



*Boosting Ethnic Minority
Entrepreneurship*

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This is the second of three race equality events this year hosted by Inclusion and BTEG.

The first conference focussed on **employment** and the final one 8 December will focus on **apprenticeships**.

Entrepreneurship in the UK has grown significantly in the years since the financial crisis.

In 2014, almost **15 per cent** of adults in employment are self-employed, up from around 13 per cent in 2008.

What are ethnic minority businesses?

- BTEG: a business is 'ethnic minority-led' if **51%** the ownership rests with an ethnic minority individual/s or ethnic minority shareholders.
- Small Business Survey (SBS) definition: at least **half** their management team are from an EM group.
- According to the SBS 2012: **7 per cent** of all SMEs employers fit this description.

National Audit Office

- Estimates that the cost to our economy from the failure to fully use the talents of people from Ethnic Minority population could be more than **£8 billion annually** (DCLG, July 2013)
- Ethnic Minority businesses contribute **£25 billion** to the economy

Higher aspirations to start a business amongst EM groups:

- Black African **35%**
 - Black Caribbean **28%**
 - White British **10%.**
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- But conversions to start-ups are very low.

Access to finance

- Evidence suggests that African, Caribbean, Bangladeshi and Pakistani groups are more likely to have their loan applications rejected than Indian and White businesses.

Self-employment

- Self-employment rates are lower than average for some ethnic minority groups, including Black African and Black Caribbean communities.
- Ethnic minority groups with high self-employment rates are often working in extremely low pay sectors.
- Pakistani men have the highest self-employment rate of all, at **30%**, with many working as mini cab drivers.
- Black African Men have the lowest self employment rate **13%** White men **18%**
- Chinese women have the highest self-employment rate **14%**
- Bangladeshi and Caribbean women have the lowest rate **6%**

Source: The Dynamics of Diversity, Manchester University, June 2014

The **New Enterprise Allowance** figures show that ethnic minority people are under-represented on the programme.

For the period April 2011 to March 2014

Ethnicity	NEA: Mentor Starts	NEA: Weekly Allowance starts	% of weekly allowance starts
Total	93,880	46,000	
White	75,710	38,350	83.36%
Black	7,600	3,030	6.58%
Asian	3,270	1,270	2.76%
Mixed	1,690	720	1.56%
Other/Chinese	1,400	580	1.26%
Unknown	4,220	2050	4.45%

NEA cont'd

- Ethnic minority comprise **12.17%** of NEA weekly allowance starts (**13.2%** in 2012)
- NEA weekly Allowance starts **65%** are male.
- **69.63%** are aged **25-49 years** and **7%** aged **18-24 years**

Young people

According to the Prince's Trust & RBS:

- Almost **one third** of all young people believe they will be self-employed in the future.
- **One in four** expect to be their own boss within five years
- **42 per cent** of young people have considered setting up in business
- Only **one in five** per cent of young people in the UK are self-employed

Lord Young Review 2014

- Published, '***ENTERPRISE FOR ALL THE RELEVANCE OF ENTERPRISE IN EDUCATION***'
- The report looks at fostering an enterprising attitude in both formal and informal education, including the desire to become an entrepreneur.
- **Recommendations:**
- Head teachers have an **Enterprise Adviser**
- **Enterprise Passport**
- **FE** Level 3 vocational courses should include a core module on working for yourself and how to start up a business
- **HE** institutions to have an elective enterprise module available to all students
- Start up programme in all HEIs that have business schools holding Small Business Charter.
- Create an incentive and reward structure for enterprise activity by developing an enterprise "E-Star" award.

Why are we here today?

There is **huge potential** for boosting entrepreneurship within ethnic minority communities.

We know that ethnic minorities have:

- **High aspirations for entrepreneurship;**
- **A talent pool of former public sector workers;**
- **Higher number of graduates who are struggling to find employment;**
- **Strong global links based on family connections.**

But historically, ethnic minority communities have been **under-served** by publicly funded business support programmes and that ethnic minority entrepreneurs continue to experience difficulties in accessing finance for business start-up and business growth.