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THESIS SUMMARY

Aston University

EVALUATING SMALL BUSINESS PERFORMANCE-A MATCHED PAIR ANALYSIS OF AFRICAN CARIBBEAN OWNED BUSINESSES IN THE UK

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African Caribbean Owned Businesses (ACOBs) have been postulated as having performance-related problems especially when compared with other ethnic minority groups in Britain. This research investigates *if ACOBs may be performing less than similar firms in the population and why this maybe so*. Therefore the aspiration behind this study is one of ratifying the existence of performance differentials between ACOBs and White Asian Owned Businesses (WAOBs), apprehending the most likely drivers of performance differentials with the perspective of proffering a meaningful comprehension and explication for all stakeholders in the given context, by using a triangulation of methods and matched pair analysis. Every ACOB was matched along firm specific characteristics of age, size, legal form and industry (sector), with similar WAOBs. Our conceptual framework, identifying key factors impacting on firm's performance enabled us do this.

Findings show support for hypothesis that ACOBs are more likely to perform less than the WAOBs; WAOBs out-performed ACOBs in the objective and subjective assessments. Though we found some differentials between both groups in the entrepreneur's characteristics and various emphases in strategic orientation in overall business strategy, these were not the most likely drivers of performance differentials between ACOBs and WAOBs. Rather the most likely drivers of performance differentials were found in firm activities and operations, though firm's in both groups belonged to the same sector, ACOBs tended to major on lower to middle level services while the WAOBs majored on middle to higher level services.

ACOBs tended to have brands that were not as popular in the mainstream with most of their manufactured goods being seen as 'exotic' while those by WAOBs were perceived as 'traditional' implying that WAOBs are able to reach mainstream with traditional products, these higher demand base transmutes to higher profit margins. Moreover, ACOBs had a higher proportion of its clients constituting of individuals than business organisations while the WAOBs had a higher proportion constituting of business organisations, this can impact turnover and profit margins as it is well known that organisations will purchase more and pay more than individual clients. Differentials are possibly linked to important factors, whose absence may tantamount to barriers in their performance, including: access to mainstream distribution channels, popularity of brand, lack of discriminatory practices and difficulties in accessing mainstream finance. The relative absence of these factors has complicated their 'break-out' and sales efforts in the mainstream markets.

Therefore findings from this study have far reaching implications for policy makers, practitioners, government institutions and support agencies, targeting help to ACOBs, seeking to improve their performance, and encourage 'break-out' into more emerging sectors.

Keywords: Performance, African Caribbean, small business, ethnic minority, matched- pair analysis, strategy, entrepreneurial characteristics

DEDICATION

There's a miracle called friendship that dwells within the heart, most times you don't even know how it all happens or when it all starts but the happiness it brings always gives us that special boost when we need it the most. One day it really dawns on you, as you realise that this friendship is God's most precious gift. It is with this train of thought that I dedicate this work to my friend that has loved at all times, supported at all times. This work is dedicated to my gem of inestimable value, my wife-Anne Ufuoma Ehoru

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LIST OF CONTENTS

THESIS SUMMARY	2
ACKNOWLEDGEMENTS	4
CHAPTER ONE.....	11
1. INTRODUCTION	11
1.1 INTRODUCTION AND CONTRIBUTION OF ETHNIC MINORITIES	11
1.2 THE RESEARCH PROBLEM	12
1.3 OBJECTIVES OF THE RESEARCH	13
CHAPTER TWO.....	15
2. LITERATURE REVIEW.....	15
2.1 INTRODUCTION	15
2.2 ENTREPRENEURIAL AND LITERATURE CONTEXT OF ETHNIC MINORITY BUSINESSES IN THE UK	16
2.3 PERFORMANCE DIMENSIONS	20
2.4 STRATEGY	22
2.5 ENTREPRENEURIAL CHARACTERISTICS AND PERFORMANCE	24
2.6 FIRM-SPECIFIC CHARACTERISTICS	26
2.7 ENVIRONMENT AND PERFORMANCE	29
2.8 CONCEPTUAL FRAMEWORK OF MOST LIKELY VARIABLES THAT IMPACT FIRM'S PERFORMANCE	30
2.9 SUMMARY OF LITERATURE REVIEW	34
CHAPTER THREE.....	35
3. METHODOLOGY.....	35
3.1 INTRODUCTION	35
3.2 RESEARCH PHILOSOPHY	35
3.3 SAMPLING PROCESS.....	38
3.4 SAMPLING FRAME:	40
3.5 SAMPLING METHOD (STRATEGY)	42
3.6 PILOT INTERVIEW	43
3.7 FIELDWORK	46
3.8 COLLATION OF DATA FROM FIELDWORK	52
3.9 DATA COLLECTION METHODS.....	53
3.10 INTERVIEW QUESTIONS AND QUESTIONNAIRE DESIGN	59
3.11 INTERVIEW SCHEDULE.....	60
3.12 QUESTIONNAIRE DESIGN	61
3.13 OVERVIEW OF THE QUESTIONNAIRE	63
3.14 ADMINISTRATION PROCEDURE	64
3.15 METHOD OF ANALYSIS	65
CHAPTER FOUR	72
4. BUSINESS PERFORMANCE	72
4.1 INTRODUCTION	72
4.2 LITERATURE AND HYPOTHESIS.....	72
4.3 EMPIRICAL METHOD	74

4.4	EMPIRICAL RESULTS.....	75
4.5	CONCLUSION AND DISCUSSION	87
CHAPTER FIVE		92
5.	ENTREPRENEURIAL ATTRIBUTES, SKILLS AND EXPERIENCE.....	92
5.1	INTRODUCTION	92
5.2	LITERATURE AND HYPOTHESES.....	92
5.3	EMPIRICAL METHOD	102
5.4	ANALYSIS OF DATA.....	104
5.5	EMPIRICAL RESULTS.....	105
5.6	CONCLUSION	140
CHAPTER SIX.....		147
6.	BUSINESS ENVIRONMENT AND COMPETITIVENESS OF SMALL FIRMS	147
6.1	INTRODUCTION	147
6.2	BUSINESS ENVIRONMENT AND AFRICAN CARIBBEAN OWNED BUSINESSES .	147
6.3	EMPIRICAL METHOD	149
6.4	EMPIRICAL RESULTS	149
6.5	ETHNICITY OF THE COMPETITION	155
6.6	GOVERNMENT REGULATIONS, GOVERNMENT AGENCIES AND SUPPORT INSTITUTIONS	156
6.7	AFRICAN CARIBBEAN OWNED BUSINESSES AND GOVERNMENTAL SUPPORT INSTITUTIONS	157
6.8	WHITE ASIAN OWNED BUSINESSES, GOVERNMENT AGENCIES AND SUPPORT INSTITUTIONS.....	160
6.9	CONCLUSION	162
CHAPTER SEVEN		165
7.	STRATEGIC ORIENTATION.....	165
7.1	INTRODUCTION	165
7.2	LITERATURE AND HYPOTHESES	165
7.3	EMPIRICAL METHOD	171
7.4	EMPIRICAL RESULTS.....	172
7.5	CONCLUSION	195
CHAPTER EIGHT.....		199
8.	FIRM ACTIVITIES AND BARRIERS.....	199
8.1	INTRODUCTION	199
8.2	LITERATURE AND HYPOTHESES.....	199
8.3	EMPIRICAL METHOD.....	204
8.4	RESULTS AND DISCUSSION	204
8.5	CONCLUSION	236
CHAPTER NINE.....		241
9.	MAIN FINDINGS AND DISCUSSION	241
9.1	INTRODUCTION	241
9.2	PERFORMANCE	241
9.3	DIFFERENTIALS.....	244

9.4	SUGGESTED WAYS OF IMPROVING ACCESS INTO MAINSTREAM	260
9.5	CONTRIBUTION OF STUDY TO ETHNIC MINORITY AND SMALL BUSINESS RESEARCH	261
9.6	LIMITATIONS OF THIS STUDY AND RECOMMENDATIONS FOR FURTHER STUDIES	262
CHAPTER TEN		265
10.	IMPLICATIONS OF RESEARCH	265
10.1	IMPLICATION FOR STRATEGY	265
10.2	IMPLICATION FOR BUSINESS SUPPORT AGENCIES AND FUNDING ORGANISATIONS	265
10.3	IMPLICATION FOR LOCAL POLICY	266
10.4	IMPLICATION FOR REGIONAL POLICY	266
10.5	IMPLICATION FOR NATIONAL POLICY	267
10.6	IMPLICATION FOR RESEARCH AND ACADEMICS	267
REFERENCE:		268
11.	APPENDICES.....	290
	CARD #1: IMPORTANT FACTORS TO THE SUCCESS AND PERFORMANCE OF YOUR BUSINESS	290
	CARD #2: STRENGTHS AND SKILLS ASSESSMENT	290
	CARD #3: LOCUS OF CONTROL AND RISK PROPENSITY ASSESSMENT	291
	CARD #4: BELIEFS AND VALUES OF ENTREPRENEURS	291
	CARD #5: BUSINESS ENVIRONMENT	292
	CARD #6: MANAGEMENT STYLE.....	293
	CARD #7A: STRATEGIC ORIENTATION OF BUSINESSES.....	293
	CARD #7B: STRATEGIC ORIENTATION OF BUSINESSES (CONTINUATION)	294
	CARD #8: SELF ASSESSMENT OF PERFORMANCE	295
	CARD #9: PERFORMANCE FIGURES FOR 2000 –2004 (OBJECTIVE ASSESSMENT)....	295
	INTERVIEW SCHEDULE	296

LIST OF TABLES

Table 3-1: Pilot sampling distribution.....	44
Table 3-2: Sub-sectors in manufacturing related industry (ACOBs)	47
Table 3-3: Sub sectors in the media related industry (ACOBs)	48
Table 3-4: Computer-related industry (ACOBs).....	48
Table 3-5: Summary of sectoral sampling of ACOBs.....	49
Table 3-6: Sample-response rates.....	50
Table 3-7: Nature of Sample Companies	51
Table 3-8: Sectoral distribution of sample business.....	53
Table 4-1: Subjective assessment of liquidity and size variables.....	76
Table 4-2: Subjective assessment of growth performance	78
Table 4-3: Objective Financial Assessment (based on company accounts 2000-2004)	82
Table 4-4: Subjective assessment of profitability and efficiency.....	83
Table 4-5: Subjective assessment efficiency	85
Table 4-6: Business owners' measures of performance / frequency of response.....	88
Table 4-7: Summary of financial indicators of performance.....	89
Table 4-8: Summary of subjective assessment of performance	90
Table 5-1: Comparison of internal locus in ACOBs and WAOBs.....	106
Table 5-2: Comparison of Risk-taking propensity trait of ACOBs and WAOBs	107
Table 5-3: Comparison of self-assessment of strengths in business skills.....	108
Table 5-4: Subjective view of skills needed to start similar business across selected sectors.....	109
Table 5-5: Comparison of Values and beliefs of ACOBs and WAOBs.....	110
Table 5-6: Real experience of founding businesses	119
Table 5-7: Summary of average businesses founded by both ACOBs and WAOBs	120
Table 5-8: Highest Educational Qualification of Business Owners	125
Table 5-9: Age range of Small Business owners.....	126
Table 5-10: Generation of African Caribbean Ownership	127
Table 5-11: How entrepreneurs operate and make decisions.....	132
Table 5-12: Management styles adopted by ACBOs and WABOs.....	133
Table 5-13: Hiring policies of business owners	137
Table 5-14 Summary of subjective assessment of personality variables	141
Table 5-15 Summary of subjective assessment of skills	142
Table 5-16: Summary of subjective assessment of values and belief	143
Table 5-17: Summary of findings on entrepreneur's experience and education.....	144
Table 5-18: Summary of subjective assessment of management style	145
Table 6-1: Response to Business Environment and Pressures by ACOBs and WAOBs	150
Table 6-2: Mean Scores of Business environment variables of ACOBs and WAOBs	151
Table 6-3: Response to Market competition and pressures.....	155
Table 6-4: Importance of government regulations to the success of business	157
Table 6-5 Summary of subjective assessment of personality variables	163
Table 7-1: Comparison of aggressiveness of ACOBs AND WAOBs.....	173
Table 7-2: Comparison of comprehensive decision processes of ACOBs and WAOBs	181
Table 7-3: Comparison of defensive processes of ACOBs and WAOBs.....	183

Table 7-4: Comparison of envisioning and future planning of ACOBs and WAOBs	186
Table 7-5: Comparison of proactiveness of ACOBs and WAOBs	191
Table 7-6: Comparison of riskiness of strategy of ACOBs and WAOBs	194
Table 7-7: Summary of subjective assessment of strategy variables (A).....	196
Table 7-8: Summary of subjective assessment of strategy variables (B).....	197
Table 8-1: Firm involvement in internationalisation.....	211
Table 8-2: Important growth factors for ACOBs and WAOBs.....	215
Table 8-3 Summary of comparison of firm activities and operations	238
Table 11-1: Firms sectors and involvement in internationalisation	305
Table 11-2: Comparison of personality trait preferences of ACOBs and WAOBs...	306
Table 11-3: Comparison of self-assessment of strengths in business skills.....	307
Table 11-4: Comparison of Values and beliefs of ACOBs and WAOBs.....	307
Table 11-5: Management and decision approach	308
Table 11-6: Response to Business Environment by ACOBs and WAOBs.....	309
Table 11-7: Comparison of Aggressiveness of ACOBs AND WAOBs	309
Table 11-8: Comparison of comprehensive decision processes of ACOBs and WAOBs	310
Table 11-9: Comparison of defensive processes of ACOBs and WAOBs.....	310
Table 11-10: comparison of envisioning and future planning of ACOBs and WAOBs	311
Table 11-11: Comparison of proactiveness of ACOBs and WAOBs	311
Table 11-12: Comparison of Riskness of Strategy of ACOBs and WAOBs	312
Table 11-13 Subjective Assessment of Performance	312
Table 11-14 Important growth factors to the success of ACOBs and WAOBs	313
Table 11-15: Critical Value of Z for Wilcoxon Signed ranked Test.....	313

LIST OF FIGURES

Figure 2.1: Strategy and business performance	23
Figure 2.2: Entrepreneurial characteristics and performance.....	26
Figure 2.3: Firm specific characteristics and performance.....	28
Figure 2.4: Environment and performance.....	30
Figure 2.5: Conceptual framework of the key variables that impact on firm's performance.....	31
Figure 2.6: Diagram shows research areas and how the areas relate to each other.....	34
Figure 3.1: Population of African Caribbean and ethnic minorities in the UK.....	42
Figure 3.2: Interview and Survey process.....	62
Figure 3.3: Research Strategy in diagrammatic form.....	71
Figure 5.1: Comparison of average number of businesses founded both groups.....	120
Figure 5.2: Highest educational qualification of business owners	125
Figure 5.3: Illustration of Age Range of Business Owners	127
Figure 6.1: Response to Business Environment and Pressures	152

CHAPTER ONE

Introduction

1.1 Introduction and Contribution of Ethnic minorities

Ethnic minority-owned firms constitute a crucial segment of the small business population in the UK and studies have actually shown that the level of self-employment and business ownership in some ethnic minority groups is higher than in the white indigenous population (Bank of England, 1999). Other studies have revealed “within the SME sector, ethnic minority businesses represent around 10% of the total business stock” (Barclays bank, 2005, cited in Worthington et al., 2006:201).

Within the group of ethnic minority-owned firms, however, comparatively few studies have been under-taken of African Caribbean Owned Businesses (ACOBs) in the UK, especially when one compares this to the number of studies focussing on Asian-owned businesses. This means that relatively little is known about ACOBs relative to other ethnic groups (The Guardian, 1999; Atherton, 1999: cited in Ekwulugo, 2006) such as their internationalisation processes and strategic orientation. Despite this, ACOBs are becoming very important in their contribution to the growth of Britain’s small business sector especially in the major cities like London, Birmingham and Manchester. “Black women have been shown to have the highest rate of business ownership of women from any ethnic group, including whites” (cited in Blankson and Omar, 2002:126). A quick review of most past literature suggests that often African Caribbean businesses are treated monolithically as part of ethnic entrepreneurship research in Britain - usually treated as a more general theme of “ethnic minority groups” with the African Caribbean businesses being lumped in as part of the research agenda. (Nwankwo et al., 2004)

African Caribbean Owned Businesses (ACOBs) are increasingly becoming a constituent of these ethnic minority owned firms in Britain. Paradoxically, recent evidence indicates that African owned small businesses are the most rapidly mutating phenomenon especially in London (Nwankwo, 2003). Ram and Smallbone (2003) point out that black and minority ethnic businesses represent almost 7% of the total business stock in the UK, a figure that is likely to increase over time since the ethnic

population is expected to double over the next 25 years. More recently findings have shown that about 10 per cent of business start-ups are from black and minority ethnic groups (Willman, 2006).

The increasing entrepreneurial activities among ACOBs are corroborated by findings from the Global Entrepreneurship Monitor (GEM) (2002; 2003:6) that “black people are more than twice as likely as white people to set up a business independently, or to be involved with a job related start-up. They are five times as likely as their British counterparts to be business angels.” It shows that both African Caribbean and Indians from the Asian subcontinent have strongly positive attitudes towards entrepreneurship. It has also been shown that black and minority enterprises now employ more than half a million people in the UK and have a combined turnover exceeding £90 billion (Stubbs, 2006). Despite these trends it appears that ACOBs may have *particular* problems, trapping these businesses in a negative cycle of performance-related issues.

Therefore, although the general profile of this study falls under ethnic minority studies, the particular focus of this research is African Caribbean Owned Businesses (ACOBs).

1.2 The Research Problem

The lack of research on the African and Caribbean business community has been noted by Curran and Blackburn (1993), who assert that despite media attention, relatively little is known about African and Caribbean business practices (see also, Ram, 1998, Cited in Ram and Barrett, 2000; Wainright, 2000), let alone their relative performance compared to other similar businesses. One explanation suggested by Nwankwo (2005) for this lack of research has been the dynamic and constantly evolving nature of the ethnic minority business sector due to changing patterns of migration, making it difficult for policy makers to identify empirical regularities.

Where studies have been under-taken, however, they have postulated ACOBs as having performance-related problems especially when compared with other ethnic minority groups in the wider society (Robb, 2002; Borooah and Hart, 1999; Ward,

1971, 1991: cited in Ram et al., 2006; 297; Blackskce, Boissevain and Grotenberg, 1990).

Therefore this research focuses on investigating *if African Caribbean Owned Businesses may be performing less than similar firms in the population and why this may be so*. We also hope to uncover peculiarities of these ACOBs as well as the challenges facing them. Therefore the aspiration behind this study is one of ratifying the existence of performance differentials between ACOBs and White Asian Owned Businesses (WAOBs), more importantly, one of apprehending the most likely drivers of these performance differentials in the perspective of proffering a meaningful comprehension and explication for all stakeholders in the given context.

1.3 Objectives of the Research

To enable us to investigate the above problem, this research has set a few objectives to act as a rudder in steering this study on the right trajectory. These objectives include:

□ *Objective 1:*

To develop a conceptual framework of most likely factors impacting the performance of entrepreneurial ventures

□ *Objective 2:*

To compare the comparative level of financial and non-financial performance of ACOBs and a matched group of similar firms

□ *Objective 3:*

To identify the most likely factors contributing to any performance differential between ACOBs and their matches

□ *Objective 4:*

To propose ways of improving performance levels of ACOBs in the given context

The distinctiveness of this study is seen in the application of matched pair analysis to small businesses, an approach initially used in larger companies (Daly et al., 1985; Mason and Wagner, 1994; Steedman and Wagner, 1987; 1989) and later applied to small business research [(Hitchens and O'Farrell (1988) and O'Farrell and Hitchens, (1989)] allowing for rigorous comparison between ACOBs and the wider population. This also overcomes the weaknesses of random sampling, by carefully matching ACOBs closely with White or Asian Owned Businesses (WAOBs) based on selected firm characteristics such as: industry sector, legal form, asset size, and age, enabling us compare like for like. We further maximise the depth and wealth of data collection by adopting a triangulation approach or mixed strategy of qualitative and quantitative data collection through a combination of face-to-face interviews and questionnaires.

This study pursues its investigation by initially developing a conceptual framework of likely factors impacting on a firm's performance, and does this by examining key issues such as: firms' business performance, entrepreneurial attributes, skills and experience, firms' strategic orientation, firms' business environment and competitiveness, firm's activities, operations and barriers. It also touches on pertinent issues in ethnic minority research such as mainstream issues, government and support institutions, and internationalisation, financing issues. Though the focus of this study is performance related, we hope to provide a rather robust study on ACOBs by providing both confirmatory and revelatory insight into the entrepreneurial characteristics, business environment, competitiveness, strategic orientation, firm activities, operations and barriers of African Caribbean business owners (ACBOs).

CHAPTER TWO

Literature Review

2.1 Introduction

The aim of this literature review is to provide an integrative and analytical framework for studying the performance level of African Caribbean Owned Businesses (ACOBs). Therefore this chapter starts off by looking at the context of ethnic minority small business research in the UK, after which it reviews arguments on performance measures. This done it goes on to examine relationships between a firm's Performance and its' key determinants with the objective of providing a conceptual framework to guide the research. This conceptual framework provides "*an explanation, graphically or in narrative form, the main things to be studied, the key factors, constructs or variables and the presumed relationships among them.*" (Miles and Huberman, 1994:18)

It is worthy of note that much of the review of literature underpinning the conceptual framework is contained in later chapters which examine each of these components in more detail and secondly much of the review of literature underpinning the conceptual model is drawn from the small business literature allowing theory testing and providing a different slant from earlier studies done in ACOBs(Ekwulugo,2006; Nwankwo,2005; Smallbone et al.,2003) hence allowing us explore rich perspectives of both ethnic minority and small business literature. This review does this by examining some key components to be considered in predicting growth or performance of small business firms. These include entrepreneurial characteristics, firms' strategy, and firm-specific characteristics (Storey, 1994). This has been similarly referred to as founding entrepreneur, venture strategy and industry structure in the study of new ventures (Sandberg and Hofer 1987; Chrisman et al., 1998). In some studies moderating components such as the firms' business environment are taken into consideration (Covin and Slevin, 1989; Lumpkin and Dess, 2001), with the mixed embeddedness providing an invaluable way of interpreting the behaviour and development of ethnic minority businesses in the context of the wider structures in which they are embedded (Kloosterman et al., 1999).

2.2 Entrepreneurial and Literature Context of Ethnic Minority Businesses in the UK

Ethnic minority businesses in the UK have witnessed an increased growth in recent times; African Caribbean owned businesses are no exception [Ethnic minority business forum (EMBF Report, 2005)]. This is largely due to the increasing migration of a large number of Africans to the UK (Ekwulugo, 2006). It is estimated that the black population of the UK is set to increase by at least three million by the year 2025 (CEEDR, 2000).

Most of the existing literature on ethnic minority assumes the existence of implicit or explicit differences between ethnic minority businesses (EMBs) and the rest of the businesses in the wider UK population. A lot of discourses in these studies are built on the existence of major differences between ethnic minority businesses and ethnic majority businesses following the rapid self employment growth among south Asians (Curran and Burrows, 1988), arrogating such characteristics as, pooled capital, cheap labour, loyalty of customer seen as privileged ethnic resources that come about as belonging to a social network (Light and Bonacich, 1988, Waldinger, 1990). Some of these studies initially done in America cited ethnic minority communities like the Chinese and Japanese as examples (Light, 1972; Bonacich and Modell, 1980). This ethnic resources' model provided explanation for the Pakistan enterprise economy underpinned by what Werbner, (1980, 1984) has shown to be insider networks stemming from trust that comes with ethnicity, traditionalist family values and religious values, the south Asian were seen as the embodiment of ethnic entrepreneurship culture (Patel, 1991), on the opposite end of the spectrum curiosity was triggered by the visible failure of African Caribbean enterprises arrogated to the absence of sources of capital, family labour and other ethnic resources. (Soar, 1991: Ward, 1987 cited in Ram and Jones, (2007). The problem with this ethnic resources' model is that it has given rise to stereotype portrayals of Asian and African Caribbean businesses (Jones and McEvoy, 1986; Miles, 1982), ignoring the environmental context in which these businesses are embedded. Researchers have drawn attention to problematic structural position small firms in general in markets as they compete with large corporate firms, but other studies have shown that it's not just an ethnic resource issue but one of environmental opportunities which is exacerbated in the case of EMBs such as raising capital credit (Jones et al., 1989; Ram et al., 2002), customer resistance on the parts of whites (Jones et al., 1989, 1994a) therefore a need arises to

take into consideration what sectors these EMBs are located in, as some of these sectors are dominated by large corporate competitors (Rainnie,1989; Barret and Rainnie,2002).

Virdee's (2006) further argues that most of what was seen as the rise of Asian ownership was not an indication of economic advancement (superior ethnic resources) but rather driven by industrialisation, rising unemployment and depressed local economies, as a result many of these EMBs have arisen from necessity rather than the positive choice assumed in culturalist views.

As a result, most of the behaviours and values arrogated as a specific ethnic characteristic of south Asian cultures such as ability to work long hours, use of family and personal resources, as unique ethnic minority phenomenon or resources, have to be examined in context (Jones et al., 1994) these kind of arguments held by ethnic resources' model has held undue influence of policy and academic discourses in the field of ethnic minority entrepreneurship. The key drawbacks include tendency or at times over emphasises on cultural determinism and a neglect of the context that shapes ethnic minority entrepreneurship, such as sector, government policies and regulations. Ram and Jones (2007) have argued that many of the values and behaviour patterns presented as specifically products of south Asian cultures are actually better seen as products of a small business class culture(Mulholland,1997), i.e. a characteristic likely to be found among small business enterprise rather than just Asian ethnic minority enterprise. Ram and Jones (2007) have pointed out that "even so it seems appropriate to present ethnic social capital as a version of a universal theme rather than some kind of exotic phenomenon in its own right requiring an entirely separate mode of analysis." Still yet, many of such ethnic exceptionalism studies and ethnic resources' model have thrived e.g. Basu and Altinay's feeling of a growing recognition of the need to acknowledge the diversity of characteristics and experiences between different ethnic minority groups, rather than dealing with them as just one (EMBs) group, more especially in the light of existing evidence of cultural differences between the six groups in London (Basu and Altinay, 2002) seen in: business entry motives, in patterns of finance, in the nature of business activity, in women's business involvement, and the extent of their dependence on co ethnic labour and customers. Such studies are further buttressed by the extreme experiences

of ACOBs in terms of *access to finance* casting serious shadows of doubts on the plausibility of treating EMBs as a single entity from a banking and public policy perspective (Ram et al., 2002). The fact remains that even if there are cultural differences EMBs research stands to benefit more from studies done not in isolation but in relative comparison with majority owned businesses. (Ram and Jones, 2007)

Furthermore there has been an increasing influence of studies, highlighting the interrelationships between 'ethnic' resources and external opportunities (Waldinger et al., 1990), with the mixed embeddedness providing an invaluable way of interpreting the behaviour and development of ethnic minority businesses in the context of the wider structures in which they are embedded (Kloosterman et al., 1999).

Mixed embeddedness, offered by Kloosterman et al. (1999) stresses on the structural context, the state regulatory regime – in which ethnic enterprise must operate. This is seen as an up-shoot from Granovetter' (1985) insight that entrepreneurial activity takes place not in a sealed off economic dimension but is vitally rooted in resources and support mechanisms derived from the entrepreneur's social networks. This model argues that enterprise is simultaneously embedded in an external political-economic structure of markets and states; a dimension insufficiently recognised and very much under theorized by the interactionists. The emphasis of mixed embeddedness is that ethnic businesses must be seen as grounded in the wider political- economic environment as well in the social capital of its own communities.

This growing rejection of cultural exceptionalism which presents minority ethnicity as a unique generator of business resources for exclusive use of group insiders (cf. Metcalf et al., 1996; Werbner,1984; Ram and Jones ,2007) with a preference for mixed embeddedness model, encourages researchers to take advantage of a wider range of small business literature to underpin their research especially with with classic and recent studies like (Bechofer and Elliott,1978; Wright Mills,1957) highlighting universality of notions usually ascribed to only EMBs e.g. Arrowsmith et al., (2003) cited in Ram and Jones (2007) has shown that paternalistic work relations, and a disdain for external linkages characterize many SMEs not just EMBs.

However a lot of limitation in the ethnic resources model studies are due to conventional practice of studying these groups in isolation, an 'embarrassing limitation'(Light, 2004:26) and also due to the relative absence of matched comparative studies of ethnic minority business and mainstream businesses. "From a narrower technical perspective, all of this also underlines the need to compare EMB alongside mainstream white-owned businesses, a method which demonstrates that class cultures often trumps ethnic culture in influencing outcomes (Mulholland, 1997 cited in Ram and Jones, 2007)

Stemming from the arguments above, future investigations of ACOBs should not be quick to arrogate differentials if any to just a lack of ethnic resources as some past studies have quickly concluded (Ward, 1971, 1991: cited in Ram et al., 2006; 297)) but should consider the embeddedness of such ACOBs, the contextual opportunistic structure available to these as well as other socio – economic and political factors that may be influencing their performance.

Therefore the conceptual model underpinning this research refuses to study ACOBs in Isolation but takes into cognisance their interaction within a social and economic context by examining relationship with their business environment, strategic orientation, firm activities and operations, barriers they face in contact and relationship access. This mixed embeddedness is seen in their general desire of ACOBs to mobilise access to mainstream capital, mainstream market and relationship with government and support agencies. Our work further integrates this model by adopting a comparative approach with majority owned businesses which is often ignored in many EMBs research. Ram and Trevor (2007:441) acknowledged that EMBs "are mostly studied without any reference to 'ethnic majority entrepreneurs or to the scholarship these have engendered."

African Caribbean owned businesses are not exempt from such scholarship, as researchers still believe that there is a dearth of research on African and Caribbean owned businesses (Jones, 1993; Sills and Desai, 1996; The Guardian, 1999; Atherton, 1999, Nwankwo, 2005).

"...Consequently, there are gaps in existing knowledge of the ethnic minority enterprise sector and these tend to manifest themselves in a range of

intervention strategies targeted at the sector. What is generally observable is while the more entrepreneurially visible sub-groups (e.g. Asians) have tended to attract research interests, the 'emergent entrepreneurial' sub-groups (e.g., Africans and Caribbeans) have become subsumed in generalisations ascribable to the former."(Nwankwo, 2004:2)

In spite of the relative lack of research on ACOBs, a growing number of studies based in the UK have examined the growth of African and Caribbean business evolution by focussing on different trajectories e.g. the development of black African small medium enterprises (Ekwulugo, 2006), impact of regeneration processes on these businesses (Pemberton et al., 2006), characterisation of their entrepreneurial orientations (Nwankwo, 2005), access to finance (Smallbone et al., 2003; Guthrie, 2003; 2002), assessment of the marketing practices (Blankson and Omar, 2002), impact of qualification on professional and managerial employment (Bennett 2002), 'break-out' and mainstream issues (Ram and Hillin, 1994; Ram et al., 2003), policy and support institutions (Ram et al., 2006; Ram and Smallbone, 2001; 2003), to mention a few.

Most of these studies have made inroads to the understanding of ethnic minority businesses more especially the African Caribbean owned businesses, in most cases adopting qualitative approaches based around convenience sampling and methods because of difficulties surrounding data access from the African Caribbean population or availability of reliable sampling frames to provide valuable exploratory data. However Ethnic minority business and African Caribbean owned business research stand to benefit from a research done not in isolation but by matching ACOBs with similar Majority owned business or mainstream businesses, not by using convenience sampling but by using a matched pair approach, not by using just qualitative or just quantitative but by using a triangulation of methods allowing us to build further on these foundations, allowing us consider the likely economic and political structures that may be impacting on performance differentials between ACOBs and similar mainstream businesses in the UK.

2.3 Performance Dimensions

The definition and goals of entrepreneurship has no generally accepted consensus among researchers, so it is perhaps no surprise that the assessment of successful

performance for new ventures varies widely. Definitions of performance include: *continuing to stay in business* (Reid, 1991), *level of sales and financial returns* (Tigges and Green, 1994), *introduction of new lines and quality products* (Venkatraman and Ramanujam, 1986; also cited in Rhodes and Butler, 2004).

Moreover, there have been a lot of concerns raised, with reference to studies exploring the performance of firms using financial indicators alone; indicators like inputs (i.e. total assets or the owner's equity) and outputs i.e. total income and profits (Murphy et al., 1996). Murphy et al., (1996:16) cites Chakravarthy, (1986) in arguing, that, *"financial performance is at the core of the organisational effectiveness domain. Such performance measures are considered necessary, but not sufficient to define overall effectiveness."*

Furthermore, financial measures have been criticized because small business owners may be unwilling to reveal accurate and specific information related to their financial condition (Rhodes and Butler, 2004). Also Kotey and Meredith (1997) have argued that small business owners do not always equate financial performance with business success. This is because they create businesses for a number of reasons and their perception of business success can include a wide range of expectations concerning performance.

Therefore several studies suggest that firm performance should be assessed with regard to a broad range of performance measures, including financial as well as non-financial indicators (Kaplan and Norton, 1992; Murphy et al., 1996; Westhead and Cowling, 1997; Kloot, 1999). So in order to avoid the pitfalls of a univariate study of firm's performance, it became needful for business research to conceptualise a comprehensive, multivariate and longitudinal study framework, which could guide researchers and help practitioners assess performance by focussing on both the financial and non-financial performance indicators facing these entrepreneurial ventures.

In searching for greater integration and stronger conclusions in future performance studies, Murphy et al., (1996) proposed a performance measurement framework after examining 51 published performance articles. The performance dimensions identified from these papers included efficiency, growth, profit, size, liquidity, success/failure,

market share, leverage and survival. Murphy et al., (1996) argues that no study in the studied samples had ever examined more than five of these dimensions and advocated for a multi dimensional approach to performance studies. This is necessitated by an emerging interest on drivers of future growth (e.g. sales) with market-based performance being seen as central to such development (Clark, 1999). These dimensions will be adapted with non-financial performance measures as revealed in studies by Adam and Sykes (2003) whose study was influenced by Kaplan and Norton (1992). These non-financial measures are oriented towards customer's satisfaction, employee satisfaction, innovation and internationalisation (see *Figure 2.5*).

2.4 Strategy

2.4.1 *Definition of strategy*

Business strategy has been characterized as the manner in which a firm decides to compete (Walker and Ruekert, 1987), encompassing the pursuit, achievement, and maintenance of competitive advantage in an industry (Varadarajan and Clark, 1994).

2.4.2 *Link between strategy and performance*

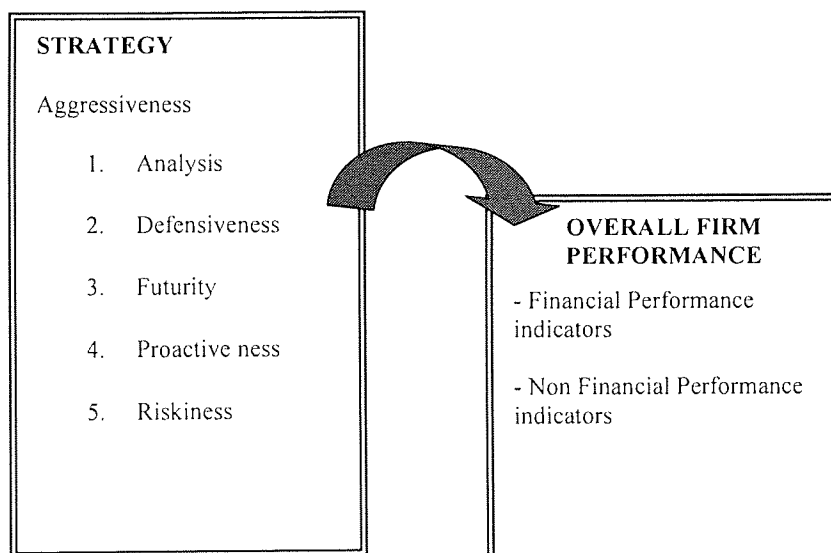
“The notion that superior performance requires a business to gain and hold an advantage over competitors is central to contemporary strategic thinking.” (Day and Wensley, 1988:1) Therefore it is not surprising that so many researches have linked the concept of strategy to performance. (Storey, 1994; Lumpkin and Dess; 1996; 2001; Morgan and Strong, 2003)

Study of strategy and performance has been approached from the process (Mintzberg and Lampel, 1998), the context (Hartman et al., 1995) and content perspectives (Velvath and Shortell, 1993). While the first two examine management activities resulting in decision-making and conditions under which each of these takes place respectively, the third addresses the properties of the strategic decision and the business content per se. However, consistent evidence has been lacking in the use of the first two approaches (Rogers, 1999) while content approach has provided more consistency and clarity in explaining variations in business performance (Voss, 2000; Strong and Morgan, 2003)

Ketchen et al., (1996) argues that, despite the equivocality characterizing most of the content- performance research, *an organization's breadth of target market and method of developing competitive advantage appear to affect its performance*. This study found strategy content significantly related to organizational performance. It found organisations following a domain-offense strategy more likely to exhibit higher performance than those following a domain-defense strategy. They also found that in a dynamic environment, organizations capitalizing on new opportunities tended to exhibit higher performance as well.

Other studies have found evidence supporting the significant relationship between a firm's strategic emphasis on analysis, defensiveness and futurity and its business performance. However, this was not necessarily the case for aggressiveness, proactiveness and riskiness (Morgan and Strong, 2003). This differs from Lumpkin and Dess (2001) findings where proactiveness and aggressiveness factors were shown to significantly influence and impact on performance levels. These differences were attributed to industry types being considered; moreover Lumpkin and Dess (2001) included moderators like environment. The relationship between strategic orientation and performance is illustrated in *figure 2.1*

Figure 2.1: Strategy and business performance



2.4.3 *Limitation of previous studies*

1. Assumptions of mutual exclusivity (Speed, 1993).

Majority of studies adopt a classificatory approach in conceptualizing the measurement of business strategy and have used: the Porter (1980) low cost, or focus typology (e.g., Parker and Helms, 1992); the Miles and Snow (1978) prospector, analyzer, reactor, or defender typology (e.g., Golden, 1992; James et al., 1994; or, derived classifications such as that of Wright et al., (1995). As mentioned earlier, an inherent limitation in this type of approach is the assumption of mutual exclusivity

2. Relatively less focus on small medium enterprises (SMEs)

The majority of studies done in strategy have tended to investigate large firms and large groups (Ketchen, 1996; Morgan and Strong, 2003; Lumpkin and Dess, 2001), and comparatively few on small firms. (Pelham, 1999; Covin and Slevin, 1989)

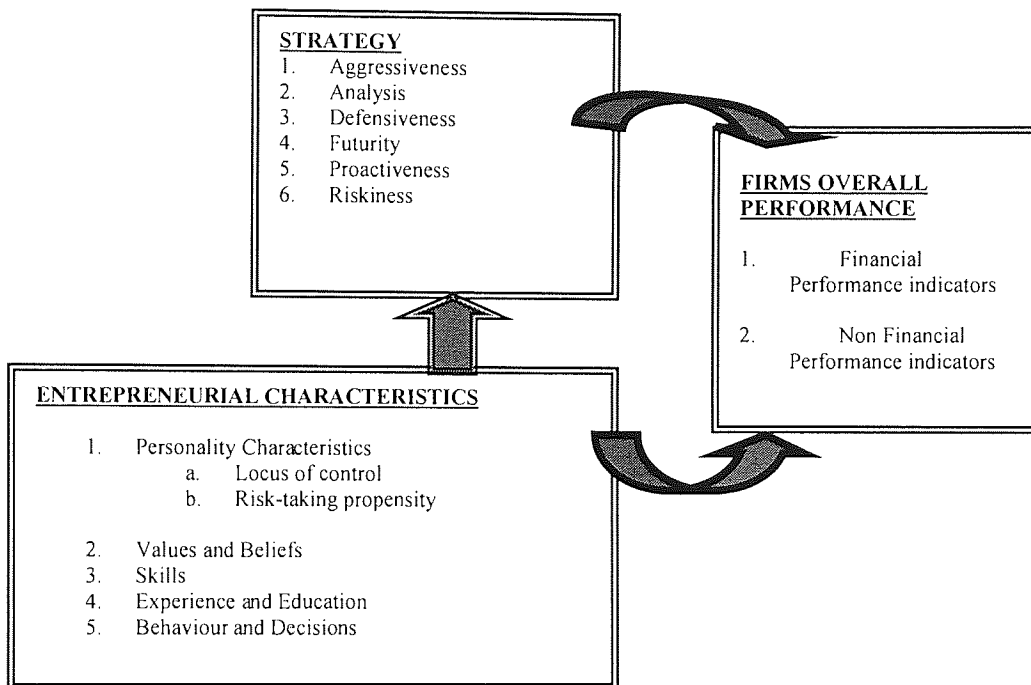
2.5 Entrepreneurial characteristics and performance

Entrepreneurs have been defined by their ability to seek opportunities that can create growth and profit (Shane and Venkatraman, 2000) and operate a small business that s/he or a larger group initiated (Becherer and Maurer, 1997; Rhodes and Butler, 2004). Studies have revealed significant relationships between entrepreneurial orientation components (personal initiative, achievement, risk-taking orientation and business performance (Krauss, et al., 2005). Also literature is replete with arguments on the role of the entrepreneur in venture creation and performance (Schumpeter, 1934; Carland et al., 1988). In spite of the research that has been done on entrepreneurial personality, studies of entrepreneurial psychological profiles (Sandberg and Hofer, 1987) have failed to demonstrate convincing links with entrepreneurial traits or with the firm's performance (Lanny and Richard, 1993). This does not in any way imply that entrepreneurs do not play a notable part in firm's success or performance but rather their biographical profiles are not evident. It has been suggested that there is a need for a further integration of decision and behaviour to better understand firm performance (Chrisman et al., 1998).

In order to assess the entrepreneurial characteristics or the impact of the entrepreneur on firm performance, past studies have suggested emphasis on decision and behaviour of such entrepreneurs (Carsrud and Johnson, 1989; Hofer and Sandberg, 1987), and as such the influence of skills (Herron, 1990; Durr et al., 2000; Gerber, 1995; Lyons and Lichtenstein, 1996), the influence of values and beliefs (Chrisman et al., 1998) as well as the influence of education and experience (Scherer et al., 1989; Herron, 1990; Jo and Lee's, 1996; Iyigun and Owen, 1999) on decisions and behaviour as crucial. For instance, such entrepreneurial influence on success and performance can be seen in the ability of these individuals to stimulate positive or negative employee behaviour by their assertiveness (Todorovic and Schlosser, 2007) determine the utilization of information regarding marketing mix decisions (particularly the Promotion and Place elements) , positively affecting firm performance (Keh et al., 2007). Other studies have found a relationship between entrepreneurs with higher education levels, who are older, and whose parents had also been entrepreneurs and the founding of firms with higher average survival times (Thompson, 2007). While the human capital of the entrepreneur, particularly managerial skills have been shown to be the greatest contributing factor to firm's performance (Haber and Reichel, 2007).

Chrisman et al., (1998) suggests a synchronisation of personality characteristics, value and beliefs, skills, experience and education, and behaviour and decisions in their model for determining venture performance. The variables of this model will be relevant in the course of our study. The general body of evidence suggests a positive relationship between entrepreneurial characteristics and firm's performance. This is illustrated in *figure 2.2*

Figure 2.2: Entrepreneurial characteristics and performance



2.6 Firm-Specific Characteristics

Studies like Storey (1994) have found firm-specific characteristics more consistent and definitive than those relating to background and resources of the entrepreneur in determining venture performance. Among these entire variables, firm size and age have been the most scrutinized of all the characteristics (Czinkota and Ursic, 1991) due to their impact on a firm's performance. Others include industry sector (Sandberg and Hofer, 1987), and firm's legal form. These are all crucial determinants of firms' performance that should be considered.

2.6.1 Firm size

Firm size has been shown to influence sales level of a firm (Maleksadeh, 1985; Calof, 1994) to affect industry sunk cost, concentration, vertical integration and overall industry profitability (Dean et al., 1998). Hendricks and Signal (2001) shows that smaller firms experience higher growth in sales and appear to do better in improving

efficiency. A firm's size can make the difference in the achievement of more accurate forecasts than counterparts (Small, 1980; White, 1986; and Dalrymple, 1987) as this can determine the amount of resources, time and expertise in data gathering that will be committed by the firm. Size has been discovered to affect the ability of a firm to expand resources, to absorb risk and increase bargaining power (Erramili and Rao, 1993); for instance, larger firms tend to have specialized managerial resources and can make use of economies of scale (Samiee and Walters, 1991). Studies have also shown a relationship between firm size and its propensity and ability to export (Madsen, 1987; Culpan, 1989) and propensity to invest in 'R and D' (Dosi, 1988; Acs and Audretsch, 1991) though Shefer and Frankel (2004) argue that any existing relationship between firm size and 'R and D' is a rather weak one but the balance of evidence on the relationship between firm size and overall firm performance is positive. Recent studies continue to uphold this positive relationship e.g. firm size and export performance (Larimo, 2007), firm size and exporters' economic performance (Ural and Acaravci, 2006), firm size and performance improvements. Therefore any assessment of firm performance may want to factor firm size into consideration or control for it in order to get a reliable result.

2.6.2 *Firm age*

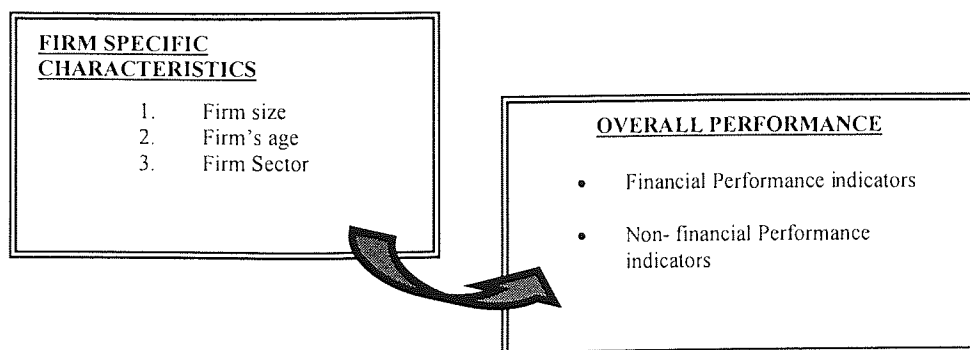
The balance of evidence from wider literature supports a relationship between firm age and overall performance (Lumpkin et al., 2006). For instance, Storey (1994) shows an almost unanimous finding in both the United Kingdom and the United States that younger firms grow more rapidly than older firms. The general pattern is that younger firms are more likely to achieve maximum efficient scale (MES) than older firms who have slowed down because this has already been achieved. On the other hand older firms tend to have better sales history than younger firms, giving them an advantage in predicting and forecasting market actions (Makridakis, 1990; Saunders, 1987) and propensity to export (Javalgi, 2000).

Firm age has been shown to moderate relationship between proactiveness and performance, as well as relationship between aggressiveness and performance of a firm (Lumpkin et al., 2006). Findings indicate that as firms' age, higher levels of firm competitive aggressiveness and proactiveness respectively will be associated with relatively higher performance.

2.6.3 Firm sector

Wider literature acknowledges that the firm sector provides the context in which other determinants of performance operate. The attractiveness of the sector in respect of opportunities affects the return on average profits potential, and other expected returns of the venture (Porter, 1980). Levels of resources, growth in demand and supply as well as competition will directly affect the ability of a venture to remain in business (Kunkel, 1991). Furthermore, the sectoral processes can influence the viability and support needs available to a firm. E.g. Researchers (Blackburn and Rutherford, 1999, Jones et al., 1994) argue that sectoral factors largely account for distinctive problems faced by Ethnic minority businesses. Finding sector more important than ethnic group in determining business development needs or issues (Rutherford and Blackburn, 2000). Like the previous factors, the balance of evidence shows that a relationship between sector and performance of the firm exists. Based on these arguments on firm characteristics, variables like firm size, age, and sector are expected to be important determiners or moderators of overall performance, which we cannot ignore (see *figure 2.3*). Rather, in the course of this study, we will control for these variables to enable us measure the differential performance of ACOBs and their matches.

Figure 2.3: Firm specific characteristics and performance



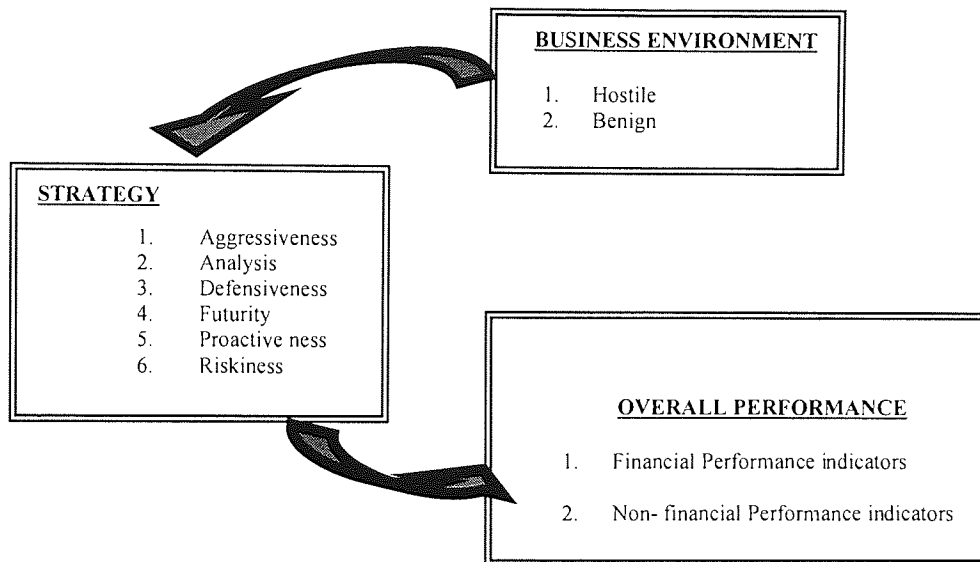
2.7 Environment and Performance

Literature shows that the characteristics of a business environment may influence strategy and hence performance. This includes government regulations, available business support services, technological resources [e.g. Information technology (Theodorou, and Florou, 2008)], as well as the competitive pressures. In fact organisational literature dealing with the environmental effects on structure and strategy are now acknowledged to be classic [e.g., Bourgeois III (1980); Child (1972); Keats and Hill (1988); Miller (1987)]. Past studies have also found the type of environment playing a significant role in shaping firm strategies and performance during reforms (Ray, 2004). Ray (2004) found that firms having better environment-strategy 'fit' achieved superior performance. Baum and Wally (2004) have shown that the environment type will mediate on the firm's performance by impacting the management processes. Their study also found that the environmental type is significantly related to fast decision speed, related with improved growth.

Other studies advocate that the direct impact of competitive environment on performance will be a weak one (Pelham, 1999) more so in small firms than in large firms (Hansen and Wernerfelt, 1989). The arguments here are that simpler small firm organisation structure and flexibility (Fiegenbaum and Karnan, 1991) provides adaptation and inherent advantage over larger firms (Hitt and Ireland, 1993) by insulating the small firms from larger firms in smaller market niches (Pelham, 1999). This relative influence of the environment to performance of small businesses may be linked to the fact that most entrepreneurs will not really perceive externalities (environment) as the crucial determinant of their business performance. This may be true especially when one considers that studies have shown that most entrepreneurs have internal locus of control, a self-belief that the outcome or the performance of business is within his or her personal control, a construct originating from Rotter (1966). This may partly go to explain why small firm managers do not value formal market research and consequently, it is seldom carried out (Robinson and Pearce, 1984) and ranked at the bottom of activities in terms of time spent on it (Pelham and Clayson, 1988). However a greater balance of literature advocates the relationship between a firm's environment and its performance.

To study this relationship a broad construct of those characteristics influencing strategy, identified as dynamism and complexity, were originally studied by Dess and Beards (1984), and later on by Keats and Hill (1988) and Miller (1988).

Figure 2.4: Environment and Performance



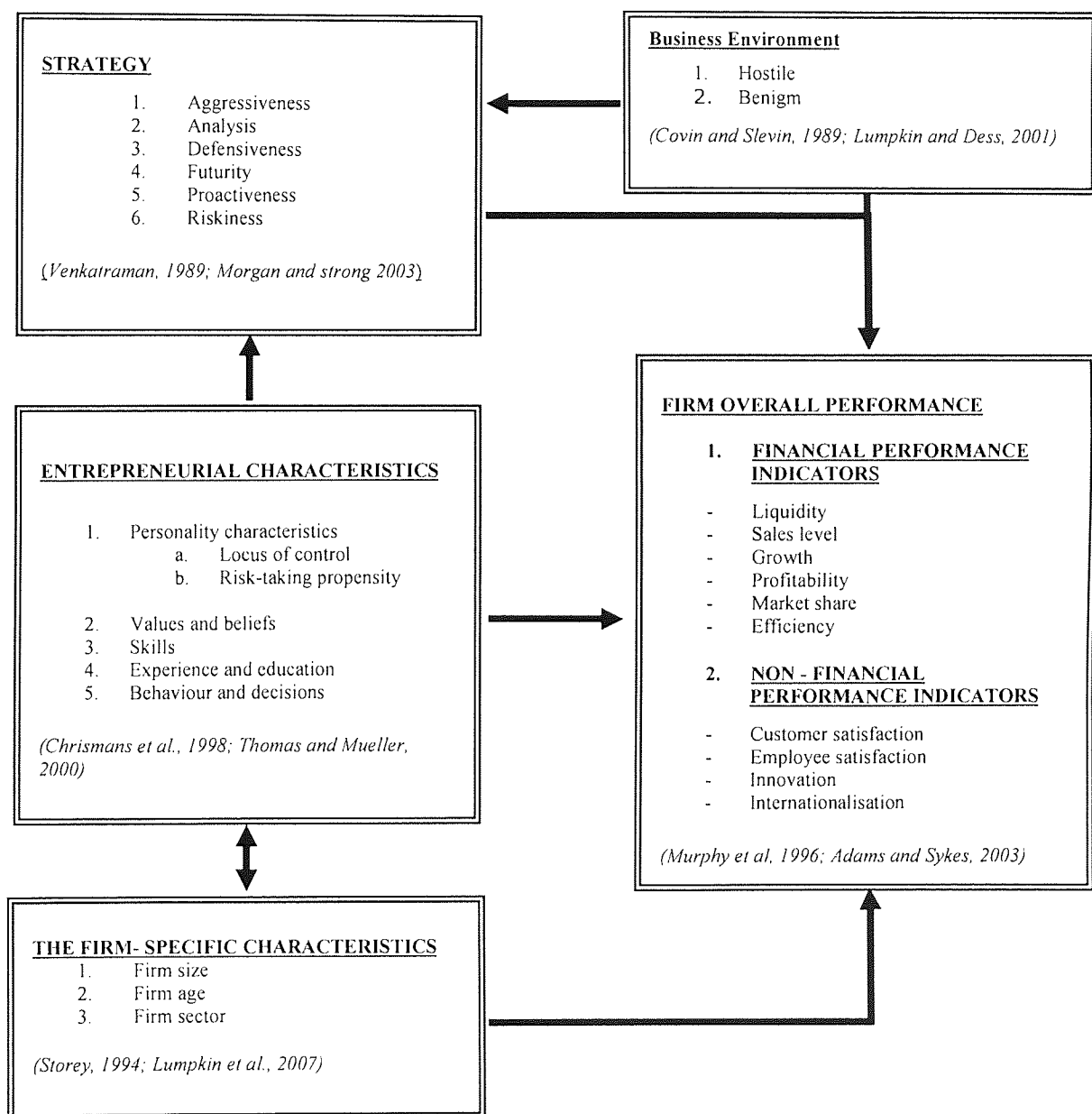
Dynamism and complexity reflect the degree of uncertainty facing an organization and munificence signals a firm's dependence on those environments for resources. Since then this construct has been simplified as “hostile and benign” environments in Covin and Slevin (1989), more recently as “hostile and dynamic” in Lumpkin and Dess (2001). The view held here is that the environment may determine what kind of strategic orientation or posture that will be adopted by a business, hence its performance. Ketchen (1996:52), “*support the notion that under dynamic conditions, a strategy focused on market growth and opportunism can enhance organisational performance.*” The balance of evidence indicates a link between environment and performance through modifications or influences on firm strategy and structure. This relationship is illustrated in *figure.2.4* above.

2.8 Conceptual Framework of Most likely Variables That Impact Firm's Performance

The conceptual framework of the most likely factors that impact on a firm's performance, as shown in *figure 2.5* is underpinned by review of small business literature more so than review of ethnic minority literature. Though a bit of review is

done in chapter two, much of the review of literature underpinning these components is done in later chapters dedicated to each of these. These components are reviewed under the broad areas of Business performance (see chapter four), entrepreneurial attributes, skill and experience (see chapter five), business environment and competitiveness of small firms (chapter six) strategic orientation (chapter seven) and firm activities and barriers (chapter eight), exploring the rich literature of small business and ethnic minority studies.

Figure 2.5: Conceptual model of the key variables that impact on firm's performance



2.8.1 Appropriateness of conceptual framework in the study of ethnic minority businesses

The conceptual model used in this research is underpinned by small business literature review more so than the ethnic minority literature. This is motivated by the need to think through a mixed embeddedness perspective offered by Kloosterman et al.,(1999) allowing the study to look away from cultural determinism and ethnic resource models because ethnic businesses are embedded within political economic environments as well as social capital of its own community. This allows us study the decisions and behaviours of business as they interact with their environment in such areas as strategic orientation etc. This is not to stress that there are no differences between groups but stress the salience of values such as independence, which are universal to all entrepreneurs and leave little scope for ethnicized notions of entrepreneurial identity, rather decisions and behaviours are closely embedded in network of interpersonal relations (Granovetter,1985)

It is a forgone conclusion that most ACOBs are micro businesses which are small businesses (Ram et al., 2006:304). Our conceptual framework incorporates the use of small business literature in the study of ACOBs, allowing us discover similarities and differentials between ACOBs and the general small business sector, enabling “story-telling”about ACOBs in the given context.

The small business undertone of this conceptual framework encourages and provides empirical underpinning allowing for theory testing within the ethnic minority setting, e.g. the testing of Covin and Slevin (1989) environmental model, the testing of Thomas and Muller (2001) and Muller and Thomas, (2002) by examining internal locus of control and propensity to take risk, the testing of Venkatraman’s (1989) and Morgan and Strong (2003) strategic dimensions to name a few. The general business and small business nature of this conceptual framework means that applicability can be extended to various types of businesses: ethnic or non ethnic or even beyond the three chosen sectors: manufacturing, media and computer-related services, providing a much richer context of understanding EMBs.

Moreover because the conceptual framework is informed by small business literature it is able to provide answers to performance of ethnic as well as non ethnic minority

small businesses by providing mechanisms for understanding how the strategic orientation, entrepreneurial attributes, skills, values and beliefs influence the behaviour and decisions and hence performance of ACOBs and WAOBs. This enables us understand meeting and departure points between ethnic minority studies and general and small business theories e.g. the departure of ACOBs from the incremental internationalisation process described in Uppsala model (Johanson and Wiedersheim- Paul, 1975)

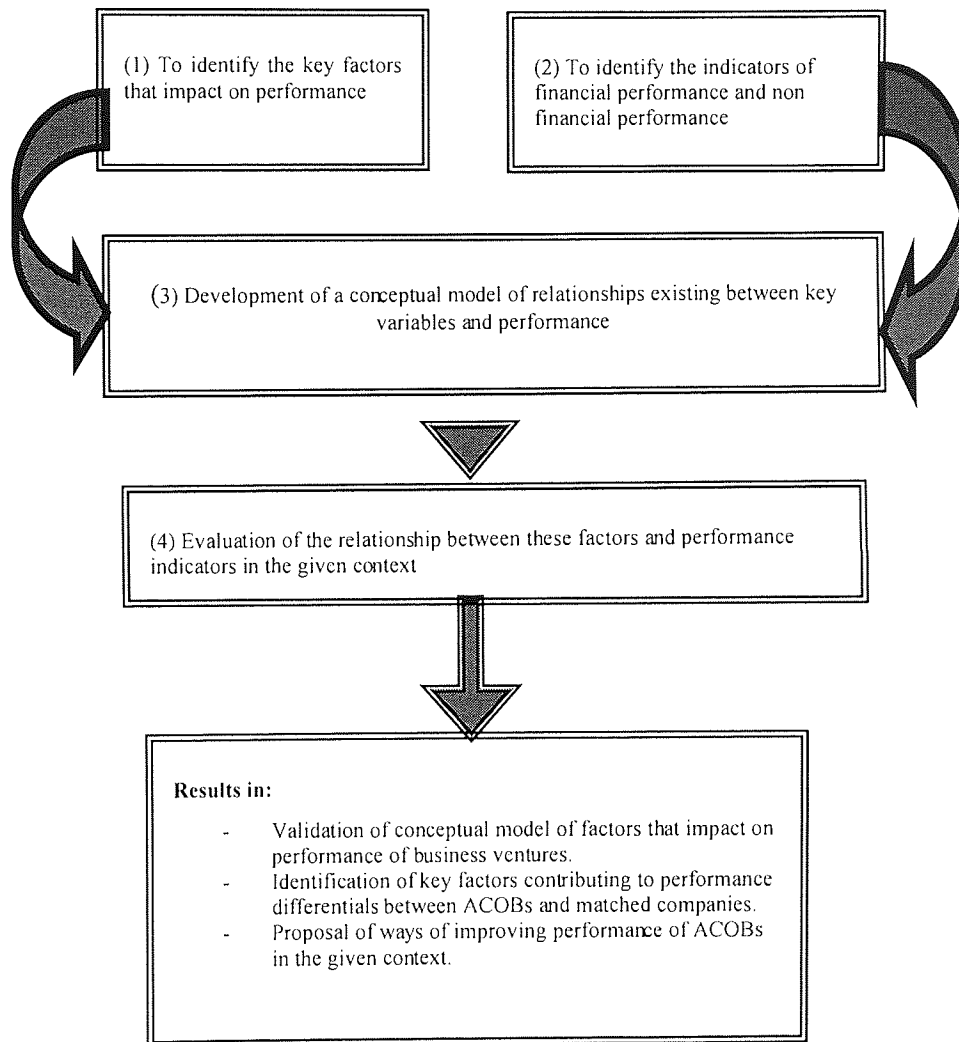
The conceptual framework being informed by small business literature allows the matched pair methodology used in the study of small firms in Hitchens and O'Farrell (1988) study on performance of small manufacturing companies in south Wales and Northern Ireland and O'Farrell and Hitchens, (1989) study on competitiveness and performance of small manufacturing firms in Scotland and England to be extended to ethnic minority small businesses more specifically ACOBs this overcomes the weaknesses of random sampling, convenience sampling, by carefully matching ACOBs closely with White or Asian owned businesses (WAOBs) along selected firm characteristics such as: industry sector, legal form, asset size, and age, enabling us compare like for like. This allows us eliminate arrogations such as sector, age, size, and legal forms postulated by previous studies as causes of disparity.

Our study draws from small business literature because on comparatively rare occasions when EMBs have been studied alongside mainstream business, the inter group differences in social capital mobilisation and in other business attitudes and practices have been found to be far less striking than the similarities (Jones and Ram,2007). If most ethnic businesses are small businesses or even micro businesses, then its more likely that they will have similar attributes or characteristics to small businesses, this allows the study compare ethnic minority businesses with other small businesses in the mainstream population a failure of the culturalist writers (Light 2004; Ram and Jones, 2007). This conceptual framework further allows the study explore ACOBs using general small business constructs removing limitations placed by culturalist, approaches in the study of ethnic minority businesses.

2.9 Summary of literature review

The objectives and direction of our literature search and how the various research areas relate to each other are summarized in *Figure 2.6*

Figure 2.6: Diagram shows research areas and how the areas relate to each other



CHAPTER THREE

Methodology

3.1 Introduction

This chapter begins with a brief review of the philosophy guiding this research, identifies main areas to be covered by the research, determines the research data requirements and describes the strategies and methodologies to be employed.

3.2 Research Philosophy

This study adopts a triangulation approach to data collection and analysis (or mixed strategies; Jick, 1983); this mixed method is an attempt to secure an in-depth understanding of the phenomenon in question. It has been stated,

“Triangulation is not a tool or a strategy of validation, but an alternative to validation. The combination of multiple methodological practices, empirical materials, perspectives, and observers in a single study is best understood, as a strategy that adds rigor, breadth, complexity, richness and depth to any inquiry” (Flick, 1998:231).

The study therefore deploys “a combination of different methods of data collection”.

This particular study has deployed the “*within –method*” proposed by Denzin, (1970) meaning using a variety of techniques within the one single method or strategy. The rationale here is that the weaknesses of one research method are offset by the strengths of the others. The study assembles both primary and secondary data in order to achieve the objectives of evaluating performance of African Caribbean Owned Businesses (ACOBs). Like other similar studies, this relies heavily on primary data: “*The high reliance on primary data is consistent with the findings of many entrepreneurship researchers who found a scarcity of relevant secondary sources*” (Chandler and Jansen, 1992; Sapienza et al., 1988 cited in Murphy et al., (1996:17). For instance, most of the ‘non-financial performance’ related questions such as marketing activities, customer satisfaction, employee satisfaction, internationalisation and research and development can only be answered through primary data accessed during the course of fieldwork. And, the secondary data (archival) was needed for financial performance related questions, e.g., profit margin, sales turnover, and

incorporation dates. Such information was found within archived documentations such as company balance sheets and profit and loss statements.

3.2.1 Methodological contributions of the mixed method and advancement to EMB literature:

This study uses a matched pair methodology employing qualitative and quantitative data collection and analysis methods, this is not common in ethnic minority and small business research. More studies done tend to be qualitative on one hand or quantitative on the other hand. It is less common to have a mixed method which increases the validity, generalisability and reliability of data and analysis.

Generalisations from findings are very in-depth due to the mixed methods of qualitative and quantitative used. The qualitative increases in-depth and detail study producing comments and encouraging “story telling” about the African Caribbean business owner and his business illuminating grey and controversial areas while the quantitative enables us to validate and carry out parametric and non-parametric statistical tests to determine frequency, mean and significance of distribution.

3.2.2 Generalisability of Methodological Approach

- It is based on a carefully selected sample of ACOBs from the limited population and matched with a carefully selected sample from the general population of WAOBs, using the matched pair approach [(Hitchens and O’Farrell (1988) and O’Farrell and Hitchens, (1989)] to the study of EMBs specifically ACOBs in the UK. This overcomes the weaknesses of random sampling, convenience sampling used by most studies of this nature in the past by carefully matching ACOBs closely with White or Asian owned businesses (WAOBs) along selected firm characteristics such as: industry sector, legal form, asset size, and age, enabling us to compare like for like. This allows us to eliminate arrogations such as sector, age, size, and legal forms postulated by previous studies as causes of disparity.
- Since the conceptual framework of this study is driven by small business literature, it can be applied beyond our chosen ethnic groups and three sectors: manufacturing, media and computer-related services to other small businesses and sectors which may also provide a particularly rich context in which to extend this

framework by providing answers to performance of Africans, Asians, Caribbean, Chinese and other groups and other indigenous groups

- It encourages testing of small business concepts and literature on ethnic minority businesses by extending and testing such concepts e.g. Covin and Slevin, (1989) environment models, Venkatraman, (1989); Morgan and Strong, (2003) models in measuring performance of Ethnic minority businesses. Providing answers to little researched areas like strategic orientation of ACOB. Furthermore, the advantage of this methodology is entrenched in its ability to compare limited ACOB sample with larger population data. Especially as it is known that most African Caribbean owned businesses are micro businesses and have relatively lower numbers in a city (Ram et al., 2006:304).

3.2.3 *Matched Pair Analysis*

The strategy deployed in this study follows the method of rigorously matched pair analysis - comparative case studies developed initially for comparing low productivity in Britain relative to continental comparators (Daly et al., 1985; Mason and Wagner, 1994; Steedman and Wagner, 1987; 1989). The applicability of matched pair analysis to small firms is seen in Hitchens and O'Farrell (1988) study on performance of small manufacturing companies in south Wales and Northern Ireland and O'Farrell and Hitchens, (1989) study on competitiveness and performance of small manufacturing firms in Scotland and England. A matched pair design is useful in that it controls for variables such as size, age, etc which might distort the inter business (group) comparison due to sectoral differences, economies of scale, learning and first mover effects. Therefore the strategy summarises the effect of key variables such as strategy, entrepreneurial characteristics, and environment on firms' performance while holding variables like sector, age, and size constant.

One weakness of the comparative case studies is that comparison can compete with learning about and from the particular case. Denzin and Lincoln (1994:444) argue that, "*comparison may obscure case knowledge that fails to facilitate comparison.*" The study is cognizant of the weakness of this particular approach, and agrees with Denzin and Lincoln (1994) that in "*particularities lay the vitality, trauma, and uniqueness of the case.*" However, in order to obtain a more generalisable finding, the

study comparisons were made not only by using these unique characteristics but also by using generalisable variables.

The strength of these case studies is seen in the fact that they provide the logic of analytical inferences especially for small numbers of carefully selected cases (Yin, 1984:42-44). Case studies are seen to be flexible in characteristic- making for diverse types of study. (Hakin, 1987)

3.3 Sampling Process

3.3.1 Population Definition

3.3.1.1 African and Caribbean Population:

The study seeks to evaluate performance levels of African Caribbean Owned Businesses (ACOBs). The population of interest comprises of African Caribbean Owned Businesses within manufacturing, media and computer-related services. The ACOBs included in the sampling frame were:

- Businesses that have been incorporated or in existence for at least 3 years to avoid sampling new start-ups
- Businesses with minimum total asset size of £10,000 to ensure availability of intangible or tangible resources
- Limited liability companies to ensure registration and audited accounts. Sampling limited liability companies enables weeding out of informal economy activities. Nwankwo (2004) identifies a problem in studying ACOBs, the problem of distinguishing formal entrepreneurial activities from informal economy activities. "Informal activities consist of businesses that operate partially or wholly outside the law by avoiding taxes, ignoring product-quality and safety regulations, infringing copyrights, and sometimes even failing to register as legal entities. In this way, these businesses gain a cost advantage and thus compete successfully with their law-abiding counterparts, though on average they achieve only 46 percent of the formal sector's productivity."(Capp et al., 2005) Limited liability companies are less likely to be informal businesses as in most cases they meet with four tests suggested by Nwankwo et al., (2004):

- The business must be registered as a legally constituted company
 - Must be traceable and possibly have an official address
 - Makes annual tax returns and
 - Has an identifiable official employee
- Businesses matched had to belong to the same sector because it is well established that economic sector can be influential in shaping social relations at work. (Rath and Kloosterman, 1999; Storey, 1994; Rath (2002:12) have shown that different markets... 'offer entrepreneurs different opportunities and obstacles, demand different skills, and lead to different outcomes in terms of business success'. Businesses within manufacturing, media and computer-related sectors were chosen because:
 - Past studies on African Caribbean Owned Businesses have focused on traditional sectors in personal services such as barbing, hairdressing, construction, retailing, catering and clothing. (Curran and Blackburn, 1993) Ekwulugo, (2006:4) states, "A large proportion of black African minority businesses are in sectors such as catering, retailing and clothing, where survival is becoming increasingly difficult." We thought it would be more interesting to investigate ACOBs in what Ram and Smallbone (2003) have called emerging sectors, including firms in comparatively new areas of business activity including IT, media and health care.
 - Businesses in these sectors are less likely to engage in informal economy activities. Morris and Pitt, (1995) identifies four main categories be riddled with informal economy activities: trading and hawking, construction, services and illicit activities.

ACOBs for the purpose of this study *is any firm founded or owned by persons of African or Caribbean origin, regardless of generational type* – this includes those born in Africa or the Caribbean Islands later migrating to the UK (first generation) or those born and raised in the UK by migrant parents (second generation).

3.3.1.2 White and Asian Population:

To measure ACOB performance the study requires comparators. In this case, White and Asian Owned Businesses (WAOBs) were chosen and matched to the sample of ACOBs. *WAOBs are businesses owned by persons of Caucasian or south Asian (specifically Indian) origin irrespective of generation.* The WAOBs constitutes of 19 white-owned business (86.4%) and 3 Asian (Indian)-owned businesses (13.6%). In order to dismiss every doubt on the impact of this inclusion on results, we also included analytical findings based on excluding 13.6% of Indian owned businesses from the matches.¹

Past studies on south Asian businesses have found that East African Asians and Indians were more likely to be genuine entrepreneurs; while on the other hand, Pakistani and Bangladeshi enterprises still seemed to be largely comprised of survival-oriented businesses (Metcalf et al., 1996; East Midlands observatory report, 2001). Indians have faired so well not just in business but other areas. For example, other studies on Indians have found that on a number of housing and other indicators, people of Indian origin are doing as well as the Whites. They are more likely to be owner-occupiers (81% compared with 71% for Whites) and to have somewhat higher average weekly incomes of head of household and partner (£505 per week compared with £488 for Whites (Family Resources Survey 2000/01-2001/02). Borooah and Hart (1999) have shown that “the earnings of Indians and Chinese, by contrast with those of Pakistanis and Bangladeshis, are on par with those of the white population. That was why we allowed them form a part of our sample population. The population of WAOBs was identified using the Financial Analysis Made Easy (FAME) database of incorporated UK companies.

3.4 Sampling Frame:

Our initial intention was to identify ACOBs through the databases of Black Business Association (BBA), Business Link, DTI, Small Business Services (S.B.S.), Black

¹ The differences driven by this inclusion was negligible, and these were in the self-assessment of marketing skills that yielded an insignificant difference between responses from both groups (appendices, *Table 11-3*) and Efficiency (performance variable) (appendices, *Table 11-13*) which yielded a significant difference confirming similar findings from objective or financial analysis. These findings and others are summarised in the appendices (*Tables 11-2 to 11-14*)

MBA Association UK (BMBAA) Ltd., and UK Nigerian business directory. Some of these directories are agencies and forums dedicated to assisting African Caribbean and ethnic minority business development and prosperity. The limitation we faced in using these databases were:

1. Data protection legislations- resulted in difficulties in retrieving information on ACOBs from organizations in charge.
2. Most government databases did not categorize businesses in terms of ethnicity making it difficult to identify ACOBs. This could be a result of the resistance to ethnic classification on the part of entrepreneurs, a recurring theme of the study. This skepticism may explain the partial recording of ethnicity on the organizations' database together with some highly dubious approaches to data-recording, acknowledged as a fundamental deficiency by a key worker in these organizations (Ram et al., 2006).
3. Some of the bodies are no longer in existence or are having corporate problems e.g. Black MBA Association UK (BMBAA) Ltd.

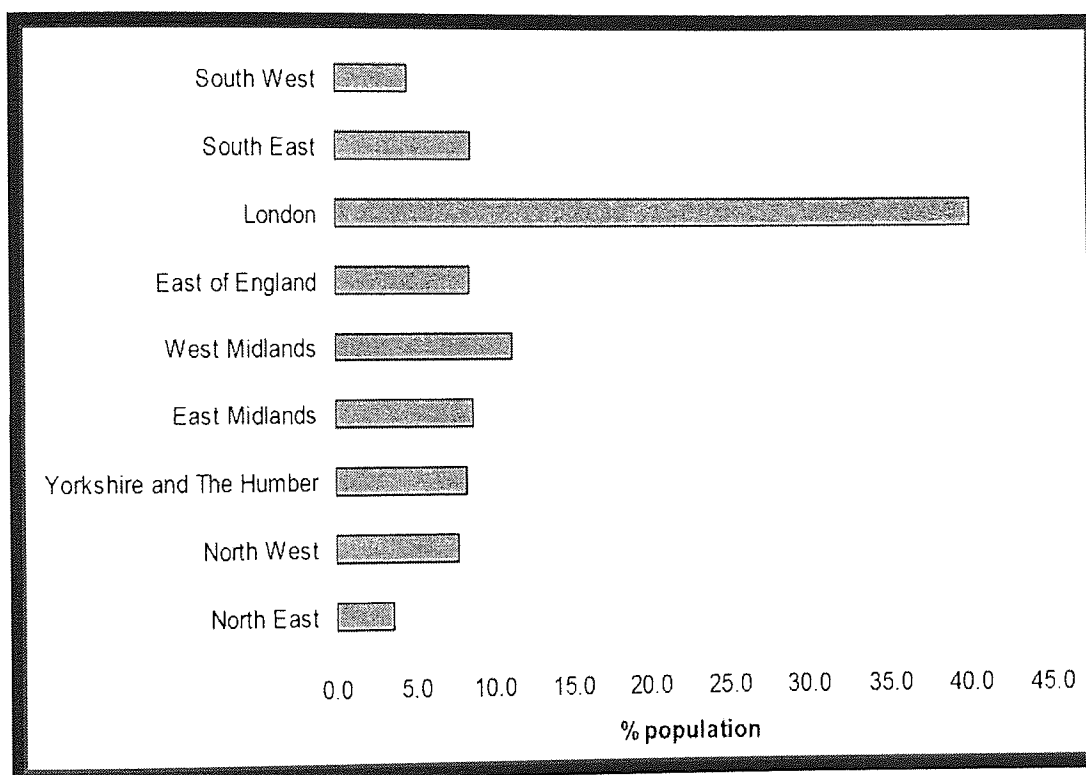
We overcame these limitations by using two directories- "*UK Black links Black Business and Consumer Directory*" and "*Caribbean Emporium Directory*" in conjunction with FAME. The "*UK Black links business and consumer*" and "*Caribbean emporium*" directories (the latter a listing of African Caribbean food manufacturing businesses) had 85% and 100% African Caribbean business dedication respectively, i.e. that 85% of the businesses listed in the "*UK Black links directory*" were ACOBs; the remaining 15% were WAOBs. Editors and publishers of these directories confirmed these figures.

3.4.1 *Advantages of These Directories*

- These directories also provided names of firms, business addresses, emails and telephone numbers of ACOBs
- The businesses listed in these directories are mostly small to medium sized firms, suiting for a study of this nature.

- These directories are dedicated to ACOBs nationwide, with a higher percentage of listed businesses located in London (40.0%), followed by Midlands and South East and East of England, e.g. Luton. This is not surprising considering that these areas host some of the largest populations of Africans and Caribbeans . (See figure 3.1 below) making the directory a true representation of the ACOBs in the various parts of the country.

Figure 3.1: Population of African Caribbean and ethnic minorities in the UK



Source: 2001 Census (Table S101)

The study used FAME to edit the list of ACOBs derived from the directories for appropriate businesses matching selected criteria. FAME provided vital information such as incorporation date, employee numbers (most cases not always listed), total assets, industry sector grouping, legal form, dissolved companies, ethnicity of director (most of the time observable through their names)

3.5 Sampling Method (Strategy)

A matched pair comparison was made between a cross section of African and Caribbean Owned Businesses (ACOBS) and White and Asian Owned Businesses

(WAOBs). While such a method necessarily involves small samples, thereby sacrificing coverage relative to studies based on official statistics or large surveys (Kravis, 1976), it does provide detailed micro data and allows for comparison of the performance of ACOBs and WAOBs within the UK. The strengths of this strategy of matched pair studies follows in the control criteria enabling the study to compare businesses similar in size, sector, age and legal form. This makes for better control, hence provides the study with the ability to make fair and equitable comparisons between the two groups. The only difference in these two groups of businesses is in the fact that one is founded or owned by an African/Caribbean and the comparator is not. Variables found to impact performance such as strategy and entrepreneurial characteristics (Storey, 1994) could be studied within this controlled framework. These included financial and non-financial performance levels adapted from Murphy et al., (1996), Adam and Sykes (2003) and other performance authors in the chosen cases.

Secondly this method enabled the study to take advantage of the ability to compare the limited population of ACOBs with a larger control population of WAOBs in the overall population.

A further strength of the matched pair analysis in the study is its ability to overcome the arrogation or speculation of low profitability to such issues as sector (Smallbone et al., 2003) and other factors that make it difficult to determine relationships between variables. This becomes possible now, because these companies will be similarly matched.

3.6 Pilot Interview

On the pilot stage, five interviews were conducted across the various sectors; five was agreeable because of the relative small size of sample population (i.e. African Caribbean's within the criteria of study: see *Table 3-1*)

Table 3-1: Pilot sampling distribution

Sector	Response
Manufacturing	2
Media and Designs	2
Computer services and Designs	1
Total	5

Source: *Fieldwork*

These interviews were conducted in various locations: in offices or even in restaurants. They were conducted via standardized questions, mostly open-ended. Most of the interviews were recorded.

3.6.1 Observations on Pilot Interviews:

3.6.1.1 First three initial interviews

The longest interview ran for about 110 minutes. It was difficult to get through all the questions within a space of 45-60 minutes. In the first two cases the respondents gave notices that they were out of time while in the third case the respondent actually quit the interview process after 60 minutes.

Observed causes:

1. There were too many questions that looked different but in actual fact were the same questions, tending to elicit responses already given previously. These were considered for revision.
2. Introducing the card questions- close ended questions (or quantitative self-administered questionnaire) to run concurrently with the interview was found to:
 - Take up much time and seemed to diminish the desire by business owners to continue with the interview.

- Create an examination atmosphere, a resultant of the deep reflection stirred by the questionnaire, taking away a bit of the relaxed atmosphere.
3. Most of the African entrepreneurs proceeded to answer the questions with proverbs and illustrations before arriving at the main answers. This was found to make the interviews last much longer than necessary. This may stem from the African culture, full of rich proverbs, offering insight into African philosophical thought and cosmology.

3.6.1.2 Revision of questions and last two Pilot interviews

Before conducting the last two pilot interviews, the study decided to do the following in line with the observations made above:

- The interview questions were revised, getting rid of unnecessary repetitions from our questions that would not provide answers to the objectives.
- Instead of the usual method of introducing the card (structured) questionnaires side by side with the face to face interview, it now came at the end of the face to face interview, allowing the interviewer take advantage of the entrepreneurs' initial flare to talk about business and themselves, as this flare tended to diminish towards the end of interviews. When the interview process was complete, entrepreneurs were still willing to take out time to respond and fill out the quantitative closed -ended questions, improving response rate and interview process, allowing more questions to be covered in a reasonable time.
- Even though respondents involved still elaborated in fine detail and gave examples about business and background, the effectiveness of the new approach made it easier to cover ground as the interviews ranged from 45-60 minutes.
- The Pilot interview also highlighted some positive feedback on the questions and this was maintained in the final draft of questions. Some of these positive attributes were:

- The respondents found the questions easy to understand, terminologies were simple and in layman's English, seen in the relative ease with which respondents answered the interview questions and filled out the questionnaires, not asking the interviewer for clarification, time after time.
- The structure of the questions elicits immediate response from business owners, often with little moderation. This flows from the order or structure of interview questions. Questions start with, "about firm", followed by "about you", "about strategy" and "about performance."

3.7 Fieldwork

The data collection was divided into 6 major stages:

1. Identification of ACOBs
2. Approach and negotiation with ACOBs
3. Interviewing ACOBs:
4. Identification of matching WAOBs
5. Approach and negotiation with WAOBs
6. Interviewing WAOBs

3.7.1 *Identification of African Caribbean Owned Businesses:*

Several sub-sectors exist under, media, business services and manufacturing from the UK black link business and consumer directory and Caribbean emporium directory. ACOBs listed in the directories were sieved into categories based on the sampling criteria, called 'not appropriate' ACOBs^{*1}, 'appropriate' ACOBs^{*2} and 'dissolved'

^{*1} Not appropriate include very large companies that are Publicly quoted, or companies that are not ACOBs bearing in mind that 15% of the UK Black link directory is dedicated to business owners from other ethnic groupings that are not Africans or Caribbeans. Not appropriate could also mean that they differ from our sample criteria e.g. in age, legal form, sector, etc of the firm, even though they may be ACOBs. Not appropriate also include companies that are not limited liabilities, usually sole proprietorships or Partnerships. We find that these, though having a lot of live businesses, tended to be unsuitable for the type of question or data we were looking to

ACOBs*³.

The list of sectors reveals that certain sub-sectors had many more companies listed under them than others. For instance, in manufacturing the popular sub-sectors included:

- Clothing manufacturers and designers
- Food manufacturing and Bakeries

It was discovered that more African Caribbean manufacturers were listed under food and bakeries than Clothing fashion or textile manufacturing. (See Table 3-2)

Table 3-2: Sub-sectors in manufacturing related industry (ACOBs)

Total Sampled in manufacturing related sector				
	<u>N/appropriate</u>	<u>Appropriate</u>	<u>Dissolved</u>	<u>Total</u>
Clothing and textiles	3 (50%)	2 (40%)	1 (10%)	6 (100%)
Food and Bakeries	27 (73%)	9 (24%)	1 (3%)	37 (100%)
Food and Bakeries (Caribbean food emporium)	11 (50%)	10 (45%)	1 (5%)	22 (100%)
Total	41 (68%)	21 (32%)	3 (5%)	65(100%)

Source: UKBL black business and consumer publication (2004; 2005) and Caribbean food emporium directory.

In the Media sectors (Table 3-3) some of the most popular sectors included:

- a) Advertising and Marketing
- b) Media promotions and services
- c) Publishers and publications

collect and were in most cases very micro businesses that could not be traced on FAME or Financial data bases for analysis purposes in terms of size and suitability needed for our study.

*² The appropriate companies are businesses that are African Caribbean Owned Businesses. These businesses are all limited liabilities, usually characterised by availability of open accounts to the Public; this has the added advantage of providing us with useful accounting information for comparison.

*³ 'Dissolved' are those companies that have been dissolved or non-trading. These were confirmed in the preliminary stages through dead phone nos. or outright confirmation of non-existence of the mentioned company.

d) Recording and Music productions

Table 3-3: Sub sectors in the media related industry (ACOBs)

Total sampled in media related sector				
	N/appropriate	Appropriate	Dissolved	Total
Advertising and Marketing	4 (40%)	5 (50%)	1 (10%)	10 (100%)
Media Promotion Services	12 (75%)	4 (25%)	0 (0%)	16 (100%)
Publishers and Publications	28 (82%)	4 (12%)	2 (6%)	34 (100%)
Recording and Productions	9 (70%)	2 (15%)	2 (15%)	13 (100%)
Total	53 (73%)	15 (20%)	5(7%)	73(100%)

Source: UKBL black business and consumer publication (2004, 2005)

In the business-to-business sectors one of the most popular sub sectors is:

- Computer-related ACOBS

Table 3-4: Computer-related industry (ACOBs)

Total Sampled in computer-related sector				
<i>Business services</i>	<i>N/appropriate</i>	<i>Appropriate.</i>	<i>Dissolved</i>	<i>Total</i>
Computer services and designs (2005 edition)	32 (60%)	18 (33%)	4 (7%)	54 (100%)

Source: UKBL black business and consumer publication (2004, 2005)

Though there was a total listing of one hundred and ninety-two (192) ACOBs in both directories from these three (3) sectors. It was found that only fifty-four (54) or 28% of the directories' listings would fall within the sampling criteria or be appropriate for our sampling process (See Table 3-5)

Table 3-5: Summary of sectoral sampling of ACOBs

	<i>N/appropriate</i>	<i>Appropriate.</i>	<i>Dissolved</i>	<i>Total</i>
Manufacturing	41 (68%)	21 (32%)	3 (5%)	65(100%)
Media and Designs	53 (73%)	15 (20%)	5(7%)	73(100%)
Computer services and Designs	32 (60%)	18 (33%)	4 (7%)	54 (100%)
Total	126 (66%)	54 (28%)	12 (6%)	192(100%)

Source: UKBL black business and consumer publication (2004; 2005) and Caribbean food emporium directory.

3.7.2 Approach and Negotiation with ACOBs:

After ACOBs were identified, introductory letters were sent, using university letter headed papers, to the businesses within the sample criteria. These letters contained a brief introduction of the researcher as well as key benefits of respondent's participation in the advancement of African Caribbean business studies for academics and practitioners in the UK and a request for an interview. To personalise these letters, names of African Caribbean Business owners were accessed through FAME, an invaluable help in finding the names and contact details of the owners of the ACOBs, especially as most of the firms being sampled were private limited companies. If contact details were inaccessible on FAME further databases like www.192.com, a national business and personal enquiry site were used. These businesses were called after a few days to confirm an interview time convenient for the business owner. Some of the interviews were held over the weekend. A lot of the cases were not straightforward; some involved constant telesales-like follows up to secure the much-desired interview at times spanning into weeks. As most of the African Caribbean business owners were exceptionally busy and hard to get hold of, many cases involved extensive travel periods. Sometimes we found business owners suspicious of our intentions and were not willing to give an interview. The fact an African, like them, was conducting the interview did not allay any fears or suspicions.

3.7.3 Interviewing ACOBs:

Out of the 54 ACOBs sampled it was possible to interview 20 ACOBs, giving a total response rate of 37%, with the highest response rate coming from the manufacturing

sector at 43% (See Table3-6)

Table 3-6: Sample-response rates

Sector	Response	Response rate as percentage of sector	Total of sectors sampled
Manufacturing	9	43%	21 (39%)
Media and Designs	5	33%	15 (28%)
Computer services and Designs	6	33%	18 (33%)
Total	20	37%	54 (100%)

Source: *Fieldwork*

3.7.3.1 Nature of the Sample Companies

The nature of ACOBs are summarized below using based on age, type of business, asset size, product and service type provided by such businesses.

Table 3-7: Nature of Sample Companies

START DATE	ACOBs	ASSET SIZE	PRODUCT/ SERVICE TYPE
1996	BFL	357,000	manufacturing and packaging of Poultry and beef based products
1988	CFL	744,000	manufacturing of Patties
2002	TEF	21,000	manufacturing of ready meals
2002	YVL	82,000	manufacturing of ready meals, oils, flours etc.
1998	JPL	325,000	manufacturing of Patties
1996	MPL	312,000	manufacturing of spices and marinades
1997	AHF	302,000	manufacturing of ready meals, oils, flours etc.
1986	SBL	650000	manufacturing of Caribbean bakes
2002	KCL	16,000	manufacturing of textiles and clothing
1997	BNL	11,000	computer training, repairs, maintenance and networking
2000	ESL	54,000	computer training, repairs, maintenance and networking
2001	CTC	17,000	skills training, computer building, repairs and upgrades
1999	EDS	95,000	IT support services for SBUs(small business units), and hardware supplies.
2000	IXL	103,000	IT support services for SBUs, and hardware supplies, training
2000	STL	35000	computer training, repairs, maintenance and networking
2001	AVPL	13,434	Tabloid newspapers, journals and periodicals
2000	DDL	11,870	Media Film productions, shootings, broadcasting
1999	ADL	46,000	Media publications, advertisement, and productions
2002	SOL	16,000	Media publications, events publications and production
1982	GHP	143000	Music publications, productions and musical training

3.7.4 *Matching of WAOBs to ACOBs*

The matched cases were identified using FAME (Financial Analysis Made Easy) as a database. Every ACOB interviewed was rigorously matched with WAOBs in the same industry sector, age bracket, legal form (limited liability), and having similar total asset size. Identifying the matches was an onerous process, and we ran into several difficulties. A few of the difficulties we encountered were:

a. *Refusal of interviews by an exact matched WAOBs*

This problem may be a limitation of this study because if the owner of a carefully matched WAOB refuses to give an interview, then, in the absence of another exact match, the study was left with no alternative but to work with the next closest match to the particular ACOB under consideration.

b. *Differing location of WAOBs from ACOBs matches*

Secondly, location has been shown to affect the performance level of a business (Ward, 1991), as several factors such as wage levels, Property levels and governmental subsidies may differ from area to area. In certain cases the matches didn't come from the same areas but from all across the UK mainland. This may put some limitation to the data set in this regard.

3.7.5 *Approach and negotiation with matching businesses*

The same procedures used in ACOBs were used, except that the negotiation was directed towards WAOBs

3.7.6 *Interviewing Matching Businesses*

The same procedures as in ACOBs (above), just that the interview process is being directed towards WAOBs.

3.8 Collation of Data from Fieldwork

Forty-two (42) interviews were recorded and transcribed in all between the ACOBs and WAOBs. *Table 3-7:* shows the number of firms sampled by sector of ACOBs and

WAOBs.

Table 3-8: Sectoral distribution of sample business

Sector	ACOB	WAOB
<i>Manufacturing</i>	9	10
<i>Computer Services</i>	6	8
<i>Media</i>	5	4
Total	20	22²

Source: *Fieldwork*

The number of business owners sampled in each of the industry sectors was not always equal in the two types of samples (ACOBs and WAOBs). Therefore in some cases, matching by business type required that a single ACOB (WAOB) be matched with more than one counterpart in a similar sector as done in similar works. (Hitchens et al., 1985)

3.9 Data Collection Methods

A combination of face-to-face interviews and self-administered questionnaire survey of business owners was used to gather data; these were supplemented with tape recordings, observations and examination of documentation to gather data during the fieldwork.

3.9.1 Principle Data Collection Methods

3.9.1.1 Interviews:

“One of the most important sources of case study information is the interview.” (Yin, 1994:84) In the course of the research, the interview process formed one of the key data collection techniques. Face- to -face interviews were conducted with African

² The 22 WAOBs consisted of 19 White owned businesses and 3 Indian owned businesses (in the manufacturing sectors) which is only 13.6% of the WAOB population. The study found no significant difference in the result of the study, even when these Indian businesses were excluded in the analysis. Results of these exclusions are shown in the appendices, Table 11-2 to 11-14

Caribbean Business Owners (ACBOs) and White Asian Business Owners (WABOs).

To make initial contact the study obtained owners' personal details and information from FAME (Financial Analysis Made Easy). These personalised letters were sent to ACOBs and WAOBs requesting interviews. In the course of conducting face-to-face interviews standardised questions were used across the ACOBs and WAOBs groups. Open-ended and semi-structured questions were used. This approach enabled the study to take advantage of expansive data that comes from giving key respondents the ability to speak uninhibitedly about the subject matter.

The strength of using the face-to-face interview is also in the ability to pick up on non-verbal values and cues, which the non face-to-face questionnaire administration methods and documented records fail to do.

Moreover, the study is aware of the weaknesses associated with this method, such as the difficulty of fixing face-to-face interviews. Some cases proved difficult in this regard as some of these entrepreneurs had unbelievably busy schedules, often resulting in researcher waiting weeks between calls to get an interview or ending up in alternative phone interviews being used. However the rapport building and success of fixing such interviews has its own merits because it tends to facilitate access for immediate follow up to data collection for clarification and omissions later done over the phone.

These interviews proved useful for discovering complex interconnection in social relationships, e.g., the study could use this to check the interconnections between strategy and performance. The study could also draw from the strength of interviews especially when it comes to providing for flexibility of formulation of hypotheses. The interview method also has the strengths to facilitate analysis, validity checks, and triangulation especially as the data were collected in their natural settings.

One of the problems initially envisaged with this approach was that it might require some kind of technical training for data collection, considering that the key informant would likely be the entrepreneur. The training needed included - how to ask certain questions and pick up on the non-verbal value expressions to minimise bias and maintain confidence in the researchers.

The study was also aware that the interview method of data collection can be difficult to replicate because procedures are not always explicit but may be more dependent on researcher's opportunity or character.

Moreover, the study tries to minimize the possibility of response effects, or non-sampling errors such as: respondent's behaviour to please the interviewer or prevent interviewer from learning something about respondent, known as socially desirable response (Sudman and Bradburn, 1983:291), by using checking questions that follow up or validate initial answers given to questions, by phrasing the same questions in a different way.

1. The nature of the task itself: such as the method of administering interviews (face to face or telephone) or sequence or wording of questions.
2. The interviewer, whose characteristics or questioning techniques can impact on proper communication of a question.
3. The impact on responses by factors such as status, race, etc. (Sudman and Bradburn, 1983)

We accomplished the above by:

1. Running the interview questions by an experienced researcher, such as my professor and supervisor, who made inputs and corrections to help rid questions of jargon and ambiguities.
2. Conducting initial pilot interviews, targeted at ridding the questioning of jargon that may be misconstrued or misunderstood by respondents from any professional field.
3. Furthermore, the study adapts questions and methods of interview to suit a wide variety of cultures and peoples. This was enabled by the Pilot tests.

3.9.1.2 Questionnaire Survey Method

Another key data collection method was the use of self-administered questionnaires. The questionnaire is a standard and accepted tool of empirical research and was employed alongside the interview methods in an attempt to address the research

objectives of this work. A *questionnaire survey* is flexible in the sense that a wide range of information can be collected. This was used to gather opinions of business owners on salient issues such as: important business growth factors, skill assessment, personality characteristics, management, strategy, performance, business values and beliefs. It was also used to poll opinions of entrepreneurs in the similar sectors to establish common behaviours in the general small business scene. When quantitative researchers administer interviews or questionnaires to random samples of the population, this is referred to as *survey research* (Silverman, 2001). The study, as a process of triangulation explores the strength of this instrument in polling the business owners' opinions especially when the focus is more on what they thought about the circumstance or what they did.

Therefore by using structured and standardised questions we were able to corroborate other findings. The questionnaires ended up becoming a useful confirmation tool.

Some of the advantages provided by this technique include:

- Statistical techniques which can be used to determine validity, reliability, and statistical significance because they are standardized questions and are relatively free from several types of errors.
- It is relatively easy to administer.
- The focus provided by standardized questions provides economy in data collection. Only questions of interest to the researcher are asked, recorded, codified, and analyzed. Time and money is not spent on tangential questions.

It suffers from the more general weaknesses of questionnaires.

- Questionnaires depend on the subjects' motivation, honesty, memory, and ability to respond. Subjects may not be motivated to give accurate answers; in fact, they may be motivated to give answers, presenting themselves in a favorable light. The study is aware of this weakness so, apart from supplementing the research with interview technique, the questionnaires were designed to ask similar questions in different ways.

3.9.1.2.1 *Methods supplementing interviews and questionnaires*

3.9.1.2.1.1 *Tape Recording and Transcribing Technique:*

To complement the interview technique, the study also used the *Tape recording and transcribing techniques* in the research. This acted as both an alternative and complementary approach to the *face-to-face interviews* as *words from fieldwork experience are implicitly substitutes for the direct experience of one's own feelings and perceptions* (Counelis, 1991 cited in Gorden, 1994). Like the *face-to-face and phone interviews*, tape recordings and transcribing possess the strengths of capturing and assessing emotional dimensions. Its additional strength is the *replay mode*, making it possible to listen to conversations over and over again. The study didn't use tape recording as a direct alternative but more as a supplement because of the presumed sensitivity of some respondents. Though in the course of the research most respondents interviewed were receptive to capturing the conversation on tape.

The tape recording kept the researcher from jotting clumsily, fulfilling the desired aim of creating a relaxed and informal atmosphere where respondents could talk confidently. Furthermore, the researcher was also aware that this method might not immediately be accessible for analysis, but required some processing, such as transcribing and correcting.

The recording was done using an audio tape recorder. And the transcription was done using a manual dictating/transcribing system, although slow and painstaking relative to available software, provided 'backspace', 'speed control' and 'tone' functions, ensuring the study captured every detail of the recorded conversation from the various interviews. The transcription presentation was in word format making the information compatible with word format requirements needed for the write up of the research.

3.9.1.2.1.2 *Observation:*

"In quantitative research, observation is not generally seen as a very important method of data collection. This is because it is difficult to conduct observational studies on large samples" (Silverman, 2001:11-12). However, in the context of this study it becomes possible to observe what happens in these firms because it deals with a manageable sample involving comparative case studies of matched firms.

However, this wasn't a key proposed technique for this research but a supplementary one, helping overcome the limitations of the interview technique. Gorden (1992:7) states, "*interviewing skills are not simple motor skills like riding a bicycle: rather they involve a high order combination of observation empathetic sensitivity, and intellectual judgement.*" As a supplementary method this gives the advantage of observing first hand things like emotions, body, facial expressions, work environments, and location surroundings especially when interviewing respondents. Miles and Huberman (1994) argued that *a focus on ordinary events occurring in natural settings helps us to understand what real life is like.* Since the focus is not primarily what entrepreneurs do but an exploration of relationships between most likely variables impacting on performance in ACOBs and WAOBs, the study chose to use this technique in a supplementary role to help arrive at logical conclusions about what is being said by the business owners and its' actual observations.

3.9.1.2.1.3 Analysis of company documents or administrative records:

This was a secondary source of information for analysis and assessment of company performance. This was found in the form of financial statements like balance sheets, profit and loss statements and company websites. This provided data to work out financial ratios, indicating the overall financial performance of the firms under study. The strength of this technique can be seen in the ease of assessing and manipulating and categorising of data for data analysis. This data can be reviewed repeatedly. And, because they are unobtrusive, they are not influenced by the study in any manner. These data sometimes contained names, references and details of an event and, in some cases, cover a long span of time as well as settings. This was very easy and efficient to manage. Moreover it's easy to establish generalisability. The study was cautious in reporting these records as they may contain reporting bias-reflecting unknown bias of the author. Worst among these is that access may be deliberately blocked which was the situation in a few cases as some entrepreneurs were unwilling to divulge financial information on company profitability and sales turnover, shown in some cases by entrepreneurs not submitting their financial figures to FAME and other reporting bodies for the records. In most of these cases the limitations were overcome by asking for such figures during the interviews; some of the owners were content to give only an average instead of a range across the years. And less than 5% refused to

give any kind of financial details.

3.9.1.2.1.4 Archival records:

Another supplementary source of data was the *analysis of archival records*; they share most of the strengths and weaknesses of the documented records. Archival records have an added strength of being precise and being mostly statistical in nature. The study utilised statistical data from chamber of commerce, African Caribbean forums, and census figures to emphasis findings and determine performance standards across the industry in order to make broader comparisons among ACOBs and counterpart businesses.

3.10 Interview Questions And Questionnaire Design

In previous chapter the study conducts an extensive review of literature on small firm performance. Hofer and Sandberg (1987) and Storey (1994) identified three key components that should be considered in order to predict the performance of small firms. These are: firm specific characteristics, strategy, and entrepreneurial characteristics moderated by the business environment. Since the study uses a matched pair strategy the study chose to match the ACOBs and WAOBs along the firm specific characteristics of age, size, industry sector and legal form. These acted as control criteria in matching ACOBs with WAOBs.

The initial exploratory research informed the design of the interview schedule and quantitative questionnaire (cards), with sections covering these areas: entrepreneurial characteristics, business strategy, business environment and business performance. Where possible, questions were adapted from questions on the same topics that have been asked by other researchers e.g. *strategy and Pressure on business section* (Covin and Slevin, 1989), *assessment of personality characteristics* (Rotter, 1966; Mueller and Thomas, 2001 Jackson; 1994) and *values and belief* (Chrisman et al., 1998). "The use of existing questions will short cut the testing process and also may enable you compare results across studies"(Sudman and Bradburn, 1983: 14). These questions were adapted to fit the context of the study. Satisfactory and existing questions however are unlikely to cover all research questions of a study so the study also included new questions as well.

3.11 Interview Schedule

The study used semi-structured interviews with ACOBs and WAOBs. The interview schedule sought to provide qualitative data to the above research questions. (see Appendices for Interview schedule)

The first draft of the interview schedule was proffered to experienced academics. After modification this was further tested with a few students to ensure clarity and comprehensibility of questions.

The schedule was then pilot tested with five business owners before the final revisions were made for the actual fieldwork.

The interview schedule was initially designed to allow the quantitative questions to be introduced at the end of each qualitative section in form of cards. These cards contained self-administered questionnaires for the business owners to fill out. This interview schedule was later revised to further eliminate irrelevant questions that do not aid the study in identifying differentials, or unnecessary repetitions soliciting similar answers as the preceding questions.

The schedule was divided into the following sections:

- a) *About your firm*- this sections seeks to gather information about respondent's firm, activities and operations.
- b) *About you*-semi structured questions seeking to find out about respondents' or main owners' background.
- c) *About the competition*-aimed at getting some information about the market environment in which the business operates and how respondents think this may have impacted the performance of their businesses.
- d) *About Management*- seeks to generate information on the operating management flavours in daily behaviour and decision processes.
- e) *About Strategy* –finds out how business owners pursue, maintain and achieve an advantage over other competitors in the market. It also looks to assess the

business positioning of its services and products in the market place that it serves.

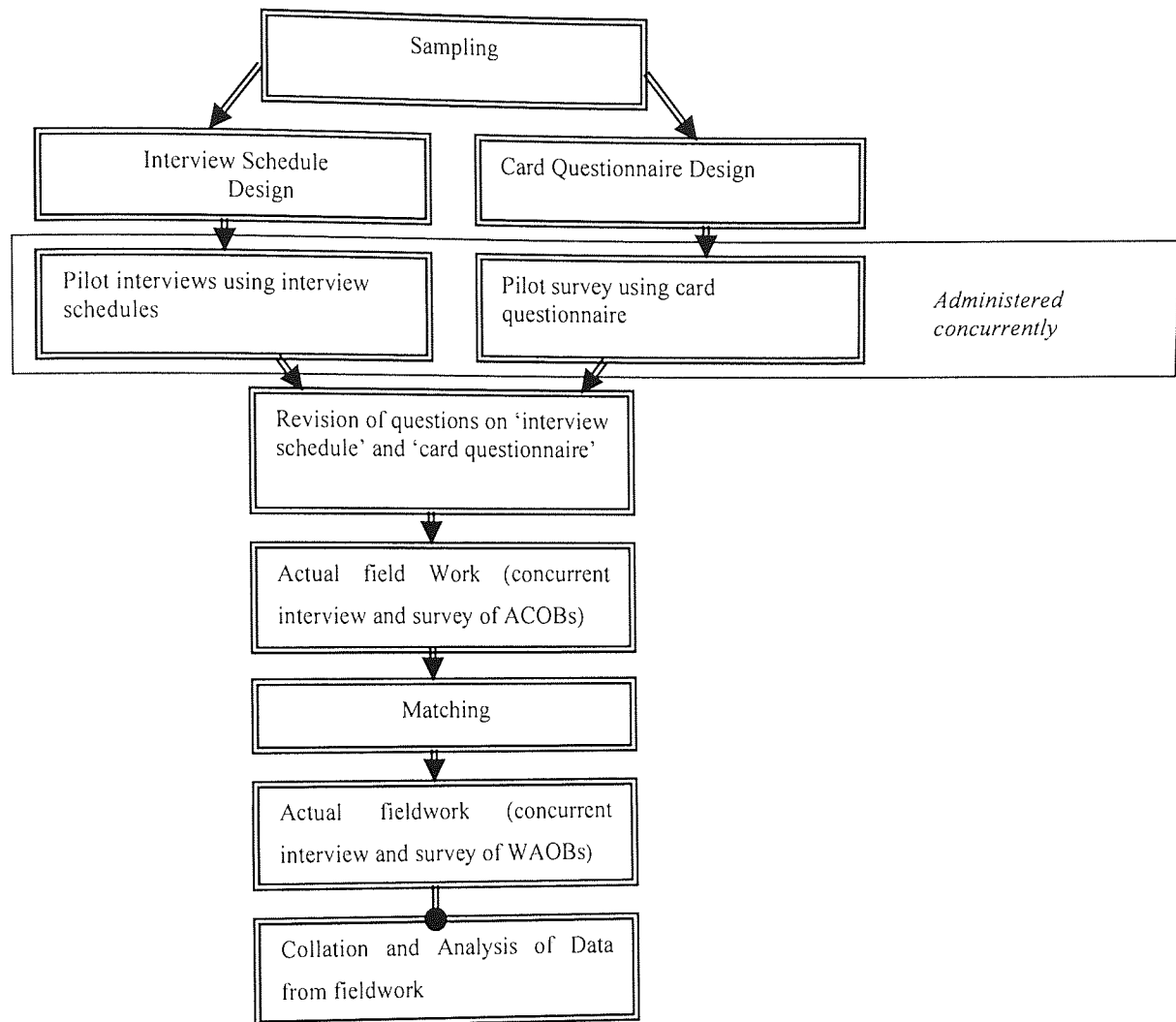
- f) *About Performance*- aimed to deduce how satisfied business owners are with the performance of the business relative to major, direct competitors. It also seeks to gather turnover, employee numbers and profit margin over a given number of years

3.12 Questionnaire Design

The aim of the self-administered questionnaire is to provide a quantitative slant to the research and added information in determining key factors that are antecedents and moderators of performance in the matched cases.

1. A first draft of the questionnaire (which was in form of cards) was proffered for comments to experienced research academics. After recommended modifications, a second draft was pilot tested alongside the interview schedule with the business owners. (See *figure 3.2*) Apart from minor grammatical modifications to simplify terminologies, the business owners gave positive feedback about the process of filling out questionnaire in the course of the interview. The questionnaire tried to avoid the use of jargon. The questionnaire used mostly 'closed' questions in accordance with best practice, "*which is to include a 70/30 split in favour of 'closed' questions. This means that 70 percent of the responses are pre-determined so that data can be collated and analysed in a systematic fashion.*"(Cook, 2005). Closed questions offer many advantages in time and money by restricting the answer set; it is easy to calculate percentages and other hard statistical data over the whole group or over any subgroup of participants.
2. Modern scanners and computers make it possible to administer, tabulate, and perform preliminary analysis in a matter of days. Closed end questions also make it easier to track opinion over time by administering the same questionnaire to different but similar participant groups at regular intervals. Finally closed ended questions allow the researcher to filter out useless or extreme answers that might occur in an open format question.

Figure 3.2 Interview and Survey process



3. Respondents were offered a choice of verbal responses, such as:

- ⇒ Very unimportant
- ⇒ Unimportant
- ⇒ Neither (unimportant or important)
- ⇒ Important
- ⇒ Very important

This type of attitudinal response is called the *Likert scale*. Sometimes a numerical scale of 1 to 5 is attached to this response sets for qualification or emphasis. An

example can be seen below:

1 = *strongly agree*, 2 = *agree*, 3 = *undecided (moderate)*,
4 = *disagree*, 5 = *strongly disagree*

3.13 Overview of the Questionnaire

3.13.1 About You (*Entrepreneurial Characteristics*):

The Likert scaled questions are designed to show the importance of entrepreneurial attributes in venture creation and venture performance. This covers key areas proposed by Chrisman et al., (1998), synchronising personality characteristics, values and beliefs, skills, and behaviour and decisions in the study of entrepreneurial characteristics and venture performance.

These subsections go by the titles:

- Assessment of skills (Card #2) comprising of nine items, 5-point scale was developed to measure construct (See Appendices, Card #2)
- Assessment of Personality characteristics (Card #3) seven items, using a 5-point scale was used to measure this construct. A lower score shows a more entrepreneurial characteristic while a higher score would mean a more conservative entrepreneur. (See appendices)
- Assessment of values and beliefs (Card #4) five items, 5-point scale was developed to measure this construct.
- Assessment of managerial behaviour and decisions (Card #6), five items (3 and 2 questions representing task and people oriented approaches respectively) measured on a 5-point scale. (See appendices: Card #6)

3.13.2 About the Strategy

These scaled questions cover the firm's business strategy, characterized as the manner in which a firm decides to compete (Walker and Ruekert, 1987), encompassing the pursuit, achievement, and maintenance of competitive advantage in an industry

(Varadarajan and Clark, 1994). Six dimensions of strategic assessment were used to assess firms' strategy in this study adapted from Venkatraman (1989) model also used by Morgan and Strong (2003) known as aggressiveness, analysis, defensiveness, futurity, proactiveness and riskiness. This subsection goes by the title:

- Assessment of Business strategy (Cards #7a and #7b) eighteen items were used to measure this construct, on a 5-point scale: Questions 1-18 (see Appendices, Card # 7a and #7b)

3.13.3 About Environment

This construct was measured with a six item, 5-point scale (see Card #5 in appendices). Higher scores on this measure indicate greater environmental hostility, whereas lower scores indicate a more benign or munificent environment. The questions were designed to cover two environment constructs consistent with earlier research theory benign and hostile environment (Covin and Slevin, 1989; Lumpkin and Dess, 2001) as mentioned in the earlier chapters. This subsection goes by the title:

- Pressures on the business (Card #5: 6 questions)

3.13.4 About Performance

The scaled question in this section is designed to provide valuable information on how the entrepreneurs view the performance of their businesses. Performance assessment (Card #8: Questions 1-8)

3.13.5 About Firm Operations, Growth And Barriers

The scaled question in this section is designed to provide valuable information and assess the importance of selected factors on the current success or growth of their businesses. This subsection goes by the title: "Important factors to the success and performance of your business" (Card #1: Questions 1-6)

3.14 Administration Procedure

Questionnaires using structured standardised and closed questions were used along side the interviews schedule. Entrepreneurs or business owners filled out the

questionnaires after these interviews. The aim of the standardized questionnaires was to ensure reliability, generalisability and validity of responses. Every respondent was presented with the same questions and in the same order as other respondents. Self-administration meant being available there and then to explain or reassure the respondents that responses will be treated confidentially and explain any questions they might ask concerning the procedure or terminologies. Also it provided a face-to-face chance to clarify how results will be used.

3.15 Method of Analysis

3.15.1 Analysing the Quantitative Data

This study makes use of descriptive statistics and non-parametric approaches to derive confidence intervals - "*Non-parametric approaches are good especially when the normal distributions of the intra-individual differences are doubted*" (Munzel, 2006; Griego, 1998). In the case of this study, Wilcoxon Signed Rank test is used as we did not wish to assume that the differences between the two groups of variables is interval and normally distributed but assume the difference could be ordinal. This has been recommended when dealing with smaller samples that are at least 16 (Mundry and Fischer, 1998), as the use of asymptotic variant when the sample size is smaller than the threshold value can lead to a false decision, that is, incorrect rejection of the null hypothesis or false acceptance.

It has been argued "in conducting non-parametric tests, a number of statistical programmes calculate significance levels based on algorithms appropriate for large samples only ('asymptotic testing'). And that using the asymptotic variant of a non-parametric with small sample sizes usually yields an incorrect P value, and consequently, this may lead to a false acceptance or rejection of the null hypothesis." (Mundry and Fischer, 1998)

They recommended that if the sample size is smaller than 16, the critical value for T^+ should be taken from the table 'critical values of T^+ for Wilcoxon signed-ranks test' in the appendix of the book. If the sample size is at least 16, the asymptotic test can be performed. Our sample size comprises of 42 businesses. With 25 paired matches of ACOBs and WAOBs making it suitable for use of the asymptotic variant. Munzel (2006) has recommended, "*when considering the paired ranks, it is sufficient using*

the asymptotic approach, implemented more easily than the exact approach, and takes considerably less computational time."

Wilcoxon Matched Pairs Signed Ranks Test considers that the data are at an ordinal-metric level, i.e., that the original data can be validly ordered, that the data after the intervention can be ordered, and that the difference between the two sets of data can be validly ordered. This assumption is slightly less critical than the interval level assumption necessary for the t-test. The assumption of there being a normal distribution does not have to be met; this is particularly practical if the maximum change is somehow limited. A positive aspect of the Wilcoxon test is that it is a very powerful test. If all the assumptions for the t-test are met the Wilcoxon has about 95% of the power of the t-test.

The Wilcoxon signed rank test, also known as the Wilcoxon matched pairs test is a non-parametric test used to test median difference in paired data. Therefore this test is a non-parametric equivalent of the paired t-test. The distinction between parametric and non-parametric techniques is discussed by Crichton (1998). The main difference is that parametric techniques make distributional assumptions, usually that data follow a normal distribution.

Computation of the Wilcoxon Signed Rank Test: Shaw, C. (2000) illustrates this through the following example, if Patient A has their symptoms measured before and after treatment, then the before measurement is naturally paired with the after measurement. They certainly cannot be considered independent, because characteristics of Patient A will affect both measurements. In studies that gather before and after measurements like this, interest focuses on the difference between the observations for each individual. To carry out the test we calculate for each patient the difference between their before and after measurements. We then rank the differences by their absolute value, which is ignoring the sign, giving 1 for the smallest difference, 2 for the next smallest and so on. Then we sum the ranks of the positive differences and sum the ranks of the negative differences. The test statistic is the lesser of these two sums. If the null hypothesis was true and there was no difference, then we would expect the rank sums for positive and negative ranks to be the same.

To perform Wilcoxon signed rank test using SPSS there is a need to: (1) Create data file: Enter the data in SPSS, with the variable “no”, that is ID variable, takes up the first column, “ACOBs” takes up one column, and another variable “WAOBs” takes up another column (in the context of our study)

(2) To perform the Wilcoxon Signed Rank Test, first click through the menu selections Analyze / Nonparametric Tests / 2 Related Samples, Two Related-Samples Tests dialog box will appear on the screen. Click the variable “ACOBs” and click the second variable “WAOBs” as the pair of variable to be compared, and click the select button (button with a little black triangle) to select the paired difference to be used for the signed rank test. Check the Wilcoxon box in the Test Type region.

If the Exact test is needed, click on exact button in the Two-Related Samples Tests dialog box, and the following Exact Tests dialog box will appear. Check the Exact bullet and enter the amount of time allowed for computing the exact sampling distribution of the test statistic. Then, click Continue and click OK in the Two-Related-Samples dialog box, SPSS will generate the test results in the SPSS output window.

Interpreting Wilcoxon signed rank test: If the “P value is small”, you can reject the idea that the difference is due to chance and conclude instead that the population has a median distinct from the hypothetical value you entered.

If the “P value is large”, the data do not give you any reason to conclude that the population median differs from the hypothetical median. This is not the same as saying that the medians are the same. You just have no compelling evidence that they differ. If you have small samples, the Wilcoxon test has little power. In fact, if you have five or fewer values, the Wilcoxon test will always give a P value greater than 0.05, no matter how far the sample median is from the hypothetical median.

Further detail about the calculation and interpretation of the Wilcoxon signed rank test can be found in Bland (1995) and Conover (1980).

Another non-parametric method that was used in testing quantitative (positive or negative) response to internationalisation of firm activities is McNemar; here we assume that the variables are categorical in nature.

McNemar Change Test. In statistics, McNemar's test named after the founder in 1947 is a non-parametric method used on nominal data to determine whether the row and column marginal frequencies are equal. This test studies the change in a group of respondents measured twice on a dichotomous variable. It is customary in that case to tabulate the data in a two by two table. Siegel (1988) illustrates how the test works.

McNemar's test is sometimes called *McNemar's test of symmetry* or *McNemar symmetry chi-square* because it, and the marginal homogeneity test which extends it beyond dichotomous data, apply to square tables in which the diagonal reflects subjects who did not change between the before and after samples (or matched pair samples). The test of symmetry tests whether the counts in cells above the diagonal differ from counts below the diagonal. If the two counts differ significantly, this reflects change between the samples, such as change due to an experimental effect between the before and after samples.

- **Computation of the McNemar Test.** For the McNemar test, data are illustrated as below:

		ACOBs	ACOBs
		Internationalised	Not internationalized
WAOBs	Internationalised	a	b
WAOBs	Not internationalised	c	d

- Note that you cannot have a simple table where the columns are "ACOBs" and "WAOBs", and the rows are "Internationalized" and "Not Internationalized", because then observations would appear twice in the table!

- The McNemar test uses the chi-square distribution, based on this formula:

a	b	r_1
c	d	r_2
c_1	c_2	n

- Chi-square = $(|a - d| - 1)^2 / (a + d)$
- degrees-of-freedom = $(\text{rows} - 1)(\text{columns} - 1) = 1$
- *Example:*

6	20	
10	14	24
16	34	50

- Chi-square = $(|6 - 14| - 1)^2 / (6 + 14) = 49/20 = 2.45$
 - d.f. = $(2 - 1)(2 - 1) = 1$
- **This test can be conducted using SPSS** by Selecting Analyze, Descriptive Statistics, Crosstabs; select Exposure 1 (coded 0=No; 1=Yes) as the column variable and select Exposure 2 as the row variable; click Statistics; select McNemar
- **Interpreting McNemar test chi-square.** Using a table of the distribution of chi-square, with 1 degree of freedom, if the computed chi-square is less than the critical value found in the table for the desired significance level (usually .05), then the difference between samples (ex., the difference between the before and after samples) is not significant. Thus, at the .05 level of significance, the critical value of chi-square is 3.841; since 2.45 computed for the example above is less than this, the difference between samples is not significant.

One of the limitations of McNemar is that it requires information from the insides of the table, while in most cases we tend to be interested in the marginals. Machin et al., (1997) proposed that in the situations where the inside of the table is not known, it is best to estimate the inside of the table from the marginal.

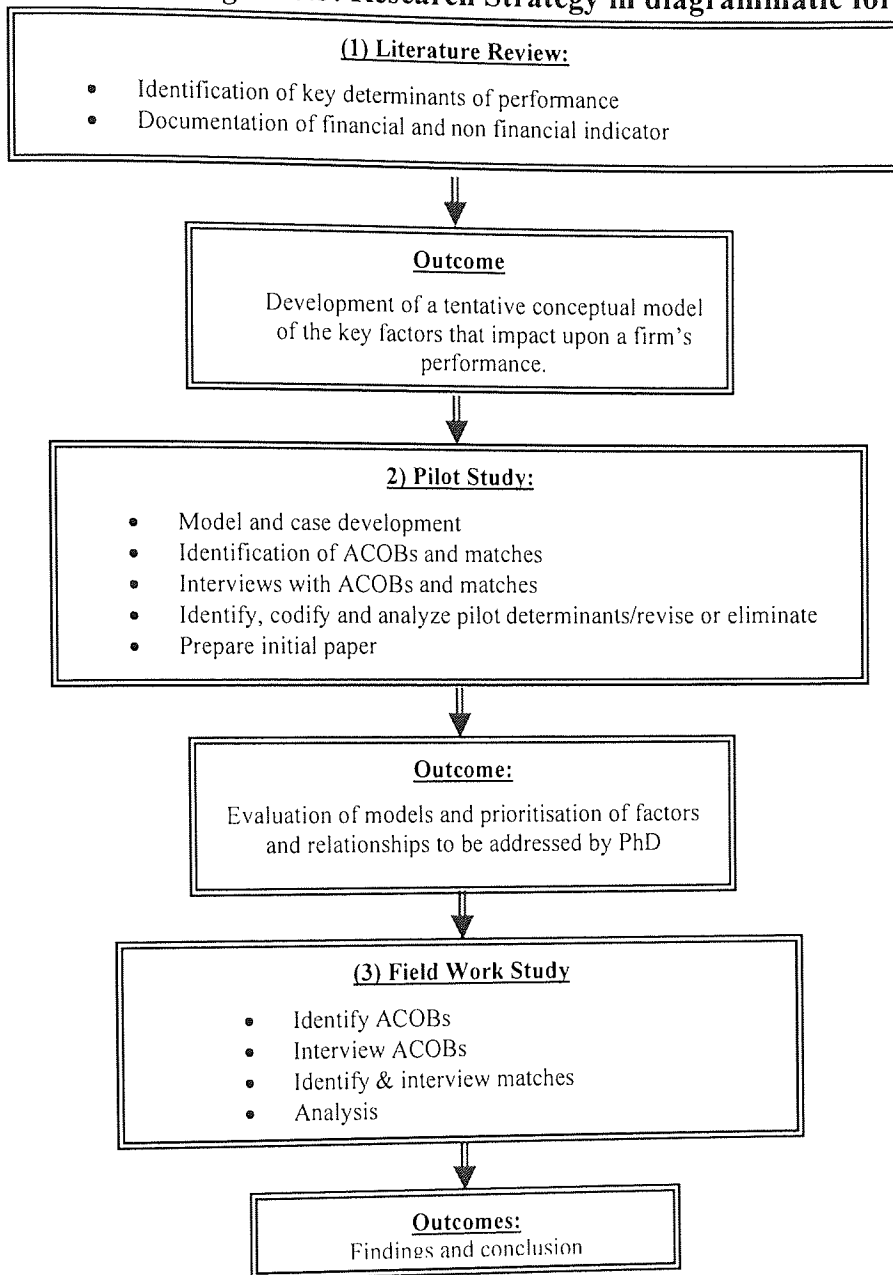
3.15.2 Assumptions for Wilcoxon signed-ranks and McNemar test (Siegel, 1956)

- **Value distribution.** The McNemar test is used when variables are assumed to be dichotomies which are mutually exclusive and exhaustive. For two dependent samples and multinomial categorical data, the marginal homogeneity test is used. The sign test and the Wilcoxon signed-ranks test assume a continuous value distribution, with the latter requiring interval or near-interval data. The sign test and the Wilcoxon signed-ranks test assume a continuous value distribution, with the latter requiring interval or near-interval data.
- **Data distribution.** The tests in this section are all nonparametric (do not assume the normal distribution, or any other particular distribution other)
- **Two samples.** Data are from two samples, not necessarily from the same population.
- **Dependent samples.** The two samples may be before-after samples or panel studies of the same subjects, or matched-pairs samples of similar subjects, or may be otherwise dependent (correlated). It is not required that they be dependent.
- **Adequate sample size.** For the McNemar test, the number of cases on the a-d diagonal (see the illustration above) should be at least 10. If it is not, the binomial test can be used.

3.15.3 Analysing the Qualitative Data

In analysing the qualitative data, records of all comments and ideas made by individual respondents were recorded and categorised under instigating questions

Figure 3.3: Research Strategy in diagrammatic form



across both ACOBs and WAOBs and patterns of responses and observed similarities across individuals in their groups form the results of this study - what we call a quote book containing patterns of comments made in the course of answering semi structured questions during the interview process. The interviews were analysed using inductive reasoning (see Blankson and Omar, 2002). The results of the research in form of the constructs are presented in turn. The results of the research in form of the constructs are presented in turn. In conclusion the overall research strategy is summarized in *figure 3.3*, outlining the research process, from the 'literature review' to the 'findings and conclusions'.

CHAPTER FOUR

Business Performance

4.1 Introduction

Performance measures are designed to track whether a company is moving in the desired direction and destination. In the course of reviewing performance literature in chapter two we saw no existing consensus on how to define performance. However, there is a growing agreement that an integration of the financial and market-based measures is the best approach. Financial measures reflect the success of the company's strategy, whereas market-based indicators are factors determining competitive success; i.e. they are the means or determinant of success. This chapter seeks to investigate small business performance in the ACOBs by employing both financial and market-based measures of performance. Using objective financial assessments, e.g. ratio analysis of company accounts information and subjective evaluation of performance using conventional performance indicators, will do this. Literature holds that subjective evaluations of performance or success made by entrepreneurs do not differ a great deal from objective indicators (Venkatraman and Ramanujan, 1986) e.g. amount of sales and financial returns. They also remove the problem of response bias due to participants not answering sensitive financial questions (Besser, 1999).

4.2 Literature and Hypothesis

Literature has emphasized the importance for ethnic businesses, of a successful 'break-out' from co-ethnic trading into mainstream, white-dominated markets (Curran and Blackburn, 1993; Ram et al., 1997; Deakins and Freel, 2003), especially if they are to move to the next level of growth and performance. Similar studies done on blacks in America have shown that their concentration within this ethnic enclaves traps them in a potentially disadvantaged cycle from which it is difficult to 'break-out' into mainstream markets (Light, 1984). Rhodes and Butler, (2004) have shown that they probably cannot survive in most cities by only marketing to their ethnic niche market; they require a larger customer base and if they serve primarily their ethnic community they must be in a city or metropolitan area that is large enough with

minority population. Other researchers like Robb (2002:387,390) have found that *“there has been an overwhelming dearth of blacks in wholesale and manufacturing with a corresponding flood of blacks in personal services, reflecting the relatively greater capital constraints of this group.”* In their study titled: “entrepreneurial performance of women and minorities”, they attempt to measure the relative viability and survival among four broad groupings of small firms (Asians, Whites, Hispanics and Blacks). The study shows that Asian-owned businesses had the highest viability and survival rate at 52 percent while the black-owned businesses had the lowest survival rate at 35 percent; women-owned businesses had a survival rate that was about 2 percentage points lower than male-owned businesses. Other researchers have suggested that black men may have a higher disinclination to enter business, not possessing attributes that were positively related to entering business (Borooah and Hart, 1999).

“African and Caribbean businesses in the UK are not as successful as Asian small businesses,” has been a long held belief. *“Part and parcel of this British discourse is a long running compare- and- contrast exercise with African Caribbeans, who are seen as entrepreneurial laggards mostly because they allegedly lack the family and cultural solidarity and distinctiveness of Asians and hence are unable to tap into those privileged in-group business resources”* (Ward, 1971, 1991: cited in Ram et al., 2006; 297). Ram et al., (2006) further noted that this entrepreneurial rift is usually put down to a history of cultural genocide stemming from slavery and effective inference, is, bizarrely, that African-Caribbeans are entrepreneurial failures because ‘they are not ethnic enough’.

A British based study has suggested that the likely performance of ACOBs may be linked to most of these businesses being located in niches of low profit takings (Smallbone et al., 2003), especially when compared to other ethnic groupings, mostly found in businesses that are more oriented towards professional and business services. While others have suggested the lack of sources of support as important in explaining low levels of self-employment within the African Caribbean community (Blackscke, Boissevain and Grotenberg(1990). Borooah and Hart (1999) have noted marked differences between ethnic groups in the percentage of those who were self employed (with or without employees), with black Caribbeans and Black Africans displaying a

much lower propensity to be in self employment than Asians.

These studies all highlight key issues about ACOBs' performance such as low profitability or sales (Smallbone et al., 2003), poor financing (Bank of England survey, 1999; Hisrich and Brush, 1986; Koretz, 1998), low survival rate (Robb, A., 2002; CEEDR, 2000), operations based in deprived and decaying inner city location and in highly competitive low-value activities (Bank of England, 1999; Focus central London, 1999) and absence of business training and experience (Hisrich and Bush, 1986; Mergenhagen, 1996), no tradition of entrepreneurship in family and lack of basic trade skills or management skills to develop one from scratch.(CEEDR,2000). Review of literature shows that their appears to be an indubitable supposition that ACOBs are underperforming especially by ethnic resource model based studies done by culturalist writers which have in many cases highlighted the success of Asians in businesses while pointing to the "visible failure of certain other immigrant minorities to follow suit and the early research literature containing numerous lamentations on the paucity of Black Caribbean and African enterprise (Brooks, 1983; Kazuka, 1980).

H 4:1: Performance of ACOBs

ACOBs are more likely to perform less than the WAOBs

4.3 Empirical method

4.3.1 Questionnaire Design and Interview Schedule

The Performance related questions had two sections. Firstly a questionnaire (Card # 8) was designed with Likert scaled questions to provide valuable information as well as assess the subjective perception of business owners about success or performance of their businesses on selected measures.

Eight items were used to measure performance. Out of these eight (8) items two questions were used to measure Liquidity (Question 1 and 2), three questions were used to measure business growth (questions 3-5), two questions were used to measure business profitability (questions 6 and 7) and one question was used to measure efficiency of business (question 8) (See Appendices: Card #8 in).

A lower score in each of these questions shows a higher satisfaction with performance and a higher score shows lower satisfaction with performance.

The second section of the performance questions (Card # 9) consists of open-ended questions basically allowing business owners provide actual or estimated figures on employee numbers, sales turnover, and profit margin for consecutive years (in this study, from the 2000 to 2004). The aim of this is to provide us with objective data from which we can conduct analysis using financial ratios.

To augment the second section we used FAME, LexisNexis and other financial sources to crosscheck figures provided, to ensure that figures were as accurate as possible.

Secondly, during the qualitative interview we also incorporated similar questions to elicit confirmation on figures for employee numbers, sales turnover and profit margin to ensure that information was provided and conforms to those in the filled questionnaire Cards.

Furthermore, we also collected information on customer satisfaction and loyalty and employee satisfaction and loyalty under these sections. These, according to Adams and Sykes (2003:423), were the two most important non-financial measures arguing that (7) of the top rated specific non-financial measures are either in customer satisfaction or employee satisfaction categories.

Finally, to enable us identify similarities or differences in what both groups (ACOBs and WAOBs) perceived as performance measures for their businesses we asked business owners an open-ended question: "How does your company measure success or performance?"

4.4 Empirical Results

4.4.1 *Financial dimensions*

4.4.1.1 **Liquidity**

When ACOBs and WAOBs were asked to score their "ability to fund growth" there was a significant difference ($p=0.07$ see Table 4-1) between the number of ACOBs and WAOBs that had the ability to fund growth of their businesses. We

see more WAOBs than ACOBs satisfied with their ability to fund business growth (Table 4-1). Furthermore, when business owners were asked *about the availability of quick money investments and funds*, majority of ACOBs and WAOBs from both groups responded that they had none; only 20% of ACOBs and 22.3% of WAOBs had such funds, which is not a significant difference. The ACOBs that had quick money investments felt it made a difference to their businesses while others felt this investment all depends on opportunities and the availability of loose cash to invest. For instance comments from ACOBs include:

"I have a little bit and they have probably made a difference in the funding of my businesses because you are limited by the resources available to you." (IXL)

"Yes I have quick money investments, what I usually say is, when you get to a certain level, opportunities will come along and you will know when to take advantage of those opportunities, e.g. business people who want to sell their businesses, such opportunities come along. And when it comes along it is all about how you grasp that opportunity, how you turn loss making business into a profit making business." (CFL)

The majority of WAOBs that had no quick money investments said that they didn't have enough left to put aside anywhere else (one called the availability of such resources 'luxury money'), the very few that had it, had it on a personal basis.

Table 4-1: Subjective assessment of liquidity and size variables

Liquidity variables	Z Asymp.Sig. (2-tailed) [§]	α Ranks WAOBs	α Ranks ACOBs	N-Ties	P-value	Level of significance
Liquidity (Ability to fund growth)	-1.811	2.56	3.20	15	0.07*	> 0.10
Size (Sales level)	-2.399	2.56	3.16	15	0.016*	> 0.05

*Significant difference

Source: Fieldwork.

α Lower mean scores denote higher levels of satisfaction with performance variables.

One of the WAOBs attributed the availability of these quick money investments to the help of his parents. A few comments are:

My investment in this area is only personal not commercial. We are looking at buying our own premises, so we will invest in our own investment.” (GJUK)

“There is a business invested in quantum security types “(RTL)

“I personally had unit trusts and a few shares but that only because I had a bit of personal money and my parents had sort of invested for me.” (TBL)

4.4.1.2 Size

The response in the sales level of ACOBs and WAOBs are significantly different. ($p=0.016$, see Table 4-1), we discovered that ACOBs are less likely to be satisfied with their sales levels than WAOBs matches³ A few comments from ACOBs in this regard include:

“Depends, you have every aspect needing attention, it’s also the issue of people knowing about the food, it’s a big barrier, I have been trying to break through that barrier” (TEF)

“I don’t think I face any sales barrier, its more the indigenous community knowing about the products we are selling, but I am sure by the time they know what is available, there wouldn’t be anymore barriers.”(AHP)

4.4.1.3 Growth

The quantitative results using the Wilcoxon signed ranked test shows there is no significant difference between ACOBs and WAOBs in the three variables representing “business growth”: market share ($p=0.891$) changes in employee ($p=0.869$) and sales growth (0.928; see Table 4-2). Though there was no significant difference between both groups, we observe from the mean response that the ACOBs show lesser satisfaction than their WAOB counterparts in all three-growth variables.

³ As Ekwulugo (2006:68) said, “the black African communities are in the unique position of possessing special sets of needs and preferences that can most effectively be served by those who share their needs and preferences and know them intimately.” The problem in this is the limitations it places on their sale level, with major increases in the past as a result of increasing population of African migrants.

Table 4-2: Subjective assessment of growth performance

Growth Variables	Z Asymp.Sig. (2-tailed test)	α Ranks WAOBs	α Ranks ACOBs	N-Ties	P-value	Level of significance
Growth (Market share growth)	-0.137	2.88	2.92	18	0.891	> 0.10
Growth (Change in employee)	-0.165	2.48	2.6	19	0.869	> 0.10
Growth (Growth in sales)	-0.091	2.71	2.88	15	0.928	> 0.10

Source: Fieldwork.

*Significant difference

α Lower mean scores denote higher levels of satisfaction with performance variables.

In line with business growth, business owners were asked, “how they compared in terms of market share with the competitors” while a few were able to say “large” or “tiny” most respondents in both groups felt that it all depended on what facet of the business that was being compared: they mostly believed that they had somewhat different products, locations, and target customers that are pursued by their companies which may be different to that of the competition. Three African Caribbean entrepreneurs commented:

“This is difficult to tell as my business is an Internet based business and is composed of different areas, community market, music market, business market, etc. As far as the business is concerned we have got about 70,000 people in the United Kingdom market from a community perspective. Recently we incorporated a business site, which now has more business people than the music site. It is difficult to tell it all depends.” (BNL)

“We have a very large market share in African food probably about 65%” Again it depends on the product, some products we have 90% of the share, and some products we have a lower share, for example, in ‘garri’, my market share will be probably 10-15%, In bean flour about 9%. We virtually have a monopoly on some product lines. So because we have many products how do you specify the market share we are talking about but if it is based on

corporate branding. I will say that our market share is about 55%. (YVL)

"It depends on the way we look at it, our main target is our ethnic group, we are based in the south east, other customers are based somewhere outside London, I have actually been to Birmingham for a project...so they are based all over so I find it difficult to say I have 20 % of the market, or I can get access to 19% of the market, but we have a reasonable part of the market" (DDL)

And similar comments from four WAOBs about how they compared in terms of market share with their competitors include:

"Market share, we are a small company in a large market but we do what we do well. I guess it depends on every body. Every business is different it all depends on who is running it."(PTL)

"Oh our market share must be tiny, I mean we must have a very small market share, we are in a multibillion market."(GJUK)

"I mean we are minor compared to Mars and Unilever, so if I took it to small entrepreneur companies, some are about five times our size but some are the same size as us."(ROF)

"I don't really know, if it is large it will be in the northwest of the UK."(CEV)

Though there was no significant difference found between both groups, with ACOBs likely to be less satisfied on all three variables than the WAOBs, the quantitative findings differed slightly from the qualitative findings when it came to "change in employee" or employee development.

This is because during the qualitative interview, about 50% of both ACOBs and WAOBs in computer and media related sectors would have us believe that they have employee development schemes for their workers. The ACOBs seemed to have more employee development schemes for their workers in the manufacturing sector than any other sector with 67% of ACOBs to 37.5% of WAOBs agreeing on availability of employee development schemes. This makes the manufacturing sector more popular for the presence of employee development scheme than other sectors looked at in this study, especially for ACOBs. The most popular employee development schemes for ACOBs include: *external courses for workers, apprenticeship schemes and informal in house training,* and *investors in people schemes*. A few comments in this regard include:

"Our Employee development scheme is centred on apprenticeship and in house training of workers." (ESL)

"We don't have any formal schemes, but what we do is whenever there is new technology about, the manufacturers tend to run awareness courses and stuff like that, we do go on it ourselves or send one of the engineers but some you require some sort of payment as well, we do go ahead and pay, for the junior workers we try to get them through a course or something, not that I agree with it, at least it enables them get certification that will be useful to them on their later jobs."(EDS)

"My colleague and I deal with the computers... from the technological point of view there are only three users. Our workers are all food hygiene trained, the production manager has been trained to the second foundation level and mark; and I am going on that course soon. We are working on achieving H.A.C.C.P., which all food companies need to have. We have SDS accreditation which hospitals such as the NHS require, so everybody here has to fill out forms, documents to adhere to procedures."(JPL)

"60% of our work force is on training courses, to increase their ability or complete a skill even if it is to better their English, as long as you can better yourself at the end of the day. I believe that you have to have the capacity to learn constantly. Now I have been running a course with the institute of directors, I know I have got to take the exams and I have to do it to get to the top, you get in here everyone that is on the team is given an option to go on a course. My HR is on a course today; she is going to learn new skills because I believe that the better skills your people have the better personnel they make. I know there are philosophies like 'teach people and they are going to leave', well that's a small company for you" (CFL)

"We have achieved the "investment in people", all staff has to go through appraisal every 6 months, at that appraisal they can bring up any issue or training they want to basically do in the future and that is basically what they have to do."(CFL)

"Oh yes we are on the last stage of achieving investment in people status."(SRB)

"In the area of training for instance, we are affiliated to many training and professional organizations so members of our staff are able to go for training from time to time. On national union of journalist our writers do go for courses, we also have universities who are running journalism sending trainees to come and under study what we do from time to time."(AVPL)

"We occasionally send them for short courses either to do with special techniques that we learned or to prepare them for management opportunity; it's a managerial personal development scheme."(AD)

The WAOBs also had employee development schemes centred on personal-development and educational courses but tended to work more with experts to alleviate their training needs particularly in the computer-related sectors. A few comments about training and employee development organised by WAOBs are stated

below:

Not applicable really, if they needed to have a particular training then I would arrange for it." I usually work with experts." (SDL)

We do occasional training; we have some people we bring in. I like demonstrators going into shops etc." (JBRL)

"I work with experts in my business about 7" (GJUK)

"No! It would be at some point when we get into that, but at this stage not really so. We use people in other fields we have a list of experts whom we bring in to do stuff because we are only a little company at the moment." (WLUK)

"We don't, it tends to be more personal development people going on education courses if they wish to." (GJUK)

"We have a couple of guys training at a local college at the moment, and we train them on what ever is required in the course of doing the work." (ECL)

"We have got a share holder scheme where they can invest and other training schemes that are designed to improve their knowledge and performance in general." (TGF)

"Well, they all receive training, we do get young people joining us, and they learn different aspects of the business, so long as they stay with us but I don't have any set schemes. If they don't do it properly I fire them." (CEV)

When it came to *employee growth per annum*, a comparison based on financial ratios using company accounts reveals that ACOBs are likely to employ more people per annum than the WAOBs by about 33.76 % (see employee growth p.a. figures in *Table 4-3*). This is more pronounced in the manufacturing sector.

Table 4-3: Objective Financial Assessment (based on company accounts 2000-2004)

Sector	ACOBs Profit Margin/ WAOBs Profit Margin (%)	Sales per Employee (%)	Employee growth pa (%)
<i>Computer-related</i>	88	113	81.67
<i>Media related</i>	119	41	58.3
<i>Manufacturing related</i>	39	60	235.22
Average Total	71.44	77	133.76

*Performance higher for ACOBs when Average total >100 %
Performance higher for WAOBs when Average total <100%*

4.4.1.4 Profitability

Contrary to general expectation there was no significant difference in the subjective assessment of both groups on the profitability variables i.e. return on sales ($p=0.717$) and growth in profitability ($p=0.315$) (see Table 4-4). However when the objective assessment was employed by using ratio analysis of company accounts (see Table 4-3) ACOBs were found to have a lower total average on profit margin than their WAOB matches, a difference of about 29.5% to be more precise. We discovered this to be more pronounced in the manufacturing sector.

This difference in profitability between ACOBs and WAOBs is supported by response rates during the face-to-face interviews of ACOBs and WAOBs. For instance, when asked “to compare the profitability of their business with that of the competitors”, a lower percentage of ACOBs (25%) to WAOBs (79%) responded that their businesses were either of a similar profitability or above the profitability of the competitors.

Positive comments from two ACOBs about relative profitability with the competition included:

“I will say we are quite profitable especially when you think about the range or distance that so many of our customers come from, sometimes they call us and ask if we could send our engineers, we only send our engineers to

companies, but if its individuals we ask them to bring in the computer. And we do it with guarantee (CTC)

I think we are fairly profitable I don't know any industry standard but I believe that we are properly active at industry standard level. We try to make about 20% net profit before tax that is what our strategic plan is."

Table 4-4: Subjective assessment of profitability and efficiency

Profitability variables	Z Asymp.Sig. (2-tailed)§	α Ranks WAOBs	α Ranks ACOBs	N-Ties	P-value	Level of significance
Return on sales	-0.362	2.64	2.6	15	0.717	> 0.10
Growth in profitability	-0.933	2.96	2.76	16	0.351	> 0.10

Source: Fieldwork.

*Significant difference

α Lower mean scores denote higher levels of satisfaction with performance variables.

While positive comments about the relative profitability of WAOBs to competitors were as follows:

"Very profitable, It also all depends on how large the competitor is because in our industry, very large firms exists but generally with similar peers we are doing quite well"(PTL)

"My business is very profitable" (JBRL). "I would say about on a par from what I know. Yes!"(ROF)

"My competitors are the big consultancies! We look at profit as being a sign of paying a salary. The direct competitors are the people about the same size as us, we all make about the same sort of profit. It's really hard to compare directly with the big companies because their overheads and their capital practices are so different."(PCL)

On the other hand 37.5% of ACOBs to 14% of WAOBs had a negative view about relative profitability. They believed that their businesses were less profitable than the competitors. For instance three ACOBs expressed these view in the following comments:

"I say we are less profitable than others, we might be smaller in size but they may be more profitable at the end of the day because they do not have a big overhead or scale of business."(JPL)

"Again, that is a difficult one. 95% of our competitors are already established

companies who are already selling to our market. So it is easy for them to create anything and market it to their customers, as a matter of fact they sell other things we only concentrate on our spice. We are probably more focused on our products than anyone is. So in that sense they may be more profitable.”(MPL)

“Its not as profitable, but of course we haven’t been too overly ambitious, I do know that what we do is to curtail our expenses, we only have one company vehicle, the editor in chief does not have a company car, of course the executive car will be charged to company accounts, but of course when we look at the overheads, it is not at this point in time so as against getting editor-in-chief to have an executive car that will befit the office we use that money to support the business. Basically I will say that success is satisfying the needs of our readers.”(AVPL)

Similar negative views by WAOBs about relative profitability compared to their competition are expressed by these two comments:

“Probably not as profitable as my competitors but I think I will be there long after my competitors are gone.” (SDL)

“Is not nearly as profitable as the bigger companies because these companies really want to get the work in, they go out looking for it and when the work starts coming in they pay their staff little amounts of money, we don’t really do that we just kind of prefer to enjoy what we are doing.”(WLUK)

The remaining 37.5% of ACOBs to 7% of WAOBs did not have any clue of the profitability comparison with their competitors e.g. comments by three ACOBs in this regard include:

“On account of not knowing the situation of my competitors account I find it difficult to answer this, I will say okay, to be sincere I don’t know their profit margin, and I don’t know how those companies are, but I can say how profitable my company is”(AHP).

“I wouldn’t compare my business with anybody at this stage” (TEF)

“Well at the moment, you don’t really know what other people are doing, how they are managing their finances, there are constant articles in the newspaper about businesses that have gone bust. Turnover is different from profit. (KCL)

Table 4-5: Subjective assessment efficiency

Efficiency variable	Z Asymp.Sig. (2-tailed)§	α Ranks WAOBs WAOBs	α Ranks ACOBs ACOBs	N-Ties	P- value	Level of significance
Efficiency (Return on investment)	-1.631	2.28	2.88	20	0.103	> 0.10

Source: Fieldwork.

*Significant difference

α Lower mean scores denote higher levels of satisfaction with performance variables.

4.4.1.5 Efficiency

Sales per employee ratio provide a broad indication of how expensive a company is to run. ACOBs have lower *sales per employee per annum* (Table 4-3). The average total on Sales per employee ratio was higher for WAOBs (by about 23%).

The subjective assessment shows very weak insignificant differences in the return on investment variable ($p=0.103$; see Table 4-5). The return on investment indicates how efficiently a company is managed. Caution must be placed while interpreting the self-assessment results here, as a larger survey may be appropriate to confirm findings in this regard. Though there was no significant difference between ACOBs and WAOBs on the return on investment variable, a closer look at the means scores between ACOBs (2.88) and WAOBs (2.28) depicts the slight differences in their assessment of return on investment with ACOBs showing lesser satisfaction with their return on investment than the WAOB matches.

4.4.2 *Non-financial dimension*

4.4.2.1 Customer Satisfaction

During the interview business owners were asked *about the capabilities possessed by their companies for managing close customer relationship effectively for long-term*. In the computer and media related sectors 75% and 86% of ACOBs and WAOBs respectively said they had capabilities of managing close customer relationships. We noticed that warranties are provided in both groups through support services to clients that took on the form of maintenance contracts. However in the food manufacturing

industry it was different as most ACOBs and WAOBs did not really provide warranties because of the perishable nature of food; but what was interesting was how the owners or their representatives would visit key customers and obtain feedback and reward them with gifts and discounts for loyalty. Informal structures in place to ensure that customers were happy include:

- a. To encourage feedback from customers
- b. To replace products that were sub-standard or bad with good ones- for the ACOBs it's about a long term relationship
- c. Feedback through drivers making deliveries
- d. Visitation to Key customers and distributors-In a lot of cases marketing managers or business owners were seen to visit key customers and distributors to get feedback about the performance of their products.
- e. Direct line to business owners- In most cases there was a direct line to business owners where customers could feed back on their satisfaction or dissatisfaction.

In both groups customers can feedback directly to owners, who will gladly replace bad products with new or good ones. One on one relationship with customers is emphasised on this level so it comes as no surprise that when asked about the duration of their longest customers, most respondents in both groups had very positive views on loyalty of customers with shortest customer to longest customers starting from 2.5 to 16.5 years for ACOBs and 3 to 9.5 years for WAOBs.

A greater proportion of respondents from ACOBs wanted us to believe that customer patronage and satisfaction was more important to them than the WAOBs. The ACOBs' understanding of customer satisfaction boils down at times to personal recognition of customers who patronise them, special treatments and discounts as they purchase in bulk.

4.4.2.2 Employee satisfaction

There appears to be a difference in employee work patterns with ACOBs employing

more staff on part-time basis while WAOB matches employed fewer staff though on full-time basis, usually influenced by availability of contracts or work, also motivated by reduction of overhead cost and need for expertise or specialists. Especially in manufacturing, where there are production needs and cycles, the ACOBs were more apt to hire on a temporary basis, doing so when production increases or demand is high. During down times this flexibility allows them reduce the number of staff actually needed.

Apart from the above difference in employee work patterns most ACOBs and WAOBs had very similar responses in describing relationship with workers as “*cordial*”, “*easy to talk to business owners about family problems*”, and “*relaxed working environment*.”

The good relationship between boss and employees in both cases has led to a low turnover of employees, which on the average may be as low as one or two employees a year. We found the highest employee turnover amongst the ACOBs in areas like manufacturing, commonly from delivery drivers, because of the difficult working conditions that go with the job and relatively little pay.

4.5 Conclusion and discussion

Adams and Sykes (2003) have shown that African American entrepreneurs place more emphasis on financial measures in evaluating the performance of their company.

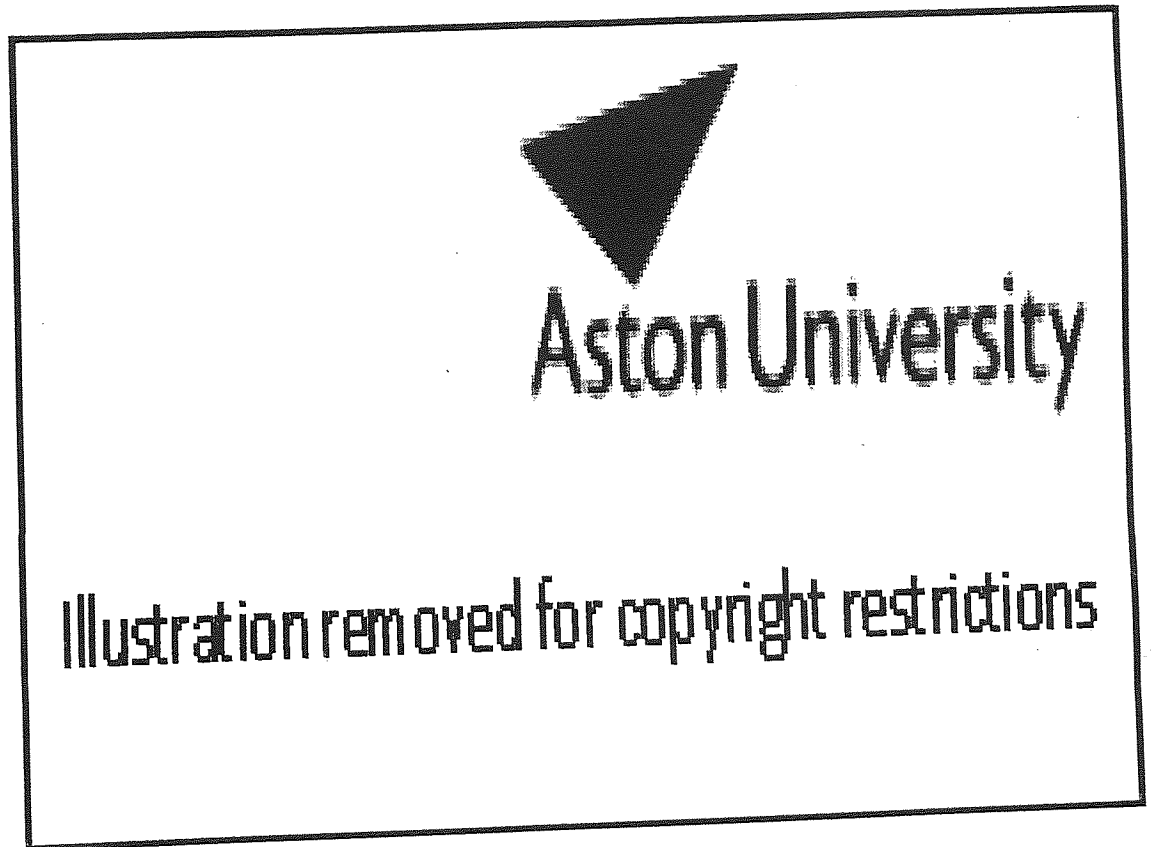
Their study discovers Profitability measures (revenue, profits, rate of return) as the highest ranked, followed by customer satisfaction, employee satisfaction and retention. They recommended that future research direction should look to determine if there were differences between the American findings and that of other businesses (ethnicities or similar studies done in other countries).

Our study yielded almost similar responses when we asked the business owners the open-ended question: “How does your company measure success?” As indicated in *Table 4-6* by ACOBs and WAOBs, both groups primarily use financial indicators like the African American entrepreneurs to measure how well the company is performing. The highest-ranking financial measures for ACOBs and WAOBs are profitability.

Customer satisfaction⁴ and sales turnover were the next runner-ups for ACOBs, differing from the WAOBs with next highest-ranking measure after profitability being sales turnover, after which comes customer satisfaction and patronage. (See *Table 4-6*)

Table 4-6: Business owners' measures of performance / frequency of response

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Source: Fieldwork (2005)

Some respondents identified more than one factor, so the total does not add up to 42.

Five performance measures appear to be commonly used by both ACOBs and

⁴ Kotey and Meredith (1997) have argued that small business owners do not always equate financial performance with business success. Instead they create businesses for a number of reasons and their perception of business success can include a wide range of expectations concerning performance.

WAOBs. These are: Profitability, Sales turnover levels, Customer patronage and satisfaction, employee growth, and the popularity of their brand.

The financial analyses based on the accounting period 2000 to 2004 suggest performance differentials between ACOBs and WAOBs across different performance measures. (See summary of findings in *Table 4-7*). Ratio analysis of companies' accounts using profit margin, sales per employee ratio and employee growth per annum, indicates differences in average totals (*Table 4-8*).

Table 4-7: Summary of financial indicators of performance

Measures	ACOBs
Profit margin	-
Sales per employee ratio	-
Growth in employee numbers p.a.	+

+ Higher percentage performance per annum by ACOBs

- Higher percentage performance by WAOBs,

Table 4-7 suggests that in two out of the three financial accounts based analyses; ACOBs had lower performance than the WAOBs. ACOBs have lower performance in profit margin and sales per employee ratio than the WAOBs. A higher profit margin implies that WAOBs are more likely to run more profitable companies that have better control over their costs compared to the competitors. The reason a profit margin increases could be falling costs, increasing efficiencies or booming prices for the company's products.

The sales-per-employee ratio provides a broad indication of how expensive a company is to run. It can be especially insightful when measuring the efficiency of businesses. A higher sales-per-employee ratio indicates that the company can operate on low overhead costs, and therefore do more with fewer employees, often translating into healthier profits. Findings suggest ACOBs to have lower sales per employee ratio, further indicating higher efficiency among the WAOBs in the utilisation and productivity of work force.

The ACOBs out-performed the WAOBs when it came to growth in employee numbers per annum. Our study reveals that ACOBs were more likely to employ,

recruit and create opportunities than WAOBs. The higher employee growth p.a. of ACOBs over the WAOBs may be explained by the difference in recruitment policies observed across the groups, with ACOBs employing more people on part time basis and WAOBs recruiting fewer people though on a full time basis. These results when taken into consideration show that the ACOBs can reduce overhead cost by using fewer but more efficient workers, often translating into healthier profits.

Table 4-8: Summary of subjective assessment of performance

Measures	ACOBs
Ability to fund growth of business	~
Sales level	~
Growth in Market share	(-)
Employee development over the years	(-)
Return on investment	(-)
Growth in sales	(-)
Return on sales	(+)
Growth in profitability	(+)

+ Significant difference with higher performance by ACOBs (-) No significant difference between both groups though mean score shows a higher performance by ACOBs.

~ Significant differences with higher performance by WAOBs, (-) No significant difference though mean score shows a higher performance by WAOBs

Apart from the objective financial assessment based on companies' accounts, the study also used the subjective performance assessment by business owners. The findings discovered that the WAOBs out-performed ACOBs in six (6) out of the eight (8) subjective measures (see Table 4-8). There was a significant difference with WAOBs showing a higher satisfaction than ACOBs in *ability to fund business growth* and *sales level*. No significant difference was found to exist in the remaining four variables such as growth in market share, employee development over the years, return on investment and growth in sales between both groups, but in all four variables WAOBs were found to have responses and mean scores showing higher performance than ACOBs.

Only in two out of the eight subjective assessment variables did the ACOBs show by

their response that they had higher performances than the WAOBs, these were in return on sales and growth in profitability based on the mean scores as we found no significant differences between both distributions (ACOBs and WAOBs). The return on sales was a bit surprising considering the findings on profitability from the objective assessment. However we believe that is not unconnected with the perception and belief by most African Caribbean entrepreneurs that the returns from the market for their products are getting better each year with growing knowledge of their products. These are not also unconnected with the increased number of African and Caribbean migrants and their entrepreneurship in the recent years (Ekwulugo, 2006; EMBF, 2006).

CHAPTER FIVE

Entrepreneurial Attributes, Skills and Experience

5.1 Introduction

Entrepreneurship is probably best communicated as a process, the fundamental of which is the individual entrepreneur and his/her search for opportunities. The entrepreneur is central to the success of the process, being the driving force behind the process, providing the energy, vision, boldness, determination, appetite for risk, to mention a few of the key personality and behavioural attributes, creating the mould through which the organisation begins to form its work ethics, culture, tolerance of risk, customer orientation, market orientation and ultimately, success. Therefore, past literature has argued that “any enterprise will be entrepreneurial only because its management is consistently so; the enterprise, in terms of its character and culture, reflects the individual personality and behaviour of its management” (Hill and McGowan, 1999:5), suggesting that the enterprise’s performance has a lot to do with the unique contribution of its entrepreneur. Acknowledging this train of thought, this chapter seeks to examine the impact of business owners’ characteristics on the performance of ACOBs (African Caribbean Owned Businesses). Analysing the personality profile, business skills, values and beliefs, management style, education and experiences of these businesses will do this.

5.2 Literature and hypotheses

5.2.1 *Risk-taking propensity and locus of control*

Cross-cultural studies have shown links between classical entrepreneurial traits and psychological profile (Thomas and Mueller 2000; Mueller and Thomas, 2001), finding universality amongst entrepreneurs across cultures in the *autonomy* and *innovation* traits, implying that regardless of culture, African, Caribbean, White, or Asian entrepreneurs are individuals who create new ventures, discover new needs in the market and exploit niches in the industry and hence should have one thing in common, innovativeness. Both studies above, however, found differences in the levels of internal locus of control and risk-taking propensity with both decreasing as cultural

distance increases from the United States. In other words, as the cultural distance from the United States increases, the degree to which a person feels in control of his or her destiny and is willing to take risks diminishes, implying that locus of control and risk-taking propensity, long thought to be distinguishing traits of entrepreneurial characteristics, may be culture-specific and related to individualistic cultures. They argue that as cultures become less individualistic and more collectivist, entrepreneurs from more collectivist cultures are less likely to have internal locus of control and risk-taking orientation than their counterparts from more western countries.

Studies have shown differences in cultural orientations between western and developing countries e.g Camacho(1993) have shown different countries like latin American countries e.g. Ecuador, Guatemala, Brazil, Mexico etc as more collectivist cultures. Other Studies have shown that entrepreneurs from most developing nations tend to be more collectivists than developed nations. Entrepreneurs from African nations like Kenya have shown a difference from most western nations in their need for recognitions, independence, money, achievement, communitarianism or collectivism. Kenya had a higher level of communitarianism alongside Puerto Rico than the other developed countries. (Blais and Toulouse, 1990). In transition economies, networks, clans and other informal groups play a range of roles, which include appropriating the state and in some cases, forming a “clan state”(Wedel,2001). These groups differ in nature from tribal or regional groups that give rise to civil war and other conflicts (Addison, 2001), but more likely to emerge in culturally collectivist than individualist countries. Barr (2000) discusses Ghanaian entrepreneurial networks, which are largely bilateral.

Kayizzi-Mugerwa (2003:243) links collectivism to slow growth in privatisation in a lot of African countries and argues that most African countries need to ‘broaden ownership of business’ as goal of privatisation. Notably, Ethiopia, Ghana and Tanzania, all with long experience of collectivism. ...Etounga- Manguelle(2007:71) “if we had to cite a single characteristic of African culture, the subordination of the individual by the community would surely be the reference point.

From preceding arguments, African and Caribbean entrepreneurs originating from developing nations are more likely to foster collectivist cultures different to individualistic cultures found in the west. The body of evidence from Thomas and Mueller 2000; Mueller and Thomas, seem to suggest that ACBOs originating from collectivist cultures, are more likely to have lower levels of internal locus of control and are more likely to be risk adverse than their White counterparts from more individualistic cultures.

H 5.1: Entrepreneur Locus of control

African Caribbean business owners are more likely to have lower levels of internal locus of control than the White Asian business owners

H 5.2: Entrepreneur Risk-taking Propensity

African Caribbean business owners are less likely to have a higher risk-taking propensity than White Asian business owners.

5.2.2 Behaviour and decision

It has also been suggested that great progress will be made if focus is shifted to the entrepreneur's decision and behaviour (Carsrud and Johnson, 1989; Hofer and Sandberg, 1987), as this will influence methods of securing resources, strategy orientation adopted, and industry of operation, ultimately determining the firm's performance. Behaviour and decisions include planning, problem analysis, organising, management style, length of workday, goal direction, flexibility, decision-making process and ability to focus on essentials. Past studies show a mediating relationship between an entrepreneur's prior business ownership experience and entrepreneurial behaviour and performance (Reuber and Fischer, 1999).

Other studies have suggested that the behaviour and decision will be influenced by variables such as the entrepreneur's skills, values and beliefs, as well as experience and education (Scherer et al., 1989; Herron, 1990, Westhead et al., 2005), all

mediating in producing the firm's performance. And, if vast literature postulates that ACOBs may be under-performing, then there is a possibility that these may be influenced indirectly by variable differences in entrepreneurial skills, values and beliefs as well as experience and education.

5.2.2.1 Entrepreneur's skills

Earlier studies have shown the importance of skill set possessed by an entrepreneur and the impact it has on performance (Anonymous, 1994; Gerber, 1995; Lyons and Lichtenstein, 1996). These include core competence skills needed by the entrepreneur or employees to successfully operate, develop the enterprise and provide value to its customers. Review of literature has identified an entrepreneur's communication skills as crucial to the success of the organisation. For instance employee performance and motivation has been found to increase when strong communication exists with their leaders or supervisors. Communication has been argued to be the single largest driver of retention and productivity of an employee (Szpekman, 2006; Roodt, 2005). Other crucial skills that are important to firm's performance are managerial and organisational skills (e.g. planning, supervising, organising, and directing)(Roodt, 2005; Yukl, 2002) E.g. Carmi and Tishler (2006). After their examination of 93 firms from a variety of industries found managerial skill to be an impacting factor on the firms' performance. Managerial skills are also higher order skills allowing entrepreneurs to be able to problem solve and learn, while operational skills and traits have been identified as foundations for managerial achievement and success.

Furthermore financial skills noted to be crucial for growth planning in an organisation (Roodt, 2005), same with Interpersonal and personnel skill, Whetten and Cameron, 2001:5, have shown that successful organisation have managers with well-developed "people skills". Technical and manufacturing skills, was also found to impact performance more especially in the computer-related sectors (Bailey and Mitchell, 2006). It is also widely accepted that the marketing skills of an entrepreneur has great bearing on the success or performance of a firm (Ainuddin et al., 2007) e.g. Tai, (2006) illustrates this using a case study of a Chinese firm Sau san Tong Holdings. Shirley Cheung, who had strong marketing skills and a special talent in selecting celebrities as successful and persuasive spokespersons, had developed Sau San Tong into a paragon of the slimming and beauty business. This marketing skill

has been shown to involve brand building and promise delivery (Miller, 2002).

However, there are relatively limited studies on the entrepreneurial skill set of African Caribbean entrepreneurs. Though Durr et al., (2000) have identified a lack of business and technical skills as barriers in African Caribbean entrepreneurship: skills in decision-making, business planning and general business acumen. The general barrier, they observed, are what they called availability, visibility, affordability, transaction and capability barriers to obtaining core competencies and skills.

Classical studies such as Wilson and Davis (1973) identify eight myths which have affected African Caribbean businesses in America and one of which is "Blacks lack entrepreneurial ability!" in other words, "lack entrepreneurial skills". Hefner and Jones, (1973) identifies that that the Small black business is affected more by lack of management skills than small white business, arrogating this to many years of de facto segregation and generations of management experience on the part of the majority society.

Other Classic studies⁵ have shown lack of skills in franchising. The barriers are reflected in the limited success of minority groups, particularly African caribbeans, in business ownership in the 70s. In a conference held in Atlanta on February 18-20, 1993, one of the performance problems of black businesses was identified as the lack of skills among the black ethnic community: the head of a computer-services company declared roundly that "we have no skills in the black community." Yet for most participants the real trouble was the difficulty of getting hold of capital. One rousing speech on the need for more liberal lending by banks was given a standing ovation. (Anonymous,1993), linked to this thinking, studies in the past have concluded that unemployment issues of the African Caribbean populations compared to other racial and ethnic groups are related to their being uncooperative, unreliable, and *lacking of* sufficient *skills* even for entry-level employment.(Kirschenman and Neckerman, 1991; Waldinger 1992; 1997; Moss and Tilly,1993; 1996;Wilson,1996). Boorah and Hart (1999:115) in their findings argue that "blacks compared to whites were more likely to be: unskilled, have no qualifications, been born overseas, live in metropolitan areas of south Britain..." A review of literature on skills possessed by ACBOs though limited have assumed a relatively lower skill sets possessed by

⁵ barriers to minority participation in franchising. Journal of Small Business Management, Oct73, Vol. 11 Issue 4, p25-25, 2/3p;

African Caribbean business owners to other groups, following on with our findings on performance which shows that African Caribbean owned businesses perform relatively less than matched samples from other groups, literature seem to suggest that ACOBs are more likely to have weaker levels of business skills than the White Asian business owners.

H5.3: Entrepreneur skill level

The African Caribbean business owners have weaker business skills than the White Asian business owners.

5.2.2.2 Entrepreneur's value and beliefs

"Success is derived less from best practices than from the values and beliefs of the leadership. You can copy methods and programs easily enough. But a way of thinking that creates deeper ties is much more difficult to duplicate"
(Pfeffer, 2006)

Value is "a broad tendency to prefer certain states of affairs over others" (Hofstede 2001, 5). Rokeach (1972: 159) explains that "to have a value" is to maintain an enduring *belief* that specific modes of conduct or end state of existence is preferable to the alternatives. Schwartz (1992, 4) characterizes values as: (1) concepts or beliefs that (2) pertain to desirable end-states or behaviours and (3) transcend specific situations in (4) guiding selection or evaluation of behaviour and events, and (5) are ordered by relative importance.

Personal values and beliefs tend to shape the motives or reasons of individuals' decisions to pursue entrepreneurship, as well as the way in which the individual approaches a venture (Gasse, 1977; Bird, 1989).

Due to a lack of consensus on what constitute key business values and beliefs Bales and Couch (1969), in considering close to 900 different values used in various questionnaires, reduced the set to four clusters: authority, self-restraint, equality, and individuality. Musek (1993) conducted similar work with 54 values, identifying four underlying categories: hedonistic, moral, achievement, and fulfilment. Using 56 commonly cited values and over 25,000 respondents, Schwartz (1992) noted the existence of 10 basic categories: power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity, and security. Chrisman et

al., 1998, classification of values and beliefs, tend to cover some of the categories mentioned previously. These cover entrepreneur's *outlook on contribution to society* (moral, ethical, duty, fairness, equal opportunity, egalitarianism, comradeship), *power* (authority, expertise, management, subordination), *security* (risk), *status symbol* (fulfilment, achievement) and *wealth* (luxury, hedonism), which will be adopted for the purpose of this study. Values reflect the entrepreneur's conscious view of himself or herself (Feather 1990).

Moreover, the conscious view (or belief) that one has about himself or herself directly shapes movement toward action, or one's motives (McClelland 1961). Relationship between values and motives is relatively close. Higgins (2000) argues that values and belief provide regulatory focus for motivated or goal directed action. When a person has certain values (e.g., life excellence, social conformance), he or she strives to be internally consistent through his or her motives and actions, and uses values to guide these motives and actions. Heider (1958), in his seminal work on attribution theory, notes that the inability to "balance" values and motives is discomforting.

There has been argument that the role of values and beliefs traditionally associated with the western culture may conflict with closely held values within various ethnic subcultures the world over (Morris et al., 2002).

Similar research by Watson and Simpson (1978) in the United States was not able to identify significant differences in the personal values of black versus white entrepreneurs. However, a subsequent study demonstrated more strongly held values of collectivism, duty, rationality, novelty, materialism, and power among minority entrepreneurs compared to non-minority entrepreneurs (Enz et al., 1990). Of relevance is the fact that these authors did not find differences among subcultures within the minority sample, including blacks, Hispanics, and Asians.

Tsalikis and Osita (1988) classic study, investigates the differences in ethical beliefs between blacks and whites in the United States. Two hundred and thirty four white students and two hundred and fifty five black students in business related courses were presented with two scenarios and given the Reidenbach-Robin instrument measuring their ethical reactions to the scenarios. Contrary to previous research, the results indicate that the two groups, which belong to different subcultures, have

similar ethical beliefs.

A more recent study conducted in South Africa by Morris et al., (2002) found that (1) entrepreneurs tend to embrace common values regardless of their individual ethnic heritage, but with different under-lying patterns, (2) The entrepreneurial path itself gives rise to certain shared values.

Literature seems to agree with similar values among entrepreneurs regardless of ethnicity, though with different under-lying patterns or emphasis between the black and white entrepreneurs. So, though personal values were similar regardless of ethnicity, there was a difference in underlying pattern and emphasis on the importance of some of these values in their motives for doing business e.g. Nwankwo (2005:127) found that African businesses in the UK “were found to be motivated more by value based factors (e.g. need for independence and self actualisation) than instrumental welfare considerations.”

H5.4 Entrepreneur value orientation

African Caribbean business owners though having similar value orientation will emphasize this differently from WAOBs

5.2.2.3 Entrepreneur's experience and education

Jo and Lee's (1996) paper examines how an entrepreneur's background relates to the performance of a new venture during the early stages; the results of the analysis show that the relative profit tends to be high when an entrepreneur has more experience in the line of business. On the other hand, the profitability tends to be lower when the entrepreneur has only start-up, managerial and high-growth experience without an educational background, concluding that a good understanding of the product is essential to the success of the venture, whereas starting a new business with only limited previous experience related to the management dimension can be dangerous and may lead a firm to be unsuccessful. Westhead et al., (2005), observed that experienced entrepreneurs, labelled in his work as 'serial' and 'portfolio', were better able to access information from clients, venture capitalists, business angels, business agencies as well as identify and seize opportunities, than novice entrepreneurs Though

education in itself does not seem to be a perfect substitute for previous business experience, the probability of being an entrepreneur depends positively on previous business experience but not on education, (Iyigun and Owen, 1999) suggesting that work experience may be an avenue of human capital particularly suited for the self employed.

Entrepreneur's experience may involve the entrepreneur's or parents' experience in founding companies (Fairlie, 1999), Rhodes and Butler (2004) have emphasized the influence of entrepreneur's parentage to their success and includes it in designing the models for studying performance of African Caribbean businesses, showing along with others that parents who are in business act as role models and influence their offspring's decision to become an entrepreneur (Hout and Rosen, 2000; Fairlie and Meyer, 2000; Dunn and Holtz-Eakin, 2000), finding an association between father who has a higher level of educational attainment and a child's choice of becoming a small business owner (Hisrich and Brush, 1983; Fairlie, 1999). Rhodes and Butler (2004:59) goes on to state that "higher achievements by an entrepreneur's parents create in their offspring higher expectations and then later a more realistic perception of successful business performance", contrarily in the case of African Caribbean community this kind of parental experience and resource appears to be lacking, as authors as Ram and Jones (2008) have shown how early literature has shown the visible failure of African Caribbean community to follow suit as early research literature contains numerous lamentations on the paucity of Black Caribbean and African enterprise (Brooks, 1983; Kazuka, 1980). The general perception of an enterprise gap between the two immigrant-origin populations was very much in tune with the notion propounded by influential commentators such as Patterson (1969), that Asians were destined for a 'Jewish future' via business and the professions, whereas African Caribbeans were on course for a decidedly working class 'Irish future' (cited in Ram and Jones, 2008:5)

Entrepreneur's experience has also been shown to arise from experiences gained from working in similar positions in large companies, general management experience (Storey, 1994), industry experience, pre-start up training, unfortunately literature has also shown the tale of African Caribbean business owners and community as one riddled with difficulties and bias in getting white collared jobs in similar vocations in most cases opting for self employment as a way out (Virdee, 2006; Boorah and Hart 1999). Added to this lack of experience issue is that fact that African Caribbean

entrepreneurship is relatively young in the UK compared to other ethnic minority groups e.g Nwankwo (2005:127) pinpoints the age of African entrepreneurship in the UK. He says, "...50 percent of the businesses have been in operation for less than ten years." Putting two and two together, if these entrepreneurs have businesses less than ten years, parents that have lower self-employment experiences and resources, and have had more issues getting employment into white collared jobs then not only will most of these entrepreneurs be less likely to have low UK based experiences of running their own businesses, but will have difficulties accessing parental experiences and personal experiences than the other ethnic groups. Literature seems to agree that ACOBs are less likely to be as experienced in business as their counter parts. Therefore we can hypothesize H5.5

H5.5: Entrepreneur's experience

African Caribbean business owners are more likely to have less experience in business than White Asian business owners.

On the education, findings of studies by Bates (1990), Meyer (1990), and Holtz-Eakin et al., (1994) suggest that more educated business owners are less likely to fail over a specified period of time. Relative profit tends to be high when an entrepreneur has more education. (Jo and lee, 1996) ONS (2001/02) have shown that people from some ethnic minority groups in the UK were more likely to have degrees (or equivalent) than white people. The finding also found black Africans were among the most likely to have degrees. For instance Ekwulugo, (2006) has elaborated that majority of the African immigrants come into the UK with first and second degrees. Education Demographic characteristics show that 71.6 percent of African business owners have education beyond secondary school. The general body of evidence suggest that African Caribbean business owners are more likely to have equal or higher levels educational qualification as than white Asian owned businesses.

H5.6: Entrepreneur's education

African Caribbean business owners are more likely to have equal or higher levels of educational qualification than White Asian owned businesses.

Chrisman et al., (1998) advocates a model synchronising personality characteristics, values and beliefs, skills, experience and education, and behaviour and decisions in the study of entrepreneurial characteristics and venture performance. An adaptation of the model with modification on personality characteristics will be used. Due to support on the universality of personality variables such as innovation and autonomy and support for the non-universality of locus of control and risk-taking propensity (Thomas and Mueller, 2000; Mueller and Thomas, 2001), to investigate the differences between entrepreneurial characteristics of African Caribbean business owners (ACBOs) and counterparts, locus of control and risk-taking propensity will be used. Both constructs originated from Rotter (1966): Locus of control states that an individual perceives the outcome of an event as being either within or beyond his or her personal control and understanding. An "internal" believes that one has influence over outcomes through ability, effort, or skills. On the other hand, "externals" believe that forces outside the control of the individual determine outcomes.

However with the risk-taking propensity it most is generally believed that entrepreneurs are likely to have at least a moderate risk-taking propensity than non-entrepreneurs. Risk-taking propensity is conceptualised as an individual's orientation toward taking chances in a decision-making scenario (Sexton and Bowman, 1985).

5.3 Empirical method

5.3.1 Interview questions and questionnaire design

The initial exploratory research informed the design of the interview schedule and quantitative questionnaire (cards) covering entrepreneurial characteristics. Where possible, questions were adapted from works and viewpoints on the similar areas guided by related questions that have been asked by other researchers, including sections on: assessment of personality characteristics (Rotter, 1966; Mueller and Thomas, 2001 Jackson, 1994), values and beliefs (Chrisman et al., 1998), Core competencies and business skills management style (Bolman and Deal, 2003). These questions were adapted to fit the context of the study. The study also includes new questions as well, all steered by our initial objectives.

5.3.2 *Design of interview schedule (interview questions)*

We used an interview schedule in covering the qualitative side of data collection on entrepreneurial characteristics, involving the use of semi-structured questions designed using research questions arising from literature exploration on entrepreneurial characteristics. These questions were designed to find out if:

- Entrepreneur's background, education, experiences, skills, motives, may be the reason for their under-performance. For instance the questions asked included:
- Do you see your parents' culture influencing the way in which you do business?
- Was your father or mother involved in running a company?
- Before you started this firm did you have any experience of working in a similar industry?
- Have you founded any other companies before this one? If yes, what is the current status of the company?
- What is your highest educational qualification?
- Does your education play any role in your performance or choice of business as an entrepreneur?
- Are there certain businesses you would never do as a result of your cultural background, values and beliefs?
- Why did you choose to go into this particular business?
- What would you say is the skill most needed to start this business?

5.3.3 *Design of the questionnaire (cards) on entrepreneurial characteristics*

5.3.3.1 *About you (entrepreneurial characteristics):*

This section was also based on a triangulation of methods, adopting quantitative alongside qualitative data collection. The quantitative involves the use of the Likert

scale, where scaled questions are designed to show the importance of entrepreneurial attributes in venture creation and venture performance, covering key areas proposed by Chrisman et al.'s (1998) model synchronising personality characteristics, values and beliefs, skills, behaviour and decisions in the study of entrepreneurial characteristics and venture performance.

These subsections go by the titles:

- Assessment of strengths in skills (Card #2). Nine items are used to measure the business core competence construct, a lower score represents relative strength in skill and the higher score a relative weakness in skill.
- Assessment of Personality characteristics (Card #3). Out of seven items used to measure construct- 4 items represented Personality locus of control, while the last three items indicate risk-taking propensity of the business owners.
- Assessment of values and beliefs (Card #4). Five items used, a lower score shows the high value attached to measure variable which is vice-versa for a higher score.
- Assessment of managerial behaviour and decisions (Card #6): Five items (three and two items representing task and people oriented approaches respectively) measured on a 5-point scale
- See appendices for (Cards #: 2, 3,4 and 6)

The entrepreneurs filled these cards out after the answering questions from the interview schedule.

5.4 Analysis of data

Most quantitative data in this chapter will be tested using the Wilcoxon sign ranked test. Though we must mention that the hypothesis on entrepreneur's experience (H5.5) and education (H5.6) will be supported or rejected using qualitative analyses.

5.5 Empirical Results

5.5.1 Entrepreneurial personality traits

There were significant differences found in two out of the four personality variables representing the locus of control of the entrepreneur between ACBOs and WABOs (see *Table 5-1*): A significant difference was found between both groups when asked to score the importance of a choice of, “having power to be own boss, make own decisions” and “having job security”. The ACOBs were less likely than the WAOBs to choose having power to be own boss and making own decision to having job security. *Table 5-1* highlights this by the higher mean score of ACOBs (2.60) to those the WAOBs (1.68). We found that WAOBs, more so than ACOBs, scored the importance of having power to be own boss and to make own decisions higher than having job security.

We also found a significant difference between the number of ACBOs and WABOs believing that the success of their business is based on their ability, efforts or skills and those believing that the success of their business is dependent on forces in the environment beyond their control. Again we see a higher percentage of WABOs (76%) to ACBOs (52%), believing that the success of their business is down to their efforts rather than being dependent on forces in the environment beyond their control, shown by the lower mean score of 1.60 (WABOs) and 2.36 (ACBOs) in *Table 5-1*.

Table 5-1: Comparison of internal locus in ACOBs and WAOBs

Variables	Z Asymp.Sig. (2-tailed)§	α Ranks WAOBs	α Ranks ACOBs	N- Ties	P- value	Level of significance
Internal locus of control						
Power to be own boss and make decision vs. job security preference	-2.708	1.68	2.60	20	0.007*	< 0.01
Consideration of personal decision vs. group decision as more dependable and superior	-0.602	2.84	3.04	19	0.547	> 0.10
Encouragement of individual vs. group judgement and initiation	-0.292	1.80	1.96	17	0.77	> 0.10
Success of my business based on my ability, effort or skills vs. forces in the environment beyond my control	-2.524	1.60	2.36	14	0.012*	< 0.05

Source: Field work z has to be <or >than critical value of z to reject H_0 (see appendices, Table 11-15)

* Significant α A lower score shows a more entrepreneurial orientation

There were no significant differences in the response pattern of the two groups on the two remaining locus of control variables. However, even though there was no significant difference found between both groups on these two variables, we observed that a lower mean score in both cases indicates more entrepreneurial orientated responses by WABOs than ACBOs in favour of “considering personal decision more dependable and superior” (2.84) and in favour of “encouraging individual judgement on what they think is right for the business” (1.80) see Table 5-1.

Therefore, there is support for H5.1: *African Caribbean business owners are lower on internal locus of control than the White Asian business owners.* Our findings tend to support lower levels of internal locus of control in ACBOs than in WABOs, meaning that the ACBOs are more likely to perceive forces in the environment, government regulation and other external factors, as having a major influence on their performance than the WABOs. In considering risk-taking propensity of both groups, out of the three variables chosen to represent risk-taking propensity only one was found to be significant (see Table 5-2).

Table 5-2: Comparison of Risk-taking propensity trait of ACOBs and WAOBs

Risk-taking propensity	Z Asymp.Sig. (2-tailed) [§]	α Ranks WAOBs	α Ranks ACOBs	N-Ties	P-value	Level of significance
Quick vs. slow to support introduction of new changes in my business or services	-2.203	1.64	2.28	19	0.028*	< 0.05
I love vs. less likely to go after a good project if it may prove too difficult	-0.992	2.00	1.84	18	0.321	> 0.10
More willingness vs. less willingness to take risk	-0.783	2.00	1.84	17	0.434	> 0.10

Source: *Field work* z has to be <or >than critical value of z to reject H_0 (see appendices, Table 11-15)
^{*} Significant α A lower score shows a more entrepreneurial orientation

The significant difference was found in the response of ACOBs and WAOBs in the support of introduction of new changes to their businesses or services. The test shows that ACOBs (2.28) were less likely to support introduction of new changes in their business or services than the WAOBs (1.64), linking WAOBs to more innovative tendencies.

There were no significant differences found between both groups on preference “to go after a good project no matter how difficult it proves to be than not going because it proves to be difficult,” similar findings on the variable “More willingness vs. less willingness to take risk”. However, even though there was no significant difference in the two variables, lower mean scores indicate higher propensity of ACBOs to go after good projects no matter how difficult these may prove (1.84) and more willingness to take risk (1.84) than WABOs. There was partial support for H5.2: *ACBOs have lesser risk-taking propensity than WABOs*. Though one of the risk-taking propensity variables shows a significant difference between ACBOs and WABOs, with ACBOs less likely to support the introduction of new changes, we found that the other risk propensity variables, though not significant, have lower mean scores for ACBOs, indicating a higher propensity of ACBOs than WABOs to go after risky projects and as well as having more willingness to take risk.

5.5.2 Entrepreneur's skills

A subjective assessment of strengths (see Table 5-3) in various nine (9)-core competence skills uncovered the various findings:

Table 5-3: Comparison of self-assessment of strengths in business skills

Independent Variables	Z Asymp.Sig. (2-tailed)	α Ranks WAOBs	α Ranks ACOBs	N-Ties	P-value	Level of significance
Self assessment of business skills						
Communication skills	-0.716	2.16	2.40	18	0.474	> 0.10
Financial skills	-0.46	2.52	2.56	18	0.963	> 0.10
Interpersonal skills	-0.247	2.04	2.16	20	0.805	> 0.10
Managerial skills	-0.809	2.52	2.28	17	0.419	> 0.10
Manufacturing skills	-0.77	2.48	2.76	18	0.441	> 0.10
Marketing skills	-1.732	2.96	2.52	20	0.083*	< 0.10
Organisational skills	-1.54	2.12	2.56	20	0.124	> 0.10
Personnel skills	-0.368	2.44	2.52	17	0.713	> 0.10
Craft, Practical and engineering skills (Technical skills)	-0.957	2.48	2.72	21	0.339	> 0.10

Source: Fieldwork z has to be <or > than critical value of z to reject H_0
 (see appendices, Table 11-15) *Significant α A lower score denotes higher strengths in assessed skill.

There was no significant difference between the ACBOs and WABOs in the subjective assessment of their strength in: communication skills, financial skills, interpersonal skills, managerial skills, manufacturing skills, organisational skills, personnel skills and technical skills. Out of the nine variables, we found a significant difference in only one, *marketing skills*. ACBOs were found to assess their strength in marketing skills higher (2.52) than WABOs (2.96).

There was little or no support for H5.3: *The African Caribbean business owners have weaker business skills than the White Asian business owners*. We found no significant difference in subjective assessment of most skill variables except in the marketing

skill variable where ACBOs were found to assess their marketing skills higher than WABOs.

During the qualitative interview, respondents were asked, “*What would you say is the skill most needed to start this business?*” ACBOs and WABOs identified 11 and 10 items respectively (see Table 5-4)

Table 5-4: Subjective view of skills needed to start similar business across selected sectors

ITEMS	ACBOs	WABOs
Similar skills classed as important (for ACBOs and WABOs) in starting of business in selected sectors.	<ul style="list-style-type: none"> Communication Boldness and Determination Knowledge of the market Sales skills Manufacturing/Technical skills 	<ul style="list-style-type: none"> Communication Boldness and Determination Knowledge of market Sales skills Manufacturing / technical skills
Varying skills classed as important (for ACBOs and WABOs) in starting off businesses in selected sectors.	<ul style="list-style-type: none"> Interpersonal skills Confidence and vision Customer service and satisfaction Good management skills Training in the area Ability to stay motivated 	<ul style="list-style-type: none"> Analytical skills Innovative passion Hard work and endurance Appetite for risk Negotiating skills
Ranking of importance of skills necessary for starting similar businesses among ACBOs and WABOs	<ul style="list-style-type: none"> Boldness and Determination Communication skills Good management skills Ability to stay motivated 	<ul style="list-style-type: none"> Boldness and Determination Knowledge of market Hard work and endurance Communication skills

Source: fieldwork

ACBOs and WABOs all agreed that the entrepreneur must have good communication skills, boldness and determination, knowledge of the market, sales skills and manufacturing or technical skills. Boldness and determination was the most frequently mentioned item amongst ACBOs and WABOs.

When ACBOs and WABOs were asked about skills most needed to start a business, most of the respondents did not mention only traditional business skill sets like financial skills, marketing skills, personnel skills, etc, but ranked in importance qualities like boldness and determination, ability to stay motivated, among the most needed skills for starting similar businesses. The WABOs also mentioned hard work and endurance as one of the required skills.

5.5.3 Entrepreneur's values and beliefs

Five questions were used to conduct a survey about values and beliefs guiding attitudes to business (see Table 5-4). A significant difference was found in variables such as, "business always provides a source of power for the owner." Firstly, there was a higher propensity for ACBOs to agree with the statement than WABOs. Lower mean scores of 2.24 to 2.88 respectively reflect this.

Table 5-5: Comparison of Values and beliefs of ACOBs and WAOBs

Self Assessed Values and Beliefs	Z Asymp.Sig. (2-tailed) ⁶	α Ranks WAOBs	α Ranks ACOBs	N-Ties	P-value	Level of significance
Having a business always provide good avenues of contributing to society	-1.639	2.56	1.96	18	0.101	> 0.10
Business always provides a source of power for the owner	-1.783	2.88	2.24	20	0.075*	< 0.10
Business basically provides security for owner	-2.419	3.28	2.36	19	0.016*	> 0.05
Having a business could be a status symbol	-1.817	3.12	2.40	20	0.069*	< 0.10
Business provides an avenue to acquire wealth	-0.649	1.92	2.20	18	0.487	> 0.10

Source: fieldwork z has to be <or >than critical value of z to reject H_0 (see appendices, Table 11-15)
 *Significant α Lower mean scores denote stronger belief or value attached to the variable

Secondly, we also found a significant difference between both groups in the statement "businesses basically provide security for owners." There was a higher propensity for ACBOs (2.36) to agree than WABOs (3.28) with the statement.

Thirdly, ACBOs (2.40) are more likely than the WABOs (3.12) to agree with the statement “having a business could be a status symbol”. There was a significant difference in the response of ACBOs (2.40) from WABOs (3.12). The lower mean scores denote these stronger agreements with statements.

On the other hand, we found no significant differences in responses of ACBOs and WABOs when it came to “having businesses always provide good avenues of contributing to society” and “business provides an avenue to acquire wealth.” There was little or no difference between both groups in these variables. Any differences may likely be due to chance. Though, if we consider the mean scores on both variables, we will observe that lower mean score shows that ACBOs are more likely to agree with both statements than WABOs.

There is support for H5.4: *African Caribbean business owners though having similar value orientation will emphasize this differently from WAOBs.* We see significant differences between ACBOs and WABOs in value emphasis. We found more ACBOs seeing businesses as a source of power, security, and status symbol for the owners.

Furthermore, when asked if there was any business they wouldn't do, both ACBOs and WABOs agreed that they would do any business as long as it was *legitimate* and *profitable*.

Examples of the comments from ACBOs about what businesses they wouldn't do:

“I don't think there is any business I would not do if it is legitimate” (YVL)

“I have been confronted with such in the past; there was the issue of homosexuality within the African community. It is one of those issues considered as a taboo within our community because of cultural and religious beliefs, but ... I do not have a 'no go area'. The answer to that is there will be none as long as it is legitimate.”(AVPL)

“I think at the end of the day, the aim of any business is to make money, and as long as it is legitimate, and I can make some money out of it so that I can finance something else, then it is well and good, because as a freelancer, you don't always have enough cash flow, so sometimes you have to resolve to other things you may not necessarily want to do to keep yourself afloat, at least until everything else picks up then you can continue.”(SOL)

"Yeah! I will never sell drugs. I don't think there is any legitimate type of business that I will not do because at the end of the day if I can do it and make money from it I will do it."(EDS)

The WABOs had similar views when asked what business that they would not do. They believe that emphasis should be more on "how this is done" rather than "what the business is." Like the ACBOs a few of these WABOs acknowledged that beliefs, values, cultural background would not dissuade them from doing any business. For example, comments by two WABOs on the question: "if there was any business that you wouldn't do" were:

"There is no business I wouldn't do because of my beliefs, values or cultural background" (GJUK)

*"I certainly wouldn't run a whore house, I don't fancy being a priest although I am a catholic, I don't know things I wouldn't do, I always fancied being a doctor, I did fancy being at sea, I also fancied being self employed and I have done that, **I am not sure its so much about what I want to do but how I went about it.**"(SDL)*

However, occasionally we noticed that some ACBOs made reference to ethical, moral and Christian beliefs as shaping some principles and attitudes adopted in doing business. A few examples of such comments included:

"Well I'm a Christian I wouldn't do anything contrary to my Christian beliefs," (AD) "There are things I wouldn't do as I have a Christian background."(TEF) "I wouldn't do porn business, anything to do with harming human beings."(BNL) "...There is a lot one can do, outside of all those immoral things" (IXL)

This was higher among the ACBOs than the WABOs.

5.5.3.1 **Role of parental culture on entrepreneurial values**

ACBOs had more respondents (71.5%) with a positive view about the influence of their parental culture on their role as entrepreneurs, than did the WAOBs (59%).

The influence of parental culture was also noted through *parents and family members' providing role models of hard work and discipline in the running of their business*. A few comments from ACBOs that have been impacted by the discipline and hard work in business include:

"Yes, Growing up in Jamaican, we have naturally been entrepreneurial even though we didn't realize it from an early age, I had my own little business, we always used to help out, with our farm to get some money and stuff like that. I was always trying to find ways of earning money, the income generated from some of these activities were mine. So we are naturally very entrepreneurial. And that type of up bringing of not depending on people to spoon feed you all the time is again why I probably I have not been tapped into what the support bodies may hand out to me, even so there is a lot involved, I just rather do it myself. So that is the type of imbibed culture that I had from Jamaica" (EDS)

"yes very much, in terms of hard work and discipline those are the key areas because my parents come from the Caribbean and it's so with Africans as well, I recognize that it's a key aspect to achieving..." (IXL)

"... My father and mother were traders. So I observed their success points and failure points. I learnt from how they had to make sacrifices, wake up sometimes very early and stay up very late, pursuing their business. So when I started my own business, it was not strange to me." (BFL)

"Background plays a role, my parents always made us understand that "hard work does not kill, rather it helps you," that motivated us to work harder and not to complain. They didn't own their business but they instilled in me values." (AHP)

"... I have always said I am first grateful to my parents first of all for the culture but most importantly for my religious upbringing, many times, teaching me to understand people and respect others, So little things like that taught me that when I do my business, to work hard." (MCL)

The influence of parental culture, *providing role models of hard work and discipline* was also found amongst the WABOs. Also notable is that more WABOs were alluding to influence of parental culture being more in the area of ethical and moral disposition in running their businesses. The comments of WABOs on ethical and moral disposition included:

"... I was very much influenced by my Dad, I don't like borrowing too much money, and I believe in working very hard." (CEV)

"Yes, I think my father had enormous influence he was solicitor. It was a successful company because he was dedicated to it, and that time he was and the time he was very honest, I hope his virtue robbed off on me. I believe in complete honesty in how I operate, so everybody knows exactly what they are getting from me" (SDL)

"Yes probably from the moral point of view" (GJUK). "The ethics my parents instilled in me." (KJG)

"Yes, though they were not entrepreneurs them selves. They influenced my life by the sort of moral values they instilled in me" (MBL)

Furthermore, most first generation ACBOs attributed the influence of parental culture in the semblance of the entrepreneurial culture predominant within their country of origin. These included adverseness towards borrowing, proper values, and right attitude towards business. A few examples of these comments about entrepreneurial culture were:

"The African culture... yes, I think it's the business culture we have in Nigeria I am not sure about other African countries, possibly that will definitely have an influence."(TEL)

"I suppose it's all in that mentality of not borrowing, I had to force my self to get involved with the credit culture, and I guess Nigeria is a cash culture. The idea of borrowing is not really that strong I guess its changing now."(KCL)

"Oh yes, Even though I was born here, I think my values was formed in KENYA I was raised there till I was 21, so I had 21 years of African grooming and that kind of pushes my focus where ever I go."(SOL)

However, on the flip side, we discovered that those ACBOs that had an indifferent attitude to role of parental culture believed that parental culture had nothing to do with it. Rather parental culture preached higher education and getting white-collar jobs. For example, two entrepreneurs commented:

"No! The culture of my parents could have stopped me from going into business because we weren't encouraged to go into business, I was encouraged to study to extremely high levels and find a job, with those qualifications."(AD)

"Oh yes definitely, e.g. I was born in Nigeria but I am from Ekiti state, Ekiti people are very conservative, Ekiti people don't usually do business, you find them more in Academia, studying up to PhD, because they are conservative they don't like taking risks, they are not risk-taking people by nature(YVL)

5.5.4 Entrepreneur's experience

The testing of the hypothesis in this section on entrepreneur's experience will be done by the analyses of qualitative data, i.e. the analysis of results and findings on this constituent influencing the behaviour and decision of an entrepreneur will be qualitative in nature.

5.5.4.1 Parental involvement in entrepreneurship

There was a difference in parental involvement between ACOBs and WAOBs. ACOBs had a higher percentage of business owners responding that their parents have never been involved in any sort of entrepreneurship endeavour or running their own business (60%) compared to WAOBs (33%) across the three selected sectors. The WABOs did not only have a higher involvement of parents in self-employment but we observe that some of these sectors were completely different from the ones in which they are self-employed currently. The comments from the respondents when asked, “if their father or mother was involved in running a company and their involvements?” also shows that though their parents were self employed, quite a number of WABOs were not really involved with the business as can be seen from the comments below:

“... They were involved in self-employment but I didn't work with them “No way! We can never work together. I wouldn't want to work with him.”(PTL)

“... And this was a recycling metal firm No I wasn't involved with them. Yes it was successful the size was only about 4 people it wasn't big.”(GJUK)

“... Parents were involved in running a photograph business; I didn't work for them because I was too young; he was successful because he worked the shift (ECL)

“They were farmers, and they had their own business I never worked with them” (TBL)

“My dad had his own business but was not into manufacturing products like I do. I never worked for him at any time.”(CEV)

“My father was a professional and his father was a businessman, He wasn't involved with my business, he died before I was born that is probably where my interest in business comes from, my grandfathers business was exporting wool and goods to Africa way back in the late 19th century and early 20s. It was a family business, and those days' employees tended to stay for life more or less, this was in the north of England. The business ceased to be independent in the 1950s” (CHP)

The major kinds of benefit that kept coming up from the ACOBs that had parental involvement in entrepreneurship endeavours were access to their contacts, funding support, experience and development of business acumen gained from working with

parents and running the business.⁷ For instance, in the words of a few of the business owners interviewed on the key benefits mentioned above such as:

1. Contacts and funding

"My father was a wonderful traditional engineer he worked with the PWD and from there he got ideas for the construction business and started off. His big brother was a moneylender. That was good in those years, you had authority, and my dad really got money for anything. The wonderful support from my parent was great, I had family support."(CTC)

"My parents are both Jamaicans, my family has been in business for many years in Jamaica, they had a business over here, I was working with them over here first and the contact they had in Jamaica helped us in getting funding from Jamaica to start up. So my parents' culture helped me get started."(JPL)

2. Hands on experience and development of business acumen

"My dad was not involved in running a business, he was a typical civil servant, my mum was a business woman, she had businesses, and she was a consultant. So the background definitely plays a great part, again I was brought up by my grandmother who was a trader, she was manufacturing 'garri', which she sold in the market, I helped her hawk kerosene, I started learning how to trade at the age of seven (7), knowing how to count and bank money..." (YVL)

"My parents had a business here, I have a business background I grew up with mum and dad being in business, and they still have a business in the Caribbean. We had a petrol station way back when petrol was 20p a gallon it was in Smethwick. I used to sell petrol to fill a car for a pound or for £1.50; we also had a transport company. I used to finish school go home and cook dinner for the boys in the family I always loved to do the cooking then go and work at the service station selling petrol. So that gave me a bit of business acumen" (CFL)

"My mum ran a supermarket, she is retired now, and my dad is a medical doctor who practices here. Growing up as a child, I used to assist my mother; I assisted her by doing the packaging and accounts. Few employees, the company was made up of two girls who assisted her and herself. At any point in the supermarket they were never more than 4 employees." (AVPL)

"Yes, yes, I am from a single parent family, my mum brought up my siblings and I., It was a struggle because she had to work and run the business. As a result we had to help out in the businesses Yes we were involved, we used to raise tickets and that was kind of what I used to do, so from an early age, I learnt not to rely on a 9.00 to 5.00 job, we were thought never to assume that any thing will come free, that we have to work for it."(SOL)

⁷ This is agrees with existing literature as it is assumed that higher achieving parents socialize their offspring to be successful in whatever occupation they choose. (See Rhodes and Butler, 2004)

ACOBs had fewer parents that are currently having or have been involved in starting and running their own businesses than the WAOBs. Entrepreneurs with parents having been involved in running their own business tend to benefit from parental contacts and experience of running business, thereby developing their own business acumen. And studies by Fairlie (1999) have also shown that these entrepreneurs have a high tendency to move into self employment, therefore, if ACOBs have fewer parents involved in starting and running their own businesses compared to the WAOBs it may mean that ACOBs may well have less access to information, contacts and opportunities to out-perform their WAOBs counterparts and may be less likely to go into self employment than their WAOB counterparts.

5.5.4.2 Previous experiences in similar industry

Entrepreneurs from both groups were asked, "if they have had any previous experience in a similar industry". The response shows a lower percentage of ACBOs than WABOs have had experiences working in designated areas of current business prior to starting their own firms, i.e., 5 out of every 10 ACBOs have had similar experience prior to starting, while 8 out of every 10 WABOs have had similar experiences.⁸ For example, two ACBOs of I.T. and media firms commented on previous experience in a similar industry:

"I was a manager for British telecom, I started as an apprentice then became a manager, after doing that for about 3years, I took redundancy, and moved into the IT environment, worked for a company dealing with multimedia and so forth, spent a couple of years doing what was more of research than anything," (IXL)

"During the last year of my B-tech studies, I worked with an internet company, giving me a lot of access to the internet, and exposure to the art... the internet company was run by a business entrepreneur, he often told us about his encounters in business and showed us how to run a business properly, how to talk properly to the clients, and those kind of things. After I finished college, I did a bit of work in Westminster council, and then started doing publishing online for a West African magazine. So in terms of work experience, I got the work experience in working in the Internet Company, I learnt how to work and publish online." (SOL)

⁸ Similar findings by Fairlie (1999) Black men enter self-employment from wage/ salary work at a much lower rate than White men (2.02% compared with 3.95%) in addition black men exit from self-employment at a much higher rate than the White men (36.64% compared to 18.51%)

Examples of comments from WABOs about their previous experience in similar industry include:

"Yes I worked in a similar business running a Media and design company."(MBL)

"I have worked for other media and design production companies, so really starting my own business was motivated by the fact that I knew what to do which is skill based, the second factor which is the most important is the fact that I have a good client base or inner contact. I am just about breaking even, just about paid the mortgage that's about it, because one month we can do well and the other month nothing."(TCG)

5.5.4.3 Managerial experience in large company

The findings show low levels of managerial experiences across both groups, as low as 20% across the three sectors, the highest levels of managerial experience being found in the media sector (33%). Some comments by an ACBO and WABO along this line include:

"I was a manager for British telecom, I started as an apprentice then became a manager, after doing that for about 3years, I took redundancy, and moved into the IT environment, worked for a company dealing with multimedia and so forth, spent a couple of years doing that which was more of research than anything,"(ACBO)

Operational manager role- "Its above 250 employees, they used to own holiday inn, I was responsible as the operation manager looking after a third of the business I used to look after the direct sales to places like Hilton hotel, Bestwestern to the master pubs."(WABO)

5.5.4.4 Experience of founding other companies:

Contrary to popular belief, we found a negligible difference in real experience of founding businesses between ACBOs and WABOs; notable is that ACBOs have been involved in start-up and directorship of several businesses (2.75) compared with matching WABOs (2.31; see Tables 5-6 and 5-7).

Table 5-6: Real experience of founding businesses

ACOBs (n=20 ⁹)	No. of Founded Businesses	Live	Dissolved	WAOBs (n=22 ¹⁰)	No. of Founded Businesses	Live	Dissolved
ESL*	1	0	1	KJG	2	2	0
CTC	4	2	2	PTL	1	1	0
BNL	2	2	0	ZWL	2	1	1
IXL	3	3	0	SDL	1	1	0
EDS	2	2	0	PCL	2	1	1
AD	2	2	0	RTL	5	3	2
TEF	4	3	1	GJUK	2	1	1
JPL	2	1	1	ECL	2	1	1
AHF	9	6	3	RBL	1	1	0
CFL	3	3	0	MBT	6	6	0
STD	2	1	1	CHP	2	2	0
DDL	1	1	0	TCG	1	1	0
AVPL	1	1	0	ROF	4	2	2
GHP	5	4	1	TBL	1	1	0
SOL	1	1	0	HGL	2	2	0
YVL	5	3	2	TGF	6	6	0
BFL	1	1	0	WLUK	2	2	0
SRB	4	4	0	CEV	4	4	0
KCL	1	1	0	JRL	1	1	0
MPL	2	2	0	MBL	1	1	0
				JBRL	1	1	0
				SSL	2	2	0
Av. Total	2.75¹¹	2.15	0.6	Av.Total	2.32	1.95	0.36

⁹ The sample of ACOBs is made up of 12 African businesses (60%) and 8 Caribbean businesses (40%).

¹⁰ The sample of WAOBs is made up of 19 White businesses (86.4%) and 3 Asian (Indian) businesses (13.6%)

¹¹ This finding is supported by GEM (2002) report which in examining the total economic activity rate of major ethnic groups found Asian people are twice as likely to be involved in autonomous start-ups, than their white counterparts. Caribbean people are three times as likely and Africans nearly five times as likely to be involved in

Even more interesting is that 78.20% of businesses founded by these ACBOs still have a *live* company status, slightly less than the percentage of businesses with a *live* company status founded by WABOs (84%).

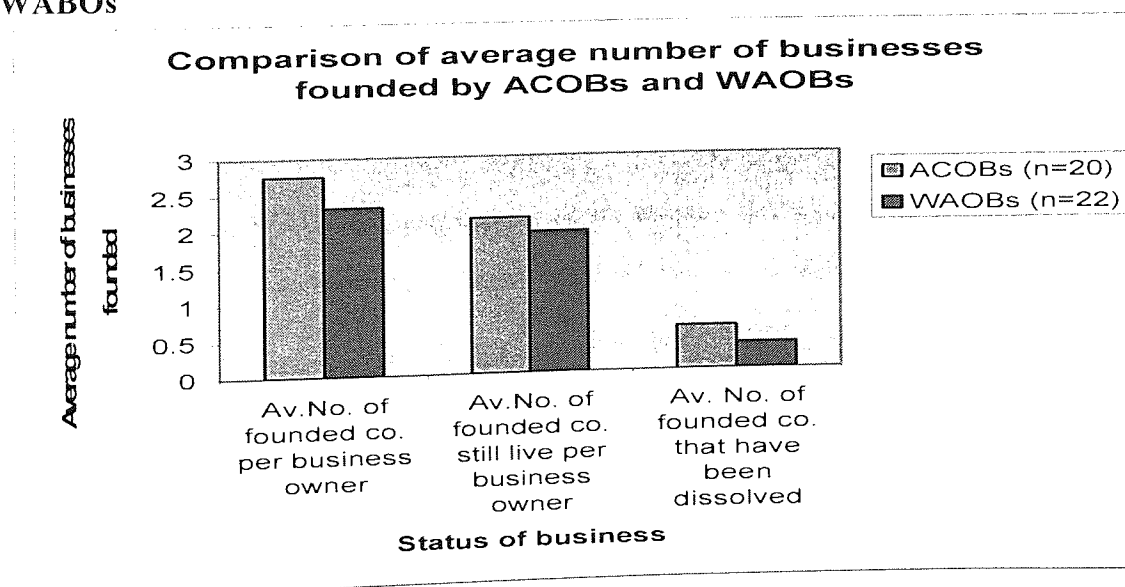
Table 5-7: Summary of average businesses founded by both ACOBs and WAOBs

Items	ACOBs (n=20)	WAOBs (n=22)
Average number. of founded companies per business owner	2.75	2.32
Average number of founded companies. still live per business owner	2.15	1.95
Average number of founded companies. that have been dissolved	0.6 ¹²	0.36
Average percentage (%) of founded companies. still live	78.20%	84.00%
Average percentage (%) of founded companies. that have been dissolved	21.80%	15.50%

Source: fieldwork

Dissolution of ACOBs, though slightly more than WAOBs, lies in the same similarity stream of 21.80% and 15.50% respectively, illustrated in figure 5.1

Figure 5.1: Comparison of average number of business founded by ACBOs and WABOs



an autonomous start-up compared with white people. *Company had a live status prior to interview date 2005 but dissolved as at 2006

¹² This Findings is supported by findings from GEM (2002) report states that African businesses are more inclined to fail than those of the Asian and White populations.

When both groups of entrepreneurs were asked, "if they have founded any other business other than the present one", real experiences of ACBOs in founding businesses other than their current one was quite different, contrary to popular expectation. ACBOs commented:

"Yes, we have actually done launch for another company on IT called Clean IT, we actually going to specialize in cleaning the IT equipment, because we noticed that a lot of companies specializing in cleaning IT are just cleaning companies so all they do is they clean the surface of the computer, but because of the technical knowledge we have we are able to do deeper cleaning and effective maintenance, we will open the computer unit and clean the bit that need cleaning. People who offer cleaning at the moment just get the dust off the monitor but there's a lot of dust in the fan which creates heat which could damage the equipment. Our technical Knowledge allows us offer this service."(EDS)

"Yes! I used to run an IT consultancy, and have helped found 4 businesses in all, apart from one that has been dissolved the other 3 are still live."(TEF)

"I tried to start another one called Allen kitchen with college mates of mine to do marinated Jerk chicken for the food trade we are trying to get it into ASDA as Jamaican ready meals. Though it's kind of going quite slowly it looks very promising."(JPL)

"Yes, a borehole drilling company under Shagari's administration, thereafter formed another company that started bottling palm wine because there was misunderstanding between the board of director it died a natural death. After that I founded YWL industries, YWL winery, later we founded the YWL taste of Africa inc., also dealing with imports into America. We have another one in South America called YWL industries."(YWL)

"Yes I have founded other companies, I started about 2 companies recently within the past year, one is in media and one is in designs."(AD)

In the same vein, WABOs in responding when asked, "if they have founded any other business other than the present one" had the following comments:

Yes I have founded another company with, a group of people and it was an Internet banking company, we decided to go our separate ways after which I decided to do my own thing. " (PCL)

"Yes, it was basically a computing company it is no longer in existence because we went our separate ways, it was a partnership."(GJUK)

"Yes, I used to run a company that imported and marketed goods from international clients, mainly small businesses. It's no longer in existence that was going back sometime now."(ECL)

In consideration of overall experience of ACBOs, even though findings on experience and education were mainly of a qualitative nature, we found partial support for the H5.5: *African Caribbean business owners are more likely to have less experience in business than White Asian business owners.* We found negligible differences in real experience of founding business between ACBOs and WABOs; we also found higher number of ACBOs from our sample involved with start-up and directorship experiences than WABOs. We also found ACOBs at a greater disadvantage in their comparatively lack of previous experience in similar companies or activities prior to start-ups. A further disadvantage is also seen for ACOBs in their having fewer parents who are or have been involved in starting and running their own businesses than the WAOBs.

5.5.5 *Entrepreneurs' education*

The testing of the hypothesis in this section on entrepreneurs' education will be done by the analyses of qualitative data, i.e., the analysis of results and findings on this constituent influencing the behaviour and decision of an entrepreneur will be qualitative in nature.

5.5.5.1 *Role of education on entrepreneurship*

We found similarity in the response when entrepreneurs were asked, "if their education play any positive role in their performance or choice of business as entrepreneurs" The response was positive, 71.9% of ACOBs to WAOBs 79% responding positively to the role of education on entrepreneurial pursuits.

Some of the positive comments acknowledged the role of education on entrepreneurship by pointing it out as a tool of expression, communication and thinking. For instance, in their response on the role of education, two of the ACBOs stated:

"I must say that though I haven't used a lot of what I studied, there is that whole way of thinking and developing new systems that has materialised from my education."

"It does play a role in your communication and is invaluable in your presentations, for instance we had an interview with a young lady who happened to be an editor of a magazine, after the interview we got talking, ..."

she asked me how old I was, and I told her, she told me that I talked with a lot of wisdom and experience. Its not really the education that comes across, its your experience in life coupled with your education ... sometime it plays a major role, because you are able to express yourself...”(DDL).

Similar responses were made by the WABOs on the role of education on entrepreneurship. A couple of these comments include:

“It’s been useful, in doing business; it gives me confidence aids my level of thinking, interaction and how I relate with people of all backgrounds.”(SSL)

“It helps me to talk to people like you, no it doesn’t I am joking, when I did the business degree that helped. I did the post grad and that certainly helped but it was more just the end result of the two that is important.”(JBRL)

Another important role of education identified by the ACBOs is its effect on their orientation and approach to doing business. That education enables them do business more effectively and reduce costly mistakes, was acknowledged generally. Examples of comments by ACBOs in this regard are below:

“In my case yes, because I am a trained chemical engineer now specialised in food processing, without that background I would have ventured into something else. Above a certain level your educational level allows you to be a bit analytical and you are better informed as well, you character is better moulded because the temperament beyond a certain degree is different, if somebody was going to do a PhD you know the temperament is going to be higher than person who didn’t because there is a perseverance involved. There is a testing period, there is a calmness involved in dealing with research and dissertation, so I think the level of education and the kind of education you have obviously will affect your orientation and your approach to the kind of business you get involved in.”(BVL)

“I think yes, because obviously you’ve got to make mistakes but the more you are educated to a particular level, the better you are at avoiding costly mistakes in the future. So it’s all about making fewer mistakes. Its all about assessment, carelessness can be costly that’s why you hear about big losses with perishable goods like sandwich in some of the big distribution companies, In business, if mistakes are expensive they come off the profits so the least mistakes you make the better” (CFL)

Furthermore both groups believed having an education has generally enhanced their performance as entrepreneurs. For instance, one of the ACBOs with a thriving media firm puts it this way:

“Yes it was very useful; my background in mechanical engineering helped me design my studio. My studio is sound proof; these are some of the things my

mechanical engineering background helped me to do. Also my management foundation has helped me

manage my business and run the set up successful in the past years. So it's definitely been useful" (GHP)

In another instance a WABO with a ready meal firm made similar comments saying:

" I suppose due to the science background, I could understand stuff about nutrition needed in getting into healthy organic foods, I wasn't a stranger to that area, so when the technical guy who walks with me talks about sugar conversions and that sort of thing I know what he is talking about and feel comfortable. Though it wasn't particularly a motivator, I mean the science background; it was more like removing a barrier." (ROF)

These all portray the majority view on the role of education on entrepreneurial performance. The view is generally positive in both groups. The limitation in this regard is that there is no clear definition on what type of education we are talking about here, as people could be educated in business, engineering, agricultural studies, etc. It's more likely that someone with a managerial or business education may have a greater advantage over someone with an early childhood education when it comes to setting up and running a business venture. It would be interesting to see what results will come out of such considerations in a later study.

5.5.5.2 Highest educational qualification

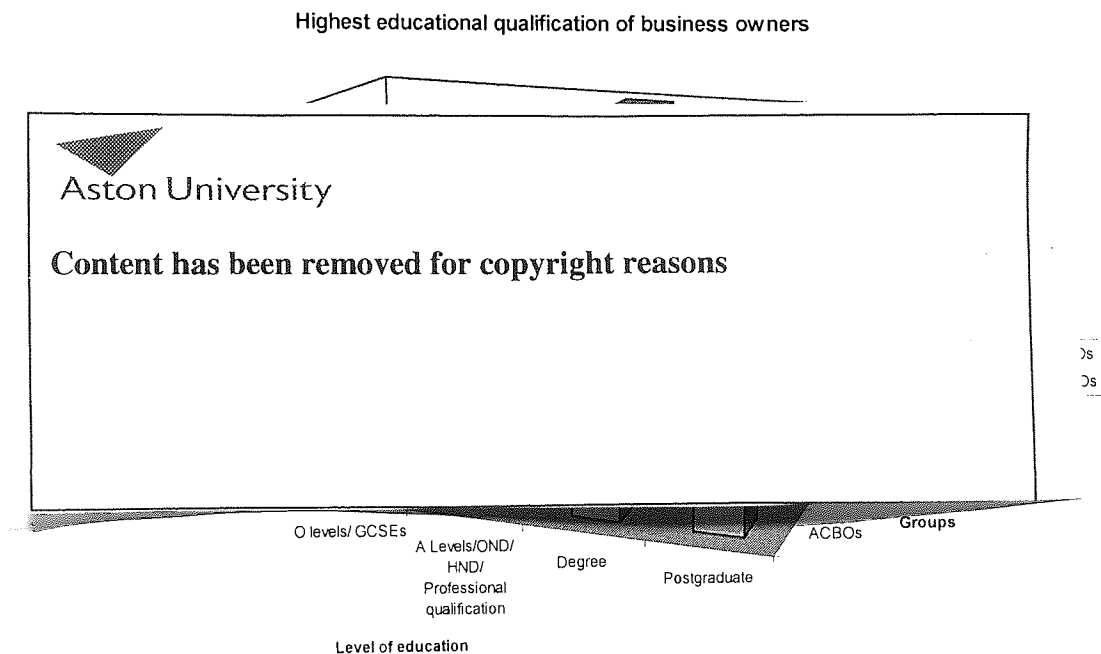
When we asked the entrepreneurs what their highest qualification was, we found that ACBOs had a higher percentage of entrepreneurs with degrees and postgraduate degrees than the WABOs (*see Table 5-8*). Of all the ACBOs interviewed none had just an O level /GCSE. , differing from the findings by Boorah and Hart (1999:115). Their findings argue that "blacks compared to whites were more likely to be: unskilled, have no qualifications, been born overseas, live in metropolitan areas of south Britain..." This difference could be an indication of the quality of migrants coming into England, mostly economic migrants who are well educated from their home country and migrated to better their life but, due to difficulties in the labour market, decided to go into self employment. *Figure 5.2* illustrates the differences in educational qualification between ACBOs and WABOs.

Table 5-8: Highest Educational Qualification of Business Owners

	O Level / GCSE	A levels /OND/HND/ Professional Qualification	Degree	Postgraduate
ACBOs ¹³	-	5 (25%)	9 (45%)	6 (30%)
WABOs	3 (14%)	6 (27%)	9 (41%)	4 (18%)

Source: *fieldwork*

Figure 5.2: Highest educational qualification of business owners



Source: *fieldwork*

Though both groups agreed to the positive role of education in determining entrepreneurial success or performance we found that ACBOs perceived education as impacting in a more positive way on entrepreneurial performance than the WAOBs which believed qualification and education were not the drivers of their performance or pursuits but rather a love for what they do.

In consideration of overall education of ACBOs, even though findings on experience and education were mainly of a qualitative nature, we found support for the H5.6: *African Caribbean business owners are more likely to have equal or higher levels of*

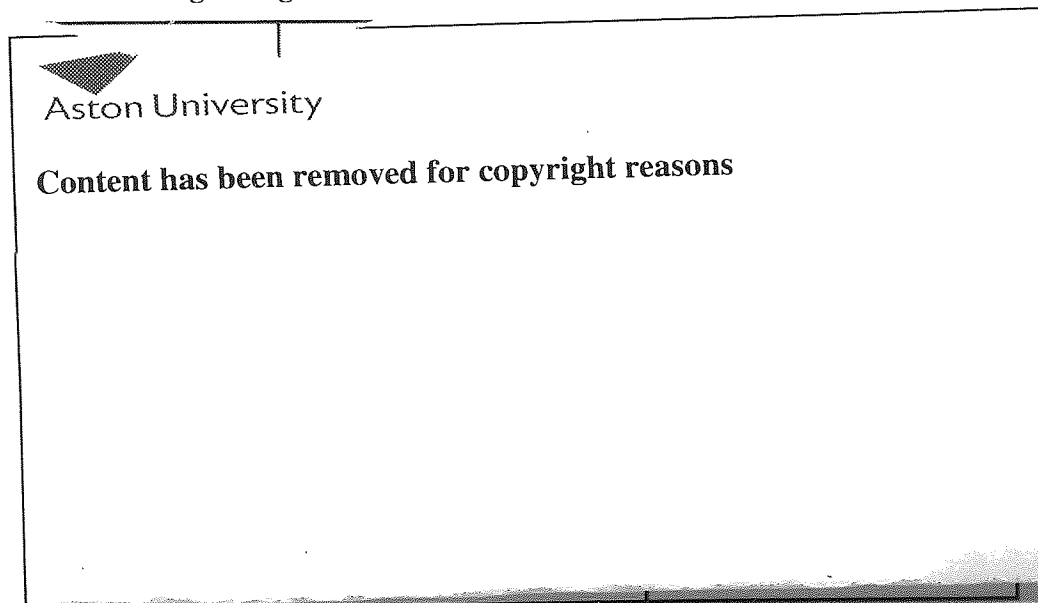
¹³ Findings in terms of management qualifications and training, which shows ACBOs as most qualified in this respect is supported, by our finding. Buttressing the point that ACBOs were well endowed with human capital, although reported difficulty raising capital from external sources (See Smallbone et al, 2003) ACBOs were seen to show an above average propensity to have formal management qualifications in all sectors and there was no difference between first and second generation migrants in this respect.

educational qualification than White Asian owned businesses. ACBOs had a higher percentage of entrepreneurs with degree and post degree qualifications than WABOs. The least qualified ACBOs in our sample had a degree; there were no O'levels or GCSE qualifications among them.

5.5.6 Age and generation of ownership

Table 5-9 portrays youthful African Caribbean business ownership with 35% of ACBOs found between the ages of 21 and 40 compared to the WABOs (14%). The age range of business owners is illustrated in figure 5.4. Most of these entrepreneurs fall into the active working age, as the retirement age in Britain is at 67.

Table 5-9: Age range of Small Business owners

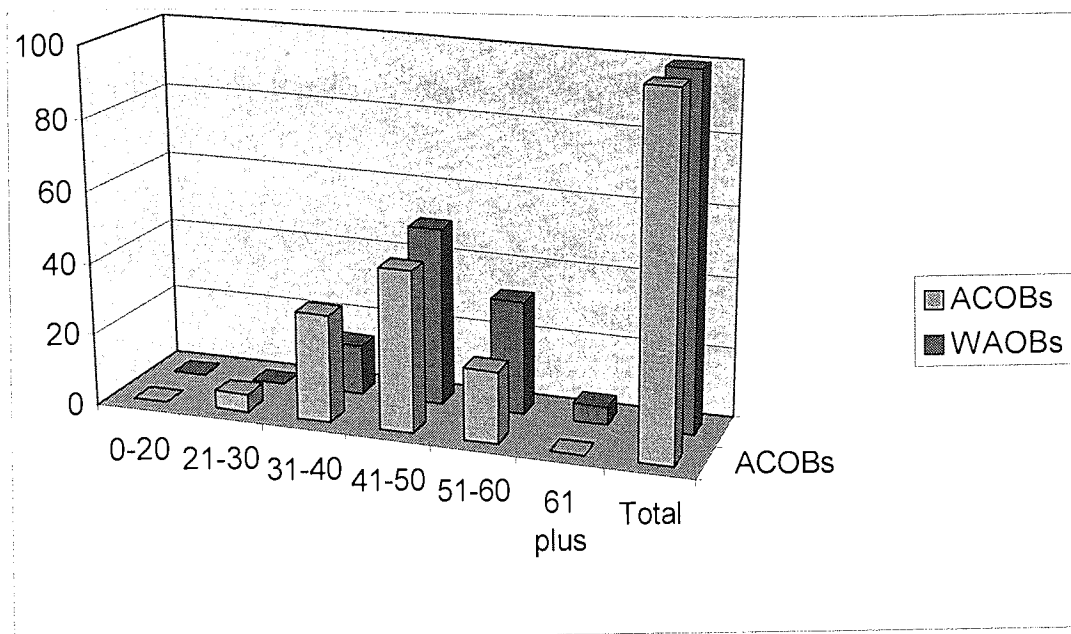


Aston University

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Source: Fieldwork


Figure 5.3: Illustration of Age Range of Business Owners



Source: Table 5-9

Still, these ACBOs have chosen to go into self-employment, likely tied to difficulties of securing employment in the labour market, or linked to the fact that 80% of the African Caribbean entrepreneurs are first generation economic migrants to the UK (see Table 5-10) in search of a better life (confirmed by the “higher desire for security” to “being one’s own boss”). However, when the jobs in the labour market did not materialise, they were pushed into self employment.

Table 5-10: Generation of African Caribbean Ownership



Aston University

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Source: Fieldwork

5.5.7 Reasons for Choice of Business

When entrepreneurs were asked about what motivated them to start their current businesses their responses revealed similar push and pull factors across both groups, these include:

Opportunities in the market, previous experience in similar industry or work, desire to work for own self, love for that particular sector/hobby, unemployment / loss of jobs or redundancy and desire to solve a problem. Summaries of comments under-scoring these responses are presented below:

1. Opportunities in the market.

Comments from the ACOBs about choice of business being a result of the opportunities in the market include:

"It is more a business decision than passion for food, I saw that there was no African ready meal out there and in this area, and I went for it." (TEL)

"So I started off with clothing, I started up a boutique, just about the same time as a friend of mine who had a shop in the city centre. Two things I observed were, there was no black person into: (a) Music -A record shop (b) and a food shop. I couldn't afford the record business but the food business didn't cost as much, so this was how we started, I was the first one to bring Caribbean food to the city centre. It was while doing this that I started manufacturing my spices. Having my fast food store close to a Kentucky made for serious competition, so I decided to produce a paste with a more Caribbean-African taste. People started coming to the shop and asking me what it was, I would say to them I can't tell you what it is, why don't you take a sample home and try it and they did. I started selling the mix in brown paper bags; before I knew it I was selling more brown paper bags of chicken coating than fried chicken. I thought to myself this is a nice idea, I don't have to buy chicken, or fry it or sell it, all I needed to do is get my formula right, get my product together that was how I wound up producing spices." (MPL)

"When I knew the computer market was taking off I, I went to Lewisham College to study PC repairs, after which I went to Westminster University to study networking then later started my own business." (ESL)

"I spotted the need for Nigerian movies, therefore as a means of helping to nurse the nostalgia especially for those who have been living in the UK for the last 15-20 years and were not able to watch their role models or screen idols on TV, I started importing them (AVPL)

"On the magazine side, I saw it as a niche market, that will adequately provide for the needs of my people and I believe that if I am able to get that dedicated audience and readership from the onset then the sky is the limit."(AVPL)

There were also similar comments from the WAOBs about the choice of business being a result of the opportunities in the market. Four (4) of these entrepreneurs put it this way:

"I could see that there was a niche market, I got interested in computer 20 years ago, my first computer being the 'Zenith', written in basic language, I did look at Calborne, Pascal, and Voltron, though they weren't part of what I was doing at the time. And to start learning Pascal when it's just a hobby is quite long, I was more interested in how computer worked for end users"(SDL)

"Opportunity to do something else to get into what I felt was more interesting."(PCL)

"I would say no of course it's based on experience but off course it's more something we found a niche in that we started dealing with different company and that's the way we went... It's more the niche."(GJUK)

"The belief of wanting to do it on my own. Well that is not particular true of this particular business, this was through exit from corporate live, In this case we had a son who we wanted to feed organically, I couldn't find organic pasta sauces, that's why we actually started this particular business."(ROF)

Other push factors include the entrepreneurs' previous experience. One ACBO and WABO commented respectively saying:

"...The drive was really to push forward the ideas that I got from Proda, in building things and testing them and making sure that they work."(CTC)(ACOB)

"Well because there was never a job I particularly wanted to do, its more like I fell into it because I have always wanted to do music, I used to be an actor and then acting didn't work out. I was an actor for 4 years and then that didn't work out, I always wanted to do music and still trying to push my work towards music."(WLUK)(WAOB)

The Desire to work for self is another recurring reason why both groups of entrepreneurs started their business. For example, two of the ACBOs put it this way:

"I got involved in this because I wanted to do something on my own, I ran an MBA at City University where I started doing research on Pattie manufacturing and restaurants in the UK. Later I put the restaurants to the side, and focused on Pattie manufacturing. Part of my course work involved the analyzes of who the consulting class was, after testing the models, my

colleagues thought it was a good idea, I quit my job went to Jamaica, got some funding from some companies which felt it was a good idea. One of them makes Jamaican patties in Jamaica, so we had support and training, however when we came over here, things changed, we had to hire a consultant, and learn from him.”(JPL)

“Motivated by a desire to freely pursue my aspirations, I also believe I was made for running my own business, not working for someone else, and I have always wanted to do my own business. My aspiration in life was to be my own employer, to be free, so this line of business was adopted because I saw a similar product which is what we have in my country of origin, because it’s very hard and difficult to persuade the Africans to eat the crisps here, we decided to do something that can compete with walkers crisps and others in the future. ”(AHF)

In more concise terms than the ACBOs, the WABOs also mentioned *desire to work for self* as a recurring reason. A few examples of these comments are:

I went into business because I was looking for independence and I felt this way I could generate enough funds for my retirement and besides I find what I am doing fun.”(RBL)

“It provided me with the opportunity of avoiding being an employee I had a choice to work for myself, I got an opportunity, and I decided to work there”(JBRL). “To work for myself” (HGL). “Independence to run my own business” (SSL).

“No I was keen on going on my own doing something for myself, working for myself, building a future for my family and me.”(MBL)

Another important reason given for starting business in this area by both groups is *Love for the area / hobby*; examples of comments from both groups are stated respectively below:

“No! IT was a hobby originally, when I lost my full time employment, I felt I could not fit back into paid employment, so it was a matter of looking around for what I could do, and because I had an aptitude for IT, I started working in IT, with another guy...” (ACOB)

I was passionate about food, no idea why, I liked lamb, or probably liked the food and when I was given the opportunity and I took advantage of it.”(TGF)(WAOB)

Our findings show two reasons for starting chosen businesses that were more commonly found amongst African Caribbean respondents than WABOs and these are: (1) the *Unemployment / Loss of jobs or redundancy*, (2) a *desire to solve a*

problem. For instance, in the words of some ACBOs, comments bordering on these three reasons were stated as:

1. *Unemployment/Loss of jobs or redundancy:*

"No! IT was a hobby originally, when I lost my full time employment, I felt I could fit back into paid employment, so it is a matter of looking around What I could do. And as I say I had an aptitude for IT, so I started work with another guy..."

When I started, I worked part time as a security guard and worked from home to see if I could make it into business, after a year of applying to get a job, this was in 1991 the height of the recession, with nobody hiring, I said well I can either be seating here right now or running my own business, I got on with it, in the meantime I got some industrial machines and went on a business course, one of these free courses in taxation, marketing, PR which seemed useful, but that was not the reality, and that's what I think, they should rather teach people in colleges"(KCL)

2. *Desire to solve a problem:*

"This company was put in place to encourage the black community to get involved with the internet, because we thought that people will use it to interact as there was no forum in the UK at least for the black community so we decided to put this facility in place to encourage the black community to use the internet, the intention was never to sell to them like others are doing"(BNL)

"I think it's the fact that up to now African food is mainly eaten by African it's not particularly belonged or reached other communities, so we are basically trying to take it out of the African communities to the other communities as well, similar situation face Caribbean foods equally bad news, its just recently that mainstream are beginning to know their food, their food is not as popular as the Chinese or Indian in anyway. Though they are one step ahead of African food; the Caribbean meal is only just beginning to come out of the Caribbean communities into main stream."(TEF)

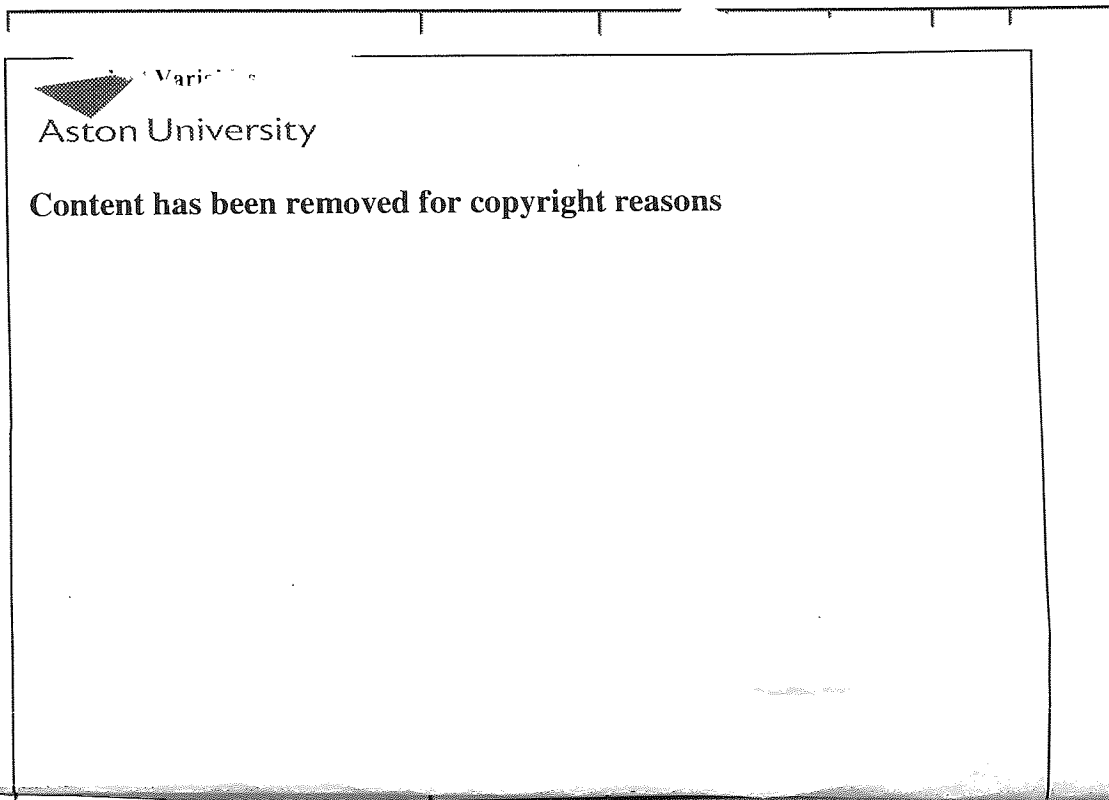
"It was my idea, actually the business came up as an accident, because when we had our first child, we wanted to buy goat meat, I was not impressed with it. They suggested, I go into the cold room, when I went in there the whole place was smelling, I could see traces of rats and I made up my mind I was not buying meat any more I told my wife... that was what inspired me to go into this business. We changed the concept, so far so good; we thank God that we are the first and probably the only company here with this kind of structure. We can supply Tesco, Sainsburys; we want to present Africans with what is obtainable within Sainsbury and Tesco, the Kind of Cool chain environment."(BFL)

5.5.8 Management styles and approach

Out of the five questions asked to determine how entrepreneurs manage activities and make decisions, three of these questions were task-oriented in nature and the remaining two were people-oriented.

There was no significant difference in any of the task-oriented approach variables between ACOBs and WAOBs.

Table 5-11: How entrepreneurs operate and make decisions



Source: fieldwork z has to be < or > than critical value of z to reject H_0 (see appendices, Table 11-15.)
*Significant α Lower mean scores denote stronger agreement with the variable


When entrepreneurs were asked to agree or disagree with the statements: “I need to keep my eyes on my employees to ensure that the job is done”, “my employees’ personal problems shouldn’t affect their ability to do work”, “there is no need to share company’s achievement and progress with my employees”, we found no significant difference between ACOBs and WAOBs (see Table 5-11)

However out of the two variables indicating a people-oriented approach only one of the statements showed a significant difference between the ACOBs and WAOBs. And

that was the statement: "incentives such as bonuses or prizes keep my employees happy". 60% of ACOBs to 32% of WAOBs agreed that incentives such as bonuses or prizes keep workers motivated, seen by the lower mean scored by ACOBs (2.32) than WAOBs (3.28). This increases the likelihood of techniques or approaches that inculcate constant rewards being used by the ACOBs. However, there was no significant difference when it came to the statement, "I instinctively know when my employees are unhappy."

Differences in management approach between ACOBs and WAOBs received partial support, though significant difference is found in one of the people-oriented variables, with ACOBs more likely to use incentives such as bonuses or prizes to keep employees motivated. The relatively lower mean score on task-oriented variables shows higher propensity of ACOBs to adopt a more task-oriented approach than WAOBs, even though there is a significant difference to the WAOBs in their use of incentives such as bonuses or prizes to keep employees motivated (a people-oriented approach)

Table 5-12: Management styles adopted by ACBOs and WABOs

 Aston University Content has been removed for copyright reasons

Source: field work

When the entrepreneurs were asked "if they would like to describe their management style" we found that a higher percentage of business owners (50% of ACBOs and 55% of WABOs) were similar in their preference for a participative management style (See Table 5-11). The implication is that owners have complete confidence in subordinates, where motivation is by economic rewards based on goals, having been set in participation. The difference came in a further 38% of ACBOs preferring to use Authoritative styles in decision-making compared to 0% of WABOs, who rather preferred Consultative leadership style (36%), meaning that there is more likelihood of ACBOs imposing decisions on subordinates, and there is relatively little teamwork.

On the other hand, the WABOs, in having a more consultative system, means that owners, rather than making all the decisions, choose to have substantial but not complete trust in subordinates, and there is a moderate amount of team work.

Comments of two ACBOs on authoritative management style used include:

If you are running a small business and you just leave a lot of scope for employees, you'll be blown out of your estate, if you think about it the high street is a competitive place, our ratings and things are equivalent to what you have in central London, you have to be a director and director has to lead by directing."(CTC)(ACBO)

"The management style is pretty much an eclectic thing but they are looking for a strong leader, they are looking for a decisive leader, leadership doesn't get down right, you can't ask your troops if it's okay to go over and fight the enemy? You got to say we are going over and you have got to convince them to go, you got to say we are going to do this even if it is a long road but you've got to convince them that we are going this way and providing you can talk them on your side you are going to win all the time."(CFL)(ACBO)

In talking about their preference for the consultative management system, three WAOBs had the following comments:

"On the whole I would have said I am a consultative leader."(SDL)

"I have headed up departments and my management style is consultative."(PCL)

"It's hard because I might say I am one thing but you are restrained by other partners and managers in the business and you end up with another style that is not true to yourself. I tend to be if I would say more consultative, I ask their opinion and make my decision based on the feed back."(TBL)

5.5.9 Length of working day

The entrepreneurs were asked, "How would you describe the length of a working day for you and your company? What impact does this have for your success?" In both groups a higher percentage of ACOBs (87.5%) and WAOBs (67%) claimed to have a 10-12 hour workday. Most times this is because of lack of staff or resources to employ such staff and business owners may be left with little or no option but to fill in different roles in the course of the day. Some of these roles may require higher levels of skills and experience, so delegation becomes a difficult task, as to procure such skills may also mean a huge investment into the wages which most of them cannot

afford. So time becomes of the essence to business owners. Examples of comments made by ACBOs in response to the question about *the length of their workday across the sectors and its impact on their success* are as follows:

"I work a minimum of 12 hours; sometimes I don't leave here till half past three (3) in the morning. Why do I say that because I haven't got the resources and time, I would have liked to delegate, one thing about being an entrepreneur you never think about pension or retiring because you are working for yourself. What I should be doing is staying out of the box by delegating and being out there bringing in new business for my company."(GHP)

"Personally, I have no time, I can work till 10pm and that's about 12 hours. This imparts on my performance" (ESL)

"My average work day must be a least 12 hours a day. If I didn't do it, I don't think we'll be in business today."(EDS)

"An average working day is about 10-12 hours, I guess as the director you have a lot of things to do, sometimes delegation might be difficult, as a small business its not easy to delegate, the type of skill that you will require to run the company without doing those hours means you will have to pay good amount of money."(AHP)

"My work varies, when I leave from here I move to the office, sometimes I talk to customers who want to see me. The length of my day varies sometimes 12 hours sometimes 8 hours."(MPL)

"...We run two shifts but I and the other management staff agreed that when it's our production date we will put in more than 12hours, whereas our white counterpart which we employed for media sales department, once its nine to five they are already talking about going home. This is the hard work ethics we got from our parents."(AVPL)

"Very long, we don't have any eight hour day here; we have very long days..." (CTC)

"Sometimes I work till very late, sometimes some of my employees also work late but not very late because they've got family, I have got family too, and sometimes it sort of enters into my social life, I don't have a social life, I work very late, we only work Mondays through to Thursdays." (DDL)

It varies, at times I leave here 7pm at other times 9-10 pm, it varies, if I have a busy workload to do, its not 9-5pm that for sure, definitely more than that as long as there is work."(KCL)

Long working hours were also found among WABOs. Similar examples of comments made by WABOs in describing *the length of their workday across the sectors and its impact on their success* were:

"It is variable, it varies, it really does, and sometimes flat out 24 hours I try not to do more than 18 hours... this definitely impacts on my performance."(PCL)

"Working day for me is an average of 300 hours plus a month. Generally I work 12-hour days; I can't work any less at the moment without it having an impact on my business."(ECL)

"We have a fairly long day, I would work seven (7) days a week if I am allowed to because I am passionate about what I do, I work six (6) days a week as at now. Not every body has the passion, you can't give it to people but you can inspire them which is slightly different."(RTL)

"I mean it's often till mid night, if I didn't work that long it will have an impact."(ROF)

"Pretty much, sometimes work through the evening and sometimes work through the weekend, I have the level of flexibility, if I need to go pick my son up from nursery I can go and do that, so it's flexi currently but tend to be more time on than off."(WLUK)

"Probably about 10 hour day, it has a lot of impact on the success of my business because you always have to be available. You see the actual time in the work place might not be that great but all the time on the mobile phone people are ringing up all the time from different parts of the country for business."(CEV)

"10-12 hours Yeah! Because the more hours you work the more you achieve out of it, to achieve is a lot of hard work, I see people out there they do not work half of what I do and yet they are on a better wage level than I am."(JRL)

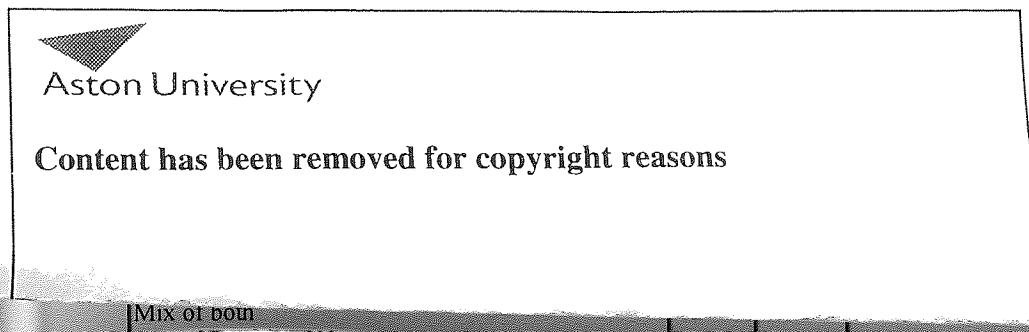
"I don't care what time it is, I was working till 12:30am yesterday, we had to be there to retouch the images, it had to be done, I used to say that there has to be a set time and that I wouldn't work weekends. I realised that to make money that there is no set time, when you run your business you are more inclined to work harder, because the harder you work the more money you make, but when you work for somebody else no matter how hard you work you will still get the same wages. For me this has an impact for my success because if you can deliver and deliver quickly and well, then you have answered most of the questions the client will expect."(TCG)

"I think our working day is very much the same, you work as long as you can without getting tired and that depends on age to a certain amount but you do know what the working hours roughly are if you have your own business you tend to work much longer and harder on the other hand you can take a holiday when you want."(CHP)

5.5.10 Hiring Policies of business owners

When business owners were asked, "Do you hire only from family or your ethnic group or does your hiring cut across other ethnic groups." 60% of ACOBs and 70% of WAOBs would have us believe their hiring policy was driven purely by qualification and merit, supporting similar findings by Ram et al., (2001) where the direct involvement of family members (other than spouses) was rare in African Caribbean and White owned firms; all the Pakistani and Bangladeshi firms (and other Indians) drew on wider relations, particularly, brothers, cousins and uncles.

Table 5-13: Hiring policies of business owners



Mix of born

Source: fieldwork

A few comments supporting a non-sentimental approach to hiring employees by ACBOs include:

"Don't do family. I hire who ever is qualified," (ESL)

"Best person for the job" (TEL)

"When I need workers, I put out an advert and people either friends or family or people outside the company apply for them." (BFL)

"I wouldn't recommend hiring from family to anybody, I talk from past experience." (AHP)

"Our hiring policy is that we will employ anybody of any race creed or colour. We are not biased to black white Asian or whatever if you come for an interview you will be suited to what I need, then we will employ you. If you come in one of the things you find out after the first week is if the person is the right or wrong choice. They aren't going to get better they will get worse but that is the truth. If they are going to give you trouble get rid of them after the probation period or you will spend 80% of your time trying to manage 20% of headaches that's what it will boil down to (CFL)

"I hire from across the board. I work with my wife and every other person is from different places." (MPL)

"We have a hiring policy, reflected downstairs, we hire good reliable workers. We do have a nice mix of people down there we have Caribbean, Africans, we have three Iraqis, a Russian, Malaysian etc." (SRB)

"Sometimes it not necessarily a good idea, sometimes hiring from the family can be a disaster because they will take advantage, they will take you for granted, hire from family provided that family is in tune and understand the importance of the business, they have to bring something to the table, members of the family have to go and acquire the skills like every one else. Unless they go out there and learn about the business and contribute to the business, for them to come out here because it's a family for me it doesn't just work at all. So I rather bring in someone from outside rather than my family if that person will do the work. Because at the end of the day if they come into the business how are they going to get the respect of the team if they don't know their business, and the team is going... oh! You are there because your dad... uncle is there you don't even know the business." (GHP)

In our business 80% of our turnover comes from 20% of our customers. If any thing is going to be done with families it depends on how the family is put together. As long as one person is the boss which is me I take the major decisions, I am here to make the decision of what I think is good, that's why the Asians businesses are successful they might have family members, but the old man is the head of the family and you go with his decisions wrong or right. If you back fight him you are not going to succeed" (CFL)

There were similarities in hiring policies of ACOBs and WAOBs. In most cases responses from WAOBs show strong believe in hiring processes based on meritocracy (and qualification) to hiring based on friendship, ethnicity or family. A few comments supporting a qualification-based approach to hiring by WABOs include:

No I will be reluctant to hire from family! I would hire externally, rather avoiding the issues or clash that could come as a result of hiring family. If I can, I will prefer to employ people from outside the company that are qualified to do the job. As family could affect the level of professionalism or climate needed for success and achievement of set objective." (PTL)

"I only have two at the moments if I work to expand I would take them purely on their ability to do the job. They do not worry me at all if they are of ethnic origin, in fact I have found in many ways that this goes back to time I used to work at sea, I found certain ethnicity were harder working and more reliable than my own. So I tended to find that African Caribbean and Indians were very hard working and reliable, if anything I will probably positively discriminate than negatively discriminate." (SDL)

"Can come with its share of problems." (SSL)

"No! No though I am in partnership with my brother we are the only two members of the family." (CEV)

"No, I mean, it depends on what is required, if it is a specific skill I don't have many friends or family to call upon to be honest. If we need people specifically for that job we will look for them." (TCG)

"Hopefully it cuts across any boundaries at all, again our prime skills are in designing again it does seem quite a white occupation, the reason for that I don't know." (RBL)

"Personally I will not do it, even if one of my family was very keen on my business, because I have a partner who is not related to me and if I wanted to bring in one of my family I would have to proof to my partner that they are pretty good, its not a question of me saying, oh my brother in law needs a job I have got to give him one. A member of family coming in will probably need to work very hard." (CHP)a

The remaining 40% of ACOBs agree that their hiring policy is influenced by relationship with job applicants. A lower percentage (21%) of WAOBs also agreed that they would employ from friends and family if there was an opportunity. (Some comments by the ACOBs are below.)

"We hire mostly from our ethnic group" (BNL)

"This is a tricky one to answer on tape, we have a policy to always go out first to employ, African-Caribbean, and when we were up to 5 staff cause we have dropped back down, we have had 5 at one time and every one stage, it was pound fact, the other employee is white but majority of the time we primarily we look to employ people form our ethnic group." (EDS)

"Hiring is lead by understanding of the principles of persons being hired, so I tend to work well with close friends, or recommendations or people known as far back or known for years. Ethnicity is not very important but a consideration from the black community." (IXL)

"Sometimes its family, friends of some sort, sometimes just from agencies. It's a cross section. From day 1 we had two key members came and worked, some from two plus years now, some for three years, all the people are just part time labour." (JPL)

"They are from similar ethnic groups." (AD)

"I hire only from my ethnic group" The reason being that I believe in ethnic support, for instance the Jews they hire themselves, and they hire other people to do the dirty jobs for them, they keep the money within them, within the family, within their ethnic group, and I just thought of it, why don't we start hiring from our ethnic group, if for instance I hire a hundred or fifty Nigerians I know that their families will not suffer, the money will circulate to them, I believe in a circle of success, for once it breaks something happens, but if the circle keeps going, they will go and buy 'garri', from a Nigerian shop and the money keeps going around the Nigerian circle. (DDL)

Comments by WABOs about employing friends and family include:

"I suppose my hiring will be from personal friends or family, if my son was interested in this field, yes I will be happy to let him come and help him along, no it will be family and friends, because its very much dependent upon individual skill." (KJG)

"I mean it has its challenges, given that my wife is sitting at the next desk I don't know what to say." (ROF)

"There are about nine (9) of them here from one family, there are also four (4) of them here from one family. I am basically not bothered provided every body fits in and everybody gets on. I think it brings an awful lot to the table mostly in fighting" (JBRL)

"I think family is something that is very much under-rated a lot of people frown on it, yes given an opportunity to get your family involved you should. Though, there is one good thing about family, and that is trust. You can count on family members than non family members" (TGF)

We also found a very small percentage (9%) amongst WAOBs responding that if they had members of their families or friends who were appropriately qualified and were ready to work with the business, they would prefer to hire them for that position. For instance, two entrepreneurs put in this way:

"Probably been a little bit of both be careful you have to keep objective." (GJUK)

"My daughter is prime example, it can work because I have proved it, the thing to remember though is if you are hiring family, like anybody else, they have to bring something to the table, my daughter has got marketing skills that we as a company did not have. We needed that, even though I wasn't aware of it, because being a technical oriented company we tend to put marketing and human resources over there, because they are just a 'pain in the Ass' very passionately my daughter and I express what she could bring to the table, and eventually I saw the benefit of marketing." (RTL)

5.6 Conclusion

Our study found support for the hypothesis: *African Caribbean business owners are lower on internal locus of control than the White Asian business owners.* Our findings show support for lower levels of internal locus of control in ACBOs than the WABOs, meaning that the ACBOs are more likely to perceive external forces in the environment, such as government regulation, mainstream support systems, competition, etc, as having a major influence on their performance than will the

WABOs, see *Table 5-14*, where a summary of findings shows lower internal locus of control seen in significant differences in perception of success as less internally based than the WABOs and higher preference for job security than WABOs.

There was partial support for the second personality hypothesis: *ACBOs have lesser Risk-taking propensity than WABOs*. Though one of the risk-taking propensity variables shows a significant difference between ACBOs and WABOs, with ACBOs less likely to support the introduction of new changes, we found that the other risk propensity variables, though not significant, have lower mean scores for ACBOs, indicating a higher propensity of ACBOs than WABOs to go after risky projects, as well as having more willingness to take risk. The higher propensity to quickly support the introduction of new changes by WABOs can lead to higher tendencies to be more innovative in their firms, as well as adapt strategies, summarised in *Table 5-14*.

Table 5-14 Summary of subjective assessment of personality variables

Personality Variables	ACOBs
Internal locus of control variables	
<i>Having power to be my own boss vs. having job security</i>	↔
<i>Dependability on personal decision vs. dependability on group decisions</i>	(↔)
<i>Encouragement vs. discouragement of individual judgement and initiatives</i>	(↔)
<i>Success internally based vs. success externally based</i>	↔
Risk-taking propensity	
<i>Quick to support vs. slow to support introduction of new changes</i>	↔
<i>I love going after a good project no matter how difficult vs. less difficult</i>	(↔)
<i>More willingness to take risks vs. less willingness to take risks</i>	(↔)

↔ Significant difference with higher entrepreneurial orientation by ACOBs (↔) No significant difference between both groups though mean score shows a higher entrepreneurial orientation by ACOBs
 ↔ Significant difference with higher entrepreneurial orientation by WAOBs, (↔) No significant difference though mean score shows a higher entrepreneurial orientation by WAOBs

In assessing the differentials in skill levels of both groups of entrepreneurs, we found little or no support for the hypothesis: *The African Caribbean business owners have weaker business skills than the White Asian business owners*. We found no significant

difference in subjective assessment of eight (8) out of nine (9) core competence skills variables except in the marketing skill variable where ACBOs were found to assess their marketing skills higher than WABOs. These skill differentials are summarised in *Table 5-15*

We found that more ACBOs believe that they have strong marketing skills, translating into higher ability to identify markets and exploit them. The impact of these marketing skills is seen in their ability to internationalise operations through extensive networking, based at times in their countries of origin or distributors of similar ethnicity in other western countries (Ehoro and Roper, 2006), showing that ACBOs do not have human capital problems shown by higher levels of education even up to degree level with 30% of ACBOs, compared to 18% of WABOs, having a post graduate qualification. This presence of core competence skills eliminates wild assumptions that resultant behaviour and decisions such as management style, length of workday that influence strategic orientation of the organisation, hence its performance, is primarily due to ACBOs lacking in the area of skills or competence.

Table 5-15 Summary of subjective assessment of skills

Core Competence skills	ACOBs
<i>Communications skills</i>	(=)
<i>Financial skills</i>	(=)
<i>Interpersonal skills</i>	(=)
<i>Managerial skills</i>	(+)
<i>Manufacturing skills</i>	(=)
<i>Marketing skills</i>	+
<i>Organisational skills</i>	(=)
<i>Personnel skills</i>	(=)
<i>Technical skills</i>	(=)

+ Significant difference with higher skill strength by ACOBs (+) No significant difference between both groups though mean score shows higher skill strength by ACOBs
 = Significant difference with higher skill strength by WAOBs, (=) No significant difference though mean score shows higher skill strength by WAOBs

Also interesting was the way skills were perceived by entrepreneurs from both groups as most of the respondents did not stick to mentioning traditional business skill sets such as: financial skills, marketing skills, personnel skills etc. but ranked qualities and values like boldness and determination, ability to stay motivated as the most needed skills by any entrepreneur, at times equating these values to skills.

Our findings provide support for the Hypothesis: *African Caribbean business owners though having similar value orientation will emphasize this differently from WAOBs*. We see significant differences between ACBOs and WABOs in value emphasis. We found more ACBOs seeing businesses as a source of power, security, and status symbol for the owners. ACOBs scored higher in 4 out of 5 on values and belief variables than WAOBs, with significant differences on values and belief variables such as: ‘power’, ‘security’, ‘status symbol’ as well as higher agreement with ‘outlook and contribution to society’. WAOBs only had a higher propensity on the ‘outlook on wealth’ (see summary in *Table 5-16*).

Table 5-16: Summary of subjective assessment of values and belief

Beliefs and Values	ACOBs
Having business always provides good avenues of Contribution to society	(+)
Business always provides a source of power for owner	+
Businesses basically provide security for the owner	+
Having a business could be a status symbol	+
Businesses provides an avenue to acquire wealth	(-)

+ Significant difference with Stronger agreement by ACOBs (+) No significant difference between both groups though mean score shows stronger agreement by ACOBs
 - Significant difference with stronger agreement by WAOBs, (-) No significant difference though mean score shows stronger agreement by WAOBs

This was further seen on the higher responses of ACBOs with a positive view about the influence of their parental culture on their entrepreneurial values: by role casting hard work and discipline required to run a business, adverseness towards borrowing (common among first generational immigrants) and, in many cases, pressure to be highly educated and get white collar jobs. Though findings on experience and education were mainly of a qualitative nature, we found partial support for the hypothesis on entrepreneur’s experience: *African Caribbean business owners are*

more likely to have less experience in business than White Asian business owners. We found negligible differences in real experience of founding businesses between ACBOs and WABOs; to our surprise we found higher numbers of ACBOs involved with start-up and directorship experiences than WABOs. We also found ACOBs at a greater disadvantage in their comparative lack of previous experience in similar companies or activities prior to start-ups. A further disadvantage is also seen for ACOBs in their having fewer parents who are or have been involved in starting and running their own businesses compared to WAOBs (see Table 5-17).

Table 5-17: Summary of findings on entrepreneur's experience and education

Variables	ACOBs
Entrepreneur's experience	
Parent's experience	-
Previous experiences in similar companies	-
Managerial experiences in large companies	Σ
Experience of founding other companies	+
Entrepreneur's education	
Role of education on entrepreneurship	Σ
Highest educational qualification	+

Source: Fieldwork
 + Higher for ACBOs or ACOBs Σ Similar or unclear for both groups
 - Lower for ACBOs or ACOBs

The implications of all these is that fewer ACOBs will have benefited from parental contacts, opportunities, access to information, and experience of running business thereby developing their own business acumen, so, though this research found ACBOs founding more businesses¹⁵ compared with the WABOs, there was a higher rate of failure among these ACBOs than among the WAOBs which could all be influenced by this lack of contacts, opportunities, access to information and a chance to build up business acumen benefited in a better measure by the WAOBs, implying that as more ACOBs proliferate, they provide role models, mentorship, business resources for up-coming generations; therefore, bodies interested in developing and encouraging self employment of this group may like to bear this in mind.

¹⁵ Ekwulugo (2006) attributes this drive (in talking about the African businesses) to more or less economic African migrants that came to Britain well educated to better their lives.

In consideration of overall education of ACBOs, even though findings on education were mainly of a qualitative nature, we found support for the hypothesis, *African Caribbean business owners are more likely to have equal or higher levels of educational qualification than White Asian owned businesses*. ACBOs had a higher percentage of entrepreneurs with degree and post degree qualifications than WAOBs. The least-qualified ACBOs in our sample had a degree; there was no O'level or GCSE qualification among them (see *Table 5-17*). We also found similarity in positive view of the role of education as a tool of expression, communication, and thinking. There is a consensus that education reduces costly mistakes and increases effectiveness as well enhancing personal performance. The study's findings about behaviour and decision constituents such as management styles discovered that ACOBs scored higher than WAOBs in 4 out of 5 variables on management styles. The only significant difference found is '*ACOBs being more likely to offer bonuses to workers than WAOBs.*' Even though there was no significant difference found in assessment of managerial skills, the mean score shows that ACOBs believed that they had better managerial skills when core competency skills were subjectively assessed. Though both groups had a higher preference for participative management style, the ACOBs were more likely to adopt authoritative management style to consultative while a higher percentage of WAOBs were more likely to adopt a consultative management style than the authoritative one.

Table 5-18: Summary of subjective assessment of management style

Management Style	ACOBs
I need to keep an eye on my employees to ensure their job is done	(+)
Employees personal problems should affect their work	(+)
No need to share companies achievement and progress With my employees	(+)
Incentives such as bonuses keep my employees happy	+
I instinctively know when my employees are unhappy	(-)

* Significant difference with Stronger agreement by ACOBs (+) No significant difference between both groups though mean score shows stronger agreement by ACOBs - Significant difference with stronger agreement by WAOBs, (-) No significant difference though mean score shows stronger agreement by WAOBs

We further see higher percentages of ACOBs and WAOBs claiming to hire based on merit and qualification while the remaining 40% of ACOBs agree that their hiring

policy is influenced by relationship with job applicants. A lower percentage (21%) of WAOBs also agreed that they would employ from friends and family if there were an opportunity.

CHAPTER SIX

Business environment and Competitiveness of small firms

6.1 Introduction

Over the past few years it has been seen that a firm's survival depends to a great extent on the capacity to constantly satisfy the customers' needs over the competitive pressure coming from its business environment, including government regulation, available business support services, technological resources [e.g. Information technology (Theodorou, and Florou, 2008)], access to distribution channels, competitors, etc. These business environmental factors have also been noted as important in a number of studies of single and multiple issues that affect new ventures and small businesses (e.g.. Bridge & Peel, 1999; Heneman, Tansky, & Camp, 2000; Orser, Hogarth-Scott, & Riding, 2000; Tepstra & Olson, 1993). Therefore a greater understanding of the type of business environment is crucial to strategic thinking. It has been discovered that the entrepreneur's perception of business environment will modify its strategic orientation hence indirectly impacting firm's performance (Ray, 2004; Baum and Wally, 2004). This chapter will build on the findings of previous chapters; it will investigate the groups' perception of their business environment. The aim of this exercise is to determine the extent to which the business environment may be moderating performance differentials between ACOBs and WAOBs.

6.2 Business environment and African Caribbean owned businesses

Thomas and Mueller (2000), while investigating whether the frequency of locus of control varied systematically with cultural distance from the United States, found cultural background significant in diminishing the degree of control that the entrepreneurs feel over their environments, but not necessarily their entrepreneurial propensity. So many ACBOs originally came from collectivist cultures (Etounga-Manguelle(2007), while the Americans and Europeans tend to have more individualistic cultures. The implication of Thomas and Mueller's argument is that ACBOs who are originally from collectivist cultures (especially those of the first generation), given the individualist culture of the environment that they currently operate, may feel less control over their environment. The tendency is to position their

firm in a hostile environment due to perceptions and as a result adopt a more entrepreneurial –strategic posture- aggressiveness, proactiveness and riskiness, meaning that the environment's influence will not be significantly related to differential performance of ACOBs in a direct manner but from a cultural perspective i.e. background will likely determine the strategic posture and manner in which these ACOBs react to environment influences via their strategic orientation. Furthermore, Chrisman et al., (2002) argues that because culture is a shared attribute, individuals with common cultural backgrounds will tend to have more similar views of their environments than individuals with different cultural backgrounds. The central theoretical premise of their study is that culture will influence entrepreneurs' perceptions about the environment which, in turn, will influence their strategic choices and the performance of their ventures.

Generally speaking, it is well known in literature that ACOBs, like most ethnic minority businesses, operate in run-down, deprived and decaying inner-city locations and in highly competitive low value activities (Bank of England, 1999), they have evolved with increasing ability to innovate in the context of a changing competitive market environment in which they find themselves (Iyer and Shapiro, 1999; Waldinger et al., 1990). The levels of competition involved in co-ethnic markets have been found to be surprisingly high (Nwankwo, 2005) contrary to the “protected market axioms” (Waldringer et al., 1990), intensifying competition and deprived locations may influence the way ACOBs perceive their business environment.

Further literature has shown that they face particular problems in accessing finance from their environment compared to other groups (Smallbones et al., 2003) and even lack social capital and ethnic resources available to other groups like the Asians (Soar,1991: Ward,1987 cited in Ram and Jones,(2007) and in so many cases have complained of discriminatory practices in accessing resources and opportunities (ACOST, 1990; Storey, 1994, also cited in Ram and Smallbone, 2003)

Following on from these past finding we immediately find the ACOBs facing unique challenges within their business environment relative to the WAOBs, suggesting that ACOBs are more likely to perceive and position their businesses in a hostile environment than would the WAOBs.

H6.1: Positioning of the firm within the business environment

ACBOs are more likely to position their businesses in a hostile environment than the WAOBs

6.3 Empirical method

6.3.1 Questionnaire design and interview schedule

The Business environment and competitiveness was mainly assessed using semi-structured questions and questionnaire.

Firstly, this construct was measured with a six-item questionnaire, with a 5-point scale (see Appendices: Card #5). Higher scores on this measure indicate greater environmental hostility, whereas lower scores indicate perceptions of a more benign or munificent environment. The questions were designed to cover two environment constructs consistent with earlier research theory: benign and hostile (Covin and Slevin, 1989; Lumpkin and Dess, 2001) as mentioned in the earlier chapters, subsection goes by the title: "Pressures on the business" (Card #5: 6 questions). The quantitative questions were all analysed using the Wilcoxon ranked sign test.

The quantitative questions also include a question on the importance of government regulation to the success and performance of the businesses.

Secondly, during the face-to-face interviews, semi-structured questions were asked about the number of competitors in their main business, about the ethnicity of competitors (where appropriate), and about the intensity of competition in the market. Other questions include the adequacy of support services provided by government agencies and support institutions. Chi square analysis was introduced analysing the categorical data on the "intensity of competition in your market".

6.4 Empirical results

6.4.1 Positioning of the firm in the business environment

During the fieldwork, ACOBs and WAOBs were allowed to position their businesses in the business environment (Hostile and Benign). The Wilcoxon signed ranked test

shows that there is no significant difference in the distribution between the two groups on any of the variables (see *p values* in Table 6-1)

Therefore there was little or no support for H6.1: *ACBOs are more likely to position their businesses in a hostile environment than the WAOBs*

Though there was no significant difference between both distributions in the type of environment in which they positioned their firms, we discovered that ACOBs had a higher mean score than the WAOBs across many of the variables. Higher mean score denotes higher propensity to perceive hostility in the environment. The WAOBs only had a higher mean score when it came to the choice of perception between the environments being very safe vs. very risky. The WAOBs agreed more with *the environment being very risky, believing that a false step could mean firm's undoing.*

Table 6-1: Response to Business Environment and Pressures by ACOBs and WAOBs

Variables	Z Asymp.Sig. (2-tailed)§	α WAOBs	α ACOBs	N- Ties	P- value	Level of significance
Business Environment / Pressures						
Very safe vs. Very risky environment	-0.363	3.00	2.92	15	0.717	> 0.10
Environment rich in investment vs. Hard to keep afloat	-0.666	2.72	2.92	19	0.505	> 0.10
Environment easy to control vs. dominating environment	-0.929	2.52	2.76	20	0.353	> 0.10
Little vs. tremendous competition	-1.393	3.68	4.04	14	0.164	> 0.10
Predictable vs. unpredictable competitors	-0.315	3.56	3.72	16	0.753	> 0.10
Possible to offer at lower prices vs. only possible to offer at higher prices	-0.493	2.92	3.13	19	0.622	> 0.10

*Significant difference

Source: Fieldwork.

α Higher mean scores denote higher perception of a hostile environment while a lower mean score denotes a perception tendency towards a benign environment.

We observed that ACOBs had a higher average mean total (3.25) than WAOBs (3.07) see *Table 6-2*. Illustrated in *figure 6.1*

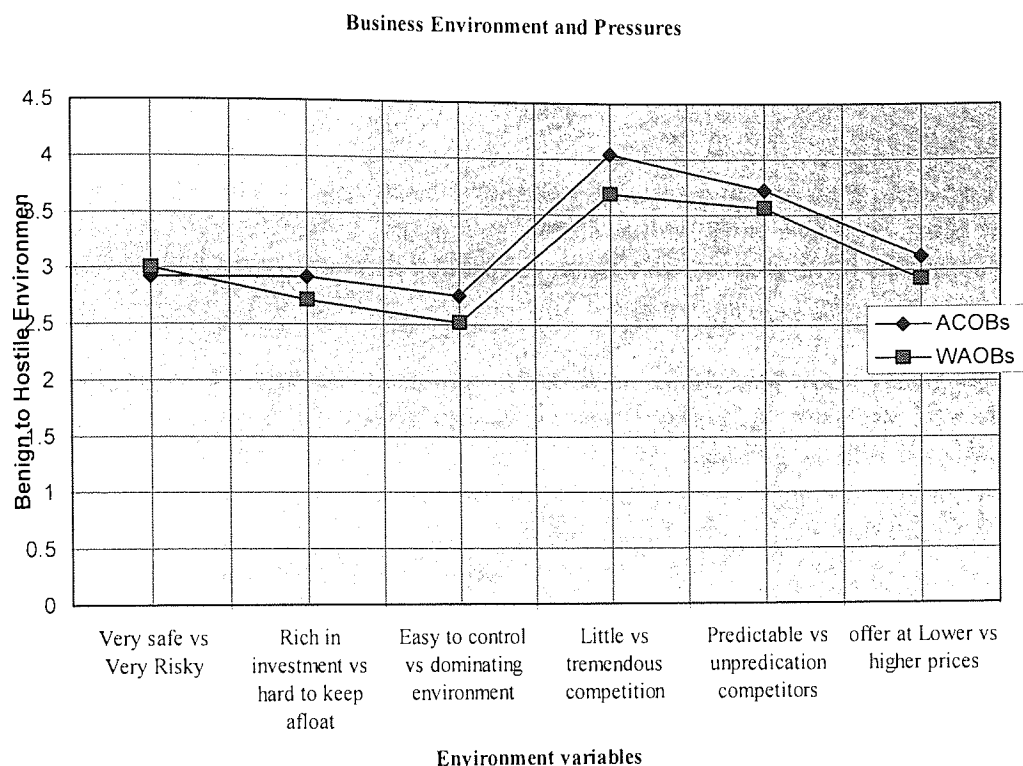
This higher propensity to perceive the environment as hostile by ACOBs than WAOBs can be seen in *Tables (6-1, 6-2)* and *figure 6.1*, indicating that ACOBs seem to agree less *with the business environment being rich in investment and marketing opportunities* than WAOBs. Also they seem to agree less about *the environment being one that they can control and manipulate* and rather agreed more that *their firms are located in an environment with tremendous competition both technologically and politically*, with responses tending towards *the activities of major competitors being unpredictable and competition being very intense*.

Table 6-2: Mean Scores of Business environment variables of ACOBs and WAOBs

	ACOBs	WAOBs
Very safe vs. very risky	2.92	3.00
Rich in investment vs. hard to keep afloat	2.92	2.72
Easy to control vs. dominating environment	2.76	2.52
Little vs. tremendous competition	4.04	3.68
Predictable vs. unpredictable competitors	3.72	3.56
Offer at Lower vs. higher prices	3.13	2.92
Average mean Total	3.25	3.07

α Higher average mean total score denote higher perception of a hostile environment while a lower mean score denotes a perception of a benign environment.

Figure 6.1: Response to Business Environment and Pressures



Higher mean score shows a perception of a hostile environment while a lower mean score shows a perception of benign environment.

There is tendency for ACOBs to agree more that their firms are located in an environment with tremendous competition both technologically and politically, with responses tending towards the activities of major competitors being unpredictable and competition being very intense. These were supported by the qualitative findings, as when business owners were asked to comment on the competition in their markets. 85% of ACOBs said that it was very intense compared to 59% of WAOBs.¹⁶ The Chi-square analysis shows that there is a significant difference in the response of both groups on the intensity of competition in their markets ($\chi^2=0.001$, see Table 6-3). Also this intense competition faced by ACOBs came from: (1) other businesses from their ethnic groups (2) businesses from other ethnic groups, more common in the manufacturing sectors, (3) and mainstream businesses which are more common in the media and computer-related services. A few comments from ACBOs about the intensity of the competition in their market include:

¹⁶ Black African minority businesses operate in run-down, deprived and decaying inner-city locations and in highly competitive low value activities (Bank of England, 1999). This could be a reason for the higher perception of hostility.

"Surprisingly I would say yes, my biggest competitor is CFL, they have done really well. We are coming after him. I am moving into some of the area he's moved into, he is in an area of very tight margin area, looking a head I might not be able to get there I might be looking at slightly different market. CFL's Pattie is a different type of Pattie." (JPL)

"Huge! There is a big competition. Even before I came in as a major player, it was a major struggle. There was competitions from Billings' gate market, smith field market, there are establishments that have been in business for the past 40years," (BFL)

"In terms of pounded yam we have over 25 brands competing with us. However what has singled us out is our pioneering position, We are the pioneers, the only thing that came before us then was a machine that was called 'Poundo' machine but we've moved beyond that we setting pace in other areas such as 'fufu' flour. Now we are the first to provide canned foods on a large scale." (YVL)

"Oh yes there are loads, there is a few from the ethnic minorities but mainly from white European." (EDS)

"I have a lot of competitors, so many." (BNL) *"Loads of them about 20 or more,"* (AHP)

"We have several competitors, both here in the midlands, in London, in Manchester. We take our competitors very seriously. Having said that even though they are our competitors personally I feel we still need to work together and there is obviously a lot we can do together because the market is massive and I think even if you group all the competitors together you will still struggle to supply the market." (SRB)

"Since then we have people like Rajah replicating our brands when we bring out something and call it pork chops they'll bring out something and call it pork chops, when we brought out family chicken season, they brought out something and called it chicken season. So you have Rajah, you have Faithsea, you have Eastern foods, and they all are ex-customers who decided to replicate our products. When it first started I felt very disappointed that for seven (7) years I worked night and day trying to market this product, trying to create enough awareness, trying to make this product become acceptable, just as it was about to, somebody comes and takes the product creating cheaper brands messing up the market. Some places it is good for us because it makes people realize how good our product is. Some places it was bad for us because the market could not afford to spend £2 per Jar on our products they would rather spend £1 or so, some people don't care what they eat." (MPL)

"Our papers compete on the news stand with likes of 'Guardian', 'The Evening Standard', and 'Daily mail', even 'Metro' is our competitor, because we approach the same advertisers, and the advertisers will ask you why do I need to advertise in 'AVPL' when the 'Metro' is a free paper, why would I need to advertise in 'AVPL' that has 20,000 print run, when the 'Telegraph' or the 'Independent' or the 'Daily Express' has 250,000 on a daily basis, we are

able to tell them that there is no need for you shoot wide, aim at those you want to target. For instance, there is be no point for money gram and western union to put an advert in metro, when their primary market are the Africans who remit money to their home countries, so what is the point, AVPL will serve your need. We are able to say to the advertisers, if you need to tap into the 40 million strong blacks in this country or get, within the African community, the fastest growing ethnic community. These people should begin to look at African publications."

When WAOBs were asked to comment on the intensity of competition and pressure within their business environment, their comments included:

"There are a lot of software testers, an awful lot out there, there is a lot of competition and there are also a lot of contracts, it comes and goes." (KJG)

"We have competing in our market large organisation much bigger than us. We have many banks, insurance companies etc that are competing with us. Though for us we are different in what we do. Yes we do have a lot of competition but not critical to the success of our business." (PTL)

"There is a lot of competition in the area, that we work in, we actually do some research to actually try and identify our nearest competitors, because if you are a big company then your competitors become obvious, if you are a smaller company you are not necessarily aware there are more companies, or how many people are actually directly competitive to you. We are actually studying at the moment? Just generally looking and researching through the Internet who is out there geographically who is doing what." (ECL)

"5 or 6 Well that's how, because quite a number are large publicly quoted companies these are certainly fierce manufacturers. One I think is Bangladeshi by background but lives in here and set up her own small factory, there are mixture of groups " (ROF)

"There is a lot of competition but we work on a word of mouth basis really by recommendation we don't advise at all. " (WLUK)

"Thousand of competition, the competition is very intensive (TGF).", "Very Competitive" (JRL).

About 15% of ACOBs against 41% of WAOBs see the market competition as moderate or no competition (see summary of percentages in Table 6-3).

One of such ACBOs said:

"I don't see a lot of competition the only thing is that because of a lack of capacity some of us don't advertise enough, if we advertise enough in the correct places we would be inundated with work to the extent that we will need a lot of staff sometimes, and even a bigger premise." (CTC)

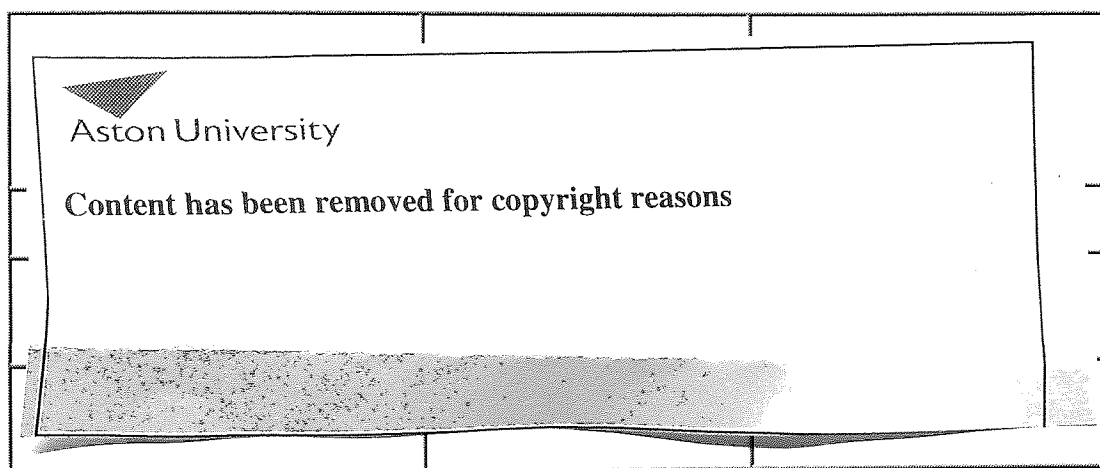
Comments from the WAOBs about the moderate level of competition include:

"4-5 businesses which are all indigenous owned businesses" (SDL)

"About 3 and are all indigenous businesses" (GJUK)

"Truly we have about half a dozen worldwide, they are from different ethnic groups, Chinese, India, etc. for instance china has the world's largest computer manufacturer today, everybody is the Hewlett Packard /Compaq is the world's largest computer manufacturer, its not it's a company called Linova, which is a Chinese company that's it, they are the world' we also have Americans and Germans." (RTL)

Table 6-3: Response to Market competition and pressures



Source: fieldwork

$\chi^2=0.001$

6.5 Ethnicity of the Competition

Furthermore, when entrepreneurs were asked about the ethnicity of their major competitors, a higher percentage of ACOBs (60%) felt most of their competition came from WAOBs while 40 % felt that their major competitors were from other African Caribbean firms.

Commenting on majority of competition coming from outside the African Caribbean ethnic groups, two entrepreneurs said,

"90% of my competition is from the white mainstream and the other 10% are Asians. The competition is greater on the beef products because the Asians control the market." (BFL)

"My competition is not only from within the ethnic group, no! No! It includes, Indians and Asians not the white community." (AHP)

Generally, the WAOBs interviewed didn't have any major ethnicity that they were competing with but felt competitors could come from any ethnic group, and felt it all boiled down to location or town and the predominant population.

Comments from two WAOBs capture the thought of other WAOBs about the ethnicity of their major competitors:

"About the ethnicity of those competitors, I haven't got a clue" (MBL).


"Could be anything, I mean there all sorts of companies in London that are run by other ethnic groups but then if you perhaps go to Middlesbrough, its down to the nature of the town that they are in, isn't it The nature or ethnicity of competition is down to the area your company is located, some towns and cities tend to have more multicultural ethnicity than others e.g. London, Birmingham, and Manchester, but some other towns tend to be very indigenous with little ethnicity, such tend to have more indigenous competitors.."(TBL)

6.6 Government Regulations, Government agencies and Support Institutions

6.6.1 Government Regulation

It's a known fact in literature that the government has a number of instruments it can use to change the way markets operate. The major ones are taxes, subsidies, laws and regulatory bodies. The market and environment pressures did not emanate from the market competitive forces alone but from macro environmental factors like *government regulation*. The Wilcoxon ranked sign test shows a significant difference ($p=0.063$) between ACOBs and WAOBs on "the perception of the importance of government regulations" to success and performance of their business. ACOBs rated government regulations as very important to the success and performance of their businesses more so than the WAOBs (see *Table 6-4*)

Table 6-4: Importance of government regulations to the success of business

 Aston University	ce
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Source: Fieldwork.

*Significant difference

α Higher mean scores denote higher level of importance of variables.

6.7 African Caribbean Owned Businesses and Governmental Support Institutions

When ACOBs were asked their thoughts on the adequacy of support received by the members of their ethnic groups from governments and support institutions, apart from an infinitesimal few who either did not see the relevance of government support or had a more positive outlook, the majority of ACOBs perceived the support from government or support institutions as rather inadequate.

Comments from the few that had a more positive outlook were mostly based on the choice not to see their colour or minority status as a disadvantage but as an economic advantage to be capitalised on, explaining away inadequate support by quota limits or poor credit rating or just down to preferring self-help solutions.

“I think that black businesses could capitalize on our minority status. Perfectly speaking I have always capitalized on my minority status. I am not a typical Blackman, I have faced racism because I am Jamaican, still any chance I can get to capitalize on my minority status, and I use it. So I won't say it's economically a disadvantage. From the point of view of the government funding, I don't think this is adequate, this may be, because the government has a quota to fill, if people are diligent... unless, their personal credit rating and their track record is bad, then the funding might be harder to get. I don't think any business is getting more assistance than the other.”(JPL)

“I believe in self help and hence have never looked to government or support institutions for any help at all.”(AHF)

Some African entrepreneurs felt that the government was not to be blamed, but rather associated any perceived disadvantages to the absence of an African emporium or umbrella through which a united voice can come forth to government agencies or

support institutions.

I will not necessarily say that the government and support agencies are not doing anything. I will just say that the African businesses are not doing much, you got the Caribbean food emporium, started by an entrepreneur, you've got so many other umbrellas, and the problem is this; as a person it is very difficult to fight for anything but as an organization or you are all under one umbrella it is much easier to get that recognition, I think more African entrepreneurs have to get together under an umbrella and the government or support institution will take them more seriously." (TEF)

"It is beginning to change, yes they have not until the last 2 years, we are beginning to realize the need to come together as an entity, a trade association a community business group and we are able to apply and focus our funding." (AVPL)

Some ACOBs, while acknowledging the contributions of government and support agencies, still emphasized the *inadequacy or irrelevance of this support*, sometimes finding this support rather bogus and at times of an irrelevant nature:

"We visit countries through the trade mission, the subsidies still attract a lot of debate because there is not enough subsidies going to small businesses but the big companies... its okay if you have got profit, if you haven't got profit you need better support but the intervention rate at the moment is not good enough that's something they may want to look into if they want to better support the small businesses." (GHP)

"Unfortunately the black communities have not received enough support in this industry. Even when you think about say the garment office for London the LDA, London development Agent, and all the grips, even the learning and skills council what they notify us about sometimes early enough is like "oh we are running a career development programme how many employees of yours do you want us to put into It", rather than projects that you want to actually drive through like learn direct programme contract etc, even though you have a centre that is an approved UK online centre..." (CTC)

Others ACOBs felt that there was a *lack of genuine interest and transparency by government and support institutions, agents or initiatives*. A few comments capture this:

"...No, certainly not, what happens or what the government does is to massage figures, they only give money to the groups that they know, and they give it to the groups that don't need it, I have seen it time and time again, the people that need it don't get it. They don't get anything apart from what is open to anybody. They come to us they say that they want to help us, but all they are really doing is not just ticking the boxes, this is my feeling and that of some other people. Usually who ever they send half the time are not really interested

in ethnic minority businesses nor do they understand the ethnic businesses, they just seem to be working for business link because they are going to get paid, they might give you the first one free and you've got to pay for the next one, that's the way it is."(BNP)

We seen business link and business link have tried to help assist businesses, you get an adviser come interview and go away whatever but you find that real help never materializes. Some people have the impression that business link has certain boxes to tick, a number of boxes they have to tick to show they have provided adequate support to black business or ethnic entrepreneurs and they tick these boxes "yes"(STL)

"...Offer business support! No not at all... it's starting to improve now, what happens now is that some of the older heads, the older black business heads are very wary about anything that the government does now, because of how they got their toes burnt, I mean I am part of the business forum in Harlesden and NW Town connect, within that there are black businesses that have been in the area for 25-30 years, if you talk to them, they will tell you how initiative comes to Harlesden and how money comes to Harlesden and it disappears. They are very distraught towards that reality. I mean I take on the lessons and try to keep an open mind, I am going to try to get it this time."(IXL)

Some other entrepreneurs have been put off by their former experiences and did not have confidence in government agencies and in some cases were unwilling to continue to pay what they perceived as exorbitant sums. An African Caribbean entrepreneur commented:

"No! We wanted to start up a new line of smoked food products because Africans love smoked products: smoked turkeys, smoked chickens and we advised firms on what we wanted to do, we approached the bank and they told us, you can get in touch with business link, and business link said, that they will help us set up but first, you have to sign an agreement for us, so that we can advise you, and that agreement cost us about £500 plus. No money ever came from business link; so after a while, I couldn't continue funding business link. So when business link and others say there is money available, I don't see where the money is."(BFL)

In other responses we found that some ACOBs were ignorant or confused about the nature of funding available to them. One entrepreneur, though feigning ignorance, acknowledged getting letters from business link inviting him to seminars, which he may not have attended because of doubts as to materialisation of such funds to the business.

"No! I don't know one fund, though I know that one thing businesses look for is finance, I can't particularly think of any fund that I know, even though I have been in business for a while, I don't know a fund that is specifically for ethnic

minorities. I can't think of one, and I know ones that are specifically for women, I have heard of one specifically for people who come out from criminal justice systems, who are of certain age group or maybe in certain locations, but I haven't seen the one that is specifically for black people. I might be wrong..." (AD)

"I am not in the position to say yes or no! I don't know what the government is making available for me to assess whether we have gotten our own share or not. It is someone who is doing research into it that will tell us what is available. I know that in the east London region there is the east London business link and there is regional development we do get showers of letters inviting us for seminar for business meetings on how to take grants from EEC." (YVL)

Only a tiny percentage of ACOBs complained of discriminatory experiences in the course of utilising such supports and apparent loss of money invested in this regards.

" There was a little programme, I should have actually run before march this year that was thwarted for no just cause because one small chap at the council said that I haven't given evidence to show the number of persons attending the course, ... we even gave borough numbers and whatever that they required of us, we went through the initiative and advise we lost all the money that we used in advertisement and planning of the course and everything at the local community level if it could happen to us at the local community level where I am a community leader it could happen to you any where so this is not a question of you didn't have the trainees or the teachers or that you are not an approved city and guild centre or you didn't have the partnership ...they kept delaying and delaying. The dialogue went from approval at the local community level to the day when this thing was thrown out it was like 9months tussle, so there is a lot of discrimination in this community." (CTC)

"No they don't because when I finished we put in to do some hands on training with BBC then, and I was turned down, I was the best in my class, even my instructors they all said it, they didn't tell me why the other people were chosen about 2 of them were chosen and they said they wanted me to be a runner up, then I was working in the local authority and I knew it was because of my accent, they didn't give me, they said that the quota for people from my ethnic field was filled, so the other guys, the guy and the lady were white, they took them, so they wanted me to be a runner, I said no I can't be a runner up, I had a job at the local authority, paying more than what they offered me, so I said no I won't do that.. (DDL)

6.8 White Asian Owned Businesses, government agencies and support institutions

The response of the WAOBs was not too different from the response from the ACOBs. Apart from the fact that most times when the WAOBs mentioned the kind of

support, it was more along the lines of training and soft support than financial. Like the ACOBs, though, most of them were in doubt as to the support from these agencies and institutions. The preference of not having any involvement with anything that has to do with government or agencies was at times the attitude.

"No training from the government or support institutions. I wonder if we need any support from the government or any of our employees or employers we are the only institution that was voted for exporter of the year, we got a lot of publicity out of that." (TGF)

"Frankly I don't think there is any training from the government available... there is a saying that there is nothing so bad that the government can't make worse. My feeling is we sort of keep government out of it. ." (KJG)

"I think what its is, is the type of people we are, we are all self motivated, so what you receive in grants, funding or help is not really an obstacle." (ECL)

Those that had positive comments about government support institutions were often those that have had an experience with agents with genuine passion and understanding for the business and readiness to help and advise appropriately.

"I suppose we took help from business link, you still have to pay for that help, that was very useful to us at the time, to that degree we had help, since then no other help really. I was happy with the service but I think it was down to the individual consultant. At the time they had individual consultants that came to your business. I was happy because we got on well with that particular individual, even now business links has subsequently sacked various consultants we still use him, it was down to the individual rather than the organization. The consultant that we used was excellent and we had a good relationship with him, it might not have been the same with someone else. They have stopped now though." (TBL)

"I think the government has done a lot to support, younger ones in this area through provision of theory type training and education. I know that no theory can really replace experience but I think the government has done relatively well." (PTL)

We also found situations where some entrepreneurs received adequate support in certain functions and inadequate support in other functions provided.

"There are government agencies there to help but they are more helpful in the selling side...the merchandising side I think it is adequate. But in the production sector it is not adequate." (CEV) "To a degree yes." (JRL)

Though in general, like the ACOBs, there were more entrepreneurs with negative comments about these agencies and institutions. One of the entrepreneurs describes

these agencies with this phrase "...Money for old ropes..." The only differences between both groups is that ACOBs were more elaborate in elucidating why they had such negative views but the WAOBs were more succinct, short and concise in their statements.

"No I mean, I don't think so, I think all this organization like business link and so on, most of the people that I have met there, its money for old rope, they are not contributing properly to the company that they are working with." (ROF)

"No adequate support of businesses" (HGL) "No adequate support from government and institutions" (TGF)

"No they don't really no!" (MBL) "No! Total waste of space" (RTL)

"No I think the training for business and for IT is terrible to be honest in any ethnic group," (PCL)

"No I don't, it's very difficult to get anything like that to be honest you have to do it yourself." (GJUK)

6.9 Conclusion

This chapter set out investigating the role of cultural background on the positioning of firms in the types of environment (Benign or Hostile) based on Thomas and Mueller (2002) extrapolation that cultural background is significant in diminishing the degree of control that entrepreneurs feel over their environments but not necessarily their entrepreneurial propensity, suggesting that entrepreneurs originally from more collectivist cultures are more likely to perceive or position their firms within a hostile environment than the WAOBs in the UK. We, however, found little or no support for the hypothesis: *ACBOs are more likely to position their businesses in a hostile environment than the WAOBs*. Our studies found no significant differences in the two distributions in the positioning of firms within the two types of environments. Though there was no significant difference in the environment types in which ACOBs and WAOBs positioned their firms, the mean average total scores show that ACOBs had a higher propensity to perceive their business environment as hostile than the WAOBs (see *Table 6-5* for summary of findings). A larger scale study based on the positioning of these firms in the environment types (Benign and Hostile) in the future may be appropriate to glean more robust findings.

Table 6-5 Summary of subjective assessment of personality variables

	ACOBs
Very safe vs. very risky	(-)
Rich in investment vs. hard to keep afloat	(+)
Easy to control vs. dominating environment	(+)
Little vs. tremendous competition	(+)
Predictable vs. unpredictable competitors	(+)
Offer at Lower vs. higher prices	(+)
Intensity of competition in market	+
Importance of government regulation to success of business	+

+ Significant difference with higher perception of a hostile environment by ACOBs (+) No significant difference between both groups though mean score shows higher propensity by ACOBs to perceive environment as hostile - Significant difference with higher perception of a hostile environment by WAOBs, (-) No significant difference though mean score shows higher propensity to perceive the environment as hostile, ± No clear difference between both groups

However, we found a significant difference in the response of both groups on the intensity of competition in their markets. Our research also discovered that the intense competition faced by ACOBs came from three main sources: (1) ethnic members trading within similar markets, (2) other ethnic groups trading within similar markets, common in the manufacturing sectors (3) and indigenous or mainstream businesses trading in similar markets, more common in the media and computer-related services.

The study also discovered that 60% percentage of competition faced by ACOBs came from WAOBs while the other 40% were from businesses of the same ethnicity.

In our attempt to assess other business components such as influence of government regulation on success of their businesses, we found a significant difference between ACOBs and WAOBs in their perception of government regulation to the success of their businesses. ACOBs perceived government regulation as more important to the success and performance of their businesses than WAOBs.

Furthermore, in analysing data on the “adequacy of support from government and support institutions, we found that in both cases, while entrepreneurs acknowledged recent changes and acknowledged improvements in certain areas by government agencies and support institutions, there was still largely a perception of the

inadequacy of these support services provided. The general criticisms levied against them by both groups included assistance that was irrelevant and bogus, sometimes describing agents as “money for old ropes”, and “ticking the boxes” and in many cases some of these entrepreneurs have had bad experiences dealing with these agencies and institutions compared to those with positive experiences. The more specific criticisms levied against these government agencies and support institutions include, lack of genuine interest and transparency, bad experiences in the course of securing funding for expansion or start-ups, discriminatory behaviours, and need to do more by way of alleviating ignorance or confusion about the type of funding available to ACOBs. Due to these negative experiences and eroded trust, the WAOBs more especially would, where possible, prefer these governmental institutions to stay out of their businesses.

CHAPTER SEVEN

Strategic orientation

7.1 Introduction

To face fierce competition, small firms must review their practices and actively search for new ways to practice flexibility, increase their capacity for innovation and show more competitiveness. In reviewing the literature on business strategy in chapter two, we established links between a firm's strategy and its performance, as part of our conceptual framework. The assessment on performance in chapter four shows that ACOBs perform less than the WAOBs. The implication of this discovery is the immediate question it raises, "What is the role of the firm's strategy in this performance differential?" Therefore, this chapter assesses the impact of strategic orientation on firm's performance in both groups by using Venkatraman (1989) dimensions: aggressiveness, analysis, proactiveness, defensiveness, futurity and riskiness. It compares the degree of emphasis placed on these dimensions by ACOBs and WAOBs in their overall firm strategy, hoping to provide answers and explication to differentials between both groups in performance, achieved by conducting self-assessments of owner managers from both groups by taking into cognisance that in small firms, the strategic orientation of key managers (founder director or owner manger) is likely to equal the strategic orientation of the firm (Wiklund, 1998).

7.2 Literature and Hypotheses

Strong and Morgan (2003) identify three approaches to business strategy assessment: narrative approach, classificatory approach and comparative approach. The narrative approach looks at strategy, unique to the event, situation and organization, usually the emphasising a qualitative, case study and fine-grain approach to research. The limitation is seen in theory testing and generalisability (Ginsberg and Venkatraman, 1985).

The Classificatory approach overcomes the weaknesses of the first by attempting to classify the firm strategy on past arguments, futuristic and empirically derived groupings, commonly called typologies e.g. the popular Miles and Snow (1978)

typology. This provides inter-group comparison but prevents any investigation of intra-group analysis (Tiryakian, 1968). Such classifications were sometimes crude and labelled as parsimonious by Morgan and Strong (2003) because they “do not acknowledge the importance of dimensions that were excluded from the typology” (Speed, 1993:172).

The comparative approach of assessment overcomes the weaknesses of the classificatory one by seeking multiple traits or dimensions common to all firms. An example is the Lumpkin and Dess (1996) model called “entrepreneurial orientation” to strategy, suggesting five dimensions: autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness. In a similar model, Venkatraman (1989) suggest that firms’ strategic orientation simultaneously comprise six dimensions, although each may be emphasized differently in overall business strategy. These are: aggressiveness, analysis, defensiveness, futurity, proactiveness and riskiness. This is the model also used in Morgan and Strong (2003). While the former is process-based, the Venkatraman (1989) is more content-based in its approach and is a bit more comprehensive, enabling the assessment of strategic orientation along the dimensions of competitive strategy especially for the purpose of this study.

However we have observed in our review of African Caribbean and Black American related literature that despite the attention devoted to business strategy by academics, our studies extensive search of literature reveals that research interest in business strategy within the ethnic minority small business sector has been scanty and especially for African Caribbean businesses infinitesimal or even non-existent. This not surprising considering that relatively little is known about ACOBs relative to other ethnic groups (The Guardian, 1999; Atherton, 1999: cited in Ekwulugo, 2006)

Literature has shown the relationship between emphasis on strategic orientation dimensions in their overall strategy and performance of the firms (Morgan and Strong, 2003; Lumpkins and Dess, 2001); therefore the purpose of this study was to fill in the gap-to provide empirical data in a theory building attempt to investigate the emphasis of these strategic orientation dimensions in their overall strategy by ACOBs and WAOBs. Based on our earlier findings from chapter four shows that ACOBs are less likely to perform than the WAOBs, it becomes logical to hypothesize that ACOBs are

less likely to emphasize these strategic dimensions in their overall strategy compared to the WAOBs

7.2.1 Aggressiveness:

This mostly involves the ability of the firm to identify customers' needs within a certain frame of opportunity and mobilize resources to respond accordingly (Morgan and Strong, 2003). The characteristics of these firms will be high emphasis on market positioning (Wickham, 2001) Clear sales orientation (Lumpkin and Dess, 2001), "undoing the competition" posture in exploiting opportunities (Buzzell et al., 1975), "beating the competition" (Wong and Saunders, 1993:30).

It reveals market positioning as significant in the determination of a firm's performance when strategising. In Lumpkin and Dess (2001) the findings from this study also show that there was no statistical basis for the stance that competitively aggressive firms would suffer in dynamic environments; however, there was strong support for a competitively aggressive posture-enhancing performance in hostile environments.

However, very little evidence pre-exists about aggressiveness of ACOBs in general literature, so based on the evidence of their relative under- performance in chapter four. Especially as wider literature shows a relationship between the aggressiveness of business and their performance (e.g. Lumpkin and Dess, 2001; Morgan and Strong, 2003), we can logically hypothesize that WAOBs are likely to be more aggressive than ACOBs.

H7.1: Aggressiveness strategic dimension

WAOBs are more likely to emphasize aggressiveness in their overall business strategy than ACOBs

7.2.2 Analysis:

This involves knowledge-building capacity (Bourgeois, 1980), and ability for organizational learning (Cohen and Sproull, 1996), involving rational comprehensive

decision processes based on “use of information, consideration of alternatives and greater amount of advice.” Goll and Rasheed, (1997:584) also cited in Morgan and Strong (2003) have studied the impact of quick decisions based on comprehensive decision processes, they argue that “Quick decisions resulting from comprehensive decision processes lead to better performance” (they found a positive relationship between the emphasis of a firm on analysis and performance). Like the aggressiveness dimension, very little evidence pre-exists about analysis dimensions at work in EMBs, especially in ACOBs in general literature, so based on the evidence of their relative under- performance in chapter four, especially as wider literature shows a relationship between emphasis in comprehensive decision making (analysis) in their overall strategy and their performance (e.g. Lumpkin and Dess, 2001; Morgan and Strong, 2003), given this evidence we can logically hypothesize that WAOBs are likely to emphasize more comprehensive decision processes in their overall strategy than ACOBs.

H7.2: Analysis strategic dimension (comprehensive decision processes).

WAOBs are more likely to emphasize comprehensive decision processes in their overall business strategy than ACOBs.

7.2.3 Defensiveness:

Here firms focus on existing domain defence rather than new product/market development. The emphasis tends to be on cost reduction and efficiency gains (Thompson, 1967). “Defensiveness encourages an internal focus for organisational strategy which, consequently, deflects attention away from the external environment of the firm”. (Morgan and Strong, 1998)

Firms demonstrating the characteristics of defensiveness are able to accumulate selected capabilities and skills, and develop composite strategies to out-perform less domain-focused firms (Hart and Banbury, 1994).

Like the other strategic dimensions above we have little or no pre-existing evidence of the defensiveness trait of ACOBs in the general literature. So based on the evidence of their relative under-performance in chapter four we are inclined to hypothesize that

WAOBs are more likely to emphasize defensiveness in their overall business strategy than ACOBs

H7.3: Defensiveness strategic dimension

WAOBs are more likely to emphasize a defensive strategy in their overall business strategy than ACOBs.

7.2.4 Futurity:

This is sometimes parallel in organizations in form of long-term planning (Boyd, 1991), This enabling organizations to out-perform their counterparts that do not exhibit the traits of futurity (Morgan and Strong, 2003).

There is conceptual association between envisioning and performance (Mintzberg, 1994). Morgan and Strong (2003) found a positive relationship between a firm's futurity trait and its business performance. An African Caribbean focused research has found that "*many of the African business owners lacked a long term outward view of where their businesses are headed but instead turn inwards and depend on co-ethnics for survival.*" Nwankwo (2005:132). Therefore, though we have little pre-existing evidence about ACOBs, studies focused on long term planning and futurity of these businesses, based on the results of their performance in the previous chapter, we also hypothesize that WAOBs are more likely to envision and plan further than ACOBs

H7.4: Futurity strategic dimension

WAOBs are more likely to emphasize futurity traits in their overall business strategy than ACOBs

7.2.5 Proactiveness:

This is a firm's potential for tapping into arising opportunities (Dess et al., 1997), a 'one step -ahead strategy'. High performance returns have been reported for such firms because of their fluid response to market signals, ability to access scarce resources and high innovativeness and improvements in business processes. (Day and Wensley, 1988; Wright et al., 1995) findings show that (1) Firms that are more

proactive in dynamic environments as well as hostile environments have higher performance than those that are not. (2) A positive relationship between proactiveness and performance exists in both environment types (Lumpkin and Dess, 2001). Therefore, like the other strategic dimensions, a lack of pre-existing literature on proactiveness of ACOBs, given their relative under-performance in chapter four, allows us hypothesize that ACOBs are less likely to emphasize proactiveness in their overall business strategy than WAOBs.

H7.5: Proactiveness strategic dimension

ACOBs are less likely to emphasize proactiveness in their overall business strategy than WAOBs.

7.2.6 Riskiness:

The riskiness of a strategic decision or orientation can be described as possible losses or gains that are derived from an action (Clark and Montgomery, 1996). It's been argued that constructive risk-taking is an important factor in stimulating entrepreneurialism (Miller, 1987). Riskiness has been associated with high performing firms and, since ACOBs have been shown relative under-performance in chapter four, it wouldn't be out of place to hypothesize that ACOBs have a more risk adverse strategy than WAOBs especially in the light of limited or lack of pre-existing literature on the riskiness traits of ACOBs.

H7.6: Riskiness strategic dimension

ACOBs are more likely to emphasize a risk adverse strategy in their overall business strategy than WAOBs.

In the earlier chapter (four), we discovered that ACOBs performed relatively less than WAOBs. If an organisation's performance is linked to the firm's strategic orientation (Morgan and Strong, 2003, Lumpkins and Dess 2001), we can logically hypothesize that their relatively under- performance may be linked to a lower emphasis on the strategic orientation dimensions of: aggressiveness, analysis, defensiveness, futurity, proactiveness, and riskiness in their overall business strategy.

7.3 Empirical method

7.3.1 *Questionnaire design and interview schedule*

The initial exploratory research informed the design of the interview schedule and quantitative questionnaire (cards) covering strategic orientation. For instance, in designing the quantitative questionnaire, given that this study was concerned with examining strategic orientation from a comparative standpoint, the Venkatraman (1989) measures were considered most appropriate given their theoretical relevance to this investigation, to measure firms' emphasis on strategic dimensions such as aggressiveness, analysis, defensiveness, futurity, proactiveness and riskiness in overall business strategy. Respondents were asked the extent to which they agreed/disagreed with a series of statements about overall business strategy in their firm (see appendices for cards #7a and #7b). A scale ranging from "strongly disagree" (1) to "strongly agree" (7) was used to measure responses. However, it should be appreciated that interpretation of the findings can only be considered on a comparative basis and limited inference can be drawn, for example, on classificatory grounds.

We also used an interview schedule in covering the qualitative side of data collection on strategic orientation, involving the use of semi-structured questions designed using research questions arising from literature review (adapted from Morgan and Strong, 2003) on strategic dimensions. These questions were designed to find out if:

The entrepreneurs' or firms' emphases of key strategic dimensions may be the reason for ACOBs' under-performance. For instance, the questions asked included:

1. How is the quality of your product or services perceived by users?
2. How does the price of your product compare to that of your competitors?
3. What would you say is more important to your customers in terms of your services or products: the quality or price?
4. What sort of market research or data collection do you engage in?

5. Do you have analytical tools (IT software or systems) providing support for planning and decision-making (e.g. Ms-Excel or unique software) related to what you do?
6. What control systems are in place to monitor your company performance?
7. What are your long-term visions for your company?
8. How do you see your market in the next 5-10 years e.g. in the area of performance of your product or services?
9. What are the new services or products that you have marketed in the past two to three years?
10. What would you consider to be your major business risks (e.g. bank loans, etc)?

7.4 Empirical Results

7.4.1 *Aggressiveness*

There was little or no support for H7.1: *WAOBs are more likely than ACOBs to emphasize aggressiveness in their overall business strategy*. There were three variables representing the aggressiveness of the firm. (See Table 7-1) Out of these three variables, only one shows a significant difference between ACOBs and WAOBs and that was “we often sacrifice profitability to gain more customers” ($p=0.013$). We found ACOBs (2.48) more likely to agree than the WAOBs (3.40) that they “often sacrifice profitability to gain more customers”. The lower mean score of 2.48 by ACOBs denotes stronger agreement or propensity to often sacrifice profitability to gain more customers than WAOBs.

Table 7-1: Comparison of aggressiveness of ACOBs AND WAOBs

Source: Fieldwork z has to be $<$ or $>$ than critical value of z to reject H_0 (see appendices Table 11-15)
 *significant α Lower mean scores denote stronger agreement with the variable

Though there was no significant difference found between ACOBs and WAOBs when it came to their response “about cutting prices to attract more customers to increase sales” ($p=0.313$) and “setting prices below competition” ($p=0.173$) we found that ACOBs had a slightly higher propensity to cut prices to attract more customers to increase sales than WAOBs while the WAOBs had a slightly higher propensity to set prices below competition, evidenced by lower mean scores of 2.68 and 3.12 respectively (see mean score in *Table 7-1*).

Furthermore, the similarity in response from the interviews supported the insignificant differences found between ACOBs and WAOBs in setting prices below the competition. When business owners were asked, “How does the price of your products or services compare with that of the competition?” about 36 % of the ACOBs and 42% of WAOBs agreed that their prices were much higher than the competition.

The ACOBs with higher pricing made no apologies for it, as they believed that the quality would compensate for the price. Comments from few ACOBs in this regard included:

"We are slightly more expensive, the reason is to do with the quality of our operations, we have a vet coming in all the time, we need to get the water tested, tables need to be tested, the equipment, the engineers need to come in and check it all the time so there are a lot of things. If we begin to look at Tesco and Sainsbury's we produce these same quality products at almost half price."(BFL)

"On the onset our premise is quality and quantity. We do hear people complaining that our product is expensive, however it's the best and we do not have apologies to offer, there have been plantain crisp in the market for the past six years but every time I pick it up and I eat it, it is so thick and tough on your gum, and you find too much oil around the pack... I said, "I wish I could do something better". I got interested in this product because I was looking for an avenue to reach the mainstream market. I knew because of my engineering background I could do it exactly as it should be done. So I conducted a research for two years. To design the crisp bag, I tapped into my kids' ideas, as they will form part of the target market. The feedback in the past 3 months has been positive, and at the front we have our brand which has gradually become synonymous for quality."(YWL)

"Price wise we probably are the most expensive but if you look per gram we probably are the cheapest, because we have more quantity per product than all our competitors."(AHP)

"Most expensive, when I say most expensive am talking in terms of things we do and the people that we are competing against for example, If you want to buy our products through the system that will cost you about £2.58, another company called Chance who do chicken seasoning they sell theirs at £1.59 and who ever is retailing the chicken seasoning is selling back at £1.99, I am not saying this to be spiteful, obviously they have to be compromising on something. With us from the beginning we have our flours of the best quality, all our spices are purchased from highly reputable companies like 'Sara', 'Bipond', that is to ensure that we get the best quality and on the other hand we do not get any kind of contamination so most of our products are already checked by microbiologists. So in doing that when we put on our products 'best before date' they know that our products will stand up."(MPL)

"Sometime ago we were in Southampton. I happened to be there with my crewmembers. One of my friends came over and saw our equipment while we were mixing, and they came and said no wonder people say you are expensive. Why wouldn't you be expensive when you give them this quality? And I just laughed, because he said people come to him, because he is a caterer and he gives us referrals, and people say you are expensive"(DDL)

As usual the WAOBs were more concise in their response. Similar comments by WAOBs about higher pricing than the competition included:

"Probably about 15-20% higher" (ROF)

"I know how I think I perceive it, I think we offer a high quality product but it's perhaps more expensive than others but does warrant the price." (TBL)

"We are the dearest (slang for most expensive) about, we are quite dear" (JBRL)

"On some of our products our prices are more, others are less. Generally our prices are more." (MBL)

"We are on the dear or expensive end. We will place ourselves High on the scale when it comes to pricing." (PTL)

The remaining 64% of ACOBs and 58% of WAOBs were of the view that their pricing was lower than competitive pricing. Some of the comments from ACOBs along these lines included:

"Our internet access is 50 pence whereas everybody else is a pound per hour.¹⁷ As a result of that you get a large customer base." (BNL)

"We try to price in line with what obtains in the market, for instance, we try to be conscious that there are other competitors here. But having said that, when you have Africans coming here, one thing you have to bear in mind is that Africans are used to getting things cheap, so if you set prices that are expensive, they forget you are in a city and you are paying business rates; they still expect you to price your product as if you were selling from home and not the office." (TEL)

"I think we are fairly priced, I think for what we deliver the customer gets more value for money, however what you get in terms of our competitors, you've got the cowboys out there, and they are the biggest problem to us. Because they are cowboys they will do things at half the price of what you are doing. Customers go down that route without realizing they are not really getting value for money, so we are about middle range. We pitch middle- we can always find people more expensive than us; we can always find people cheaper than us." (EDS)

"On pal, though the network is a bit cheaper" (IXL)

"We are more inexpensive, we should actually be selling at 65p, but due to the behaviour of customers and how inconveniencing it is to give change on a £1.00 amount, we felt that 50p will be very convenient. Also we factored in the behaviour of our people, because we understand them anything beyond that now may not work, for instance there has been a publication, two years before we came into existence, in 1992, it was called 'home news', it was selling for 50p and they increased their price to £1.00 and there was a readership revolt and the paper went under. We will rather augment from the number of sales, because the more we sell, the more convenient. So we then put the price at 50p compared to our competitors, on the news stand you hardly can get any thing

¹⁷ Price strategy

for 50p most weekly 75p, the voice goes for 75p, new nations goes for 65p we are 50p.”(AVPL)

“Both, they usually want to get two for the price of one.” (ESL)

A few similar comments by WAOBs, in line with lower to competitive pricing, are stated below:

“They are happy with the price it’s a lot cheaper than the competitions, and we are going to develop the website and that may probably help us in competition, something to attract more people. We have somebody coming to do something for us, a student. He’s got a project work and once he finished he is going to work for me part time to get it done. (SSL)

“Our pricing is very good, that’s why we are in the supermarkets, otherwise it would have been someone else, and that is normally how it works.”(TGF)

“I would say I am marginally cheaper and I try to maintain my overhead and keep my overhead tight”. (SDL)

“I think if it was across the board we will say we are more competitive because we are small we try to offer the same service or the best service at a more competitive rate. We can do this being small and having fewer overheads. Well historically that’s how we’ve won a lot of our business.”(ECL)

“We are very competitively priced, I try not to sell cheaper than the competition because although we are cutting out a link in the supply chain. We are perceived as being at the top end of the pricing.”(CEV)

There are competitors providing services from higher/lower rate than what you are on. It boils down to what your clients can afford. Mine is a relatively average rate compared to my competitors. (KJG)

“Competitive...we would have to be competitive on what we charge. That is quite important,” (GJUK)

Our observation was that in many cases the lower to competitive pricing was done to retain customer loyalty, and ACOBs seem to have very price sensitive customers keen on getting bargains where possible even then for good quality. Any price hikes would result in falling sales and customer disloyalty, manifested in a switch to substitutes. So pricing becomes key in the marketing strategy of ACOBs especially where target customers are of African Caribbean ethnicity. The WAOBs managed to stay competitively priced by reducing overheads in many ways; these may be as a result of producing or organising more efficiently, tallying with our findings on higher levels of efficiency in performance.

The characteristic of firms that are aggressive will be high emphasis on market positioning (Wickham, 2001). Market positioning is seen in the way the customers perceive the business product in comparison with the competition. Therefore, when both groups were asked about customers' perception of the quality of their products, most of the ACOBs (91.5%) and WAOBs (88.5%) would have us believe that the customers had a very good perception of products and services. A few comments from the ACBOs include:

"They like the taste better than the competitions', our quality sometimes drops when there is cooling problems, and pastry isn't cooled quickly enough, and gets solid, that's the only problem we are have. We taste better and the pastry is crispier. We are a bit smaller than the competition. I think the customers like the quality, they buy more every week." (JPL)

"The customers look at the quality as high in terms of the price. We let people understand that quality does not come cheap, it has a price and mostly the food you eat, what you put into your body should be of good quality! It must be seen to be the best, if you die today that is the only thing you take with you". (BFL)

Very high quality, customers love our product and commended our quality" (YVL) [I witnessed this time and time again in the course of conducting the interviews from customers.]

"The response we get is good; people tell us that if we are not the best we are one of the best in the market. And if we have a slightest problem, this brings a lot of complaints that we are going away from quality they are used to." (AHP)

"It has had a reputation of quality; we ensure that every detail to quality is heeded from start to finish. We buy very good quality ingredients; we do not get any negative feed backs. We had bad experience a long time ago when we tried compromising quality to reduce cost. We soon discovered that reducing quality wasn't the answer; we rather chose to sell quality at a good price. We agree that some people are not going to buy this because of the price. However the very simple ones will appreciate the quality." (MPL)

"That's one of our strong points. Over the years, one thing our customers have always said is that they can rely on us. There was a shop in London the shopkeeper said to me that a lot of the bakeries supplying bread to him have failed to deliver for the last two weeks, being away on holidays therefore he has had no bakes for two weeks. He acknowledged that it was something that we have never ever done; we have never missed a date since. I remember once we actually had heavy snowfall, when we drove down to London we were the only bakery in the supermarket, there was no Warburton, Hovis etc." (SRB)

"It keeps improving, because we are in a setting where we do not rely on the community to provide the services we need. We are in a sector that will print

our newspaper with the same printers that print the sun, and mainstream publication. It is because there is no community based printer that can handle what we are doing.”(AVPL)

“Excellent, for instance, on Sunday one of the programmes that I produced was on Ben TV and a lady called in, and said, “I just called to let you know that this is the best programme I have ever watched on Ben TV”. Here I was complaining that the programme didn’t come out to my expectation, her call actually gave me a needed boost, that our efforts were not futile, and I called all my workers, immediately and I told them about the call. We also have complainers here and there, but majority of our clients, do come back year after year, and these clients recommend us to others, so our clientele is growing.”(DDL)

Similar comments by WAOBs about customers’ perception of the quality of their products were:

“I keep getting asked by the same person like Lloyds TSB, Royal Bank of Scotland ...that means they are very happy with my work (KJG)

“I would like to think its very high quality that is always delivered on time, to the specification that they require, I don’t have too many come back and say that was wrong.” (SDL)

“Yes I mean every contract that I have ever done, they have called me back and wanted me back, they generally perceive me as being very good.”(PCL)

“We have got some good testimonials, we can’t always get it right, that’s a fact, and we can’t always get it right. One of the driving passion for me is that if I am a customer, I would want to get the feeling that you really want me to be a happy customer and generally that we do care about you being happy with our services. It comes back to passion, do you really want to give good services.”(RTL)

“They see it very strongly.”(ROF) “Very good, yes we are full on quality rather than price.”(RBL) “They perceive it as good.”(PTL)

“Very high, I think the industry is about common sense and creativity and I think it is creativity that comes through. We have a very wide array of broad skills, gives us the ability to be able to offer quite a complete service to clients. While agencies could know about events, they wouldn’t know about marketing, they wouldn’t know about strategy and they wouldn’t really know about creativity. We kind of fuse many different disciplines- my business partner knows a lot about strategy and is very good at writing grand plans and strategy plans and things, we both pretty strong on the creative and I am pretty strong on putting the production together.”(WLUK)

“Quality of our products and services is perceived as very good by customers.”(JBRL)

"We are perceived as having very high quality. We do have a slight advantage over most of our competitors because we are located close to the raw materials we use for production and we process most of what we sell ourselves so we get a better grip on the quality and that is certainly the feed back we get of the customers."(CEV)

"We produce good quality products; we wouldn't produce anything willy-nilly. We've been dealing with these customers for the last seven years and it's a continuation of the same sort of products. Each week they are very pleased with it; I am not boasting but all our products go into a catalogue. It's definitely good quality."(JRL)

"They will say we are good quality, I hope..., it's one thing we don't necessarily know, this is because everyone is different, some might have a different view point ..."(TCG)

Furthermore, when ACOBs and WAOBs were asked about the preference of their customers between pricing and quality, we found a higher elasticity of prices for ACOBs than WAOBs. In general, 60% of ACOBs responded that their customers preferred prices to quality against 20% of WAOBs. The pattern of response shows that ACOBs' customers will be moved immediately to try a product if price is perceived to be right, regardless of quality, more particularly than the customers of WAOBs' matched customers.

7.4.2 Analysis

There was evident support for H7.2: *WAOBs are more likely to emphasize comprehensive decision processes in their overall business strategy than ACOBs.* Three variables represented the analysis emphasis in groups' overall business strategy (see Table 7-2). When asked to agree or disagree about "emphasis on effective coordination among marketing, financing and personnel functions," the response indicates a significant difference between both groups- *WAOBs were more likely to emphasize the effective coordination among marketing, financing and personnel functions.* Also when asked to agree or disagree with the statement, "*We only use employees who are qualified for the job*", we found a significant difference between both groups, with *WAOBs more likely to use employees that are qualified for the job* than ACOBs, e.g., sales team, persons in the distribution process. While there were significant differences in the first and third variables in Table 7-2, we found no significant difference in the response of both groups on the second variable:

“decisions are made using spread sheets and software”. Though there was no significant difference between both groups on the second variable, the lower mean score by ACOBs indicate more respondents of ACOBs than WAOBs likely to agree, “decisions are made using spread sheets and software”, surprising us, considering that during the course of the interview we asked the business owners, “Do you have analytical tools (IT software or systems) providing support for planning and decision making?”

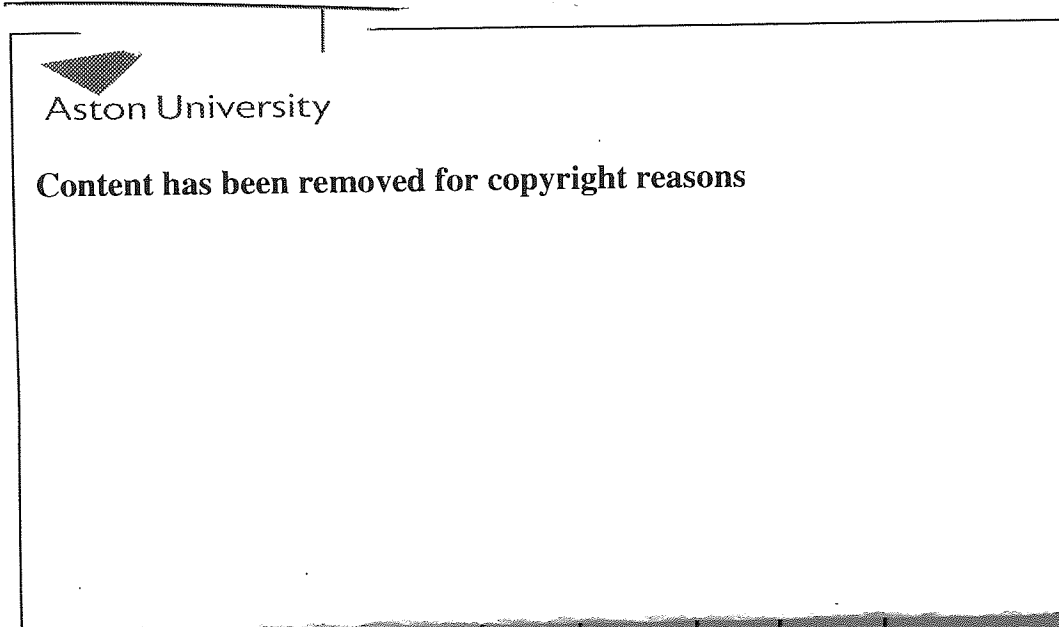
The responses show that ACOBs were less likely to have analytical spreadsheets for decision making and planning than their WAOB counterparts. A lot fewer ACOBs sampled disagreed to using analytical spread sheets for decision making and planning to 50% of WAOBs. Two African Caribbean entrepreneurs capture the reasons for this behaviour precisely in there comments:

“No we don't use these tools because we don't think the organisation is big enough to require such tools, except somebody will prove other wise to me and I am willing to listen.” (YVL)

“Some times it aids the decision making process, though the decisions are not necessary based on it. Sometimes the decisions may involve some knowledge in the environment that is a little bit beyond us, then at such times we only use them to help us gain a bit of understanding.” (GHP)

Indicating that, though ACOBs are less likely to have these software and tools for decision-making, they may be more likely use them in the process of decision-making if they actually have them, than would the WAOBs. This may be investigated further in another study.

Table 7-2: Comparison of comprehensive decision processes of ACOBs and WAOBs



We use employees that are qualified for the job	-1.648	2.12	2.76	21	0.099*	<0.10
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Source: Fieldwork z has to be <or >than critical value of z to reject H_0 (see appendices Table 11-15)
 *significant α Lower mean scores denote stronger agreement with the variable

7.4.3 Defensiveness

There was tangible support for H 7.3: *WAOBs are more likely to emphasize a defensive strategy in their overall business strategy than ACOBs.* There was a significant difference between the groups in their *involvement and constant improvement or modification of existing products, technology or services* (see Table 7-3), with the WAOBs more likely to occasionally modify services or manufacturing technology than ACOBs. However there was no significant difference found between the groups when it came to *having set standards that guide every production or service to maintain quality* (Table 7-3), because ACOBs have trainers and inspectors from mainstream to train and inspect workers and facilities respectively. We noted that these businesses have procedures in place such as ISL9002, HACCP usually centred on accreditation from third party or industry watchdogs and tradeshow.

"I do weekly reports about the sales, each month we check production figure, labour cost per year, we see where the costs are and how we can improve on them, we also have HACCP systems for taking account of the raw materials going into the production so we get how much it costs us. We have tight control over the margin." (JPL)

"Presence of HACCP, We use the financial report to check" (BFL)

The pursuits and upkeep of these standards is important for the firm's credibility with major corporate clients.

*"We have a proper management system on which everything is based, every thing is tasted, and Products are checked on the production line. We also have a reject facility. We know how many products we drop on the floor and put into the scrap per second. We know exactly what happens; basically you have to know your business, **part of the requirement if you are going to work in the mainstream market; you have to be regimented in production and standards. The more standardized we get the better my credibility.**"(CFL)*

"We have actually applied to the trade standard organization, we also have trainers who train from mainstream publications who come here, there is a company we just subscribed to they come in once a month to give quality analysis and review our operation and its like a training seminar for the staff, and I think the next one is on the 15th of April, they will come in for quality control assessment and see how we are doing, when they give us these assessments, we tend to use them in our business."(AVPL)

"We look at food safety and standards that make sure our standards don't fall, for instance with my team today, what we will be doing this afternoon is more an audit of the premises of what needs to be done. The rest of the team is drawn from production workers downstairs."(SRB)

"We have a standardised mix for all our products. It goes back to when we started; we have kind of modified it to keep with food requirements in the industry. For instance when we first started there wasn't much emphasis placed on salt, except by people with high blood pressure. So we have sort of reduced salt, so we took the initiative to cut the level of salt."(MPL)

Most ACOBs, like a lot of small businesses, have a unique feedback system given their relatively smaller size and close contact and relationship with customers, so that if the product quality inches away from the norm, the customers tend to raise an alarm whilst giving feedback to manufacturers about their experiences with the product. A few comments regarding feedback from customers include:

"...Don't forget we are dealing with food so all our food products must be subjected periodically to laboratory analysis anyway, secondly we produce what we consume ourselves, so we always know whether the quality is good or not. And then there is something that is good in our food business you get quick feedback immediately, if any thing goes wrong."(YVL)

"...Yes we do that, but in most cases customers are able to react quickly as soon as something goes wrong."(AHP)

Sometimes the challenge involves maintaining these quality standards in the owner's absence. A lot of the businesses are shut down during such periods because some of them are either afraid to pass on their trade secrets or do not trust that capable employees are available that can maintain the status quo. A comment by an African Caribbean entrepreneur highlights this:

"...Well that is one of the reasons why we've remained small because we had to ensure that quality remained the focus...For example, before we start our holidays in February, we have to close the factory just because we want to always ensure quality. If we have found a reliable person and we were going away, we would have been able to say to them this is what you have to do."(MPL)

An advantage of emphasizing the defensive strategy is exploited in refinement and capitalisation on what is called late-mover advantage.

Table 7-3: Comparison of defensive processes of ACOBs and WAOBs

Independent Variables	Z	Asymp.	α Ranks	α Ranks	N of Valid Responses	Level of Significance
every production or services to maintain quality	-1.014		2.28	2.00	15	0.311 >0.10

Source: Fieldwork z has to be <or >than critical value of z to reject H_0 (see appendices Table 11-15)
 *significant α Lower mean scores denote stronger agreement with the variable

WAOBs, similar to ACOBs, employed the evaluation of a standard body such as British Retail Consortium (BRC), to evaluate brand, and food products, because to many of the clients such a certification is acknowledged as the benchmark for best practice in the food industry. The majority of UK, and many European and Global retailers and brand owners, will only consider business with suppliers who have gained certification to the appropriate BRC Global Standard.

"Yes we do, we have a BRC standards in place" (JBRL)

"We do have a quality control session, my husband looks after it and the Greenwich council inspector comes in once a month, to inspect all the quality systems in operation. We also have HACCP, systems in operation, so regarding quality we have no problems." (SSL)

"We have got extremely high quality control, high checks, and tight click in times on all our products and production. We even have metal detectors ensuring nothing goes in the product, to oversee this we have quality managers, moreover, all of our factories are completely audited by third party accreditation, so as you can see, its very much total focus on quality and more quality and if the product is bad we have to throw it out, so you can be sure that no product will ever end up on the shelf that hasn't been thoroughly checked." (TGF)

"We do operate a quality system which is audited twice a year. We are audited by an outside body and to maintain our accreditations we have to keep to the system, hygiene and terms." (CEV)

Apart from the accreditations in keeping to best practice, some of the WAOBs also employed trade shows and tasting opportunities to confirm and keep a tag on their quality standards:

"Certainly strong quality control I will think that is probably the strongest thing because we are so oriented to the quality and taste. Like this weekend we will be in a show in Bristol for Saturday and Sunday. We will have perhaps 1000 or 2000 consumers taste our products and you know only too well if one wasn't good enough" (ROF)

Those in the computer and media-related firms maintain standards through updates on technology and equipment, with constant advanced training aimed at keeping themselves and their businesses up to date on changes, software packages and evolutions in the market.

"The key one with me of keeping ahead is training, and advanced training because obviously we are trying to charge premium rates for these skills so it has to be advanced training that is big on the cutting edge. This kind of training costs a lot of money and time to keep myself up to speed. Yes constantly, little bits all the time by reading journals and magazines that you subscribe to but then constantly once a year or 18 months I will take a week off and do some exam or study for some exam or whatever as some qualification demand you do – it's all about CPE continuous professional evolution." (PCL)

Some of these companies, though aware of the requirement, have not registered with any third party but have chosen to do it in-house by overseeing quality control and standards personally.

"...In terms of quality! Quality is control, I am responsible over all for quality control, generally, and across the board everyone in the company works in the same standard, I think basically it's working with people that are committed."(ECL)

"Yes, we have systems that help us monitor the performance level of our services."(RTL)

"Do I use any thing as ISO9000? No I don't. My standards are set by me and they are bloody high, any thing worse than me I don't know about it." (SDL)

7.4.4 Futurity

There was little or no support for H 7.4: *WAOBs are more likely to emphasize futurity traits in their overall business strategy than ACOBs.* There was no significant difference between ACOBs and WAOBs in their *emphasis on research to provide them with competitive edge* (see Tables 7-4), neither was there any significant difference in the *efforts put into formal tracking of significant changes in the customers' demand and technology changes.* However, we found that though there was no significant difference between both groups, more ACOBs were found to agree with the variables than the WAOBs, seen by lower mean scores of 2.33 and 2.28 respectively in the variables above. We, however, noticed a significant difference between ACOBs and WAOBs (Table 7-4) on their response to the statement "*we often conduct what if analysis of critical issues*", with ACOBs more likely to conduct such analysis on critical issues." Contrary to H 7:4, it appears that ACOBs are more likely than WAOBs to foresee and imagine alternative products or services that did not yet exist.

Table 7-4: Comparison of envisioning and future planning of ACOBs and WAOBs

Independent Variables	Z Asymp. Sig.(2-tailed)	α Ranks WAOBs	α Ranks ACOBs	N-Ties	P-value	Level of significance
<i>Futurity</i>						
We emphasize research to provide us with competitive edge	-1.531	2.84	2.33	20	0.126	>0.10
We formally track changes in customers' demand, or technology that will be in hot demand	-1.501	2.84	2.28	21	0.133	>0.10
We often conduct "what if" analyses of critical issues	-2.597	3.52	2.28	23	0.009*	<0.01

Source: Fieldwork z has to be <or >than critical value of z to reject H_0 (see appendices Table 11-15)
 *significant α Lower mean scores denote stronger agreement with the variable

Furthermore, during the interviews, business owners were asked, "about the sort of market research or data collection they engaged in".

There were similarities in the responses provided by ACOBs and WAOBs as a higher proportion of them said that there was no formally organised market research for their businesses (56% of ACOBs and 62.5% of WAOBs), not seeing it practicable and useful at this stage of their businesses. Those that were involved in market research do so in-house or simply by getting feedback from delivery drivers, customers, trade shows and exhibitions as well as product tasting (33% of ACOBs and 25% of WAOBs). A few comments from ACOBs include:

"No! What we do is get students to ask questions and the drivers to ask questions we ask people to help us conduct research through our everyday interaction. We don't do it on paper, we are constantly asking the people and the people are telling us. We are out there on the streets, we are reading the papers, and we are watching the market all of that is market research..."
 (BNL)

"Market research is not formally done; we do market research through "a think out of a box situation." And at times we work with information evaluation forms." (IXL)

"Some times we do feed back forms but we are not very consistent." (AD)

"We did more of the market research before we started. We did a lot of research on marketing field; we attend a lot of exhibition, and sent any lot of questions to get feed back." (TEL)

"Sometimes we go round purchasing our competitors products; we taste them, try them, and have an idea as to where their product is at. We go round the big 4 and see what they are doing, if we can benefit from existing ideas. We may go to the ethnic section and ask is their something in Africa we could also market like this that will appeal across the ethnic groups. My philosophy is that we have some good things in Africa that the world can embrace, if only will make it attractive, so I go out there to do that. We also get feed back from our drivers in the course of their delivery. We actually welcome comments from our customers." (YVL)

Similarly, a few comments "about the sort of market research or data collection WAOBs engaged in" include:

"We don't tend to do a market analysis or any thing like that. Feedback tends to be from customers on whether we are doing a good job or not, that's how we sort of gauge ourselves." (GJUK)

"We actually do some research to actually try and identify our nearest competitors... Just generally looking and researching through the Internet who is out there geographically who is doing what." (ECL)

"Well we tried we thought about it years ago, but we realize we have so few clients, it wasn't really worth it, you can literally call everyone up, we don't have hundreds of clients we don't get people off the street every time, our client base is relatively small, so I haven't done it, its always worth doing. Then you get the feel of what they think about you but its not always the best way is it, often they might have issues you don't know about, As I said we haven't had that many core clients, some people just come and go, so it's pointless, and our main client base is probably not that many, sometimes, it's always changing." (TCG)

"... I don't sit down and dissect a market, well occasionally I do, I tend to know what we can make and then I try it, then I try placing it in the right market" (JBRL)

"We do a bit and we do some product tasting, panel test and that sort of thing against competition." (ROF)

"We haven't done any market research to tell you the truth. (SSL)

"I don't, all my business is driven by word of mouth. I don't advertise but I have my phone number in the yellow pages, don't believe in it because I think the best recommendation you could ever get has to come from somebody whose already had the business from you" (SDL)

"We do but again it's mainly one to one with our customers. We don't do a lot of external research." (RBL)

Moreover, only very few had some sort of organised market research in place. Only about 12% of ACOBs and WAOBs had a formally organised marketing research programme in place or had external experts conducting research for their businesses. These were largely found in companies that had Business-to-Business clientele. Examples of respective comments from ACOBs and WAOBs are:

"We do quite a lot. Currently we are working on a publication that will be published in the month of May with school of journalism Lincoln. We collate data from time to time, we give out free publication with questionnaire soliciting for feedback on pertinent issues, ...our subscribers and ticket sales have generated a huge database for us, and we get people to phone them from time to time, sometimes we send text messages asking for feedback on products..." (AVPL)- ACOBs

"Yes we are at a point where we can afford to do market research, we've got tasters. We pay for market research; including packaging checks, product checks and everything else, so we can emulate what we haven't done because we were not aware to do so. We utilize such researches on numerous occasions, e.g. we utilize the results when we back tip supermarkets, we basically tell them, this is what the market research says and that add weight to our argument. We also utilise these research to understand what our competitors are doing out there, and in many cases this enables us rise to the challenge." (CFL)-ACOBs

"We utilise AC Nielsen's market research, which is basically what they call e-port sales, which is what each individual supermarket has sold, we also do presentations with this to the buyers, we present it and say look this is what is happening in the market this is what you need to be buying now, and this is what you shouldn't be buying, this is what you should change, this flavour sells more than that flavour etc. and they take our products knowing these facts." (TGF)-WAOBs

In response to the question on, "how they saw their market in the next 5-10 years in the area of the performance of their product and services", our findings show a higher percentage of ACOBs and WAOBS (74% and 72.5% respectively) with a more positive outlook of the market and their services.

For the ACOBs in computer-related industry it was the prospect of the business market developing and growing into newer technology, simply put by two of the African Caribbean entrepreneurs:

"The point is that the computer technology industry is going places, so any person that is really inside it and willing to research and willing to look into the future not just working for today, not just repairing, teaching or servicing, any person that has sustainable ideas in computer industry is going to go places."(CTC)

"The market is going to develop and grow into newer technology, going more down the wireless route. The development TIC for the next five years is focusing on the wireless connectivity, and coming up with the IT homes if you like. Computers run your homes effectively, voice activation for a lot more. I think the focus is going to be for the next five years, to get whole new bills in terms of houses and that type of thing would be more voice activated, you walk in with your lights on and that kind of thing."(EDS)

While for the ACOBs in manufacturing and media related sectors, it was the prospect of the growing familiarity with African and Caribbean cuisine, services and products, slowly but surely growing. And because of the increasing number of African and Caribbean migrants in the UK, comments in this area include:

"There is a lot of future for it, and I think every body is going to jump on the band wagon, once somebody does all the hard work and pushes it through, then all of a sudden, you are going to see a lot of others springing up. Not forgetting that Africans are migrating into this country in thousands; it is not something that can be ignored for much longer."(TEL)

"There are more Jamaican restaurants and African restaurants opening at the moment than ever. I think the market is growing, how be it in London there are more Caribbean food restaurants and there is a cross over of their products to Indian restaurants. Potentially Jamaican patties can be as big as your Cornish pasties some day, Why not?"(JPL)

"I could see it growing and growing bigger because my argument in the street is that 50 years ago not a lot of white people ate curry. A few years ago fewer of them knew about bananas, because only people that travelled to tropical climates knew about banana, but in United Kingdom today, banana is one of the top fruits. They might not know what plantain crisp is now, but I believe in the next 10 years we want to ensure that at least an average English man knows what plantain crisp is."(AHP)

"I see my self as a pacesetter, I see myself as opening up the market place for African Caribbean market. If I am selling to 20% of the supermarkets then the packaged products are there, like 'Coscos', if I can have the population buy the packages, then the more I can expand the market place even for my competitors. Other African suppliers can come along in the wake, maybe not next year, maybe the year after, but once I establish an area then we go into other areas."(CFL)

"It could be a very lucrative growing market, the reason why I am saying that is that now a days, we've got a lot of young people using our products or

watching their mum use the products. Now with this generation coming into adult hood they are using and having kids using the products. We continue to create awareness with our products. Also the factor to consider is the eating habits of people now has somewhat changed drastically compared to what it used to be 10-15 years ago, 10-15 years ago people just had Sunday roast, but now people are getting to enjoy spicy food with the various culture in restaurants etc, and people are getting used to curries etc. I once had an exhibition where I did a curried goat, but called it curried lamb because goat here is viewed as a pet, they will come and I will say curried lamb, and they will say oh! I had some lovely curried goat in Jamaica; they can not wait to buy the product.”(MPL)

“It’s going to be great, and it’s getting better. When I was in Nigeria, in June, I was in a conference that had over 5000 delegates, I was doing the interviews, in the course of the interviews, this guy came up to me, he was actually based in Nigeria and he saw my microphone with my company’s name on it, and he said to me that he watches my programme every Sunday in Nigeria, I was surprised, everywhere we go people tend to make similar comments.” (DDL)

On the other hand, the WAOBs were positive about the outlook of the market in the next 5-10 years because of the growing IT and media sector and the increasing distribution outlets (in the manufacturing sector) providing for their products especially by the big 4 - Asda, Tesco, Sainsburys and Morrison’s and also because of expansion initiatives such as better packaging and lower pricing, being embarked on by some. Comments from WAOBs include:

“I see my self doing very well indeed especially when I have developed an additional product range. The IT sector looks positive now. Things have started picking up, and it is constantly growing.”(PTL)

It’s going to get bigger and bigger, because obviously the thing about IT is that everybody is using it and everybody needs support”

“Good I think our market place in the next five years is a healthy market place, including my service area.”(GJUK)

“I can’t think up to 10 years but tell I tell you one thing, in ten years time I would like to see my product in all the UK ASDAs then I can approach Tesco’s which is my aim but God knows what is going to happen.”(SSL)

“It will become more competitive, there will be lower prices, and it will be more difficult. We are going to come up with more innovative products, better packaging and lower prices, I also see consumers trading off though, by paying premium for better quality products.”(TGF)

7.4.5 Proactiveness

There was partial support for H7.5: *ACOBs are less likely to emphasize proactiveness in their overall business strategy than WAOBs. The significant difference was seen in marketing of new lines and services in the past two to three years (Table 7-5d) with WAOBs being more likely to market new lines and services than the ACOBs.*

Table 7-5: Comparison of proactiveness of ACOBs and WAOBs

Independent Variables	Z Asymp. Sig.(2-tailed)	α Ranks WAOBs	α Ranks ACOBs	N-Ties	P-value	Level of significance
Proactiveness						
a) We are constantly seeking new opportunities related to present operations	-0.783	1.96	2.08	15	0.433	>0.10
b) We are usually first to market a new service or product among peers	-0.863	3.24	2.88	19	0.388	>0.10
c) We are constantly on the lookout for businesses we may acquire or execute	-0.124	2.20	2.12	21	0.902	>0.10
d) New lines of services and products have been marketed in the past two to three years	-1.8	2.08	2.56	20	0.072*	<0.10

Source: Fieldwork z has to be <or > than critical value of z to reject H_0 (see appendice) *significant
 α Lower mean scores denote stronger agreement with the variable

There was no significant difference in both groups in firm's inertia for seeking new opportunities related to present business (Table 7-5a), however, even though there was no significant difference, the lower mean score by WAOBs (1.96) shows a higher number of respondents agreeing with variable. Furthermore, we found no significant difference between both groups "in being first to market new services and products" (Table 7-5b) and "being constantly on the lookout for businesses or contracts they may acquire or execute" (Table 7-5c). In both cases, though, there was no significant difference between both groups. The lower mean scores (of 2.88 and 2.12 respectively) show the likelihood of ACOBs agreeing more with the variables "we are

first to market new services and products” and “we are constantly on the lookout for business or contracts we may acquire or execute”.

We also observed that these new ranges are introduced by manufacturing, packaging or importation of these products. Production is driven by customers’ preference for existing competitors’ products tagged “Research and Copy” instead of research and development.

A few comments by ACOBs about new products and services marketed in the past two to three years include:

“Yes we are working on corn chips; we hope it will be a hit with the consumers as well. We also introduced mixed fruit chips and cassava chips which we have discontinued”. (AHP)

“We started up as a monthly entertainment publication, we introduced a weekly news paper to serve the information news flow within our community on the strength of that, we introduced what we called a supplement, and at first we tried out a supplement of fostering and adoption. Over time we have published three special supplements on fostering and adoption to serve the social services of various councils” (AVPL)

“... We are looking at doing African meat pies, pastry is a bit different, the filling is different, I think we can do it, we have a few African working here they tasted my sample they said it was good, I need to treat it a little bit more, we also want to do a sweet Pattie.”(JPL)

“New services have been offered, such as Internet café, computers building and hardware” (ESL)

“Since we first came up we have launched a new range but we have a lot of copycats who have been scanning our label etc.”(MPL)

“We have introduced an internet radio station as well. What we are trying to do with the radio station is that we want to deal with certain issues against the black people. Our website was the first product. We have introduced chat rooms, etc and radio is our latest products.”(BNL)

“We have added into our solutions wireless aspects, so we are saying that even though you are having a wired net work which is what the company needs, lets put in a wireless hot spot so you can offer Internet access to your clients where they are waiting to meet you. ... The other thing we could class as new is coming up with systems and procedures to give our existing clients faster recoverability from disaster” (EDS).

A few comments by WAOBs about new products and services marketed in the past two to three years include:

"...Because we've only been going 3.5 years, we only have had 2 products to start with, so we have launched 13 versions of that over the period. The last two was launched this spring, and we have got another 2 in the next 6-9 months."(ROF)

"Most of the stuff we introduce as new products are customer led, We listen to the market- what is wanted- then we might make a few of them and if we think it is good then they might go on in a few other places, so we don't do a reverse market research, we don't have an 'R and D' we have an 'R and C'. Instead of research and development we have a research and copy."(JBRL)

"I have tried to add packing of nuts and things like that, but because I don't the necessary marketing skills, it hasn't succeeded like it should, but I am not giving it up. I am seeing various customers demanding for it, I believe that particular line of products is just waiting to grow."(SSL)

"We have done rice granules, stem puddings, new flavours, and extra virgin olive oil from Italy. We have quite some new products that we have marketed in that past few years."(TGF)

"Data recovery, recovering information from damaged hard drive. When you take the hard disc out you have to diagnose what's wrong with the hard disc then you have to replace the faulty parts or find a way of getting round the faulty part."(SDL)

"Security I have started working for a computer magazine, so I have moved from journalism to technical author at the moment specializing in security."(PCL)

"We have some new cards we have been developing, that will be like a chip, it's in most machines. In the card we will be putting all that information into a single chip. Hopefully that chip will be built into the motherboard."(RTL)

7.4.6 Riskiness

There was little or no support for the H7.6: *ACOBs are more likely to emphasize a risk adverse strategy in their overall business strategy than WAOBs.* We found that there was no significant difference between ACOBs and WAOBs in responses such as: "We prefer to stick to what we are used to when making major decisions" (Table 7-6a), nor in their responses in statements such as "new products are approved on a 'stage by stage' basis rather than with a blanket approval" (Table 7-6b); neither is there a significant difference in the tendency of both groups to support projects where the expected returns are certain (Table 7-6c). However, though we found no significant differences in the various variables between both groups, we found ACOBs having lower mean scores on all variables (3.04, 2.36, and 2.32) than the

WAOBs, showing that ACOBs have a higher propensity to be risk adverse than the WAOBs.

Table 7-6: Comparison of riskiness of strategy of ACOBs and WAOBs

Independent Variables	Z Asymp. Sig. (2- tailed)	α Ranks WAOBs	α Ranks ACOBs	N- Ties	P- value	Level of significance
Riskiness						
a) We prefer to stick to what we are used to when making major decisions	-1.299	3.40	3.04	17	0.194	>0.10
b) New products are approved on a "stage by stage" basis rather than with a blanket approval	-1.504	2.92	2.36	23	0.133	>0.10
c) We have tendency to support projects where expected returns are certain	-0.544	2.48	2.32	14	0.587	>0.10

Source: Fieldwork z has to be <or > than critical value of z to reject H_0 (see appendices Table 11-15) *significant
 α Lower mean scores denote stronger agreement with the variable

This insignificant difference between both groups in their emphasis on risk in their overall business strategy can be seen in the similarity of the groups' response when business owners were asked to tell us "what they considered to be their major business risks." Most of the business owners said that they had no major business risks, as most of them have opted out of taking heavy loans. We had a lower percentage that indicated that the risk that they had was their overdraft. Other business owners mentioned risks like spreading themselves too thin in order to keep up with the demand for their products and services, risk of running very high overhead costs, risk of customers not paying up or going bust, risk of cash flow not being right; e.g., one African Caribbean entrepreneur admitted that his major business risk is cash flow problems. If the cash flow is not right it could put the business in major problems, and the entrepreneur would rather avoid large volume contracts that do not provide smooth cash flow than get sucked in by the volumes. These and a few comments by ACOBs and WAOBs are below:

"Major biggest business risk is cash flow problems. If we don't get the cash flow right we wouldn't be able to maximize our potential by increasing our margin. I would rather grow in that direction with a good account than go in the wrong direction. I don't want to be sucked in by big volumes in the wrong account- that will be a big regret. (JPL)-ACOBs"

"Our risk has been in taking on a bit much more, rather than waiting for the publication to grow at a slow pace. e.g. risk bringing out more titles like the 'new celebrity in diversity' magazine, a glossy gossip celebrity magazine, which is going to take a huge capital base. The risk here is that we are not certain of its performance, it could backfire and if that happens, that slows the business down but we know that with our experience acquired over the years coupled with proper planning, it will go well..."(AVPL)-ACOBs

"We have a bit of a loan but its not a major risk, we do upgrade the computers every year, so the loan enables us to keep up with these upgrades. The key element of the business is again keeping the overheads low. At times as you run such risks, things will go wrong, people will go bust, some people will not pay you, while some other people will promise things and wouldn't deliver. Every business will have that so if you are running on very high levels of risk then you will go under, that's why we have survived, we don't have any big loans...(MBL)- WAOBs

"No we don't, only the normal overdraft if we need it we don't have heavy loans or any thing like that." (GJUK)

7.5 Conclusion

There was little or no support for the hypothesis that *WAOBs are more likely to emphasize aggressiveness in their overall business strategy than ACOBs*. We rather found ACOBs more likely to emphasize aggressiveness in their overall business strategy than the WAOBs. We also found that the aggressiveness of ACOBs in pricing is motivated by higher price sensitivity of African Caribbean customers who have low switching costs and loyalty to brands. The pattern of response shows that customers of ACOBs, more particularly than customers of WAOBs, will be moved immediately to try a product if price is perceived to be right, without regard to quality,. While the aggressiveness of WAOBs is rooted in their ability to produce or organise more efficiently, seen for instance in the comparatively higher sales per employee ratio than the ACOBs, reduces overhead costs and further transmutes into competitive pricing.

There was also little or no support for the hypothesis: *WAOBs are more likely to emphasize futurity traits in their overall business strategy than ACOBs*, supported by similarities in the response provided by ACOBs and WAOBs during the qualitative interviews. A higher proportion of them said that there was no formally organised market research by their businesses, not seeing it as practicable and useful at this stage of their businesses. Those that were involved in market research do so in-house or

simply by getting feedback from delivery drivers, customers, trade shows and exhibitions as well as product tasting. Also, contrary to our expectation, it appears that ACOBs are more likely to foresee and imagine alternative products or services that do not yet exist than WAOBs.

Table 7-7: Summary of subjective assessment of strategy variables (A)

<i>Business Strategy Variables</i>	<i>ACOBs</i>
<i>Aggressiveness</i>	
<i>We often sacrifice profitability to gain more customers</i>	+
<i>We often cut prices to attract new customers</i>	(+)
<i>We often set prices below our competition</i>	(-)
<i>Futurity</i>	
<i>We emphasize research</i>	(+)
<i>We formally track changes in customers' demand or technology that will be in hot demand</i>	(+)
<i>We often conduct 'what if' analysis of critical issues</i>	+
<i>Riskiness</i>	
<i>We prefer to stick to what we are used to when making major decisions</i>	(+)
<i>New products/services are approved on a 'stage by stage' basis rather than a blanket approval</i>	(+)
<i>We have a tendency to support projects where the returns are certain</i>	(+)

+ Significant difference with Stronger agreement by ACOBs (+) No significant difference between both groups though mean score shows stronger agreement by ACOBs

- Significant difference with stronger agreement by WAOBs, (-) No significant difference though mean score shows stronger agreement by WAOBs

This may likely be so as a lot of products and services introduced by ACOBs may be relatively niche-oriented and new to the western market, further supported by similarity in both groups on the optimistic outlook of their market in the next 5-10 years. In most cases we discovered that the positive outlook for ACOBs is fuelled by: the prospect of the business market developing and growing into newer technology, the prospect of the growing familiarity with African and Caribbean cuisine- services and products, are slowly but surely growing and, finally, the increasing number of African and Caribbean migrants in UK.

We also found little or no support for the hypothesis: *ACOBs are more likely to emphasize a risk adverse strategy in their overall business strategy than WAOBs.* Though, the pattern of response from ACOBs shows that ACOBs have a higher

propensity to be risk adverse than the WAOBs. The major risks found in these businesses involved their overdraft, spreading themselves too thin, risk of running at very high overhead costs, risk of customers going bust, risk of customers not paying up and risk of cash flow not being right.

There was little or no support in the three hypotheses stated on the higher emphasis of WAOBS than ACOBs on aggressiveness, futurity, and riskiness in overall business strategy as being the cause of performance differentials. Rather on the flip side we discovered that ACOBs had more of a tendency to emphasize these in their overall business strategy than WAOBs (see summary on *Table 7-7*).

Though there was little or no support to WAOBs having a higher emphasis on aggressiveness, futurity and riskiness in overall business strategy than ACOBs as being the cause of performance differentials, we found support for this in the other remaining three dimensions: analysis, defensiveness and proactiveness (see summary in *Table 7-8*).

Table 7-8: Summary of subjective assessment of strategy variables (B)

<i>Business Strategy Variables</i>	<i>ACOBs</i>
<i>Analysis</i>	
<i>Emphasis on effective coordination among Marketing, financing and personnel functions</i>	~
<i>Decisions are made using spread sheets and software</i>	(+)
<i>We only use employees that are qualified for the job</i>	~
<i>Defensiveness</i>	
<i>Occasional modification of technology (upgrades)</i>	~
<i>Set standards that guide every product or service to maintain quality</i>	(+)
<i>Proactiveness</i>	
<i>We are constantly seeking new opportunities related to our present operations</i>	(-)
<i>We are usually first to market our products among peers</i>	(+)
<i>We are constantly on the look out for businesses and contracts that we may acquire or execute</i>	(+)
<i>New lines of services and products have been marketed in the past two to three years</i>	~

+ Significant difference with Stronger agreement by ACOBs (+) No significant difference between both groups though mean score shows stronger agreement by ACOBs

~ Significant difference with stronger agreement by WAOBs, (-) No significant difference though mean score shows stronger agreement by WAOBs

There was evident support for the hypothesis: *WAOBs are more likely to emphasize comprehensive decision processes (analysis) in their overall business strategy than*

ACOBs. *WAOBs* were more likely to emphasize the effective coordination among marketing, financing and personnel functions. The responses show that *ACOBs* were less likely to have analytical spreadsheets for decision making and planning than the *WAOBs*. We were convinced that though *ACOBs* were less likely to have the software and tools needed for decision making than *WAOBs*, this did not mean that they may likely use them less in the process of decision making if they actually were in possession of such, than would the *WAOBs*. We also found that *WAOBs* are more likely to use employees that are qualified for the job than *ACOBs*.

Also there was support for the hypothesis: *WAOBs are more likely to emphasize a defensive strategy in their overall business strategy than ACOBs*. *WAOBs* are more likely to be involved in constant improvement or modification of existing products, technology or services than *ACOBs*. There was no significant difference between the groups when it came to having set standards that guide every production or service to maintain quality. The reason for this revolved round *ACOBs* having similar trainers and inspectors from mainstream to train and inspect workers and facilities respectively e.g. HACCP, ISL9002. Secondly, training and accreditation are seen as a necessity to do business with major corporations, demanding these standards. Moreover we found that most *ACOBs*, like a lot of small businesses, have a unique feedback system given their relatively smaller size, close contact and relationship with customers, so that if the product quality inches away from the norm, the customers tend to raise an alarm.

Unlike analysis and defensiveness there was a partial support for the hypothesis: *ACOBs are less likely to emphasize proactiveness in their overall business strategy than WAOBs*. The significant difference was seen in marketing of new lines and services in the past two to three years, with *WAOBs* being more likely to market new lines and services than the *ACOBs*. This proactiveness in new products and services is pursued in six major ways: offering existing customers completely new range of products or services unrelated to existing products, offering existing customers new range of products or services related to existing products, doing something new with existing services that they never did before, manufacturing new components or products, increasing new services and supplies to an existing customer and improved technology basis for service to a new customer.

CHAPTER EIGHT

Firm Activities and Barriers

8.1 Introduction

The previous three chapters have contributed in our bid to provide an explanation to possible causes of performance differentials between ACOBs and WAOBs in chapter four. This chapter, like the others, continues the investigation into the likely causes of groups' performance differential. This objective is achieved by examining firm activities such as: internationalisation, customers, and products, important growth factors whose absence will otherwise pose an operational barrier.

8.2 Literature and hypotheses

8.2.1 Internationalisation of African Caribbean small businesses

Internationalisation can be viewed as important growth drivers for Small Medium Enterprises (SMEs) (Wolff and Pett, 2006). Internationalisation is a major strategic action for any SME. Furthermore, a positive relationship has been shown to exist between internationalisation and growth performance (Wolff and Pett, 2006), with internationalisation being viewed as a positive indicator of success for most black businesses (Adams and Sykes, 2003). SME behaviour is mostly described using process theory. Johansen and Vahlne's (1977) stage theory proposition states:

"Small firms develop their business activity in domestic home country markets. Success in domestic markets provides the capability to move into foreign markets at first, primarily through export activity. From this limited exposure to foreign markets through exporting, firms can learn about a customer's product needs, pricing needs, country distribution systems, and culture, to name a few. Ultimately, in time such learning yields greater commitment to international markets and potentially enhances performance for the firm."

This seems to be the most dominant paradigm, though its validity is continually being questioned (Fillis, 2001), given that most small firms do not progress beyond a certain stage but still end up being very much involved in international business in their own right. Following these criticisms, propositions examining international networks and impact of relationships building on internationalisation behaviour have been explored.

This network-based internationalisation can be implemented by nurturing and building up new relationships in new markets and also by connecting relationships in other countries (Solberg & Durrieu, 2006).

These studies suggest that small firm internationalisation may be motivated by experience and shaped by the options available through personal and community networks (Fillis 2001; Moen et al., 2004). Coviello and McAuley (1999) view internationalisation for SMEs as driven by the formation and exploitation of the firm's group of network relationships rather than through particular strategic advantage. This is sensible as not all small firms engaged in international activities are doing so necessarily because of strategic advantage possessed, or, over-capacity in domestic markets; rather, entrepreneurial competencies such as innovative thinking, creativity, risk taking ability, opportunity recognition are identified as key drivers of internationalisation especially amongst small firms (Fillis and McAuley, 2000). If small firms were seen to have a competitive advantage it was seen as entrepreneurial competencies (Fillis 2000; George et al., 2005).

In fact studies by Ram and Barret (2000) found that ethnic minority business owners were better at building overseas trade links than white owners. ACOBs are characterised by a strong collectivist culture (Kayizzi-Mugerwa, 2003; Etounga-Manguelle 2007). Africans, for instance, tend to be very similar across the continents in general preferences. Ekwulugo (2006:70) stated,

“The significance of these continental similarities in cultural dilution is enormous; creating an effective common marketing and entrepreneurial practice that can be disparately applied within and outside the sub region. Black African SMEs from Africa have some uniqueness about their ethnic practices or national practices. Yet what seems discernible in their overall collective practice is a seeming uniformity (marketing and service delivery style) and is hard to differentiate. The marketing practices of a typical Ghanaian and Nigerian in London would be hard to differentiate. Even then what each brings to bear is the strength of their cultural uniqueness”

These continental similarities, common marketing and entrepreneurial practices make collective practice and strong networking the norm. Therefore we can assume that strong networks support internationalisation moves of ACOBs. For instance Cook et al., (2004) confirm that Africans network among themselves especially with their religious groups. This forms a good ground through which marketing and businesses

are initiated and contacts formalised. Ehoru and Roper (2006:15) have shown that ACOBs have higher levels of involvement in internationalisation programmes than their matches. They found that 82% of ACOBs interviewed have internationalised or made more attempts in the past to internationalise services and products than WAOB matches, with most WAOBs not seeing it as big on the agenda rather preferring a domestic focus. Therefore literature suggests high levels of internationalisation activities among ACOBs than similarly matched WAOBs.

H8.1: Internationalisation of African Caribbean business operations

African Caribbean small businesses are more likely to internationalise their operations than WAOBs

8.2.2 Important Growth Factors for Small businesses

Literature shows that small businesses face barriers in business growth or performance more so than the medium and large businesses. We examine some of the important growth factors needed for the success and performance in operations of small businesses, more especially ACOBs. These growth factors, if lacking, may constitute problems and growth barriers to their activities.

8.2.2.1 Access to mainstream distribution channels

Studies have shown that a firm's channel actions affect not only its own profits and consumer welfare but also its relationships with channel intermediaries and with other firms in the market (Chu et al., 2007). The use of ethnic-based marketing strategies to do distribution is still rampant. The problem with ethnic-focused marketing is that such distribution in ethnic frequented channels and promotion in ethnic targeted media, may further signal to mainstream and other- ethnic consumers that an ethnic-oriented product is not intended for them and may reduce potential crossover (Grier et al., 2006).

8.2.2.2 Popularity of brand

Joseph (2005) has argued “the success of brands in the ethnic food category will continue to intensify with maintained efforts towards consumer awareness and new product development.” Basically the more informed mainstream consumers are, the more they will look towards quality authentic big branded products. “Brand” in this context refers to familiarity of the mainstream with African Caribbean products. A phenomenon known by Ouellet (2007) as “product ethnicity image” argues that the mainstream consumer’s bias toward ethnic originated products and willingness to buy such products is tied to their evaluation of the product. It further argues that such biased consumers will buy products from ethnic minorities for which they believe ethnic minority groups are more capable than their own e.g. Jollof rice, Jerk chicken, etc. The implication of this is that ACOBs in areas with high mainstream consumer bias to ethnic products, a phenomenon Ouellet (2007) calls “Consumer racism”, may want to adopt more mainstream packaging and approach in branding their products and vice versa.

8.2.2.3 Access to mainstream capital / funds

It is widely recognised that SMEs face financial barriers (Storey, 1994), but studies have shown that African Caribbean and Asian owned businesses demonstrated a higher propensity to report problems in accessing bank finance at start-up than their white counterparts (Jones et al., 1994; Curran and Blackburn, 1993). Evidence from previous research suggests ACOBs appear to face particular problems in accessing start-up finance (Deakins et al., 1995; Jones et al., 1994). Evidence rooted in owners’ narration suggests stereotyping of applicants for loans by bankers (Jones et al., 1994).

In addition, Ram and Smallbone (2003) have pointed out that established African Caribbean owned businesses experienced lower success rates in accessing external finance compared with other established firms and a much higher propensity to report future financial needs than other Black and minority ethnic businesses or white-owned firms. Worse still, the mainstream support agencies have not been very successful in accessing the ACOBs, with a view to financial and organisational support. As a result, the owner managers receive very little support

from these agencies (Cook et al., 2003). For instance, this study also reported that Africans in general do not access official funding; instead they even use their credit cards to fund their businesses. They do not trust authorities.

8.2.2.4 Product differentiation and diversification

Another theme important to the future of black business is the emergence of the serial entrepreneur-business visionaries willing and able to apply and adapt their business models across a variety of industries, meaning not just starting and maintaining one successful operation, but parlaying that success into new ventures with larger growth and profit potential (Graves sr, 2006). In strategic terms, the future viability, sustainability and expansion of ethnic minority enterprise depends critically upon diversification or as Ram and Hillin (1994) term it, 'break-out.'

8.2.2.5 Absence of discriminatory practices

It is now well established that the labour market experiences of ethnic minority groups in Britain are different from those of white persons (Brown, 1984; Jones, 1993; Owen, 1997; Modood, 1997, Ram et al., 2003; 2006).

The different experiences of ethnic minorities from whites are a result of a variety of factors ranging from differences in demographic and family structures, geographical distribution, social background, wealth and the existence of discriminatory practices (Owen, 1997). There have been claims of discriminatory treatments by their bankers including outright rejections of their application for loans, under-funding, and imposition of excessive conditions, mishandling of accounts and a general lack of trust and mutual credibility (Ram and Smallbone, 2003).

There is overwhelming evidence to suggest that African Caribbean business owners are more subject than other ethnic minorities to discrimination from bankers, the implication being that members of specific ethnic groups are inherently perceived as less credit-worthy than others (Barrett, 1999 cited in Ram et al., 2006). This causes difficulty in accessing finance.

H8.2: Important Growth Factors for African Caribbean businesses

African Caribbean SMEs are likely to face more growth barriers than WAOBs in pursuit of their business activities.

8.3 Empirical Method

The questions were designed with two sections. The first section is a questionnaire (card #1), consisting of Likert scaled questions designed to provide valuable information to enable us assess the impact of important factors on the growth and operation of the business. This subsection goes by the title: 'Important growth factors' (see Appendices, Table 11-2).

The second section consists of semi-structured questions eliciting responses from businesses on such issues as internationalisation, customers and clients and target markets. Questions include:

1. What are your main products and services?
2. Who are your main customers?
3. What is the ethnic concentration of customers?
4. Where are the majority of your customers located?
5. Has your company taken any steps to internationalise its operations?
6. How is the internationalisation executed or done?

The responses to the categorical question on internationalisation was analysed using the McNemar test.

8.4 Results and Discussion

8.4.1 Firm activities and operations of small businesses

8.4.1.1 *Main products, services,*

Though the ACOBs were operating in similar sectors to the WAOBs, we noted a remarkable difference in their product and service portfolios. For instance, in the computer related sector, we discovered that the majority of ACOBs that had computing firms seem to have business activities dominated by lower to middle level services (such as computer training, repairs, upgrades, support services and hardware supplies), while the white computer firms seem to be dominated with middle to higher level services (such as software testing, project management, analysis for clients, processes, development and consultancy).

The manufacturing sector saw a predominance of food manufacturing firms, though there was evidence of a growing clothing manufacturing and design sub-sector. ACOBs in the manufacturing related industry tend to produce more ethnic-related products than their counterparts. This food manufacturing covered areas such as: ready meals, packaged baked goods, packaged snacks, packaged poultry and fish products, liqueurs, food and soft drinks and spices and food ingredients.

While the research in this area is still in its infancy, evidence indicates that there has been substantial growth in the number of African Caribbean people who have set up companies, recording music, promoting stage shows, and managing artistes, even in the UK. Another growing area in media is in the area of magazines, newspapers and publications, mostly specialised, with news-flow designed to reach and provide information for readers about African and Caribbean events. However, we see a growing effort to market to mainstream channels through mainstream channels like W.H.Smith and bigger supermarkets.

8.4.1.2. *Main customers (individuals vs. Business to Business)*

Findings show that 77% of ACOBs have a mixed portfolio of individual clientele and business organisations, while the remaining 23% appear to target only business organisations. Manufacturing sector had the highest percentage of business organisation clients (37.5%). Some of these business organisations included restaurants, sandwich bars, hotels, shops, councils, schools, supermarkets and distribution outlets. This is not the case with the WAOBs. Our results show a different

modus operandus as a higher percentage of the WAOBs (64.4%) appear to deal strictly on a business to business basis. The remaining 35.6% had a mixed portfolio of business organizations and individuals, but we discovered that no WAOBs had a portfolio made up of just individuals as customers.

The effect of the number of clientele being higher in business organisations rather than individual customers (as in the case of WAOBs) filters through as differences in profit margin (as seen in chapter four), as it's a well known fact that businesses will order more and pay higher for products and services than individuals.¹⁸

8.4.1.2 Ethnic concentration of customers

While ACOBs acknowledge that a greater percentage of their customers were people from African Caribbean origin they were of the view that a growing percentage of their customers are from other ethnic groups. A few comments in this regard include:

"No! From all ethnic groups, I will say we have a fairly wide spread customer base, yes we do. I suppose the proportion of African Caribbean businesses for us is a higher percentage than probably the norm, but I wouldn't say we predominantly service African Caribbean; it's just the nature of the networks I'm in. We tend to pick up a bit of business but we are across the board, I mean white European and African Caribbean is predominantly the core of the business, with very little Asian or Bangladeshi type. So it's predominantly what I class as white European and African Caribbean but that's fairly evenly spread." (EDS)

"A lot of the clientele comes from blacks and the community, it's got a good mix ... (IXL)

"Yes we deal with all types of ethnic customers. For instance if you take a look at my book you will see whites, black Caribbeans, and Africans from Tanzania, Zambia, Ghana, its really is a wide variety. The unifying factor is that they can afford to pay my prices." (KCL)

"In the supermarkets our aim is to sell to the mass population it's only perhaps a million African Caribbean, but we have got 60 million product customers, so hopefully through the supermarkets we are reaching these customers." (SRB)

¹⁸ Graves Sr (2006) studies argue the African Caribbean entrepreneurial success model of the future will also continue to reward those who build performance-driven networks, expansive and interconnected businesses, and political relationships driven by the ability to anticipate and consistently meet the needs and business objectives of businesses.

Our main service is really providing African Caribbean products, across the range of ethnicity, from Afro- Caribbeans to Asians and English people-Anglo-Saxons" (CFL)

"We attract individuals from far and wide" (CTC)

"It's difficult because for instance I would say that the majority of my sales come from my biggest customers. My biggest customers are not black owned companies but they would have a black person running the show or something, that I kind of connect with...I would say that more than half or two-thirds (66%) are black Africans and black Caribbeans, the people that I deal with, within those companies are black. The remaining 34% are from mixture of various groups"(AD)

Thirty-eight percent (38%) of ACOBs interviewed had their product distribution through "the big 4": ASDA, Sainsburys, Tesco and Morrisons, and other retail outlets e.g. WHSmith. The general belief was that mainstream supermarkets provided people from the mainstream with access to their products. We observed that most of the businesses utilising mainstream supermarkets were mostly of Caribbean origin rather than African at the moment. This may well indicate how young African entrepreneurship is in the UK or it may just be put plainly down to the feelings of most African entrepreneurs that the tight margins and exploitation of the big supermarkets is not worth the effort. An African entrepreneur commented:

"No! We don't have to supply these big supermarkets. If we ever do it will be contrary to the idea we are setting up, it means we'll be working twenty-four hours for Tesco, that's not our vision. The day Tesco is not happy with you; your business is gone down the drain. Rather with the new shopping outlets, we intend to do them up to meet the white standards. We have white people who will be working there and we hope that this strategy will bring them in. because what we process and sell is almost half price of what Tesco and Sainsburys are selling and they are the same products. When we have done the shop up we'll focus on advertising informatively, informing the community what you buy from us compared to pricing at Tesco and Sainsburys, for the same quality you get it from us at half price..."(BFL)

However, it's interesting to note that 38% of ACOBs mentioned above constitute those firms having a home base focus, viewing the home market as huge and not seeing internationalisation moves as a priority or a necessity till the home market has been harnessed. The results shows concerted effort targeted at mainstream markets:

"...So about export till I have 80% of the UK market place, I am talking about 90% of all supermarkets, there is no point looking abroad. I might as well get it while I can here" (CFL).

"At the moment, like I said earlier, we focus mainly on the African Caribbean market, we have 60million people in the UK that we need to have as core customers first before we start thinking of going abroad. We have a massive market here that is untapped. We need to conquer this market first then we can look abroad."(SRB)

The increasing openness to Caribbean products or services into mainstream channels may be fuelled by increasing holidays taken by mainstream population to Caribbean islands giving them first-rate exposure to Caribbean products and services.

The WAOBs interviewed about the ethnicity of their customers were unanimous in saying that the concentration of their customers came from peoples of all ethnicity with only two business owners specifying the contrary:

"Less than 10% are ethnic groups outside of European white, perhaps a reflection of the deli owners or supermarket owners. There are certain parts of the country where we might have other ethnic groups we are selling to, it must be the ownership of the business that we are selling."

"It's mainly white Anglo Saxon. We have got a small population of African Caribbean and a fairly small population - this is predominantly a white area."(RBL)

In assessing the ethnicity of customers of ACOBs and WAOBs, we must not quickly draw generalised conclusions without taking into consideration that the slight differences in ethnicity concentration of customers may be geographically influenced, i.e., the predominant group in that geographical location, e.g., areas with predominantly white population tend to have more white-based customers and firms may get more white customers than areas having predominantly Asian customers. A few comments by ACOBs on the effect of geographical locations on ethnic concentration of customers include:

"The area you are could determine the ethnicity of your customers. If you are in Brixton and Peckham, primarily black, your customers will be black. Here I have a mixed population, because of the student population, and ethnicity is not an issue." (ESL)

"Blacks are more because of the area we are based. We have another company in Greenwich where majority of our customers were white, and it didn't make a difference what colour we were, it's more the location. Here in Deptford, there are a lot of blacks so consequently majority of our business comes from black people although obviously with BNL being a black organization specifically the bulk of our people are black"(BNL)

The computer-related sectors, which are more mainstream, boasted a wider spread and mixture of individuals from all ethnicity than the manufacturing and media sectors.

Higher ethnic concentration instead of mainstream concentration filters through as intense competition within the African Caribbean community, given the difficulties in access to more mainstream distribution outlets as previously discussed and the increasing competition from Asian entrepreneurs manufacturing and distributing similar African Caribbean products and services.

8.4.1.3 Location of customers

Location of customers varied across the three chosen sectors. For instance, 80% of ACOB customers in the computer-related sector had the concentration of customers *located locally* while another 20% of ACOBs had clients or customers *located regionally*. Some common reasons include: (1) Price and service commonality (2) word of mouth advertising.

"Locally, because of the commonality of service, most people would not want to travel far distances just because of a little price difference." (ESL)

"Locally, we have people from all over, but then the concentration of people we provide our service to are in London and south London, as far as southeast and Croydon." (CTC)

"Mainly local, we have some people coming out because we used to advertise in the yellow pages, but what we found now is that it's become saturated, so we are not mainly advertising in that way. It's now word of mouth that is where we get our business. There are a lot of people doing advertisements, what we found is that you put in an advert into the local paper and someone copies the advert and does more or less the same things; they even went as far as opening a computer shop right next door to us, so there were two of them side by side, but the one on the last street closed last month, because they couldn't do it. We had built up a reputation¹⁹" (BNP)

In the manufacturing sector the story is slightly different, as 67% of ACOBs compared to WAOBs (57%) have succeeded in distributing their products beyond their locality up to a national level, with outlets in major cities in the UK especially where ethnic minority populations are high. And a further 33% of ACOBs said they

¹⁹ Good reputation and good will

had customers internationally based compared to only 14% of WAOB matches. Comments from ACOBs include:

"These customers are mostly within M25 of London, and some sales are outside and I am pushing in Manchester, Birmingham and I have a few distributors going down to Bath (Regional)"(JPL)

"We supply supermarkets in the north, in Manchester; we supply supermarkets in London, Nottingham, Watford, and Coventry. We supply to Luton. We do the market area in Luton. ... But we reckoned that we had ideas and we had to move forward, we need to do it En masse, we need to go to supermarkets. We need to spread across Birmingham and Wolverhampton; we supply Yorkshire, Huddersfield Bradford, Chesterfield, Manchester, London, Bristol, Gloucester, etc. Of course you change the way things are done, even the office space here."(SRB)

"Internationally and nationally-We sell most of our goods in Glasgow, Birmingham, and Manchester, Ireland, etc we currently have one high street outlet in London, we have another in Manchester."(BFL)

In the media sector there is a close similarity between both groups in the pattern of customers' location. 50% of ACOBs in media had customers located regionally in London, Birmingham and closer towns. Most of these media companies focused on news flow and production from their ethnic groups; the remaining 50% had international based customers, mostly through on going partnerships abroad from their countries of origin. These involve: Tourism-related media and event listing, Film production and Designing and publications.

8.4.1.4 Internationalisation of African Caribbean business operations

There was support for H8.1: *African Caribbean small businesses are more likely to internationalise their operations than WAOBs*. Categorical responses show a significant difference between ACOBs and WAOBs ($p=0.065$) when asked "Has your company taken any steps to internationalise its operations?" (E.g. do you produce or sell any of your products or services through an overseas-based firm?). ACOBs were more likely to internationalise than WAOBs (see Table 8-1 also see Table 11-1 Appendices).

Table 8-1: Firm involvement in internationalisation

McNemar Test	Mean score WAOBs	Mean score ACOBs	N pair	Asymp. Sig.(2- tailed)	Exact significance
<i>Internationalisation of firms</i>					
Company has taken steps to internationalise its operations	1.5200	1.2400	25	0.065*	<0.10

Source: Fieldwork
*significant

Lower mean score shows higher internationalization involvement

Our findings in chapter four showed that ACOBs are facing higher overhead costs (lower profit margin) and efficiency costs which often come "front-end", that is, before any sales have been made. If they are to survive, they must latch onto the growth track quickly in order to support these initial expenses; one of these avenues is internationalizing some of the operation. Comments from African business owners on this include:

"...35% of my sales are exported to Italy, Spain, Europe, Australia, America, Taiwan. I think our brand is the only African brand product you'll find in all continents of the world. There is other African businesses who make the same products but their products are not as far reaching as our products. They are localised in the UK or in a couple of countries in Europe." (YVL)

"We used the magazine as a medium to reach our readers, and our print run grew from 20000, that we started with, to 75000 at a point, we were sending to Holland, to Belgium and to US and we were of course sending back to Nigeria and we were able to maintain some 25000 within the UK. We did that up until 2001," (AVPL)

"Yes. We do a lot of importation. Via ship, from Brazil, Norway, Poland and Holland" (BFL)

"Yes, we are in Italy, we are in Spain, we are in Belgium as well, and we are in America as well" (AHP)

We further observed that the entry forms related in the incremental internationalization process described in the Uppsala model (Johanson and Wiedersheim-Paul, 1975) received little support in this study. Internationalisation of ACOBs appears to be largely driven by their existing network relationships. A lot of these networks of relationships are often from their country of origin. This may likely be driven by a desire to take advantage of existing networks of family, contacts and

the large market demand in their country of origin to kick start most of their businesses, with major partners guiding foreign market selection and providing the mechanism for market entry in other western countries. These partners or agencies are usually African Caribbeans based in other western countries e.g. Holland, Italy, Brazil, Belgium and US.

Internationalisation usually starts in the early stages by partnering with African Caribbean based agencies overseas to cover distribution, exportation and importation. Comments by ACOBs in this regard are:

"We are trying to look at forming a partnership with somebody over there to replicate what we do here but in Ghana. We are only looking at Ghana at the moment in the sense that because I am naturally going back and forward for the charity work, in a way it helps fund that charity work by generating some income in Ghana. And we are looking at forming a partnership to bid for contracts in Ghana; we will then export equipment from them."(EDS)

"We have another outsourcing base in South America; that is where we produce our plantain crisps and palm oil. I just signed an agreement setting up a bigger outlet to start producing palm oil. I was also looking at Ghana but it didn't work out well."(YVL)

"We got people that we sell to there, buying from us."(AHP)

"We sent our pies to Holland, to a distributor who was thinking to partner with us but she basically changed her line of business, I am now talking to somebody in Sweden at the moment. If I am internationalising I will be doing it through an agent."(JPL)

"Yes, I am talking to a very good customer from Nigeria; she operates in Nigeria. She called me in January and said that she wants partnership; the government has tightened importation and is advising manufacturers to form partnerships. I started acting on it, just got side tracked."(MPL)

In the media related sector this is done by partnering with African Caribbean based firms overseas to cover production and publication of events in the UK. *Most times during the initial stages their partners tend to have close cultural orientation, which may possibly arise from the ease, common cultural orientations and environments bring* (Leontiade, 2001).

"We have a sister company back home, through which we produce and film. We film and do productions with Nigerians internationally, in US, in Nigeria, etc."(DDL)

"We partner with other people because we haven't got a distribution group, so we partner with somebody in distribution. We market internationally as well. We usually get partners in that country or distributors in that country; we also do that through DTI and through the business links." (GHP)

The internationalisation strategy of importation and exportation are also adopted by the few WAOBs that are involved in the process. A few comments by the WAOBs are:

"Only in a small way at this moment, you will find our products in Holland, in Spain and so on." (ROF)

"Yes! We are doing a lot of exports to France and Spain but we wouldn't consider opening a depot or anything like that. We process our products and export to agents that buy off us." (CEV)

Overall, ACOBs interviewed show higher levels of involvement in internationalisation programmes than their matches. 82% of ACOBs interviewed have internationalised or made more attempts in the past to internationalise services and products than WAOB matches, with most WAOBs either contemplating risks, costs or not seeing it as big on the agenda, rather preferring a domestic focus. A few comments on this include:

"No I wouldn't, even if I had the opportunity. It's down to risk management. If you are dealing in an area with lesser risk as soon as you go outside that area, you stop knowing what is going on. Internationally that can be a nightmare. More companies go bankrupt going international than anything, basically you have got to understand yourself that is what I was trying to say to you." (JBRL)

"No, I have not thought of going international, may be at a latter stage, I am more interested in getting my products into major UK multiples like ASDA, Tesco, Sainsbury, etc." (SSL)

"If the opportunity came up I will do so, but I am not actively looking for it now." (KJG)

"Not yet! I don't have any interest in foreign work, not now; my kids need me and wouldn't want to be far from home." (PTL)

"No I have not internationalized, maybe broadening the scope of it a bit. I think you've got to do what you do well rather than trying to do more of what you do. Or else you could fall flat on your face." (SDL)

"No we don't and we are not looking to internationalize our products or services." (GJUK)

Not really, not with the sort of work we do because there are already a lot of people bringing in stuff from abroad anyway. It will be hard for us to compete with them." (JBL)

Where attempts by ACOBs to internationalise have failed it was attributed to partnership disappointments, wrong perception of African Caribbean stocks in other western countries, or the more common problem of exchange rate.

We noticed that those that failed at internationalisation attempts tended to breed a new group of entrepreneurs that believe that African Caribbean products are in the relatively early growth stages of their product life cycle in the western markets and would rather focus on 'break-out' into mainstream before extending themselves overseas.

8.4.2 Important growth factors for African Caribbean Owned Businesses

8.4.2.1 Operations and Growth Barriers of SMEs

There was strong support for H8.2: *African Caribbean SMEs are likely to face more growth barriers than WAOBs in the pursuit of their business activities.* The study found a significant difference between ACOBs and WAOBs in their need for important growth factors, whose absence could otherwise constitute barriers and problems for the businesses involved. The study found that, though there were quite a few barriers mentioned by ACOBs, most of these were somewhat connected, influenced or a by-product of the factors reviewed earlier. The major barriers faced in operational activities are possibly driven by a relative absence of important factors such as: (1) Access to mainstream distribution channels (2) Popularity of brand (3) Access to mainstream capital (4) and lack of discriminatory practices.

Table 8-2: Important growth factors for ACOBs and WAOBs

Important Growth factors	Z Asymp.Sig. (2-tailed)§	α Rank	α Rank	N-Ties	P-value	Level of significance
		WAOBs	ACOBs			
Access to Distribution channel	-2.592	3.56	4.64	8	0.010*	> 0.10
Popularity of brand image	-3.226	2.88	4.44	3	0.001*	< 0.05
Access to Capital	-2.281	3.36	4.36	3	0.023*	< 0.05
Product differentiation	-0.640	3.72	3.92	9	0.522	> 0.10
Absence of discrimination	-2.821	2.68	4.08	3	0.005*	< 0.05
Government regulation and support organisation** ²⁰	-1.858	3.10	3.84	6	0.063*	> 0.10

Source: Fieldwork.

*Significant difference

α Higher mean scores denote higher level of importance of growth variables in the success of their current operations

8.4.2.1.1 Access to mainstream Distribution channels

When ACOBs were asked about the importance of factors like “access to distribution” in the success of their current operation, there was a significant difference in the response to access to distribution between ACOBs and WAOBs, ($p=0.010$, see Table 8-2), with ACOBs rating the need for ‘Access to distribution’ to the success of their current operations higher than the WAOBs. This may be an indication of the greater contentions faced by ACOBs in accessing mainstream distribution channels than WAOBs. Our analysis finds access to mainstream distribution among the important challenges of ACOBs and those having done so, relatively few, are often initially given limited areas of coverage usually areas with higher levels of African Caribbean population. Two ACOB entrepreneurs highlight this in their comments:

“...We still have some hindrances because W.H.Smith who is actually distributing for us at the moment, hand picks areas. For instance, I was in

²⁰ **The importance of government regulation and support organisations in the success and performance of current operations of these firms are discussed in chapter six

Bishopstopford, I came out of the train and went to the newsstand and looked through, I couldn't find our publication. I asked the vendor, he said, "AVPL? Are you talking about Voice newspaper?" I said, "No, not the voice, the voice is a black publication, its been on for 20 years or twenty two years now, but I am talking of AVPL", and the vendor said, "Some time ago we were given two copies, but I don't think we did anything with the two copies because you hardly see black people coming out of this station, you don't have many blacks in Bishopstotford". I said, "But I am visiting a black family here, and I know they are here", and they said, "If we were certain of their demand we will get our suppliers to send us copies". This was a different case in Manchester, as I came out of the station, I looked around before I went round to the WHSmith, I saw our news publication." (AVPL)

"...But fortunately for us the way we got into ASDAs is what I call through the back door. They have what they call 'local sourcing' so we approached them as the smallies and then moved to other ASDAs, and much later Tesco. In the case of Tesco we went through the head office and that took 12 months to finally get their approval. Fortunately we had a very receptive buyer and it got better, he said, "I know what Jamaican patties are all about" and they asked us if we could deliver? "Oh yes," we said. "Have you got your barcodes?" they asked again. Yes we've got barcodes- now you must have a bar code because they scan products through the tills. So they gave us Brixton, Tesco in Brent Cross, Leyton, Notting Hill, etc. We started with the 6 stores, from here we used to deliver twice a week, leave in the morning we would deliver and come back in the evening, and that was successful. We worked 6 stores to 8 stores, up to 12 stores, and we started struggling to deliver, so I just went back and said, look we have a problem with delivering because we can't do all the stores in time even though the delivery drivers are leaving for 6am but weren't getting back till 9pm because they had to do all these stores. A way, at that stage, we negotiated to go to RDCs (Regional distribution centres) so they will pick it up from there and deliver to all these stores for us. From there we jumped from 12 stores to 50 stores..." (CFL)

This is crucial to ACOBs as sales levels of an organisation can be influenced by quality of access to distribution channels.

In the manufacturing sector these distribution channels present themselves in the form of the hypermarkets or supermarkets. African Caribbean entrepreneurs believe that the mainstream distribution channels are not committed to ACOBs. Two entrepreneurs capture the above essence in their comments:

"Between you and me and the recorder, I believe the supermarkets aren't really committed to African Caribbean products; obviously, we know that the bottom line is what matters to them, but I see so many business opportunities." (ARV)

"I first approached one of the big fours back in the late 80s with a query that there was nothing on the shelf that says African Caribbean. I said when you go

shopping nobody spends as much money on shopping as African Caribbean people. I said, yam is not cheap, its not potato. Our products are expensive so we spend lots of money, but you treat us as if we don't exist. Now the Asians have managed to corner the African Caribbean market and they supply us with our food, and we have seen that the Asians have experienced phenomenal business growth by supplying to our market and people, so I am saying this to show you that there is a market for African Caribbean people but I don't think it's taken very seriously, even today"(SRB).

However, the general problem synonymous with these channels is tight profit margin, the challenge of delivering quality service and products at very low margins, which is the key to being in mainstream business. Turnover becomes crucial to success but because a higher percentage of ACOBs operate as micro businesses and very few have built up the capacity needed for these levels of business, it could make operating in these hypermarkets very challenging. For example, some ACOBs operating and supplying products and services through these major multiples have said that:

"Margins are not as good as I would like. ASDA's margins are very tight. Some of the bigger volume accounts, they want to squeeze your margin, though my overall margin is liveable but as I grow I have to be careful what direction I grow in, without working free for ASDA."(JPL)

"We supply ASDA. We do a little bit of Somerfield as well, being a discount store, was told that our food is not conducive to the discount sector of the market because our product is expensive. It's still much craft baked ... we find that supermarkets with their in-store bakeries actually undercut the price of the products ...we are part of the mass potatoes association and all seven members are English bakers. A lot of bakers have gone to the wall, because these big supermarkets undercut them, but then you see price dictates everything; the consumer wants to pay next to nothing. With our product there is no cheap way to produce it. If you start to cut down on the quality then you will be changing the product all together. You have got to have a strong plant."(SRB)

"One of the issues you are going to have in the food industry is the level of your plant. Dealing with major multiples comes with issues of manufacturing and what we call barriers to entry. The thing I only say to any beginner "only bite off what you can chew." When I approached the supermarkets, I had to look to a strategic plan of 12-18 months to 2 years; that is how long term you've got to think."(CFL)

Moreover your products face the challenge or threat from store-replicated brands. One entrepreneur commented,

"Not really, Tesco sold our products in the past; Sainsburys is still selling our products. Tesco used to but along the line they developed their own label

brand. Sainsbury has been deciding to withdraw their brand and allow us. So if this happens we will have products at 280 stores.”(MPL)

In the computer and media related sectors these distribution channels present themselves more in the form of contracts with governmental bodies and large corporations that are largely WAOBs. Many ACOBs feel that there are subtle barriers in place and have experienced difficulties securing contracts with these large corporations, even though they have dotted their i's and crossed their t's. As a strategy to counter this difficulty, some have even tried employing white personnel as a front in their contract hustle:

“I think, for instance, about our other colleagues that are Asians. They have more accessibility to some of these companies. When we approach these companies they would sort of turn us down. We face these types of barriers but these are subtle, these don't really bother me, as long as we know we are good at what we do. Sometimes we try to employ a front. We did it in the past; sometimes it doesn't work well for you. We employ a front that is somebody that is not from my ethnic background, which will go and pose and answer the questions and do all those things though the men really at the background are Nigerians. It worked, but after sometime we thought to ourselves, who do we think we are fooling, why don't we come out, if thy say yes, fine! If they say no, they are the ones that have lost out, because sometimes it doesn't work in our own community. Take for instance, if I am sending a proposal to a state government in Nigeria, and I put a non-African name on the document, sometimes they wonder who this guy is, and they get funny. So it could backfire or work negatively. Even if it works for you here, why do it? As far as I am concerned you are cheapening yourself, and we found out that those guys could actually steal your business, because once they know the ins and outs of what you do, and they have the contacts, its their faces and names the clients know. The clients don't know you, so they can steal your business and your entire clientele. (DDL)

“ ... Some other government department still believe that the recruitment needs of their department can adequately be served by The Guardian and Times or they use the Metro or the Evening Standard. Some Africans don't really want to read the Guardian, and job recruitment pages. Our new publication should have grown beyond 4 pages by now. I expected to see a supplement inside the newspaper about recruitment. People, who believe that they want equal representation because Britain is a multicultural society, need to advertise across the board not just use the Guardian. We have such problems where employers do not use community newspapers to reach the community.”(AVPL)

“We are recruiting among the Lambert council, and we expect Lambert job recruitments to come straight to us. We expect communities where they feel huge presence like Hull and Manchester, where there is a huge presence of the Africans, to advertise in our newspaper and when they do that the African tends to pick up the paper belonging to their communities because they believe

what they read in their own community newspaper more than what they read in other places."

Part of the cause of the problem is also tied to a lack of professionalism by some of these African Caribbean entrepreneurs, or lack of know-how in tendering for big contracts with some of these corporations or governmental bodies. As two African Caribbean entrepreneurs commented:

"I think about access to opportunities, how do I enter into the markets? How do I tender for the big contracts that are coming from the government and the public sectors? Those are opportunities that are very hard. All the work we've got, I will say 99%, have been through referrals. We have seen many tender opportunities, and the ones we have seen we've been either ineligible or not experienced enough to package our proposals correctly." (AD)

"It is very difficult mainly because you have to write certain proposals; a lot of black companies don't know how to put together their proposals in such a way it satisfies the government or interested bodies. They've never really been taught how to do it, you know, that's the major problem when it comes to black entrepreneurs. At the end of the day, when the proposal goes in, the reality is, people are not going to know whether a black or white person did it. So to me that suggests the major factor to be that they just don't know how to put together a proper proposal, to bid for contracts and things like that. I will be honest with you, I don't know how to do it either, we just happen to be lucky. What I did was, I advertised in one of the government's internal magazines, as a result of that, we had someone who said, "Would you come and collect these laptops?" and we did, and we did it well. From there on we got more contracts. I have never written a proposal; if we could find someone that could, we would be able to tender for contracts." (BNL)

These problems are compounded somewhat by the red tape difficulties encountered by these businesses, considering that some of these businessmen are everything in their companies: marketing managers, secretaries, managing directors, etc., with very tight and busy work schedules, some either opt out or never bother. An entrepreneur in the computer-related sector commented that:

"...The red tape is a killer. Whenever there is anything available, we don't just bother because we are a small business. We haven't got time to go through a lot of red tape just to get £500 for some training. My time is worth more than £500. It is just too much red tape. If you take a mechanic who may have been working at the Rover, what they do is start up their own little mechanic movement fixing Rover cars, because that is what they know, and they might employ one little lad, but they never think "How can we grow this?" and if they do, because they are so hands on, they never get the time to sit down and plan how they are going to get to the next level. Even if this help is available,

the red tape just kills it, so they just don't bother, because they have to be earning money at the same time."(EDS)

8.4.2.1.2 Popularity of brand

The sales level of an organisation can be influenced by factors such as popularity of brand. When ACOBs were asked about importance of factors like "popularity of brand" in the success of their current operation, there was a significant difference in the response between ACOBs and WAOBs, $p=0.001$ (see *Table 8-2*), also a likely indication that WAOBs enjoy more popularity for their products and service (brand) than ACOBs. During the interview this came up several times as a mainstream ascendance barrier especially in the less mainstream areas like manufacturing where a lot of products, like food manufactured by ACOBs, are still very largely co-ethnic. One of the important barriers stated by many business owners is that *the mainstream market is not Conversant with the product or services being offered.*²¹ Other comments in this regard include,

"I don't think I face any growth barrier. It's more of a knowledge by the indigenous community about the products we are selling, but I am sure by the time they know what it is, there shouldn't be any barriers."(AHP)

"It's two ways: the buyers have to take on products that are going to sell; they may not understand the product primarily and there may not be enough consumer awareness to ask for the product in that area, so you have to persuade them to do it. So on the back of the persuasion you must have the sale, no sales means no product on the shelves. People have got to be aware in order for them to buy the product."(CFL)

Depends, you have every aspect needing attention. It's also the fact of people knowing about the food, it's a big barrier, I have been trying to break through that barrier." (BFL)

"The barriers I face in business are not really ethnicity based so I will say no! I think the problem I probably face more because of my ethnic group is the lack of understanding, a lack of exposure to African food. I mean, if I was making hams or something the larger market is used too, I think it will be easier for me to get the bank to help, the bank will understand it. It is because they don't understand it, due to no fault of theirs..." (TEF)

²¹ An international study by Ouellet, (2007) argues that difficulties by ethnic minorities to reach mainstream with their product can be linked to product bias, a bias he termed as "Consumer racism", a preference by majority group or indigenous consumers to buy from indigenous shops and businesses rather than ethnic minority groups. They also proposed the need by ethnic owned businesses to understand consumer racism and its influences on their products, for the purpose of adapting important activities such as marketing communication, branding and portfolio.

"Another barrier is getting my work and products known. Other African and Caribbean businesses might be facing the same things but I don't know whether it's the fact they are Caribbean or the fact that they are small businesses. Personally, I am too busy doing my own work; I don't even think about other people's problems. I think it's more of a small business thing rather than an ethnic thing. At least that's what I choose to believe". (KCL)

ACOBs were of the view that though their businesses shared some common barriers with the WAOBs, still ACOBs faced certain unique barriers centred on the uniqueness of their products and market. This lack of popularity of some of their products seems to stir scepticism amongst mainstream hypermarket traders about performance of these products on the shelves.

"They have similar barriers, but I think they face different barriers actually, because we have an ethnic product and a very niche product. There are other companies that wouldn't readily want to make a Pattie. Once they taste it, once they see the product, we manage to convince them but if we were just making standard sausage rolls, then there would be a huge market available for it but then we will also be going against bigger companies that have been making these things for years. So we African and Caribbean businesses do have unique barriers but we also have unique markets, so it's a smaller market, and if you stay within your market and do it well, you then try and get your product to be accepted outside the market." (JPL)

"No, it cannot, because the indigenous population they have their own cuisine and obviously you've got to cater for the massive population, but if you go into the supermarket you will see for example pita bread. I'm a Caribbean and would like Caribbean bread, it would have been nice to sell our products and sell them to have appeal to the customer out there, because that customer is out in the supermarkets we need to get our products in the supermarket; but from the supermarket perspective, they wouldn't take a product unless they can see that they will make a turnover of X amount of volumes per day or week. If the volume isn't there they wouldn't look at it, and that is good business sense. So if you look at it from that situation, do they take a chance and put African Caribbean products on the shelf hoping it will sell and how do we market our product to the mass population so that the supermarket can say, 'Wait, that product is selling.' That is something we need to look at." (SRB)

8.4.2.1.3 Access to mainstream Capital

When asked about the importance of 'access to mainstream capital or capital requirement needs' in the success or performance of their current operations, we found a significant difference in the response on 'access to capital or capital needs' between ACOBs and WAOBs. The ACOBs rated the need for access to funding and more capital requirements higher than the WAOBs ($p = 0.023$, see Table 8-2). This

particular lack of funding has been a hindrance in funding market strategy aimed at promoting services and products to the mainstream markets. This was reinforced when ACOBs were asked, "if they faced any kind of barriers to the growth and performance of their business." Commenting on this, a few entrepreneurs stated:

"Funding is the main thing. At the moment I have been using my own money to fund the business, meaning keeping a 9am to 5pm job as well. I have less time to work in the project; it is usually some hours in the evening, and over the weekend, so I have not been able to work full time on the project for it to sustain me financially."(SOL)

"Oh yes! We face financial barriers; for example, when operating in this country unless you have the right environment and facilities to help you promote the product the way you want it, you will always be at a disadvantage. Let me give you some examples: the Chinese- they didn't start with Chinese products. The Chinese first of all created restaurants and so through restaurants and take-away they gradually introduced their products. People are encouraged to purchase their products because they have tried their food. What I have done is gone and done it the other way. I have created the recipe or the ingredients for the cooking and taken it to the market, and trying to create the awareness for them. So the Chinese and the other groups easily captured the market for whatever they brought out because they already had enough sampling from their restaurants and take-away... However because we haven't got that facility, we haven't fast foods, we haven't got a lot of black restaurants. I don't know if you have ever seen... there are just about 2-3 in Birmingham, the second largest city in UK. So you can understand my dilemma trying to promote products to the mainstream market without financial assistance."(MPL)

"The obvious barrier that we have is funding. For instance, I was on a panel on the TV station the other day and I was saying, I would have loved a lot of British indigenes to say, 'Yes I know AVPL.'" The reason they do not know us, is that we do not back the publication with mainstream advertisements. We still leave it for people who out of their consciousness want to get news within the African community and will go to the newsstand to search for it. We have not been doing adequate publicity for lack of funding. We barely have enough revenue to keep our staff going, to keep our overhead going, to pay for our bills and also pay our printers and by the time revenue is low, we need to have some capital base to cushion it...we haven't got the huge capital base to say we are able to match publicity with what is happening in the mainstream. You switch on the TV and you see Sunday newspapers already advertising and they induce you, I want to see a time when we promote subscription, and we are able to say, "If you subscribe to African Voice you can get a free ticket to go home'. It will be good to get travel agents to work with us."(AVPL)

"Yes a lot! The initial barrier was finance, I realised that in Nigeria where I was a banker, and small businesses really didn't have problems with funding. If the bank should realise that you are doing extremely well they will continuously increase their lending to you; they are always helping you based

on the performance of your company and your turnover. Here it is not, it's different... when we started off initially, I took my business plan to the bank to give me what I call constructive criticism, as at that time there was no African into this business- we were like path finders. The Asians were not willing to help us because they saw our entrance into the market as a huge threat to their business, as they had monopoly of the market. A lot of Africans were pessimistic about an African succeeding but we took courage that in Nigeria, Asians were not selling products to us. (BFL)

"Over the years there have been a lot of government and institutional initiatives. I am not sure what good a lot of these initiatives have done for black businesses and their entrepreneurs. One of the problems you find is, in starting a business you have to be adequately resourced and we have seen Africans and Caribbean start-ups in the last twenty years or so, that have started and you walk in and you know they are going to struggle, because they are inadequately resourced and they haven't got a lot of stock on the shelves; finance is a problem. I don't think the African and Caribbean businesses have done adequate researches to deal with the problems they face." (SRB)

Most African micro businesses looking to expand their operations have faced major ordeals in their illustrious quest. This is summed up in the words of an ACBO as one of "capital and prejudice".

"Capital in the sense that if this company desired to run like Britvic beverage production, probably owned by an Asian or a smaller bottler, it needs a lot of capital. And you will need to approach your bank. Not that my bank does not give us loans or whatever, but they themselves are already prejudiced by what kind of product it is, and wondering if it has the market volume. Again, since they don't know what pounded yam or palm oil is, as you are talking to them... they look at your books and say, "Okay you've done well for yourself" but they cannot see beyond that ethnic boundary because it's not something they come across in their palate so because of that prejudice they think that the product will not go far. If you are asking for a fantastic sum of money they think you are just kidding, that you don't know what you are talking about. So you can see how the prejudice and the capital are tied." (YVL)

"I suppose even a white company will still have the problem of funding; they still have to manage the project one way or the other, Maybe it is easier for a white firm to sort out funding, or because me, being new in the country, getting funding for such a project would mean either taking a loan or trying to get through the charity funding or something like that. So I think as a black firm, I might have to work a bit harder, and be more convincing to get the loan to do the project." (SOL)

The prejudice is similar to that described about the distribution channels bordering on lack of familiarity with product...and genuine concern by the bank managers as to the market opportunities for such products. Driven most of the time by the inability to see

the potentials for the products from a cultural perspective, they have hesitated in making investments.

"The prejudice I alluded to earlier on will come into play here again. For instance, if a white person goes into manufacturing he will probably want to manufacture chips or sausage rolls; he will not be making pounded yams, etc. If both of us approach a bank or government agency, and I say I want to produce canned 'moimoi', and he wants to produce canned beef or sausage, now if he is requesting for £1,000,000 supporting overdraft, and I go in and ask for the same thing for my business, the first thing that runs across their mind as they listen to us is 'Tell me more about this pounded yam. What is it like? How many have you sold? What is 'moimoi'? etc.' He wouldn't have to ask those questions about sausage rolls". (YVL)

"It's two ways. The buyers have to take on products that are going to sell. They may not understand the product primarily and there may not be enough consumer awareness to support demand for the product in that area, so you have to persuade them to do it. So on the back of the persuasion you must have the sale; no sales means no product on the shelves. People have got to be aware in order for them to buy the product."(CFL)

This difficulty in accessing capital funding creates what an entrepreneur calls the *menace of copy cats* from the rival groups or competition, who because of their advantageous financial backings, are able to react to market opportunities much faster than their African Caribbean counterparts and so take away their market share. An entrepreneur commented:

"But we haven't any special circumstance and I believe the greatest of all these problems are copycats; they will probably get to the place we haven't gotten before us, Since we first came up we have launched a new range but we have a lot of copycats who have been scanning our label, etc. I am not afraid of because they are introducing products that we have to a new generation; the more people taste the product and like the product the greater the market becomes."(MPL)

A few successful ACOBs blamed unsuccessful access to capital by some ACOBs on their lack of understanding of core business as well as professionalism and exposure.

"You have got to have the professionalism and understanding of the competitors. If you are not professional enough, then you can't put together exactly what they require. You get only one shot at it. If you can't hit the bulls eye in that shot, that is it..."(YVL)

"One of the reasons businesses probably don't get money is the lack of awareness of what banks require from them. (2) They don't understand the business they are in. Someone wrote their business plan, so when the bank

managers go what are your projections, and they say, "I don't know, ask my friend here", you are not giving him confidence. If you sat down and did that business plan you will say I need to give you 3000 products to breakeven. You can say to him I will be in profit in 3 months from now. That's what the bank will see; they want to ensure they are confident in you doing business. They want to be able to track your figures by the time you pay the same costing every month, and buy your ingredients and know whether you will be making a profit." (CFL)

Some other ACOBs have refuted lack of professionalism or poor business plans as the crucial factor behind the failure to obtain loans from mainstream businesses and organisations. Sheer lack of confidence in ACOBs is a more common feeling, driven by stereotypes of past failure and misappropriation of funds by ACOBs.

"Since starting up, access to finance has been a problem to us. You will walk in with a business plan, and, as a black man and they will say, "Oh yeah!" Like I said, a lot of these black youngsters have done business studies to degree level and I am sure they put together an adequate business plan. So I don't think it's only a matter of a business plan. I think its confidence; I think the larger institutions have got to have confidence in black entrepreneurs or merchants. I don't think it's our products, I think it's the confidence in the person...." (BNL)

"They were using the business plan to cover their face, while they were not willing. Again it is what they have seen in the past. A lot of black people started businesses and they failed. And the black people they were referring to, were the Jamaicans, because there was a time the government said they were going to empower the black people and they gave money to Jamaicans and when they opened up business, they were not there to give appropriate supervision to these businesses. What they didn't know was that the loan was not just for the progress of their business but will act as a landmark and point of reference for the banking sector on their lending practice to the coming generation of blacks." (BFL)

"They always look at blacks very suspiciously as if maybe you have other motives. Maybe some of them are like that. Some of them may be bringing personal bias and opinion to the organisation they are representing so, they have that kind of feeling." (ESL)

Finance is as crucial as inadequate finance; it even has a bearing on other operational resources such as quality and calibre of staff a small business can afford to hire:

"Regarding administrative work, I've got to a stage I have realized that I cannot do it all myself but I can't afford to pay someone. This is why I need work-experienced people ...because at the moment I am on my own. Within the last 12 months I have had about 5 people here; sometimes they were two, sometimes there was just one person, but at the moment it's just me. I am now confident in the strength of my work. I have a web site" (KCL)

"Barriers that have always affected us are staffing issues and, because we are a highly technical base type business, you find that we need highly trained staff. One of the challenges we have is that because we are a small business we can't afford the kinds of salaries big corporations will pay, so typically what's happened to us over the years is that we have started with average type technicians, spent our own money training and developing them, building up their confidence, meaning they go and get a big job, with one of the corporations because we can't match their type of salary. So they end up leaving. That has happened to us three times in the period, so that kind of sets us back all the time in that we get people trained up, and when we are ready to look for the new business, then they leave and we have to start again."(EDS)

"Yes, you have the adage, if a black person goes in with a business plan to a bank for funding, they will typically look at it... and the banks admit it, they look at the African Caribbean as a bad business link, whereas they will be more welcoming to an Asian or white person. So even though the banks are changing, they will not risk money. You have to give collateral up to your eyeballs, you have to give them your house, and you have to give them your heart and soul. Whereas a white person goes in with a business plan and stands a better chance of (1) being taken seriously and (2) they will persevere longer with that business. When it's a black business even if they have said, we will assist you and have already taken your house as collateral, as soon as the first hitch arises, that is it, they shut everything down."(EDS)

I know a lot of studies have pointed out that ACOBs are usually located in the personal service sector (Smallbone et al., 2003). This may well be as a result of inadequate capital backing. When we take into consideration the proliferation of businesses in the lower profit sectors, requiring relatively less start-up and working capital, it may well be an indication of higher levels of entrepreneurship activities amongst the ACOBs. The likelihood increases that better access to capital from mainstream financial institutions might well see these businesses 'break-out' into more emerging and capital-intensive sectors. As an African Caribbean business owner points out:

"There are a lot of black business start-ups. The problem I foresee is the huge similarities between these businesses, e.g. food take-away, barber shops, hairdressers but in the end what it shows is that these people want to work for themselves."(SRB)

8.4.2.1.4 Discriminatory practices

There was a significant difference in the response to absence of discrimination between ACOBs and WAOBs, ($p=0.005$, see Table 8-2), with ACOBs rating the need

for 'absence of discrimination' to the success or performance of their current operations higher than the WAOBs.

During the course of our fieldwork responses from ACOBs about discrimination, whether perceived or real, centred around four areas:

1. From other African and Caribbean clients.
2. In accessing contracts and businesses from larger corporations and governmental bodies.
3. In accessing funding for their businesses from mainstream banks.
4. In securing access to mainstream distribution outlets and channels.

8.4.2.1.4.1 From other African Caribbean customers and clients

To our surprise we found a few entrepreneurs mentioning, they have experienced discriminatory behaviour even from other African Caribbean customers and clients. This was seen in the marketing behaviour of other members of the African Caribbean community such as, unwillingness to try products that are not from their immediate communities. With regard to scepticism in purchasing or doing business with fellow countrymen, African Caribbean entrepreneurs' comments are:

We even face prejudice from other African consumers (African are not adventurous when it comes to food are either slow or not willing to try anything that appears different from what they are used to) (LD)

"So it's not really just about discriminatory attitudes of the bank manager because he is white and doesn't appreciate my business idea. Rather it is also discriminatory attitudes faced from other Africans. For instance, you will be surprised that the average Ghanaians would prefer to buy from their fellow country retailer instead of a Nigerian, except he/she could not find it from a Ghanaian. This is probably true for a Nigerian or Zairian. We find that certain areas have certain cuisines that they eat, beyond which they can't cross over, so there is prejudice to try something else unlike the whites who will try Chinese food, Mexican food. This is not common among the Africans; even within Nigeria I cannot see an Ibo person eating 'Elugbo'. He will say it looks funny to him. So this prejudice is based on Africans not being adventurous enough to want to try something else. They are conservative that way." (YVL)

"The other obstacle is an internal community thing. Even as a black businessman, approaching the black community is not easy. There is always scepticism about your exact mission, especially those of us involved in media and event listing. The problem is that some of these businesses may be having immigration problems, so when you approach them to cover their events, there is always scepticism. In a way I understand where it is coming from. If I'm doing African events in London and I go do the shoots, there is always, like where are you taking this to, where is this? If I say it's for this project, people will go... "Oh that cannot be a black business," so there is always that scepticism as well. It doesn't make me reluctant to do the project but that usually comes up and I have got to explain my way around it."(SOL)

8.4.2.1.4.1 In accessing contracts and businesses from larger corporations and governmental bodies

Respondents claimed, discriminatory practices took the form of racist attitudes and stereotyping when it came to contracts, support services, and opportunities. As some ACOBs have commented:

"I don't think they face what we face. I know of one person in particular, who had a contract. When they got to the place to sign the contract, the guy recognized his race and said "I will have to speak to somebody else to get certain clarification," and they didn't get the contract. Another person had four contracts and all this time his contracts has been going fine, but when the people found out that it was a black company, they took the four contracts off them. These are things you wouldn't see. They are not printed anywhere. We just know people that have been through it. You don't find it written anywhere."(BNL)

"To be real, you've got a black man relatively young, representing a business and going into certain environments, you've got all the stereotypes. I mean, that was one of the reasons for leaving BT. I was 22 as a manager in BT. You face all the rubbish. The environment was quite close knit. Like I said, people say that they have heard of IXL but they just don't know who it is providing them the service."(IXL)

"We have some agencies who are saying, "Are we sure your people do not watch the main stream news and newspaper? Why would they bother with the one belonging to your own community?" Such hindrances are there and we believe they do not exist with the mainstream publications. I remember a mainstream publication that started about the same time that we started the other pages. Their pages have grown beyond 32 pages that we put out. We started with twenty-four pages; they are still a weekly publication but they have grown beyond 32 pages. What explains the growth, the indigenes could see that yes this is ours, and outside that they still see ours as a little bit foreign..." (AVPL)

"Yes, a lot of discrimination exists; I know for a fact that this country is better than most countries in Europe for black people to live. As bad as it might seem

here, it is not as bad as it is elsewhere, like Germany. In England at least they are clever enough to make it look to the rest of the world that we respect everybody and they let you do business and live and operate still with few restrictions. I say this because I know so many black companies that sort of start something and die out. Those that exist, unless they told you how they have kind of done it, some of them had kind of had a partnership with someone white. They don't honestly believe a black man can manage a multimillion-pound contract, so some of these companies die out." (MPL)

8.4.2.1.4.3 In securing access to mainstream distribution outlets and channels

A few respondents saw discriminatory practices as driven by the bias existing in the minds of the traders and mainstream supermarkets about the availability of real demand for African Caribbean products or services. This they believe is manifested, in the relatively fewer shelf allocation by major supermarkets to African Caribbean range. Some entrepreneurs have commented:

"Initially the WH Smith distribution chain saw it as an ethnic title. They saw it as a monthly, and they did not see it as something the Africans will come to their shelves to pick up, and at that time we understood where they were coming from because our people are used to a different style of getting newspapers and magazines from where they are coming from. We had to employ stands in some of these African Caribbean shops, barbing salons and hairdressers, where they can see the magazine as they go to the hairdressers and the grocery shops. These stands were allocated specifically for the magazine, so when we started the newspaper, we were able to build on that success and then WHSmith, of course, received it with open arms. It went nationwide and it's been successful since day one." (AVPL)

"Like I said to you earlier, the supermarkets are the major retailers. Like you know, the majority of people do their shopping in these supermarkets, and increasingly more black people are shopping in supermarkets than they are in the corner shops. Both our wives, shop at Tesco or Morrisons. But then they hardly stock our products. Rather than us going in there to buy yam, we are going there to buy Pasta or rice. Because of the unavailability of Caribbean food, we are forced to do two lots of shopping, one at the large supermarket, and the other at a local grocery where Caribbean food is sold. A lot of ladies working even in Tesco are black. They can actually create a whole shelf of African Caribbean products- someone can be cutting yam and selling to African Caribbean people- but they don't look at it that way. If my wife wants to buy African food, I have to always go to the local shop and buy it, so we always end up doing two lots of shopping. I don't think the supermarkets recognize this fact. We are wholesalers and manufacturers so we need to put our products into the retail outlets and if the retail outlets being the major ones are not taking us seriously, then obviously we can't really progress as fast as we want." (SRB)

We noted that though there was a generally perceived discriminatory practice in accessing mainstream distribution channels, some ACOBs rose above such stereotypes by taking advantage of the strength of their niche and identity in ascending into these channels. This remarkable outlook is captured in this comment:

“ I use my colour as an asset where people say there is barrier to entry, I try to turn negatives into positives, so I said I am black because black is obviously the opposite of something. I am from Jamaica, I am a specialist, and I look at that as being an asset. You wouldn't really want to buy Patties from an English man, because he doesn't know anything about that. You want to buy Jamaican Pattie from a Jamaican; he can tell you exactly what it is. So I use that as an advantage, where people say it is a disadvantage, well I use that as an asset. I try to turn the disadvantage around into quality.”(CFL)

8.4.2.1.4.4 In the accessing of funds for their businesses from mainstream banks

The general perception of ACOBs about getting loans from the banking community has been marred by discrimination from their standpoint (see 8.4.2.1.3), with most ACOBs and WAOBs opting for start up loans from personal savings, family or friends. We found the difference between both groups in their relative perception of the ease of access to bank funds and loans. While most ACOBs perceived accessing loans from mainstream banks as difficult, the WAOBs saw no general perceived problems in getting loans, some saying, *“They have had long standing family relationships with banks but where possible would avoid the debt burden, loans that the banks bring.”* Examples of comments by WAOBs on the relative ease of access to loans are:

We got a loan, and it went okay getting the loan. I think partly my family and history with the bank helped.”(TBL)

“No! Sometimes they could be difficult, sometimes they are very good” (TGF)

“It's not because we felt that the banks wouldn't give us a loan, we just didn't want to start with a head start of a burden you see. For example, my lad he is doing university and by the time he's finished studying he will have £16,000 grand worth of debt on him. For me that is not acceptable, because I am sort of brought up in that way- do not start anything with a debt, all you will be doing is fighting to payback that debt all your life.”(JRL)

"Though I haven't bothered with loans, I don't think I would have a problem getting loans if I want to but I think if you can grow without, one, you are doing it in a controlled manner, two, you are doing it at a pace you can govern yourself." (SDL)

"And we did not find it difficult getting the loan-There is nothing hard to get from the bank provided you sign a guarantee. You can get anything you want if you guarantee it. Banks, they don't like risk business." (GJUK)

The perceived difficulty in accessing loans from mainstream banks by ACOBs is encapsulated in this comment:

"I should say it was difficult. It's just I never approached them, so I wouldn't know if I will have problems or not, but then those were not days when banks were very friendly with ethnic minorities, but I think they are getting better". (APH)

The perception of discriminatory treatment by banks is common amongst ACOBs even when they actually never approached the banks, showing the level of discouragement that could arise from a perception of this nature.

8.4.2.1.5 *Product Differentiation/ diversification*

We found no significant difference between the responses of ACOBs and WAOBs when it came to the importance of product differentiation/diversification to the success and performance of current business ($p=0.522$, see *Table 8-2*), however, though there was no significant difference in the degree of product differentiation and diversification between both groups. The mean scores of ACOBs scored the importance and need for 'product differentiation and diversification' to the success of their current operations higher than the WAOBs. The possible impact of this variable is captured in a comment from an ACOB entrepreneur:

"...95% of our competitors are already established companies who are already selling to our market so it is easy for them to create anything and market it to their customers; as a matter of fact they sell other things, we only concentrate on our spice. Focus- we are probably more focused on our products than anyone is. So in that sense they may be more profitable." (MPL)

8.4.2.2 Mainstream break-out efforts

Findings suggest no one-way of achieving 'break-out' into mainstream. A comment by an African Caribbean business owner (ACBO) explains this in practical terms.

"I don't think there is a single route to achieving what we need to achieve, for example,, when I consider how the curry has almost become a national dish. When I was younger at school, back in the 1970s, there were only few Caribbean restaurants while there was an Indian restaurant every 20 yards. Usually students will actually go and have a meal at the Indian restaurant for 30-50 pence, because traditionally in this country back in the 60s only rich people could afford to go to restaurants. Indians opened it up so the ordinary man could take his girlfriend for a meal at the restaurant and the cheapest place to go was a curry house, helping create the taste for curry. If you go back to the days when Britain had the rule over India, just only a handful of people ever went to India but the mass population of Indians who came here have cleverly turned and fed the nation their cuisine, even going as far as watering down the cuisine to create the cuisine that the British public find appealing, as well as right for their palate."(SRB)

When entrepreneurs were asked to describe what steps their businesses were taking towards attracting new customers from the mainstream markets, the following steps were gleaned from their comments:

1. *Improving the Aesthetics of the business*

A few entrepreneurs felt creating a professional, organised office or outlet with similar standards to those on the high street, will encourage mainstream customers to walk in and patronise their businesses. A comment in this direction states:

"...They look at your shop. If it's neat and organised, that gives them their impression of your business; it tells them that it is a going concern. A lot of our black people they complain but they don't invest, they don't put effort in their business. It cost me over 50K to redo my business premises. So many black computer business shops are quite untidy, just selling so many things: sugar, computers, everything. People are put off by the aesthetics, wondering if they spend their money there, if you will still be there when they return tomorrow." (ESL)

2. *Presence on the High street with Standard Shops*

A few ACOBs did not want to be undercut by the tight margin and arduous challenges associated with larger supermarket chains, preferred to invest huge capital in standardised shops on the high street in a forward integration process, though these were relatively few. From our sample, for instance, one of the entrepreneurs commented:

"With the new shopping outlets, we intend to do them up to meet the white standards. We have white people who will be working there. We hope this strategy will bring them in because what we process and sell is almost half

price of what Tesco and Sainsburys are selling and they are the same products. When we have done up the shop, we'll focus on advertising informatively, informing the community that compared to the pricing at Tesco and Sainsburys, for the same quality you can get from us at half price." (BFL)

These comments also buttress the importance of capital in the investment process, for conducting improvement, maintenance and further expansion of the business, which could all ultimately enhance profitability by enhancing the aesthetic impression clients have when they walk in.

3. Building up initial capacity required to deliver in the mainstream market

'Break-out' into mainstream requires a level of capacity build up²². Especially when it involves bigger outreaches beyond the traditional market, one will need a level of capacity build up that will allow them handle larger volumes of production or services beyond their local market. An African Caribbean entrepreneur comments on the importance of capacity in being able to supply or work with bigger corporations or supermarkets:

"Well, going to Tesco, the strategic plan was to approach them and ask for a small volume of stores, not a lot of stores, maybe 6-12 stores to start with. Now I always make sure to have a strategic plan and a fall back position, so there are two fall back positions at any one time. ...Let's do a trial in London, because you don't want them to give you all the 6 stores in one go, because you haven't got capacity to deliver all, so they gave us Brixton, Tesco in Brent Cross, Leyton, Notting Hill, etc. We started with the 6 stores, from here we used to deliver twice a week, leave in the morning, go and deliver, come back in the evening, and that was successful. We worked 6 stores to 8 stores, up to 12 stores," (CFL)

4. Common Emporium for African Caribbean manufacturers and businesses

A unified group and voice in pushing common objectives, providing assistance and much needed advice and role models for those coming behind - this is seen as a way of leveraging social capital suggested as an important capital necessary in 'break-out'

²² Breakout into mainstream would involve: creating a cross over appeal with current products or going into more emerging markets that are not traditional, this may also involve risky investment in capacity, new technologies in the firm (Watson et al., 1999) that allow bigger investments and company outreaches beyond the traditional markets.

efforts²³. The need for a united forum for mentorship and social capital is captured in these comments:

“So what I am trying to say, is, what we blacks should be trying to do is to think as a group. We often operate in isolation. Now what we have been trying to do is to think as a group, what can we do as a group to help each other? My philosophy is “I am going to pull the next person underneath me to the next level up”. So as much as possible I am going to pull the next person under me to the next level using my contacts, my financial resources, anything I can do to help them move to the next level.”(CFL)

“One of the first steps we should be taking is to look at the African Caribbean set and see what we need to do, and then perhaps either as a group or as individual companies try and address that. We have certain common problems whether you are in take away, stores, or in manufacturing, we have certain common problems, we need to get together and see what these problems are and then try it.”(SRB)

5. Advertisement in the more mainstream yellow pages and Radio

Our results also suggest a growing concerted attention toward the creation of strategic crossover amongst ACOBs. This is being done with multiple targeted promotional messages placed in carefully selected media, most common being yellow pages and radio (see comments)

“We are actually on it. The few adverts we place in papers like the yellow pages attract a lot of customers from the white population. Our Internet services have also helped. People just come in and find out what we are doing, and they embrace a few of these things. The reason we have to advertise like that is because we are not narrowing down our service to one segment. Look at it this way- we have Chinese, Indian, English, etc. We look to serve people from all groups because equal opportunity is at the grass root level...” (CTC)

“We do radio ads; London has a lot of blacks. It is easier to promote products there. We are trying to do that. There is going to be a lot of us who are pushing our products, but real money will come from the next generation because at that time, most of these products and food will have become more popular.”(MPL)

²³ Ram and Smallbone (2003) identify three major capital types that aid ‘break-out’ into mainstream: human capital, Social capital and money capital. Literature shows us that human capital is not an issue for ACOBs that is evidenced in our findings as well in Chapter five showing ACBOs having educational qualification up to postgraduate levels more so than the WAOBs. Rather literature has shown the lack of social capital as a hindrance (Soar1991; Ward, 1991) with ‘particular’ difficulty of access to capital compounding these set back for African Caribbean Owned businesses.

6. *Aesthetic Packaging and Presentation of African products and services*

Another strategy adopted in reaching mainstream consumers includes the development and adaptation of product features to culturally appeal to mainstream consumers, a consideration in this direction involves aesthetical packaging. As one African Caribbean entrepreneur commented:

"We are working on the plantain crisp, to make sure packaging is right, and price is right. Creating cross over appeal is the reason we introduced this new line of snack products. We did something earlier than this. We started canning African delicacies, like 'moimoi', 'jollof rice' and 'egusi stew'. We started the plant here in London and later moved it over to Nigeria, thinking we will take advantage of economics of production but, as it turns out, the Nigerian situation does not allow that. The foot and mouth disease that occurred here in Britain sometime ago compounded this. So we were advised that we couldn't put any meat or poultry in any product coming from Nigeria. It was specifically Nigeria because they refused to allow EEC to set up veterinary inspections. These products would have also had a crossover appeal." (YVL)

This Inclusion of Products in a company's product portfolio and the creation of business environments with cross over appeal was noticeable in highly successful ACOBs²⁴ during the fieldwork. An African Caribbean entrepreneur who owns food manufacturing firms highlighted the need for this type of orientation amongst ACOBs:

"We need to appeal to the mass market and if the biggest market is 60 million people we should include products appealing to their palate in our portfolio, even if it requires watering down or adapting products to meet with the taste requirement of this market. There is no single way to do this. The take away can be fantastic gateways but then if you look at the average African Caribbean takeaway, they appeal to African and Caribbean people and that is it. Secondly, half of the time the retail environment is not customer friendly. We need to create the right atmosphere like you would have in McDonalds. It is easier to compare ourselves and blame Tesco, etc., but at the same time we need to probably look inward and ask, 'what do we need to change?'" (SRB)

7. *Increased access to mainstream distribution channels*

Evidence shows that most entrepreneurs, especially in the manufacturing sub-sector, see mainstream distribution channels as avenues for reaching the indigenous

²⁴ Similar findings by Ram and Smallbone (2003), "...Like their counterparts in the emergent sectors, most of these firms are truly mainstream in their market orientation...An inter-generational cultural shift seems to be occurring; very few interviewees can be said to conform to the survivalist orientation previously noted as characteristic of ethnic minority entrepreneurs (Jones et al., 2000)

customers.

I think slowly we are getting there because we are getting into the supermarkets, because obviously supermarkets control a vast majority of the market, and once you break into that you can get your products to have a mass appeal to every group of people. (SRB)

During the interview we noted that in most cases, especially at the initial stages, ACOBs that had contracts with large corporations or supermarket chains actually stumbled into them. These relationships usually started by opportunities to supply the smaller shops belonging to the supermarket chain. We also noticed that a lot of business owners have consciously pushed in the direction of getting their products or services to more mainstream markets. In the words of one African Caribbean entrepreneur about their conscious effort to attract readership from the larger mainstream groups:

“To attract mainstream customers we vary the information in accordance with the season, e.g., August is a tourist or holiday season when people just have to go on holidays. We talk about holidays to African destinations such as Kenya, Gambia, etc. The aim is to attract white readers looking to do a holiday in Africa. When they pick up the publication from the stand, such information is usually of interest to them, the first thing that will strike them is a desire to go to Africa this year instead of Portugal.”(AVPL)

8.5 Conclusion

The study found that though the ACOBs were operating in a similar sector as the WAOBs, there were remarkable differences in their product and service portfolios. It was noted that marketing activities of some of the firms, especially in the computer-related firms, were dominated by lower to middle level services (such as computer training, repairs, upgrades, support services and hardware supplies), while the WAOBs seem to be dominated with middle to higher level services (such as software-testing, project management, analysis for clients, processes, development and consultancy). The manufacturing related firms still predominantly produce ethnic oriented products.

A higher proportion of ACOBs had a mixed portfolio made up of a higher percentage of individual customers and a lower percentage of business organisations, while the modus operandus for WAOBs was somewhat different, having a higher proportion of

WAOBs having portfolios that are strictly business organisation clients and lower proportion of WAOBs having a mix of individual customers and business organisations. The advantage of a portfolio with a higher proportion of its customers being business organisations is rooted in the belief that firms engaged in B2Bs tend to know who their customers are and can measure the dynamics of acquisition, retention and optimisation with considerable precision. They also have considerably more levers to pull since they utilise direct sales and have more frequent customer interactions with these businesses (Munoz & Kumar, 2004). Other studies have argued that in order to grow black-owned companies of significant scale, black entrepreneurs must continue to find ways to secure the nation's largest corporations as customers, investors, and strategic partners (Graves sr., 2006). To grow businesses of scale, black entrepreneurs must develop intimate and intricate relationships with decision makers at the corporations impacting their industries. This may partly explain the difference in profitability between ACOBs and WAOBs in chapter four, as it's a well known fact that businesses will order more and pay higher for products and services than individuals. These differences in customer portfolio appear to be driven by the difficulties encountered by ACOBs in securing contracts with larger corporations and governmental bodies.

We also discovered that the population constituent of geographical location of businesses moderates the ethnicity concentration of these customers. The interesting thing to note was that most of the ACOBs interviewed, though they still had a higher ethnic concentration of customers that were ethnic based (unlike WAOBs who had customers from all ethnicity), these ACOBs had a mainstream orientation or outlook in view, with increasing efforts to use mainstream distribution channels to reach the indigenes with traditional products.

This process has been fraught with difficulties and challenges for ACOBs. Some find it arduous to get their products and services into mainstream distribution channels driven by distributors' lack of knowledge of these products, worsened by poor branding of products. In other cases they are grossly discouraged by the tight margins predominant in these channels, with inadequate financial support from mainstream banks.

Location of customers varied across sectors, with most computer-related customers located locally because of commonality in prices. Most times promotions are on a 'word of mouth' basis. This is not the case for the other sectors, having customers spanning international boundaries.

Table 8-3 Summary of comparison of firm activities and operations

Comparison of firm activities, operations	ACOBs
Comparison of Important factors needed for success and performance of current operations	
<i>Access to distribution</i>	+
<i>Popularity of brand</i>	+
<i>Access to capital/ capital requirement</i>	+
<i>Different products adapted for different customers</i>	(+)
<i>Absence of discrimination</i>	+
<i>Government regulations and support institutions</i>	+
Internationalisation of firms	
Company has taken steps to internationalise its operations	X

+ Significant difference (with higher need by) ACOBs (+) No significant difference between both groups though mean score shows a higher need by ACOBs.

- Significant differences with higher need by WAOBs, (-) No significant difference though mean score shows a higher need by WAOBs, X Higher attempts and internationalisation activities

The study reveals that ACOBs were more likely to internationalise their operations than the WAOBs (see Table 8-3). There was support for the hypothesis: *African Caribbean small businesses are more likely to internationalise their operations than WAOBs*. This relative internationalisation of ACOBs appears to be largely driven by existing network relationships, often from their country of origin, taking advantage of existing networks of family, contacts and large market demand in their country of origin to kick start most of their businesses, guided in many cases by major partners and agencies in their selection of foreign markets, providing the mechanism for market entry into other western countries such as Holland, Italy, Belgium and United States. In cases where attempts by ACOBs to internationalise have failed it was

attributed to partnership disappointments, wrong perception of African Caribbean stocks in other western countries, or the more common problem of exchange rate.

We found strong support for the hypothesis: *African Caribbean SMEs are likely to face more growth barriers than WAOBs in the pursuit of their business activities.* The study found a significant difference between ACOBs and WAOBs in their need for important growth factors, whose absence could otherwise constitute barriers and problems for the businesses involved. The major barriers faced in growth in operations of African and Caribbean firms' activities are driven by the absence of important factors such as: (1) access to mainstream distribution channels (2) popularity of brand (3) access to mainstream capital (4) and absence of discriminatory practices

There was a significant difference in the response on 'access to capital or capital needs' between ACOBs and WAOBs (*Table 8-3*). The ACOBs rated the need for access to funding and more capital requirements higher than the WAOBs. This we found was a hindrance in: (1) funding market strategy aimed at promoting services and products to the mainstream markets, (2) funding expansion strategies, (3) hiring more staff, (4) purchasing and building up required capacity to supply at a comparative advantage. The capital issue has been one described by a respondent as "capital and prejudice." A phrase used to describe the onerous nature or difficulties encountered in raising capital from mainstream banks and institutions. Suggested explanations have always been either lack of professionalism, poor business plan or, as our study also found, lack of familiarity with product, raising genuine concerns by the bank managers as to the market opportunities for such products. However, results from this study and other studies (Jones et al., 1994) have found elements of stereotyping based on past failures or misappropriation of funds as a *particular* blockade faced by ACOBs. "This being the case, it is hard to disagree with the verdict that finance continues to stand as a 'crucial constraint on business diversification, even in the presence of a new generation highly endowed with human capital". (Deakins et al., 1997)

There was a significant difference in the response between ACOBs and WAOBs, about importance of factors like "popularity of brand" in the success of their current operation (*Table 8-3*), also a likely indication that WAOBs enjoy more popularity for

their products and service (brand) than ACOBs. The relative lack of brand popularity for ACOBs is fuelled by their *unique products* and market, and as such a non-conversance with ethnic products and service offering, coupled with low branding. In most cases mainstream advertisements were seen as the route to go, but the limited or tight operating budget had always been the hindrance.

There was a significant difference in their response to access to mainstream distribution channels between ACOBs and WAOBs, with ACOBs rating the need for 'access to distribution channels' in the success of their current operations higher than the WAOBs (*Table 8-3*), a primal indication of the contentions and arduous challenges faced by ACOBs in accessing mainstream businesses. Undeniably, access to mainstream distribution channels will boost sales levels, encourage mainstream 'break-out' and profitability. Poor branding and unfamiliarity of products compound these difficulties, even though in most cases there was a general belief by ACOBs, that mainstream distributors and channels were not committed to African Caribbean products and services. However, using these mainstream channels is fraught with its own challenges for ACOBs, often characterised by tight margins. Where tight margin is predominant, turnover becomes the crucial to increasing profitability and, due to the lack of capacity needed to sustain these levels of turnover; this becomes the major anathema of ACOBs. This lack of capacity goes back to difficulties in accessing mainstream capital coupled by the weak social capital support system amongst ACOBs (Ward, 1987, 1991; also cited in Ram et al., 2006: 297).

The importance of 'absence of discriminatory practices' for the success of their businesses was higher on the scale for ACOBs than the WAOBs. Results show a significant difference in the response to absence of discrimination between ACOBs and WAOBs (*Table 8-2*). This discrimination, whether perceived or real, centred around four areas as we have shown: From other African and Caribbean clients, In accessing contracts and businesses from larger corporations and governmental bodies, In accessing funding for their businesses from mainstream banks, In securing access to mainstream distribution outlets and channels. This vicious cycle seems to haunt the ACOBs particularly. These must be thoroughly addressed if 'break-out' will become a common phenomenon of African Caribbean owned businesses.

CHAPTER NINE

Main findings and Discussion

9.1 Introduction

The aim of this research was driven by salient assumptions in ethnic minority literature that ACOBs may have performance problems. ACOBs are viewed in literature as *the entrepreneurial laggards*, mostly because they allegedly lack the family and cultural solidarity and distinctiveness of Asians and, hence, are unable to tap into these privileged in-group business resources (Ward, 1987, 1991; cited in Ram et al., 2006: 297). The assumption is that they are unable to make a success of their business pursuits in comparison with their counterparts such as the South Asians and White owned businesses. These viewpoints and others have helped to raise a question never really been asked in explicit terms: *Are ACOBs Under-performing?* This question was what set the scene, as we strove to investigate this phenomenon, and apprehend the most likely drivers causing performance differentials, if any, more especially because it's a time when policy pronouncements, at a governmental level, suggest a new level of commitment to encouraging and supporting ACOBs in the United Kingdom. This is driven by propositions from past studies of the need for *particular* attention to be accorded to the African Caribbean entrepreneurs (Smallbone et al., 2003).

9.2 Performance

Performance findings indicate that ACOBs are performing less than their matched counterparts (WAOBs) in the wider population. For instance, the financial analysis of accounts information (i.e. objective assessment) during accounting period (2000 to 2004) found that in two out of the three financial accounts-based analyses, ACOBs had relatively lower performance than the WAOBs. ACOBs had lower performance *in profit margin and sales per employee ratio* than the WAOBs.

A higher profit margin implies that WAOBs are more likely to run more profitable companies having better control over their costs compared to the competitors. The reason for profit margin increases could be falling costs, increasing efficiencies or

booming prices for the company's products. This is not surprising as we found a higher proportion of ACOBs still using manual and handcrafted production methods requiring more staff than technological and automated plants. This could be a reflection of difficulties faced in securing mainstream capital needed for the capacity building processes of their companies, coupled with a relative lack of popularity of their brand or product in the mainstream markets. Capacity building has been seen as crucial for actualisation of the 'break-out' into mainstream. It has been argued that 'Break-out' into mainstream would involve:

Creating a cross over appeal with current products or going into more emerging markets that are not traditional, this may also involve risky investment in capacity, new technologies in the firm allowing bigger investments and company outreaches beyond the traditional markets. (Watson et al., 1999, Ram et al., 2003)

The sales-per-employee ratio can be especially insightful when measuring the efficiency of businesses. Findings suggest that ACOBs have lower sales-per-employee ratio, further indicating higher efficiency among the WAOBs in the utilisation and productivity of work force and further justify the differentials in profit margin. The lower sales-per-employee ratio for the ACOBs could be an indication that their companies could operate on lower overhead costs and could better utilise employees and facilities more efficiently, often translating into healthier profits.

The ACOBs out-performed the WAOBs when it came to *growth in employee numbers per annum*. Our study reveals that ACOBs were more likely to employ, recruit and create employment opportunities than WAOBs. The higher employee growth pa of ACOBs over the WAOBs may be explained by the difference in recruitment policies observed across the groups. ACOBs seemed to employ more people on a part-time basis while WAOBs were more likely to recruit their employees on a full time basis. This part-time hiring was a more common practice among ACOBs that were influenced by availability of contracts or work, and also motivated by the desire to reduce overhead costs and the need for experts or specialists. We, however, noticed that in the manufacturing-related sector it was more because of the erratic nature of production needs and cycles; therefore ACOBs would hire on a temporary basis, usually doing so when production increases. A lot of ACOBs have the characteristic of what has been called the 'low-value added firms'- these firms compete in very competitive markets where entry barriers are weak and wages are low and are often

family owned and run (Edward et al., 2006; Edward and Ram, 2006). Based on these characteristics, the expectation is that ACOBs will be more prone to hire from family than the WAOBs. We however found this not to be the case; rather, we discovered similarities with WAOBs in their hiring policies. ACOBs, like the WAOBs, also adopted a non-sentimental approach in their hiring policies, more likely to hire based on meritocracy than family or kinship ties.

The findings from the subjective assessment of performance by both groups also concurred with the results from the objective assessments derived through the financial analysis of company accounts. The results found that WAOBs outperformed ACOBs in six (6) out of the eight (8) subjective measures. WAOBs had a significantly higher satisfaction than ACOBs in their *ability to fund business growth* and *sales level*. Though there was no significant difference existing in the remaining four variables such as growth in market share, employee development over the years, return on investment and growth in sales between both groups, still WAOBs had mean responses showing higher propensity in these areas than ACOBs.

Only in two out of the eight subjective assessment variables did the ACOBs show by their mean response that they had higher propensity in performance than the WAOBs. These were in return on sales and growth in profitability over the years. However, there was no significant difference between scores in both groups. The return on sales was a bit surprising considering the findings on profitability from the objective assessment. However, we believe that this is not unconnected with the perception and belief by most African Caribbean entrepreneurs that the returns from the market for their products are getting better each year with growing knowledge of their products. These may also be connected with the increased number of African and Caribbean migrants and entrepreneurs in recent years to which Ekwulugo, (2006) attributes this drive, as well as to the growing internationalisation of their activities (Ehoro and Roper, 2006). This relative under-performance is more evident in the financial than the market-based dimension. Several variables may be influencing these differentials.

9.3 Differentials

The relative under-performance of ACOBs is attributable to several differentials. We will start off by discussing the differentials we found in entrepreneurial characteristics, in their perception of the business environment, in their strategic orientation and in their firm activities and operations. We found that these differentials in entrepreneurial characteristics, perception of the business environment, all contribute in some way to relative under-performance of ACOBs. Our analyses seem to suggest that the most likely driver of this relative under-performance of ACOBs being possibly linked to the firm activities and operations. The relative absence of these factors has constituted *particular* barriers for ACOBs. (This is discussed later in *section 9.34*)

9.3.1 *Differentials in entrepreneurial characteristics*

We found strong support for differentials in the internal locus of control variables between ACOBs and WAOBS. *African Caribbean business owners were lower on internal locus of control than the White Asian business owners.* This means that the ACBOs are more likely than the WABOs to perceive external forces in the environment, such as government regulation, mainstream support systems, competition, etc, as having a major influence on their performance.

We also found differentials in the experiences of ACBOs and WABOs. Firstly, ACBOs had backgrounds with less parental involvement in self-employment than WAOBS. Similar studies have shown that *having a self-employed father increases the sample transition probability or the chances of entry into self-employment by 0.0275 for blacks and 0.0199 for whites* (Fairlie, 1999). Our studies found that entrepreneurs with parental involvement have benefited immensely at least in one of the following areas: access to their contacts, funding support, experience and development of business acumen gained from working with parents and running the business. Other studies have also shown that these entrepreneurs have a higher tendency to move into self-employment, (Fairlie, 1999) therefore, If ACOBs have relatively fewer parents involved in starting and running their own businesses, it may well mean that ACOBs may be relatively disadvantaged in being able to access to information, contacts and opportunities when compared to the WAOBS. This confirms past studies (by Ward,

1987, 1991 also cited in Ram et al., 2006: 297) of the relative absence of family, cultural solidarity and distinctiveness so common amongst the Asians, making it difficult for ACOBs to tap into these privileged in-group business resources.

Furthermore, ACBOs have had fewer experiences in similar industry or designations than WABOs (5 out of every 10 ACBOs have had similar experiences while 8 out of every 10 WAOBs have had similar experiences). This lack of work experience among ACBOs is not age-related because our findings discovered that 35% of these ACBOs were between the age of 21 and 40 compared with 14% of WABOs who are effectively in an active working age. The choice of these ACBOs to go into self-employment may be tied to difficulties in obtaining a job in the labour market or, as we found, may be linked to the fact that 80% of these business owners are first generation economic migrants, possibly with a high desire for job security at the initial stage. However, due to labour market difficulties, they decided to opt for self-employment.

We discovered that the relative lack of experience of ACBOs were not congruent to their educational qualification. The study discovered that 25% of these business owners had 'A' level to professional equivalent qualification and the remaining 75% had first degree and postgraduate qualifications. Besides, in assessing their core competence skills, we found no significant difference between most of the skill sets possessed by ACOBs and WAOBs; surprisingly, the only significant difference was found in marketing skills, with ACOBs assessing their strength in marketing skills much higher than the WAOBs. This is because most ACBOs believed that they possess strong marketing skills, which translates into higher ability to identify markets and exploit them. The impact of these marketing skills is seen in their ability, more so than the WAOBs, to internationalise operations through extensive networking based at times in their countries of origin or through distributors of similar ethnicity in other western countries, (Ehoro and Roper, 2006). This is slightly different from the findings by Boorah and Hart (1999:115), arguing that "blacks compared to whites were more likely to be: *unskilled*, have *no qualifications*, having been born overseas, live in metropolitan areas of south Britain..." This difference could be an indication of the quality of migrants moving into the UK. They are mostly economic migrants who are well educated from their home country and have migrated to a better their life

but, due to difficulties in the labour market, have decided to go into self-employment. This also buttresses the point that ACBOs are well-endowed with human capital (Ram et al., 2003), have the propensity to have formal qualifications in all sectors, with no difference between first and second generation migrants in this regard, but still they reported *particular* difficulty raising capital from external sources (Smallbone et al., 2003).

ACBOs are not only well endowed with human capital but have a higher propensity in founding businesses than WAOBs. Contrary to popular belief, we found a negligible difference in real experience of founding businesses between ACBOs and WAOBs. ACBOs have been involved in start-up and directorship of more businesses than the WAOBs. Though ACBOs were more likely to be involved in founding of businesses than WAOBs, we also found that businesses founded by ACBOs were more likely to be dissolved than businesses founded by WAOBs. These findings are consistent with GEM (2002) report which, in examining the total economic activity rate of major ethnic minority groups, found the Caribbean people three times as likely and Africans nearly five times as likely to be involved in an autonomous start-up compared with White people; also, African businesses are more inclined to fail than those of the Asian and White populations. The likely temptation is to explicate these differentials in failure rate through the management styles adopted by both groups.

We, however, did not find many differentials in management styles. For instance, the application of task-oriented and people-oriented models by Bolman and Deal, (2003) found insignificant differences in all management style variables except in one: *ACOBs were more likely to use incentives such as bonuses to keep workers happy.* Furthermore, when Rensis Likert's model of management styles was used, the study found higher numbers of business owners from both groups more likely to opt for a participative option. Given the alternatives, we found ACOBs more prone to put in place an authoritative system while the WAOBs were more prone to put in place a consultative system. The authoritative system would be more a *benevolent – authoritative system*; here leadership is by a condescending form of master-servant trust, where motivation is mainly by rewards, where managerial personnel feel responsibility but lower levels do not, where there is little communication and

relatively little teamwork. Further studies have to be conducted on the impact of managerial styles to strategic orientation of these organisations.

Furthermore, there were also differentials in emphases on values and beliefs of these groups. ACBOs strongly emphasized business values of power, security, and status symbols compared to the WABOs. This could stem from past struggles and difficulty of getting employed by blue-chip companies, a problem that has trouble most ethnic minority groups (Nwankwo, 2005; Boorah and Hart, 1999); hence, self-employment provides the means to fulfilment and achievement. This is supported by the lower percentage of ACBOs than WABOs that have had experiences working in designated areas of current business prior to starting their own firms. The similarity in the views of ACBOs and WABOs in such business values as social responsibility and wealth suggest that ACBOs, like the WABOs, will use their businesses to further improve, build and better society and maximize shareholders' wealth. This can be investigated further.

Though some differentials existed between ACOBs and WAOBs based on their entrepreneurial characteristics, it can be seen from the preceding discussion that these are not the most likely drivers of major performance differences that we find between ACOBs and WAOBs. In the past there has been a tendency by so many studies to focus on cultural traits. Studies by Ram et al., (2006) emphasized the tendency for most policy makers and studies to reduce immigrant entrepreneurship to an ethno-cultural phenomenon, and have cautioned against an over emphasis on cultural traits. These studies have encouraged a consideration of the interplay between immigrant entrepreneurship's social, economic and institutional context (Barret et al., 1996; Jones et al., 1992; Ram and Jones, 1998), especially as the new generations of successful ACOBs are growing away from the traditional stereotypes and modifying their products and services to create crossover appeal to the market.

9.3.2 Differentials in perception of business environment

The business environment was not the most likely driver of performance differentials between ACOBs and WAOBS. The study found no significant difference between ACOBs and WAOBs in the positioning of their firms within the two types of environment (Hostile and Benign environments). This could possibly be linked to the

fact that the external environment is commonly a moderator for businesses' strategic orientation (Mason, 2007), impacting firms in both groups with similar policies and regulations. We noted that, though there was no significant difference in positioning of their firms within the two environment types, the mean averages show that ACOBs are more likely than the WAOBs to perceive the environment as hostile. A perception of hostility in the environment may not directly lead to under-performance but influences the elements they emphasise in their strategy (Morgan and Strong, 2003). However, no matter how small this difference in hostility is, it does highlight the struggles faced by ACOBs in an intensely competitive market, usually of limited resources. A comment by an entrepreneur highlights this feeling:

"In my own group, it's a lot, because the competition is steep. We are in the southeast of London, and the main competitors are in the west-end, and for you to be able to get a shop, an office or a studio in the west-end it's a lot of money and that's where all the big business is. All the film directors, all the film producers, that is where they all go, because they believe that's where you can get the best, but we can't go there because we don't have the money to go there, "(DDL)

9.3.3 Differentials in strategic orientation

Extrapolating from our findings that ACOBs were performing less than the WAOBs, we logically expected to find differentials with WAOBs more likely than ACOBs to emphasize the presence of all strategic dimensions in their overall business strategy. We expected results that bolstered WAOBs as being more aggressive, more apt to use comprehensive decision processes (analysis), more defensive, more proactive, less risk adverse, more apt to envision and plan (futuraity), than the ACOBs in their overall strategy. Though we found differentials in the emphasis of each of these strategic dimensions in overall business strategy, a significant difference was not found between the WAOBs and ACOBs in the emphasis of all these strategic dimensions in their over all business strategy, In fact, this only proved true in three of the strategic orientation dimensions: analysis, defensiveness and proactiveness (to a certain extent), and false in the remaining three (riskiness, futurity and aggressiveness).

We found that WAOBs are more likely than ACOBs to emphasize comprehensive decision processes in their overall business strategy. For instance, out of the three analysis variables, WAOBs had a higher response in two (2). These responses show

significant differences in their “emphasis on effective coordination among marketing, financing and personnel functions”, and “their use of qualified employees”. Results show that WAOBs are more likely than ACOBs to organise activities around functional areas of the organisation. Moreover, we found that WAOBs were more likely to employ those qualified for the jobs or experts to alleviate their training needs while ACOBs would rather employ and develop workers in-house, through external courses, apprenticeship schemes and investors in people schemes. These may be linked to limited financial resources; this possibility is captured in this ACOB’s comment:

“A barrier that have always affected us is staffing issues, and because we are a highly technical based type business you find that we need highly trained staff. One of the challenges we’ve faced as a small business is affording the kinds of salaries big corporations will pay, so, typically, what has happened to us over the years is that we have started with average type technicians, spent our own money training and developing them, building up their confidence - meaning they go and get a big job, with one of the corporations because we can’t match the type of salary. So they end up leaving. That has happened to us 3 times in the period, so that kind of sets us back all the time in that we get people trained up, and, when we are ready to look for the new business, then they leave and we have to start again. (EDS)

The differentials in strategic orientation between both groups proved true about a higher emphasis of WAOBs over ACOBs on defensiveness in their overall business strategy. Findings concurred with the hypothesis that WAOBs are more likely to emphasize a *defensive* overall business strategy than ACOBs. E.g., this is seen in significant differences in the tendency of WAOBs to modify and upgrade technology, i.e., WAOBs are more likely to modify, upgrade to latest technology than ACOBs. For instance, the responses show that ACOBs were less likely to use analytical spreadsheets for decision making and planning than the WAOBs. This result was different from the findings of GEM (2003:36) report, finding “black entrepreneurs more than twice as likely to use new technology in their service or product as their white counterparts once they became owner-managers (25% use technology that was not available a year ago compared to 12% amongst White population).” However, the difference in the findings may be as a result of GEM’s definition of innovativeness. The GEM (2003) report defines innovativeness *by the percentage of respondents answering that their product or service was new to some or all the customers*. Sector may play a role as well, if businesses belong to emerging or traditional sectors. If they

are mostly traditional ACOBs dealing with highly co ethnic products or services, the likelihood is that most of their products and services will be perceived as new or *unfamiliar* to the mainstream markets, as we found in this study.

The impact on WAOBs, in their higher propensity to modify, and upgrade to latest technology, is the tendency to emphasize efficiency and cost reduction (Thompson, 1967), synchronising with our findings on efficiency in the performance chapter (four) where WAOBs were found to be more efficient than ACOBs. This is buttressed by the results of the objective assessment, i.e., sales per employee ratio, implying that WAOBs can operate on lower overhead costs, and therefore do more with fewer employees, often translating into healthier profits than ACOBs. It also augments earlier discussed findings in chapter five on entrepreneurial traits, revealing that WAOBs are more likely to support introduction of new changes in business or services than ACOBs.

Though the difference wasn't a significant one, we found ACOBs more likely to stick to or have set standards that guiding production or services in order to maintain quality. This can be explained by the number of ACOBs actually subscribing to trainers from the mainstream, putting into place procedures as ISL9002 (those in computer-related sectors), HACCP (those in manufacturing), and even "investors in people". This type of training may be influenced by the businesses' key customers, and also by diminishing prospects of work with major clients if they were not seen to be adhering to the requirements of the standard (Ram, 2000).

Findings partially support the Hypothesis that *WAOBs are more likely to emphasize proactiveness in overall business strategy than ACOBs*. For instance, WAOBs were more likely to emphasize significant *proactiveness* than ACOBs in their "ability to release new lines and products which have been marketed in the last 2-3years." However, there were no significant differences in both groups' "ability to seek new business opportunities," or in their "emphasis on who is first to market a new service or product among peers". Neither is there a significant difference in their emphasis "on being on constant lookout for businesses they may acquire or execute". The only significant difference in this regard was found in "their ability to release new lines and products which have been marketed in the last 2-3 years". This may likely be the

offshoot of their greater involvement in modification of services or manufacturing technology (innovativeness).

Finally, though there was no significant difference found in the emphasis of *riskiness* in the overall business strategy of both groups, ACOBs show a stronger mean response in three (3) out of the three (3) variables than WAOBs, i.e., a higher emphasis on a more risk adverse strategy than WAOBs. Mean response shows a slight preference to stick to what they are used to when making major decisions, adopting a “stage by stage basis for decision making rather than a ‘blanket approval’” when it has to do with new products. ACOBs also have more tendencies to support projects or product development where expected returns are certain. This negligible difference between both groups could be due to similarities in major business risks, given that most of them opted-out from major loans, but rather chose to have an overdraft facility. GEM (2006:7) found that “the most popular form of start-up finance used by men and women is a bank overdraft”. The general risk was that of customers not paying up or going bust. In a few cases, cash flow was a problem that surfaced with ACOBs as the major risk. Such businesses tended to lay caution on accepting large contracts that did not provide smooth cash flow.

However, contrary to our hypothesis on the strategic orientation dimensions of both groups, differentials in strategic orientations were found in favour of ACOBs when it came to emphasis on aggressiveness, futurity and we discovered that ACOBs are more likely than WAOBs to emphasize aggressiveness in their overall business strategy. ACOBs acceded in 2 out of the 3 *aggressiveness* variables over WAOBs with significant difference in their emphasis on “sacrificing profitability to gain more customers”. The response by ACOBs about sacrificing profitability to gain more customers may be linked to higher level of quality input in raw materials, counteracted by price-sensitive customers. This level of aggressiveness may also be motivated by the intense competition surrounding their market; this intense competition is not ameliorated by the poor, dilapidated and crowded inner city centres where most of these businesses are located (Bank of England, 1999).

We also found that even though these ACOBs are located in similar sectors as the WAOBs, they tended to differ in their product and service portfolio. E.g., in the computer-related firms, we discovered a higher number of ACOBs majoring in lower

to middle level services such as computer training, repairs, upgrades, support services and hardware supplies while the WAOBs had middle to higher level services such as software testing, project management, analysis for clients, development and consultancy. The problem with a lower level portfolio is the relatively low entry barrier and low customer loyalty that characterizes it. Those markets with high entry barriers have few players and thus high profit margins. Those markets with low entry barriers have lots of players and thus low profit margins (Porter, 1980). A comment by ACOBs captures this plight:

"We tend to have lower to competitive pricing because there are a lot of computing and Internet providers about, except you are in a place where there is no Internet at all. If there is Internet accessibility around your area you can't increase anything, or people will not come and will go somewhere else. You don't want to lose customers." (ESL)

The lower to competitive pricing was done to retain customer loyalty, and ACOBs seem to have very price-sensitive customers keen on getting a bargain where possible for good quality. This was especially true in the computer-related sector, as price hikes would result in falling sales and customer disloyalty, manifested in a switch to substitutes. However, with the manufacturing-related sector (mostly food manufacturing), though they were keen on getting a price bargain, they would prefer quality that is akin to what they are used to from their country of origin, and, in most cases, were willing to pay a bit extra for authentic products laden with great quality. However, there was no significant difference between both groups in price cutting strategy and lower price setting. The mean response found more ACOBs likely to employ price cutting strategy or discounts for customers, while WAOBs were more likely to employ lower price setting than the ACOBs. These differences are boosted by the degree of emphasis on efficient methods of production, services and reduced overhead cost.

The puzzling thing is that it's widely believed that the higher a firm's emphasis in aggressiveness, the higher its performance should be. However, that did not seem to be the case with our findings. Wong and Saunders (1993) in trying to explain such misnomers called such firms 'Aggressive pushers.' Morgan and Strong (1998:1066) explains such organisations as typically sales-oriented firms whose 'push strategy' has

met with limited success... such aggressive pushers are non-innovative...their lack of commitment to real marketing has left this group performing worse.”

Another converse finding was the concurrence of ACOBs in three (3) out of three (3) of *futurity* variables over WAOBs. There was little or no support for the hypothesis: *WAOBs are more likely to emphasize futurity traits in their overall business strategy than ACOBs*. Findings show that ACOBs are more likely to envision and plan further than WAOBs with a significant difference found in “we conduct what if” analysis of critical issues. The response by ACOBs may not only be based on recognising customer needs per se, but could also be an appreciation of the enduring nature of the needs organisations are attempting to satisfy or the prospects of their future market. Contrary to research findings alluding to the premise that small businesses do not bother with market research, we found that though predominantly organised market research was not the norm, there were informal market research processes in place through which feedback is gathered e.g., from delivery drivers, customers, tradeshows, exhibitions and product tasting.

The converse finding in aggressiveness and futurity by ACOBs may partly explain the performance differentials found in chapter four. This is because, contrary to popular belief, more recent study have found no positive relationship between a firm’s emphasis on aggressiveness, riskiness, or proactiveness in its strategy and the firm’s higher performance (Morgan and Strong, 2003). The same study also found that higher emphasis on analysis, defensiveness and futurity traits in a firm’s strategic orientation typically led to an exhibit of higher levels of performance. Our study found WAOBs more likely than ACOBs to emphasize comprehensive processes (analysis) and defensiveness in their overall business strategy, while ACOBs were more likely to emphasize only one of the performance impacting dimensions: ‘futurity’. This leaves ACOBs a bit disadvantaged compared to WAOBs. Envisioning and planning is one thing, but getting such dreams and projects off the ground is another, and requires access to finance, distribution channels, good brand value, and support from mainstream structures.

9.3.4 Firm activities and operations the most likely link to performance differentials

Though the strategic orientation provides a partial answer to our quest in underpinning likely drivers of these differentials, our studies seemed to suggest a possible link to firm activities and difficulties faced in accessing resource-based dynamics for operations a great draw back as well as possible cause of performance differentials between both groups.

Firstly, as we alluded earlier, our study found the emphasis on main products and services of ACOBs different from those offered by WAOBs in similar sectors. Computer activities were lower to middle level services such as Internet browsing, training, computer repairs, upgrades, support services and hardware supply, while WAOBs predominantly offered middle to higher level services such as software testing, project management, analysis for clients, development and consultancy. This middle to higher-level services is more likely to involve higher expertise and charges than lower end services. These higher charges make a difference in earnings and profitability.

Popular media services include media graphic designs, publication of newspapers and periodicals, film production and editing, mostly specialised in African Caribbean functions or news flow. The manufacturing-based firms specialised in traditional African Caribbean packaged baked goods, snacks, fish products, liqueur, spices and soft drinks, what will be termed 'exotic' while most WAOBs, though having baked goods, snacks, fish products, liqueur, spices, and soft drinks, are all mainstream recognised brands what will be termed as 'traditional'. The popularity of WAOBs products over ACOBs products in the mainstream means higher demand for the products of WAOBs. Logically higher demand should transmute into higher sales, higher market shares and higher profit margins. This is seen in the financial analysis and findings in chapter four. We also discovered that there is a conscious effort and growing orientation of ACOBs to target more mainstream customers with their products, by trying to create a crossover appeal with their largely 'exotic' products. Trying to distribute these products through mainstream channels, even though a greater percentage of their products remain largely co ethnic, also does this. On the other hand, the WAOBs are able to reach a large base of customers with their

traditional brands, again ultimately transmuting into higher sales turnover, and higher profit margin.

Findings also revealed that the marketing strategy of ACOBs are largely targeted at a mixed portfolio of customers- comprising more individual customers than business organisation clients, while a higher proportion of WAOBs customer portfolio are strictly corporate clients and a lower percentage a mixed portfolio of businesses and individual clients. In all the interviews conducted with WAOBs, none of them dealt with just individuals as their client base. The significance of this is that it is a well-known fact that businesses will pay higher for products and services, filtering through as higher profit margins; moreover, "Business to business relationships helps to manage orders more efficiently, and may even lead to collaboration with these businesses in developing and launching new products or services as well as improving cash flow. Moreover, the rich data mining that comes from such 'business-to-business' relationship "brings a wealth of opportunity for understanding consumers" (Green, 2000:8). These may be part of the contributory factors in the higher efficiency and lower overhead costs experienced by WAOBs.

Another notable finding was the support for the hypothesis that ACOBs were more likely to internationalise their operations than WAOBs. We further observed that the entry forms related in the incremental internationalization process described in the Uppsala model (Johanson and Wiedersheim-Paul, 1975) received little support in this study. Internationalisation of ACOBs appears to be largely driven by existing network relationships often from their country of origin. This thrives from the advantages derived from the use of existing networks of family, contacts and large market demand in their country of origin to kick start most of their businesses, with major partners who help in guiding foreign market selection and providing the mechanism for market entry into other western countries. Using network contacts, usually African Caribbean-based in other western countries such as Holland, Italy, Brazil, Belgium and US, usually does this. For the majority of the ACOBs, internationalisation usually starts in the early stages and is done by partnering with African Caribbean-based agencies overseas to cover distribution, exportation and importation.

Internationalisation has been discovered to drive performance of firms engaged in foreign activities, being also an avenue of knowledge acquisition for firms involved

(Castellani and Zanfei, 2007). Our study shows that though there is a relative higher attempt at and ease of internationalisation among ACOBs than among WAOBs, the impact of their internationalisation activities, however, does not tally with their profit margin and sales per employee (efficiency), especially when compared with WAOBs. This difference may be connected to the fact that most of these ACOBs still have the majority of their customers located within the UK, with a relatively smaller proportion located overseas. Our study suggests a possible link of these differentials to important factors, whose absences may likely tantamount to some barriers in their performance. These include access to mainstream distribution channels, popularity of brand, lack of discriminatory practices and difficulties in accessing mainstream finance. The absence of these factors has not made it easy for ACOBs to boost sales in the mainstream markets.

We also discovered that ACOBs rated the need for 'Access to distribution' to the success of their current operations higher than the WAOBs. This streamlines the challenges and contentions faced by ACOBs in accessing mainstream distribution channels more than their WAOB counterparts. Those ACOBs that have done so, relatively few, are often initially given limited areas of coverage, usually areas with higher levels of African Caribbean population. African Caribbean entrepreneurs believe that the mainstream distribution channels are not committed to ACOBs. This perceived non-commitment is greatly encouraged by the relative lack of product popularity and branding amongst mainstream consumers. Moreover, those that have successfully been enlisted tend to face the challenge posed in producing quality products within tight margins, a characteristic of mainstream distribution channels. Such markets require high levels of capacity build up to compete efficiently; many ACOBs (relative to WAOBs) lack the expansion funding and backing to do this. However, we observed that those distributing through mainstream channels have seen a geometric leap in turnover and hence higher profit margins as well as accessibility to more mainstream customers. We also observed that these constitute the bulk of ACOBs that have made relatively little effort to internationalise their operations. Their ambition and aspiration is to conquer the large potential market in the UK for the products, before looking abroad.

In the computer and media related sectors this presents itself in the form of contracts

with governmental bodies and large corporations that are largely WAOBs. Factors such as the lack of professionalism, business plan, and understanding of core business have always been contributory- the importance of these cannot be undermined. This is because some of these entrepreneurs do not even know how to go about tendering for big contracts with these corporations or governmental bodies or how to put together a good business plan. This must, however, be interpreted in the context of the quality of human capital possessed by ACOBs, especially when this comparative difficulty of experience exists despite a higher propensity to engage in training and publicly provided sources of advice and expertise (Ram and Smallbone, 2001; Ram et al., 2002; cited in Smallbone et al., 2003:309). Similar to the supermarket experiences, many ACOBs dealing with major corporations and government institutions also feel that there are subtle barriers in place that may be obstructing contract bidding and winning within government and large corporate bodies.

Furthermore, these problems are compounded somewhat by the red tape difficulties encountered by these businesses in pursuit of some of these institutional policies and contract bidding. After a while most of these businesses tend not to bother. This relapse and apathy may be explained by the fact that some of these businessmen are everything in their companies: marketing managers, secretaries, managing directors, etc., with tight and busy work schedules

When ACOBs were asked about importance of factors like “popularity of brand” in the success of their current operation, there was a significant difference in the response between ACOBs and WAOBs, likely indicating that WAOBs enjoy more popularity for their products and service (brand) than ACOBs. One of the most likely barriers stated by many business owners is that *the mainstream market is not conversant with the product or services being offered*. An international study by Ouellet (2007) argued that difficulties by ethnic minorities to reach mainstream with their product can be linked to product bias, a bias he termed as *consumer racism*, a preference by majority group or indigenous consumers to buy from indigenous shops and businesses (led by attachment and sentiment to their traditional products) than ethnic minority groups. He proposed the need by ethnic owned businesses to understand consumer racism and its influences on their products, for the purpose of

adapting important activities such as marketing communication, branding and portfolio.

The manufacturing-related sector was the most hard hit as a majority of their products are still very co-ethnic. The lack of popularity of some of their products seems to stir scepticism amongst mainstream hypermarket traders about performance of these products on the shelves.

We also found a significant difference in the access to mainstream capital between ACOBs and WAOBs, consistent with findings by (Barret, 1999; Smallbone et al., 2003), and that ACOBs had less access to mainstream capital than WAOBs. This is summed up in the words of an ACBO as one of *capital and prejudice*. We discovered that this might partly be a resultant inability to visualise investment potentials for exotic products from a cultural perspective, given the lack of popularity of these brands or co ethnic products among mainstream consumers though this reason did not hold up when it came to mainstream sectors. Where the mainstream banks agreed to give a loan, these African Caribbean entrepreneurs found the collateral and conditions attached to such loans unworkable. One entrepreneur captures this in his comment:

"When we wanted to renovate this site, our business bank manager came around to inspect the premises. After he saw the premises he asked us, "Do you think you can renovate these premises?" I said, yes, because it was in such a terrible state; it had water gushing from the floor, no toilets, nothing! The bank ended up refusing to give us assistance. We however managed to carry on. When we got to an advanced stage in the renovation, the bank now came back to us and said, if we want about £90,000, they will loan it to us. The problem was that this £90,000 had more collateral attached to it than it was worth, so we told them to forget it." (BFL)

This has been a hindrance in their expansion processes, in building up required capacity and in funding market strategy aimed at promoting services and products to the mainstream markets. This difficulty in accessing mainstream capital also meant that rival competitors with financial backing were able to react faster to market opportunities than ACOBs, hence takeaway their market share. Some of these WAOBs ended up replicating these products on a larger scale than ACOBs, a problem referred to by an entrepreneur as *menace of copycats*.

A few successful ACBOs blamed unsuccessful access to mainstream capital by ACOBs on their lack of understanding of core business as well as lack of

professionalism and exposure, though some other ACBOs have demolished such arrogations. There is rather a more common feeling that it is motivated by a sheer lack of confidence in ACOBs, based on stereotypes of past failure and misappropriation of funds by ACOBs. This is a phenomenon described as “sub-conscious stereotyping” (Ram and Smallbone, 2003:677).

We also found a significant difference between both groups in their response to the importance of lack of discrimination to the success of their current operation. ACOBs rated the need for ‘absence of discrimination’ to the success of their current operations higher than the WAOBs. The obvious difficulty raised by the allegations of discriminatory practises reported in the course of these interviews is the burden of proof and the sticky task of extricating the ‘ethnic’ from the general, since bank funding is well recognised as problematic for small, new entrepreneurs, irrespective of identity (ACOST, 1990; Storey, 1994, also cited in Ram and Smallbone, 2003)

We found that the perceived discriminatory practices mentioned by ACOBs can be classified in four main areas: (1) discrimination in accessing contracts and businesses from larger corporate and governmental bodies (2) discrimination in accessing mainstream funding (3) discrimination in securing access to mainstream distribution outlets and channels, (4) and discrimination from African and Caribbean clients. The discrimination from African and Caribbean clients came as a surprise to us. We found this in two major areas: there is a higher level of loyalty to country of origin-related businesses and a higher propensity of Africans to discriminate against products sold by or originating from other African countries. The feeling is that Africans, especially, have a higher prejudice against trying products originating from other African countries. We also found a higher propensity to discriminate against products produced by ACOBs and a higher preference for those produced by the WAOBs. The implication of this is that ACOBs may even have a more fragmented consumer base than presumed, and this will likely impact on sales level, turnover, market share, etc.

“...If this supermarket can allocate shelf spaces to some of these products, is what we need. Until we get that we are going to keep on struggling to make a living. Forget about getting rich. There aren't enough of us to eat our product to make us rich. We've got to have a very unique product which only one person produces. As long as 10-15 people are doing the same thing, that seriously is not going to work.”(MPL)

This provides further reasons for 'break-out' from traditional co-ethnic sectors or increasing push for products with greater crossover appeal.

We noted that there is a generally perceived difficulty by ACOBs in obtaining loans from high street banks. This has resulted in so many ACOBs never even approaching the banks at all for a loan. Grounds for these perceptions may exist, as findings from similar studies show relatively little contribution made by bank finance to the formation of ethnic minority firms. In their words... *"This is surprising in view of the expectation that 'break-out' into high value added activities may be a more capital intensive affair than starting up in tried and trusted low value sectors."* (Ram and Smallbone 2003:673)

Kon and Storey (2003) have shown that discouragement to borrow can set in when there is an apprehension that one will be rejected. Similar findings were obtained by Jones et al., 1994; Coleman (2005) in the US... "Black-owned firms in the survey indicated that they had not even bothered to apply for a loan because they assumed they would be turned down." Possible attitude of banks may be caused by past stereotypes, and lack of understanding of African Caribbean products, some, but not perfect information.

9.4 Suggested ways of improving access into mainstream

Our findings suggest that there is no one-way of breaking-out into the mainstream markets. Various suggestions by entrepreneurs in the course of interviews included: (1) Improving aesthetics and presentation of the business, (2) Greater presence on the high street with standard shops (3) Building up of initial capacity required to deliver in mainstream markets (4) Increase in common emporiums for ACOBs (5) Increased advertisements in more mainstream directories and media (6) Aesthetic packaging and presentation of African food (7) Development and inclusion of products having cross over appeals in company's product portfolio.

A closer observation on suggestions by ACOBs on mainstream issues quickly suggests possible links to these drivers in operational performance as discussed earlier. These relative difficulties in accessing mainstream capital and resources discussed above will likely put a strain or stumbling block in not only the

performance of ACOBs but also the 'break-out' processes of these firms. Past studies have shown that "...with few exception 'break-out' requires recourse to mainstream resources... this means gaining improved access to formal market sources of finance, since lack of money and capital is the major stumbling block to sectoral 'break-out'."(Watson et al., 1999 Cited in Ram and Smallbone, 2003:667)

These differences in firm activities and difficulties in operations are possibly linked to the performance differentials shown in chapter four. Therefore while ACOBs seem trapped in a potentially disadvantaged cycle, they face unique problems if they are looking to out-perform their counterparts or 'break-out' to mainstream markets using their ethnic products. More mainstream sectors like computer and media have experienced some levels of success in profit margin and sales per employee growth respectively. However, the perceived discriminatory practices are all odds contending against them as mainstream banks and channels of distribution struggle to understand the nature of their products and services.

Notwithstanding, the future looks bright for ACOBs, as population of immigrants continues to rise and new generations of shoppers and businesses continue to get exposed to these products and services, especially as new and existing entrepreneurs continue to move into more emerging sectors, and seek better ways of creating cross over appeal with existing products. The market niche is one, which mainstream supermarkets, media and banking organisations may soon discover to be a gold mine.

9.5 Contribution of study to Ethnic minority and Small business Research

- The study develops a conceptual framework underpinned by small business literature, more so than ethnic minority literature enabling wider applicability of framework to other small businesses as well as ethnic minority groups. This applicability of framework encourages theory testing and constructs of small business on ethnic minority businesses, encouraging further application of small business constructs in the study of EMBs
- Provides answer to the question: "Are ACOBs under performing?" by assessing the performance levels of ACOBs in the UK. Our analysis further suggests the most likely cause of performance differentials between ACOBs

and WAOBs may be found in wider economic context influencing their firm activities and operations more so than cultural issues.

Our framework provides further methodological contribution for the study of ethnic minorities and SMEs:

- Combines qualitative and quantitative methods allowing both an in-depth “story- telling” approach as well as statistical testing of distributions respectively, enabling the assessment of entrepreneurial attributes, skills and experience, strategic orientation, perception of their business environment, and firm activities and operations of ACOBs and performance.
- It encourages the application of a matched pair analysis in the study of ethnic minority businesses, extending this to the study of ACOBs in the UK, eliminating the need to use convenience sampling, and random sampling which have characterised most previous studies in ACOBs.
- It encourages the application of multivariate measures in assessing the performance of ACOBs ethnic minority businesses and small businesses.

9.6 Limitations of this study and recommendations for further studies

As in all researches, we made some concessions creating limitations in this research and opportunities for future study.

It has been argued that ethnic minority businesses are far more diverse than generally assumed so, for example, due to racial and cultural similarities between Black Africans and Black Caribbean communities, studies of the latter are often generalised to apply to the former (Nwankwo, 2005). These studies have advocated that Black African businesses be treated as separate entities apart from Black Caribbean businesses in the light of the creation of black African ethnic category by the government in the 1991 census and the findings of differing entrepreneurial orientation between the two groups by GEM (2002). It has also been discovered that when it comes to culture there is a general indication that general classification breeds stereotypes blighting the opportunities of aspiring entrepreneurs. This disagreement

can be seen in the orthodox conception of one-dimensional ethnic identity, with brokers from the African Caribbean Business Support Group (Afco) and Somali Community (Somco) claiming vast differences when it comes to culture (Ram et al., 2006). Therefore, further studies might want to match African and Caribbean firms respectively to White owned businesses to confirm or investigate if there are differences in the light of our findings in the present study.

Another limitation of this study is the limitation placed by the sample size. The sample size of twenty ACOBs and 22 WAOBs is not a very large one, though the triangulation of methodology does ameliorate this limitation. However, the limited size of data set places some caution on the interpretation and generalisation of data, especially the survey data. Therefore, a further study on the performance of both groups with a larger sample would be appropriate and will likely provide deeper and clearer directions and insight to this performance phenomenon.

Furthermore, the rigour in the matching process meant that if the matched firm would not consent to an interview we had to use the next closest to it. This problem may be a limitation of this study because if the owner of carefully matched WAOBs refuses to give an interview, then in the absence of another exact match, the study was left with no alternative but to work with the next closest match to the particular ACOB under consideration.

Secondly, location has been shown to affect the performance level of a business (Ward, 1991), as several factors such as wage levels, property levels and governmental subsidies may differ from area to area. In certain cases the matches didn't come from the same areas but from all across the UK mainland. This may put some limitation to the data set in this regard.

There was a positive response on the role of education on entrepreneurship of ACOBs and WAOBs. Education was found to influence their way of thinking, communication and expression; this they found helped their performance as entrepreneurs and their approach to and way of doing business. The limitation in this regard is that no clear definition exists on what type of education we are talking about here, as people could be educated in business, engineering, agricultural studies, etc. As it's more likely that someone with a managerial or business education may have a greater advantage over

someone with an early childhood education when it comes to setting up and running a business venture. It would be interesting to see what results will come out of such considerations in a later study.

This study is in no way conclusive, but opens up areas for further research and interests for both academicians and practitioners. Research could be further directed at the comparative performance of ACOBs pursuing internationalisation and those that are not. These studies will do well to consider the correlation between such internationalisation and their actual performance.

The ACBOs were found to be higher in authoritative system, a more *benevolent – authoritative system*. Here leadership is by a condescending form of master-servant trust, where motivation is mainly by rewards, where managerial personnel feel responsibility but lower levels do not, where little communication and relatively little teamwork exists. Further studies should be conducted to investigate the impact of managerial styles to strategic orientation of ACOBs. Furthermore, findings of similarities between ACBOs and WABOs in such business values as social responsibility and wealth suggest that ACBOs like any other WABOs will think alike in using businesses to further improve and build a better society and maximize shareholders' wealth. This can be investigated further.

Our studies found no significant differences in the two distributions in the positioning of firms within the two types of environments. Though there was no significant difference in the environment types in which ACOBs and WAOBs positioned their firms, the mean average total scores show that ACOBs had a higher propensity than the WAOBs to perceive or position their business in a hostile environment. A larger scale study based on the positioning of these firms in the environment types (Benign and Hostile) in the future may be appropriate to glean more robust findings.

CHAPTER TEN

Implications of Research

The findings from this study may have implications for practitioners, academics, and policy makers:

10.1 Implication for Strategy

- Findings show that ACOBs tend to emphasize comprehensive decision and defensiveness in the overall strategy than WAOBs, This implies a need for increased emphasis on comprehensive decision processes and defensiveness which would mean that practitioners could benefit e.g. from hiring more qualified employees or using experts in related areas, adopting better analytical and decision making tools to aid decision-making and should be much more proactive in improving, modifying and upgrading to more efficient technologies this may likely improve efficiency and cost reduction enabling a higher profit margin.
- The lower efficiency performance of ACOBs to WAOBs may mean that practitioners and stakeholders in ACOBs may also want to look at finding better ways of maximizing cost reduction and efficiency. Switching away from handcrafted or manual production to automated and computerised productions may do this. This may include considerations along technological innovation, product packaging and improving aesthetics and execution.
- The relatively higher performance of ACOBs in media and computer-related sectors in profit margin and sales per employee ratio respectively implies the need to support ACOBs in their break-out efforts: move to emerging sectors or creating crossover appeals with existing products.

10.2 Implication for Business Support Agencies and Funding Organisations

- Though ACOBs were found to have lower levels of internal locus of control than WABOs. The premise of social learning theory is that a personality dimension such as locus of control is relatively but not absolutely stable, in which case it is possible to moderate locus of control orientation through a planned personal development programme. This does not just entail seminars, but relevant practical

training that is adapted to their business. Therefore, training needs should address personal challenges faced in business, which differs from business to business. This suggests the value of mentoring for these businesses.

- The possible link of Access to Capital to firm performance in this study shows the need for support agencies to *work* closely with banks, government organisations in defining standard criteria guiding the writing of proposal and contract bidding for government contracts as well as getting loans. Suggestions in these areas include creating self-assessment checks. This may help ACOBs determine from the onset if they qualify to make application for those funds as majority of ACOBs were not aware of such available supports

10.3 Implication for Local Policy

- The possibly links of Access to mainstream distribution (contracts) to firm performance in this study also has implication for supplier diversity and procurement opportunities for ACOBs. It reminds the enterprise industry of the need to engage ethnic minority businesses in this case, ACOBs in mainstream distribution and contracts. Such businesses may want to identify and create smaller contracts suited to the capacity already acquired by ACOBs in these areas, as a way of supporting ethnic minority businesses. Furthermore, those interested in 'break-out' of ACOBs into mainstream markets may want to target information and assistance mainly to ACOBs pursuing involvement with distribution channels such as supermarkets, mainstream media and large corporate organisations.

10.4 Implication for Regional Policy

- Higher attempts of ACOBs at internationalisation of operations than WAOBs and the fact that most of these businesses do not keep with the incremental internationalization process described by Uppsala has implication for policy-makers and practitioners, including encouraging ACOBs to export outside their local areas by targeting resources and assistance to the relatively smaller proportion of firms having the business and principal founders pursuing an internationalisation policy regardless of the stage or process of engagement.

10.5 Implication for National Policy

- The findings further buttress the need for targeting priority of ACOBs in new initiatives taken, justified in the relative underperformance of ACOBs to counterparts.
- Re-evaluation of government and policy makers' perception and measure of performance especially as findings suggest that most ACOBs perceive performance in the following order: profitability, customer patronage, sales turnover, employee growth and popularity of brand.
- Immigration procedure geared at maximising enterprise and small business creation may want to create processes considering migrants' backgrounds such as parental involvement in enterprise as literature has shown that these entrepreneurs have a higher tendency to move into self-employment if parents have been involved in running their own business. As they stand to benefit from their contacts, and experience of running a business. As noted by Ram and Smallbone (2003) and Waldinger et al., (1990) such immigration policies can help regulate the supply of ethnic minority entrepreneurs and labour

10.6 Implication for Research and Academics

- This framework provides further methodological implication for the study of ethnic minorities and SMEs by applying SMEs literatures to EMB research (see section 9.5), further studies of EMBs should consider using the matched pair approach within a mixed strategy of qualitative and quantitative. This will help illuminate grey and controversial areas as it allows for. Larger studies of EMBs using this methodology will doubtlessly be interesting and invaluable.

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APPENDICES

CARD #1: Important factors to the success and performance of your Business

How important are these factors to the current success and performance of your company (on a scale of 1 to 5)?

Very unimportant	1	2	3	4	5	Very important
I) Access to distribution channels						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
II) Popularity of brand image						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
III) Access to capital / capital requirements						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
IV) Different products adapted for different customers.						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
V) Absence of discrimination						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
VI) Government regulations and support organisations						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>

CARD #2: Strengths and Skills Assessment

Assess your strengths in these skills on a scale of 1 to 5 below

Very strong	1	2	3	4	5	Very weak
a) Communication skills						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
b) Financial skills						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
c) Interpersonal skills						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
d) Managerial skills						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
e) Manufacturing skills						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
f) Marketing skills						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
g) Organisational skills						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>
h) Personnel skills						1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/>

i) Craft, Practical and engineering skills

1 2 3 4 5

CARD #3: Locus of control and Risk propensity Assessment

Which of these statements comes closest to your own view (rate on 1 to 5 scale)

Having power to be my own boss and to make my own decisions is more important to me.	1 - 2 - 3 - 4 - 5	Having job Security is more important to me.
I consider my personal decision more dependable and superior.	1 - 2 - 3 - 4 - 5	I consider group decisions more dependable and superior.
I encourage individual judgement and an initiation of what they think is right for the business.	1 - 2 - 3 - 4 - 5	I discourage individual judgement and initiation of what they think is right for the business.
The success of my business is based on my ability, effort or skills	1 - 2 - 3 - 4 - 5	The success of my business is rather more dependent on forces in the environment beyond my control.
I am quick to support introduction of new changes in my business or services.	1 - 2 - 3 - 4 - 5	I'm usually opposed or slow to support introductions of new changes in my business and services.
I love going after a good project no matter how difficult it proves to be.	1 - 2 - 3 - 4 - 5	I'm less likely to go after a good project if it may prove to be too difficult.
More willingness to take risk	1 - 2 - 3 - 4 - 5	Manifest less willingness to take risk

CARD #4: Beliefs and Values of entrepreneurs

We would like to seek your view on statements like these? (On a 1 to 5 scale)

Strongly Agree 1 2 3 4 5 Strongly Disagree

1) Having a business always provide good avenues of contributing to society. 1 2 3 4 5

2) Business always provides a source of power for the owner. 1 2 3 4 5

- 3) Business basically provides security for owner. 1 2 3 4 5
- 4) Having a business could be a Status symbol. 1 2 3 4 5
- 5) Business provides an avenue to acquire Wealth. 1 2 3 4 5

CARD #5: Business environment

Where would you position your business on a scale of 1 to 5

Very safe, little threat to the survival and well being of my firm	1 - 2 - 3 - 4 - 5	Very risky, a false step can mean my firm's undoing
Rich in investment and marketing opportunities	1 - 2 - 3 - 4 - 5	Very stressful, exacting, hostile; very hard to keep afloat
An environment that my firm can control and manipulate to its own advantage.	1 - 2 - 3 - 4 - 5	A dominating environment in which my firm's initiatives count for very little.
My firm is located with an industry environment with little competition and few hindrances.	1 - 2 - 3 - 4 - 5	My firm is located in an environment with tremendous competitive, technological and political force.
Activities of major competitors are predictable and there is little or no competition.	1 - 2 - 3 - 4 - 5	Activities of major competitors are unpredictable and competition is very intense
The environment enables us to offer product / service at low prices relative to our competitors.	1 - 2 - 3 - 4 - 5	The environment does provide us with a disadvantage of offering Products / services at a high price relative to our competitor

CARD #6: Management style

How would you say you operate and make decisions on a scale of 1 to 5

Strongly Agree 1 2 3 4 5 Strongly Disagree

- 1) I need to keep an eye on my employees to ensure that the job is done. 1 2 3 4 5
- 2) My employees' personal problems shouldn't affect their ability to do work. 1 2 3 4 5
- 3) There is no need to share company's achievement and progress with my employees. 1 2 3 4 5
- 4) Incentives such as bonuses or prizes keep my employee happy. 1 2 3 4 5
- 5) I instinctively know when my employees are unhappy. 1 2 3 4 5

CARD #7a: Strategic orientation of businesses

What statement will be most true of your business strategy on a 1 to 5 scale

Strongly Agree 1 2 3 4 5 Strongly Disagree

- 1) We often sacrifice profitability to gain more customers. 1 2 3 4 5
- 2) We often cut prices to attract more customers and increase sales. 1 2 3 4 5
- 3) We often set prices below our competition. 1 2 3 4 5
- 4) We emphasize effective coordination among marketing, financing, and personnel functions. 1 2 3 4 5
- 5) Decisions are made using spreadsheets and soft wares. 1 2 3 4 5
- 6) We only use employees that are qualified for the job. 1 2 3 4 5
- 7) We occasionally modify our services or manufacturing technology. (E.g. upgrade of tools, systems, machines to the latest technology). 1 2 3 4 5
- 8) We have set standards guiding every production or service to maintain our quality.

- (e.g. production materials have to be a certain material) 1 2 3 4 5
- 9) We emphasize research (e.g. getting customers' response about our service or products) 1 2 3 4 5

CARD #7b: Strategic orientation of businesses (continuation)

What statement will be most true of your business strategy on a 1 to 5 scale

Strongly Agree 1 2 3 4 5 Strongly Disagree

- 10) We formally track changes in customers' demand, or technology that will be in hot demand. 1 2 3 4 5
- 11) We often conduct "what if" analysis of critical issues (e.g. what if customers in this area stops buying this product or service, what other product or service may we develop that may provide an alternative)? 1 2 3 4 5
- 12) We are constantly seeking new opportunities related to our present operations. 1 2 3 4 5
- 13) We are usually first to market a new service or product among our peers. 1 2 3 4 5
- 14) We are constantly on the look out for businesses or contracts we may acquire or execute. 1 2 3 4 5
- 15) New lines of services and products have been marketed in the past two to three years 1 2 3 4 5
- 16) We prefer to stick to what we are used to when making major decision. 1 2 3 4 5
- 17) New products, services or projects or things to be done in the business are approved on a "stage by stage" basis rather than with a blanket approval 1 2 3 4 5
- 18) We have a tendency to support projects where the expected returns are certain. 1 2 3 4 5

CARD #8: Self Assessment of performance

How would you rate performance of your business in the following areas on a scale of 1 to 5?

- | | | | | | | |
|--|---|---|---|---|---|--|
| Highly satisfied | 1 | 2 | 3 | 4 | 5 | Highly
unsatisfied. |
| 1) Ability to fund growth of the business | | | | | | 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> |
| 2) Sales level | | | | | | 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> |
| 3) Growth of market share
(Customer base and outlets) | | | | | | 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> |
| 4) Changes in employees
(employee development over the years) | | | | | | 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> |
| 5) Growth in sales | | | | | | 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> |
| 6) Return on sales | | | | | | 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> |
| 7) Growth in profitability | | | | | | 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> |
| 8) Return on investment | | | | | | 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> |

CARD #9: Performance figures for 2000 –2004 (objective assessment)

Please provide us with figures for the following:

	2000	2001	2002	2003	2004
Employee number					
Sales / Turnover (£)					
Profit Margin (%)					

Interview Schedule

A. About your firm

We would like some information about your firm, activities and operations.

1) What year was this company established in its current form?

.....

2) Did your company exist prior to this date?

.....

3) If yes give details:

I. Name.....

II. Year established.....

4) What is the legal form of your company now?

.....

5) What would you describe as your main product or services?

.....

.....

.....

6) What makes up the bulk of your main customers? (Other businesses, individuals, mix of both; please put in form of percentage)

.....

7) Are these customers:

	Yes	No	
(a) Concentrated in a specific ethnic group or groups?			If Yes go to question 8
(b) Or from all ethnic groups?			If Yes go to question 9

Only ask these questions 8 to 9 if answer from (a) above is yes

8) What are these ethnic groups

.....

9) And what proportions of sales are concentrated within these specific ethnic groups?

.....

Group

% Sales

.....

10) Where are your customers located? What proportions of these sales fall into each group? (Please estimate).

	Yes	No	%
Local < 10 miles			
Regional < 50 miles			
National (whole UK)			
International (outside UK)			

10) Has your company taken any steps to internationalise its operations? (E.g. do you produce or sell any of your products or services through an overseas-based firm?)

Yes		If yes go to 11
No		If no go to 13

11) Is this done through exporting?

Yes		If yes go to 12
No		

12) How is this exporting done?

	Yes	No
Through overseas based sales representatives or branches?		
Through foreign-based agent or distributors?		
Others? (Please describe)		

13) What steps is your company taking towards attracting new customers from the mainstream markets?

.....

14) Do you face any barriers to growth in your business?

.....

15) Do you think the barriers to growth faced by African and Caribbean firms are any different to those faced by other firms?

.....

B. About you

We would like to start with some brief questions about your own background (or that of the main owner of the company)

1) Which of the following age band do you fall into?

0-20	
21-30	
31-40	
41-50	
51-60	
61 plus	

2) Would you classify your self as:

Generation of African Caribbean Business Owner	Tick
A first generation immigrant (you were born in Africa or Caribbean and migrated here.) or	
Second-generation immigrant (you were born and raised in the UK.)	
Or neither of the above	

3) Do you see your parents' culture influencing the way in which you do business?

.....

Ask these questions if the entrepreneur is a first generation immigrant (if appropriate)

4) Was your father or mother involved in running a company?

Yes		Continue
No		Go to 10

5) What type of company was this?

.....

6) Were you in anyway involved in your parents company and what did you do?
.....

7) Was it successful? Why?
.....

Use chart as guide to question 8

	Yes	No
Large Businesses (250 employees+)		
Medium Businesses (50-250 employees)		
Small Businesses (1-50 employees)		

8) What was the size of this company?
.....

9) Before you started this firm did you have any experience of working in a similar industry?
.....

10) Have you/ they founded other companies before this one?
.....

11) If yes, are they still in existence?
.....

12) If **yes** what kind of Business was this?
.....

13) What is your highest educational qualification?
.....

14) Does your education play any role in your performance or choice of business as an entrepreneur?
.....

15) Are there certain businesses that you could never do as a result of your cultural background beliefs and values?
.....

16) Why did you particularly choose to go into this business? Is this choice based on the line of past experience?
.....

17) What would you say is the skill most needed to start this business? (e.g., marketing skills, financial skills, manufacturing skill, etc.)

.....
18) Tell us what you think about the skill levels of members of your ethnic group in business?
.....

19) Do you think that members of your ethnic group have received adequate support and training from the government?
.....

20) What do you think the government and other support institution should be doing to help improve the performance of your ethnic group?
.....

C. *About the pressures on your business*

We would like to get some information about the market environment in which your business operates, and how you think this may have impacted the performance of your business

Within your market how many competitors do you have in your main business?
.....

1. **(Ask if appropriate)** Are these competitors from your ethnic group or from other ethnic groups?
.....

2. How would you describe the competition in your business environment (Intense, moderate or little or no competition)?
.....

D. *Management*

Now we would like to ask more questions on how you manage your business?

1. How would you describe the length of a working day for you and for your company? What impact does this have for your success?
.....

2. How would you describe your management style (authoritative, participative or consultative management style)?
.....

3. Do you hire from family or your ethnic group or does your hiring cut across other ethnic groups?
.....

4. Do you often plan every operation or do you just operate as it comes to you?
.....

5. What systems are in place to reduce risk?
.....

E. About your strategy

We will like to find out how you pursue, maintain and achieve an advantage over your other competitors in the market. What statement would be most accurate about your company?

1. How is the quality of your product or services perceived by users?
.....

2. How does the price of your product compare to that of your competitors (Lower to competitive pricing or Higher to expensive pricing)?
.....

3. What will you say is more important to your customers in terms of your services or products? The quality or the Price?
.....

4. What sort of market research or data collection do you engage in?
.....

5. Do you have analytical tools (IT software's or systems) providing support for planning and decision-making (e.g. Ms-Excel, unique software's related to what you do)?
.....

6. What systems are in place to make sure that your standards are not falling but rising?
.....

7. Do you have any long-term visions for your company?
.....

8. How do you see your market in the next 5 to 10years? E.g. in the area of performance of your product and services?
.....

9. What are these new services or products that you have marketed in the past two three years?
.....

10. What do you consider to be your major business risks (e.g. bank loans from financial institutions, etc)?

.....

11. How do you obtain real information on changes of customer needs? (E.g. feed back from customers; news etc)

.....

F. About your performance

We would like to get information as to how you (or the company) measure performance.

1. How would you measure the success and performance of your business?

.....

Financial performance

2. Do you have other quick money investments e.g. securities and bonds in other markets?

.....

3. If yes what are these and have they made a difference in your ability to fund growth and sales?

.....

4. What employee development scheme do you have? How many experts in your business do you have in your employment?

.....

5. Compared with your competitors, how profitable is your business?

.....

6. How do you compare your market share with your competitors?

.....

7. Are there any services or products that have been discontinued in your business to date?

.....

8. If yes, what are these products or services?

.....

9. Can you provide us with figures (or rough figures) for the performance levels for the following?

	2000	2001	2002	2003	2004
Employee no					
Sales					
Profit Margin					

10. Do these employees work part time or full time basis?

11. How many of this employees work on part time basis?

Customer satisfaction

1. What capabilities do you have for managing close customer relationship effectively for long term.(e.g. warranties, guarantees, after sales services etc)

2. How long would you say that your longest customers have been with you?

3. Compared with your competitors, what is the level of customer service in your business?

4. What percentage of your sales will your largest 3 customers represent?

5. How frequently do your major customers experience cash constraints?

Employee satisfaction

1. How often do you need to recruit staff?

2. When last did an employee leave?

3. How would you describe the level of relationship amongst staff members?

4. Compared with your competitors, what is the level of commitment (. i.e. what sort of commitment do staff have for the business) from your staff?

.....

Thank you very much for your time.

Table 11-1: Firms sectors and involvement in internationalisation

Names	Sector of ACOBs	Response to Int'lisation	Names	Sector of WAOBs	Response to Int'lisation
ESL*	Computer- related firm	2	KJG	Computer- related firm	2
CTC	Computer- related firm	2	PTL	Computer- related firm	2
BNL	Computer- related firm	2	ZWL	Computer- related firm	2
IXL	Computer- related firm	1	SDL	Computer- related firm	2
EDS	Computer- related firm	1	PCL	Computer- related firm	2
AD	Media -related Firm	2	RTL	Computer- related firm	1
TEF	Manufacturing Related firm	1	GJUK	Computer- related firm	2
JPL	Manufacturing Related firm	1	ECL	Computer- related firm	2
AHF	Manufacturing Related firm	1	RBL	Media -related Firm	2
CFL	Manufacturing Related firm	2	MBT	Media -related Firm	2
STD	Manufacturing Related firm	1	CHP	Media -related Firm	1
DDL	Media -related Firm	1	TCG	Media -related Firm	2
AVPL	Media -related Firm	1	ROF	Manufacturing-related firm	1
GHP	Media -related Firm	1	TBL	Manufacturing-related firm	2
SOL	Media -related Firm	1	HGL	Manufacturing-related firm	2
YVL	Manufacturing-related firm	1	TGF	Manufacturing-related firm	1
BFL	Manufacturing-related firm	1	WLUK	Manufacturing-related firm	2
SRB	Manufacturing-related firm	2	CEV	Manufacturing-related firm	1
KCL	Manufacturing-related firm	1	JRL	Manufacturing-related firm	2
MPL	Manufacturing-related firm	1	MBL	Manufacturing-related firm	2
			JBR L	Manufacturing-related firm	2
			SSL	Manufacturing-related firm	2

'1' indicates Yes or positive use of internationalisation, while '2' presents non-involvement in the internationalisation.

Table 11-2: Comparison of personality trait preferences of ACOBs and WAOBs

Variables	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
Internal locus of control						
Power to be own boss and make decision vs. Job security preference	1.68	2.60	0.007*	1.59	2.68	.0005*
Consideration of personal decision vs. group decision as more dependable and superior	2.84	3.04	0.547	2.68	3.04	0.260
Encouragement of individual vs. group judgement and initiation	1.80	1.96	0.77	1.72	1.90	0.724
Success of my business base on my ability, effort or skills vs. forces in the environment beyond my control	1.60	2.36	0.012*	1.40	2.45	0.003*
Risk-taking propensity						
Quick vs. slow to support introduction of new changes in my business or services	1.64	2.28	0.028*	1.59	2.31	0.023*
I love vs. less likely to go after a good project if it may prove too difficult	2.00	1.84	0.321	1.90	1.86	0.600
More willingness vs. less willingness to take risk	2.00	1.84	0.434	1.90	1.86	0.674

*Significant

Source: Field work

α A lower score shows a higher entrepreneurial orientation

Table 11-3: Comparison of self-assessment of strengths in business skills

Self assessment of business skills Variables	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
Communication skills	2.16	2.40	0.474	1.95	2.40	0.171
Financial skills	2.52	2.56	0.963	2.40	2.50	0.822
Interpersonal skills	2.04	2.16	0.805	1.90	2.18	0.521
Managerial skills	2.52	2.28	0.419	2.45	2.27	0.470
Manufacturing skills	2.48	2.76	0.441	2.50	2.90	0.315
Marketing skills	2.96	2.52	0.083*	2.81	2.54	0.252
Organisational skills	2.12	2.56	0.124	2.04	2.45	0.183
Personnel skills	2.44	2.52	0.713	2.36	2.50	0.629
Craft, Practical and engineering skills	2.48	2.72	0.339	2.45	2.72	0.324

Source: Field work

*Significant

α A lower score denotes higher strengths in assessed skill.

Table 11-4: Comparison of Values and beliefs of ACOBs and WAOBs

Self assessment of Values and beliefs	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
Having a business always provide good avenues of contributing to society	2.56	1.96	0.101	2.63	2.00	0.124
Business always provides a source of power for the owner	2.88	2.24	0.075*	2.95	2.27	0.093*
Business basically provides security for owner	3.28	2.36	0.016*	3.45	2.36	0.011
Having a business could be a status symbol	3.12	2.40	0.069*	3.36	2.45	0.033
Business provides an avenue to acquire wealth	1.92	2.20	0.487	1.812	2.22	0.315

Source: Fieldwork

*Significant

α A lower score denotes higher value orientation on variable.

Table 11-5: Management and decision approach

Management Style	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
Task-oriented management approach						
In need to keep tight supervision on employees	3.32	2.96	0.412	3.22	3.09	0.722
Employees personal problems shouldn't affect ability to do work	3.28	2.84	0.278	3.36	2.90	0.245
No need to share company's achievement and progress with employees	4.36	4.00	0.289	4.36	3.90	0.237
People-oriented management approach						
Incentives such as bonuses or prizes keep my employees happy	3.28	2.32	0.023*	3.31	2.45	0.051*
I instinctively know when my employees are unhappy	2.16	2.60	0.139	2.31	2.77	0.170

Source: Fieldwork variable

*Significant

α Lower mean scores denote stronger agreement with the

Table 11-6: Response to Business Environment by ACOBs and WAOBs

Business Environment / Pressures	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
Very safe vs. Very risky environment	3.00	2.92	0.717	3.09	2.90	0.378
Environment rich in investment vs. Hard to keep Afloat	2.72	2.92	0.505	2.63	2.86	0.495
Environment easy to control vs. dominating environment	2.52	2.76	0.353	2.45	2.77	0.295
Little vs. tremendous competition	3.68	4.04	0.164	3.72	4.09	0.194
Predictable vs. unpredictable competitors	3.56	3.72	0.753	3.45	3.81	0.389
Possible to offer at lower prices vs. only possible to offer at higher prices	2.92	3.13	0.622	2.77	3.04	0.484

Source: Fieldwork.

*Significant difference

α Higher mean scores denote higher perception of a hostile environment while a lower mean score denotes a perception tendency towards a benign environment.

Table 11-7: Comparison of Aggressiveness of ACOBs AND WAOBs

Aggressiveness	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
We often sacrifice profitability to gain more customers	3.40	2.48	0.013*	3.50	2.50	0.018*
We often cut prices to attract more customers and increase sales	3.08	2.68	0.313	3.13	2.72	0.349
We often set prices below our competition	3.12	3.52	0.173	3.09	3.54	0.155

Source: Fieldwork variable

*significant

α Lower mean scores denote stronger agreement with the

Table 11-8: Comparison of comprehensive decision processes of ACOBs and WAOBs

Analysis	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
We emphasize effective coordination among different functional areas	1.68	2.40	0.071*	1.63	2.50	0.044*
Decisions are made using spreadsheets and softwares	3.52	3.08	0.215	3.54	3.09	0.249
We use employees that are qualified for the job	2.12	2.76	0.099*	2.18	2.90	0.080*

Source: Fieldwork agreement with the variable

*significant

α Lower mean scores denote stronger

Table 11-9: Comparison of defensive processes of ACOBs and WAOBs

Defensiveness	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
We occasionally modify our services or manufacturing technology	2.60	2.0	0.006*	1.54	2.72	0.005*
We have standards that guide every production or services to maintain quality	2.00	1.5	0.311	2.40	2.09	0.304

Source: Fieldwork z has to be <or > than critical value of z to reject H_0
 α Lower mean scores denote stronger agreement with the variable

*significant

Table 11-10: comparison of envisioning and future planning of ACOBs and WAOBs

	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
<i>Futurity</i>						
We emphasize research to provide us with competitive edge	2.84	2.33	0.126	2.77	2.33	0.276
We formally track changes in customers' demand, or technology that will be in hot demand	2.84	2.28	0.133	2.90	2.22	0.103
We often conduct "what if" analyses of critical issues	3.52	2.28	0.009*	3.63	2.18	0.007*

Source: Fieldwork z has to be $<$ or $>$ than critical value of z to reject H_0 *significant
 α Lower mean scores denote stronger agreement with the variable

Table 11-11: Comparison of proactiveness of ACOBs and WAOBs

	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
<i>Proactiveness</i>						
a) We are constantly seeking new opportunities related to present operations	1.96	2.08	0.433	2.00	2.13	0.433
b) We are usually first to market a new service or product among peers	3.24	2.88	0.388	3.22	2.90	0.512
c) We are constantly on the look out for businesses we may acquire or execute	2.20	2.12	0.902	2.36	2.22	0.835
d) New lines of services and products have been marketed in the past two to three years	2.08	2.56	0.072*	2.13	2.72	0.035*

Source: Fieldwork variable *significant α Lower mean scores denote stronger agreement with the variable

Table 11-12: Comparison of Riskness of Strategy of ACOBs and WAOBs

Riskiness	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
a) We prefer to stick to what we are used to when making major decision	3.40	3.04	0.194	3.50	3.09	0.173
b) New products are approved on a "stage by stage" basis rather than with a blanket approval	2.92	2.36	0.133	3.00	2.40	0.156
c) We have tendency to support projects where expected returns are certain	2.48	2.32	0.587	2.31	2.40	0.747

Source: Fieldwork *significant α Lower mean scores denote stronger agreement with the variable

Table 11-13 Subjective Assessment of Performance

Variables	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
Liquidity (Ability to fund growth)	2.56	3.20	0.07*	2.40	3.22	0.033*
Size (Sales level)	2.56	3.16	0.016*	2.50	3.13	0.025*
Growth (Market share growth)	2.88	2.92	0.891	2.90	3.00	0.957
Growth (Change in employee)	2.48	2.6	0.869	2.65	2.59	0.846
Growth (Growth in sales)	2.71	2.88	0.928	2.77	2.95	0.765
Return on sales	2.64	2.6	0.717	2.54	2.68	0.793
Growth in profitability	2.96	2.76	0.351	3.00	2.90	0.536
Efficiency (Return on investment)	2.28	2.88	0.103	2.31	3.00	0.076*

Source: Fieldwork *Significant difference α Lower mean scores denote higher levels of satisfaction with performance variables.

Table 11-14 Important growth factors to the success of ACOBs and WAOBs

Variables	Matched Samples with inclusion of Asian businesses (Indians=13%)			Matched Samples without the inclusion of south Asian businesses (Indians)		
	α Ranks WAOBs	α Ranks ACOBs	P-value	α Ranks WAOBs	α Ranks ACOBs	P-value
Access to Distribution channel	3.56	4.64	0.010*	3.54	4.59	0.017*
Popularity of brand image	2.88	4.44	0.001*	2.72	4.40	0.002*
Access to Capital	3.36	4.36	0.023*	3.40	4.31	0.045*
Product differentiation	3.72	3.92	0.522	3.77	3.95	0.598
Absence of discrimination	2.68	4.08	0.005*	2.59	4.18	0.003*
Government regulation and support institutions	3.10	3.84	0.063*	3.09	3.95	0.020*

Source: Fieldwork.

*Significant difference

α Higher mean scores denote higher level of importance of growth variables.

Table 11-15: Critical Value of Z for Wilcoxon Signed ranked Test

Level of significance	0.1	0.05	0.01	0.005	0.002
Critical values of z for two tailed tests	-1.645 and 1.645	-1.96 and 1.96	-2.58 and 2.58	-2.81 and 2.81	-3.08 and 3.08

Source: Spiegel, M.R, Schiller, J.J, Srinivasan, R.A (2000) "Schaum's outline of theory and problems of probability and statistics." The McGraw-Hill companies Inc., USA.