking

'Most of the Ugandan Asians were business-minded people from Lohana, Oshwa, Patel and Ismailai communities. They have a feel for business. They know when they can make a profit and when they are likely to make a loss. And if you couple that sense with hard work, you can't go wrong' (Kanti Nagda quoted in Bose 1982:457).

A symptom of this resource endowment is that 55.1 per cent of this group of owners were attracted to self-employment for positive reasons. Moreover, 37.9 per cent of owners have

parents with business owning credentials. Sectorally, the vast majority of firms are retail and service enterprises. In contrast to the enclave firms, these businesses use less unpaid assistance (37.9 per cent of firms), are marginally more likely to have an owner working overly long hours (38.3 per cent of owners working more than 80 hours per week) but equally likely to have no full time employees. Consequently, the propensity of middleman firms to use two or more co-ethnic workers (paid or unpaid) is also less than their enclave counterparts (73.3 per cent and 90.0 per cent respectively). This could be a reflection of a relative shortage of co-national labour in middleman spaces or simply, the involvement in middleman activities such as off-license/newsagent sales depends less upon cultural knowledge, customs and tradition (e.g. retail haberdashery). Alternatively, the reduced propensity to use co-national labour may stem from the need to employ members of the majority society in visible employment within the firm so as to augment the firm's acceptability in middleman neighbourhoods. Cashmore (1992) labels this process as 'racism by proxy'.

The developmental cycle to eventually achieving a middleman status is substantiated by the findings on firm age. Only 58.6 per cent of the firms are more than six years old. Moreover they show an over-arching dependence on the ethnic consumer market which somewhat contradicts an important descriptor of middleman minorities. Hence whereas 43.4 per cent of the enclave firms cater for co-ethnics the figure rises sharply to 73.7 per cent for those firms operating in middleman markets. This surprising, but key finding with regard to reliance on co-national markets requires explanation. It can be argued, that the decision to simply locate in middleman spaces does not automatically confer a status of middleman provider upon an enterprise. The orientation of the business to the general population is not immediate but

comes eventually after a period of business consolidation and continued support from co-ethnic patrons. The contrasts between enclave firms and middleman firms are nearer to expectations when examining the use of co-ethnic suppliers. Whereas 30.2 per cent of Asian enclave firms use co-national wholesalers, the corresponding figure for middleman firms is 20.2 per cent.

Middleman firms and enclave firms show similar divergence in the relative use of bank loans and personal savings as the main sources of start-up. 25.5 per cent of middleman owners used mainly personal savings to start their business whilst 45.1 per cent used mainly bank loans. A marginally higher proportion of middleman enterprise owners experienced problems securing bank loans (18.2 per cent) compared to enclave operators. 39.6 per cent of middleman owners are dissatisfied with their business returns whilst 8.3 per cent of owners express better than satisfied views. When asked about retirement plans, 54.8 per cent of owners intend to pass on the business to children or other members of their family. The findings on retirement for enclave and middleman owners came as little surprise given the increasing tendency of both owners to push their children towards professions and the choice of the next generation of business owners to forsake small business ownership (Financial Times 1996, MacErlean 1996)

7.9.3 Nature of African-Caribbean business in African-Caribbean residential spaces.

African-Caribbean under-representation in business ownership has been explained both in terms of cultural factors and factors pertaining to the environment of opportunity in the host society. The explanations forwarded include the historical legacy of colonialism, which arguably serves to retard commercial exploitation and limit the availability of both class and ethnic resources (see section 1.2.2); lowered expectations in life engendered by racism; the tendency for business-minded African-Caribbean families to migrate to the United States and Canada where the environment of opportunity is arguably more receptive (Foner 1979, 1987); and the fewer specialist consumer demands among the African-Caribbean community which hinders the establishment of a niche market (Soni 1987). These arguments have been discussed at length in section 1.8.3.

The concern here is to illuminate more closely the nature of the sampled businesses and their owners and provide assessments of their performance. Acknowledging the pitfalls of inter-ethnic comparisons, table 7.13 also presents data for the twenty-eight characteristics used to examine Asian owned firms. These inferences are based on a sample of forty-two African-Caribbean firms deemed to be operating in African-Caribbean neighbourhoods.

Approximately 3 in 5 African-Caribbean entrepreneurs were over the age launch window of thirty-five years old (Curran and Burrows 1986a). This proportion is comparable for Asian entrepreneurs in both middleman and enclave neighbourhoods. A major contrast is identified in the participation of women in self-employment. The sample detected that nearly 1 in 3

African-Caribbean entrepreneurs were women. The true statistic for self-employment among Asian women is masked by the large proportion of family businesses in which the husband adopts the lead role but the true nature of the firm comprises of a legitimate partnership between husband and wife. Historically the Caribbean has always been a matriarchal society and hence it is little surprise to see nearly 1 in 3 ventures headed by a woman (see chapter six for a more detailed discussion of the interconnectedness of ethnicity, gender and employment).

64.3 per cent of owners were born in the Caribbean whilst 21.4 per cent were born in Britain. This finding points to the slow emergence of a younger generation of *black Caribbean* entrepreneurial class. Nearly 3 in 5 owners (57.9 per cent) have undertaken post-school training and are considerably more likely than their *Asian counterparts in middleman and enclave areas* to have entered small business ownership for positive reasons (65.8 per cent of owners)

Young people tend to adapt their role models from their parents' generation but if these examples are absent then it is more difficult for the younger people to develop a business model. This has a clear impact on those entering the labour market. Contrary to arguments alleging a lack of business owning traditions and suitable role models among the African-Caribbeans community, a key finding is that nearly 2 in 5 African-Caribbean entrepreneurs have parents with business owning experience. This is very comparable with the Asian entrepreneurs in middleman and enclave spaces presented in table 7 13.

A glance back at section 3. 14, confirms that the most popular activities among the African-Caribbeans contacted are food retail and CTN and services. The popularity of service provision is consistent with the arguments that suggest specialist services such as hairdressing and beauty products provide a potentially viable niche for African-Caribbean entrepreneurs (Creed and Ward 1987; Reeves and Ward 1984). Moreover, African-Caribbeans are much more likely to have started their business from new rather than purchasing a business as a going concern.

In terms of investments of human capital, African-Caribbeans owners seem to work fewer hours than their Asian counterparts. About 1 in 6 owners (16.7 per cent) work in excess of eighty hours per week. The difference in owners hours is more accurately explained by reference to business sectors. Undoubtedly the Asian concentration in typically labour intensive activities such as food retail and CTN demands that owners who wish to remain competitive and viable must keep their businesses open as long as possible.

In contrast African-Caribbean entrepreneurs engaged in service activities such as hairdressing are less compelled to stay open all hours due to the *nature of their business* (Jones *et al* 1993). For some African-Caribbean owners the desire to remain open for business is tempered by the simple economic logic, though African-Caribbean use of unpaid assistance and co-ethnic labour is generally on par with their Asian counterparts it appears that the capacity of African-Caribbean owners to rely on this type of assistance is more haphazard than for Asian entrepreneurs:

‘I don’t open all hours, to save on the wages’ (Liverpool African-Caribbean leather fashions).

54.8 per cent of African-Caribbean firms have no full-time paid employees other than the owner. The difference in ethnic support networks between South Asians and African-Caribbeans, the size of African-Caribbean businesses and the Cashmore (1992) explanation (highlighted in section 1. 6. 4) may help to explain the virtual absence of co-ethnic labour in African-Caribbean owned small enterprises.

Just over 1 in 3 firms rely on a co-ethnic market. This ratio is lower than Asian owned firms in enclave areas. Sectoral diversification contributes to the development of an enclave economy which serves the needs of co-ethnic consumers satisfactorily, but also provides a middleman function to the majority society. Despite the niche opportunities afforded by specialist hairdressing and beauty services for example, the relative dearth of culturally specific necessities sought by the African-Caribbean community is such that entrepreneurs must eventually adapt their market orientation to serve the general society. The processes of market adaptation and adoption of a middleman role may follow an initial period in which the African-Caribbean firm targets the co-ethnic market

‘African-Caribbean business has to locate in a black area if it’s to survive. It must find itself a niche initially amongst its own people before it reaches the white market... African-Caribbean business aiming initially at the white market will fail... here, we have a good location, we target the African-Caribbean market which are steps down the right road’ (Lewisham African-Caribbean hair and beauty specialist).

The initial reliance on a co-ethnic market is viewed as an integral part of the business development process in which the business is introduced to co-ethnic custom. Simultaneously the owner senses and explores the possibilities for adapting her/his services to attract a multi-ethnic clientele.

Just over 1 in 4 African-Caribbean ventures is older than six years old. The youthfulness of the African-Caribbean business sample goes a long way towards explaining the fact that very few firms have any branches. Focusing on business start-up finance reveals that African-Caribbeans mainly use personal savings for start-up (1 in 2 firms) compared to smaller proportions of Asian owned firms (see section 5. 3). The remainder mainly use bank finance as the main source of start-up. The proportion of owners encountering difficulties securing a bank loan is marginally higher than Asian entrepreneurs in middleman neighbourhoods and notably higher than Asians in enclave spaces. On a pessimistic note, just over 2 in 5 African-Caribbean owners express dissatisfaction with their business returns whilst a negligible proportion stated that their business profits exceeded the satisfactory rating. These bold measures of business success/failure must be placed in the context of the business' age, sectoral activity and the nature of its founding. Hence the comments of some African-Caribbean business owner represents a wise edict for all recently founded small firms:

'My projected turnover is 30 to 35,000 pounds, whether we are going to achieve that I doubt... I haven't actually sort of thought about it but I have in mind 20 to 25,000 pounds. We are doing better on the clothing than on the arts and crafts... I half expected that within the first two years, it would be difficult because it is a difficult

trade to go into. I'm wanting to wait and be patient and what ever time period I have set myself, I'll wait for that time period to elapse and then assess everything which has gone on and then I know which way to look' (Liverpool African-Caribbean black artefacts retailer).

It is worth remembering, that these figures represent gross turnover. Despite the owners efforts to minimise costs (for example reducing over-time payments), subtracting business overheads makes these figures very low indeed.

7. 10 Summary.

This chapter has highlighted the performance of the surveyed firms. Assessments of achievement and performance have been abstracted from a variety of sources including the data on employment creation and loss, perceptions of business profits and personal income and statements of expansion plans. This research supports the view that estimations of business rewards needs to encompass an understanding which moves beyond financial concerns and embraces a more holistic interpretation of business ownership which recognises the prestige and social standing arising from entrepreneurship for South Asian groups.

A major finding of this research is the performance of African-Caribbeans who are over-concentrated in the service sector. On balance, their potential for growth is all the more remarkable given that the service sector generally has more declining firms than growth ones (see section 7. 7).

Table 7. 13 draws together the individual findings on ethnic minority small firm performance. The relative merits of both middleman and enclave neighbourhoods for their associated small enterprises can not be ignored. These environments provide opportunities which could make small business ownership a propitious undertaking. They also harbour pitfalls which need to be skilfully avoided.

Given the youthfulness of the middleman, enclave and African-Caribbean firms, their performance, hopefully, can only improve as they become further developed and established within their operating environments. The potential for a sizeable proportion of these firms to become big money earners or employment generators is very unlikely (Rainnie 1989). On the contrary, many proprietors would in the short term settle for survival and a small return on their human and financial capital

Section 7. 9 2 highlights a surprise finding on the support of co-national customers among middleman firms. Another explanation of this finding lies in the nature of the middleman sample. The middleman sample, undoubtedly, contains firms which have one or more attributes of enclave-type enterprises, such as a greater use of co-ethnic suppliers, higher propensity to use co-ethnic labour and greater likelihood of the business having been purchased from a co-ethnic. Nonetheless these 'middleman-enclave' firms were found in areas which were characterised as middleman

It is plausible that these 'middleman-enclave' type firms are boosting the figure for middleman firm reliance on a co-ethnic market. Perhaps, what is required is a more sophisticated method of classifying the sampled firms along the middleman-enclave typology; though this process will undoubtedly lead to the fragmentation of the sample into a larger number of subgroups and many arbitrary decisions on the precise positioning of the unique firms in the business sample. Given the potential disadvantages of other methods and the acknowledged disadvantages of the methods pursued, I am reasonably satisfied with the classification method I have opted to use. In any case, the presented findings are suggestive of the nature of firms in different operating environments rather than prescriptive.

CHAPTER 8: CONCLUSIONS.

The increasing importance of self-employment among ethnic minorities has been one of the marked features of labour market change internationally over the past twenty years. This thesis has shown that the nature of self-employment varies spatially and between ethnic groups, though a key finding of this research is that the emergent ethnic differences are not as decisive as some previous research has portrayed. In fact, many of the problems confronting small firms are not ethnically defined but are dilemmas for small enterprise *per se*. The thesis bears testimony to the burgeoning literature on ethnic minority enterprise and the diversity of its contributors and their subject matter. Research has revealed and will continue to reveal that a considerable proportion of these activities are marginal ventures and are often battling against considerable odds. These disadvantages cut across the whole spectrum of the small business milieu. But the added disadvantage of 'race' is a considerable further obstacle.

Survival (small rewards to human capital invested) is managed through a range of organised strategies, ranging from accessing low cost finance within the co-ethnic community, for business start-up and current financing, to patriarchal gender relations in the firm operationalised through the competitive advantage achieved through self and family exploitation. The thesis draws upon mainstream theories of gender divisions in the workplace and domestic spheres because the underlying processes of patriarchy and exploitation are not the preserve of the ethnic minority firm environment (Hanson and Pratt 1995). Moreover esoteric theorization such as the quibbles over the exact nature of 'ethnic (enclave) economies' represents a needless distraction from sophisticated theorizing of black enterprise and

employment within the context of mainstream social science approaches to understanding the nature of global-local economic processes and how these impact on social relations and the geography of uneven socio-political development (Hodge and Feagin 1995; Jones 1989; Keith and Cross 1993; Sassen 1991; Zukin 1988, 1995).

The thesis has highlighted salient issues such as the interaction of so-called ethnic and class resources. The interrelationship of education and skill levels, labour market experiences, the search for premises and the use of kinship networks have been exhaustively examined for the participating owners and these factors have been synthesised within the context of the existing literature.

One of the main general findings in this study which receives considerable attention is the class resource of education and training. The research highlights considerable inter-ethnic differences with regard to vocational training. African-Caribbean proprietors exhibit greater levels of vocational training and the desire to take-up further formal training in the interest of their business. The younger age of African-Caribbean entrepreneurs may also have implications for the long term development of the business; whilst the greater tendency of African-Caribbeans to rent/lease business premises may have detrimental effects on their ability to raise investment capital through formal channels (see chapters five and six and seven). However the findings bear testimony to the considerable potential and desire for success among African-Caribbean enterprise owners.

This author expresses some surprise that the expected stronger kinship networks among South Asians were not fully realised in the data collected. These (in)formal networks were expected to be manifest in, for example, the mobilisation of family based financial resources for business start-up. Perhaps there has been a tendency in past research to exaggerate the degree of commonality and shared expectation among South Asian ethnic groups.

There appears to be a trend in both geographic and sociological gender studies towards more considered analysis of how gender is mediated and impacts upon other axes of difference such as culture and ethnicity. This research reinforces the belief that the outcomes of the intersections of gender and ethnicity are unpredictable and vary for different groups of women in different socio-economic contexts. Hence African-Caribbean women's experiences of business ownership and South Asian women's experiences of business proprietorship show both similarities but also unique contrasts. Ultimately the experiences of each group exhibit some legacy of their historical role in the labour process both in Britain and the countries of origin

A major focus of this thesis has been the issue of finance. Finance remains a key stumbling block for all small firms. Chapters five and six highlight the financing options and constraints of White, African-Caribbean and South Asian small businesses in Britain. It is demonstrated that personal savings and bank loans are the main two funding sources for business start-ups with bank loans growing in their importance when firms need to access current finance.

Manufacturing, wholesaling and service concerns mainly used personal savings in their embryonic stages of development with least recourse to bank finances. For CTN outlets, bank finance is the main funding strategy followed by personal savings. Other retailing businesses, food retail and eating parlours drew most significantly on a combination of personal and bank sources of funding. The majority of the wholesaling and manufacturing businesses did not even apply for a bank loan for start-up; hence one can momentarily play down notions of a credit squeeze by financial institutions on potentially more risky and finance absorbing ventures. However, the research did reveal that by proportion goods manufacturing enterprises, service oriented firms and CTN outlets encountered a significantly higher incidence of problems obtaining bank loans.

The overriding consideration of the business owners surveyed appears to be the common-sense option. They clearly appreciate the critical importance of finance in business development yet are astute in their recognition of the pitfalls awaiting them if their fragile venture fails to succeed. The positive decision in the majority of cases is to gain access to finance through informal channels such as personal savings and kinship networks if possible. In this way the pressures of starting a business with the insurmountable pressures of a large bank loan and fixed interest repayments can be avoided.

Banks have much control over assessing the viability of a business venture and inevitably the backing of that venture with a bank loan. The case studies of food retailing and CTN outlets above seem to reveal bank willingness to fund sometimes marginal ventures (see profile of White Bexley confectioners) in an already overcrowded and saturated sector, and thwart in some cases potential

ventures which are attempting to break the stereotypical mould of much small business but, unfortunately do not complement the fixed models prescribed by banks to the funding of new ventures. For some black owners the disappointment of being balked in their efforts to gain bank finance is vented in their calls for the institution of a 'black bank for black people'.

It was initially perceived that loans from family and friends for South Asian business people would contribute significantly to their start-up capital owing to their perceived strong patronage and mutual support networks, but these notions were largely disproved. Paralleling Marger (1989) in his study of East Indian business owners in Toronto, the South Asians interviewed as part of the current research appear to exhibit, with respect to their start-up finance arrangements, what Light (1984) refers to as an individualist rather than a collectivist business motif (see chapter one). Self motivation and financial independence are borne out in the reliance on personal savings and bank finance with little recourse to community and family resources.

However one must not marginalize the role of ethnic resources. Though small, a significantly greater proportion of South Asians were able to utilise family and friends money in the business establishment. The interaction between ethnic resources and the entrepreneurial drive for self employment furnishes some ethnic entrepreneurs with the ability to utilize the language and cultural barriers faced by the majority society in gaining privileged access to markets, sources of co-ethnic labour and finance through arrangements with wholesalers.

Fundamentally access to finance remains a key element in small business development for all potential business owners regardless of ethnicity. In agreement with Deakins (1996), these fundamental difficulties will not be resolved by the extended promotion of the SFLGS which is viewed by many banks as a marginal initiative.

Though only a small proportion of business owners had to negotiate around problems getting loans from the banks, this group was disproportionately made up of the two black groups in the sample. Evidence based on the age, parents' business experience, qualifications of the business owners and motivations as partial reasons for this group's problems at the banks was extremely patchy and unconvincing. The main overriding factor for the problems faced by the black business owners in question could be reduced to a matter of passive or blatant race prejudice by banks backed up by notions of stereotypical avenues of black business.

In the light of the 'Into the Mainstream Conference Initiative', particularly, the high street banks have campaigned and progressed through various schemes to make black small businesses more bankable and promote a face to formal finance institutions which is less intimidating for finance seekers. Inevitably, further research to monitor the adoption and impact of these initiatives designed to ultimately benefit and encourage black business development needs to be conducted but is beyond the scope of this thesis. Efforts to bridge this supply-side gap in the literature have been usefully advanced by Ram (1996) in his research on African-Caribbean small firms and the role of quasi-government business support bodies. Ram (1996) critically evaluates the role of the Training Enterprise Councils (TECs) and Enterprise Agencies (EA) as information providers to African-

Caribbean owners. Moreover he communicates the minefield of bureaucracy and information repetition through anecdotal evidence. Nonetheless there is still the need for more research which captures the views of the commercial banks towards black enterprise.

The combined evidence of the study's in-depth investigation into Asian and African-Caribbean small firm performance and nature seems to indicate that the surveyed firms are managing to achieve survival in difficult operating environments for small firms generally. This survival is managed through an array of calculated and possibly uncalculated strategies. These measures include the decision to employ unpaid assistance as a cost-cutting ploy, expanding the firm's range of available service to include more everyday essential items, extending the business opening hours, and supporting the business with the proceeds from paid employment in the wider labour market.

The preoccupation of some North American scholars with the concept of ethnic (enclave) economies are put aside. The enclave economy, as defined for the purpose of this thesis, provides such benefits as a large consumer population both locally and nationally; a myriad of activities located in a particular neighbourhood; and developed support networks for helping and nurturing the branching out of co-ethnics on their own.

The ensuing intense rivalry among businesses means that to remain competitive owners must suppress prices and costs and exploit the labour of both family and owner more intensively for what at the end of a working day and night are extremely meagre returns. In this way advantages are offset by competitive disadvantage. Nearly 1 in 3 firms located in enclave and middleman areas are dissatisfied with business profits. For middleman Asians, this appears to be a symptom of their reliance on a relatively small ethnic market and their inability at this particular stage of the business life-cycle to fully penetrate the majority society. For enclave firms, the concentration in a relatively small number of saturated lines of economic activity, namely food retail, CTN and haberdashery is a major dilemma.

Efforts to establish ventures in 'non-traditional' neighbourhoods for racialised minorities and break the stereotypical mould for ethnic minority firms are sometimes met with suspicion and covert racism, born out of ignorance. These feelings are echoed in the remarks of the following white owner in an area deemed to be distant from the enclave localities:

'In food serving it's Whites (who have the advantage in business over Asians and African-Caribbeans) because there's still a lot of prejudice... the question lingers if the Asian's or the West Indian's hands are clean when serving you' (White Bexley fish caterer)

Though this may represent an extreme reaction on the part of one white business owner, there are other anecdotal comments which express the view that, given the choice of a South Asian owned business and a white owned business both retailing the same goods, some white customers would actively decide to shop in the white owned venture.

As mentioned earlier, African-Caribbean participants in the research are characteristically younger than their Asian counterparts and have a distinct services bias. Putting aside the difficulties of inter-ethnic comparisons, the African-Caribbean firms seem to be broadly similar in characteristics to South Asian businesses both in terms of small firm performance and business strategies. However, the proportion of African-Caribbean entrepreneurs expressing their dissatisfaction with business returns is extremely alarming. The general findings, however, stand contrary to some previous studies which have tended to highlight the longer history of development of Asian entrepreneurship but have focused on the relative under-performance and marginal state of African-Caribbean ventures compared to Asian firms (see Brooks 1983; Kazuka 1980 and chapter one).

The location of ethnic minority enterprises in predominantly central city neighbourhoods engenders their co-existence with the social and physical fragmentation of these urban areas. Further obstacles are set down by the inherent racism in societal institutions. This institutionalised discrimination must be tackled, if possible, before the implementation of further superficial business support schemes as witnessed since the early 1980s. The relative absence of unruly protest among urban communities on both sides of the Atlantic in recent years has allowed central governments to relegate the plight of inner city communities to a less prominent position on the political agenda.

This change in political priorities is despite the perpetuation of social, economic and political disadvantages among inner-city communities. For black people, this status-quo is intensified by racism. These reflections on the disillusionment of inner-city communities and the disinterested response of central government to the self-help strategies of self-employment are accurately captured by Keith (1995):

‘... with the apparent absence of uprisings within the black community in the 1990s, the central government will to address explicitly issues of racial deprivation in the inner cities, never particularly strong at the best of times, is not what it was ten or even five years ago. Partly in consequence, in the market-place of institutional fashions the notion of “ethnic enterprise” is in government circles now about as avant-garde as yesterday’s breakfast’(Keith 1995: 361).

Hence acquiescence by racialised minorities does not attract government assistance. The lack of a government support strategy and investment programme for the unquestioned potential of black entrepreneurs is coupled with the severe disadvantage conferred by societal institutions mediated by racism. The aggregate effect of these conditions signifies that the life of the small firm under black ownership is at the very least, difficult.

Section 1. 2. 1 comments on how the majority of earlier studies of ethnic minority business have revolved around small case studies of particular groups in spatially bound locations. More recently, efforts to produce a wholly comparative study with an international comparative dimension has tended, in outcome, to resemble a collection of randomly collated papers lacking the quintessential interwoven interjections which synthesises the common

threads of analysis and discourse within the sub-discipline. This thesis is a conscientious attempt to synthesise both past and current studies of ethnic enterprise within established and emerging theoretical approaches. The concepts applied surpass the commonly instigated approaches such as middleman minority theory (Bonacich 1973), the resource (dis)advantage thesis (Light and Bonacich 1988) and ethnic (enclave) economy discourse (see Portes 1981 for example). These commonly applied discourses have become popular because they satisfy an array of cultural, economic and social explanations. Nonetheless there are other mainstream discourses which have equal powers of explanation.

This thesis differs from earlier studies in that it systematically locates the position of ethnic enterprise within wider discourses of urban theory (see section 1.1 on the socio-political context of black enterprise and section 7.4 on intangible rewards from small business formation, for examples), whilst simultaneously recognising the unique explanatory value of interdisciplinary approaches (sociology, business studies, human geography, social anthropology, economics, politics etc;) to ethnic enterprise (see Rath and Kloosterman 1997 forthcoming, for example)

Kloosterman *et al* (1997) and Rath (1997), for example, have sought to apply this interdisciplinary framework to study of ethnic minority business in the Netherlands. Using the concept of the informal economy they explore the relationship between informal economic activity and recent migrants to the Netherlands. The authors argue that recent global restructuring demands a growing number of immigrants to exploit the niches emerging in

manufacturing and service activities. Meanwhile, the supply of immigrant entrepreneurs is swollen by chronic unemployment among new arrivals. Immigrant entrepreneurs utilise networks of co-ethnics to gain privileged access to labour, capital and information. This use of social capital equates to a competitive advantage over their rivals. The work of Kloosterman *et al* (1997) and Rath (1997) usefully advances the discussion of immigrant entrepreneurship towards a more mainstream plane of inquiry centered on the dynamics of modern urban economies. Informal activities are clearly not confined to immigrant groups nor are they an easy option for researchers. Nonetheless, the fusion of the resource *(dis)advantage thesis* with Portes and Sassen-Koob's (1987) work on the informal sector (advanced by scholars such as Rath and Kloosterman) represents a fascinating conceptual blend. A full acknowledgement of the dynamics of the informal sector, however defined, would substantially aid investigations of 'hidden' businesses

This thesis builds and elaborates upon the existing body of literature in the field of ethnic minority studies. Its breadth of geographical investigation, the sheer volume of data collected and the transparency of the research methodologies are a timely addition to the bank of research and is arguably the first detailed and systematic study of its kind since Aldrich *et al*'s (1981) three cities study

This thesis has laid the foundations for a series of related research activities in the field of ethnic minority business. Firstly, chapter four outlined the business experiences of a small number of African-Caribbean women owners. Despite this group's under-representation

among the petty bourgeoisie they illustrate inordinately high levels of economic activity compared to women in other ethnic groups (see table 4. 1 b). The thesis was only able to ‘scratch the surface’ of the nature of their businesses. Further qualitative research in this area is needed to unearth the intricacies of labour market disadvantage, the dynamics of the relative autonomy of African-Caribbean male and female roles relative to other groups, the nature of African-Caribbean female business, support structures and interplay of business resources. In short, research on African-Caribbean business, in general, is in its embryonic stages and any additions to the body of literature in the field are welcome expositions.

On a methodological note, the 1980s was dominated by business research which adopted a largely quantitative mode of inquiry based on questionnaire design and analysis. To some extent, this was a direct result of the sponsors’ demands for research which generated numbers and facts rather than stories and anecdotes. The research for this thesis adopted this quantitative stance for the reasons noted in chapter two. However the questionnaire based study of four hundred and ten respondents was supplemented by a smaller qualitative study of business proprietors with the aim of gathering deeper information on a small number of enterprises. Given the plethora of studies in the research bank, the background information on quantitative trends and patterns are now in place. Arguably, what is increasingly needed to supplement this information is data of a richer nature which gives a fuller account of the processes, patterns and particularities of individual businesses. There is a direct trade-off between the increased cost of resourcing this type of research and the depth and quantity of data collected (see Ram 1993, Song 1995 and Parker and Song 1995 for examples).

Notwithstanding central government's affection for the condition of black controlled small firms, the prominent role of ethnic minorities in small business enterprise and the diversity of the sector makes the study of those activities, their owners and the complex interplay with wider social and economic structures a fascinating research area in practical, theoretical and policy related terms.

APPENDIX ONE: THE 1990 BUSINESS SURVEY.

U B R N _____

SIC Code _____

SIC Descriptor _____

Name Of Business _____

Address (of this business site) _____

Name of Proprietor (if known) _____

Date of interview _____

Reasons for refusal _____

Reasons for termination of interview _____

Question number at which interview terminated _____

Introduction of interviewer and explanation of the nature of the research project
Interviewer: if respondent volunteers information not asked for, write it in the margins.

DK = Don't know

NA = Not applicable

NR = No response

SECTION I

The respondent's position within the business

COL. NO

- | | | | |
|----|------------------------------|---|----|
| 1. | In this business, are you he | | |
| | - Owner | 1 | |
| | - Director | 2 | |
| | - Manager | 3 | |
| | - Other (specify) | 4 | 21 |

From this point on any reference to "you" means "the owner"

For example: If questions asks "Where were you born?" and respondent is not the owner we actually ask "Where was the owner born?"

- | | | | |
|----|---|---|----|
| 2. | Including yourself, how many owners (or directors) are there? | | |
| | 1 | 1 | |
| | 2 | 2 | |
| | 3 | 3 | |
| | 4 | 4 | |
| | 5 | 5 | |
| | 6 | 6 | |
| | Over 6 | 7 | 22 |

SECTION II

COL. NO.

Biography of owner

3. Age	Under 25	1	
	25 - 34.	2	
	35 - 44	3	
	45 - 54	4	
	55 +	5	
	NR	9	23
4. Sex	Male	1	
	Female	2	
	NR	9	24

5. Where were you born?

Britain	01	
Bangladesh	02	
India	03	
Pakistan	04	
West Indies	05	
Other Europe	06	
Other	07	
DK	97	
NR	99	25-26

(Specify Other)

6. What is your family's country (place) of origin?

Britain	01
Bangladesh	02
India	03
Pakistan	04
West Indies	05
Other Europe	06
Other	07
DK	97
NR	99

27-28

(Specify Other)

7. Did either, or both of your parents run a business?

- Yes	1
- No Go to Q. 9	2
- DK	7
- NR	9

31

8. What sort of business was it?

- SIC code	0000000
- DK	9999997
- NA	9999998
- NR	9999999

32-38

9. Probe for father's occupation, if not a business owner

		COL. NO.
-SOC Code	0000000	
- DK	9999997	
- NA	9999998	
- NR	9999999	39-44

10. At what age did you leave school?

00	45- 46
----	--------

11. Have you completed any education or training courses since leaving school

- Yes	1	
- No	2	
- DK	7	
- NR	9	47

12. Either from school or since you left school what qualifications have you gained (Record highest level qualification)?

		COL. NO.
- DK	97	
- NA	98	
- NR	99	48-49

SECTION III

Business History

13. Did you/the present owner

Start this business 1

Buy it from a previous owner 2

Other 0

(Specify _____)

DK 7

NR 9

51

14. What made you decide to start (or buy) this business?

Main Reason 1: _____

00

DK 79

NR 99

52-53

15. Just before you started, or bought this business, were you:

a student 1

(Go to Q 16) employed 2

(Go to Q 17) self-employed 3

(Go to Q 18) not employed 4

unemployed 5

other 6

(Details of other) _____

NR 9

54

(Probe for details of)

- | | | | |
|-----|-----------------------|----------|----------|
| 16. | Employment _____ | 000000 | 55-60 |
| | | SOC Code | |
| 17. | Self-employment _____ | 000000 | 61-66 |
| | | SOC Code | |
| 18. | Non-employment _____ | 000000 | 67-72 |
| | | | COL. NO. |

SECTION IV

The Business: Business Activities, Premises and Location

- 19 In which year did this business start trading under your ownership?
- | | | |
|-------|----|-------|
| _____ | 00 | |
| DK | 97 | |
| NR | 99 | 74-75 |

20. Could you please describe to me the current activities of this business?
- _____

NR	9999999	LINE 2
SIC Code	0000000	01-07

21. Have there been any important changes in the nature of this business since it was started (or bought) by you?

Yes	1
No	2
DK	7
NR	9

08

(Probe for details) _____

22. What is the legal form of this business? Is it:

Individually owned 01

A limited company 02

SHOW CARD 1 (individual ownership)

A limited company 03

(subsidiary)

A family partnership 04

A non-family partnership 05

A co-operative 06

A branch 07

A franchise 08

Other

(Specify) _____

DK 97

NR 99

09-10

23. How many branches has this business, including this site?

One 01

Two 02

Three 03

More than three

(Specify _____) 00

OK 97

NA 98

NR 99

11-12

24. Are the other branches of your business in this town/city/borough?

(Specify) _____ 01

Outside (this town/city/borough)?

(Specify) _____ 02

DK 97

NA 98

NR 99

13-14

25. Where are the headquarters of this firm?

Locality _____ 0000

DK 9997

NA 9998

NR 9999

15-18

26. Before this business started trading from here, was the site:

occupied by another business	1	
vacant (previous occupancy)	2	
Go to Q. 30 vacant (new building)	3	
a house	4	
other	0	
Specify		
DK	7	
NR	9	19

27 Do you know whether the previous business on this site was:

the same type of business		
as this one (Go to Q. 29)	1	
different from this one	2	
DK	7	
NA	8	
NR	9	20

28. SIC Code or previous business

Details _____

	0000000	
DK	9999997	
NA	9999998	
NR	9999999	21-27

29. Was the previous business on this site?

Afro-Caribbean owned	1	
Asian-owned	2	
White-owned	3	
Other		
(Specify _____)	4	
DK	7	
NA	8	
NR	9	28

30. Is this building:

rented	1	
leased	2	
owned by you/the proprietor	3	
other		
(Specify _____)	4	
DK	7	
NR	9	29

31 How did you find this property? Was it through:

a relative	1	
a friend	2	
estate agent	3	
newspaper	4	
the Council	5	
other		
(Specify _____)	6	
DK	7	
NR	9	30

32. Have you found that there are any problems in working from this building?
 (Probe for problems):

Problem 1 _____	00	32-33

Problem 2 _____	00	34-35

Problem 3 _____	00	36-37

Problem 4 _____	00	38-39

	DK	97
	NA	98
	NR	99

33. Have you any plans to move from here to
 different premises in the next two years?

Yes	1	
No	2	
Not sure	3	
DK	7	
NR	9	40

If yes probe for nature of plans
 (reason for moving, intended destination etc.)

SECTION V

The Business - Employment

34. How many hours per week do you, the owner, work in this business?

DK	97	
NR	99	42

35. How many full-time paid workers are employed in this business at present.
(Note - include owner if applicable- full-time = 30 hours per week or more)

1	01	
2	02	
3	03	
4	04	
5	05	
6-10	06	
more than 10	00	
(Specify _____		
DK	97	
NA	98	
NR	99	43-44

36. How many part-time paid workers are employed in this business at present.

(Note - Include owner if applicable - part-time = less than 30 hours per week)

1 01

2 02

3 03

4 04

5 05

6-10 06

more than 10 00

(Specify _____)

DK 97

NA 98

NR 99

45- 46

37 Do you have any unpaid assistance in your business?

Yes 1

No Go to Q. 44 2

DK 7

NR 9

47

(if no employees/assistance go to Q. 43)

38.	Is this unpaid assistance given by		
	family members	1	
	friends	2	
	other	3	
	(Specify _____		
	DK	7	
	NA	8	
	NR	9	48

9.	How many of your workers are:		
	a) Afro-Caribbean	00	
	b) South Asian	00	
	c) White	00	
	d) Other (Specify) _____		
		00	
	DK	97	
	NR	99	49-50

40	How do you usually recruit your employees?		
	Family friends and contacts	1	
	Newspaper adverts	2	
	Job Centre	3	
	Careers Office	4	
	Government/local scheme(s)		
	(eg. ETS)	5	
	Other	6	
	OK	7	
	NA	8	
	NR	9	51

(Interviewer: if the respondent finds this question difficult, probe about the recruitment of most recent employee).

41. In comparison with this time last year, do you employ

the same number of workers	96	
more workers	00	
(probe for number)		
fewer workers	00	
(probe for number)		
DK	97	
NA	98	
NR	99	52

42. Have you ever employed trainees on a government scheme (such as YTS or ETS) or on scheme run by the Local Council?

Yes	1	
No	2	
DK	7	
NR	9	57

(Probe for details _____)

SECTION VI

The Business - Customers and suppliers

43. Do you sell mainly to:

(Probe for % in each group)

	0%	<25%	25-50%	51-75%	+75%	100%	DK	NR	COL. NO.
the public	1	2	3	4	5	6	7	9	58
retailers	1	2	3	4	5	6	7	9	59
wholesalers	1	2	3	4	5	6	7	9	60
manufacturers	1	2	3	4	5	6	7	9	61
Other (specify)	1	2	3	4	5	6	7	9	62

44. Generally would you say that most of your customers are Afro-Caribbean, Asian or White?

(Probe for approximate % of customers belonging to each ethnic group)

	0%	<25%	25-50%	51-75%	+75%	100%	DK	NR	COL. NO.
Afro-Caribbeans	1	2	3	4	5	6	7	9	63
Asians	1	2	3	4	5	6	7	9	64
White	1	2	3	4	5	6	7	9	65
Other (specify)	1	2	3	4	5	6	7	9	66

45. What proportion of your customers live (are located) within a mile of here?

(Interviewer: you can say that "a mile" refers to area within a 20 minute walk or a 5 minute drive. Turn answer into a percentage).

_____ %

67- 69

46. On average, for how many hours a week is the business open? (at this site).
(Interviewer: paraphrase if "open" is not right word).

number of hours 00

DK 97

NR 99

70

47. Where are your largest suppliers located?

1 _____ 000 71-73

2 _____ 000 74-76

3 _____ 000 77-79

4 _____ 000 01-03

DK _____ 997

NR _____ 999

(Interviewer Probe for name of city/town)

48. Are your largest suppliers mainly Afro-Caribbean, Asian or White?

(Probe:

	0%	<25%	25-50%	51-75%	+75%	100%	DK	NR	COL. NO.
Afro-Caribbeans	1	2	3	4	5	6	7	9	04
Asians	1	2	3	4	5	6	7	9	05
White	1	2	3	4	5	6	7	9	06
Other	1	2	3	4	5	6	7	9	07
(specify)									

49. Do you advertise your business?

Yes 1
 No 2
 DK 7
 NR 9

08

(Interviewer : probe and circle all which apply)

newspapers/magazines) 09
 the Yellow Pages) Yes = 1 10
 trade directory/ies) No = 2 11
 posters) 12
 other) 13
 (Specify _____)
 DK 7
 NA 8
 NR 9

50 When you (the owner) were setting up/buying this business, how was the money raised?

(Interviewer Probe for % from each source).

	0%	<25%	25-50%	51-75%	+75%	100%	DK	NR	COL. NO.
personal savings	1	2	3	4	5	6	7	9	15
loan from family and friends	1	2	3	4	5	6	7	9	16
loan from bank	1	2	3	4	5	6	7	9	17
loan from finance company	1	2	3	4	5	6	7	9	18
other (specify)	1	2	3	4	5	6	7	9	19

51. Did you have problems getting a bank loan?

Yes	1	
No	2	
DK	7	
NR	8	
NR	9	20

(If yes, or no, probe: _____

("No" may mean they never asked).

52. What source if any have you used to raise extra money since starting the business

- loan from family friends)		21
- loan from bank)		22
- loan from finance company)	YES = 1	23
- your profits)	NO = 2	24
other personal savings)		25
- other)		26
(specify _____		
- DK	7	
-NA	8	
-NR	9	

53 Do you regard your business's profits as

satisfactory	2	
better than satisfactory	1	
OR worse than satisfactory	3	
Don't know	7	
NR	9	27

54. Do you regard your personal income from this business as:

satisfactory	2
better than satisfactory	1
OR worse than satisfactory	3
Don't know	7
NR	9

55. If you use an accountant/auditor is s/he

- Afro-Caribbean	1
- Asian	2
- White	3
- other (Specify _____)	4
- D K	7
- Don't use one	8
- NR	9

29

56. If you use a solicitor is s/he

- Afro-Caribbean	1
- Asian	2
- White	3
- Other (Specify _____)	4
- Don't use one	8
- NR	9

30

COL NO

SECTION VIII

Assistance from National and Local Organisations and Schemes

57. Do you belong to any nationally or locally organised business/trade organisations? *

- Yes	01	
- No	02	
- DK	Go to Q. 59	97
- NR		99
Specify:	Organisation 1 _____	00

	Organisation 2 _____	00

	Organisation 3 _____	00

	Organisation 4 _____	00

31
32-33
34-35
36-37
38-39

*(Prompt if necessary, eg CBI, BEC, ITB, NWTEC etc)

58 Have these organisations been of practical help to you, either in setting up or running your business?

Organisation 1

- Yes 1
- No 2
- DK 7
- NA 8
- NR 9

40

COL. NO.

Organisation 2

- Yes 1

- No 2

- DK 7

- NA 8

- NR 9

41

Organisation 3

- Yes 1

- No 2

- DK 7

- NA 8

- NR 9

42

Organisation 4

- Yes 1

- No 2

- DK 7

- NA 8

- NR 9

43

59. Have you had any help or advice in starting or running your business from any scheme sponsored by the government the local council(s) [prompt if necessary e.g. Enterprise Allowance, ET (employment training), YTS, urban programme - or any other help from the council, the Training Agency, or any other public body].

- Yes 1
- No 2
- DK Go to Q. 61 7
- NR Go to Q. 61 9 44

If YES probe for scheme

- Scheme 1 _____ 00 45-46
- Scheme 2 _____ 00 47-48
- Scheme 3 _____ 00 49-50
- Scheme 4 _____ 00 51-52

60 Can you explain how important this scheme (these schemes) has/have been to your business? (probe!)

61. Would you say that Asian/black business people have problems or advantages which do not affect whites, at least not to the same degree.

Yes	1	
No Go. to 63	2	
DK	7	
NA	8	
NR	9	53

62. What would you say these problems or advantages are:

Reply 1 _____ 00

Reply 2 _____ 00

Reply 3 _____ 00

DK 97

NA 98

NR 99 54-55

(Interviewer make sure you have written down whether the replies given are regarded as problems or as advantages)

63 When you retire, do you hope to pass this business on to your children or to other members of your family

- Yes 01

- No 02

- DK 97

- NR 99 56-57

Probe for reasons for reply (List 3 most important, or first 3 mentioned)

58-59

60-61

62-63

- DK 97

- NR 99

Only ask Q. 64 if the sampling frame is limited.

64. Finally, to help with this survey could you tell me if you know of any other South Asian (Afro-Caribbean) owned businesses in this area/town/city;

Business 1

Business 2

Business 3

THANK YOU FOR YOUR TIME AND HELP WITH THIS SURVEY.

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