Taking steps to combat barriers to ethnic minority enterprise in Scotland

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May 2018

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Executive Summary

While it is widely recognised that Ethnic Minority-led Businesses (EMBs) make a variety of economic and social contributions to their communities and the wider society in Scotland, there are longstanding concerns that Ethnic Minority Entrepreneurs (EMEs) do still experience relative disadvantage in a number of areas. This report highlights ten areas of such disadvantage amongst EMEs in Scotland by examining statistics from three key entrepreneurship and small business databases (the Global Entrepreneurship Monitor (GEM), the Longitudinal Small Business Survey (LSBS), and the SME Finance Monitor (SMEFM)). The report also draws on actual experiences of ethnic minority entrepreneurs in Scotland gathered from interviews with 45 business-owners from various ethnic minority backgrounds, and five key informants from local government agencies, charities, community associations and other organisations that work with entrepreneurs from ethnic minority communities.

The first area of disadvantage identified in this this report is gaps in financial management skills. EMBs in Scotland are significantly less likely to have someone with financial training managing business finances. Scottish EMBs are also more likely to overestimate costs, and to fail due to unprofitability and access to finance issues. It is noteworthy, however, that there are many public and private enterprise support schemes within the Scottish Entrepreneurial ecosystem that offer free financial literacy seminars, workshops and other events for practising and potential entrepreneurs. These include, amongst others, the Scottish Enterprise, Business Gateway, Scottish Institute for Enterprise, a number of Scottish colleges and universities, The Royal Bank of Scotland, and numerous start-up incubation and accelerator hubs.

This report therefore recommends that the Scottish Government should encourage outreach and extension activities by these existing schemes and enterprise partners targeting ethnic minority communities. For partner organisations, funding or other support for impact outreach initiatives could be explored. For Scottish Government organs and delivery agencies, following the model successfully employed by Business Gateway Glasgow (see case-study 1 in the main report), we suggest that the government funds an outreach unit within Scottish Enterprise and Business Gateways in Local Authority areas with sizeable ethnic minority populations. Such outreach units could be tasked with delivering enterprise support provisions to the different equality groups tailored as appropriate to the needs of the target groups. For instance, enterprise workshops targeting Muslim women would be delivered by a female Business Gateway Business Adviser in a suitable local community venue with scheduling considerate of prayer routines and workshop material adapted exclude alcohol-related content as appropriate.

The second area of disadvantage pertains to lower investment dynamism. Scottish EMBs mainly tend to avoid external financing instead preferring personal funds. When external financing is sought, we find a greater reliance on informal sources of financing, such as family, friends and neighbours. Besides, over half of EMBs have no current investment activity in a given year and those that are investment active are more likely to pursue small amounts of funding (under £10,000). This suggests a lack of knowledge about the availability and advantages of various sources of external financing. This is in part a financial literacy issue that can be combatted as discussed above. Other apparent skills gaps include leadership and scale-up skills inhibiting investment and growth, deficient sales, marketing and general business strategy skills limiting the firm's markets and scope for growth. These skills gaps can be alleviated by extending existing enterprise literacy programmes to ethnic minority

entrepreneurs in their communities through the proposed Business Gateway and Scottish Enterprise outreach units, and other outreach activities by partner organisations.

Third, we find that EMBs are more likely to be found in higher risk and low value-added sectors and sub-sectors, such as residential care. This clearly has implications on the fortunes of ethnic minority entrepreneurs in general and could be associated with ethnicity-based structural economic inequality. It is imperative, therefore, that the government encourages diversity and equality across all sectors of the economy. The government can do this by working with industry associations and professional bodies in Scotland to ensure that they take steps to encourage diversity in their membership and their boards. Ultimately, however, it is the government's education and social policy today that will help avert future sector and occupation-based inequalities by at least levelling the playing field with regard to entry qualifications.

The fourth issue we identify is the lower levels of awareness of available enterprise support provisions amongst ethnic minority entrepreneurs. In addition, fifth, EMEs do not trust they can have fruitful engagements with support institutions. Besides the direct outreach and extension activities discussed above, this report recommends that public communication by the government and related agencies and partners is designed carefully towards: a) directly reaching the targeted ethnic minority groups, and b) signalling to them that such provisions are for ethnic minorities too. This can be achieved by featuring diverse ethnic minorities in the relevant communication, and posting the information via suitable ethnic minority community channels. These could include: government agencies and charities that work with ethnic minorities (e.g. the Council of Ethnic Minority Voluntary Sector Organisations (CEMVO Scotland), the Scottish Refugee Council, etc), ethnic minority radio stations (e.g. Awaz FM), and social and information hubs for the various ethnic minority communities such as shops, restaurants, places of worship, foreign embassies and consulates.

To enhance greater trust in the propitiousness of the enterprise support system amongst EMEs, the government should recognise that EMEs have certain unique needs. To demonstrate a commitment to support EM communities nevertheless, the government could offer suitably tailored complementary provisions. For instance, recent migrants may need extra support translating and interpreting complex regulatory documentation. Further, the government could provide financing to enterprise funding competitions such as Scottish EDGE to develop an additional award category, labelled "Equality EDGE" for example, designed to encourage applicants from the various under-represented equality groups. Indeed the sixth issue this report highlights regards the integration of EMEs within the fabric of the mainstream entrepreneurial ecosystem and its culture. Steps to design special equality provisions alongside mainstream ones can help bring EMEs into the mainstream fold.

Such integration could be greatly enhanced by having ethnic minority role models in the mainstream entrepreneurial ecosystem in Scotland. Yet the paucity of EM role models is highlighted as a disadvantage in its own right. A further disadvantage is the diversity with the broad ethnic minority community and the lack of cohesiveness between the various groups. Both of these issues can be tackled by setting up an Ethnic Minority Enterprise Action Group that can spearhead coordinated efforts to better integrate the ethnic minority enterprise community in Scotland. This would further help consolidate and push the collective ethnic minority enterprise agenda more strategically.

Two final issues highlighted by ethnic minority entrepreneurs actually pertain to enterprise support provisions more generally. Firstly, entrepreneurs find the support system very complex, overwhelming and difficult to navigate. There is therefore a need to streamline the support system so it is user-

friendly to entrepreneurs it is supposed to help. Secondly, entrepreneurs lamented that the support given is not readily helpful. Advice is often very generic, hence not always practically useful to entrepreneurs, and some financial assistance is based on a reimbursement system with very strict adherence to a pre-prepared budget. This later issue is especially problematic for entrepreneurs as it means that they have to secure other financing first which is difficult for start-ups and in fact one of the key reasons behind the decision to pursue government financing in the first place. Further, high levels of uncertainty means that it is very difficult for entrepreneurs to prepare a detailed budget and then follow it strictly. This means that entrepreneurs are usually unable to claim some expenses which can leave them out of pocket and financially distressed despite having "secured" free enterprise financing from the government.

With regard to advice, this report recommends that the government works more closely with trade associations which are able to provide more industry relevant guidance. In turn, government enterprise support personnel need to be more comprehensively informed to be able to refer and signpost entrepreneurs to the various industry partners effectively. In place of the rigid adherence to the budget and budget items which most entrepreneurs cannot effectively itemise in advance, this report recommends working with a reasonable scope of expenditure items and cost. Further, to relieve the pressure on entrepreneurs of having to secure money first that could be reimbursed later, we recommend that the government and partner delivery agencies develop a bank of approved suppliers of some of the most common services the government advances funding for. Payment guarantees and other arrangements can then be put in place as appropriate so that entrepreneurs pay for the services in arrears when they receive the respective financing from the government.

While the suggested steps may help alleviate the corresponding issues, it is important to recognise that enterprise and enterprise policy may only be a part of the solution, and not a panacea, to ethnicity-based inequalities in various sections of the Scottish economy. This is not least because ethnic minorities may pursue enterprise as a way of averting disadvantage elsewhere. For example, starting a risky internet retail business following actual or perceived ethnicity-based disadvantage in a customer-facing occupation. Concerted efforts must thus be made to continue to robustly combat inequalities in all sections of the Scottish society.

1   Introduction

Within the broader social context of 'superdiversity'[1] in modern Britain, Ethnic Minority-led Businesses (EMBs) are a complex and rapidly changing group of enterprises. Across the UK, EMBs comprised about 5% of all non-financial sector Small and Medium Enterprises (SMEs) with employees in 2016[2] and contributed around £30 billion in GVA to the UK nonfinancial business economy in 2014.[3] In Scotland, EMBs constituted around 3% of SME employers in 2016.[4] In 2014, this figure was 6%, therefore similar to UK-wide proportions which was 7% at the time.[5] EMBs tend to be more highly concentrated in key UK cities.[6,7] In Scotland, 40% of all EMBs in Scotland are located in Glasgow and Edinburgh (over 25% in Glasgow alone).[8] EMBs also make other subtle but important economic and social contributions including the revival of declining sectors and places,[9] the enhancement or development of new conduits for transnational trading links,[10] as well as playing an important role in the social adaptation and integration of new migrants in their local economies and communities.[11,12]

While all these contributions are noteworthy, there are longstanding concerns that entrepreneurial ambitions, participation and fortunes are unevenly distributed across social groups in the UK with ethnic minorities seemingly disadvantaged.[13-17] The situation is however slightly complicated. In Scotland, adults from minority ethnic groups (comprising Asian and all other non-White ethnic groups) accounted for 3.7% of the adult population.[18] As noted above, EMBs constituted around 3% of SME employers in 2016.[4] While this suggests little underrepresentation, the self-employment rate for ethnic minorities in Scotland in 2016 was 16% compared to 13% for those of white ethnic origin.[18] An analysis of the Global Entrepreneurship Monitor (GEM) data (2013-2016), carried out towards this report (see Figures 1-4 in the appendices), also suggests that 44% of ethnic minorities in Scotland (defined as those not of a White British or Irish (WBI) origin, the definition adopted for purposes of this report) have a family business background. In contrast, about 24% of WBI adults in Scotland have a family business background. It is well established that prior family business exposure influences entrepreneurial intent.[19] Indeed, GEM data suggests that 12% of ethnic minority adults in Scotland intend to start a business in the next three years (5% amongst WBI adults). Further, about 12% of ethnic minority (EM) adults in Scotland are actively trying to start a business or are running a new business (less than three and a half years old). This is double the rate of WBI adults in Scotland. These EM entrepreneurs are also mostly opportunity or innovation driven and expect to create more jobs than their WBI peers. However, when it comes to ownership of established businesses, the proportion of ethnic minority adults is 3.9% while that of WBI adults is higher at 5.2%.

This suggests that while ethnic minorities have a seemingly higher entrepreneurial capacity, this does not translate into established businesses. In recognition of such unrealised potential, ethnic minority enterprise in Scotland has received much policy interest and interventions over the years, including national budget deliberations in parliament.[20] Yet consistent with research elsewhere in the UK,[14] ethnic minority enterprise has changed little over the last twelve years.[8] Against this backdrop, this report highlights elements of relative disadvantage amongst ethnic minority groups in Scotland identified following an analysis of existing statistical databases (including GEM, the Longitudinal Small Business Survey (LSBS), and the SME Finance Monitor (SMEFM)) complemented by interviews with 45 ethnic minority entrepreneurs and five key informants. The report also advances proposals as to how such disadvantage could be combatted using suitable policy interventions. In what follows, we present these as "STEPS" identifying the **Situation** (present circumstances of relative disadvantage), **Target** (desired situation), **Encumbrances** (potential impediments to the realisation of the target), **Proposal** (recommended action) and **Stakeholders** (parties that should be involved in the proposed action).

2 STEPS towards combating barriers to ethnic minority enterprise in Scotland

2.1 Financial Management Skills

SITUATION: Ethnic Minority-led Enterprises have lower financial management skills. This could be responsible for relatively poorer financial projections and higher failure rates
Estimates from GEM data for new adults actively trying to set up a business suggest that the median ethnic minority entrepreneur in Scotland expects start-up costs of around £15,000. This is the highest amount among UK nations and is triple the median expected start-up costs reported by White British and Irish entrepreneurs in Scotland (Figure 5). However, the SMEFM data suggests that actual reported start-up costs are in general not significantly different between the WBI entrepreneurs and EM entrepreneurs, with EMBs slightly more likely to start smaller in fact (Figure 6). Compared with their WBI counterparts, Scottish EMBs are no more likely to have struggled with delinquency (Figure 7). However, EMBs are slightly more likely to fail due to unprofitability or inability to raise finance (Figure 8). Notably, further, only about 23% of Scottish EMBs have someone with financial qualifications or training managing business finances, compared to 26% of WBI-led businesses (WBIBs) in Scotland and 31% of EMBs in the wider UK (Figure 9). This suggests that EMBs in Scotland are relatively more disadvantaged in financial management skills and this plausibly explains relatively adverse financial projections and outcomes.
TARGET: Levels of enterprise finance literacy amongst EM entrepreneurs on a par with their WBI peers
With around 75% of SMEs in Scotland not having someone with financial training looking after business finances, it is clear that enhancing enterprise finance literacy should be a priority area for enterprise policy in Scotland. Within this context, more particular efforts targeting EM entrepreneurs and their businesses would be required to combat the relative disadvantage that is presently apparent.
ENCUMBRANCES
1. Accessing/ engaging ethnic minority entrepreneurs: there are multiple complex issues surrounding minority communities being deemed as "hard to reach" or "hard to engage".[21,22] Beyond complex cultural and perception issues (e.g. is the provision for people like me, religious restrictions on Muslim women mixing socially with men), there are logistical encumbrances to consider as well. EM families, especially migrants, with a limited local family network may only be available outside normal working hours (e.g. weekends) and may not be able to make suitable childcare arrangements to allow them to attend events/ meetings with service providers. 2. Recognition by ethnic minority entrepreneurs themselves of the financial management skills gap as an important problem to address. 3. Delivery of the provision: resources, including adequately skilled government staff/ partners.
PROPOSALS
(1) Create an outreach unit within the already existing Business Gateway/ Scottish Enterprise framework. The work of such a unit could be co-ordinated with (and maybe co-funded by) departments dealing with equality and diversity issues. The mandate would be to specifically target ethnic minority entrepreneurs in their communities to raise awareness about existing provisions, direct them to suitable mainstream provisions (e.g. courses on financial management), or deliver such courses at venues and times suitable and convenient for pertinent entrepreneurs. For example, delivering financial literacy courses to a group of EM entrepreneurs at a local community venue with suitable family/play facilities and group childcare arrangements over the weekend; having a female instructor deliver courses to Muslim women

entrepreneurs at their community or religious centre. The successful model employed by Business Gateway Glasgow could be enhanced and adapted as appropriate in other Local Authority areas in Scotland.[23]

(2) The British Bankers Association (BBA), now integrated within a new larger industry body called UK Finance, has in the past worked with the Scottish Chambers of Commerce (SCC) to extend existing mentoring programmes (such as mentorsme.co.uk) to ethnic minorities. It is noteworthy that most of the mentors in the mentoring scheme are current and retired bank employees thus aptly able to advise entrepreneurs on financial management matters. The SCC could be engaged with a view to setting up collaborations with suitable Scottish Government agencies to revamp and enlarge the mentoring scheme for EM entrepreneurs across Scotland.

(3) Design a project where suitable partners (such as enterprise academics from Scottish Universities and suitable industry and policy partners) deliver a series of roadshow events and training workshops in basic enterprise finance to EM communities in various towns and cities across Scotland.

(4) The Scottish entrepreneurial ecosystem includes organisations such as, Entrepreneurial Spark, the Royal Bank of Scotland, Youth Enterprise Scotland, and others that offer or facilitate support to entrepreneurs including free financial management events and workshops. Such organisations could be encouraged to develop communication channels with ethnic minority groups where information on such events can be widely relayed so as to reach as many EM entrepreneurs as possible. For example, through the Council of Ethnic Minority Voluntary Sector Organisations (CEMVO Scotland), pertinent messages could reach more than 600 ethnic minority organisations and thousands of their members. Such communication could also not only signal that such events are open and inclusive, but could indirectly highlight to recipients the importance of financial literacy for enterprise success which could lead them to evaluate their competence in the area.

STAKEHOLDERS

1. The Equalities Unit – Scottish Government
2. The Entrepreneurship and Small Business Policy - Scottish Government
3. Public enterprise support delivery agencies (Scottish Enterprise/ Highlands and Islands Enterprise; Business Gateway and Local Authorities)
4. Scottish Universities and colleges with an applied interest in (local) enterprise
5. Community Development Finance Institutions in Scotland
6. Organisations/ Charities within the entrepreneurial ecosystem in Scotland (e.g. Chambers of Commerce, Entrepreneurial Spark, Entrepreneurial Scotland, RBS, Young Enterprise Scotland, Scottish Institute for Enterprise, etc)
7. Charities that work with ethnic minorities (e.g. CEMVO and their associate groups)
8. Ethnic Minority media outlets (e.g. AWAZ FM radio)
9. Other Ethnic Minority community organisations, including formal and informal EM groups (e.g. diaspora societies), local religious centres (churches/mosques/temples, etc), community gathering places (e.g. ethnic restaurants, shops), etc
10. Ethnic Minority community leaders and opinion leaders
11. Ethnic Minority entrepreneurs and businesses that have engaged with enterprise support agencies/ organisations in the past
12. Existing, new and potential EM entrepreneurs

2.2   Investment Activity and Sources

SITUATION: Ethnic Minority-led Businesses have lower levels of investment activity and rely more on informal sources of enterprise financing

The preference for internal or informal sources of financing is a perennial financing issue amongst EM entrepreneurs in Scotland,[24] although not unique to Scotland.[25] Analysis of GEM data shows that the rate of EM entrepreneurs expecting to generate start-up financing from informal sources of financing, including immediate family, other relatives, neighbours and strangers is at 15% more than double that reported by WBI start-ups (6.8%).

In general, usage of various forms of external financing is relatively lower amongst Scottish EMBs, compared to Scottish WBIBs and indeed EMBs in the UK as a whole. Only 10% of Scottish EMBs have used more than one form of external financing. In contrast, 15% of Scottish WBIBs, UK WBIBS and UK EMBs have used more than one source of external financing (Figure 10). Notably, usage of bank debt is relatively low for both EMBs and WBIBs with only a third either servicing existing debt or seeking new credit in the current year (Figure 11).

However, investment activity in general is lower amongst EMBs. 56% of EMBs (compared to 48% of WBIBs) are either servicing existing debt, or have no existing debt and no present investment needs (Figure 11). This suggests that more than half of EMBs have no current investment activity in any given year. Further, amongst debt applicants, there are notable differences in the amounts borrowed. EMBs appear to be slightly over-represented in the £5000 - £10,000 category and under-represented in the £50,000 - £100,000, and over £100,000 categories (Figure 12). Still, a greater proportion of EMBs indicate that they plan to pursue moderate growth over the next year (45% EMBs compared to 38% of WBIBs; Figure 13).

EM entrepreneurs thus appear to not only avoid formal external financing but also have lower investment activity in general, despite more of them having moderate growth plans in the short term. Research suggests that keeping full control of their businesses is a key priority for EM entrepreneurs that influences their investment behaviour.[26] The implication though is that EM entrepreneurs in Scotland could be stuck in a "large share of a small pie" mentality and could be missing out on advantages that formal external financing could bring including: more substantial investment, more business rigour, significant added-value in knowledge, skills and networks (e.g. from Business Angels).

TARGET: Greater investment dynamism among EMBs

Almost half of all SMEs in Scotland have no investment needs in a given financial year and only about 45% are planning to pursue growth at all with only 5% intending to pursue substantial growth. Thus, there is scope for enterprise policy in Scotland to seek to incentivising growth ambitions across the board. For EM entrepreneurs in particular, however, there is an apparent need to diversify forms of financing used not least to help realise the growth potential the EMBs have.

ENCUMBRANCES

1. In addition to encumbrances identified in 2.1, there could be other cultural and religious barriers impeding the acceptability of conventional forms of enterprise financing. For example, Muslim entrepreneurs may only consider Sharia compliant financing.

2. Research suggests that entrepreneurial aspirations and goals of EM entrepreneurs are complex and growth may not be a key priority.[27,28] Many minority ethnic entrepreneurs may thus undertake "lifestyle entrepreneurship" designed to optimise many economic, personal, household, social, cultural, and even religious dimensions (e.g. individual daily prayers and the congregational Friday prayers for Muslim entrepreneurs). Encouraging investment dynamism within this context may therefore be challenging.

PROPOSALS
(1) Knowledge of the various sources of enterprise financing and their relative advantages is a financial literacy issue. This should therefore be accommodated as a priority topic within all proposals in 2.1 above. This would allow EM entrepreneurs to gain an educated awareness of the various sources of financing they could pursue.
(2) Enterprise support delivery agencies and partners should seek to understand the needs and objectives of individual entrepreneurs or businesses and offer advice that is customised and relevant to respective entrepreneurs. Research suggests that ethnic minority businesses could have business-first, family-first, money-first or lifestyle-first goals and orientations.[28] All these have implications on the types of external financing considered.
(3) Building on Proposals 2.2 (1) and (2), cultural and religious factors could further influence the choice of external financing. Over one third of all the Black and Minority Ethnic (BME) population in Scotland is Muslim.[29] It is recognised further that the UK is a leading Western centre for Islamic Finance with a number of Islamic Finance Institutions, Sharia compliant financial services in over 15 mainstream banks, over 70 institutions offering Islamic Finance courses, and an enabling regulatory environment with Islamic Finance suitably accommodated by the Financial Services Authority and relevant statutory law.[30,31] Islamic Finance is thus no longer merely a niche service in the UK. Public enterprise support delivery agencies and partner institutions in Scotland should thus be suitably trained and/or knowledgeable in Islamic Financing to be able to serve such a significant section of society with suitable signposting and advice on financial services that is not only culturally and religiously acceptable but also increasingly mainstream.
(4) The problem of low investment activity and avoidance of external financing could be linked to the desire to stay small and maintain business control. This could suggest gaps in skills in entrepreneurial leadership and business scale-up. The development of such skills should therefore be included along with financial literacy proposals above as part of a wider enterprise literacy programme that could be extended to ethnic minority entrepreneurs.
(5) Researchers have cautioned against the celebration of entrepreneurship ethnic minority liberation.[27] Entry into entrepreneurship that is coupled with the avoidance of external investment and the suppression of enterprise growth due to the fear of losing control may thus be symptomatic of other disadvantage. For example, ethnic minorities may be experiencing or perceiving economic disenfranchisement in society leading them to pursue enterprise and hold dear to the little they have. Notably, entrepreneurship rates among Indians and Chinese has declined overtime in line with increases in the proportion of these groups that has been born in the UK, has higher education, is better socially and culturally integrated and therefore more likely to secure paid employment that is more financially rewarding than self-employment.[32]We therefore proposed that the Scottish Government takes caution not to regard enterprise as a panacea or misconstrue growth in EM enterprise participation as an indicator of general progress. Rather, the Scottish Government should seek to meticulously address inequalities and under-representation in all sections of the economy.
STAKEHOLDERS
In addition to those listed in 2.1, 1. Institutions offering Islamic Finance services 2. Institutions offering Islamic Finance courses 3. Scottish Universities with an applied interest in inequality and social policy

Case-study 1: Chanel Bikorimana, Business Adviser, Business Gateway Glasgow

Chanel Bikorimana is a Business Adviser at Glasgow City Council which delivers Business Gateway services. He is specifically responsible for outreach to all ethnic minority and migrant communities in Glasgow. His role started in August 2005 when Scottish Enterprise in collaboration with Edinburgh Napier University launched the Integration through Enterprise programme targeting the growing refugee community. The pilot was very successful and in exceeding expectations unearthed the entrepreneurial potential of minority and migrant communities in Glasgow. Its remit was thus extended and indeed also expanded to include recent migrants from EU countries, established ethnic minority communities that had previously not been fully engaged, and subsequently all ethnic minority and migrant communities in Glasgow. Eventually, in January 2008, the project became a core service delivered by Business Gateway Glasgow.

The Ethnic entrepreneurship programme is delivered as a community led intervention and Chanel's work primary entails being an intermediary between minority and migrant communities and mainstream enterprise support provided by Business Gateway Glasgow. Recognising that research clearly shows that minority and migrant communities generally do not come forward to take up or even just engage with public provisions, the approach adopted by Chanel is to go into these so-called hard to reach communities. Access is cultivated by working with satellite organisations such as local education institutions, charities, faith centres and community leaders.

Once inside the various communities, Chanel hosts regular awareness sessions in community centres, halls and local venues around Glasgow. Here, he explains what is involved in starting a business in Scotland and introduces the various agencies that can help potential entrepreneurs get started. Chanel also runs regular, no appointment, drop-in sessions where ethnic minority clients can pop along to discuss their business ideas and seek help. Chanel observes that through these community drop-in sessions, potential clients feel more confident to talk about their business concept and learn more about what support those clients can access within Business Gateway Glasgow. Every year, these outreach activities are able to reach around 400 clients that would otherwise not have gone to Business Gateway.

Following these initial engagements, Chanel acts as chaperone that brings suitable and willing (potential) entrepreneurs into the mainstream Business Gateway programme supporting them along the pertinent process. Over the last few years, about 50 businesses have accessed Business Gateway support this way every year with some going on to expand to other Cities within Scotland and England. Chanel has also seen entrepreneurs that have engaged with his programme have their own personal and household fortunes transformed. He cites an entrepreneur that with a little bit of help moved from being unemployed and living in a Glasgow Housing Association high-rise flat to becoming a successful entrepreneur owning his own detached home in a less deprived neighbourhood.

Chanel maintains that what makes the intermediated provisions of Business Gateway Glasgow work is recognising that a "one size fits all" approach simply will not work; not just for all entrepreneurs nationally but also within the larger minority and migrant communities group. It is therefore of paramount importance to understand the needs and contexts of the various community groups. For

example, refugee communities may already be used to dealing with government agencies and other support organisations. They may thus only need dissemination that may be swiftly arranged through reliable networks such as the Scottish Refugee Council and associated charities.

In contrast, long-established minority communities lament many years of apparent government neglect and may thus have an entrenched mistrust of government interventions. Further, complex cultural and religious factors present other barriers with willing Muslim women entrepreneurs, for example, unable to participate in enterprise training events held outwith their communities and delivered by men. Chanel observes, however, that in most cases, it the way these communities are approached and how mainstream support is delivered that needs to be adapted, as opposed to new special provisions being developed as such.

For more information, visit: https://www.bgateway.com/local-offices/glasgow/developing-your-business/ethnic-entrepreneurs

2.3 Industry/ Sectors Ethnic Minorities participate in

SITUATION: Ethnic Minority-led Businesses are over-represented in higher risk sectors of the economy

Past research has often highlighted that UK EMBs are associated with "problematic" sectors at the lower end of the value chain such as catering, retail and social healthcare.[14,16] Our analysis of the SME Finance Monitor data also points to notable differences in the representation of WBI and EM groups in the various broad sectors (Figure 14). Analysis of GEM and LSBS data corroborates this but provides further insights into the actual activities EMBs engage in within the broad sectors. It is, for example, notable that while there are no differences between WBIs and EMs in the broad Professional, scientific and technical activities sector, a disproportionate number of EMBs is in the "Photographic activities" sub-sector. Similarly, within the broad government, health, education and social services category, EMs are over-represented in residential health.

Further, we observe a growing importance of internet retail businesses among EMEs. In the UK, 2% of WBI early-stage entrepreneurs have an internet-based retail business compared with 5% of EM entrepreneurs. This is slightly higher in Scotland: 3% and 7%. By comparison, only 0.2% of WBI established businesses were internet-based retailers and EMs had virtually no representation in established internet retail businesses.

Ethnic Minority entrepreneurs may be considering internet-based retailing as it circumvents any unconscious or conscious ethnic biases and perhaps also because it allows work-life balance flexibility in the absence of suitable family networks to help with childcare for example. However, according to the latest business demography figures from the ONS, across the UK in the 5 years to 2016, the survival rate for internet retailers was around 36% compared with 42% for all retailers and 44% for all new businesses born in 2011. Similarly, while firms in the government, health, education and social services sector has have higher survival rates across the UK (around 50%), within it, residential care, in which EMs are over-represented has a lower survival rate of 38.9%. In general, EM enterprise can thus be seen to be over-represented in higher risk sectors of the economy.

TARGET:
Within the public discourse in the UK, there has been a rather controversial debate surrounding the contributions of migrants and minorities to the UK economy. Within this debate, that minorities engage in economic activities that native populations deem less desirable is seen as a positive contribution by migrants. It is clear, however, that there are ethnicity-based structural inequality implications to this. An equality-minded agenda should therefore seek to redress any ethnicity-based disadvantage in society. For enterprise, target should therefore be to encourage a sectoral diversification of ethnic minority enterprise in Scotland so that ethnic minority communities are not systematically over-represented in low skill high risk sectors of the Scottish economy.
ENCUMBRANCES
It is clear that there are multiple barriers impeding the entry of EM entrepreneurs into diverse sectors of the economy. A key encumbrance here is actually a thorough understanding of these barriers. Much of research and policy has thus far identified Money, Markets and Management skills (3Ms) as the key barriers to EM enterprise.[16] Motherhood and the Meso/Macro environment, capturing as the national level policies, culture, laws and the economy, and the intermediate regional, support services, initiatives and organizations have also been found to impact women's entrepreneurship[33] Motherhood may be captured within "Menage" to highlight household influences without a gender focus. Beyond these 5Ms, a further five barriers may be relevant to EM enterprise and the sector participation that may not be very well understood. These include: 1. Mettle: the ability to remain persistent and resilient in the face of historical disadvantage. 2. Motive: related to 2.2 above; reasons behind the decision to pursue enterprise as opposed to paid employment, and the type of entrepreneurship pursued. 3. Matriculation: do ethnic minorities have the threshold technical skills and educational qualifications required to enter certain sectors (e.g. high tech, biotech, etc) 4. Morals and mores: religious, ethical and customary considerations that may hinder entry into certain sectors.[34,35] For example, followers of Jainism and sectors that may have animal rights implications. 5. Mentors and role-models: the presence of ethnic minority role models and mentors that may help encourage entry into certain sectors
PROPOSALS
(1) As part of the equalities agenda, the Scottish government should engage professional bodies and industry associations to not only sensitise them about the sectoral imbalances in ethnic representation, but to also encourage them to make it their business to take steps to ensure greater diversity in the various sectors. (2) It is clear that education and other threshold qualifications ultimately impact the sectors of the economy different people enter in the future. Education and social policy must therefore ensure that ethnic under-representation is tackled early in education so as not to compound the under-representation in career and enterprise participation prospects and fortunes. (3) Variously celebrate the achievements of ethnic minority entrepreneurs in under-represented sectors to enhance a role-modelling effect within the wider ethnic minority and migrant community.
STAKEHOLDERS
In addition to those listed in 2.1, 1. Pertinent Scottish Government departments (Equalities, Education, Social policy, etc) 2. Professional bodies and industry associations in Scotland and the UK 3. Education institutions at all levels 4. Both mainstream and Ethnic Minority media outlets 5. "Successful" EM entrepreneurs in various sectors 6. Existing, new and potential EM entrepreneurs

2.4 Awareness of support programmes

SITUATION: Ethnic Minority Entrepreneurs are relatively less aware of available enterprise support programmes

EMEs from diverse communities show a lack of awareness of existing support institutions or support programmes designed to encourage and help start-ups to establish and develop in Scotland. As bluntly expressed one EM entrepreneur: "Business Gateway? Is there such as thing? I do not know any of it". This lack of awareness is attributable to two related factors:

1. A lack of exposure to support initiatives: most EMEs in Scotland appear to primarily operate within their community markets. They therefore have limited exposure to information about existing institutions and support programmes. Support opportunities thereby only become known to EMEs who actively network outside of their immediate social circles. Notably, EMEs who do serve the local native Scottish population still mainly socialise (and seek for advice and support) within their community circles. Conversely, those who do socialise and venture out of their community network show a higher awareness of the existing support institutions.
2. Scepticism about the nature of support and whether they qualify for it: this predisposes EMEs to limited information about existing support initiatives. One entrepreneur observes: "I think there is some support. I do not know which one. This is not for us I think. I mean, my English is not great, right? And what can they bring to us? Can they give us finance?"

Explanations for this lack of awareness among EMEs is due to a number of factors. First, many EMEs wish to be "their own boss" and not to "owe" anything to anybody. More importantly, a number of EM individuals starting-up a new business actually already know which business they want to start, and will have marshalled the relevant resources (drawing from members of their community if necessary). They therefore do not actively look for support at least at the start-up phase.

EMEs also lament that support programmes have not done enough outreach to ethnic minority communities: "I'm always listening to the radio and I have never heard their ad that if you are from the ethnic minority community, contact us, we can work together. I also regularly read a newspaper, I have not seen their ad in the newspaper". This is perceived to signal government priorities for EM communities as other government organs such as the police do regularly go into ethnic minority gathering places, such as mosques: "if the police want to make any announcements, they are always there on a Friday. And they come and they speak to us, because they know that at least one person from every Muslim household is at the mosque on Friday".

It is worth noting that we observed differences between communities (Section 2.8). Some EMEs (particularly Chinese entrepreneurs) do actively engage with support institutions, especially if there is funding available. Information about these support initiatives spreads out through Chinese business and community networks. This shows that there are potential avenues to ensure that support institutions and programmes are visible for EMEs.

TARGET:

Awareness of the various support schemes available in Scotland varies by the type of support. While Business Gateway and Scottish Enterprise are relatively known by a majority of Scottish SMEs, others such as the Scottish Development International, Skills Development Scotland, Co-operative Development Scotland, and the Manufacturing Advisory Service are far less well known. Suitable awareness targets should thus be set to help raise awareness of these schemes if they are to realise their objectives. In turn, recognising the relative lack of awareness amongst EMEs, further targets should be to ensure that awareness rates amongst EMEs are also high such that all communities are able to utilise these services.

ENCUMBRANCES

1. Reaching diverse ethnic minority communities is challenging as they each use different media and languages, and have different social gathering behaviours and patterns. For example, while Muslims gather in mosques in large numbers on Fridays, other communities may be more dispersed. Further, some communities have more developed and formalised networks than others. The Chinese for example have the Scotland-China Chamber of Commerce, amongst other associations, which can be formally engaged to help with awareness. In contrast, other communities, especially from smaller less ethnically homogenous and less socio-economically developed countries, have many relatively small informal social and welfare networks. For example: "The problem is that we don't have...at least, we're not aware of any formal ethnic minority network that exists".
2. Changing long established perceptions that ethnic minority communities may have developed over the years.
3. Resource availability (on the part of the public support agencies) to carry out extensive outreach activities effectively.

PROPOSALS

(1) Use information channels relevant to the targeted EM communities. For example, posting notices and distributing leaflets in ethnic social and information hubs (e.g. in ethnic shops and cafes), posting on community internet portals (such as emito.net), or magazines (e.g. Emigrant), advertising on ethnic minority radio channels (e.g. Awaz Radio), posting notices in embassies and consulates.

(2) As one entrepreneur suggests, support agencies should engage directly with ethnic minority communities by "making visits or reaching out to these communities to wherever they congregate or wherever they get together". Another adds, "if Scottish Enterprise just contacted the Glasgow centre mosque or Motherwell mosque, other mosques, went there and asked for five minutes, they will love you… I'm telling you, once this thing is out in the market or we know this thing, there will definitely be enquiries".

(3) Identify and support EM entrepreneurs that can act as role models and opinion leaders within their communities.

(4) Celebrate the achievements of EMEs by including them and their stories in mainstream events, documentation and other mainstream media channels. This would not only boost confidence amongst potential EM entrepreneurs but would also help change perceptions in society regarding the contributions that EM entrepreneurs could make to the wider Scottish society.

STAKEHOLDERS

1. Public enterprise support agencies
2. Organisations/ Charities within the entrepreneurial ecosystem in Scotland
3. Ethnic minority social and religious gathering places
4. Embassies and consulates of foreign countries in Scotland
5. Both mainstream and Ethnic Minority media outlets
6. "Successful" ethnic minority entrepreneurs in various sectors
7. Ethnic minority community and opinion leaders
8. Existing, new and potential EM entrepreneurs

Case-study 2: Irineu De Oliveira jr, Interpreter, Translator and Language Teacher

Irineu De Oliveira was born in Brazil but is now a naturalised British citizen living with his family in Scotland. He graduated with a BA in Modern Languages (French and Spanish) in the UK and for over ten years has been working with languages: learning new languages; teaching different languages in class and on-line; writing books about how to teach and how to learn languages; and carrying out interpretation and translation for various public sector organs in the UK and private British companies doing business in France, Spain, Portugal, Brazil and other Latin American countries, amongst others.

After settling in Scotland, Irineu found it difficult to find a stable job, despite his qualifications. He found himself working with agencies on zero hour contracts, which he found very frustrating. He had always wanted to do his own thing, utilising his skills and expand his opportunities. He was confident that in today's highly globalised world there would be people and businesses in Scotland and the wider UK needing help with languages. This combination of factors led him to start his own business selling his language skills physically and online to various customers in Scotland and beyond.

Irineu did not have any training in enterprise or business management and knew very little about business. With his business mostly online, he also found himself slightly isolated struggling with various business issues on his own. He has however often studied case scenarios and autobiographies of successful business people and tried to emulate these. After almost seven years in business, Irineu has recently learnt of the Business Gateway through word of mouth. After registering online and meeting an adviser, he has also taken a class on marketing.

He is not aware of any other public support available for entrepreneurs but feels that the Business Gateway course was really helpful. He would be keen to sign up for other classes and use whatever other help he can access. He wishes he had heard of Business Gateway earlier and indicates that the government should do more to let people know that there is support out there for entrepreneurs and small businesses. He feels that the government and politicians appear to focus a lot on old-fashioned goals like just creating more jobs, especially through big firms. He also affirms that many migrants and minorities have many diverse skills, international networks and a huge drive to better themselves and value a lot the fact that they have the opportunity to achieve their personal ambitions and be a part of and contribute to Scotland. He would therefore like to see more effort going towards helping people from all backgrounds discover their talents and realise ways they can contribute to the economy and society.

For more information: http://theportugueseteacher.co.uk/; http://ukenglishonline.com/; http://mundiexperience.com/

2.5 Trust in the support system

SITUATION: Most Ethnic Minority Entrepreneurs do not trust they can have fruitful engagements with support institutions

Most EMEs tend to not have a high level of trust towards support institutions, and indeed towards formal institutions in general. Trust issues in EM communities have complex roots. Some stem from national and political histories of their home countries. For example, in the socialist era and subsequent transition period for Central and Eastern Europeans, enduring governance issues in African and Asian countries, etc. Amongst long-established minority communities, the mistrust emanates from decades-old laments of marginalisation, neglect and exploitation of their issues as political football that only ends in token gestures and "pilot projects". These experiences and attitudes have engendered a strong sense of cynicism about government support programmes in general.

Trust issues at the individual level also originate from prior negative experiences: "a couple of experiences here and there, how people treat you or how they have dealt with you, and you will think that the other department will be the same or even worse". Another respondent adds: "unfortunately I did not get it (the funding). But I would have expected they say, well, this is your business, you're looking for this, they could signpost me, say, well, I think you can go here or here or here. Rather than just saying you don't qualify".

EMEs have often reported (perceived) discrimination based on race, language, nationality, etc. Many bemoan that qualifications and experience gained in their home countries, including European Countries, are not recognised in Scotland and one has to start again at the bottom. The feeling that their competencies and potential contributions are often treated with disdain discourages them from having even the openness to engage with support institutions as they feel this would be futile.

Although those experiences might be subjectively interpreted by the EMEs, they nevertheless influence their attitudes towards Scottish institutions and are readily employed to rationalise unsuccessful outcomes. One entrepreneur claims: "I have registered as a self-employed and then I have contacted Business Gateway. I haven't received anything. Maybe because of my language skills". Others attribute failure to secure financial support to downhearted notions that may be their businesses or ideas are not big enough for any kind of support from those agencies. Limited ethnic diversity observed by EMEs that have tried to engage with support institutions also engenders the sense that mainstream support is designed for native White British people.

These negative experiences and sentiments are naturally propagated through word of mouth which leads to apprehensions with all types of support agencies. One key informant that has coached and mentored EMEs indicates that following a negative experience, EMEs tell others: "don't go to that organisation, 'cause they won't listen to you, or they're telling them of their own experiences where they haven't been trusted, have been rejected, but have still gone on to be successful, by taking their own route". This leads to most EMEs "not feeling confident with institutions like Entrepreneurial Spark, with the bank, with Scottish Enterprise. I don't think they have enough confidence to go to them. I don't think they have enough confidence to really even make that phone call or send that email".

Their perception of remote chances of success is reinforced by the lack of visible EM staff in those support institutions and poor outreach. Many EME do not feel that the middle-class white males working 9-5 in these agencies and rarely going into EM communities really empathise with the experiences of EMEs. Consequently, they avoid such support institutions because they do not trust that these institutions can really help them if they cannot relate to them.

TARGET:
Cultivate trust with ethnic minority communities to enhance their full engagement with enterprise support provisions.

ENCUMBRANCES
In addition to encumbrances in 2.4 above:
1. Ethnic minority communities may either have acquiesced to disadvantage, or developed alternative coping mechanisms and may therefore not be receptive to appeals by the government.
2. Multiplicity and complexity of all the different things that would need to change to build trust. For example, a way of harmonising and legitimising qualifications, certifications, experience, etc across different countries so they are recognised by government agencies, employers, banks, and other institutions.

PROPOSALS
Proposals suggested for awareness (2.4) above also apply here. Additionally:
(1) Recognise that some ethnic minority and migrant communities may have unique needs. Mainstream provisions, or at least the way they are delivered, may therefore not suit these communities and may in fact be perceived to be designed mostly for the majority native population. Special complementary services designed to cultivate EM communities' engagement with mainstream provisions thus need to be developed as appropriate. Translating, or at least referring EMEs to third sector that can do this for them at no cost, could be one such complementary service for EMEs. More sophisticated intermediary services, such as those described in Case-study 1 below may also be helpful.
(2) Provisions targeting minorities should demonstrate the government's seriousness about equality and inclusivity. This can be achieved by consulting widely with the relevant communities and then developing well-structured long-term interventions that are given time to mature and bear meaningful results as opposed to short-term pilots. Case-study 1 presented below illustrates this further.
(3) (1) and (2) above should also be encouraged within the wider entrepreneurial ecosystem support in Scotland as well. For example, Scottish EDGE could design an additional award category name "Equality EDGE" in the same way that "Young EDGE" seeks to recognise and encourage young entrepreneurs.
(4) Increase visible representation of staff from EM communities in support initiatives. As one respondent demurely puts it, the impact would be a feeling that "we've got one of our own in there, so it's good for me to go and talk to Scottish Enterprise now, Entrepreneurial Spark, even as that shouldn't be the reason for it".

STAKEHOLDERS
1. Pertinent Scottish Government departments (Equalities, Entrepreneurship and Small Business Policy, Education, Social policy, etc)
2. Public enterprise support agencies
3. Other enterprise support schemes in Scotland
4. Third sector organisations that provide pro bono services to EM communities
5. EM community leaders
6. Existing, new and potential EM entrepreneurs

2.6 Integration within the culture of the wider Scottish entrepreneurial ecosystem

SITUATION: Ethnic Minority Entrepreneurs are inadequately integrated into the fabric of the mainstream entrepreneurial ecosystem in Scotland; they operate differently in the periphery
The issue of ethnic enclaves is well established in the migration debate. Related to the questions of awareness and trust above, our analysis found that the enterprise culture practiced by many EMEs is slightly at odds with the culture that has developed in the mainstream ecosystem. While those in the mainstream have developed a common enterprise language that hallmarks credibility and trustability, EMEs operating outside these circles "miss that whole culture; they don't know how to mix, how to talk, how to react, how to ask questions". This affects mostly first generation migrants that have not schooled here and have not therefore had a chance to integrate deeply in the culture of the host society, much less enterprise. The second generation is also affected to some extent if they are unable to break occupational and social mobility barriers or are put off engaging with these mainstream support institutions.
TARGET:
Enhance greater integration of Ethnic Minority entrepreneurs and potential entrepreneurs into the mainstream enterprise culture.
ENCUMBRANCES
In addition to encumbrances above: 1. Ethnic minority communities may find it difficult to immerse and learn a new enterprise culture within a short time 2. Others may be hesitant to desert their ways of conducting themselves and their businesses and wholly adopt a new culture. Some may feel they would be abandoning their identity to become imposters or that they would not master the new culture successfully.
PROPOSALS
(1) Much of the new enterprise language, including business models, minimum viable products, beachhead markets, etc has developed as some entrepreneurship best-practice has consolidated in the literature. There is scope, therefore, to include these concepts in all the enterprise literacy proposals suggested above.
STAKEHOLDERS
1. Pertinent Scottish Government departments (Equalities, Entrepreneurship and Small Business Policy, Education, Social policy, etc) 2. Public enterprise support delivery agencies (Scottish Enterprise/ Highlands and Islands Enterprise; Business Gateway and Local Authorities) 3. Scottish Universities and colleges with an applied interest in (local) enterprise 4. Organisations/ Charities within the entrepreneurial ecosystem in Scotland (e.g. Chambers of Commerce, Entrepreneurial Spark, Entrepreneurial Scotland, RBS, Young Enterprise Scotland, Scottish Institute for Enterprise, etc) 5. Ethnic Minority community leaders and opinion leaders 6. Ethnic Minority entrepreneurs and businesses that have engaged with enterprise support agencies/ organisations in the past 7. Existing, new and potential EM entrepreneurs

Case-study 3: Isatou Njai and Paul Blackler, Co-Founders, Hippo and Hedgehog Limited, makers of "Drink Baotic"

Isatou Njai was born in The Gambia but moved to the UK to pursue further education. She studied International Business with Risk Management and graduated in 2017 with a first class degree from Glasgow Caledonian University. She is now married to her Bedfordshire-born husband, Paul Blackler. The two met while Paul was doing international development work in The Gambia. Isatou comes from an entrepreneurial family where both her parents owned separate businesses. This exposed her to entrepreneurialism from a young age.

Paul has a first class degree in E-Business (combining electrical engineering, business management and ICT programme development). He has always been entrepreneurial-minded since school where he would flog bookmarks and toys in the playground. He also founded a student discount card scheme at university before loyalty cards were a thing. He however left that upon graduating to travel around the world before pursuing a career in international development abroad.

Paul later returned to the UK where he had been carrying out consultancy and enterprise support work with a leading bank. In the meantime, Isatou who was now in her 3rd year of UK study was developing a baobab drink idea building on products that she had grown up helping her mother prepare and sell. She and Paul were convinced that ingredients from the popular African superfood could be used to develop a drink suited to UK taste buds. Paul was initially a mentor and coach before quitting his managerial position to join his wife's start-up full-time.

While Isatou and Paul had limited personal financing to drive the business, they have benefited variously from support provided by various elements of the entrepreneurial ecosystem in Scotland. The business is presently run from Isatou's university incubator. This not only helps save on rental costs but also keeps the business connected to the university and the wider ecosystem. Through the university, they are able to work with students on different projects and internships as well as university staff. Isatou and Paul have been fortunate to win an innovation voucher which was used for shelf-life extension research. They have also engaged with several other enterprise support programmes like Business Gateway, Scottish Enterprise, Entrepreneurial Spark, Social Investment Scotland, Scottish Edge, and several other funding competitions and grants which have also helped with feedback and publicity.

They observe that networking within the entrepreneurial ecosystem is highly beneficial; the more you engage the more you learn about the various opportunities. However, there is a lot of support available out there, and this can sometimes be overwhelming as not all of it is appropriate. Manoeuvring the different systems is time consuming and challenging. There are cost-benefit trade-offs to think about as well. Further, some types of funding are by reimbursement which means you have to raise the money from somewhere else first. This can be quite challenging for entrepreneurs seeking such financing as they have limited sources and amounts of financing in the first place. The reimbursements themselves are often periodical and based on pre-approved plans and budgets that startups facing a highly dynamic and uncertain environment find very difficult to stick to.

While Isatou and Paul have accessed various support schemes, they observe that ethnic diversity is very limited in the entrepreneurial ecosystem in Scotland. They attribute this to cultural differences: "For support enterprises; it's not just one way, it's not a tick box exercise, but knowing the differences

between people, their culture. From the entrepreneurs' perspective, it's about understanding how people do business here, and how they talk about what they do, or how they influence people to get involved. There is essentially a common language of operating, certain tools and methodology, most of which has spread from Silicon Valley. So they talk about minimum viable products, pivoting and agility. While pitching, you use these words and structures".

Paul continues: "And so that's the culture now, that kind of connects and integrates the ecosystem very closely. So people in the ecosystem speak in that language and they accept it, and they trust it, and they translate that into credibility and trustability. But ethnic minority groups don't always have that language, they don't have those methodologies, so when they go to talk, there's a breakdown in that communication, and that's what kind of, in my view, results in some of the lack of trust. Certainly, there are differences in circumstances, culture and background that mainstream outlets don't always understand. And they do not have the diversity themselves to best be able to support diverse communities. This creates a deep communication challenge. It's not that their ideas aren't valid or aren't strong, they're just not talking the language".

For more information: http://drinkbaotic.co.uk/

2.7   Role models

SITUATION: There is limited entrepreneurial role modelling amongst Ethnic Minority communities
A common perception that EMEs have is that public initiatives for promoting and supporting entrepreneurship are developed to support the majority WBI community. This inhibits the impact such programmes make within ethnic minority communities. As a result, ethnic minority individuals who are aware of the support schemes are less likely to serve as information channels and recommend these schemes to the broader membership of the community group. This issue could be addressed by encouraging EM entrepreneurs that have had successful engagements with support agencies to serve as shining examples that could help break the stereotype that successful entrepreneurship and access to mainstream provisions are for the majority WBI population. "It's more about role models and having people to aspire to and think well if they can do it then I can do it. And people have done it, they've come up against a lot more barriers, a lot more racism, more poverty than people have today." This has however been missing amongst the current generation of EM entrepreneurs. To be sure, as one respondent avers, "there's a lot of doctors, lawyers, dentists in those kinds of roles but it's nothing really aspirational. There's very few Asian, Indian or Sikh entrepreneurs within tech outwith the property or business shops or the cash and carry market". Another laments, "the area I come from, a lot of the people I went to school with are not very successful, didn't end up in university. There was a lot of criminal influences, people were getting into trouble in school, ending up in not really good careers. Going to university wasn't an aspiration, because everybody around you, there's nobody setting the benchmark, that that's where you should be aiming for. The cool thing to do is to not go, and get educated and get a degree, it's to get involved in other illegal activities". Yet another EM entrepreneurs observes: "I don't think we have a lot of role models being Pakistani, you know, we don't have a lot of famous people that are successful, we don't have the movie stars, we don't have the magician, I just don't think we really have that, so I think we have to really carve out our own path in a sense as well, and I think that's quite similar for a lot of minority people as well. We have to have that passion and drive within ourselves, but yeah, there's not a lot of things

that motivate us to really get things done. We don't have an Alan Sugar, we don't have those type of things, you know".

He does however recognise that it does not have to be a super-star entrepreneur and that he could play a more proximate role-model role locally. "I think I could be a really good example of good integration, good understanding, and I could be someone who came from an ethnic minority and actually won things like Scottish Edge, tapped into Scottish Enterprise and got all the funding and really making it work, you know, we can really push that forward, so I think so, yeah, I think I do have a role to play in that, and I would love to do that as well, that would be awesome."

TARGET:

Promoting the celebration of successful ethnic minority entrepreneurs within their respective ethnic communities as well as nationally

ENCUMBRANCES

1. Identifying suitable role models in different communities.
2. Facilitating the acceptance of the various role-models in their communities.
3. Unintended consequences: promoting a role model promotes desirable qualities as well as other traits and personality factors that we may not be aware of. Thus, role models can influence ethnic minority community members in both positive and negative ways depending on their personal characteristics or various situational factors.

PROPOSALS

(1)   Using suitable local and national media and other fora, encourage the sharing of examples of EMs that have successfully engaged with various public enterprise support schemes. This can be done by encouraging local political representatives to periodically host local community events where local entrepreneurs are recognised. s likely to cultivate positive associations to entrepreneurship within the community, as well as promote further entrepreneurial aspirations and attempts.

(2)   Develop an Ethnic Minority Enterprise mentoring scheme and create publicity around the campaign to recruit ethnic minority entrepreneurs who have the desire to serve as role models (by mentoring and advising) for other members of the community.

(3)   Directly engage ethnic minority role-models in the distribution of information about opportunities for enterprise support via their own channels and networks.

STAKEHOLDERS

1. Pertinent Scottish Government departments (Equalities, Entrepreneurship and Small Business Policy, Social policy, etc)
2. Public enterprise support delivery agencies (Scottish Enterprise/ Highlands and Islands Enterprise; Business Gateway and Local Authorities)
3. Organisations/ Charities within the entrepreneurial ecosystem in Scotland (e.g. Chambers of Commerce, Entrepreneurial Spark, Entrepreneurial Scotland, RBS, Young Enterprise Scotland, Scottish Institute for Enterprise, etc)
4. Both mainstream and Ethnic Minority media outlets
5. Ethnic Minority community leaders and opinion leaders
6. Ethnic Minority entrepreneurs and businesses that have engaged with enterprise support agencies/ organisations in the past
7. Existing, new and potential EM entrepreneurs

2.8   Networking and cohesiveness amongst ethnic groups

SITUATION: Ethnic Minority entrepreneurs network differently with their immediate ethnic peers, the wider minority groups and with the majority native WBI group, depending on location and generation.
Research suggests that different ethnic minority groups, including within the same racial categorisation, have different enterprise experiences and outcomes.[16,36-38] Cohesiveness between diverse communities is associated with processes of knowledge exchange, enrichment, and adaptation. We find three different dynamics and patterns of networking and socialising. First, second generation ethnic minorities appear to be able to readily integrate or be already integrated with the WBI community. One entrepreneur shares: "I grew up in an area which wasn't known for having a lot of migrants, and I had to integrate more, and I think this has helped me a lot as I've went on in life as well, because I've been able to adapt to different situations quite easily". Another adds: "most of my friends are White, I have different conversations with them than I do have with my Indian friends". Second, EMEs from relatively small urban areas tend to collaborate within the wider ethnic minority group. A respondent from a local charity that works with many ethnic minority groups observes: "we've had a few cases actually when someone from Arabic community started a business a few years ago and he actually employed two employees from new-coming Syrian refugee community… And also, a person from the Polish community as well. Literally he came to us and he said that he needs support with this and this work, and he needs an employee and do we actually have someone who urgently needs a job. And he employed a person from Polish community, which was kind of utopic and a really beautiful picture of co-habiting communities and community cohesion example. They feel that they want to help other people with the same struggles". An African entrepreneur from a similar context reports a similar pattern in the way they recruit and the other businesses they work with. Third, first generation migrants in the Greater Glasgow area appear to access enough of their ethnic peers locally and therefore do not venture outwith their immediate ethnicity. While they recognise the potential disadvantage long-term, they still elect to socialise with and employ from within their own EM communities because it is more convenient. These EM networking dynamics have some implications for policy. With the third dynamic especially, it could be difficult to create policies specific to each minority ethnic community. At the same time, generic policies may be resisted by such communities due to perceived lack of relevance. There is a need, therefore, to create policy that could help cultivate and facilitate the establishment of bridges between diverse ethnic communities in large city environments.
TARGET:
Greater communication and integration of diverse ethnic minority, both within the broader ethnic minority group, and the wider society to enhance cohesiveness and cross-fertilisation of ideas for enterprise.
ENCUMBRANCES
1. A key difficulty to bridging minority ethnic communities could lie in their often significant cultural differences. Differences in values, traditions, and logic may contribute to lack of trust and thus prevent the sharing of knowledge 2. The emergence of alliances and power plays within the larger network 3. Lack of interest from certain EM circles if they feel they do not need to formally collaborate with other communities as there are ample opportunities to obtain knowledge from various individuals and communities in the large urban in the marketplace.

PROPOSALS
(1) As part of enterprise literacy programme proposed for other areas above, sensitise EMEs on the hidden risks of limiting recruitment and business networks to narrow ethnicity lines.
(2) Set up a national action group responsible for creating a framework for better ethnic minority collaboration that may be used to coordinate community consultations and deliberations across Scotland towards the development of ethnic minority enterprise policy as appropriate.
(3) Create opportunities for further socialization between ethnic minority entrepreneurs of diverse origins and WBI entrepreneurs. Such social cohesion opportunities could be: social and cultural events, shared community centres, recreational activities (e.g. street festivals, neighbourhood activities), other activities that involve local business and community organizations, etc.

STAKEHOLDERS
1. Pertinent Scottish Government departments (Equalities, Entrepreneurship and Small Business Policy, Social policy, etc)
2. Public enterprise support delivery agencies (Scottish Enterprise/ Highlands and Islands Enterprise; Business Gateway and Local Authorities)
3. Organisations/ Charities within the entrepreneurial ecosystem in Scotland (e.g. Chambers of Commerce, Entrepreneurial Spark, Entrepreneurial Scotland, RBS, Young Enterprise Scotland, Scottish Institute for Enterprise, etc)
4. Charities that work with ethnic minorities (e.g. CEMVO and their associate groups)
5. Local businesses and community organisations
6. Both mainstream and Ethnic Minority media outlets
7. Ethnic Minority community leaders and opinion leaders
8. Ethnic Minority entrepreneurs and businesses that have engaged with enterprise support agencies/ organisations in the past
9. Existing, new and potential EM entrepreneurs

2.9 Complex support system

SITUATION: Ethnic Minority entrepreneurs find the support system too complex
Most respondents that have engaged with the support system indicate that they found it to be rather complex: it is "very challenging, especially if you don't have a network of people who know how this system works". Another adds: "get a good business advisor, a good mentor who's familiar with the system", because, as yet another respondent adds, "there's lots of tick box exercises, hoops you have to jump through".   This is the key disadvantage for EM entrepreneurs – accessing contacts that know how to navigate the system: "I run a business, I work for a multi-billion dollar company, so it's not like I don't know how to find stuff, or use the internet, I just couldn't find a point of contact that could put me in the right direction". Another avers that while a lot of information is provided online you always come to a point where what you need is not written there and you cannot map the answers available to your questions. "So then you try to phone them, you spend hours on the phone, no one is answering or transferring. And to be honest, it looks like these people on the other side who are there to provide me with these answers, they don't know these answers themselves."

TARGET:
Streamline the support system so it is less complex and more accessible and easier to navigate for all entrepreneurs, including a proportionate share of ethnic minority entrepreneurs.

ENCUMBRANCES
1. Cataloguing provisions at different levels of government and by a myriad of private and third sector organisations in Scotland.

2. Harmonising the diverse processes all the various provisions entail
3. Tracking and integrating changes in the system
4. Resources available to overcome the above

PROPOSALS
(1) Better systematisation of information and training of customer enquiries staff so it is easy to deal with queries or put clients in the right direction.
(2) Encourage the development of a standardised set of steps that similar enterprise support provisions offered by various entities in Scotland should follow.
(3) Establish a role within a suitable government department or delivery agency tasked with collating and regularly updating a document cataloguing all the different enterprise support provisions available in Scotland, application criteria, etc. This document can then be circulated to all stakeholders in the ecosystem.
(4) Set up a role/ team within the proposed Business Gateway Outreach Unit (proposed in 2.1) that could serve as a one stop shop for information and practical guidance on available support, eligibility and how to access it.

STAKEHOLDERS
1. Pertinent Scottish Government departments (Equalities, Entrepreneurship and Small Business Policy, Education, Social policy, etc)
2. Public enterprise support delivery agencies (Scottish Enterprise/ Highlands and Islands Enterprise; Business Gateway and Local Authorities)
3. Organisations/ Charities within the entrepreneurial ecosystem in Scotland (e.g. Chambers of Commerce, Entrepreneurial Spark, Entrepreneurial Scotland, RBS, Young Enterprise Scotland, Scottish Institute for Enterprise, etc)
4. Existing, new and potential EM entrepreneurs

Case-study 4: Sarmad Malik, Director, "Dr Felix"

Sarmad Malik is a Scottish-born Pakistani entrepreneur who owns a digital healthcare business, Dr Felix online Doctor and Pharmacy. Founded in 2014, Dr Felix serves customers across the UK. Sarmad has three medical employees, a HR manager, two marketing professionals and 2 software developers. Despite a slightly turbulent start, his business has now stabilised and is profitable with steady growth.

Setting up the business was a huge challenge and entailed a steep learning curve for Sarmad. With no formal training in business management, he had to self-teach and undertake a lot of the start-up requirements with little help. For example, while he fully self-funded the business, he would have considered external funding. However, he recalls: "I didn't really actually have any professional help in securing the funding, because nobody around me was familiar with securing business funding for a start-up… So it's probably lack of guidance and support, I suppose, or just knowing where to access it". Still, through a lot of research online, he came across a lot of institutions that offer enterprise support, including funding. But again, nobody in his family and social circles was aware of or had experience with such institutions.

He observes that most first generation migrants like his parents will only have been able to secure low skill occupations upon arriving in the UK. His second generation peers, while educated in Scotland, either followed their parents into low skill jobs or established simple low skill businesses in catering or retail, with a few pursuing employment in established professions like medicine, law and engineering. Thus, he found that he had no contacts within the mainstream entrepreneurial

ecosystem that could either directly help him or suggest support institutions to approach that they themselves had had experience with: "I didn't really know where to go or who to ask".

Sarmad did nevertheless approach some of the institutions he discovered online. However, he found engaging with them to be mostly about processes. Upon getting through, he observes that the nature of help given was rather basic, generic and certainly not practical enough. While he recognises that the remit of much of the public support is advisory services, he maintains that naturally, most minority entrepreneurs unfamiliar with the enterprise landscape in Scotland will have carried out a lot of research online. As a result, they would be seeking help and guidance because of all the online information being slightly daunting and confusing. Some of these are things that experienced entrepreneurs and enterprise support staff might deem rather straightforward. But what the under-represented minority entrepreneurs really need are practical and reassuring "How Tos" and to be signposted to relevant help for their individual circumstances.

Sarmad observes that first and second generation migrants need assistance in this regard as they are uniquely disadvantaged in that they may not be fully immersed in professional circles: "for the first generation and second generation, it's a barrier to break but once you're sort of in third generation, you will see a lot more minority ethnics in professional roles… So I don't want to make it sound as if the BME community needs special treatment, or they should be treated differently than the wider community. But I think some in the BME community are in disadvantaged situations and they don't know who to approach. So perhaps having some sort of a BME support point of contact, as part of the Business Gateway, or as a part of the Scottish Government, a department that deals with the BME community, that's a bit more approachable, transparent, findable; people that understand the needs of the BME community, have an awareness of the culture, and can support them in the way they need, to contribute towards the society and the community, would probably be highly beneficial".

For more information: https://www.drfelix.co.uk/

2.10 Nature of the support given

SITUATION: Ethnic Minority entrepreneurs find the advice given generic and not practical, hence not always useful, and financial support unsuited to the vagaries of enterprise
Our respondents generally express a degree of disappointment with the assistance they are able to get from support agencies. They see it as generally rather generic and basic. One EM entrepreneur indicated that on visiting Business Gateway, he was furnished with "the standard principles that underlie the starting of a generic business. But they lacked information about specifics. For example, starting a care at home business may be different from starting a shop".
Another that approached Business Gateway says: "I spoke to an advisor from there, I looked at Scottish Enterprise, but I just didn't feel that they could offer me any practical help. When you're looking to get your business to market fast, you're looking for practical tips: where can I get funding, can you help me with the application, how long is the process, do you have any contacts, or any networks I can use? Telling me that there's this European website, and there's this UK website, and there's this, and have a look at this, and have a look at that".
Those that received funding were generally ambivalent with the process involved. That one has to map out the entire project and gather different quotes that one must stick to was particularly disfavoured. Entrepreneurs must also secure the funding up-front, e.g. a personal bank loan that could later be reimbursed. This adds pressure to cash-strapped EM entrepreneurs. Further, in a

start-up situation, things are changing all the time and if you spend grant funding on out of budget items, you risk not being reimbursed.

TARGET:
Offer more customised and less constrained support to entrepreneurs

ENCUMBRANCES
1. Knowing all the different bits of information that EM entrepreneur may require 2. Gathering and managing all that data and information 3. Mobilising the sources available to overcome the above

PROPOSALS
(1) The Scottish government could empower trade associations to be a source of information and advice; "it would be better, because they would actually advise you on really things that matter to your business, for example". (2) Train staff to offer better referral service and signposting in cases where they are unable to themselves give the required practical advice (3) In place of more or less rigid adherence to the budget and budget items, work with a reasonable scope of expenditure items and cost. (4) To relieve the pressure on entrepreneurs having to secure money first that could be reimbursed later, the government or delivery agencies could develop a bank of approved suppliers of some of the most common services the government advances funding for. Payment guarantees and other arrangements can then be put in place as appropriate.

STAKEHOLDERS
1. Pertinent Scottish Government departments (Equalities, Entrepreneurship and Small Business Policy, Education, Social policy, etc) 2. Public enterprise support delivery agencies (Scottish Enterprise/ Highlands and Islands Enterprise; Business Gateway and Local Authorities) 3. Third party service providers 4. Existing, new and potential EM entrepreneurs

3 Conclusions

We live in a highly diverse but uncertain world today. Communities, localities, regions, nations and continents the world over are today all reconciling themselves in different ways to the reality of migration and diversity. Many have long-embraced it and are open-minded, some are apprehensive and are closing doors, others are ambivalent and are standing by. Simultaneously, every corner of the globe is experiencing some sort of economic change in today's disconcertingly vibrant entrepreneurial economy. Technological innovation is highly dynamic and is bringing about structural change with threats to businesses, vocations and, some say, human life itself! In the meantime, beyond mere economic growth, society is increasingly sensitive to issues surrounding ecological sustainability as well as individual and household wellbeing sometimes pursued through lifestyle entrepreneurship. In turbulent times such as these, sections of society that have always straggled, despite the support extended, can fall farther behind unable to cope with new challenges and barriers.

Recognising the persistence of multifaceted disadvantage in entrepreneurial representation and fortunes amongst ethnic minority communities in Scotland, this report articulates ten steps that may

help identify, unpack and effectively combat such barriers. The report's key recommendations fall under three main themes. First, it is imperative that all enterprise support programmes in Scotland now extend their hand and reach out to ethnic minority communities in Scotland. We argue that such a gesture would have both material and signalling effects that would go a long way towards realising full representation and participation of ethnic minority communities in the entrepreneurial ecosystem in Scotland.

Second, we can point to evidence bringing to light enterprise literacy gaps in a number of key areas. These include finance, business modelling, pitching and start-up strategy, as well as more subtle issues surrounding recruitment and Human Resource Management. With successful outreach and extension services, however, we submit that the delivery of enterprise literacy will not only help impart the present best-practice which could unlock the performance potential of ethnic minority entrepreneurs, but the training will further help integrate ethnic minority entrepreneurs within the mainstream ecosystem. This presents exciting opportunities for cross-fertilisation of ideas that could invigorate the Scottish enterprise landscape.

The third theme encapsulates a set of more difficult long-term issues that will need to be combatted gradually and meticulously. Undoubtedly, tomorrow's high tech sectors will have rather exacting matriculation requirements. To avert inequality of opportunity and the entrepreneurial underrepresentation of ethnic minority communities in such sectors, we must neutralise underrepresentation across all education levels today. Other interventions to uproot ethnicity-based disadvantage in Scotland also need to be as robust; successful pilot projects should be followed up with a full-scale combat against disadvantage. Steps should also be taken to develop a system that recognises the qualifications, experience and other esteem that migrants have built up in their home countries. This way, Scotland will establish herself as a nation that welcomes people with the respect they deserve and signals that it values the competences and contributions they bring to Scotland.

Finally, there is much scope to celebrate the accomplishments of ethnic minority entrepreneurs, big and small, locally and nationally, mundanely and illustriously. This will have a role-modelling effect that will change mindsets across society: it will help expunge any legacy of despondency and instead inspire young and future ethnic minority entrepreneurs that their industry and contribution has a worthy place in the fabric of Scotland.

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5   Appendices

Figure 1: Family business background prevalence (GEM 2013-2016)

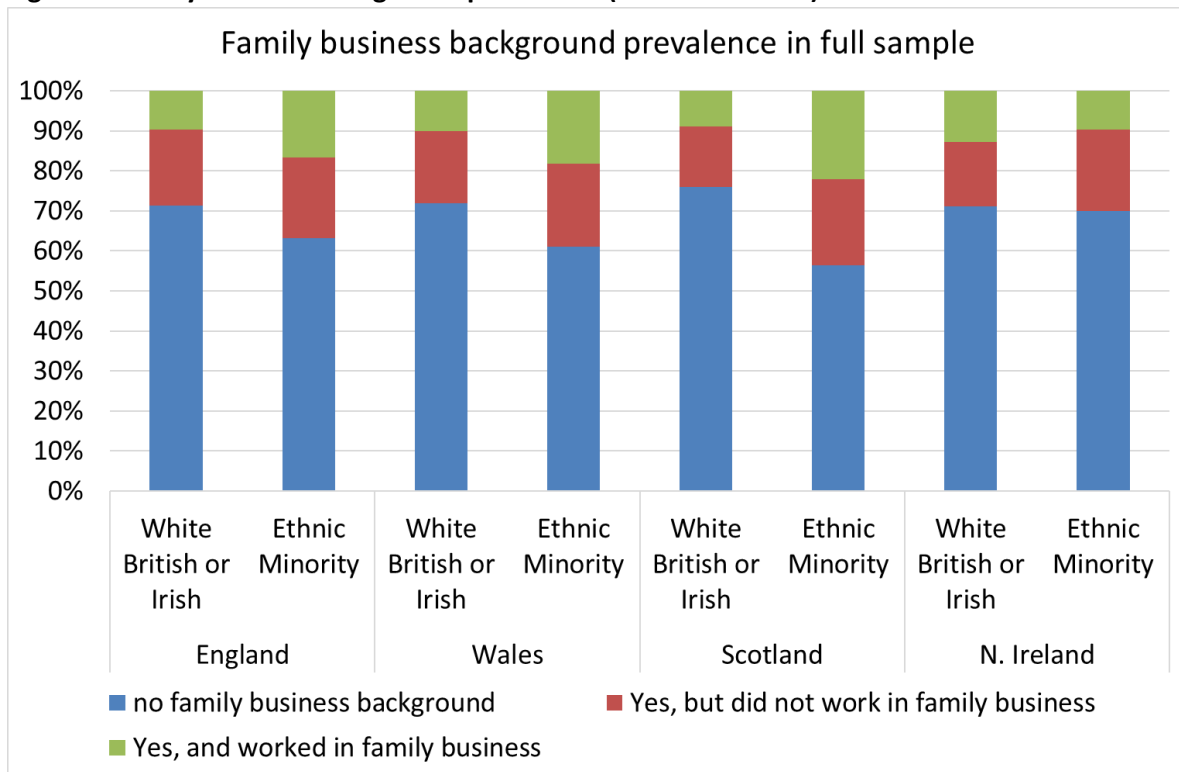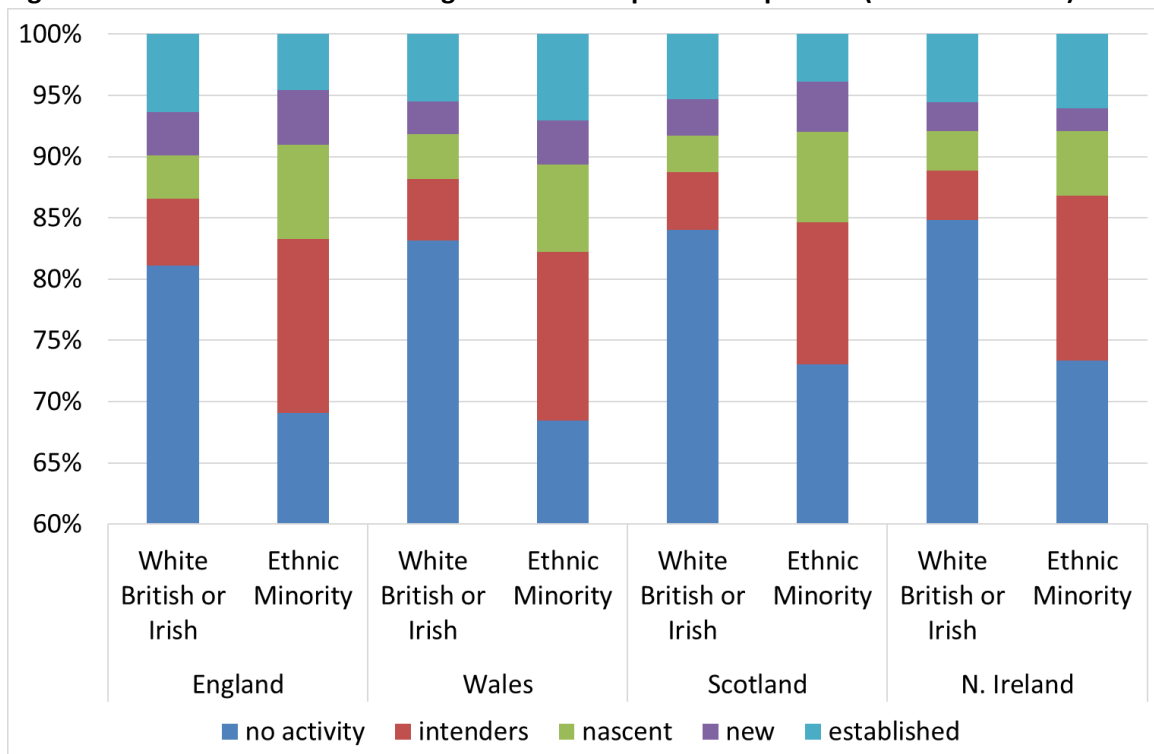Family business background prevalence in full sample

Figure 2: Prevalence of different stages in the entrepreneurial process (GEM 2013-2016)

Note: Intenders: Intend to start a business in the next three years; Nascent: Actively trying to start a business; New: Running their own new business (less than three and a half years old); Established: business owner-managers (business is at least three and a half years old).

Figure 3: Prevalence of types of Total Early-stage Entrepreneurial Activity amongst sub-populations (GEM 2013-2016)
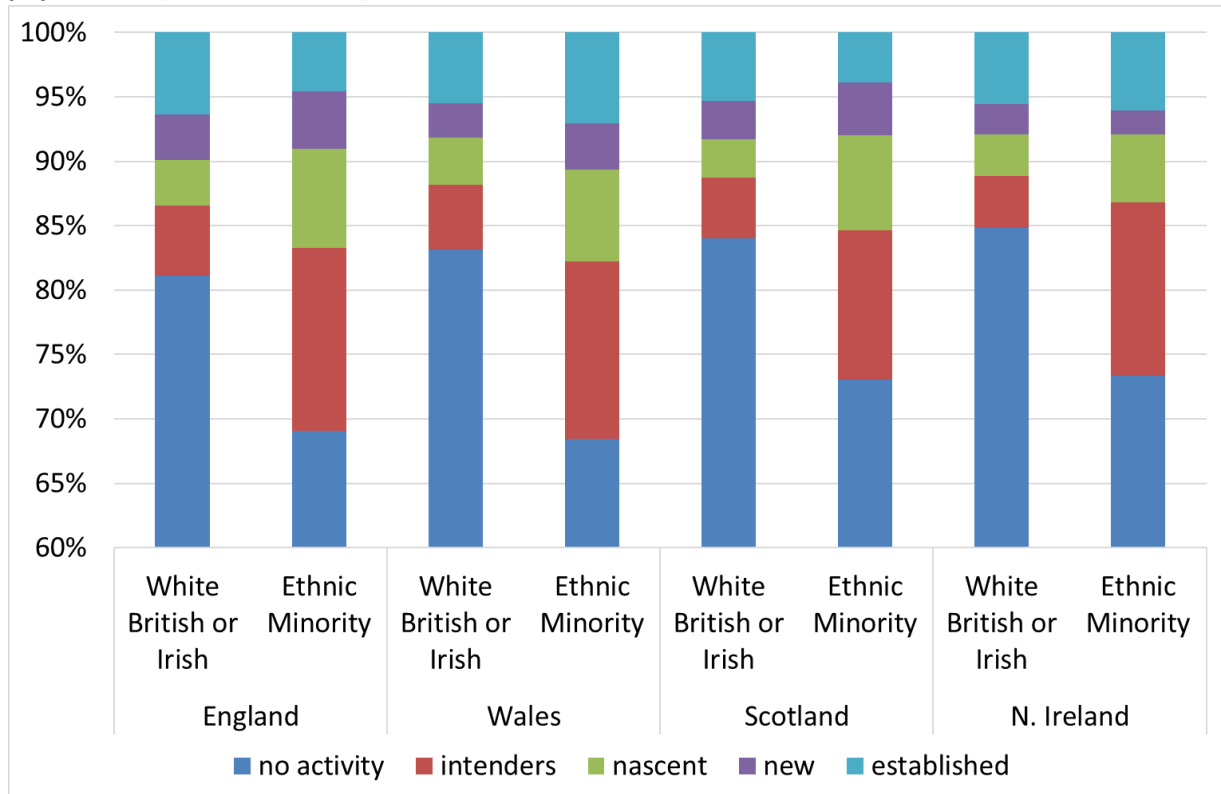
Notes: TEA stands for Total Early-stage Entrepreneurial Activity measured as the percentage of working-age adults actively trying to start a business or running a new business (<3.5 years). TEAOPP: Opportunity-driven entrepreneurial activity, i.e. the percentage of adults pursuing an opportunity; TEANEC: Necessity-driven entrepreneurial activity, i.e. percentage of adults starting a business out of necessity because they have no other option; TEAINNOV: Innovation-driven entrepreneurial activity, i.e. percentage of adults starting a business with highly innovative ambitions.

Figure 4: Median expected number of jobs in 5 years (GEM 2013-2016)
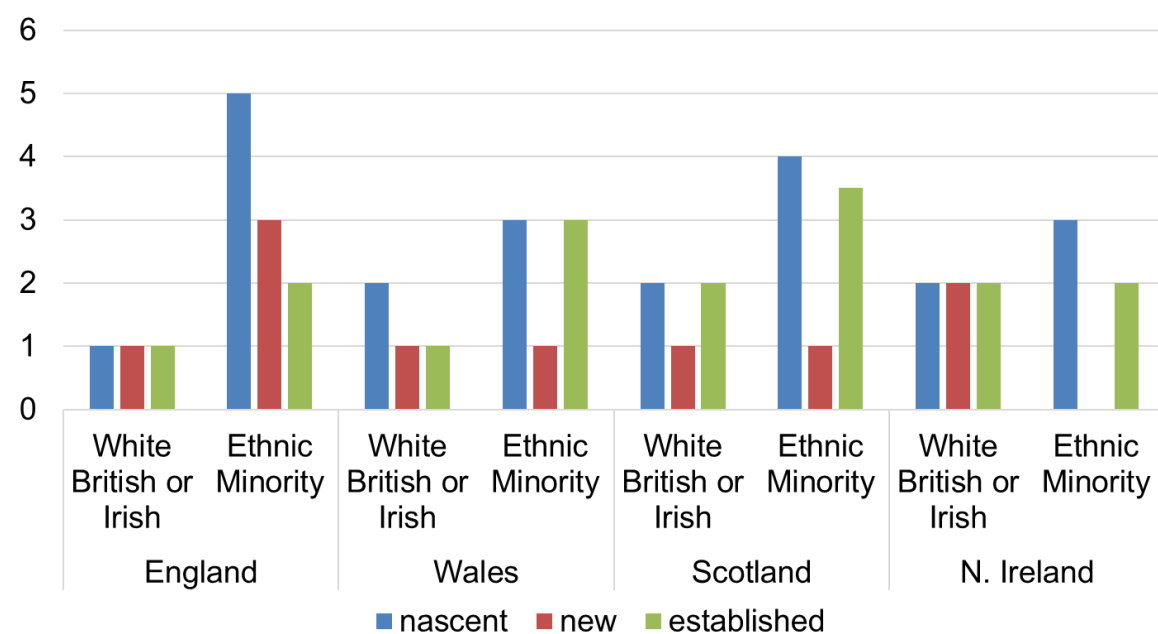
Figure 5: Median expected start-up costs (GEM 2013-2016)
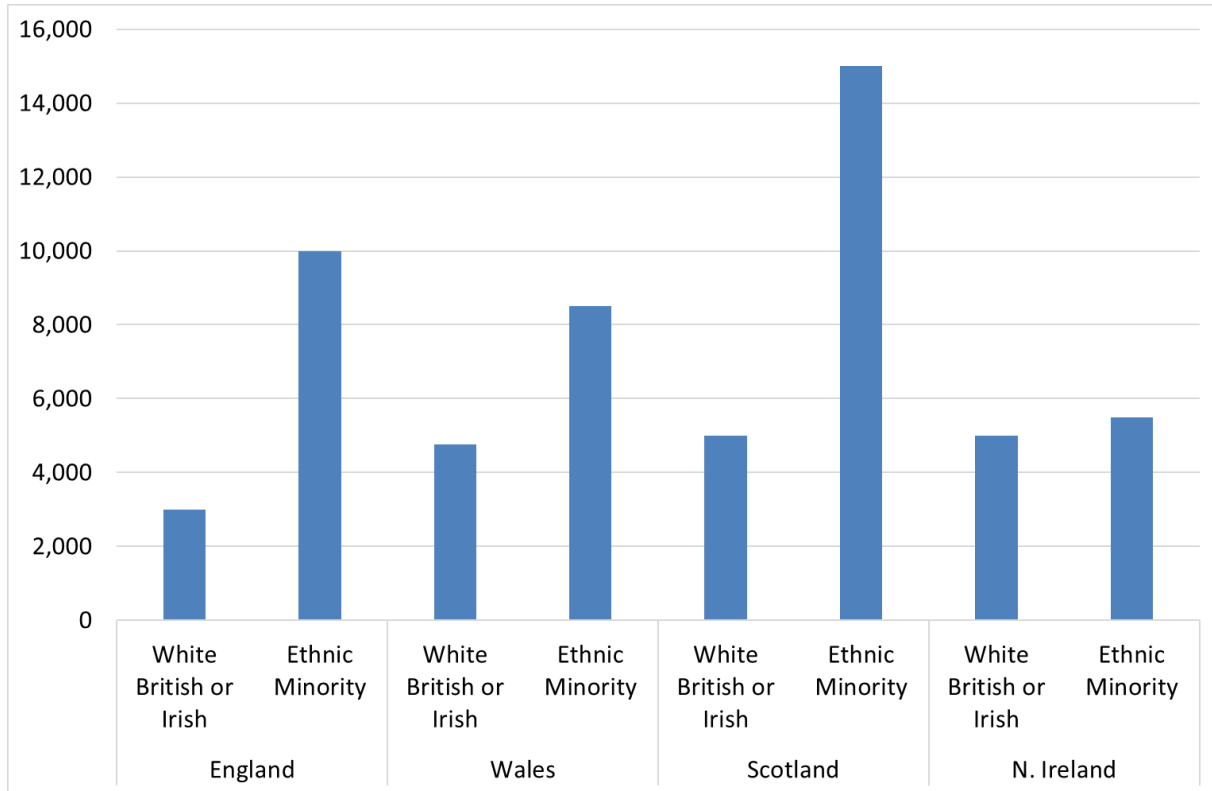
Figure 6: Reported Start-up Costs by Scottish Start-ups (SMEFM 2012 - 2015)
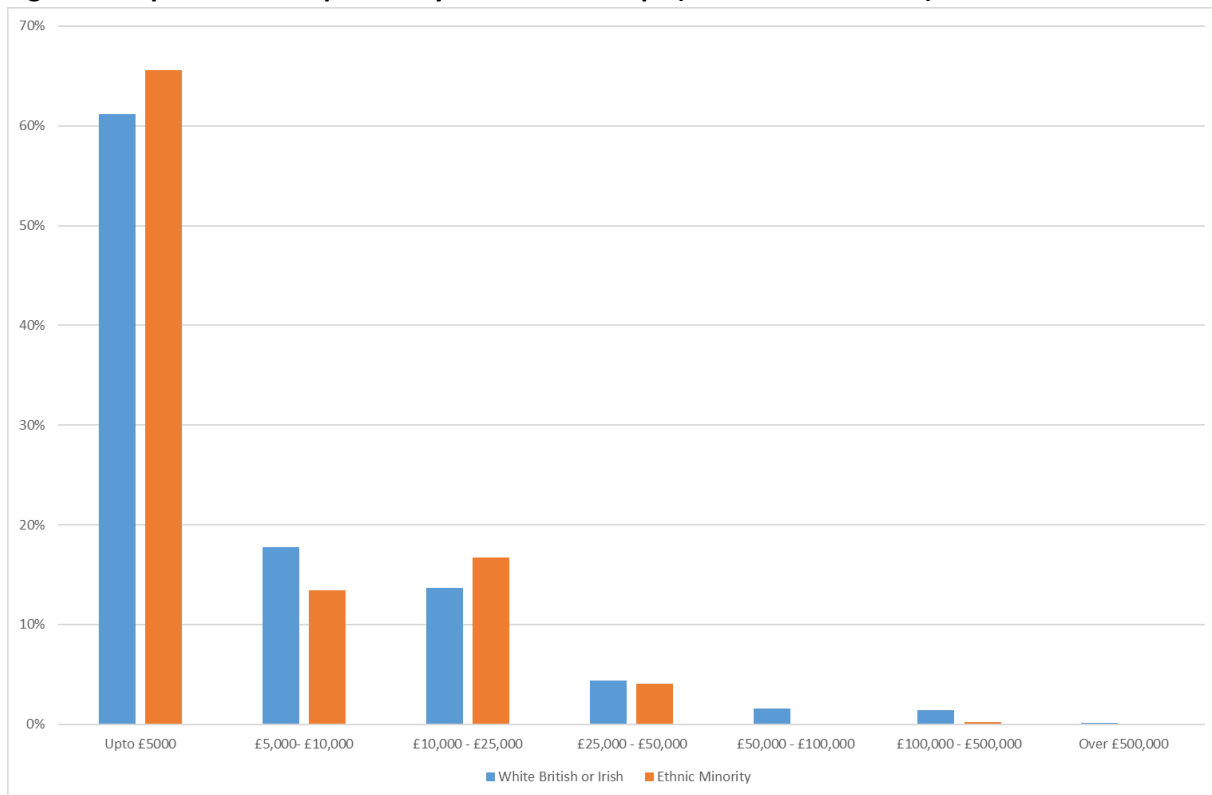
Figure 7: Delinquency amongst Scottish SMEs (SMEFM 2012 - 2015)
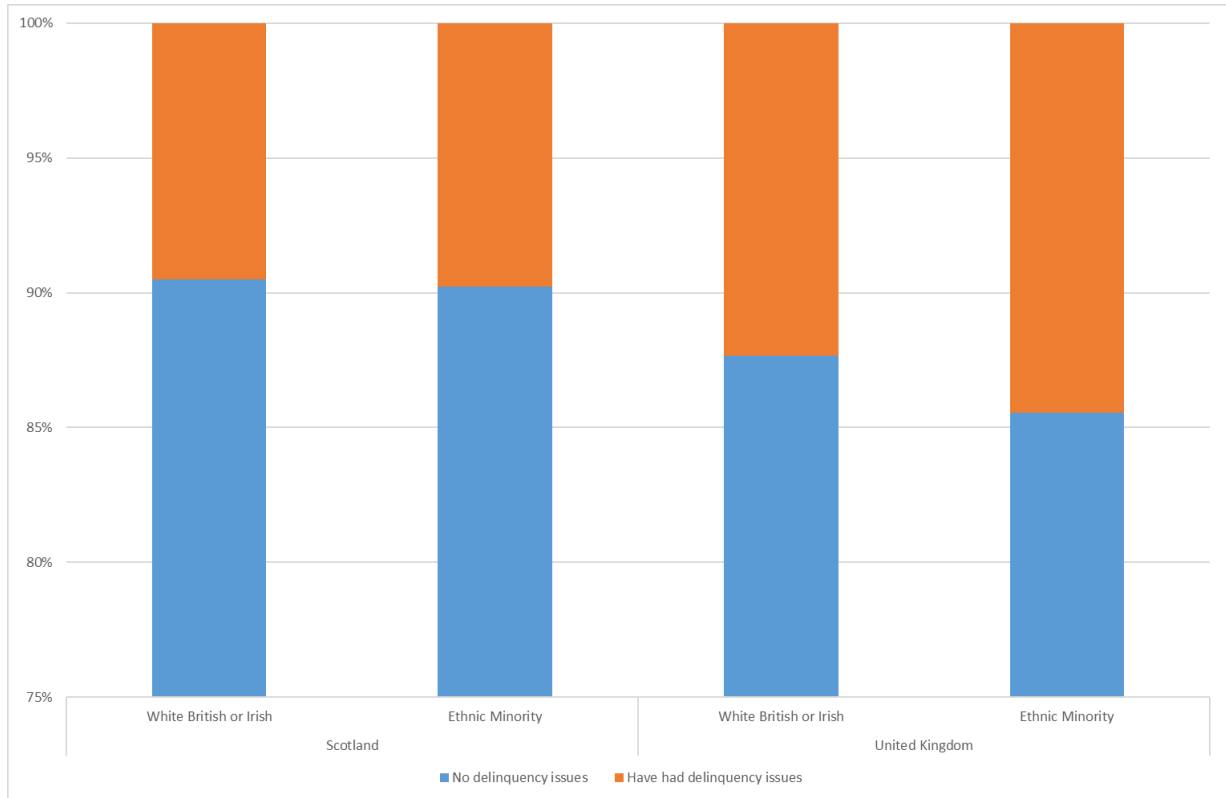
*Delinquency issues include: missed debt repayments, went into unauthorised overdraft, had bounced cheques, have had a County Court judgements, have used the HMRC Time to Pay scheme, have had problems with trade credit.

Figure 8: Business closed in last 12 months because unprofitable or could not raise finance (GEM 2013-2016)
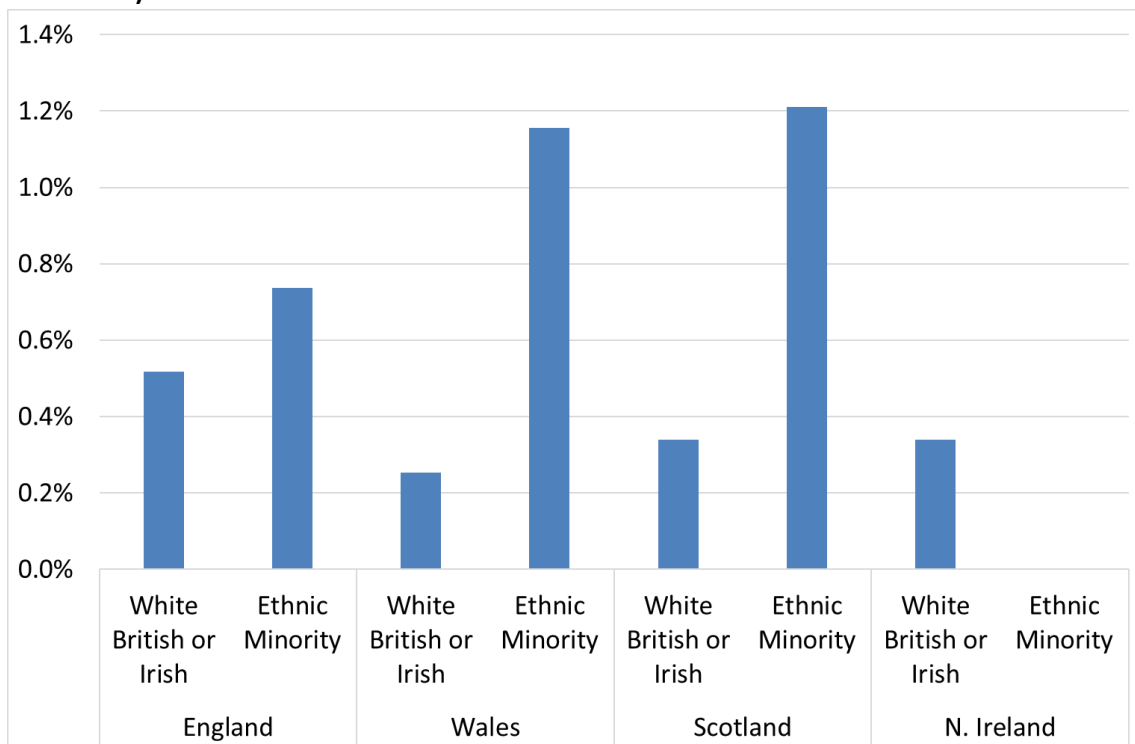
Figure 9: Financial training/ qualifications (SMEFM 2012 - 2015)
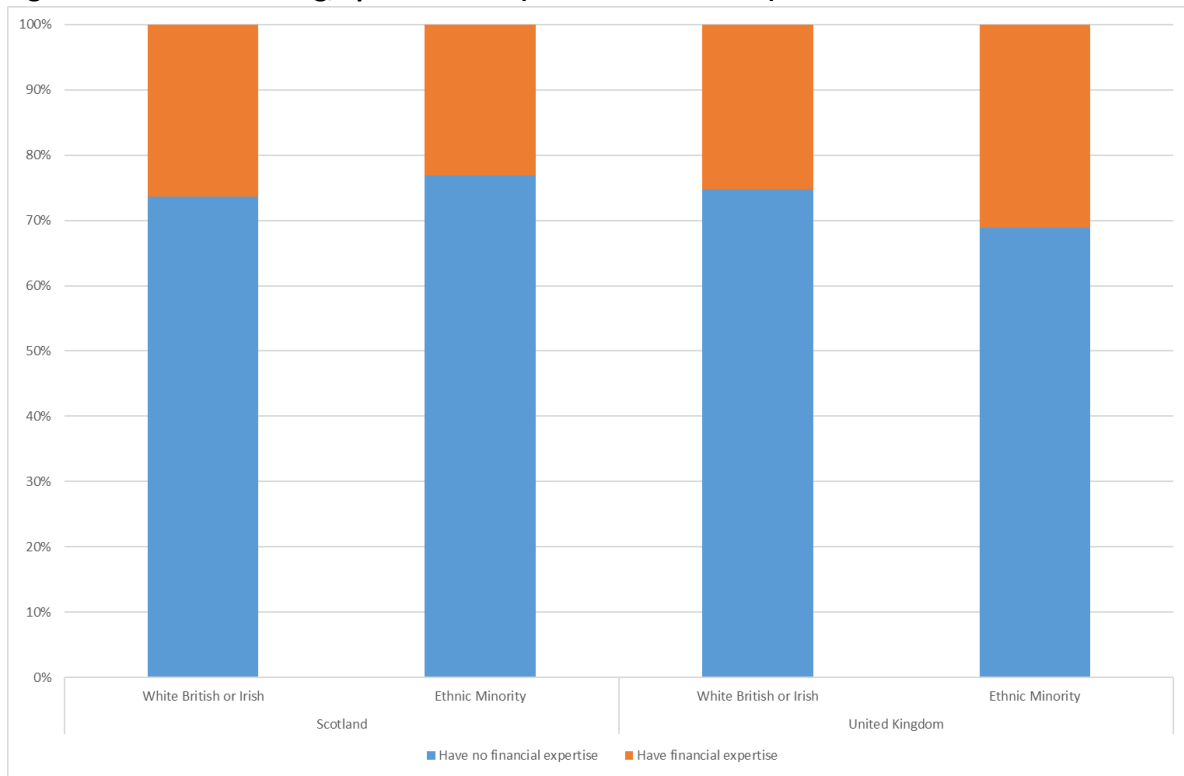
Figure 10: Number of external sources of financing used (SMEFM 2012 - 2015)
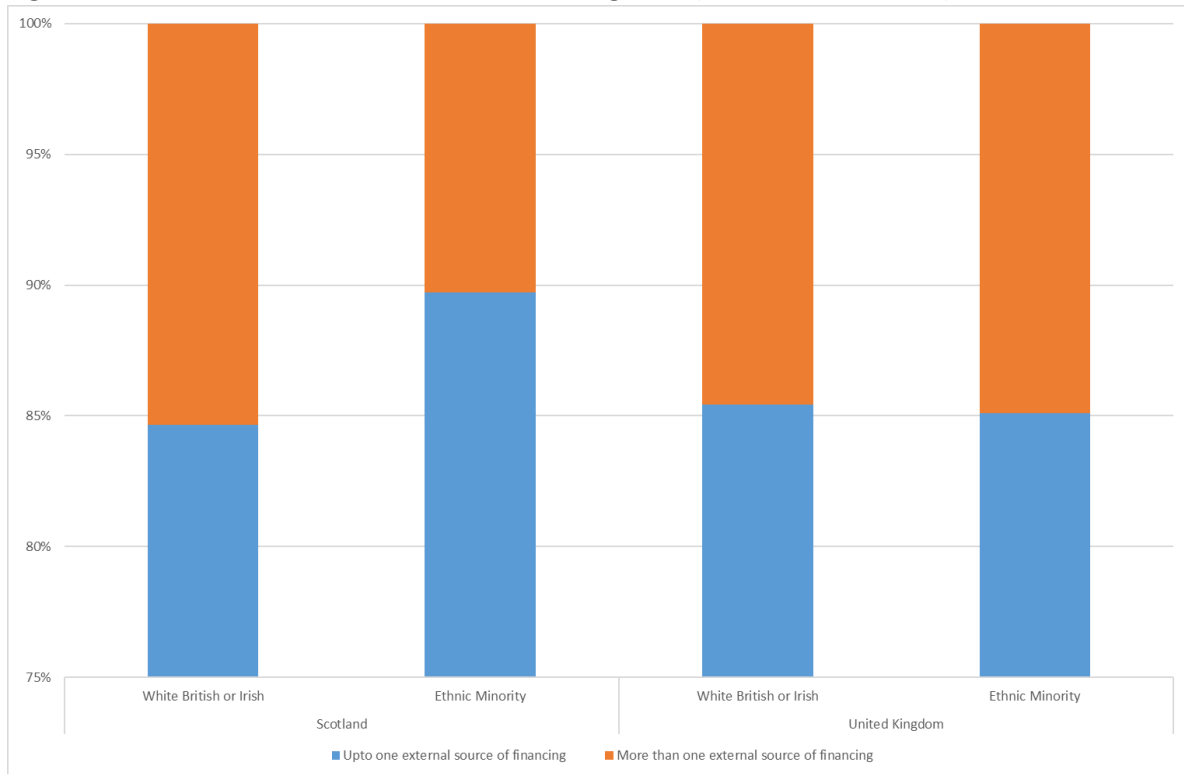
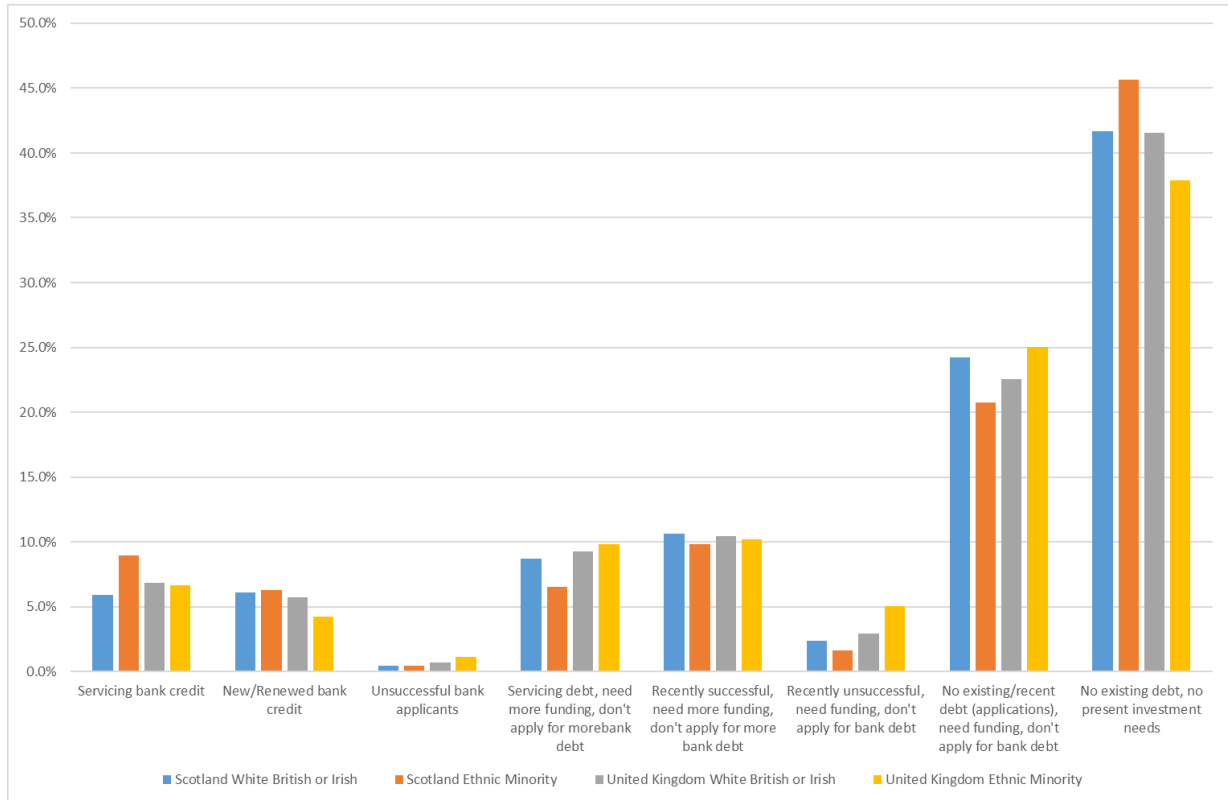**Figure 11: Usage of Bank Debt amongst Scottish SMEs (SMEFM 2012 - 2015)**

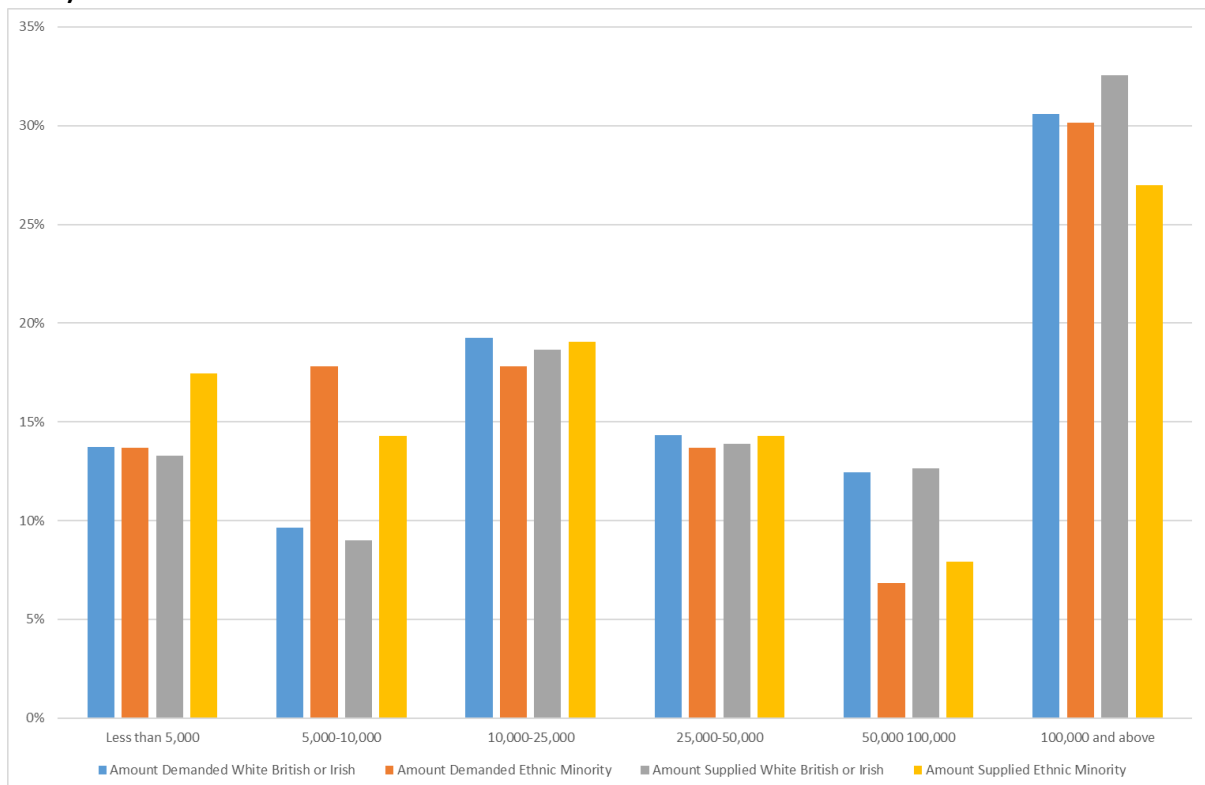**Figure 12: Amounts of Bank Debt Demanded/ Supplied amongst Scottish SMEs (SMEFM 2012 - 2015)**
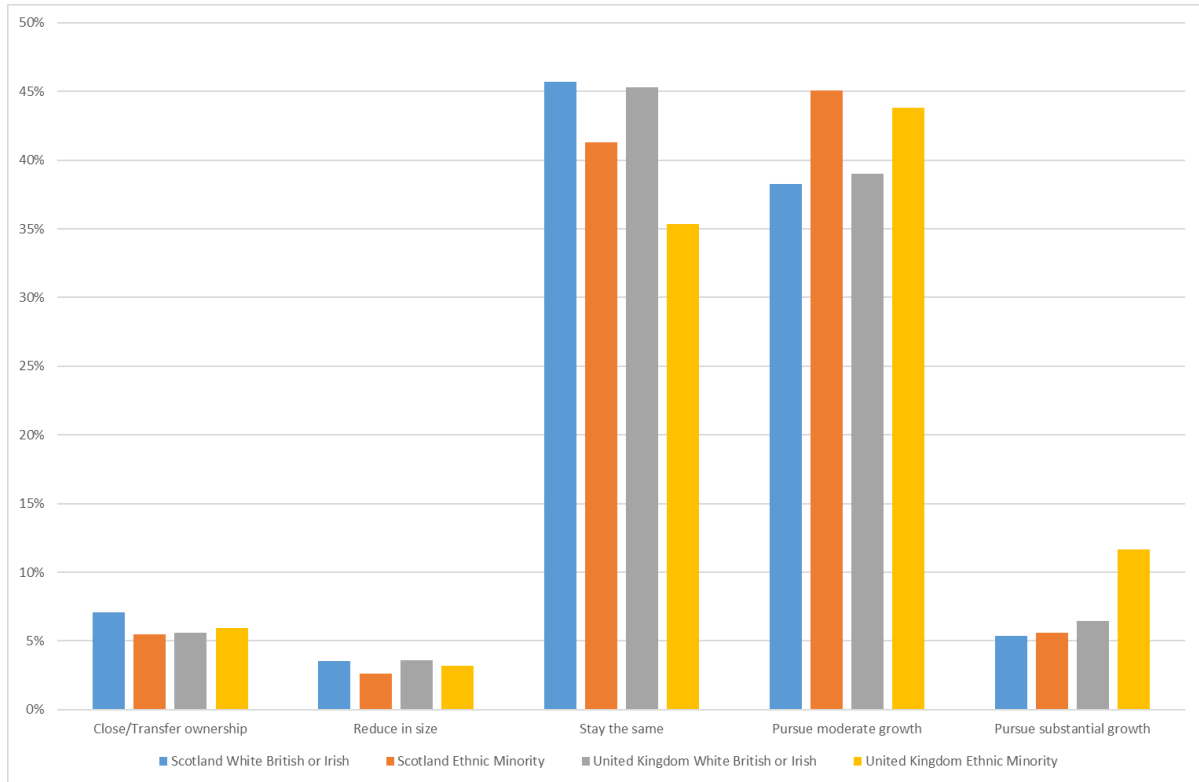
Figure 13: Growth plans by Scottish SMEs (SMEFM 2012 - 2015)

Figure 14: Participation in broad sectors (SMEFM 2012 - 2015)