BUSINESS DEVELOPMENT AND ETHNIC MINORITIES IN THE U.K.
A CASE STUDY OF EAST AFRICAN ASIANS IN LEICESTER

by

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<td>BAC</td>
<td>Business Advice Centre</td>
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<tr>
<td>OPCS</td>
<td>Office of Population and Census and Surveys</td>
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<td>SPSS</td>
<td>Statistical Packages for Social Sciences</td>
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<td>TEC</td>
<td>Training and Enterprise Council</td>
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<tr>
<td>U.K.</td>
<td>United Kingdom</td>
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<td>U.S.</td>
<td>United States</td>
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<tr>
<td>U.S.A.</td>
<td>United States of America</td>
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<tr>
<td>$X^2$</td>
<td>The chi-square statistic</td>
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<td>cmd</td>
<td>Command</td>
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<tr>
<td>HMSO</td>
<td>Her Majesty's Stationery Office</td>
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<td>EMBI</td>
<td>Ethnic Minority Business Initiative</td>
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CHAPTER ONE

BACKGROUND AND INTRODUCTION TO THE STUDY

1.0 INTRODUCTION

Asian business in the U.K. has been the subject of small business research in recent years by Cater and Jones (1978) in Bradford; and McEvoy, Aldrich, Cater, and Jones (1980) in Bradford, Leicester and Ealing and most recently by Rafiq (1988) in Bradford. These studies have resulted in various theories of minority business development in the U.K. These theories are reviewed in Chapter 2 and provide the context and framework for the present study with particular reference to the East African Asian entrepreneurs in Leicester.

1.1 The Choice of Leicester as the Study Area

Over the past thirty years, Leicester has received a significant influx of overseas immigrants. These are largely of Asian origin from both India Sub-continent and East Africa, although there is also a substantial Afro-Caribbean and African population.
The expulsion of Asians from Uganda in 1972 offered little or no hope that they could ever return "home", hence the decision to settle permanently in the United Kingdom. Leicester attracted the largest number (after London) of the East African Asians who came to Britain. Marett, (1983) estimated 20,000 East African Asians settled in Leicester between 1968 - 1978. They were attracted to Leicester because of the availability of employment opportunities, the presence of cultural and social facilities, the availability of cheap housing and the presence of established Asian community (Phillips, 1983). Many already had friends and relatives who had emigrated during the 1950's and 1960's. Consequently Leicester's Asian community expanded very rapidly during the 1970's. Marett noted that:

"The single factor which makes Leicester different from other cities which experienced postwar migration is its East African Connection". In the 1960's East African Asians came because of the "Push" factor from those newly independent African countries intent on Africanizing their economies..." (Marett, 1989, P.5).

The Survey of Leicester (1983) estimated that around 20,000 of the city's population had been born in India, a further 2,000 in Pakistan and Bangladesh, and 22,000 in East Africa. It also found that another 1,000 had been born in other parts of Africa. In addition, some 18,000
had been born in Leicester of Asian parentage. This amounts to a total of 63,000, 22 percent of the city's total population of 280,000. The dominant ethnic minority group is the Gujarati Hindus, many of them from East Africa. However, there are important communities of Punjabi Sikhs, most of whom came direct from India, also of Gujarati and Katchi Muslims.

It can be seen that the Asian community is a significant proportion of Leicester's population and as many have established businesses, Leicester is an excellent location to study East African Asian entrepreneurial activities.

1.2 RESEARCH OBJECTIVES

The main objective of this study is to examine the entrepreneurial characteristics and motivation of East African Asians in Leicester. More specifically the study aims:

1. To determine the factors and forces that motivated East African Asians towards entrepreneurship.
2. To determine personal characteristics possessed by East African entrepreneurs and their significance for entrepreneurial entry with particular reference to:
   
   a) Age at entry into business
   b) Educational attainment
   c) Previous business and employment experience
   d) Family background in Business
   e) Birth order

3. To examine the entrepreneur's practices and experiences in relation to acquisition of business resources such as:
   
   a) Finance
   b) Premises
   c) Business Advice/information
   d) Business Training
   e) Labour force

The overall aim of this objective is to determine whether there are sufficient evidence to support the cultural theory (reviewed in Chapter 2) that ethnic entrepreneurship in the U.K. is dependent on the availability of business resources (ethnic resources) within the Asian community.
4. To compare these findings with those for a control sample of entrepreneurs from the Indian Subcontinent.

In the pursuit of these objectives it was intended also to throw some light on a number of important but secondary issues. Wherever appropriate, comparisons were to be drawn with the findings of previous research studies on ethnic minority business and with the existing body of knowledge about small business in general.

1.3 The Organisation of the Thesis

The thesis is presented in eight chapters. Chapter 1 discusses the rationale for the study and presents an overview of the migration and population characteristics of Leicester's Asian community and also the choice of Leicester as the study area, and finally states the objectives of the study.

Chapter 2, the literature survey, focuses on theoretical background and the empirical work on small businesses in the UK. It is subdivided into six parts. Part one examines the features of small firms in the UK and their role in local economic development. In part 2 the changing approaches to examining the development of
small firms based on debate over the shift to flexible specialisation (post-Fordism), and the emergence of "new industrial districts" are reviewed. The spatial variations in small businesses and ethnic minority firms in the UK are outlined in part 3. Part 4 examines the debate surrounding cultural, structural and middleman minority theories that are advanced to explain the involvement of the members of the ethnic minorities in business activities in the U.K. Part 5 examines the sources of business resources used by ethnic minority entrepreneurs in other cities. While part 6 reviews the personal background of those involved in business activity.

Chapter 4 outlines and reviews the characteristics of Leicester economy and discusses the role of local authorities in ethnic minority business development in Leicester.

The research methodology is outlined in Chapter 4. Issues covered include the study group, the survey method adopted, the structure of the interview schedule and the manner in which the data were collected and analysed.
Chapter 5 is the first of three chapters on the findings of the interview survey. This presents an overview of the personal and business characteristics of East African Asian entrepreneurs and those from the Indian Subcontinent.

Chapter 6 analyses entrepreneurs' attitudes and experiences towards the acquisition of business resources of finance, advice and information including business training. Particular emphasis is placed on the sources used, the problems encountered and the reasons for the particular approaches adopted.

Chapter 7 focuses on the entrepreneurs' motivations for business ownership and self-employment. The findings on the personal background characteristics of the entrepreneurs are also analysed and discussed in this chapter.

The conclusion, Chapter 8, provides a summary of the main findings and links these to current business philosophy, thought and practice. It concludes with suggestions for further research into ethnic minority businesses.
CHAPTER TWO

SMALL FIRMS AND ETHNIC MINORITY BUSINESSES IN THE U.K.
A REVIEW OF THE LITERATURE

2.0 INTRODUCTION

This chapter reviews the literature on small firms including ethnic minority businesses in the U.K. The aim of the review is to outline the broader context into which the present study fits. The chapter is divided into six parts. Part one outlines the main theories that have been put forward to explain the growth of small firms in recent years. It also examines the role of small firms in local economic development. In part 2, the changing approaches of small firms based upon the discussion of the debate over the shift to flexible specialisation (Post-Fordism), and the emergence of new industrial districts are examined.

An outline of the spatial variations in small businesses and ethnic minority businesses in the U.K. is provided in part three. The cultural, structural and middleman minority theories which provide the framework for the present study are reviewed and
discussed in part four. In part five, the acquisition of business resources by ethnic minority entrepreneurs is examined. Finally, the personal background/characteristics of those involved in entrepreneurial behaviour are reviewed in part six.

2.1 SMALL FIRMS AND LOCAL ECONOMIC DEVELOPMENT

2.1.1 The growth of small firms

There is no simple definition of what constitutes a small firm. The Bolton Committee which investigated small firms at the beginning of the 1970s found it impossible to define a small firm adequately in terms of employment, assets, turnover, or indeed any other single quantitative measure. Instead it emphasised characteristics which differentiate the performance and problems faced by small firms from those of their larger competitors. The Committee focused on three main characteristics:

- A small firm was perceived to have a relatively small share of its market. It was unable to influence prices in the market through its own actions significantly, and it could not influence its external environment in a manner which would assist the company's competitive position.
- Small firms were "managed in a personalised way", with a few specialised management functions, or tiers of management. Decision-making was controlled by the owners of the business who exercised the principal management functions.

- Small firms were independent. The owner-managers had effective control of the business and were not subject to the controls applied within larger organisations, though they might be limited in their freedom of action by obligations to financial institutions.

These three characteristics served to define a small firm in economic terms but for practical studies a "statistical definition" was required. For manufacturing industry enterprises employing less than 200 people seemed to conform with the economic characteristics of small firms. Outside manufacturing, a series of definitions, based mainly upon number of employees or turnover, was adopted. Small firms by their nature tend to be numerous and difficult to track. As a general rule, the coverage of data is better for manufacturing than for services but differences of definition and coverage have to be borne in mind, particularly in the context of regional or local comparisons.
The re-emergence of interest on small firms in the last decade or so has prompted researchers to examine the factors accounting for their development and growth in Western economies. Keeble and Wever (1986b) identified three main theories to explain this development. They are:

- recession push theory
- income growth theory
- technological change theory.

Recession push theory attributes the increase in redundancies, unemployment, and in some cases the fear of job instability and poor career prospects to worsening recession (Gudgin 1984) and therefore the re-emergence of small firms. According to Healey and Ilbery (1990), the withdrawal of large concerns from less profitable peripheral activities may have created market niches for the more flexible small firms with lower overheads to exploit. This economic behaviour of large firms can be associated with the recession push hypothesis. It is argued that during a recession large firms shed labour rapidly, and because redundant individuals are unable to obtain employment within the formal labour market they may establish their own small businesses, particularly in sectors where entry barriers are low.
This explanation may be counter-intuitive in the sense that smaller marginal firms might be expected to have higher unit costs and, in the event of a reduction in demand, be eliminated from the market. The high failure rates amongst firms could indicate the importance of this factor. Contini (1984), however, argues that the overall cost structure of businesses has become increasingly rigid, partly, but by no means exclusively, because of the inflexibility of labour. This combined with increasing uncertainty in both the product and factor markets means that there is an increased likelihood of fixed structures being under-utilised and that it is this risk which promotes the search for alternative organisational structures. It may be that vertical disintegration provides the large firms with the additional flexibility in which there are cost advantages under conditions of shrinking and uncertain demand. It is these factors that have led to an increased role of subcontracting small firms which are providing goods and services formerly provided "in-house" by large firms.

Income growth theory suggests that the substantial increase in household incomes since the mid-1960s has led to a significant demand for more varied and customised goods; a market opportunity which small
businesses can serve profitably and efficiently (Brusco, 1982; 1986). This, Healey and Ilbery argue, is related to the technological change theory because the changing pattern of consumer demand has encouraged the adoption of post-Fordist flexible technologies (discussed later in this chapter). These, it is asserted, are particularly suitable for small firms because they enable them to respond quickly to changing market demands and so fill small market niches economically (Piore and Sabel, 1984).

A number of factors are working in favour of the growth of small firms. Developments which have occurred within the industrial structure of the economy over the last decade have created new opportunities for small firms. There has been both a growth in the service sector and a substitution of market-produced goods and services for products which were formerly produced in-house. For many firms, the route to survival was to concentrate on their "core" activities, streamline their organisation, and seek external advice as to how they could improve their competitive positions. Many large companies which were compelled to pay closer attention to specific costs found that services previously supplied from within the company using internal resources could be purchased more cheaply in the market place. By such
means companies were able to reduce fixed costs and to improve efficiency and flexibility. The growth of services to businesses (known as intermediate services) has been rapid, therefore. These also reflect the growth of new products and services arising, for example, from the rapid advance and diffusion of information technology. Opportunities have been created for smaller companies to supply products or services, including external consultancy or other specialised services, for which capital requirements are relatively low and entry to the market is comparatively easy.

An additional factor working in favour of small firms is the urban/rural shift of population and activity which has been discernible over the last three decades. There are indications that many entrepreneurs prefer the pleasanter environment of the countryside, and where firms are operating in "footloose" industries this is likely to have a strong influence on location. An article by Marsh (1986), reviewing the development of high-technology small firms in the computing industry, identified a strong bias towards both the countryside and the southern part of the country. The process is cumulative:
once some firms are established in these areas new
firms coming in may be able to benefit from existing
labour market skills and ancillary businesses.

It has been argued that although recession may have
been initially a major stimulus to the growth of small
firms, their merits are increasingly apparent to
management, so small units are likely to be retained
in the event of an upswing in the economy. This is
not simply a reflection of a "small is beautiful"
fashion but stems from a recognition by management
that labour tends to be more flexible in smaller
units. It is not possible to have strict demarcation
of responsibilities; instead labour has to switch
between tasks. It also means that part-time labour
can be more easily employed both because the smaller
plant is less likely to be unionised and because the
variations in output, and hence demand for labour, can
best be met by flexible part-time staff. Since the
small firm is itself responding to, and absorbing the
variations in demand of, the economy as a whole, it
has to be flexible in the sense of being able to
increase substantially or reduce to zero its own
output. The small firm, therefore, demands
flexibility of its own inputs; so fixed assets are low
and labour is required to be available for employment
even though the firm cannot necessarily offer a
commitment to employment.
Schiller (1985) for example, shows that in the United States small firms are major employers of school leavers seeking their first job and of part-time female workers. The low level of unionisation, the employment of part-time workers, the absence of fringe benefits and the ability in many cases to circumvent health and safety and other works protection legislation mean that such small firms can have low unit labour cost.

Finally, it can be argued that the overall motivation in small firms may be better than in large ones. This argument has several dimensions. It is suggested that the employee in a small firm is more likely to be satisfied with his or her work than is his/her equivalent in a large firm, partly because the tasks in a small firm are less routine and provide more direct job satisfaction, and partly because the management is closer and more approachable. Key decisions can be reached on a more informal basis, leading to lower absenteeism and fewer strikes.

The evidence on this, however, is far from convincing. Curran and Stanworth (1986) and Storey (1982) suggesting instead that there are few real differences in attitude which reflect the size of the
firm, although variations are found between sectors, between locations and between points in time.

It has been suggested, moreover, that the prime benefit of the growth in the number of smaller units in an economy lies in the additional motivation given to the management rather than the workforce. In many developed economies middle and often senior management in large firms have very restricted areas of responsibility. Frequently, if they had developed a career in, for example, personnel, this can lead them to lose touch with developments in production and vice versa. This in turn makes it more difficult for individual managers when promoted to positions of responsibility to take strategic decisions about the company. It can also lead either to disaffection by less senior groups of managers or to empire-building which may not necessarily be in the overall interest of the company. The growth of vertical disintegration such as management buy-outs and the additional use by large companies of out-workers, consultants and the "hiving-off" of functions such as catering, transport and cleaning has meant that managers become aware of all aspects of running a business. Since it is their livelihood and often their own money which has been invested, the small firm provides a major stimulus to improved management and efficiency.
It is suggested that the increased relative importance of small enterprise is a reflection of the growing importance of technological development taking place in developed economies. For example, it is argued that increased use of microprocessors which can be installed cheaply by small firms has eliminated many of the scale economies previously available only to large firms. Whilst scale economies at the plant level have been reducing, organisational economies have apparently been moving in the same direction (Storey and Johnson, 1987).

These explanations for the growth of small firms in recent years have necessitated the debate over their contributions toward local economic development. These contributions are critically examined below.

2.1.2 The Contribution of Small Firms to Local Economic Development

This section examines the contribution of small firms to local economic development. The formation of small firms has been promoted with considerable enthusiasm by central and local government in Britain for over a decade, on the assumption that they contribute to economic vitality and create employment. Although they remain important components of national industrial
and employment policies, small firms have been given greater emphasis at regional and local levels.

Local economic development implies a continuing process of economic advancement and structural change rather than the attainment of a particular end-state. The concept also implies that the condition of local economies and the quality of local jobs and incomes can be influenced by the skills and resourcefulness of local people and organisations. Productive enterprises need to satisfy local demands for goods and services and to generate additional income for the locality through external trading. To do so they need to maintain and improve their competitive positions by investing, innovating, increasing productivity and adapting successfully to changing economic circumstances. New firms are generally defined as independent businesses started by individuals or groups of individuals which are not owned by existing enterprises. Since almost all new firms are initially small, and increases in the number of firms and jobs in the small firms sector tend to come from the formation of new firms, they can be considered together for some purposes. Certain definitional problems remain: for instance, determining the size and age thresholds is inevitably arbitrary.
New firms are frequently held to play an important role in the economy, particularly by politicians and practitioners involved in local economic development. The supporting arguments and assertions have been put forward most forcefully by the Conservative Government. According to officials from the Industry Department:

"The small firms sector is recognised by the Government as having a vital part to play in the development of the economy. It accounts for a significant proportion of employment and output, and is a source of competition, innovation, diversity and employment" (Frank, Miall, and Rees, 1984, p.257).

In a report entitled "Small Business - a quiet Transformation", the Treasury stated that:

"The strong small firms sector is a vital component of the economy creating substantial numbers of jobs, producing exports, and sharpening competition and performance" (HM Treasury, 1989, p.7).

Similarly, the Minister for Employment reflecting the consensus across the Government claimed:

"Small firms are vitally important for the country as a whole. They create new wealth and generate many new jobs. They are the main source of new entrants to business and of new industries and new challenges to the market leaders. Small businesses also make an important contribution to the quality of life through the fulfilment they offer to
"the entrepreneur and the extension of consumer choice and service for the rest of the community" (Department of Employment, 1989, p.1).

From these statements at least five reasons can be adduced as to why new and small firms are thought to be significant.

(i) A Major Source of New Employment

It is sometimes argued that new firms have greater potential to create jobs than established firms because the owners have more incentive to work hard and expand and the firms are more labour-intensive since they have limited capital. Drawing on the U.S.A. experience, Birch, (1987, p.16) stated that "very small firms (employing 1-19 people) created about 88 per cent of all net new jobs in the period 1981-85". Moreover, he argued that regions which grow dynamically are those which excel in start-up operations rather than in luring outsiders (Birch, 1987 p.24). Virtually all the variation in growth (between areas) was attributable to variations in the rates at which
new firms started and grew" (Birch, 1987 p.114). "If an area is lethargic in starting and nurturing young businesses, its ability to replace the inexorable (job) losses is low and its future as a generator of jobs is bleak" (Birch, 1987 p. 115). Birch's work has been criticised on the grounds that the data used were not comprehensive and the coverage tended to be less complete amongst the smallest businesses (Storey and Johnson, 1987, p. 7), but despite the question marks surrounding Birch's data sources and methods of analysis his simple optimistic conclusions have proved very attractive to policy-makers in the U.K. A study in the U.K. (Gallagher, Daly and Thomason, 1990) using similar data sources and methods found that small independent firms made a disproportionately large contribution to job creation:

"Between 1985-1987 firms with fewer than 20 employees made a net contribution to job growth of 290,000 compared with just 20,000 in large firms....virtually all the net job creation identified is attributed to the smallest size band, even though this accounted for little more than one-fifth of total employment in 1985". (Gallagher et al., 1990, P.92-94).

Furthermore, 60 percent of the jobs created in the smallest size band arose through the birth
of new firms and only 40 per cent through the expansion of existing firms.

Some research has questioned the optimistic view of the role of small firms in job creation. Research in the UK by Fothergill and Gudgin (1979) and by Storey (1983b), based on the manufacturing sector and with attention given to specific regions and sub-regions concludes (as did Birch's USA (1979) study) that most of the net employment growth had taken place in the small firm sector, employment losses being concentrated in medium-sized and larger firms but that this employment growth had been both modest and insufficient to offset more than a limited proportion of the jobs lost through plant closures in the corporate sector.

In his examination of British Steel retrenchment in 1980 and consequent loss of 3,000 jobs in Cleveland, Storey (1982a), found that the surviving new manufacturing firms formed in the period 1965 to 1976 had created less than 2,000 jobs by the latter year, equivalent to just under 2 per cent of the area's total manufacturing employment. Although Storey (1982a) admitted that the low rate of new firms
formed in Cleveland may make this an extreme case, even amongst depressed regions. He concludes that there are no examples of new firms accounting for more than 5 per cent of end-year employment in an area within a period of up to ten years. The study by Gould and Keeble (1984), supports this view. They found that new firms formed during the 1970s in East Anglia, one of the most prosperous regions in the UK, accounted for only 4.7 per cent of the region's total manufacturing employment in 1981. According to Mason (1987), one of the main reasons for this limited contribution of employment creation is simply that employment growth declines with the age of the firm. It was noted that most new firms reach their employment peak within six or seven years of their formation and achieve little further growth after that, at least up to year eleven (Storey 1983b). Fothergill and Gudgin's (1982) study of manufacturing firms in Leicestershire, provides evidence supporting this argument. They found that new manufacturing firms created between 1968 to 1975 resulted in the addition of 9,400 jobs by the latter year whereas firms started in the period 1947 to 1968 only created 3,800 additional jobs during the subsequent
seven years. In fact, it was noted that firms formed before 1947 actually recorded a decline in employment between 1968 and 1975. Mason (1987), therefore, concludes that it is new firms in particular, as opposed to small firms in general, that have been responsible for most of the job creation within the small firm sector (Storey 1983b), but their employment significance has been limited by two further factors. Firstly, the typical new firm is extremely small and few expand to become major employers. Based on his Cleveland Study, Storey (1982a) argues that there is one-half and three-quarters of 1 per cent chance of a new firm creating 100 or more employees within ten years of start-up. This view is supported by Fothergill and Gudgin's (1982) study which shows that in the East Midlands fewer than one per cent of post-1968 start-ups employed more than 100 workers by 1975. Secondly, most new firms have a short life span. Storey's (1983b) study in the Northern region shows that at least 30 per cent of new manufacturing firms born in any one year will die by year four, with the resultant loss of employment in such firms offsetting the jobs provided in surviving firms.
Critics have argued that small firm promotion, on its own, is a frail economic reed to lean on for a number of reasons. Firstly, global economic changes are at work which dwarf the significance of even the largest urban economies in America and Britain. Major factors such as de-industrialisation, product globalisation, and the associated product-profit cycles are taking place against a world-wide backdrop. According to Hart (1987) cities stand in the same relationship to these macro-economic forces that seaweed does to the Atlantic Ocean. Secondly, it takes a substantial number of often low-paying new small firms to replace the employment loss caused by the closure of one large multi-national branch plant. Even when smaller firms are growing, their employment requirements are often different from those found in the older more traditional firms which are declining. So a labour mismatch arises in the local area with existing workers unable to sell their labour to new firms and these same firms importing staff from other areas. Thirdly, only a proportion of small firms grow in employment terms, many are static, and death rate of all small firms, particularly in Britain, is high.
Nevertheless, small firms supporters are quite right to stress the employment significance of small firms and to indicate that they are an important component of any successful urban economic development strategy. To many in impacted and declining cities a small firm development strategy seems to be the answer to their urban economic problems. It is the philosopher's stone which will transmute derelict and unused resources into goods and services for the community (Hart, 1987). Unfortunately, as Teitz (1987) pointed out, it is only part of the answer.

(ii) Access to Employment for Disadvantaged Groups

New and small businesses are often thought to provide important opportunities for people who are unemployed, less skilled, from minority groups and living in depressed areas, to gain jobs and incomes.

Those who are at a disadvantage in the labour market may create their own jobs by becoming self-employed or obtain work in small marginal firms whose jobs are less competitive. For this reason, support for self-employment and small
firms has been an important part of inner city policy for over a decade. In many areas for example, Leicester and Nottingham, local authorities and enterprise agencies have also taken steps to help the unemployed and minority groups to start various kinds of individual and community enterprises. The perceived advantages of assisting people to start their own businesses over providing training and access to conventional jobs are that the individuals become more self-sufficient and their businesses create additional employment rather than simply redistribute jobs.

(iii) A Source of Innovation

Frequently new firms are considered to be more flexible, dynamic and innovative than larger established businesses. They are said to be more responsive to shifts in demand, prices and technology and quicker to adapt to changing economic conditions generally. Large firms are thought to be more institutionalised, bureaucratic and averse to tackling projects with high risk. Since their position in the market is more established, they have less incentive to innovate and more to lose from
change and re-organisation. Schumpeter, (1934) argued that "entrepreneurs are prime movers in economic development. They are key agents in initiating economic changes and technical improvements, often through the mechanism of new firm foundation". Innovation may occur by introducing new products, new technologies and production processes, opening up new markets, identifying new sources of materials and components or creating new types of business organisation. Entrepreneurs have the capacity to create and destroy markets, to anticipate and not just respond to changing conditions. In small firms they are prepared to take greater risks because they stand to reap a larger proportion of the rewards from innovations.

Innovation and change in a broad sense are generally recognised as important in local economic development because of the need for modernisation and diversification in areas of industrial decline and stagnation. The view that small firms can contribute particular dynamism to such areas was reflected in the White Paper for the Inner Cities, well before the policies of the present government. It states that:
"the resources and energies of small and medium size firms are essential if real progress is to be made and the diversity and vitality, for so long characteristics of inner cities is to be restored" (Department of the Environment, 1977, P.9 cmd paper No. 6845).

(iv) A Means of Achieving Sustainable Growth

New and small firms are also thought to provide the seedcorn for the growth of larger firms and the basis for the development of more integrated and balanced local economies. They may purchase more of their materials inputs and services locally and so generate further income and jobs among local suppliers. They may also be more amenable to outside influence and support in the form of advice and direct assistance. In addition, local ownership and control may confer greater loyalty and economic stability than external ownership, and therefore offer more potential for sustainable economic growth. Studies of uneven regional development (Mason, 1987; Storey, 1982; Swales, 1979) frequently attribute many of the difficulties of depressed areas to low levels of new firm formation. This is said to result in excessive dependence on external sources of investment, technology and employment, leading to distorted branch plant
economies and vulnerability to external
decisions and wider economic forces.
Consequently the promotion of new firms is
considered to be an important way of extending
local economic control, strengthening the
industrial base, and increasing the range of
employment opportunities.

Nevertheless, the role of small firms as
innovators needs to be kept in perspective. In
many fields access to large businesses to
greater resources ensures that they have a
competitive advantage in research and in
developing new products. This is most certainly
ture for an industry such as pharmaceuticals
where expenditure on research and development is
very high. Moreover, even if small firms are
successful innovators, the cash resources needed
to develop the product to the point of market
launch often requires the finance of a larger
organisation.

The VAT statistics (Table 2.2, Page 52) show
that new firm growth has, in fact, been
strongest in industries where innovation is less
likely to take place. Whilst the most rapidly
growing service sectors may well encompass new
service innovation, it is in manufacturing sectors that the most rapid strides in technical progress are made. A survey by the Institute of Manpower (1986) also found that for all the functions which were amenable to technological change, namely office work and production, less than 10 per cent of the respondents had introduced new technologies on a large scale, an evidence that the disposition to innovation in small firms is not particularly strong.

There is some suggestion that the relative contribution of small firms to innovation in the UK, might have increased since the early 1970s (Rothwell and Zegveld, 1982), at the regional or subregional scale, the proportion of innovative new or small firms is limited. For example, a survey of new manufacturing firms in Northern Region by Johnson and Cathcart (1979a) found that only 12 per cent were based on technical innovation.

(v) A Source of Competition to Large Firms

New and small firms are also alleged to improve the performance of other parts of the local economy. They are said to limit the ability of
large firms to charge excessive prices and to put pressure on them to operate efficiently. They enter markets where existing products are earning large profits, drive down prices and induce restructuring where stagnation and monopoly prevail (Lipsey, 1983). In short, they are the essence of a free enterprise economy.

There is the view that small firms provide a source of competition to larger firms in their industry by limiting their ability to raise prices or slip into inefficiency. In addition, small firms are thought to enhance consumer choice. These roles of small firms have been challenged by research studies which show that a significant part of the small firms sector is in fact complementary to them. Davis and Kelly's (1971) survey for the Bolton Committee (1971), found that over half of their sample survey of small manufacturing firms encountered their main source of competition from other small firms. Those engaged in one-off and small-batch production generally on a subcontract basis, were found to be dependent on a handful of large firms for their sales. This characteristic, it is suggested, is related to the age of the firm. Lloyd and Dicken (1982) show that 60 per
cent of new manufacturing firms (up to five years old) were dependent on a small number of key customers, but that this proportion fell to 40 per cent amongst young firms (5 to 15 years) and 16 per cent amongst established firms (more than 15 years old).

2.2 Fordism and Post-Fordism (Flexible Specialisation), New Industrial Districts and Small Business Development

2.2.1 Fordism and Post-Fordism (Flexible Specialisation)

The foundation for the economic growth of the post-war periods were laid during the 1930s during the rise of industries such as chemicals and motor vehicles that were to be some of the mainstays of post-war economic growth. It was also the era during which the principles of mass production (Fordism) pioneered by Henry Ford emerged as the most profitable and efficient way of meeting the rising demand for consumer goods. Much of the growth in manufacturing from the 1930s onwards was based therefore, on large factories taking advantages of economies of scale to produce large quantities of standardised goods. However, the forces of international competition, changing consumer demands and tastes and, more
importantly, the advent of new technology have led to a significant change in production processes during recent years. As a consequence, all manufacturing industries are being forced to become high-tech.

Even in sectors in which the final product has not changed such as steel, the very latest computer technology is used in the production process. The image of car assembly lines operated almost entirely by robots is perhaps the most graphic illustration of what these developments mean. In many more cases changes are taking place in the nature of work and in the types of skills in demand. In some industries, new technology has facilitated changes that have led to a number of writers, like Harvey (1985) and Scott (1986), to suggest that the leading edge of production organisation is no longer Fordist but post-Fordist built around the principle of flexible specialisation. Flexible specialisation is described as the “ability of firms to respond to fluctuations in market demands and to adopt new products quickly” (Piore and Sabel, 1984). It is argued that flexible specialisation is a consequence of a crisis of mass production: mass markets have become saturated and consumers are now demanding specialised and differentiated goods to which mass production system cannot respond. Sabel (1989) argued that flexibly
specialised firms are "flexible by comparison to mass producers, and hence more competitive in volatile environments". Similarly, Fiore (1986), argued that in the new unstable and uncertain environment where markets can no longer be effectively managed and controlled, it is important for organisations to "be able to respond quickly and "flexibly" as market conditions change". Essentially, the flexible firm model is based upon a dichotomy between two types of flexibility: First, functional flexibility, that is, the ability of firms to adjust and deploy the skills of their employees to match the changing tasks required by changing workload and production methods of technology. Secondly, numerical flexibility, the ability of firms to adjust their labour inputs over time to meet fluctuations in output (Institute of Manpower Studies, 1986). Functional flexibility involves workers extending the range of their skills and breaking down barriers between occupational groups (Institute of Manpower Studies, 1986). While numerical flexibility takes many forms depending on the nature of the production system and the degree and timing of variability in output required. Possible types of numerical flexibility include the use of overtime, "flexi-time", new shift pattern, part-time workers, temporary workers, casual workers and subcontracting to other businesses (Atkinson, 1985;
Pinch, Mason and Witt, 1991). The extent of the shift towards functional flexibility in manufacturing firms in the U.K. has been investigated by a few studies. In their study of manufacturing firms in Southampton, Pinch et al (1991) found that functional flexibility was important in 1987 in 21 out of 47 manufacturing companies surveyed. The 1986 Institute of Manpower Studies Survey found that 90 per cent of manufacturing firms in Britain had sought to increase functional flexibility, with only 10 per cent recording no change in their labour flexibility. Morris (1988), found a high level of functional flexibility in his study of firms undertaking a substantial degree of restructuring in South Wales. Twenty-three of the twenty-five restructuring companies reported moves towards increased functional flexibility. Imrie (1989) noted that the pottery industry in Stoke-on-Trent has moved towards the use of "polyvalent" workers who undertake an increased range of tasks on the shop floor.

Hudson (1989), however, has expressed doubts that recent changes in working practices in older industrialised or "frostbelt" regions reflect a new regime of post-Fordist flexible accumulation. Nevertheless, he (Hudson, 1989) presents evidence of a
wide range of initiatives to change working practices in the steel and chemical industries in such regions.

There is, in fact, a growing body of literature which supports the view that, despite some radical changes in a few plants, taking manufacturing as a whole, there has been a limited amount of functional flexibility introduced in Britain in the 1980s. Sloan (1989) undertook a study of changes between 1986 and 1987 in fifty-one manufacturing and service establishments in the Aberdeen local labour market. He found that, overall, half of the establishments had introduced some form of functional flexibility as a means of labour force adjustment in the preceding five years. He noted that most of the practices had been in operation for a number of years. There was little support for the notion that flexibility had been increasing over time. Similar findings were obtained by Cross (cited in Pollert, 1989), in a study of the engineering industry, wherein he found that occupational change was confined to the production and maintenance boundary with little shift towards genuine multi-skilling. Clark (1987) cites a questionnaire survey of trade unions in which only a quarter had experienced no changes towards functional flexibility in recent years. However, the replies of the remaining three quarters again suggested that the
extent of progress in this direction was rather limited. Finally, a survey of so-called Japanisation amongst companies in Britain by Oliver and Wilkinson (1988) found that only a quarter of firms claimed moves towards functional flexibility had been a complete success, and developments were often limited.

An examination of numerical flexibility and part-time work in manufacturing shows that there is a little dispute in the literature over the pattern of change. The Institute of Manpower Studies (1986) discovered a trend towards small and declining use of part-time labour in engineering and food and drink industries.

Similar results have been found elsewhere for example, Morris, (1987) and Pinch et al (1991). The Work-Place Industrial Relations Survey also revealed that the incidence of part-time work in manufacturing has been falling for both men and women (Millward and Stevens, 1986). No evidence is available to indicate that the decline in part-time work in manufacturing in the 1980s is greater or less in some areas than others. Evidence for limited number of areas in Britain over the period 1971 to 1981 shows wide variations in the changes in the proportion of women part-time workers in production (Walby and Bagguley, 1989).
Even in the service sectors there would seem to be agreement amongst researchers over the nature of changes in part-time employment. Sloan (1989) found that the increase in part-time employment was concentrated in retailing. What is disputed, however, is the overall significance of these developments and whether they herald the growth of the flexible firm as suggested in the Institute of Manpower Studies (1986). Unfortunately, most of the evidence about the geography of part-time employment growth relates to the 1970s rather than the 1980s (Centre for Urban and Regional Development Studies, 1984; Walby and Bagguley, 1989). Evidence for this period indicates that the growth of part-time employment has been concentrated in those areas with rapidly growing service sectors, especially the free-standing cities of south England, such as Southampton (Pinch et al, 1991), together with smaller settlements in urban hierarchy (Champion et al, 1987). In general, however, part-time employment growth has been much more widely dispersed than total employment growth.

In the case of temporary working, evidence from the Institute of Manpower Studies (1986), Pinch et al (1991) and Dale and Bamford (1988), suggests that temporary work in manufacturing has been increasing in the 1980s. In effect, the main controversy over
temporary employment in manufacturing seems to relate
to the significance rather than the extent of
changes. Sloan (1989), argues that the increase in
temporary working is an extension of older working
practices rather than the beginning of a new era of
numerical flexibility. Similarly, Hudson (1989)
argues that the increase in temporary working in older
industrialised areas is a reversion to older forms of
short-term employment in these areas. Casey (1988a)
argues that the manufacturing plants making increased
use of temporary workers in his study were exceptions
facing particular problems. Similarly, Marginson
(1989), argues that many of these changes in use of
temporary workers were ad hoc and piecemeal and not
part of some systematic policy and that only time will
tell if these changes are cyclical or the result of
broader structural changes in the economy.

As in the case of part-time workers, it is difficult
to discern any clear spatial variations in the extent
of temporary working although, as in the case of
functional flexibility, plants in peripheral areas of
the U.K. figure prominently in case studies of
increased use of temporary workers in manufacturing
the British labour force survey and found little
disparity in regional variations in temporary working
in both services and manufacturing but there was a higher proportion of involuntary temporary workers in areas of high unemployment, that is, workers who, when asked, claimed they would prefer a permanent job.

The significance of temporary working in services is disputed. MacInnes (1987), claims that most of the reasons given by employers for using temporary workers are the traditional ones of covering for holidays, sickness and seasonal workload fluctuations. Even where flexibility is cited as the primary motivating factor it is often an ad hoc adjustment. MacInnes (1987) argues that the increase in numerical flexibility is fundamentally an issue of gender rather than flexibility. He notes that two-thirds of temporary workers in the Institute of Manpower Studies (1986) and five out of six part-time workers were female.

Another form of numerical flexibility which has implications for ethnic minority businesses, particularly in the clothing industry, is subcontracting. A key feature of subcontracting which encourages spatial concentration is the linkages between large firms and small businesses in which suppliers and subcontractors need to be in close proximity to the manufacturers to respond quickly to changes in demand (Healey and Ilbery, 1990).
Several studies have examined the extent of subcontracting in British firms and all have noted an increase in subcontracting, with substantial variations between firms even in the same sector. The Institute of Manpower Studies (1986) survey found that 71 per cent of the firms had increased their degree of subcontracting. However, during the period 1981 to 1987 there was no significant increase in subcontracting by manufacturing firms in Southampton (Pinch et al, 1991). The Southampton study found that no less than twenty-one of the forty firms displayed an increase in subcontracting since 1981. In most cases only relatively small parts of the firms' operations were subcontracted, such as cleaning or catering. In most instances the subcontracting of ancillary services would seem to be a straightforward cost reduction strategy rather than a true flexibility strategy. Of particular note is the fact that eight firms actually reduced their amount of subcontracting of the production process during the period under investigation Pinch et al (1991). This was done for a variety of reasons including cost reduction, the desire to improve quality, and the need for increased control over the production process. It was noted that two companies had brought part of their assembly back in-house. Similarly, in Aberdeen, Sloan (1989) found that half of the firms had contracted out areas
of work that had previously been undertaken in-house, but this was on a limited scale. In rather more cases firms incorporated back in-house work, such as computing, that had previously been subcontracted, in order to maintain employment. Sloan noted that enhanced functional flexibility may increase the capacity of a firm to move work back in-house.

Although the service sector currently makes substantial use of subcontracting strategies, this is not a recent phenomenon. Of the forty-nine service firms interviewed by the Southampton study (Pinch et al, 1991), twenty-eight indicated no change in the balance of support services undertaken externally or in-house. Of the remaining twenty-one firms, fifteen reported increase in subcontracting in the 1980s, four reported a decrease and two firms had mixed patterns. The most common service to be subcontracted in recent years is cleaning, nineteen per cent of all service firms studied undertook this step. The reasons for transferring tasks to outside contractors were varied but includes cost reduction and difficulties of getting staff. Two financial services firms required more management training than could be provided in-house and so put these services to outside tender.
Evidence of geographical variations in the trends towards subcontracting is limited. Morris (1988) notes that some of the firms that have adopted subcontracting most extensively are Japanese-owned branch plants. Since these are mainly concentrated in peripheral areas of the U.K. including South Wales, Scotland and the North-East once might expect that, as in the case of functional flexibility, increases are most in evidence in these areas. Further studies are required to confirm this hypothesis.

Critics argue that these changes towards flexible manufacturing do not apply to every sector of manufacturing, and that it is not possible for all industries to benefit from a move towards post-Fordist methods of production since these are sometimes inapplicable or inappropriate. In fact it is argued that flexible manufacturing may lead to branch closures, such as companies closing branches in the advanced industrial countries, such as the U.K., in order to relocate production to low-cost third world countries.

However, the balance of argument over the Fordism and post-Fordism methods of production seems to be in favour of flexible production mainly because it is noted that vertical disintegration of production and
the adoption of flexible production is encouraging the spatial reconcentration of economic activity (Estall, 1985; Sayer, 1986b; Scott, 1987; Storper and Christopherson, 1987).

2.2.2 New Industrial Districts

In the past decade economic geographers and economists, especially in the U.K. and USA have looked for alternative ways to interpret what has been happening to the economic bases of cities and regions. In responding to the decline of major industrial sectors they have adopted models that are more structural in character. They focus on large structural changes in relative competitive positions of industrial sectors within the world market, and the consequences of those changes for specific places. One of these consequences is the emergence of "new industrial districts". According to this approach "a new wave of economic growth is being led in a number of regions in Europe, North America and East Asia by spatially concentrated networks of mostly small and medium sized enterprises, often using flexible production technology and characterised by extensive local inter-firm linkages". The new industrial districts phenomenon is therefore seen as an era of small firm led economic growth and development.
The emergence of new industrial districts has also been linked to the increasing levels of vertical disintegration (Scott, 1988) such as the disinvestment by large companies in unprofitable and inefficient branch plants. According to Healey in a study of the Coventry local economy published in 1992 "vertical disintegration of production in the vehicle industry has reinforced an existing local industrial complex of component suppliers and subcontractors". He further commented that the cluster of activities based on the clothing and high-technology industries have also contributed to the city's changing competitive advantage.

The significance of "new industrial districts for ethnic minority business development is seen in its impact on the clothing industry in which some members of ethnic minority community have set up in business. The development of the clothing industry in Coventry, according to Healey and Ilbery (1990), reflects the growth of indigenous ethnic businesses in the immigrant Asian community. Similarly, Asian businesses in Leicester are found in significant number in the clothing sector of the economy, and a majority of the businesses are located in the inner city areas (Fagg, 1993). The involvement of ethnic minority immigrants in the clothing manufacturing
business reflects the relative ease with which individuals can set up in business in the industry. It is a comparatively easy sector in which to establish businesses and attracts entrepreneurs with no previous experience in the trade. The capital required to buy a few second-hand machines is low and the managerial skills and knowledge needed to carry out the work are not very extensive. Healey et al (1987) found that over 90 entrepreneurs that set up fifty-seven new clothing firms in Coventry between 1974 and 1987 had not worked before in the clothing industry. Asian firms entering clothing manufacturing have some advantages over non-Asian businesses in the same sector. Some of these advantages are that family and community labour is available at a low cost to operate a small number of industrial sewing machines which can be bought second-hand. The low finance needed to set up a clothing business can be satisfied through savings and cheap and sometimes interest-free loans within the ethnic community. Ethnic minority businesses may also receive support from other ethnic minority businesses. The work done tends to be subcontracted production, at times in the form of cut, make and trim (C.M.T.), often from an Asian manufacturer, supplemented by making garments for direct sale to Asian wholesalers and market-stall holders.
The ease of entry into clothing manufacture coupled with the scale of redundancy among Asian industrial workers has led to fierce competition in this sector. Wages and margins may be very low and lack of experience in the organisation of manufacturing leads in many cases to a very low rate of efficiency in operations. In addition, dependence on contractors for orders makes it difficult to maintain a steady flow of work. As a result, the casualty rate among such firms is quite high. One way of responding to such pressures is to aim at selling to multiple retailers instead, who will provide much longer runs of work and the prospect of regular repeat orders. However, this may call for a degree of restructuring of the business.

2.3 Spatial Variations in New-Firm Formation

This section outlines the spatial distribution of new firm formation in the U.K. and the factors which influence their development, including their significance for ethnic minority business development in the U.K. cities.

Value added tax (V.A.T.) registration statistics which are produced by H.M. Customs and Excise provides a guide to trends in the size of the U.K. small business
population. It represents the most widely used source of information on spatial variations in new firm formation. The latest estimates indicate that during 1992 there was a net decrease of some 41,000 businesses (2.5 per cent of the stock of 1.6 million businesses at the start of the year (Table 2.1, page 52). It should be noted that the March 1991 budget increased the value added tax threshold from £25,000 to £35,000. This has the effect of reducing the number of businesses registered for value added tax and also increasing the number of de-registrations seen in 1992 (Table 2.1). The regional estimates showed that the number of businesses declined in all regions with the exception of Northern Ireland. The statistics show the South East as having both the highest rate of new business formation and de-registration while the lowest rates were found in some of the peripheral regions, notably the Northern Ireland, the North, East Anglia, Wales and Scotland. The West and East Midlands showed a net decrease of 3.3 per cent and 2.2 per cent respectively (Table 2.1).

Industry analysis, however, showed that during 1992 there were small net increase in the number of businesses in wholesaling, finance, property and professional services and in "other" services and a decrease in other industries (Table 2.2, page 52).
The pattern of the involvement of various ethnic groups in business in the 1970s shows some significant urban variations.

The 1977-1978 National Dwelling and Household Survey (Table 2.3 Page 53) shows that the proportion of white heads of household in business varies between 5.7 per cent in Coventry and 9.6 per cent in Bradford; for the Indians the range is between 6 per cent in Coventry and 29.1 per cent in Manchester. Amongst the Pakistanis there is a range from 5.8 per cent in Wolverhampton to 36.2 per cent in Manchester. The survey (although out-of-date) found no West Indian heads of households in business in Coventry or Leicester. The highest was 6.3 per cent in Bradford. The proportion of West Indians in business were lowest in three cities (Leicester, Coventry and Wolverhampton) where Indians were most dominant in the local population.
### Table 2.1 Regional Variations in New Firm Formation

<table>
<thead>
<tr>
<th>Region</th>
<th>Stock at start of year</th>
<th>Registrations</th>
<th>Deregistrations</th>
<th>Net Change</th>
<th>Stock at end of Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>South East</td>
<td>578.4</td>
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<td>21.7</td>
<td>-6.2</td>
<td>150.4</td>
</tr>
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<td>19.3</td>
<td>-3.3</td>
<td>136.4</td>
</tr>
<tr>
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<td>14.3</td>
<td>-2.2</td>
<td>109.7</td>
</tr>
<tr>
<td>Yorks &amp; Humber</td>
<td>122.7</td>
<td>13.8</td>
<td>16.7</td>
<td>-2.8</td>
<td>119.0</td>
</tr>
<tr>
<td>North West</td>
<td>149.2</td>
<td>19.3</td>
<td>22.8</td>
<td>-3.5</td>
<td>145.6</td>
</tr>
<tr>
<td>North Wales</td>
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<td>7.7</td>
<td>-1.5</td>
<td>60.6</td>
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<tr>
<td>Wales</td>
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<td>7.4</td>
<td>9.6</td>
<td>-2.1</td>
<td>81.8</td>
</tr>
<tr>
<td>Scotland</td>
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<td>13.0</td>
<td>13.3</td>
<td>-0.3</td>
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</tr>
<tr>
<td>N Ireland</td>
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<td>3.7</td>
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<tr>
<td>United Kingdom</td>
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<td>189.0</td>
<td>230.0</td>
<td>-41.0</td>
<td>1,601.3</td>
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</tbody>
</table>

Source: D.T.I. Industry Vat Registrations and Deregistrations, 1992 (1100)

### Table 2.2 Industrial Variations in New Firm Formation

<table>
<thead>
<tr>
<th>Industry</th>
<th>Stock at start of year</th>
<th>Registrations</th>
<th>Deregistrations</th>
<th>Net Change</th>
<th>Stock at end of Year</th>
</tr>
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<tbody>
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<td>Agriculture</td>
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<td>17.5</td>
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<td>-4.1</td>
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<td>Construction</td>
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<td>42.0</td>
<td>-20.9</td>
<td>221.5</td>
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<tr>
<td>Transport</td>
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<td>7.9</td>
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<td>-2.8</td>
<td>67.3</td>
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<td>24.4</td>
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<td>19.4</td>
<td>-1.0</td>
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<tr>
<td>Catering</td>
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<td>18.5</td>
<td>21.7</td>
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<td>119.4</td>
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<td>Motoring trades</td>
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Source: D.T.I. Industry Vat Registrations and Deregistrations, 1992 (1100)
Table 2.3 Local Variations in the involvement of Ethnic Groups in Business, 1977-78

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<tr>
<th></th>
<th>Employers in large firms (SEG 1)</th>
<th>Employers in small firms (SEG 2)</th>
<th>Self employed professionals (SEG 3)</th>
<th>Own account workers (SEG 12)</th>
<th>Sum of 1, 2, 3 &amp; 12</th>
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<tr>
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<tr>
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<tr>
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<td>9.1</td>
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<tr>
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<td>Other non-White</td>
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<tr>
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<td>9.5</td>
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</tbody>
</table>

Source: National Dwelling and Household Survey, special tabulations.

Note: Percentages read across the line and represent self-employed in designated SEGs as a proportion of all economically active household heads.
It has been suggested that the formation of new firms in each locality and their impact on local economic development varies according to the economic factors available in the area. These variables are briefly examined below.

1. Supply of Potential Entrepreneurs

a) Industrial Structure

It has been argued that the industrial structure of a particular region influences the supply of potential business owners. This is because it is argued that most entrepreneurs have had previous contact with the industry in which they start their business. Gudgin's (1978) study in East Midlands discovered that over 80 per cent of entrepreneurs had previous experience of the same trade. It is also noted that differences in barriers to entry, production technology, and market growth affect the prosperity for new firm formation in different industries (Keeble and Wever, 1986b). O'Farrell and Crouchley (1984) found that in both East Midlands and Ireland, wood, cork, brushes, furniture, printing and plastics
were the manufacturing sectors with barriers to entry. Similarly, the concentration of Asians in the clothing sectors in Leicester and Coventry has been associated with the ease with which one can set up in business in the sector. The clothing industry is a relatively easy sector in which to establish businesses and attracts entrepreneurs with no previous experience in the trade. The amount of capital needed to buy a few second hand machines is low and the management skills required to carry out subcontracting work are not extensive (Healey 1992).

b) Firm Size

It is suggested that the rate at which new firms are formed is greatest in areas or economies dominated by small firms. This, it is argued is because new firms provide a better training ground for potential entrepreneurs than big firms. Leicester's economy is traditionally dominated by small firms (Coyne and Lincoln 1982), particularly in the manufacturing sector. This might explain the growth of Asian manufacturing businesses in Leicester (Fagg, 1993).
c) Occupational Structure and Educational Achievement

The influence of occupational structure and educational achievement on new firm formation is a subject of controversy. Whittington (1984) found high rates of new business formation in regions with high number of non-manual occupations. Similarly, Keeble and Gould's (1985) study in East Anglia found a high rate of new firm formation especially in Cambridgeshire, an area with a large proportion of highly qualified and educated entrepreneurs. But a regional study by Gudgin and Fothergill (1984), found no association between occupational structure and new firm formation in the East Midlands and the counties of Tyne and Wear, Durham and Cleveland. Controversy exists about the relevance of educational qualifications, particularly outside the more modern and technologically sophisticated industries and especially in the non-manufacturing sectors (Storey 1982).
2. Local Environment

Occupational structure of the residents work force

The economic resources available within a particular locality have been linked to the formation of new firms in the area. For example, access to finance such as venture capital, loans and government grants may have an important influence on small firms' development. It has been argued that the availability of start-up finance from within the Asian community motivates their members to start their business. The significance of this argument for ethnic minority business formation in Leicester will be examined later in this chapter. Regional variations in house prices have also an influence on the rates of new firm formation; it is suggested. This is because many business owners borrow money from banks and other financial institutions on the security of their houses (Whittington, 1984). Access to ethnic markets (ethnic niche theory) has been associated to the growth and success of ethnic minority businesses, particularly those in service and retail businesses. Supporting evidence is provided by the survey of ethnic minority businesses in Leicestershire (1987), and Jones and
McEvoy (1981) three cities (Leicester, Ealing and Bradford) study of Asians in retailing business. Keeble and Wever's (1986b) survey of new manufacturing firms shows that at least initially the majority depended on the local markets for their survival. The distribution of wealth and industrial prosperity in the South-East according to Storey (1982) and Mason (1987b) favours new firms starting in that area.

The availability and location of premises are other important reasons influencing new firms in a locality. Asian-owned manufacturing concerns in Leicester are overwhelmingly concentrated in the inner city. Part of the explanation for this behaviour lies in the general trend for clothing and knitwear plants to locate close to where most of the labour force lives (Fagg 1993). The extent to which the availability of premises is a constraining factor depends on the location and type of premises available. According to Fagg (1993), Asian manufacturing firms in Leicester at formation showed a preference for older properties, for example, only seven per cent of entrepreneurs opted for sites on post-war industrial estates or units in purpose-built flatted factories and new "nursery" development.
Moreover, at least 40 per cent occupied space in pre-war, multi-storey sub-divided premises. However, Fagg (1993) concluded that the limited number of industrial estates in the inner city means that, for many Asian-owned firms in clothing and textiles the need to retain access to ethnic minority labour severely restricts the choice of properties available. Local and central government policies on small firms are also indications of the growth of new firm formation in the U.K. Since the Bolton report on small firms in 1971 there have been government sponsored initiatives such as the Small Firms Loan Guarantee Scheme, Business Expansion Scheme, Enterprise Allowance Scheme (Now New Business Scheme) including business advisory services, designed to encourage and assist small firms.

The need to encourage and facilitate ethnic minority business development was recognised by Lord Scarman's (1982) report on Brixton disorder. Similarly, the Home Affairs Committee (1980) report on racial disadvantage noted that:

"It is ... in the interests of the whole community that obstacles to the full participation by members of any minority group in creation and running of small business should be removed."
Commenting on the role of ethnic minority business in economic development the report further said that:

"The encouragement of ethnic minority business small businesses should be seen as a means to creating jobs and part of the process of regenerating the local economy". (Home Affairs Committee Report, 1980, Page 36)

Asian business formation in the U.K. has varied according to local economy. It has been shown that the proportion of Asians in business in a sample of industrial areas in England has varied greatly. Asian business has emerged most strongly in areas of long-term economic contraction, like Newcastle, where 31 per cent of Asian heads of household were working on their own account in 1977, and much more slowly where well paid jobs were still available at the time, such as Birmingham, where the equivalent figure was 2 per cent (Ward, 1986). In areas of economic decline jobs are hard to get but the reduced spending power is likely to raise the rate of business failures in marginal sectors, thus providing opportunities for those who can survive on a lower cost structure or provide better service.
Industrial in-migration

The rate of industrial migration into a region, it is argued, will have significant influence in the rate of new formation. In recent years local authorities throughout the UK have developed a number of economic policies to attract inward investments to their localities. Gould and Keeble (1984) noted that between 1966 and 1974 about 286 manufacturing firms had moved to East Anglia from London and the rest of South East of England. Such movement if made by large manufacturing companies is likely to result in a spin-off small new firms in support of the big businesses. As Gould and Keeble, (1984, pp. 197) noted:

"The possibility therefore arises that such in-migration may have introduced a considerable number of potential firm founders, from growth industries .... and appropriate experience for entrepreneurship, to particular localities: and that over time, this process may in turn have engendered high firm formation rates.

Therefore, political and economic factors play an important part in influencing the geography of new firm formation. In the following section the theories that are advanced to explain the involvement of the members of the ethnic minority communities in business in the UK are examined.
2.4 ETHNIC MINORITY BUSINESS DEVELOPMENT IN THE U.K.: A SEARCH FOR EXPLANATION

The most striking evidence of ethnic settlement in the post-war Britain has been the proliferation of Asian businesses in many British cities, particularly in the inner city areas. Since the early 1960s, the growth of a substantial Asian consumer market has stimulated a parallel growth of Asian enterprise which now extends into wholesaling and manufacturing as well as retailing. This apparent upsurge has excited much research interest and comment in academic and policy making circles. While this phenomenon has generally been warmly accepted as evidence of commercial dynamism, policy makers have expressed an interest in minority entrepreneurs. The Home Office Minister for small firms (Peter Lloyd) said:

"When so many small businesses are facing difficulties it is vital to do everything we can to bring down the additional barriers which may disadvantage businessmen and women from the ethnic minorities. They have a wealth of talent and entrepreneurial flair which must be allowed to flourish." (Home Office, News Release, No. 322/92. 1992).
This comment has been reinforced by the chairman of the Trustees Savings Bank group, Sir Nicholas Goodison when he said:

"Entrepreneurs from ethnic minorities have an established and valued presence in many of our local communities. They should be given every encouragement to develop their talents and to participate on the wider economic stage." (Banks Report on Ethnic Minority Business Development, Home Office, 1992).

This section examines (1) the various arguments put forward to explain the involvement of the ethnic minorities in entrepreneurial activity. These arguments are discussed in the following order:-

i) Cultural explanation

ii) Structural explanation

iii) Middleman minority theory

(2) ethnic minority entrepreneurs' access to business resources with reference to:

a) access to Finance

b) access to Business Advice/Information/Training

c) access to Premises

d) access to Labour force.
and, (3) the personal characteristics associated with entrepreneurs.

This review aims to uncover the theory and other empirical work on ethnic minority business development, and to set up the basis and research questions to be addressed by the present study.

4.1.1 Ethnic Minorities and Business Development

2.4.1.1 Cultural Explanation

The cultural explanation of ethnic minority business participation rests on the assumption that some cultures are predisposed towards the successful pursuit of entrepreneurial goals. This is based on the view that cultural predispositions are a resource in business activity. Light (1979) identified the cultural resources of Jews, Chinese and Japanese immigrants in the USA as an important factor in business success.

"The cultural and psychological characteristics of groups incline adult members towards business enterprise as a mode of achievement". (Light, 1979, p.32).
The cultural endowment theory has been used to explain the reaction of these minority groups to their marginalised status as immigrants. A tradition of enterprise culture was used by Jews and Japanese immigrants to resist allocation to the lowest levels of the labour market (Portes and Bach 1985). In such cases imported traits and behaviour patterns, or latent abilities which promote entrepreneurship, are drawn upon for survival in a hostile economy. Aspects of this cultural background which equip individual members of ethnic group for business include: collective institutions based on clanship and family solidarity; and ethnic heritage based on the entrepreneurial ethic, personal skills, religious values and attitudes. One example of a collective community strategy is the rotating credit organisations or partners which are said to have played an important role in the economic entrepreneurship in the Chinese and West Indian communities in the USA (Foner 1979; Bonnet 1981). The role and importance of social networks have also been emphasised (Tabb 1970; Cottingham 1982; Bates 1985a). An additional advantage of engaging in ethnic business arises from the opportunity it offered to help maintain the strong cultural traditions that minority groups brought with them to the new country.
Many immigrants to the USA went with the intention of staying only long enough to earn and save sufficient money to make a better life when they return home. In such cases the importance of retaining their ethnic culture was strong. On the other hand, many groups had no intention of returning since America was the land of opportunity which offered a new life away from persecution of the old country. Consequently assimilation into the new society was their main aim. Jewish adaption to the USA proceeded along two lines, firstly, a rapid acculturation with an emphasis on learning the language, business and occupational skills and the general ways of the new society. Secondly, a defence of traditional values and maintenance of collective solidarity (Portes and Bach 1985).

Cultural theory also predicts that ethnic resources can be drawn upon to respond to business opportunities. It carries three assumptions. First, that individuals in minority groups have resources to build upon. Second, that they will recognise and respond to business opportunities, and thirdly, that there are no external constraints operating to prevent entry into the business sector (Ward 1983). Cultural theory assumes that self employment is an option that is freely chosen by individuals who then build upon their ethnic and class resources.
Many social scientists who have studied ethnic entrepreneurship claim that cultural influences are most important stimulants. In his study, Weber (1904) argued that the protestant ethic of work, parsimony and sobriety prepared the way for the capitalistic entrepreneurial ethos. This argument was later taken up by McClelland (1961) and his fellow researchers who maintained that social change and development was brought about by people with a strong "achievement motivation". Their thesis was that a certain frame of mind and a specific value orientation were essential for dynamic capitalistic entrepreneurship and that this could bring about economic and social change (Hagern 1962; Geestz, 1963). Others maintained that social factors are the most important variables explaining entrepreneurial dynamism which is used as a means of mitigating against their marginal existence. These authors (Hoselitz, 1960 and Geestz 1963) place great significance on the structural characteristics of the groups from which entrepreneurs emerge.

The cultural argument was further examined when sociologists and anthropologists studied the development and integration of immigrant groups in North America and Europe. Light (1972) examined the problem and asked the question: "Why were there so many more white than black entrepreneurs in a Los Angeles' black neighbourhood"?
Discrimination against blacks was not the cause. Indeed although there was considerable discrimination against Japanese and Chinese immigrant businessmen, they were over-represented in the neighbourhood, as were self-employed Mediterranean immigrants. Light showed that Japanese and Chinese were able, without great difficulty, to finance their businesses. They could do this because of cultural arrangements such as rotating credit associations. Such arrangements apparently did not exist amongst American blacks (although they do among Afro-Caribbean).

Amongst the Chinese and Japanese there were also strong organisations, reminiscent of traditional guilds, that united businessmen and provided support, protection and capital. This cultural argument was supported in the study by Wong (1977) which showed that self-employed Chinese in a black neighbourhood of Los Angeles succeeded more often than blacks. This, he argued, was because they were more businesslike, made more use of family labour, and more frequently merged their business and household budgets. This allowed them to economise on household consumption to benefit the business. Wong stressed the significance of the greater personal loyalty among Chinese, which resulted in less pilfering amongst employees. He also noted that the Chinese shopkeeper was more able than his black rival to be severe and thus more
successful in collecting debts and limiting credit. This was because his clients came from outside his own ethnic group. This, of course, is not a cultural attribute, but a structural one, for the Chinese businessmen stood outside the network of reciprocal obligations of neighbourhood, kinship and friendship which enmeshed the black trader. The importance of cultural factors in explaining successful entrepreneurship is given further prominence in Benedict's (1979) study in the Seychelles Islands. In this he attempted to explain why Chinese and Indian businessmen were generally more successful than Creoles. The main conclusion was that the success of a family enterprise depended upon the existence of a hierarchical family structure and family loyalty to family enterprise (Benedict 1979).

"My contention is that the growth and success of a family firm is highly dependent on a strong and authoritarian father and a closely knit co-operative family. The reciprocal of this is wives and sons willing to submit to the father's rule. This is accompanied by an ideology which stresses loyalty to the family and hence the firm. Such an ideology is fostered particularly if the family is somewhat isolated from the surrounding social milieu. I do not contend that only a strong patriarchal family is required for a successful family firm but that without it the firm is likely to fail". (Benedict, 1979: P324).

He also referred to the cultural differences between Creoles on the one hand, and Indians and Chinese on the other regarding saving, consumption and leisure activities. Creoles spent money easily and were relatively
unconcerned about the future. The attitudes of Chinese and Indians were just the opposite, they stressed sobriety, co-operation and long term goals. Benedict also drew attention to the question of credit and debt collection, familiar subjects in studies of small businessmen. As was the case amongst Los Angeles' blacks (Light 1979), the Creoles encountered greater problems because they were more likely to provide credit to their neighbours.

In their 1971 study, Marris and Somerset compared the way the cultural differences between Indians and Kenyans influenced their access to family credit and labour. They demonstrated the advantage that the Indian joint family ideology provided for entrepreneurs. While the Indian entrepreneur had access to family labour and credit, the more egalitarian Kenyan inheritance system, together with the competitive relationship between kinsmen, inhibited co-operation among Kenyan entrepreneurs.

In summary, cultural theory accounts for minority business development in terms of the availability and access to ethnic resources of capital, labour and market. Whether this is the case for East African Asian business development in Leicester will be examined in the present study.
2.4.1.2 Structural Argument

Structural analysts see self-employment by members of ethnic minority groups as a reaction against racism and blocked avenues to occupational mobility and a survival strategy for coping on the margins of white-dominated mainstreams of the economy (Jenkins 1984; Ward and Reeves 1980). Reeves and Ward (1984) examined the structural arguments by attempting to explain why there was a marked under-representation of Afro-Caribbean in self-employment compared to Asian immigrants in Britain. They found that in 1977: 3.6 percent of West Indian men were self-employed compared to 11.6 percent and 7.9 percent respectively of Indian and Pakistani/Bangladeshi men. They noted that Indians were especially active in building and transport, often as taxi drivers, and that fewer were involved in distributive trades. Reeves and Ward advanced a number of structural reasons for these differences. They felt that there were more Asian immigrants than the West Indians; that the former were concentrated in the centres of older cities; there were many existing shops in the neighbourhoods in which Asians settled; and that White shopkeepers, confronted with declining property values, were happy to sell their shops at favourable prices to the new businessmen. In contrast, there were far fewer Caribbean immigrants and they were geographically more dispersed; most lived in council housing estates which were already serviced by
local shopkeepers; and shops in such neighbourhoods were both scarce and expensive. Moreover, these immigrants possessed fewer of the skills necessary to run a small business. This was the result of less education and the absence of a family tradition of orientation towards business practices. In contrast to their Asian counterparts the Caribbean businessmen did not have access to an infrastructure of bookkeepers and professional advisers from within their own ethnic community.

Though Reeves and Ward were aware of the cultural argument that attributed the underpresentation of self-employed Caribbean immigrants to the absence of a strong family organisation, they rejected this on the grounds that in the United States the Caribbean migrant businessmen were relatively successful:

"If West Indians migrating to the United States can become successful in business, this points to a "structural" explanation of the comparative lack of success so far achieved by West Indian business in Britain (in terms of market opportunities) rather than a "cultural" one (in terms of an alleged "temperamental" inability to run a business)." (Reeves and Ward, 1984, P.125-146).

Reeves and Ward along with other 'structuralists' argue for the importance of considering social characteristics such as education, experience, residential patterns, ease of entry to the market and, government policy in
explaining differences in entrepreneurial style among immigrants.

In emphasising the importance of social characteristics, however, cultural attributes such as family structure, work ethic, thrift, attitudes towards leisure and the future should not be ignored. Moreover, it is obvious that many of these attributes are interrelated since education, skill and even family structure are closely linked to socio-economic class. Culture is influenced by socio-economic and structural constraints and vice-versa, thus both dimensions must be brought into the analysis of differences in style of ethnic entrepreneurship.

Racial disadvantage in the labour market causes the ethnic minorities to favour small business because they suffer from under-employment and unemployment as a result of their poor English, unvalidated educational credentials, and discrimination (Reitz, 1980). Anyone who faces such disadvantage has a special incentive to consider self-employment, and the greater the disadvantage, the greater the incentive (Light, 1984).

Business development in ethnic communities can be explained in a different way. This is that immigration and alien status release latent facilitators which promote entrepreneurship independently of cultural
endowments (Turner and Bonacich, 1980). Light (1984) suggests that three facilitators are especially important, firstly, is the 'relative satisfaction' which he argues, is the psychological satisfaction which is derived from immigrating to a high-wage country from a low-wage country. Secondly, the 'relative solidarity' which is the enhanced social solidarity attendant upon cultural minority status. Chain-migration, Light maintains, creates immigrant communities with extra-ordinarily well-developed social networks. Many studies have shown that such social networks create resources upon which immigrant co-ethnics can draw upon for business purposes (Light, 1972; Bonacich, 1973; Bonacich and Modell, 1980; Wilson and Portes, 1980; Waldinger and Ward, 1984; Werbner, 1984). The third endowment is the 'Sojourning' or 'Return' (SIU, 1952; Bonacich, 1973) orientation which arises when immigrants intend to repatriate. They derive from this intention a desire to amass as much money as possible, and as quickly as possible. Bonacich has shown that sojourning implies a battery of entrepreneurial motivations which give middlemen minorities an advantage in business competition over non-sojourners. Thus sojourning is essentially a frequent accompaniment to international immigration, and its presence provides an economic edge to the foreign born in business (Zenner, 1982; Lawrence, 1974).
In summary, the structural theory sees unemployment and racial discrimination in the labour market as the main reasons for the involvement of minority groups in business activity. The present study will investigate the extent to which the structural hypothesis accounts for self-employment amongst the East African Asians in Leicester.

2.4.1.3 Middleman Minority Theory (Bonacich 1973)

To explain the over-representation of certain ethnic groups in the field of small businesses, Bonacich (1973) developed the concept of the middleman minority. She attributed the drive which led ethnic minorities to become self-employed to their social status; they were discriminated against and were outsiders. This provided the motive to set up on their own as they remained oriented towards their country of birth and regarded their enterprise as a temporary arrangement. Consequently they did not re-invest heavily, preferring to keep their accumulated capital as liquid as possible. Because they planned to return, they developed few relations with the indigenous population and following on from this, their integration was hampered by their isolation and the strength of their relations with other members of their own ethnic group. Their most striking characteristics was that they traded almost exclusively with the indigenous
community. Ethnic distinctiveness is normally treated as a disadvantage; a bar to equal participation in a larger society. However, a large number of historical precedents suggest that entrepreneurs may actually benefit from membership of a minority ethnic group. Bonacich (1973), used the term middleman 'minority' to describe immigrant groups whose business ownership is extensive enough to provide a major source of livelihood for group members. Overseas's Indians are cited amongst a long list of exiled groups who have acquired the reputation for 'middleman' activities. Bonacich argues that the commercial prowess of such groups is essentially attributed to their position as non-members of society - a sense of non-identity with the receiving society and a belief in their eventual return to their homeland. Even in cases where return migration is unlikely, this mentality continues to influence the actions of group members. They persist in a stance of 'aloofness' from mainstream society, retain the customs and institutions of the homeland and behave in many ways as if they were transients rather than permanent settlers. Many studies have focused upon this mentality as a key determinant of the response to British society (Anwar, 1979).

The successful and highly competitive practices of ethnic entrepreneurs may be attributed to what is termed their 'sojourner mentality'. Thrift, diligence and a willingness
to endure punishing hours of work are all consistent with the goals of a migrant group prepared to make short term sacrifices in a foreign country in order to enjoy the spoils on returning to the homeland. Bonacich (1973) states that the will to succeed in business is reinforced by exclusion from other possible outlets for talent and energy. Discrimination on the part of the majority society restricts access to political power and social status, so group members turn to the business sphere as a means of furthering personal ambition. In addition to personal motivation, ethnic entrepreneurs benefit from a supportive business environment, enjoying certain advantages denied to non-ethnic competitors. Internal solidarity, the strengthening of communal bonds of loyalty and mutual aid is a common feature of any immigrant group strongly differentiated by culture from the indigenous society and subject to exclusion from that host society. For the ethnic businessman, this solidarity makes access to essential commercial resources much easier, and more cheaply mobilised from within the group. One such competitive advantage frequently enjoyed by minority businesses is their use of informal channels to obtain free credit from co-ethnics - a practice which is attaining a high degree of sophistication amongst ethnic minorities. Another advantage is their ability to call on the extended family as unpaid labour (Bonacich 1973).
To be cast as a 'middleman minority' (Bonacich 1973) maintained that any ethnic group must display the following attributes namely:–

a) Easy access to business resources
b) Specialisation

These characteristics are briefly discussed below:–

a) Access to Business Resources:–

The group's entrepreneurs enjoy an advantage over their non-ethnic counterparts with respect to capital, labour and experience. Capital is largely obtained from family, friends and other informal sources within the group on a mutual aid basis. Labour is provided by the extended family and the entrepreneur is a member of an established business family.

b) Specialisation

To the extent that the groups' livelihood depends on selling to a majority market and on in-group co-operation, it will show a high degree of occupational specialisation. Members will concentrate in a few lines of trade where their shared business experience and economies of scale give them a competitive advantage. If
Successful in penetrating the majority market, their rate of self-employment will expand.

The middleman role implies that community solidarity and self help is a potent force in overcoming the problems of adaptation to a new environment and the barriers posed by racism. It raises hopes about business as an area of opportunity where minorities can gain economic equality with the majority.

The middleman minority theory has been criticised by Light (1979) who accused its supporters of ignoring cultural heritage. He states, "the theory is ad hoc" and that "it lays too strong an emphasis on discrimination and the sojourner mentality". Among Jews there were many successful entrepreneurs long before Israel provided a real possibility for return to the promised land. The myth of repatriation, in the preceding centuries of diaspora, was a strictly cultural phenomenon, intimately connected with the religious expression of Jews and their sense of peoplehood. Light also noted that settlers were often more successful businessmen than sojourners.

How representative is this model of immigrant entrepreneurs in Britain?
Until very recently there have been very few studies of minority businesses in Britain. The three city survey of retailers in Bradford, Ealing and Leicester undertaken by Aldrich, Carter, McEvoy and Jones (1981) provided a wealth of information about small business behaviour and their findings are considered by many as being representative of the bulk of the Asian traders in British cities.

Of the fifteen wards studied by Aldrich et al, Asian residents were in a majority in two, and in six others between a quarter and a half of the population was Asian. The first two propositions of the 'middleman model'; that ethnic entrepreneurs benefit from internal resources; and that they practice more rigorous competition was tested by comparing Asian and White shopkeeper samples. The results of this analysis show that the claims that Asians have gained a stranglehold have been greatly exaggerated and that the differences between Asian and White shopkeepers are not great. Asian-owned shops do not differ significantly in the number of people they employ, and were similar in respect of their employment of family members and relatives. If Asian shopkeepers possess any critical advantage over their White competitors, it is in the realm of labour intensiveness. The greater availability of extended family labour, some of it unpaid, enables Asian firms to operate a longer working day and open on Sundays. Apart from being open longer,
Asian shopkeepers make no strenuous effort to court custom by making home deliveries, offering credit and obtaining cheaper merchandise through co-operative purchasing. A mixed picture regarding expertise and capital between the two groups was found. Using commercial experience as a surrogate for expertise, the researchers found that a higher proportion of Asians had self-employed fathers and thus had grown up in a business family. With regard to capital White owners were more likely to have relied solely on their personal assets to start-up, while a much higher proportion of Asians than Whites had raised at least a fraction of their capital from banks, family members and friends. Aldrich et al did note, however, that not too much should be read into this as the proportion of total capital acquired through these sources by Asians was quite small. Contributions from friends and family amount to around 10 percent of the requirements, while banks provide approximately 50 percent. Further, these researchers found no evidence that Asians had encountered any difficulties raising funds through financial institutions, indeed more than twice as many Asians had obtained some capital from banks, than white businessmen. It would appear that the first proposition of the middleman model is therefore only partially supported. Asian shopkeepers do benefit from drawing upon extended family members in contrast to Whites who have to employ outsiders in addition to their
spouse and children. As for capital raised however, Aldrich et al found, contrary to expectations, that Asian shopkeepers relied more heavily upon external resources than Whites. The second proposition of the middleman model is supported to a degree with respect to hours worked, but in general Asians do not differ from their White counterparts on the other competitive practices measured.

Aldrich et al are of the opinion that the emergence of Asian shops has occurred in direct response to the rise of Asian population concentrations. They further stated that the locational characteristics of minority retailers provided them with a reliable and easily obtainable ethnic clientele. Since most small shops must be located with regard to convenient customer access, it follows that genuine middleman outlets must echo that of the city's total population rather than simply being located in close proximity to ethnic minority residential concentrations. They also state that on the evidence of their locational patterns, Asian retailers comprise an enclave economy rather than a middleman economy. The supposition that their commercial survival is heavily dependant upon an ethnic clientele was confirmed by the interview results which found that on average only 30 percent of the Asian shopkeepers' customers were White. Most of the respondents explained the ethnic composition of their custom in terms of proximity, but 'significant
numbers' mentioned that they carried special products that appealed mainly to Asians.

Even though information on business as a specialised group function is comparatively scanty, Aldrich et al maintain that the available data is 'sufficient' to confirm that self-employment in retailing absorbs only a small fraction of economically active Asians and create few additional opportunities for the employment of group members. Assuming (very conservatively) that there are 15,000 Asians active in the local job market, Aldrich et al conclude that the Asian owned retail sector absorbs at most around 10 percent of economically active Asians. This, according to Aldrich et al, hardly constitutes a leading source of group livelihood. However these speculative estimates take no account of non-retailing activities in which some Asians are involved. Aldrich et al accept this and state that it is not as serious an omission as it might at first seem because, in the majority of the Asian concerns, nearly two thirds are shopkeepers.

Aldrich et al also contend that immigrant business activity is shaped more by external forces than by internal characteristics i.e. "the opportunity structure of the receiving society outweighs any cultural predisposition towards entrepreneurship".
This interpretation seems correct since, amongst the shopkeeping fraternity of urban England the similarities between groups are more striking than the differences. This holds true whether one compares one Asian group with another or with non-Asian. Therefore, the explanation must be sought outside the ethnic group itself to account for the failure of some Asians to re-establish their traditional middleman role. Asian shopkeepers are faced with a common set of structural constraints:

"which act as a levelling down force, nullifying any slight intergroup differentials and stifling the achievements of many of the more enterprising individuals". (Aldrich, Carter, McEvoy and Jones, 1981).

According to Aldrich and his fellow researchers the most obviously visible expression of structural disadvantage is the lack of market outlets. This was a major obstacle to all but a small minority of individual shopkeepers, as noted by Jones (1982). The top end of the Asian shopkeeper range is distinguished by a small number of concerns whose proprietors have found ways to breakout of the normal strangle hold of marginality and low reward. As a general rule, selling opportunities are restricted by an inability or unwillingness to tap majority markets. At the same time the pressures of mounting unemployment and racism combine to push increasing numbers of Asians in the direction of self employment. As a result the ratio of customers to traders is tending to
Where the ratio of majority customers to minority suppliers is high, trading can form an important group specialisation which offers economic opportunities for group members. Aldrich et al state that the economic role of Asians as middlemen cannot be resurrected in Britain at the present time. The position in which Asians find themselves in is not merely dissimilar, but in several senses antithetical, to that experienced in the colonies. Instead of operating in a protected market within an underdeveloped country, Asians find themselves competing against an established small business class and against a background of long term decline in small scale trading. Given such circumstances, the odds against Asians achieving middleman status via retailing, or even travelling far along the role, are overwhelming. Even if it were possible to ignore the nature of the institutions upon which Asian businesses depend, one would still be forced to conclude that there is simply no gap into which a major new middleman group can develop in a stagnant economy where resources are firmly under the control of an established interest group.

Before rejecting the middleman minority model as inappropriate to British Asians, Aldrich et al considered a final possibility that commercial performance is a function of the evolutionary stage. Because of its recent emergence, British Asian trading activity may be regarded as being in its infancy and perhaps the problems
encountered are the result of commercial immaturity rather than a consequence of being Asians in England. Any immigrant business community must be expected to undergo change over time, emerging from an initially weak position to achieve breadth and depth. The interwar development of U.S. Orientals exemplifies this process of maturation and also suggests that the enclave stage of oriental development was fraught with hazards similar to those presently being faced by Asians in England. Hence, far from expressing any 'natural aptitude' for commerce, it can be argued that self employment is the sole recourse for workers subject to extreme economic oppression. As Light (1972) commented,

"The classic small business of prewar Chinese... were monuments to the discrimination that had created them".

Survival was possible only by exploiting the ethnic market, yet by the Second World War, Chinese traders were selling well over half their produce to non-orientals. The question of whether the 'current enclave' structure of Asian activity is likely to be replaced by a similar middleman development is one which is difficult to answer. Aldrich et al state that Asians have been achieving a steady increase in their rate of self-employment over the past two decades, but that there is no evidence to show that this has been accompanied by either a growth in market penetration, or by improved
monetary returns. When Asian firms established before and after 1967 are compared, rates of profits and returns are seen to be not significantly different. If any inference can be drawn from this it is that there is no proof that commercial infancy is a critical factor in business under-development. Hence Aldrich et al reiterate that the future of Asian retailing depends upon market opportunities, and that up to now the trend has been of Asian retailers multiplying faster than prospective customers.

Aldrich et al conclude that, except for a minority of businesses in areas of sparse Asian settlement, Asian retail and service enterprise in Britain show most of the characteristics of an 'enclave' or 'recluse' economy. Also that development in the directions of middleman status will continue to be retarded by the unfavourable opportunity structure of the receiving society. To date the commercial advantages customarily ascribed to ethnicity have largely failed to break these barriers. Hence, Aldrich et al argue that in several respects it seems doubtful whether such advantages really exist. Whilst they accept that Asian businessmen have demonstrated great personal initiative in pioneering new ventures, they are nonetheless of the opinion that Asian business activity represents a truce with racial inequality rather than a victory over it. They are
inclined to give primacy to racial disadvantage over ethnic advantage as an explanation of Asian commercial development.

The development of Asian retailing in British cities was also the subject of a study by Robinson and Flintoff (1982). Their conclusions are generally in accord with those of Aldrich et al. However, Robinson et al. do feel that Asians have acted as a replacement population, moving into those areas, and sectors, vacated by Whites. Facing the same maladies as white retailers, most notably, the declining economic base, the outward movement of population, and the deterioration of the physical environment, Asians have not achieved marked success. They have only really survived where the Whites have failed by virtue of their willingness to work longer hours, their access to cheap labour within the family and community, and their spirit of enterprise. Asians are beginning to compete within the larger non-ethnic market, but they avoid direct competition with white retailers by providing only those goods and services which the Whites are unwilling, or unable, to provide. Asian retailers, they claim, are thus consequently faced with a dilemma since they must choose whether they wish to dominate the limited ethnic market, or be marginal to an unrestricted larger one.
Whether the East African Asian entrepreneurs display the middleman minority theory attributes will not be examined in the present study to avoid the dominant position of "shopkeepers' which is a feature of previous studies based on this hypothesis.

2.5 Access to Business Resources

2.5.1 Access to finance

Studies in other cities in the U.K. have examined the financing of ethnic minority businesses, that is, the source of finance used by ethnic minority entrepreneurs and whether they have experienced greater difficulties in sourcing finance than indigenous businesses. Aldrich's (1980) study of Asian retailers in Wandsworth found that personal savings of the entrepreneurs was the main source of their startup finance. However, in his Lambeth study, Brooks (1982) and Wilson (1983) in Brent, reported that Asian entrepreneurs were less dependent on personal savings as source of capital compared with Afro-Caribbean and White entrepreneurs. But Sawyer's (1982) investigation of Black businesses in Manchester; Rafiq, Buckley and Sparkes (1985) in Bradford; and Creed and Ward's (1987) survey of Afro-Caribbean small businesses in Cardiff reported that the most frequently used source of finance amongst their respondents were personal savings, loans from friends and family members followed by bank finance. These findings were similar to those by
the Fulloempoy (1988) study of ethnic minority businesses in Nottingham. Similar conclusions were reached from an investigation of mainstream small businesses by Carter and Cannon (1988) and Mason (1989) in which they confirmed the significance of personal savings and support from friends and family members as source of startup finance. At the post-startup stage, studies by Wilson (1983), Rafiq et al (1985), Creed and Ward (1988), Wilson and Stanworth (1987) found that retained profits and bank loans were the major sources of post-startup finance, with personal savings and assistance from family/relations much less prominent.

As regards problems in raising finance, most studies of ethnic minority businesses have identified access to finance as a major obstacle to the startup and growth of ethnic minority businesses. Kazuka (1980), in a study carried out in Hackney, reported that ethnic minority entrepreneurs experienced considerable difficulty obtaining finance from banks partly because of insufficient collateral. There was also a perception of discrimination for 25 percent of the sample questioned in the survey believed that it was a matter of bank policy not to lend to ethnic minority businesses. Kazuka pointed out that whereas the Asian entrepreneurs have Asian banks and finance brokers to turn to, the Afro-
Caribbean entrepreneurs have no corresponding institutions. The Lambeth survey (Brooks, 1982) also identified a similar pattern of difficulty with bank loans. Of those that sought loans for startup, 74 percent Afro-Caribbean, 13 percent of Asian and 6 percent of White entrepreneurs were unsuccessful. A similar, though less pronounced, pattern was found in respect of loan facilities for business expansion. As in the Hackney study, there was a perception of discrimination. In their report on West Indians businesses in Britain, Ward and Reeves (1980) concluded that there was some circumstantial evidence of additional obstacles being put in the way of West Indians seeking business loans from banks. They identified the application of negative stereotypes by bank managers as one likely source of disadvantage. However, an independent study in Brent (Wilson, 1983) found that only a small proportion of Asian and Afro-Caribbean entrepreneurs who had sought bank finance had in fact been refused. The study suggested that lack of sensitivity on the part of the banks to black business needs, negative stereotyping by bank managers and a mutual lack of understanding may provide possible explanations for the findings. A study by Rafiq et al (1985) in Bradford reported similar problems with bank finance at the startup stage. The major problems identified by the study were inadequate collateral and alleged discrimination by bank managers.
It is evident from the review of literature that the most important and significant sources of finance used by ethnic minority businesses in other cities were personal savings of the entrepreneurs and support from family members, friends and relatives. It is also evident that some entrepreneurs experienced some difficulties with bank finance, particularly at the startup stage. In the present study the source(s) of finance used by East African Asians in Leicester, including any difficulties, if any, which they have encountered will be examined. The aim is to determine the extent to which the minority community represent a source of finance for the East African Asian entrepreneurs in Leicester.

2.5.2 Access to Business Advice/Information and Training

Evidence presented to the Wilson Committee on small firms pointed out that it was often difficult for small business owners to put together the kind of presentation needed successfully to obtain finance. This was mainly due to lack of specialist staff and the fact that an owner-manager may not be very sophisticated financially (Wilson Committee Report, 1979). This suggests that in addition to information on finance and other business resources, there is need for general and financial advice and information. The question is, what sources of
business advice and information are open to small business owners? At present it is possible to identify four formal sources from which advice and information can be obtained. These are (1) accountants and professional advisers, (2) banks and other financial institutions, (3) government sponsored business advice agencies, and (4) various trade and business organisations like Chambers of Commerce.

Studies on ethnic minority businesses have identified the sources from ethnic entrepreneurs sought business advice and information. A survey carried out by Rafiq et al (1985) in Bradford, and Baker (1982) in London showed that accountants, followed by the entrepreneur's family members were the primary sources of advice used by their respondents. Only 2.4 percent of the Bradford study consulted their bank managers for advice. This contrasts with studies by Creed et al (1987) in Cardiff, and Carter et al (1988) on female entrepreneurs. Both studies found that bank managers and accountants were the main sources of advice used by the majority of their respondents, with only a minority obtaining information and advice from their friends and family. Other researchers have reported a lack of opportunities or awareness of sources of advice that are available. Ward and Reeves (1980) reported that Afro-Caribbean entrepreneurs felt a strong need for business advice and

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Despite its importance for small businesses, only two studies have investigated minority entrepreneurs' attitude to business training. The Fullemploy (1988) study of Asians and Afro-Caribbean businesses in Nottingham found that none of Asian respondents, and only 4 Afro-Caribbean entrepreneurs had attended business training courses prior to starting in business. In Bradford Rafiq et al (1985) reported that just over 7 percent of their small business respondents, and 11.8 percent of the owners of larger businesses, said that they had attended business courses since establishing their business. Over 40 percent of larger businesses said that they would like to attend courses on importing/exporting, legal aspects of business and general management in the evening or on weekends.

In summary, depending upon an entrepreneur's needs, choice of adviser, and awareness, there are various sources from which he or she can seek help and assistance. Studies have shown that bank managers and accountants are the most common sources of advice and information used by most entrepreneurs. However, other researchers have indicated that family/relations and friends are also valuable sources for business advice and information.
It is evident from the review that there is general lack of appreciation amongst small business owners of the importance of business training. The present study will investigate East African Asian entrepreneurs' attitude towards business advice and information, including business training. That is, whether they have a different entrepreneurial behaviour from other Asian entrepreneurs.

2.5.3 Access to Business Premises

The availability of premises has been recognised as one of the major factors inhibiting the formation and growth of small enterprises. Falk (1980) noted that lack of premises at a price which the small entrepreneurs can afford is a major constraint on Britain's ability to spawn new business. Segal (1981) also remarked that:

"There is clear evidence that the lack of small premises has limited the formation and growth of small firms and that where premises have been provided ... one of the effects has been to stimulate the formation of new firms and the growth of those already in existence." (Segal, 1981, pp.13-14).
Another problem relates to the location and condition of premises from which some small businesses operate. Brooks (1982) found that 79 percent of Afro-Caribbean businesses in Lambeth are in premises established before 1919; and that this is also the case for 56 percent of Asian and 49 percent of white businesses (Brooks, 1982). He also reported that 27 percent of Afro-Caribbean entrepreneurs rated their premises as being in poor condition, compared to 21 percent of Asian businesses and 10 percent of white firms. In Cardiff, the main problem reported in relation to premises was that of actually obtaining one of suitable size, in a good location and at an affordable price. Over half of the sample reported that their premises were too small; only 14 percent thought them to be in poor condition (Creed et al, 1987). The size of the premises, physical condition and the level of rent were reported in the Nottingham study as the main problems encountered by small businesses (Fullemploy, 1988).

The source of information used in locating premises have also been the subjects of several research studies. In Nottingham, the sources of information used in identifying premises differed between Afro-Caribbean and Asian respondents. The Afro-Caribbean entrepreneurs used estate agents, newspaper advertisement, peer group
assistance and personal observation. This was also the case amongst the Afro-Caribbean entrepreneurs in London Borough of Brent (Wilson, 1983). Asians on the other hand, relied heavily on their friends and relatives, and to a lesser extent on estate agents and newspaper advertisements (Fullemploy, 1988).

The source(s) from which East African Asian entrepreneurs have identified their business premises, the problems if any, which they have encountered, including the reasons for their choice of business location, will be delineated in the present study.

2.5.4 Access to Labour force

Researchers have also shown interest in the ethnicity of minority business employees and recruitment practices amongst minority entrepreneurs. Werbner (1984) commented that the availability of immigrant labour is one of the contributory factors for the development and growth of Pakistani garment trade in Leicester. In Bradford, Rafiq et al (1985) found that over half of the respondents employed members of their family, or someone from their community. The Nottingham Fullemploy (1988) study found that all Asian respondents and 4 Afro Caribbean entrepreneurs employ their family members and relations. It also noted that word of mouth was the most popular method used in searching for workers. This method was also found to be popular amongst Afro-Caribbean
entrepreneurs in Cardiff (Creed et al, 1987). Obviously, minority labour is an important business resource for ethnic entrepreneurs especially if it is a cheap workforce thereby enabling them to enjoy competitive advantage over non-ethnic entrepreneurs (Waldinger et al, 1985).

The present study will examine the ethnic origins of the people employed by East African Asian businesses in Leicester, and the recruitment methods they have adopted. The level of involvement of members of family in the business will also form part of this investigation.

2.6 Personal background and Entrepreneurship

This section examines the effect of personal characteristics on the likelihood of starting a business. Several issues are included under the general term "personal background", they are:

(i) Age on Entering into Business
(ii) Educational attainment
(iii) Previous business and employment experience
(iv) Family background
(v) Birth order
(vi) Religious background
2.6.1 Age on Entering into Business

The age at which individuals enter into business has also attracted the attention of a number of researchers. Forester (1977) reported that quite a high proportion of total self-employed in UK were under the age of 35 years and suggested that this might reflect a youthful preference for entrepreneurship. This conclusion was supported by Mancuso (1974) who reported that his studies indicated that the average age of this group between 30 - 45 years. He also noted that there had been a downward shift in age of entrepreneurs between 1957 and 1971 and stated (p236) that the "entrepreneurial trait shows very early in life".

Other research findings about the age group of entrepreneurs when they started their own business include that by Litvak and Maule (1976) which revealed that the mean age group of entrepreneurs at the time of their entry into business was 33 years. This finding was consistent with those of other studies in the USA (Roberts and Wainer, 1971; Cooper, 1972). These studies found that in the US technical entrepreneurs tended to be in their middle 30s when they established their first business venture. Shapero (1971) reported an average age of 36 for those starting businesses, and
in Magdalena's (1977) study of Phillipino entrepreneurs, while 78 per cent started their business before they reached the age of 40 years, 60 per cent had started business before they were 34. Similar findings were reported by Sasbauer (1972), the average age of "new" entrepreneurs was 34 years and the majority of starting entrepreneurs in Howell's (1972) study were still in their 30s.

From the review of the studies cited above, it appears that the age group when majority of entrepreneurs started their own business is in their 30s and specially their mid 30s. These findings indicate youthful bias in starting businesses, but at the same time not at too young an age.

The age at which East African Asian entrepreneurs in Leicester started in business will be examined in the present study.

2.6.2 Educational Attainment

The significance of education as an influence on entrepreneurship has been the subject of considerable controversy amongst researchers. The results of different studies appear to be inconsistent. Some have
shown that businesses owned by graduates are more likely to develop faster than comparable non-graduates owned firms. Other studies have failed to identify any association between the education level of the entrepreneur and business performance. In this section these two strands of argument including their empirical evidence are examined.

Cooper (1973) in his review of literature on technical entrepreneurs, concluded that the available evidence suggests that they do not fit the mould of the lower education of entrepreneurs. He further argued that the higher the proportion of the population without any managerial experience or educational qualifications, the smaller is the pool of potential and particularly potential successful entrepreneurs. Similarly, in a sample of manufacturers, who established new firms between 1977 to 1981, O'Farrell (1986a), as in Storey (1982), observed that the higher the level of educational attainment, the greater was the probability that an individual would find a manufacturing firm. Douglas (1976) stated that the "myth of less educated could not be supported, since this belief was based on an out-of-date studies carried out during the 1950's and 1960's". Like other studies (Alpander 1967; Magdalena, 1977), Douglas reported that entrepreneurs were more
educated than the general population. In a study of new manufacturing firms in the East Midlands, Gudgin, Brunskill and Fothergill (1979) indicated that businesses founded and managed by those with a degree or professional qualification performed significantly better than those established by non-graduates. They concluded that higher education levels were associated with higher achievement levels in business. Similar investigations carried out in 1960's (Roberts and Wainer, 1968) and in 1970's (Subsauer, 1972, Howell, 1972, Lamont 1972, Mancuso, 1974, Litvak and Maule, 1974, 1976) reported a positive correlation between education and entrepreneurship.

These findings conflict with Mayer and Goldstein (1961), who found that entrepreneurship and education were not positively related. These are supported by those of Warner and Abeckglen (1955) who found that only 20 per cent of the independent entrepreneurs were graduates compared to 57 per cent of business managers. Collins and Moore (1970, 1964) and Komives (1965) have argued that lack of higher education acts as stimulus to many people. Such people start business of their own because upward mobility in their previous job was blocked. These researchers concluded that for those who do not have much education, but want to reach a position
of power, prestige and recognition, one of the few avenues open to them is entrepreneurship. Based on his study in India, Timberg (1969) mentioned that the largest industrialist group were somewhat behind the other elite classes in terms of education. In their South West London study of new manufacturing firms Nicholson and Brinkley (1979) reported that out of 74 firms established since 1965, only 15 were founded by graduates, and another seven by individuals whose parents had owned businesses. Similar investigation by Scase and Goffee (1980) reported that although many had entered the "middle class" as a consequence of their business success, very few of the 96 active proprietors studied had any formal academic qualification.

Pickles and O'Farrell (1987) study of Irish entrepreneurs have suggested that, whilst a minimum level of educational attainment is desirable, the most highly educated groups - graduates - are less likely to establish their own businesses than those with a level of qualifications immediately below the graduate level. Storey et al (1988) noted that, 10 per cent of the "test group" claimed to have no educational qualification whatsoever, compared with 40 per cent of the 'control' group. Carter and Cannon (1988) in their study of female entrepreneurs, found that only 9 out of 60
entrepreneurs had no qualification and 34 had obtained only A levels or their equivalent. Other studies completed in 1970's (Papanek, 1971, Bolton Committee 1971; Deeks 1972, 1973; Brochaus, 1976) identified lower educational attainments amongst entrepreneurs.

Whether formal education and entrepreneurship are positively related is not clear from the existing body of knowledge. In his examination of the advantage of education, Bruce (1976, P76) stated that:

"Through his education he develops a competence in the practice of nuances and subtleties which makes him acceptable in a certain social environment. The man who has not been through this education process has to learn by his experience of life."

Therefore, the possession of educational qualification would appear to be of great significance in entrepreneurial decision process. Whether or not this is the case amongst the persons of East African Asian origin starting in business in Leicester will be examined in this study, which will provide some evidence to either support or reject the "education and entrepreneurship" argument.
2.6.3 Previous Business and Employment Experience

Research shows that individuals are more likely to start a business in the industry in which they were formerly employed, indeed, Knight (1921) argued that everyone with work experience was a potential entrepreneur. Oxenfeldt (1943) hypothesised that individuals who were currently employed may start in business in the same industry in which they were previously employed because of their expertise and experience this has provided. With respect to the shoe industry, he found that 98 per cent of those who had become manufacturers, and 97 per cent of those who had established retail outlets, had been previously employed in the industry. Oxenfeldt also found that of those engaged in wholesaling, 43 per cent had previously been a business owner. In a survey of new firm founders in the East Midlands Gudgin (1978) obtained similar results. He found that 85 per cent claimed to have experience in the industry in which they established their business. Similarly, Johnson and Cathcart (1979b) found that out of 115 newly established manufacturing businesses in the Northern region, 57 per cent had worked in the same industry.
These findings were supported by Storey and Wynarczyk (1982; 1988), Litvak and Maule (1974), Magdalena (1977), Subsauer (1972), Cooper (1971) and Lamont (1972). Therefore, it can be reasonably concluded that those who started their own business have had experience of working in business organisations similar to their present business enterprise. Whether this is true amongst East African Asian entrepreneurs in Leicester will be examined in the present study.

2.6.4 Family background

A number of hypotheses has been proposed concerning the influence that family has on the willingness to enter into business, and the likelihood of success. Pickles and O'Farrell (1987) in their analysis of entrepreneurial behaviour from work histories in Ireland reported that:

"A household in which the father was self-employed will have exposed potential entrepreneurs to the expertise and values of entrepreneurship; within the household there will have been commitment to the ideology and the nature of the reward system inherent in self-employment."


In a survey of manufacturing entrepreneurs in Ireland O'Farrell (1986a) observed that the fathers of nearly half of new founders were self-employed. Similarly
Komives (1972) maintained that one of the major universals of all entrepreneurs was the tradition of independent enterprise in the families into which they were born. He says (Page 77) "their fathers were shop owners, farmers, lawyers or ministers in small towns, or exhibited in some way, independent ownership". He added further that if the father of an entrepreneur did not have the tradition of entrepreneurial occupations, perhaps close kin such as an uncle did. Turner (1970) reported, in his study of adolescents with high "need for achievement" came from homes where fathers were entrepreneurs:

"Fathers in entrepreneurial occupations are seen as having a set of values and psychological dispositions compatible with those socialisation practices in the families which will lead to high need for achievement in their sons." Turner (1970, p.147).

This was supported by Borland (1974) who reported that father's entrepreneurial history was the most important predictor variable amongst his student subjects. Whereas Roberts (1968) found that 50 per cent of the entrepreneurs came from homes in which the father was self-employed, Subsauer (1972) reported an even higher proportion, 80 per cent. Similar findings were reported by Shapero et al (1973), Litvak and Maule (1974), Kets de Vries (1977) as did Popenoe (1970) in his study of Malay businessmen.
Similar studies by Newcomer, 1961; Timberg 1969; Collins and Moore 1970; Shapero 1971; Boswell, 1972; Jones and McEvoy, 1978; Nicholson and Brinkley, 1979; and more recently, Wilson 1983; and Carter and Cannon (1988) reported findings which showed that the entrepreneur either had a father or a member of the family who was or is a business person. It seems therefore that most entrepreneurs come from families with business background. Whether East African Asian entrepreneurs possess this characteristic will be examined in the present study.

2.6.5 Birth Order

Birth Order is also considered to have a relationship to entrepreneurship. Atkins and Miller (1956) reported in the USA study that first-born children established a higher need for achievement. Lees (1952) suggested that eldest children, because responsibility is imposed upon them from an early age, tend to show more enterprise and initiative than their younger brothers and sisters. Mancuso (1974) concluded that the first born children tend to have high need for achievement and become entrepreneurs. He further stated that those who are the only children should be considered to be the
same as first children. However, McClelland (1961) working in India, and Abegglen (1958) in Japan, both found higher need for achievement and entrepreneurship among younger children. According to these researchers, as the first child inherits the family responsibility and discharges that by staying at home, the younger children go out of the home and being in towns and associated with industrial society they become entrepreneurial.

Studies are not unanimous on the birth order of the entrepreneur although a general hypothesis seems to prevail regarding first children as being high achievers and entrepreneurs.

2.6.6 Religion and Entrepreneurship

The significance of religion as a determinant of entrepreneurship was given prominence by Webber (1904). He argued that Protestantism, by denying the need for institutional intermediation between the individual and God, and by laying stress upon individuality rather than conformity, was much more conducive to entrepreneurial attitudes than Roman Catholicism. His "Protestant Ethic and Spirit of Capitalism" thesis has brought the
question of religion in the field of entrepreneurship. It emphasised the role of Protestant religious thought in the development of capitalism in the Western World.

According to his thesis Protestant values encouraged people towards hard work, materialism, and the accumulation of capital. However, Duesenberry (1950) did not find anything in the Protestant ethic, or Calvinism, which could account for innovational activity that was considered to be a characteristic of Western capitalism. A similar conclusion was supported by Riemersma (1949-1950). According to Webber's critics much of the spirit of capitalism existed before the rise of Protestantism. Indeed it is pointed out that it was predominantly "Catholic" cities that became the chief commercial capitals of Europe, and that "Catholic" bankers became the leading financiers (Popenoe, 1970). Nevertheless, many studies which have examined the association of Protestant ethics, or religious values with business ownership, need to be reviewed.

Litvak and Maule (1976) reported in their Canadian study that 56 per cent of the entrepreneurs were of Protestant faith, 27 per cent were Catholic, 10 per cent were Jewish, and the remainder were from a variety of religious persuasions. Canadian population census
figures for 1971 were: Protestant 43.6 per cent; Catholic 47.3 per cent; Jewish 1.3 per cent; and others 7.9 per cent. Catholic entrepreneurs were significantly under-represented by comparison with Protestants while Jews were over represented. These authors also claimed that their findings echoed those by Roberts and Wainer (1971) in the U.S.A. in which they reported that 57 per cent, 19 per cent, and 13 per cent of their respondent entrepreneurs were Protestant, Catholic and Jewish respectively. By contrast, Alpander (1967) in his study in Turkey reported that Turkish entrepreneurs had little religious inclination. Similarly, Nandy (1973), in his study of Bengali small scale business entrepreneurs in Calcutta, found that religious modernity bore no consistent relationship with entrepreneurial entry and the tendency for religious modernity to be related with entrepreneurial competence was slight.

It may not be simply the religion itself which either inhibits or encourages entrepreneurship; social attitudes towards people with minority religious beliefs may impose constraints. Consequently religious minorities, especially those whose teachings emphasise non-conformity or individualism (for example Quakers), may favour entrepreneurship as a means of occupational mobility. Ideally, to ascertain whether or not there is
a religious factor, would require information concerning the degree of religious commitment and not simply denominational affiliation. For example, it is a fact that not all Christians are church goers so the influence of religion upon such people in entering into business, if that is the case, would be indirect. It is possible however that the degree of religious commitment would influence entrepreneurial attitudes and behaviour, such as the business location near the place of worship, the type of business activity entered into, sourcing of business resources and hours of work. In this case a relationship is likely to exist between religious commitment and entrepreneurial behaviour.

In the Irish context, the Roman Catholic church has been a powerful influence in fashioning values and the norms of society. Hawkes (1981, P.59) has argued that it has been an:

"important factor in reinforcing and perpetuating the authoritarian tones of Irish society and in moulding an outlook on life characterised by conservatism, fatalism and disinclination to tempt providence".

Furthermore, he asserts that:

"the attitudes and outlook fostered by the Church have been maladaptive as far as the pursuit of economic goals is concerned ... and particularly so in relation to enterprise (Hawkes, 1981 P.59)."
Authoritarianism and conservatism are regarded as inimical to the development of self-confidence and the achievement motivation required for entrepreneurial behaviour. The influence of the church will be manifest through its effects upon the psychological and social characteristics of individuals, and the general consensus in the literature suggests that it will tend to inhibit initiative, enterprise and risk-taking. The significance of religion in East African Asian entrepreneurship will be examined in the present study.

2.6.7 Summary

This section has examined the personal characteristics possessed by entrepreneurs. In the studies reviewed, the entrepreneur is described as between the age of 30 - 40 years at the time of entry into business and having little or no educational qualifications. The literature places emphasis on the entrepreneur's previous employment experience as a significant factor in the choice of the type of business entered into. A family history of business ownership is significant motivation for one going into business. Very few studies have examined the association between entrepreneurship and a
person’s birth order, that is, whether he or she is the first child or the younger one. However, the evidence available seem to suggest that the entrepreneur is usually the first child in the family.

The personal background of an individual therefore seem relevant in the study of the entrepreneur as it exerts a significant influence on the decision to become an entrepreneur. Whether East African Asian entrepreneurs in Leicester possessed these characteristics would be analysed in the present study, thereby contributing to the "personal background" argument of those who go into business.

2.7 Conclusions

This chapter has examined the theories on small firms and the minority business development based on structural and cultural influences, including middleman minority theory. It has also examined the opportunities for access to business resources used by ethnic minority entrepreneurs. The literature also emphasized the personal characteristics possessed by those individuals starting in business.

The phenomenon of redundancies, unemployment and job instability which are associated with recession, it is argued, accounts for the growth of new small firms in
the recent years. As Storey and Johnson 1987, p.16, commented:

"...this increase in the number of firms since 1980 is likely to be more a reflection of recession than of rejoicing?"

Similarly, it is argued that the substantial increase in households' disposable income (income growth theory) has contributed to the growth in the number of small firms in search of profitable market opportunity. In line with the income growth argument, the technology change thesis attributes the growth of the small firm sector to the changing pattern of consumer demand. That is, the changing consumer behaviour had led to the adoption of flexible technologies by small firms.

Although the contribution of small firms in local economic development in terms of creating employment has been a subject of controversy, the main conclusions to emerge from this review of research findings are that there are measure of agreement that new and small businesses create relatively few new jobs. In addition, small businesses make a limited contribution to increased competition. However, the general view is that a small minority of small firms are making considerable contribution in employment creation, export activity and development of new technologies.
An examination of the argument over the changing approach to flexible specialisation seems to be in favour of flexible production systems based on the premise that vertical disintegration of production and the adoption of flexible methods of production encourages the spatial reconcentration of economic activity, and therefore, the emergence of new industrial districts.

The new industrial districts thesis argues that, with the move to flexible production, a fundamental restructuring of the technical and social division of labour within capitalist production is taking place. It is a restructuring which is triggering the process(es) of industrial agglomeration. The basic premise of the new industrial districts argument is its recognition of structural economic change. The present period is viewed as the transition from the previously dominant "Fordist mass production system" to a new era of postfordist flexible production and accumulation.

The new industrial geography, it is argued, is different from the earlier pattern in two ways, namely: the organisation of production and the consequential spatial form. The new organisation of production is typified by the manufacture of small batches of highly customised, high value goods, in contrast to the previous dominance of mass production techniques. New spatial forms are characterised by the agglomeration of relatively small
independent enterprises distinct from the spatial pattern of mass production typically represented by large integrated units with little spatial or functional inter-relationship.

An analysis of the factors influencing the spatial variations in new firm formation shows the importance of some variables. They are:

- **(a) the industrial structure of the local economy:** It has been noted that economies dominated by small firms are more likely to generate new firms than the ones with high concentration of large firms (Fothergill and Gudgin, 1982; Johnson and Cathcart, 1976). That is, small firms provide training grounds for future entrepreneurs. It is also argued that different industrial sectors exhibit different degrees of barriers to entry, and therefore, the ease with which new businesses are formed.

- **(b) the occupational structure and educational background of a region's resident workforce:** The influence of the occupational structure and particularly, the educational attainment of a region's resident workforce on the formation of new
firms is a controversial one. But the general view is that most founders of high technological firms possess good educational qualifications (Keeble and Gould, 1985).

(c) the availability of economic resources: The availability of start-up finance, and business premises within a locality, it is argued, influence the rate of new firm formation.

(d) Industrial in-migration: It is also argued that the rate of industrial in-migration to a particular locality or region will have significant impact on the number of new firms in the region.

Structural explanation accounts for minority business activity in terms of a reaction to disadvantage they experience; such as unemployment. It is based on the
view that minorities either choose or are pushed into self-employment because of racial discrimination. To overcome discrimination in employment and problems of career advancement some members of the minority groups have adopted the strategy of moving into self-employment. This theory therefore takes into account the constraints built into the structure of society such as racial prejudice and class stratification and attempts an explanation of ethnic business development as a group phenomenon. Other theorists suggest that culture is a significant factor in ethnic entrepreneurial behaviour (Light 1972; Porter and Bach 1985; Webner 1904). Cultural explanation offers a view of the ethnic entrepreneurs drawing upon the economic and ethnic resources available to them to allow them to respond to business opportunities. That is, for the ethnic entrepreneurs, culture and ethnicity offer a resource which they can manipulate in their own interest. Their access to labour, finance and support of their race and class gives them a shield in the face of potential disadvantage. However, the theory of cultural determinism allows little scope for public intervention, since the reproduction of culture occurs through the socialisation process operating within the family and the community. Over time, however, the advantages which favoured ethnic business development will change owing to the mixing of the old culture with that of the new country of settlement.
The extent to which the structural and cultural factors account for business development amongst the East African Asians in Leicester will form part of the present investigation.

As regards access to business resources, there are quite a range of sources available to the would-be entrepreneur. For the ethnic minority entrepreneurs, the main sources of finance, labour and advice/information are personal savings/family support, friends and relations.

The review of personal characteristics of the entrepreneur has sought to highlight those factors that will be relevant to this research. The factors discussed are those that have generally received fullest attention in the entrepreneurial literature, and are considered to be relevant to entrepreneurial entry. Previous studies have indicated that entrepreneurs have certain characteristics that influenced them to start a business. The most notable ones being:

(i) Age at entry into business: Research shows that many entrepreneurs enter business between the ages of 30-34 years.
(ii) Educational attainment: Results of studies on education and entrepreneurship are not entirely consistent. However, the general conclusion is that there is no clear cut association between educational attainment and entrepreneurship.

(iii) Previous business/employment experience: There is overwhelming support for the hypothesis that individuals are more likely to start a business in the industry in which they were formerly employed.

(iv) Family tradition in business: Almost all the studies conclude that this is an important factor in the emergence of entrepreneurship amongst individuals. Having a father as an entrepreneur, or other members of the household as business person, will have a positive influence on the likelihood that one will start a business.

(v) Birth order to the entrepreneur: A few studies which examined the influence of birth order of a person and the likelihood of
starting a business are not unanimous. However, the
general theory seem to support the "first child"
hypothesis.

This review of the literature provides a body of theory,
a wealth of empirical evidence and a number of
methodologies which will be applied to East African
Asian entrepreneurs in Leicester to test their validity
and in so doing make a contribution to the debate about
small business entrepreneurs and how to stimulate this
sector of the economy.

Understanding of ethnic business development in the UK
is still in its early stages. Empirical testing is
difficult and predictive powers of various models are
still being tested. Summarising their overview of
trends in ethnic business research, Waldinger et al
(1985) conclude that there is little consensus on the
determinants and implications of ethnic enterprise, i.e.
what factors influence one's decision to go into
business.
3.0 INTRODUCTION

The overall objective of the chapter is to review the characteristics of Leicester's economy with particular reference to its industrial and commercial structure. This provides an understanding of the environment within which Asian businesses operate. The chapter is divided into three sections. In section one, the industrial and commercial structure of the economy is reviewed. The aim is to examine the nature, characteristics and types of businesses or firms operating in the economy and their significance for the future development of the economy. Section two examines the characteristics and significance of ethnic minority businesses in the local economy with special reference to the sectors or industries in which they operate, their size in terms of employment, and growth potentials. Section three examines the significance
of small firms in local economic development particularly their contribution towards employment creation.

3.1 The Industrial and Commercial Structure

The information presented in this section (unless otherwise stated) is based on data contained on the Leicestershire Company Database. Leicester's economy is quite diverse and has a range of manufacturing industry. In the manufacturing sector, small and independently owned businesses dominate the economy. A key feature of the economy is the concentration of textiles and clothing (including footwear) sectors, especially in the City of Leicester. The textiles sector has been squeezed by cheap imports from abroad. Economic commentators have therefore, viewed Leicester's dependence on these industries with some concern. The closure of large local textile companies and the survival of many marginal smaller ones has left the textiles and clothing industry which account for 35 per cent of all industrial employment in Leicester (Census Employment, 1989) particularly vulnerable to the likely changes in the regulatory framework covering the international trade in textiles and clothing.
Leicester is also an important centre for mechanical engineering businesses, especially those that manufacture footwear and textiles machinery, machine tools and precision equipment. The majority of these businesses are small (both in terms of workers employed and output) and remain independently owned. High technology firms are under-presented in the economy, although the number of jobs in these industries is growing.

In 1989, there were 18,300 jobs in high technology industries. In manufacturing, this was equivalent to 9.5 per cent of all jobs, compared with a national average of 13 per cent. It is hoped that recent developments, such as the proposed Leicester Technology Transfer and Training Centre at De Montfort University will further increase the number of jobs in this sector and help to diversify the local economy. Tourism is a growth industry in the economy with 19,600 jobs in tourism and related industries in 1989, an increase of 49 percent since 1981. There are an estimated 47,000 self-employed people in the economy. In the manufacturing sector, there are an estimated 41,000 businesses of which 3,100 (75 per cent) employ less
than 25 people. Census of Employment (1989) figures showed that 36 per cent of jobs in Leicester are in manufacturing, compared with only 23 per cent nationally (figure 3.1).

In the service sector, there are about 14,000 businesses of which 12,500 (89 per cent) employ less than 25 people. The number of people employed in Banking, Finance and Business Services has increased from 20,000 in 1984 to almost 30,000 in 1989. Although the proportion of jobs in the service sector is gradually increasing from 48 per cent in 1981 to 57 per cent in 1989 (fig. 3.1), this sector is still under-represented in the economy.

Fig. 3.1 EMPLOYMENT BY INDUSTRY (1989)
3.2 Ethnic Minority Businesses in Leicester

Businesses owned or controlled by Asian people are an important part of the local economy. There are at least 1,200 ethnic minority businesses in Leicester (Directory of Asian and Afro-Caribbean Business, 1990). Of these, an estimated 61 per cent of the owners are Asian Hindu, 19 per cent are Asian Muslims, and 15 per cent are Asian Sikhs (fig. 3.2). The majority of Asian businesses are concentrated in the inner Wards of Leicester. In fact 4 Wards (Belgrave, Charnwood, Latimer and Evington) account for about 40 per cent of Asian businesses in Leicester.

The highest concentration is in Belgrave Ward with more than 15 per cent of all Asian businesses in Leicester. Other areas of concentration are Crown Hill, Castle and Abbey Wards with nearly 100 business between them. A study by Aston University in 1987 concluded that minority businesses in Leicester make a major contribution to the development of the local economy in
terms of providing jobs, using vacant commercial and industrial premises, purchasing local goods and services, and reducing the need for imports. The study (Ethnic Businesses in Leicestershire 1987) further concluded that on average, Asian businesses have grown substantially faster in terms of employment, output and investment than indigenous businesses.

Fig. 3.2 ETHNIC MINORITY BUSINESS BY RELIGION

Asian businesses are well represented in the industrial sectors of the economy particularly in retailing, manufacturing and wholesaling. (Fig. 3.3). More recently Asian owned businesses have entered the printing industry and the financial, property and business services. However, the growth of Asian
business in the city has not prevented the level of unemployment among those of Asian origin being significantly higher than in the white population. As can be seen from figure 3.4, the great majority of ethnic minority businesses in Leicester (70 per cent) employ between 1-5 people. Only 6 per cent of the businesses employ more than 26 people, and it is probable that the greater majority of their employees come from within the ethnic minority communities. This raises the question as to the capacity of Asian businesses to provide employment opportunities for members of their community who have disproportionately suffered from unemployment.
Fig. 3.3 ETHNIC MINORITY BUSINESSES BY INDUSTRY

Percentage of Total

KEY TO DIVISION
1=EXTRACTION
2=MANUFACTURING
3=CONSTRUCTION
4=DISTRIBUTION/RETAIL
5=TRANSPORTATION
6=FINANCE
7=OTHER SERVICES

Fig. 3.4 ETHNIC MINORITY BUSINESSES BY EMPLOYMENT

Employers

Size of Company (Employees)

Source: Leicestershire Company Database
3.3 Labour Force

The size of the Leicester labour force continues to grow. In 1991, the total economically active population was estimated to be 446,000. Over the next five years, a further increase of 10,000 in the size of the labour force is expected. Part of this growth will be the result of an increase in the population of Leicester and an increase in the number of women available for work. The major change in the work-force over the next five years will be a shift from younger to older workers. The number of workers aged 16 - 34 will decline by 6,000, whilst the number aged 35 and over will increase by almost 16,000. Most of this increase (+ 13,000) will come from the 45 - 69 age group. (Fig. 3.5). This clearly has implications for the future training and recruitment policies.

Leicestershire - Projections for the Economically Active Domestic Population aged 16 and Over

Fig. 3.5.
About 7 per cent of the economy's work-force are of Asian origin, mostly living in Leicester's inner city areas. The Asian work-force is much younger than the work-force as a whole. In Leicester, about 24 per cent of the economically active population are of Asian origin and about 2 per cent are of Afro-Caribbean origin (Survey of Leicester 1983). As the Asian population in Leicester is large and growing, and while constituting over one fifth of the total population (Survey of Leicester, 1983), the demographic profile will ensure a continued increase as a proportion of those economically active. This means that the Asian community will contribute significantly to the labour force growth in future, and therefore, a source of future workforce for those businesses in the knitwear and hosiery industries where the great majority of Asians, particularly the women, are employed (Hill, 1987).

3.4 Economic Change in Leicester

If we are to understand the significance of the way in which the Asian business sector has developed in Leicester in recent years, it will also be helpful to briefly review the factors underlying economic change, drawing particularly on the analysis of economic trends in Leicester contained in the work of Fothergill and Gudgin (1982) and the Leicester Economic study (Coyne
and Lincoln, 1982). The main trends identified by Fothergill and Gudgin on the basis of their detailed analysis of employment in the United Kingdom are as follows:

(i) "There has been a highly significant shift of industry and of employment from urban to rural areas, the larger the town the faster on average being its decline;

(ii) The speed of this change has been accelerating and depends more on factors determining where new employment is located than where existing employment is declining;

(iii) Growth outside large urban areas is concentrated in industries with high rates of investment and is associated with higher rates of profitability;

(iv) Very small manufacturing establishments, however, are not affected by these trends and are equally likely to take root in large urban areas (Fothergill and Gudgin, 1982, p.98)."

Fothergill and Gudgin conclude that on the whole the decline of the cities has occurred because a wide range of existing manufacturing businesses has grown more slowly in cities than in small towns, the main cause being an inability to expand because of existing development around their plants in urban locations. As manufacturing has become more capital intensive, this trend has assumed greater significance and the difficulties it poses are such that even vigorous
policies to revive the economic base of an urban area are unlikely to achieve rapid success (Fothergill and Gudgin, 1982, P. 111-12).

In the short run, Fothergill and Gudgin argue, new firms can only make a minor contribution to redressing urban economic decline. However, they can make a major contribution to economic development in the longer term and play a major part in determining the pattern of employment growth. The rate of new firm foundation, therefore, is a matter of greater significance. Basing much of their analysis on the East Midlands economy, they showed that this is highest where local manufacturing employment is concentrated in small plants. Where manufacturing jobs are largely found within large businesses, they argued, there is not the training ground for new entrepreneurs which will facilitate small firm based economic growth (Fothergill and Gudgin, 1982, p. 132-33).

The significance of these conclusions is seen in the analysis of small firms in the Leicester economy by Coyne and Lincoln. They stress that new firms in Leicester have been associated with high failure rates, even in earlier more prosperous periods of economic
development (Coyne and Lincoln, 1982 p.23). Most new businesses were started in areas in which their founders already had knowledge and previous experience, they were more often based on the use of craft skills than the identification of opportunities which offered the prospect of building a successful business. Industries characterised by small average plant size, they show, have attracted large numbers of small firms because of the ease of entry (Coyne and Lincoln, 1982, p. 26). Loughborough and Hinckley as a result have shown lower than average entry rates because of the relative importance of large firms in their economies. Leicester, by contrast, has had an above average rate of new firm entry. They point to the large number of local inter-firm linkages there following from the high level of subcontracting and the above average level of employment outside manufacturing and conclude that this has given rise to more opportunities for new manufacturing firms. However, while the smaller size of firms in the Leicester economy has allowed a higher business formation rate, many of the newly formed businesses have been highly vulnerable to closure. This is largely attributed to mismanagement or ineffective management, including setting up in the wrong sector. New firms frequently go into industries
with low barriers to entry but high levels of failures, ease of entry leading to fierce competition and at best to low profitability. Typically, they fail to keep records, do not recognise the importance of marketing or produce management and administer the business in an inept manner (Coyne and Lincoln, 1982, p. 28-29). Coyne and Lincoln point to a continuing high rate of growth in the number of new firms in the Leicester area, with a large proportion being located within major industrial sectors which contain a concentration of small firms and higher prospects of spinning off new businesses. The relatively high proportion of new firms is significant in that they show that it is young firms which are most likely to generate economic growth (Coyne and Lincoln, 1982, p. 44). However, their overall conclusion is that despite the high rate of increase in small firms, in practice they make a fairly modest contribution to local employment, though in the longer term this is of considerable significance.

3.5. Economic Development and the Policy Framework

Historically the economy of Leicester was dependent on extractive and manufacturing (coalmining and textiles) industries. The post war decline of the extractive
industry and the decline of the manufacturing industries in the last decade led to large scale job losses and prompted the local authorities (City and County Councils) to seek ways of encouraging indigenous enterprise. In this context, the authorities sponsored a range of schemes to support new and the existing businesses and community enterprises. The largest provider of small business support in the City has been Business Advice Centre, a "one-stop shop" set up in 1981 to co-ordinate and provide information, advice, counselling and training for start-up and existing businesses.

In its commitments to encourage small businesses generally and the ethnic minority business sector in particular, considerable importance is placed by the County Council on ensuring that its economic development and employment initiatives are guided by an up-to-date and comprehensive policy framework. The framework for the development of ethnic minority businesses is provided by the Ethnic Minority Business Development Strategy and Action Programme (Appendix C), the first of its kind prepared in the United Kingdom. The Strategy which is based on the issues, problems and opportunities specific to the ethnic minority communities has as its stated aims to:
(a) improve ethnic minority business performance;
(b) expand and diversify the industrial and commercial activities of ethnic minority businesses through selective support of new businesses;
(c) development of self-employment opportunities for ethnic minority communities.

It is intended that the Strategy should provide a base for corporate action by the County Council. This will involve working closely with community organisations and leaders; providers of business services, Leicester City Council; regional and national agencies in implementing the Strategy.

It seems that the broader objective of the economic initiatives examined above is to intervene directly in the local economic development in order to increase the quantity and quality of jobs for local people thereby reducing the level of local unemployment and its disproportionate effects on ethnic minority groups.

3.6 CONCLUSIONS

The local economy of Leicester is still dependent on traditional manufacturing industries and manufacturing as a whole, despite some success in diversification during the 1980's. Many local businesses operate in
sectors of the market that are facing increasing competition from import penetration from the Third World and Eastern European countries. While other areas of the United Kingdom have been able to retain a presence in more specialised product areas and make adjustments to new conditions, many of the surviving businesses in Leicester face a serious challenge. The present emphasis on small firms reflects both the general economic difficulties through which local economies have been passing and changes in their industrial structure. The reduction in demand experienced by many industries during the world recession of recent years has resulted in a severe shake-out of labour as firms cut costs in order to survive. The climate of severe job losses in the large businesses has prompted Governments to consider whether small firms could help fill the gap. As Rainnie commented:

"Small firms have come in from the cold. In the 1960's and 1970's economic growth, prosperity and jobs were supposed to be delivered by giant institutions ... The 1980's have completely overturned this approach. Small firms have found themselves, willing or not, thrust to the forefront of economic policy." (Rainnie, 1989, P.1).
Secondly, businesses owned by Asian people are clearly an important part of the local economy. Established Asian owned businesses are particularly well represented in the clothing, textiles and knitwear sectors; retailing, wholesaling and personal services. Their success in creating jobs for the unemployed within the Asian population as well as their impact on the general economic development are conditional on the entry into sectors where there are real opportunities to sustain businesses with the resources available and on efficient business management leading to sound performance. Thirdly, although the primacy of entrepreneurship for economic development in Leicester has long been recognised, the revival of interest in the generative power of the small firms in general has raised the possibility of redressing the imbalance of economic opportunity by encouraging the growth and development of ethnic minority owned businesses. This opportunity in business is seen as one option in a range of economic possibilities available to individual members of the ethnic minorities.

The growth of Asian businesses in the economy may be seen as a surprising development at a time when small business growth in general is in decline. Therefore,
the progress made by Asians in business is an exemplary case of adaptation to a new and challenging environment using the business organisation as a vehicle for more rapid upward social mobility. With a broadening of the Asian business base, this transition suggests that there will be further progress as the skills and experiences are passed on to subsequent generations of entrepreneurs.
CHAPTER FOUR

RESEARCH METHODOLOGY

4.0 Introduction

The objective of this chapter is to outline the methodology used in this thesis. The study group is described as well as the sampling methods and the data collection techniques used in the investigation.

The directory of the Asian and Afro-Caribbean businesses in Leicestershire, which includes a reliable and comprehensive information on ethnic minority businesses was used extensively to identify both the East African Asian businesses, and the control sample.

4.1 The Study Group

The basic unit of study is East African Asian entrepreneurs resident in Leicester. A total of 120 business people were interviewed. To validate the results of this study, a control group of other Asian entrepreneurs was interviewed. The control sample consisted of 40 Asian entrepreneurs, of Indian sub-continent origin, located in Leicester was drawn on the same basis as the main study group.
4.2 Data Collection and Analysis

Two principal considerations arose with regard to the collection of data. The first was how best to obtain information on the forces influencing the decision to start a business, the acquisition of entrepreneurial resources and the business management practices adopted. The second was how to ensure that the sample constituted a representative sample of all East African Asian entrepreneurs in Leicester. The first was met by designing a questionnaire which covered all of the factors reviewed in Chapter 2, while the stratified random sampling techniques met the second.

Since much of the information to be gathered was qualitative it was decided that it would best be obtained through a personal interview survey. Although by no means perfect, this method of data collection does have the advantage that it is suited to situations where a wide range of personal information is being sought. In this way the same questions can be asked in a standard way to all respondents and the responses can be recorded and coded in such a way as to ensure consistency and facilitate its subsequent analysis and interpretation.
The questionnaire, (copies of the questionnaire are included in Appendix B) included both structured and unstructured questions.

4.3 Sample Frame

The sample which represents a cross-section of the population in terms of the number of employees and industrial sector was drawn from the 1990 Directory of Asian and Afro-Caribbean businesses in Leicestershire. (Leicestershire Company Database).

The stratified random sample of 120 business owners was drawn based on a classification of the non-retailing sector concerns (Tables 4.2 and 4.2A) and size determined by the number of employees. (Table 4.1).

<table>
<thead>
<tr>
<th>Size Range</th>
<th>Total Population</th>
<th>Number in Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>230</td>
<td>44</td>
</tr>
<tr>
<td>6-10</td>
<td>69</td>
<td>21</td>
</tr>
<tr>
<td>11-25</td>
<td>75</td>
<td>19</td>
</tr>
<tr>
<td>26-50</td>
<td>31</td>
<td>11</td>
</tr>
<tr>
<td>51-100</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>100+</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Not Known</td>
<td>177</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>594</td>
<td>120</td>
</tr>
</tbody>
</table>
Table 4.2 The Sample By Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number in Sample</th>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>61</td>
<td>275</td>
</tr>
<tr>
<td>Other Industries</td>
<td>59(x)</td>
<td>312(xx)</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>594</td>
</tr>
</tbody>
</table>

(x) Wholesaling (21), professionals (28), business services (10).
(xx) Wholesaling (114), professionals (151), business services (54).

4.4 The Interview Guide

The field work was carried out over a period of six months from September 1991 to February 1992. In the weeks leading up to the interviews a letter of introduction (Appendix A) was sent to each respondent. This outlined the main aims and objectives of the survey and emphasised its importance for the development of ethnic minority businesses. It also assured respondents that all information would be dealt with in the strictest confidence. This was followed by a telephone call to arrange a convenient date and time for the interview. Most of the interviews took between 35-45 minutes to complete. The responses to the questionnaire was greatly enhanced by the researcher's knowledge and contacts with the respondents in the course of his job.
4.5 The Questionnaire

The questionnaire was divided into three sections:

4.5.1 Section A - Opportunity Variables

This focuses on the sources and methods used to acquire business resources such as: finance; premises; labour force; business advice, information and training were explored. For example, to establish how business finance was assembled, information was also gathered on whether it came from the banks, friends, personal savings or family savings or any combination of these. And whether they had encountered any problems, and the nature of the problems, if any that they encountered.

With regard to business premises, information was also gathered about the methods employed in searching for and obtaining premises and as well as about any difficulties they might have experienced; the factors that influenced their choice of a particular place for business location; the period of time they spent in searching for premises; the condition and tenure, and whether they are intending to relocate in the next 3 years; and their reasons for wanting to relocate, in order to assess the influence of market and other forces on this decision.
In relation to labour force, information was gathered on the number of employees; whether or not a member of family is employed in the business, and the method that was used in recruiting employees. Similarly, respondents were asked whether they had received any business advice and training when they first started in business and if so, the source of business advice and training, their assessment of the quality of advice and training that they received, and the business matter(s) on which advice, information and training was sought.

4.5.2 Section B - Business Management Practices

This section elicited information on business methods and the strategies employed by respondents in relation to decision-making, delegation of responsibilities, and business planning. It also included questions on owner/employee interaction and exchange of ideas/information relating to business matters.

4.5.5 Section C - General Characteristics and motivations of the Respondents

This final section provided detailed information on the demographic and socio-economic characteristics of the entrepreneur. It also addressed the factors which the respondents felt motivated entrepreneurship.
4.6 Pilot Survey

Prior to the main survey, ten entrepreneurs were interviewed to assess whether the questions were properly framed and eliciting the required information. The pilot survey served other purposes. Firstly, it enabled the researcher to gain an insight into the operations and problems of ethnic minority businesses. This proved very helpful in the main survey since the understanding gained helped the researcher to establish a good rapport with respondents. Secondly, it allowed the researcher to gauge more readily the interest that entrepreneurs might have in the project, and to adopt appropriate interview strategies to ensure the successful completion of the interview. Thirdly, it helped establish the "average" length of the interview and highlighted those areas of questioning which touched on highly confidential and sensitive issues.

After piloting the questionnaire it became obvious that certain questions about personal details might not yield usable information, as a result they were removed from the main questionnaire, including those that were regarded as offensive. The questions that were regarded as sensitive were placed towards the end of the main questionnaire, the aim being that if the respondent abandoned the questionnaire at this point the researcher would at least have answers to all the earlier questions.
4.7 Data Preparation

The information gathered was first checked to ensure that all of the questions had been answered fully. A coding frame was devised based on each of the structured questions. Some of the unstructured (open-ended) questions, proved difficult to classify and code and because of this it was decided to collate and analyse these separately. Statements, comments or opinions to back up the statistical analysis were recorded and catalogued.

The coded data was entered into data file and stored in the VAX Cluster Computer system at Leicester University. This provided access to the Statistical Package for Social Sciences (SPSS (X)), an established and proven statistical analysis package.

4.8 Summary

The methods used were carefully thought out and proved very effective in assembling the type and quality of data required to test the research questions being addressed in this thesis.
CHAPTER FIVE

SOCIO-ECONOMIC AND BUSINESS CHARACTERISTICS OF LEICESTER'S EAST AFRICAN ASIAN BUSINESS COMMUNITY

5.0 INTRODUCTION

This chapter presents an analysis of the socio-economic and business characteristics of Leicester's East African Asian business community. The aims of the chapter are (1) to present the background within which the entrepreneur and his or her business enterprise trade, and (2) to examine whether there is any evidence to support the popular view of minority business development based on a cultural explanation. The socio-economic profile covers (i) the respondent's place of birth, (ii) religious background and language spoken, (iii) the respondent's age profile and (iv) the educational background. The business characteristics are analysed with particular reference to (1) the industrial sector, (2) business organisation (3) employment characteristics (4) business premises, (5) age of business, (6) Supplies and Customers (7) Turnover and (8) Mode of Decision making.
5.1 Socio Economic Background

5.1.1 Country of Birth

An analysis of place of origin revealed that around 45 per cent of the East African Asian entrepreneurs were born in Kenya, while 28.33 per cent and 25.83 per cent are of Uganda and Tanzania origins respectively (Table 5.1 page 165). Amongst those from the Indian Subcontinent, 40 per cent were born in India, 45 per cent in Pakistan, 15.0 per cent migrated from Bangladesh (Table 5.1A page 165). This small proportion of Bangladeshis in the sample reflects the economically active members of the community and their low level of self-employment compared with other ethnic groups (1991 population Census).

5.1.2 Religion and Language

In terms of religion, Hindus accounted for nearly one-half (or 48.33 per cent) Muslim, (36.7 per cent) and Sikh, (14.2 per cent) of the respondents (Table 5.2A page 166). The results of this analysis does not necessarily suggest a high rate of business ownership amongst Hindus compared with other religious denominations but rather corresponds closely with the total population of Asian entrepreneurs in Leicester of which Hindus account for the largest of the Asian
business group with some 558 of all business owners (or 61.18 per cent): Muslims accounted for 19.3 per cent; Sikhs for 15.13 per cent; and other Asians 2.52 per cent of Asian business (Table 5.2 page 166). As regards "first main" language spoken, as expected, the majority of respondents (43.3 per cent) speak Gujarati (Table 5.3 page 167). The significance of religion in influencing entrepreneurship amongst the East African Asians is examined further in Chapter 7.

5.1.3 Age of Respondents

The age pattern of the respondents are broadly similar with 47 per cent of the study group and over 50 per cent of the control sample being between 38-47 years old (Table 5.4 page 167). This is typical of the age structure of the local workforce, and is consistent with previous studies of the age characteristics of entrepreneurs (Curran and Burrows, 1983, Lloyd and Mason, 1984). There are indications of enterprise culture amongst Asian youths. For example, more than 40 per cent of both groups of respondents were under 28 years. The importance attached to self-employment by young Asian adults suggests that there is potential for further growth in the Asian business sector in Leicester.
5.1.4 Educational Background

With regard to the educational background respondents were asked to indicate whether they had any formal educational qualifications, and, if so, what these are. It has to be borne in mind that some respondents could have more than one such qualification. In such cases the higher was chosen. In the likely event of the business being owned by more than one individual the highest qualifications of either of the key owners was chosen regardless of the one being interviewed. Although the literature on the educational background of those who go into business (Cooper 1973) shows there was no clear cut association between educational attainment and entrepreneurship, the present study shows there is such a relationship amongst Asians in Leicester. More than 60 per cent of the study sample and the control group have certificated educational qualifications (Table 5.5 page 168). A further examination of those who have acquired such qualifications (Table 5.5A page 168) shows that 34.3 per cent of the study group and nearly 50 per cent of the control sample have a university first degree, while both groups have some form of professional qualifications. Nearly 15 per cent of both groups also possessed a Master's degree.

The possession of educational qualification is an entrepreneurial quality common both to the East African Asians and their counterparts from the Indian
subcontinent. The hypothesis that the East African Asians represents a kind of business caste with certain human capital (in this case educational background) not shared by other Asians is not supported by the present study. A chi-square analysis showed no statistically significant difference between the two groups of entrepreneurs on their educational achievement (Table 5.5 page 168).

5.2. Business Characteristics

5.2.1 Industrial Sector

Industrial classification of the respondents' business shows that 60 per cent are engaged in manufacturing activities of some kind, that 22.5 per cent are engaged in wholesale distribution of textiles, clothing and footwear. The remaining 17.5 per cent are in the service sector, i.e. accountants, estate agents, business services and dental practices (Table 5.6 page 169).

An examination of the industrial sector based on the Standard Industrial Classification (OPCS 1981a) shows that the Asian businesses are strongly concentrated in the textiles/clothing and wholesale distribution industries (Table 5.6A page 170). This shows no obvious divergence from the overall industrial
structure of the local economy of Leicester as reported in Chapter 3. Asian businesses are also making a significant impact on the service sector, with 12.5 per cent being represented in this small, but fairly vibrant sector of the local economy.

5.2.2 Business Organisation

The details presented in Table 5.7 (page 171) reveal an important difference between the two groups of respondents in the legal structure of their business. Over 40 per cent of the study group and nearly 50 per cent of the control sample are sole owners and incorporated organisations respectively. A significant minority of respondents from both groups are trading on a licensing (franchise) basis. Once an entrepreneur has decided to establish a business, one of the first decisions is whether or not to incorporate. A number of factors have a bearing, especially in the early stages of a business, upon the decision whether or not to incorporate. These include personal liability, as one owner-manager of a textile finishing business noted:

"In many business ventures, the risks involved may lead the entrepreneur to seek the protection of limited liability so that the creditors do not have access to personal assets."
These types of comments probably explain the difference between the East African Asians (study group) and those from the Indian subcontinent (control sample) on their business legal structure and embodies their business practice and methods. However, some entrepreneurs decide against incorporation because they are reluctant to make information about their business available to the general public. As one independent trader said:

"I do not wish my customers, suppliers, friends and relatives to be able to find out how the business is progressing and what profits the business is making. Frequently, from a competitive point of view, such secrecy is helpful when it comes to such matters as negotiating prices with customers."

For some respondents, although sole proprietorship shares many of the characteristics of being a partnership in that it is simple to establish, and the owner is not required by law to register the business with the Companies House, it is also an indication of self ownership and control. As one East African Asian entrepreneur noted:

"The Sole trader embodies the spirit of small businessman or woman. It is you, on your own, making a go of it and the red tape is very simple."

Although sole proprietorship offers certain advantages, there are also some disadvantages associated with it as one respondent in partnership with his brother recognised:
"If you're in business on your own, you take all the profits if things are all right and the business is profitable. But when things are bad you have nobody to share the losses with." (Wholesale distribution of food and drink).

There is the financial benefit associated with partnership as a form of business ownership. One respondent who had problems in obtaining start-up finance from the bank explained how it had been financially possible for him to start trading through partnership. He said:

"My brother and I had to put £15,000 each into the business before the bank decided to assist us. We had to put our houses down as security as well. Without the partnership of my brother I couldn't have started the business." (Co-owner of food and drink business).

The growth and development of franchising in recent years has opened up self-employment opportunities for those wishing to go into business as several respondents in the service sector explained:

"Franchising provides the freedom of self-employment, the thrill of entrepreneurship with safety net of a proven track record and head office to back you up. You are part of a well known national network of offices and access to a great deal of knowledge and expertise."
"The great thing about franchising is that you're buying a concept. Running a franchise involves taking someone else's successful idea and running it as your own business but with their name and to their system. The big plus of franchising is that others have tried the business before... and it works. Starting my own business appealed and I thought the market had potential. Having looked into it, however, I realised the start-up risks were very high. I saw franchising as a way of reducing those risks because the franchiser had already ironed out the problems."

It is acknowledged that franchising offers a more accessible and secure route into self-employment for those without previous business experience. As one female entrepreneur appreciated:

"If you have no experience, franchise is an excellent way to start your own business, but it will be wrong to suggest there are no risks. The franchisers who failed are those who don't have the commitment and drive."

and another female respondent affirmed:

"As I had no experience after being made redundant, the training backup and national advertising you receive with franchising was ideal. I could have opened my own business but I chose the franchise route. This way I know I've always got someone to share my problems with. But I am definitely still my own boss". (owner-manager of established Employment Agency).

5.2.3 Employment Characteristics

A further aspect of business development was revealed through an examination of the characteristics of the labour force. This section examines the characteristics of the entrepreneurs workforce, including the recruitment method used, and the involvement of members of family in the business.
An analysis based on the number of employees is provided in Table 5.8 (page 172). Some 33 per cent of the study group and 10 per cent of the control sample employ up to 5 employees. Only a small minority (7.5 per cent) of both groups have 36 or more employees. Brooks (1983) identified a similar pattern of employment amongst ethnic minority businesses in Lambeth. Similarly, Fullemploy’s (1988) study of black business development in Nottingham found an average of 4.8 employees per business.

However, the control group seems to generate more employment than the main study group, with 20 per cent of the former employing between 26 to 35 employees compared with only 10 per cent of the latter.

The reasons for the difference in the employment pattern of the two groups are not clearly evident from the study, but one possible explanation which emerged from this study is the fact that over 40 per cent of the businesses in the control sample are more than 16 years old (Table 5.16 page 194). They are probably well established, reflecting their longer period of settlement in Leicester, whereas the majority of the businesses in the study group are relatively younger (between 3 to 4 years) (Table 5.16 page 194), and also reflect their period of settlement in Leicester. It is therefore not unreasonable that the older and well established businesses individually seem able to create more employment than the younger ones.
To obtain information relating to family involvement in the business, the respondents were asked by indicating either 'Yes' or 'No' whether they had any member of family assisting or working in the business. As in previous studies in other cities (reviewed in Chapter 2), more than 50 per cent of both the study and control groups have at least one member of family in the business (Table 5.9 page 172).

The reasons for family involvement are largely self-evident. One female respondent described during the interview how she had organised her business around her family and how the practical support provided by her husband was seen as a source of inspiration. She said:

"Starting my bakery business would have been pretty difficult without the support and encouragement from my husband. He is always helping me with the books."

For some, there is a desire to keep the business a family affair, particularly where the eldest son of the owner is being groomed for business succession. Where female members have been employed to do some simple tasks, the reasons have been the convenience of having a family member rather than a stranger as an assistant. There was no hint that this practice was felt to be crucial to the commercial success of the business, but was prompted by convenience and tradition. One fabric manufacturer hinted that:-
"In the main, it is the convenience of having family ties that make owners take on family members."

There is also the financial motive behind using family labour rather than employing a non-family member. More than 50 per cent of family members employed by the survey sample and an overwhelming majority (82.35 per cent) employed by the control sample of those from the Indian subcontinent do not receive any contractual or formal payment for their efforts (Table 5.10 page 173). Certainly, only a family member would be more inclined to work in such an unofficial manner. Others are less keen on family labour. One business said:

"I have misgivings about employing somebody just because he or she is from my family or community. To me what is important is the work and having the necessary experience and skill to do the work..."

A cross tabulation of the sources of labour force used with industrial sectors (Table 5.9B page 173) shows some variation between sectors in their use of family labour. In the analysis, wholesalers emerged as being heavily orientated to family labour with 78 per cent of the respondents in this sector preferred to recruit family labour (Table 5.9B). Other sectors (clothing, 60 per cent) textiles (28.4 per cent) and services (33 per cent) also showed preference for family and community labour. The only sector with a very low preference for family labour was miscellaneous
manufacturing. The engineering and printing businesses in this sector need employees with very specific skills and therefore a wider range of recruitment sources is necessary.

The respondents were also asked to indicate the source of information used and method employed, including any difficulties they have encountered.

Recruitment of labour force as in the Fulemploy's (1988) study in Nottingham was mainly by means of family/community network (56.6 per cent) and word of mouth (40 per cent) (Table 5.10A page 174). A great majority of those who had used these methods (family and community network, 77.9 per cent and word of mouth 75.0 per cent) said they found them very effective in filling up their vacant positions (Table 5.10D page 175). This was confirmed by the fact that over 70 per cent of those who used family/community networks and word of mouth as means of recruitment found them effective. These methods have certain advantages as one knitwear manufacturer explained:

"I would take on someone introduced to me by a member of my community as long as he or she is capable of doing the work and there is a job for the person to do. This saves me time and money in advertising in the local newspapers. And also our people are not used to responding to newspaper advertisements and the filling of job application forms."
In two sectors in the manufacturing industry, a substantial majority of business saw family and community networks as the main method of obtaining labour for the business: textiles (60.9 per cent) and clothing (55 per cent). In the services and wholesale sectors too, more than half of the businesses looked to the family/community members as a principal source of labour (Table 5.10B page 174). At the other end of the scale, there was very little (under 10 per cent) use of adverts for recruiting in the manufacturing sector. The Job Centres were used by more than 50 per cent of the businesses in miscellaneous manufacturing reflecting the need for skilled labour. It was stated by one engineering business owner that through no fault of their own, they could not always send suitable candidates for interview.

Advertising in the local newspapers was the least popular method of recruiting; it was used by under 10 per cent of the respondents (in different sector). This method of recruitment was felt to be both daunting and alien and furthermore unnecessary since workers could be found fairly easily through friends or relations at little or no cost.

The difficulties that business owners in different sectors had experienced in recruiting staff are closely related to the type of recruitment methods used. It was in the manufacturing sectors that
owner-managers had been more likely to face some problems in recruiting labour (Table 5.10C page 175). They are larger (based on number of employees) than other sectors, hence their requirements for labour were somewhat greater. They may also have been looking for workers with specific skills to suit particular type of vacancy. However, the difficulties that were encountered were by no means confined to the manufacturing businesses. About 25 per cent of service businesses and 16 per cent of the wholesalers mentioned that they had also experienced some difficulties in meeting their skilled labour requirements. Could this be an incipient weakness? Have they been scanning such a limited section of the available labour forces that they have induced problems of obtaining people with the right skills? In the long term this could work against efforts to add value and increase quality in manufacturing.

In summary, East African Asian businesses in Leicester can be characterised as relying much more on the use of family/community networks and word of mouth in recruiting labour force than with formal methods. This indicates that family and community labour are much easier to obtain hence entrepreneurs had to turn to informal methods of recruiting in preference to more formal sources. It is reasonable to conclude that family members and ethnic community provide the entrepreneur with easier access to labour.
Therefore, the theory (that is, cultural theory of minority business development) that cultural resources represent a significant business resource for the potential and prospective East African Asian entrepreneur is supported by the present study.

**TABLE 5.1 ENTREPRENEUR'S COUNTRY OF BIRTH (STUDY GROUP – EAST AFRICAN ASIANS)**

<table>
<thead>
<tr>
<th>COUNTRY OF BIRTH</th>
<th>No. of Respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>KENYA</td>
<td>55</td>
<td>45.83</td>
</tr>
<tr>
<td>UGANDA</td>
<td>34</td>
<td>28.33</td>
</tr>
<tr>
<td>TANZANIA</td>
<td>31</td>
<td>25.83</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>120</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

**TABLE 5.1A ENTREPRENEUR’S COUNTRY OF BIRTH (CONTROL SAMPLE – THOSE FROM THE INDIAN SUBCONTINENT)**

<table>
<thead>
<tr>
<th>COUNTRY OF BIRTH</th>
<th>No. of Respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDIA</td>
<td>16</td>
<td>40.00</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>18</td>
<td>45.00</td>
</tr>
<tr>
<td>BANGLADESH</td>
<td>6</td>
<td>15.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>40</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey
### TABLE 5.2 ETHNIC BUSINESS BY RELIGION

<table>
<thead>
<tr>
<th>Religion</th>
<th>No. of Respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian Hindu</td>
<td>558</td>
<td>61.18</td>
</tr>
<tr>
<td>Asian Muslim</td>
<td>176</td>
<td>19.30</td>
</tr>
<tr>
<td>Asian Sikh</td>
<td>138</td>
<td>15.13</td>
</tr>
<tr>
<td>Asian Others</td>
<td>23</td>
<td>2.52</td>
</tr>
<tr>
<td>Afro Caribbean</td>
<td>17</td>
<td>1.86</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>912</td>
<td>100*</td>
</tr>
</tbody>
</table>

Source: Leicestershire Company Database.

Note: Percentages may not add up to 100 due to rounding.

### TABLE 5.2A RESPONDENTS BY RELIGION

<table>
<thead>
<tr>
<th>RELIGION</th>
<th>STUDY GROUP</th>
<th>CONTROL SAMPLE</th>
<th>TOTAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Asian Hindu</td>
<td>58</td>
<td>48.33</td>
<td>20</td>
<td>50.00</td>
</tr>
<tr>
<td>Asian Muslim</td>
<td>44</td>
<td>36.67</td>
<td>11</td>
<td>27.50</td>
</tr>
<tr>
<td>Asian Sikh</td>
<td>17</td>
<td>14.17</td>
<td>8</td>
<td>20.00</td>
</tr>
<tr>
<td>Asian Other</td>
<td>1</td>
<td>0.83</td>
<td>1</td>
<td>2.50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>120</td>
<td>100%</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey
TABLE 5.3 RESPONDENTS BY LANGUAGE

<table>
<thead>
<tr>
<th>LANGUAGE</th>
<th>STUDY GROUP</th>
<th>CONTROL SAMPLE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Gujarati</td>
<td>52 43.33</td>
<td>14 35.00</td>
<td>66 41.25</td>
</tr>
<tr>
<td>Urdu</td>
<td>26 21.67</td>
<td>11 27.50</td>
<td>37 23.13</td>
</tr>
<tr>
<td>Bengali</td>
<td>3 2.50</td>
<td>8 20.00</td>
<td>11 6.87</td>
</tr>
<tr>
<td>Hindi</td>
<td>29 24.17</td>
<td>5 12.50</td>
<td>34 21.25</td>
</tr>
<tr>
<td>Others</td>
<td>10 8.33</td>
<td>2 5.00</td>
<td>12 7.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120 100%</td>
<td>40 100%</td>
<td>160 100%</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

CHI-SQUARE STATISTIC

\[ X^2 = 16.34 \]
Critical value @ 0.05 level of significance df = 4, 9.49 (significant)

TABLE 5.4 RESPONDENTS BY AGE

<table>
<thead>
<tr>
<th>AGE GROUP</th>
<th>STUDY GROUP</th>
<th>CONTROL SAMPLE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>18 - 27</td>
<td>52 43.33</td>
<td>17 42.50</td>
<td>69 43.13</td>
</tr>
<tr>
<td>28 - 32</td>
<td>6 5.00</td>
<td>1 2.50</td>
<td>7 4.37</td>
</tr>
<tr>
<td>38 - 47</td>
<td>56 46.67</td>
<td>21 52.50</td>
<td>77 48.13</td>
</tr>
<tr>
<td>48+</td>
<td>6 5.00</td>
<td>1 2.50</td>
<td>7 4.37</td>
</tr>
<tr>
<td>TOTAL(N)</td>
<td>120 100.00</td>
<td>40 100.00</td>
<td>160 100.00</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

CHI-SQUARE STATISTIC

\[ X^2 = 1.105 \]
Critical value at 0.05 level of significance, df = 3 = 7.81 (not significant)
TABLE 5.5 RESPONDENTS BY EDUCATIONAL BACKGROUND

<table>
<thead>
<tr>
<th>STUDY GROUP</th>
<th>CONTROL GROUP</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. %</td>
<td>No. %</td>
<td>No. %</td>
</tr>
<tr>
<td>Have Educational Qualifications</td>
<td>73 60.83</td>
<td>25 62.50</td>
</tr>
<tr>
<td>Have No Educational Qualifications</td>
<td>47 39.17</td>
<td>15 37.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120 100%</td>
<td>40 100%</td>
</tr>
</tbody>
</table>

CHI-SQUARE STATISTIC

(1) $X^2 = 0.034$

Critical Value

@ 0.05 Level of Significance

$df = 1$ 3.84

(Not Significant)

TABLE 5.5A RESPONDENTS BY LEVEL OF EDUCATIONAL ATTAINMENT

<table>
<thead>
<tr>
<th>EDUCATIONAL ATTAINMENT</th>
<th>STUDY GROUP</th>
<th>CONTROL GROUP</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. %</td>
<td>No. %</td>
<td>No. %</td>
<td>No. %</td>
</tr>
<tr>
<td>'A' Level</td>
<td>12 16.44</td>
<td>4 16.00</td>
<td>16 16.33</td>
</tr>
<tr>
<td>First Degree</td>
<td>25 34.25</td>
<td>12 48.00</td>
<td>37 37.76</td>
</tr>
<tr>
<td>Masters Degree</td>
<td>10 13.69</td>
<td>4 16.00</td>
<td>14 14.29</td>
</tr>
<tr>
<td>Prof. Qualif.</td>
<td>18 24.66</td>
<td>5 20.00</td>
<td>23 23.46</td>
</tr>
<tr>
<td>Others</td>
<td>8 10.96</td>
<td>-</td>
<td>8 8.16</td>
</tr>
<tr>
<td>TOTAL</td>
<td>73 100%</td>
<td>25 100%</td>
<td>98 100%</td>
</tr>
</tbody>
</table>

NOTE: "Others" refers to non-academic/professional qualification.

Source: Questionnaire Survey

$X^2 = 3.99$

Critical value @ 0.05 level of significance $df = 4 = 9.49$

(not significant)
### 5.6 Respondents by Industrial Sector

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>STUDY GROUP</th>
<th>CONTROL SAMPLE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>72</td>
<td>20</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>60.00</td>
<td>50.00</td>
<td>57.50</td>
</tr>
<tr>
<td>Wholesaling</td>
<td>27</td>
<td>11</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>22.50</td>
<td>27.50</td>
<td>23.75</td>
</tr>
<tr>
<td>Service</td>
<td>21</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>17.50</td>
<td>22.50</td>
<td>18.75</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120</td>
<td>4</td>
<td>160</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

**Chi-Square Statistic**

\[ \chi^2 = 1.24 \]

Critical value at 0.05 level of significance and 2 degrees of freedom = 5.99 (not significant)
<table>
<thead>
<tr>
<th>SIC</th>
<th>ACTIVITY</th>
<th>NO. OF BUSINESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Manufacturing</strong></td>
<td></td>
</tr>
<tr>
<td>4363</td>
<td>Hosiery and other weft knitted goods and fabrics</td>
<td>44</td>
</tr>
<tr>
<td>4370</td>
<td>Textile finishing</td>
<td>3</td>
</tr>
<tr>
<td>4532</td>
<td>Men's and Boys' tailored overwear</td>
<td>10</td>
</tr>
<tr>
<td>4533</td>
<td>Women's and Girls' tailored overwear</td>
<td>11</td>
</tr>
<tr>
<td>4534</td>
<td>Working clothing and men's and boys' jeans</td>
<td>8</td>
</tr>
<tr>
<td>4750</td>
<td>Printing and publishing</td>
<td>5</td>
</tr>
<tr>
<td>5000</td>
<td>Construction</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td><strong>Wholesaling</strong></td>
<td></td>
</tr>
<tr>
<td>6160</td>
<td>Wholesale distribution of textiles, clothing,</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>footwear and leather goods</td>
<td></td>
</tr>
<tr>
<td>6190</td>
<td>Other wholesale distribution including general</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>wholesaling</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Services</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- <strong>Transport</strong></td>
<td></td>
</tr>
<tr>
<td>7700</td>
<td>Travel and Shipping Agents</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>- <strong>Business Services</strong></td>
<td></td>
</tr>
<tr>
<td>8140</td>
<td>Banking and legal services</td>
<td>2</td>
</tr>
<tr>
<td>8320</td>
<td>Insurance</td>
<td>3</td>
</tr>
<tr>
<td>8340</td>
<td>Estate Agents</td>
<td>4</td>
</tr>
<tr>
<td>8360</td>
<td>Accountants</td>
<td>7</td>
</tr>
<tr>
<td>9230</td>
<td>Other Business Services</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>- <strong>Medical Services</strong></td>
<td></td>
</tr>
<tr>
<td>9540</td>
<td>Dental Practice</td>
<td>7</td>
</tr>
<tr>
<td>9550</td>
<td>Miscellaneous Services</td>
<td>2</td>
</tr>
</tbody>
</table>
### Table 5.7 Business Organisation

<table>
<thead>
<tr>
<th>Organisational Structure</th>
<th>Study Group No.</th>
<th>Study Group %</th>
<th>Control Sample No.</th>
<th>Control Sample %</th>
<th>Total No.</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole Trader</td>
<td>53</td>
<td>44.17</td>
<td>9</td>
<td>22.50</td>
<td>62</td>
<td>38.75</td>
</tr>
<tr>
<td>Partnership</td>
<td>35</td>
<td>29.17</td>
<td>6</td>
<td>15.00</td>
<td>41</td>
<td>25.63</td>
</tr>
<tr>
<td>Limited Liability Co.</td>
<td>20</td>
<td>16.66</td>
<td>19</td>
<td>47.50</td>
<td>39</td>
<td>24.37</td>
</tr>
<tr>
<td>Franchise</td>
<td>12</td>
<td>10.00</td>
<td>6</td>
<td>15.00</td>
<td>18</td>
<td>11.25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>120</strong></td>
<td><strong>100%</strong></td>
<td><strong>40</strong></td>
<td><strong>100%</strong></td>
<td><strong>160</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

**Chi-square statistic**

$X^2 = 17.97$

Critical value @ 0.05 level of significance, $df = 3 = 7.82$ (significant)

### Table 5.7A How Acquired Ownership of Business (Study Group)

<table>
<thead>
<tr>
<th>MANUFACTURING</th>
<th>SERVICES</th>
<th>WHOLESALING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>Clothing</td>
<td>Other</td>
</tr>
<tr>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Started</td>
<td>100.0</td>
<td>93.3</td>
</tr>
<tr>
<td>Bought/acquired</td>
<td>-</td>
<td>6.7</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong> (n)</td>
<td>22</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

### Table 5.7B How Acquired Ownership of Business (Control Group)

<table>
<thead>
<tr>
<th>ALL SECTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO. OF BUSINESSES</td>
</tr>
<tr>
<td>Started</td>
</tr>
<tr>
<td>Bought/acquired</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Total</strong> (n)</td>
</tr>
</tbody>
</table>
TABLE 5.8 EMPLOYMENT SIZE

<table>
<thead>
<tr>
<th>SIZE</th>
<th>STUDY GROUP No.</th>
<th>CONTROL SAMPLE No.</th>
<th>TOTAL No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>1 - 5</td>
<td>40</td>
<td>4</td>
<td>44</td>
</tr>
<tr>
<td>6 - 10</td>
<td>22</td>
<td>13</td>
<td>35</td>
</tr>
<tr>
<td>11 - 25</td>
<td>37</td>
<td>12</td>
<td>49</td>
</tr>
<tr>
<td>26 - 30</td>
<td>10</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>31 - 35</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>36 and over</td>
<td>9</td>
<td>3</td>
<td>12</td>
</tr>
</tbody>
</table>

120 100% 40 100% 160 100%

Source: Questionnaire Survey

$X^2 = 12.52$
Critical value @ 0.05 level of significance df = 5, 11.070 (significant)

TABLE 5.9 FAMILY MEMBER EMPLOYED IN BUSINESS

<table>
<thead>
<tr>
<th>RESPONDENTS</th>
<th>&quot;YES&quot;</th>
<th>&quot;NO&quot;</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO %</td>
<td>NO %</td>
<td>NO %</td>
</tr>
<tr>
<td>Study Group</td>
<td>69</td>
<td>57.50</td>
<td>51</td>
</tr>
<tr>
<td>Control Group</td>
<td>23</td>
<td>57.50</td>
<td>17</td>
</tr>
</tbody>
</table>

92 57.50 68 42.50 160 100.00

Source: Questionnaire Survey

CHI - SQUARE STATISTIC

$X^2 = nil$
Critical value @ 0.05 level of significance and one degree of freedom = 3.84 (not significant)
**TABLE 5.9A SOURCE OF LABOUR**

<table>
<thead>
<tr>
<th>SIZE</th>
<th>STUDY GROUP No.</th>
<th>STUDY GROUP %</th>
<th>CONTROL SAMPLE No.</th>
<th>CONTROL SAMPLE %</th>
<th>TOTAL No.</th>
<th>TOTAL %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family only</td>
<td>52</td>
<td>43.33</td>
<td>13</td>
<td>32.50</td>
<td>65</td>
<td>40.62</td>
</tr>
<tr>
<td>Asians</td>
<td>58</td>
<td>48.33</td>
<td>19</td>
<td>47.50</td>
<td>77</td>
<td>48.13</td>
</tr>
<tr>
<td>White</td>
<td>10</td>
<td>8.33</td>
<td>8</td>
<td>20.00</td>
<td>18</td>
<td>11.25</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>120</td>
<td>100%</td>
<td>40</td>
<td>100%</td>
<td>160</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

\[ x^2 = 4.50 \]

Critical value @ 0.05 level of significance and 2 degree of freedom = 5.991 (not significant)

**TABLE 5.9B SOURCE OF LABOUR BY SECTOR**

<table>
<thead>
<tr>
<th>MANUFACTURING</th>
<th>SERVICES</th>
<th>WHOLESALING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>Clothing</td>
<td>Other</td>
</tr>
<tr>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Family Only</td>
<td>28.4</td>
<td>60.0</td>
</tr>
<tr>
<td>Asians</td>
<td>65.8</td>
<td>34.9</td>
</tr>
<tr>
<td>Whites</td>
<td>5.8</td>
<td>5.1</td>
</tr>
<tr>
<td><strong>TOTAL (n)</strong></td>
<td>22</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

**TABLE 5.10 WHETHER MEMBER(S) OF FAMILY ASSISTING IN BUSINESS ARE/IS PAID/NOT PAID**

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>STUDY GROUP No.</th>
<th>STUDY GROUP %</th>
<th>CONTROL SAMPLE No.</th>
<th>CONTROL SAMPLE %</th>
<th>TOTAL No.</th>
<th>TOTAL %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid</td>
<td>25</td>
<td>49.02</td>
<td>3</td>
<td>17.65</td>
<td>28</td>
<td>41.18</td>
</tr>
<tr>
<td>Not paid</td>
<td>26</td>
<td>50.98</td>
<td>14</td>
<td>82.35</td>
<td>40</td>
<td>58.82</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>51</td>
<td>100.00</td>
<td>17</td>
<td>100.00</td>
<td>68</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

\[ x^2 = 5.18 \]

Critical value @ 0.05 level of significance and one degree of freedom = 3.84 (significant)
### TABLE 5.10A METHODS OF RECRUITMENT

<table>
<thead>
<tr>
<th>Method</th>
<th>Study Group</th>
<th>Control Group</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO.</td>
<td>%</td>
<td>NO.</td>
</tr>
<tr>
<td>Word of Mouth</td>
<td>48</td>
<td>40.0</td>
<td>18</td>
</tr>
<tr>
<td>Job Centre</td>
<td>1</td>
<td>0.83</td>
<td>2</td>
</tr>
<tr>
<td>Newspaper Advert</td>
<td>3</td>
<td>2.5</td>
<td>3</td>
</tr>
<tr>
<td>Family/Comm Networks</td>
<td>68</td>
<td>56.6</td>
<td>17</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>120</td>
<td>100.00</td>
<td>40</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

\[ X^2 = 3.43 \]

Critical value @ 0.05 level of significance and 3 degree of freedom = 7.82 (not significant)

### TABLE 5.10B METHODS OF RECRUITMENT BY INDUSTRIAL SECTOR

<table>
<thead>
<tr>
<th>Method</th>
<th>Manufacturing</th>
<th>Services</th>
<th>Wholesale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Textiles</td>
<td>Clothing</td>
<td>Others</td>
</tr>
<tr>
<td>Word of Mouth</td>
<td>24.2</td>
<td>22.7</td>
<td>34.3</td>
</tr>
<tr>
<td>Job Centre</td>
<td>10.6</td>
<td>14.5</td>
<td>55.2</td>
</tr>
<tr>
<td>Newspaper Advert</td>
<td>4.3</td>
<td>7.8</td>
<td>3.8</td>
</tr>
<tr>
<td>Family/Comm Networks</td>
<td>60.9</td>
<td>55.0</td>
<td>6.7</td>
</tr>
<tr>
<td><strong>TOTAL(n)</strong></td>
<td>22</td>
<td>30</td>
<td>20</td>
</tr>
</tbody>
</table>

Note: Multiple responses are included in the Table.

Source: Questionnaire Survey
### TABLE 5.10C DIFFICULTIES IN RECRUITING LABOUR BY INDUSTRIAL SECTORS

<table>
<thead>
<tr>
<th>Response</th>
<th>Manufacturing</th>
<th>Services</th>
<th>Wholesaling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Textiles</td>
<td>Clothing</td>
<td>Others</td>
</tr>
<tr>
<td>Yes</td>
<td>65.6%</td>
<td>60.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>No</td>
<td>18.8%</td>
<td>32.3%</td>
<td>36.3%</td>
</tr>
<tr>
<td>Not relevant</td>
<td>15.6%</td>
<td>7.7%</td>
<td>38.7%</td>
</tr>
<tr>
<td>TOTAL(n)</td>
<td>22</td>
<td>30</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

### TABLE 5.10D EFFECTIVENESS OF THE RECRUITMENT METHODS USED (STUDY GROUP)

<table>
<thead>
<tr>
<th>Method</th>
<th>Effective No.</th>
<th>Effective %</th>
<th>Not Effective No.</th>
<th>Not Effective %</th>
<th>TOTAL No.</th>
<th>TOTAL %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Word of Mouth</td>
<td>36</td>
<td>75.00%</td>
<td>12</td>
<td>25.00%</td>
<td>48</td>
<td>40.00%</td>
</tr>
<tr>
<td>Job Centre</td>
<td>1</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>0.83%</td>
</tr>
<tr>
<td>Newspaper Advert</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>100.00%</td>
<td>3</td>
<td>2.50%</td>
</tr>
<tr>
<td>Family/Community</td>
<td>53</td>
<td>77.90%</td>
<td>15</td>
<td>21.10%</td>
<td>68</td>
<td>56.67%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>90</td>
<td>75.00%</td>
<td>30</td>
<td>25.00%</td>
<td>120</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey
5.2.4 Business Premises

A potential area of difficulty in establishing a business lies in obtaining suitable premises such as Plate 1 and Plate 2. In planning departments there has been an increased awareness of this as a problem and many different solutions adopted in recent decades.

The search methods used by the respondents and the problems, if any, that they had encountered in finding suitable premises are examined in this section. The effectiveness and popularity of informal sources in the search for accommodation by ethnic minorities are well documented in studies of residential mobility (Carter, 1981, 1984; Karn, Kemmy and Williams 1985, and Hill, 1987). The principal source of information used in locating business premises were family/friends (53 per cent) and word of mouth (48.2 per cent) (Table 5.11A page 187). Estate agents were used by only 12.3 per cent of the study group and 15.5 per cent of the control sample.

Ward et al (1987) and Fullearnploy (1988) in their study of Black Businesses in Wales and Nottingham respectively also found that the majority of business owners had found premises through informal contacts such as friends and relations.
PLATE 1. BUSINESS PREMISES ON MEITON STREET

PLATE 2. BUSINESS PREMISES ON WANLIP STREET
The length of time taken to find suitable premises is a good indicator of the speed with which a business can get started. The efficiency and effectiveness of informal channels as means of locating premises was indicated by the fact that once the search for premises had been initiated it was generally concluded fairly rapidly; approximately 46 per cent of the study group and 73 per cent of the control sample had found premises within 6 months (Table 5.11B page 188).

The progress made by Asians in owning their residential houses (Hill, 1987) is echoed in the number of entrepreneurs who own the freeholds on their business properties. Most respondents (55.83 per cent) operate from leasehold premises, while 22.50 per cent own their business premises (Table 5.11C page 188). The decision to own the freehold of their business premises stems from the goodwill and reputation which some entrepreneurs have built up over the years. About 46.67 per cent of the respondents have spent on average, between three and five years in their present premises (Table 5.12 page 189). One owner-manager of a knitwear factory explained:

"I have been here since I started my business. Everybody knows me and my business. Moving to another premises will mean losing my customers".

This is an important and common fear which inhibits movement in manufacturing generally amongst small firms regardless of ethnicity. Respondents were asked to indicate the factor(s) that had influenced their
choice of business location (Appendix B, section A). The reasons given do not differ significantly between the two groups of entrepreneurs. The importance of access to market for the survival of small business is well documented in the marketing, geography and economics literature. This was confirmed by the fact that nearly 60 per cent of the respondents commented that being within easy reach of the market was an important consideration in their choice of business location (Table 5.14 page 192).

An analysis of the factors influencing choice of place of business location by religious background of the entrepreneurs showed that nearness to place of worship was more important to Muslims than for the Sikh and Hindu entrepreneurs. This is undoubtedly explained by the fact that the Muslim religion demands its followers to pray in the Mosque at least three times a day. This finding suggests, as would be expected, that business premises were sought in areas close to places of worship, particularly the Mosques. In Belgrave Road areas with a large number of Asian businesses, there are four Muslim Mosques, one Sikh Gurdwara and three Hindu Temples. Similarly, in Evington which also has a significant proportion of Asian businesses, there are four Mosques, two Gurdwara
and one Temple. There are also two Mosques and two Temples for the Muslims and Hindus respectively in Narborough Road areas with a high concentration of Asian wholesalers. Closeness to place of worship seems to be a significant factor in the choice of location of Asian businesses. Proximity to other Asian owned businesses, or businesses owned by members of the same caste was another important factor in business location. This was hinted at during extended conversations with respondents and one stated that he chose this particular site because:

"Majority of the businesses in this building are owned by Asian people. We used to help each other, and inter-trade with one another. In this way we are able to survive".

Another stated that they would be much more reticent about setting up in business in areas where he/she would be in a minority amongst majority ethnic businesses.

The type of premises occupied by businesses in different sectors is quite different. The great majority (over 80 percent) of manufacturing businesses are in converted multi-storey factory premises (Table 5.13 page 190). In his analysis of Asian manufacturing firms in Leicester Fagg concluded that:

"Asian manufacturers also brought other benefits to Leicester. They were largely located in the inner city and, at formation, often took space in converted multi-storey factories abandoned by larger firms during the last major recession". (Fagg, 1993, p.44).
By contrast the greatest variation occurs amongst service businesses and wholesalers. Just over one third (38.8 percent) of wholesalers occupy warehousing accommodation and the same proportion are trading in shops; most with living accommodation attached.

The location of premises may be of particular importance in Asian business development in terms of access to market and labour force. There are considerable variations in the geographical distribution of East African Asian business in Leicester as indicated by the postal district of their business address (Table 5.17 page 195). Postal district LE1, which consists of the city centre as well as most of Highfields, has two fifths of the clothing businesses, as well as many in knitwear and other manufacturing businesses. Hardly any business in wholesaling or services in the sample survey are located in this area. In LE2, South Leicester, food retailing is the sector with the highest proportionate presence in the area. The overall representation of Asian business enterprise in South Leicester is lower than in any other postal area in the City. LE3, the area including Narborough Road, has just over half of the wholesaling businesses in the survey (52.4 percent) but fairly small (or very small) proportions
of all the other sectors. Like South Leicester, it has a relatively low proportion of Asian residents. The concentration of wholesalers in Narborough Road is therefore a sign of the availability of property rather than an indication of strong Asian residential presence in the area.

The spatial concentration of wholesalers in Narborough Road constitutes, from the geographical viewpoint, an interesting finding. This area has recently seen a tremendous expansion of wholesale business in a variety of textiles. The reasons for this development are the established nucleus of businesses in the same line and the easy accessibility of the business premises on the main road leading into Leicester from the motorway - which leads to London and Birmingham and, therefore, to a wider market.

Postal district LE4 includes Belgrave, whose status as a good quality district for durable goods specialising in high value items with a distinctive Asian appeal such as sari and jewellery has led to its dominance of retailing businesses. It also has substantial proportions of the service (68.5 percent) and 19 percent of the miscellaneous manufacturing businesses, but virtually no clothing manufacturing or wholesaling. Finally, LE5, which includes North Evington as well as Evington, has a very small proportion of miscellaneous manufacturing but significant concentration of businesses in all other
sectors. Like LEI, it has about two sixth (37 per cent) of the clothing businesses and about a third of those in textiles (32 per cent) and wholesaling (30 per cent). There seems to be a relationship between the concentration of manufacturing and wholesale businesses in North Evington. Both sectors are conveniently situated for Asian labour force in neighbouring Highfields.

Thus, there is a good deal of segmentation in the distribution over different parts of the city of the different industries in which East African Asian businesses are well represented. Textiles and clothing are concentrated in Highfields and North Evington, wholesaling in the Narborough Road area, and services and miscellaneous manufacturing are widely scattered, though there is a small concentration in Belgrave. Businesses in clothing and knitwear sectors are close to an ethnic labour force; wholesalers are either close to the manufacturers they buy from or easily visible to the retailers they serve; service businesses are close to the residential population, and are, therefore, scattered. This leaves the miscellaneous manufacturing stratum which contains the printers and publishers who cluster in Belgrave, showing an association with retail distribution which may go back to East Africa, and the engineering and other businesses who are not tied to any particular location.
Additional information was obtained on whether business premises were satisfactory, what disadvantages were experienced in operating from existing premises, and what plans owners had for moving within the next three years. The sectors in which businesses have had most experience of moving premises - knitwear, miscellaneous manufacturing and wholesaling - are those whose present workplace is most likely to be described as physically unsatisfactory (Table 5.13A page 190). Significantly, none of the businesses in the control sample said their present premises were unsatisfactory (Table 5.13B page 190). In a related question, fewer amongst the control sample entrepreneurs stated that they experienced any disadvantages operating from their existing premises (Table 5.13D page 191). The manufacturing and service businesses, in particular, were much more likely to speak of problems in working from their present premises (Table 5.13C page 191). It is not surprising, therefore, to find that the manufacturing businesses were the most likely to be planning to move in the next three years (Table 5.15 page 193). A majority of businesses in both textiles (63 per cent) and clothing sectors (63 per cent) were intending to move within this relatively short period. About a half of those in the miscellaneous manufacturing (49 per cent) and wholesaling (49 per cent) sectors planned to move in three to six years. Far fewer businesses in the service sector had such
intentions. It might be that those businesses that are intending to relocate were planning to move because of the need for more space. However, a more detailed analysis of reasons given is not conclusive. The only major differences are between sectors (Table 5.15A page 185). Miscellaneous manufacturing businesses show a high propensity (65 per cent) to want to move because of the need for larger premises followed by the clothing (57 percent) and knitwear (47 percent) sectors. None of the businesses in service activities were planning to move for this reason, showing a more settled business population.

The desired location of the businesses who are intending to move in the near future are included in Table 5.13E. Several trends can be identified. While businesses in the service sector are least likely to be planning to move in the near future (Table 5.15 page 193), those who are have distinctive locational preferences. They are much more likely to want to move to new locations in Leicester and a few are even planning to move away from the city and the county (Table 5.13E page 191). Textiles are one of the mainstays of Leicester economy. It is, therefore, not surprising that the majority of the businesses (69 per cent) in this sector that are planning to move in the next three years expect to relocate to somewhere within Leicester.
A higher proportion of those in the wholesale business intending to move (69.5 per cent) plan to stay in the immediate neighbourhood than those in other sectors. Although a large majority (86 per cent) expected to move to other parts of the city, the businesses in the service sector intended to stay within the City. Thus, the prospect for the diffusion of service businesses over the city is relatively high. But also the likelihood of a spatial spread to other surrounding settlements may be quite low.

Finally, it was observed that a substantial majority of those businesses (study group) who are planning to move expect to leave the immediate neighbourhood. By contrast, the control sample businesses are more scattered, but almost all of those planning to move (55 percent) in the following three years (Table 5.13F page 192) expected to stay in the neighbourhood where they were based (Table 5.13G page 192).

The foregoing analysis provides an insight into locational characteristics of the respondents' businesses including the factors that had influenced their choice of location, the condition of the premises and their future plans. It adds up to a complex web of inter-related motives and expectations, some of which are related to ethnicity, others not.
### TABLE 5.11 METHOD EMPLOYED SEARCHING FOR PREMISES
(Study Group)

<table>
<thead>
<tr>
<th>Method</th>
<th>Manufacturing</th>
<th>Services</th>
<th>Whole-Sale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Textiles (%)</td>
<td>Clothing</td>
<td>Others (%)</td>
</tr>
<tr>
<td>Friends/Relations</td>
<td>34.7</td>
<td>51.3</td>
<td>38.5</td>
</tr>
<tr>
<td>Word of Mouth</td>
<td>30.6</td>
<td>30.9</td>
<td>7.2</td>
</tr>
<tr>
<td>Estate Agents</td>
<td>28.6</td>
<td>15.8</td>
<td>32.5</td>
</tr>
<tr>
<td>Newspaper Adverts</td>
<td>6.1</td>
<td>-</td>
<td>21.8</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>2.0</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL(n)</strong></td>
<td><strong>22</strong></td>
<td><strong>30</strong></td>
<td><strong>20</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

### TABLE 5.11A METHOD EMPLOYED SEARCHING FOR PREMISES

<table>
<thead>
<tr>
<th>Method</th>
<th>Study Group</th>
<th>Control Group</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Friends/Relations</td>
<td>63 52.5</td>
<td>19 7.5</td>
<td>82 51.3</td>
</tr>
<tr>
<td>Word of Mouth</td>
<td>38 31.67</td>
<td>11 27.5</td>
<td>49 30.1</td>
</tr>
<tr>
<td>Estate Agents</td>
<td>15 12.15</td>
<td>6 15.00</td>
<td>21 13.1</td>
</tr>
<tr>
<td>Newspaper Adverts</td>
<td>4 3.33</td>
<td>4 10.00</td>
<td>8 5.0</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL(n)</strong></td>
<td><strong>120 100.</strong></td>
<td><strong>40 100.</strong></td>
<td><strong>160 100.</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

\[ X^2 = 3.71 \]

Critical value @ 0.05 level of significance and 3 degree of freedom = 3.82 (not significant)
### TABLE 5.11B TIME SPENT LOOKING FOR PREMISES

<table>
<thead>
<tr>
<th>TIME SPENT</th>
<th>Study Group</th>
<th>Control Group</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO. %</td>
<td>NO. %</td>
<td>NO. %</td>
</tr>
<tr>
<td>Less than 3 months</td>
<td>31 25.83</td>
<td>3 7.50</td>
<td>34 21.25</td>
</tr>
<tr>
<td>3 - 6 months</td>
<td>55 45.83</td>
<td>29 72.50</td>
<td>84 52.50</td>
</tr>
<tr>
<td>6-12 months</td>
<td>27 22.50</td>
<td>4 10.00</td>
<td>31 19.37</td>
</tr>
<tr>
<td>1 year and over</td>
<td>4 3.33</td>
<td>2 5.00</td>
<td>6 3.75</td>
</tr>
<tr>
<td>Don't know</td>
<td>3 2.50</td>
<td>2 5.00</td>
<td>5 3.13</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>120 100.00</strong></td>
<td><strong>40 100.00</strong></td>
<td><strong>160 100.00</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

\(X^2 = 11.78\)

Critical value @ 0.05 level of significance and 4 degree of freedom = 9.49 (significant)

### TABLE 5.11C TENURE OF PREMISES

<table>
<thead>
<tr>
<th>TENURE</th>
<th>STUDY GROUP</th>
<th>CONTROL SAMPLE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO. %</td>
<td>NO. %</td>
<td>NO. %</td>
</tr>
<tr>
<td>Leasehold</td>
<td>67 55.83</td>
<td>24 60.00</td>
<td>91 56.83</td>
</tr>
<tr>
<td>Freehold</td>
<td>27 22.50</td>
<td>6 15.00</td>
<td>33 20.63</td>
</tr>
<tr>
<td>Other - Rent</td>
<td>26 21.67</td>
<td>10 25.00</td>
<td>36 22.50</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>120 100%</strong></td>
<td><strong>40 100%</strong></td>
<td><strong>160 100%</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

\(X^2 = 1.11\)

Critical value @ 0.05 level of significance and 2 degree of freedom = 5.991 (not significant)
TABLE 5.12 LENGTH OF TIME AT PRESENT PREMISES

<table>
<thead>
<tr>
<th>PERIOD OF TIME</th>
<th>STUDY GROUP No.</th>
<th>%</th>
<th>CONTROL SAMPLE No.</th>
<th>%</th>
<th>TOTAL No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 3 yrs</td>
<td>31</td>
<td>25.83</td>
<td>4</td>
<td>10.00</td>
<td>35</td>
<td>21.87</td>
</tr>
<tr>
<td>3 - 5 yrs</td>
<td>56</td>
<td>46.67</td>
<td>23</td>
<td>57.50</td>
<td>79</td>
<td>49.38</td>
</tr>
<tr>
<td>6 - 9 yrs</td>
<td>24</td>
<td>20.00</td>
<td>12</td>
<td>30.00</td>
<td>36</td>
<td>22.50</td>
</tr>
<tr>
<td>10 yrs and over</td>
<td>5</td>
<td>4.17</td>
<td>1</td>
<td>2.50</td>
<td>6</td>
<td>3.75</td>
</tr>
<tr>
<td>Don't know</td>
<td>4</td>
<td>3.33</td>
<td>-</td>
<td>-</td>
<td>4</td>
<td>2.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120</td>
<td>100.00</td>
<td>40</td>
<td>100%</td>
<td>160</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

$\chi^2 = 6.22$

Critical value @ 0.05 level of significance and 4 degree of freedom = 9.49 (not significant)
### TABLE 5.13 TYPE OF BUSINESS PREMISES

<table>
<thead>
<tr>
<th>Condition</th>
<th>Textiles</th>
<th>Clothing</th>
<th>Other</th>
<th>Wholesale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shop</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shop with</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Flat over</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Purpose</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Built</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Converted</td>
<td>82.0</td>
<td>87.0</td>
<td>75.00</td>
<td>26.8</td>
</tr>
<tr>
<td>Warehouse</td>
<td>8.0</td>
<td>12.0</td>
<td>6.0</td>
<td>-</td>
</tr>
<tr>
<td>Converted</td>
<td>6.0</td>
<td>1.0</td>
<td>11.0</td>
<td>-</td>
</tr>
<tr>
<td>House</td>
<td>4.0</td>
<td>-</td>
<td>8.0</td>
<td>68.5</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16.5</td>
</tr>
</tbody>
</table>

Total (n) 22 30 20 27 21

### TABLE 5.13A WHETHER PREMISES ARE SATISFACTORY

(Study Group)

<table>
<thead>
<tr>
<th>Condition</th>
<th>Textiles</th>
<th>Clothing</th>
<th>Other</th>
<th>Wholesale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>53.6</td>
<td>54.7</td>
<td>26.6</td>
<td>7.7</td>
</tr>
<tr>
<td>OK</td>
<td>22.9</td>
<td>19.5</td>
<td>47.6</td>
<td>53.4</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>21.0</td>
<td>25.8</td>
<td>25.8</td>
<td>38.9</td>
</tr>
<tr>
<td>Very</td>
<td>2.5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5.6</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

### TABLE 5.13B WHETHER PREMISES ARE SATISFACTORY

(Control Group)

<table>
<thead>
<tr>
<th>Condition of Business</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>57.5</td>
</tr>
<tr>
<td>OK</td>
<td>42.5</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>-</td>
</tr>
</tbody>
</table>

TOTAL (n) 40

Source: Questionnaire Survey
### TABLE 5.13C DISADVANTAGES IN WORKING FROM EXISTING PREMISES (STUDY GROUP)

<table>
<thead>
<tr>
<th>Response</th>
<th>MANUFACTURING</th>
<th>SERVICES</th>
<th>WHOLESALING</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Textiles</td>
<td>Clothing</td>
<td>Other</td>
</tr>
<tr>
<td>Yes</td>
<td>73.8%</td>
<td>67.8%</td>
<td>75.3%</td>
</tr>
<tr>
<td>No</td>
<td>26.2%</td>
<td>32.2%</td>
<td>24.7%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>22</td>
<td>30</td>
<td>27</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

### TABLE 5.13D DISADVANTAGES IN WORKING FROM EXISTING PREMISES (CONTROL SAMPLE)

<table>
<thead>
<tr>
<th>Response</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>22</td>
<td>55.00</td>
</tr>
<tr>
<td>NO</td>
<td>18</td>
<td>45.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

### TABLE 5.13E EXPECTED LOCATION OF BUSINESS INTENDING TO MOVE IN THE NEXT 3 YEARS (STUDY GROUP)

<table>
<thead>
<tr>
<th>MANUFACTURING</th>
<th>SERVICES</th>
<th>WHOLESALING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>Clothing</td>
<td>Other</td>
</tr>
<tr>
<td>Immediate neighbourhood</td>
<td>23</td>
<td>54.4%</td>
</tr>
<tr>
<td>Elsewhere in Leicester</td>
<td>69.8%</td>
<td>40.8%</td>
</tr>
<tr>
<td>Leicestershire</td>
<td>7.2%</td>
<td>-</td>
</tr>
<tr>
<td>Outside Leicestershire</td>
<td>-</td>
<td>4.8%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey
### 5.13F Whether Intending to Move in Next 3 Years (Control Sample)

<table>
<thead>
<tr>
<th>Response</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>22</td>
<td>55.00</td>
</tr>
<tr>
<td>NO</td>
<td>18</td>
<td>45.00</td>
</tr>
</tbody>
</table>

**Source:** Questionnaire Survey

### Table 5.13G Expected Location of Business Intending to Move in Next 3 Years (Control Group)

<table>
<thead>
<tr>
<th>Expected Location</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediate Neighbourhood</td>
<td>16</td>
<td>72.7</td>
</tr>
<tr>
<td>Elsewhere in Leicester</td>
<td>6</td>
<td>27.3</td>
</tr>
<tr>
<td>Leicestershire</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Outside Leicestershire</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Source:** Questionnaire survey

### Table 5.14 Factors Influencing Choice of Business Location

<table>
<thead>
<tr>
<th>Location</th>
<th>Study Group No.</th>
<th>Study Group %</th>
<th>Control Group No.</th>
<th>Control Group %</th>
<th>Total No.</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Family/ Community Labour</td>
<td>10</td>
<td>8.33</td>
<td>4</td>
<td>10.00</td>
<td>14</td>
<td>8.75</td>
</tr>
<tr>
<td>Access to Ethnic Minority Market</td>
<td>9</td>
<td>7.50</td>
<td>5</td>
<td>12.50</td>
<td>14</td>
<td>8.75</td>
</tr>
<tr>
<td>Access to wider Market</td>
<td>71</td>
<td>59.17</td>
<td>21</td>
<td>52.50</td>
<td>92</td>
<td>57.50</td>
</tr>
<tr>
<td>Nearness to Place of Worship</td>
<td>30</td>
<td>25.00</td>
<td>10</td>
<td>25.00</td>
<td>40</td>
<td>25.00</td>
</tr>
</tbody>
</table>

**Source:** Questionnaire Survey

\[ X^2 = 1.17 \]

Critical value @ 0.05 level of significance and 3 degree of freedom = 7.815 (not significant)
TABLE 5.15 WHETHER INTENDING TO MOVE IN THE NEXT 3 YEARS

<table>
<thead>
<tr>
<th>TABLE 5.15 WHETHER INTENDING TO MOVE IN THE NEXT 3 YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANUFACTURING</td>
</tr>
<tr>
<td>Textiles</td>
</tr>
<tr>
<td>%</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>TOTAL (n)</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

TABLE 5.15A REASONS FOR WANTING TO RELOCATE IN THE NEXT 3 YEARS BY SECTORS

<table>
<thead>
<tr>
<th>TABLE 5.15A REASONS FOR WANTING TO RELOCATE IN THE NEXT 3 YEARS BY SECTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>REASONS</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Present premises too small</td>
</tr>
<tr>
<td>Competition</td>
</tr>
<tr>
<td>Condition of premises</td>
</tr>
<tr>
<td>TOTAL (n)</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

5.2.5 Age of Business

The length of establishment of ethnic businesses in Britain is naturally related to the timing of immigration from the New Commonwealth. Under 20 per cent of the East African Asian businesses interviewed are over 15 years old compared with more than 40 per cent of those from the Indian Subcontinent (Table 5.16). This corresponds to the period since the arrival of the majority of Asians in Leicester from East Africa, with those coming direct from the Indian
subcontinent being rather longer established (Table 5.16A page 195). It is possible that the rate of new business formation and survival amongst the two groups may offer some explanations for the difference in the age distribution found. However, a small minority of businesses (18.5 per cent) are in the range of 6 to 15 years. The proportion of more recently established businesses (1-5 years) is much higher in manufacturing and wholesaling, where over a third are less than five years (over half in the case of clothing). Since the methodology used to identify the businesses means that the most recently established are less likely to be included, in practice the proportion of young businesses may be even higher.

<table>
<thead>
<tr>
<th>TABLE 5.16 AGE OF BUSINESS (YEARS)</th>
<th>(STUDY GROUP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANUFACTURING</td>
<td>SERVICES</td>
</tr>
<tr>
<td>YEAR</td>
<td>Textiles %</td>
</tr>
<tr>
<td>1 - 2</td>
<td>2.5</td>
</tr>
<tr>
<td>3 - 5</td>
<td>42.2</td>
</tr>
<tr>
<td>6 - 10</td>
<td>26.8</td>
</tr>
<tr>
<td>11 - 15</td>
<td>15.7</td>
</tr>
<tr>
<td>16 and over</td>
<td>12.8</td>
</tr>
<tr>
<td>Total (n)</td>
<td>22</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey
### Table 5.16A: Age of Business (Years)

(CONTROL SAMPLE)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Business</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 2</td>
<td>8</td>
<td>20.00</td>
</tr>
<tr>
<td>3 - 5</td>
<td>4</td>
<td>10.00</td>
</tr>
<tr>
<td>6 - 10</td>
<td>4</td>
<td>10.00</td>
</tr>
<tr>
<td>11 - 15</td>
<td>6</td>
<td>15.00</td>
</tr>
<tr>
<td>16 and over</td>
<td>18</td>
<td>45.00</td>
</tr>
<tr>
<td><strong>TOTAL (n)</strong></td>
<td><strong>40</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

### Table 5.17: Business Location by Postcode

<table>
<thead>
<tr>
<th>POSTCODE</th>
<th>MANUFACTURING</th>
<th>SERVICES</th>
<th>WHOLESALING</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Textiles</td>
<td>Clothing</td>
<td>Other</td>
</tr>
<tr>
<td>LE1</td>
<td>62.5</td>
<td>40.0</td>
<td>55.0</td>
</tr>
<tr>
<td>LE2</td>
<td>-</td>
<td>12.6</td>
<td>-</td>
</tr>
<tr>
<td>LE3</td>
<td>5.8</td>
<td>10.6</td>
<td>12.8</td>
</tr>
<tr>
<td>LE4</td>
<td>-</td>
<td>-</td>
<td>19.0</td>
</tr>
<tr>
<td>LE5</td>
<td>31.7</td>
<td>36.8</td>
<td>13.2</td>
</tr>
<tr>
<td><strong>TOTAL (n)</strong></td>
<td>22</td>
<td>30</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey
5.2.6 Suppliers and Customers

The nature of business development amongst East African Asians is also evident in their relationship with suppliers and customers. Several traits are identified amongst businesses in the survey (Table 5.18 page 199). First, manufacturers in clothing and textiles and wholesalers are heavily dependent on other manufacturers for their supplies. Many of the largest businesses are in these sectors and in many cases the economies of scale that are available justify going direct to manufacturers. Secondly, services and miscellaneous manufacturing look to wholesale distributors for a large proportion of their supplies. Geographical source of supplies are related to the type of suppliers. About 50 per cent of the service businesses' supplies are sourced locally (Table 5.19 page 199). In the other four sectors (textiles, clothing, wholesaling and miscellaneous manufacturing) about one third of their supplies come from local sources. In many cases, of course, goods obtained locally will have originated further afield. Cash and carry warehouse supplying nationally known products for the grocery industry, for instance. It was impossible to ascertain what proportion of goods bought by businesses originated abroad, but it was very small. Only 22 per cent of knitwear businesses and 11 percent of wholesalers were importing significant amounts of goods.
There are interesting differences between the various sectors in their relative reliance on goods from the City of Leicester and Leicestershire. The county was the main source for 34 per cent of the supplies of service businesses. Businesses in other sectors (textiles, clothing, miscellaneous manufacturing and wholesalers) only bought on average about seven percent of their supplies in the county; indeed, none of the supplies of businesses in the clothing sector were sourced in the county.

The pattern of sales showed some differences in dependence on various categories of purchaser. Amongst the businesses in the service sector (84 per cent) and in wholesaling (77 per cent) the main type of customers were largely orientated to the general public (Table 5.20 page 200). At the other extreme, none of the clothing businesses, and only 5 percent of those in knitwear, regard the public as their main customer. Wholesalers (21 percent) and miscellaneous manufacturers (28 percent) recorded intermediate figures. The chief source of sales in the clothing (45 per cent) and knitwear (61 percent) sectors was the wholesaler and distributors. Business in these last two sectors were the only ones with a significant level of sales (about 15 per cent) to multiple retailers.
Nearly 40 per cent of the wholesalers depended on independent retailers. Businesses in the miscellaneous sector had a much more diverse set of customers: 28 per cent said their main customers were the general public, 25 per cent other manufacturers and 19 wholesale distributors.

Businesses varied in their experience of exporting. Those in the service sector had little or no experience of exporting. In clothing and miscellaneous manufacturing between five and ten percent of the respondents said they were involved in selling abroad. The lowest figures were found in textiles (3 percent) and wholesaling (4 per cent). There is, therefore, a relatively modest export earnings potential amongst Asian businesses in Leicester at present.
### TABLE 5.18 MAIN TYPES OF SUPPLIERS

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>Manufacturing</th>
<th>Services</th>
<th>Wholesaling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Textiles %</td>
<td>Clothing %</td>
<td>Others %</td>
</tr>
<tr>
<td>Manufactures</td>
<td>78.2</td>
<td>85.5</td>
<td>48.4</td>
</tr>
<tr>
<td>Wholesalers</td>
<td>35.5</td>
<td>38.6</td>
<td>65.1</td>
</tr>
<tr>
<td>Other</td>
<td>18.9</td>
<td>5.9</td>
<td>15.2</td>
</tr>
<tr>
<td>TOTAL(n)</td>
<td>22</td>
<td>30</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

### TABLE 5.19 DEPENDENCE ON SOURCE OF SUPPLY

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing</th>
<th>Services</th>
<th>Wholesaling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Textiles %</td>
<td>Clothing %</td>
<td>Others %</td>
</tr>
<tr>
<td>Leicester</td>
<td>36.4</td>
<td>38.8</td>
<td>18.9</td>
</tr>
<tr>
<td>Leics.</td>
<td>6.7</td>
<td>-</td>
<td>9.2</td>
</tr>
<tr>
<td>Great Britain</td>
<td>35.0</td>
<td>58.2</td>
<td>64.4</td>
</tr>
<tr>
<td>Abroad</td>
<td>21.9</td>
<td>3.0</td>
<td>7.5</td>
</tr>
<tr>
<td>TOTAL(n)</td>
<td>22</td>
<td>30</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey
### TABLE 5.20 MAIN CUSTOMERS

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>Textiles %</th>
<th>Manufacturing %</th>
<th>Others %</th>
<th>Services %</th>
<th>Wholesaling %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>5.2</td>
<td>-</td>
<td>28.4</td>
<td>84.3</td>
<td>20.6</td>
</tr>
<tr>
<td>Independent Retailer</td>
<td>5.0</td>
<td>10.0</td>
<td>7.0</td>
<td>-</td>
<td>38.8</td>
</tr>
<tr>
<td>Multiple Retailers</td>
<td>15.0</td>
<td>14.8</td>
<td>10.8</td>
<td>6.1</td>
<td>-</td>
</tr>
<tr>
<td>Whole-salers</td>
<td>61.0</td>
<td>45.2</td>
<td>18.8</td>
<td>4.6</td>
<td>26.6</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>10.8</td>
<td>25.0</td>
<td>25.0</td>
<td>5.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Exporting</td>
<td>3.0</td>
<td>5.0</td>
<td>10.0</td>
<td>-</td>
<td>4.0</td>
</tr>
<tr>
<td>TOTAL (n)</td>
<td>22</td>
<td>30</td>
<td>20</td>
<td>27</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey
5.2.7 Turnover

It was decided not to ask business owners for an indication of the level of profit they had achieved in the previous year as this is a highly sensitive item of information. A business' annual turnover (sales) is less subject to such sensitivities. The respondents were asked in which series of nine categories their previous year's turnover came (see Appendix B, Section B.9). The results are set out in Table 5.21 (page 206). Turnover is predictably highly variable by sector. In the service sector a third of all the businesses (33 percent) claimed to have an annual turnover of less than £25,000, that is under £500 per week. At the end of the scale, about one third of wholesalers (35 per cent) and textiles businesses (30 per cent) had a turnover of over £1,000,000. These sectors are bi-polar; the most common levels of turnover were £101,000 - £250,000 and over £1,000,000. Other areas of manufacturing were slanted towards the higher end of the scale. Overall, annual turnover was highest in wholesaling, followed in order by knitwear, clothing, miscellaneous manufacturing and services.

The figures for turnover can also be used to gain some insight into the rate of growth of businesses in different sectors by examining the relationship between turnover and the age of the business. However, this analysis was affected by the fact that in some sectors
a large proportion of businesses have started by acquiring existing businesses (Table 5.7A). Nevertheless, the analysis of rates of growth in textile, clothing and wholesaling, the sectors in which all or nearly all of the businesses were started by their owners produced several interesting results (Table 5.22 page 206). It should be borne in mind in interpreting the figures that they will reflect both the kind of opportunities in a particular industry and the success of the business in achieving growth through efficient management of the business. A simple relationship between age and size which operates across industry sectors is not to be expected because businesses of different ages compared at a particular point in time will have been established under different circumstances which will have affected their rate of growth. Nevertheless, given the relatively recent date of establishment of many of the businesses in the survey, it can be argued that this is unlikely to affect the outcome of the analysis. Perhaps the most predictable pattern of business growth is that seen in the service sector. None of the businesses have an annual turnover of more than £500,000. Up to that figure, the level of turnover is closely associated with the age of the business; businesses with a turnover of less than £50,000 are on average about 5 years old, those with a turnover from £51,000 to £100,000 are seven years
old and those with a higher turnover average nine years. Thus there is a steady increase in average size (as reflected in turnover) by age up to a ceiling of about £500,000 for the sector. Wholesalers have a quite different profile. In this case there is a clear bi-polar distribution, with the oldest businesses being those with the lowest turnover (up to £5,000) as well as the highest (over £1,000,000). The largest number of businesses are in an intermediate position with a turnover of £101,000 - £500,000. They have also been established more recently than those with other levels of turnover. Thus, whereas in the case of services there is a clear progression, with size increasing directly with age up to the ceiling for the sector, the figures for wholesaling businesses imply that there are two effective levels of operation which businesses may achieve, up to £50,000 and over one million pounds.

Those businesses which rise above £500,000 it seems, have little difficulty in achieving a turnover of over £1,000,000. The fact that the oldest businesses are the smallest in terms of size, suggest that the resources needed to build a business in wholesaling are less easily obtained than in services. Businesses in the clothing sector also show a close association between age and size. In this sector businesses in all the lower turnover categories (under £500,000) have the same
average age, four to five years. It is only at the highest turnover levels that businesses tend to be longer established; the two with turnover exceeding £1,000,000, for example, were over ten years old. Thus, while there may be considerable segmentation within businesses in the clothing industry in Leicester, there are clear opportunities for long term growth, at least in some businesses.

Knitwear, along with wholesaling, is the only industry within the survey in which there seems to be significant opportunities to build a business with a multi-million pound turnover. In each case just under one third of the businesses in the sample had a turnover in excess of £1,000,000. In the case of knitwear these businesses were much older than others in the same sector. The average age was over thirteen years, compared to figures ranging between four and eight years among businesses in lower turnover categories. Whereas the clothing industry had the youngest businesses with a turnover of up to £500,000, it was in the knitwear sector that the youngest businesses were found with a turnover of £501,000 - £1,000,000; the average age of businesses in this category was 4.4 years.

Comparisons between the rate of growth of East African Asian businesses in Leicester and those of the control sample are affected not only by the small size of the
control sample, (40 cases), but also by the fact that only half of the control sample businesses had been started by the present owners (Table 5.7B). Where an existing business had been bought, this would account for some of the growth to the business' present size. Thus, where two businesses of the same size have been under present ownership for the same time, one established by the present owner and the other acquired, it is reasonable to assume that the rate of growth would be higher in the business that was started from new. However, Table 5.22 (page 206) shows that businesses in the manufacturing sectors have achieved their present size in a shorter period of time than those in the control sample (Table 5.23 page 207). Businesses in the study group consists almost entirely of start-ups, whereas many of the control sample businesses were acquisitions. This reinforces the conclusion that businesses in these study group have grown more rapidly than those in the control matched sample.
## TABLE 5.21 ANNUAL SALES (£000)

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing</th>
<th>Services</th>
<th>Wholesaling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Textiles %</td>
<td>Clothing %</td>
<td>Others %</td>
</tr>
<tr>
<td>0-25</td>
<td>-</td>
<td>6.9</td>
<td>5.0</td>
</tr>
<tr>
<td>26-50</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>51-100</td>
<td>22.2</td>
<td>31.0</td>
<td>40.0</td>
</tr>
<tr>
<td>101-250</td>
<td>22.2</td>
<td>13.8</td>
<td>20.0</td>
</tr>
<tr>
<td>251-500</td>
<td>7.4</td>
<td>24.1</td>
<td>25.0</td>
</tr>
<tr>
<td>501-1000</td>
<td>18.5</td>
<td>17.2</td>
<td>5.0</td>
</tr>
<tr>
<td>Over 1000</td>
<td>29.6</td>
<td>6.9</td>
<td>5.0</td>
</tr>
<tr>
<td>TOTAL (n)</td>
<td>22</td>
<td>30</td>
<td>22</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

## TABLE 5.22 MEAN AGE IN YEARS BY ANNUAL TURNOVER (£000)

<table>
<thead>
<tr>
<th></th>
<th>Manufacturing</th>
<th>Services</th>
<th>Wholesaling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Textiles %</td>
<td>Clothing %</td>
<td>Others %</td>
</tr>
<tr>
<td>Up to 50</td>
<td>-</td>
<td>5.0 (3)</td>
<td>5.4 (7)</td>
</tr>
<tr>
<td>51-100</td>
<td>4.7 (4)</td>
<td>4.2 (9)</td>
<td>7.1 (6)</td>
</tr>
<tr>
<td>101-500</td>
<td>7.4 (7)</td>
<td>4.2 (11)</td>
<td>9.4 (7)</td>
</tr>
<tr>
<td>501-1000</td>
<td>4.4 (5)</td>
<td>7.6 (5)</td>
<td>-</td>
</tr>
<tr>
<td>Over 1000</td>
<td>13.2 (6)</td>
<td>10.5 (2)</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL (n)</td>
<td>22</td>
<td>30</td>
<td>27</td>
</tr>
</tbody>
</table>
TABLE 5.23 MEAN AGE BY TURNOVER (£000)
(CONTROL GROUP)

<table>
<thead>
<tr>
<th>ALL SECTOR</th>
<th>(YRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 50</td>
<td>12.8 (10)</td>
</tr>
<tr>
<td>51 - 100</td>
<td>14.0 (4)</td>
</tr>
<tr>
<td>101 - 500</td>
<td>12.4 (14)</td>
</tr>
<tr>
<td>501 - 1000</td>
<td>12.7 (6)</td>
</tr>
<tr>
<td>Over - 1000</td>
<td>13.7 (6)</td>
</tr>
<tr>
<td>TOTAL (n)</td>
<td>40</td>
</tr>
</tbody>
</table>

Note: Number of businesses in each column are given in brackets.

5.5.8 Decision making

Making decisions affecting the business is one of the important roles in business management. In some organisations this will mean the involvement of some employees in the decision making process. To examine whether this is the case amongst East African Asian entrepreneurs, the respondents were asked how they went about making business decisions. That is, whether they consulted their employees on decisions concerning business matters, and the reasons for their particular style of decision making. More than 40 per cent of the respondents adopt a non-participatory style of decision making (Table 5.24 page 209). In other words, most respondents do not consult their employees on business matters. This is even so where the issue is of interest to the employees.
As one employee in a knitwear factory hinted:

"We are not consulted on anything in this place. The man......I mean the owner makes all the decisions himself. Our wages were cut last month, we were not even informed beforehand about it. But what can you do, we need the jobs to support our families".

For some respondents consultation with their employees means a loss of power and prestige. A successful entrepreneur in printing and publishing business commented:

"I own the business, not the employees. My image is seen throughout the business which bears my name. Decisions for the day-to-day activities of production, financial and personnel matters, although they may be delegated to some employees, remain with me. They know me very well in the community. They will be surprised if I asked their opinion on any business matters. They would not want to be involved anyway".

Lack of trust and confidence in the employees and keeping business affairs secret were mentioned by some respondents as the reasons for not involving their employees in the decision making process. As one manufacturer of children's wear explained:

"The labour turnout in this type of business amongst male workers is quite high. Once they know the ins and outs about the business they leave and start their own. You are back to square one, employing and training new workers, this is a waste of time and money."

And another entrepreneur who was even less keen on consultation with employees commented that:

"None of my workers had the experience of running a business and the majority are women. How could you involve them in decisions about important business matters? Managing a business is quite different from managing a home and looking after children".
Interestingly, this approach to decision making has all the hall-marks of business management methods common to all small businesses (Bolton Report 1971) and not only Asian-owned businesses.

### TABLE 5.24 - MODES OF DECISION MAKING

<table>
<thead>
<tr>
<th>Decision Making</th>
<th>STUDY GROUP</th>
<th>CONTROL</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. %</td>
<td>No. %</td>
<td>No. %</td>
</tr>
<tr>
<td>Consult with with other employees on all Business Matters</td>
<td>28 23.33</td>
<td>9 22.50</td>
<td>37 23.12</td>
</tr>
<tr>
<td>Consult for some only</td>
<td>42 35.00</td>
<td>5 12.50</td>
<td>47 29.38</td>
</tr>
<tr>
<td>Don't consult at all</td>
<td>50 41.67</td>
<td>26 65.00</td>
<td>67 47.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1120 100.00</td>
<td>40 100.00</td>
<td>160 100.00</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey.

$x^2 = 10.35$

Critical value @ 0.05 level of significance and 2 degree of freedom = 5.99 (significant)

5.3 Conclusions

An analysis of the socio-economic and general business characteristics of the respondents has yielded the following conclusions. The great majority of the East African Asians (the Study group) migrated from Kenya, while the birthplace of those from the Indian Subcontinent (control sample) almost being equally divided between India and Pakistan. Most of the
entrepreneurs in both groups are in the 38-47 year age range, and the majority of the respondents are of Hindu religious background with Gujarati being the main language spoken.

An analysis of the age at which the respondents entered into business (an entrepreneurial characteristic which has been the subject of academic enquiry) including other traits which they possess, and the factors that motivated the individuals towards entrepreneurship are presented and discussed in Chapter 7. Hopefully this will provide some evidence to either support or reject the popular views of the motivations and characteristics of business owners.

An examination of the educational qualifications possessed by the respondents suggests that in general they are more educated than the literature on the educational background of small business entrepreneurs suggests. This finding shows that a good educational background is an important characteristic of an Asian entrepreneur. Therefore, the possession of educational qualification is a significant factor in entrepreneurial behaviour amongst East African Asians.

While a variety of organisational structure are represented, sole proprietorship and partnerships were
especially common amongst East African Asians while limited liability company status were more prominent amongst businesses owned by those entrepreneurs from the Indian subcontinent. This suggests that the propensity to take personal entrepreneurial risk is higher amongst the East African Asians than the control sample, the majority of which operate under the protection of company law.

An analysis of choice of business location showed that economic factors such as nearness to the market, labour and suppliers were the main considerations in the choice of location. However, personal factors, particularly the desire to operate near to place of worship, such as the Mosque and Temple was the most important factor to a small but significant number of respondents. Such spatial relationship between Asian entrepreneurs' place of worship and workplace was a major influence on business location particularly amongst Muslim entrepreneurs.

A firm's workforce constitutes one of its most valuable assets. The significance of Asian networks and resources for minority business development was evident in the examination of the characteristics of the entrepreneur's workforce including the recruitment methods used, and the involvement of members of family in the business. In two sectors in the manufacturing
industry (textiles and clothing), a substantial majority (60.9 per cent and 55 per cent respectively) of businesses saw family and the community as the main source and effective methods of obtaining labour force for the business. In the service and wholesale sectors too, more than half of the businesses looked to the family/community members as the principal source of labour. This suggests that family and community labour force are much easier to obtain using the informal methods of recruitment. It is reasonable to conclude that family members and ethnic communities provide their entrepreneurs with easier access to labour force.

It was suggested (Chapter 2) that the availability of business resource within the ethnic community (the cultural explanation) motivated members of the ethnic minorities towards self-employment and business ownership. These initial findings on the significance of family and community networks in providing source of labour force and information for Asian entrepreneurs provide some support for the cultural theory of minority business development. The extent to which this cultural theory is also true of access to finance and business advice and information will be explored in the next chapter.
6.0 INTRODUCTION

As discussed in Chapter 2 the involvement of the ethnic minorities, particularly the Asian immigrants, in entrepreneurship and self-employment in the U.K. is widely believed to have arisen from the availability of business resources from within the community (the cultural theory of minority business development). This chapter addresses this particular hypothesis by attempting to identify the sources from which the Leicester's East African Asian business community have acquired their business resources. Emphasis is placed on each respondent's experience of, and access to business resources. These accounts are used to assess to what extent the East African Asian business development in Leicester is dependent on the cultural resources of members of their community. Two of the most important business resources are examined, namely (1) access to finance and (2) access to business advice and information including their attitudes towards business training.
6.1 Access to Finance

The focii of this section are the sources from which East African Asian entrepreneurs raised both their start-up and post start-up finance. It also addresses the problems, if any, they encountered in the process.

6.1.1 Sources of Start-up Finance

The importance of Asian family/relations as a source of finance was evident when the respondents were asked to indicate the main source(s) from which they raised their start-up capital. In common with the findings of other studies, for example, Wilson's (1983) study of black business in Brent, and the two surveys by Brook (1983) and Aldrich (1980) of Asian business in Wandsworth, it was found that Asian banks were important to only a minority of businesses. In Leicester Asian banks account for only 13.3 and 17.5 per cent start-up finance for East African Asians and the control group respectively compared with 30.8 per cent and 32.5 per cent respectively from personal
savings and 35.8 per cent and 30 per cent respectively from family savings (Table 6.1 page 229 and Fig. 6.1 page 228). The role of 'family' in providing financial assistance for Asian businesses owes much to the fact most Asians have access to substantial resources through being part of a highly integrated extended family system. A member of such a family who needs capital to start a business is likely to be supported by other members with their uncommitted savings. This accords with Ward's (1983) comment that:

"The stronger the bonds of family and communal solidarity the more likely is the transmission of capital within the family."

For some respondents, as the present study discovered borrowing from financial institutions means a loss of independence. As a respondent in a dental practice explained:--

"I do not like to borrow unless I have to. When I started my business I had one hundred percent support from my family. Hence my reason for not approaching any bank for money. If you borrow from the bank they will keep a tag on you. This is a loss of hard-won independence."

Another reason was that the "interest-free" or "low interest" nature of many loans from personal
and family savings compared very favourably with the cost of bank loans. This largely accounted for the popularity of this source of start-up finance. One respondent who had raised finance through personal savings and the loans from the family emphasised their importance by saying:

"It was easier and cheaper to borrow from family and relatives than from the bank. No appointment with the bank manager, no forms to fill, no collateral demanded, and most importantly it is interest-free and only repayable when the business can afford it. It is a relationship based on trust ... I will borrow from the bank only as a last resort." (Owner-manager of wholesale business)

When analysed by industrial sector (manufacturing, wholesaling and services) it was found that informal channels of finance did not vary greatly between sectors (Table 6.1B page 230). About a third of entrepreneurs in the study group had raised start-up finance through personal savings (31 per cent), and by loans from family and relations (36 per cent). Very few (20 per cent) had raised finance through formal sources such as U.K. banks, and even fewer from Asian banks (13.3 per cent) in Leicester, although it is not known how many business people had applied to these sources for support and had been refused. Asian-owned banks were less important sources of start-up finance for manufacturing businesses than for wholesaling and service businesses.
The analyses of religion of business owner (Table 6.1C page 231), business organisation (Table 6.1D page 231), and the language spoken (Table 6.1E page 232) show the popularity of informal sources in financing East African Asian entrepreneurs at the start-up stage of business development. However, it was found that Hindus and Muslims had made more use of bank finance than had Sikhs. Personal savings and loans from family and relations were the primary source of finance used by all religious groupings.

A series of questions was asked about the experience of respondents in obtaining start-up capital to finance the business (see Appendix B). To make the responses more directly comparable it was decided to ask the owners of businesses which had been in existence for no more than five years how much capital was needed to start the business. The results are set out in Table 6.1A page 230. The small size of the sector totals reduces the confidence that can be placed in the
results, but the differences found are of considerable interest. The amount of capital required has been grouped into three categories because of the relatively small sample (43 cases). One which identifies businesses starting with minimal requirements (up to £5,000), one for those with real but fairly modest needs (£6-25,000), and one for those with more substantial requirements (over £25,000).

It is noteworthy that over 70 per cent of the businesses in the clothing, textiles, services and wholesaling sectors had started with no more than £5,000. This low level of initial capitalisation no doubt helps to explain the growth of Asian businesses in Leicester, particularly in the knitwear and clothing sectors where financial barriers to entry have been particularly low (Ward, Randall and Kremar, 1986).

In response to queries as to whether they had experienced any difficulties in arranging start-up finance, it was found that this had been encountered by 47.5 per cent of the East African Asians. By comparison, some 62.5 percent of the control group had
such problems (Table 6.2 page 232). These included a combination of factors such as a lack of security (38 per cent in study group, 48 per cent in control sample) and poor understanding of the needs and nature of black businesses by bank managers (32 per cent and 20 per cent respectively). "Entrepreneur-specific" difficulties should not be overlooked since more than 30 per cent of respondents in both groups experienced difficulty because of the absence of a fully developed and thought out business plan (Table 6.3 page 232). A chi-squared analysis of these findings found that there was no statistically significant difference between the two groups. These findings corresponded closely to those of Wilson (1983) who reported that in Brent fewer Asians and Afro-Caribbean entrepreneurs experienced difficulties in obtaining start-up finance from the banks and other financial institutions. He also put forward a similar list of reasons to explain why some entrepreneurs in his study encountered problems with bank finance. He noted that:

"There may in practice be additional reasons which did not emerge from the survey to account for Afro-Caribbean difficulties with the banks, for example, the relative inability to put a business proposition convincingly to a bank because of lack of business experience", (Wilson, 1983, P.19)."
One of the most important pieces of preparatory work in any desire for entrepreneurship which relies on institutional funding is the evaluation of the business idea through the process of developing a business plan. The banks and other financial organisations now insist on this important business document as a pre-requisite to any lending decisions. The absence of a carefully prepared comprehensive business plan is regarded by banks as a critical weakness on the part of the prospective borrower. Of equal, if not greater importance to banks (based on researcher's own knowledge and experience) is the existence of collateral to secure the loan. This issue prompted an entrepreneur in printing and publishing business to comment that:

"The clearers ... (High Street banks) attitude to a loan, particularly when you are starting up in business, is a bit staid. They are unwilling to accept unsecured risk. They want every bit of their money covered by your house."

Other respondents felt that most bank managers simply lacked the necessary expertise or understanding of the organisation or structure of ethnic minority business. As a result they tended to exaggerate the
element of risk in the provision of finance to such concerns and therefore were reluctant to provide it. As another respondent explained:

"I had considerable problems in raising finance with the bank, my business cash flow is always tight. The banks were approached but they refused. They were just not interested in your business". (Manufacturer of women's and girls' outwear).

The ability of some entrepreneurs (13.3 per cent in study group, and 17.5 per cent in control sample) to turn to foreign banks (Asian banks) for finance accounts for the apparently reduced problem that they experienced in obtaining start-up finance. A question which then arises is why would an Asian bank support a proposition that had been turned down, or would be unlikely to be supported, by a U.K. bank? One explanation which emerged during the discussion with respondents was that Asian bank managers were more aware of the family and community resources which support an Asian business enterprise. It was also felt that they were more likely to possess the expertise to evaluate their true value for business success and development. However, borrowing from Asian banks has some disadvantages as one respondent observed:
Asian banks are not orientated towards lending to businesses, but to providing general banking services. For this reason, when they do lend, their interest rates tend to be higher than those of the major U.K. banks. This is a deterrent to most borrowers, but might be the only source of finance for those turned down by U.K. banks."

The difficulties encountered in raising start-up finance differed according to the industrial sector in which the entrepreneur operated. Amongst businesses in manufacturing that had experienced some difficulties (21 out of 72), a lack of collateral (90 per cent) was the main obstacle experienced (Table 6.3A page 234). On the other hand, those in the wholesaling (26 out of 27) and service sectors (10 out of 21) emphasized the poor understanding of black business on the part of bank managers (57.7 per cent) and lack of business plan (70 per cent) respectively.

In summary, most respondents had started in business in the sectors and at the scale of activity that required only a modest capital outlay. There was therefore, the tendency to seek financial support through informal sources. A cause and effect situation resulting in personal savings of the owners and loan from the family members were the principal sources of start-up finance used by both the study group and the control sample.
Although U.K. and Asian banks finance were used by only a small proportion of both groups of respondents, a significant number (62.5 per cent in the control group and 47.5 per cent in the study group) reported having difficulties in raising initial capital from the banks. Surprisingly, none of the entrepreneurs had raised money from the finance companies despite their popularity in recent years as a source of business finance. This perhaps reflects a relative ignorance of opportunities by business founders.

6.1.2 Post Start-up Finance

In contrast to start-up financing (Table 6.1), retained profits (34.17 percent) and bank finance (38.33 percent) were the major sources of post-start-up finance used (Table 6.4 page 234). This finding supports the well-established financial theory that as businesses develop and expand they are able to reduce significantly their dependence on the personal savings of the founder and his/her family. As one respondent explained:

"I like to borrow from a bank because you get to use other people's money to make your money. This is why I had borrowed from the bank to expand my business. Banks are all too happy to lend to me because I have developed a track record over 5 years of successful business." (Owner-manager of textile finishing business).
This comment supports the view that the problems small businesses encounter in raising start-up finance are less likely to persist as the business becomes more securely established and develops a track record of business success. Only 31.7 percent of East African Asian business people and for that matter even fewer in the Indian sub-continent control group (27.5 percent), experienced any difficulties in raising post-start-up finance (Table 6.5 page 235). As one female entrepreneur commented on the Bank's attitude towards small businesses:

"The (banks) are helpful only after business is well established, and not before... But you need the money to get off the ground".

As in other studies which elicited the sources of post-start-up finance used by ethnic entrepreneurs (Wilson 1983; Rafiq et al 1985; Wilson and Stanworth 1985) it was found that amongst Leicester's East African Asian business owners in the manufacturing sectors more than 60 used bank finance and profit generated from business activities to finance business expansion, growth and development (Table 6.4A page 235). These sources were also of particular important for those in wholesaling (35 per cent) and services (13.8 per cent) during the post start-up period.
A similar pattern was evident from the analysis based on the legal structure of businesses (Table 6.4B page 236). Some 36.7 per cent of sole proprietors, 22 per cent of partnership and 13 per cent of incorporated businesses had been financed through retained profits and bank finance. Six respondents (5 per cent) in the study group reported that because they had been aware that they could have encountered difficulties or delays in trying to secure finance personally they have decided to use the services of professional business advisors to help them prepare a business plan and act on their behalf with the banks. Business contacts or links between business advisers and the banks (based on the researcher's own experience and knowledge) have become increasingly common in recent years and have done much to improve understanding and relationship between ethnic minority business community, particularly the Asian business sector, and the banks and other financial institutions. It is now common practice for banks to locate branches in areas of high ethnic business concentration, and to employ ethnic minority business counsellors responsible for Asian business customers. This service initiative is
evident in Leicester's inner city areas like Belgrave and Melton Road. As indicated by one respondent in the study group this was of particular value for entrepreneurs with limited knowledge of English and for those who felt that the U.K. banks lacked sufficient knowledge and understanding of Asian business practices. It is possible that this initiative is aimed at strengthening bank/customer relationship and thereby improving understanding of the customers needs and requirements as noted by the Chairman of the TSB group in banks' report on ethnic minority business development:

"Ethnic minority businesses have faced many difficulties in sharing fully in the opportunities created by the new enterprise culture. One problem has concerned the understanding and recognition of the needs of the ethnic minority businesses by banks ... A Segment Manager (small businesses) has been appointed with responsibility to provide information and advice to managers to increase their understanding of the business needs and requirements of ethnic minority people." (Banks Report on Ethnic Minority Business Development, EMBI, Home Office, 26th November, 1991).

A statement also made by the Chairman of Lloyds Bank in his message of support for minority business development:
"In recent years there has been a growing recognition of the vital role that small businesses play in the country's economy and the contribution that ethnic minority entrepreneurs made to this sector. Lloyds Bank numbers many such entrepreneurs among its customers. To serve them properly we must understand their needs and the problems they face." (Banks' Report on Ethnic Minority Business Development, EMBI, Home Office 26th November, 1991).

In summary, although personal savings and loans from the family members represent a significant source of post-start-up finance used by both the study and control samples, the major sources of finance used were bank finance and profits generated from operations and reinvested in the business. This latter entrepreneurial behaviour had obviously acted as a leverage to bank finance. As one respondent remarked:

"The banks do not want to support you financially when you are starting out. But once you are successfully established and generating enough profit they want to lend you as much as they can".

This comment probably explains the availability of bank finance for business expansion rather than for business start-ups. For instance, 45 per cent of the control group and nearly 40 per cent of the study group obtained a bank loan at the post-start-up stage (Table 6.4 page 234) compared with only 17.5 per cent at the start-up stage (Table 6.1).
stage (Table 6.1). However, an analysis based on industrial sectors (Table 6.4A) indicates that personal savings (46.2 per cent) and family savings (40 per cent) were the main sources of finance for businesses in the service sector, and 31.8 per cent and 40 per cent respectively for those in wholesale sector.

**Fig. 6.1 Sources of Start up Finance**
(Study Group)

![Pie Chart
SOURCE: Questionnaire Survey](image)

**SOURCE:** Questionnaire Survey
<table>
<thead>
<tr>
<th>SOURCE</th>
<th>STUDY GROUP No.</th>
<th>%</th>
<th>CONTROL GROUP No.</th>
<th>%</th>
<th>TOTAL No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Savings</td>
<td>43</td>
<td>35.83</td>
<td>12</td>
<td>30.00</td>
<td>55</td>
<td>34.38</td>
</tr>
<tr>
<td>Personal Savings</td>
<td>37</td>
<td>30.83</td>
<td>13</td>
<td>32.50</td>
<td>50</td>
<td>31.25</td>
</tr>
<tr>
<td>UK Bank Finance</td>
<td>24</td>
<td>20.00</td>
<td>8</td>
<td>20.00</td>
<td>32</td>
<td>20.00</td>
</tr>
<tr>
<td>Asian Banks</td>
<td>16</td>
<td>13.33</td>
<td>7</td>
<td>17.50</td>
<td>23</td>
<td>14.37</td>
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<tr>
<td>TOTAL</td>
<td>120</td>
<td>100.00</td>
<td>40</td>
<td>100.00</td>
<td>160</td>
<td>100.00</td>
</tr>
</tbody>
</table>

CHI-SQUARE STATISTIC

(1) $X^2 = 0.687$

Critical value at 0.05 percent level of significance and 3 degree of freedom = 7.81
(Not Significant)

SOURCE: Questionnaire Survey
### TABLE 6.1A - START-UP CAPITAL (£'000)
(Business up to five year olds)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Manufacturing</th>
<th>Services</th>
<th>Wholesale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Textiles</td>
<td>Clothing</td>
<td>Others</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>1 - 5</td>
<td>78.0</td>
<td>72.7</td>
<td>66.67</td>
</tr>
<tr>
<td>6 - 25</td>
<td>22.0</td>
<td>27.3</td>
<td>33.33</td>
</tr>
<tr>
<td>26 - 250</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total(n)</td>
<td>9</td>
<td>11</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

### TABLE 6.1B - SOURCES OF START-UP FINANCE BY INDUSTRIAL SECTOR

<table>
<thead>
<tr>
<th>Source of Start-up Finance</th>
<th>Personal Savings</th>
<th>Family/Relatives</th>
<th>U.K. Bank</th>
<th>Asian Bank</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>30.56</td>
<td>36.11</td>
<td>20.83</td>
<td>12.5</td>
<td>60.00</td>
</tr>
<tr>
<td>Wholesaling</td>
<td>29.63</td>
<td>37.04</td>
<td>18.52</td>
<td>14.81</td>
<td>22.50</td>
</tr>
<tr>
<td>Services</td>
<td>33.33</td>
<td>33.33</td>
<td>19.05</td>
<td>14.29</td>
<td>17.50</td>
</tr>
<tr>
<td>TOTAL(n)</td>
<td>37</td>
<td>43</td>
<td>24</td>
<td>16</td>
<td>120</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey.
### TABLE 6.1C - SOURCES OF START-UP FINANCE BY RELIGION OF BUSINESS OWNER

<table>
<thead>
<tr>
<th>Sources of Finance</th>
<th>Personal Savings</th>
<th>Family/Relatives Savings</th>
<th>U.K. Bank</th>
<th>Asian Bank</th>
<th>TOTAL Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hindu</td>
<td>29.31</td>
<td>36.21</td>
<td>20.69</td>
<td>13.79</td>
<td>48.33</td>
</tr>
<tr>
<td>Muslim</td>
<td>31.82</td>
<td>34.09</td>
<td>20.45</td>
<td>11.36</td>
<td>36.67</td>
</tr>
<tr>
<td>Sikh</td>
<td>29.41</td>
<td>35.29</td>
<td>17.65</td>
<td>17.65</td>
<td>14.17</td>
</tr>
<tr>
<td>Others</td>
<td>100.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.83</td>
</tr>
<tr>
<td>TOTAL(n)</td>
<td>37</td>
<td>43</td>
<td>24</td>
<td>16</td>
<td>120</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey.

### TABLE 6.1D - SOURCES OF START-UP FINANCE BY BUSINESS ORGANISATION

<table>
<thead>
<tr>
<th>Sources of Start-up Finance</th>
<th>Personal Savings</th>
<th>Family/Relatives Savings</th>
<th>Bank Finance</th>
<th>Asian Bank</th>
<th>TOTAL Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole Trader</td>
<td>30.19</td>
<td>35.85</td>
<td>20.75</td>
<td>13.21</td>
<td>44.17</td>
</tr>
<tr>
<td>Partnership</td>
<td>31.43</td>
<td>37.14</td>
<td>20.00</td>
<td>11.43</td>
<td>29.17</td>
</tr>
<tr>
<td>Limited Company</td>
<td>30.00</td>
<td>35.00</td>
<td>20.00</td>
<td>15.00</td>
<td>16.67</td>
</tr>
<tr>
<td>Franchise</td>
<td>33.33</td>
<td>33.33</td>
<td>16.67</td>
<td>16.67</td>
<td>10.00</td>
</tr>
<tr>
<td>TOTAL(n)</td>
<td>37</td>
<td>43</td>
<td>24</td>
<td>16</td>
<td>120</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey.
TABLE 6.1E - SOURCES OF START-UP FINANCE BY LANGUAGE SPOKEN BY OWNER

<table>
<thead>
<tr>
<th>Sources of Start-Up Finance</th>
<th>Personal Savings</th>
<th>Family/Relatives Finance</th>
<th>U.K. Bank</th>
<th>Asian Bank</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gujarati</td>
<td>30.76</td>
<td>36.54</td>
<td>19.23</td>
<td>13.46</td>
<td>44.17</td>
</tr>
<tr>
<td>Urdu</td>
<td>30.77</td>
<td>34.62</td>
<td>19.23</td>
<td>15.38</td>
<td>21.67</td>
</tr>
<tr>
<td>Bengali</td>
<td>33.33</td>
<td>33.33</td>
<td>33.33</td>
<td>-</td>
<td>2.50</td>
</tr>
<tr>
<td>Hindi</td>
<td>31.03</td>
<td>34.48</td>
<td>20.69</td>
<td>13.79</td>
<td>24.17</td>
</tr>
<tr>
<td>Others</td>
<td>30.00</td>
<td>40.00</td>
<td>20.00</td>
<td>10.00</td>
<td>8.33</td>
</tr>
</tbody>
</table>

TOTAL(n) = 37 43 24 16 120

Source: Questionnaire Survey.

TABLE 6.2 - WHETHER RESPONDENTS EXPERIENCED ANY DIFFICULTIES IN RAISING START-UP FINANCE

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>STUDY GROUP No.</th>
<th>CONTROL GROUP No.</th>
<th>TOTAL No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>57</td>
<td>25</td>
<td>82</td>
<td>51.25</td>
</tr>
<tr>
<td>NO</td>
<td>63</td>
<td>15</td>
<td>78</td>
<td>48.75</td>
</tr>
</tbody>
</table>

TOTAL = 120 100.00 40 100.00 160 100.00
**CHI - SQUARE STATISTIC**

(1) \( X^2 = 2.701 \)

Critical value at 0.05 level of significance and 1
Degree of freedom
= 3.841
(Not Significant)

Source: Questionnaire Survey

**TABLE 6.3 - NATURE OF THE PROBLEMS ENCOUNTERED**
**RAISING START-UP FINANCE**

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>STUDY GROUP</th>
<th>CONTROL GROUP</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. %</td>
<td>No. %</td>
<td>No. %</td>
</tr>
<tr>
<td>Lack of Security</td>
<td>24 37.74</td>
<td>12 48.00</td>
<td>36 41.03</td>
</tr>
<tr>
<td>Lack of Business Plan</td>
<td>16 30.19</td>
<td>8 32.00</td>
<td>24 30.77</td>
</tr>
<tr>
<td>Lack of Understanding</td>
<td>17 32.07</td>
<td>5 20.00</td>
<td>22 28.20</td>
</tr>
<tr>
<td>Black Business</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** 57 100.00 25 100.00 82 100.00

**CHI-SQUARE STATISTIC**

(1) \( X^2 = 1.329 \)

Critical value at 0.05 percent level of
significance and 2 degree of freedom
= 5.991
(Not Significant)
### TABLE 6.3A - NATURE OF PROBLEM ENCOUNTERED IN RAISING START-UP FINANCE

<table>
<thead>
<tr>
<th>Sector</th>
<th>No.</th>
<th>%</th>
<th>No.</th>
<th>%</th>
<th>No.</th>
<th>%</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>19</td>
<td>90.5</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>9.5</td>
<td>21</td>
<td>36.8</td>
</tr>
<tr>
<td>Wholesaling</td>
<td>2</td>
<td>7.7</td>
<td>9</td>
<td>34.6</td>
<td>15</td>
<td>57.7</td>
<td>26</td>
<td>45.6</td>
</tr>
<tr>
<td>Services</td>
<td>3</td>
<td>30.0</td>
<td>7</td>
<td>70.0</td>
<td>-</td>
<td>-</td>
<td>10</td>
<td>17.5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>24</td>
<td>42.10</td>
<td>16</td>
<td>28.07</td>
<td>17</td>
<td>29.8</td>
<td>57</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey.

### TABLE 6.4 - SOURCES OF POST-START-UP FINANCE

<table>
<thead>
<tr>
<th>SOURCE GROUP</th>
<th>STUDY GROUP No.</th>
<th>STUDY GROUP %</th>
<th>CONTROL No.</th>
<th>CONTROL %</th>
<th>TOTAL No.</th>
<th>TOTAL %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Savings</td>
<td>13</td>
<td>10.83</td>
<td>6</td>
<td>15.00</td>
<td>19</td>
<td>11.88</td>
</tr>
<tr>
<td>Family Savings</td>
<td>20</td>
<td>16.67</td>
<td>5</td>
<td>12.50</td>
<td>25</td>
<td>15.62</td>
</tr>
<tr>
<td>Retained Profits</td>
<td>41</td>
<td>34.17</td>
<td>11</td>
<td>27.50</td>
<td>52</td>
<td>32.50</td>
</tr>
<tr>
<td>Bank Finance</td>
<td>46</td>
<td>38.33</td>
<td>18</td>
<td>45.00</td>
<td>64</td>
<td>40.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>120</td>
<td>100.00</td>
<td>40</td>
<td>100.00</td>
<td>160</td>
<td>100.00</td>
</tr>
</tbody>
</table>
### CHI-SQUARE STATISTIC

(1) \( \chi^2 = 1.566 \)

Critical value at 0.05 level of significance and 3 degree of freedom
= 7.81
(Not Significant)

Source: Questionnaire Survey

### TABLE 6.4A - SOURCES OF POST-START-UP FINANCE BY INDUSTRIAL SECTOR

| Source          | Manufacturing | Textiles | Clothing | Others | Services | Whole- | %   | %   | %   | %   | %   | %   |
|-----------------|---------------|----------|----------|--------|----------|        |     |     |     |     |     |     |
| Personal Savings| 18.4          | 19.6     | 13.7     | 46.2   | 30.8     |        |     |     |     |     |     |     |
| Family loans    | -             | -        | 6.5      | 40.0   | 40.0     |        |     |     |     |     |     |     |
| Bank loans      | 43.4          | 43.8     | 39.6     | 13.0   | 17.4     |        |     |     |     |     |     |     |
| Retained Profit | 38.2          | 36.6     | 40.2     | 0.8    | 11.8     |        |     |     |     |     |     |     |
| TOTAL(n)        | 22            | 30       | 20       | 27     | 21       |        |     |     |     |     |     |     |

Source: Questionnaire Survey.
### TABLE 6.4B — SOURCE OF POST-START-UP FINANCE BY BUSINESS ORGANISATION

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole Proprietors</td>
<td>10</td>
<td>9</td>
<td>21</td>
<td>13</td>
<td>53</td>
</tr>
<tr>
<td>Partnership</td>
<td>3</td>
<td>6</td>
<td>10</td>
<td>16</td>
<td>35</td>
</tr>
<tr>
<td>Limited Company</td>
<td>-</td>
<td>4</td>
<td>10</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Franchise</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>13</strong></td>
<td><strong>20</strong></td>
<td><strong>41</strong></td>
<td><strong>46</strong></td>
<td><strong>120</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey.

### TABLE 6.5 WHETHER RESPONDENTS EXPERIENCED ANY DIFFICULTIES IN RAISING POST START-UP FINANCE

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>&quot;YES&quot;</th>
<th>&quot;NO&quot;</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. %</td>
<td>No. %</td>
<td>No. %</td>
</tr>
<tr>
<td>Study Group</td>
<td>38</td>
<td>82</td>
<td>120</td>
</tr>
<tr>
<td>Control Group</td>
<td>11</td>
<td>72.50</td>
<td>40</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>49</strong></td>
<td><strong>111</strong></td>
<td><strong>160</strong></td>
</tr>
</tbody>
</table>

**CHI-SQUARE STATISTIC**

(1) $X^2 = 0.246$

Critical Value @ 0.05 per cent level of significance and 1 degree of freedom = 3.841 (Not significant)

Source: Questionnaire Survey
6.2 Access to Business Advice/Information

It is recognised that all entrepreneurs, particularly small concerns, need advice, information and counselling on various business matters to run and manage their business more effectively and efficiently. In this section, the sources of advice used by the respondents, the subjects on which advice and information were sought, including an evaluation of the quality of advice received, are examined. Respondents were asked whether they had received any advice or counselling on starting a business and if so, from which source. More than 50 per cent of the study group and 60 per cent of the control sample reported they had sought advice or information about self-employment (Table 6.7 page 245). However, a significant proportion of respondents (45 per cent of the study group and 40 per cent of the control sample) had not sought for advice and information on business related matters when they first started in business (Table 6.7A page 246). The main reason given by over 40 per cent of the study group and 37.50 per cent of the control group was that they did not know where to go for such assistance. This is surprising, given that there are a number of private and public sectors agencies and organisations in Leicester offering advice
and information, some of them "free of charge" to small businesses. There is therefore, a definite need for these organisations to review their business service delivery techniques.

Other less relevant reasons also indicated were: "it is a time consuming exercise" (31.25 per cent in control sample and 17.85 per cent in study group), "I do not need it" (18.75 per cent and 14.28 per cent respectively) and just over 10 per cent (study group) said they "did not have the time" to seek advice and information before starting the business. These reasons suggest that some entrepreneurs do not appreciate the significance, usefulness and importance of taking professional advice before embarking on entrepreneurial activity.

A further 16 per cent of the study group and 12.5 per cent of the control sample indicated (3 qualified accountants in this category), that because they are professionally qualified they had not felt the need to seek advice from someone else.

Amongst those who had sought advice there was a high level of appreciation of the business development
help received on book-keeping/accounts, marketing and source of finance. One respondent described the advice received as:

"quite useful for a start-up and ... positively helpful to me, in that particular instance they set up a meeting for me with a person who came from the small firms centre advising me on how to carry out a market research." (Owner-manager of business transfer agency).

A variety of sources had been used for business advice, information and counselling (Table 6.8 page 247). While only 7.81 per cent made use of the bank managers and accountants, more than 53 per cent of the respondents had received business advice and information from both their family/relations and friends. These findings do not echo those of other studies which have found that accountants and bank managers were the most important sources of business advice and information used by ethnic minority entrepreneurs (Wilson 1983, Fullemploy 1988). Although Rafiq et al (1985) found accountants and family members to be the main sources of advice used by Asians in Bradford, they also discovered, as did the present study, that only a small proportion had sought help from the bank managers.
An overwhelming majority (84.38 per cent) of East African Asian entrepreneurs who had sought and received advice said they had found the advice they received "helpful" (Table 6.10 page 248). There is, however, no evidence in the present study to suggest that any particular sources offered better business advice than others, although the quality of the advice received is likely to vary from one source to another. For instance, at the Business Advice Centre, there are paid professionals with industrial experience and special skills in accounting/finance and marketing including industrial relations and business law. Certainly, they will provide more detailed, useful and practical advice and help that will lend credibility to business propositions to bank managers for financial support than those given by most family members or relations. The Asian business advisor may have a reputation within his community of a successful businessman and as a result he commands the respect and loyalty of his community members. Acting as a role model for those wanting to go into business he is likely to be consulted for advice and information, but he is more likely to function in his role as business advisor in an informal manner compared with his
white counterpart who is likely to have formal corporate existence and identity with an established office premises.

A chi-squared test showed that there was a statistically significant difference between the study group and the control sample respondents in their assessment of the usefulness of the advice and counselling they had received (Table 6.10 page 240). The main difference in their assessment of the usefulness of advice received (Table 6.10) lies in the sources of advice used. About 65 per cent of the control group and 46 per cent of the study group had used the accountants and bank managers for advice on raising finance (37.5 per cent in both groups, marketing (24 per cent in study group and, 29 per cent in control sample) and book-keeping (39 per cent and 33 per cent respectively).

A cross tabulation of views on the usefulness of the advice received by source (Table 6.10A page 240) showed that the advice from family members and friends were found useful by 35 per cent and 24 per cent respectively of the study group (those that sought advice). The advice offered by the
Business Advice Centre was also regarded as useful by more than 30 per cent. In comparison, the advice offered by friends and family members were found useful by 28.6 per cent and 14 per cent of the control sample (amongst those that had sought advice) (Table 6.10B page 249). The figures for Business Advice Centre, bank managers and accountants were 28.6 per cent, and 14.3 per cent respectively. Although bank managers and accountants were the primary source of advice and information for the control sample (Table 6.8), the advice received from these sources were not found to be useful by 40 per cent of respondents in the case of bank managers and 30 per cent in the case of accountants. However, satisfaction with the advice received is likely to correlate more closely with the type of advice requested than the source used. An important point which emerged from the survey was that an Asian business person prefers to seek business advice from Asian business advisers. One entrepreneur explained that:

"There are important advantages in familiarity with Asian background on the part of the business adviser and in minimizing language difficulties so that the entrepreneur is able to put his case clearly. These possibilities are open to Asians since there are Asian accountants and solicitors in Leicester".

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The decision to seek advice was seen by some respondents as being a good business practice. As one accountant explained:

"Taking professional advice is very important though it can be an expensive business. There are lots of things you're ignorant about .... doing the books and how to deal with the Vatman. These things could be ignored with serious consequences."

For some entrepreneurs practical support in the form of financial assistance, to enable them to develop and expand their business, is more important than general business advice as one owner-manager of a textile finishing business commented:

"There are too many business advice agencies available in the city. What a businessman needs is finance. Advice alone is not enough. The local authorities ... I mean the City Council and County Council, should help ethnic minority businesses with practical support. They spend a lot of money researching the problems we face in running our business without helping us financially."

In summary, there is a general recognition amongst the respondents of the importance and the need to seek business advice and information. For the majority of East African Asian respondents that sought advice and information, the most important source used and found
useful by nearly 60 per cent were family/relations and friends, although the local Business Advice Centre, which provides free help and information was also used and found useful by over 30 per cent. Only a small minority of respondents approached either the accountants or bank managers despite their well known reputation for providing professional business advice. The principal source used by control group businesses was both the bank managers and accountants. A significant minority also sought advice from friends (25 per cent) and the family member (8.33 per cent). However, there was no statistically significant difference between the East African Asian and their counterparts from the Indian subcontinent in the source of business advice and information used. It can be concluded, therefore, that the Asian community represents an important source of advice and information for the members embarking on entrepreneurial activity, but that the Business Advice Centre was used, too.
TABLE 6.7 WHETHER RESPONDENTS HAD RECEIVED ANY ADVICE/COUNSELLING ABOUT STARTING A BUSINESS

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>Study Group</th>
<th></th>
<th>Control Group</th>
<th></th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO.</td>
<td>%</td>
<td>NO.</td>
<td>%</td>
<td>NO.</td>
</tr>
<tr>
<td>YES</td>
<td>64</td>
<td>53.33</td>
<td>24</td>
<td>60.00</td>
<td>88</td>
</tr>
<tr>
<td>NO</td>
<td>56</td>
<td>45.67</td>
<td>16</td>
<td>40.00</td>
<td>72</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120</td>
<td>100.00</td>
<td>40</td>
<td>100.00</td>
<td>160</td>
</tr>
</tbody>
</table>

CHI SQUARE STATISTIC

(1) $X^2 = 0.539$
Critical value @ 0.05 per cent level of significance and 1 degree of freedom = 3.841 (Not Significant)

Source: Questionnaire Survey
### Table 6.7A Reasons for Not Having Sought for Business Advice and Information

<table>
<thead>
<tr>
<th>REASONS</th>
<th>Study Group</th>
<th>Control Group</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO.</td>
<td>%</td>
<td>NO.</td>
</tr>
<tr>
<td>I don't have the time</td>
<td>6</td>
<td>10.71</td>
<td>-</td>
</tr>
<tr>
<td>Don't need it</td>
<td>8</td>
<td>14.28</td>
<td>3</td>
</tr>
<tr>
<td>It is a time consuming exercise</td>
<td>10</td>
<td>17.85</td>
<td>5</td>
</tr>
<tr>
<td>I don't know where to go for one</td>
<td>23</td>
<td>41.07</td>
<td>6</td>
</tr>
<tr>
<td>Already professionally qualified</td>
<td>9</td>
<td>16.07</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>56</td>
<td>100.00</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

**Chi Square Statistic**

\[ X^2 = 5.14 \]

Critical Value at 0.05 level of significance and 4 degree of freedom = 9.49

(Not Significant)
### TABLE 6.8 SOURCES OF ADVICE/COUNSELING

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>Study Group</th>
<th>Control Group</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO. %</td>
<td>NO. %</td>
<td>NO. %</td>
</tr>
<tr>
<td>Family/ Relations</td>
<td>20 31.25</td>
<td>2 8.33</td>
<td>22 25.00</td>
</tr>
<tr>
<td>Friends</td>
<td>14 21.88</td>
<td>6 25.00</td>
<td>20 22.73</td>
</tr>
<tr>
<td>Bank Manager</td>
<td>5 7.81</td>
<td>6 25.00</td>
<td>11 12.50</td>
</tr>
<tr>
<td>Accountant /Auditors</td>
<td>5 7.81</td>
<td>5 20.83</td>
<td>10 11.36</td>
</tr>
<tr>
<td>Business Advice Centre (BAC)</td>
<td>20 31.25</td>
<td>5 20.83</td>
<td>25 28.41</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>64 100.00</strong></td>
<td><strong>24 100.00</strong></td>
<td><strong>88 100.00</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

\[ X^2 = 11.19 \]

Critical value at 0.05 level of significance and 4 degrees of freedom = 9.49

(Significant)

### TABLE 6.9 SUBJECTS ON WHICH ADVICE/COUNSELING WAS SOUGHT

<table>
<thead>
<tr>
<th>SUBJECTS</th>
<th>Study Group</th>
<th>Control Group</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO. %</td>
<td>NO. %</td>
<td>NO. %</td>
</tr>
<tr>
<td>Raising Finance</td>
<td>24 37.50</td>
<td>9 37.50</td>
<td>33 37.50</td>
</tr>
<tr>
<td>Marketing</td>
<td>15 24.44</td>
<td>7 29.17</td>
<td>22 25.00</td>
</tr>
<tr>
<td>Book -Keeping /Accounts</td>
<td>25 39.06</td>
<td>8 33.33</td>
<td>33 37.50</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>64 100.00</strong></td>
<td><strong>24 100.00</strong></td>
<td><strong>88 100.00</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey
CHI SQUARE STATISTIC

(1) \( \chi^2 = 0.382 \)

Critical value at 0.05 per cent level of significance and 2 degree of freedom = 5.991 (Not Significant)

Source: Questionnaire Survey

TABLE 6.10 RESPONDENTS' ASSESSMENT OF THE ADVICE/COUNSELLING RECEIVED

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>Study Group</th>
<th>Control Group</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Helpful</td>
<td>54</td>
<td>84.38</td>
<td>14</td>
</tr>
<tr>
<td>Not Helpful</td>
<td>10</td>
<td>15.62</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>64</td>
<td>72.73</td>
<td>24</td>
</tr>
</tbody>
</table>

CHI-SQUARE STATISTIC

(1) \( \chi^2 = 6.756 \)

Critical value @ 0.05 per cent level of significance and degree of freedom = 3.841 (Significant)

Source: Questionnaire Survey
### Table 6.10A Assessment of Usefulness of Advice Received by Source (Study Group)

<table>
<thead>
<tr>
<th>Source</th>
<th>Useful</th>
<th>Not Useful</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Family/Relations</td>
<td>19</td>
<td>35.12</td>
<td>1</td>
</tr>
<tr>
<td>Friends</td>
<td>13</td>
<td>24.07</td>
<td>1</td>
</tr>
<tr>
<td>Accountants</td>
<td>2</td>
<td>3.7</td>
<td>3</td>
</tr>
<tr>
<td>Bank Managers</td>
<td>2</td>
<td>3.7</td>
<td>3</td>
</tr>
<tr>
<td>Business Advice Centre (BAC)</td>
<td>18</td>
<td>33.3</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>54</td>
<td>100.00</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey.

### Table 6.10B Assessment of Usefulness of Advice Received by Source (Control Group)

<table>
<thead>
<tr>
<th>Source</th>
<th>Useful</th>
<th>Not Useful</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Family/Relations</td>
<td>2</td>
<td>14.28</td>
<td>-</td>
</tr>
<tr>
<td>Friends</td>
<td>4</td>
<td>28.57</td>
<td>2</td>
</tr>
<tr>
<td>Accountants</td>
<td>2</td>
<td>14.28</td>
<td>3</td>
</tr>
<tr>
<td>Bank Managers</td>
<td>2</td>
<td>14.28</td>
<td>4</td>
</tr>
<tr>
<td>Business Advice Centre (BAC)</td>
<td>4</td>
<td>28.57</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>14</td>
<td>100.00</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey.
6.3 Access to Business Training

To examine the respondents attitudes to business training it is therefore necessary to review the provisions for business training courses in Leicester. Since the Bolton Committee Report (1971) on small firms in the U.K. a number of agencies providing business advice, information and training to small business owners and those who are considering going into business have been established. The Leicestershire Small Firms Centre is the leading organisation of this kind. It is an enterprise agency based at the Business Advice Centre providing business skill courses for those who are considering self-employment. The course programmes includes:

- Sources of finance
- Business planning
- Book keeping/accounts
- Cash flow forecasting
- Market research
- Marketing and selling techniques
- Advertising and sales promotions
Respondents were asked whether they had received any training before starting in business (Appendix B). Not surprisingly, 59.2 per cent indicated they had never had any such business training. A further 5 per cent claimed that training was not necessary because they were already professionally trained (Table 6.11 page 255). It is pertinent to note that despite the importance of business related training courses, only a small proportion of entrepreneurs had had the benefit of following one of the government sponsored training programmes that are widely available. The main reasons given for not having taken any business training range from "don't know where to go for training (21.13 per cent), (Table 6.12 page 255). As one respondent said:

"When I started I thought about getting some advice and training on things like doing the books, marketing and all the bits and bits about managing a business. I just didn't have the time for training. I wish I did with the benefit of hindsight."
The fact that nearly 50 per cent of respondents did not undertake a business training course before starting up in business because of lack of awareness of the relevant course being available (also reported in Brooks, 1983, and Wilson, 1983) suggests that the training providers, despite their proliferation in recent years, are not marketing themselves to those that are also in need of their services. On the other hand, potential business owners should seek advice and help from the professionals who are more likely to point them towards the right direction rather than relying on advice from family members and relations which might be useful but not necessarily be appropriate at that particular point in time.

Knowledge of bookkeeping, marketing and selling techniques are pre-requisites for managing and running a business efficiently and profitably. This is even more so for those without previous business experience and who cannot afford to pay for the services of those who possess such skills. One respondent, whose first business failed within the first six months due to lack of business skills, said:

"I thought I knew what I was doing when I started my business in 1985. I didn't think there was any need for advice. What I needed then was practical help ... money. I approached many banks but they won't give to me. They said I don't have any experience of running a business before. But now I have learnt from my past experience. I went on the enterprise allowance training course before I started this business."
Amongst those, 42 (or 35 per cent) in study group and 14 (or 35 per cent) in the control group who had some training, business planning (52.38 per cent, and marketing (14.3 per cent in both groups), book-keeping/account (33 per cent and 50 per cent respectively) were the main business matters on which training were received (Table 6.13 page 256). More than 62 per cent of both the study and control groups who had business training were satisfied with the quality of the training they had received (Table 6.14 page 257). In an increasingly competitive business environment the need for business planning at the outset has become more important than ever before. To assess the appreciation of the significance of business planning, respondents were asked whether they had prepared written business plan at the outset and if not, the reasons for not having done so. In common with Fullemploy (1988) it was found that over 60 per cent of the study group and the control sample had not had a written business plan at the outset (Table 6.15 page 258). The most frequently cited reasons (which showed a statistically significant difference between the two groups) why this was the case were: lack of time (42 per cent in the study group and 27 per cent in control sample), and it is not necessary in my business (38 per cent and 23 per cent respectively). A further 50 per cent and 15 per cent amongst the control and study
groups mentioned lack of knowledge about how to prepare a business plan. (Table 6.16 page 259). As one respondent explained: "I have no clue how to do it." "I haven't seen one before". These findings suggest there was a lack awareness and knowledge amongst some respondents of short business courses that are locally available. There is a need therefore for training "providers" to improve awareness amongst ethnic minority entrepreneurs of business courses that are available and the benefits that are associated with such programme in terms of business management.
TABLE 6.11 WHETHER RESPONDENTS RECEIVED ANY BUSINESS TRAINING BEFORE STARTING THEIR BUSINESS

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>Study Group</th>
<th>Control Group</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO. %</td>
<td>NO. %</td>
<td>NO. %</td>
</tr>
<tr>
<td>Yes</td>
<td>42 35.00</td>
<td>14 35.00</td>
<td>56 35.00</td>
</tr>
<tr>
<td>No</td>
<td>71 59.17</td>
<td>24 60.00</td>
<td>95 59.38</td>
</tr>
<tr>
<td>Not applicable</td>
<td>7 5.83</td>
<td>2 5.00</td>
<td>9 5.62</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120 100.00</td>
<td>40 100.00</td>
<td>160 100.00</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

χ² = 0.10

Critical value @ 0.05 level of Significance and 2 degree of freedom = 5.991 (Not significant)

TABLE 6.12 RESPONDENTS REASONS FOR NOT HAVING TAKEN ANY BUSINESS TRAINING

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>Study Group</th>
<th>Control Group</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO. %</td>
<td>NO. %</td>
<td>NO. %</td>
</tr>
<tr>
<td>Didn't have the time for training</td>
<td>15 21.13</td>
<td>5 20.38</td>
<td>20 21.05</td>
</tr>
<tr>
<td>It wasn't necessary</td>
<td>21 29.57</td>
<td>8 33.33</td>
<td>29 30.53</td>
</tr>
<tr>
<td>Didn't know where to go for training</td>
<td>35 49.30</td>
<td>11 45.83</td>
<td>46 48.42</td>
</tr>
<tr>
<td>TOTAL</td>
<td>71 74.74</td>
<td>24 25.26</td>
<td>95 100.00</td>
</tr>
</tbody>
</table>
**CHI SQUARE STATISTIC**

\[ X^2 = 0.126 \]

Critical value @ 0.05 per cent level of Significance and 2 degree of freedom = 5.991
(Not Significant)

Source: Questionnaire Survey

**TABLE 6.13 SUBJECTS ON WHICH BUSINESS TRAINING WERE RECEIVED**

<table>
<thead>
<tr>
<th>SUBJECTS</th>
<th>Study Group</th>
<th>Control Group</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO.</td>
<td>NO.</td>
<td>NO.</td>
</tr>
<tr>
<td>Book-keeping/</td>
<td>14</td>
<td>7</td>
<td>21</td>
</tr>
<tr>
<td>Accounts</td>
<td>33.33</td>
<td>50.00</td>
<td></td>
</tr>
<tr>
<td>Business Planning</td>
<td>22</td>
<td>5</td>
<td>27</td>
</tr>
<tr>
<td></td>
<td>52.38</td>
<td>37.71</td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td>6</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>14.29</td>
<td>14.29</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>42</strong></td>
<td><strong>14</strong></td>
<td><strong>56</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

**CHI-SQUARE STATISTIC**

\[ X^2 = 2.37 \]

Critical value @ 0.05 level of Significance and 2 degree of freedom = 5.991
(Not significant)
TABLE 6.14 RESPONDENTS ASSESSMENTS OF THE QUALITY TRAINING RECEIVED

<table>
<thead>
<tr>
<th>SUBJECTS</th>
<th>Helpful</th>
<th>Not Helpful</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO.</td>
<td>%</td>
<td>NO.</td>
</tr>
<tr>
<td>STUDY GROUP</td>
<td>26</td>
<td>61.90</td>
<td>16</td>
</tr>
<tr>
<td>CONTROL GROUP</td>
<td>9</td>
<td>64.29</td>
<td>5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>35</td>
<td>62.50</td>
<td>21</td>
</tr>
</tbody>
</table>

CHI SQUARE STATISTIC

(1) \( X^2 = 0.025 \)

Critical value @ 0.05 per cent level of significance and 1 degree of freedom = 3.841
(Not significant)

Source: Questionnaire Survey
TABLE 6.15 WHETHER RESPONDENT HAD PREPARED A BUSINESS PLAN

<table>
<thead>
<tr>
<th></th>
<th>&quot;YES&quot;</th>
<th></th>
<th>&quot;NO&quot;</th>
<th></th>
<th>TOTAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO.</td>
<td>%</td>
<td>NO.</td>
<td>%</td>
<td>NO.</td>
<td>%</td>
</tr>
<tr>
<td>Study Group</td>
<td>44</td>
<td>36.67</td>
<td>76</td>
<td>63.33</td>
<td>120</td>
<td>100.00</td>
</tr>
<tr>
<td>Control Group</td>
<td>14</td>
<td>35.00</td>
<td>26</td>
<td>65.00</td>
<td>40</td>
<td>100.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>58</td>
<td>36.25</td>
<td>102</td>
<td>63.75</td>
<td>160</td>
<td>100.00</td>
</tr>
</tbody>
</table>

CHI SQUARE STATISTIC

(1) \( X^2 = 0.644 \)

Critical value @ 0.05 per cent level of significance and 1 degree of freedom = 3.841
(Not significant)

Source: Questionnaire Survey
### Table 6.16 Reasons for Not Having Prepared a Business Plan

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>Study Group</th>
<th>Control Group</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO.</td>
<td>%</td>
<td>NO.</td>
</tr>
<tr>
<td>Did not have the time</td>
<td>32</td>
<td>42.11</td>
<td>7</td>
</tr>
<tr>
<td>Have no knowledge about how to prepare a business plan</td>
<td>15</td>
<td>19.74</td>
<td>13</td>
</tr>
<tr>
<td>It is not necessary</td>
<td>29</td>
<td>38.15</td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>76</td>
<td>100.00</td>
<td>26</td>
</tr>
</tbody>
</table>

**Chi Square Statistic**

\[ x^2 = 8.91 \]

Critical value @ 0.05 per cent level of significance and 2 degree of freedom = 5.99 (Significant)

Source: Questionnaire Survey
6.4 Conclusions

(a) Access to Finance

At the heart of business development lies the question of access to finance. All businesses need finance to become established and develop their full potential. The results of the survey cannot be used to assess the extent to which the respondents in general are held back in their business development by lack of finance but, there is evidence in comments made by respondents to suggest that some of them have found lack of capital to be a significant barrier to business development. However, the analysis of the source of start-up finance showed that although a significant minority of respondents were assisted by the banks including the Asian banks operating in the U.K., the great majority of the respondents raised their start-up finance through family and personal savings. These findings provide further evidence supporting the cultural hypothesis of minority business development reviewed in Chapter 2.

(b) Access to Advice/Information
In terms of business advice and information, the primary sources used were family members/relations, and the Business Advice Centre (B.A.C.). The popularity amongst the respondents of the Business Advice Centres (B.A.C.) as a source of advice was mainly due to the fact that its services are largely "free of charge". Bank managers and the accountants were less popular as a source of advice and information. It is surprising that more respondents had not sought advice from accountants and bank managers since they are regularly used for audits and loan facilities respectively. In discussion it emerged that the fees charged by the accountants for their services were the main deterrent. Advice on source of finance was one of the main business matters on which assistance and help was sought and also found very "helpful" by majority of the respondents.

Although the majority of respondents were aware of the need to seek business advice, such interest was not shown in business training. About 60 per cent had not attended any business courses before starting in business. Despite the availability of business
training courses both from the private and public sector organisations, some 40 per cent said that they were not aware of such training courses being available locally at the time they were setting the business up. Although it emerged in discussion that, because some respondents had previous experience in business, they regarded any business course as unnecessary, it seems that the "providers" of business skills courses are not marketing or promoting their services effectively towards ethnic minority communities, in which case there is a definite case for a review of service delivery by those organisations engaged in providing advice and support to small businesses.

An interesting finding of the present study is that there was no statistically significant difference between the East African Asians and those from Indian sub-continent in their attitudes, behaviour and experiences in search for business resources. The conclusions by Aldrich et al, (1981) and Portes and Bachu (1985) that the East African Asians represent a type of "business caste" and enjoy many psychological and practical advantages not shared by other Asians both in their expectations and ability to draw upon
past business experience are not consistent with the findings of the present study. In terms of access to finance, both group of respondents were dependent on their family and personal savings, and to the same proportion on the U.K. bank finance. In fact 17.5 percent of those from the Indian subcontinent raised capital from Asian bank compared with 13.5 per cent of East African Asians entrepreneurs. Because the East African Asian community has established a reputation for business ownership, and of greater familiarity with the operation of the capital market and the opportunities within it, it was expected that its members would experience lesser problems in raising finance than their counterparts from the Indian subcontinent. Surprisingly, this was not found to be the case. An analysis of the difficulties that the respondents had encountered in trying to obtain finance also showed that the East African Asian entrepreneurs had no easier access to bank finance than those from the Indian subcontinent.

However, it is reasonable to conclude that the Asian community represents an important source of business resource by providing its members with advice,
information and support. This finding suggests that the higher availability of business support within the Asian community provides an opportunity for a greater number to opt for self-employment and business ownership. Therefore, the general economic position of the Asians will determine the degree of involvement of their members in entrepreneurial activity. The greater the disposable income in Asian community the greater will be the propensity to save. Some individuals are therefore likely to start their own business as soon as a reasonable amount of capital to get them started are accumulated.

The forces that motivated East African Asian towards entrepreneurship and the characteristics which they possess are analysed in the following chapter.
CHAPTER SEVEN

MOTIVATIONS AND THE PERSONAL CHARACTERISTICS OF LEICESTER'S EAST AFRICAN ASIAN ENTREPRENEURS

7.0 INTRODUCTION

This chapter summarises the findings of the current investigation in respect of the identified personal characteristics and apparent motives for business ownership shown by Leicester's East African Asian entrepreneurs and relates them to the theoretical basis for such work as outlined in Chapter 2. The findings are presented in two parts. In section one the characteristics of age; previous employment; managerial and business experience; respondent's birth order; family background and the likelihood that they may influence the decision to enter into self-employment are analysed. The forces which drive individuals towards entrepreneurship are analysed in section 2.
7.1 Personal Characteristics

7.1.1 Age at entry into business

It has been widely suggested that most business founders have been in their early or late thirties when they went into business. Rafiq, Buckley and Sparkes (1985), and more recently Curran and Burrows (1989), in their analysis of the national profile of the self-employed based on data from the General Household Survey (1983-85), found this age characteristic amongst those in self-employment. In the present study, some 38.3 per cent of the respondents were between 28 - 32 years of age when they established their business (Table 7.1 page 278), only a small proportion (3.3 per cent) of respondents started in business in their late 30's and early 40's. These results agreed with the conclusions of the earlier studies examined in Chapter 2 that most small business entrepreneurs were under 40 years old when they started their business.

7.1.2 Previous Business, Managerial and Employment Background

As stated in Chapter 2, it is possible that those who start a business of their own may have had the experience of working in business establishments similar to their
present enterprise. That is, previous experience may act as a factor in going into business. Thus, four key questions are addressed in this section, namely:-

(i) Is the entrepreneur likely to have worked in another business establishment prior to setting up business?
(ii) Is he/she likely to have had previous managerial experience?
(iii) Has he/she set up business in an industry identical or similar to the one in which he/she was formerly employed?
(iv) Is he/she likely to have been a business owner?

(i) Previous Employment background

To answer question (i) it was necessary to investigate the work experience both within and outside family business as it is possible that some respondents may have worked in their family business before starting their own. Nearly 50.0 per cent of the respondents have worked in their family business prior to starting their own (Table 7.2 page 278). A further examination of whether or not the respondents had worked in other establishments (not in family business) highlights the importance of "experience" in starting a new business. More than 65 per cent of the respondents had previously been employed in a business establishment before starting their own business, and the difference between East African Asians and those from the Indian Subcontinent was not statistically significant (Table 7.3 page 279). Previous studies examined in Chapter 2,
showed that most individuals are likely to start their business in the sector or industry which they were previously employed. These conclusions are supported by the present study. Nearly 65.0 per cent of the respondents started business in the same industrial sector in which they were previously employed (Table 7.4 page 279), although four respondents mentioned that they had worked in more than one sector before going into business.

(ii) Managerial Experience

The survey also examined the employment history of respondents in terms of whether they had previous management experience. The results showed some significant difference between East African Asians and those from the Indian Subcontinent. Prior to starting their business, 38 out of 79 (48.1 per cent) of the East African Asian group had managerial experience compared with only 3 out of 21 (14.3 per cent) of those from the Indian Subcontinent (Table 7.5 page 280). These findings support Cooper's (1973) view that those with managerial experience are more likely to start their own business. It also confirmed the view expressed by an owner-manager of an insurance agency who said:

"Lack of experience in management is a major obstacle for ethnic minority people wishing to establish their own business. This is because running a business enterprise efficiently and profitably involves an appreciation and understanding of business techniques and resource management. Those with such knowledge and experience are more likely to encounter less difficulties in trying to set up in business than those without it."
(iii) Previous Business Experience

As in other studies, such as those of Storey, et al (1988); Rafiq, et al; (1985) and most importantly, Wilson's (1983) study of black businesses in London Borough of Brent, some prior experience relevant to business was found amongst the respondents. Nearly 62 per cent of the respondents had previous experience of running a business (Table 7.6 page 280). For some respondents this expertise had been acquired over a period of years, and outside the U.K., as one entrepreneur explained:

"I have business experience gained in East Africa for about 25 years. I opened my first branch in Leicester costing £250,000. I have branches in other cities in England" (owner of a Cash and Carry).

The present study provides little support for the hypothesis that those without previous business experience are most likely to go into business on a part-time basis, only 30.43 per cent of the respondents started in this way (Table 7.7 page 281). However, in the present economic climate where it is estimated that one in three new businesses fail within three years (Scott, 1982) it is a common practice amongst the risk-averse individuals wanting to go into business to start on a part-time basis to test the business ideas before deciding whether or not to commit themselves on a full-time basis.
Since a substantial proportion (30.43 per cent) of the respondents without previous business experience started in business on a part-time basis it would be interesting to monitor in a follow-up study whether they perform better or worse than those with previous experience.

7.1.3 Family Background

It is hypothesised that the family history of business ownership often encourages members to set up in business (Collins and Moore (1984)). To examine the significance of this variable in the emergence of entrepreneurship amongst East African Asians in Leicester the respondents were asked to indicate the occupations of their fathers and other immediate members of their family (that is mother, father, father-in-law, brother, sister, uncle and cousin). The results show that some 50 per cent of the East African Asian entrepreneurs, the study group, and 57.5 per cent of the control sample, had a father with a background in business (Table 7.8 page 281). The results also indicate that over 60 per cent of both groups had families with entrepreneurial backgrounds (Table 7.9 page 282). These findings echo those of previous studies on the family background of small business owners. In McEvoy's study (1979), 21 per cent of the Asian and 29 per cent of the White entrepreneurs had self-employed fathers. A study of the experiences and motivations of female entrepreneurs by Carter et al (1988) found that a high proportion of the
sample (78 per cent) had some family connection with self-employment. About 41 per cent of the sample that they had studied had husbands or partners who were self-employed, and about 13 per cent came from families where either the mother or father were self-employed. Another study (Fullemploy, 1988) looked at the family business background of Afro-Caribbean and Asian entrepreneurs in Nottingham. It was found that 58.3 per cent of the Afro-Caribbeans and 46 per cent of the Asians had families with a business background. Wilson (1983) also reported in his Brent study that 70 per cent of the Asian owner-managers and 43.3 per cent of the Afro-Caribbeans had fathers who owned and managed their own businesses. Similarly, Brooks (1983) study in Lambeth found that Asian and white businessmen either owned a business before setting up in Lambeth or came from family business background. Collins and Moore (1984) commented that entrepreneurial patterns have become a way of life for some families. It can be concluded that family business background was a significant influence on East African Asian entrepreneurship.

Therefore, those with a member of family in business are more likely to enter into business than those without entrepreneurial family background.
It is also theorised (Atkins and Miller, 1956; Lees, 1952 and Mancuso 1974) that the "first child" in a family is more likely to enter into business than the second or third child. To test this hypothesis respondents were asked to indicate his or her position in the family. That is, whether he or she was the first, second or third child. Over 50 per cent of the study group and 67.5 per cent of the control sample were the first child in the family compared with second child (30 per cent and 25 per cent respectively), and third child (8.33 per cent and 7.50 respectively) (Table 7.10 page 282). This suggests that the older the position in the family the greater is the likelihood of entering into business. An Indian entrepreneur who himself is the first child explained the reason for the "first child" argument. He said:

"Most Asian business persons that I know of are the "first son" in the family. It is a common attitude amongst Asian fathers in business to groom the first son for the business succession".

These comments highlight the role of the first sons in most families irrespective of the ethnic background. In those households with a family business the first son may be called upon to take over the running of the business if his father dies. The death of newspaper magnate Robert Maxwell in 1992 and the consequent takeover of management of his entire business empire by his sons who had been groomed for the succession is a well known case.
7.2 Reasons for going into Business

As noted in Chapter 2, structural theory helps to account for the minority's involvement in business activity in terms of a reaction to unemployment suffered because of racial discrimination in the labour market. On the other hand, writers on personality theory have argued that the need for autonomy (need for independence) accounts for the decision to set up in business. According to Mayer (1953, p.179).

"The chance to be in business for oneself - with all that this implies in terms of "personal freedom" and satisfaction of "working for oneself" ... is certainly as good today as it ever was in the past"

McLaughlin (1975, p.45) argues that "to be my own boss" is more likely to be the main motive behind starting in business and that often financial return is of relatively little importance.

There is overwhelming empirical evidence supporting the "desire for independence" hypothesis (Colby and John, 1971; Shapero, 1972; Wilson, 1983; Watkins and Watkins, 1984; Carter and Cannon, 1988; Watson and Wynarczyk, 1988; Rafiq, 1988; Mason, 1989).
In the present study, the respondents were asked to indicate the main factors which had motivated them in the direction of self-employment. As can be seen from Table 7.13 page 284, the desire for independence attests to a strong entrepreneurial motivation. This was the case for both the study and control samples. Over 50 per cent of both groups indicated that they were motivated by the need for independence in the decision to go into business, and to a lesser extent by the desire to exploit market opportunity (16.67 per cent, study group; 15 per cent control sample), and financial ambition (12.5 per cent and 17.5 per cent respectively). As one respondent with previous business experience in Uganda noted:

"The incentive to begin something for oneself is the most important motive for self-employment. Self-employment has become the way of life for Asians particularly for those of us from East Africa".

It was, therefore, not surprising to find in the present study that the drive to become independent was the principal business motivation amongst the East African Asians in Leicester.

In contrast to the approach adumbrated by structural theorists, discrimination and unemployment appeared to be relatively unimportant factors in influencing the decision to become self-employed. Only 1 in 8 (12.5 per cent) amongst both the study group and the control sample indicated that unemployment influenced their choice to
become self-employed. In the recessional period of redundancy and the consequent unemployment those that are affected are being encouraged through enterprise initiatives and schemes to go into self-employment. For this category of the self-employed, unemployment rather than the desire for independence may be the principal motivating force for self-employment. Wilson (1983) found that only 14.2 per cent of Afro-Caribbeans and Asians in Brent went into business because of unemployment and Rafiq (1988) found in Bradford that only 17.6 per cent of small firm entrepreneurs went into business for this reason.

A cross-tabular analysis of the reason for going into business by religion revealed that a great majority (70 per cent) of those that went into business because of unemployment were Muslims compared with the Hindus (20 per cent) and the Sikhs (10 per cent). Similar evidence was provided by Rafiq's (1988) study of Asians owned businesses in Bradford. This is not surprising as the Pakistani's and Bangladeshi's (the majority of which are Muslims) have the highest rates of unemployment amongst ethnic minorities. Unemployment rates amongst the economically active Pakistanis and Bangladeshis stood at 25.6 per cent and 28.57 per cent respectively compared with 16.32 per cent Indians (Census of Population 1991). This suggests that although self-employment is highly valued by all ethnic minorities Muslims are more likely to be pushed in that direction because of unemployment.
In summary, East African Asians in Leicester are likely to go into business for reasons such as the desire for independence, to make money and market opportunity rather than for reasons such as unemployment and discrimination in the labour market. These findings indicate that it is too simplistic to suggest, as does structural theory that the minorities opt for self-employment because of the structural constraints built into the society. Although a small proportion (12.5 per cent) of the respondents have started in business because the labour market offered them no alternative as is the case with Muslims, it is the personality theory of motivation that seems to offer a better explanation of the participation of the minorities in entrepreneurial behaviour.

7.3 Religious Background

It has been suggested that entrepreneurial expression is likely to be associated with religious background (Webber, 1904; Litvak and Maule, 1976). To examine this hypothesis in relation to the East African Asian entrepreneurs the respondents were asked to indicate their religion and to what extent this has influenced entrepreneurship as a career path choice. An examination of Table 7.16 (page 285) shows the importance of religion in the entrepreneurial behaviour amongst the East African Asians and their counterparts from the Indian subcontinent. A significant majority of both the study group (63.3 per cent) and control sample (85 per cent)
indicated that they had been influenced by their religion in the decision to enter into business. This finding was exemplified by comment made by one Muslim respondent, who said:

"Our religion determines our way of life. It influences our behaviour both socially and economically, including the way we run our business".

The relevance of this consideration in spatial behaviour is most clearly illustrated by the fact that nearness to place of worship was the major consideration in the choice of place of business location amongst 20 per cent of the respondents (Table 5.14 page 284). A further analysis of the responses based on individual religions (Table 7.16) shows that the Muslims (81.8 per cent and the Hindus (71.8 per cent) are more likely to be influenced by their religion in their entrepreneurial behaviour than the Sikhs (36 per cent). These findings provide a new insight into the entrepreneurial motivations amongst Asians in the U.K. One Muslim entrepreneur explained that he went into retail business to provide for the needs of his Muslim community in Highfields in terms of food and clothing. This entrepreneurial behaviour resulting from religious beliefs and requirements supports the theory advanced by Webber (1904), examined in Chapter 2.
### Table 7.1 RESPONDENTS BY AGE AT ENTREPRENEURIAL ENTRY

<table>
<thead>
<tr>
<th>AGE GROUPING</th>
<th>Study Group</th>
<th>Control Sample</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 - 22</td>
<td>7</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>23 - 27</td>
<td>33</td>
<td>6</td>
<td>39</td>
</tr>
<tr>
<td>28 - 32</td>
<td>46</td>
<td>24</td>
<td>70</td>
</tr>
<tr>
<td>33 - 37</td>
<td>28</td>
<td>10</td>
<td>38</td>
</tr>
<tr>
<td>38 - 42</td>
<td>4</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>43 - 47</td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>48 +</td>
<td>2</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120</td>
<td>40</td>
<td>160</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

### Table 7.2 HAVE RESPONDENTS WORKED IN FATHER'S BUSINESS BEFORE STARTING THEIR BUSINESS

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>Study Group</th>
<th>Control Sample</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>26</td>
<td>9</td>
<td>35</td>
</tr>
<tr>
<td>No</td>
<td>27</td>
<td>8</td>
<td>35</td>
</tr>
<tr>
<td>TOTAL</td>
<td>53</td>
<td>17</td>
<td>70</td>
</tr>
</tbody>
</table>

CHI-SQUARE STATISTIC

\[ \chi^2 = 0.08 \]

Critical Value @ 5 per cent level of significance and one degree of freedom = 3.84 (not significant)

Source: Questionnaire Survey
Table 7.3  HAVE RESPONDENTS WORKED IN BUSINESS ESTABLISHMENT PRIOR TO STARTING THEIR BUSINESSES

<table>
<thead>
<tr>
<th></th>
<th>Study Group</th>
<th>Control Sample</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Yes</td>
<td>79</td>
<td>65.83</td>
<td>21</td>
</tr>
<tr>
<td>No</td>
<td>41</td>
<td>34.17</td>
<td>19</td>
</tr>
</tbody>
</table>

**CHI-SQUARE STATISTIC**

\[ x^2 = 2.28 \]

Critical value @ 5 per cent level of significance and one degree of freedom is 3.84 (not significant)

Source: Questionnaire Survey

Table 7.4  HAVE RESPONDENTS SET UP IN BUSINESS SIMILAR TO THE BUSINESS ESTABLISHMENT IN WHICH THEY WORKED PRIOR TO STARTING THEIR BUSINESS

<table>
<thead>
<tr>
<th></th>
<th>Study Group</th>
<th>Control Sample</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Yes</td>
<td>51</td>
<td>64.56</td>
<td>15</td>
</tr>
<tr>
<td>No</td>
<td>28</td>
<td>35.44</td>
<td>6</td>
</tr>
</tbody>
</table>

**CHI-SQUARE STATISTIC**

\[ x^2 = 0.35 \]

Critical value @ 5 per cent level of significance and one degree of freedom = 3.84 (not significant)

Source: Questionnaire Survey

279
Table 7.5  LAST JOB HELD IN RESPONDENT'S LAST ESTABLISHMENT PRIOR TO STARTING IN BUSINESS

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>Study Group</th>
<th>Control Sample</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Managerial</td>
<td>38</td>
<td>48.10</td>
<td>3</td>
</tr>
<tr>
<td>Technical</td>
<td>8</td>
<td>10.13</td>
<td>6</td>
</tr>
<tr>
<td>Accounting/Finance</td>
<td>11</td>
<td>13.92</td>
<td>3</td>
</tr>
<tr>
<td>Sales</td>
<td>10</td>
<td>12.66</td>
<td>3</td>
</tr>
<tr>
<td>Skilled - Manual</td>
<td>8</td>
<td>10.13</td>
<td>3</td>
</tr>
<tr>
<td>Unskilled - Manual</td>
<td>4</td>
<td>5.06</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>79</td>
<td>100%</td>
<td>21</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

Table 7.6  PREVIOUS BUSINESS EXPERIENCE

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>Study Group</th>
<th>Control Sample</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Yes</td>
<td>74</td>
<td>61.67</td>
<td>24</td>
</tr>
<tr>
<td>No</td>
<td>46</td>
<td>38.33</td>
<td>16</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120</td>
<td>100%</td>
<td>40</td>
</tr>
</tbody>
</table>

CHI-SQUARE STATISTIC

\[ \chi^2 = 0.034 \]

Critical Value

@ 0.05 level of significance

\[ df = 1 \] 3.84 (Not Significant)

Source: Questionnaire Survey
Table 7.7 BUSINESSES STARTED ON PART-TIME BASIS

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>Study Group</th>
<th>Control Sample</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.  %</td>
<td>No.  %</td>
<td>No.  %</td>
</tr>
<tr>
<td>Business started on a Part-time basis</td>
<td>14  30.43</td>
<td>4  25.00</td>
<td>18  29.03</td>
</tr>
<tr>
<td>Business NOT started on a Part-time basis</td>
<td>32  69.56</td>
<td>12  75.00</td>
<td>44  70.97</td>
</tr>
<tr>
<td>TOTAL</td>
<td>46  100%</td>
<td>16  100%</td>
<td>62  100%</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

$X^2 = 0.29$

Critical Value @ 0.05 level of Significance and one degree of freedom = 3.84

(Not significant)

Table 7.8 RESPONDENTS HAVING OR NOT HAVING A BUSINESS FATHER

<table>
<thead>
<tr>
<th>Have Business Father</th>
<th>Not having Business Father</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.  %</td>
<td>No.  %</td>
<td>No.  %</td>
</tr>
<tr>
<td>Study Group</td>
<td>67  55.83</td>
<td>53  44.17</td>
</tr>
<tr>
<td>Control Sample</td>
<td>23  57.50</td>
<td>17  42.50</td>
</tr>
<tr>
<td>TOTAL</td>
<td>90  43.75%</td>
<td>70  56.25%</td>
</tr>
</tbody>
</table>

CHI-SQUARE STATISTICS

$X^2 = 0.034$

Critical Value @ 0.05 level of significance

$df = 1$  3.84 (Not Significant)

Source: Questionnaire Survey
### Table 7.9 Whether Respondent Has a Member of Family in Business

<table>
<thead>
<tr>
<th>RESPONSES</th>
<th>Study Group</th>
<th>Control Sample</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>36 67.92%</td>
<td>11 64.71%</td>
<td>47 67.14%</td>
</tr>
<tr>
<td>NO</td>
<td>17 32.08%</td>
<td>6 35.29%</td>
<td>23 32.86%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>53 100%</td>
<td>17 100%</td>
<td>70 100%</td>
</tr>
</tbody>
</table>

**Chi-Square Statistic**

\[ X^2 = 0.033 \]

Critical Value

@ 0.05 level of significance

df = 1 = 3.84 (Not Significant)

Source: Questionnaire Survey

### Table 7.10 Respondent's Position Amongst Brothers and the Possibility of Starting Business

<table>
<thead>
<tr>
<th>Position in Family</th>
<th>Study Group</th>
<th>Control Sample</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>68 56.67%</td>
<td>27 67.50%</td>
<td>95 59.37%</td>
</tr>
<tr>
<td>2nd</td>
<td>36 30.00%</td>
<td>10 25.00%</td>
<td>46 28.75%</td>
</tr>
<tr>
<td>3rd</td>
<td>10 8.33%</td>
<td>3 7.50%</td>
<td>13 8.13%</td>
</tr>
<tr>
<td>4th</td>
<td>4 3.33%</td>
<td>-</td>
<td>4 2.50%</td>
</tr>
<tr>
<td>5th</td>
<td>2 1.67%</td>
<td>-</td>
<td>2 1.25%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120 100%</td>
<td>40 100%</td>
<td>160 100%</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey
### Table 7.11 POSITION AMONGST SISTERS AND POSSIBILITY OF STARTING BUSINESS

<table>
<thead>
<tr>
<th>Position in Family</th>
<th>Study Group No.</th>
<th>%</th>
<th>Control Sample No.</th>
<th>%</th>
<th>Total No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>48</td>
<td>40.00</td>
<td>23</td>
<td>57.50</td>
<td>71</td>
<td>44.37</td>
</tr>
<tr>
<td>2nd</td>
<td>26</td>
<td>21.67</td>
<td>10</td>
<td>25.00</td>
<td>36</td>
<td>22.50</td>
</tr>
<tr>
<td>3rd</td>
<td>7</td>
<td>5.83</td>
<td>1</td>
<td>2.50</td>
<td>8</td>
<td>5.00</td>
</tr>
<tr>
<td>4th</td>
<td>3</td>
<td>2.50</td>
<td>6</td>
<td>15.00</td>
<td>9</td>
<td>5.63</td>
</tr>
<tr>
<td>5th</td>
<td>36</td>
<td>30.00</td>
<td>-</td>
<td>-</td>
<td>36</td>
<td>22.50</td>
</tr>
</tbody>
</table>

**TOTAL** 120 100% 40 100% 160 100%

Source: Questionnaire Survey

### Table 7.12 POSITION AMONGST BROTHERS AND SISTERS AND POSSIBILITY OF STARTING BUSINESS

<table>
<thead>
<tr>
<th>Position in Family</th>
<th>Study Group No.</th>
<th>%</th>
<th>Control Sample No.</th>
<th>%</th>
<th>Total No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>58</td>
<td>48.33</td>
<td>25</td>
<td>62.50</td>
<td>83</td>
<td>51.87</td>
</tr>
<tr>
<td>2nd</td>
<td>31</td>
<td>25.83</td>
<td>10</td>
<td>25.00</td>
<td>41</td>
<td>25.63</td>
</tr>
<tr>
<td>3rd</td>
<td>8</td>
<td>6.67</td>
<td>2</td>
<td>5.00</td>
<td>10</td>
<td>6.25</td>
</tr>
<tr>
<td>4th</td>
<td>4</td>
<td>3.33</td>
<td>3</td>
<td>7.50</td>
<td>7</td>
<td>4.38</td>
</tr>
<tr>
<td>5th</td>
<td>19</td>
<td>15.83</td>
<td>-</td>
<td>-</td>
<td>19</td>
<td>11.87</td>
</tr>
</tbody>
</table>

**TOTAL** 120 100% 40 100% 160 100%

Source: Questionnaire Survey
### TABLE 7.13 REASONS FOR GOING INTO BUSINESS

<table>
<thead>
<tr>
<th>REASONS</th>
<th>STUDY GROUP</th>
<th>CONTROL SAMPLE</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>NO.</td>
<td>%</td>
<td>NO.</td>
</tr>
<tr>
<td>Independence</td>
<td>70</td>
<td>58.33</td>
<td>22</td>
</tr>
<tr>
<td>Unemployment</td>
<td>15</td>
<td>12.50</td>
<td>5</td>
</tr>
<tr>
<td>To Make Money</td>
<td>15</td>
<td>12.50</td>
<td>7</td>
</tr>
<tr>
<td>Market Opportunity</td>
<td>20</td>
<td>16.67</td>
<td>6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>120</td>
<td>100.00</td>
<td>40</td>
</tr>
</tbody>
</table>

**CHI-SQUARE STATISTIC**

\[ \chi^2 = 0.650 \]

Critical value at 5 per cent level of significance and 2 degrees of freedom = 7.81 (not significant)

Source: Questionnaire Survey

### TABLE 7.14 REASONS FOR GOING INTO BUSINESS BY RELIGION

<table>
<thead>
<tr>
<th>REASONS</th>
<th>Hindu</th>
<th>Sikh</th>
<th>Muslim</th>
<th>Others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Independence</td>
<td>63.04</td>
<td>15.22</td>
<td>19.57</td>
<td>2.17</td>
<td>57.5</td>
</tr>
<tr>
<td>Unemployment</td>
<td>20.00</td>
<td>10.00</td>
<td>70.00</td>
<td>-</td>
<td>12.5</td>
</tr>
<tr>
<td>To Make Money</td>
<td>50.00</td>
<td>27.27</td>
<td>22.73</td>
<td>-</td>
<td>13.75</td>
</tr>
<tr>
<td>Market Opportunity</td>
<td>19.23</td>
<td>11.54</td>
<td>69.23</td>
<td>16.25</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>78</td>
<td>25</td>
<td>55</td>
<td>2</td>
<td>160</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey

284
### TABLE 7.15 WHETHER RELIGION INFLUENCED THE DECISION TO GO INTO BUSINESS

<table>
<thead>
<tr>
<th></th>
<th>&quot;YES&quot;</th>
<th></th>
<th>&quot;NO&quot;</th>
<th></th>
<th>TOTAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Study Group</td>
<td>76</td>
<td>63.3</td>
<td>44</td>
<td>36.7</td>
<td>120</td>
<td>100.0</td>
</tr>
<tr>
<td>Control Group</td>
<td>34</td>
<td>85.0</td>
<td>6</td>
<td>15.0</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>110</td>
<td>68.8</td>
<td>50</td>
<td>31.2</td>
<td>160</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey.

\[ X^2 = 6.56 \]

Critical value @ 0.05 level of Significance and one degree of freedom = 3.841 (Significant)

### TABLE 7.16 RELIGIOUS BACKGROUNDS AND ENTREPRENEURIAL ENTRY

<table>
<thead>
<tr>
<th></th>
<th>&quot;YES&quot;</th>
<th></th>
<th>&quot;NO&quot;</th>
<th></th>
<th>TOTAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Hindu</td>
<td>56</td>
<td>71.8</td>
<td>22</td>
<td>28.2</td>
<td>78</td>
<td>48.8</td>
</tr>
<tr>
<td>Muslim</td>
<td>45</td>
<td>81.8</td>
<td>10</td>
<td>18.2</td>
<td>55</td>
<td>34.4</td>
</tr>
<tr>
<td>Sikh</td>
<td>9</td>
<td>36.0</td>
<td>16</td>
<td>64.0</td>
<td>25</td>
<td>15.6</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>100.0</td>
<td>2</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>110</td>
<td>68.8</td>
<td>50</td>
<td>31.2</td>
<td>160</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Questionnaire Survey
7.4 Conclusions

This chapter has examined the personal characteristics and the forces that have influenced entrepreneurship amongst East African Asians in Leicester. Analysis of personal characteristics shows that the majority were between the ages of 28 to 32 years when they started business. The consistency of this result with previous studies suggests that business ownership is more likely to occur at quite a young age. The significance of this finding is that it provides a measure of age spread of the representative samples and could form some basis for policy-making. In recent years there has been a good deal of effort by central and local government to encourage enterprise culture amongst young people, especially those from the ethnic minority groups. Knowing the age at which the individual decides to enter into business would assist those agencies involved in helping, advising and planning these projects to target their efforts and perhaps improve take-up rates.

The analysis of previous employment experience indicates that a significant number of the respondents were motivated towards entrepreneurship because of the experience and knowledge which they have gained from their previous place of work. An examination of "previous business experience" shows that a significant majority of East African Asian entrepreneurs had previous experience
of running a small business. The practice of setting up in business in a similar field or industry in which one had been previously employed was also found in this study. In other words, respondents generally did not set up businesses in areas with which they were not already in some way familiar. The emphasis placed on family background in business in influencing entrepreneurship is evident in the present study. The analysis shows no statistically significant difference between the East African Asians and those from the Indian Subcontinent on the business background of their families; over 60 per cent of both groups belonged to families with a business background.

The majority of both groups of respondents were "first child" in the family. Therefore, one's birth order (first child) in the family is a significant factor in one becoming an entrepreneur. An analysis of the reasons for going into business showed that entrepreneurship amongst members of East African Asians was motivated by "pull factors" such as the desire for independence, the desire to make money and market opportunity. On the other hand, the study found no significant evidence to link self-employment amongst the East African Asians and those from the Indian Subcontinent with "push factors" such as unemployment and discrimination in the labour market.
The overall summary and conclusions of the present study, its methodological considerations and policy implications, its contribution to existing knowledge including possible areas for future study are presented in the next, and final chapter.
CHAPTER EIGHT

SUMMARY AND CONCLUSIONS

8.0 Summary and Conclusions

This study has contributed to an understanding of the entrepreneurial characteristics and motivations of Leicester's Asian community and, in particular, of the business involvement of one sub-group - the East African Asians. This minority sub-group has long held a reputation for business ownership and self-employment in the U.K. This is based largely on unstructured observations of the activities of those operating particularly in high visibility businesses, for example, the shopkeepers and retailers. In reality, little empirical work has been carried out in a systematic manner to determine the forces influencing their entrepreneurship, and the characteristics which they possess; including their attitudes and experiences in acquiring business resources. The main issues of investigation have been (i) the forces which motivated the individuals to go into business. That is, to what extent are cultural and structural theories of minority business development in the U.K. supported by empirical
evidence; (ii) the business, socio-economic and personal characteristics of the entrepreneurs, and (iii) their attitudes and experiences in acquiring business resources. The assumption has been that to a greater extent or lesser degree these things have influenced the presence or absence of businesses run by East African Asians in a particular city and, indeed, the presence or absence of such businesses in a part of a city. The thesis has analysed some of the processes influencing the spatial patterns of ethnic entrepreneurship.

A number of theories and previous studies have been used to provide the basis for the analysis and interpretation of the findings of the present study. Two main sources of business data have been used: the Directory of Asian and Afro-Caribbean businesses in Leicestershire, and at greater depth, a personally conducted interview survey. As outlined in early chapters from a position of being the focus of a limited amount of research activity during the 1970's and 1980's, the entrepreneurial activities of the members of the ethnic minorities in the U.K. have assumed a high priority on the "small business research agendas" of the 1990's; much of this is
due to the present emphasis on the enterprise culture.

Various models have been examined in Chapter Two to explain the involvement of the minority groups in entrepreneurial activity in the U.K. The most popular ones are a cultural theory by Light (1979) and a structural hypothesis advanced by Ward and Jenkin (1984), and Reeves and Ward (1984). The cultural theory accounts for minority entrepreneurship in terms of the availability and access to ethnic resources, while the structural hypothesis sees business participation amongst the minorities as a reaction to the disadvantage that they suffer because of their marginal position within society.

The study of East African Asian entrepreneurship in Leicester has provided an opportunity to test the theories as to why minority groups, particularly the Asians, enter into business and the characteristics possessed by those who do so.

Leicester proved to be an ideal and stimulating location for such investigation. As a thriving industrial and commercial city, it has experienced a substantial concentration of ethnic minorities, particularly Asians from the Indian Subcontinent and East Africa.
The present chapter summarises the main findings of the survey and the conclusions that emerge. It also suggests a possible direction for future research. The summary and conclusions follow the order in which the results are presented and analysed in Chapters 5, 6 and 7.

An analysis of the demographic and socio-economic profile of the respondents shows that the majority of the East African Asian sample came from Kenya, although a sizeable proportion had migrated from both Uganda and Tanzania. They are between 38-42 years old, of Hindu religious background with Gujarati being the common language. Educationally, they possess a range of both academic and professional qualifications. The possibility of a link between educational background and a strong motivation towards business ownership is something that needs further investigation. It is possible that the educational background of East African Asians, as evident in the present study, has led to better business performance. Storey (1982, P.187) remarked that:

Those individuals with higher educational qualifications, on average, create more successful businesses than those with lower qualifications. The higher the proportion of the population without any qualifications the smaller is the pool of potential or particularly successful entrepreneurs.
Therefore, the possession of educational qualifications is regarded by many as being of great significance in entrepreneurial behaviour.

In terms of employment, the study found that majority of respondents employ less than six people, with the majority of the employees being members of the immediate family. This characteristic suggests that the economic contribution of East African Asian businesses in terms of employment creation is probably quite modest. It also helps to explain the spatial clustering of the enterprises in particular sections of the city.

Examination of the spatial distributions of the East African Asian business sector in Leicester showed a strong pattern of business concentration in certain parts of the City. In postal district LE1 there is a high concentration of both the clothing and knitwear manufacturers. The overall representation of the East African Asian businesses in LE2 is lower than in other postal districts, food retailing being the most dominant sector in this area. LE3, the postal area which includes Narborough Road, has a significant concentration of wholesalers and fairly small proportion of businesses in manufacturing and service sectors. The postal district, LE4 which includes Belgrave/Melton Road
has substantial proportions of both the miscellaneous manufacturing and service businesses. North Evington and Evington, postal district LE5, have a very small proportion of miscellaneous manufacturing but a significant concentration of clothing and textiles manufacturers, including wholesalers.

The findings of this study, discussed at length in Chapter Five, highlight the methods through which the entrepreneurs have found business premises, the condition of the premises and their locational characteristics. Family/friends and word of mouth were the main methods used in locating business premises. The study also revealed that the majority of the manufacturing business operate from purpose-built managed workspaces in relatively good physical condition such as Plate 3.

The investigation identified potential movement amongst businesses in different sectors. Over 60 per cent of the businesses in textiles and clothing sectors planned to move in the next three years. Thirty one per cent of businesses in the service sector are intending to move within the same period. About a half of those in the miscellaneous manufacturing and wholesalers sector planned to move in next three to six years.
308A Melton Road • Leicester • LE4 7SL

PLATE 3 MANAGED WORKSPACE ON MELTON ROAD
The analysis showed two planned relocation patterns. First, potential moves within the inner city were significant amongst the service businesses a majority of whose existing and potential customers are members of the ethnic communities, several of whom live in inner city (Hill, 1987). The second type of planned movement, to the immediate neighbourhood of Narborough Road area, was motivated primarily by consideration of access to sources of supply or customer. This type of potential relocation was relatively common amongst the manufacturing businesses but was more important to the wholesalers because of the easy access to M1 motorway to London and Birmingham through Narborough Road. As far as could be assessed, the reasons for the "planned moves" were a realistic assessment of the factors that are likely to affect the growth and development of their business.

This summary has highlighted the tendency to over-emphasise the significance of industrial and commercial relocation and therefore overlook the constraints, needs and demands of those intending to remain in their present location.
Taken together, non-movers and those planning to relocate within the city and their immediate neighbourhood account for over 60 per cent of businesses interviewed. Fewer are operating from premises which are in poor physical state and small in size such as plates 4 and 5, all these place severe constraints on their ability to expand and to grow. This suggests that there will be continuation of the present pattern for at least the foreseeable future. There will be some changes as some businesses move out but these will be offset by an increase in new businesses in the future.

The issue of industrial location and relocation is even more pronounced in manufacturing industry. All the current signs, including competition amongst businesses, the need for larger industrial space, and the state of the economy both within Leicester and U.K. as a whole indicate that, although there will be an increased demand for industrial property away from the inner city, the concentration of Asian manufacturing firms in the city is likely to intensify in the future.

An examination of the factors that have influenced the choice of place of business location showed the importance of economic
factors such as nearness to market, labour and suppliers and personal factors such as the desire to operate near to place of worship, particularly amongst Muslims.

One of the aims of the present study was to determine, through an examination of the sources of business resources used by respondents, whether the cultural theory of minority entrepreneurship was an important factor in business development amongst East African Asians in Leicester.

The investigation into the attitudes and experiences of respondents in obtaining business resources showed the importance of the Asian community and Asian network in resourcing East African Asian businesses in Leicester. These provide sources of finance, advice, workforce, and information on the availability of business premises. An examination of the sources of capital used by the East African Asian entrepreneurs showed that personal savings of the entrepreneurs and loans from their family and relations were the primary sources of finance used at the start-up stage of business development. Bank loans and profits generated
from operation and retained or reinvested in the business accounted for the main sources of post-start-up capital used by the majority of the entrepreneurs.

An investigation into whether the entrepreneurs had encountered any difficulties in raising start-up finance showed that a significant proportion of East African Asian entrepreneurs (45.5 per cent) and their counterparts from the Indian Subcontinent (62.5 per cent) experienced some problems in obtaining finance from the banks and other financial institutions. A combination of reasons some "entrepreneur-specific" such as: lack of collateral; and the absence of a well developed and thought out business plan, and "lender-specific" like poor understanding of the needs and nature of black businesses by bank managers were mentioned. The informal way that businesses were financed at the start-up stage reflects the fact that the Asian community provides an effective means of transmitting financial resources within the community. However, this reliance on informal networks for support is also indicative of the low level of bank support at the initial stages of business development when the risk of business failure is considered very high. Although bank finance in
the form of loans was available after the start-up stage, there was some resistance to taking them because it would involve giving up some control of the business in return for outside capital. This reflected culturally-based disinclination to lose control of the business and the operating practices. It is well known that the informal Asian business practices, such as keeping financial records in an Asian language and keeping private bank account and business bank account together are problematic in terms of requirements for financial details required by banks and other financial institutions. These business attitudes offer an additional explanation for the problems that were encountered by some respondents in raising start-up finance.

There was also a tendency on the part of Asian entrepreneurs to seek business advice, information and counselling from community members rather than from the public or private sectors "official" providers. This does not mean that entrepreneurs are unaware of the opportunities for advice that are available outside the family and community network, nor that they have little or no need for such advice.
Rather it reflects a preference to deal with someone who they will feel more ready to discuss their business matters. As Baker (1982) noted: "ethnicity is resource for the Asian entrepreneur in that it makes available to him some relationship... Such a relationship is built on trust and confidence in someone of the same ethnic origin."

An analysis of the sources of advice and information used by the entrepreneurs revealed that the majority had sought help and information from the family members and relations, including friends when they started in business. However, the Business Advice Centre (BAC), one of the "official" business advice and information providers in Leicester was also used by more than 30 per cent of the respondents. Only 7.8 per cent had sought advice from either the accountants or the bank managers. The study also revealed that over 40 per cent of the entrepreneurs had not sought for advice and information on business related issues when they started in business. A number of explanations which ranged from, "it is a time consuming exercise", to, "I did not have the time," were mentioned by entrepreneurs as the reasons for
their not having sought for advice and information. This attitude to advice and information which is readily available and free-of-charge from government sponsored enterprise agencies such as the Business Advice Centre suggests that some entrepreneurs do not appreciate the importance of seeking professional advice on business related matters.

An identification of the entrepreneurs attitude to business training when they started in business showed that a significant proportion (59 per cent) of respondents had not undertaken a business training course. Various explanations, including the lack of knowledge of such courses being available locally, were mentioned as the reasons for not having done so. This finding suggests either that training providers are not reaching some of those who would benefit from their service. In which case there is a need for a review of service delivery. It is also the case that potential minority entrepreneurs are not proactive and therefore, not able to take advantage of the business training opportunities that are currently available in Leicester.
As noted in Chapter 2 the structural theory accounts for minority entrepreneurship in terms of the structural constraints built into the society. The examination of entrepreneurial motivations amongst East African Asians in Leicester showed that the decisions to go into business were influenced by the interplay of the forces of religious orientation, the need for independence, the desire to make money, and market opportunity. There was not sufficient evidence from the present study to associate entrepreneurship amongst East African Asians with reasons such as unemployment and discrimination in the labour market as suggested by the structural theory. However, it should be noted that a small proportion of respondents (12.5 per cent) had been influenced by it.

The identification and analysis of the age at which respondents started in business and of birth order in the family showed that majority of the respondents started in business between the age of 28 to 32, and was also the "first child" in the family. Also previous business and
employment experiences, the propensity to set up in business in similar sector to that in which one was previous employed including family background in business were common characteristics to amongst East African entrepreneurs.

The present study, while contributing to the discussion about the forces which motivate individuals towards entrepreneurship and the characteristics possessed by those that went into business, also provides a greater understanding of the economic behaviour and experiences of East African Asians in Leicester. Their determination to succeed in business is indisputable, as Aldrich et al (1981, P. 173) noted in their study of Asian retailing in the U.K.:

"Virtually independent of official urban aid policies, Asian enterprise seem to have succeeded in the face of all the classic commercial disadvantage of the inner City and in spite of all the handicaps associated with immigrant and racial minority status."
If this commercial success is to aid social advancement, then entrepreneurship amongst ethnic minorities must be positively encouraged. How this can be achieved is outlined in the policy consideration section 8.2 of this Chapter.

8.1 Methodological Consideration

This study has shown that the entrepreneur himself provides the essential starting point in small business research particularly if attitudes, motivations, business problems, and personal characteristics are the main issues under investigation. However, to concentrate exclusively on the entrepreneur's personal views and experiences provides only a partial explanation. For instance, in relation to acquiring startup finance, the understanding and appreciation of the nature of the difficulties that some respondents have experienced can only be discovered from the entrepreneur himself, but an over reliance on such accounts would be to ignore the importance of the views of the finance providers. For example, some of the entrepreneurs have formed the view from outside their family members and relations that there exists a shortage of start-up finance whereas from the funders' point of view the reason for their failure to secure finance may be non-viability of the project under consideration.
A further issue of particular relevance to future studies should be noted. As an "African" researcher studying the Asian entrepreneurs, in a "White" European city there were potential problems of cultural misunderstanding, interpretation and misapprehension. These difficulties were overcome by the fact that the researcher was personally known to, and familiar with, all the respondents in the course of his post in business development. On the other hand, it could also be argued that an objective approach from a "disinterested" observer might be preferable to the possibility of a biased account from an involved party.

In a personally administered questionnaire survey there is also the possibility of problems with Asian language where the researcher does not speak or understand any of the Asian languages used by the respondents.

Fortunately this difficulty was not encountered either during the piloting of the draft questionnaire or the main questionnaire survey. The great majority of the respondents had a good educational background (Chapter 5) and could write and speak English quite fluently, having migrated from the former British colonies where English is still the official language.
8.2 Policy Considerations

(i) Access to Start-up Finance

An important finding of the present study, and one which may have policy implications, is the fact that majority of East African Asian entrepreneurs are generally able to generate start-up capital from personal savings and from within the community. There is also a tendency to seek business advice, information and counselling from within the community rather than from the “public” providers.

Although the empirical evidence for "family/relations" as a major and readily available source of start-up finance hypothesis is considerable, this is not always the case for every one wanting to set up in business. For example, one of the findings in the report on Leicestershire County Council's 1990s seminar for long-term unemployed in the ethnic minority communities, and those in the report on the survey in Leicester commissioned by TEC (1991) was the lack of start-up finance experienced by those wishing to set up in businesses on their own.
There is therefore a need for a more readily available start-up grant scheme that is linked to a programme of professional business advice, counselling and training to assist those wishing to become self-employed but who are unable to raise start-up finance either from within the community or from the conventional financial sources.

(ii) Business Diversification

In the present study it was found that East African Asian businesses, particularly those in the manufacturing sector, are concentrated in the traditional industries such as hosiery, textiles and knitwear. The future prospects for these sectors are less than optimistic. They have been hit in recent years by the increased competition with cheap imported goods from abroad.

There is a need therefore, to consider ways to encourage these businesses to expand and diversify into sectors that offer potentials for growth and development.

The following policy actions are suggested which might assist the growth and development of Ethnic minority businesses:
a) the development of sector-based initiatives in the form of financial assistance linked with direct business development advice and counselling and training. Retraining of workforce would encourage businesses to move into those sectors with growth potential, particularly food and drink, mineral products, chemicals, rubber and plastics, high technology, business and financial services and computer-based services.

b) target business development support scheme such as financial assistance and business advice on start-ups and incoming businesses which demonstrate a potential for growth and development in Leicester.

c) improve access to appropriate finance, both equity capital and loans to meet the identified needs of ethnic minority businesses in industries with potential for growth.

d) promote and develop the tourism potential of the Asian retail and service sectors.
e) assist existing traditional manufacturing business to safeguard existing markets and develop new ones by improving the quality and design of existing and new products.

8.3 Further Research

i) In recent years the economic environment in which businesses operate has undergone significant changes due to the world-wide recession. This phenomenon has resulted in the closure of many marginal businesses that were unable to survive in the changing business environment. It is also known that the level of inter-trading within ethnic minority businesses is quite high. However, it is not known how many ethnic minority businesses have been affected by the economic downturn, the sectors in which they operate, and how many people were made redundant as a consequence. There is therefore, a need for a survey of ethnic minority businesses with particular reference to the scale of business closures and its effect on the remaining businesses. Such information will inform policy-makers in formulating appropriate policies and strategies.
The existence of high levels of inter-trading activities between ethnic minority businesses in Leicester, has been identified. Further research is necessary to establish more accurately the nature and the working of this relationship, the volume of business activities undertaken, and more importantly, its significance for the growth and survival of ethnic minority businesses.

ii) Asian female entrepreneurs in the U.K. have not featured as prominently in Asian business research agendas as their male counterparts. With the formation of the Asian Women Business Association in Leicester it would be interesting to investigate the nature of self-employment amongst Asian women in the City and the United Kingdom. The need for a national study is based on the proposition that women entrepreneurs in general face more problems in addition to, and perhaps different from, those experienced by men in starting and running small businesses. By using a case study method of investigation it would be possible to identify the nature of their business activity, the problems and barriers which they face when starting in business, and the strategies which they use to overcome gender and non-gender related barriers, also their motivation, and their social and religious backgrounds which they possess.
These findings could be compared with the findings of previous studies of white female entrepreneurs in the U.K. (Watkins and Watkins, 1982; Goffee and Scase, 1985; Carter and Cannon, 1988; Cromie and Hayes, 1988), and perhaps with earlier studies in the United States (Schreier, 1973; Schwartz, 1976). Such a study would provide an insight into the ethnicity and gender-related inequalities experienced by Asian women starting in business, and would also inform those assisting small business owners. A study of this kind would ideally be undertaken by a female Asian researcher.

iii) Further study is also needed to uncover whether there is inter-urban or city spatial movement of Asian businesses in the U.K., from or to larger centres of high Asian settlement in search of business outlets. It has been stated that:

"the pattern of ethnic minority business development has varied greatly according to the economic opportunities in each locality, the approach to business and the availability of business resources within ethnic minority communities" (Employment Gazette, 1987, Jan. pp 18-29).

It is likely that geographical mobility within the Asian business sector is taking place, but
no one knows how many businesses are involved, and the implications of such movers for those businesses and the populations that are left behind.

iv) Previous researchers on Afro-Caribbean businesses (Kazuka, 1980; Sawyer, 1982; Brooks 1982; Wilson, 1983; Fullemploy 1988) have grouped both Africans, and those from the Caribbean under the umbrella term "Afro-Caribbeans". They have not taken into consideration the cultural and socio-economic differences between the two groups. Afro-Caribbeans, through historical circumstances of slavery and its concomitant implications, have evolved a culture which is significantly different from that of their African origins, and have done so under the ravages of slavery and more lately under colonialism and neo-colonialism. The effect of birthplace and socio-economic position are as important as race in studying and analysing differences of economic opportunity. There is therefore, a need for further study to explore the entrepreneurial characteristics of Afro-Caribbeans in comparison with those from the continental Africa. It is likely that the latter group will exhibit more entrepreneurial qualities.
than the former group. In the Caribbean there is no tradition of trade due to slavery, while the Africans, particularly those from continental Africa, have emerged from slavery with a background in trade.

8.4 Conclusions

The present study has provided a foundation upon which a much greater understanding of the business activities of Leicester's East African Asian community can be built. Its contribution includes an analysis of the non-retailing activities of East African Asian entrepreneurs. The personally administered survey has provided a better understanding of forces that motivate East African Asians towards business ownership; including the entrepreneurial characteristics which they possessed. It has also explored their behaviour, attitudes and experiences in acquiring business resources.

The findings of this research are relevant to both academics and economic development policy makers alike. By providing an understanding and knowledge of the forces that influenced East African Asians towards entrepreneurial
behaviours, and the personal background which they possess, it makes a contribution to the theoretical debates and the empirical work on business motivation, the background and characteristics possessed by entrepreneurs.

By providing an analysis of the employment characteristics of East African Asian businesses in Leicester it is possible to estimate their potentials for creating long-term employment opportunities for the members of ethnic minority community in Leicester. Such information is essential in employment planning and policy decisions by the Local Authorities and in furthering the understanding by economic geographers of the processes of business growth and change in towns and cities wherein there are large ethnic minorities.

Although the present study is based on ethnic sub-group, - East African Asian entrepreneurs in Leicester, its findings and conclusions are of much wider significance. The close correspondence between the East African Asians and the subcontinent control group suggests that the findings have a wider applicability both with respect to the whole Leicester's Asian community and for other British cities with high concentration of ethnic minorities.
August 1991

Dear Business Owner

Re: University of Leicester-Small Business Survey

I am a research student in the Department of Geography at Leicester University. I am working on a project which is looking at the characteristics of those who had started their own business. From August to December, I will be carrying out a survey on a sample of business owners in Leicester. I hope you will spare a little of your time to answer some questions about your motivations and attitudes towards business ownership.

I will be contacting you by telephone within a week from the receipt of this letter to make an appointment. The meeting will not take more than 45 minutes. This survey is being carried out to provide a better understanding of the reasons why individuals enter into business, their attitudes and experiences in acquiring business resources. It is hoped that the findings will be of use to those involved in assisting and advising small business owners.

Any information provided will be treated with the strictest of confidence.

If you feel that you have any queries about this survey, please do not hesitate to contact Mr Kingsley Okoronkwo at the above address, telephone no: 554455.

Yours sincerely

Kingsley Okoronkwo
SECTION A - BUSINESS RESOURCES

BUSINESS FINANCE

1. From which of the following sources did you raise your start-up finance? (Please tick the main source only).

1. Personal Savings
2. Joint Family Savings
3. Loans - Friends
4. Loans - Family
5. U.K. Bank Finance
6. Asian Bank Loan
7. Other (specify)

2. How much finance was needed to start the business? (Please tick one).

1. £1,000 - £5,000
2. £6,000 - £25,000
3. £26,000 - £250,000

3. Did you experience any difficulties raising start-up finance from the bank? (Please tick one).

1. Yes
2. No

3a. If "Yes", what were the reasons? (Please tick one).

(i) Lack of Collateral
(ii) Lack of Business Plan
(iii) Too Expensive
(iv) Bank Managers do not Understand Black Business
(v) Others (please state) ......................................................

3b. Any Comments: ............................................................

.................................................................

.................................................................

.................................................................

.................................................................

4. From which of the following sources did you raise the finance for business expansion? (Please tick one).

1. Personal Savings
2. Family Savings
3. Loans - Friends
4. Loans - Family
5. U.K. Bank Loan
6. Asian Bank Loan
7. Reinvested Profits
8. Other (specify)
5. Did you experience any problems with arranging finance for business expansion? (Please tick one).
   1. Yes
   2. No

5a. If "Yes", what was the nature of the problems experienced?

5b. Any Comments:

6. Do you think that racial discrimination by the bank had affected your business? (Please tick one).
   1. Yes
   2. No

6a. Any Comments:

7. Which of the following banks do you bank with? (Please tick one).
   1. Barclays Bank plc
   2. Co-operative Bank plc
   3. Lloyds Bank plc
   4. Midland Bank plc
   5. National Westminster Bank
   6. Asian Banks
   7. TBS Bank plc
   8. Other (specify) ........................................

7a. Any Comments:

7b. How would you describe your relationship with your bank? (Please tick one).
   (i) Very Good
   (ii) Good
   (iii) Bad
   (iv) Very Bad
BUSINESS ADVICE/INFORMATION/TRAINING

1. Did you take any advice before starting the business?
   1. Yes
   2. No

1a. If "Yes", from which of the following sources did you receive advice? (Please tick one).
   (i) Friends
   (ii) Family/Relations
   (iii) Bank Managers
   (iv) Accountants
   (v) Business Advice Centre
   (vi) Other (specify) .............................................

2. How would you describe the advice that you had received? (please tick one).
   1. Most Useful
   2. Helpful
   3. Not Helpful
   4. Not at all

3. Which of the following matters did you take advice on?
   1. Raising Finance
   2. Business Planning
   3. Marketing
   4. Premises
   5. Book-keeping/Accounts
   6. Other (specify) .............................................

3a. Any Comments: .............................................

4. When you first started in business did you receive any training on how to run your own business?
   1. Yes
   2. No
   3. Not applicable
4a. If "No", why not? ................................................

4b. If "Yes", which of the following subjects did you receive training on?
   (i) Book-keeping/Accounts
   (ii) Business Planning
   (iii) Marketing
   (iv) Other (specify) ...............................................

5. How would you rank the quality of the training that you had received?
   1. Very Good
   2. Good
   3. Poor
   4. Very Poor

EMPLOYMENT

1. How many employees do you have at present? (Please tick one).
   (i)  1 - 5
   (ii) 6 - 10
   (iii) 11 - 25
   (iv) 26 - 30
   (v) 31 - 35
   (vi) 36+

2. Does your wife/husband work or assist in your business?
   1. Yes
   2. No

2a. If "Yes", what type of work does he/she do in your business? (Please state).

3. Does your brother(s), sister(s) or any member of your family work or assist in your business?
   1. Yes
   2. No

3a. If "Yes", what type of work does he/she do in your business? (Please specify).
4. Is the member of your family working for you paid or not for his/her service? (Please tick one).
   1. Paid
   2. Not Paid

4a. If "Not Paid", why not? (Please comment).
   ..............................................................................................................
   ..............................................................................................................
   ..............................................................................................................
   ..............................................................................................................

5. From which of the following source(s) did you receive your workers?
   1. Family Only
   2. Asians
   3. Wider Community

5a. Why did you use this particular source? Any Comments: ....................
   ..............................................................................................................
   ..............................................................................................................
   ..............................................................................................................
   ..............................................................................................................

6. Which of the following recruitment methods did you use?
   1. Word of mouth
   2. Family/Community Network
   3. Advertisements
   4. Job Centre
   5. Other (specify)

6a) Any comments ...........................................................
   ..............................................................................................................
   ..............................................................................................................
   ..............................................................................................................
   ..............................................................................................................

7. How effective was the method that you used in finding workers? (please tick one)
   1. Very effective
   2. Effective
   3. Not effective

8. Did you have any difficulties with recruiting labour?
   1. Yes
   2. No
   3. Not relevant
5. What is the Tenure of Premises?
   1. Freehold
   2. Leasehold
   3. Other (specify)

6. What is the condition of the premises? (please tick one)
   1. Satisfactory
   2. O.K.
   3. Unsatisfactory
   4. Very unsatisfactory

7. Do you feel any disadvantages working from these premises?
   1. Yes
   2. No

8. Do you intend to relocate your business in the next 3 years?
   1. Yes
   2. No

   (8a) If "yes" where do you expect to relocate? (please tick one)
   (i) Immediate neighbourhood
   (ii) Elsewhere in Leicester
   (iii) Leicestershire
   (iv) Outside Leicestershire

9. What is the major reason for wanting to relocate? (please tick one only)
   1. Present premises too small
   2. Bad business
   3. Poor condition of premises
   4. Too much competition
   5. Other (specify)

10. In what part of Leicester is your business located (tick one only)
    1. LE1
    2. LE2
    3. LE3
    4. LE4
    5. LE5

11. Which one of the following factors was the most important reason for your choice of business location?
    1. Access to family/community labour
    2. Access to ethnic minority market
    3. Access to wider market
    4. Access to transport
    5. Nearness to place of worship
    6. Other (specify)
12. What is your experience of using Estate Agents in locating premises? (please tick one)

1. Useful
2. Not useful
3. Not used

(12a) Any comments

-------------------------------------------------------------------------------
-------------------------------------------------------------------------------
-------------------------------------------------------------------------------
-------------------------------------------------------------------------------
-------------------------------------------------------------------------------

13. Which of the following types of premises is your business located in?

(i) Shop
(ii) Shop with flat over
(iii) Purpose built
(iv) Individual unit
(v) Warehouse
(vi) Converted house
(vii) Other (specify)

SECTION B - BUSINESS CHARACTERISTICS

1. What is the principal nature of your business? (please tick one)

(i) Manufacturing
(ii) Wholesaling/distribution
(iii) Services
(iv) Other (specify)

2. If you are in Manufacturing business in what sort of manufacturing are you? (please tick one)

(i) Knitwear
(ii) Clothing
(iii) Miscellaneous

3. What is the nature of your business activity (please describe) ........

-------------------------------------------------------------------------------
-------------------------------------------------------------------------------
-------------------------------------------------------------------------------
-------------------------------------------------------------------------------
-------------------------------------------------------------------------------
(3a) Why did you decide on this type of business activity (please state)
........................................................................................................................................................................................................
........................................................................................................................................................................................................
........................................................................................................................................................................................................
........................................................................................................................................................................................................

4. How old is your business now? (please tick one only)
(i) 1 - 2 years
(ii) 3 - 5 years
(iii) 6 - 10 years
(iv) 11 - 15 years
(v) 16+

5. How did you start in business? (please tick one only)
1. Started it from scratch
2. Bought existing business

6. Which legal structure is your business? (please tick one only)
1. Sole proprietorship
2. Partnership
3. Limited company
4. Other - specify

(6a) Why did you choose this form of ownership?
........................................................................................................................................................................................................
........................................................................................................................................................................................................
........................................................................................................................................................................................................
........................................................................................................................................................................................................

7. When you started in business did you have a business plan?
1. Yes
2. No

(7a) If 'not' was it because (please tick one)
(i) You did not have the time
(ii) You did not have the knowledge
(iii) It is not necessary
(iv) Other (specify) ........................................................................................................................................................................................................................................
........................................................................................................................................................................................................
........................................................................................................................................................................................................
........................................................................................................................................................................................................

(7b) Any comments ........................................................................................................................................................................................................
........................................................................................................................................................................................................
........................................................................................................................................................................................................
........................................................................................................................................................................................................
8. Do you consult with your employees on decisions regarding the business activities? (please tick one only)
   1. Yes
   2. No

   (8a) Any comments

9. How much is your annual turnover? (please tick one)

   £'000
   1. 0 - 25
   2. 26 - 50
   3. 51 - 100
   4. 101 - 250
   5. 251 - 500
   6. 501 - 1000
   7. Over £1000

10. Who are your main customers? (please tick one)

    1. The general public
    2. Independent retailers
    3. Multiple retailers
    4. Wholesalers
    5. Manufacturers
    6. Exporting

11. Who are your main suppliers? (please tick one)

    1. Manufacturers
    2. Wholesalers
    3. Other (specify)

12. Where is the location of your main suppliers? (please tick one only)

    1. Leicester
    2. Leicestershire
    3. Great Britain
    4. Abroad

SECTION E - PERSONAL BACKGROUND DETAILS

1. What was your age group when you first started your own business? (please tick one)

   1. 18 - 22 years
   2. 23 - 27 years
   3. 28 - 32 years
   4. 33 - 37 years
   5. 38 - 42 years
   6. 43 - 47 years
   7. 48+
2. What is your age group at present? (please tick one only)
   1. 18 - 22 years
   2. 23 - 27 years
   3. 28 - 32 years
   4. 33 - 37 years
   5. 38 - 42 years
   6. 43 - 47 years
   7. 48+

3. What is your educational background? (please tick one)
   1. 'A' levels
   2. First degree
   3. Masters degree
   4. Professional qualification
   5. Other (please specify)
   6. No qualifications

4. How would you describe your place of birth? (please tick one)
   (4a) East African Asian - Kenya
       (i) - Uganda
       (ii) - Tanzania
       (iii) - Other (specify)
   (4b) Indian Sub-Continent - Indian
       (i) - Pakistan
       (ii) - Bangladesh
       (iii) - Other (specify)

5. How would you describe your main religion (please tick one)
   1. Asian Hindu
   2. Asian Muslim
   3. Asian Sikh
   4. Asian Other (specify)

6. Which of the following is your main language? (please tick one only)
   1. Gujarati
   2. Urdu
   3. Bengali
   4. Hindi
   5. Other (specify)

7. Do you have any brothers?
   1. Yes
   2. No
   (7a) If 'yes', how many? (please state) ...........................................

8. Do you have any sisters?
   1. Yes
   2. No
   (8a) If 'yes', how many? (please state) ...........................................
9. What is your position amongst your brother and/or sister in order of birth (if you are last child or son/daughter please write youngest)
   (i) ................................ among brothers/sisters
   (ii) ................................ among brothers/sisters

10. What is/was your father's main occupation(s)? (please state)
    ..............................................................................................................................
    ..............................................................................................................................
    ..............................................................................................................................

11. If your father's main occupation included running his own business:
   (i) What type of business was/is it?
       ..............................................................................................................................
   (ii) Where was/is the business? (please state)
       ..............................................................................................................................
   (iii) When did he start in business? (please state)
       ..............................................................................................................................

13. Did you do any work in your father's business on a part-time or full-time basis?
   1. Yes
   2. No
   (13a) If 'yes', what type of work did you do?
       ..............................................................................................................................

14. If your father's main occupation(s) did not include business:
   (14a) Did he own any part-time business?
      1. Yes
      2. No
   (14b) If your father was not a business person was any member of your family in business?
      1. Yes
      2. No
   (14c) If 'yes', what is your relationship to the business owner? (please tick one only)
13. (i) Sister  
(ii) Brother  
(iii) Uncle

15. Did you run your own business in East Africa/Indian Subcontinent before coming to the U.K.?

1. Yes  
2. No

(15a) If 'yes', what type of business did you own? (please state)

16. If you worked at anytime as a paid employee in East Africa/Indian Subcontinent or elsewhere (other than U.K.) in what type of organisation did you work (please tick as appropriate)

1. Manufacturing  
2. Retailing  
3. Wholesaleing  
4. Service  
5. Other (please specify)

(16a) What kind of work did you do? (please explain)

(16b) What position did you hold in the organisation? (please explain)

17. Have you worked for any business establishment in the U.K. as a paid employee?

1. Yes  
2. No
17a) If 'yes', what type of work did you do? (please explain)


18. How would you describe your sex? (please tick one below)

1. Male
2. Female

19. Why did you decide to set up your own business? (please tick one below)

1. To be independent
2. Unemployment
3. To make money
4. Market opportunity
5. Other (please state)

19a) Comment


- END -
Appendix C

MINORITY ETHNIC BUSINESS DEVELOPMENT STRATEGY AND ACTION PLAN

LEICESTERSHIRE
MINORITY ETHNIC BUSINESS DEVELOPMENT STRATEGY

1. Introduction

1.1 This report sets out a strategy for assisting and encouraging effective minority ethnic business development in Leicestershire. The strategy is based on consultations with community leaders, minority ethnic businesses and a wide range of public and private sector organisations involved in the business development process and on the findings of the Aston University Research (1), County Council's Seminar of September, 1990, for the long-term unemployed amongst the Ethnic Minority Communities in Leicester and at Loughborough (Appendix 6) and Leicestershire T.E.Cs Survey on Training Employment and Enterprise (March, 1991) undertaken on its behalf by E.A.P. Consultants (Appendix 7). It also draws on the experience of other local authorities in the Midlands - in particular, Birmingham and Nottingham.

1.2 The Strategy has been developed in discussions with Officers of the Leicester City Council who were joint sponsors of the Aston University research report. It consists of a set of policies and actions for the County Council and a programme for their implementation. It is intended that the Strategy should provide a basis for a corporate approach by County Council departments, and joint working with other relevant public and private sector organisations at local, regional and national levels, including the Leicester City Council.

1.3 The Strategy is both consistent with the Economic and Employment Policy Statement and the policies of the Structure Plan. The objectives of the Policy Statement are to improve business performance, expand and diversify the industrial and commercial base, and develop employment/self-employment opportunities for economically disadvantaged groups and communities throughout Leicestershire. The Strategy seeks to apply the objectives of the Policy Statement and the policies of the Structure Plan to the minority ethnic communities in the County, focussing particularly on policies and programmes for business development.

1.4 The policies have been developed in the context of an awareness of wider issues because it is very clear that no understanding of, or recommendations for, minority ethnic business development can be reached in isolation from a corresponding understanding of the broader social and economic context which influences successful business generation and expansion. The corollary is that a business development strategy will not succeed in itself and needs to be implemented in the context of strategies for employment and community development. These aspects, however, are not covered in this report (See p. 12 Para. 5.9 POLICY 12 ACTION (1)).

1.5 The strategy recognises the experiences of the different minority ethnic communities. The term "minority ethnic" is used to describe people of Asian, Afro-Caribbean and mixed descent, and a minority ethnic business is one which is owned or controlled by members of these communities. Majority ethnic is used to define the white community.

1.6 From the consultations with a wide range of organisations, it has been possible to identify a number of issues and problems which constrain or work against successful minority ethnic business development. The policies set out in this strategy are designed to tackle the key issues so identified.

1.7 The policies fall into two categories: those which can be implemented directly by the County and City Councils and those which require joint working with or action by other agencies.

1.8 Given the scope and the complexity of the issues and problems, it will be necessary for the County and City Councils to take a very long-term view - as well as action in the shorter-term (1-5 years) to secure the Strategy's objectives. Successful implementation will also depend on many factors including the resources made available and effective monitoring and review procedure.

2. Background

2.1 According to the information available from the 1991 Census, the population of the Ethnic Minority communities of the Asian and Afro-Caribbean origins, in Leicester, is as follows:

<table>
<thead>
<tr>
<th>Community</th>
<th>Origin</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leicester</td>
<td>Asians - Indian Sub-Continent</td>
<td>64,100</td>
</tr>
<tr>
<td></td>
<td>Asians - Chinese</td>
<td>800</td>
</tr>
<tr>
<td></td>
<td>Asians - Other</td>
<td>3,000</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>67,900</td>
</tr>
<tr>
<td></td>
<td>AFRO-CARIBBEAN:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Caribbean origin</td>
<td>4,100</td>
</tr>
<tr>
<td></td>
<td>African origin</td>
<td>2,400</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>6,500</td>
</tr>
</tbody>
</table>

Thus the total population in Leicester of Asians and Afro-Caribbeans can be placed at 74,400.

1991 Census statistical breakdown of the Ethnic Minority population at Loughborough is apparently not available.

2.2 The largest Asian community, is the Gujarati Hindus, with significant communities of Punjabi Sikhs, Gujarati and Kutchi Muslims. In Loughborough there is a significant Bangladeshi community. The Afro-Caribbean community is characterised by a high proportion of Antiguans.

2.3 Within Leicester and Loughborough the vast majority of minority ethnic communities live in the inner wards: in the Highfields and Belgrave areas of Leicester, and Hastings and Lymington wards in Loughborough.

2.4 There is no recent information about the size of the minority ethnic workforce of the County. However, in 1981 there were about 45,000 people of working age in the County living in households where the

(2) Aston University, March 1987.
Head of Household was born in the New Commonwealth or Pakistan. This represents about 8% of the total population of Leicestershire of working age. The 1983 Survey of Leicester shows that there were about 28,300 economically active Asians and about 2,700 economically active West Indians in the City in 1983. This represents about a quarter of the City workforce. Best estimates indicate that at present about 7% of the Leicestershire workforce are of Asian origin and about 1% are of West Indian origin. Information from the Survey of Leicester shows that the Asian and West Indian population was significantly younger than the White population in the City in 1983. In that year, 46% of the Asian and West Indian workforce in Leicester were in the 16-29 age group compared with 36% for the White population. There were also significant differences in the 5-15 age group, with 21% of the West Indian and Asian population compared with 14% of the White population in this age group. These figures show that the current Asian and West Indian workforce is also likely to be younger than the rest of the workforce. (3)

2.5 The Economic and Employment Policy Statement highlights the disproportionate effect that unemployment is having on the minority ethnic communities relative to the majority "white" community.

Information from the National Labour Force Survey shows that in Great Britain on average between 1984 and 1986, unemployment rates for ethnic minority groups were about double those for the majority ethnic community.


<table>
<thead>
<tr>
<th>Majority Ethnic (White)</th>
<th>Minority Ethnic People</th>
</tr>
</thead>
<tbody>
<tr>
<td>All ages</td>
<td>10%</td>
</tr>
<tr>
<td>16-24</td>
<td>9%</td>
</tr>
<tr>
<td>25-44</td>
<td>7%</td>
</tr>
<tr>
<td>45+</td>
<td>7%</td>
</tr>
</tbody>
</table>


Overall unemployment rates for ethnic minority groups were appreciably higher than those for the White population: 14 per cent compared with 9 per cent over the three year period 1987 - 1989.


<table>
<thead>
<tr>
<th>All Ages</th>
<th>Majority Ethnic (White)</th>
<th>Minority Ethnic</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-24</td>
<td>12%</td>
<td>21%</td>
</tr>
<tr>
<td>25-44</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>45+</td>
<td>6%</td>
<td>(not available)</td>
</tr>
</tbody>
</table>


2.6 In 1983, the Survey of Leicester showed higher unemployment rates for Asian (21.7%) and West Indian (21.7%) people, compared with the White population (12.9%). The highest unemployment rates were for Asian and West Indian people aged 16-19 (38.5% and 45.5% respectively), 20-24 (23.8% and 28.8% respectively, and for Asian people aged 45 and over (32.1%). (1)
Between 1988 and 1989 unemployment rates continued the trend of recent years by falling both for the ethnic minority population and for the White group in each case by about 1% percentage points, however rates for people of ethnic minority origins remained generally higher than those for comparable White people.

2.7 There is evidence to suggest that the relatively disadvantaged position of minority ethnic groups in securing employment motives members of the Asian and Afro-Caribbean communities to seek self-employment. In its evidence to the Home Affairs Committee on Racial Disadvantage, the Caribbean Chamber of Commerce stated that the principal motivating factor influencing minority ethnic people to go into business is the 'considerable need felt to escape from racial discrimination, humiliation and frustration in employment'.

2.8 The report of the Home Affairs Committee in 1980, and more recently the Department of Environment and Lord Scarman stressed the important, positive contribution which minority ethnic businesses can make towards not only tackling the problems of disadvantage caused by discrimination, but also towards the process of urban regeneration.

"The development of businesses run by members of minority ethnic groups is a vital element in tackling racial disadvantage in inner city areas. They stimulate the creation of local jobs, the acquisition and extension of skills and the promotion of new products. The potential for future growth thus offered helps increase the confidence and prosperity necessary for sustained improvement".

(3) Local Authorities and Racial Disadvantage; Department of Environment 1983.
(4) The negative “push” factors associated with disadvantage are to some extent balanced by more positive “pull” factors towards self-employment. The report “Black Business Development in Nottinghamshire” includes the results of a survey of black businesses and states that potential Asian and Afro Caribbean entrepreneurs may also be motivated by “pull” factors including drive, ambition, experience and a desire to be one’s own boss.

2.9 A major conclusion of the Nottingham study is however, that:

"most successful small businesses are set up by people with many years experience in relevant employment. The exclusion of much of the (minority ethnic) community from mainstream employment and the poverty which it suffers combine to make it unlikely that it will be able to generate a "critical mass" of fully competitive businesses without a range of short-medium and long-term initiatives which are directed to employment and community development as well as enterprise development".
5.

2.10 The problems and constraints on successful business development in Leicestershire were investigated by Aston University and reported to the County Council in September 1987 and more recently by County Council's Seminars of September 1992 for the long-term unemployed amongst the Ethnic Minorities Communities in Leicester and at Loughborough, and Leicestershire T.E.C's Survey on training Employment and Enterprise (March 1992) undertaken on its behalf by E.A.F. Consultants. Consultations on the findings were organised jointly with the City Council and involved Community Organisations, Employers Associations, Finance Institutions and Property Agents, Trades Unions, Minority Ethnic Business and Business Development Agencies. Liaison with community leaders, financial institutions and minority ethnic businesses has been undertaken since the appointment of the Minority Ethnic Business Development Officer and Adviser in April 1988 and has assisted the preparation of this Strategy. (2)

3. Outline Issues and Problems Faced by Minority Ethnic Businesses

3.1 The outline of Issues and Problems is based on the Aston Report and subsequent work. The overall conclusion of the research is that minority ethnic are making a major contribution to the development of the local economy in terms of providing jobs, using vacant commercial and industrial premises, purchasing local goods and services and substituting for imports.

3.2 The research also identified that on average, Asian firms had grown substantially faster than majority ethnic firms and were well established but concentrated in particular sectors, notably clothing and knitwear manufacture and wholesale distribution and retailing. In this respect, they tend to serve markets which have limited growth potential and are vulnerable to increased competition both from within and outside the community. Some of the smaller businesses are only marginally profitable and rely on a high level of family input and a low level of family income which is unsustainable over a long period.

3.3 Majority of Asian businesses are generally able to generate start-up capital from within the community and from banks for those areas where they have an established track record. There is also a tendency to seek business development advice from within the community rather than from the publicly provided services.

3.4 The Afro-Caribbean community shows a lower level of self-employment relative to both the Asian and white communities. The businesses tend to be smaller and with a lower level of start-up finance, and experience greater difficulty raising funds from the financial institutions. They also tend to concentrate in minority and community market niches, particularly in the service sector.

(1) Fullemploy: August 1988 Para. 2.1
(2) See Appendix 1 Summary of Recommendations made by Aston University Appendix 2 Consultations: October 1987, April - October 1988.
3.5 Both these minority ethnic communities experience serious problems in obtaining suitable premises in the right locations, particularly within the inner areas of Leicester and Loughborough, where they need to maintain proximity to their labour force. These problems are compounded by restrictive property insurance practices which make it difficult to obtain insurance on particular types of property in multi-occupation in certain areas of the City.

3.6 The fundamental issue for both communities is the need to diversify and to seek business opportunities beyond the ethnic markets and others with limited growth potential. The problems are concerned with obtaining access to finance, access to premises, access to business development training and advice, and access to a skilled workforce. The extent to which these problems constrain development vary between Asian and Afro-Caribbean businesses and according to their age (start-up/existing) activity and location.

3.7 The business development problems concerned with access are essentially the same as those experienced by the majority ethnic community (white people) which are documented in the Economic and Employment Policy Statement. The minority ethnic business ability to gain access is, however, additionally constrained by institutional and attitudinal discrimination by the business service providers and by the absence of any clearly developed central or local policies and action to co-ordinate and target the wide range of existing business development initiatives towards minority ethnic businesses or communities.

3.8 There are therefore three questions in respect of service provision. Firstly, how can existing initiatives be effectively promoted and accessed to members of the minority ethnic communities in a co-ordinated way? Secondly, what additional provision specific to the needs of minority ethnic businesses should be identified? Thirdly, what information is required to monitor minority ethnic business development? Regarding the latter there is a lack of clear information and intelligence about minority ethnic business rates of formation, development and failure, and the absence of monitoring of the impact of existing schemes of assistance on businesses.

4. Context for the Development of the Strategy

4.1 The Strategy for minority ethnic business development must be based on the issues, problems and opportunities specific to the communities. It must also take account of the roles and business services provided by a wide range of public and private sector organisations, and the ways in which these change.

4.2 In addition, it must be regarded as a means of implementing aspects of the Economic and Employment Policy Statement by targetting its proposals to improve economic performance specifically towards the minority ethnic business communities.

4.3 The Economic and Employment Policy Statement identified 46 key issues which form the basis of 5 programme areas:
(1) Physical Infrastructure Services, sites and premises required by existing and new companies.

(2) Business Performance Assistance to enhance existing company performance.

(3) Business Diversification Selective development of appropriate new indigenous and new incoming businesses.

(4) Training/Retraining/ and Employment Placement Individuals and Groups in the workforce requiring particular assistance with training/retraining/self-employment.

(5) Training/Retraining and Employment Placement Individuals and groups in the workforce requiring particular assistance in training retraining and employment placement.

(6) Training Individuals and Groups in the Workforce requiring significant assistance with training.

4.4 The programmes are to be targeted towards particular sectors and industries within the local economy with the overall objective of selectively improving the performance of existing businesses and supporting the development of new ones. In this respect the policy statement aims to address the fundamental structural weaknesses of the Leicestershire economy - its heavy reliance on traditional and low value-added industries, and corresponding relatively poor representation of service industries, knowledge and technologically-based manufacturing industries.

4.5 It follows, therefore, that the Minority Ethnic Business Development Strategy must be targeted in a similar way and that its programmes for business support must reflect the sectoral priorities of the Economic and Employment Policy Statement, but with reference also to the economic and employment base of the communities.

4.6 It is intended that the Economic and Employment Policy statement will be used in the development of policy planning in other Departments of the County Council. Its successful implementation depends heavily on the extent to which existing and future programmes across the full range of County Council activities meet its particular objectives. This type of corporate approach is also essential to the successful development and implementation of the Minority Ethnic Business Development Strategy notably in the following examples of County Council service provision.

The Urban Programme (Inner Area Programme)
The Libraries and Information Plan
Employment Training
Further Education Planning
Section 11 Applications
Trading Standards
Contracts and Purchasing
Strategic Land Use and Transportation Planning
Industrial Property Development Programme
4.7 The County Council also provides a range of services to business through its Economic Development Programme. There are three principal services: Business Services, Promotion Enquiries and Financial Assistance, and Tourism Promotion and Development. These services are provided by the Economic Development Unit (EDU) directly through outreach organisations including The Business Advice Centre, Leicestershire Small Firms Centre, and a number of Managed Workspaces. In April 1988, two Minority Ethnic Business Development workers were appointed to the Unit. The services are being reviewed in the context of the priorities established by the Economic and Employment Policy Statement. It is important that they be similarly reviewed and monitored to ensure that they are being promoted effectively and meet the needs of the minority ethnic business community.

4.8 There is a very wide range of initiatives designed to assist and support existing and new businesses. The issue in respect of business service provision is not only that of an under-provision but of poor co-ordination and marketing of services and corresponding client confusion about which services are available and who provides them. This is compounded by the absence of a Strategy at both local and national levels for minority ethnic business development.

4.9 The absence of a national strategy can be to some extent compensated for by actions at the local level to improve the co-ordination, promotion and delivery of business services and initiatives to the minority ethnic business community. Steps are already being taken to network the business development agencies in Leicestershire and to raise their awareness of the needs of minority ethnic businesses. Following the Business Advisers Forum, organised jointly by the EDU and the Regional Enterprise Unit, held at County Hall in October 1988, it is proposed that key business development organisations should meet regularly to exchange information, discuss ways in which service delivery can be improved, and to formulate and implement new co-ordinated initiatives.

4.10 Private sector organisations - financial institutions, property agents and developers - have an important role in the business development process. The emergence of an Asian property development sector is of assistance, as is the appointment of minority ethnic business officers in some branches of the major banks. There is a need for ongoing liaison and advocacy with private organisations to assist in the process of breaking down attitudinal and institutional discrimination.

4.11 In developing and implementing the Strategy, the County Council will seek to promote the application of good employment practices and equal opportunities.

5. LEICESTERSHIRE COUNCIL ETHNIC MINORITY BUSINESS DEVELOPMENT STRATEGY

5.1 The Strategy consists of 14 policies, and 37 actions which are grouped under 8 headings.

The aims of the Strategy are to assist develop and encourage:

a) the potential of business and commerce sectors, industries and companies in the County's economy.
b) the potential of individuals or groups in employment or seeking employment or self-employed.

c) the potential of the workforce already in employment and those economically active and available for employment but actually unemployed in particularly economically disadvantaged communities.

d) the potential of industries to provide jobs and work placements for the unemployed and to provide suitable training or retraining to help utilise existing skills or adapt them to meet the demand.

5.2 The objectives of the Strategy are to:

a) improve minority ethnic business performance (existing businesses).

b) expand and diversify the industrial and commercial activities of minority ethnic businesses through selective support of new businesses and marketing support.

c) endeavour to provide self employment needs of the long term unemployed in the Ethnic Minority communities; assist and encourage them to develop self employment.

5.3 The programme headings are:

a) The Diversification of Business Activity.

b) The Development of Economic Information and Intelligence on Minority Ethnic Businesses.

c) Access to Finance.

d) Access to Premises.


f) Access to a Skilled Workforce.

g) Attitudinal and Institutional Discrimination

h) Monitoring and Evaluation

5.4 The Diversification of Minority Ethnic Business Activities

POLICY 1: To support the diversification of Minority Ethnic Business activities in respect of both existing and new businesses.

ACTIONS: Existing Businesses:

(i) To promote current schemes operated by the Department of Employment and Trade and Industry, the County Council and other public sector organisations to assist new and existing businesses.

(ii) To promote management training opportunities to minority ethnic businesses.

ACTIONS: New Businesses:

(iii) To support new minority ethnic business generation in the under-represented growth sectors of: Newer manufacturing, Financial, Commercial, Computer-based services and High Technology.

(iv) To promote the Princes Youth Business Trust to young Afro-Caribbean and Asian people.
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(v) To promote awareness of the Eastern Shires Purchasing Organisation tendering procedures to minority ethnic businesses.

(vi) To review County Council contracts procedures to ensure that they do not exclude minority ethnic businesses.

ACTIONS: Overseas Promotion:

(vii) To promote the development of trade links with appropriate countries.

ACTIONS: Tourism:

(viii) To promote and develop the Tourism potential of the Asian retail/service sector.

5.5 Economic Information and Intelligence:

POLICY 2: To develop effective systems for the collection and maintenance of economic information and intelligence on the establishment and development of minority ethnic businesses in Leicestershire.

ACTIONS:

(i) To develop and maintain a minority ethnic company data base linked to the existing Leicestershire County Council's Companies Data Base;

(ii) To produce, jointly with Leicester City Council, a Minority Ethnic Business Directory which is updated regularly;

(iii) To ensure that a representative sample of minority ethnic businesses is included in the County Council's Business Development Consultant Programme;

(iv) To ensure the information and intelligence generated by the minority Ethnic Business Development Officers are recorded and linked to other relevant data bases and inputted into future policy planning by the County Council.

5.6 Access to Finance:

POLICY 3: To develop effective liaison with the major financial institutions at the Regional and Local levels.

ACTION:

(i) The County Council will through the Minority Ethnic Business Development Officers will continue to liaise with Regional and Local Branch managers of the major financial institutions on all matters concerning access to finance for minority ethnic businesses.

(ii) The County Council through the Ethnic Minority Business Development Officers will in particular seek to promote the availability of the Small Firms Loan Guarantee scheme and other relevant schemes and actively seek changes in general lending practices as they affect minority ethnic businesses.
(iii) The Minority Ethnic Business Development Officers will assist minority ethnic businesses in the preparation and presentation of business plans, including financial forecasts, to financial institutions.

POLICY 4: To promote the availability of current and future financial schemes and assistance both from the County Council and elsewhere to the minority ethnic business community.

ACTION:

(i) The County Council's Minority Ethnic Business Development Officers will liaise between representatives of financial institutions, other public sector organisations including the County and City Councils, and members and leaders of the minority ethnic business community to ensure that the current range of schemes of financial and other assistance is promoted in a co-ordinated way to the communities, including the need for translated material.

POLICY 5: The County Council's Minority Ethnic Business Development Officers will advise on the effectiveness of existing and future schemes of financial assistance operated by the County Council in so far as they affect minority ethnic businesses (e.g. Schemes for the provision of grants, loans or venture Capital).

POLICY 6: The County Council's Ethnic Minority Business Development Officers will advise on the special needs of minority ethnic businesses and start-ups and develop schemes for additional special provision if this is required.

ACTION:

(i) To investigate the feasibility of a scheme for the provision of Start-up Grants for businesses linked to a programme of business development advice and training.

POLICY 7: The take-up of current, proposed and future schemes of financial assistance operated by the County Council, by minority ethnic businesses be monitored.

5.7 Access to Premises and Sites

POLICY 8: The County Council will, through its Industrial Property Programme provide suitable premises and sites in appropriate locations for start-up and existing businesses.
ACTIONS:

(i) The Economic Development Unit in conjunction with the Department of Property, will develop links with agents, developers and public sector organisations to identify development opportunities in the Inner Areas of Leicester and in Loughborough, with particular reference to the Asian property sector.

(ii) The Minority Ethnic Business Development Officers should discuss the constraints imposed by Insurance Companies on property insurance with the Association of British Insurers and the British Insurance Brokers Association.

POLICY 9: To promote available industrial and commercial property owned/managed by the County Council Department of Property to the minority ethnic business community.

ACTION:

(i) The Minority Ethnic Business Development Officers will advise on the promotion of County Council industrial and commercial property to the minority ethnic business communities e.g. use of the minority ethnic press, and to help liaise with the said Business Community and Property Department, essentially in cases where a fruitful deal is likely to be achieved.

(ii) Requests for information and applications for and leases to the minority ethnic business community for industrial and commercial premises owned/managed by the County Council will be monitored.

(iii) The County Council will, through the Minority Ethnic Business Development Officers, assess the viability of and investigate the setting up:

(I) small-scale retail business units and

(II) small workshop units (to help technically-skilled people earn their living)

in one or more County Council/City Council owned/managed sheltered premises, for the benefit of unemployed people resident in the inner Priority Areas of Leicester and at Loughborough - including the comparatively more needy and depressed people from the Ethnic Minority communities owing to their disadvantaged background.

5.8 Access to Business Services and Initiatives

POLICY 10: To co-ordinate the promotion and delivery of existing and proposed future business services and initiatives (to provide information, advice, consultancy and training) to the minority ethnic business community.
ACTIONS:

(i) Establishing office (outreach) base (in Highfields, Belgrave, West End, Loughborough and the Business Advice Centre) in conjunction with the Libraries and Information Service, and other appropriate organisations. To provide surgeries on a limited time basis in existing buildings at appropriate locations.

(ii) Liaising with minority-ethnic community leaders and organisations including Leicester United Caribbean Association (LUCA), Leicestershire Asian Business Association (LABA), and Belgrave Business Enterprise Centre (BBEC).

(iii) Liaison with business development agencies.

(iv) Advising the major business service providers of the most effective type of promotion and publicity activities, through meetings of the Business Advisers Forum.

(v) The County Council will establish an inter-departmental officer group, reporting to the existing Economic Policy Working Group, to develop a co-ordinated approach to the delivery and promotion of its services to the minority ethnic business community involving the following the Ethnic Minority Business Development Officers and other officers from:

- Economic Development Unit
- Employment Unit
- Urban Policies Unit
- Department of Education (F.E. Division)
- Libraries and Information Service
- Department of Property

(vi) The County Council inter-departmental officer working group will work to co-ordinate the activities of the Business Development Officers with the City Council's Business Development Unit.

(vii) The County Council will arrange to provide translations of business services promotional literature into the main minority ethnic languages for the benefit of those who cannot read/understand English.

(viii) The Minority Ethnic Business Development Officers will assist in the organisation of promotional events and preparation of promotional materials.

POLICY 11: To develop new business service initiatives to meet specific needs of the minority ethnic business community.

ACTIONS:

(i) The Minority Ethnic Business Development Officers will continue to advise on future initiatives to assist Minority Ethnic Business Development.
5.9 Access to Skilled Labour:

POLICY 12: To develop the skill levels and experience of the minority ethnic workforce.

ACTIONS:

(i) The County Council will prepare policies for minority ethnic Employment and Community Development. The Ethnic Minority Business Development Officers should liaise with the County Council's Employment Unit and Further Education Services in the development of community and college based skill acquisition and accreditation, and consider the scope for Positive Action Training Schemes with a view to enhancing the skills and experience of minority ethnic communities, which is a pre-requisite to successful business development for these communities.

(ii) To develop links between the minority ethnic business development Programme and the Business Development Consultant Programme on the identification of skill shortages in industry and commerce.

5.10 Attitudinal and Institutional Discrimination

POLICY 13: To work to prevent institutional and attitudinal discrimination as they affect minority ethnic businesses.

ACTIONS:

(i) The County Council should provide Racism Awareness Training for officers based at County Hall and outreach stations, who are responsible for the provision and delivery of business services to the minority ethnic communities.

(ii) The Ethnic Minority Business Development Officers should liaise with business development organisations to encourage the development of positive attitudes and practices.

5.11 Monitoring and Evaluation

POLICY 14: To monitor and evaluate the implementation and impact of the Strategy.

ACTIONS:

(i) Reports to Committee on the implementation and impact of the Economic and Employment Policy statement and the Annual Reports of the Economic Development Unit and the Employment Unit will include sections on the implementation and impact of this Strategy.

(ii) The County Council will submit reports to the Home Office as required on the work of the Section 11 funded posts.
The County Council should adopt and develop the revised performance criteria set out in Section 7 of this Strategy and submit them to the Home Office for use both in monitoring the work of the Section 11 funded posts and the implementation of this Strategy.

6. PROGRAMME FOR IMPLEMENTATION AND FINANCIAL IMPLICATIONS

6.1 It is essential that the County Council takes a long-term view of the implementation of the Strategy, and is realistic in its expectations relative to the staff and financial resources it makes available over the short and medium term.

6.2 The County Council currently employs two officers to work on minority ethnic business development. A Minority Ethnic Business Development Officers are both based in the Planning and Transportation Department Economic Development Unit. Their posts are funded through Section 11, Home Office subject to annual review. In addition, approximately 33% of the Team Leader Business Services time is concerned with aspects of minority ethnic business development. At the time of the original Home Office application for Section 11 funding, no requirement for administrative support was identified. It is now recognised that the successful implementation of key elements of the strategy will require additional staffing.

6.3 Administrative support is available from the mainstream economic development unit and secretarial staff of outreach offices.

6.4 Priorities for Implementation: Methods of Working

The programme will be based around the following priorities:

a) Effective Client Contact (i.e. contact with start-up and existing businesses aspiring/potential business developers from amongst unemployed people in the Ethnic Minority Communities and from those who may be current employed, but are under a redundancy notice or who are likely to be made redundant).

b) Effective Community Liaison (i.e. contact with community leaders and organisations).

c) Effective Liaison with Business Services Organisations.

d) Policy Development (i.e. the development of a corporate County Council approach and joint working with Leicester City Council).

e) Monitoring and Evaluation (i.e. the development and maintenance of systems for monitoring the impact of the implementation of the Strategy's Programmes).

f) Geographical priority areas will be the inner areas of Leicester and Loughborough.
6.5 The Business Development Officers will focus on the provision of advice and training, promotion and development work with businesses, communities and a wide range of service providers. This work is essentially fieldwork, and it follows that both officers will have to spend significant amounts of time in outreach bases. The Team Leader Business Services, will focus on aspects of corporate development, joint working with the Leicester City Council and future policy.

6.6 There will be a three-year programme for implementation of the Strategy rolled forward annually, which is based on these priorities and includes staff and financial implications. This is set out in Section 8. It should however be noted that successful implementation will be subject to resources being made available.

7. MONITORING AND EVALUATION: IMPLEMENTATION AND IMPACT

7.1 It is essential that the County Council monitors the implementation of Strategy and evaluates its impact on the development of minority ethnic businesses.

7.2 A report on the implementation and impact of the Strategy will be prepared. The report will record progress, slippages, possible new directions and initiatives and their resource implications. It should include the three-year programme for implementation and financial implications rolled forward by one year. (See also para. 5.11).

7.3 Some criteria for assessing the effectiveness of work with the minority ethnic business community have already been developed for the Ethnic Minority Business Development Officers. The criteria which have been approved by the Home Office, are as follows:

a) The number of firms assisted.
b) The number, type and value of new schemes implemented.
c) The number of new firms starting up as a result of assistance.
d) The number of existing firms expanding as a result of assistance.
e) The number of businesses assisted by training courses established or modified to cater for the needs of minority ethnic businesses.
f) The level of take-up of the Economic Development Unit and other Business Advisory Agencies services.
g) The number of jobs created or saved.

These criteria are essentially measures of output, and do not take into account the more qualitative impacts that the Strategy will have in terms of building networks of business service providers and links with community leaders and organisations which are essential to its success. In addition, and insofar as the Ethnic Minority
Business Development Officers are concerned, the number of businesses assisted, etc. must be related to a view of what constitutes a reasonable caseload and focussed on the encouragement of successful business development. In this respect, the active discouragement of businesses, particularly start-ups which are doomed to failure must also be acknowledged. In view of the wide range of duties and responsibilities which are to be undertaken by the Development Officers and with reference to the working practices of other business development agencies, an active caseload of about 10-15 businesses per officer (according to the stage of development and complexity of the advice required) at any one time is considered to be reasonable.

7.4 In the light of strategy preparation and case work it is considered that the Home Office criteria be extended. It is proposed, therefore, that the following criteria for monitoring the impact of the strategy and the performance of the Development Officer be adopted.

a) The Total Client base (individuals, groups, businesses)

b) The number of new start-up and existing businesses assisted including a breakdown by
   - Activity (Sector)
   - Location
   - Ethnic origin

c) Uptake of management development and enterprise training places including a breakdown by
   - Activity (Sector)
   - Employment
   - Location
   - Ethnic Origin
   - Conversion/application to business

d) Uptake of the Business Services provided by the Minority Ethnic Business Development Officers and those provided by the following Departments or agencies:
   - Libraries and Information Service (Business Information)
   - Department of Property
   - Employment Unit
   - Economic Development Unit
   - The Leicestershire Business Point Ltd.
   - The Leicester and County Co-operative Development Agency
   - The Leicestershire Training and Enterprise Council.

e) Uptake of events specifically organised for minority ethnic businesses:
   - Type of Event
   - Location/Venue
   - Numbers attending.

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7.5 In addition, there should be a client assessment of the quality and relevance of the business services provided by the Minority Ethnic Business Development Officers and the County Council as a whole.

7.6 The above criteria should have effect from 1st April 1993, and there be phased implementation to target dates identified by the relevant Departments and organisations.
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