
South Asian Entrepreneurship: A View from the North

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Entrepreneurship

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Sukhbinder S. Barn

Middlesex University Business School
Hendon, London, UK

Abstract: The paper, while having a cursory examination of ethnic minority business development in Newcastle-u-Tyne, examines issues that businesses further south have long since experienced and overcome as a result of a heavy concentration of support networks and institutions (Srinivasan, 1992). The main issues of the paper centre around the reluctance of ethnic minority business owners, particularly those from South Asia, to utilise Government agency support in the development and expansion of their businesses.

INTRODUCTION

Debate on reasons for the extensive amount of ethnic minority business development over the last twenty years has centred around two premises: firstly, that of an innate “cultural predilection” for entrepreneurship (Ram, 1992) versus a reaction against “racism and blocked avenues of social activity.” (Jenkins, 1984). While no consensus exists and empirical evidence supports both camps, Newcastle presents its own unique picture. It can be argued from the interviews undertaken with business owners that their very existence and success is a result of an imbibed cultural work ethic. The humiliation that first generation immigrants felt at the prospects of unemployment was a sufficient spur to look for alternatives.

The early immigrants tended to be employed within the brewery, bakeries or heavy manufacturing. Those within self-employment nearly always found themselves as credit drapers. While research (Aldrich *et al*, 1984), shows the development of ethnic niche businesses within other cities throughout Britain, this particular form of self-employment was not one based upon selling or serving internal communities, but rather one where business was exclusively with the white host community. In fact, credit drapery (see endnote) as a form of commerce was readily accepted by the host majority community, where the tradition of the Tynesider “tallyman” existed within mining areas. Asians had found for themselves a “ready-made entrepreneurial role” (Taylor, 1976). However, credit drapery fell into rapid

decline due to the colliery closures and along with greater employment opportunities opening up within public transport and factories.

This paper shows the early South Asian shopkeepers in 1960's Newcastle, did not only establish themselves to serve their internal market. It is only later in the 1970's and 1980's, as the community enlarged, that specific Asian food, clothing and wholesale retail outlets really begin to flourish. The early shopkeepers merely served their local white community in corner shops, which were previously owned by whites in traditional working class areas.

The first generation migrants in Newcastle saw during the 1970's the natural opportunity to develop businesses which not only served the indigenous community but also met the specific needs of their fellow migrants. These businesses were based in the heart of the community and their success was due to the owners' intimate knowledge of the pattern of demand and requirements of the market. They illustrated the value of being close to, and listening to, customers, and stocking what they wanted whilst offering a good service; coupled with the ability to understand needs through an implicit knowledge of the market gained through their introspection. Furthermore, competitive advantage accrued to ethnic minority businesses through greater labour flexibility, since the majority of the businesses were family concerns. This meant that everyone worked closer together, with all partners being fully interchangeable in the jobs they performed. Although self-exploitation in such a manner has its advantages at the growth stage of the enterprise, problems related to management and decision making become more rife when considering diversification and expansion (Ram *et al*, 1993). In the late 1970's and 1980's, Tyne & Wear experienced a further growth in ethnic minority businesses, as rising unemployment in the south brought about the realisation of the potential the North East offered both in terms of cheaper property and lower costs of living.

Over time, the range of businesses in Newcastle have evolved from the traditional "corner shop," general dealer and draper to wider and more diverse concerns such as Nursing homes and property management. This supports the argument that in order for ethnic businesses to succeed, they will need to break away from their reliance on their own communities and move into non-ethnic markets, where there is greater potential for growth. By and large it is the educational advances made by the second generation which will allow this to occur.

RESEARCH METHODOLOGY

The main objectives of the research were to:

- Determine the profile, role and perception of Government agencies, by ethnic minority firms within Newcastle's City Challenge area.
- Identify the level of institutional support in place to assist ethnic minority businesses.
- Examine the role of banks as providers of finance and advice.
- Develop an insight into reasons for business start-up and methods of raising finance.
- Establish the viability of a forum solely for the use of ethnic minority businesses.
- Develop an understanding of strategic marketing aims which ethnic minority businesses might employ as a process for business development and expansion.

The research was conducted using a random sampling method from an existing database of 'City Challenge' businesses, which identified approximately one hundred and twenty Ethnic Minority businesses, out of which fifty were interviewed. However, there were problems in the accuracy of the database, in that a proportion of the businesses had either closed down, or it was not possible to identify the ethnic origin of the owners from the details available.

The small sample size makes the research findings more exploratory than conclusive, but it is still felt that the research can offer insights into the nature of ethnic minority entrepreneurship within South Asian and Chinese communities.

Fifty owners/proprietors were interviewed face-to-face at their business premises, over a four-month period using a pre-prepared structured questionnaire. The information obtained was quantitative in nature and the surveys were conducted either in English or Punjabi. An attempt was made to interview an equal number of businesses from all communities. However, while there is a sizeable Bangladeshi community resident in the West End of Newcastle, there were no interviews conducted with business owners from that particular community since the majority of Bangladeshi owned businesses fell outside of City Challenge boundaries. The majority of businesses interviewed were very co-operative and forthcoming with

information, however, sixteen businesses refused to be interviewed. Their reasons varied from a lack of time, to disinterest in the report, stating that they felt any outcomes would not be beneficial or important.

Business Owner Profiles

Ultimately, this study aims to highlight the degree of business support access by ethnic minority businesses. However, in order to understand fully the problems and barriers that these businesses may have experienced, it is necessary to provide some analysis of their beginnings, structure and competition strategies. The concentration of ethnic minorities in certain business areas supports existing research, in that self-employment will be sought where the requirement is for low capital investment and high labour intensity. This therefore allows effective use of extended family networks and community connections as a source of cheap labour. (Ram,1992; Srinivasan, 1992; Werbner, 1984).

The focus for Chinese businesses tends to be either in ventures where ethnic markets can be served with the use of existing knowledge and skills, or alternatively, the white community can be served based upon the "ethnic appeal." Nevertheless, the Chinese community do not differ from their South Asian counterparts in the manner with which they utilise family ties. Furthermore, the influence and impact of community focus is more apparent and extensive within the Chinese community; although its importance is of greater value to first generation entrepreneurs where the gatherings are essentially social in their nature with business matters being *informally* discussed.

ACCESS TO BUSINESS ADVICE

Primary and Secondary Sources of Business Advice

All the businesses were questioned with regards to the advice they first sought when setting out on their business venture. The prime source was the family, with the majority of respondents stating their preference for information from people they knew and with whom they had established trust. In actual fact, it was only a small percentage of businesses who sought advice external to their families. In all cases the adviser was an accountant, who had invariably been with the business or had dealt with family finances in some form or another. Therefore, the accountant was viewed almost as a "family" member and became an automatic source of

qualified information. An important issue is that the advice sought did not need to be necessarily of a financial nature.

The external advice sought, tended to be more related to financial matters and to a lesser extent about marketing. However, when respondents were questioned further regarding the specifics of marketing strategy that they pursued, the answers invariably related to simple promotional and “one-off” strategies based around pricing issues.

Of the businesses that sought no advice, the main finding is that the majority were unaware of where to go to for advice. Coupled with the problem of poor communication skills, it is no wonder that such a small percentage of professional external advice is sought. Indeed, one respondent went on to explain how his present problems with the bank would not be as pressing as they were, had he been aware of assistance and advice that was available. Further, due to his inability to speak English clearly, he felt he was immediately disadvantaged and stereotyped and came away with a perception that because “all these business advisors are white anyway”, he would derive no benefit, and that they had no *real interest* in providing him with assistance. Indeed, many of the successful businesses within Newcastle and the UK in general have achieved their levels of prosperity “without the assistance of business support agencies” (Marlow, 1992; Ward, 1991).

There is a feeling that business advice would not be of great value given the background of the individuals concerned. One respondent explained that as a first generation migrant, he saw many individuals around him that had come from the same district in India and were now very successful. He saw these individuals as his source of inspiration. They had succeeded, so therefore the natural corollary was that he could too, it was as simple as that. Due to such feelings, no amount of business advice could be as motivational or as valuable. Further, it was seen as almost “shameful” to seek advice - an indictment on the individual and his ability to run a business.

The cases which sought external advice, tended to be second generation businesses. This reflects a general view of second generation respondents and a greater propensity to seek advice, because they will know where to go and will see it as a necessity to ensure the continual development and expansion of the business. Second generation respondents were aware of their limitations and the value that could be added by external specialists. It

is also reflective of the benefit of Higher Education which has endowed second generation entrepreneurs with a greater overall knowledge and appreciation of business practice, processes and strategies. As one respondent stated:

“We have a greater understanding and use of business and accounting techniques, therefore allowing us to have an earlier indication of business performance. It is the first generations’ lack of formal academic knowledge that prevents them from seeing problems.”

Knowledge of Business Support Agencies in Newcastle-u-Tyne

This was an important area which examined the reasons for ethnic minority businesses not seeking advice when starting their business ventures. When the sample businesses were asked if they knew of the existence of business support agencies in Newcastle, the results were startling. Forty-eight percent of the businesses interviewed said they had heard of their existence, but beyond that, the respondents could not give examples of the work these agencies did or indeed who they actually were. When asked if any business support agency had approached them either by letter or through an actual visit, only 12% responded positively. Further, when businesses in the heart of the City Challenge area were asked if they knew what City Challenge’s aims and objectives were for their region, only 36% of respondents stated they were aware of City Challenge, and only one or two could list a number of City Challenge projects.

Ethnic Minority-Specific Business Support Agency

Respondents were questioned with regards to their opinion on the creation of a specialist business support agency, geared solely to assist *ethnic minority* businesses in a range of services. Eighty-four percent of businesses expressed their interest in the existence of such an agency. This emphasises the importance of the need for cultural sensitivity in support provision. However, there is the danger that some businesses may resent being “singled out” as companies needing support, but would prefer to remain with the mainstream. Therefore, providers of specialist advice will need to understand this particular issue in their formulation of strategies when targeting such businesses. An important element of the strategic process will be to ensure they do not treat businesses as homogenous entities, but rather as a range of businesses with multifarious needs and aspirations. Some respondents felt such an agency needed to have powers

beyond purely an advisory capacity and have authority in providing financial assistance and genuine influence in Newcastle-wide issues.

Businesses were asked questions regarding the ethnic origin of their accountant and whether their choice was a deliberate action. Over fifty percent stated that their accountants were from the same ethnic background. There are many reasons suggested for this, with the most consistent response being the ease of communication. Respondents felt they could put forward their problems and issues in a much more lucid fashion when the accountant was from the same background. Further, they felt the replies they received were clearer and less cluttered with jargon. In many cases, businesses changed from a "white" accountant to an "ethnic" one because of the flexibility the latter offered. The "criticism" levelled at non-ethnic, professionals was that they tended to be too rigid and inflexible in their appointment systems. As one respondent pointed out:

"We Asians deal with all our tax and accounts in the last minute, it is only the Asian accountants that will see you when *you* are available."

In addition to this, some respondents felt white professionals were not "fully conversant with the cultural aspects of Asian businesses and business practices."

"The advantages that an ethnic minority accountant would have, is that they would be dealing with a cross-section of ethnic businesses and as their client portfolios built up they would gain almost "specialist" knowledge regarding certain business areas."

This view is certainly supported by Chinese restaurant owners, who stated their reasons for having an ethnic accountant, or a firm with Chinese partners, was because these firms dealt with a number of other competing restaurants and were therefore aware of relevant issues facing the business sector. However, while 66% of the total respondents rated their accountants understanding of the business as "good," in general, accountants are criticised. Many felt there was scope for improvement in offering a service beyond just looking at the books. This might take on the form of tax advice or investments for example, with clients willing to pay for such a service, but never being offered the opportunity.

Ethnic Chamber of Commerce

Eighty per cent of respondents liked the idea of setting up, or being part of an Ethnic Chamber of Commerce. Many respondents pointed out a number of pitfalls which would exist with such an institution although in general they were supportive of the idea. The general arguments were the sharing of business information and ideas. Further, the value to second generation business would be of being in a familiar environment and providing the opportunity of meeting long established businessmen and making use of their knowledge and expertise. As one Muslim respondent remarked, "it gives us the chance to meet outside of births, deaths and marriages." Furthermore, since there are a number of non-indigenous businesses, a business club would act as a social outlet and help reduce the sense of isolation that these businesses might feel.

Some respondents who were already members of the Newcastle Chamber of Commerce felt that they had derived no benefit from membership. They believed that a similar ethnic body would not really discuss ideas and would tend to be too secretive and competitive. It was felt that a business club would only be a good idea if information could flow freely. However, many businesses would be too keen on confidentiality, and this would restrict the flow and open discussion of ideas. Further, the business club would serve only to provide the opportunity for those wanting to boast about their successes, therefore the effects could be more demoralising than motivating.

The Role of Banks

The use and role of the banks is an important and interesting area. The most favoured bank was Barclays, used by 48% of the businesses; 74% of businesses rated their bank manager's understanding of their business as "good" and 20% saw the understanding as only "moderate". There was quite a variance in the reasons for choosing a particular bank. "Proximity to home and business" and a "good manager" were the main reasons offered. An important signal to the banks in Newcastle, was that only 6% of respondents saw their banks offering favourable terms or specialist knowledge.

There tended to be two schools of thought, the more affluent and well established the business, meant less reliance and emphasis was placed upon the role of the bank, with the institution merely acting as a "keeper of their money". Conversely, many businesses were heavily reliant upon the

goodwill and continuing good relations with their bank to survive. Language and communication problems were expressed as major barriers for many businesses, where the feeling was that poor understanding of the bank's terms and conditions, lead in many cases, to problems of debt and high interest charges. However an overall notion was that Asian businesses are still naive over basic issues related to bank charges. In spite of this, there was a consensus that banks "overcharged our people," and took advantage of peoples' lack of knowledge.

"Asians do not complain because they are at the mercy of the bank. Even when they are overcharged they do not know what to do, where to go, or how to resolve a problem."

Some businesses were so wary and distrustful of banking operations, that many felt it was easier to work in cash than use a bank's services. Indeed, many first generation businesses, due to their extensive network connections, saw it to be far more prudent and easier to "get hold of one of your own people, ask for a £5,000 to £10,000 loan, do your job and then give it back rather than going to the bank."

By and large, the first generation inferences were that banks have changed dramatically over the years, in that they are a great deal harsher and stricter in their lending criteria: "their charges are higher and they tend to ask for too much security." Some owners maintained that the reasons for their good relationship with their banks was because they had not created any problems in the running of their account. The value is that the bank now approaches them to see if they have any need for expansion capital. This is however quickly tempered with the thought that, "banks are important for initial support, but the sooner one can become independent from them the better it is."

In the more established communities of Yorkshire and the Midlands we return again to the notion that established institutional support and size of the communities has aided if not at least provided a prop for the development of ethnic minority firms. Such support and aid has been very limited within Newcastle and the North-East. Furthermore, effective academic research and business consultancy has also been very limited if not non-existent. All in all, we have a situation whereby financial institutions while offering a service to prosperous and marginal businesses have made no real in-roads in providing a tailored or specialist service.

Indeed it is only within the last few years that specialists have been implemented within the more frequently used bank branches in the West End of Newcastle.

Sources of capital for initial finance and expansion

When setting up their businesses, sources of initial capital were evenly spread between personal savings, family savings and the bank. When the generation aspect is examined, it is noticeable that the bank sources are used by 61% of first generation owners. This perhaps indicates the degree of ease in obtaining finances from the banks in the past. Further, personal savings are the major source for first generation owners, again indicative of the thrift and background characteristics of that generation. Indeed Werbner (1984) describes the South Asian ethos as one that is epitomised by: “self sacrifice, self-denial and emphasis on hard work and saving.”

Seventy-one percent of second generation businesses used the family as the main source of start up capital. This highlights the issue that second generation businesses tend to be more favourably positioned in terms of receiving assistance from non-institutional sources, and benefit from the success of their parent’s enterprises, and are therefore more likely to be successful in a shorter span of time than first generation businesses.

EXPANSION PLANS

A third of the businesses had plans for expansion of some variety in the near future. Fifty-nine percent of these businesses planned to finance this expansion from internal sources. These sources might take the form of reinvesting profits or using family funds. Thirty-five percent would be using the bank as their main source of finance, however, it is worth noting that the majority of the businesses using the bank were second generation businesses. Maybe this indicates that their internal network of family connections for finances is not as well developed as first generation owners, hence their reliance upon banking institutions. However, it also maybe symptomatic of their ability to communicate more effectively with banks and have greater understanding of the systems and processes used to acquire financial assistance.

COMPETITION AND MARKETING STRATEGY

The process of strategic planning in the context of business development should pay prescriptive attention to searching out new and unexplored reaches of a market, while simultaneously, managerial direction should emphasise the importance of maintaining and preserving present advantages from competitor activities. Ethnic minority firms have a natural and inherent competitive advantage over indigenous enterprises in the provision of culturally specific goods. Indeed, many firms when they begin their life-cycle search for niches; and the ethnic niche has become a strategic choice for ethnic minority firms because it offers the entrepreneur an in-road into a market that not only do they understand but also one in which they can form an immediate rapport through cultural proximity. Further, it is seen as the *potential* “cash cow” from which to nurture their present and prospective businesses. Those ethnic minority businesses who have directed themselves in providing for these needs, have hitherto dominated those markets. However, the main problem is that firms have become subservient to the localised and ethnic market and have not developed strategic marketing aims to attract new customers in different market segments.

An interesting picture emerges when an analysis of the customers is made in terms of, their source and ethnic origin. The geographical distribution of customers shows that 48% of clients came either from within the immediate proximity of the business, or were passing trade. An important aspect from an ethnic dependency point of view is that, for all the respondents, 64% of customers were white. Thirty-seven percent of Indian and Pakistani businesses indicated that their customers came from within the South Asian community; and 30% of Chinese businesses had customers from their own ethnic group. In general terms, the level of dependency is quite healthy, in that it does not show an over-reliance upon an internal market. When an analysis was made of specific reliance upon a race group as a source of custom, 25% Indians, 42% Pakistani and 40% Chinese stated that a degree of reliance existed, although it may not necessarily be upon their own community. Within this sample, the issues relate more to the problem of reliance upon a narrow spatially based market, rather than a reliance upon a specific ethnic group.

In the initial stages, the provision of “ethnic” goods and services was a growth segment of the market. However, over time, the profits generated have had the effect of intensifying competition by attracting other ethnic firms offering similar products and services; furthermore, the profits and opportunities have attracted competition from more well-established

indigenous businesses. This point has been well illustrated through the activities employed by many of the larger supermarkets. They have effectively expanded their product range and thereby increased their appeal through the inclusion of the "Ethnic" or the "Foreign Foods" aisle. While predominantly their main target has been the indigenous white population, the impact is still quite striking upon the community based ethnic product related retailers. Moreover, through their location and opening hours, they have further eroded away at the competitive advantages that ethnic minority retailers have had in terms of proximity to the market and convenience.

Even though the study surveys a wide range of business ventures, the reaction and perception of competition is a challenging issue. Respondents tended to have no problems in indicating the source of their competitive advantage over rivals. The main factors determining their attraction for customers were the "products offered" (32%), "personal service" (22%), and "reliable service" (20%). Many respondents stated that these factors had changed over time. Initially, "opening hours" had been a main determinant in attracting customers, but that advantage had disappeared with the continual development of larger firms.

However, only 16% of respondents saw large firms as a problem and even then the problems were localised to general dealers and newsagents. The respondents felt that with longer opening hours and Sunday Trading their previous "convenience" advantage had disappeared. As a result of these developments, the long-term picture does not look too healthy, with the majority of small retailers operating on small margins and with a restricted customer base limited to their immediate vicinity. Perhaps more fundamentally, they are taking no measures or see no particular approaches they can adopt to combat the proliferating growth in competition and are essentially waiting for their own demise.

The pricing strategies employed by the sample businesses show some interesting findings. Even though only 14% of businesses stated that price-cutting was a problem posed by local competition, the issue tended to isolate itself predominantly within the Chinese restaurants in China Town and South Asian wholesalers in the Blenheim Street region. Invariably, price-cutting (10%) and the introduction of new product lines (16%) formed the main weapons for combating and reacting to competition. Seventy percent of respondents confirmed that they did not react to competition at all. The main reason given, that it "achieved nothing." Certainly within the wholesale sector the willingness to accept much lower profit margins is

consistent with wholesaler attitudes within the Manchester rag trade where it is an accepted feature of competition and where price cutting tends to be the only option (Werbner, 1984). When we look at the level of marketing activity undertaken by respondents, sixty-two percent of businesses stated that they had not advertised or used any form of marketing tool to generate additional business. The main form of marketing activity was the use of leaflets, and this was done by 22% of the sample. Only 4% of businesses had ever sought marketing advice and only 6% had monitored the effects of their marketing efforts.

In many cases the lack of activity can be understood, in that marketing in the traditional Four P's sense would be ineffectual given the nature of the businesses. However, while formal approaches are not undertaken, a cross-generation perspective on customer relations, shows that businesses have involved themselves in an informal relationship marketing strategy. The second-generation approach is to emphasise a particular reliance upon referral business and the importance of corporate entertainment as a process of customer retention. This is an area of important debate needing further exploration within the context of South Asian business evolution and development.

The main issue of concern regarding competition, was the existence of too many similar outlets, 28% stated this factor as a major problem. However, one respondent put this into perspective as he explained, "if you have been running market stalls for the last 20 years in close proximity to fifty other similar traders, what is the threat of competition when you are faced by five new other businesses"? In spite of these problems, all respondents *welcomed* the existence of competition, stating that without such they would not be as successful as they were:

"The only reason a client will come to a particular wholesaler, is because they know that others exist in close proximity where they can compare prices and products. As businesses close down, or look for alternative sites, wholesalers become widely dispersed throughout the City, therefore, customers are lost because they are not attracted by a single business."

The same competitive approach holds true for China Town: customers are attracted by the concentration of restaurants in a small area, thus dissipating the need to "shop around". This does however cause problems for those businesses not within that concentration, as these tend to be overlooked by customers.

With time, the managerial issues that become important, question whether or not the entrepreneur has the ability to maintain their initially unique and strong position and thereby retain market leadership in the provision of these goods and services. The businesses interviewed for this study, were located predominantly within the West City ward of Newcastle, and as a result of their location have been stigmatised by the high levels of crime and unemployment prevalent within these areas, (male unemployment 46% and female unemployment of just over 28% - City Profiles, 1993). Therefore, it becomes inevitable that by having to rely upon a relatively poor and marginalised section of the community the opportunities for business growth will be limited, since the target market and potential consumers will not have sufficient purchasing power to allow development to occur. Furthermore, by the nature of many ethnic minority owned businesses, this would be a difficult process due to the geographical constraints of their market share and demand (Ram *et al*, 1997). Even though the South Asian community is widely dispersed in a range of businesses, the majority are either reliant upon their own community for success, or a very narrow, shrinking localised market base. Therefore, to enable businesses to “breakout” and away from a constricting dependence on the internal market, there is a requirement for change in the manner with which businesses operate and the products and services which they offer. A major factor in preventing ethnic minority firms from breaking out of traditional, narrow ethnic enclaves, is one that is self-created.

CUSTOMER FOCUSED OR COMPETITOR CENTRED

When looking at the notion of superior performance, we see an essential element is about gaining an advantage by developing competencies which are distinctive from those of competitors and delivering a value to the customer. In many ways the provision of such competencies will meet corporate objectives, however, a more realistic and fundamental issue is the necessity that “management understand the reasons for current advantages or deficiencies of the business.” (Day *et al*, 1995). While small firms may be heavily limited in terms of resources and capital, it does not mean they will and cannot attain some sort competitive advantage (Carson *et al*, 1995). Indeed, for ethnic minority firms this is not the case at all. The entrepreneur has to give consideration to the advantages that offer the best opportunities for beating competition:

- Product delivery and after sales
- Personalisation
- Flexibility of operations

- Quick response
- Local market knowledge

While this list is certainly not exhaustive, many of these factors have a particular relevance to ethnic minority entrepreneurs. These include significantly, local market knowledge in relation to minority communities in the case where specifically “ethnic” goods are offered. In the situation where services are of a general nature and not culturally or ethnic minority specific, flexibility of operations afforded through family network structures are imperative in creating competitive advantage. Indeed this has been one of the reasons why ethnic minority businesses have been able to withstand much harder times than many indigenous businesses because of a greater involvement of the extended family in business affairs (Ram, 1992; Rafiq, 1992; Srinivasan, 1995; Deakins, 1996).

Ethnic minority entrepreneurs need to grasp the source of their advantages and understand how these add to the customer value and apply a balance of customer and competitor perspectives. Discussions with the sample businesses, illustrate quite clearly that even without formal training and well before the days of customer charters, ethnic minority businesses have realised the importance of the customer and the need to be flexible in meeting their demands, and inevitably have concentrated on developing a customer focus. Firms can adopt a number of strategies that will determine the focus and direction of their enterprises. This research shows that there is an acceptance of competition and that firms do not have strategic plans to mitigate against the detrimental effects of this competition. The businesses are aware of who their immediate competitors are and the short-term effects of the competition, where the response is invariably a downward adjustment in price.

Since this paper is aiming to look specifically at business and marketing related issues, little attention has been paid to racism and institutional lethargy as an additional factor that induces an inability amongst ethnic minority firms to break out from a reliance upon the internal market (Ram, 1992). These are very real and important issues, but they fall outside of the scope of the present paper.

CONCLUSIONS

There tended to be a consensus of opinion on the value of the support that the variety of agencies within Newcastle should provide. Second generation responses were that they should be geared up to support first generation businessmen, while the latter felt they were beyond support, and that agency efforts would be better served "teaching the youngsters."

An important issue is that institutionally, very little has existed to support the growth and development of ethnic minority businesses in Newcastle. While certainly within the South Asian community of Newcastle there exists a network of friends and family for advice and raising capital, there is no vocal outlet for grievances and issues. While community leaders exist, a great deal of cynicism is directed at their limited sphere of influence and the personal, self-interested manner in which they operate. A pertinent viewpoint coming from the wholesalers is, that there is a distinct lack of communication and information from the City Council, to the extent businesses "just have to get on with it". Indeed a great source of resentment is the City's development of China Town as their flagship of urban regeneration. Many Chinese businesses outside of China Town feel extremely marginalised since they do not receive the same amount of support and funding due to their location.

While we have a general picture of ethnic minority viewpoints, overall, this spells out the importance of needing to do outreach work, either by existing business support agencies or through the establishment of an ethnic minority agency. The outreach effort would initially give contact with businesses and generate a greater awareness of business support existence. More importantly, it would allow the identification of potential problems and concerns that businesses have and thus create the opportunity of being able to provide solutions. If businesses required no assistance, the contact would establish at least a point of reference for future issues. Outreach workers should have relevant language skills and a general understanding of business and the manner in which ethnic businesses function. In order to facilitate the efficient functioning of outreach work and to encourage ethnic minority businesses to access support - the establishment of a register containing ethnic minority professionals for example in legal, financial and marketing fields, would be extremely appropriate and invaluable. This should be supported with the creation of a comprehensive database of ethnic minority businesses in Tyne & Wear and should act as the main source for mail shot activity.

Finally, while in general we see a positive picture of business development within the ethnic minority communities of Newcastle-u-Tyne, there needs to be a more intensive and extensive analysis of individual business sectors to provide comprehensive findings. Business support agencies do not figure favourably in terms of their profile within ethnic minority communities. While there is an awareness of their existence there is very little actual knowledge of their functions and roles.

In many cases, the lack of information and advice sought is as a result of the type of businesses the respondents are involved in. Their arguments are if you run a newsagent, what is the value in advertising? This type of response does however highlight the limited knowledge that many businesses have regarding the type of advice and support that they could possibly receive. In some respects this can be accepted, as some businesses are in sectors where there is already an extensive internal network of knowledge that can be tapped. However, in many other cases, consultancy advice in information technology and selling techniques would yield great benefits.

Notes

- 1 This was a system whereby products such as socks, vests, trousers and coats, were sold door-to-door. The drapers had a fixed round of clients whom they serviced on a regular basis. Many customers were allowed to buy goods on credit, with a fixed amount being collected weekly. Credit was encouraged since it meant that customers were retained for a longer period during which they invariably purchased more goods. Initially the wares were carried on buses, but much later cars were acquired. The draper made a profit by buying from wholesalers at discounts of up to 33% and selling at normal retail prices, although in some cases a mark-up may also have been added. The system became more sophisticated as some drapers began to offer customers credit notes redeemable at a local wholesaler. This reduced the need to carry a wide range of stock and any faults in the goods would be an issue for the wholesaler to deal with. In the mid Sixties some credit drapers collected in the region of £250 per week, with a weekly profit of around £80. It was even the case that after the war, one credit draper purchased a car from his earnings having worked up a round of over a thousand customers.

EXHIBIT ONE:

THE NUMBER AND TYPE OF BUSINESSES INTERVIEWED FOR NEWCASTLE CITY CHALLENGE SAMPLE

Accountant	1	Newsagent	5
Alternative medicine	1	Off licence	1
Clothes Retailer (Non-ethnic)	1	Restaurant	5
Clothes draper (ethnic)	3	Solicitor	1
Fast food take-away	3	Tailor	1
General dealer	9	Telecommunications	1
Hardware store	1	Travel agent	2
Import of fancy goods	1	Video outlet	1
Jeweller	2	Wholesaler	7

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