

THE BLACK ENTREPRENEUR REPORT

2021



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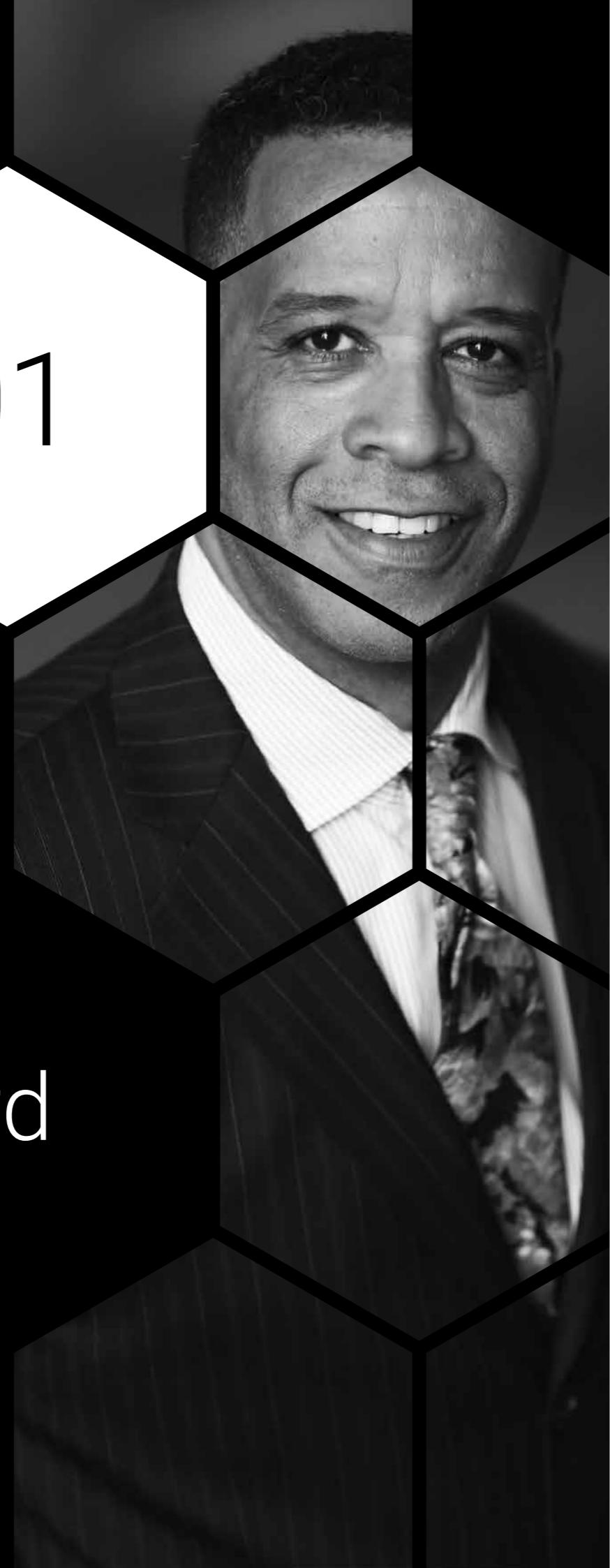


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Foreword

01



Lord Michael Hastings

Second Chancellor at Regents University and Chair of the Black Business Association & Black Business Institute at the London Chamber of Commerce.

As Chairman of the London Chamber of Commerce and Industry's Black Business Association, I am hugely honoured to endorse this report, not because it exposes the pressure issues that need addressing but because it allows us to look forward to an enhanced black business reality that people of all cultures eagerly buy services and products from. There is great potential. Now we must realise it.

The Black Entrepreneur Report (BER) is very timely, and it has shed much-needed light under the bushel of entrepreneurship within the UK. This Report is extremely insightful and pragmatic, as it seeks to deliver transformative and sustainable change within the public and private sectors. It confronts some of the systemic challenges experienced by the Black, African, Caribbean, and ethnic minority communities within the UK, which have been prevalent for many decades.

The Report has laid bare some of the structural, cultural, and systemic inequalities and has confronted these deep-seated issues head-on, in areas such as access to finance, lack of mentoring, poor leadership, social capital deficit and access to contract opportunities as well as institutionalised discriminatory practices and 'normalised' cultural issues in the seemingly multicultural Britain.

The Report is pragmatic, solution-based, and audacious and aligns palpably with the tenets of the bestselling book, *Audacity of Hope*, as heralded by President Barack Obama, as well as embracing the principles of 'loss of familiar worlds' that enable the spirit of co-existence, opportunities, development, and mutual tolerance, as suggested in Paul Scheffer's *Immigrant Nations*. BER is lucidly articulated, research-driven and philosophically provoked to bring to public knowledge solution-based approaches and recommendations, which are bold, innovative, and transformational for a

better society. Specifically, the Report has called for greater transparency and accountability, a review of policy, measurability in terms of outcomes, and the introduction of non-executive diversity boards, to name but a few. The Report further advocates a progressive leadership style that seeks to deliver real, tangible, sustainable and transformational change.

The Report informs us that the opportunity to unleash the full spectrum of diverse, synergistic, and entrepreneurial talent within the British economy is not only the right thing to do, it's also good for Britain PLC. This will materialise in a strong, robust, and dependable economy that is fully inclusive for all citizens, regardless of race, belief, ideology and religion and colour, as well as being good for businesses and giving them the support they need. The Report proposes that this new, emerging sociocultural and entrepreneurial landscape will be a win-win situation for the UK economy and society at large!



The Black Entrepreneur Report (BER) is very timely, and it has shed much-needed light under the bushel of entrepreneurship within the UK.



Nero Ughujabo

Senior Strategic Adviser and Former Special Adviser to The Prime Minister at 10 Downing Street

The Black Entrepreneur Report 2021 is an important report to come at this time.

This report comes off the back of the 2017 - 2019 Race Disparity Audit, where the government of the day had to confront the challenges that the report exposed across all public services.

The audit highlighted how ethnic disparities in employment, education and health, as well as in other aspects, impede the growth of specific cultural groups, and it guided the government of the day to focus specifically on the solutions to mitigate the disparities, particularly around education and employment.

The Black Entrepreneur Report 2021 builds on the response to the Race Disparity Audit, what we have learnt from the disproportionate impact of Covid-19 on particular groups, and the systemic structural inequality highlighted in graphic terms with the murder of George Floyd. I believe it is right to look at the challenges that continue to hold communities back and to implement policies required to level the playing field.



This is a welcomed report with tangible practical steps to move the solution forward.

It is important and extremely valuable that this report has taken the time to talk to businesses, SMEs and entrepreneurs, and investigate the practical issues they face.

This report challenges policymakers to home in on the practical solutions around access to business support, investment and funding, challenging them to take tangible steps in both the public and private sector to level the playing field of the procurement process.

This is a welcomed report with tangible practical steps to move the solution forward.

René Carayol MBE

World Leading Executive Coach, International Business Speaker and Inclusive Leadership Expert

Thank you very much for enabling me to read and digest this outstanding research and report. You have brought alive both the issues and determination of the Black entrepreneurial class here in the UK. The findings are relevant and insightful!



Paul Hargreaves

Author and Managing Director at Cotswold fayre, Flourish

I was powerfully impacted by a quote I read from Jane Silber a couple of years ago that the 'difference between diversity and inclusion is being invited to a house and being able to rearrange the furniture'.

Some progress has been made on diversity over the years, but until we allow the non-White population of the UK to rearrange our sociocultural, economic, and institutional furniture, we will fall a long way short of what is good for us as a nation and for our businesses.

You see, the change we need is not just about doing the right thing (which it surely is) but about doing what is good for everyone. Wilkinson and Pickett in The Spirit Level (2009) show that equality is better for everyone, not just those impacted by injustice. The whole of society and business is better when injustice and inequality are reduced and eventually eliminated. Data is starting to emerge to show that where there is equality and inclusion in companies, and where diverse leadership teams are in place, not only is there more fulfilment and happiness in those workplaces, but these companies are more successful and make better profits. So, even if this were your only motivation (which I sincerely hope it isn't), then ensuring that injustice and inequality are removed from our businesses, supply chains and teams would be the best course of action for success.

Read this powerful report and then act on its conclusions and we will, business by business, change the world for better.



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Leroy Logan MBE

Author and Founding member of the Black Police Association Charitable Trust

The Black Entrepreneur Report 2021 is an insightful report that comes at a pivotal moment within the current discourse concerning the disparities regarding race.

The report has managed to successfully articulate the systemic and cultural challenges experienced by Black entrepreneurs specifically within the UK, without the homogenisation of the Black Asian and Minority Ethnic (BAME) community, which is very significant. The report addresses some critical issues regarding access to finance, social capital, unconscious bias, and cultural nuances that continue to perpetuate the challenges experienced by the Black entrepreneur, which is not far removed from what we find in public-run organisations and the charitable sector.

The report goes on to offer a series of strategic and significant recommendations ranging from policy through to diversity non-executive boards, all of which will help to shape not only the organisational narrative but also the decision-making process so that we can develop a more equitable society that gives access to opportunities for all, regardless of race or gender. The solutions offered in this report will require a progressive and strategic shift in the cultural mindset of industry, financial institutions, and policymakers.



The Black Entrepreneur Report is a well-developed and challenging report that can change the status quo, especially if it's fully embraced by the power brokers that shape and steer the private sector. It is timely that Dr Brown has produced this document, especially given the momentum of the Black Lives Matter movement across the world and how it resonates with their race and equality/equity issues that have been debated internationally and nationally.

The report has managed to successfully articulate the systemic and cultural challenges experienced by Black entrepreneurs specifically within the UK, without the homogenisation of the Black Asian and Minority Ethnic (BAME) community, which is very significant.

Professor Uzoechi Nwagbara (PhD)

Professor of Management, The ICT University; and Visiting Scholar Cardiff Metropolitan University, the University of the West of Scotland, University of Worcester, and University of Wales Trinity Saint David.

The Black Entrepreneur Report is provoked by an unflinching desire to address one of the subtle forms of inequality and institutionally couched discrimination that block some ethnic minorities from potential opportunities and inhibit their capacity for prosperity and reaching their full potential in a world that is sated with opportunities.

This report is not only thought-provoking but draped with evidence-based and poignant findings that etch on our collective conscience for a better society in the United Kingdom. It addresses some of the socio-economic, political, and ideological issues that constitute a roadblock to Black people's empowerment, prosperity, and development from the prism of entrepreneurship and beyond.

Proceeding from the above, The Black Entrepreneur Report follows in the footsteps of the gamut of contemporary studies shedding light on the dynamics of race relations, institutionalised racism and legitimised processes and mechanics that limit the rise and development of minority ethnic groups – specifically Black diaspora – in the UK. This is a welcome development as we collectively seek ways and means of upturning or reinventing the current landscape of injustices and discriminatory practices that buffet our multicultural Britain.



The Black Entrepreneur Report follows in the footsteps of the gamut of contemporary studies shedding light on the dynamics of race relations, institutionalised racism and legitimised processes and mechanics that limit the rise and development of minority ethnic groups – specifically black diaspora – in the UK.





02

Executive Summary

Undeniably, some of the key events of 2020 brought into stark focus the painful inequities in society and the inadequacy of the conversation surrounding diversity and inclusion.

Whilst the disparities are ubiquitous within the workplace, there has also been a palpable disregard for the business community, which has also been impacted socio-economically and entrepreneurially.

Through this inaugural Black Entrepreneur Report (BER), new light has been shed on the inherent disparities that are encountered by the Black, African and Caribbean diaspora (BACD) and ethnic minority business communities, and the report's key intention is to galvanise a dialogue between different parts of the business community, policymakers, financial institutions and the public/private sectors, to foster open and meaningful conversations in a new and powerful way.

This timely report examines every aspect of Black people's lives, including education and employment, access to finance, mentoring and coaching, social capital, and the supply chain, amongst others – and asks us to pay attention to the lived experience of the BACD entrepreneurs as well as to rethink the history of business relations in the UK.

This maiden BER provides an up-to-date portrait of Black British communities. Seventy-five percent of respondents stated that they were perceived as being less competent or skilled than other social groups – although 70 percent of the BACD entrepreneurs surveyed had gained a higher education qualification, with 48.55 percent of BACD businesses still trading after five years, compared to the lower national average – showing that Black British people are still misrepresented, maligned and mistreated.

The findings in this report move beyond words into strategic pragmatic and tangible actions, by sharing structural and innovative changes, commitments, actions, and ideas – from ensuring equitable access to funding and providing mentorship opportunities to comprehensive, coordinated, and long-term strategies with clear and measurable outcomes – for business leaders ready to shift toward more equitable business practices.

The message is clear. In the aftermath of the Windrush scandal in 2018 – and more recently the George Floyd murder and the Black Lives Matter movement – a re-examination and reshaping of systems, institutions and structures is called for. It's time to get to work on structural reform, for the long haul! These findings speak to these irrepressible facts!

There's an inherent disconnect between policymakers, business leaders and aspirational governance. There is also a perceived pervasive ambivalence between what's good for business and the economy and the shackles of the cultural systemic myopia which has stifled progress.

This report demonstrates through the data analysis that there are structural disparities but seeks to identify solution-based strategies that focus on progressive and sustainable outcomes that have tangible social impact. Every one of us can and must contribute to ensuring that people from all backgrounds have a more equal chance to succeed. What is good for business is also good for the economy and society!



Summary Recommendations

03

To reinforce real change, there must be a willingness and openness to change the culture within institutions that service the BACD and ethnic minority entrepreneur community. For organisations to be more transparent, accountable, and responsible requires a shift in the institutional cultural fixedness and a new and more progressive form of leadership. It will need leaders who are more receptive and are willing to implement real systemic change and not remain psychologically shackled to the past and systems that may be incongruent with their organisational appetite and aspiration for change.

1 Mentorship & Coaching – Leadership Development

Opportunities for mentoring and coaching are often lacking, inaccessible or diminished within the BACD and diverse business community. To mitigate this disparity, organisations must implement and develop structures for programmes that provide ongoing access to coaching and mentoring opportunities.

2 Agenda Meeting – Measurement

To ensure that diversity and inclusion (D&I) does not become an aesthetic optical illusion, it must become a staple part of the institutional landscape, particularly within senior leadership team meetings. Diversity key performance indicators (KPIs) should become a prerequisite on the agenda of these meetings, sitting alongside profit and loss, marketing, sales, and operations.

3 Policy (CSR, PSR, D&I, Equality)

As part of the strategic change, there is an urgent need for organisational reform, and the development of new diversity and inclusion policies that will form a part of the D&I framework. These policies must be both quantifiable and measurable.

4 Diversity Leadership Groups – (Non-Executive Diversity Directors)

To try to redress the imbalance regarding the lack of diversity within the boardroom and mitigate the risk of unconscious bias and cultural homogenisation, there needs to be a change within the cultural and demographic configuration of the boardroom. The boardroom must become more equitable and reflect the changes that institutions advocate within their organisation. This report recommends the appointment of diverse non-executive directors to the board, proportionate to the size of the organisation. In addition, organisations should seek to review and evaluate their recruitment processes and their human resource management and development strategy to ensure they reflect equitability across the diversity spectrum (race, gender, and disability).



Leaders who are more receptive and are willing to implement real systemic change and not remain psychological shackled to the past and systems that may be incongruent with their organisational appetite and aspiration for change.



5 Social Capital and Networking

This report recommends that the leadership, procurement, human resources, and finance teams become the social capital advocates/ambassadors and hosts of the diversity procurement network events. This will consciously create a space where all parties (BACD, ethnic minorities, diversity groups and organisations) will have the opportunity to meet and develop relationships, network, gain greater insights into opportunities and be able to understand the sociocultural landscape. The ability to foster relationships is critical in building capacity and trust.

6 Pre-Qualification Questionnaire (PQQ) Qualification Criteria Adoption

This report advocates that a structural review of the pre-qualification process is undertaken to facilitate long-term systemic change. The pre-qualification questionnaire (PQQ) will often preclude, hinder, or deter minority diversity businesses from inclusion as they fail to meet the obligatory qualifying criteria in areas such as (1) experience of working within the public sector, (2) competence in tender completion, (3) turnover, and (4) qualification. Changing the pre-qualification process does not mean devaluing the process or its efficacy, or reducing the quality of the applicants; instead, it presents the opportunity to gain access to the entire market talent pool and new and innovative solutions.

7 Service Provider (Tier 1 & Tier 2)

The recommendation is to build a framework and conditional clauses within the tender PQQ and bid process that will require Tier 1 & 2 suppliers to have a proportion of their business, by monetary value and percentage of ethnic minority delivery partners, as part of their supply chain, and this should form part of the pre-contract and post-contract key performance indicators.

8 360 Degree Supply Chain and Diversity Engagement Review

A 360-degree feedback review system should be adopted. This will offer insights and information regarding the systemic behaviours, competencies, performances, and relationships regarding the scope and depth of ethnic minority businesses working within the supply chain. The 360-degree feedback accumulates performance-related data of the individuals, diversity groups and teams from a variety of sources (procurement teams, suppliers, human resources, and stakeholders). This feedback can then be used to evaluate the organisation's performance against the stated diversity objectives.

9 Review Risk Mitigation Strategy for Engagement

The socio-economic disparities experienced by the BACD may well stem from financial institutions' aversion to risk. The creditworthiness standing of a considerable proportion of ethnic minority businesses is low when measured against standard risk factors, such as poor financial records, lack of collateral, level of assets which can be used to secure finance, and these characteristics can preclude or hinder financial institutions from lending. The recommendation is one of structural reform, where financial institutions will be required to conduct a financial lending review and to develop a revised risk-mitigation framework. This reform is necessary to redress the structural imbalance. Without it, it is very doubtful if any tangible, sustainable change will be detectable in the long term.

10 Investment Readiness (Coaching & Mentorship Facilitation)

The recommendation here is very pragmatic, and that is to provide coaching and mentoring to BACD and minority entrepreneurs. Banks and other financial institutions need to ensure that mentoring support is provided by experienced mentors, and those mentors should be a culturally and demographically diverse mix of business coaches and mentors who have an affinity with the ethnic minority business community that they serve. The lack of business coaches from Black and ethnic minority businesses may create a vacuum in cultural competence and affinity.

11 Institutional and Structural Reforms – (External Panel Stewardship/Moderators Accountability)

The recommendation is to appoint advisers, external to departments or organisations, who will be able to offer advice, support, and guidance, to act as a counterbalance to the conventional narrative, attitudes and beliefs regarding BACD and minority communities during the decision-making process within funding panels.

12 Internal Purchasing Responsibility (PSR) Access to Opportunities (Tier 1, Tier 2 & tier 3)

Develop a policy and framework regarding purchasing social responsibility as the methodology and benchmark that guide the organisation's strategic objectives surrounding diversity engagement.

13 Transparency – (Reporting) Key Performance Indicators

Develop reporting mechanisms that are open and transparent. Collecting and publishing lending data (e.g. the number of loans, value of funding, type of funding, rate and frequency of funding) by ethnicity would provide banks and other lending institutions with information that would help them identify whether their products and services are equitable and also give them access to the diverse communities they serve.

14 Leadership Accountability

The senior leadership teams should be held accountable for the performance of diversity engagement within their organisation and there should be some form of internal and external oversight to ensure that this objective is achieved.

15 Social Value Impact (Cultural Wealth Creation)

When tenders are publicised within the public and private sector, consideration and weighting should be given to the degree of social impact and engagement of diverse businesses (employment opportunities, subcontracts, and contribution to the local economy).

16 Cross-cultural Communication Integration Strategy

This report recommends that consideration should be given to how organisations communicate with diverse communities, the language that is used and the platforms that are utilised, to ensure that there is a greater degree of sociocultural alignment and to create a more conducive relationship between different sociocultural groups.

17 Open & Transparent Conversation (Safe Space – Formal & Informal)

Organisations should attempt to create a safe space for introspection and reflection, individually and collectively. This is often very difficult, as the tendency will be to adopt a myopic view of the world. Individuals, staff, stakeholders, and groups within an organisation should feel they can have an open and transparent discussion, without any implicit or explicit repercussions. This may be in the form of a social environment or within a team meeting.

18 PR & Media engagement – Diverse Platforms and Media Channels

Organisations should seek to develop new communication channels and PR partners that will resonate with diverse communities (African Caribbean media channels, ethnic minority media and gender-specific media engagement). This will ensure that the opportunities, or access to those opportunities, are widely shared. As part of this strategic shift, where possible, organisations should attempt to engage boutique diverse PR agencies that have access to more diverse communities but also can navigate and communicate in a more conducive manner that will resonate with the audience that is being targeted.

19 Dismantling Cultural-structural Barriers (Culture Change)

Organisations should undertake both formal and informal internal reviews to establish if there are systemic and structural barriers inherent within their organisational systems, processes, procedures, and policies that are either consciously or unconsciously creating barriers of entry or access to resources, information or people. This may well require external and

internal resources to help the organisation identify the reforms that may be required to dismantle, restructure or revamp any structural barriers that may be present.

20 Partnership Networks (Community-Centric)

As part of their strategic development, organisations need to develop new diverse social networks and engage at a granular level with different community groups, Black entrepreneur networks, women diversity entrepreneurs, and ensure that their organisation has representation and access to these groups. This will build trust within the BACD and minority entrepreneur community. Outreach and networking events are tools that can be used to make positive connections with diverse business groups and associations in formal and informal environments.

21 Government Legislation

Government legislation will be required to galvanise support and to redress any potential imbalances within the private sector and government institutions. There must therefore be government-backed policies and legislation that underpins the rhetoric of levelling up and supporting the most underrepresented social groups within society.

The government should seek to introduce policies where organisations within both the public and private sectors publish their diversity supply chain expenditure in terms of value, frequency, and quantity. This will ensure full transparency, corporate oversight, and better governance, by having the ability to measure outcomes and to determine progress.

New framework agreements that grant access to finance by BACD and diverse businesses from government-backed or funded institutions (caveats apply) are critical in terms of growth, cash flow and investment. The lack of capital investment and resources is a debilitating determinant for a lot of SMEs, and acutely more so within the BACD community.

The government should introduce a policy akin to the gender and equality pay gap, where all organisations over 250 employees will have to publish data around leadership teams, promotions, corporate expenditure, recruitment, supply chain contractors (demographic profiles).



To reinforce real change, there must be a willingness and openness to change the culture within institutions that service the BACD and ethnic minority entrepreneur community...a shift in the institutional cultural fixedness and a new and more progressive form of leadership.



04

Introduction



There has been a long-standing systematic and systemic failure by various governments, both national and local, as well as governing bodies, business institutions and various financial institutions, regarding the treatment, opportunities, and access to finance for the Black, African, Caribbean diaspora entrepreneur. Despite all the many fine words, gestures, politics and public support for diversity and inclusion, the Black entrepreneur continues to be constrained, stifled and failed by those institutions that advocate for real sustainable change. The Black Entrepreneur Report 2021 comes at a pivotal moment within the renaissance of the UK's race and diversity discourse.

The purpose of this report is specifically to investigate the current plight of the Black, African, Caribbean diaspora (BACD) entrepreneur within the UK. This report aims to achieve a more forensic and detailed examination of the underlying reasons that underpin the inherent disparities that exist for the BACD business community. There are a significant and growing number of BACD businesses located throughout the length and breadth of the UK, with a particular predominance within the major conurbations

such as London, Birmingham, Manchester, Bristol, Nottingham, and Yorkshire. There are widely accepted perceptions and evidence that support the notion that structural inequalities exist between the Black entrepreneur and other ethnic groups within the UK.

This report was commissioned to understand the current barriers, disparities, and experiences of the BACD entrepreneur and to shed much-needed light and attention where there has been very little focus. This report is a clear and deliberate departure from previous reports where the focus was entirely through the lens of the homogenised cultural taxonomy often used to describe different ethnic groups commonly referred to as BAME (Black Asian and Minority Ethnic). Ethnic minority businesses (EMBs) are a highly heterogeneous group, so to attempt to aggregate comparisons between these diverse groups will be extremely misleading. The utilisation of the BAME terminology is often the preferred research method as it is derived from the UK census characterisation, where combinations of race, ethnicity and national group are systematically aggregated into a single entity. Ethnic minority communities are diverse and have very different lived experiences, and those cultural nuances will be substantially divergent: they cannot be treated in the same context.

The past decade has seen the accumulation of assorted reports that have sought to examine the pervasive challenges attributed to diversity and disparity within the BAME community within the UK. These reports were often initiated by various government departments and/or organisations within the private and public sector.

- *The MacPherson report* (1999)
- *The Race Disparity Audit* (Office, 2017)
- *The Parker Review: Ethnic diversity of UK boards*
- *Race in the workplace: The McGregor-Smith Review* (2017)
- *The report of the Commission on Race and Ethnic Disparities* (2021)
- Federation of Small Business (FSB)-report *Unlocking opportunity: The opportunity The Value of Ethnic Minority Firms to the Economic activity and enterprise* (2020).

In contrast to the previous reports highlighted, this report endeavours to offer new and invaluable insights specifically aimed at the BACD-owned enterprises within the UK, through the examination and analysis of both quantitative and qualitative data. The findings provide a platform for scrutiny of BACD-owned businesses across the UK; the report identifies the inherent barriers of entry and the structural and systemic challenges that may be subverting the progress of BACD-owned businesses across the UK. This report also sets out a series of recommendations that will form part of the required new modus operandi that will help to facilitate and transform the structural and systemic inequalities that exist. They will act as conduits to help navigate a path for full and inclusive participation within the macroeconomic landscape within the UK, where BACD businesses are afforded equal access to opportunities and are not left languishing behind the ethnic majority population.



Contextual Overview

05



There is a commonly held hypothesis that all ethnic minorities are regularly subjected to the habitual fate of inequality and mistreatment. This notion, whilst accurate, paradoxically is misleading: the view that all ethnic minorities have a similar lived experience is a misguided belief and an inaccurate portrayal that is incongruous with the BACD experience, as they have consistently encountered unfavourable outcomes when compared to any other ethnic group. Despite this assertion, both the reality and the perception of unfairness matters to all minorities as they all encounter different degrees of inequity. 'What lies behind this disparity?' is a key question to answer. This report recognises and acknowledges that people's lived realities will often vary significantly, and this is particularly pertinent regarding the BACD entrepreneur.

Socioeconomic Landscape

The socio-economic disparities that exist within the UK can be captured here under the following guises of unemployment, education, poverty, housing, and pay. This report examines the current environment in which BACD operates within the UK to gain an insight into the socio-economic landscape.

Employment Disparity

The Race Disparity Audit (Office, 2017) highlighted that employment rates have increased for all ethnic groups. However, there was a significant difference in those who are actively involved in the labour market: around 1 in 10 adults from a Black, Pakistani, Bangladeshi, or Mixed background were unemployed, compared with 1 in 25 White British people. BAME communities generally have lower economic activity rates, higher unemployment, and lower levels of full-time workers than the White population (Sunak, 2014). Almost all minority groups have unemployment rates that are roughly double the national average (6.6%); Black Africans have the highest unemployment rate (14.8%), Indians the lowest (8.1%).

Title: Percentage of 16 to 64 year olds who were employed, by ethnicity. Location: England, Wales and Scotland.
Time period: 2019. Source: Annual Population Survey / Ethnicity Facts and Figures GOV.UK

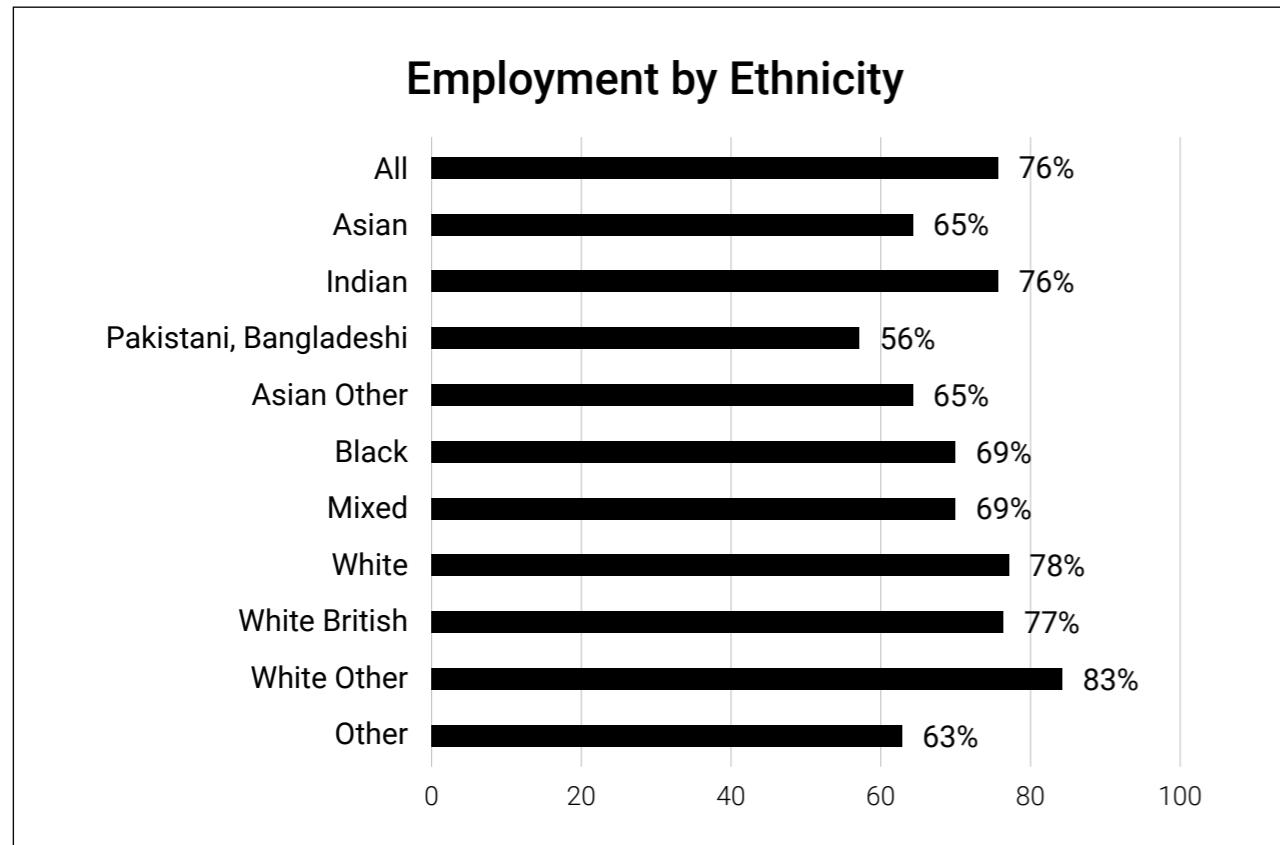


Figure 1: Employment by Ethnicity

- This data indicates that 76% of working-age people (aged 16 to 64) in England, Scotland and Wales were employed in 2019.
- 83% of people from the Other White ethnic group were employed, the highest percentage out of all ethnic groups.
- 69% of people from Black Groups were employed.
- 56% of people from the combined Pakistani and Bangladeshi ethnic group were employed, the lowest percentage out of all ethnic groups.

Pay Gap

According to the Office of National Statistics (ONS, 2018), all major minority ethnic groups have average lower pay than Whites, despite higher rates of academic attainment.

Title: The hourly median pay gap between White and the ethnic minority group has narrowed to the smallest since 2012. Location: England and Wales. Time period: 2012–2019. Source: Office of National Statistics – Annual Population Survey (APS).

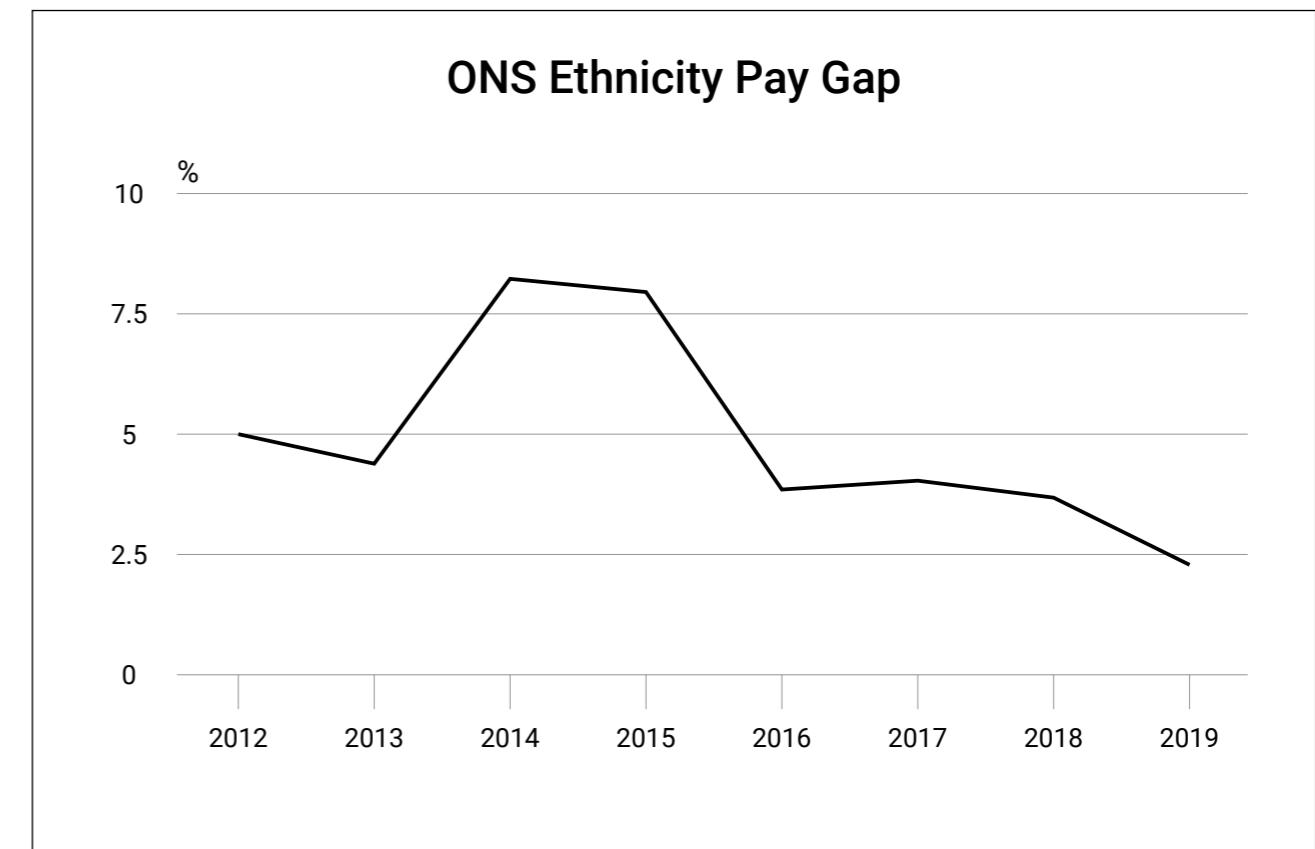


Figure 2: ONS Ethnicity Pay Gap

In 2019, the median hourly pay for those in the White ethnic group was £12.40 per hour, compared with those in the ethnic minority at £12.11 per hour – a pay gap of 2.3%, its narrowest level since 2012. The pay gap was at its largest in 2014, at 8.4%.

However, the disparities are profoundly acute in London, where the ethnicity pay gap was the largest at 23.8% in 2019, and smallest in Wales at 1.4%. The pay gap in the East of England region was negative (-8.6%), meaning that, for that region, those ethnic minorities earn a higher median hourly wage than those in the White ethnic group.

Education

Education has long been positively associated with improved entrepreneurial opportunities (Daniel et al., 2019). To understand the higher education institutions within the UK, it was necessary to look at the demographic make-up of students and their ability to access higher education and to understand the attainment gap.

Title: Percentage of state school pupils aged 18 years getting a higher education place by ethnicity over time. **Location:** England.
Time period: 2006–2019. **Source:** UCAS End of Cycle Report 2019 / Ethnicity Facts and Figures GOV.UK

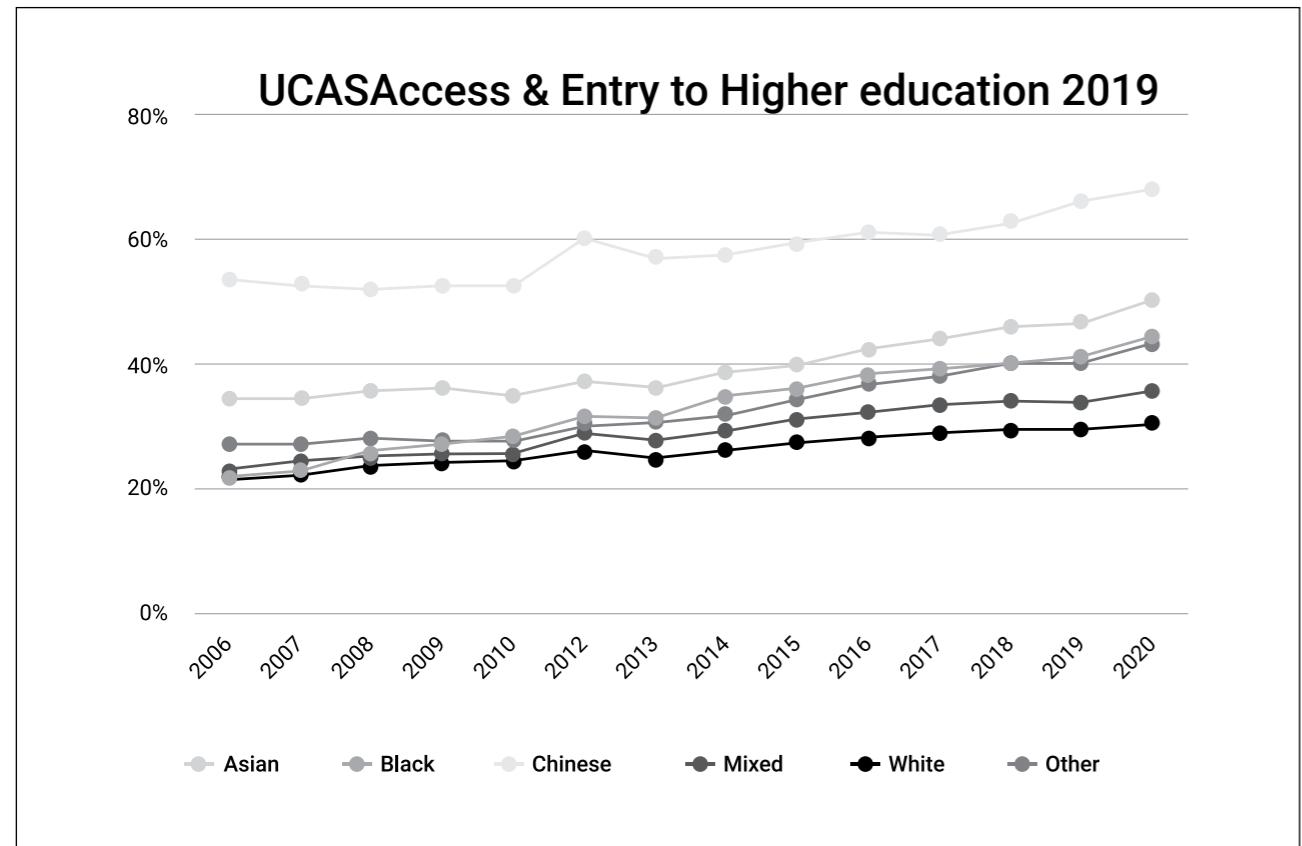


Figure 3: UCAS Access & Entry to Higher education 2019

According to the latest UCAS report (UCAS, 2019), pupils from the Chinese demographic had the highest entry rates into higher education in the UK (68.0%), the largest of all ethnic groups. The lowest entry rate of 30.3% was White pupils. The data suggest that pupils from the Chinese ethnic group have consistently had the highest entry rates annually between 2006 and 2019. White pupils have had the lowest entry rates

for 13 consecutive years since (and including) 2007. The entry rates in 2019 were higher for all ethnic groups compared with those in 2006. Compared with 2018, entry rates increased for all ethnic groups. The biggest increase in entry rates between 2006 and 2019 was among Black pupils, from 21.6% to 44.5%. The smallest increase in entry rates was among White pupils, from 21.8% to 30.3%.

Poverty

The data publicised by the Race Disparity Audit underlines the social disparities that exist amongst different ethnic groups (Office, 2017). Asian and Black households and those in the other ethnic groups were more likely to be poor and were the most likely to be defined as being in persistent poverty. Around 1 in 4 children in households headed by people from an Asian background or those in the other ethnic groups were in persistent poverty, as were 1 in 5 children in Black households and 1 in 10 White British households. Households of Bangladeshi, Pakistani, Black, Mixed and Other backgrounds were more likely to receive income-related benefits and tax credits than those in other ethnic groups. The ethnic minority population is more likely to live in areas of deprivation, especially Black, Pakistani, and Bangladeshi people.

Smallbone et al. (2003, p. 432) has defined EMBS based upon the notion that ethnic minority business owners are 'different from the rest of the small business (SME) community in terms of their behavioural characteristics and concerning the type of problems that they encounter'. The multidimensional socio-economic forces coupled with the pervasive nature of the inequities encountered by the BACD within areas such as employment (Department for Business, 2018), housing (Office, 2017), pay (ONS, 2018), poverty (Office, 2017), education (HEFCE, 2015) and business (FSB, 2020) have become so ubiquitous and deep-rooted that they can be considered as both debilitating and a driving force for the BACD's attitudes towards entrepreneurship. Paradoxically, these forces may have become the personification of necessity (Laman, 2014), which has stimulated the quest for socio-economic equity and freedom.

Self-employment is considered as the route out of poverty, a way out of unemployment, and a safety valve for those who are powerless to seek employment somewhere else because of discrimination and/or high unemployment rates (Meyer, 1990). The solidification of these various socio-economic conditions may have inadvertently become the catalyst and start of the precarious journey to entrepreneurship. Harrington (2018) stated that 'the government is continuing to look at new ways to tackle racial inequality in society and make sure that everyone has the same opportunities to progress'.

Statistics of Persistent Poverty by Ethnic Household

1 in 4
Asians



1 in 5
Blacks



1 in 10
Whites



Source: Office, 2017

06

Structural & Systematic Challenges



According to the ONS, there were around 5.94 million small businesses within the UK (with 0 to 49 employees), which equates to 99.3% of the total business population. SMEs account for 99.9% of the business population (6.0 million businesses). SMEs account for three-fifths of the employment and around half of the turnover in the UK private sector. Total employment in SMEs was 16.8 million (61% of the total), whilst turnover was estimated at £2.3 trillion (52%). Employment in small businesses (with 0 to 49 employees) was 13.3 million (48% of the total), with a turnover of £1.6 trillion (36%).

There has been a consistent rise in the number of UK-based EMBs, which has seen a corresponding increase in the number of Black African entrepreneurs (Nwankwo et al., 2011). The Minority Supplier Development UK report (MSDUK, 2017) indicated that there were over 300,000 ethnic minority-owned businesses in the UK, representing over 7% of the total SME population in the UK economy. According to the Federation of Small Businesses (FSB, 2020), structural inequalities exist in the UK, and ethnic minority entrepreneurs at times will face discrimination during different stages of their business lifecycle and development.

The Department for Business (2018) research indicated that around 8% of the ethnic minority population were involved in starting a business, compared to 14.5% of the White population. Ethnic minority business ownership was evident in just over 12% of all the self-employed in 2018, rising to 35% in London and 16% in the West Midlands. Also, a disproportionate number of ethnic minority firms were led by women. The geographic profile according to the FSB (2020) suggests that most ethnic minorities tend to be geographically concentrated in urban areas, such as Greater London, the West and East Midlands, Northwest England and West Yorkshire.

The increase in new business start-ups has shown no sign of abating, according to Bounds (2017). New business formations up till September 2020 were 9.5% higher than the same period in 2019 in the UK (Centre for Entrepreneurs, 2020). This upsurge has resulted in the creation of 681,704 new businesses during 2019, spread across 700 different industry classifications. Outside the USA, the UK is unrivalled in terms of new start-ups (Bounds, 2017). This may be attributed to the macro socio-economic uncertainty of Brexit and/or the consequence of the Covid-19 pandemic, which has resulted in unprecedented levels of unemployment and consequently the birth of an unparalleled number of entrepreneurs in the UK.

Notwithstanding this surge in new entrepreneurs, there has been a perennial and long-standing debate regarding entrepreneurs and their contribution to the socio-economic growth and development of economies (Carree and Thurik, 2010; Szirmai, Naudé, and Goedhuys, 2011).

Entrepreneurship has been described as the most powerful economic force known to humankind (Kuratko, 2005) and it can increase and create wealth. The question of wealth creation is somewhat incongruous, as the socio-economic disparities that exist between Black entrepreneurs are significantly different when considered alongside other ethnic groups. Dandridge (2010) contends that ethnic minority entrepreneurs will often encounter more difficulties than their White counterparts as barriers limit access to capital, markets, skills, and work experience that helps with the development of their business. Race-centred economic inequity has been unrelenting, as it continues to impact the success of Black businesses, even at the start of the business ownership journey (Jones, 2017).

The (Department for Business, 2018) research indicated that there were circa 8% of the ethnic minority population involved in starting a business compared to 14.5% of the white population.

There has been an increasing uneasiness regarding entrepreneurship within the context of racial disparities and inequality. According to the Federation of Small Businesses (FSB, 2020), a prosperous economy needs to actively involve all communities irrespective of ethnic heritage, race, religion, or nationality to maximise its full growth potential. This report shines a much-needed spotlight on the challenges experienced by BACD entrepreneurs within the UK.



Research Methodology

07



The research methodology was multifaceted, employing a combination of primary and secondary research. The source for the baseline empirical data used in this report was 105 self-administered questionnaires and interviews with Black African Caribbean diaspora entrepreneurs. The methodology used was quantitative, which produced empirical data that was analysed and interpreted into meaningful outcomes.

The findings are presented empirically and seek to examine the representativeness of the target population. The data is broken down demographically by gender, race, age, and any other pertinent subcategories that might highlight the areas of disparity and inequality.

Research Findings

08

Demographic Profile

A total of 105 self-administered questionnaires were completed by BACD entrepreneurs. Of these, 61 were women, representing 58% of the population, and 44 were men, which equates to 42%.

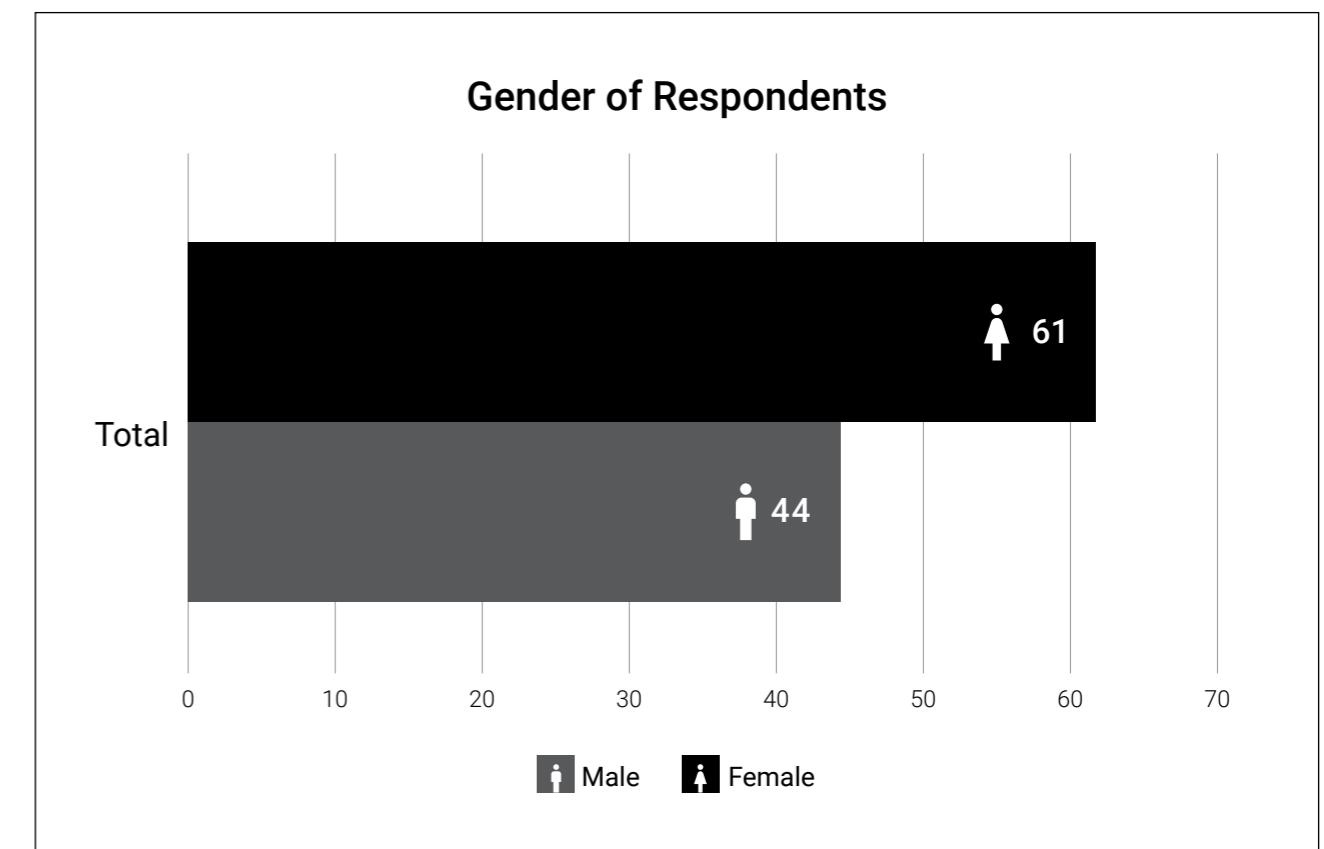


Figure 4: Gender of Respondents

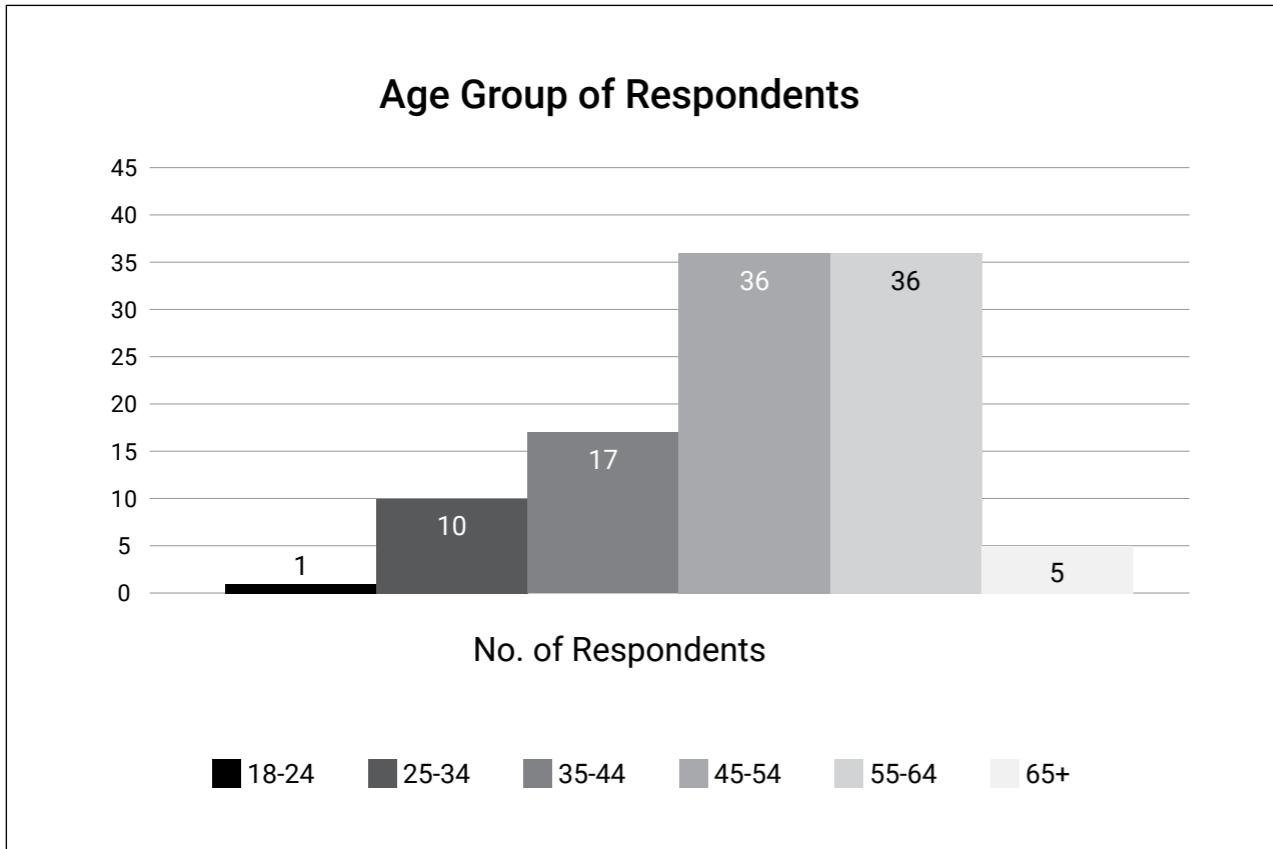


Figure 5: Age Demographics

Figure 5 presents a breakdown of the age demographics of the respondents. The largest group of 72 were aged between 45 and 64, which represented 68% of the total population, 28 were in the age range 18–44, which represents 26.6% of the population, and the 65+ demographic equated to 4.76%.

Figure 6: Ethnicity Demographic

Figure 6 is a breakdown of the ethnicity profile of the respondents. All except one identified themselves as Black. Sixty-one classified themselves as Black British (58%), 29 were characterised as Caribbean (27.6%), 12 considered themselves to be African (11.4%), 2 classified themselves as Mixed Heritage (1.9%) and 1 was characterised as another ethnic group (0.9%).

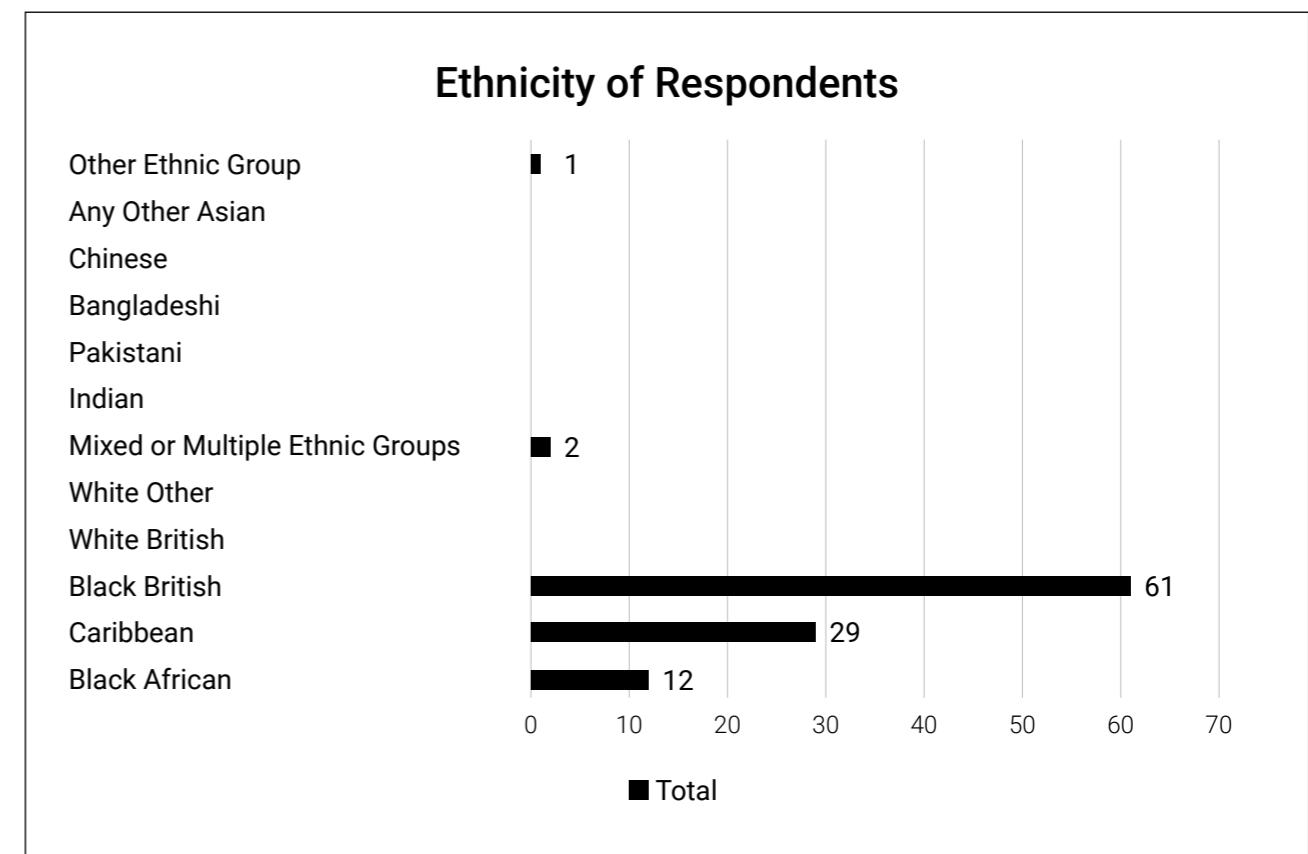


Figure 7: Marital status

Figure 7 has a breakdown of the marital status of the entrepreneurs. Thirty-one were single (29.52%), 15 were living with a partner (14.28%), 47 were married (44.7%), and 12 were either divorced or separated (11.42%).

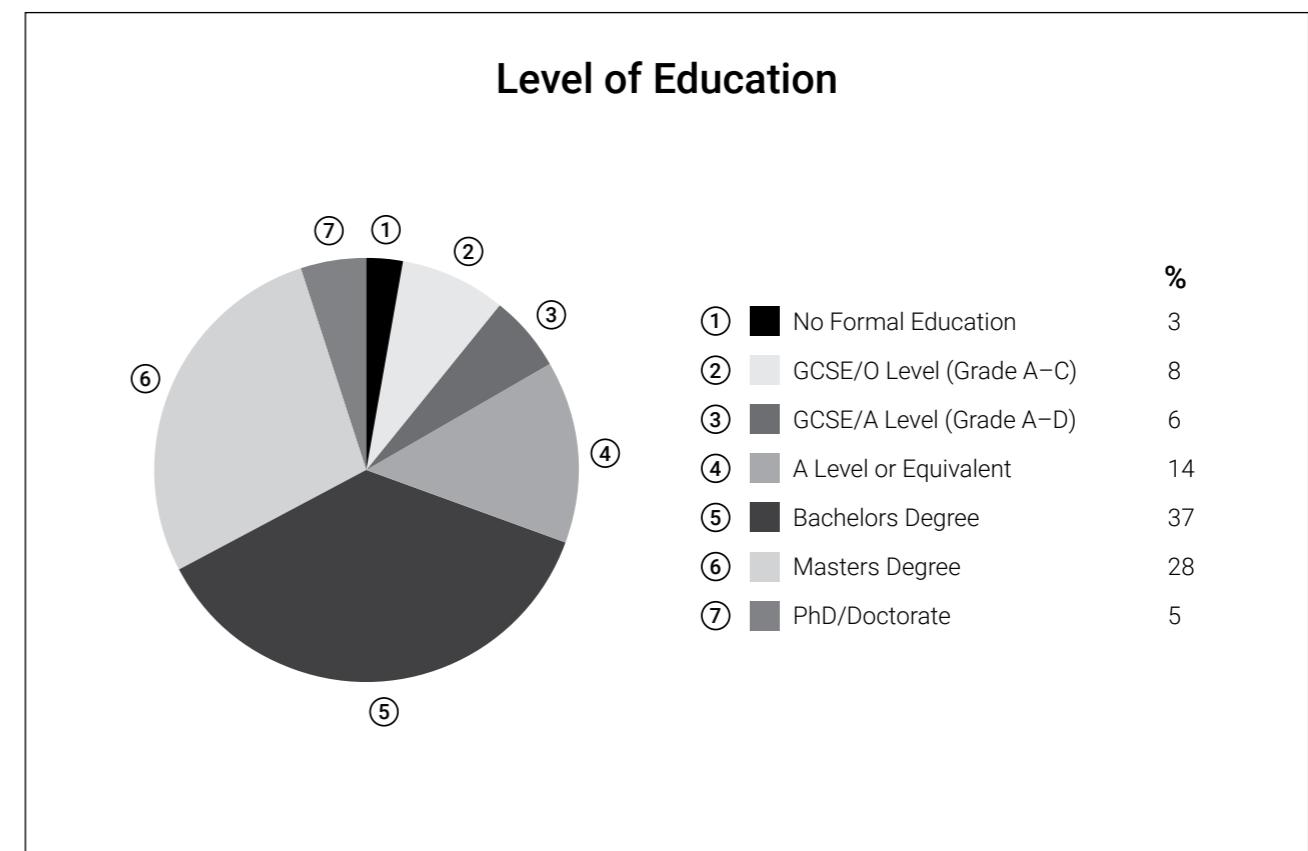
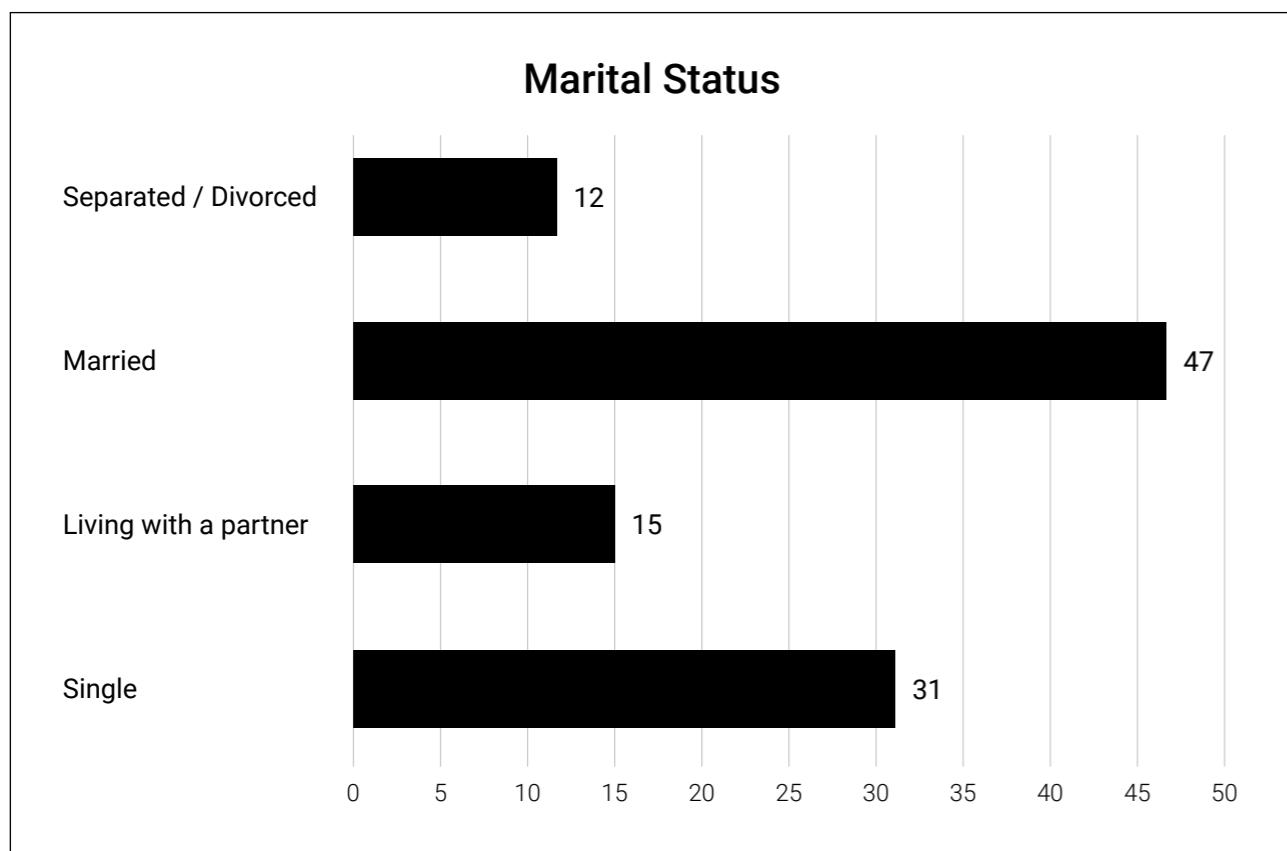


Figure 8: Academic Attainment Level

Figure 8 profiles the educational attainment of the BACD entrepreneurs. 5% had gained a PhD, 28% had a Master's degree, 37% held a Bachelor's degree, 14% had achieved A-level A-D grades, 6% had GCSE A-C grades, and 3% had no formal qualifications.

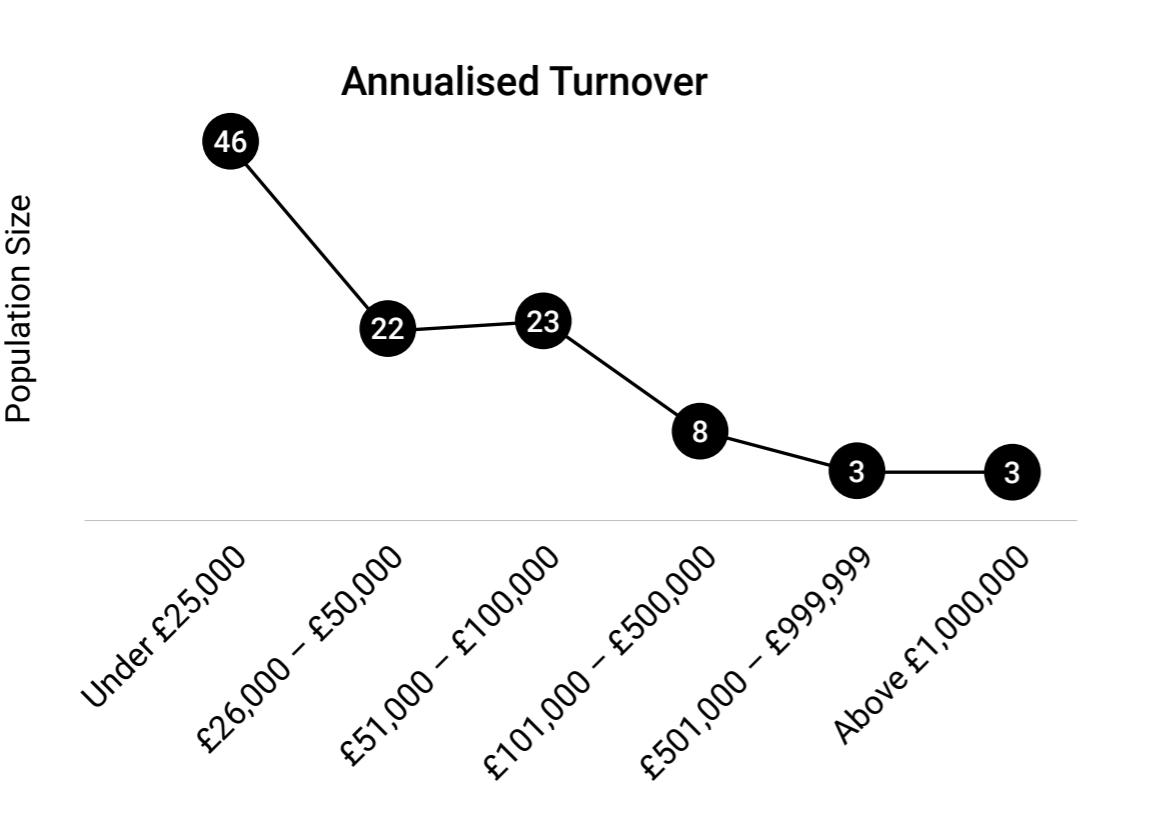


Figure 9: Annualised Business Turnover

Figure 9 breaks down the average annualised turnover for each of the organisations. Forty-six had a turnover of less than £25,000, which represents 43.8% of the respondents, 22 had a turnover of between £26,000 and £50,000, equating to 21%, 23 had a turnover of between £51,000 and £100,000 (22%), 8 had a turnover of between £101,000 and £500,000, which equals 7.6%, 3 organisations had turnovers that were between £500,000 and £999,999, which amounts to 2.85%, and 3 companies had a turnover that exceeded a £1,000,000, which equated to 2.85% of the total population.

Figure 10: Geographic Segmentation

Figure 10 focuses on the geographic segmentation, that is, where the various businesses were located. Sixty-one were in London (58%). The second-largest community was in the Midlands with 22 (21%), 14 were from the Southeast (13.3%), 5 were from the Northwest (4.76%), 1 from Wales (0.9%) and 2 were other locations (1.9%).

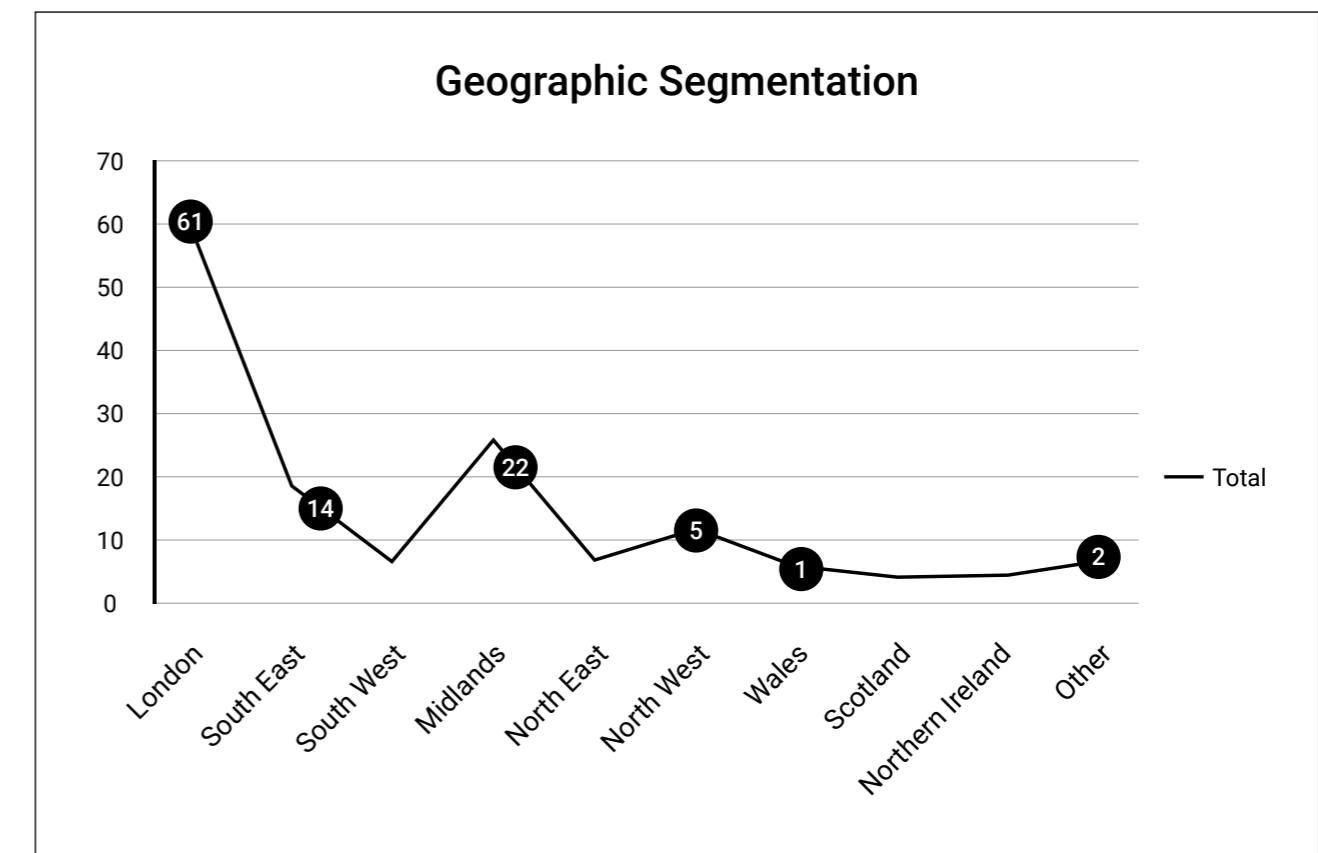
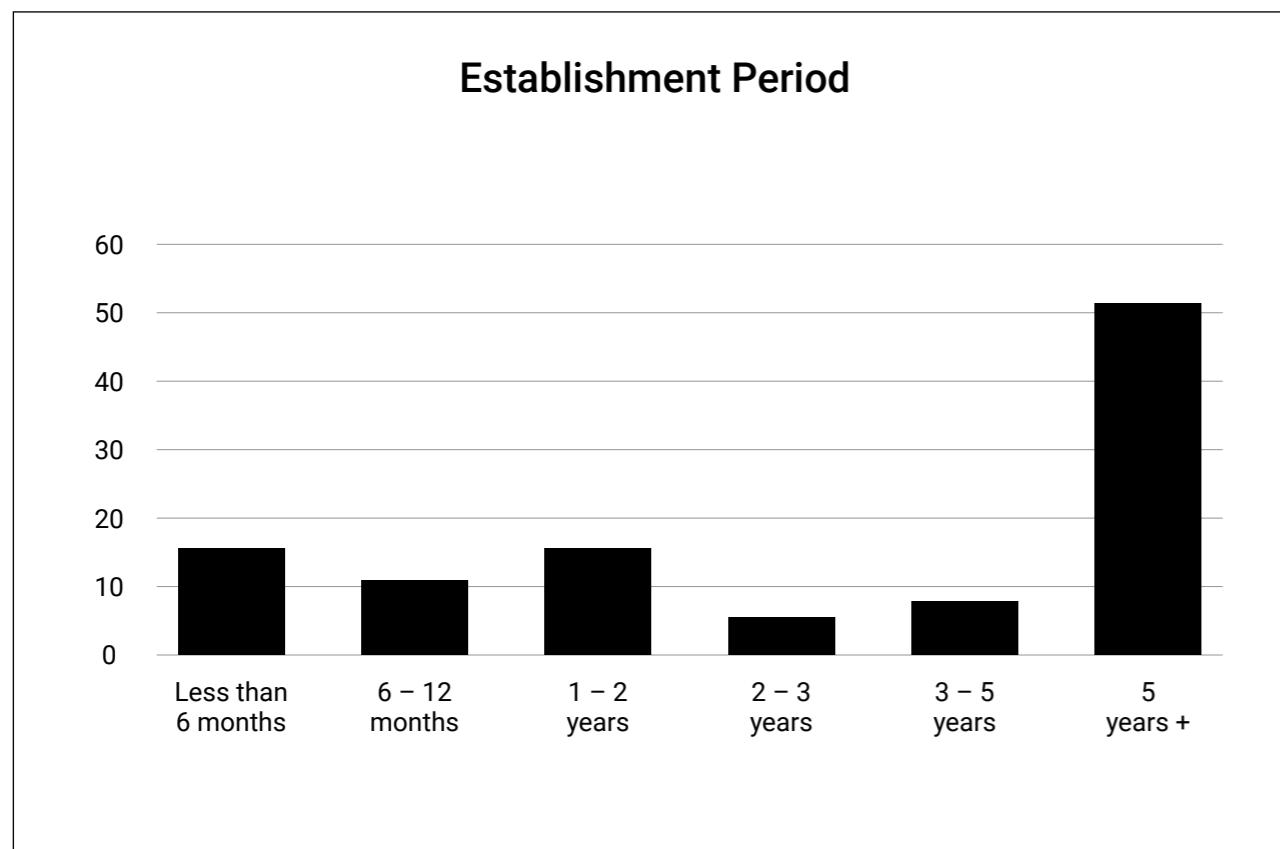


Figure 11: Business Establishment Period

Figure 11 is an illustration of the length of time that a business has been established and has been trading. Fifty-one businesses had been established for more than 5 years (48.55%), 15 were started less than 6 months ago and were created in 2020 during the Covid-19 lockdown period; this equates to 14.2%. Eleven businesses have been operating for between 6 and 12 months (10.47%), 15 have been operating for between 1 and 2 years (14.2%), 5 businesses were established between 2 and 3 years ago (4.76%) and 8 businesses had been established for between 3 and 5 years (7.6%).



Number of Employees

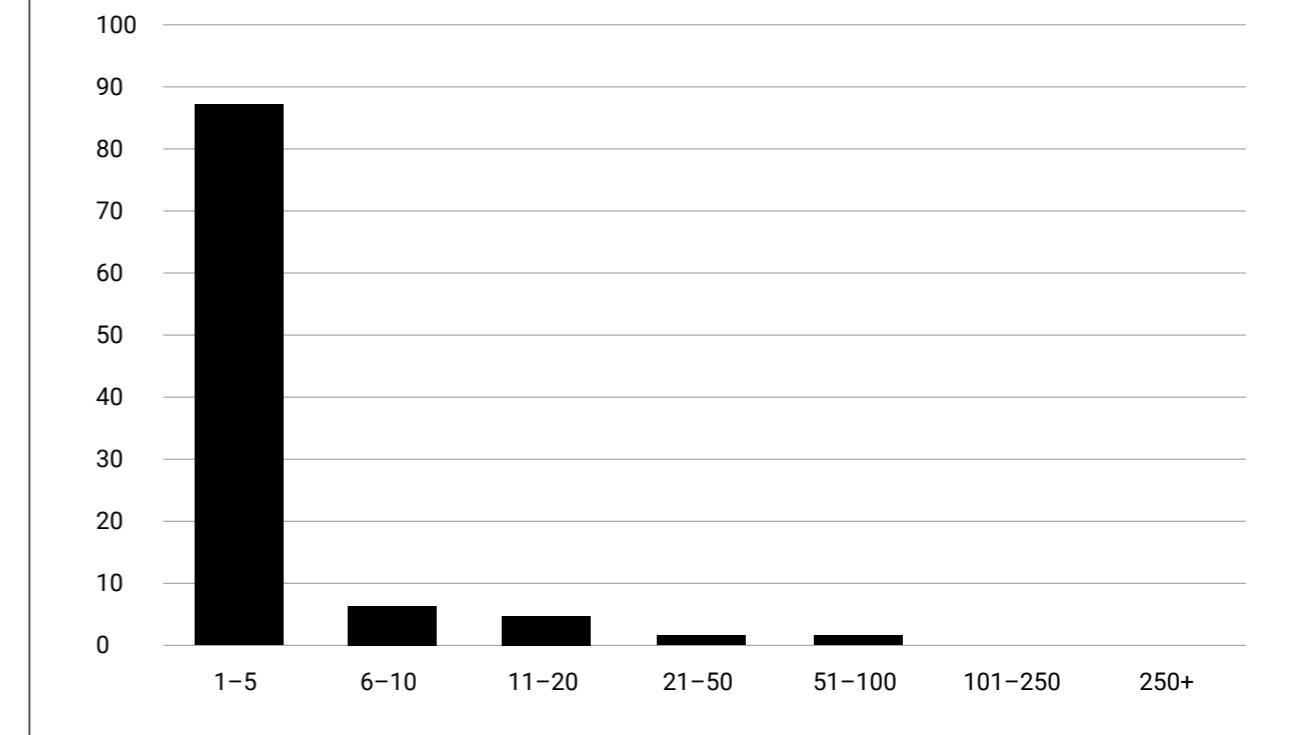


Figure 12: Number of Employees

Figure 12 illustrates the number of employees that each organisation has. The vast majority, 88 (83.8%), employ between 1 and 5 people, 7 companies had between 6 and 10 employees, which equates to 6.6%, 6 organisations have 11–20 employees (5.71%), 2 firms have 21–50, and 2 companies have between 51 and 100 (1.9%) employees.

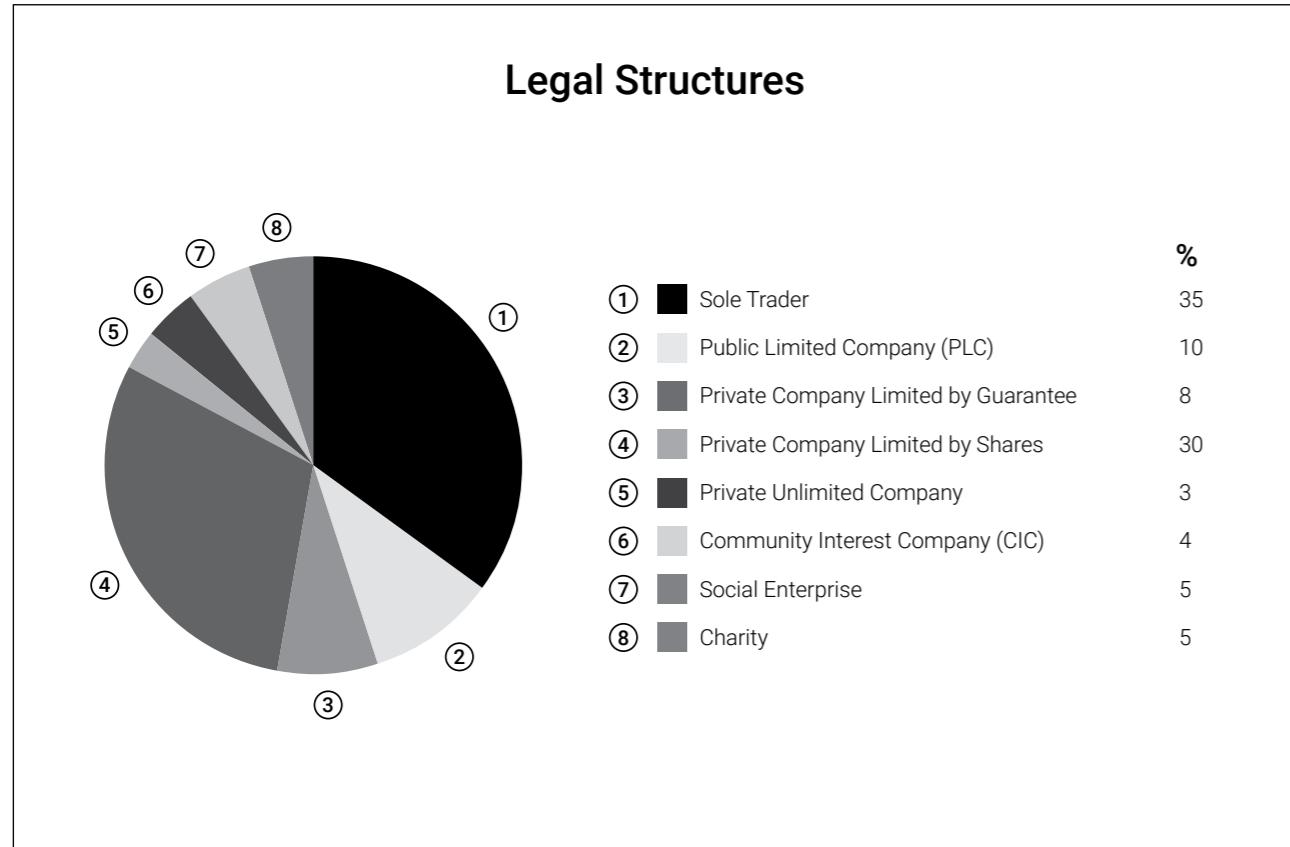


Figure 13: Legal Structures

Figure 13 breaks down the legal structure of the various businesses. 35% were sole traders, 30% were private limited companies, 9% were public limited companies, 8% were private companies limited by guarantee, 5% were charities or social enterprises, 4% were community interest groups, and 3% were private unlimited companies.



Findings

09

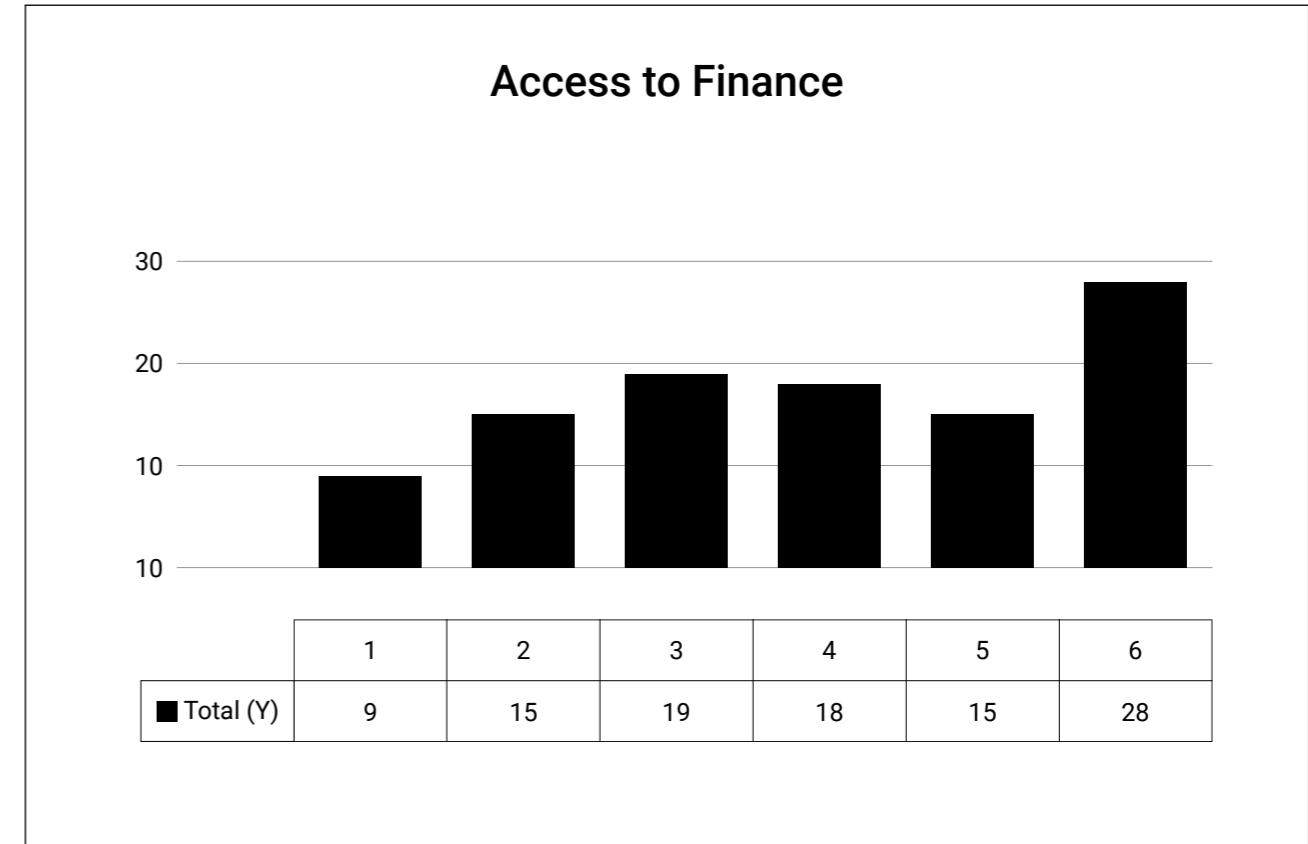


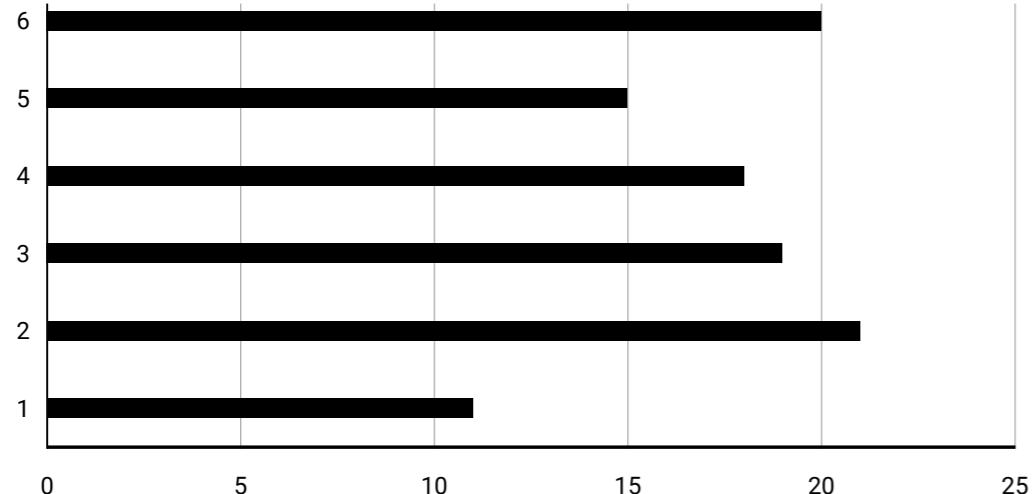
Figure 14: Access to Finance

The respondents were asked *To what extent would you agree or disagree that your cultural identity/ethnicity has played a role in your inability to gain access to finance/funding from a bank or financial institution?* They scored their response on a scale of 1 (strongly disagree) to 6 (strongly agree). The results indicate that 9 of the respondents strongly disagreed, 15 disagreed, 19 partially disagreed, 18 partially agreed, 15 agreed, and 28 strongly agreed. As 'strongly agree' is the modal response, at a 90% confidence interval, the P-value of 0.056 implies that the rating as well as the question is significant and highly correlated in these respondents.

Figure 15: Business Establishment Period

The respondents were asked *To what extent would you agree or disagree that your cultural identity/ethnicity has played a role in your inability to gain access to support through mentoring/coaching or business support from business support agencies?* Again, they scored their response on a scale of 1 (strongly disagree) to 6 (strongly agree). The results demonstrate that 11 of the respondents strongly disagreed, 21 disagreed, 19 partially disagreed, 18 partially agreed, 15 agreed and 20 strongly agreed. As 'disagree' is the modal response, at a 90% confidence interval, the P-value of 0.466 implies that the rating, as well as the question, is insignificant and uncorrelated in these respondents.

Access to Mentoring & Coaching



Access to Support & Training

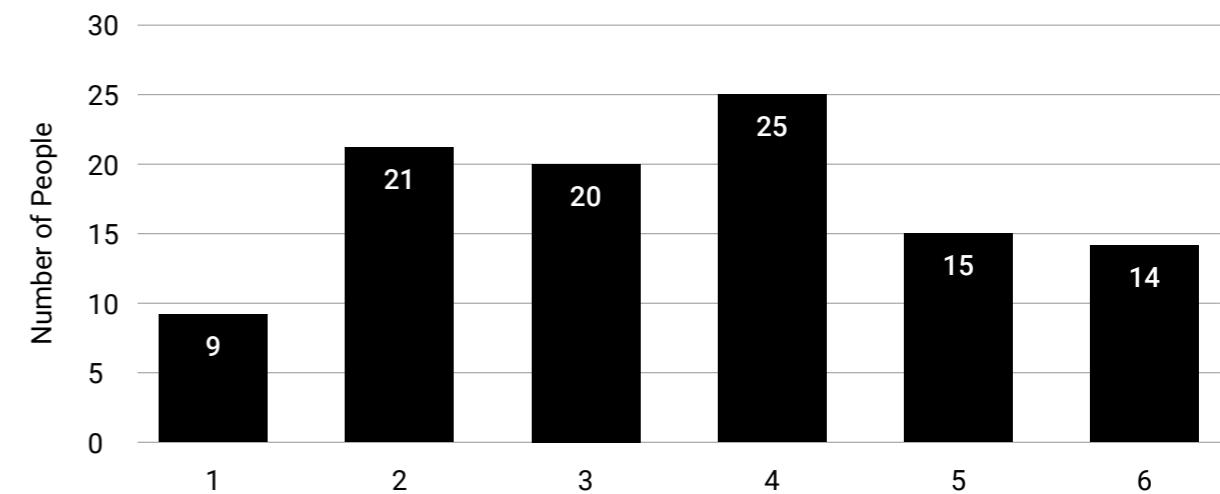


Figure 16: Access to Support & Training

The respondents were asked *To what extent would you agree or disagree that your cultural identity/ethnicity has played a role in your inability to gain access to support training & development from government/non-government/independent/business enterprise agencies?* The results reveal that 9 of the respondents strongly disagreed, 21 disagreed, 20 partially disagreed, 25 partially agreed, 15 agreed, and 14 strongly agreed. As 'partially agree' is the modal response, at a 90% confidence interval, the P-value of 0.833 implies that the rating, as well as the question, is insignificant and uncorrelated in these respondents.

Cultural Policies & Process Bias

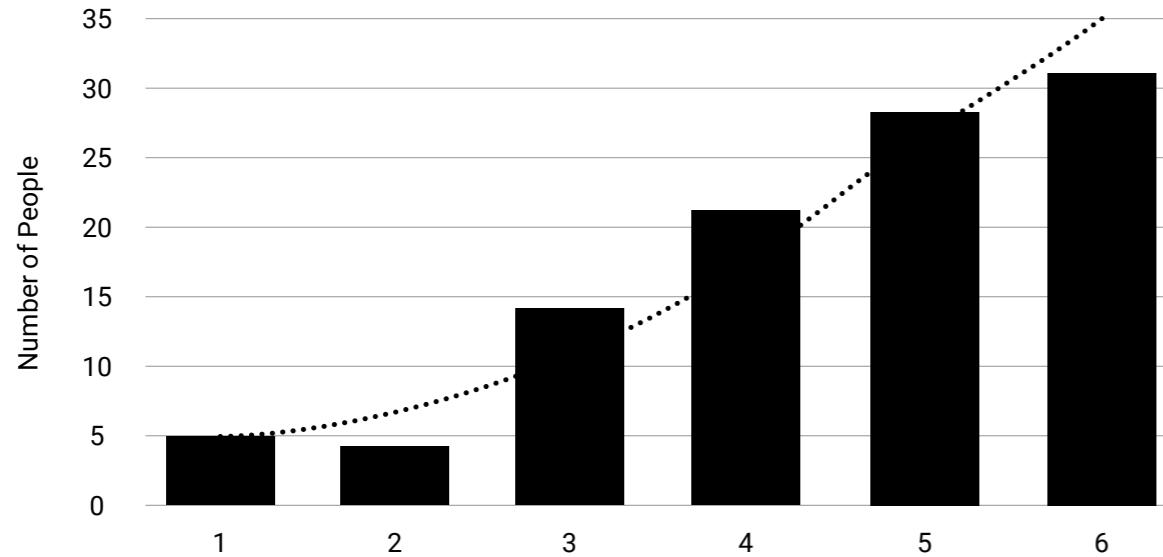


Figure 17: Cultural Policies & Process Bias

The respondents were asked To what extent would you agree or disagree that your cultural identity/ ethnicity has played in institutions (government/ non-government), have developed policies and processes that were structurally & culturally biased towards non-BAME communities? The results reveal that 5 of the respondents strongly disagreed, 4 disagreed, 14 partially disagreed, 22 partially agreed, 28 agreed, and 31 strongly agreed. As 'strongly agree' is the modal response, at a 90% confidence interval, the P-value of 0.0009 implies that the rating as well as the question is significant and highly correlated in these respondents.

Negative Perception Portrayal

The respondents were asked *To what extent would you agree or disagree that your cultural identity/ethnicity has played a role in a negative perception or portrayal of your business by institutions/ suppliers (banks, business agencies, suppliers)?* The results indicate that 4 of the respondents strongly disagreed, 8 disagreed, 13 partially disagreed, 20 partially agreed, 26 agreed and 33 strongly agreed. As 'strongly agree' is the modal response, at a 90% confidence interval, the P-value of 0.000026 implies that the rating as well as the question is significant and highly correlated in these respondents.

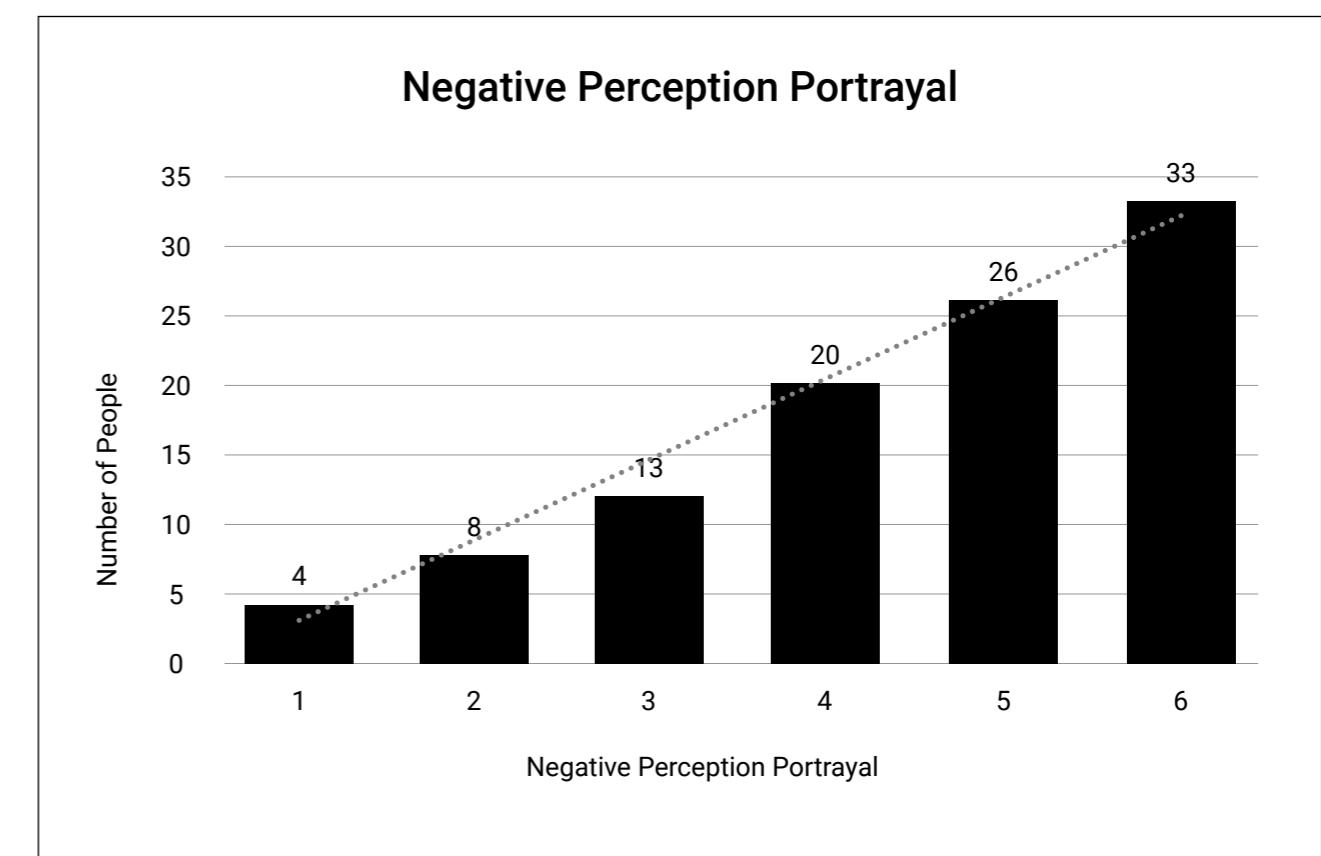
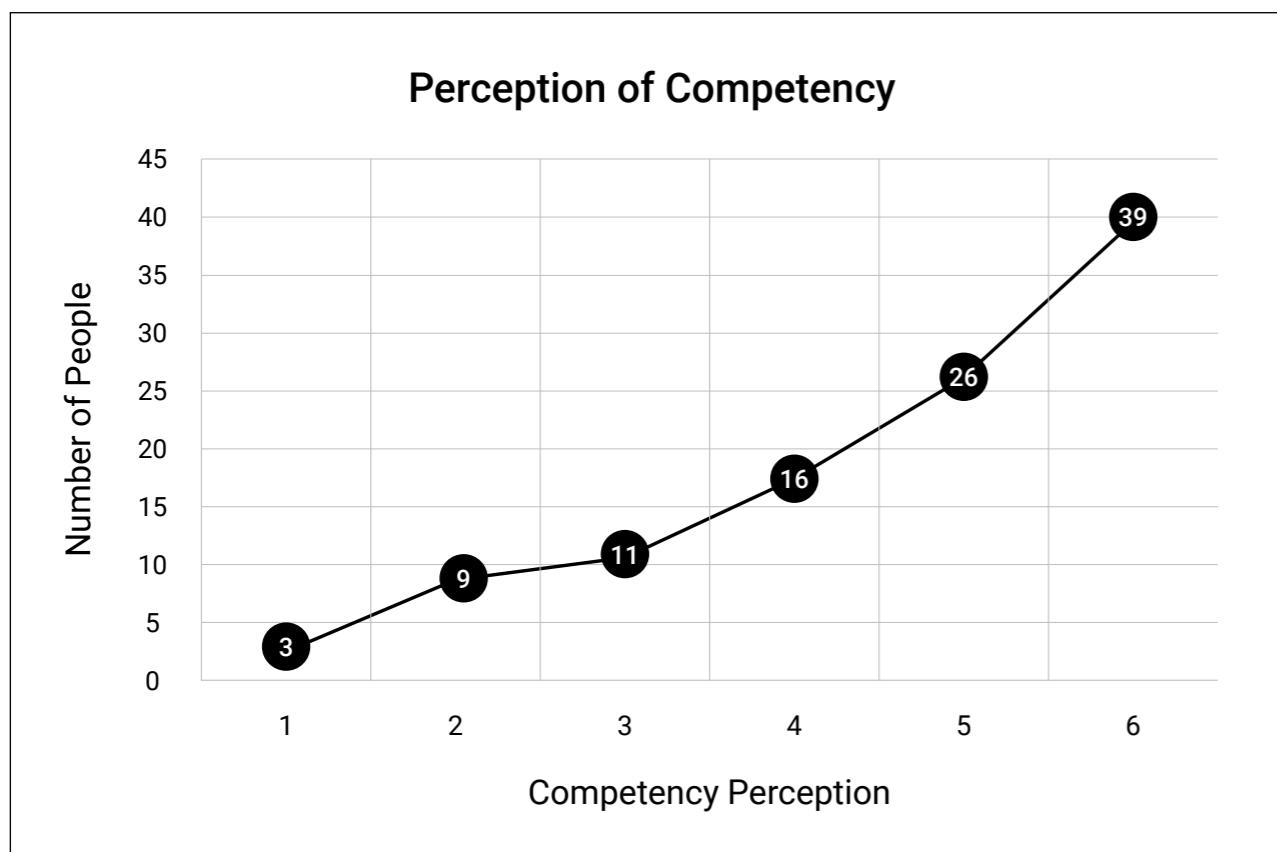


Figure 19: Perception of Competency

The respondents were asked *To what extent would you agree or disagree that your cultural identity/ethnicity has played a role in the perception that you were less competent or skilled than non-BAME community entrepreneurs?* The results show that 3 of the respondents strongly disagreed, 9 disagreed, 11 partially disagreed, 16 partially agreed, 26 agreed and 39 strongly agreed. As 'strongly agree' is the modal response, at a 90% confidence interval, the P-value of 0.0022 implies that the rating as well as the question is significant and highly correlated in these respondents.



Unconscious Bias Policies & Practices

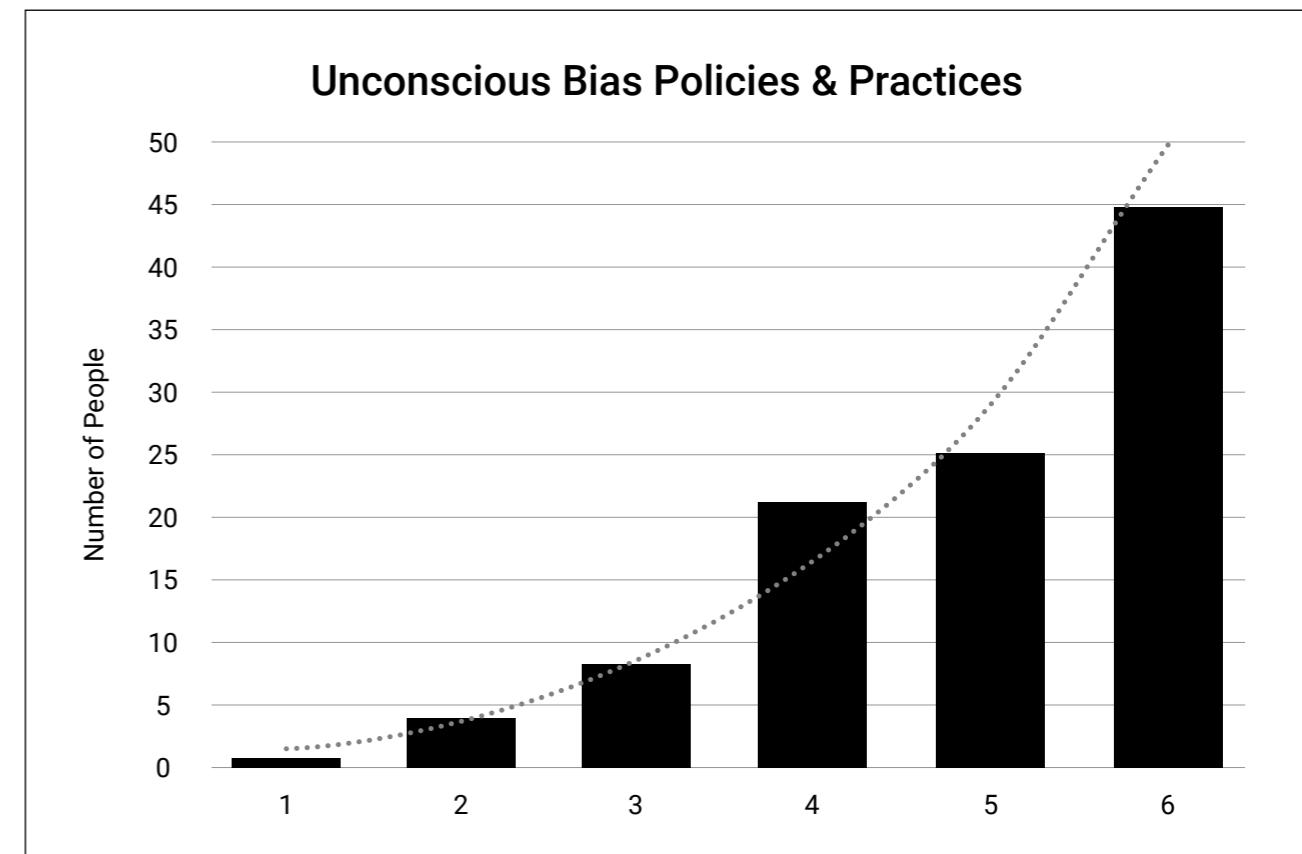


Figure 20: Unconscious Bias Policies & Practices

The respondents were asked *To what extent would you agree or disagree that your cultural identity/ethnicity has played a role in the unconsciously biased development of unequal, unfair policies & practices by government/non-government/financial institutions?* The results illustrate that 1 of the respondents strongly disagreed, 4 disagreed, 8 partially disagreed, 21 partially agreed, 25 agreed, and 45 strongly agreed. As 'strongly agree' is the modal response, at a 90% confidence interval, the P-value of 0.0022 implies that the rating as well as the question is significant and highly correlated in these respondents.

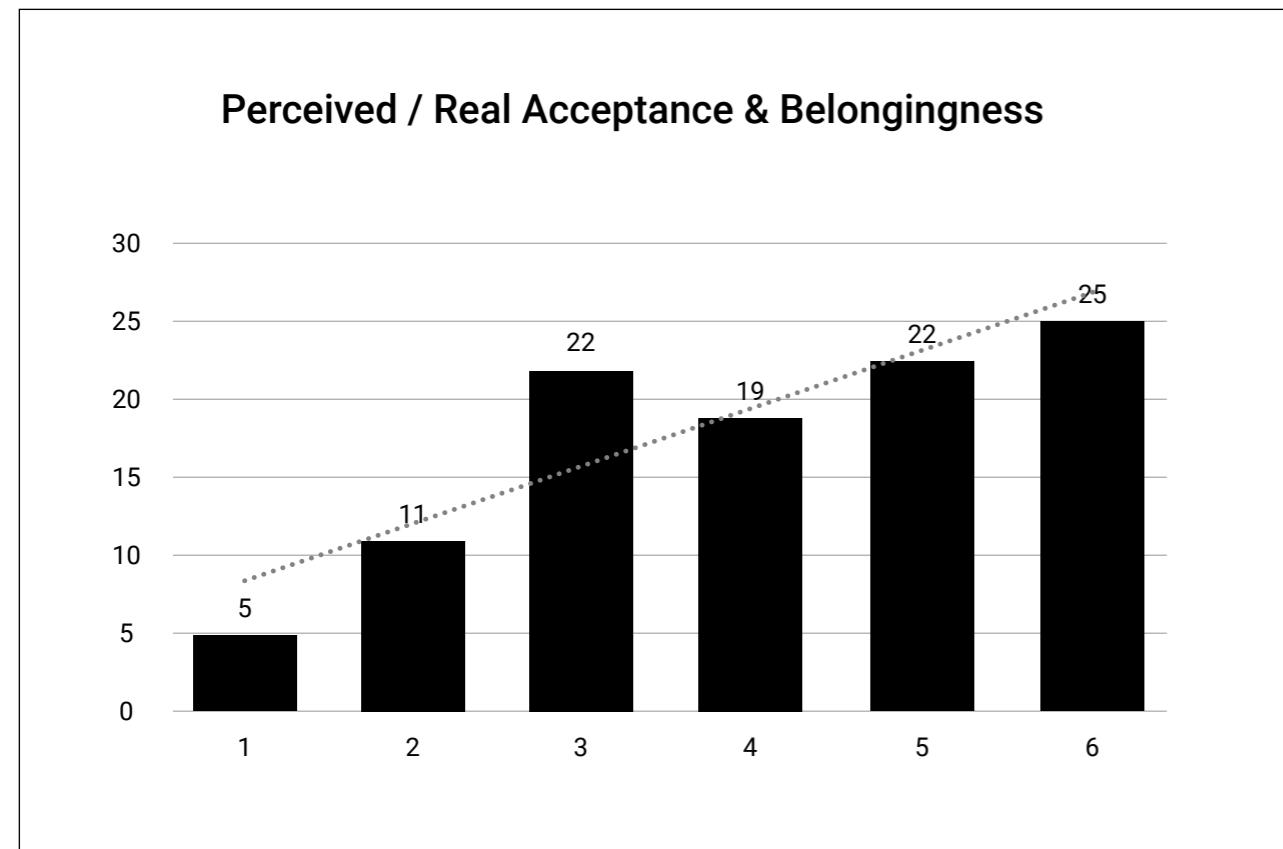


Figure 21: Perceived/Real Acceptance & Belongingness

The respondents were asked *To what extent would you agree or disagree that your cultural identity/ethnicity has played a role towards a perceived/real lack of acceptance and/or sense of belonging within an organisation such as the Institute of Directors (IOD), Federation of Small Businesses (FSB), British Chamber of Commerce (BCC)?* The results confirm that 5 of the respondents strongly disagreed, 11 disagreed, 22 partially disagreed, 19 partially agreed, 22 agreed, and 25 strongly agreed. As 'strongly agree' is the modal response, at a 90% confidence interval, the P-value of 0.014 implies that the rating as well as the question is significant and highly correlated in the respondents.

Figure 22: Entrepreneurial Capability (Lack of trust & Safety)

The respondents were asked *To what extent would you agree or disagree that your cultural identity/ethnicity has played a role towards financial/non-financial institutions having a negative perception about your entrepreneurial capability, which may result in a lack of trust & safety?* The results indicate that 3 of the respondents strongly disagreed, 11 disagreed, 9 partially disagreed, 24 partially agreed, 24 agreed, and 33 strongly agreed. As 'strongly agree' is the modal response, at a 90% confidence interval, the P-value of 0.0027 implies that the rating as well as the question is significant and highly correlated in the respondents.

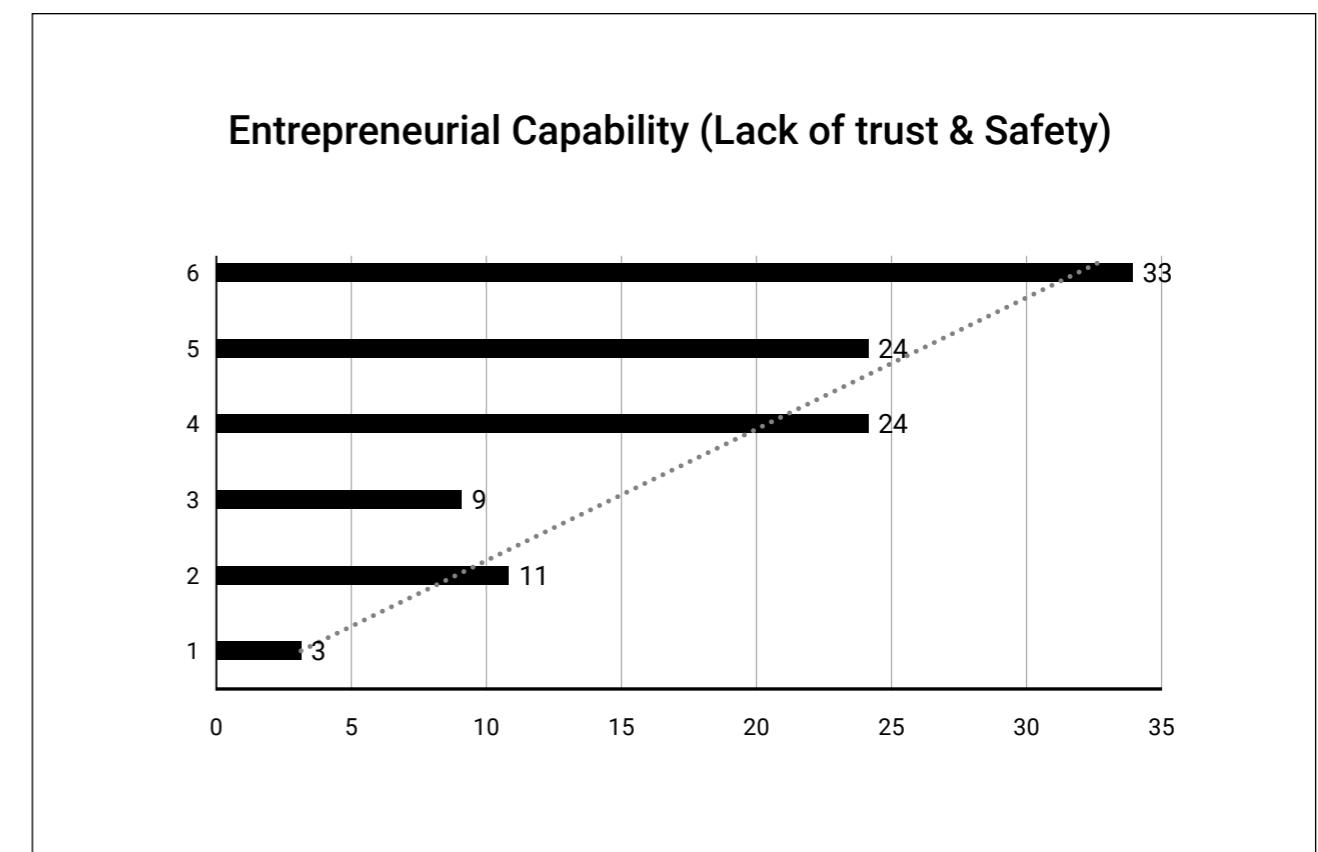
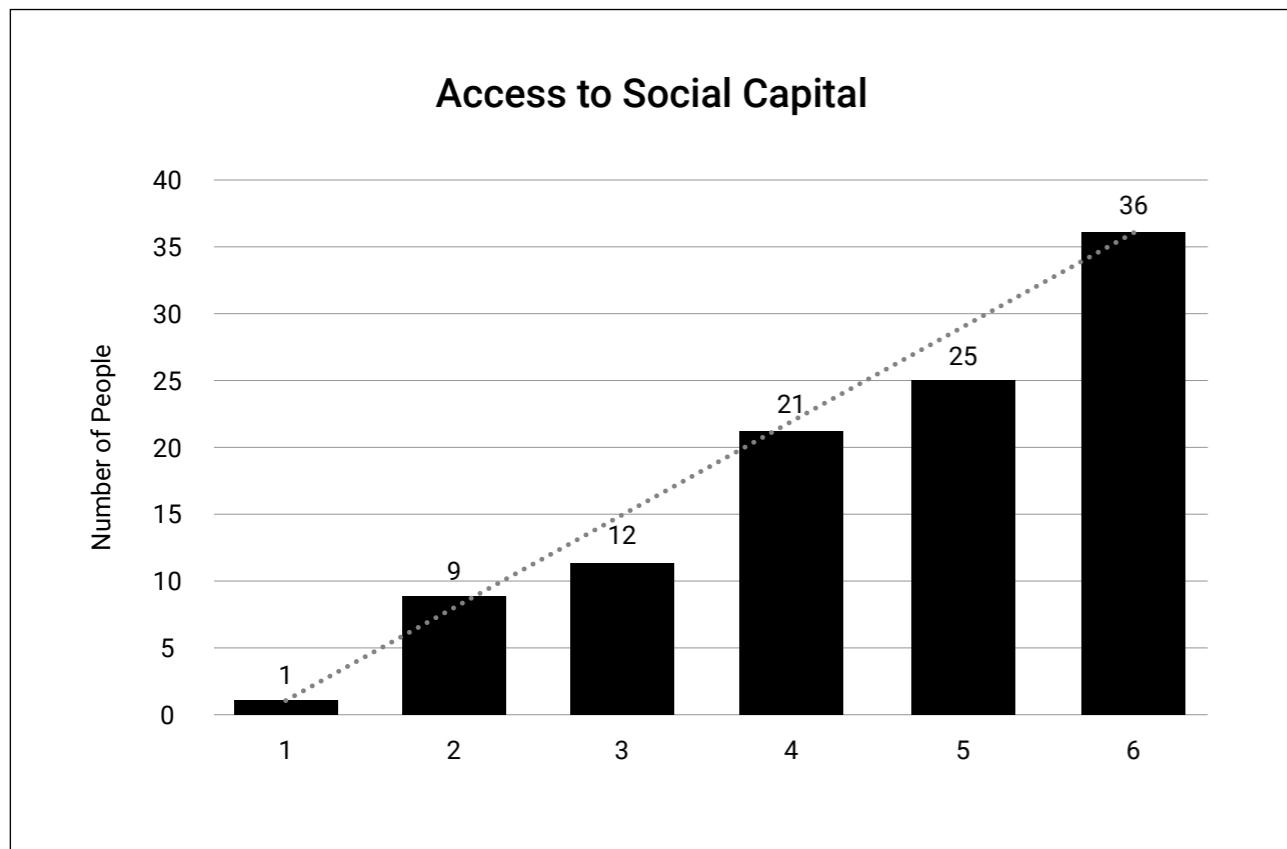


Figure 23: Social Capital

The respondents were asked *To what extent would you agree or disagree that your cultural identity/ethnicity has played a role towards your lack of social capital, that is access to influential networks and social relationships that could benefit your business?* The results suggest that 1 of the respondents strongly disagreed, 9 disagreed, 12 partially disagreed, 21 partially agreed, 25 agreed, and 36 strongly agreed. As 'strongly agree' is the modal response, at a 90% confidence interval, the P-value of 0.00016 implies that the rating as well as the question is significant and highly correlated in the respondents.



10

Summary of Findings



The findings indicate that Black British (58%) was the most prevalent demographic characterisation within the research. The results also revealed that women represented 58% of the total, which is consistent with the FSB (2020) report, which posited that a high percentage of ethnic minority businesses were led by women.

The results also demonstrate that the BACD population are well educated: 70% had attained a higher education qualification at the minimum of a degree. This is consistent with UCAS data that show a continued quest for higher academic attainment amongst the BACD demographic: the biggest increase in entry rates to universities between 2006 and 2019 was among Black students, where it increased from 21.6% to 44.5%.

Taken together, the findings indicate that BACD entrepreneurs can be considered highly educated and tend to operate in many instances as micro-businesses employing fewer than ten employees. The majority had a turnover of less than £50,000 per annum.

68% of the total population surveyed was between the ages of 45 and 64. The 18–44 age profile represented a further 26.6% of the population, indicating that both mature entrepreneurs and new social climbers have a desire to start a business. This is consistent with the DCLG (2013) report, which suggests that there is an extraordinary appetite and aspiration for start-up businesses amongst Black and ethnic minority groups in the UK, most notably amongst Black Africans (35%) and Black Caribbeans (28%), regardless of age. The data suggest that age was more likely to be an influencing determinant.

Taken together, the findings indicate that BACD entrepreneurs can be considered highly educated and tend to operate in many instances as micro-businesses employing fewer than ten employees. The majority had a turnover of less than £50,000 per annum. The vast majority operate or reside within major conurbations throughout the UK, particularly London and the Midlands, and are likely to be married or in a relationship, which suggests that they have a support structure that underpins the business and can mitigate some of the associated risks regarding resource utilisation.

It was very poignant to note that 48.55% of BACD businesses were still trading after five years when compared to the 40% national average identified by the ONS.

When looking at the question of unconscious bias, there was a 90% confidence rate in the significance of the questions and 58% of the respondents agreed that their cultural identity had played a negative role in them gaining access to finance, which was consistent with the literature. Gold (2016) asserts that Black entrepreneurs are disadvantaged because of their race and consequently they have difficulty in gaining access to finance (Fairlie and Robb, 2008).

The participants were also asked whether they thought that their cultural identity/ethnicity had played a role in their inability to gain access to support. The results were inconclusive. The data, however, indicated that there was a degree of uncertainty as to whether they were unconsciously disadvantaged through ethnicity regarding business support. 50% agreed/disagreed; however, the strength of agreement was weighted in preference to 'strongly agree', whilst the outcome was indecisive, indicating there is still leaning towards deficiency in mentoring and/or coaching. According to Thomas-Bryant (2017) from Sage Business Research, 89% of small and medium-sized businesses in the UK acknowledge that mentoring can help them to succeed, which suggests that businesses that do not have access to mentoring are less likely to succeed. There remains a perception that institutions have an unconsciously biased attitude towards BACD entrepreneurs.

The MSDUK (2017) Impact Assessment found that 36 per cent of corporate members expected ethnic minority businesses to be slightly behind the standards of their existing suppliers in their ability to deliver large contracts. However, in the industries represented by the ongoing supply chain, there is no empirical evidence to underpin this hypothesis. The notion that their BACD cultural identity/ethnicity has played a role in the perception that they are less competent or skilled than non-BAME community entrepreneurs is supported within the data, in which 75% of the participants agreed that they were perceived as being less competent or skilled than other social groups.

The literature suggests that there may well be organisational cultural norms that surreptitiously and unintentionally reinforce existing inequalities by unsuspecting actors within an organisation. Unconscious bias may be considered akin to the unwitting actor portrayed in the theory of symbolic racism (Sears and Kinder, 1971).

Alemán and Alemán (2010) argue that there are structural disparities within institutions, and convergence will only occur when there is a symbiotic benefit or interest between the ethnic minority and the interests of their white counterparts. Gold's (2016) assertion that Black entrepreneurs are disadvantaged because of their race resonates overwhelmingly within the BACD entrepreneurial community. The findings present an unquestionable acknowledgement that ethnicity is perceived to have negative role in policy and decision making. In addition, their ability to gain access to finance and business support from a variety of business support agencies was questionable. Whilst support has been acknowledged, the degree of support was received with a degree of pessimism.

When looking at the question of unconscious bias, there was a 90% confidence rate in the significance of the questions and 58% of the respondents agreed that their cultural identity had played a negative role in them gaining access to finance, which was consistent with the literature.

There is an unmistakable belief among BACD entrepreneurs that they experience an inherent lack of acceptance or sense of belonging within various institutions such as the FSB, IOD and the British Chamber of Commerce. The findings suggest that there are shortcomings when BACD entrepreneurs seek to gain access to finance, training, support, and mentoring, and this is perceived to be a result of the structural and systemic bias that exists. The networks that are derived through social capital are complex, dynamic and intricate. Access is unconsciously predetermined by sociocultural factors, which grant access to those who are predisposed through homophily that affects the patterns of interaction in favour of homogeneous connections. Homophily may also affect decision makers' behaviour towards other social groups. The indicators suggest the BACD entrepreneurs will have limited influential social capital, which can negatively impact their business outcomes.

The inherent nature of diversity and inequity within both the public and private sector is cause for serious concern. Whilst there is a growing appetite to deliver real change, institutions are shackled by their systemic, social, cultural, and structural mindsets. The consequence is what is now conceptualised as the Race Paradox, which is the inherent dichotomy organisations encounter daily when addressing the structural inequalities and disparities surrounding diversity and inclusion when deciding on doing business with BACD entrepreneurs.

The Race Paradox

11



The Race Paradox is a set of complex interconnected constructs that give an organisation the unconscious illusion of inclusion and convey the appearance of racial cohesion and equitable coexistence. This perception is often unsubstantiated; however, the narrative continues to be perpetuated and underpinned by gestures, policies, and procedures, in the belief that these structures become the counterbalance for any unintentional bias.

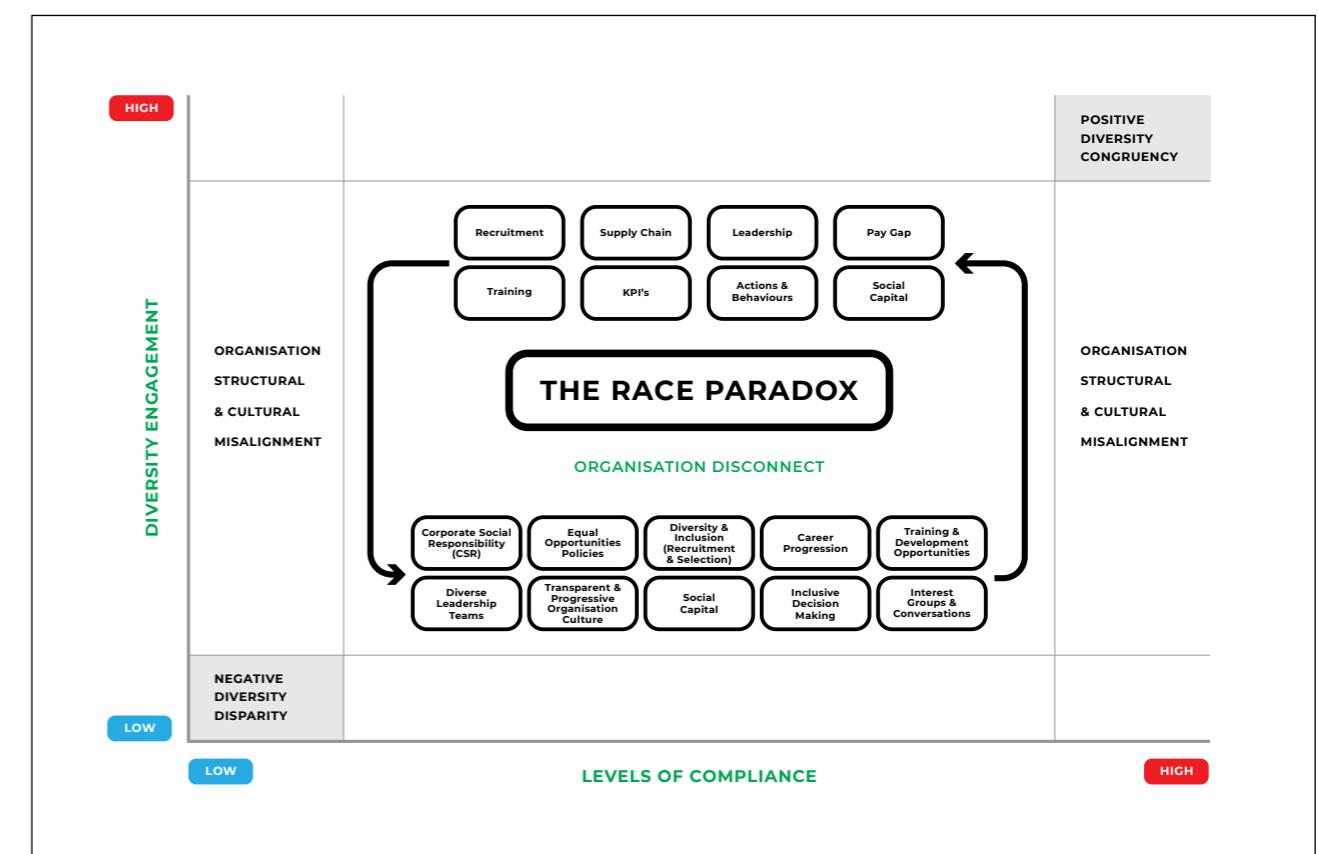
There is an irreconcilable contradiction between the values an organisation purports to embody and their reality. The evidence continues to suggest that the socio-economic landscape has/does not fundamentally change in real terms when contextualised within areas such as employment, corporate social responsibility (CSR), access to finance, social capital, purchasing social responsibility (PSR) and within senior leadership teams (SLT).



Figure 24: The Race Paradox

There is a structural and systemic disconnect in the perception of what an organisation portrays when benchmarked against its stated key objectives, values, and beliefs. These structures would appear to be so deeply entrenched and pervasive within the inner sanctum of the organisation's culture and

within the leadership teams that they become the unwitting actors who continue to perpetuate and reinforce the Race Paradox. This stifles diversity engagement and prevents the inclusion, integration and advancement of the Black, African, Caribbean diaspora entrepreneur.



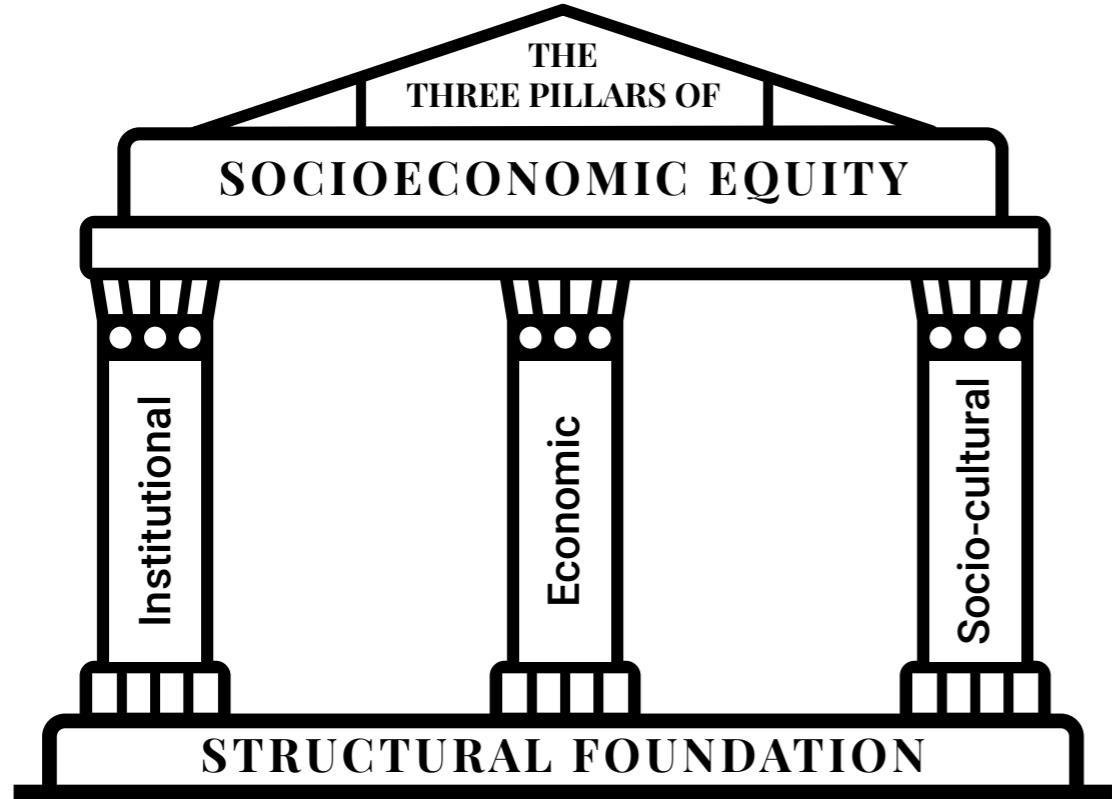


Recommendations

This report has highlighted numerous areas that require transformative and substantive change. It has also recognised that systemic and structural bias is still omnipresent within institutions and society at large. The past decade has seen a noticeable change in the diversity agenda and the narrative surrounding diversity. However, whilst progress has been made, it has been very protracted, and the gains have been very marginal, and inequality is still being experienced by Black and ethnic minority entrepreneurs. Whilst there appears to be an appetite for change, this has yet to be fully manifested. Until there is a strategic shift in organisational collective thinking, culture, and outcomes, it is inconceivable that there will be a break in the cycle that continues to perpetuate the status quo.

The current disparities experienced by the ethnic minority business community and the overwhelming level of data is sufficient verification of the assertion that inequality still exists and particularly within the realms and lives of the BACD entrepreneur in the UK. The lack of access to finance, resources, social capital, training, and opportunities, and lack of mentorship, requires urgent attention to redress the imbalance of these disparities. There is an inherent disconnect between what organisations maintain they seek to achieve and the practice that underpins the organisational reality.

This report has identified three overarching recommendations for change: (1) institutional change (2) economic change, and (3) social-cultural change, which have a series of subcategories that underpin the overall framework of recommendations. The optimal blending and integration of the sociocultural, economic, and institutional changes is the structural foundation that will transform and start to address some of the inequities that exist.





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Pillar One: Institutional Change

To reinforce real change, there must be a willingness and openness to change the culture within institutions that service the BACD and ethnic minority entrepreneur community. For organisations to be more transparent, accountable, and responsible requires a shift in the institutional cultural fixedness and a new and more progressive form of leadership. It will need leaders who are more receptive and willing to implement real systemic change and not remain psychologically shackled to the past that may be at odds with their organisational norms.

There is an egregious lack of Black and ethnic minority representation and participation in both public and private sector institutions, particularly within senior leadership teams and within the decision-making process. Consequently, policies, regulations and decisions are quite often devoid of cultural competence. Cultural competence within an organisation means having the ability and acuity to be sensitive to cross-cultural differences and cultural indifference, and being able to adapt to other cultural needs, but also being aware of how culture can influence one's thoughts and behaviours.

Mentorship & Coaching – Leadership Development

Opportunities for mentoring and coaching are often lacking, inaccessible or diminished within the BACD business community. To mitigate this disparity, organisations must implement and develop structures for ongoing programmes that provide access to coaching and mentoring as a strategic tool. This will help to redress some of the imbalance of inequity, but also to develop and equip the ethnic minority business owner with the requisite skills to sustain their business long term. This will also ensure that minority businesses are fit for purpose when tendering for contracts, which will mitigate any potential or perceived risk within the public and private sector supply chain and the procurement process.

To ensure that diversity and inclusion does not become an aesthetic optical illusion, it must become a staple part of the institutional landscape, particularly within senior leadership team meetings.

Agenda Meeting – Measurement

To ensure that diversity and inclusion does not become an aesthetic optical illusion, it must become a staple part of the institutional landscape, particularly within senior leadership team meetings. Diversity key performance indicators should become a prerequisite on the agenda of these meetings, sitting alongside profit and loss, marketing, sales, and operations. The inclusion of diversity on the agenda will not only demonstrate its importance within an organisation, but it will also hold the organisation accountable for its performance against its key performance indicators. The age-old adage ‘what gets measured gets done’ is a time-honoured truth. This is the basis of any appropriate performance management process in an organisation and will mitigate any potential substandard performance.

Policy (CSR, PSR, D&I, Equality)

As part of the strategic change, there is an urgent need for organisational reform, and the development of new diversity and inclusion policies that will form a part of the D&I framework. These policies must be both quantifiable and measurable. Corporate social responsibility, purchasing social responsibility, diversity, and inclusion policies will require auditing internal systems and processes consistently to monitor progress and to ensure congruence. As a minimum requirement, institutions should endeavour to facilitate diversity and inclusion reviews on a biannual basis. This will ensure that there is a degree of accountability, responsibility, and governance.

Diversity Leadership Groups – (Non-Executive Diversity Directors)

The data suggests that the majority of private and public sector organisations in the UK inherently lack diversity within the boardroom (race and/or gender) and therefore any potential biases will continue to be perpetuated within those

institutions. The status quo will unwittingly remain, as the actors that occupy those spaces may not have the intellectual capacity, inclination, or aspiration to change. To try to redress this imbalance regarding the lack of diversity within the boardroom and mitigate the risk of unconscious bias and cultural homogenisation, there needs to be a change within the cultural and demographic configuration of the boardroom. The boardroom must become more equitable and reflect the changes that they advocate within their organisation. This report recommends the appointment of diverse non-executive directors to the board, proportionate to the size of the organisation. In addition, organisations should seek to review and evaluate their recruitment process and their human resource management development strategy to ensure they reflect equitability across the diversity spectrum (race, gender and disability). The new board members will act as the counterbalance and critical advisers to the board. They will be able to offer new insights and contribute to the strategic decision-making process, through having a diversity of people, thought, values, beliefs, and perspectives. This approach will have a more holistic robust and inclusive approach, which will support greater diversity engagement within the BACD and minority entrepreneur community.

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Social Capital & Networking

Social capital within the business environment is a key component in gaining access to influential people, opportunities and resources. This includes the ability to form relationships, links and bonds with acquaintances, social groups, and friendship groups. The ability to access influential social networks by the BACD and minority diversity groups will give the recipients access to information, resources, opportunities, and people. Businesses that have access to influential networks can significantly increase their opportunities by leveraging their social capital. Wide-ranging disparities between the various socio-economic and cultural groups makes the probability of connecting and developing new networks an inconceivable proposition unless the dynamics change.

This report recommends that the leadership, procurement, human resources, and finance teams become the social capital advocates and hosts of the diversity procurement network events. This will consciously create a space where all parties (BACD, ethnic minorities, diversity groups and organisations) will have the opportunity to meet and develop relationships, gain greater insights into opportunities and be able to understand the sociocultural landscape.

Stephen Covey wrote in The 7 Habits of Highly Effective People (Habit 5): ‘seek first to understand, then to be understood’, addressing how an effective interaction with another person can be beneficial. The hypothesis is that if both parties have a greater understanding of the other person’s perspective, a mutually symbiotic relationship can be developed that will form the basis of strategies for a paradigm shift.



Pre-Qualification Questionnaire (PQQ)Qualification criteria adoption

This report advocates that a structural review of the pre-qualification process is undertaken to facilitate long-term systemic change. The pre-qualification questionnaire will often preclude, hinder, or deter minority diversity businesses from inclusion as they fail to meet the obligatory qualifying criteria in areas such as:

- **Turnover**
- **Experience with working within (public sector)**
- **Competence in tender completion**
- **Qualification**

Changing the pre-qualification process does not mean devaluing the process or its efficacy, or reducing the quality of the applicants; instead, it presents the opportunity to gain access to the entire market talent pool and new and innovative solutions.

Service provider (Tier 1 & Tier 2)

Procurement teams will often seek suppliers that offer good value for money (experience, expertise, and cost) to mitigate risk and ensure efficiency and expediency. Established businesses that have a track record of successfully winning bids will regularly become the supplier of choice (Tier 1), not because they are necessarily the best companies, but because they have the competency and skill set to navigate the tender process. This culminates in a very small, homogenised pool of companies that regularly rotate the winning of tenders. This is cause for concern, as it can also result in negative social-economic impact and poor service delivery.

The recommendation here is to build a framework and conditional clauses within the tender PQQ and bid process that will require Tier 1 & 2 suppliers to have a proportion of their business, by monetary value and percentage of ethnic minority delivery partners, as part of their supply chain, and this should form part of the pre-contract and post-contract key performance indicators.

360 Degree Supply Chain & Diversity Engagement Review

A 360-degree feedback review system should be adopted. This will offer insights and information about the systemic behaviours, competencies, performances, and relationships regarding the scope and depth of ethnic minority businesses working within the supply chain. The 360-degree feedback accumulates performance-related data of the individuals, diversity groups and teams from a variety of sources (procurement teams, suppliers, human resources, and stakeholders). This feedback can then be used to evaluate the organisation's performance against its stated diversity objectives.



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Pillar Two: Economic Change

Access to Finance

The ability of BACD small and medium-sized enterprises to attract and have access to finance is a critical component when funding a business. Financial liquidity ensures that a business can fulfil its growth potential, and without this funding, the prospects become extremely problematic for entrepreneurs in general when trying to build a new business.

The disparities that exist between BACD and other minority businesses are very evident when the data is analysed and when we examine the lived experiences, particularly those from ethnic minority communities, and most notably the Black African, Black Caribbean diaspora. The lack of finance can and does constrain cash flow, stunt growth opportunities, and impede a business's continuation prospects. To redress this imbalance there are a series of recommendations.

- **Risk Mitigation Criteria Review**
- **Mentoring & Coaching (Investment Readiness)**
- **Diversity Funding Panels**

Review Risk Mitigation Strategy for Engagement

The socio-economic disparities experienced by the BACD may well stem from financial institutions' aversion to risk. The creditworthiness standing of a considerable proportion of ethnic minority businesses is low when measured against standard risk factors, such as poor financial records, lack of collateral, level of assets which can be used to secure finance, and these characteristics can preclude or hinder financial institutions from lending. The recommendation is one of structural reform, where financial institutions will be required to conduct a financial lending review and to develop a risk mitigation framework. This reform is necessary to redress the structural imbalance, and without it, it is very doubtful that any tangible sustainable change will be detectable in the long term.

Investment Readiness (Coaching & Mentorship Facilitation)

The recommendation here is very pragmatic, and that is to provide coaching and mentoring to BACD and minority entrepreneurs. Banks and other financial institutions need to ensure that mentoring support is provided by experienced mentors, and those mentors should be a culturally and demographically diverse mix of business coaches and mentors who have an affinity with the ethnic minority business community that they serve. There is a lack of business coaches from Black and ethnic minorities.

Institutional and Structural Reforms – (External Panel Stewardship/Moderators Accountability)

The recommendation is to appoint advisers, external to departments or organisations, to offer advice, support, guidance, and to act as a counterbalance to the conventional narrative, attitudes and beliefs regarding BACD and minority communities.

The disparities that exist between BACD and other minority businesses are very evident when the data is analysed and when we examine the lived experiences, particularly those from ethnic minority communities, and most notably the Black African, Black Caribbean diaspora.

Internal Purchasing Responsibility (PSR)
Access to Opportunities (Tier 1, Tier 2 & Tier 3)

Develop a policy and framework regarding purchasing social responsibility as the methodology and benchmark that guide the organisation's strategic objectives surrounding diversity engagement.

Transparency – (Reporting)
Key Performance Indicators

Develop reporting mechanisms that are open and transparent. Collecting and publishing lending data (e.g. the number of loans, the value of funding, type of funding, rate and frequency of funding) by ethnicity would provide banks and other lending institutions with information that would help them identify whether their products and services are equitable and also give them access to the diverse communities they serve.

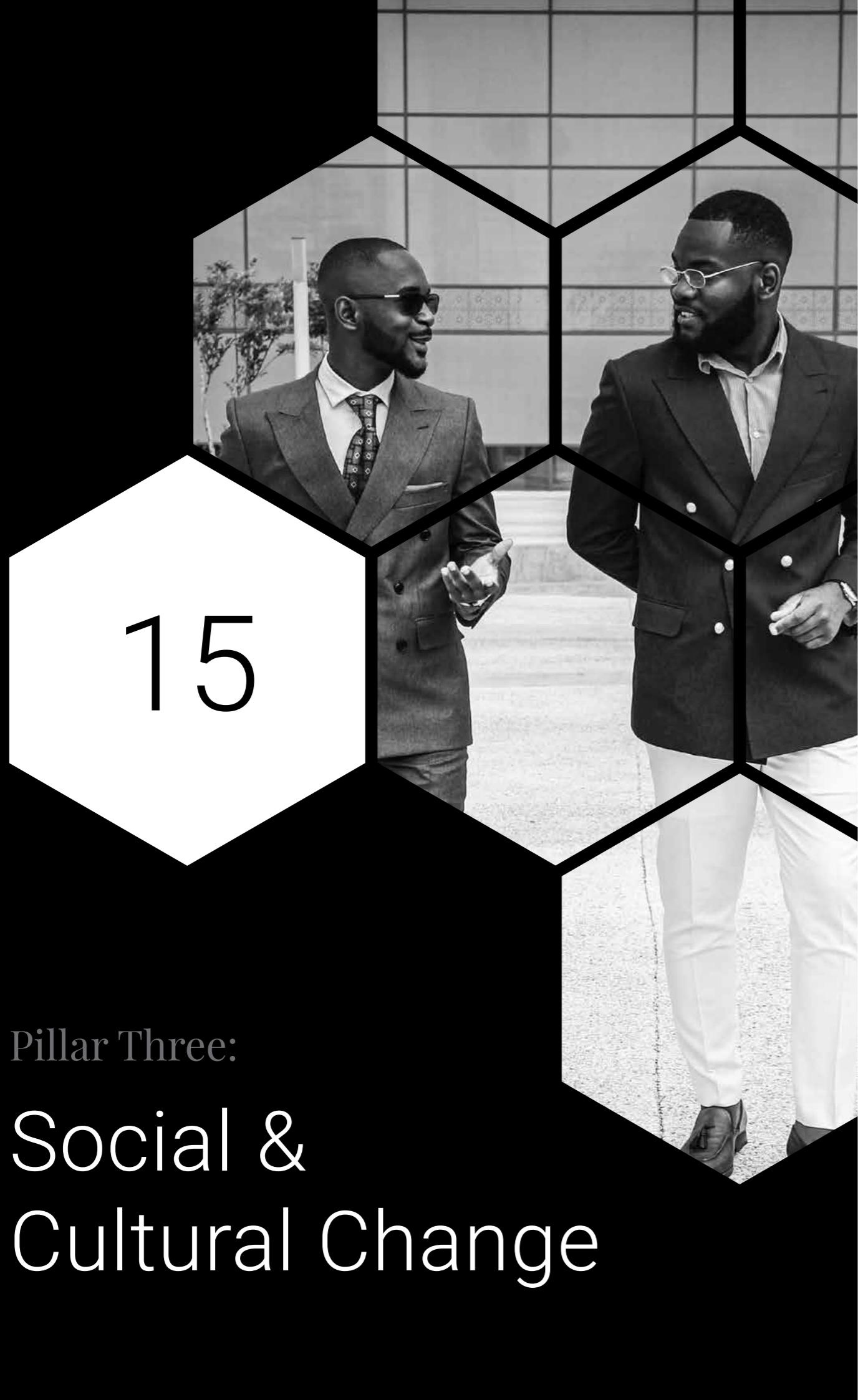
Leadership Accountability

Senior leadership teams should be held accountable for the performance of diversity engagement within their organisation and there should be some form of internal and external oversight to ensure that this objective is achieved.

Social Value Impact (Cultural Wealth Creation)

When tenders are publicised within the public and private sector, consideration and weighting should be given to the degree of social impact and engagement of diverse businesses (employment opportunities, subcontracts, and contribution to the local economy).





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Pillar Three: Social & Cultural Change

This report recommends that consideration should be given to how organisations communicate with diverse communities, the language that is used, and the platforms that are utilised, to ensure that there is a greater degree of sociocultural alignment and to create a more conducive relationship between different sociocultural groups.

Cross-cultural Communication Integration Strategy

We live and work in a diverse and multicultural society, where language, beliefs, values, culture are interconnected and interdependent. However, when organisations attempt to engage and communicate with diverse cultures, there is a tendency to adopt an ethnocentric homogenised approach. This report recommends that consideration should be given to how organisations communicate with diverse communities, the language that is used, and the platforms that are utilised, to ensure that there is a greater degree of sociocultural alignment and to create a more conducive relationship between different sociocultural groups.

Open & Transparent Conversation (Safe Space – Formal & Informal)

Organisations should attempt to create a safe space for introspection and reflection, individually and collectively. This is often very difficult, as the tendency will be to adopt a myopic view of the world. Individuals, staff, stakeholders, and groups within an organisation should feel they can have an open and transparent discussion, without any implicit or explicit repercussions. This may be in the form of a social environment or within a team meeting.

PR& Media Engagement – Diverse Platforms and Media Channels

Organisations should seek to develop new communication channels and PR partners that will resonate with diverse communities (African Caribbean media channels, ethnic minority media and gender-specific media engagement). This will ensure that the opportunities, or access to those opportunities, are widely shared.

As part of this strategic shift, where possible, organisations should attempt to engage boutique diverse PR agencies, that have access to more diverse communities but that also can navigate and communicate in a more conducive manner that will resonate with the audience that is being targeted.

Dismantling Cultural-structural Barriers (Culture Change)

Formal and informal internal reviews should be undertaken to establish if there are systemic and structural barriers inherent within their organisational systems, process, procedures and policies that are either consciously or unconsciously creating barriers of entry or access to resources, information or people. This may well require external and internal resources to help the organisation to identify the reforms that may be required to dismantle, restructure or revamp any structural barriers that may be present.



Partnership Networks (community-centric)

As part of their strategic development, organisations need to develop new diverse social networks and engage at a granular level with different community groups, Black entrepreneur networks, and women diversity entrepreneurs, and ensure that their organisation has representation and access to these groups. This will build trust within the BACD and minority entrepreneur community.

Outreach and networking events are tools that can be used to make positive connections with diverse business groups and associations in formal and informal environments. The proactive nature of engaging the BACD and minority community will again further engender trust and create positive relationships and greater social capital.

Government Legislation

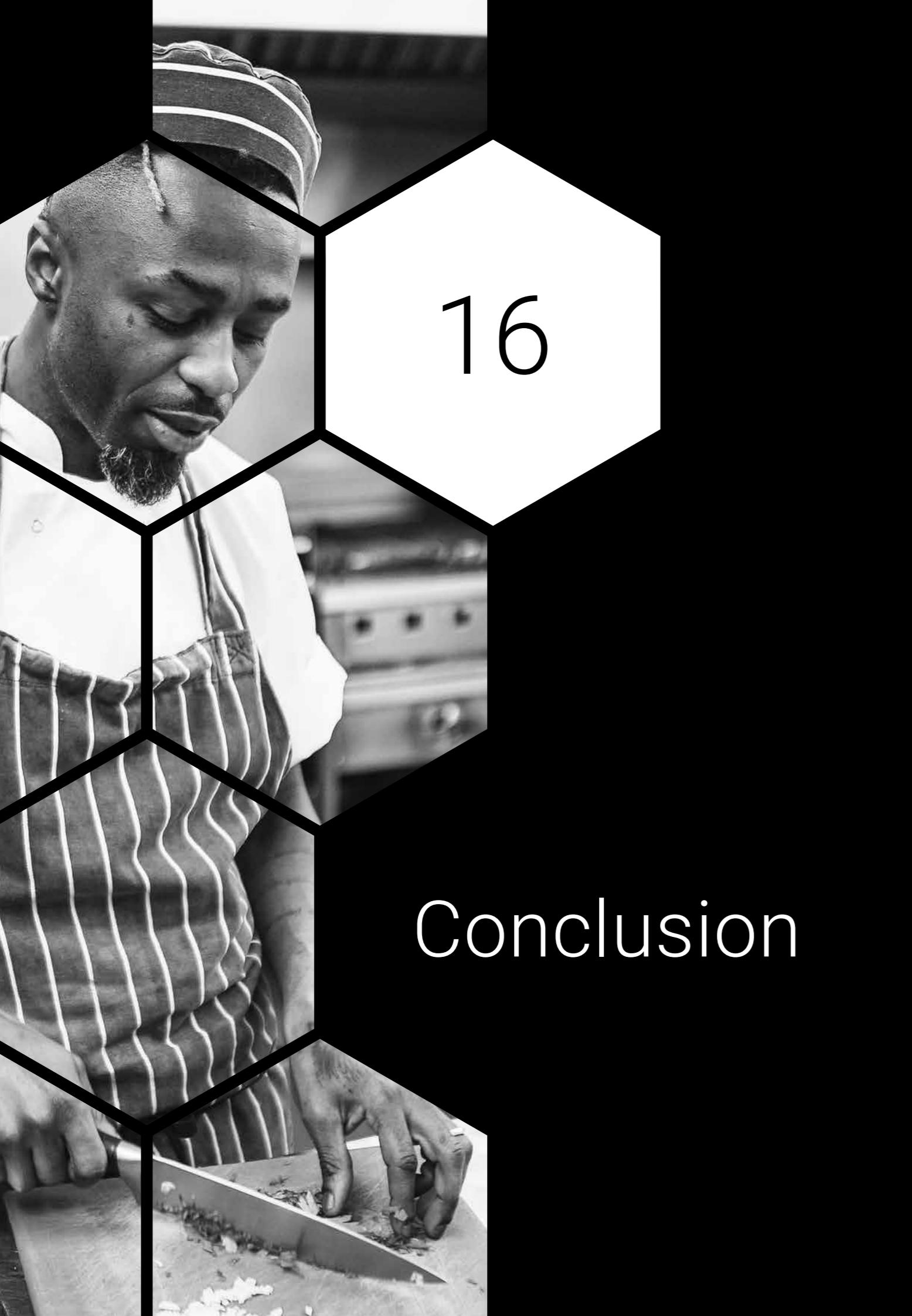
Government legislation will be required to galvanise support and to redress any potential imbalances within the private sector and government institutions. There must therefore be government-backed policies and legislation that underpins the rhetoric of levelling up and supporting the most underrepresented social groups within society.

The government should seek to introduce policies where organisations within both the public and private sector publish their diverse

supply chain expenditure in terms of value, frequency, and quantity. This will ensure full transparency, corporate oversight, and better governance, by having the ability to measure outcomes and to determine progress.

New framework agreements that grant access to finance by BACD and diverse businesses from government-backed/funded institutions (caveats apply) are critical in terms of growth, cash flow and investment. The lack of capital investment and resources is a debilitating determinant for a lot of SMEs, and acutely more so within the BACD community.

The government should introduce a policy akin to the gender and equality pay gap, where all organisations over 250 employees will have to publish data around leadership teams, promotions, corporate expenditure, recruitment, supply chain contractors (demographic profiles).



Conclusion

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This report has endeavoured to present a contemporary insight and more inclusive agenda for the BACD entrepreneurs within the UK. The report has sought to highlight the inherent disparities and structural inequalities, but also to present solutions that can help to deliver long-term sustainable and transformative change. The broader picture reveals that small and medium-sized enterprises play a vital role in the UK economy through GDP contribution, employment, and socio-economic prosperity of the economy.

The environmental setting is against a backdrop of numerous elongated attempts to redress the disproportionate imbalance within society, via government-led policies and regulations. The results have been compelling, and they have demonstrated that systemic bias is still prevalent within society at large and within institutions that support entrepreneurs. There is a greater probability that the BACD will have significantly more difficulty gaining access to finance, mentoring and business support when compared to other ethnic groups.

The Race Paradox highlights that there is a disconnect between organisational policies and practice. These disparities are evident across key metrics for the BACD entrepreneur, and they manifest themselves within multiple different areas, ranging from access to finance, training, social capital, mentoring, access to opportunities, and areas such as business support. As a result

of sociocultural and political activism, there has been a growing level of consciousness that has been activated within the public and private sector regarding diversity and inclusion, which has created an appetite for change; however, a dichotomy still exists.

The dichotomy of the Race Paradox lies in an organisation's inability to take action that delivers real change and inclusion despite its stated objectives, policies and procedures.

The litmus test that has been undertaken during the last decade has found the private and public sectors have lacked substantive and transformational change regarding diversity and inclusion engagement. The diversity outcomes have been somewhat underwhelming, and this has been substantiated through the various reports commissioned during this period, reports that have disproportionately alluded to the continued disparities, which underpins the veracity of this assertion.

The ability to track progress will require a greater degree of transparency, accountability and measurability that can be contextualised within monetary terms as opposed to idealised progressive hyperbole. The solutions need to be binary; the objectives and outcomes must have a symbiotic relationship.

This report suggests that unless we have identifiable, clearly defined metrics and mechanisms, the public will not be able to determine if a real tangible change and 'levelling-up' has occurred.

The nature and type of change implemented within an organisation will manifest into long-term sustainable change which engenders trust and builds a more equitable and fairer society that perpetuates inclusivity and creates a more vibrant economy for all ethnic minority communities and not just for the majority ethnic community. A truly multicultural Britain that engages and embraces all ethnicities is not only the morally right thing to do; it is also good business. Having more businesses that can contribute to the gross domestic product, reduce unemployment, create jobs and increase the wealth and prosperity of the country through operating sustainably makes good economic sense, which is good for all communities and the country at large.



The secret of change is to focus all of your energy not on fighting the old, but on building the new



— Socrates



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