

NIA BLACK BUSINESS HUB

Barriers and Enablers Influencing
the Inclusion and Prosperity of Black
Entrepreneurs and Businesses
in the Liverpool City Region

Research Report and Recommendations
November 2021



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1. Executive Summary

Introduction

The research report was initiated and commissioned by the Office of the Metro Mayor at Liverpool City Region Combined Authority (LCRCA) in conjunction with Kuumba Imani Millennium Centre (KIMC) and The Women's Organisation (The WO). Teach Consultancy was commissioned by Kuumba Imani Millennium Centre to support the delivery of the action learning research.

Scope

The scope of the research included a review of the secondary sources of evidence relating to Black, Chinese, Asian, and racial minority (BRM) enterprises in the UK. The secondary research also drew upon international best practice; conducted primary research interviews with leading academics and practitioners in the field of BRM entrepreneurship nationally and internationally and undertook in-depth interviews with Liverpool City Region (LCR) based BRM entrepreneurs. The study was supplemented through an action learning process, developing and testing the business advice and support process and implementing a positive action training programme.

Findings

The evidence highlights that BRM businesses are a significant contributor to the UK economy with a £74b GVA and £4.7b corporation tax contribution per year. While some small minority businesses operate at the margins, there is a multitude of large enterprises that earn profits and it is notable that eight of the UK's 23 unicorns – as start-ups valued at \$1 billion (£740 million) were co-founded by BRM entrepreneurs. Twenty-three of the UK's top 100 fastest-growing companies in 2019 were co-founded by BRM entrepreneurs and BRM led businesses are more likely to innovate than their white led counterparts (20.8% against 14.8%).

However, despite the growth, development, and economic contribution of BRM enterprises, it remains a significantly neglected area of enterprise policy and investment and an untapped source of entrepreneurship locally and nationally.

Further, a continual lapse of institutional memory has led to successive governments and public agencies introducing a variety of ad hoc measures to support BRM entrepreneurs, but not benefiting from an evidence-led and integrated business support approach and embedded ecosystem development.

The 'equality of access' approach which professes to 'treat all businesses the same' seems to flounder on the barriers that cause many BRM entrepreneurs to be reluctant to utilise the services of mainstream agencies; and is severely constrained on the practical grounds that such agencies often fail to capture the most basic data on the scale, dynamics and issues facing BRM entrepreneurs.

Historical, and current, policy signals to the importance of assessing the distinctiveness of BRM businesses in relation to factors such as sector, locality, finance, social and network capital, and institutional support on one side, and cultural factors on the other.

17% of all BRM firms were led by a woman, representing about 42,000 BRM businesses. The share of female owned firms in the BRM stock was slightly lower than the share of women-led SMEs in the businessstock as a whole.

Several key barriers have been identified which act as a hinderance to BRM enterprise which include:

- Discrimination, both overt and covert reverberates throughout enterprise policy, support practice and business life, where the majority of BRM entrepreneurs report having experienced discrimination. The issue of bias, and unconscious bias is also reported as a feature among policy makers, potential funders, business support organisations and customers in comparison to those of white entrepreneurs.
- Data and policy deficits – the ongoing lack of nuanced and disaggregated data continues to lead policy makers to overlook BRM business creation opportunities and support needs.
- Culturally sensitive and appropriate support and networks - there is a lack of effective and inclusive provision delivered with the appropriate cultural lens.
- Adoption of mainstream engagement models – the diverse customer profile of BRM entrepreneurs is not reflected in the engagement methodologies deployed through mainstream infrastructure. There is a marked absence of a culturally sensitive lens in the design, development and resourcing of the business support infrastructure which has resulted in large scale exclusion of BRM entrepreneurs.
- Business incubation has proven to be a highly effective tool in the business support eco system and landscape in helping promote entrepreneurship, drive up business start, innovation, and growth rates. Despite evidence of effective models in the field of science and technology, women's business, and sector-based incubators, the lack of physical BRM business incubators is striking in the UK and locally in LCR.
- Access to finance and resources – the wider business community report barriers to accessing finance and resources, but this issue is particularly acute for BRM businesses. The lack of financial track record and financial resources play a part in this, but the issue of discrimination and unconscious bias has been well documented and are central to it being an ongoing barrier.
- Entrepreneurial, Leadership and Management support – the sustainability, growth, and productivity gap in BRM businesses is more pronounced than within the white owned enterprises. The evidence base indicates that the lack of entrepreneurial, leadership and management skills training and support is a key inhibiting factor to BRM business owners.

Recommendations Summary

Specialist ‘added value’ BRM Business Support Agencies

Invest strategically in specialist BRM business support for Liverpool City Region, through Black led provision. This should include progressing at speed with the development of a physical incubation hub to provide an integrated support offer and opportunity to provide targeted and bespoke support to emerging and existing BRM businesses.

Continue to invest in positive action training programmes to ensure the next generation of LCR Business Advisers are representative of our racial and cultural communities.

Making the Business Support Ecosystem’ Fit for Purpose’

Remove one of the main obstacles in the business support eco system, by identifying and reaching of BRM communities, often linked to inadequate and inappropriate ‘product-oriented’ approaches and inadequate racial literacy and cultural competencies used by many mainstream support ecosystems.

Policy and Practice

Publicly recognise and acknowledge the contribution, ambition, and potential of BRM businesses in relation to the local and national economy and commit to using racially appropriate language, policy and practice approaches that fits the diverse BRM communities. Commit to co-producing a specific BRM Enterprise Policy and 10-year Investment Plan supported and underpin by more inclusive and nuanced data collection and reporting system about on BRM businesses.

Acknowledge and tackle the barriers that are individually and collectively serving to exclude and disadvantage BRM entrepreneurs including overt and covert discrimination, data and policy deficits, lack of provision and access to culturally sensitive support and networks,



Next Steps

Provide continuity of message and support by investing in the development of the Liverpool City Region Black Led Business Incubator – Nia Black Business Hub.

Recognise and invest in Black-led BRM Business Support as a key driver of the LCR economy, this includes support and brokerage.

Acknowledge that mainstream support does not provide services that meet the needs of Black entrepreneurs. NBBH will support and develop the business eco-system within LCR.

“It's the system and not the ‘mindset’ of BRM business owners that requires fixing.”

Professor Monder Ram

2. Introduction

This research was initiated and commissioned by the Office of the Metro Mayor at Liverpool City Region Combined Authority (LCRCA) in conjunction with Kuumba Imani Millennium Centre (KIMC) and The Women's Organisation (TheWO). Teach Consultancy was commissioned by Kuumba Imani Millennium Centre to support the delivery of the action learning research.

The scope of the research was to undertake a review of the secondary sources of evidence focused on Black, Chinese, Asian and racial minority (BRM) enterprises in the UK; to conduct a primary evidence gathering process through in-depth interviews with LCR based BRM entrepreneurs and to implement a positive action training programme to support the implementation of business advice.

The purpose of the action research was to pilot and review the potential of creating the Nia Black Business Hub (NBBH) as a part of the LCR business support ecosystem to help address the deficits in BRM businesses creation and growth by informing a model of business support responding to the specific needs of BRM led businesses.

The research gathered insights from eminent scholars in the field of BRM entrepreneurship and drew from international best practice in BRM entrepreneurship policy and practice. This report provides important insights on the profile of BRM led enterprises in the UK, their scale, location, and their approach to innovation.

It focuses on gender, diversity, sector representation of BRM Enterprises and provides evidence on the potential and impact of BRM targeted business incubators, providing specific aspects of existing business support provision which make it less accessible for BRM led businesses.

3. Context Setting

Social, economic, and political events globally have drawn attention to the issues of underrepresentation, discrimination, and exclusion of Black and Racial Minority people (BRM) in political, business, employment, and community life.ⁱ There has been a marked increase in interest in BRM entrepreneurship policy, research, and practice internationally, nationally, and locally in Liverpool City Region. This surge in interest relates to the growing recognition of BRM business enterprise as a vital element for economic development, prosperity, and competitiveness.

This greater emphasis reflects three distinct aspects of the global and local picture of BRM enterprise. The first is the growing recognition of the contribution of BRM owned businesses to national, regional, and local economies and the need to harness this economic potential in post Covid 19 recovery. Second, there is greater awareness of the distinctive needs and capabilities of BRM business owners and thirdly the growing societal demand for greater focus on equality and inclusion through policy and practice.

The gap in enterprise policy and practice level relating to BRM business support is well documented by researchers in the field, including imminent scholars Professor Monder Ram, Director of the Centre for Ethnic Minority Research (CRÈME), Professor of Entrepreneurship Dilani Jayawarna, Liverpool university School of Management, Professor of Entrepreneurship Susan Marlow, Nottingham University and Editor of the International Small Business Journal have also contributed to this body of research. Professor Haya Al-Daiani, Editorial Board of the International Small Business Journal who co-chairs the Gender and Enterprise Network have published equally significant research. Professor Thomas M. Cooney, Editor of The Palgrave Handbook of Minority Entrepreneurship, and Emeritus Professor Tom Cannon are also recent contributors.

Several critical barriers to inclusion of BRM entrepreneurs have been identified at policy, practice and investment level including -

- Ineffective BRM enterprise policy development
- Lack of investment in provision of and access to culturally sensitive and appropriate support and business incubation
- Inadequate levels of cultural competency and social capital in the business support ecosystem
- Lack of distinct segmentation of BRM groups and communities
- Racial and cultural marginalisation where issues are viewed through the prism of racial and cultural identity to the exclusion of other social and economic factors.
- Access to capital and access to skills and management support resulting in sector saturation and market ghettoization
- Prevailing policy discourse emphasises boosterism 'all enterprise is good, and more enterprise is better'
- Lack of effective engagement infrastructure for BRM entrepreneurs
- Lack of coordination / integration of services, mainstream, and specialist agencies
- A lack of comprehensive data collection on BRM businesses

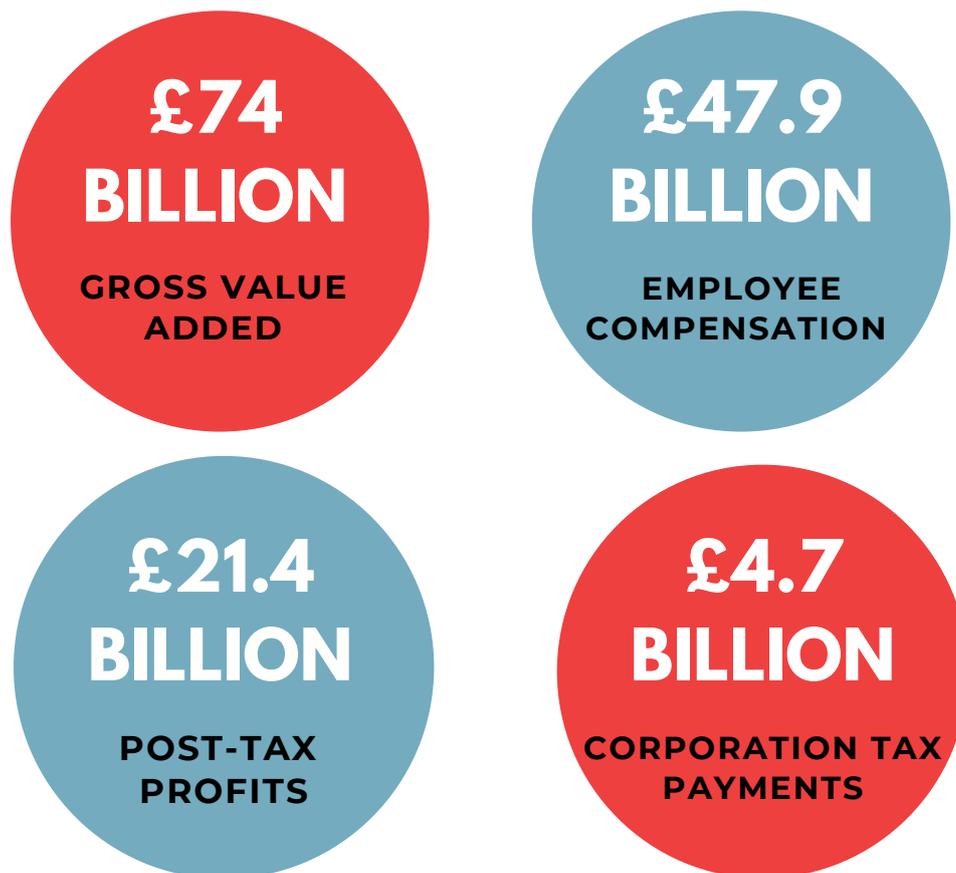
ⁱ The Missing Entrepreneurs (2019) POLICIES FOR INCLUSIVE ENTREPRENEURSHIP
OECD available at
www.oecd.org/industry/the-missing-entrepreneurs-43c2f41c-en.htm

BRM enterprise is a significantly neglected area of enterprise policy and investment. Inappropriately designed and top-down initiatives have hampered BRM entrepreneurship, business creation and growth on a local and national level.

Diversity within BRM-owned business communities is, at least, as important as the difference between the BRM business community and the wider business community. This diversity is reflected in the nature, type and profile of self-employment and business ownership. Many of the currently employed definitions fail to appreciate the different priorities, challenges and needs within these communities. It is also widely acknowledged that the lack of a comprehensive data set on BRM businesses acts as a barrier to effective policy development and implementation. Public institutions do not gather racial and cultural identity data of corporate officers and business owners and whilst this creates challenges in the field, the wider qualitative sources evidence does provide a compelling insight into BRM enterprise and how the ecosystem could be enhanced and developed.

In the absence of a national data set, the deployment of AI analysis and other research sampling methods has uncovered evidence of large-scale economic impact that revealed BRM businesses contributed at least £74 billion GVA in 2019/20 to the UK Economy.ⁱⁱ

IN 2019-20, BRM BUSINESSES CONTRIBUTED TO THE UK ECONOMY



ⁱⁱ Minority Business Matters 2021 The Contribution and Challenges of Ethnic Minority Business In the UK, Legraine, P., Fitzgerald, M., available at Minority Businesses Matter - OPEN (opennetwork.net) <https://blackinnovationalliance.com/our-work>

The research highlights that whilst progress is being made in some areas for example, the British Business Bank announced in January 2020 that 48% of startup loans in London since 2012 have been secured by 'BAME' entrepreneurs and nationally 22% of loan recipients come from 'BAME'ⁱⁱⁱ backgrounds. However, there is marked concern that 'BAME' is a catch all term which essentially means anyone who is not white, and, in some cases, it includes the white community too e.g., white Irish people in the data of BAME. This approach to policy, data, and impact analysis is problematic as it conceals for example the fact that people of African, African-Caribbean, or African heritage will represent a relatively small proportion of that number.

Overall, the research process noted that the issues identified in the secondary data sources nationally and internationally aligned with the experiences and issues raised at an LCR level through the primary evidence gathering process.

ⁱⁱⁱ Alone together: Entrepreneurship and diversity in the UK (2020) available at www.british-business-bank.co.uk/research-alone-together/



4. Research Approach

The approach is designed to base the NBBH proposition against the best thinking globally and frame it in a local context, that meets local LCR needs. In effect, the aim is to think global and act local.

The research process included -

- A substantial review of the secondary research into the nature of BRM enterprises, encompassing for example economic impact, BRM profiles, innovation, incubation, different experiences of BRM entrepreneurs, the opportunities, and the barriers they face.
- In-depth interviews with BRM entrepreneurs in LCR.
- Interviews with BRM entrepreneurship researchers and scholars.
- Informal consultations with key stakeholders e.g., Federation of Small Business, Institute of Small Business and Entrepreneurship, Banks, Key people and organisations in the LCR business ecosystem.

The operational aims are to learn from these different experiences and this knowledge to:

- Inform the Office of the Metro Mayor and the Combined Authority in policy, investment, and practical terms how to support the economic inclusion and prosperity of the LCR BRM entrepreneurial community.
- Explore and acknowledge the key barriers to BRM entrepreneurial progress.
- Identify mechanisms to overcome these barriers and make a “step change” improvement in levels of BRM entrepreneurship diversity, inclusion, and growth.
- Provide insight on some of the distinctive features that exist by location, racial and cultural identity, physical capabilities, business sector and any other relevant variables.
- Frame a robust policy and delivery model approach to BRM entrepreneurial inclusion in LCR.
- Identify measures to integrate effective BRM business support within the wider LCR business support ecosystem.
- Achieve a recognised support infrastructure that tackles the experience of institutional and individual racism of its users, head on.
- Explore the veracity of the development of a LCR Black Business Hub - dedicated incubator and support infrastructure.

5. Secondary Review



5.1 Historical and Current Policy Review

The policy and strategy discourse around BRM enterprise has been subject to academic research for several decades with leading scholars such as Ram, Blackburn, Dhaliwal, Deakins, Marlow and Smallbone conducting notable studies.^{iv} This body of work provides important insights into the history and current context of research, policy initiatives and strategy relating to BRM entrepreneurship. It points to evidence of deficits in data collection, analysis, monitoring and response, discrimination, and insights into the lived experiences of BMR entrepreneurs, the barriers, lack of investment, business support, intersectionality, mixed embeddedness, and super diversity of BRM enterprise.

“THE ENCOURAGEMENT OF BLACK PEOPLE TO SECURE A REAL STAKE IN THEIR COMMUNITY, IS IN MY VIEW OF GREAT IMPORTANCE IF FUTURE SOCIAL STABILITY IS TO BE SECURED . . . I DO URGE THE NECESSITY FOR SPEEDY ACTION IF WE ARE TO AVOID THE PERPETUATION IN THIS COUNTRY OF AN ECONOMICALLY DISPOSSESSED BLACK POPULATION. A WEAKNESS IN BRITISH SOCIETY IS THAT THERE ARE TOO FEW PEOPLE OF WEST INDIAN ORIGIN IN THE BUSINESS/ENTREPRENEURIAL AND PROFESSIONAL CLASSES” (SCARMAN 1982).^v

^{iv} Deakins, D., Ram, M., Smallbone, D., 2003. Addressing the Business Support Needs of Ethnic Minority Firms in the United Kingdom. *Environment and Planning C, Government and Policy* 21, 843–859. <https://doi.org/10.1068/c0305> p. 846

^v Scarman Inquiry into the Brixton Riots, April 1981: Lord Scarman's report Pub. (1982)

The secondary research also marks a point when Black enterprise became part of the policy discourse which is particularly relevant to the Liverpool City Region context. In 1981 the Toxteth and Brixton uprising brought into sharp relief the scale of discrimination and unequal treatment experienced by the Black community in terms of economic opportunity, education employment, housing, and the criminal justice system in Britain. Following the uprising, the independent enquiry by Lord Scarman highlighted the need to focus attention on economic inclusion of black people and BRM entrepreneurship and that of ‘speedy action’.

Stimulating self-employment and small business ownership amongst BRM communities has been a noticeable feature of the enterprise policy agenda since the 1980’s. However, for the most part, BRM entrepreneurs remain substantially marginalized despite the level of self-employment and business ownership in some Black and racial minority groups being higher than in the white population.

Reviews of both the academic and grey literature over this period point to recurring themes of policy and investment deficits, homogeneity of BRM communities and entrepreneurship, lack of business integrated business support and incubation. In addition to this is inadequate mainstream support, short term funding of and lack of specialist support, and poor levels of integration of specialist support within the mainstream ecosystem.

vi

It has been over 40 years since the Scarman Report and the current Black Lives Matter Movement gives an indication of how glacially slow progress has been in this area of policy. The recent and widely criticized Government Commission on Race and Ethnic Disparities Report (2021) evidences an extraordinary disconnect between the reality of the lived experience of BRM communities and entrepreneurs in the UK and erroneous perceptions of Government and public institutions.



^{vi} Carter, S., Mwaura, S., Ram, M., Trehan, K., Jones, T., 2015. Barriers to ethnic minority and women’s enterprise: Existing evidence, policy tensions and unsettled questions. *International Small Business Journal* 33, 49–69. <https://doi.org/10.1177/0266242614556823> p.50

^{vii} Government Commission on Race and Ethnic Disparities Report (2021) available <https://www.gov.uk/government/publications/the-report-of-the-commission-on-race-and-ethnic-disparities>

Professor Moder Ram, Director of CRÈME and a leading academic on BMR enterprise research globally, provides a compelling analysis of the failures of the Commission’s report. He highlights the total neglect of structural and systemic disadvantage and how this has been a central factor in explaining the persistent disparities in business outcomes for BRM entrepreneurs. Ram suggests that BRM businesses are concentrated in the most deprived areas, competitive sectors, and experience the most difficult of market conditions. A significant body of academic evidence shows how economic, political, and institutional factors contribute to driving many BRM businesses into this space and keep them there. Ram cites evidence and a British Business Bank report where BRM entrepreneurs show remarkable agency in terms of entrepreneurial intentions, business growth and innovation but reports that this agency often goes unrecognised and undervalued and is largely impeded by systemic constraints. This directly challenges the Commissions analysis of BRM agency and instead rightly points to “the system and not the ‘mindset’ of BRM business owners that requires fixing”.

Alone together: Entrepreneurship and diversity in the UK

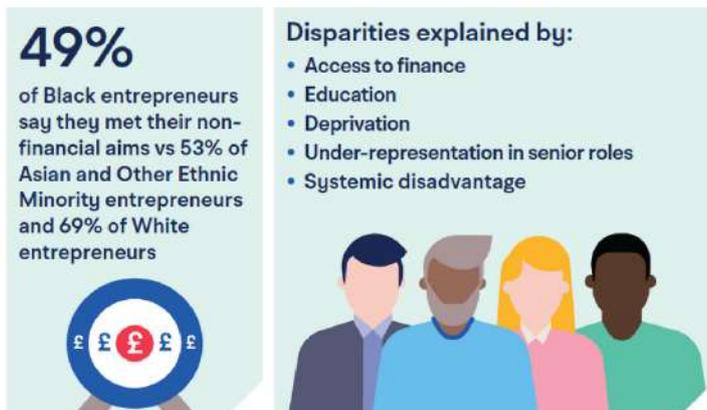


OLIVER WYMAN

There are persistent disparities in outcomes for business owners from ethnic minority backgrounds



Female entrepreneurs from ethnic minority backgrounds experience the biggest disparities



Entrepreneurs includes Aspiring Entrepreneurs and Business Owners. Aspiring Entrepreneurs are currently developing an idea that has business potential, or previously did so in the last five years. Business Owners are self-employed or running a business that they started themselves in the past ten years, or previously did so in the last five years.

Location is an important factor in success, irrespective of ethnicity and gender

Only 71%

of London business owners reported a profit in 2019 - the lowest in the UK



20%

of business owners in London saw a decline in revenue last year vs UK average of 14%



Money plays a vital role - those who are poorer experience less success

12x

Business owners with household income of £75k+ have a median turnover 12 times that of those with an income of under £20k



South East

based entrepreneurs see the most success with a median turnover of

£35k



49%

of Asian and Other Ethnic Minority entrepreneurs cite 'difficulties getting finance' as the reason for stopping work on their business idea



The Commission Report has also failed to learn from international best practice and a continual 'lapse of institutional memory'. This has led to successive governments and public agencies introducing a variety of measures to support BRM entrepreneurs which have suffered from a lack of a more evidence-led and integrated business support approach and ecosystem development.^{viii}

The recurring theme in previous and current UK policy approaches is that BRM enterprises are detached from 'mainstream' business support networks and initiatives. This is not only a UK issue as highlighted in a 2016 study of 32 European countries which found that BRM entrepreneurship has not played a major role in the overall enterprise strategy development and is largely absent from wider economic agendas^{ix}. The secondary research on policy and practice provides clarity of direction on how the UK and LCR could break the cycle of direct and indirect discrimination by developing relevant policy responses and a supportive ecosystem based upon the long-term investment in highly diverse business intermediary actions while engaging with and supporting BRM entrepreneurs.

^{viii} Professor Monder Ram Five Reasons the Sewell Report Lets Black and Entrepreneurs (2021)<https://sway.office.com/liSQI2thpH4Eqvc?ref=Link&loc=play>

^{ix} Rath, J., Swagerman, A., (2016) Promoting Ethnic Entrepreneurship in European Cities: Sometimes Ambitious, Mostly Absent, Rarely Addressing Structural Features International Migration Vol. 54 (1) 2016

Professors Cooney, Ram and Marlow suggest that the low-level use of mainstream business support agencies cannot be put down to the lack of interest on the part of the business owners. The principal obstacles for mainstream support agencies seemed to be identifying and reaching the firms in question, often linked to inadequate and inappropriateness of the 'product-oriented' approaches used by many mainstream support ecosystems. The ostensibly low take up of formal sources of business support draws attention to the capacity of mainstream business support to cater adequately for the needs of Black and racial minority firms. The 'equality of access' approach which professes to 'treat all businesses the same' seems to flounder on the barriers causing many BRM businesses to be reluctant to utilize the services of mainstream agencies; and is severely constrained on the practical grounds that such agencies often fail to capture the most basic data on the scale, dynamics^x and issues facing BRM.

According to Ram et al BRM enterprise support intermediaries would help reverse a tide of tokenistic interventions by mainstream ecosystems which serve to erode trust by BRM entrepreneurs and stymie BRM business creation, sustainability, and growth potential. Dedicated BRM support intermediaries would be able to provide actual support requirements for BRMs firms as distinct to the wider small business population. They would be able to transcend the culture versus structure debate and deploy a mixed embeddedness perspective recognising the specific economic, political, and social context of ethnic BRM businesses.

It is important to acknowledge that although specialist BRM agencies have a significant advantage over mainstream support organisations in terms of reach with BRM communities. There are however specific concerns relating to creating a dedicated BRM business support infrastructure and the fact that it requires adequate investment and should be integrated and not marginalized within the mainstream ecosystem. There is consensus amongst the leading researchers in the field that BRM business support should not be forced to rely on project or contract-based funding which, with a few exceptions, often leads to under-resourcing and patchy effectiveness. Overall, the historical and current policy signals to the importance of assessing the distinctiveness of BRM businesses in relation to factors such as sector, locality, finance, social and network capital, and institutional support on one side, and cultural factors on the other.



^x Jones, T., Monder, R., Villares-Varela, M., 2018. Diversity, economic development and new migrant entrepreneurs. *Urban studies: an international journal for research in urban studies*. <https://doi.org/10.1177/0042098018765382> p.6

5.2 Current Picture

Some of the key challenges in this area of enterprise policy are definitional, especially relating to the nature of the BRM communities themselves. The diversity between and within these communities is marked, making it difficult to have a comprehensive BRM business development policy if the individuals define themselves differently. The melding of many Black and racial minorities into one homogenous group has been a problematic and has skewed previous policy responses. There is a need to unpack the terminology to distinguish the important differences in experience, identity, outlook, and attitude, which are increasingly influenced by generational, experiential and business characteristics. Considering behavioural and lifestyle factors, when applied to business owners from BRM backgrounds is one of the steps that leads to a clearer understanding of needs and more effective targeting of resources. ^{xi}



^{xi} Minority Business Matters 2021 The Contribution and Challenges of Ethnic Minority Business In the UK, available at Minority Businesses Matter - OPEN (opennetwork.net)

Overall, the lack of a comprehensive data set creates challenges when conducting research on BRM entrepreneurship. At a national level, the UK Census definitions of ethnicity is considered too broad and ill defines BRM communities, it is noted across the research sources that it is insufficiently nuanced (Fig. 1) This lack of data collection and analysis at an institutional and local level further exacerbates the issue. A useful approach that has been deployed has been to supplement BRM-led firms' data with that of self-employment, who are also business owners and include sole trader and partnerships. The use of self-employment data by racial and cultural groups in business activity and by racial and cultural origin has provided greater insight into BRM entrepreneurship but does not negate the on-going deficits in disaggregated data collection and analysis to inform policy and practice.

UK Census Definitions - Ethnic Groups and Sub-groups
<p>White</p> <ul style="list-style-type: none"> • English / Welsh / Scottish / Northern Irish / British • Irish • Gypsy or Irish Traveller • Any other White background
<p>Mixed / Multiple ethnic groups</p> <ul style="list-style-type: none"> • White and Black Caribbean • White and Black African • White and Asian • Any other Mixed / Multiple ethnic background
<p>Asian / Asian British</p> <ul style="list-style-type: none"> • Indian • Pakistani • Bangladeshi • Chinese
<p>Black / Black British</p> <ul style="list-style-type: none"> • African • Caribbean • Any other Black / African / Caribbean background
<p>Other ethnic group</p> <ul style="list-style-type: none"> • Arab • Any other ethnic group
<p>Notes on Groups and Sub-groups in this report The main ethnic groups are shown in bold above and will be the principal sectors for discussion. In many cases, no definitive sub-group data is available.</p>

Fig. 1 Key Census Definitions

Despite these challenges the academic and grey literature provide important quantitative and qualitative insights into BRM entrepreneurship. The Global Entrepreneurship Monitor (GEM) has built a research framework which maps the entrepreneurial journey in the UK and globally and reports on BRM entrepreneurship. The UK based Centre for Research in Ethnic Minority Entrepreneurship (CREME), and the Enterprise Research Centre (ERC)^{xii} in conjunction with the Federation of Small Businesses (FSB)^{xiii} have undertaken an analysis of the complete UK GEM data and have extended their analysis into a more detailed breakdown of racial and cultural origin. Their study looked at long term trends and grouped together over 20 years of data to review key ethnic sub-groups at a national and sub national level. GEM deploy Total Early-Stage Entrepreneurial Activity (TEA) as their analysis framework. TEA is the prevalence rate of individuals in the working age population who are actively involved in business start-ups, either in the phase of starting a new firm (nascent entrepreneurs), or in the phase spanning 42 months after the birth of the firm (owner- manager of new firms).^{xiv}

^{xii} Enterprise Research Centre available at www.enterpriseresearch.ac.uk/minorities-and-immigrants-twice-as-entrepreneurial-as-white-britons/

^{xiii} Unlocking Opportunity – The value of Ethnic Minority Firms to UK Economic Activity - Available at www.enterpriseresearch.ac.uk/wp-content/uploads/2020/07/Unlocking-Opportunity_FSB-Report-.2020.pdf

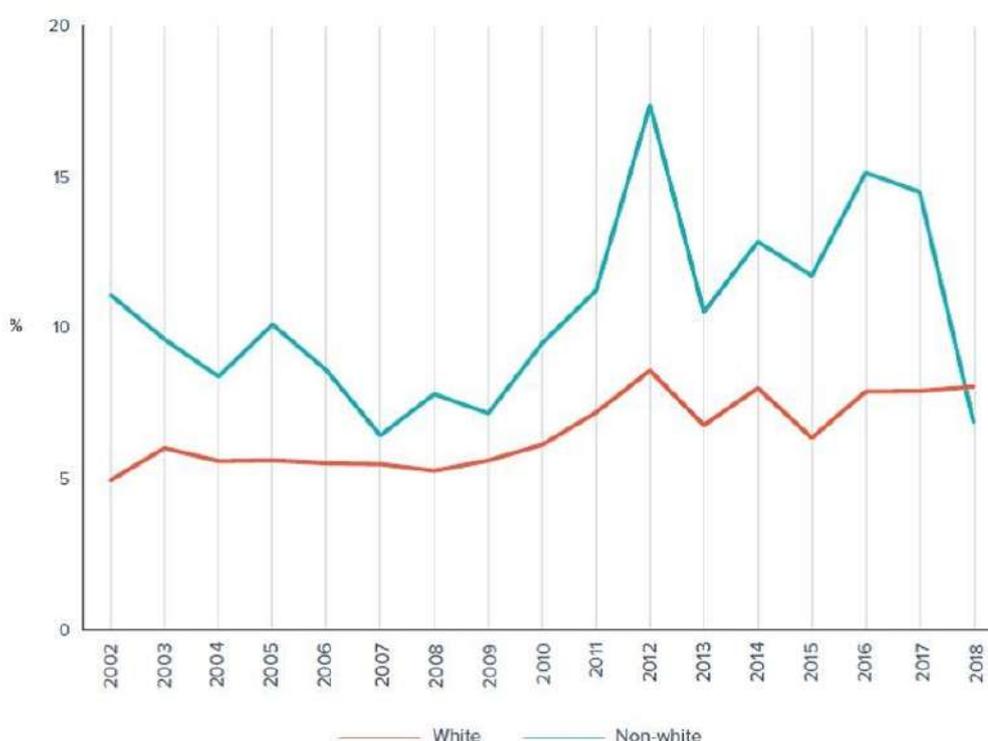
^{xiv} GEM Global Entrepreneurship Monitor (2020/21) available at GEM Global Entrepreneurship Monitor (gemconsortium.org)



They identified that the TEA rate for the non-white group covering all Black and racial minorities respondents was much higher than that for the White group and start-ups led by BRM founders are represented strongly in UK business formation activity. This trend was supported through British Business Bank data which indicated that about 20% of all Start Up Loan activity was with owners with a BRM background. The GEM data reporting high average TEA rates for Black and racial minority entrepreneurs goes back to 2002. The data shows that prior to 2017 at least, the TEA rate for the non-white group was much higher than that for the White group. For example, in 2012, the non-white TEA rate was 17.4 per cent of the population of working age compared to 8.6 per cent for the White group. Also, the ratio between the non-white to White TEA rate during this year was over two, higher than the average outperformance of the non-white community since 2002 (which was 1.6 times, or 60 per cent higher than in the White community).

However, in 2018 there was a significant decrease in the TEA rate for the combined non-white group which fell to a record low level and this very sharp fall is a cause for concern. The data shows that prior to 2017 at least, the TEA rate for the non-white group was much higher than the one for the White group. For example, in 2012, the non-white TEA rate was 17.4 per cent of the population of working age compared to 8.6 per cent for the White group. Also, the ratio between the non-white to White TEA rate during this year was over two, higher than the average outperformance of the non-white community since 2002 (which was 1.6 times, or 60 per cent higher than in the White community). Also, for the first time since the GEM study began, the TEA rate for the White group was higher than the non-white group (with the ratio of non-white to White falling to 0.9).

Total Early Stage Entrepreneurial Activity (TEA rate) % of working age population



Source GEM 2019

The UK official SME data surveys which follow the established Census-based practice where respondents self-classify into heritage-based identity, groups the number of Black and racial minority-led SMEs in the three years ending 2018, and is summarised in Fig 2.

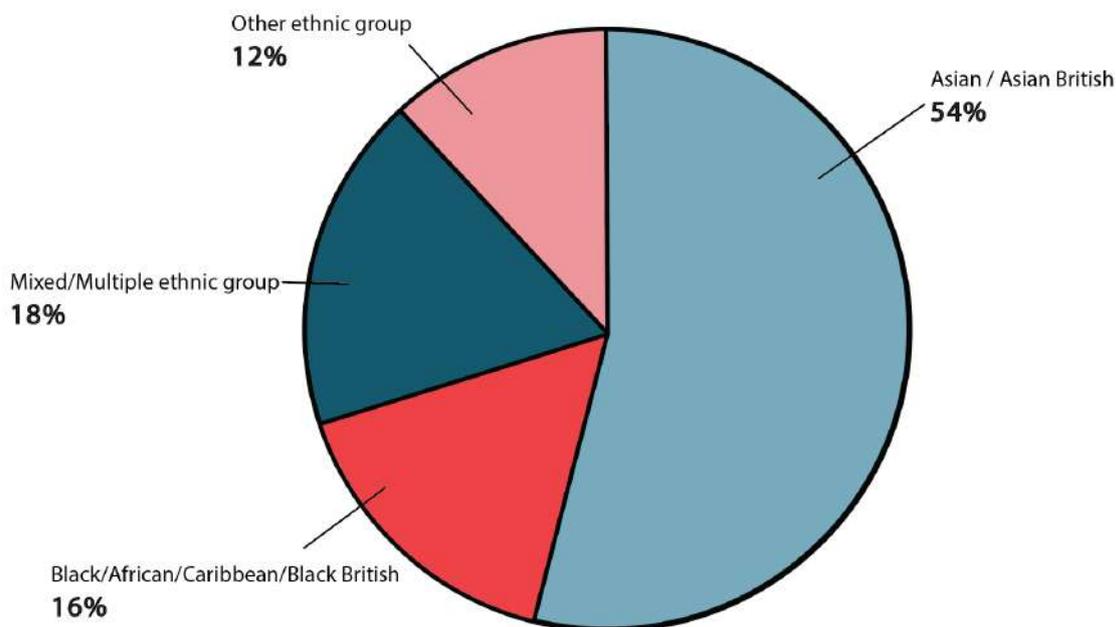


Fig. 2 : Ethnic Minority-Led SMEs in the UK, 2016-2018
Source: CREME Project Analysis

The Asian/Asian British sub-group accounted for over half of all BRM-led SMEs (127,000). The next largest sub-group was comprised of firms with a mixed or multiple racial and cultural identities ownership (where White ownership was in the minority - or not represented at all, and the majority owners had either a mixed racial and cultural heritage or came from several non-white Black and racial minority groups).

5.3 On-going Challenges

Local, national, and international research identifies BRM business creation and growth as a significant untapped economic potential. However, several challenges exist which continue to impede BRM enterprise creation and development, and these are categorised within a social, policy, and practice lens.

Discrimination – whilst explicit racial and cultural discrimination is less overt and apparent, there is an overwhelming weight of evidence from the secondary and primary research undertaken pointing to a continuing culture of discrimination. This reverberates throughout enterprise policy, support practice and business life, where the majority of BRM entrepreneurs report having experienced overt discrimination. The issue of bias, and unconscious bias, among policy makers, potential funders, business support and customers is problematic as it frames BRM enterprise and ideas in a potentially negative light in comparison to those of white entrepreneurs.

Data and Policy Deficits – the on-going lack of nuanced and disaggregated data continues to lead policy makers to overlook BRM business creation opportunities and support needs. The deployment of the current census definitional framework results in a misleading homogenisation of BRM groups and the subsequent development of misaligned or marginal strategies for support and investment. The lack of a distinct policy and investment approach hinders the systematic development of BRM enterprises and continues to stymie growth and productivity potential.

Investment in and access to Culturally Sensitive and Appropriate Support and Networks – there is a lack of effective and inclusive provision which when delivered with the appropriate cultural lens is critical to the start-up and growth prospects of BRM businesses. The research acknowledges that many BRM entrepreneurs are disconnected from mainstream support and networks, and this represents a structural disadvantage to access critical business, finance, leadership advice, training, and networks.

Adoption of Mainstream Engagement Models of Engagement – the diverse customers profile within BRM entrepreneurs is not reflected in the engagement methodologies deployed through mainstream infrastructure. The need for adequate resourcing of co-produced and aligned engagement solutions will help mitigate these barriers.

Lack of Investment in BRM Business Support and Business Incubation – the absence of a culturally sensitive lens in the design, development and resourcing of the business support infrastructure has resulted in large scale exclusion of BRM entrepreneurs. This has further exacerbated lower sustainability and growth prospects of BRM enterprises and has a direct impact on specific BRM communities e.g., African Caribbean entrepreneurs. Business incubation has proven to be a highly effective tool in the business support ecosystem and landscape in helping promote entrepreneurship, drive up business start, innovation, and growth rates. Despite evidence of effective models in the field of science and technology tech, women’s business, sector-based incubators, the of lack of physical BRM business incubators is striking in the UK and locally in LCR. Drawing from international best practice dedicated BRM business incubators and business support packages are the route to addressing the well documented challenges and barriers to BRM*enterprise.

* NX Disrupt_This_FOC_Final_Report



Access to Finance and Resources – the wider business community report barriers to accessing finance and resources, but this issue is particularly acute for BRM businesses. The lack of financial track record and financial resources play a part in this, but the issue of discrimination and unconscious bias has been well documented and are central to it being an on-going barrier.

Entrepreneurial, Leadership and Management support – the sustainability, growth, productivity gap in BRM businesses is more pronounced than within the white owned enterprises. The evidence base indicates that the lack of entrepreneurial, leadership and management skills training and support is a key inhibiting factor to BRM business owners.



5.4 BRM Enterprise – Progress Against the Odds



Despite a backdrop of systematic and structural disadvantage, BRM entrepreneurs are making their mark in the business world. The secondary research provides a positive and hopeful picture of BRM enterprises but also highlights structural barriers to business creation, sustainability, and growth. There is a broad consensus that BRM communities are particularly entrepreneurial and that they were more than three times more likely to be starting a business than white people (2002–18). It is acknowledged that many of those businesses fail, and BRM founders were slightly more likely to be new business owners than their white counterparts but also much less likely to be the owners of established businesses.

5.4.1 Profile of BRM led UK Enterprises

According to Minority Supplier Development UK (MSDUK) 2021 Report the following profile and performance data can be attributed to BRM enterprises in the UK. The CREME Report enhances this profile significantly and provides more detailed analysis of profile and impact.

Ethnicity

BRM businesses include firms founded by Asian, black, mixed-race, Arab and other non-white entrepreneurs, as well as companies co-founded by entrepreneurs of different ethnicities.

Among minority SMEs in 2016–18,

- 54% were Asian-led,
- 16% black-led,
- 18% were led by someone of mixed race or people of multiple ethnicities
- 12% were led by someone from another minority group.

Sex

While most minority businesses were founded by men, they are increasingly established by female entrepreneurs.

- 17% of minority SMEs in 2014–18 were female-led, a slightly lower proportion than among SMEs in general.
- Among BRM led businesses, the proportion led by women is higher than among white-led businesses; among Asian-led businesses it is lower.

Education

Alongside minority businesses started by entrepreneurs who did not finish school, many are increasingly started by graduates and postgraduates

Employees

BRM employers range from a husband-and-wife micro-business to Asda Stores, bought by the Issa brothers in October 2020, which employed 142,000 people in 2019.

Growth rate

Twenty-three of the UK's top 100 fastest-growing companies in 2019 were co-founded by BRM entrepreneurs,

Scope

While most minority businesses serve a local market, even SMEs increasingly sell online across the UK and internationally, while a few are multinationals with operations in many different countries.

Ownership

While many minority businesses are sole traders and others are family-owned, they also include privately held start-ups that rely on external venture- capital investors.

Sector

While the proportion of minority-led SME employers is highest in health and social care, followed by accommodation and food service, and lowest in agriculture. BRM businesses are proliferating across the economy.

Location

While most are in London and big cities with a large BRM population, there are now BRM businesses thriving across the UK and while 54 of the Top 100 are headquartered in Greater London, right of the Top 100 were headquartered in each of the South East, the North West and East of England.

High Growth and Profitability

While some small minority businesses are barely viable, and some large ones earn huge profits it is notable that eight of the UK's 23 unicorns – as start-ups valued at \$1 billion (£740 million) were co- founded by BRM entrepreneurs.

Innovation

BRM are more likely to innovate than other ones, black-led ones especially so. Overall, 20.8% of minority-led SMEs – and 24.3% of black-led ones – engaged in process innovation in 2018, compared with 14.8% of white-led ones.⁸ Minority SMEs are also much more likely to engage in product or service innovation (30.3%) than others (18.5%).

Levelling up

BRM enterprises can help the government achieve its top post-Covid priority of “levelling up” deprived areas outside London, notably because 21 of the 39 Top 100 businesses in England located outside London are based in deprived areas, as are four of the five Scottish businesses in the Top 100 and one of the two Welsh ones.

5.4.2 Scale, Location, and Innovation of BRM Enterprises

Scale

In 2018, the economic contribution from Black and racial minority-led SMEs was around £25 billion or just under 4% of private sector non-financial GVA. CRÈME estimate the number of Black and racial minority-led SMEs in the UK, in the three years ending 2018, stood at 248,000 which is equivalent to about 4.4 % of the UK business stock. The number of BRM led SMEs, like the business population as a whole, is primarily made up of small and micro enterprises. The majority are also self-employed operating as sole traders or in small enterprise partnerships with no employees.

- 185,000 or just over 74% of BRM businesses had no employees which is slightly lower than in the business population as a whole (76%).
- 590,000 or just over 11.9% of the 4.93 million self-employed people had an Black or racial minority background.

The number of Black and racial minority self-employed grew by 46% between 2011 and 2018, over twice as fast as the total self-employed population. In the case of the Black/ Black British sub-group alone, the number nearly doubled over this period.

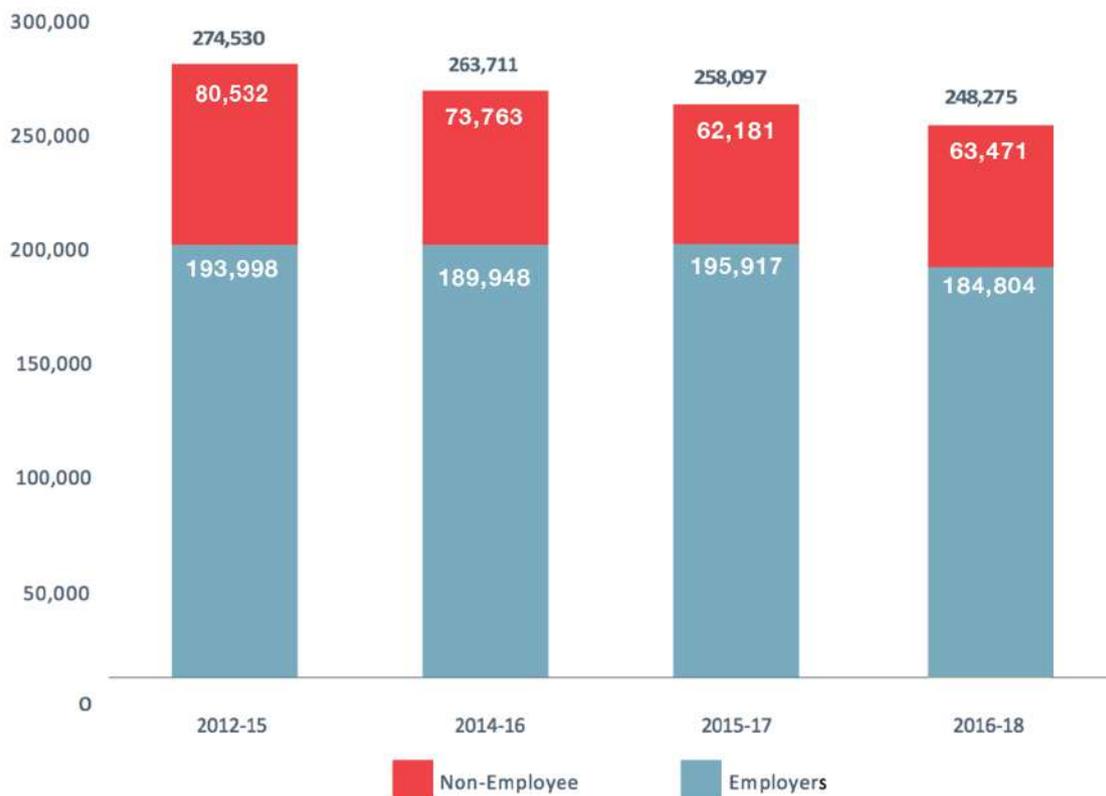


Fig. 3: Ethnic Minority-Led SMEs in the UK since 2012 - split by Employer vs. Non-employer
Source: CREME Project Analysis

It is notable that the Black/Black British share of the business population was lower than its share of the economically active workforce. The biggest gap between the two measures was in the other ethnic category with a difference of -15 % but this pattern of representation in the BRM business community is not new. Whilst the pattern has shifted and the continual over-representation of the Asian/Asian British businesses in the overall stock points to high numbers of Pakistani and Bangladeshi self-employment, Indian-owned firms are more likely to be amongst SME employers. The mixed ethnic group has also remained over-represented in the business stock.

Percent	2017/18		2017/18	2011/12
	Businesses	Workforce	Over/underrepresented	
Asian/Asian British	54.3	39.9	14.3	13.8
Black/Black British	15.3	22.9	-7.5	-12.6
Mixed/Multiple ethnic group*	18.2	9.7	8.5	2.1
Other Ethnic	12.2	27.5	-15.4	-3.3
All Ethnic Groups	100.0	100.0	0	0

Over Under

Fig. 4: Ethnic Minority-Led SMEs in the UK since 2012 - split by Employer vs. Non-employer
 Source: CREME Project Analysis



Location

The extent of Black and racial minority self-employment varies significantly by region and sub-group. In 2018, every ethnic minority sub-group was overrepresented in London and consequently 35 per cent of all the self-employed in the region were non-white. In contrast, nations, and regions such as Northern Ireland, Scotland, Wales and the South West had low overall ethnic minority representation amongst the self-employed.

Percentage share of each Black and racial group in self-employed workforce

	Black/ Black British	Asian/ Asian British	Mixed	Other	Total non- white	White
North East	0.7	2.2	0.3	0.7	4.0	96.0
North West	2.0	5.9	0.8	0.9	9.6	90.4
Yorkshire and The Humber	1.3	5.8	1.1	1.0	9.2	90.8
East Midlands	2.4	6.4	0.8	0.8	10.4	89.6
West Midlands	4.4	9.5	0.9	1.1	16.0	84.0
East	2.4	4.6	1.3	1.3	9.5	90.5
London	9.8	17.3	3.0	5.0	35.1	64.9
South East	1.8	5.4	1.0	1.4	9.6	90.4
South West	1.1	2.2	0.8	0.7	4.7	95.3
Wales	0.7	2.0	0.7	0.7	4.1	95.9
Scotland	0.7	2.0	0.4	0.6	3.7	96.3
Northern Ireland	0.3	1.0	0.2	0.4	1.8	98.2
UK	3.0	6.6	1.2	1.6	12.3	87.7

Fig. 5: Breakdown of self-employed by ethnic group – UK and its regions, 2018
Source: ONS, Annual Population Survey



A recent British Business Bank study gave additional insight to the impact of location saying that the place an entrepreneur lives can shape their outcomes. Entrepreneurs in the South East and North East see most success, with outcomes substantially above average on four of the five success metrics used. Entrepreneurs in Greater London face the most significant challenges:

- Only 71% reported making a profit last year, compared to 84% UK wide with no other region recorded below 80%.
- One in five business owners saw revenue decline last year, compared to 14% in the rest of the UK.
- Fewer business owners reported meeting their financial aims or non-financial aims than in other parts of the UK.

Lack of success for entrepreneurs in London presents a paradox. Competition is perhaps one factor that helps explain this and where higher density of business start-ups is often accompanied by an increase in competition, making it harder for entrepreneurs in London to scale or defend a niche. A relatively high share of those in the capital cite 'too much competition' as a 'major obstacle' to progressing their business idea. Business failure rates in London are higher than anywhere else in the UK.

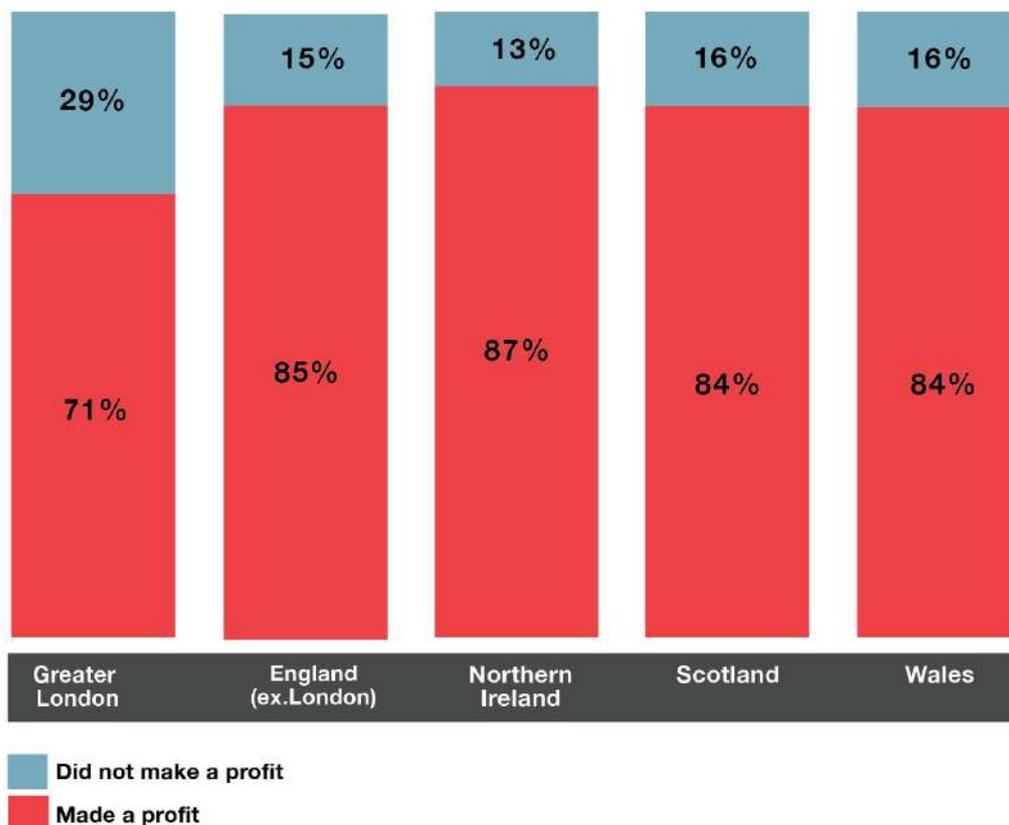


Fig. 6. Source - British Business Bank 2020

Innovation

Innovation is crucial for economic growth, helping raise productivity growth and boosting living standards. Several studies including CREME, MSDUK, Enterprise Research Centre SOTA Review and the OECD Missing Entrepreneurs Report cite that BRM businesses are more likely to innovate than other firms. BRM businesses are also much more likely to engage in product or service innovation (30.3%) than other SMEs (18.5%). Overall, 20.8% of minority-led SMEs engaged in process innovation in 2018 compared with only 14.8% of white-led SME's. All types of BRM-led firms were more likely to innovate than white-led ones, black-led businesses especially so (24.3%). All innovation supports growth, either sales or employment growth, but process innovation appears to be better as a way of increasing productivity.

BRM firms engage in both process and product/service innovation on average more often than non-BRM businesses. In 2018, 21% of BRM businesses reported the introduction of process innovation in the previous twelve months and 30% reported product or service innovation compared to 15% and 19% of non-BRM businesses, respectively.

CREME reported that across all Black and racial minority groups, in 2015 - 2018 BRM businesses were more likely than others to introduce process innovation which has been found to be more directly linked to future productivity growth. It is also notable that the share of businesses reporting this type of innovation led by Black/Black British owners or directors had only a marginal change in 2015 and 2018 while there was a substantial decrease for all other Black and racial minority profiles.

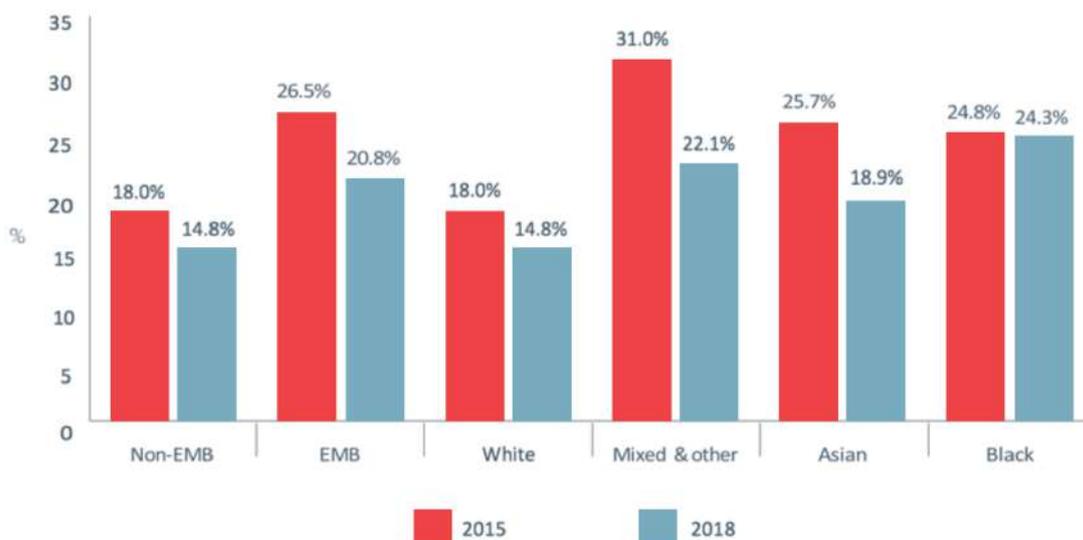


Fig. 7. Proportion of SMEs undertaking Process Innovation, split by Ethnic Group
Source: Longitudinal Small Business Survey

5.4.3 Gender, Diversity of BRM Enterprises

The lack of data on business ownership by gender limits any detailed analysis, however CREME provide an indication of the breakdown of female led firms by Black and racial minority sub-group for 2018. Some marked differences were evident between the wider market and female-led firms only. According to CREME about 17% of all BRM firms were led by a woman, representing about 42,000 BRM businesses. The share of female owned firms in the BRM stock was slightly lower than the share of women-led SMEs in the business stock as a whole. The share of Asian/Asian British business led by women was higher than in the Black and Black British led business stock overall, as was the representation of other racial and cultural groups. Both the share of Black/Black British and mixed/multiple ethnic groups led by women was higher. These differences probably reflect deep-seated cultural differences as well as industrial variations, although it is acknowledged that these are very difficult to examine further with the limited data available. Looking at summarised data (Figure 8) from the GEM survey from 2002 to 2018, the female rate of stock was consistently around half of the equivalent male rate, but under representation was less evident amongst Black respondents (0.57), and was offset by low ratio of male/female TEA rates in the Asian community (0.37)

Percent	2018		Over/underrepresented
	All Businesses	Female led only	
Asian/Asian British	54	39	-15
Black/Black British	15	26	11
Mixed/Multiple ethnic group*	18	30	12
Other Ethnic	12	5	-7
All Ethnic Groups	100	100	

Over Under

Looking at the results for female entrepreneurial activity only, the TEA rate for each of the non-white sub categories was still higher than that for the White female results. The same was true when analysing male only results.

	Male	Female	Ratio of Women to men
White	8.1	4.0	0.49
Mixed	13.0	6.0	0.46
Asian	11.9	4.5	0.37
Black	15.3	8.8	0.57
Total	9.3	4.5	0.49

Fig. 8: Total Early Stage Entrepreneurial Activity (TEA Rate), 2002-18 by Ethnic Group – Gender Analysis
Source: GEM data (Percentage of working age population)

Published studies cited by CRÈME using the 2011 data on self-employment confirm these broad differences by gender, racial and cultural ethnic group and between all ethnic groups, that male self-employment activity rate was higher than that of females. However, this was markedly less the case amongst the Black/Black British group and the mixed ethnic community than others.

England & Wales * Note: England & Wales data used as it covers more racial and cultural sub-groups than for Great Britain as a whole.

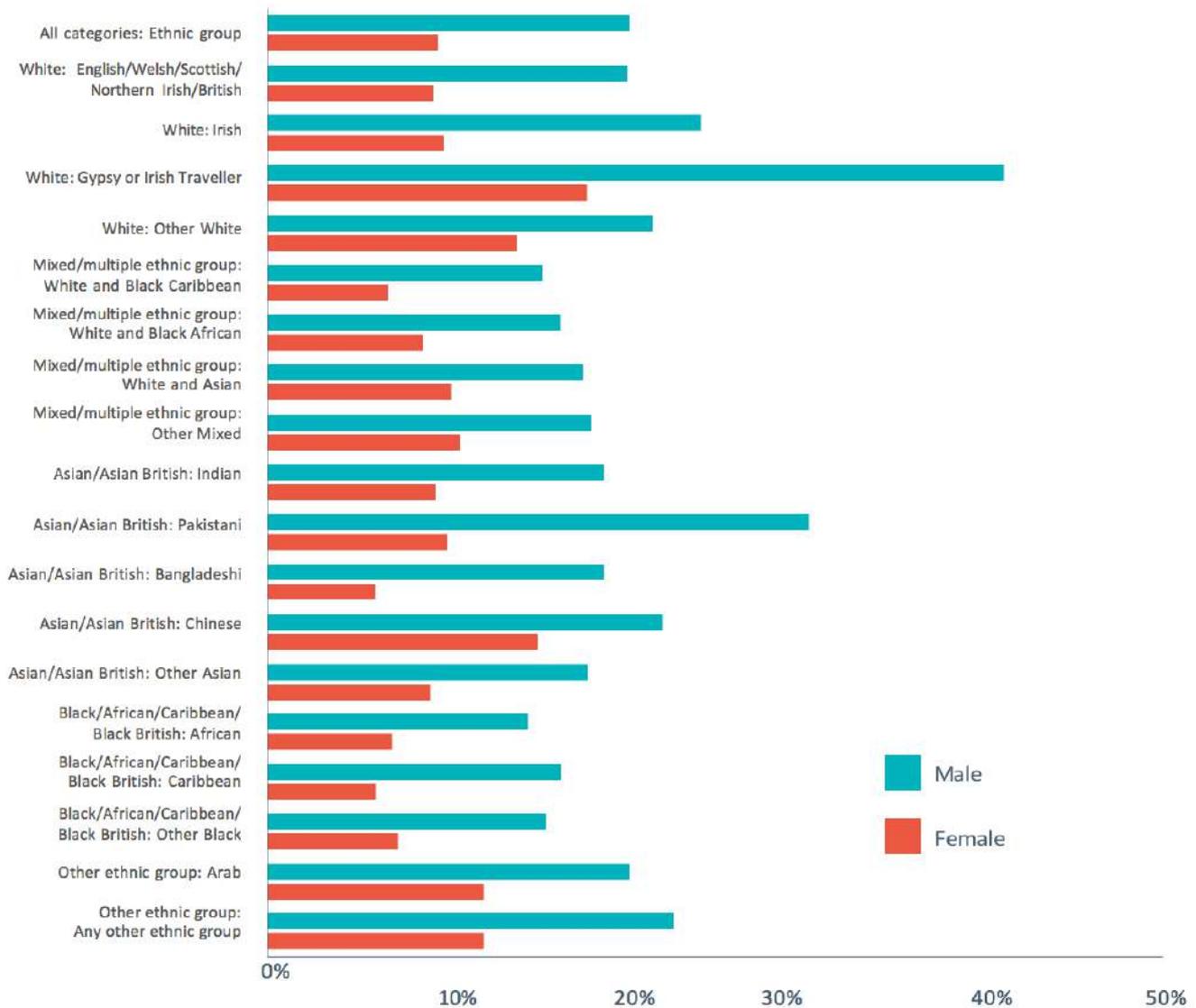


Fig. 9. Source - British Business Bank 2020

Looking at the results for female entrepreneurial activity only, the TEA rate for each of the non-white subcategories was higher than that for the white female results. The same was true when analysing male only results.

5.4.4 BRM Entrepreneurs and Educational Attainment

A British Business Bank Study found that 64% of BRM entrepreneurs have a degree-level qualification while less than 2% have no qualifications at all. On average, entrepreneurs with an Indian background are most qualified, with White British and Black Caribbean groups the least qualified.

Other Asian and other racial and cultural minority, and Black African groups have similar educational levels and types. Entrepreneurs from Black Caribbean and White British backgrounds have similar levels of educational attainment. 36% and 37% respectively have only A-levels as their highest qualification. At degree-level the groups diverge: a greater proportion of Black Caribbean entrepreneurs have a degree. Entrepreneurs from White backgrounds have more professional-level qualifications, instead. However, in the overall workforce a greater proportion of Black, Indian and Asian workers are in professional jobs (21%, 33%, and 27%, respectively), compared to those who are White (20-21%). This may suggest that fewer Black, Indian and Asian professionals take steps to become entrepreneurs.

Ethnicity and highest level of education

All entrepreneurs (n=3,619)

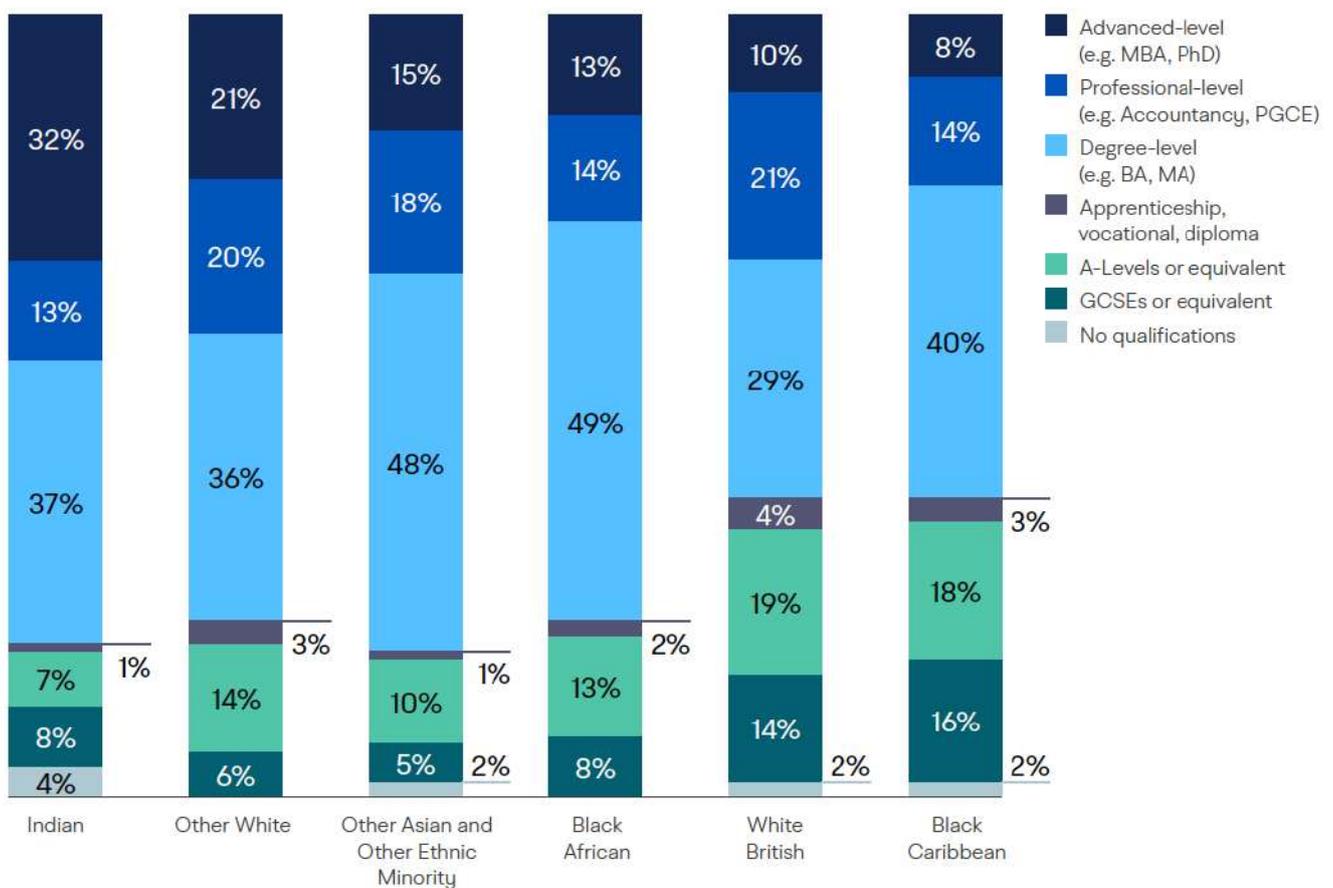


Fig. 10. Source: British Business Bank, Entrepreneur survey, 2020.

5.4.5 Sector Representation of BRM Enterprises

While still significant, the share of national GVA generated by Black and racial minority-led businesses in 2018 appears to be slightly lower than their corresponding share of the business stock. The industrial profiles vary between BRM and the non-financial business sector as a whole and as employers, BRM are much less common in manufacturing, construction, and business services, but notably more evident in sectors which often have lower value added.

Sector	SIC Group	EMBs	All Firms	Dif +/-
Sector share (% of Employer Stock)				
Prod. & Constr.	A-F	11.0	20.2	-9.2
Tpt., Retail, Accom.	G-I	30.3	28.1	2.2
Bus. Services	J-N	34.1	44.1	-10.0
Other Services	P=S	24.6	7.5	17.1
All Employers		100.0	100.0	0.0
Non-Employers	A-S	74.0	77.0	-3.0
Employers	A-S	26.0	23.0	+3.0
All SME Firms		100.0	100.0	0.0

Over Under

White Non-white

Fig. 11: Percentage share of all the SME business stock by sector (2015-2018 average)

Source: CREME Project Analysis

Split by Black and racial minority SME firms vs. all SME firms

5.4.6 Business Incubator

Business incubators play an important role in the creation of environments in which small and new businesses can grow and develop. They are a key driver of inclusion of underrepresented groups in enterprise start up and growth and have been identified as engines and agents of change. The Business Incubation Association provides a comprehensive definition of business incubation as:

“A business support process that accelerates the successful development of start-up and fledgling companies by providing entrepreneurs with an array of targeted resources and services. These services are usually developed or orchestrated by incubator management and offered both in the business incubator and through its network of contacts.”

Critical to the definition of an incubator is the provision of management guidance, technical assistance and consulting tailored to new and growing companies. Incubators usually also provide clients access to appropriate rental space and flexible leases, shared basic business services and equipment, technology support services and assistance in obtaining the financing necessary for company growth.

An examination of the need for this type of service lay at the heart of this research as it is a fundamental tenet of the Nia Business Centre model. The primary and secondary research provides compelling evidence as to the need, opportunity, and effectiveness of physical business incubators and/ or accelerators.

Specifically, according to Department of Business, Energy, and Industrial Strategy (BEIS) 2019, commissioned research study, most start-ups consider the contribution of the incubator or accelerator they accessed to have been significant or even vital to their success. Access to and participation with an incubator was found to be positively associated with start-up survival, employee growth, and funds raised. Survival levels and growth rates amongst some profiles of BRM businesses is problematic and this gives rise to need for incubators.

The research highlights that incubator are positively associated with several critical outcome's measures including -

- Business survival
- employee growth
- Funds raised
- Entrepreneurship diversity e.g., BRM and female entrepreneurship

The combination office space, business information advice, training, management support and access to business services are key contributors to inclusion, business sustainability and growth. There is strong evidence that accessible incubators providing a routeway to investors, peer networking, support with team formation, access to finance, press or media exposure, mentoring, and help with measuring social impact, directly improve start up and growth outcomes. BEIS research also highlights that business incubators have positive spill over effects on the wider business ecosystem in which they belong. ^{xv}

Evidence shows that the incubation process improves firm performance and that governments should be encouraged to promote the establishment of incubators and build their capacity to support emerging and new venture. This recommendation derives from the fact that as confirmed promoters of entrepreneurship, the more capacity is built for incubators and the more support from government, the more equipped they will be able to contribute to entrepreneurship promotion. Emerging businesses with new ideas would greatly benefit if they participated in the incubation program as participation increases their chances of survival, revenue growth and job creation, significantly.

Furthermore, this review encourages new and emerging businesses to avail themselves the business assistance, monitoring, expert networks, resource munificence and advisory services provided by incubators as these value addition activities have the potential of improving their ability to source for finance, improve patents application and the building of alliances. Independent studies also recommends that incubator's capacity to leverage knowledge flows from its expert external network should be deepened so that incubatees and prospective incubatees should benefit to increase their chances of survival.

Several conclusions emerged from the secondary research, and these were confirmed at each subsequent stage of the research process by those who are experts, having a lived experience and through interviews with leading academics. ^{xvi}

These conclusions are:

- Business incubators and similar facilities play an important part in the provision of support for new and growing businesses locally, regionally, and globally.
- Individuals involved in incubator management and the business incubator, including its network of contacts, deliver most effectively, when their understanding of the impacts of structural and institution inequalities is robust.

^{xv} The Impact of Business Accelerators and incubators in the UK, Department of Business, Energy & Industrial strategy

^{xvi} Business incubation process and firm performance: An empirical review, 2017 - Journal of Global Entrepreneurship Research

- Effective, targeted resources and services are responsive to the needs of BRM groups. They take into consideration, their motivators, their financial capacity, cultural, behavioural and religious customs, communications that are culturally literate, and located in accessible and inclusive environments.
- Support services are more successfully delivered by individuals who are culturally literate, ideally share a lived experience. In absence of a shared racial heritage, individuals offering support services should have the relevant, cultural competencies to understand needs and experiences, deliver and shape services.
- Increasingly, incubator facilities are shifting their focus from mixed use facilities to targeted ones on community of starters and businesses towards environments dedicated to the needs of specific industries or communities of entrepreneurs that BRM entrepreneurs typically occupy.
- In many parts of the world, incubator facilities targeted on or dedicated to the needs of underrepresented groups e.g., BRM and women business owners have emerged and succeeded.

There is significant local, regional, and national support for this type of targeting with however, some important questions and conclusions:

- the limited experience of a comparable initiative elsewhere and the desire for BRM entrepreneurs to be part of the mainstream business ecosystem suggests that the incubator(s) should be fully integrated with and accessible to related networks, support services and policy initiatives.
- the incubator should provide the maximum flexibility in the array of facilities and support services provided to cater to the variety of needs expressed by BRM entrepreneurs.



Perhaps the most important conclusion relates to how well this has been received as part of the solutions package and that sufficient demand exists on LCR to achieve high levels of occupancy for a mixed-use facility. The facility should be able to accommodate the type of starters, self-employed, freelance and casual work which characterises BRM entrepreneurs in the commercial and social economy on LCR notably:

- Short-term office rentals e.g. by the hour, day, week
- Central Reception & Switchboard
- Photocopying, Fax & Post handling
- Virtual Office Facilities
- Car Parking
- Board Room, Seminar & Meeting Rooms
- Kitchen Facilities
- Access & Security
- Broadband
- High Speed Internet services
- Postal Address facilities
- Drop-in environment



6. Primary Research



6.1 Survey and In-depth Interviews

The primary research commenced by conducting an online survey and developed through conducting in-depth interviews with eight of the respondents. There were seventy-six who engaged with the research process, completing a research survey, or attended our business forum and received business coaching, before accessing business support, if they chose to.

6.1.1 Themes

A primary research process was conducted to establish if the themes uncovered in the secondary data reflected the experience of BRM business owners in LCR. This primarily sought to give further insights into the backgrounds of eight, Black Led business, based across the Liverpool City Region (LCR) and start-ups. It examined the effects their racial and cultural identity has on their lived experiences as BRM entrepreneurs and the impact on their business journey and outcomes. The primary research was also supported by interviews with several imminent research scholars in the field.

Research, empirical evidence, and a review of literature on racial inequality clearly indicated that a person's racial identity is their biggest challenge and for many takes primacy over other factors such as gender, age and location, and thought to unfairly influences their outcomes. However, if one factors in gender discrimination data and adds this to race data, intersectionality is an influencing factor also and can also take precedence in this analysis for BRM communities. As a result, Black people, and those from Chinese, Asian and racial minority backgrounds are struggling far more than their white counterparts. What should be a level playing field is littered with obstacles, many of which are products of a complex system of racial disadvantage, underpinned by the pervasive impact of wealth disparities.

Reasons for racial inequalities are well evidenced in an array of research, anecdotal feedback, and books, by eminent Black Liverpoolians, historians and teachers, such as Dr Ray Costello, the sociologist, Professor Stephen Small, described through an analysis of the impact of slavery and imperialism. Dr Leona Vaughn contributions has added to this research through her work on equalities and social justice. Books authored by local educationalists, who formed part of the Black History Resource Working Group and the Race Equality Management Team have provided realms of data and commentary. Community activists from Liverpool have also contributed to this body of evidence through government-initiated enquiries and more locally based, commissioned research.

This knowledge base and the reported impacts will be further explored through the responses from the seventy-six participants engaged in this action research to shape the way forward in achieving an understanding about racial inequality for BRM businesses in the LCR. And in gaining a better understanding, it is expected that the necessary change can be identified to formulate proactive, actions that seek to improve racial equality.

There is a significant lack of research and data particularly amongst African Caribbean businesses and markedly so amongst diverse racial groups in the Liverpool City Region, more notably, the long-established, self-described, Liverpool born Black community and Chinese community.

To glean an insight into the experiences of these racial communities operating businesses in the region, the following themes were selected to guide the consultation with the business owners.

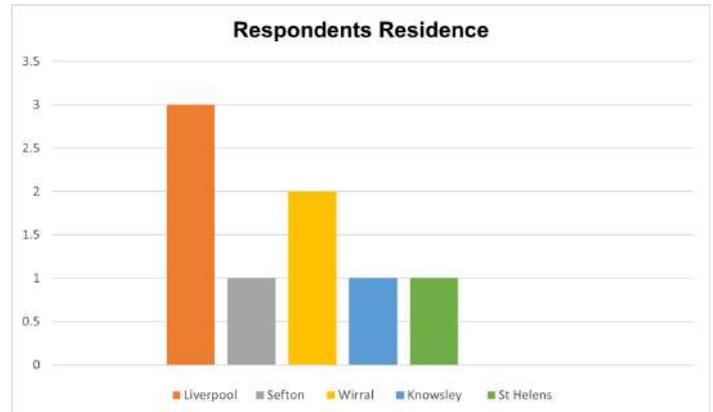
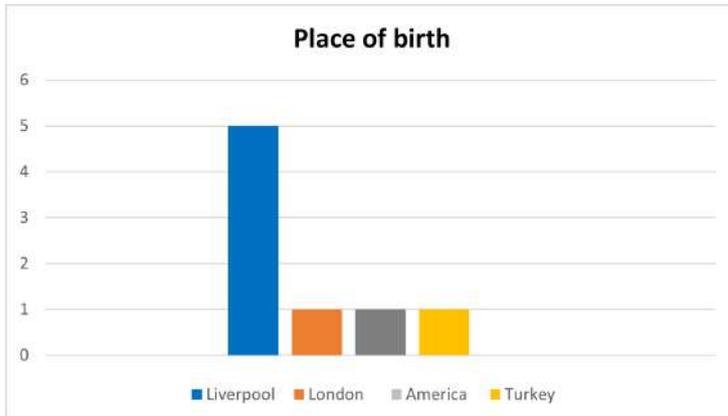
- Influences in business Education level
- Financial education / investment
- Experience of racism and barriers to participation
- Issues related to doing business in LCR
- Business advice and support
- Access to business networks Access to role models
- Access to mentoring and coaching Impact of the pandemic



6.1.2 Respondents Profile

Following an initial survey process where 36 businesses responded through an open and community call, eight businesses participated through in depth interviews via zoom or a Facetime telephone call. Doing face to face interviews established trust and was to elicit a deeper understanding of the challenges they faced when starting or growing a business in LCR.

6.1.2.1 Profile of the eight business owners



The business client from Turkey, based in Wirral is a highly skilled, asylum seeker who has gained leave to remain, has a PhD, and occupied a high-ranking position in the Turkish police. His explanation of his journey into business and expression of how he perceives racism is typical of asylum seeker and refugee communities in LCR.

“Being Turkish and Muslim is a burden, I have applied for many jobs and was sign posted to help setting up in business, we do not like being on benefits.”

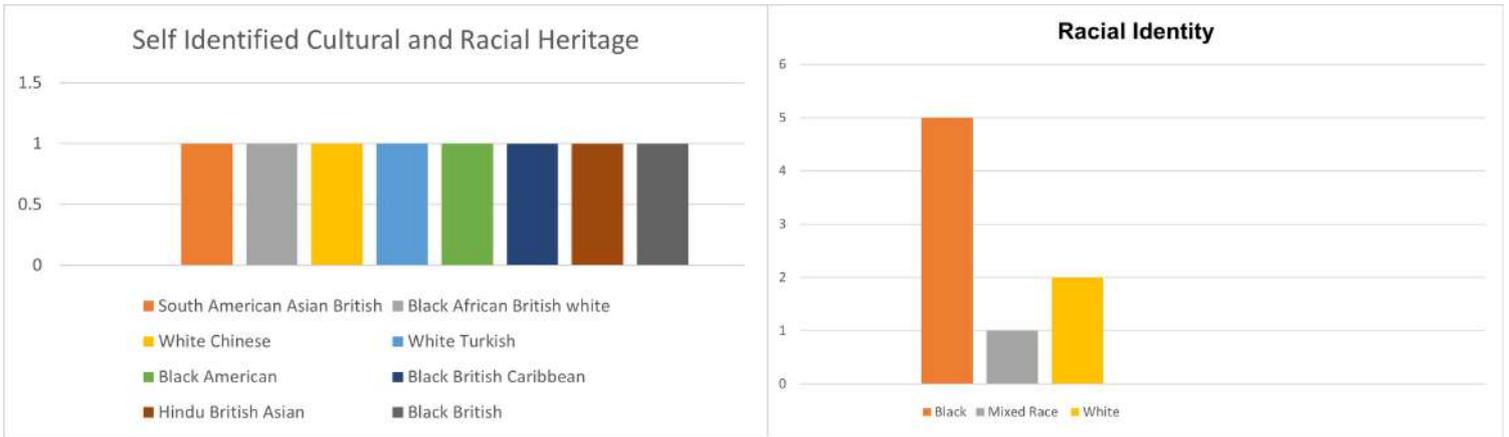
Turkish Respondent

In contrast, a respondent from Liverpool, who is of Nigerian heritage, saw his racial heritage as a benefit explaining that it is in his culture to be entrepreneurial. However, he felt being Black and from Liverpool excluded him from being able to compete on a level playing field. This he explained, was due to the perceptions, white people in the city have of Black males and to some extent, Black females.

To correctly identify the respondents for this research, it was important for them to self-identify their racial heritage and how they identified this alongside their racial and cultural heritage. It was done through a consultation process, that considered historical metrics, the impact of structures of white dominance, institutional racism and the clients personal experience of discrimination and racism.

A client, born in Liverpool, who identified as mixed race, demonstrated why this process is important:

“I am confused about my racial identity, I always thought I was English, my father came from South America and it’s only now I have become aware of the racial disparities rather than when I was born in Liverpool in the 60s.”



Allowing for this narrative and consultation process, countered some of the lived experiences of respondents being incorrectly identified by government or LCR data collection methods and allowed the clients to feel confident to speak their truth. It allowed for the inclusion of white racial minorities, moving away from the unhelpful BAME and ethnic acronym and the ideology, that simply groups all perceived non-white people together, and consequently disguising the huge differences in history and outcomes between BRM groups. It is notable, for some individuals they struggled with the normality of describing themselves in this more inclusive way due to force of habit and for some it was problematic or emotionally challenging to explore and identify who they really were. Quite simply the impact of racism for some, distorted the sense of who they were, preferring to identify as white or British, as anything else was and has been perceived as negative in their past.

For the racial and cultural groups, born in Liverpool, who came from families with as many as ten generations of Black and white members, those who identified as, Liverpool, born, Black people, it allowed for the identification of their unique, historical, presence in the city and the country. It recognised their status as the oldest, Black, community in Europe and this included the Chinese community, who mostly self-identified as Chinese and white. It also took into consideration where they may have fitted on the scale of skin tonality, given they have blended families of Black and white members, including some that have been generationally separated from their ancestral homes for centuries. It also observed that their culture may be more Liverpudlian, than of African or Chinese heritage, diluted by their continuous presence in the city thus moving away from “ethnic,” government driven or LCR descriptors and policy that fails to recognise or include this.



6.1.2.2 Gender and Age

The group included an 18-year-old with the eldest being in her 60's. There were 5 females and 3 males. It is noteworthy that females dominated the numbers of applicants that self-selected to be involved in this process. In the survey monkey questionnaire, out of 36 responses, 11 were male, 1 mixed gender and 24 females.

It was observed that Arabic males did not engage in any significant numbers despite being identified as a group who have reported higher rates of involvement and success in business in Liverpool.

A black male respondent felt that he was in the minority in the biking world and had little support or anyone to model himself on, making it harder to progress in his business.

Black female clients felt it was harder to progress in their business when they compared themselves to their white peers.



6.1.2.3 Location of businesses

The recent Index of Multiple Deprivation for England found that Liverpool was one of the local authorities that has the highest number of deprived neighbourhoods with acute geographical inequality. As Liverpool is home to the largest Black and racial minority communities in the LCR, “with one in every 8.3 people being from a Black and racial minority background”, it is no surprise that these business clients were seeking funding and financial advice.



The location of a business was considered significant for several reasons, one respondent said:

“Coming to Liverpool opened my eyes to community businesses, the theatre schools were all very white, so I was determined to offer something for kids that look like me.”

Events Business

The business owner in St Helens found, ***“his business costs were less which influenced his choice not to go to Liverpool, though he would rather be in Liverpool if he could afford it.”***

Marketing Agency

The hair extensionist in Halton stated, ***“being one of the few Black hair stylist in Halton she feels a big responsibility to give exemplary customer service.”***

Key barriers on Location:

- High levels of competition in Liverpool, less elsewhere.
- High costs of living and operating in Liverpool compared to other areas in the region, and demographic factors such as higher deprivation influences ability to invest and grow business.
- Lack of diversity in the business community and institutional structures, that fail to recognise the needs and aspirations of the Black community, excluding them from the business ecosystem.
- Racism and the potential experience of racism make Black businesses less inclined to operate outside of Liverpool and only with caution do they consider operating in the city centre.

6.1.2.4 Profile of businesses

Business Profile	Education Level	Employment Level	University Enterprise Education	Full time Part time	Age
Liverpool – Cycle Services	None	No employ	No	F/t	40's
Liverpool – Events	BA	Senior Man	Yes	P/t	40's
Halton- Hair Extensionist	GCSE	Management	No	F/t	30's
Sefton- Fitness mind coaching	Diploma	Senior Man	No	F/t	40's
Wirral- Gift Balloons	A level	Admin	No	P/t	18
Wirral – Turkish Restaurant	PhD	Senior Man	No	N/a	50's
Knowsley – Mobile Café	NVQ 4	Management	No	F/t	60's
St Helens – Marketing Agency	Bachelors	Admin	Yes	F/t	20's

Education

The education attainment levels have some parallels with the studies in the British Bank research xvi. Whilst all the respondents have qualifications, it was the respondent with a Black African and American background that has no degree which is untypical. It was only the respondents who identified as white that had a degree level or higher qualification. And typically, the Asian respondents' owners of the marketing and events business, and the fitness mindset coaching businesses had degrees and had a correlation to employment as an entrepreneur, with enterprise education clearly linked. Both reported they came from families where they experienced business related activities as a child. The African respondent, with the cycle service, had never had employment only ever pursuing entrepreneurial pursuits. Notably the majority of the respondents bucked the trend, in that they previously did non-professional jobs and held managerial positions. The other respondent who was an administrator, and owner of the gift balloons business, was too young to have achieved this level of employment but intended to complete a degree whilst operating as a business.

Employees

Six out of the eight respondents are sole traders and bring in freelancers were required. Two businesses have staff, the marketing agency has twelve and the cycling service has three. Both businesses have recruited staff through the Kickstart Scheme.



6.1.3 Findings

6.1.3.1 Profits

Access to finance is a major barrier for Black businesses and the reason why a number of the respondents reported they stopped working on their business idea or changed their business offer and structure. It was established that the following connectors influenced the business profit margins or the lack of:

- Only two respondents had access to funds to start their business and this is despite most holding senior employment positions where they would have been able to save funds to start a business. Both have benefited from family loans.
- One respondent who was an asylum seeker, on benefits, is the most financially challenged in the group in his efforts to start up and finance his business.
- Another respondent was on benefits, due to ill health, but given her previous business experience has been able to navigate starting a business that brings in income.
- Higher levels of education, an experience of working in his parent's business as a youngster and access to enterprise education has seen one business owner grow his staff team to twelve in three years.
- One business owner had left school with GCSE's but has diversified his services and has a mixed economy, using crowd funding to kick start his business and gaining investment from Kindred. Support through L8 A Better Place in Kuumba Imani Millennium Centre has been instrumental in his growth.
- Another business owner who has declined to grow her business, as she is happy with her income and found that marketing was not particularly effective in bringing in profits, so she settled for making a living.
- The need to manage business and the hurdles of Brexit rules has proved a challenge for one owner in terms of shipping, pricing, and timing. She wants to gain a better profit margin through overseas trading.



- One respondent offers a cheaper hair product and feels people are selling low out of desperation due to the pandemic. She is unsure if this is a profitable strategy as she does not have other local Black businesses to compare it to.
- Operating a business in areas of deprivation where lots of Black people live, makes it difficult to sell services at a profit and is subsidised with funding.
- The clients understand that their profit margins would be increased by customised business support and advice in areas they are less able or knowledgeable about i.e., overseas trading, marketing, accessing sustainable income and funds.
- Whilst two businesses have traded for ten years respectively, all the clients agreed they were not making the profits they ought to, or at times not at all. This is explained by their lower household incomes, limited or no access to start-up funds or venture capital, biased banking rules, lack of business networks, knowledge about gaining contracts and not attending a top-ranking university.^{xvii}

^{xvii} British Business Bank (2020) Alone together: Entrepreneurship and diversity in the UK. Available at: <https://www.british-business-bank.co.uk/research-alone-together/>

“I have used family finance and family loans to start up, the economy prevents my growth, the lack of foot fall due to lock downs are affecting my profits and when I used flyers to promote my business it was ineffective.”

- Mobile Café business

Business Profile	Length of time years in business	Business finance or funding	First time in business	Formation of business	Family or peer influences in business
Liverpool – Cycle Services	1	Yes	No	Company Ltd	Yes
Liverpool - Events	3	No	No	CIC	No
Halton- Hair Extensionist	2	No	Yes	Company Ltd	Yes
Sefton- Fitness mind coaching	10	No	Yes	Sole trader	No
Wirral- Gift Balloons	6	No	Yes	Sole trader	Yes
Wirral – Turkish Restaurant	0	No	Yes	Not set up	No
Knowsley – Mobile Café	10	No	Yes	Company Ltd	Yes
St Helens – Marketing Agency	3	No	Yes	SME	Yes

6.1.3.2 Accessing Funding

Most businesses did not have personal income to invest and relied on all manner of activities i.e., crowd funding, grants, loans from family. Some of the businesses did not pay business rates as they either ran businesses from home or had shared tenancies which excluded them applying for grants and loans or made it difficult. Key messages from clients were:

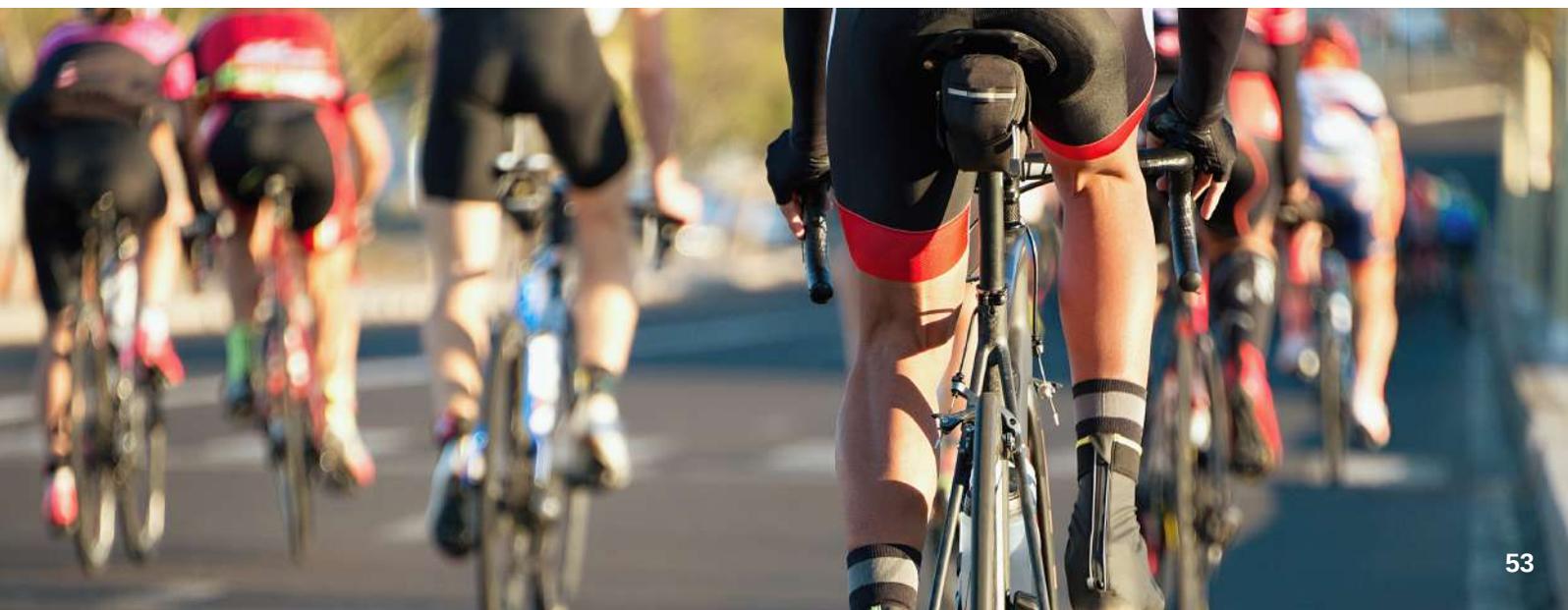
- Profits is not always the driver; it is the love of the work and purpose.
- CICs and smaller businesses are more typically run by Black owners in LCR and do not have big start-up costs, so the need to access funding has not been as important.
- Banks and financial institutions do not look on Black businesses favourably as they may not have large amounts of capital or savings even though the businesses are profitable. There needs to be improved links and attitudes so we can get the support we need.
- For religious reasons, being Muslim, our customs dictate we cannot accept loans with interest, this is what is known as Haram in the Muslim culture where taking loans are forbidden and refused for this reason.
- Most do not know what funds there are and how to get funds and where they can access them. They need to be more easily found, with a transparent process that is understandable.
- Multi occupancy businesses rentals that many Black business occupy is a cheaper option, though it has influenced their exclusion from some funding through the pandemic because they do not pay business rates.
- Black businesses would flourish if there was more investment that takes account of the disadvantage they began with, helping them become more sustainable and grow their services.
- Financial education is necessary for Black business owners to understand how to manage finances and know that every day is not a pay day.

6.1.3.3 Tendering and Procurement

Concerns and ideas around tendering and procurement were:

- The systems and practices in place tend to not consider that Black businesses may be sole traders or SMEs with limited time, funds and resources, making it hard to compete against bigger businesses.
- There is a network of preferred providers, mostly white, that have the accreditation, support and training that Black businesses do not access or are unaware of that gives them a competitive advantage when tendering.
- There is a tendency to give small pots of funding to Black businesses, less so larger ones.
- There is a belief that contracts are created for specific organisations. When Black outcomes are part of it, Black businesses are used for photo shoots, there is no onus to work with Black businesses or create partnerships.
- Black businesses are less familiar and trusting of government and institutional processes from previous negative experiences from childhood to adulthood.
- In tendering and procurement processes, Black businesses do not see people like them in positions of influence or decision making, so there is less confidence that fairness is being applied or accountability.
- Tenders do not speak to Black communities; the messaging and marketing does not reflect their aspirations, neither are they written in a manner that appears to understand the market, rather it is tokenism.
- Black businesses sometimes operate non-traditional business models and do not qualify under tender or contracts rules sometimes because they are from other countries or have no prior experience.
- Black businesses secure contracts and tenders outside of their local communities but struggle to get recognised or secure them locally in LCR.

The owner of the cycling service said, **“the cycling world is very white and in Liverpool business is done with those who know each other, so getting contracts or subcontracts is hard as organisations do not have local knowledge about Black businesses.”**

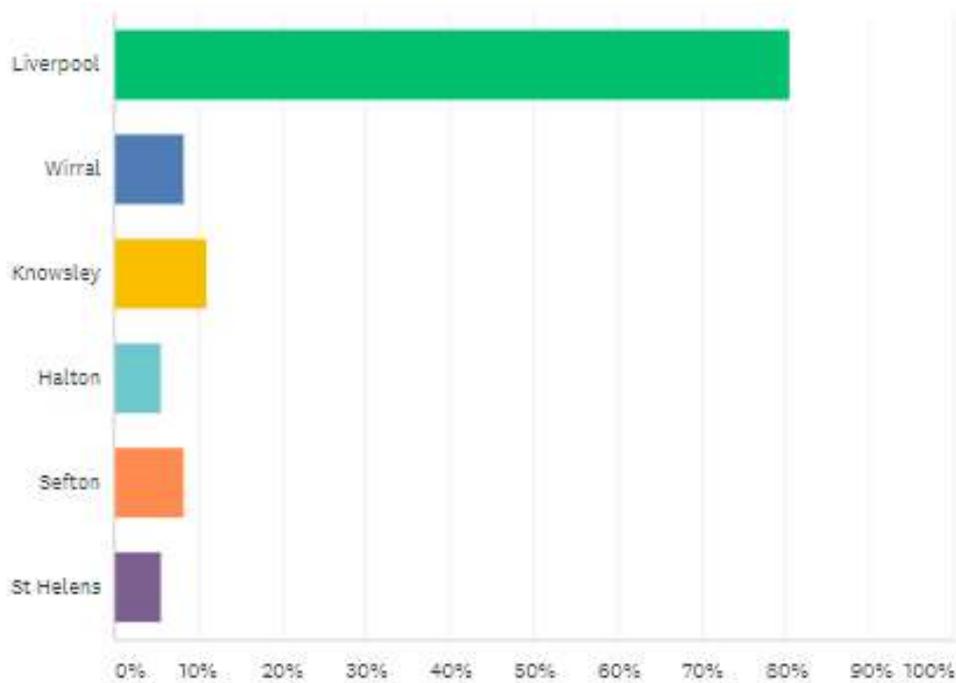


6.1.3.4 Business support

Most Black businesses had advised they have not sought business advice because this information or offer of support does not go into their networks in ways that engaged them or not at all.

Location of business or residence

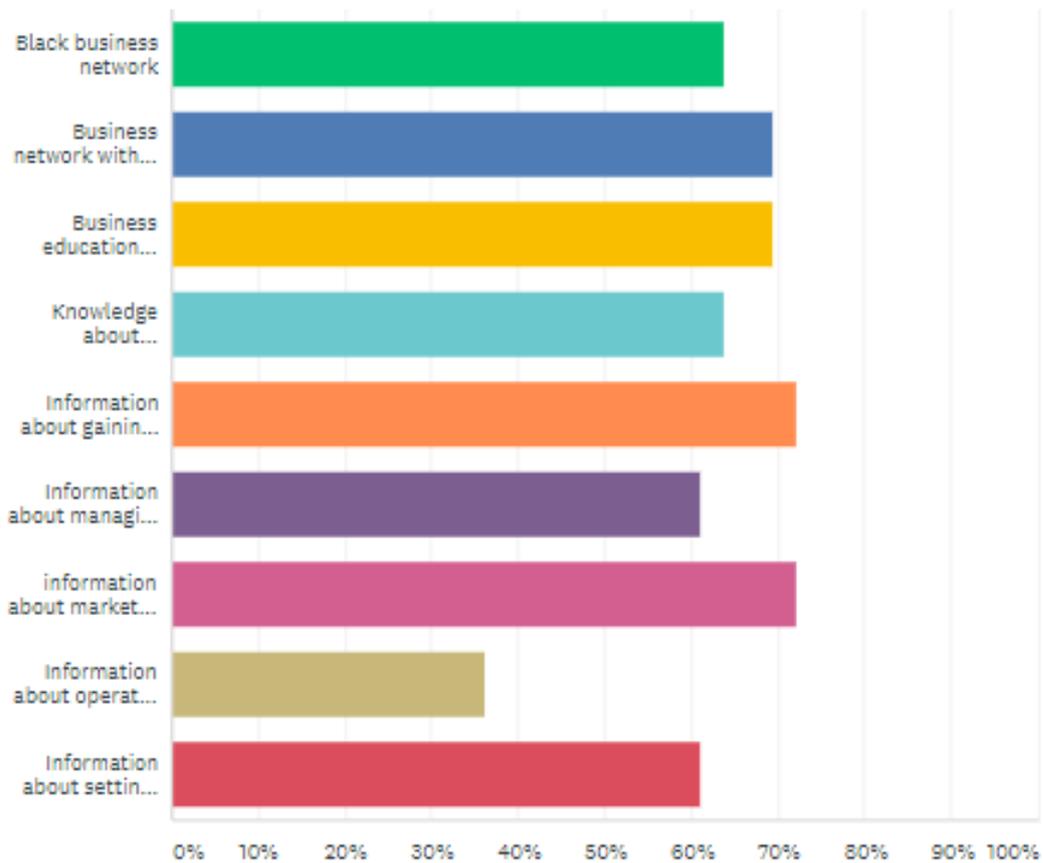
All were open to receiving support and advice in their answers in the Survey Monkey questionnaire. 36 respondents from the LCR completed a series of questions in a Survey Monkey questionnaire, including the 8 business clients. The 36 came from the following areas:



ANSWER CHOICES	RESPONSES
▼ Liverpool	80.56% 29
▼ Wirral	8.33% 3
▼ Knowsley	11.11% 4
▼ Halton	5.56% 2
▼ Sefton	8.33% 3
▼ St Helens	5.56% 2
Total Respondents: 36	

The questions involved a series of tick box answers in response to this question:

“What targeted support would most help a budding or established Black business owner?”



ANSWER CHOICES	RESPONSES
Black business network	63.89% 23
Business network with all racial groups	69.44% 25
Business education explaining rules and regulations of running a business	69.44% 25
Knowledge about procurement	63.89% 23
Information about gaining capital, funding and generating more profit	72.22% 26
Information about managing your finances	61.11% 22
information about marketing your business	72.22% 26
Information about operating your business outside the UK	36.11% 13
Information about setting up a partnership	61.11% 22
Total Respondents: 36	

“Is there anything business support providers can do to support Black businesses and owners?”

ANSWER CHOICES	RESPONSES	
▼ No	0.00%	0
▼ Yes	69.44%	25
▼ Better understand our lived experience	61.11%	22
▼ Help us close the racial wealth gap	63.89%	23
▼ Help us create jobs and opportunities	83.33%	30
▼ Buy from Black Businesses	55.56%	20
Total Respondents: 36		

Respondents were keen to use business support time wisely and were looking for focused and impactful advice that could make a real difference to their business and knowledge. There was an interest in courses and training from half of the clients consulted with. Most wanted to access business support in areas where there were diverse communities, some preferred the Liverpool city centre business district.



6.1.3.5 Access to business networks

Two respondents expressed concerns about a lack of networks that included access to people in their image who were doing the types of businesses they were. Both were doing business in predominately, white populated areas, Halton, and Wirral, where significant Black business networks did not exist. In areas like Liverpool, where the highest concentration of the Black population is found, networks were made up of sparse numbers of Black businesses. Where clients had engaged with businesses their feedback was:

- Black businesses are sometimes treated in a tokenism manner and not really part of the mainstream business network.
- Expectations of Black business are stereotypical; it is believed Black businesses are doing equalities or cultural things only.
- The respondents wanted to be part of a Black business network to share resources, contracts and services and learn from each other. They recognised that having access to diverse networks not being the only Black person is better.
- Some networks seemed to have no purpose or benefit.
- Any networks respondents accessed were 99% white that they felt was de-motivating and missed out on the needs a Black business may have.
- Respondents felt networks that were informal in their approach were better.
- Respondents tended to have a small network of businesses they knew or have traded with, so they work together as a collective to support each other, sharing rooms, resources, etc.

“I don’t know where to start to access business networks with people who look like me or have done what I want to do in my business.”

Hairdresser and weaver seller.

6.1.3.6 Access to role models

- It is not common in Black communities particularly, Liverpool born Black communities, to have business role models, the clients want to see more examples and model them.
- Respondents would like the banks and financial institutions to participate in programmes that would support businesses with finances and role modelling.
- Respondents felt it comforting to be around others like themselves with their experience and felt it gave them more confidence in what you are doing.
- There is no known networks or campaigns supporting Chinese people and cultures this is desirable, especially one that includes diversity.

6.1.3.7 Access to mentoring and coaching

- Fear of failure and the unknown holds respondents back from getting into business and a mentor or coach could help with this.
- Some of the respondents are breaking traditional family and cultural norms so need mentoring and coaching to support this choice.
- It is important to have a mentor or coach who has done what you are doing, has a lived experience and is doing better than you. Though they should not just qualify because they are Black.
- Having experiences of enterprise and business at school age was desired to close the gap for Black businesses when setting up as adults.
- Not everyone realises they need coaching help and there is a stigma in some communities accessing this type of support.



6.1.3.8 Impact of Covid Pandemic

The pandemic has had far reaching impacts in the Black community in terms of highlighting health and wealth disparities.^{xviii} The respondents reported a mixed bag of outcomes and opportunities for their businesses:

- Loss of clients offline who you worked with face to face was not always replaceable and impacted profit margins.
- Many respondents went online, learned about using zoom and WhatsApp and diversified their business offers, increasing services and profits.
- Online opportunities created business growth and rebranding opportunities and tested the client's resilience as their marketing was a guessing game.
- Being online brought benefits and challenges not knowing how to market, how to create sales funnels and means of effectively communicating with clients and customers.
- Not every aspect of the respondent's business model could work online as a result some services were postponed and income lost.
- One of the businesses could not access grants because they were a limited company and universal credit amounted to insufficient finances.
- One was able to rely on savings.
- Staff were furloughed, some were laid off and others had to go on benefits, some were able to return after lock down.
- Having to limit the clients you can see, the time spent, and time dedicated to cleaning in between clients has impacted business profits negatively and this is more noticeable as Black, hair clients need more time.
- Respondents are thinking broader about how they can grow their business, more are keen to diversify and grow their business since Covid forced them.

“I don't know exactly how to get the algorithms to attract new business online this has been a big challenge moving online, and I was worried doing business in a white area, as most of my clients are Asian or mixed, the difference has been building my network and getting to know people who can help me build my customer base.”

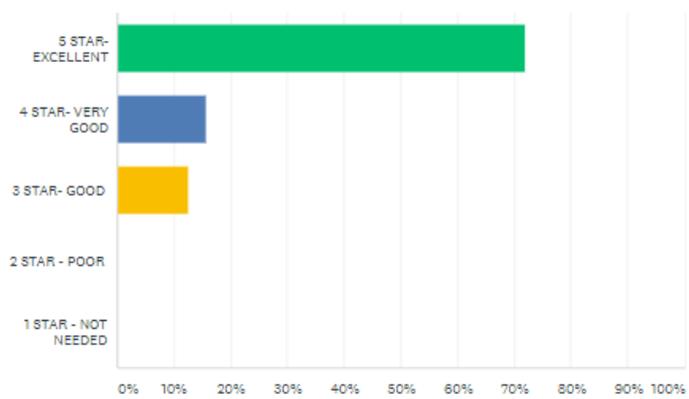
Fitness and mind coaching business

^{xviii} Bhaskaran, K. et al, (2021), 'Factors associated with deaths due to COVID-19 versus other causes: population-based cohort analysis of UK primary care data and linked national death registrations within the OpenSAFELY platform'. Available at: <https://www.medrxiv.org/content/10.1101/2021.01.15.21249756v2.full.pdf>



The respondents' scoring of the concept of a Nia Black Business Hub is captured below:

- 5 STAR- EXCELLENT
- 4 STAR- VERY GOOD
- 3 STAR- GOOD
- 2 STAR - POOR
- 1 STAR – NOT NEEDED



ANSWER CHOICES	RESPONSES	
5 STAR- EXCELLENT	71.88%	23
4 STAR- VERY GOOD	15.63%	5
3 STAR- GOOD	12.50%	4
2 STAR - POOR	0.00%	0
1 STAR - NOT NEEDED	0.00%	0
Total Respondents: 32		

6.2 Case Studies

6.2.1 Introduction to the case study research

In considering the question what, is the reasons for deficits in BRM businesses creation and growth in the LCR and how can this be addressed; case study interviews were conducted with 9 LCR, based BRM, business owners. The case studies were made up of 6 males and 3 females, with an age range from 38 to 63.

Whilst it was suggested that there are pockets of best practice business support, that embeds race equality into its delivery and policy, it was reported as sparse, patchy, and not joined up. In response to this, the questions asked the case study businesses, how business support may be developed and better organised whilst taking into consideration local, cultural needs, priorities, and desires.

There were a range of issues and imperatives gleaned from the first interviews with respondents and similarly the case studies, that weighed on the minds of the BRM business owners. These collectively informed on an improved model of business support, that is responsive to the specific needs of BRM led businesses.

There are several key themes and challenges identified, which emerged from the case studies and the action research that should be kept in mind, these being:

- There was a lack of inclusive business support, delivered by these providers who could not be described as culturally competent and literate.
- Business support was inaccessible, not located in spaces where BRM businesses frequent.
- Infrastructure in the LCR, business ecosystem, had levels of inequity and a disconnect with BRM businesses owners.
- Misinformed beliefs, perceptions, and stereotypical understanding about the needs, desires, and aspirations of BRM business owners by a significant number of those involved in the business eco- system.

6.2.2 Case Study Methodology

- To provide the best, representative, cross section of LCR, BRM, business owners, nine were chosen to be case studies, to ensure their collective profiles represented, those who operated their business, in each part of the LCR.

- A range of industries and sectors, not already included in the first set of respondent’s profiles were selected. A particular emphasis was placed on attracting a proportion of those who also operated in non-traditional sectors.
- To broaden the racial identity profile achieved through the first set of interview respondents, and gain a more diverse, cross section of racial heritage groupings, unrepresented businesses owner’s racial heritages, were sought. For businesses to fit into the definition of success, they had to satisfy either one of two success indicators, to be a micro business or small business, within the definition noted below.

Profile of BRM Businesses

Business Profile	Sector	Structure	Size
Independent School/ Nursery	Education	Ltd Comp	Small
Bar Chain	Hospitality	Ltd Comp	Small
Boutique and Fashion Artist	Retail	Ltd Comp	Micro
		Sole trader	
Chain of Pharmacies	Pharmaceutical	Ltd Comp	Micro
Media	Media/Entertainment	Ltd Comp	Micro
Training Company	Employment	CiC	Micro
Chinese Food Manufacturer	Manufacturing	Sole Trader	Micro
Media Trainer	Media	CiC	Micro
Firm of Solicitors	Legal	Partnership	Micro

***Small sized business:**10- 50 employees with annual turnover above 2 million and below 10 million.

***Micro business:** 10 employees or less with an annual turnover under 2 million

The area in the LCR that eight of the nine business owners operated in was Liverpool, which is home to the LCR’s, largest multi- cultural and multi- heritage communities. Five of them also operated in each of the other areas in the region.



Ensuring the business owners who featured in the case studies collectively operated in all areas of the Liverpool city region, meant that racial heritage, country of origin, place of birth and racial identity, to a large extent influenced this. For instance, the business owners who met the criteria and applied to be case studies operating in Liverpool, typically, were Liverpool born Black and Chinese. The reason for this is twofold. Liverpool is the biggest area in the LCR and has the most substantial population, of indigenous, self-described, "Liverpool born Black," people and a Chinese community. The Chinese community do not identify as Asian, preferring to be called Chinese and identifying as white. It is also home to Europe's, longest established, Black, and Chinese community.^{xix}

Anecdotal feedback on why the Chinese prefer to identify as Chinese and not Asian, takes its roots in their history and experience of racism. To counter this racism and to be what they describe as white, Chinese, is to avoid the Asian description, the association of a darker skin and all the connotations of being viewed as Black. This is considered, a shade hierarchy, where they perceive themselves as superior to darker skinned people. This is part of a cultural belief, that they are better received by white communities, outside their own, and may give them privilege, in business. A similar cultural mindset is commonly found in Caribbean and Indian traditions that has found its way to the LCR through citizens with these heritages.

Whilst the opposite is mainly true for the Liverpool born Black community, who embrace Blackness as an empowering description, taking its influence from the call to be "Black and proud," cited in many revolutionary, acts of activism, and civil rights movements, locally and internationally. This choice to identify as Black is despite many having skin tones closer to white, due to the presence of white parentage. What binds these communities together, is they each, reported that racism, prejudice and discrimination, was a factor that acted as a barrier in business, because of their racial and cultural identity.

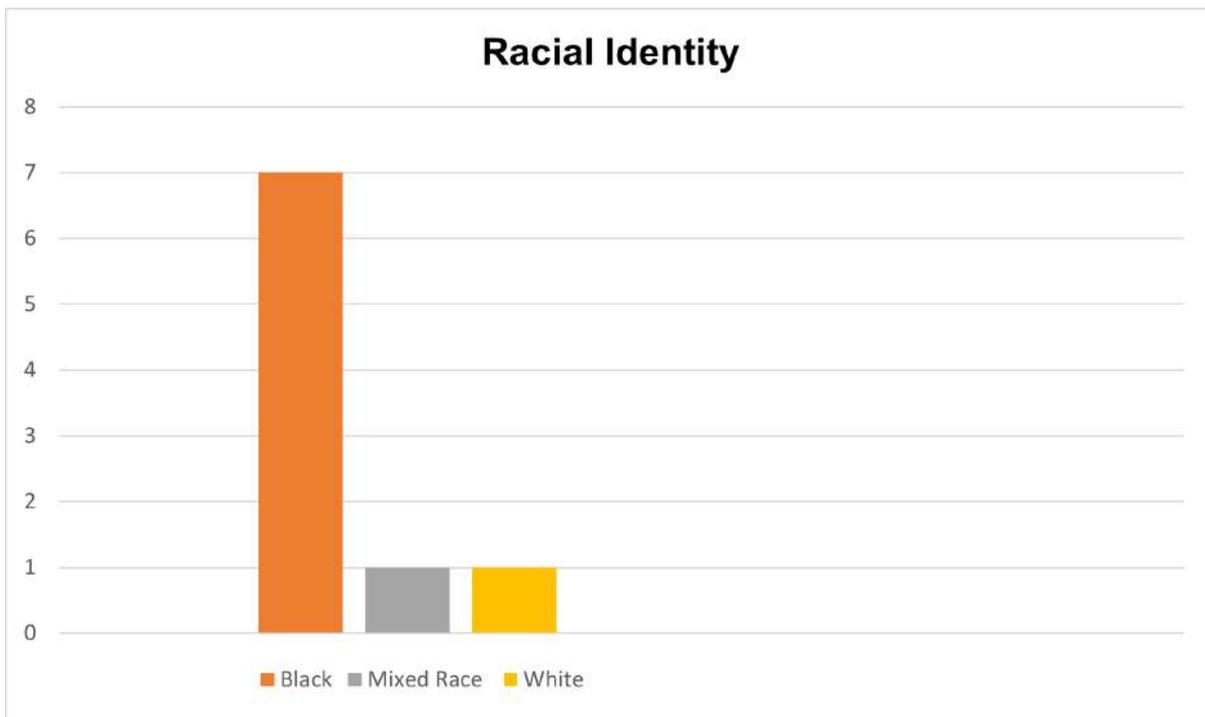
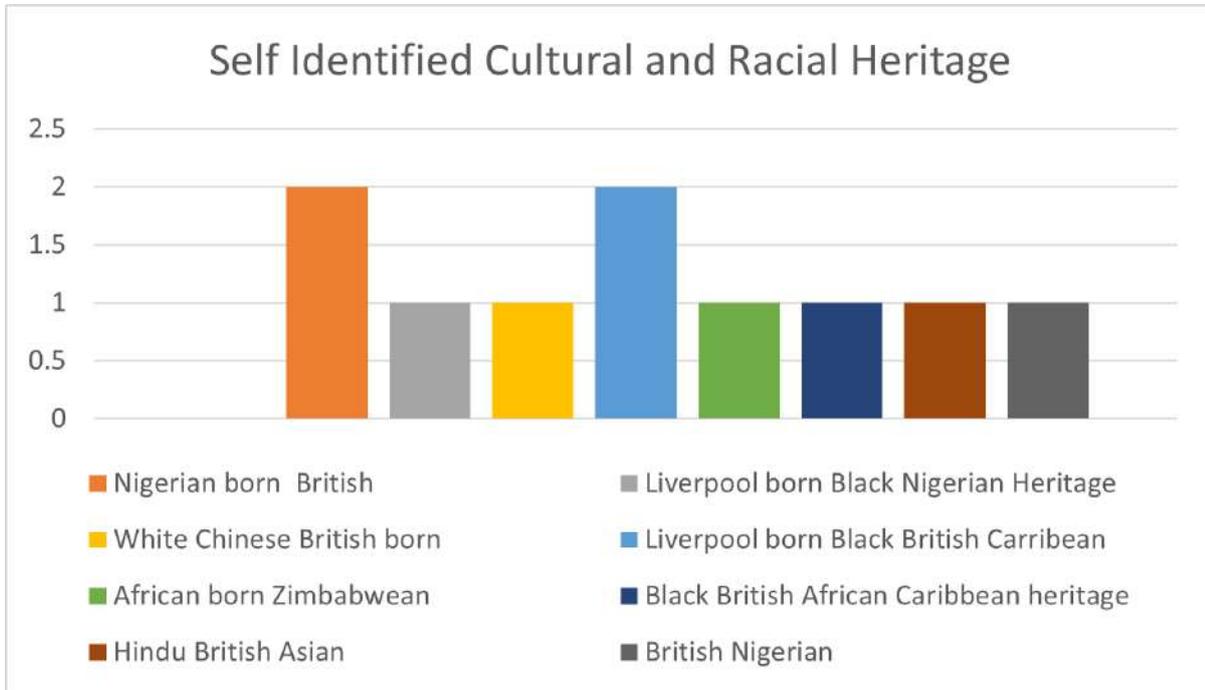
The Liverpool born Blacks (largely of African and latterly Caribbean ancestors) and Chinese communities have had an established presence in Liverpool, with a majority having at least one to ten generations proceeding this and, in many cases^{xx}, have the cultural identities and behaviours of the white British, through parentage, or other more distant relatives.

^{xx}

This unique circumstance and distinct, multi-cultural and multi-heritage communities, has influenced how these business owners are viewed, view the world, their experiences and approach to business. The business owners who were not born in the city, reported very different experiences and attitudes towards them:

- I have noticed I am considered ethnic, because I have an African accent, so when the business ecosystem is looking to engage with or highlight a Black business, they come to me. This is, instead of the indigenous, Liverpool, born Black, community. It's as if they are not ethnic or Black enough.
- I came to live and do business in this city and found it shocking, that in the media industry, they do not commission people who look like me in any significant numbers, yet London and other cities do. I do a lot of my business, where I am wanted and embraced, because Liverpool is not as open to me.
- When I look at the business ecosystem and I think of who the people are in the LCR, it is mostly not, people who look like me or even lighter skinned people. This gives me a message, that people like us are not included, though it's not clear to me why, because I know we are successful business people and we can contribute on a par with those who are already part of this system.

The influence of racial heritage, place of origin and birth on entrepreneurship



^{xix} https://en.wikipedia.org/wiki/Demography_of_Liverpool

^{xx} <https://www.blackhistorymonth.org.uk/article/section/real-stories/liverpool-black-community-early-years/>

The Liverpool born, Black, business owner, an offspring of a Liverpool, born, Black mother, who had a Nigerian heritage, through his father, took his influence from the Nigerian side of his culture. He attributed his business success to his entrepreneurial mind, that was guided by his father.

The Liverpool born, first generation, Chinese, business owner, attributed his Chinese culture of a tradition of business enterprise, as the reason for his success. Though he explained due to the passage of time and a disconnect from their culture and tradition, consequent generations are shifting away from business, into employment and some into non-traditional businesses, such as online ventures.

The Liverpool born, Black, business owner with a Caribbean heritage, took no influence from her culture and recognized business education, or cultural had no influence in her success. She identified as “mixed race,” with a grandfather who was Black Jamaican, a white grandmother from Ireland and her mother of mixed parentage, born in Liverpool. She did, despite this, feature as the most successful of the case study businesses, when measuring key indicators, such as length of time in business, staff numbers and turnover.

In the areas outside of Liverpool, there was more of a concentration of case studies who had not been born in Britain and came from Africa. Statistically, low numbers of Liverpool, born blacks reside outside of Liverpool and anecdotally, this is because, they are concerned about higher levels of racism and were less likely to operate businesses in the other areas.^{xxi}

The self-identified Nigerian, born British, business owner, operated in both Liverpool and Knowsley. Operating in Knowsley, an area that is known for the highest, most serious incidents of racism in LCR, was not a barrier to his business success. This was more likely because his role was not front facing and he had no cultural experience or anxieties linked to British racism, having come from a country where racism was rare. He came from a country, where the majority were Black, and institutions and systems favoured them.

One of the business owners who offered an alternative to this explanation, identified as Black British, of African, Caribbean, heritage, and operated in Liverpool and Sefton. He was a Liverpool, born Black, and worked in the music industry, a sector where people with his racial identity and cultural heritage, commonly occupied. These environments were described as typically, mostly racially tolerant, regardless of where the business was conducted because it involved music and entertainment.

The Nigerian born, British, media trainer and business owner, who operated in Liverpool, who claimed a British identity had come to Liverpool as a young child. She explained she gained more commissions from outside of the city. She complained that Liverpool had a poor track record of engaging, Black Led, media, training businesses, and this impacted the choice of where to do business, if you wanted a regular income.

^{xxi} <https://www.cheshireandmerseysidepartnership.co.uk/wp-content/uploads/2021/03/Ethnicity-profiles-in-Cheshire-Merseyside.pdf>

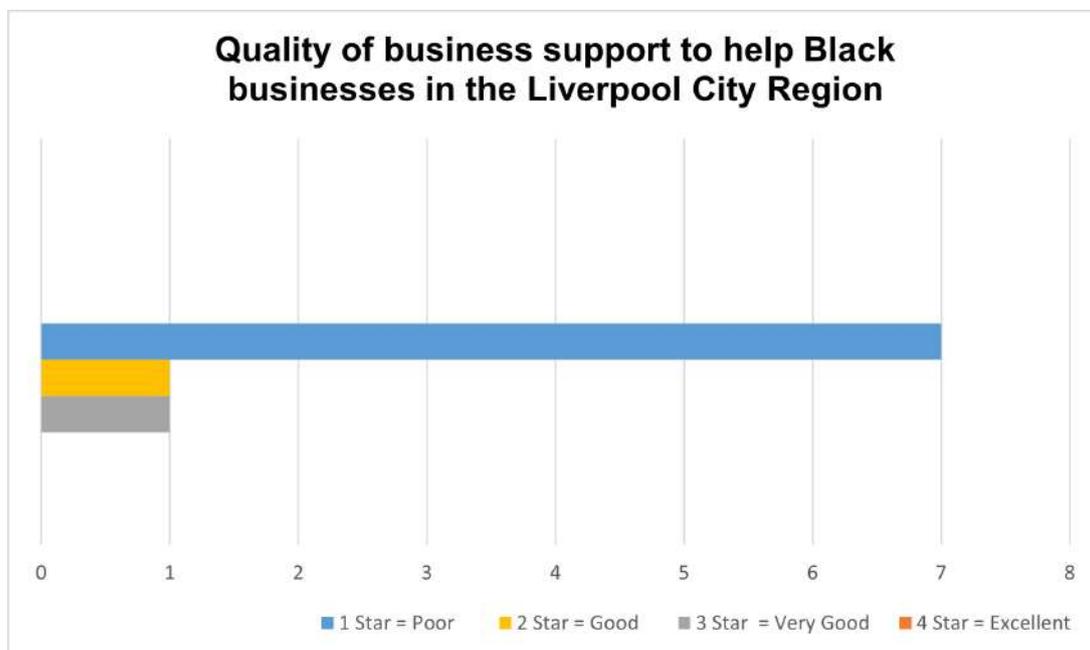
The British Nigerian, owner of an employment and enterprise training business agreed that he too experienced a lack of commissions because of his racial identity and culture. Although Nigerian born, he felt adding British to his identity assisted in being able to navigate systems, with more ease. Based in Halton, he had managed to income generate and build a business through commissions, but felt disadvantaged because commissions were small and sporadic, which limited businesses growth.

The lack of business growth he says, resulted in a cycle of not being able to tender for larger commissions. This was despite previous acknowledged, high-quality delivery, compared to white British businesses, who he claims lacked local knowledge, not being from the area, yet were awarded local commissions. He held a belief that because Liverpool had a significantly larger BRM community, he would experience less of these issues, though he had no experience of this.

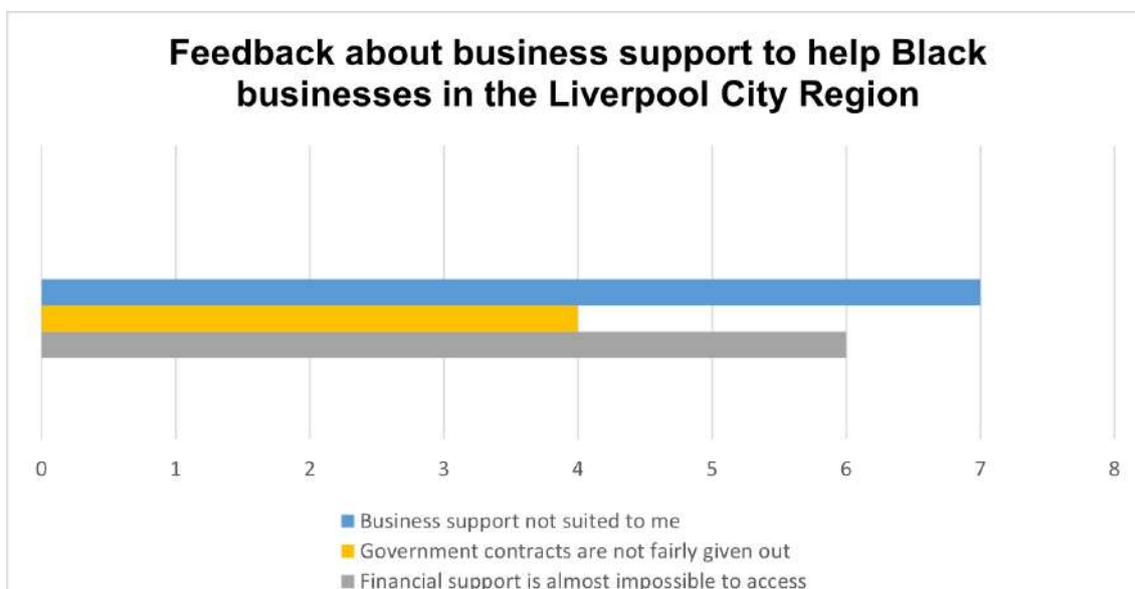
The experience of the African born, Zimbabwean, an owner of a boutique in Liverpool, and a fashion artist for her other business, operating in the Wirral, did not think her racial heritage or culture was a barrier to her success. The fact her boutique is in the heart of a multi-racial community and that most of her other business is operated online, not in a front facing, public role, she agrees, reduces the chances of experiencing racism, that could impact her business.

Quality of business support available to help Black businesses in the Liverpool city region.

It is agreed amongst business support providers and endorsed within well regarded research, that businesses are more likely to prosper when they receive business support, particularly during the start-up phase. When asked about the quality of business support available, to the case study business, they rated it in the order noted below.



It is remarkable that no one felt business support was excellent and the majority felt it was poor. When asked for more insight into why they rated the business support, the way they did, they chose the following options:



In providing a context and a deeper analysis of these responses, the following narratives was provided: **Note where there was negative feedback, in the spirit of fairness, as we did not, within the scope of our activities, have time or resources to get a response from the other party, identities are hidden**

- Three of the case studies had business support and agreed it was boarding between good and very good. What was missing was an understanding of their experiences as BRM businesses owners and what lay before them in terms of having to navigate the barriers, when operating in the LCR.
- Two case studies were pioneers, as the only Black women in the LCR in their industry. They explained they lacked the business advice, coaching or mentoring by people who looked like them or had actively done their type of business, rather than just understanding the theory.
- Another remarked, I have been involved with The Women’s Organisation and have had excellent access and good support there. Business support is mostly white and corporate.
- More recently, post-covid, more business support has come through from the city region to name a few with BDO, Growth Hub, Growth platform, and Be the Business.
- Business support when offered, does not appear to be suited to me, when I read the way, they describe it or I hear about it on the video on social media, the offer doesn’t appear relevant. That is why I could not score it excellent, at best it seems poor.
- My experience of white led businesses, offering support, can appear disingenuous, even when they are doing their best, it’s a bad fit, they use stereotypical messaging and images. This has put me off engaging with it.

- Business support is bad because there is not a place where you can locate BRM businesses, so I have never come across it. You would think by now that Liverpool would have sorted this out because, Black businesses have been operating here forever.
- Over the years business support has not been easily accessible or clear. Since starting my business, I have mainly dealt with costly corporate support for legal, finance and consultancy. It was never clear to me that there was a public sector, infrastructure to help.
- Business support that would support me as a firm of solicitors and a Black owner in Liverpool, to my mind is non-existent.

Accessibility of Finance

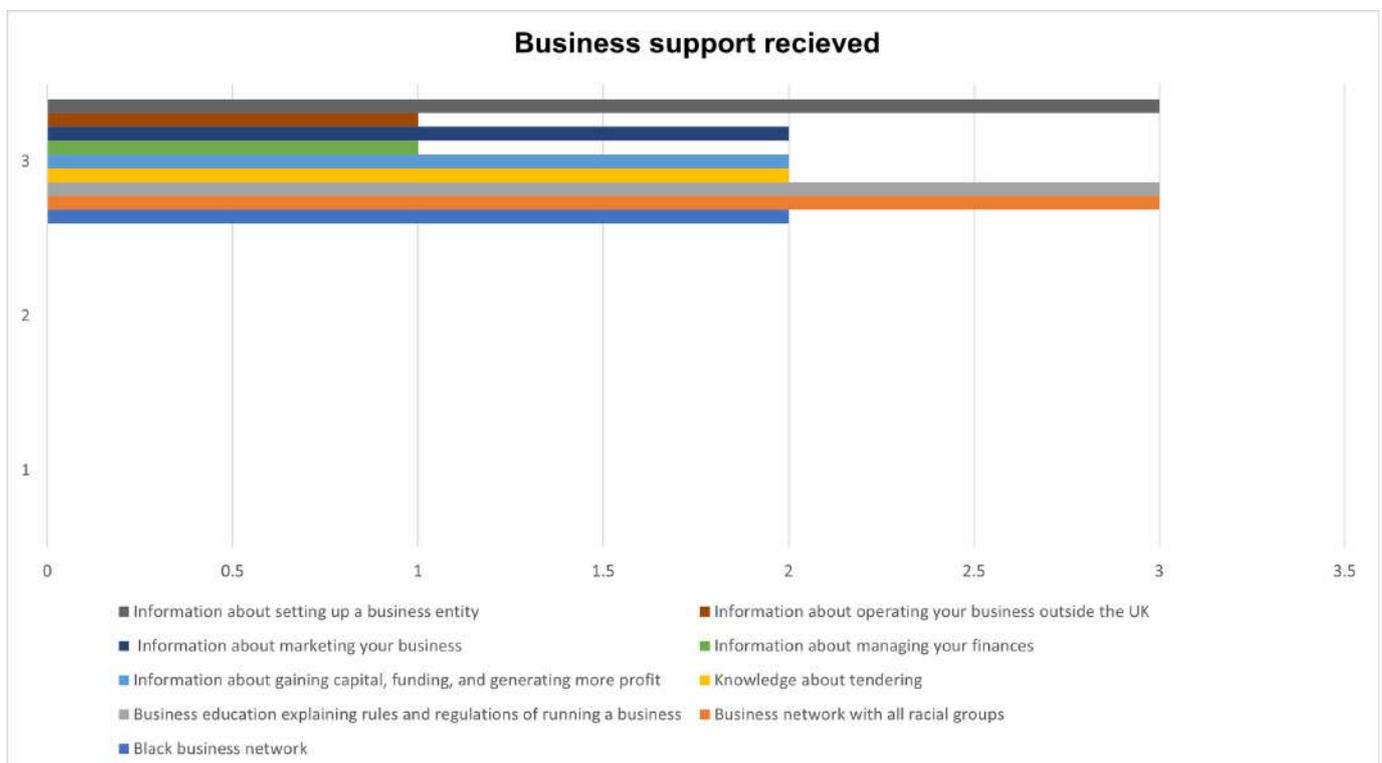
- Finance is available because I have assets and profits without the asset it would be impossible, however despite this, I have had challenges getting credit and grants, more it seems than white, business owners. I don't think that hospitality is on the list of priorities when it comes to the distribution of funds.
- Grants have been part funded, for instance 60% towards costs of training with the proviso you purchase the outstanding from a list of preferred suppliers. That is often not financially viable because they can be more expensive than if you bought it elsewhere for 100% of the price.
- My business partner is white, so she has often been able to access financial institutions more easily than me. Her circle of influence has more ability to give loans.
- Having a relationship with The Womens Organisation, post Covid, has supported my ability to access the finance needed to grow my business, when all the major institutions had rejected me. I cannot be definite that my racial identity played a role in being refused finance.
- Because Black businesses are small, we are excluded from accessing larger tenders and because we are small, we lack the capacity to be able to afford the resources to tender on a regular basis, reducing our competitiveness.
- In the Chinese community we use our own money or money in our community to meet our business needs, because banks had not helped us, or when they do, the time it takes to get a loan is not timely.
- We have been working with an external funding team in Halton BC which is good but not sufficient in terms of business support and understanding black business or opportunities or support for Black businesses.
- I have no idea where to access financial support.

Tendering Knowledge and Accessibility

- I haven't been able to learn or understand how tendering works and I don't have the capacity in my business nor the finances to buy in someone who knows this or can tender on our behalf.
- We do not do tendering so much in the Chinese community as we have tended to be in the food and manufacturing industry, and no one is available to give the support in our community who knows our needs and is experienced in supporting us.
- Tendering has been too time and cost intensive to justify doing in my business particularly given all the rejections we encounter.
- I have found that when I am tendering and presenting, I receive very different feedback compared to my white business partner, who has noticed the change in body language and attitude towards me when I appear. Assumptions around me as a Black male, subtle inuendo's about my capacity to do the work etc, makes me think, this bias, and it is why we struggle to secure tenders.

Business Support Accessed

Only three out of the nine case studies, received business support. This came from, The Women's Organisation, BDO, Growth Hub, Growth platform, and Be the Business a combination of paid for and free services as noted below. The evidence below provides some insight into the type of support BRM businesses desire and to some extent, have invested in.



Despite being established and successful businesses, achieved against the odds, given the current environment in the business ecosystem, in LCR, the case studies sought out business support, to assist their growth. It is noteworthy that the Black business network, BlaST is the only place BRM businesses have specialised access to support, though this is limited to Black-led socially-trading organisations.

Reasons Why Business Support Is Not Accessed

- There was no offer of support I know of in the Chinese community. I had family in business so was able to learn from family.
- Support needs to be relevant to our community to help with the issues we face particularly related to financial investment and growth.
- Once you had accessed an area of business support that was usually free and funded under a government programme, you could not access it again for another four years.
- I don't trust institutions to use my data correctly because I and my business partners have been used too many times to collect data, for who knows what. Nothing ever seems to transpire, for my company or community.
- It's too much like hard work to get business support providers to understand our community, our needs, and aspirations. Some don't want to; you are just a number in their tick box because they don't do anything to show they are interested in my business. They have no interest in building a relationship with you, they just want answers and data.

Impact of Not Getting Business Support

- Business growth and longevity is reduced.
- Cash flow, profitability and income generation is less.
- Higher levels of debt, relative to revenues, having to use disproportionate revenues to service debt.
- Unnecessary business failure and or closure.
- Reduction in the creation of jobs.
- Reduction in role models and businesses that reflect the LCR.
- Greater or absolute dependence of government, social security support.
- Exclusion of diverse racial groups who can add to the wealth and prosperity of the LCR.
- Limits the potential of entrepreneurship to grow wealth for BRM families and communities.

Strategies For Overcoming Barriers to Achieve Success

There are many barriers impeding BRM business success. The case studies overcame them in the following ways:

- The support and assistance of friends and colleagues.
- Locating the business in places, accessible to all and is not racially exclusive in its profiling, marketing, branding and appeal.
- Having people around me that were operating successful businesses.
- Having natural tenacity and nurturing it, with people to support and mentors to turn to.
- Having a family relationship and strong support from wife and partner and I'm bloody minded, refused to accept no.
- I had a traumatic experience that made me fear nothing, that set me up for business.
- Always had an entrepreneurial mind, guided by my Nigerian dad and started out early as a student.
- Success was achieved by working hard and by learning from the family, it being a family business.
- Main retailers don't like our Chinese packaging, so we accumulated costs trying to make it more like European brands and recoup it through higher sales than if we only sold it in Chinese stores.

Special thanks to the Case Study business owner contributors: **Auckland College, iWomen Academy, Sedem Pharmacy Group UK, Nothing But The Music, KWP Solicitors, Baa Bar, Tayamika and Seven Streets, Golden Dragon Foods, Open 360**

6.3 Action Learning within the LCR Business Support Eco-system

6.3.1 Positive Action & Business Support

6.3.1.1 Positive Action Business Adviser Programme

One aim of the research has been to develop and test a positive action training programme which will address the lack of professionally trained BRM advisers in Liverpool City Region. The research contract funded one full time position for six months, and The Women's Organisation matched this investment and funded a second positive action trainee adviser. It is acknowledged that full professional training cannot be completed through a six-month pilot only, and The Women's Organisation have secured additional short-term funding to retain both trainees to complete their training and develop their business advice practice.

Pedagogical Approach

A learning and development plan was designed and implemented to accelerate the progress of the two positive action trainees in becoming competent and confident business advisers. Dedicated sessions were integrated into a weekly work programme that included observing experienced business advisers in action, participating in enterprise skills training, engaging with would be and existing entrepreneurs at networking opportunities. The learning and development sessions were an integral part of the learning-by-doing approach, providing opportunity for reflection and action planning as well as intensive knowledge exchange key areas required for effective business advisers.

The learning and development programme included building:

- An understanding of the role of a business adviser and how to build and manage positive relationships with clients to support them on their entrepreneurial journey. This included an exploration of the components of an effective business adviser, business adviser functions, emotional intelligence, listening skills and the processes that facilitate this process.



- Building an appreciation of the needs and priorities of minority owned and led businesses, learning directly from entrepreneurs' experiences as well as accessing resources and attending events led by the Centre for Research in Ethnic Minority Entrepreneurship at Aston University.
- Opportunities to engage in different kinds of training and support delivery, at start up and growth stages, including a bootcamp for academics exploring the potential to commercialise their research.
- A toolkit of practical skills and resources to support individuals through the process of business planning and development, online and in person. Specific tools include the business plan, SOAR (strengths, opportunities, aspirations, resources), SWOT (strengths, weaknesses, opportunities, threats), the Business Model Canvas (BMC) using both paper-based and digital applications.
- Reflective practices into work patterns on a regular basis that promote on-going learning and improvement in their provision of business advice services and promote personal ownership for on-going professional development.

As well as dedicated sessions, the positive action trainees participated in The Women's Organisation's Business Advice team professional development knowledge exchange sessions focussing on EntreComp, sustainable development for small businesses.

The positive action trainees have worked alongside senior Business Advisers to provide Business Support for the Nia Black Business Hub. This team of senior advisers is diverse including 35% BRM , with multiple languages available if required within the team. It was expected that this could provide the BRM entrepreneurs with an experience closer to their racial profile and cultural norms and a more comfortable transition into a mainstream experience.



Action Learning Business Support Services

The partnership has tested and delivered a range of business support services including:

Engagement to the NBBH business support services has primarily involved direct recruitment through the BRM business community engagement provided by Kuumba Imani, L8 A Better Place, and LCR outreach, alongside culturally appropriate business coaching and mentoring delivered by Teach Consultancy. The outcomes of the culturally appropriate business coaching informed the business support advisers next steps. Technical start up and growth business support was provided through the positive action trainee programme supported by a senior adviser.

The business support services included:

- Comprehensive community outreach and engagement approaches
- Coaching and business mentoring
- Demand led one to one business advice, informed the research as to the actual needs of the BRM led businesses, rather than predetermining the support. Advice provided included the following subject areas:
 - Start-up advice
 - Preparation for growth
 - Digital innovation
 - Investment readiness
 - Product diversification
 - Preparation for applying for finance and financial networks
 - Procurement readiness and access to supply chain information
 - Taking on staff and general HR support
 - Integrating a low carbon strategy
 - Approaching new market opportunities (local and international)
 - Communicating with customers and the use of social media platforms
 - Social enterprise structures and funding
- Access to business role models through two online Business Forum networking events featuring external speakers, Dr Yvonne Thompson, CBE, and Paul Sesay

All services have been integrated with the Local Growth Hub and the Enterprise Hub, ensuring the connectivity of the client businesses into the LCR business support infrastructure going forward.

Throughout the six months this action learning programme provided support to 56 individuals, who without the specific targeting of NBBH might not otherwise have accessed advice, of whom

- 33 were exploring business start-up, and six have done so to date
- 10 owned business three years or younger and
- 13 had businesses established for more than three years.

Over 100 people attended the network events.

The experience of delivering this action learning business support service reinforces the findings of the survey, with the interview and case study primary research. The BRM business founders were keen to access good quality business support but needed to feel able to connect to the service.

6.3.2 Consulting the Business Ecosystem

The NBBH has undertaken careful information giving and consultation throughout the research period, with policy and practice stakeholders across the City Region and nationally. These informants and consultees have included:

Liverpool City Council Race Equality Task Force

LCR Business Support Working Group

Business Forum

The Good Business Festival

Our Little Corner of the World

Kindred

Business Intellectual Property Centre

BlaST Network

Liverpool City Region Local Enterprise Partnership

Greater Manchester City Region Local Enterprise Partnership

Manchester African Caribbean Forum

Liverpool City Region Metro Mayor

Morrisons

Growth Platform- Local Growth Hub Partner Meeting

African Business Chamber

BURN CIC- Northern Powerhouse Black Business Accelerator – with Founder Tribes, Bruntwood,

LCR CA, Manchester Metropolitan University, Leeds City Council

Department for Business, Energy and Industrial Strategy

In addition to these meetings, NBBH facilitated a Round Table Forum with ten LCR Business Support Providers and Stakeholders from every authority across the Liverpool City Region and Liverpool City Council, Mayor Joanne Anderson.

The consultation has resulted in complete appreciation of the need for and support of NBBH from all interested stakeholders.

Three of the five LCR local authority areas have asked for NBBH satellites in their areas, so far, and have offered space to accommodate this.

There was some interest in cultural competency development for staff and business advisers from public and private sector stakeholders.

There was some interest in co-creation of NBBH products with national government.

There were national collaboration requests and opportunities with public and private sector.



6.3.3 Findings

Testing the Delivery Model - How it worked in practice:

The majority of entrepreneurs, were initially connected to the Nia Black Business Hub gateway through a referral, usually connected to their racial group network, community or business network. This was also achieved through the marketing and engagement exercises undertaken by the partnership.

numbers and the areas of need for business growth and issues preventing it. This was used to prepare both entrepreneur and advisers for the business support activities.

Challenges

Access and Community Based Presence

The covid pandemic posed the most obvious challenge as it was not possible to meet the entrepreneurs face to face and be fully accessible. It took away the experience of being in the Kuumba Imani Millennium Centre, a building that was designed to embrace the needs of BRM people and provide a comfortable space for them to operate from. The entrepreneurs missed out on a front facing experience of the pilot Nia Black Business Hub.

Scope and Scale of Support

Unrealistic expectations of what a Business Support service can provide is not only a BRM issue but one which mainstream support services face. Clarity between paid for professional services helped moderate these expectations as required and facilitate smooth engagement with the advice process.

Culturally sensitive and aligned advice, marketing, and support

Recognising and adequately accommodating cultural nuance and diversity such as language, imagery, case studies and overall messaging is critical in ensuring that the support service addresses these challenges

Brand and Marketing

The Nia Black Business Hub deployed an interim marketing and brand process to support the pilot, but this is not adequate to convey the scope of the initiative. Going forward and a full brand development process will need to be undertaken, however it is worth noting that the pilot approach taken achieved and exceeded its objectives in terms of research and testing

Entrepreneurial Profile

Entrepreneurs often do not self-identify racially and/or culturally especially if they were more than second generation BRMs. However effective national data collection process would help address this issue and facilitate targeted support.

Digital Exclusion

The challenge of accessing technology, the internet and knowing how to interact and engage with it was a barrier for some of the entrepreneurs. The communities who work largely in retail and long hours were the least accessible on these platforms and some presented with language challenges having English as their second language.

Effectiveness

The engagement of all racial communities in the LCR was highly effective when considering the time available to do this and all-inclusive to different extents. The six-month time factor and the lack of face-to-face engagement, offline, prevented opportunities to better engage with those who we had a light touch with. There were some communities that were harder to engage in large numbers even though this was overcome by direct engagement with significant leaders, such as the Chinese community. The Liverpool Born Black, Caribbean, and African communities were the most engaged.

The pilot provided business support services to more than double (56) that originally intended and supported the development of at least ten new black led businesses. Of those businesses it is expected that at least 50% may not have accessed support without the intervention of NBBH, and continue to have access to advice and support at the time of writing.

The round table was well attended by LCR Business support providers and stakeholders from all authorities across the LCR, including Liverpool's Mayor. There was excellent engagement and enthusiasm to learn from the action research and seek ways to progress particularly regarding the setting new and compelling standards.

The business forums were well attended and attracted the attendance of a diverse group of business owners from diverse racial communities that acted as a stimulus for further involvement of business owners.

The involvement of significant, high profile influencers on at a national level was also achieved and has helped created a pathway for the next necessary steps and development.

Growth and Sustainability: Leadership Growth Needs

The following actions would support the identified sustainability needs of BRM businesses in LCR and enhance the leadership capabilities of these entrepreneurs:

- **Leadership growth needs:** include equipping business leaders with the emotional literacy to manage direct and indirect discrimination, to lead and retain their workforce, to manage conflict, challenge, and change.
- **Business Start Up Advice:** a programme of start up support that actively engages and targets BRM people.
- **Business Growth and Development:** The need for business support and advice to explore what are the best business models and approaches for rapid growth the creation of employment and sustainable expansion is necessary to increase BRM business profits. Including:
 - Digital Innovation
 - Investment Readiness
 - Integrating a low carbon strategy
 - Product Diversification
 - Procurement Readiness and access to supply chain information
- **Approaching new market development (local and international)**
- **Financial literacy training and knowledge:** Started ideally at school to build knowledge and confidence in understanding the financial system, how to use finance for a business, how to grow their business using finance for the creation and maintenance of a workforce and to access finance.



- **Recruitment and Retention:** Knowledge building around the use of finance, payroll and regulations on pay, employment regulations, recruitment and human resources.
- **Knowledge building around use of political networks:** A programme that enables the entrepreneurs to understand how to engage with political networks, their purpose and function.
- **Confidence and resilience building:** To better prepare entrepreneurs for business this should be started at school and implemented through practical and theoretical means with positive reinforcement applied through peers and other influencers.
- **BRM Networking Support and Role Modelling:** with a focus on communities who have historically less established business communities and networks e.g., Liverpool born blacks. Support to help them communicate the interests of BRM businesses in framing policy, regulations, funding and support programmes.
- **Relationship Building Skills Development to Assist Engagement with Mainstream:** To connect BRM businesses to potential clients, partners, investors, mentors and other useful contacts and highlight their contribution and challenges to a wider audience, including policymakers.
- **BRM led Mentoring and Coaching:** Access to BRM mentors and Business Coaches that are actively involved in business to help them get started, overcome challenges and persevere with their business ideas.



7. Analysis and Conclusions

Conclusions are triangulated through the secondary research, primary research and practice undertaken through this action learning pilot, as follows:

Policy, language and data

BRM enterprise is vastly under acknowledged in policy terms and in the context of its current and potential economic impact. Most notably that the value to the economy is estimated at £74 billion and start-ups led by BRM are represented strongly in UK business formation activity.

The lack of a comprehensive data set creates challenges when conducting research on BRM entrepreneurship. At a national level, the UK Census definitions of race and cultural identity is considered too broad and ill defines BRM communities in LCR and locally the Growth Platform or Local Government do not collect such data.

The concept of diversity within BRM-owned business communities is of critical importance as many of the currently employed definitions fail to appreciate the different priorities, challenges and needs within each of the distinct elements of BRM communities. The descriptor of 'BAME' as a catch all term is therefore problematic in understanding identifying and meeting need. Acknowledgement of racial heritage in the collection and understanding of data will inform greater understanding and nuance in analysis.



An undervalued and underinvested asset

BRM communities are particularly entrepreneurial. They were more than three times more likely to be starting a business than white people (2002–18) but it is acknowledged that many of those businesses fail.

BRM entrepreneurs were slightly more likely to be new business owners than their white counterparts but also much less likely to be the owners of established businesses.

The economic contribution from Black and racial minority-led SMEs was around £25 billion or just under 4% of private sector non-financial GVA.

The estimated number of Black and racial minority-led SMEs in the UK, in the three years ending 2018, stood at 248,000 which is equivalent to about 4.4 % of the UK business stock.

The number of BRM led SMEs, like the business population as a whole, is primarily made up of small and micro enterprises. The majority are also self-employed operating as sole traders or in small enterprise partnerships with no employees.

- 185,000 or just over 74% of BRM businesses had no employees which is slightly lower than in the business population as a whole (76%).
- 590,000 or just over 11.9% of the 4.93 million self-employed people had an ethnic minority background.
- The number of Black and racial minority self-employed grew by 46% between 2011 and 2018, over twice as fast as the total self-employed population. In the case of the Black/ Black British sub-group alone, the number nearly doubled over this period.

Asian/Asian British sub-group accounted for over half of all BRM-led SMEs (127,000). The next largest sub-group was comprised of firms with a mixed or multiple Black and racial minority ownership (where White ownership was in the minority - or not represented at all, and the majority owners had either a mixed ethnic heritage or came from several non-white ethnic groups).

It is important to recognise the distinctiveness of BRM businesses in relation to factors such as sector, locality, finance, social and network capital, and institutional support on one side, and cultural factors on the other, whilst considering how they have navigated structural and institutional inequalities.



The share of female owned businesses in BRM stock was slightly lower than the share of women-led SMEs in the business stock. The share of Asian/Asian British business led by women was lower than in the BRM led business stock overall, as was the representation of other racial and cultural minority groups. Both the share of Black/Black British and mixed/multiple racial and cultural groups led by women was higher. These differences probably reflect deep-seated cultural differences as well as industrial variations and inequalities, although it is acknowledged that these are very difficult to examine further with the limited data available.

64% of BRM entrepreneurs have a degree-level or higher qualification, and less than 2% have no qualifications at all. On average, entrepreneurs with an Indian background are most qualified, with White British and Black Caribbean groups the least qualified.

The share of national GVA generated by BRM led businesses in 2018 is slightly lower than their corresponding share of the business stock. The industrial profiles vary between BRM and the non-financial business sector as a whole and as employers, BRM are much less common in manufacturing, construction, and business services, but notably more evident in sectors which often have lower value added.

The Business Support Ecosystem – Fit for Purpose?

The recurring theme in previous and current UK policy approaches is that BRM enterprises are detached from 'mainstream' business support networks and initiatives. BRM entrepreneurship has not played a major role in the overall enterprise strategy development and is largely absent from wider economic agendas.

The structural and systemic disadvantage is a central factor in explaining the persistent disparities in business outcomes for BRM entrepreneurs. BRM businesses are concentrated in the most deprived areas, competitive sectors, and experience the most difficult of market conditions. Furthermore economic, political, and institutional factors contribute to driving many BRM businesses into this place and maintaining them there.

BRM self-employment varies significantly by region and sub- group and data from 2018, highlights that every BRM sub-group was overrepresented in London and consequently 35 per cent of all the self-employed in the region were non-white.

Several challenges exist which continue to impede BRM enterprise creation and development, and these are categorised within a social, policy, and practice lens.

Barriers to BRM enterprise creation growth can be categorized in social, policy and practice domains. Overt and covert discrimination, data and policy deficits, lack of provision and access to culturally sensitive support and networks, also the adoption of mainstream engagement models, lack of investment in BRM business support, finance, and resources, entrepreneurial, leadership and management support and business incubation are individually and collectively acting to exclude and disadvantage BRM entrepreneurs.



The UK share of female owned businesses in BRM stock was slightly lower than the share of women-led SMEs in the whole business stock. The share of Asian/Asian British business led by women was lower than in the BRM led business stock overall, as was the representation of other racial and cultural minority groups. Both the share of Black/Black British and mixed/multiple racial and cultural groups led by women was higher. These differences probably reflect deep-seated cultural differences as well as industrial variations and inequalities, although it is acknowledged that these are very difficult to examine further with the limited data available.

This compares with the LCR primary research which within the limits of this consultation exercise, data gathering, interviews and case studies, show that racial communities from Asian and Chinese backgrounds have more established SMEs in the whole business stock. These tend to be in the retail sector and generate low profits. Those in the local, indigenous, racial groups, particularly, Liverpool born Blacks, operate in the social value market, CIC's, often producing, no or low profits. Whilst those with an African or Caribbean heritage, operated in the main, in more high income, sustainable industries, having more established positions in the business stock.



The principal obstacles for the eco-system seemed to be identifying and reaching the BRM communities in question. This often linked to inadequate and inappropriateness of the 'product-oriented' approaches, unsuitable language use linked to poor racial literacy and cultural competencies and the lack of data intelligence used by many mainstream support ecosystems. This contrasts with the findings of the primary research which indicates that the entrepreneurs and business founders are keen to access support, but do not recognise services available that are appropriate to their needs.

The ostensibly low take up of formal sources of business support draws attention to the capacity of mainstream business support to cater adequately for the needs of BRM communities.

Specialist 'added value' BRM Business Support Agencies

Specialist BRM agencies have an advantage over mainstream support organisations in terms of reach with BRM communities, however BRM business support infrastructure should be integrated and not marginalised from the mainstream ecosystem.

BRM business support should not be forced to rely on project or contract-based funding which, with a few exceptions, often leads to under-resourcing and patchy effectiveness.

The development of physical business incubation and support hubs have the potential to have a significant impact on the creation, sustainability, and growth of businesses from all groups and in particular underrepresented groups. They offer the opportunity to provide racially, culturally relevant, targeted and bespoke support to potential and existing BRM businesses.

Developing relevant policy responses and a supportive ecosystem based upon the long-term investment in highly diverse, business intermediary actions with cultural and racially specific standards, while engaging with and supporting BRM entrepreneurs, will help break a cycle of discrimination and exclusion.



Summary

The research supports the need to continue the development of NBBH as LCR's first physical, Black Led business incubation and support hub that provides targeted and bespoke support to potential and existing Black Businesses. NBBH is additional to and an integrated part of the wider LCR business ecosystem. It will be a clearly identifiable and respected exemplar within the business support infrastructure, focused on empowering and encouraging members of the BRM community to start and grow their own businesses. Also offering an opportunity for relevant knowledge creation and analysis to contribute to effective enterprise policy development and implementation within LCRCA.

NBBH will be established within the envelope of the Kuumba Imani Millennium Centre site and will be designed to reflect the physical incubation business support needs of new and growing BRM enterprises in LCR. It will be at the forefront of community engagement, empowerment, and development with the goal of developing a service designed around inclusion of the BRM entrepreneurial community. NBBH will be led by KIMC and will work in collaboration with The Women's Organisation, LCRs business start-up support service, and the Business Growth programme. It will develop strategic and operational integration with the wider business eco systems private, public, and social economy sectors to support the embedding process of inclusive BRM business practice and development. NBBH will serve several functions and seek to tackle several apparent gaps in the range of services and facilities available to black business owners – actual or potential in LCR and to act an exemplar on a national and international stage.



8. Recommendations and Next Steps



8.1 Recommendations

It would be beneficial for Liverpool City Regions Combined Authority to provide leadership and give priority to the following:

Recommendations: Specialist 'added value' BRM Business Support Agencies

- Acknowledge and tackle the barriers that are individually and collectively serving to exclude and disadvantage BRM entrepreneurs including overt and covert discrimination, data and policy deficits, lack of provision and access to culturally sensitive support and networks, commit to the adoption of mainstream models that address the lack of investment in BRM business support, finance, and resources, entrepreneurial leadership, management support and business incubation.

Recommendations: The Business Support Ecosystem – Make it Fit for Purpose

- Remove one of the main obstacles in the support ecosystem, the identifying and reaching of BRM communities, often linked to inadequate and inappropriateness of the 'product-oriented' approaches and inadequate racial literacy and cultural competencies used by many mainstream support ecosystems.

Recommendations: Policy, language and data

- Publicly recognise and acknowledge the contribution, ambition and potential of BRM businesses to the local and national economy.
- Commit to using racially appropriate language, policy and practice approaches that fits the historical narrative of BRM communities and provide an improved framework to better benchmark their experiences and needs whilst monitoring agreed standards of performance by providers in the ecosystem.
- Commit to co-producing a specific BRM Enterprise Policy and 10-year Strategy in conjunction with KIMC, The Women's Organisation and Growth Platform and other key stakeholders. This must recognise the distinctiveness of BRM businesses in relation to factors such as sector, locality, finance, social and network capital.
- Commit to working with the Growth Platform and appropriate stakeholders to design and implement more inclusive and nuanced data collection and reporting system on BRM businesses.

- Recognise that the share of BRM owned businesses is disproportionately lower than the share of non BRM SMEs in the business stock and invest in positive action enterprise support programmes that support BRM entrepreneurs.

Recommendations: Specialist 'added value' BRM Business Support Agencies

- Invest in a specialist BRM business support which should not be forced to rely on short-term project or contract-based funding.
- Continue to invest in positive action training programmes to ensure the next generation of LCR Business Advisers is representative of our racial and cultural communities.
- Progress with the development of a physical business incubation hub which will provide an integrated business support offer and the opportunity to provide targeted and bespoke support to potential and existing BRM businesses.



8.2 Next steps

Next Steps: Specialist 'added value' BRM Business Support Agencies

1. Provide continuity of message and support by investing in KIMC development of the Liverpool City Region Black Led Business Incubator - Nia Black Business Hub

The Nia Black Business Hub will:

- Work with LCR CA to deliver a LCR business development programme that targets Black-owned businesses to be tender ready either as individual businesses or in supported collaboratives.
- Deliver start up and early-stage growth support within the LCR Enterprise Hub partnership including the detailed portfolio of services delivered through the pilot.
- Establish a network of professional services providers and business coaches, providing pro bono help to BRM businesses to navigate the process of attaining loans, grants, and other affordable capital, including from large corporations and non-profit organisations.
- Secure dedicated funding to deliver business support programmes that can help Black-owned suppliers better participate in business and specifically retail supply chains.
- Facilitate digital transformations to help businesses improve digital capabilities and identify new market opportunities.
- Signpost and provide knowledge and assistance to participate in the government funded programmes e.g. Kick start and successors and help to navigate this scheme for those whose cash flow is low.
- Deliver low carbon and business growth services as a core partner in the Northern Powerhouse Black Business Growth Accelerator.
- NBBH in collaboration with the private and public sectors will facilitate networking and partnerships between established businesses and compatible BRM start-ups with a platform to showcase BRM businesses.
- Co-create a black business network or forum in line with the requirements of the BRM business community.

Next Steps: The Business Support Ecosystem – Making it Fit for Purpose

2. Mainstream business support does not provide services that meet the needs of Black entrepreneurs. NBBH will support and co-develop the business eco-system within LCR by:

- Working with key organisations in ecosystem to embed the achievement of standards and on-going maintenance of quality assurance, through participating in self, peer to peer and Black Led, peer evaluation and creating research monitoring on the equity of processes, data and policy outcomes.
- NBBH will train and develop an accredited Black team of specialists to support the implementation and assessment of the Charter as the need grows.



3. Mainstream Business Support needs measurable, essential change, via culturally specific learning, engagement, and business development opportunities, to rectify mistrust and racial inequity.

- Business Support providers should be targeted to build more inclusive teams, creating better access to role models with multi racial-cultural, commercial networks, with relationships and informal networks locally and nationally. The purpose to build trust and confidence of BRM business owners; to help them make optimal business decisions and access information about high-potential opportunities.
- To support the development of these diverse teams NBBH will seek funding for its successful Positive Action Business Adviser Training Programme to provide a continuity of opportunity in this area.
- Eco system providers to be coached on providing outward facing, joined up, inclusive, racial, and culturally appropriate, co-ordinated strategy planning around business support for BRM businesses.

Next Steps: Value and Invest in BMR Businesses

4. Recognise and invest in Black Led, BRM Business Support as a key driver of the LCR economy, this support and brokerage would also:

- Provide advocacy to further solidify bonds between BRM businesses and other stakeholders in business ecosystem.
- Co-ordinate private and public sector to help BRM businesses build capabilities and facilitate knowledge sharing.



5. Explore how financial institutions, and access to finance support can better meet the needs of BRM Businesses

- Expand opportunities for coaching and mentoring by high-performing entrepreneurs and a variety of business professionals developing pathways to investors, seed funding and sponsors to grow BRM businesses.
- Develop informed and proactive, financing solution(s) that address the racial disparities, BRM businesses experience, that cause a lack of cash flow. One that includes fair and equitable investment, equitable access to credit, capital, tenders, banks, venture-capital funds, lenders and investors with measures conducting fewer in-person transactions reducing bias.
- Inclusion of in-kind equity contributions, grants, subsidies, loans, and revenue-participation agreements and loan deferrals.
- A programme for BRM businesses that provides them with culturally appropriate business support to access capital and R&D funding. Financing to test ideas, to start-up and stimulate business growth, micro-funding to test ideas, money to access to professional and financial expertise to ensure they are investment ready.
- Convene and support a consortium of BRM fund managers to participate in issuing and managing debt and equity investments in BRM businesses.

Next Steps: Influencing Policy

6. NBBH to work with key organisations in business ecosystem to co-create and design, inclusive, corporate and government procurement practices.

- Encourage those in ecosystem to track procurement spending, introducing LCR racialised categories of suppliers, make the data more widely available and shared to track progress and promote accountability.
- Encourage, use of the tracking of spending, with BRM suppliers, the number of BRM suppliers engaged with, and the number of requests for information and proposals to these suppliers, through key providers in the eco system.
- Explore the on-going relationship potential with the research community and centres of excellence such as CRÈME and ERC.
- Use movement to devolved funds to ensure comprehensive and racialised data collection across LCR funded programmes and investments.

Next steps: Investment Priorities

6. BRM Led Business Support Services: that meet the racial and cultural needs of BRM entrepreneurs and business through Nia Black Business Hub that will act as a gateway to mainstream business support. The hub will provide Black led, business coaching, counselling, and mentoring to support the businesses and entrepreneurs to:

- Identify their business growth and sustainability needs and benefit from the culturally specific support available in the hub, then access mainstream business support.
- Benefit from access to a database of BRM networks, role models and targeted provision that connect BRM businesses to potential clients, partners, and investors.
- Access culturally specific business events delivered within the mainstream through a partnership with mainstream providers.
- Access training designed to upskill BRM businesses in areas of need, e.g., leadership, networking skills, financial and emotional literacy, confidence, and resilience training.

Race Equality in Business

7. To resolve the gap in adequate service provision for BRM businesses, NBBH will provide support to co-create business support providers in the business eco-system within Liverpool City Region.



The MSDUK-OPEN Top 100 Minority UK Businesses 2019–20: the first 23

	Company	Sector	Minority Founder-Owner	Ethnicity	Turnover (£m)
1.	EG Group	Petrol station retail	Mohsin & Zuber Issa (f)	Indian	17,552.0
2.	Liberty Steel*	Metals wholesale & manufacturing	Sanjeev Gupta (f)	Indian	4,475.2
3.	B&M European Value Retail	Discount retail	Simon Arora (co-o & CEO)	Indian	3,813.4
4.	Boparan Holdings*	Food processing, wholesale & restaurants	Ranjit Boparan (f)	Indian	3,526.1
5.	Bestway Food Group	Wholesale food	Anwar Pervez (f)	Pakistani	3,447.9
6.	WD FF (Iceland Foods)	Supermarket retail	Tarsem Dhaliwal (co-o & CEO)	Indian	3,249.0
7.	Westcoast (Holdings)	IT wholesale	Joe Hemani (f)	Indian	2,836.7
8.	State Oil (Prax Group)	Oil extraction	Winston & Arani Soosaipillai (co-o)	Sri Lankan	2,420.4
9.	Hinduja Automotive	Car manufacturing	Sri & Gopi Hinduja (co-o)	Indian	2,379.5
10.	Solai Holdings	Oil & other retail	Bhupendra & Ramesh Kansagra (co-f)	Indian	1,595.7
11.	Boohoo Clothing	Retail	Mahmud Kamani (co-f)	Indian	1,234.9
12.	N Brown Group Clothing	Retail	David Alliance (co-f)	Iranian Jewish	858.2
13.	Simple Energy (Bulb Energy)	Retail energy supplier	Amit Gudka (co-f)	Indian	823.3
14.	Dhamecha Foods	Food wholesale	Shantibhai & Jayantibhai Dhamecha (co-f)	Indian	793.5
15.	Roofoods Tech: (Deliveroo)	Meal delivery	Will Shu (co-f & CEO)	Taiwanese	771.8
16.	HC-One*	Care Homes	Chaitanya Patel (f)	Indian	696.8
17.	Metdist	Metals trading	Apurv Bagri (o)	Indian	629.4
18.	HDP Holdings	Metals trading	Sehar Zeeshan Anwar (f)	Pakistani	593.8
19.	Onkar International (Southall Travel)	Travel agency	Kuljinder Bahia (o)	Indian	592.3
20.	Lycamobile*	Mobile telecoms	Allirajah Subaskaran (f)	Sri Lankan Tamil	549.3
21.	Crown Crest Group (Poundstretcher)	Discount retail	Rashid & Aziz Tayub (co-o)	Indian	442.2
22.	Day Lewis	Chemists	Naliniben Patel & family (co-o)	Indian	420.6
23.	CareTech Holdings	Care homes	Haroon & Farouq Sheikh (co-f)	Indian	395.0