

**AN INTERPRETIVE ANALYSIS OF LONG-TERM SUCCESS OF  
BLACK BUSINESSES IN BRITAIN**

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## **Abstract**

Black Africans are one of the most prominent and fastest growing minority groups in the United Kingdom. They are also represented in entrepreneurship but like most ethnic minority businesses they continue to struggle against structural and environmental obstacles. Long-term success of Black African entrepreneurship will significantly improve to UK economy, create employment, bridge inequality gap and reduce tension and crime in urban areas.

The purpose of this study is to extend the body of knowledge on Black African entrepreneurship. Employing the mixed embeddedness model, it explores the cultural inclination, unique characteristics and challenges they face and their entrepreneurial dynamics. It examines the relationship at the micro, meso and macro levels which gives insight into the opportunities enabled, obstacles encountered, and strategies employed by Black African entrepreneurs in achieving entrepreneurial success. It is useful in understanding success and its measure not just in general terms but as it specifically applies to Black African entrepreneurs and how this concept is framed through their lived experiences and history within the environment in which they are embedded.

It is an exploratory research and it employs the qualitative methodology to capture the robustness of Black African entrepreneurship. In-depth, semi-structured interviews were conducted, and entrepreneurs were chosen across different industries. Data was collected from twenty-five Black business owners residing in London. Participants were recruited through quota and snowballing techniques and data analyzed using inductive content analysis.

Findings revealed Black business owners perceive success as the presence of personal and macro variables. For entrepreneurial success to be accurately gauged in ethnic entrepreneurship, non-financial factors must be measured. Moreover, Black African

entrepreneur's needs to be studied with careful consideration of the differences in first and second generation as distinct differences were found in their perception, definition and measures of success. This has a significant implication in entrepreneurial engagement and outcomes. While, the first-generation is constrained by limited resources and ethnic embeddedness, the second-generation leverages the skills and resources acquired and develop both ethnic and non-ethnic ties. The interaction of the micro, macro and meso components are different across the two generations and diverse factors are responsible for success.

The second-generation is changing the entrepreneurial landscape by bringing their unique set of skills to bear but more needs to be done to consolidate their position as successful entrepreneurs. Finally, in order to bridge the performance gap especially with the future generation there is need to move from reactive strategy, that is driven by situation and implement long-term strategies to build capacity in entrepreneurship and business management. This study has implication for policy in providing a springboard for deliberation towards effective business support and in promoting quality entrepreneurship within the Black community. This research unpacks the concept of long-term success and how various factors contribute to the entrepreneurial outcomes of Black Africans.

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## **Dedication**

This work is dedicated to the Almighty God, He has done all things well. To my beloved father, Pastor (Dr) G. O Olutola and my darling mother of blessed memory, I wish you lived to see this dream come true. Thank you for your sacrifice and love so true and sincere it lifts me in the lowest times.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Overview**

This chapter provides the overall outline of this thesis, which is to explore the sustainability of Black African entrepreneurship in the United Kingdom. It is a study that closely examines the entrepreneurial processes, engagement patterns, entrepreneur's characteristics and how these factors interact with the environment in which they are embedded to create an outcome. It gives insight into the perception, beliefs and culture that the Black African community brings into their host country as these shapes strategy, business structure and how the entrepreneurs interpret their lived experiences. This is particularly important, as the entrepreneur's interpretation of his experiences defines his language of success, which in turn becomes his reality and his measure of performance. This chapter presents an outline of the framework and it is subdivided into eleven distinct sections, which include: overview; the Background of study; the problem Statement; Objective of the research and Rationale; Research questions; Methodology; Significance of the study; Scope and depth of the Research; Thesis organization, Definition of terms and the final section is the summary of the chapter.

### **1.1. Overview of the Study**

Entrepreneurship is an important driver of economic growth, wealth creation and employment generation (Glaser et al., 2015). Although, it is a route to economic advancement for some ethnic minority groups (Clark and Drinkwater, 2010) for others it's a dead end (Barrett et al., 2001). Ethnic minorities are overrepresented in entrepreneurship in the UK (Levie, 2007). London being one of the most ethnically diverse cities with 7.0% African population and has recorded the highest demographic change across ethnic groups between 2001 and 2011 (ONS,

2012). Generally, several studies have been conducted on different ethnic minority groups (Barrett et al., 1996; Fairlie and Robb, 2008; Clark and Drinkwater, 2010) and perspectives ranging from cultural, economic, psychological to sociological has been employed in explaining the conflicting entrepreneurial trends and performance among the groups (Ibrahim and Godwin, 1986; Fairlie and Robb, 2008). A presumption is made in this research by using Black Africans, Blacks interchangeably and they are presented as a monolithic group. This is because of the overlapping culture and homogenous similarities in entrepreneurial engagement (Ojo, 2018).

Ethnic minorities face labour market disadvantage often due to low human, social and financial capital (Bates, 2011) and racial discrimination (Castles and Miller, 2009). This limits their opportunities in the labour market resulting in high level of unemployment or underemployment, which inclines them to enter into entrepreneurship (Bird and Wennberg, 2016). Many studies have highlighted entrepreneurship as a route to integration, economic and social mobility among ethnic minorities in many developed countries (Sanders and Nee, 1996; Li, 2001; Chaganti et al., 2008). Also, the high rate of involvement and performance rate of various ethnic groups' representation in entrepreneurship has been explained from various perspectives. Survival rates have been low in ethnic minority entrepreneurship mainly due under-capitalization, language barrier, low human and social capital, age and gender discrimination (Kautonen, 2013). Hence, entrepreneurship provided an alternative pathway to employment for ethnic minorities (Alvord et al., 2004).

In UK, the South Asian entrepreneurs have been recognized as having high business ownership and success rate, while the Afro-Caribbean has been the exact opposite (Ram et al., 2000). This phenomenon has been attributed to rich social capital, which allows them to access resources, cultural capital in the form of entrepreneurial values and strong work ethics they are endowed with (Basu, 1995; Metcalf et al. 1996). On the other hand, the Afro-Caribbean community has

not enjoyed the same success due to the deficiencies in ethnic resources (Metcalf et al. 1996; Ram et al. 2000). However, the cultural perspective has been critiqued as placing too much emphasis on cultural traits which does not account for the structural environment in which the entrepreneurs operate (Barrett et al., 1996). Also, it's been argued that in the cultural perspective there is a problem of discrimination and its impact on an ethnic group's development (Ram et al., 2000), the highly competitive environment in which they operate (Jones et al., 1992) and the regulatory environment (Kloosterman et al., 1999). This model extends the interactionist model emphasizing the complex interplay between opportunity structure and group resources (Waldinger et al., 1990; Razin and Light, 1998). There is also the mixed embeddedness approach that contextualizes ethnic entrepreneurship in terms of political, institutional, economic and spatial environment (Kloosterman et al., 1999; Jones et al, 2000).

Black Africans are among the fastest growing community in the United Kingdom (UK) and their entrepreneurial engagement is also growing rapidly (Nwankwo, 2005; Alsaaty, 2013) yet sustaining their businesses have been elusive (Mora & Alberto, 2014). Black African entrepreneurs make significant contribution to the UK economy (Gbadamosi, 2014). An estimated 275,000 Black-owned businesses contribute about £20 billion to the UK economy annually (Osewa-Ediae, 2011). Seventy-eight percent of Black Africans reside in London (ONS, 2001) and they constitute 28% of business owners (Osewa-Ediae, 2011). Historically, the Black Africans became attracted to the UK due to the colonial connection and initially came for education (Daley, 1998).

Their population size remained small until the 1970s and was officially recognized as a distinct ethnic group in 1991 Census (Domboka, 2013).

Black African ethnic group remains under-represented in entrepreneurial success and has a high rate of business closure (Fairlie and Robb, 2014). Also, they have been insufficiently

focused in academic research in Britain when compared with other groups (Ojo, 2012). There is a great deal of generalization in which Black Africans are generally researched and categorized as Afro-Caribbean. Therefore, Nwankwo (2005) highlighted the need to study Black Africans as a distinct group in order to gain a more nuanced understanding of their entrepreneurial engagement. This research engages Black African entrepreneurs from West African countries as a homogenous group due to the similarities in their migration history, entrepreneurial orientation and cultural distinctiveness. (Nwankwo, 2015; Ojo, 2012). For the purpose of this research, sustainability is used interchangeably with success. This can simply be defined as maintaining business viability (Dyllick and Hockerts, 2002). Success is very ambiguous and cannot simply be defined in subjective or objective terms alone (Collins-Dodd et al, 2014). It is a multidimensional construct subject to the interpretation and perception of individual business owners (Diochon et al, 2007; Ojo, 2012). Large disparity exists in business ownership and performance rate when compared with other ethnic groups and across the first and second generation (Fairlie and Robb, 2008; Lofstrom and Bates, 2013). Ethnic entrepreneurship is driven by market opportunities, ethnic resources and characteristics of ethnic communities (Waldinger & Ward, 1990). For instance, the cultural characteristics and social embeddedness of the Chinese has been emphasized as the key driver of entrepreneurial success. However, entrepreneurship is driven among first generation Black Africans by exclusion in the host community due to discrimination in the labour market, low employment rate, lack of recognition credentials and the presence of large ethnic settlement within the urban regions, which provided a protected ethnic market. However, the new generation of entrepreneurs are typically educated, more integrated in the host society pursue entrepreneurship as a viable career option because of a desire for independence, as an additional stream of income, to build a lasting legacy, the recognition of a viable business opportunity and to better utilize professional skill and qualifications acquired. This difference in motivation

for business start-up has a significant impact in how entrepreneurship is engaged and the outcome achieved. While the first-generation leverages their social embeddedness in acquiring ethnic resources and starting business, the second generation maintain their ethnic ties but are embedded within the larger society to tap into non-ethnic networks for wider market opportunities, information and clients. This does not just affect entrepreneurial outcome but how it is conceptualized and language. First generation of Black African businesses are mostly concentrated in retail and services with low entry barrier, high competition and high failure rate (Cassar, 2006). They are more likely to possess lower level of ethnic and class resources, have restricted access to external sources of funding which makes growth and survival difficult (McKerman et al., 2013). This is true for most first-generation entrepreneurs but the boundary between the first and emerging generations needs to be delineated to fully understand and present clear outcomes. Lack of success in Black African entrepreneurship is causing concern among policymakers and researchers because entrepreneurship has been known to offer economic advancement to ethnic minorities (Fairlie and Robb, 2003). Entrepreneurial success reduces racial tension and offers political influence (Brown et al., 1990).

The conceptual framework used in exploring the success construct in Black African entrepreneurship is the mixed embeddedness model. The mixed embeddedness conceptual framework entails three elements intertwined to provide a building block to the theory. These components include the social embeddedness, opportunity structure or economic embeddedness and the politico-institutional embeddedness (Mitchel, 2015; Rath, 2003; Kloosterman et al., 1999). Of interest is the cultural, social, economic and institutional factors that shape their entrepreneurial processes and how it affects business performance. This framework is especially useful in analyzing the concrete embeddedness of Black business owners in their extended social networks and abstract embeddedness in the United Kingdom.



It explores how they navigate the barriers posed by their limited resources, the contexts of embeddedness and how this determines their entrepreneurial strategies to shape business outcomes.

## **1.2. Statement of the Problem**

Black Africans are among the fastest growing entrepreneurial minority group in the United Kingdom but also has one of the highest business failure rates (Mora and Alberto, 2014). They have a higher propensity for business start-up and more likely to be engaged in nascent entrepreneurship when compared with another ethnic group (Jones, 2017). Black businesses already contribute significantly to the economy but there is need to improve sustainability and reduce failure, so they actualize their potential in generating employment, economic and social advancement. According to Ogbolu (2011), Black businesses lag behind white-owned businesses in a ratio of three to one. It is important to research Black entrepreneurship as Domboka (2013) posits that there is scarcity of literature on the economic activities of Black Africans in the United Kingdom.

Based on the synthesis of extant literature, there is a gap in understanding the nature and perception of entrepreneurship among Black Africans in the UK. There is need to demystify the dynamics of their operation and the major components that contribute to firm performance such as entrepreneurial process, engagement and owner's characteristics. More so, research shows that there is dearth of role models and business mentors within the Black community that can guide the new generation of entrepreneurs in building sustainable businesses (Crump, 2008). While some research have explored the disparity in business performance of Black-owned businesses (Fairlie and Robb, 2003; Chatterji et al., 2013), little has been done in exploring success from the entrepreneurs perspective, bringing to life their lived experiences and interpreting success through their narratives. The general narrative includes the lack of sustainability, quality businesses and high level of fragmentation in Black businesses

(Anderson and Gregory, 2012). However, Johnson et al. (2008) asserts that Blacks have a rich heritage of successful business performance and innovation. Therefore, this research draws on the narratives of twenty-five Black African entrepreneurs with established business in London to establish the level of sustainability and what can be done to improve on it.

### **1.3. Research Objectives and Aims**

This research aims to understand entrepreneurial success from the Black entrepreneur's perspective and explore its meaning through their perception, history and language. This will give insight into the interaction of the business owner's characteristics, the business' operating environment, entrepreneurial orientation and how these affect the entrepreneurial outcomes. The study tries to understand and unpack the dynamics within the operational environment of black-owned businesses and how the discursive construct of the subject position frame operational approach on tackling business sustainability.

The objective of this research is to expand the frontiers of knowledge and improve the understanding of Black entrepreneurship and its contribution to economic development in the United Kingdom. The objective includes: exploring business sustainability from the entrepreneur's perspective; exploring the state of Black entrepreneurship; investigating the factors that inclines Black business to failure or succeed and exploring how sustainability could be achieved. These objectives are guided by exploring the interspersed factors of entrepreneur's characteristics, the enterprise and environment in which they are embedded.

### **1.4. The Research Questions**

Sustainability is a big challenge, fueling debate across the world not only in natural resources but also in business to ensure the security of future generation. Due to increased migration among Blacks, the relative youth of migrants giving rise to high birth rate, a decline in the economy and industrialization, it is imperative that lasting solutions are proffered to the

business viability amongst Blacks. The viability of Black businesses will help reinforce their position in the society being major contributors to the economy. Thus, it is important that robust studies are conducted to explore Black business sustainability, which brings about the research questions:

1. What is the perception of Black entrepreneurs about entrepreneurial success and how they define success in the United Kingdom?
2. Are Black-owned businesses failing or thriving?
3. What factors contribute to the success/failure of Black-owned businesses?
4. How can sustainability be achieved /improved in Black-owned businesses in United Kingdom?

### **1.5. Research Methodology**

This section focuses the approach used in exploring Black-owned businesses and their sustainability in Britain. Research methodology is the combination of techniques used to investigate a specific situation or subject matter and methods are procedures for data collection and analysis (Easterby-Smith et al., 2008). It provides a roadmap on how the research was conducted so that it can be replicated for future purposes. Therefore, it is important that the right method is selected and applied diligently (Wallendorf and Brucks, 1993).

The study adopts an exploratory approach using the social constructivist paradigm. It focuses on the ways people share their experiences bearing in mind that individuals develop subjective meanings of their experiences (Bryman, 2001). Assumptions about the entrepreneurial experiences of Black African entrepreneurs in the UK are based on their perceptions, lived experiences, beliefs and the meaning they make of it. Twenty-five Black African entrepreneurs who live, own and operate their businesses in London were interviewed. Open-ended questions are used in interviewing to enable participants share their views and lived experiences. The

participants were identified using quota and snowball sampling techniques and entrepreneurs were interviewed in their business premises. Meanings are generated from data gathered through personal information in order to put the research in its proper context (Creswell, 2009). The population sample was drawn from various industries and across first and second-generation immigrants to reflect variations of entrepreneurial activities within the population sample. All interviews were tape-recorded, stored securely and analyzed using inductive content analysis. Research findings were grouped into themes in order to easily address the research questions.

### **1.6. Significance of the Study**

The Black African ethnic population is one of the fastest growing communities within the United (Riley, 2010). According to ONS (2011), Black population has increased from 0.8% to 1.7% and this growth has brought with it a growth in entrepreneurship (Ojo, 2012). 275,000 Black businesses contribute about over £20 billion annually to the UK economy (Osewa-Ediae, 2011). Also, 78% of Black Africans reside in London (ONS, 2001) and they constitute 28% of business owners (Osewa-Ediae, 2011). Black businesses have contributed significantly with an estimated 66,000 Businesses generating a turnover of £90 billion in 2004 (Ojo, 2012).

Successful entrepreneurship for Black Africans will improve the economic status of the UK as it contributes to the economy, create economic and social value for the entrepreneurs and others, and engender wealth creation and bridge racial disparity (Bradford, 2014). Bradford and Mijid (2016), suggests that more research needs to be done that focuses owner's characteristics such as motivations, success perceptions and business goals. According to Singh and Gibbs (2013), Black Africans has not been robustly researched considering the unique issues they experience in business ownership and operation. This research aims to explore the unique characteristics, cultural behaviors, entrepreneurial process and challenges of Black entrepreneurship in the UK. This is important in uncovering the reason for disparity in

entrepreneurial performance, to promote quality business ownership and economic advancement. This study has focused the Black African community in response to the growth in population and inclination to entrepreneurial engagement of the ethnic group. There is insufficient understanding of how to secure sustainability (Ojo, 2012). In exploring how to engender sustainability through support intervention, there is need to explore the size, scope and characteristics of entrepreneurial activities within the group. The study explored characterization not just in terms of business owner's personal traits but also cultural inclination, value and belief system, migration history in gaining better perspective of internal dynamics of how entrepreneurship is engaged and sustained. This research is situated to facilitate the generation of new insights into the rapidly growing world of entrepreneurship among the Black Africans through the exploration of their lived experiences.

### **1.7. Research contributions and Implication**

The study captures the dynamics and complex interplay of culture, business owner's characteristics, migration history, resources, racial discrimination and the regulatory environment in entrepreneurial processes of Black Africans in the United Kingdom. Entrepreneurial success cannot simply be measured by a general set of objective criteria bearing in mind that motivation for business start-up determines the direction of growth and success measures can be individualized. It therefore contributes to literature in the field of ethnic minority entrepreneurship and Black Africans in both theory and practice.

In practice, it is useful in providing a premise from which policy makers can gain deeper insight into the dynamics of Black African entrepreneurship. This will help all stakeholders make informed decisions, proffer effective solutions and make appropriate policies to foster business sustainability. It captures the changing entrepreneurial landscape bringing awareness to the support needed and how sustainability can be further enhanced.

### **1.8. Scope of the Study**

The scope of the study covers three main components of entrepreneurial engagement, which are the entrepreneur, the environment and the firm. According to Lumpkin and Dess (1996), these three components are important in forming the foundation for defining entrepreneurship as the formation of new enterprise. The entrepreneur (owner's characteristics) includes proactiveness, innovativeness, risk-taking and autonomy; the firm comprises firm structure, strategy, size, structure, culture, management style and characteristics; environmental factors include industry dynamics, political and economic dynamics (Lumpkin and Dess, 1996). The interplay of entrepreneurs, environment and firms' characteristics were considered in the light of Black African entrepreneurship. This includes the business owner's perception of success and its effect on business decisions and strategies.

Black African entrepreneurs were selected from London to participate in the research. The entrepreneurs were chosen from London because it is the most ethnically diverse city in UK and has the highest representation of Black African group (ONS, 2012). Samples were selected from first and second-generation entrepreneurs from a wide spectrum of industry representing the major business concentrations of Black Africans.

### **1.9. Thesis Structure**

The thesis is structured as follows: the title page, abstract, table of content, six chapters, reference list and appendices. They are then organized in the following chronological order: Introduction, Entrepreneurship: Theories and Conceptual Framework, Ethnic and Black African Entrepreneurship: Contextual Framework, Methodology, Research Findings, Discussion of Findings and Conclusion.

Chapter One: This is the introduction to the whole research, and it lays the foundation by presenting the primary objective, background, significance of the study and the scope. It

introduces ethnic entrepreneurship among Black Africans in the United Kingdom. This chapter discusses the group's contribution to the economy using entrepreneurship as a driver of growth and the importance of Black Africans as a subject of study.

Chapter Two: This chapter is a review of the literature providing a conceptual map of the study. It contains important theories, concepts and processes underpinning entrepreneurship as a field of study. It highlights its evolution and that of ethnic minority entrepreneurship, setting ethnic minority entrepreneurship within the broader context of entrepreneurship.

Chapter Three: This chapter comprises the contextual framework from which Black African entrepreneurship is explored. It delineates the contextual boundaries of Black African entrepreneurship as the main focus of the research. It explored the dynamics of entrepreneurship taking into consideration the processes of entrepreneurial engagement and the interplay between the business owner's characteristics and the role of the environment in which he is embedded and how it shapes business outcomes.

Chapter Four: The chapter is a presentation of the philosophical assumptions and methodological approach engaged in accomplishing research objectives and aims. It highlights the suitability of using a social constructivist view and choosing a qualitative method. It discusses the sampling, the ethical consideration and data analysis.

Chapter Five: This chapter outlays the outcome of the findings from data gathered about the state of Black African entrepreneurship in the UK. The emergent themes are discussed under the broad category: opportunity structure, group characteristics, politico-institutional embeddedness, business outcomes and identity construction through beliefs and religion.

Chapter Six: Is a discussion of the themes, interprets and discusses the significance of the findings in light of existing knowledge. It emphasizes the entrepreneurial processes,

characteristics of Black African entrepreneurship, business outcomes and the regulatory environment.

Chapter Seven: This is the concluding chapter outlaying the summary and deductions of the study. It includes the original contribution of the research, limitation and implication for future research.

### **1.10. Definition of Terms**

*Entrepreneurship*: The field of entrepreneurship is riddled with lack of consensus on the definition of entrepreneurship. OECD Economic Survey (1997) defined entrepreneurship “the dynamic process of identifying economic opportunities and acting upon them by developing, producing and selling goods and services” (as cited by Seymour and Ahmad, 2008).

Entrepreneurship is also defined as an economic activity that involves discovering, evaluating and exploiting opportunities to pioneer new goods and services (Venkataraman, 1997; Shane & Venkataraman, 2000).

*Ethnic minority*: Refers to a group of immigrants or a racial group bounded by common language, origin or culture that experience relative disadvantage from the majority population (Burton et al., 2008; ONS, 2011).

*First generation*: First generation individuals are foreign-born person that migrated to the host country (Schneider, 2016).

*Second generation*: Second generation is defined as persons born in the country of immigration, migrated with their parents at a young age with limited memories of pre-migration experience, persons who received formal education completely in host country or an individual fully embedded in the societal context without a particular accent (Schneider, 2016).



### **1.11. Summary**

The study focuses on the growing phenomenon of Black African entrepreneurship in the United Kingdom within the complexity of migration, racial discrimination and the environment in which they are situated. It adopts a social constructivist approach, exploring the lived experiences of entrepreneurs through their own narration, which gives them the opportunity to tell their own stories. Entrepreneurship makes significant contribution to the economy of any country and it is especially a means to bridge economic inequality and create more employment opportunities especially among Black African community (Singh and Gibbs, 2013). The double disadvantage of class resources and market discrimination has impacted negatively on the group's enterprise (Gold, 2014). Entrepreneurship remains a viable option for economic advancement for ethnic minorities but there is need to understand the business dynamics among Black Africans in order to help them build sustainable businesses. Consequently, it explores Black business ownership as a derivative of complex interplay between economic and non-economic factors. It attempts to bridge the research gap that exists by broadening the perspectives of Black entrepreneurship in order to generate in-depth understanding and gain new insights. Invariably, details of engagement configuration in the construction of their reality, language construction, cultural behaviors, motivation and perceptions are explored. This helps to understand the impact it has on entrepreneurial activities within the community.

Bradford and Mijid (2016), suggests that more research needs to be done that focuses owner's characteristics such as motivations, success perceptions and business goals. According to Singh and Gibbs (2013), Black Africans has not been robustly researched considering the unique issues they experience in business ownership and operation. This research aims to explore the unique characteristics, cultural behaviors, entrepreneurial process and challenges of Black entrepreneurship in the UK. This is important in uncovering the reason for disparity in entrepreneurial performance, to promote quality business ownership and economic

advancement. This research builds on existing knowledge on Black African entrepreneurship yet expands the frontiers in demonstrating entrepreneurial engagement is a product of continuous interface between beliefs, culture, social ties, available resources, opportunities and the environment in which they are embedded.

## **CHAPTER TWO**

### **ETHNIC AND BLACK AFRICAN ENTREPRENEURSHIP: CONTEXTUAL FRAMEWORK**

#### **2.0 Introduction**

The agenda for this chapter is to lay out the contextual framework from which Black African entrepreneurship is analyzed. Black African entrepreneurship cannot be discussed independent of the broad field of entrepreneurship and ethnic minority entrepreneurship due to the intertwining between these research themes. Essentially, this chapter generally covers ethnic minority within the United Kingdom and then focuses on Black African entrepreneurship (BAE), within the UK examining self-perception of Black African entrepreneurs, business motivation, spirituality, beliefs, locus of control and entrepreneurship. Finally, it progresses to closely examine success construct and failure among Black African entrepreneurs and the contextual framework, mixed embeddedness.

#### **2.1. Ethnic Entrepreneurship in UK**

In recent years, United Kingdom (UK) has witnessed an unprecedented migration from different countries (Vertovec, 2007), which is partly caused by globalization and expansion of the European Union (Drinkwater & Robinson, 2016). Also important is the change in demographics among established ethnic communities, which has consequence for ethnic entrepreneurship. The field of ethnic minority entrepreneurship in the United Kingdom (UK) has witnessed major developments both in research and in policy (Ram & Jones, 2013). Emphasis has been placed on the increased participation rate among ethnic minority. High rate of migration has been linked to increased entrepreneurial activities within the country. The deindustrialization era that started in the 1970s and the economic depression that later took

place saw the fizzling out of low level jobs that were once done by immigrants in the United Kingdom (Miles & Phizacklea, 1984). In order to survive the harsh economic reality, ethnic minorities started to dabble into entrepreneurship, setting up businesses in low skilled service industries such as retail, laundry, beauty services, working long hours with little returns (Ram & Jones, 2013). This has been attributed to the presence of communal solidarity and enclaves that acts as a source of ethnic resources and opportunities that opens up the ethnic economy (Waldinger et al., 1990). The enclave creates demand for goods and services specific to the culture and taste of the ethnic community that is best served by members of such community. Their shared identity and solidarity also gives access to social network that provides the entrepreneurs with customers, informal capital, cheap labour and information. Most entrepreneurship research within the UK focused on exploring variations in ethnic entrepreneurship across ethnic groups (Drinkwater & Robinson, 2016). While studies in the US have emphasized variations in rate of participation across different groups with high rate within Asian groups and lower rates among African, Caribbean, Mexican groups etc., the evidence in UK is not as established because most studies have focused mainly on ethnic differences (Drinkwater & Robinson, 2016).

In the UK, the ethnic minority community has been hailed as the most entrepreneurial and attention has been particularly focused on the Asians (Griffith, 2002). Business ownership has been presented as a catalyst for socio-economic advancement and an antidote to discrimination suffered by racialized minorities (Ram & Jones, 2013). Minority groups such as the Chinese, Turks, Greek Cypriots and South Asians have especially been appraised on their ability to draw on their rich family and communal networks to raise much needed capital, access cheap labour and markets needed to advance their business (Light, 1972; Ram & Jones, 2008). British South Asians have especially been presented as the model of successful ethnic minority entrepreneurship (Ram & Jones, 2013). However, this has been heavily criticized and

according to McEvoy et al. (1982), Asian businesses are a perpetuation of subordinate status and a waste of energy, talent and capital. It was argued that entrepreneurship was used as a survival strategy to the effect of racial discrimination and labour market disadvantage (Virdee, 2006).

## **2.2. Black African Entrepreneurship**

In recent years the United Kingdom has witnessed an increase in immigration resulting in ‘super-diversity of Britain’ (Jones et al, 2015). Along with this flow is also an increase in entrepreneurial activities among ethnic minorities (Gbadamosi, 2012). Black businesses have also increased considerably. Gbadamosi (2015) reports that there are over 10,000 black-owned businesses in London and over 24,000 Black people are self-employed. Yet, adequate attention has not been given to this group and their views have been under represented (Daley, 1998). Though entrepreneurship has been viewed as the panacea to social and economic advancement, there have been claims of lack of entrepreneurial success among Black Africans (Gbadamosi, 2015). Also despite the fact that ethnic minority entrepreneurship has been widely researched (Basu & Goswami, 1999; Ram & Jones, 1998; Jamal, 2005), Black African entrepreneurship is still understudied (Daley, 1998; Nwankwo, 2005). Black entrepreneurship is said to be rapidly metamorphosing, especially in London (Nwankwo, 2003). One important thing to consider when discussing the success rate of Black-owned businesses is that until recently, Black African ethnic groups have been transient in nature with plans to return to country of origin paramount in their mind (Daley, 1998). The recent trend of seeing Britain as home, especially among the second and third generation Black Africans, started due to the continued economic and political deterioration of their country of origin. Consequently, Nwankwo (2005) posits that new generation Black Africans identify as British demonstrating a sense of permanence. The drive for enterprise motivation as a means for migration is fairly recent among them but

they are growing at a phenomenal rate and contributing to the economy (Daley, 1998; Nwankwo, 2005).

Black African businesses are often concentrated in low-value sectors with low barrier entry positioned to serve the co-ethnic market (Jones et al., 2000). This alludes to the ethnic enclave theory as a business strategy for ethnic minority enterprise (Waldinger et al., 1990). However, the level of competition encountered in this market is so high, not only within the same ethnic group, but especially with other ethnic groups (Nwankwo 2005). An example is the Asians taking over the retail of hair product market. High level of fragmentation of businesses and cross-functionality among business owners were also observed within the Black African group (Nwankwo 2005). Black Africans demographics show a higher percentage of first-generation entrepreneurs, who are mostly mainly sole proprietors with less than nine employees and in business for ten years or less (Nwankwo et al., 2012).

### **2.2.1. Migration History of Black Africans in Britain**

In most studies focusing on ethnic minority entrepreneurship, the Black African and Caribbean has mostly been treated as a monolithic group and generalization applied across board (Nwankwo, 2005). While the Caribbean might share some cultural and racial similarities with Black African, their experiences are not the same. The question that arises in this situation is whether these studies capture the reality and nuances of Black African entrepreneurship. It is also important to put into consideration that no ethnic group stays static in terms of dynamics and demographics over time. Therefore, the study of success in Black African entrepreneurship is not complete without considering the generational gap between the groups understudied and how this affects their entrepreneurial experience.

In consideration for the generational gap, it is even more important that the migration history of Black entrepreneurs is explored to put their experiences in the right context. The Black

African population has been understudied and was not identified officially as an ethnic group in Britain until the 1991 Census (Daley, 1998). The Black African group is diverse when compared with other ethnic groups as they come from varied origin, social and economic backgrounds. The migratory history of Black Africans is significantly different from other immigrants. Initially, majority arrived in Britain for education and economic purpose and was not recruited for employment purposes like other ethnic groups. They came in as students, seeking to improve their economic circumstances on return to their home country with superior education. The colonial linkages further gave an incentive to come into Britain and immigrants mainly from Sierra Leone, Nigeria, Somali, and Gold Coast settled close to the docklands of Liverpool, London and Cardiff (Killingray, 1994). Until late 1940s, the African communities were not well established, and their numbers were below 10,000 (Banton, 1955). Black African migration prominently focused on education and this gained significance after independence in the 1960s (Ojo, 2012). Black African students were given the opportunities to train for posts in technical and professional fields and most courses studied were medicine, engineering, nursing and education (Daley 1998). On return to home country, western education guaranteed position in prestigious government and professional establishments (Daley, 1998). However, the oil boom of 1970s saw an increase in foreign student, especially from Nigeria, and majority of them settled due to the demand for their acquired skills (Daley, 1998). As the home economy declined, more people settled. Political crises and human rights abuse led to the migration of refugees from African countries such as the Ugandan, Botswana, Somalia, Ethiopia, Ghana and Eritrea and recently Nigeria, Congo and Angola (Parsons, 1994; Oguike, 1994). Ghanaians and Nigerians are the largest group represented in the Black African ethnic community and this is attributed in part to the 1970s oil boom in Nigeria and political instability in 70s and 80s in Ghana (Daley, 1998).

In highlighting the pattern of migration of Black Africans, it is also important to consider their demographic features. The demographic representation reflects that the community is a rather recent immigrant group. It was assumed that until the 1980s majority of those that came for education returned to their country of origin with some giving birth and giving their children access to citizenship as a form of insurance (Daley, 1998). Black African population as at early 1990s has a rather youthful population with 29 percent below age 16, 64 percent between 20 and 44 years and few people of retirement age. The British born, which makes up the second generation of Black Africans, was below age 30 and 26% were below 4 years (Daley, 1998). The youthfulness of the population is reflected in the household structure and marital status and it is common to have household where a spouse resides in Britain and the other resides in country of origin (Goody & Groothues, 1979). Generally, the strategy they employ in improving economic and social status is through education and formal employment.

Considering the migration route of Black Africans, it is not surprising to discover that they were the most educationally qualified ethnic group in Britain. Most of them have qualifications higher than A-level with the most qualified group been between age 30 – 44 years and 45 – 59 years. These groups place strong emphasis on academic qualification as a tool for upward mobility and academic pursuit continues well into adulthood. Among this group, Black Africans born in Africa possess higher academic qualification than those born in UK. According to Jones et al. (2015), Black Africans have the highest education with an average of eighteen years of schooling. While there are evidence of structural constraint within the Black African communities in Britain due to racial discrimination and unfavorable economic position, the ghetto model does not exist and there are less segregation trends (Peach, 1996). Rather most Black Africans are concentrated in average working class and urban settlements (Daley, 1998). They also have high representation in rented accommodation, and this was attributed to their economic objectives and temporal nature of settlement. Rented



accommodation is then suggested to be a cultural strategy that allows them to transfer their resources home.

Their high level of academic qualification, notwithstanding, the Black African ethnic group has the third highest rate of unemployment at 27% after Pakistanis and Bangladeshis. High academic qualification has not guaranteed labour market access and there seems to be a high level of underemployment with professionals working low paying jobs (Amissah, 1996). This has seen them move into entrepreneurship as an alternative route to economic advancement. Until recently, Black Africans are known to move intermittently between their host country and country of origin. However, the deteriorating economic and political climates in their countries mean more people are now seeing Britain as home. The absence of historical perspective in most ethnic entrepreneurship research and most importantly Black African entrepreneurship presents an incomplete picture of the actual situation.

### **2.2.2. Motivation**

Generally, several studies have focused on factors influencing the active participation of Black Africans in entrepreneurship. In investigating these motivations, factors such as cultural disposition (Bygrave & Minniti, 2000), the presence of family patterns of business ownership, institutional support (Phizacklea & Ram, 1995), labour market disadvantage, ethnic enclaves, underemployment, high unemployment rate, up- leveled skills, blocked upward mobility (Ram & Jones, 1998) etc. were uncovered and loosely categorized under the push or pull factors. The motivation for starting business among Black entrepreneurs differs from other racial groups and there is even more variation between genders. In extant literature, Asians have been reportedly pulled into entrepreneurship by ambition, positive aspiration and opportunity recognition while Afro-Caribbean business owners were pushed into it due to unemployment and discrimination (Ward, 1987). Cultural, religious, economic and socio-historical difference also exists among Black Africans from different regions (Nwankwo, 2005). According to Singh

& McDonald (2004), Whites are more likely to choose entrepreneurship mainly for financial rewards while Blacks on the other hand look beyond financial reward. A Black African entrepreneur might pursue it to gain autonomy as his own boss, economic advancement, ability to use skills under-utilized in paid employment, social status, political advancement, attainment of work- life balance for women, ability to commit more time to family, spiritual activities, personal calling, as a means to give back to the community, to meet specific needs while the financial reward often come later (Robinson et al., 2005). It has been pointed out that factors influencing business entry extends beyond the simplistic classification of the push/pull model (Ram & Jones, 2013). This is because starting a business, the ethnicity notwithstanding involves a complex array of factors that must be weighed carefully and put in proper perspective (Jones, McEvoy & Barrett, 1992). In this regard, Herring (2004) argues that Whites are often pulled into entrepreneurship by available opportunities, but Blacks are pushed into it as a result of inequalities in the labour market. According to Crump et al. (2015), factors that influence an individual's decision to pursue entrepreneurship can be categorized as environmental factors, antecedent influences and incubator organizations. Environmental factors are usually external and it includes availability of institutional support, cultural disposition of their social group, availability of capital, grants funding opportunities and role models. Antecedent influences can be family circumstances, educational background, genetic factors that affect motivation, skills and perception, marital status and employment experiences. Incubator organizations are organizations that helped individual to discover or develop their entrepreneurial skills.

Several motivational factors influence an individual decision to start a new business (Nabi & Linan, 2013; Solesvik, 2013). Such factors include the three most accepted among a pool of motivational factors such as the push, the pull, and skill & knowledge factors. The individual is either forced into creating a new business based on circumstance or pull into its based on the

same circumstance. However, some individuals engage in entrepreneurship activities because they have undergone successfully training programs to that effect (Brunjes & Diez, 2013; Dalborg & Wincent, 2014; Eijdenberg & Masurel, 2013). The push factor occurs when only starting a new business because of necessity and usually occurs due to unemployment (underemployment) (Fairlie, 2013a; Kamuriwo & Chizema, 2013; Schulman, Van Stel, & Thurik, 2014). Meanwhile, other individuals are pulled to engage in entrepreneurship activities to seize particular business opportunities that exist within the market (Agarawal & Chaterjee, 2014; Besser & Miller, 2013; Cassar, 2014; Fatoki, 2014).

### ***Necessity Entrepreneurship***

A report of Global Entrepreneurship Monitor suggests that 21% of the entrepreneurs in the US created their firms out of necessity (Kelley et al. 2012). A 2010 wave of the German Socio-Economic Panel (SOEP) interviewed those who newly became self-employed in the survey on their agreement to about eight constructs which include the following: “I have always wanted to be my boss”, “I had an idea that I really wanted to implement”, “I did not want to be unemployed anymore”, and “I did not find employment (anymore)”. The same approach was used to distinguish between people who became an entrepreneur by opportunity and necessity by Giacomini et al. (2011) following a sample of entrepreneurs in Belgium. In a related study, Dawson and Henley (2012), using UK Quarterly Labor Force Survey, also surveyed people to distinguish between opportunity and necessity entrepreneurs in the UK. Meanwhile, using a sample of female entrepreneurs in Mexico, Calderon et al. (2017) sought to distinguish between opportunity and necessity entrepreneurs. Caliendo and Kritikos (2009; 2010), using alternative survey method for Germany, found that many of the entrepreneurs surveyed mention both the push and pull factors as the reason for their involvement in entrepreneurship activities.

Furthermore, Poschke (2013) evaluated data from the Global Entrepreneurship Monitor (GEM) retrieved from about 12,686 entrepreneurs from many Organization for Economic Cooperation and Development (OECD) and non-OECD countries. The report indicated that 30% of the sample created their business out of necessity and 6% established their businesses out of believe that they may not make much progress without employees after the 4th year of operation (Poschke, 2013). An empirical analysis of data retrieved from KFW/ZEW start-up, a panel of 4,568 German businesses, found that those who established their business out of necessity have a low-cost strategy to start their businesses and hence are likely to pursue a differentiated strategy (Poshcke, 2013). These set of entrepreneurs are more inclined to be resource poor. These findings corroborate the results of previous studies suggesting that necessity entrepreneurs are known to have smaller firms with or without an employee beyond a period of 4 years (Bates & Robb, 2013; Poschke, 2013).

### ***Opportunity Entrepreneurship***

Based on the findings of Global Entrepreneurship Monitor survey of entrepreneurs from about 60 countries, about 75% of entrepreneurs in the US are pulled into the creation of their businesses to seize an identified opportunity in the market (Braunerhjelm & Henrekson, 2013). However, using about four scales, to measure entrepreneurship rank of UK among OECD countries, the UK opportunity position 20, 12, 19, and 23 in internalization, high growth, process innovation, and product innovation respectively among OECD countries (Erkko et al, 2012).

The success of a business may be dependent on the type of factor leading to its establishment. Hence, Gohmann & Fernandez (2014) suggests that firms that have succeeded in their operations and reach the level of sustainability are a creation of opportunity entrepreneurship rather than necessity entrepreneurship. Findings from a survey of 147 black African

entrepreneurs in Southcentral and Southeast region of the US, focusing on the role of opportunity in venture creation, indicate that 84% of entrepreneurs established their business based on an identified opportunity in the market (Singh & Gibbs, 2013).

### ***Acquisition of skills through Entrepreneurship Education***

It has been observed that people who attend an entrepreneurial program to acquire entrepreneurial education and expertise are more motivated to become an entrepreneur than those who jettison entrepreneurial education programs (Solevik, 2013). Fayolle and Gailley (2013) argues that the acquisition of entrepreneurial education sharpens the skills and strengthens intention and motivation of the entrepreneurs (Bruhn & Zia, 2013). Results of the meta-analysis of entrepreneurship education of 42 samples by Martin et al (2013) from 1979 to date suggest that entrepreneurship education is statistically significantly related to positive entrepreneurial outcomes for those who had prior entrepreneurship training (Martin et al., 2013). In addition, Sanchez (2013) findings from a study of 729 students from secondary schools in Spain to ascertain the impact of entrepreneurship education on their entrepreneurial competencies and motivation, indicate that entrepreneurs who had training programmes on entrepreneurship were better than those who did not, and they experienced increase in skills and were self-motivated to establish new businesses. In the same way, Gibson et al. (2014) findings from an attitudinal survey of 93 Black Africans business students in the US show that black African American students were more motivated to become entrepreneurs than the original sample without entrepreneurship education (Gibson et al., 2014).

### **2.2.3. Beliefs, Religion and Black African Entrepreneurship**

Beliefs are defined as the lens through which people look at the world and construct meaning Lingis (2012). It is also defined by Nicholson and Wong (2001) as an individuals' cognitive organization and understanding of concepts, relationships and entities in their life. Beliefs

influence perception of reality by prompting the believers to behave as if they were accurate and, in this regard, perception can become reality. Werbner (1999) alludes to this phenomenon of perception becoming reality in that ethnic communities write their own version of history, citing the example of Asian community. The Asian community believes in its entrepreneurial repute and has built inter-generational role models of entrepreneurs. Business ownership became normalized and a core career option, just like education. Mainstream education is a core career path among Black Africans.

Though ethnic entrepreneurship remains an important economic activity (Clark and Drinkwater, 2010), and a catalyst for social integration (Hiebert, 2003), some studies have also criticized it as an economic wasteland (Clark and Drinkwater, 2010). Therefore, it became essential to understand their entrepreneurial processes, transitional behaviors and environmental context (Clysdale, 2008). It is believed that this will help in understanding the process of business creation and sustenance. However, to understand entrepreneurial behaviors of an ethnic group, it is important to consider their beliefs as well as the host country's experiences and how these impact their entrepreneurial choices and activities (De Vries, 2014). While reporting a comparative study on ethnic minority embeddedness in New Zealand, De Vries and Hamilton (2013) indicates that four embedding constructs of migration, settlement, identity and business impacts business creation. This resulted in a conceptual model that captures the ethnic minority entrepreneur's assumption of their world and their engagement with it. The emergent theory argues that ethnic entrepreneurs are influenced by their beliefs regarding their relationships, self, environment and socio- economic engagement during the entrepreneurial process (De Vries, 2014). Each ethnic group has a unique blend of pre-migration, migration, and post migration characteristics that sets the parameters for economic participation (Waldinger et al., 1990). Furthermore, Kloosterman et al. (1999) suggests that immigrant entrepreneurship is better understood when its embeddedness in socio-economic,

politico-institutional and social networks is considered. Therefore, entrepreneurial activity is embedded in social and cultural activities (Krueger and Brazeal, 1994). While it is important to understand the entrepreneur's behavioural patterns, only half of the picture is understood without considering the beliefs they hold (De Vries, 2014). Ajzen (1991) posits that our salient beliefs determine our intentions and actions and Kor et al (2007) advances that business performance is influenced by heterogeneity in belief systems. This is because a person's belief determines his perception of opportunities within the host country (Kor et al., 2007). In considering the entrepreneur's belief and nature of entrepreneurial participation during the process of enterprise development, four constructs encompass the ethnic entrepreneur's experience (de Vries and Hamilton, 2013). This includes the migration construct, which explores cultural, religious values retention, affiliation with homeland. Its influence on pre and post-migration customs and the settlement construct which identifies the depth of the ethnic entrepreneur's embeddedness in host or ethnic communities and the impact of network, discrimination and employment. Others include the identity construct which considers the extent of an ethnic entrepreneur's embeddedness in their ethnic and host country's identity and the impact of family, qualifications, business and identity fit as well as the business construct which profiles the ethnic entrepreneur's start-up motivation, industry sectors, financial capital, and support. It also takes into consideration the aggregate impact of the other three constructs on the embeddedness of a business orientation. These constructs facilitated the consideration of entrepreneurial engagement and belief at different stages of entrepreneurship process (de Vries, 2014).

### ***Religion***

Previous studies have emphasized the role of social networks in facilitating growth and success in ethnic entrepreneurship (Altinay, 2008). Religion is a very important source of social network and a platform for entrepreneurial incubation among Black Africans in the UK

(Nwankwo et al, 2012). Invariably, worship centres not only serve spiritual purposes but also serve as social gathering and create networking opportunities (Gbadamosi, 2013). Social embeddedness and ethnic links have been suggested to act as catalyst for entrepreneurial growth (Altinay, 2008, de Vries, 2014).

Religion plays a significant role in all aspects of human life and this includes entrepreneurial activities (McFarlane, 2010). It influences society and it is in turn influenced by the society, giving meaning to its ethical structure (Drakopoulous and Seaman, 1998). According to Taylor and Chatters (2010), Afro-Caribbean communities are particularly religious. As succinctly put:

*“Toulis (1993, p. 220) traced the link between religion and black identity and suggests that the latter provides black people a platform to interpret the world as they experience their place in it; affirming that black Pentecostalism in Britain is simultaneously a part of society and apart from society – a form of the “plurality of black identities which are constructed and manipulated in contemporary Britain” (cited by Nwankwo et al, 2012).*

Social, cultural and religious associations within a community helps to engender network ties, business opportunities and linkages that create trust embodied in social capital for enterprise creation (Light et al. 1999). Religion and ethnicity form a combined force that boosts the effects of social networks, shared values, mutual expectations and collective religio-cultural viewpoints in ways that enhance the social capital of a group (Kraybill et al., 2010). Religion shapes social and economic processes within an African informal business cluster (Meagher, 2009). Thus, there is a unique relationship between religiosity and ethnic identity (Jacobson, 1997).

#### **2.2.4. Locus of Control**

The psychological characteristic, locus of control, of individual entrepreneur is an important driver of entrepreneurial orientation and the determination to succeed in business (Sanchez, 2013; Sanchez & Hernandez-Sanchez, 2014; Saud Khan, Breitenecker, & Schawrz, 2014).



Internal locus of control is referred to as the ability of an individual to have a handle on his future. This refers to people who have control and can determine their future with their current activities. It just means someone who is in control of his future (Mathieu & St Jean, 2013; Mehta & Gupta, 2014). This character trait is often linked with the ability to be persistent, determine to achieve and succeed (Joo, Lim, & Kim, 2013). According to findings from several surveys of personality traits of two business moguls in Finland by Sandberg et al (2013), internal locus of control played a vital role in the success of their businesses. Similarly, Kahn et al. (2014), following a survey of 44 entrepreneurial teams with 92 team members from nine business incubators in Austria, reported that internal locus of control is a vital ingredient of success in business and helped to predict success of the entrepreneurial team in general and individual success in particular (Kahn et al., 2014). Saeed et al. (2013) also found from a survey of the effectiveness of internal locus of control personality trait on entrepreneurial intentions of 100 Pakistani business graduates shows that internal locus of monitoring does impact on the plans of the entrepreneurs.

#### **2.2.5. Black African Entrepreneurship and Informal Economy**

Research evidence highlighted the growing informal economy and the participation of ethnic minority entrepreneurs in this regard (Llanes and Barbour, 2007; Williams et al., 2011; Barbour Llanes, 2013). Informal economy is defined as paid activities not declared for labour law, social security or tax purposes but does not include the exchange of illegal goods and services such as illegal drugs (Schneider and Williams, 2013; Dekker et al., 2010). The predominant views known as the “marginalization thesis” claims that marginalized entrepreneurs who are barely surviving and on low income are the main actors of informal economy (Brill, 2011; Williams and Horodnic, 2015). Conversely, there is the “reinforcement thesis” which argues that marginalized entrepreneurs are less likely to participate in informal economy and that the

informal economy reinforces the economic inequalities among entrepreneurs (Williams et al., 2011).

The informal economy is a substantial segment of the global economy (Williams, 2013) and an OECD report estimates that almost two-third of a three billion working population worldwide are employed in the informal economy sector (Williams and Horodnic, 2015). The informal economy is also an important feature of the UK economic landscape, accounting for 2 to 7.5% of the country's national account (Crump, 2013). Also important is the predominant views on reason for informal economy participation. On one hand is the "exclusion" perspective, which claims that participation is engendered by necessity and as the only viable alternative available to the entrepreneur (Llanes and Barbour, 2007). On the other hand is the "exit" view which claims that entrepreneur's voluntarily exit the formal economy in order to avoid time, effort and cost of formal registration (Cross, 2000; Snyder, 2004). However, it's been argued that both exit and exclusion could play an important role in the entrepreneurs' motivation to participate in informal economy (Williams, 2010; Adom, 2014).

Based on views discussed above, there are defining characteristics of each view as identified in literature. The features of marginalization perspectives is that entrepreneurs operating here are more likely to be concentrated in deprived neighbourhoods, rural or poor regions, struggle financially and are marginalized group (Schneider and Williams, 2013; Barbour and Llanes, 2013). On the other hand, the reinforcement perspective features those entrepreneurs who participate in informal economy that are quite wealthy, professional and educated (Moldovan and Van De Walle, 2013; Williams et al., 2013). It is argued that these entrepreneurs are more likely to be men than women and live in affluent regions (Williams and Horodnic, 2015). Walter et al (2015) advances that entrepreneurship research is incomplete without studying the informal economy. Within the UK, a part of the local economy is dependent on goods and services within the informal sector. The informal economy mostly with businesses that can be

operated from home such as cleaning, home repair, hairdressing, fashion designing etc. helps to generate income and employment especially within the immigrant communities (Walter, Smallbone and Pobol 2015). In the UK, it was found that women are most likely to participate in informal entrepreneurial activities for necessity while men enter it voluntarily (Williams, 2009). Excessive regulation, bureaucracy and the inability of formal economy to satisfy the impoverished populations basic needs give rise to informal activities (Crump, 2013). According to Crump (2013), Black entrepreneurs mostly recognize and exploit entrepreneurial opportunities within their communities and a higher percentage within the informal economy. This fairly explains the disparity in their entrepreneurial intention and actual business engagement, more so because the informal activities are not formally recorded.

### **2.3. Success Construct in Black African Entrepreneurship**

Sustainability in business is defined in different ways; incorporating its many aspects or indicators. While there is no agreed definition of sustainability, there is a mutual agreement that sustainability is a force to be reckoned in terms of businesses action, management and competition. One definition of sustainability focuses on the environment while incorporating economic, social and personal dimensions to it. According to Berns et al., (2009), sustainability can be defined as adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future. On the other hand, Dyllick and Hockerts, (2002) simply defined sustainability as maintaining business viability. Whatever definition sustainability is shrouded in, it has been agreed that it is important in helping businesses deliver new sources of competitive advantage and positioning itself for success. Therefore, for the purpose of this research, business sustainability is defined as maintaining business viability and in some cases used interchangeably with success.

Success is also riddled with ambiguity, as no common definition of success is found in entrepreneurship literature (Walker & Brown, 2004; Collins-Dodd et al, 2014; Lobo, 2014). Success construct is multidimensional and complex; incorporating different aspects of the business owner and the business characteristics. Success is particularly difficult to define because it represents different things to diverse people (Beaver, 2003, Diochon et al, 2007). While one entrepreneur may define success in terms of income generated, another may have achieved success if he is personally fulfilled (Diochon et al, 2007). Often times, success is defined in term of financial performance of the venture. However, business definition of success is diverse, and it has numerous interpretations (Foley and Green, 1989; Islam et al, 2011).

Rogoff et al. (2004) suggests that business success is determined by both extrinsic and intrinsic factors. Intrinsic factors include personal characteristics of the business owner, entrepreneurial orientation, business size and age while extrinsic factors are environmental structure, government regulation etc. (Rogoff et al., 2004). Other studies define success in terms of financial or objective measures such as return on investment, sales, profit and included non-financial measures like achievement and personal development (Masuo et al 2001). Paige and Littrell (2002) also included subjective and objective measures in their definition. This includes autonomy, achievement, personal income and financial returns. While the above definitions of success seem good enough, it is imperative to note that a business is not successful until its long-term sustainability, measured in objective or subjective terms, can be guaranteed.

While a small business owner might be motivated by subjective factors of success such as independence, achievement and upward mobility, an overarching concern is still that the business remains viable in the long run. This is where the language of success comes into play. The ambivalent nature of the success construct and the peculiarity of how Black Africans language success might be a reason why observers outside their community think Black-owned

businesses seem unsustainable and prone to failure. The triple-bottom line of sustainability argues that a sustainable business must be socially, economically and naturally sustainable (Majid and Koe, 2012). This means that such businesses must add value to their operating environment, stay economically viable and naturally be aware of the impact of their activities on their natural environment.

### ***Ethnic Enterprise Perspective***

The ethnic enterprise perspective is used in explaining low participation and success rate of Black African businesses. Ethnic groups with adequate entrepreneurial resources, even though disadvantaged in the labour market, will be able to engage in entrepreneurship successfully (Gold, 2016). This perspective focuses on disadvantages experienced and patterns of resource mobilization as a means of determining entrepreneurial outcomes. For instance, if an ethnic group is characterized by labour market disadvantage but hold class resources such as social, human, cultural and financial capitals, they have a much higher chance at success. Meanwhile, a group that lacks the resources and equally disadvantaged in the labour market is less likely to achieve entrepreneurial success. The ethnic enterprise model is deemed suitable in explaining entrepreneurial success because it is progressive as it acknowledges the impact of discrimination and disadvantage within the structure. Secondly, it brings into play inclusion, multiculturalism and agency as part of the predisposing factors to success. The measurement of particular resources and disadvantages related with entrepreneurial achievement is also important.

### ***Self-Perception and Business Performance of Black African Entrepreneurs***

Objective measures have been criticized especially when studying business performance among ethnic minority entrepreneurs. This is because most business owners are reluctant to provide specific details of their financial records (Rhodes and Butler, 2004). Also,

small businesses hardly equate finance to business success but rather have performance measures peculiar to them, which is dependent on their perception of success and reasons for starting the business (Meredith, 1997; Rhodes and Butler, 2004). Consequently ethnic entrepreneurs use different subjective measure of success such as beliefs regarding business success (Brockhaus, 1980), personal satisfaction derived from business ownership (Soly-mossy, 1997), personal evaluation of managerial skills and personality traits being put to good use by the entrepreneur (Ibrahim and Goodman, 1986). Rhodes and Butler (2004) advances the socio-economic environmental model of business performance based on the belief that perception of business performance is a multiplicative function of strategic managerial skills and socio-economic environment. In essence, it proposes interplay of various factors (such as family background, human and capital resources, assistance from primary groups such as the immediate network) as having significant influence on business strategy chosen by a Black entrepreneur to produce perception of success. The level of resources available within the community influences strategic business decisions, which in turn affect the entrepreneur's perception of business performance. Accordingly, Gold (2016), in the critical race theory, alludes to the fact that entrepreneurial success requires certain resources like co-ethnic and transnational ties, class background (socio-economic background) and education. He further argues that ethnic groups that have experienced entrepreneurial success have access to these resources due to their ethnicity unlike the Black African communities who have reduced access due to their ethnicity and are disadvantaged. Therefore, Black Africans experience unique disadvantages and a higher level of racial discrimination.

Though business ownership by parents has no significant effect on measures of business performance, yet successful entrepreneurs were found to more often have parents previously engaged in entrepreneurial activities (Duchesneau & Gartner, 1990). In the Black community, the presence of strong socio-economic resources and business role models do not only

influence the perception of business performance but also increases the probability of success (Rhodes and Butler 2004). In general, self-perception of the Black entrepreneur has a significant effect on how they access information and resources both within and outside their community. It also affect strategies they employ in running their business and their perception of success, which invariably determine how they measure success.

### **2.3.1. Failure in Black African Entrepreneurship**

Currently, little is known about the disparity in ownership and performance of ethnic minority businesses, especially among Black Africans (Mendy & Hack-Poley, 2018). Ethnic minority businesses are usually smaller in size than non-ethnic firms and has lower turnover (HM Treasury, 2008). Subsequently, Black African businesses have characteristic high failure rate. Despite the high propensity for business start-up, there is low survival rate and performance among this group (Zhou, 2004). Generally, small businesses suffer high failure rate due to reasons such as capital constraint, lack of experience, bureaucracy, poor management, money mismanagement, unplanned and unstructured growth (Rosli, 2011). However, Black Africans entrepreneurs' experience their own peculiarities entrenched in their history and the unique situations they face within the context of their environment (Nwankwo, 2010). Black Africans have been historically known to have greater difficulty in accessing mainstream finance (Smallbone et al., 2003) and evidence of financial, educational and informational disadvantage also exists (Portes et al., 2009). Additionally, limited impact of cultural background such as religion, values, beliefs and non-cultural factors like legal framework (Mendy & Hack-Poley, 2018) also exist. Oftentimes, factors affecting entrepreneurial failure have been proposed from the researcher's perspective or deduced from available limited data (Nwankwo, 2005). Therefore, little has been heard from entrepreneurs with closed businesses and survivors leading to under-theorization (Mendy & Hack-Poley, 2018). The narratives often presented in literature are a negative representation of Black African businesses, as intellectually and

mentally incompetent rather than objective consideration of both external and internal conditions affecting these businesses. Therefore, this research attempts to deepen understanding of entrepreneurial performance among Black African entrepreneurs and extending the frontiers of knowledge by allowing their voices to be heard.

#### **2.4. Theoretical Foundation**

The study is based on one of the fundamental theories that capture and appropriately situates the ethnic minority struggle in entrepreneurship in the United Kingdom. Foremost of these theories is the theory of mixed embeddedness. Dutch Scholars such as Kloosterman, Van der Luen, and Rath in the 1990s presented a comprehensive analysis of the multifaceted framework of social, economic, and institutional embedded in entrepreneurship practice, approach, and possible outcomes. (Kloosterman et al., 1999; Kloosterman & Rath, 2001, 2003; Rath, 2002; Rath, 2007). Though critiqued as being too structuralistic, Mitchell (2015) argues that the perspective of mixed embeddedness in the context of entrepreneurship is regarded as one of the most significant conceptual development and evolution in ethnic minority enterprise. One essential component that stands it out of other entrepreneurship theories is the ability to identify enterprise activities and processes within the framework of a defined set of context (Mitchell, 2015, Rath & Kloosterman, 2000; Hall & Rath, 2007). Kloosterman and Rath (2001) define mixed embeddedness as the "concrete embeddedness" of ethnic minority and their businesses situated in their social network, their "abstract embeddedness" within the prevailing socio-economic, political and institutional distinctive condition in their host communities. In other words, mixed embeddedness provides a veritable platform of multifaceted context to critically and extensively analyze the interplay of social, economic and institutional embeddedness through the political and regulatory structures that exist at various levels. The mixed embeddedness captures the significance of cultural and social structure to economic development (Rath, 2006). It is also suitable in assessing internal group dynamics and the



context in which the entrepreneurs are embedded. The model situates entrepreneurship in social networks, market and institutions (Kloosterman et al., 1999). It shows the interaction of the various components at the micro, meso and macro level of the model and how it affects entrepreneurial outcomes. It is a broad conceptual framework for investigating entrepreneurial processes and outcomes (Ojo, 2012). It demonstrates the importance of ethnic social ties and cultural dynamics and its relevance to business growth and survival (Turner, 2016). At the meso level, the opportunity structure is represented and it is important for entrepreneurship to occur. Ethnic entrepreneurship is made possible by the opportunity structure within the region in which the entrepreneur is embedded. It determines the access to market, as business needs not only the opportunity to produce new products and services but also to make sure there is a ready market for it. The availability of opportunity is regulated by legal-institutional factors and can be analysed at the national, region on local levels (Boissevain et al., 1990). Opportunities has to be recognizable by potential entrepreneur, institutional regulations and barrier to entry must make it accessible in order for it to be seized tangibly (Kloosterman et al., 1999). The response of the entrepreneur can either be hindered or promoted by social networks, political-economic structures or cultural practices (Yeung, 20002).

In addition, Kloosterman and Rath (2003) explains the notion of mixed embeddedness model see ethnic minority entrepreneurs as grounded in their own social network, known as social capital but severely affected by the larger political economy where state regulation plays a critical role in shaping businesses. At the micro level of mixed embeddedness is the social embeddedness of ethnic minority entrepreneurs in social structure in order to create opportunities and improve economic performance (Abebe, 2015). Ethnic entrepreneurship does not happen in a vacuum and it outcomes are shaped by both the social and economic context (Masurel, 2006).

The macro component consist of the regulatory environment and how its impacts business ownership and engagement within an economic context. Individual deregulatory acts in the United Kingdom have been very harmful to the survival of ethnic minority entrepreneurship but favor the already established and dominant business. One such example is the relaxed restrictions on shop opening hours that has a huge advantage to the "dominant supermarket oligarchy" but has been very detrimental to the thousands of grocery shops owned by ethnic entrepreneurs (Abebe, 2015).

According to Jones et al. (2006), owners of Asian firms in highly competitive sectors like clothing and catering (where existence of companies is very unpredictable and profits can be abysmally low), justify flouting the minimum wage law as a way of cutting cost to stay afloat in the firm .In addition, the unwillingness of young British- Born Asians to work in such businesses, due to low wage rate, has resulted in recruitment crisis where illegal immigrants have become golden fleece in the industry (Jones et al., 2004). Jones et al., (2004) stresses that the moral standard in this area is quite ambiguous because even the state does not know whether to eradicate such extra–legal practices, preserve jobs or reduce the price of goods and services within the informal sector (Jones et al. 2004; 2006). All these work together in affecting ethnic minority entrepreneurship within the context in which they are embedded.

Having underscored the impact of regulatory regime on the ethnic minority entrepreneurship (EME), their regulatory evasive maneuvering and the shifting government policy of moving the EME into the mainstream economy, it is worth noting with growing evidences that EMEs are gradually moving to sectors with high value and business activities (Barclays Bank, 2005; LDA, 2005; Ram et al., 2003). Studies have shown that EME economic activities in the United Kingdom have been a two-track affair all along (Brah 1995; Ram and Smallbone 2002). EMEs and especially Black Africans are starting

businesses in the UK in sectors like computer manufacturing, software design, consultancy in the IT sector, provision of health care, broadcasting, financial services including insurance, graphic and fashion design (Deakins et al., 1997; Ram et al., 2003).

In these sectors, working long hours does not play a significant role but working smart (Jones et al., 1994a). Understandably, the South Asian businesses feature prominently here. However, African and African Caribbean have become very prominent and better represented in these innovative sectors where education is proving very crucial for survival and continuity (Ram et al., 2003). This reiterates the need for both academics and policy makers to differentiate between quality and quantity while encouraging those intending to become entrepreneur (Ram and Jones, 2006).

In spite of the advantage of the new policy that portends better future for EMEs in the UK, most of the small ethnic minority firms in operation are still not operating sustainably. The underlying principle behind this rewarding business activities depends on the substitution of labor by capital either in the form of financial investment or as human capital (development) regarding expertise and qualification. By the very nature of these forms of capital, they are rationed severally especially in the stereotyped racial minorities and research findings suggest that EMEs are very much tilted toward the marginal labor-intensive business activities rather than being capital intensive (Mascarenhas-Keyes, 2006; Virdee, 2006).

Meanwhile, a breakthrough in the human capital form of resources for the ethnic minority entrepreneurship has been recorded. As Jones and Ram (2003) contends that increased high educational qualification levels among the Indians and the Chinese are beginning to impact on their enterprises positively. Probably, this is most pronounced in the diversion of the Asians young school leavers out of the business ownership front to enable the sector to be less crowded in order to pave ways for those who want to engage in businesses out of opportunity and not

because of necessity (Abebi, 2015). This phenomenon has also be observed in Black Africans, where the emerging generation are gaining more qualification and acquiring business skills to enable them engage profitably in business (Crump et al., 2015).

### ***Opportunity Structures***

Paramount to the mixed embeddedness conceptual framework in ethnic minority entrepreneurship is opportunity structures (Kloosterman & Rath, 2001: 190). Kloosterman et al (1999) argues that opportunity structure comprises of individual openings existing in the market, which motivates the ethnic minority entrepreneurs to establish or create their new business ventures. These market opportunities and conditions are mostly influenced by the prevailing socio economic, political, and institutional structure existing in the larger economy where their businesses are embedded. As a result, business opportunity structures differ significantly from one geographical location to another (Kloosterman & Rath, 2001).

In order to set up a successful business, there has to be large market willing to consume the products or services offered and it must also meet the requirement of existing regulations (Kloosterman, 2010). Therefore, the resources available and opportunity structure determine the entrepreneurial process and engagement. Markets are a component of the opportunity structure as that is where the demand for business occurs. In order to operate successfully in any market, an entrepreneur must possess the right resources, which makes for an accessible market (Kloosterman and Rath, 2000). For most Black entrepreneurs, they start at a disadvantage because of the limited availability of resources. The availability of resources then determines the kind of businesses being set up and the scale of such business. For most first-generation entrepreneurs, the ethnic market was easy to access as it offers a low threshold and required modest resources. However, the low threshold also presents a disadvantage as the arrival of new immigrants present stiff competition. Market saturation and high level of

competition lead to low survival rates and therefore, the entrepreneurs have to continually employ strategies, which sometimes are illegal to survive (Fairlie and Robb, 2008).

### ***Social Embeddedness***

The social embeddedness component of mixed embeddedness theory suggests a particular but socially instituted associated interaction existing in ethnic minority business operations. The use of social network positions the entrepreneur such that it increasingly regulates the accessibility of relevant information and resources that would be useful for their businesses (Rath, 2007). Entrepreneurship scholars posits that the inclination towards entrepreneurship and entrepreneurial success rate is significantly determined by the size, nature and concentration of ethnic minority's social networks and their capacity to stimulate or galvanize these networks towards a productive end especially the one that favor their businesses (Yoo, 1998; Zhou, 1992; Jack & Anderson, 2002; Granovetter, 1995; Waldinger, 1986; Cahn, 2008). This is because most businesses depend on the ethnic community not only for social and ethnic capital but also for customers.

At the micro level of the mixed embeddedness model, the group dynamics, cultural inclinations and background affects their entrepreneurial decisions as it becomes a lens through which their decisions are filtered (Kloosterman, 2010). Social capital, ethnic ties and personal characteristics are important factors that contribute to social embeddedness and impacts on entrepreneurial engagement of Black Africans.

In some instances, ethnic minority entrepreneurs that have financial challenges were able to establish their own business through the help of and reliance on their social capital (Lee, 1992; Kloosterman et al., 1999; Rath, 2007). These ethnic minority entrepreneurs benefit from the ethnic-oriented economic networks they have spurned around themselves in terms of labor recruitment, raising of fund, acquisition of knowledge and heterogeneous information and

maintaining relationship with suppliers and distributors alike while keeping customers in close contacts as part of customer care (Kloosterman et al., 1999; Rath, 2007). These kinds of advantages are fully harnessed when the social structure of the ethnic group is cohesive as trust and solidarity are important components of social embeddedness (Kloosterman, 2010). The fragmentation of Black businesses and perceived lack of solidarity and trust within the community affects the growth and outcomes of their business (Ojo, 2012).

Rath (2007) further advances that social embeddedness motivates, instructs and forces ethnic entrepreneurs to manage their finances prudently and curtail their expenditure through avoidance of formal employment process and also gaining unlimited access to valuable economic resources that may not be available to entrepreneurs lacking in social networking. Of interest are the cultural entrepreneurs that engage in individual businesses like tourism, Rath (2007). Other businesses such as catering and fashion designing, use cheap and flexible labour sources from their ethnic minority members of their community who have job market disadvantage to ratchet up their businesses (Abebe, 2015). It is also important to note how these businesses strive to achieve economic viability (Drori & Lerner, 2002; Rusinovic, 2008) and engender their movement into the mainstream network while also responding to the wider socio- economic and environmental demands (Abebe, 2015).

The social embeddedness of Black entrepreneurs initially offered the advantage of a protected niche market that allow them cater to the exclusive need of their ethnic community. However, this protection was gradually eroded over the years and the very advantage became a threat to their businesses and necessitates the need to break out of ethnic market for survival (Kloosterman, 2010). However, as the second generation enters into the work force, they acquire necessary social, human capital and mentorship within the extensive networks they build both within and outside their ethnic communities to build sustainable businesses. Also important for ethnic entrepreneurs are family support, which provides financial resources,

cheap or unpaid labour, and informal business apprenticeship where there was a family business in place (Fairlie and Robb, 2008).

### ***Politico-institutional Embeddedness***

Various forms of rules and regulations, institutional framework, and political will power through governance that tend to influence market activities are discussed in this section. These factors affect business activities on a different scale (Rath, 2003; Mitchel, 2015; Kloosterman et al., 1999). These politico-institutional factors, which are otherwise known as government intervention, regulate the market through certain policy that defines market conditions, such as the type of approved commodity to be sold within a geographic location, economic agent that can sell the approved products, and the conditions under which these products must be sold (Kloosterman, 2010). No doubt, regulation of economic activities creates individual market barriers through the definition of legal boundaries regarding the business venture which entrepreneurs can engage in. On the other hand, through government regulation, a stable and predictable economic environment that favors business can be created (Rath, 2007). Therefore, as Rath, (2002) noted, politico-institutional factors can both restrain and enable the possibilities for a business to thrive within certain opportunity structure available in the market.

In the case of Black African entrepreneurs, weak ties, small and fragmented businesses especially within the first-generation entrepreneurs restrict the creation of economies of scale. The regulatory barriers and state intervention regulate running of businesses and they sometimes make breaking out to non-ethnic market difficult for the entrepreneurs. However, as the entrepreneurs develop new skills and acquire important class resources they are able to move up the ladder and can considerably lower the threshold (Kloosterman, 2006).

## **2.5. Summary**

Entrepreneurship has been advocated as the panacea for solving economic problems for immigrants in developed countries as they face discrimination, poverty, racial and language barriers (Kloosterman and Rath, 2003; Portes, 2010; Gold, 2016). In view of this, ethnic entrepreneurship appeal has extended beyond the fields of academic research and become subject of debate among policy makers, urban planners, financial institutions and immigrants themselves. Though Marxists are usually averse to using free market solutions in solving social problems, they have come to accept ethnic entrepreneurship that is entrenched in collaboration, hard work and shared values as a possible solution (Gold, 2016). Moreover, immigrant groups, such as Jewish and Asians, have been paraded as the poster child of ethnic entrepreneurial success. Entrepreneurship as a vehicle of social and economic advancement within the Black African community has not enjoyed such success. Black African businesses in general tend to be small, generate less income, have fewer employees and are less successful than other ethnicity (Fairlie and Robb, 2008).

This chapter delved deeper into the layers rarely covered in Black African entrepreneurship studies such as the migration history and its effect on enterprise creation and sustainability, the interplay of religion, personal belief and culture. Also explored were the factors that influence the uptake of entrepreneurship, the success and failure construct within the context of Black African businesses. The exploration of these salient issues within the Black community gives a more holistic view of their entrepreneurial activities and provides a better understanding of the group as a whole.



## **CHAPTER THREE**

### **ENTREPRENEURSHIP: THEORIES AND CONCEPTUAL FRAMEWORK**

#### **3.0 Introduction**

A literature review is essential in synthesizing available research evidence relating to the present study as a way of setting the focus for the study. This chapter critically reviews relevant literature and analysed gaps identified within the literature. It explores the sustainability of Black African entrepreneurship using the mixed embeddedness framework. The chapter is organized in sections to aid clarity, minimize ambiguity and clarifies the conceptual framework underpinning this research. The review of literature begins with examination of the general field of entrepreneurship and then progresses to the discussion of key theories in the field of ethnic entrepreneurship. While exploring the field of ethnic minority entrepreneurship, the study further delineates Black African entrepreneurship as the focus of the study and analyzes it in the context of its characteristic entrepreneurial activities, process and outcomes in Britain. This is followed by a review of beliefs as well as measures of success and failure in Black African entrepreneurship. The final section is a summary of the chapter.

#### **3.1. The evolution and definition of entrepreneurship**

Entrepreneurship is an ever-evolving concept and a label that has been affixed to both profit and non-profit, private, commercial, social and cultural settings (Steyaert & Katz, 2004). Entrepreneurship has been used in research as a general label and it is lacking in conceptual framework (Busenitz et al., 2014). According to Gartner et al (2006), it is defined as the discovery and utilization of profitable opportunities. It is also often defined in terms of who the entrepreneur is and what s/he does (Venkataraman, 1997). Unfortunately, this approach is problematic as entrepreneurship involves not just an enterprising individual but also the

presence of profitable opportunities (Venkataraman, 1997). Therefore, the definition of entrepreneurship is incomplete when it is based on the individual, that is, the entrepreneur alone (Gartner, 1988). Chandra (2018) opines that defining an entrepreneur, as someone who founds new business does not consider the variation in the quality of opportunities that is identified. When these opportunities are not measured, empirical support for features that separate entrepreneurs from non- entrepreneurs becomes problematic. This is because these features confound the influence of opportunities and individuals (Busenitz et al., 2014). The success of entrepreneurship is significant in helping policy makers, global institutions and entrepreneurs in understanding drivers, obstacles and policies that affect value creation, resource allocation, economic growth and policy agenda for social welfare (Chandra, 2018).

It is important to explore available literature with a view to gaining an understanding of entrepreneurship, entrepreneurial orientation and peculiar characteristics of entrepreneurs. This characterization will enrich the understanding of ethnic minority entrepreneurship (EME), especially in relation to Black Africans. There is lack of consensus on the definition of entrepreneurship and several definitions have been generated by different researchers (Hébert & Link, 1989; Dana, 2006). More so, determinants and sources of entrepreneurship extend over different theoretical underpinnings, leading to a divergent of opinions about the subject (Brock & Evans, 1989). Entrepreneurship, being a many-sided phenomenon, has been studied extensively (Garavaglia & Breschi, 2009). Yet, the obvious weakness inherent in these studies is that researchers tend to ignore the different strands of research in other disciplines (Wortman, 1992). This has further contributed to the lack of consensus on its definition.

The concept of entrepreneurship was first introduced by Richard Cantillon in 1755. This generated controversies both in its definition and theories (Cherukara & Manalel, 2011). Economists brought entrepreneurship to attention and neo-classical economics emphasized the concept of perfect information and competition without taking into consideration the

innovation and risk-taking feature of entrepreneurship (Cherukara & Manalel, 2011). As economists research different facets of entrepreneurship, they established that entrepreneurship involves judgment at its core and therefore dropped the concept of perfect information to make allowance for innovativeness of the entrepreneur (Cherukara & Manalel, 2011). Economists, such as Cantillon, Smith, Knight and Schumpeter, laid the foundation of entrepreneurship and defined its relationship with uncertainty, economic growth, decision-making and innovation (Chandra, 2018). Subsequently, sociologists and psychologists also explored entrepreneurship and emphasized psychological traits and people's characteristics as predictors of entrepreneurship (McClelland, 1965). The field of entrepreneurship has since then further evolved. It now involves how and why entrepreneurs recognize opportunities, how they evaluate and eventually exploit the opportunities present (Venkataraman, 2000), even though it has been criticized for lacking contextual boundaries (Busenitz et al., 2003).

Entrepreneurship is perceived as the necessary activities that help create an enterprise where all market elements are not yet available and the productive components are not fully functional (Venkataraman, 2000). Further definitions suggest that it is the creation of new business ventures resulting from an entrepreneur's willingness and ability to seek out investment in an environment, establish and run the enterprise successfully while following the objective of the business within indefinable opportunities. Moreover, entrepreneurship has been viewed also as involving a process of sighting, appraising business prospects while gathering and initiating the needed resources for proper launch of the new business venture (Leibenstein, 1979; Gartner, 1988; Nwachukwu, 1990; Okpara, 2000).

The theoretical foundation of entrepreneurship extends beyond economics through other disciplines, hence, the litany of definitions found in the literature. As a result, Schumpeter (1951) suggests the combination of the various theories to form a set of qualities, such as creative innovators, coordinators and organizers, bridge builder, risk-bearers, and leaders, that

characterize entrepreneurship (Burnett, 2000). According to Schumpeter (1951), this list, though not exhaustive in content, help explains the reason while some people are entrepreneurs and others are not.

Admitting the lack of consensus of definition of entrepreneurship among researchers, Hessels (2008) opines that “there seems to be agreement . . . that entrepreneurship involves the creation of something new” and that “...something new” means “new organization” (Guttermann, 2012). The most productive way of studying entrepreneurship, therefore, is to view it as processes that entail several activities or behaviour that intend to create a new business (Gartner, 1988). Davidson et al (2006) also views entrepreneurship in two dimensions. First, as the creation of new economic activities that occur through the creation of new economic ventures and secondly as economic activities of established companies.

However, Kaufman and Dant (1998) extend the definition further and present entrepreneurship in three categories including, trait, process and activities while Sharma and Chrisman (1999) posit that entrepreneurship belong to certain school of thoughts known as entrepreneurship characteristics and entrepreneurship output (outcome). The former entails entrepreneurship innovations, growth and uniqueness, while the latter comprise the creation of entrepreneurship value. More recent definitions view entrepreneurship in three characteristic traits, which have been part of the intellectual propositions in the literature. These include; Uncertainty and risk, complementary management competence, and creative opportunism. To ignore any of the aforementioned characteristics is to invite the risk of repetition. Instead, learning the abundant entrepreneurship concept has to offer becomes very vital (Outcalt, 2000).

These characteristics traits identified in an attempt to properly situate the components of entrepreneurship have country-specific traits. In Germany for instance, the entrepreneurship domain follows the Schumpeter's (1934) innovation theory. The German through “innovative

technical ability” imbibes this innovative theory. The American on the other hand imbibes the tradition of Knight’s (1961) uncertainty- bearing theory, which is built on risk-the speculative ability. The Austrian entrepreneurship tradition of Kirzner’s (1973) market process theory and the exploration of ‘alertness to opportunity’ involve the identification of opportunity, which is found in the spotting ability of the entrepreneur Herbert and Link, 1988; (Ripas, 1998).

Shane and Venkataraman (2003) see entrepreneurship as “the process by which opportunity to create future goods and services are discovered” while taking into account the foregoing definitions. From the various definitions of entrepreneurship advanced in this study, it not difficult to notice activities such as the creation of organizations, self-employment of any sort, combination of resources, identification and exploitation of opportunities within the economic system or market, innovation applied to a business context, and bringing together of factors of production under uncertainty, as components of entrepreneurship (Kirzner, 1973; Barth, 1967; Thornton et al., 2011).

The concept of an entrepreneur has also been viewed in different perspectives by scholars. For instance, entrepreneur has been viewed as the agent who organizes, unite and make meaning out of all the means of production and determine the final value of the created products (Putari, 2006). The entrepreneur also “reestablishes the whole capital employ, the value of the earnings, the interest, rent which he pays, as well as profits belonging to himself." He is regarded as the change agent. Prediction and action on the changes that takes place within the market is also ascribed to ideals or the role of the entrepreneur (Knight, 1921). An innovator who implement the changes that takes place within the market through the combination of new business ideas such as new business techniques, new production methods, and reformation of the entire business for innovation is regarded as the entrepreneur (Schumpeter (1934). According to Deakins and Freel, (2009), an entrepreneur is conceived as the one who introduces innovativeness coupled with new technology into the market place thereby increasing the

efficiency, effectiveness and capacity of producing new products or services. Furthermore, entrepreneur is conceptualized by Cantillon (circa 1730) as the "agent who buys means of production at certain prices in order to combine them" to form a competitive product in the market place (Schumpeter, 1951). Further conceptualization suggests that the person who identifies an opportunity with the right motivation, desire and drive with the ability to mobilize available resources to achieve it is the entrepreneur (Di-Masi, 2010).

In essence, the entrepreneur “detects or creates business opportunities that he or she then exploits through small and medium-sized firms. The entrepreneur normally participates in providing the capital for the firm, carries out the role of arbitrator or simply “sells the idea” of the business project” (Álvaro, Domingo, and Salvador, (2000). Meanwhile, the risk taker and one who add value to the new products and services created are considered the entrepreneur. Derived from a French word “entreprendre” which means to undertake, the word entrepreneur connotes an action, has been used and exploited several times in terms of meaning, types and elements which form its core. It is the entrepreneur who conceives, create, manage and take the risk of the created business (Bird, 1989; Kuratko & Hodgetts, 1989). Furthermore, an entrepreneur innovates, recognizes seizes and transform opportunity into realizable ideas. The entrepreneur adds value through four distinct elements: money, time, efforts & skills and then assume the risk associated with the venture especially in the competitive environment of the market place to appreciate the reward that comes from his effort.

### **3.1.1. Theories of Entrepreneurship**

There is no consistency or a universally agreed theory in entrepreneurship. Rather, it comprises of varied approaches from economics, psychology, sociology and anthropology (Virtanen, 1997). In modeling entrepreneurship, there is need to take this diversity of the phenomena into account. Therefore, Gartner et al. (1989) advances that entrepreneurs cannot be classified into

a homogenous class, as this would mean overlooking the variation that already exists. The following outlines some major theories in entrepreneurship.

### ***Psychological Theories***

Psychological theories identify the psychological traits of individuals within a society and focus on individual resourcefulness. It suggests that psychological traits impact a society's supply of entrepreneurship (McClelland & Winter, 1971). It focuses on personal traits, incentives and motivations of a person and claims that entrepreneurs possess a higher need for achievement (Virtanen, 1997). This concludes that traits acquired during an individual's upbringing such as self-reliance, self-leadership and excellence influences entrepreneurship (McClelland, 1987). The theory of Achievement Motivation propounded by McClelland (1961) belongs to this category and identifies ability to make decisions in uncertainty and innovativeness as traits necessary for entrepreneurship. Davidsson (1989) implies that the most significant factor that explains differences in growth and entrepreneurship is achievement motivation. Correspondingly, Johnson (1990) discovered that there is a relationship between entrepreneurship and achievement motivation. Murray (1991, p.31) defined achievement as:

*“To accomplish something difficult. To master, manipulate, or organize physical objects, human beings, or ideas. To do this as rapidly, and as independently as possible. To overcome obstacles and attain a high standard. To excel one's self. To rival and surpass others. To increase self-regard by the successful exercise of talent”.*

Other traits captured within this definition which is equally important for entrepreneurship is competitiveness, a strong need for learning, self-development and self-awareness (Amit et al., 1993).

Another psychological perspective focuses on the locus of control theory, which postulates that entrepreneurs possibly have strong internal locus of control (Amit et al., 1993). This means

that an entrepreneur believes in his capability to start a venture and control its outcome by taking necessary step to achieve it. Though internal locus of control may not necessarily be able to distinguish those with strong entrepreneurial propensity but can be helpful in predicting success (Brockhaus, 1982). This is supported by the claim that entrepreneurs have higher locus of control than the average person (Rauch & Frese, 2000). However, psychological theories are not without criticism. It has been criticized for focusing solely on the entrepreneur's personality without taking the industry, framework or environment within which the entrepreneurial process takes place into consideration (Gartner, 1989). Therefore, the failure of psychological theories to predict entrepreneurship has been attributed to its failure to understand the entrepreneurial context and environment (Reynolds, 1991).

### ***Economic Theories***

Cantillon (1755) as cited by Chandra (2018), identified entrepreneurs as economic agents faced with economic uncertainty. He further advances that they are major player who acts as coordinator connecting producers with consumers, acting as decision maker in market engagement and struggling with uncertainty (Kalantaridis, 2004). Baudeau then introduced the function of the entrepreneur as an innovator who and an economic agent who processes knowledge and information (Grebel et al., 2001). Therefore, entrepreneurs actively contribute to their nation's economic growth (Filion, 1998). The economic theories are based on the proposition that economic incentives such as access to information, market opportunities, policies, and investment opportunities are the motivation for entrepreneurship.

Included in the cluster of economic theory is the Jean Bapiste Say (1803). He posits that entrepreneurs combine production factors and earns wages. The theory distinguishes this from interest earned by a capitalist. Say identified the role of uncertainty and was the first to distinguish an entrepreneur from a capitalist (Kalantaridis, 2004), thereby paving the way to



Schumpeter's theory (Cherukara & Manalel, 2011). Schumpeter (1928) revolutionized economic theories of entrepreneurship by introducing the concept of 'creative destruction by entrepreneurship'. His theory has contributed immensely to the field of entrepreneurship.

### ***Sociological Theories***

Sociological theories focus on an entrepreneur's social context, and use the society in its analysis (Landstrom, 1999). This approach includes the entrepreneur in the development process and emphasizes his/her role in it. It stresses that an entrepreneur's talents are important because his activities alter the physical nature of the environment (Chandler & Jansen, 1992). This theory maintains that social factors enhance the development of entrepreneurs (Reynolds, 1991). Sociological theory focuses on identifying social context. Reynolds (1991) distinguishes social contexts regarding entrepreneurial opportunities. These contexts are social networks, life stage, ethnic identification and population ecology. An entrepreneur's involvement in social networks for instance, produce enormous advantage (Reynolds, 1991). The social theory emphasizes trust as an essential part of the relationship (Larson, 1992). Starting from ethnic identification, sociological theories advance that an individual or ethnic group is pushed into entrepreneurship because of their disadvantageous background (Low & Macmillan, 1988).

The essential components argue that entrepreneurship is predisposed to growth in specific social culture such as societal values; religious beliefs, customs, and taboos which affect the activities of individuals within a society. The prominent theories under this approach are the theory of religious belief and theory of social change. Max Weber's (1905) theory of religious beliefs highlights the fact that religious ideas affect economic activities. It underscores the interface between different religious beliefs and entrepreneurial culture. According to Weber (1905), entrepreneurial culture is shaped both by adventurous spirit and spirit of capitalism.

However, Weber's theory has been criticized for claiming that Protestantism encourages entrepreneurship. Yergin & Stanislaw (1998) criticized Weber's theory by referencing the South-Eastern Asia's Tiger economy where there is vibrant entrepreneurship culture yet lacking in Protestantism orientation. Hagen's (1962) social change theory asserts that innovation (a precursor of entrepreneurship) is correlated to a society's economic advancement. The theory underscores the entrepreneur's creativity as an essential element for societal transformation and economic development.

### ***Cultural Theories***

Cultural theories appraise entrepreneurship as a product of culture (Peet & Hartwick, 2009). The theory places the entrepreneurs' talent in cultural system and values that are equally entrenched in cultural environment. According to Hoselitz's (1960), cultural ethnic groups are pioneers of entrepreneurship and economic growth and this is governed by cultural factors (Mohanty, 2005). The theory emphasizes leadership skill and managerial ability that influences the emergence of entrepreneurs. It also stressed the influence of socio-economic class on entrepreneurship (Hoselitz, 1960). Hoselitz (1960, p.60) further suggests that an economy free of class and caste system, where rewards from economic activities are allocated based on accomplishment; exploiting lucrative market conditions, and the "ruthless pursuit of self-interest, should be encouraged. Hoselitz highlights the role played by culturally marginalized groups such as the Christians, in entrepreneurship and fostering economic growth in Lebanon, Chinese in South Africa and Indian in East Africa.

Nevertheless, cultural theories have been criticized as stifling growth as it believes entrepreneur is an in-born trait. The implication of placing entrepreneurship and entrepreneur in context is fundamental when looking for chances for moving away from the idea of entrepreneurs as

extraordinary individuals to entrepreneurship as process (Chell, et al., 1991; Johannisson, 1991).

### **3.2. Ethnic Entrepreneurship**

Immigrants' participation in entrepreneurship has been known to enhance their economic status (Waldinger et al., 1990). It is one of the most significant impact of migration among minority ethnic groups (Baycan-Levent & Nijkamp, 2009). It plays a crucial role in reducing social tension, providing employment opportunities for ethnic minorities and it is a driver of economic growth (Kloosterman et al., 1998; OECD, 2006). Accordingly, ethnic entrepreneurship has been considered not only as a driver of economic growth but also as a catalyst for solving structural labour market imbalances in developed countries (Baycan-Levent & Nijkamp, 2009). As migration increases, entrepreneurial activities increase among the ethnic groups. It has also been shown that the rate of entrepreneurial engagement amongst ethnic groups is more than what is observed among non-minority groups in most Western countries (Baycan-Levent & Nijkamp, 2009). The socio-economic and cultural characteristics of ethnic groups and socio-political context of host countries causes diverse entrepreneurial experiences of different countries (Baycan-Levent & Nijkamp, 2009; Ojo, 2012). Though this trend has been recognized by policy makers, experts and researchers (Aliaga-Isla & Rialp, 2013), the rapidly growing field has its own limitations. Most of the researches focus on Chinese, Latino, Koreans and countries such as United States and Canada (cf. Entrepreneurial Business and Economics Review, 2015).

#### **3.2.1. Definition and Theories of Ethnic Entrepreneurship**

Ethnic entrepreneurship is a significant part of migration and is not a phenomenon that is new (Barrett et al., 1996). Though it has its root in the USA, it started to gain traction in Europe after the World War II. This was because immigration to Europe before then was for economic migrants to work low skilled job during the industrial revolution (Volery, 2007).

There have been attempts by various scholars to define ethnic entrepreneurship. In order to fully understand the ethnic entrepreneurship discourse, it is important to define it here also. “Ethnic is an adjective that refers to differences between categories of people” (Waldinger et al., 1990, p3) while, ethnic group refers to the members of a group with awareness of group membership, common origin and culture (Yinger, 1985). Waldinger et al. (1990, p.3) define ethnic entrepreneurship as “a set of connections and regular patterns of interaction among people sharing common national background or migration experiences”. Rath (2010) defines ethnic entrepreneurship as mostly small or medium-sized business activities started by migrant solely for the purpose of serving the ethnic market. According to Greene & Owen (2004), ethnic enterprise starts when an individual takes advantage of ethnic needs and position their business to serve the need.

### **3.2.2. Ethnic Entrepreneurship Theories**

Theoretical frameworks that address ethnicity, its relationship to and effect on entrepreneurship have converged from various fields of studies such as anthropology, sociology, psychology and economics (Virtanen, 1997). Though many theories have made attempt to conceptualize ethnic entrepreneurship, not a single theory has captured the phenomenon in its entirety (Volery, 2007). A strand of literature has been influenced by cultural traits of ethnic minority business, it argues that ethnic minority entrepreneurs found, own and manage their business concurrently, and therefore exhibit cultural traits associated with the entrepreneur’s origin (Zhou, 2004). According to Werbner (1990), ethnic resources such as culture and ethos are advantageous to entrepreneurship. The other strand of literature is the structuralist approach which argues that ethnicity is overstated and proposes the embeddedness of ethnic entrepreneurs in socio-economic context and class-based resources (Farmaki & Altinay, 2015). Ethnic entrepreneurship was propositioned as response to structural disadvantage in the labour market, as structural barriers in socio-economic context drive entrepreneurship (Ward, 1987).

These two views were reconciled and conceptualized as the integrative model by Waldinger et al. (1990).

### ***Culturalist Approach***

In ethnic entrepreneurship, the decision and motive for business entry impacts theory development (Volery, 2007). It is believed that the culturally determined characteristics of ethnic groups predispose them to enter into entrepreneurship (Masurel et al., 2004). Ethnic minorities are intrinsically linked in their co-ethnic social networks and social relationships, economic exchanges and individual behaviour are shaped by culture (Wang and Altinay, 2010).

### ***Disadvantage Theory***

The disadvantage theory views ethnic entrepreneurship as an alternative to employment due to racial barriers and restriction based on lack of human capital. The disadvantage theory originates from sociology and it explains ethnic entrepreneurship in the light of constraints encountered by immigrants in the host country. Though the theory does not view ethnic entrepreneurship as a symbol of upward mobility, it has been found useful in explaining informal economy (Volery, 2007). Ethnic minorities turn to entrepreneurship as a way of mitigating racial, ethnic and religious discrimination in the labour market. Though these forms of discrimination are common, there are other resource-based disadvantages such as inadequate language skills and unaccredited certificates (Phizaclea & Ram, 2006). Amongst ethnic minorities generally, disadvantages come in the form of labour market and resource disadvantage (Light & Gold, 2000).

Labour market disadvantage occurs when workers cannot obtain salaried employment that is equivalent to the prevailing market return on their productivity (Light & Rosenstein, 1995). Another case of labour disadvantage is high level of under-employment or long-term unemployment. Labour market disadvantage majorly pushes ethnic minorities into

entrepreneurship either as an option for survival or as a way to improve their economic or social status. Resource disadvantage on the other hand is experienced when a group enters into the market with fewer resources, either as a result of current or past historical experiences. These resources such human, cultural, social, financial resources are also capital used in storing value. In a case of resource advantage, they experience low productivity, which stems from low resources. However, if an ethnic group can suffer from double disadvantage, they experience low productivity and low wage. Invariably, the double disadvantaged group suffers from limited class-based resources, discrimination in paid employment and low productivity. People from this background therefore enter self-employment, which allows them to engage their limited resources until they can acquire more and move up the economic ladder, giving rise to informal economy (Conley, 1999). Meanwhile when an ethnic group possesses adequate class-based resources but experience labour market disadvantage, they are able to utilize their resources to set up thriving businesses in the formal sector (Light & Gold, 2000).

### ***Enclave Theory***

The ethnic enclave theory was proposed by Wilson and Portes (1980) to discuss the interconnectedness of ethnic entrepreneurship with a complex co-ethnic system. This system comprises of social structures, geographical concentration and co-ethnic social networks (Light and Karageorgis, 1994). The theory of ethnic enclave is however, being argued to be losing relevance as ethnic enclaves evolve into multi-ethnic communities, new generation of ethnic entrepreneurs take their business outside the ethnic enclave to affluent neighborhood and ethnic minorities move up the social ladder (Farmaki & Altinay, 2015).

The ethnic enclave has two main features, which are: ethnic enterprises that employ co-ethnic labours and spatial clustering of ethnic businesses (Light et al., 1994). “Enclaves consist of immigrant groups, which concentrate in a distinct spatial location and organize a variety of

enterprises serving their own ethnic market and/or the general population. Their basic characteristic is that a significant proportion of the immigrant labour force works in enterprises owned by other immigrants” (Portes 1981: 290-291).

Enclave theory is portrayed as a web of intricate system of ethnic social networks within an ethnic enclave that sustains itself, bounded by co-ethnic location, social structures and co-ethnicity (Zhou, 2004). While ethnic markets are characterized by low entry barriers in terms of skills, financial capital required, high competition, long hours of labour and low-added value (Nwankwo, 2005), its provides opportunities for new immigrants (Murdie & Teixeira, 2000). The theory concludes that the presence of ethnic enclaves enable entrepreneurial activities and pave the way to economic advancement (Waldinger et al., 1990). Ethnic enclaves have access to protected market that is formed due to the large concentration of co-ethnics and demand for cultural goods that can only be served by the ethnic entrepreneurs with the knowledge of specific goods and services (Wilson, 1975). However, it’s been argued that ethnic enclaves can pose a major problem to business growth and success and in order to be successful ethnic entrepreneurs need to pursue break-out strategies (Barrett et al., 2002).

### ***Middleman Theory***

Middleman theory is a theory under the culturalist approach and it states that ethnic minority groups enter into entrepreneurship to acquire social recognition through ethnic capital as a result of socio-political exclusion (Turner & Bonacich, 1980). As middlemen, ethnic entrepreneurs act as intermediary acting as agents that link ethnic goods to consumers and employees to co-ethnic employers (Bonacich, 1973). It is believed that ethnic entrepreneurs enter into low entry barriers and easily liquidated businesses as they become transitory because of host community’s discrimination and limited opportunity for upward mobility (Morokvasic,

1993). Essentially, these ethnic entrepreneurs act as trader or negotiators (Zenner, 1991) allowing them to easily liquidate their business or move if need be. The system is heavily dependent on co-ethnic social networks, where family and co-ethnic community are used for sourcing capital, labour and business information (Bonacich and Modell, 1980). They create strong bonds of mutual trust and solidarity, which in turn creates social capital. This capital forms a mechanism through which resources are distributed within the community (Butler and Greene, 1997). Often, the businesses created within these communities serve as a pool for hiring co-ethnic labour and doubly functions as ethnic enclaves (Portes and Bach, 1985).

### **3.2.3. Structuralist Perspective**

The structural perspective generally views ethnic groups as resilient but economically disadvantaged people with difficult path to assimilation in their host country (Portes & Manning, 1991). These communities are conscious of their shared identity and support a group strategy rather than rely on individual assimilation (Masurel et al., 2004). This approach argues that ethnicity has been overstated and entrepreneurship is influenced by structural disadvantages (Ram & Jones, 1998). The structuralist approach expound that immigrants are forced into entrepreneurship due to external factors like entry barriers or discrimination in the labour market and due to available opportunities (Razin, 2002). Immigrants are pushed into entrepreneurship when the chance of paid employment is limited and pulled into entrepreneurship when there is higher chance of upward mobility, economy advancement and autonomy (Borooah & Hart, 1999). Invariably, the approach asserts that the host country's conditions dictates entrepreneurial activities among ethnic groups (Cole, 1959). Furthermore, Boissevain et al. (1990) suggested that those opportunities should be evaluated at national, regional and local levels.

### **3.2.4. Ethnic Entrepreneurship Models**

#### ***Mixed Embeddedness Model***



According to Kloosterman et al. (1999), ethnic entrepreneurship could be understood effectively through the concept of mixed embeddedness. Mixed embeddedness takes into account the entrepreneur's embeddedness in social networks, in politico- institutional environment and socio-economic context of their host country (De Vries, 2014). It is argued that entrepreneurial activities do not occur in a vacuum, but it is a practice embedded in both cultural and social activities (Krueger & Brazeal, 1994). The model advances that the variability in economic context offers considerable opportunities from one level to another, that is, opportunities offered are different on national, regional or local levels (Kloosterman et al., 1999). This means that opportunities should be analyzed at national, regional and local levels (Boissevain et al., 1990). The mixed embeddedness model assumes that potential entrepreneur must recognize the right opportunity to be able to seize it tangibly, and that government regulations or high entry barriers must not block available opportunities (Kloosterman et al., 1999). The entrepreneurs' action is both facilitated and inhibited by institutional relations and cultural practices (Yeung, 2002). Mixed embeddedness model is a broad conceptual framework for researching ethnic entrepreneurship that distinguishes between micro-, meso- and macro-levels. It recognizes the importance of ethnic minority's embeddedness in social networks and considers their transactions to be entrenched in the wider economic and politico-institutional structures (Rath & Kloosterman, 2000).

Although, mixed embeddedness has been beneficial in explaining ethnic entrepreneurship more effectively, it has also been criticized for lacking in historical perspective. It is also unable to rationalize inter-ethnic variation in concentration of entrepreneurial activities among ethnic groups (Peters, 2002). Waldinger et al. (1990) advances that each ethnic minority group has its own distinctive mix of pre-migration and post-migration characteristics and this sets the considerations of their economic engagement.

### ***Interactive Model***

The interactive model was an attempt to reconcile the structuralist and culturalist perspective. According to Waldinger et al. (1990), the model is a complex interplay between group resources and opportunity structure. There is both a demand and a supply side to entrepreneurship and for ethnic entrepreneurship, opportunity structure is the demand while the group characteristics is the supply side (Waldinger et al., 1990). Opportunity structures is presented when there is a gap in the market that can only be filled by co-ethnics due to specific taste in goods and services or situation where non-ethnic market is served. The entrepreneur's access to business opportunities is dependent on regulatory policies and inter-ethnic competition (Waldinger et al., 1990). On the supply side is the group characteristic, which includes culture, level of aspiration and selective migration. Also included on this side of the structure are government policies that restrict or enable the acquisition of resources, ethnic social networks, mobilization of resources and organizing capability. Finally, ethnic strategies are component of the model that emerge as a result of the interaction between group characteristics and opportunity structures as ethnic groups adjust to their environment (Waldinger et al., 1990).

**Table 1: Summary of Ethnic Entrepreneurship**

<b>Theoretical Approach</b>	<b>Primary Focus</b>	<b>Critique</b>	<b>Form</b>
Culturalist Approach	Cultural Capital predisposes ethnic minorities to entrepreneurship	This approach fails to explain variation in business formation and performance rate. It ignores context in which entrepreneurs are embedded.	Disadvantage theory, Enclave theory
Structuralist Approach	Socio-economic environment entrenchment which ethnic	Too focused on structural patterns and the role of agency not	Enclave theory

	entrepreneurs exploit for economic reward	considered	
Mixed Embeddedness	Ethnic entrepreneurship does not occur in a vacuum and the environment in which they are embedded play a significant role in the entrepreneurial process.	It's been criticized for lacking historical perspective	Socio-economic and Politico-Institutional context
Interactive Model	Interplay between opportunity structure and group resources to determine group strategies for entrepreneurship	It does not take the politico-institutional context into consideration and therefore limited in explaining variation in performance	Opportunity structure and Ethnic strategies

Source: Literature Review

### 3.2.5. Ethnic Resources

Resources are also known as capital and capital is a store of value that assists in production and productivity (Kontos, 2004). This section discusses types and nature of resources available to ethnic groups. This is important as it helps to understand how these resources are utilized and exploited for economic gain. Ethnic resources are important tools in ethnic entrepreneurship as it can engender success and can compensate for the disadvantages experienced by ethnic entrepreneurs. There are five major forms of capital commonly used by ethnic minority entrepreneurs. These include social, human, financial, cultural and labour capital. These resources are pertinent to ethnic entrepreneurship as it increases the chance of success and shapes business operations. There are two types of resources, which are class resources (Light & Bonacich, 1988) and ethnic resources (Waldinger et al, 1990). They both shape ethnic

entrepreneurship in different ways, but class resources are more important in determining entrepreneurial outcomes (Ram & Jones, 1998).

### ***Social Capital***

Social capital is defined as “the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition” (Bourdieu 1985; p. 248). Benefits derived from group membership are based on group solidarity and trust. Accordingly, social networks are constructed through investment strategies positioned to institutionalize group relations and make it usable as source of other benefits (Portes, 1998). Bourdieu (1985) suggests that social capital comprise of two elements, which are the social networks that allow group members access to resources and the extent and quality of the resources. The concept of social capital advances that enterprise is embedded in social relations (Ram & Jones, 2009). Within the group’s trusted network there are both tangible (loan, employment etc.) and intangible (apprenticeship, information sharing, social support, goodwill etc.) resources (Ram & Jones, 2009). Social capital can also manifest in ethnic cohesion that fosters relationship based on trust between entrepreneurs and their employees (Woolcock 1998). Exchanges with the network are usually informal and based on trust making the process flexible and streamlined. This formed a basis for the argument that social capital has universal application beyond ethnic institution (Ram et al., 2000).

Ethnic social networks are important to the growth of ethnic ventures; their closed nature gives group members operational advantages that cannot be accessed by non- members (Waldinger et al., 1990). Family and the community are at the core of ethnic social networks and it depends on the trust of members for survival (Ram, 1994). Hence, trust is an important resource, which could be a source of competitive advantage (Smith et al., 2001).

### ***Human Capital***

Becker (1993), defines human capital as skills and knowledge gained through an individual's learning process to enhance productivity. Human capital "means an individual's investment in personal productivity", where productivity is a "person's ability to add value by doing work" (Light & Gold, 2000). The basic forms of human capital include formal education, learning experiences such as apprenticeship and work experiences. Human capital improves productivity for entrepreneurs and acquiring more of this type of capital predisposes business owners to bigger business (Light & Gold, 2000). Similarly, human capital gives superior access to information, increased participation and improves labour market experience (Rettab, 2001). It also increases propensity to engage in entrepreneurship (Reeves & Ward, 1984). Therefore, human capital significantly impacts entrepreneurs in the way they acquire and utilize resources for business growth (Unger et al., 2011; Rauch et al, 2013).

Studies have shown that groups with high level of human capital tend to possess financial capital, which grant them more social capital (Li, 2008). Human capital in the form of higher educational qualification increases the possibility of engaging in entrepreneurship among ethnic groups (Boyd, 1990) and it increases the probability for success (Basu, 1998). Meanwhile, other studies have also argued that higher education attainment increases the possibility of an ethnic group engaging in paid employment (Evans, 1989; Clark & Drinkwater, 2010). Consequently, it's been argued that educational attainment and work experience is not sufficient to explain occupational mobility.

### ***Financial Capital***

Wealth and money are two major forms of financial capital, and ethnic groups possess financial capital in unequal amount. This determines their response to business opportunities and growth (Light & Gold, 2000). According to Rettab (2001), financial capital is defined as the

accumulated wealth of group members and their ability to access the financial market. Ethnic groups with large deposit of financial capital respond more to successful opportunities building larger business and pursue break out strategies. Therefore, financial capital plays a significant role in building ethnic economies and explains the variation in ethnic entrepreneurship between different groups. For instance, though White and Blacks operate small businesses within the same economic context, White businesses perform better and are bigger compared to Black businesses. This is due to the financial resources available to White business owners which allows them to inject more capital into their business when needed. Generally, small business owners have difficulty accessing external finance such as loan, irrespective of their ethnicity (Storey, 1994) and ethnic entrepreneurs face greater difficulty in this area (Smallbone et al., 2003). There is high risk involved in loan and security is based on borrower's asset (Berry et al., 2001). Added limitation stems from the inability of business owner's to produce a well-developed business plan in the format and detail required by banks (Smallbone et al., 2003). Invariably, most ethnic entrepreneurs have limited collateral to present as security for loans and low language and business skills may hinder the process of preparing quality business plan. Studies have shown that certain ethnic groups experience more difficulty than others in accessing finance especially at start-up stage (Ram & Jones, 2009). Curran & Blackburn (1993) studied 76 ethnic minority business owners from Bangladeshi, Greek-Cypriot and African/Caribbean and reported that business owners from African/Caribbean and Bangladeshi faced more difficulty in accessing external finance compared with Greek-Cypriot business owners. In the absence of external financing opportunities, ethnic minorities turn to personal savings, co-ethnic sources, family and friends to finance business (Kraybill et al., 2010).

### ***Cultural Capital***

Cultural capital is a class resource but not a material resource (Light & Gold, 2000). Cultural resource is defined as proficiency in a society's high-status culture, which could be knowledge

of art, cuisine, music, literature, architecture, fashion etc. (Light & Gold, 2000). This knowledge is translated to cultural capital and used for financial gain or to gain advantage such as business contact and goodwill. Typically, cultural capital can be acquired in formal schooling or within the family. Though similar to human capital, it differs in that human capital increases the owner's productivity, which is rewarded with wages while cultural capital grants recognition or prestige that paves way for business association, marriage or job contacts (Light & Gold, 2000). Bourdieu & Passeron (1979, p.14) indicated that inherent in cultural capital is 'cultural habits and dispositions' that are important to success. It is argued that culture also shares many properties of economic capital and has resources that can potentially produce profit and become a source of competitive advantage for an individual or group of people which can also be passed down generations (Lareau & Weininger, 2003).

Cultural diversity exists between different ethnic groups in terms of ethnic cohesion, motivation for business entry, how they access and utilize finance and business positioning which accounts for the variation in business performance (Basu & Altinay, 2002). For instance, the success of certain groups in ethnic entrepreneurship has been alluded to cultural factors such as work ethics, reliance on co-ethnic networks and family labour (Watson et al., 2000). Meanwhile other studies suggest that cultural factors acts as a barrier that limits ethnic minority enterprises for growth and if these barriers are successfully negotiated their businesses will thrive (Smallbone et al., 1999; Nwankwo, 2005).

### ***Labour Capital***

Labour capital is expressed in two forms within ethnic entrepreneurship. First is the employment of co-ethnic labour and second is succession in ethnic enterprise. According to ethnic entrepreneurship literature, ethnic entrepreneurs generate employment and engage labour within the ethnic community, use family as source of labour and the wider ethnic social

network also acts as interface for recruitment (Waldinger, 1986). Ethnic entrepreneurs particularly draw on resources such as labour, capital and information from co-ethnic especially at the start-up stage, which is critical to survival (Ram et al., 2000). It also provides a platform for labour market entry for new immigrants. Through their employment within the ethnic economy, they acquire opportunities and experience for upward mobility (Aldrich et al., 1985).

The second form of ethnic labour capital is succession plan especially within family in ethnic entrepreneurship. Asians for instance, tend to have businesses run and sustained by continuous involvement and succession by family members in the UK (Werbner, 1984; Ram et al., 2000). Family participation is an important strategy that ensures survival of the business as most ethnic business in the UK battle with succession problems (Janjuha & Woods, 2000). This view was also supported by Ram & Jones (2003) who asserted that new generations of ethnic minority are reducing participation in entrepreneurship in favour of mainstream employment. The younger generation, especially those born within the UK, has acquired more forms of capital and is able to participate in the mainstream economy competitively. Moreover, the long hour and low-income work condition has made ethnic entrepreneurship less attractive to them (Wright et al., 2003).

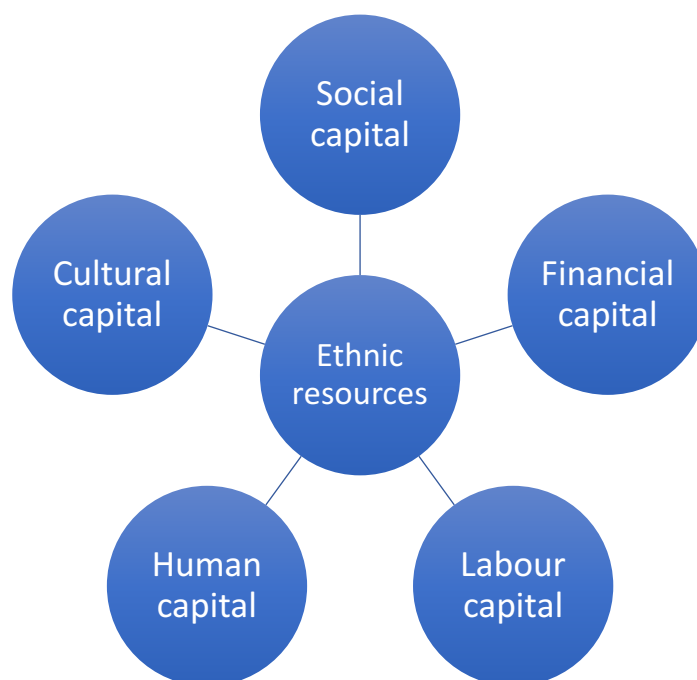
### **3.3. Summary**

Though the inability of entrepreneurship researcher to reach a consensus on the definition of entrepreneurship has impeded the progress of research in this field, yet it presents its own opportunities. This chapter started with the review of literature in the general field of entrepreneurship and looked closely at the development and conceptualization of entrepreneurship. It highlighted that entrepreneurship as a field has developed over the years from various field of study such as anthropology, sociology, economics and psychology and this has enriched the field allowing several scholars to describe it from various perspectives.



Although, the focus of this study is Black African entrepreneurs in the United Kingdom, this cannot be fully understood as a stand-alone phenomenon without first exploring the field of entrepreneurship and ethnic minority entrepreneurship. This helps to shape the experiences of Black Africans and put their entrepreneurial activities into proper context for comprehension. The field of ethnic minority entrepreneurship has been involved in its own debates especially when the various theories and models are discussed. These perspectives have been conceptualized as models and theories, which has also been used to explain the entrepreneurial process, structure, characteristics and embeddedness in its context. The chapter also explored various forms of capital that are mobilized by the ethnic entrepreneurs in their business pursuit. The five dominant forms of capital (human, financial, social, labour and cultural capitals) were discussed in line with how the resources are utilized in various contexts. This chapter creates an awareness of the general domain of entrepreneurship, ethnic entrepreneurship, its evolution and interaction with the various players involved.

Source: Literature Review



**Figure 1: Ethnic Resources**

## **CHAPTER FOUR**

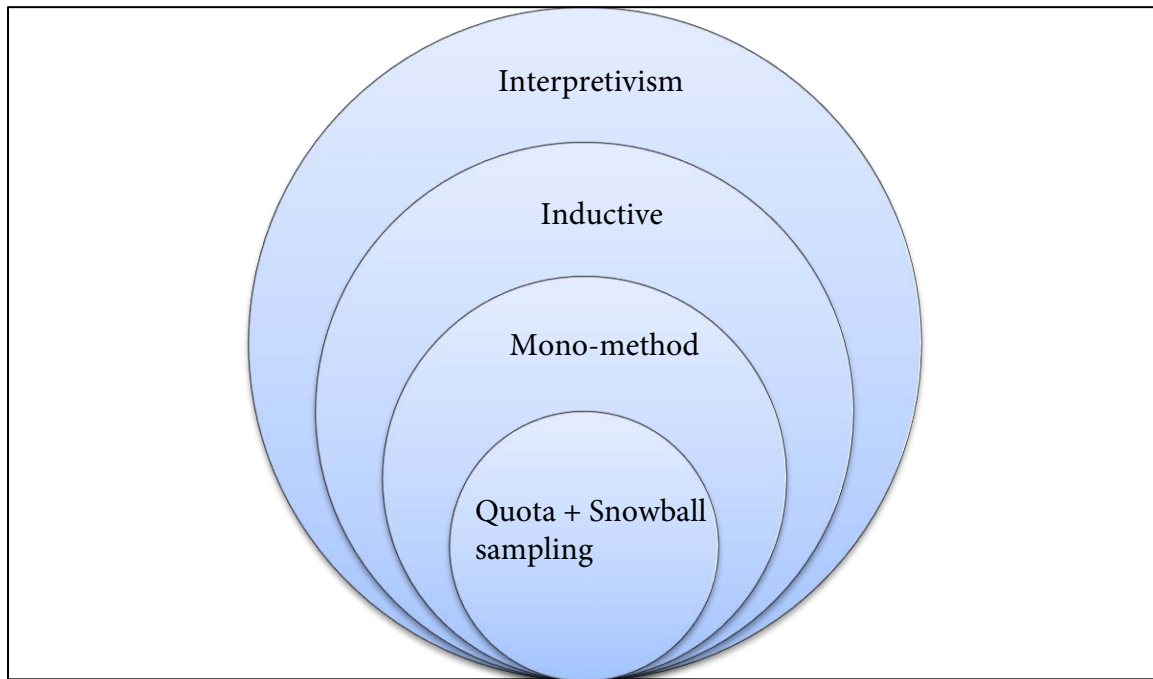
### **RESEARCH METHODOLOGY**

#### **4.0 Introduction**

This chapter outlines the approaches used in exploring the sustainability of Black African Entrepreneurship in the United Kingdom, the underlying assumptions that informed the methodology used and methods. Research methodology is the broad philosophical underpinning to any research methods (Creswell, 2007). Essentially, it is the procedures by which researchers go about their work of describing, explaining and predicting phenomena (Crotty, 1998). This helps to obtain justifiable outcomes by engaging procedures and methods that is both valid and reliable. Methodology is the approach or strategy that lies behind the choice and use of particular methods (Crotty, 1998). Thus, methodology is concerned with questions such as why, what, from where, when and how data is collected and analyzed.

The methodology chapter is dedicated to explaining the research methods chosen for the study and justification for the appropriateness of the methods. The process of data gathering, challenges and constraints encountered has shaped the research in a significant way. The methodology chapter is pivotal to the whole study as it provides a roadmap of how the research is conducted and makes it easy to replicate by other researchers in the future. In designing an effective research, consideration must be given to the epistemology, ontology, methodology and methods employed (Crotty, 1998). These are interrelated elements that inform the choice of approach ranging from broad assumptions to details of how data is collected and analyzed. Social scientists are influenced in choosing different methodologies based on these elements and models of human nature (Creswell, 2005). Selecting the right methodology can be challenging as methodological philosophies are full of contradictions and they have no defined or fixed set of principles and procedures between and across them (Goulding, 1999). However,

it is important to ensure that the right methods are cautiously selected and diligently applied (Wallendorf and Brucks, 1993). The elements of the research process are represented in Figure 4.1 below:



**Figure 4.1: Research Onion: adapted from Saunders et al., 2009**

Essentially, the aim is to understand the sustainability of Black African entrepreneurship in UK by exploring the meaning of success and how the entrepreneurs define it, to capture the entrepreneurial dynamics, the success and failure factors and to understand how entrepreneurial success could be fostered. The study is carried out from the ontological position that reality is created through individual perception; it is a study that seeks to understand the entrepreneurship phenomenon from the perspective of the entrepreneurs themselves. To explore nuances within the Black African entrepreneurial community that allows for exploration of culture, belief systems, personal attribution, entrepreneurial processes, motives and outcomes.

The first part of the chapter explains the philosophical consideration, followed by research strategies or plans of action that links methods to outcome. The research strategies used govern

the choice, use of methods and analysis of collected data. While the third part includes techniques and procedures used, the fourth part consists of validity of research and ethical consideration and finally summary of the chapter.

#### **4.1. Research Paradigm**

##### **4.1.1. Research Philosophy**

Research paradigms are philosophical stance that lies behind the methodology to be used in a research. Usually, research study is started with certain assumptions about the how and what of research inquiry, these are called paradigms (Lincoln & Guba, 2000); epistemologies and ontologies (Crotty, 1998); philosophical assumptions or research methodologies (Neumann, 2000). Each paradigm is constructed upon its own ontological and epistemological assumptions. Since all assumptions are conjecture, the philosophical underpinnings of each paradigm can never be empirically verified or invalidated. Different paradigms inherently contain different ontological and epistemological views (Scotland, 2012). Therefore, the assumptions of reality and knowledge underpinning particular research approach differ and this is reflected in their methodology and methods.

The research philosophy adopted builds the basis for the research process, research methods selected and influences the formulation of research question (Bryman and Bell, 2011). Moreover, it informs the choice of methods used and offers standard for evaluating the quality of research (Rubin & Rubin, 2012). The major areas considered to determine the research's philosophical stance are epistemology, which refers to the nature of knowledge. That is, the focus is on how knowledge can be created, acquired and communicated (Guba & Lincoln, 1994). Epistemology helps to understand the relationship between the researcher and what can be known. While ontology makes assumptions based on what is, that is, what constitutes reality

(Crotty, 1998). Essentially, ontology questions the form and nature of reality, what is already present that can be known about the subject (Guba & Lincoln, 1994).

There are four paradigms according to Creswell (2005) discussed in brief and represented in the table below:

**Table 4.1: Worldviews**

<b>Post Positivism</b>	<b>Constructivism/Interpretivist</b>
<ul style="list-style-type: none"> <li>• <b>Determination</b></li> <li>• <b>Reductionism</b></li> <li>• <b>Empirical observation and measurement</b></li> <li>• <b>Theory verification</b></li> </ul>	<ul style="list-style-type: none"> <li>• Multiple participant meanings</li> <li>• Social and historical construction</li> <li>• Understanding</li> <li>• Theory generation</li> </ul>
<b>Advocacy/Participatory</b>	<b>Pragmatism</b>
<ul style="list-style-type: none"> <li>• <b>Political</b></li> <li>• <b>Power and justice oriented</b></li> <li>• <b>Collaborative</b></li> <li>• <b>Change-oriented</b></li> </ul>	<ul style="list-style-type: none"> <li>• Pluralistic</li> <li>• Problem-centered</li> <li>• Consequences of action</li> <li>• Real-world practice oriented</li> </ul>

Source: Creswell, 2007

The four paradigms are Positivism, Constructivism, Pragmatism and Advocacy/Participatory. These paradigms are a representation of different worldviews of how researchers interpret events within social context.

Positivism is a deterministic philosophical assumption in which outcomes are usually determined by causes (Antwi and Kasim, 2015). It is an ontological position of realism in which the subject studied reflects the need to identify and evaluate the causes that influence outcomes such as found in experiments. Positivism is a scientific paradigm with propositions founded on data and facts with the view that a discoverable reality exists that is independent of the researcher (Pring, 2000a). In using positivism the intent is to objectively examine a subject in order to discover absolute knowledge. Positivist methodology is focused on explaining relationships. Positivists attempt to identify causes which influence outcomes (Creswell, 2009, p. 7). Their objective is to formulate laws, hence seeking a basis for prediction and

generalization. The approach adopted is deductive. Correlation and experimentation are used to reduce complex interactions to discrete set of ideas to test. The verifiable evidence is sought through direct experiment and observation. This involves empirical testing, random samples, controlled variables and control groups. The outcome of the research is based on careful observation and measurement of the objective reality that exists. In this regard, data, evidence and logical consideration shape knowledge. It is mostly used in quantitative studies in which relationships among variables are advanced.

### ***Pragmatism Paradigm***

The pragmatic paradigm is a philosophical stance arising from actions, situations and consequences and mainly concerned with application and solutions to problems (Patton, 1990). It is the philosophical underpinning for mixed methods (Morgan, 2007; Patton, 1990), which focuses on research problems and uses all available approach to understand the problem. This approach is not focused on one system of philosophy and reality but rather applies to mixed method, this allows researcher draw from both quantitative and qualitative assumptions in solving a research problem. According to Patton (1990), pragmatic paradigm is an important philosophical approach in social science research that focuses attention on the research problem and uses varied approaches to derive knowledge about the problem.

### ***Participatory/Advocacy Paradigm***

The participatory paradigm also known as the advocacy is a philosophical assumption which came into being in the 1980s and 1990s from a group of researchers who felt that the positivist philosophical stance imposed structural laws and theories that does not fit social justice issues or marginalized people within the society (Creswell, 2007). Though typically used in qualitative research, it could provide a foundation for quantitative research as well (Bergholt, 2012). It is also argued that the constructivist is not adequate in advocating for an action

agenda to help marginalized people (Bergholt, 2012). The works of writers such as Neumann (2000), Heron and Reason (1997) and Fay (1987) have been drawn upon in understanding the paradigm. The research paradigm for participatory worldview holds the view that research needs to be entwined with political agenda and contain an action agenda for reform that brings positive change to the participants, institutions and researcher's life (Whyte, 1991). Researchers' using this philosophical approach addresses specific social issues such as empowerment, oppression, domination, inequality etc. and collaborates with the participants in order to eliminate the risk of further marginalization. Advocacy research gives voice to the voiceless, raises participant's consciousness about an issue or advances an agenda for change to bring about improvement either in living or work conditions (Creswell, 2007). Therefore, this philosophical stance is focused on a marginalized individual or a group's need within the society. In order to construct a picture of the subjects being investigated, theoretical perspectives maybe integrated with the philosophical assumptions (Bergholt, 2012).

### ***Social Constructivism and Ethnic Entrepreneurship***

This research adopts the social constructivism paradigm as it aims to explore Black African entrepreneur's perception of success, how they make sense of their entrepreneurial process, the subjective meaning of success or sustainability to them and how it affects the business outcome. Being fully aware of the social constructivism viewpoint that meaningful reality takes places in the presence of human interaction and communicated in a social context (Crotty, 1998) and that understanding is gained through the viewpoint of the entrepreneurs participating in the research (Cohen et al., 2007). Therefore, individual constructs are extracted and understood through interaction between the participant and the researcher (Guba & Lincoln, 1994). This provides insights and help to gain understanding of behavior and explain actions from the entrepreneur's perspective, which allows for robust data gathering.

Social constructivism often combined with Interpretivism is an approach used in qualitative research (Martens, 1998). It holds the ontological position of relativism which views reality as subjective (Guba & Lincoln, 1994). The social constructivists assume that individuals construct meanings of their experiences and these meanings can be diverse and multiple (Crotty, 1998; Amineh and Asl, 2015). It alludes to the fact that the world does not exist independent of the knowledge of it that we possess (Grix, 2004). This paradigm accepts ideologies by agreeing that different people construct meaning in different ways and knowledge is derived culturally and situated historically (Pring, 2000b). This holds true for the present study in that it is structured to explore the ways Black African entrepreneurs make sense of the world they live in and their entrepreneurial process. This calls for a careful exploration of the complexities of views, as the aim is to rely as much as possible on the entrepreneur's view of the situation under study. The questions are mostly broad and general as it allows the entrepreneur's deep dive into their lived experiences thereby constructing meaning of a situation forged in interactions and discussions with other persons.

Understanding is shaped based on historical and social perspectives thus people construct knowledge based on their perception and lived experiences. Invariably, meaning is constructed according to the entrepreneur's perception and the study seeks to gain an understanding of it. Social constructivism is used for this study as it supports the idea that meaning is generated through social interaction with a human community (Creswell, 2006) and that subjective meanings are negotiated historically and socially and are formed through historical and cultural norms that operates in individual's life (Crotty, 1998; Leeds-Hurwitz, 2009). There is also the need to focus on the context in which the participants work and live in order to interpret the meaning they have about the world. This is rather different from the positivism paradigm in which meaning is objective and independent of the participant.



#### **4.1.2. Research Ontology and Epistemology**

Ontology is the study of being (Crotty, 1998, p. 10). Ontological assumptions are concerned with what reality entails (Scotland, 2012). Researchers are required to take a stance regarding their views of how things truly are and how things work. Epistemology is concerned with the nature and forms of knowledge embedded in theoretical perspective (Cohen et al., 2007). Epistemological assumptions are concerned with how knowledge can be created, acquired and communicated. (Guba & Lincoln, 1994, p.108) explain that epistemology probes the nature of the relationship between the would-be inquirer and what can be known (Scotland, 2012).

Interpretivism believe that reality is multifaceted and subjective, that is acquired knowledge is socially constructed (Carson et al., 2001), and perceived (Hirschman, 1985). Interpretivism eschews rigid structural frameworks and adopts personal and flexible research structures (Carson et al., 2001). This allows the researcher to capture meanings in human interaction (Black, 2006) and make sense of perceived reality (Carson et al., 2001). Interpretivism research aims to understand human behavior and not to generalize or predict causes and effects (Neumann, 2000). It is imperative that an interpretivist inquirer understands meanings, motives, subjective experiences and reasons, which are contextual, and time bound (Neumann, 2000).

The ontology of entrepreneurship is rooted in social constructivism which allows for the subjectivity of entrepreneurship as relates to the entrepreneurs construction of reality and the cultural context that comes with it (Easterby-Smith et al., 2004). Being conscious of the fact that entrepreneurship is mediated by cultural, spatial and geographical variations (Berger and Luckman, 1991). Therefore, the study is geared towards how performance outcomes in the entrepreneurial process are shaped through the perspective of the entrepreneurs. It explores how these entrepreneurs construct and assign meaning. The ontology shapes the epistemology as it provides the philosophical underpinning necessary for understanding the knowledge that

is achievable, how such knowledge is produced and the process of validation. That is why the epistemology must be recognized, clarified and substantiated (Crotty, 1998).

## **4.2. Research Strategy**

### **4.2.1. Research Strategy**

Generally, methodological issues have been controversial in social science research (Fur sari, 2004), especially in the field of entrepreneurship and ethnic research (Busenitz et al., 2003; Stanfield, 1994). The heterogeneity of entrepreneurship and the complexities of ethnic minorities make it difficult for a particular method to be singled out for such research. However, selected methods must be compatible with the aim of the study and keep its characteristic features in mind. Qualitative methods are employed for the purpose of the study as it allows for a robust description of the ethnic entrepreneurship phenomenon to be developed without strict structural rules and frameworks (Geertz, 1973; Cohen et al., 2007). This makes it appropriate for the study's objective as it provides the right platform for it.

### **4.2.2. Qualitative Research**

Qualitative research is shaped by different epistemologies, philosophies about the nature of scientific inquiry, its outcomes and the prescription for methodological rigor. This research adopts a qualitative approach based on the tenets that the subjective reality of Black African entrepreneurs has to be captured in terms of social constructs, the multifaceted beliefs and behaviors they operate. Also, the fluidity of this reality is recognized but it is seen as adequately stable to provide a foundation for the development of social policy and theory. The need for rigorous qualitative inquiry process with an explicit methodological base informing its design and execution in order to fully explores the complexities of the research population. According to Hindle (2004), qualitative inquiry helps to gain deep understanding and allows for direct inquiry in entrepreneurship. Also, Dana & Dana (2005) advances that qualitative inquiry is

suited to exploratory nature of entrepreneurship research due to its flexibility and robust research design. It is instrumental to understanding meanings, experiences, beliefs and values.

Qualitative research is characterized by aims and this relates to understanding aspects of social life, experiences and perspectives of the group under study. The aim of the study is to answer the ‘what’, ‘why’ and ‘how’ of the entrepreneurship phenomenon rather than quantitative measurements. This study employs qualitative research method based on the assumption that it will allow the researcher to explore the subjective reality of Black African entrepreneurs and the complexities that comes with it.

Qualitative research is argued to be an inductive process that relies on naturalistic inquiry devoid of manipulation by the researcher (Barnham, 2015). Rather it is based on personal interaction between participants and researchers, direct observation, in-depth interview process. Researcher explores meanings, concepts and behaviors in order to understand the entrepreneur’s perspective, motivation and context. There is need for the researcher to be alert to body language, expressions, verbal and non-verbal cues in the interview process.

In support of qualitative research methodology, Dana & Dana (2005) posits that measurement errors are reduced as opposed to quantitative research, human interaction reduces incidences of asking the wrong questions and solving the wrong problems. However, qualitative research comes with its set of limitations. The cumbersomeness of data generated, complexity of analysis, flexibility of analysis and ethical issues in working with human participants were taken into consideration and carefully navigated in this study (*see section 4.4.3*).

#### **4.2.3. Research Design**

The strategy used for the purpose of this research is phenomenological research and it is one of the most popularly used methodologies in qualitative research. Data was collected through in-depth interviews in order to gather detailed description of Black African entrepreneur’s

experiences. A phenomenological study's central aim is to explicate meaning, structure and lived experiences of a person or group of people around a specific phenomenon (Christensen et al., 2010). It is an attempt to understand human behavior through the eyes of the participants being studied. This is called *verstehen* in German, meaning the interpretive understanding of human interaction. Phenomenologists' belief is that all perceptions and constructions of reality are grounded in a particular perspective in time and space. Phenomenological research asks questions like: what are the lived experiences of a group around a specific phenomenon? Or what are the meanings, structures, and essence of the lived experience of a phenomenon by individuals experiencing it? (Pereira, 2012).

Data gathering in a phenomenological study allows participants to describe their lived experiences about the phenomenon being studied. In understanding these lived experiences, the researcher lays aside her experiences to understand the participants (Nieswiadomy, 1993). The procedure usually involves studying a small number of participants through extensive engagement in order to develop patterns and relationships of meaning (Moustakas, 1994). According to Moustakas (1994), behavior and experience is an integrated relationship of a phenomenon with the person experiencing them. Therefore, the study focuses on the wholeness of experience and search for essences of experiences. Phenomenology and constructivism has strong links (Chiari & Nuzzo, 1996) as it is concerned with constructing reality and obtaining meaning through the participant's reality and viewpoint. According to Moustakas (1994), an exploratory process in phenomenological research includes five major steps: the immersion of the researcher in the context; incubation is a space of awareness, implicit or perceptive understanding and insights; illumination is an active knowing process that enriches the understanding of the experience; the explication stage is one of reflective actions; creative synthesis: bringing everything together to extract patterns and relationships.

Pereira (2012 p. 19) argues that for a phenomenological research “to be judged valid, a phenomenological study must take into consideration methodological congruence (rigorous and appropriate procedures) and experiential concerns that provide insight in terms of plausibility and illumination about a specific phenomenon”. The chosen research design is suitable to both the phenomenon and participants under study; it delivers on the ability to deliver rich information needed in an exploratory study, reliability, meets ethical standards and within available timeline and resources.

### **4.3. Data collection and sources**

#### **4.3.1. Sample Population**

The focus of the study is on both the first and second generation of Black African entrepreneurs in Britain and particularly in London. The first-generation entrepreneurs being defined by those who migrated to the United Kingdom during the industrial revolution for economic reasons. They are transient migrants who despite having lived most of their lives in the country and raised their family here still look forward to going back to their country of birth as they see it as home. While the second generation of Black Africans entrepreneurs have migrated as skilled workers, came into the country for educational purposes and a vast majority were born in the host country by the first-generation parents (*see section 1.10 for definition of first and second-generation*). The first generation has previously dominated the entrepreneurial space of Black Africans and studies on entrepreneurship, but the second generation are becoming major players and changing the entrepreneurial landscapes amongst Black Africans. This provides a rich layer to the data gathered and provides a contrast to the entrepreneurial process that exists within both generations.

It was initially planned that sample will be selected from areas of high ethnic concentration such as Woolwich, Hackney and Brixton which offers entrepreneurs opportunities to create

businesses positioned to serve the ethnic market. However, the sampling technique afforded a rich array of population sample both within the existing enclave and entrepreneurs located with businesses outside the normal enclaves. Through snowballing, recommendation was made for both first and second-generation entrepreneurs with successful businesses in different locations within London. In total, twenty-five Black African entrepreneurs were interviewed in four distinct categories: business support providers, owners of thriving businesses, owners of struggling businesses and owners of closed businesses. This was to develop multiple perspectives of the phenomenon being study and to guide against a narrow sample framework leading to skewed result or early data redundancy.

#### **4.3.2. Sampling Strategy**

Sampling is an important component of a research project (Denzin & Lincoln, 2000) and it requires that the researcher selects a subset of the population under study (Marshall, 2003) as it is impossible to collect data from every member of a population especially in large population setting in order to get conclusive findings (Bernard, 1995). Selecting population sample depends on research objectives (Marshall, 2003), characteristics of the population studied such as diversity and size (Bernard, 1995). In qualitative research, convenience, snowballing which are categorized under purposive sampling is most commonly used (Collin ridge & Gantt, 2008). Nevertheless, the extensiveness of data collection processes is important to the success of a qualitative study (Sobal, 2001). The number and types of participants selected for a research inquiry depends on ‘what you want to know, the purpose of the inquiry, what’s at stake, what will be useful, what will have credibility’ (Patton 1990, p. 184). Generally sample selection is based on knowledge of the phenomenon under study and personal experience.

#### **4.3.3. Sampling Process**

The sample selection technique used for this study is snowballing and quota sampling. The population sample was divided into four main categories for interview: successful, struggling

closed business owners and business support providers. The sample population was also divided into first and second-generation of Black Africans. Certain criteria was employed in making sure the right population sample was used such as successful business owners manage ten or more employees and been in business for over five years, struggling business owners are mostly sole traders or have one or two employees mainly family member with low financial turnover and closed business owners have businesses that failed or closed due to other reasons within the last three years. A total of twenty-five participants were interviewed in the four categories making sure that no new data was emerging from the interview that is, the interview was stopped when analytical redundancy occurred due to saturation (Sobal, 2001). In any qualitative research, it is important to make sure that no new data emerge from subsequent samples in order to justify the sample size and achieve robustness in data gathered.

Furthermore, chain-referral or snowball sampling technique was employed. According to (Vershinina & Rodionova, 2011), the technique is especially useful and has been extensively used in researching ethnic minority population for ease of access. The snowballing technique has made it easy to access difficult-to-reach or vulnerable population. In snowballing technique, sampling is done by asking 'known subjects to nominate new subjects, who in turn nominate others' (Duncan et al., 2003). In this type of purposeful sampling, participants are selected on the basis of being 'information rich about issues related to the purpose of the research' (Patton, 1990, p. 169 as cited by Vershinina & Rodionova, 2011). One interesting phenomenon was that a lot of participants enjoyed the interview process and volunteered to refer business colleagues, members of the same religious body and friends as long as they meet the selection criteria. Therefore once the first five business owners had been interviewed the ball was set rolling and access to other business owners became easy.

#### **4.3.4. Negotiating Access**

Access to research population is an important element of research design; the process involves reflecting on the data collection process (Altinay & Wang, 2009). This will help in considering the various stages involved and put ethical considerations in perspective. These stages helps to establish reflexivity in the research process. Access has to be negotiated through gatekeepers in order to establish a degree of trust to start with. The Black African community is not readily accepting of interviews as it is viewed as prying into their private business and used to keep out government interference. That was where snowballing came in handy in gaining easy access to the desired participants (Malhotra et al., 2013). It was also discovered that it was difficult to get closed business owners willing to grant in-depth interviews into their entrepreneurial process but again referral especially within the religious setting made it possible. Being viewed as an insider as pertaining to race and color was of advantage once the initial hurdle of access was crossed successfully. The researcher as a research instrument was put to work to enable the deciphering of cultural allusions, nuances and non-verbal cues.

#### **4.3.5. Data Collection Process**

In exploring the entrepreneurial phenomenon various methods were considered but choosing the most suitable method was based on insights from past research within the field. Nwankwo et al. (2011) in a related study argues that gathering data through questionnaire amongst Black African minority group is unproductive due to the issue of unresponsiveness. Though focus group has been effective with this population sample in the past (see Nwankwo et al., 2011; Ekwulugo, 2006), it was not deemed effective for the purpose of this study. The pilot stage of data collection showed that business owners were hesitant in granting interviews about their business when another business owner is present. Another challenge with the focus group was the difficulty in ascertaining a suitable time for every participant to attend session together.



### ***Question Guide***

Qualitative research aims to describe a phenomenon from the view point of the participant, and this is elicited through interviews and observations. It is imperative that the researcher recognizes the autonomy of the participants and their right to share their information willingly. According to (Lincoln & Guba, 1994), a balanced research relationship encourages trust, awareness of ethical issues that may arise and disclosure. The personal interaction between participants and researchers is important to data gathering as the participant's response is affected by the interview and our understanding of human experience is affected by the knowledge gained through the interview.

The first section of the interview is to gather demographic information from research participants. This section included demographic questions on gender, ethnicity, age, educational background, industry and financial information.

Questions were asked based broadly on these four categories:

During the initial stage, the participants were able to relate more with success than sustainability and since it is used interchangeably in the research, success was used more often in the data collection process.

1. What is the percentage of Black entrepreneurs about business sustainability/success in Britain? Questions in this category explored how Black African entrepreneurs define success, what success actually mean to them, the business history, and the institutional and social economic context. The motivation for pursuing business opportunities, challenges, faced and forms of capital utilized.
2. What are the most important determinants of business sustainability/success in Black-owned businesses in Britain? In this category, the measures of success as set by each

business owner is explored, the strategies used to inform sustainability of the businesses, attribution to success, business and succession plan.

3. What factors contribute to the success/failure of Black-owned businesses? Business failure is also explored in order to get a balanced view from participants, therefore questions on business failure; meaning, perspective and opinions were examined. This is to truly understand the success and failure construct as defined and understood by Black African business owners.
4. How can success be achieved /improved in Black-owned businesses in Britain? This question explores success strategies and interventions currently employed by the business owners, government, business support agencies and what needs to be implemented to increase success rate.

At the end of the interview, participants were asked to provide any further information about their business history/experiences that might be of help to the research. This proved to be valuable as some participant's gave further information about the institutional barrier, they face in expanding their business; some launched into their business story while some explored their migration experiences. This information provided more depth and a rich contextual background to the data already gathered. The interview guide is presented as appendix 1.

### ***Interview***

The research method used for data collection is in-depth, semi-structured interview as it most appropriate for eliciting personal histories, and experiences especially when investigating sensitive topics (Arksey & Knight, 1999). A semi-structured interview format consisting of open-ended questions was employed in this study. It involves an interview guide that consists of subjects and open-ended questions to be discussed with participants. There were elements of unstructured interview as the interviews proceeded as questions were being answered. Patton

(2002) articulates unstructured interviews as an instinctive generation of questions in the process of interview during fieldwork.

First demographic data was captured before proceeding to the main interview. The main interview asks questions about the entrepreneur's perception of success, causes of failure, the measures of success, business structure, motivation, business strategies, business/business owner's characteristics and attribution. These questions were adapted depending on the category interviewed of the four categories namely: successful business owners, business support providers, closed businesses or struggling businesses.

Average duration of interview was between forty-five minutes to one hour in which the interview was audiotape recorded with the participant's consent. It was discovered that participants were skeptical of the interview when informed that it will be tape recorded as they felt it was a decoy from the government. Therefore, the confidentiality clause was explained and agreed on, the research process and objectives and participants shown the university ID before the interview commenced. This immediately released the tension in the atmosphere giving way to conviviality and there is a free flow of information.

#### **4.4. Research Procedures**

##### **4.4.1. Data Analysis**

The empirical data consisted of the Black African entrepreneurs narration of their stories and lived experiences from which the language of entrepreneurial success is interpreted, constructed and measured. A data analysis method is the method for analyzing data irrespective of methods of collection and the methodical cluster within which the technique is applied (Hindle, 2004). In order to adequately analyze the gathered data, it must undergo processing. The processing undertaken for the purpose of this research includes: transcription which involves transcribing the audio recording to text format, selecting data by recognizing the

relevant data for analysis; data cleansing-involves rectifying mistakes and inconsistencies within the data; data condensation and display. Conclusions were drawn and verified through analysis linking data reduction and display (Punch, 1998).

Content analysis was used in analyzing the data gathered, as it is a widely used qualitative research technique and the unit of analysis was based on interviews collected and transcribed by the researcher. This technique is regarded as flexible for text data analysis (Cavanagh, 1997). As in conventional content analysis technique, coding categories were derived directly from transcribed data. The context was a study aiming to explore success from Black African entrepreneur's perspective. The interviews were conducted on the business owner's business premises or offices so that the context will also be taken into consideration for the study. The interviews were recorded and transcribed verbatim and a reflective dialogue was engaged between the participants and two research colleagues after the interview.

The transcribed text was read over several times to gain a sense of the whole. The text was then condensed into description close to the text and labeled, which was then extracted into themes and sub-themes. Data was subjected to a process of condensation as a process of shortening while still preserving the core (Graneheim & Lundman, 2004). This was followed by description and interpretations through the creation of codes, categories and themes. The interview was sorted into five major categories containing sub-categories using the theoretical framework as a frame of reference. Categories include socio-political and institutional embeddedness, group characteristics, ethnic strategies, success factors and measures and business closure.

**Table 4.1: Participant's Demographics**

Participants	Business Sector	Age	Education	Annual Turnover
<b>R1</b>	Event Management	18 – 28	Postgraduate Degree (PGD)	Above 20,000
<b>R2</b>	Retail	65	BSc	20,000
<b>R3</b>	Fashion/Coaching	30 - 40	BSc/Professional Training	41,000-60,000
<b>R4</b>	Retail	30 - 40	BSc	41,000-60,000
<b>R5</b>	Restaurant	40 - 50	BSc	41,000-60,000
<b>R6</b>	Catering	40 – 50	BSc	Below 20,000
<b>R7</b>	Real Estate	40 - 50	MBA	Above 100,000
<b>R8</b>	Restaurant	50 - 60	BSc	41,000 – 60,000
<b>R9</b>	I.T	40 - 50	BSc	
<b>R10</b>	Restaurant/Agriculture	40 - 50	MSc	41,000-60,000
<b>R11</b>	Service	30 - 40	BSc	41,000-60,000

<b>R12</b>	Retail	50 - 60	BSc	20,000 – 40,000
<b>R13</b>	Education (Nursery/Crèche services)	40 - 50	MBA	Above 100,000
<b>R14</b>	Education	30 - 40	PGD	81,000 – 100,000
<b>R15</b>	Real estate	40 - 50	BSc	Above 100,000
<b>R16</b>	Business support Agency	40 - 50	PGD	20,000 – 40,000
<b>R17</b>	Business support/Mentoring	40 - 50	BSc	41,000- 60,000
<b>R18</b>	Education	30 - 40	MBA	41,000 – 60,000
<b>R19</b>	Retail (closed)	40 - 50	College	20,000- 40,000
<b>R20</b>	Beauty (closed)	30-40	Vocational Training/HND	Below 20,000
<b>R21</b>	Retail (closed)	30-40	College	Below 20,000
<b>R22</b>	Cargo	30-40	BSc	Above 100,000

<b>R23</b>	Money Transfer/Services	30-40	BSc	20,000- 40,000
<b>R24</b>	Venture	30-40	MSc	61,000- 80,000

<b>R13</b>	Education (Nursery/Crèche services)	40 - 50	MBA	Above 100,000
<b>R14</b>	Education	30 - 40	PGD	81,000 – 100,000
<b>R15</b>	Real estate	40 - 50	BSc	Above 100,000
<b>R16</b>	Business support Agency	40 - 50	PGD	20,000 – 40,000
<b>R17</b>	Business support/Mentoring	40 - 50	BSc	41,000- 60,000
<b>R18</b>	Education	30 - 40	MBA	41,000 – 60,000
<b>R19</b>	Retail (closed)	40 - 50	College	20,000- 40,000
<b>R20</b>	Beauty (closed)	30-40	Vocational Training/HND	Below 20,000
<b>R21</b>	Retail (closed)	30-40	College	Below 20,000

<b>R22</b>	Cargo	30-40	BSc	Above 100,000
<b>R23</b>	Money Transfer/Services	30-40	BSc	20,000- 40,000
<b>R24</b>	Venture	30-40	MSc	61,000- 80,000

	Capitalist/Pharmacy			
<b>R25</b>	Retail	50-60	BSc	20,000 – 40,000

#### 4.4.2. Validity and Reliability in Qualitative Research

The quality of research has to be evaluated in order for its finding to be utilized and the use of reliability and validity is used to determine such quality. In order for trustworthiness to be evaluated in research findings, the study must be evaluated relative to the methods used (Graneheim & Lundman, 2003). Credibility, dependability and transferability are used to describe various aspects of trustworthiness (Lincoln & Guba, 1985; Patton, 1987; Morse, 1991). However, Long & Johnson (2000) argues that reliability and validity have the same fundamental connotation regardless of research tradition. However, this argument was refuted on the basis that a qualitative research is contextualized, and replicability is more acceptable as standard of rigorous research (Yu et al., 2011). While a positivist is concerned with internal, external validity, reliability and objectivity, interpretivist is concerned with credibility, dependability, conformability and transferability. Lincoln & Guba (1985; 1994) advances these four criteria as benchmarks for quality and features of trustworthiness in a qualitative research.



This is a phenomenological study aimed at understanding the meaning of entrepreneurial success as defined by Black African entrepreneurs, their entrepreneurial process, measures of success and perspectives. In achieving an accurate and truthful depiction of the participants' lived experiences, the data gathered through interview were carefully captured on audiotape, field diary was kept and utilized making sure the researcher's bias based on what was known before was laid aside. Also, participants had opportunities to comment on written notes and interviews; this led to prolonged interaction between both the researcher and participants. Data was also discussed with two other colleagues' who are qualitative researchers. Making sure the sampling is appropriate it consists of participants that have adequate knowledge of the phenomenon being investigated. This made it possible to obtain quality data which sufficiently accounts for all aspects of the phenomenon (Morse, 1991). Also, data was analyzed concurrently as collection in order to iterate between what is known and what needs to be known (Morse et al., 2002).

In order to facilitate the transferability of the study, that is the extent to which the study can be duplicated by another researcher (Polit & Hungler, 1999), a clear and concise description of the data collection process and analysis has been presented. A description of the participant's context, sampling process and characteristics were also described. Similarly, the findings were robustly presented with rich verbatim quotations from the interviews. Using both quota and snowballing sampling methods to get robust data with different perspectives and detailed information from categories of participants interviewed. Audiotaped data was carefully transcribed and meticulously analyzed making sure that all themes and descriptors were clarified as they emerged.

Dependability corresponds to reliability in qualitative research (Bryman, 2004). Dependability was achieved with the help of a post-doc candidate and a research colleague with expertise in ethnic minority entrepreneurship. These researchers reviewed the transcribed data to

validate identified themes. New themes discovered by the researchers were taken into consideration and acknowledged. Conformability is rooted in reflexivity hence a reflexive journal was kept during the research process to enable introspections both during and after the study. Notes were taken of things observed during the data gathering process, an account of the challenges faced and the context such as business environment and the interaction between the participants and employees were duly noted. Being aware of the researcher as the sole instrument in data collection and analysis (Lincoln & Guba, 1994), researchers' bias was kept at bay. Therefore, the researcher was able to conduct interviews, observations, taking into account verbal and non-verbal cues, nuances and connotations of the participants and their context. This was made possible through acquired knowledge, expertise in qualitative study and professional guidance of a mentor, which lends credence to the study.

Due to the fluidity and emergent nature of qualitative research, there is bound to be limitations in such research and its awareness is important for researchers (Cypress & Brigitte, 2017). Unlike scientific research, a naturalistic design is emergent and definitive design before the study is undertaken is near impossible (Sherton, 2004). Therefore, meaning is determined by context, the phenomenon and context were the lived experiences of Black African entrepreneurs in London; interaction between the researcher and the participants is not predetermined but learnt on site; design based on the researcher's construction is constrained by existence of multiple realities.

Generally, the strategies applied to ensure the 'trustworthiness' of the finding of this study are the following: the continuous reflection of methods to ensure relevance of data collection, sufficient depth in data gathered and analysis throughout the research process; Meticulous record keeping to ensure consistency and transparency in data interpretation; including verbatim narrative of participants to support findings; data was discussed with each participant to clarify concepts, meanings and ensure accurate depiction of the participants' perspective; in

ensuring reduction in research bias and that all important themes are captured, other researchers were engaged in discussion.

#### **4.4.3. Ethical Reflections**

Ethical consideration is important in carrying out any kind of research but it is even more important in qualitative research involving human participants. It is important that appropriate ethical principles are adhered to during the research process in order to protect the participants from harm. Generally, the research process involves creating a balance between obtaining valid results, which forms a foundation for making generalization and application and the need to protect the participants. In qualitative research, ethical problems may include the effect a researcher has on participants; the way access is gained within a community, privacy and data protection. While these are of utmost importance in making sure that the research process is in compliance with ethical principles governing the research, Punch (1994) argues that ethical failures are hardly discussed in qualitative research. Qualitative research explores, describes and examines people in the context of their lived experiences and natural environments. The process of information gathering is premised upon the participants' willingness to share their information or experiences, there is need for researcher to balance the welfare as well as the research principles. Therefore, qualitative research requires an awareness of ethical issues that may arise from such interactions. Ethics also includes methodological design, behaviour in reporting data, funding and appropriateness of research design (Ramos, 1989; Halai, 2006). Therefore, it is important that qualitative researchers consider potential ethical issues such as confidentiality, informed consent, data gathering and analysis, power and relationship dynamics between the researcher and participants, reporting and final data disposal.

Understanding the potential ethical issues makes it easy for the researcher to anticipate probable outcomes and weigh both benefits and would-be harm (Streubert & Carpenter, 1999). This research was particularly embarked on to extend the body of knowledge in the field of

ethnic minority entrepreneurship especially the Black Africans. It is important that care is taken to ensure the well-being of research participant and to make sure that the ethical guidelines were adhered to (Halai, 2006). This study adheres to all ethical guidelines as laid out by The University of East London Ethics Committee (*See Appendix I*).

Fieldwork did not start until approval has been received from the Ethics Committee, after which the pilot study commenced and consequently the main data gathering. Participants were duly informed of the research type and its purpose and based on this, informed consent was sought. Every participant was given the consent form for their perusal to further enlighten them of their rights to withdraw from the research without any consequence to them if need be, to understand the objectives of the procedures and procedures involved. Participants were required to sign the consent form to indicate their interest in being a voluntary participant in the study. Making sure the researcher gets informed consent from participants is a structure put in place to safeguard participants from coercion (Kerkale & Pittila, 2006).

Furthermore, confidentiality of the participants is important and therefore they were informed about the confidentiality code and cases in which report has to be made to a higher authority during the process. For instance, in situations where participants make a potentially dangerous or criminal confession in the cause of investigation it is required that the researcher makes a report about it. Therefore, anonymity was encouraged and put into use during and after the data gathering process. Also, the data collected is well protected and have not been passed on to a third party. Safety of the participants was ensured in all cases and care was taken that there was no conflict of interest during the study.

#### **4.5. Summary**

This research has been conducted using a qualitative approach, as it is an exploratory study that relies on subjectivity in order to explore the richness and complexity of Black African

entrepreneurs from the perspectives of the participants. Knowledge claims has been made in this study based on the constructivist paradigm, allowing the entrepreneurs to construct meanings based on their experiences and context with the intent of developing a pattern or theory (Creswell, 2006).

This research's inquiry strategy is embedded in phenomenology and open-ended questions were used in a semi-structured interview process. Emerging data was then used in developing themes to establish the meaning of the entrepreneurship phenomenon from the viewpoint of the participants. The objective is to understand success as defined by the entrepreneurs, to understand the perspectives, motives and measurement parameters in order to understand what gap exists between practice and theory and how to bridge the gap. Therefore, it is imperative that the researcher is able to make sense of data collected and actions, taking into consideration the entrepreneurial context, verbal and non-verbal cues.

When making decision about methodology in social science research it is important to match the research problem to specific approaches best suited for it. The approach used in this study works best, as it is an exploratory study and the research problem the participants involved and the researcher's experiences were part of the criteria considered. The methodological approach employed is calibrated to provide an in- depth and rich context, which allowed the participants to express their experiences of ethnic entrepreneurship and locate themselves interpretively within their stories.

Martens (2003), advances that being sensitive ontologically to the experiences of vulnerable or marginalized people necessitates methods that capture the diversity of their viewpoints in congruence to their social locations. Finally, the outcome is positioned to understand the success construct in Black African entrepreneurship, delineate the ambiguities and outline inherent dilemma in the entrepreneurial process. To gain in-depth understanding of how Black

African entrepreneurs structure the context of their business domains in Britain and their adaptive process.

## **CHAPTER FIVE**

### **FINDINGS**

#### **5.0 Introduction**

This research uses the mixed embeddedness model to explore the complexity of Black African entrepreneurship; its entrepreneurial pathway and success construct. Drawing upon this model allows for a comprehensive perspective of ethnic entrepreneurship processes and engagement taking into consideration the entrepreneur and his wider context (Ram and Smallbone, 2001). It is also a particularly important concept in explaining ethnic entrepreneurial success (Waldinger, 1995; Rath, 1999b). According to Kloosterman et al. (1999), ethnic entrepreneurs are best understood through the mixed embeddedness model as it embodies their socio-economic, political/institutional and economic context. The complex interaction of these variables shapes opportunities that are made available to each entrepreneur within the host country (Dana, 2007). The main strength of this approach is the ability to consider the impact of the wider structures in which ethnic entrepreneurs are embedded (Ram and Smallbone, 2001), as entrepreneurial activities does not occur in vacuums (de Vries, 2014). Ethnic minority entrepreneurship is a process deeply entrenched in social and cultural activities (Krueger and Brazeal, 1994).

#### **5.1. Success**

Success is particularly difficult to define because it represents different things to diverse people (Beaver, 2003, Diochon et al, 2007). While one entrepreneur may define success in terms of income generated, another may have achieved success if he's personally fulfilled (Diochon et al, 2007). Business definition of success is diverse, and it has numerous interpretations (Foley and Green, 1989; Islam et al, 2011), yet this definition greatly impacts business outcomes. Being able to articulate what success means to the entrepreneurs with clear-cut parameters for

measuring it had a profound effect on whether the strategies employed are effective and how business is conducted.

It is interesting to note that the ambiguity of success definition plays a major role in contributing to business outcome. When prompted to define what success means to them, in terms of their business and how they measure it within the business, most of the business owners with closed or struggling businesses do not really have clear-cut success parameters for their business and they mostly just said business success means different things to different people. For instance, two of the entrepreneurs with ailing business said

*“Success means different things to different people; I will say that the word success is relative in itself so no one can really define it. In terms of my business, I don’t really know but I guess I’m successful since I can still open my door every morning, God has been sustaining me (R2)”.*

*“Hmmm...success I have never really thought about what it means for my business, but this business puts food on my table, so I guess it is successful then (R9)”.*

In further exploring how entrepreneurs achieve and measure success and when they need to intensify effort in order to achieve success. This helps them to understand the kind of intervention their business needs. Notably, one of the respondents indicated that as long as the business is not closed he feels he is successful. This same owner has no accounting record and has never audited his business account nor hire an accountant because he thinks there’s no need for it.



Meanwhile for the younger entrepreneurs, they were more success oriented and their parameters for defining entrepreneurial success were more subjective and measurable. They went into business to pursue their passion, but every second-generation entrepreneur mentioned that making money was important to them. So, they measure their success in terms of profitability, return on investment, expansion rate and in subjective terms like the range of clientele their business can reach especially outside their ethnic community. Breaking out of the stereotype of ethnic entrepreneurship is very important to them and they not only do this by positioning themselves to serve a wider clientele, but they also actively situate their businesses outside of the ethnic enclaves. Three of the responses that stood out from the second-generation were this:

*“Success to me is when my brand goes global and I have created enough wealth for my children not to worry about money in any currency again. I measure my business not just for the fact that I open the office everyday but that I am generating enough capital and I keep re-investing (R24)”.*

Also, another respondent said that:

*“The business has to be very profitable, must grow and be able to take on more staff for me to consider it a success. So success would mean that I can comfortably afford all the luxury I want without putting my business in jeopardy, I can pay myself and workers and still have more than enough to do charity (R13)”.*

*“Success is creating a thriving business, making profit and also helping other people within the black community achieve independence as I have achieved that. I have nine staffs including me makes ten, I have over fifteen properties in my portfolio and we have two offices. Even during the property crash we have consistently made good profit (R7)”.*

This also points to the fact that it is important for an average black African entrepreneur to be wealthy, so they have access to luxury. Which was aptly pointed out when one of the respondents said:

*“Blacks over consume, we do not have a culture of growing and mentoring next generation. So, you see an average black entrepreneur who has just started a business buying up expensive things and calling himself CEO. Invariably he runs down the business and starts looking for a job or complains about the government (R8)”.*

#### **5.1.1. The Perception of Success**

In the data gathered, success is perceived within the Black African community as an encompassing phenomenon. What that means in essence is that an entrepreneur would rarely separate his business from his personal life. He thinks of his success in terms of the properties he owns, his status or class within the community, the kind of neighborhood he lives in and the school his children attends. It is interesting to note that upward mobility and access to what is deemed luxury such as flying business class for vacation, wearing certain designer accessories, driving a particular brand of car meant that success is achieved as some of the participants asserted. In responding to how success is defined and expressed in entrepreneurship a respondent explained how Black African have often perceive success subjectively and mix business with personal affairs by saying,

*“Our people think they are successful in business once they can afford to marry two wives, buy the latest car and go on vacation. Also, class and luxury is viewed as success, therefore if the money that comes into the business allows them to comfortably do those things they think successful people should do, then they are successful. Rather than settle down and think about how to re-invest and expand the business they start to show off (R7)”.*

This finding suggests that personal lifestyle is taken as an indicator of success and when a certain lifestyle status is achieved, the entrepreneur perceive their business to have succeeded.

## **5.2. Beliefs, Religion and Identity Construction**

**Migration Construct:** Black African entrepreneurs have strong ties with their homeland, and it is a common practice that they go back to visit from time to time therefore pre-migration embeddedness was strongly emphasized. As one of the business owner said,

*“Though I think I’m here now and this is home but I go home at least once a year since I have my parents back home and it’s just fun to be home again and eat those delicious meals”*  
*(R14).*

This is evidenced within the first and second-generation business owners albeit to varying degree. For instance, most first generation considers the possibility of returning to homeland when they get older have acquired enough capital to fund their lifestyle as indicated by (R2) who said, *“East, South, North, West home is the best, I personally look forward to spending my ripe old age back in Nigeria where you will see people to help you, check on you and you are surrounded by family”*. In essence he is emphasizing the communal orientation of his homeland, which is part of their cultural practices. On the other hand, a second-generation entrepreneur loves to visit but not stay as another one said,

*“Irrespective of what is happening at home I love my country and would always visit but I can no longer live in that country, at least not for now (R17)”.*

Most participants remain connected to their country of origin, retained cultural values and native language. A few of the second-generation entrepreneur spoke of how their parents sent them back to their homeland as kids to school for a period of time so they can learn their cultural values relating to family, spirituality and lifestyle.

**Settlement Construct:** All the first-generation entrepreneurs interviewed located their businesses within the ethnic enclave as they target co-ethnic market. One of the participants in Woolwich explained that since he sells African foodstuff locating his business outside the Black community would not be beneficial to his business. When asked why he chose Woolwich as business location he said, *“I sell to Africans and if I’m not located around them I won’t get people to buy my product. Even now these Pakistan boys are taking all our customers (R4)”*. Black African’s spatial concentration pattern is also linked to access to foodstuff from homeland, housing close to their kinsmen and religious centers as a female entrepreneur said, *“I have lived local since I got into the UK not only because of my business but my church is 5minutes walk from my house and I get childcare help from my church members” (R12)*. They tend to be embedded within their ethnic community due to resources they can leverage on. However, most second-generation entrepreneurs that have higher education level do not share the same sentiment, as they prefer to break out of the ethnic community both for business and housing.

**Identity Construct:** Most of the participants identified strongly with their homeland in terms of food, culture, spirituality and family values. Spirituality is a central theme as most of the participants alluded their success, personal and professional character to God. A participant said,

*“My life, family and business are built on the foundation of God. I submitted to my husband as a woman and got his blessing before starting the business so God can bless it and I have integrity in my business because so God can prosper me” (R13).* Participants will sometimes answer with such phrase as “God has been faithful” or “thank God” which gives insight into their belief in a higher power to live successfully. Also, they take pride in their resilience, hard work and smartness as one business owner said, “We no dey carry last o!” meaning they never lag behind. In order to advance both economically and socially, it is not uncommon for most Black Africans to have a part time job while running their business or go into further education. A business owner explained that she is planning to return back to school so she can have access to better jobs than hairdressing. Education for Black Africans is a vehicle for economic mobility. They believe family is very important and identify strongly with training their children in their culture, so they don’t forget home.

Generally, there is a sense of pride attached to ethnic identity but they also decry the discrimination experienced due to their ethnicity.

**Business Construct:** Access to mainstream funding remains a major problem for Black Africans. It was observed that while loan denial might be due to racial discrimination but being unable to produce a workable business plan, inadequate bookkeeping practices and lack of assets makes obtaining loan through financial institutions difficult. Most respondents either said they have never written a business plan because they don’t think they need it, some have an incomplete business plan, or they just never wrote one. Also, a respondent said,

*“One major problem we have in our community is we don’t know how to separate business money from personal money which really hurt so many African business” (R3).*

Thus, finance remain a big issue and most entrepreneurs fund their business by using alternative source of funding such as personal saving, loan sharks, family and friends. One important issue

that was brought up by a successful, first generation entrepreneur is the fact that Black Africans need to break out not just in terms of the client they serve but information they access and their information sources. She said, “There are money and more opportunities all around if we look outside of ourselves, look for connection and information outside our familiar territory” (R13).

The second-generation entrepreneurs stated that most first generation start business without thinking through the process and laying a solid foundation as one alleged, *“Most Africans just see someone doing well with a business and the next day they are doing it. There is need to actually bring original ideas to the table”* (R24). Black African entrepreneurs need to learn to standardize their business operations and put a structure so they could have access to funding and grants.

### **5.3. Business Failure or Closure?**

While there is a general assumption of business failure within the Black African entrepreneurship community, most research has not taken into account that closure is not necessarily a failure. The owner closes a lot of businesses when it is no longer serving the purpose for which it was opened. Some go into the informal economy voluntarily to avoid tax and government regulations in order to survive. Also, some do their business by bringing in seasonal products that are in high demand and can be easily distributed without physical outlets. The respondents in the following responses capture this:

*“I started my retail business so I can have more flexibility and be around my kids more but unfortunately it took me away from them even more. I am in the store by 8am to close by 8pm. That was causing a problem in my family, as I am always too tired to attend to anything when I get home. Then my husband said to auction the items and close it down. Now I have started a restaurant business with my brother, and it is fine because I only do the cooking and he runs things”* (R19).

In this instance, the business was not closed due to failure but because it was no longer meeting the need for which it was started. This also shows the importance of motivation in business outcome.

*“I have my hairdressing business and was making about £1000 in a month, as I have to pay rent and other fees, so I closed the shop and started working in my house. Now I make more and can even save some money” (R20).*

This business owner closed her business and statistically she would have been reported as a failed business but the findings revealed that the business is still operating albeit from the comfort of her home. She has used that as a strategy to cut cost of operation.

*“My retail shop is officially closed but I still distribute my product to whoever needs it. When I had a shop, I was paying rent but now I just bring in seasonal product that is either in vogue or not readily available. I then distribute to shops, sell in church and to home addresses. I bring in ponmo, smoked fish, beans, wigs, turbans, kaftans etc.” (R25).*

Out of the four business owners with closed businesses that were interviewed only one of them closed their business because it was failing and went back into paid employment.

*“I once had a retail shop but had to close it because my product was spoiling especially the fresh vegetables and I was not making profit. The Pakistan’s have taken over our market, they even speak Yoruba to their customer, and you can’t compete with them on price. It is funny that our people prefer to buy from them than us even if we are selling at the same price. So I closed the shop and went into care job, from there I did a degree in Nursing and I am a nurse now” (R21).*

So, while some of the businesses may actually have failed, there are some Black entrepreneurs who will move into paid employment if they are well paid, have better opportunity in paid

employment or their reason for starting a business is no longer being met. That is one reason while formal education remains important to them as it serves as a form of security.

### **5.3.1. Reason for Business Failure**

The respondents were asked questions about the rate of business closure among the Black community and the reason why this is happening. While a lot of reasons were given for failing businesses, a lot of business owners alluded to the fact that the failures are exaggerated as small businesses are generally failing due to the economic conditions such as racial discrimination, unstable economic situations etc. However, some peculiarities arise among the Black ethnic group that might have given rise to business failure as discussed by some of the respondents:

*“The black culture doesn’t focus on posterity, they are only concerned about here and now” (R16)*

It’s been found that though Black parents motivate their children towards success, it is mostly towards education and paid employment. Also, all the first-generation respondents have never involved their children in any aspect of the business and are not planning to pass on the business to them.

*“Blacks spend too much on parties to show class and we do not have a culture of growing and mentoring next generation. Trust me if you see a black man doing well in his business in the country and you ask him to mentor you he won’t” (R3).*

Mentorship is crucial for business success especially at the nascent stage. The mentor helps to navigate the treacherous business terrain to avoid pitfalls and the mentee also have access to the network that has been built and can use this as a competitive advantage. Also, having a successful mentor motivates the new entrepreneur, provides a template for success and creates opportunity for collaboration.

*“Small businesses don’t plan their businesses or keep their account well; they just*



*make money and spend” (R17).*

This may be closely linked to the reason for starting the business in the first place and the intricacy of personal and business success amongst the Black African Entrepreneurs.

*“As a matter of fact, our spending habit is bad, you see someone start a business today and as soon as they start making some money, they have married a second wife or gone to their country to show off” (R5)*

Although, all the reasons and more may be part of the reasons Black African businesses fail but also there are a lot of closed businesses that did not happen as a result of failure. There is always high failure rate of small businesses irrespective of ethnic affiliation and Black African entrepreneurs are not left out of the mix. That is why it is important that researcher don't take a blanket approach to investigating success or failure of an ethnic group such as the Black African but rather explore the nuances, language and narratives for unbiased and balanced result.

#### **5.4. Opportunity Structure**

The configuration and prospect of opportunities open to any ethnic entrepreneur is shaped by market conditions that may favour products aimed at co-ethnics, ease of access to business opportunities or situation in which the wider market is served (Aldrich & Waldinger, 1990). In any case, the structure of opportunities is constantly changing with global connectedness, complex market situations and technological advancement. The availability of ethnic enclaves provides an ethnic entrepreneur with limited resources and opportunity to serve such market but constrained to the same set of customers. This often means the entrepreneur is rather limited to the highly saturated, low income ethnic market, serving customers in the inner city with low spending power and sometimes has to engage in the informal economy as a survival strategy. On the other hand, market condition tends to be more favourable to small business positioned to serve non-ethnic groups, which is known as the open market. Access to market is also

affected by other factors such as political structures and policies that may either enhance or impede the ability of the entrepreneur to gain access and establish a thriving business within their host environment.

#### **5.4.1. Market Condition**

With rapid technological advancement and global interconnectedness came new ways of doing business. The Internet, particularly social media has created new markets with low entry barriers and informed new ways of carrying out business transactions. This also comes with new market conditions and opportunity that didn't exist few years back. For instance, a first-generation entrepreneur started her first business online. She said, *"I started my first business straight out of college as a freelance graphic designer using my computer and the Internet. It was lucrative and I was able to save some money before starting university as there was no bills to pay or tax, the business was instrumental to my second business"* (R1).

It was noted that most ethnic entrepreneurs start their business small and some in informal economy which may be voluntary as it allows them to build capital and assets needed to formalize and expand their business operations. Also, there is a significant difference in the way the first generation and the second-generation Black business owners identify opportunities, create opportunities, and position their business venture and the market they serve. While first generation Black business owners have simply started their business in markets with demand for ethnic goods and have restricted their markets around their ethnic enclave, second generation of Black entrepreneurs have created new markets, carved out unique products and niches out of their hobbies or passion and positioned to serve the open market. This is due to the fact that the 'second-generation entrepreneurs came into the market with the benefit of hindsight from the first-generation Black business owners and a different perspective on entrepreneurship. They also come with significantly more resources that enables

them to enter the open market despite the high entry barriers and allows them to access professional help.

This was a case of a second-generation respondent who has successfully set up ten nurseries across the city of London with locations in multi-ethnic, affluent middle-class neighborhood and has ninety percent Caucasian client and manages fifty-six members of staff from varied ethnic background.

*“I started my business after I was made redundant from my last job in the city. I have always wanted to start my business but was too scared to even try. So the redundancy made me overcome that fear because the very salary I didn’t want to let go is gone anyway and I asked myself what is the worst that could happen. Then I went online to research available opportunities, I want a business that is an important and constant pain point within the society yet something I can be passionate about, I found childcare” (R13).*

### **Human Capital**

Human capital is an important aspect of opportunity structure as it shapes the nature of the opportunity that is accessible to the entrepreneur and how ethnic businesses are formed. Different ethnic groups come with varied levels of human capital depending on migration patterns, relevance of education they bring to host country and socio-economic background. For instance, a participant said,

*“I studied law in Africa but it was not recognized here so it was difficult to get a job. I worked in care for a while but the rigor was too much and the salary too meager so I decided to sharpen my skill and start my beauty business” (R20)*

In another instance a second-generation business owner explains how the resources she possessed has helped in positioning her business for success:

*“I was born here, went to Nigeria for a few years and came back here. I think being born here, having my papers gave me an advantage because I don’t have to spend so many years trying to get my papers sorted, which is so stressful. I schooled and worked in London that helped build my social network, which I leveraged on when I started” (R13).*

According to this respondent, the capital she possesses in terms of being born here, her academic and professional work gave her an advantage. While first generation entrepreneurs still struggle with limited financial resources, social and human capital, the second generation come into the market with those resources and therefore able to access more opportunities.

### **Financial Capital**

Financial capital is a major problem that plagues ethnic minority entrepreneurs generally. It is not enough that an entrepreneur identifies opportunity in the market and has demand from the market, he must be able to access financial capital to fully engage the opportunity. Financial constraint was evident in both first and second- generation entrepreneurs.

*“I started my business with a combined savings from my wife and me, because bank loan is difficult to get and the process is long (R5)”*

A second-generation entrepreneur also explained how he got the capital to start up his business. He said, *“I have worked in the IT sector when it was booming and thank God I saved some money to start this business, I also borrowed some money from my mom at the time (R7)”*

Out of all the participants interviewed for this research, only two of them (second- generation) have started their business with a grant provided by the government. One has re-mortgaged his property to raise the required capital and the others used personal savings, family or friends. Also, only one of the business owners said they have applied for a loan and rejected before.

One person has never applied for business loan but is certain he can get one if he needs it in the future but others expressed uncertainty in being granted business loans.

### **Risk Averseness**

There is a pervading presence of risk averseness in regard to financial lending among Black African entrepreneurs.

*“I started my business with the little money I was able to save up and I have never borrowed any money as it is too much risk, I can’t afford to lose my house in case something goes wrong (R4)”.*

*Another participant, a first-generation entrepreneur said, “I have never thought about lending apart from my immediate family as even the bible says a dry morsel with peace is better than any riches with trouble (R6)”*

For the Black business owners, they are not only having difficulty accessing mainstream finance due to racial discrimination but they have risk averseness to lending which may be a cultural factor.

### **Adequate Book & Record-Keeping**

A lot of the participants interviewed especially among first generation entrepreneurs do not adequately keep records of business transactions; have a financial strategy and system. This makes it difficult to track or evaluate the financial health of the business and plan timely intervention.

*“I honestly don’t have a precise figure as to how much I make monthly or annually but we make enough money to keep this business going and pay the bills (R9)”.*

## **Business Plan**

A business plan is an essential document that allows the entrepreneur to think through his processes, strategy, market and structure. It is a document that also gives financial forecast and projection of the business. It is a living document that is supposed to grow with the business, it helps to give clarity, direction and focus to the entrepreneur and the business. Yet most Black African entrepreneurs do not write a business plan, one of the participants said, *“Yes I know business plan is good to have but I don’t think it is necessary” (R22).*

Another one said,

*“I started a business plan but didn’t complete it and I don’t even know where it is now. I really don’t think it affects my business in anyway (R11)”.*

A standard business plan is one of the most important documents needed to apply for bank loan. Writing a business plan also allows the entrepreneur to think through the opportunity identified, critically analyze the market, and identify a unique value proposition needed to stand out in competition.

### **5.4.2. Access to Business Ownership**

According to Razin and Light (1998), spatial variation exists among ethnic groups on national, regional and local levels even within the same economic milieu. The local influence depends on both the economic structure and the characteristics of the ethnic group. The interaction between the group characteristics and market condition arbitrates the entrepreneurial process. The level of racial discrimination in the labour market might vary between regions even within the same country. This affects the rate at which ethnic entrepreneurs choose entrepreneurship.

For a business to thrive, there must be consistent demand for services. According to Light (1972), the ethnic community provides a protected market with demands for ethnic goods that

are not readily available within the non-ethnic market. Members of the same community with the knowledge of taste and buying preference best serve these needs. Unfortunately, that structure has changed with the Asian grocers serving the Black community more, the competition has reduced the viability of this sector. Therefore, the ethnic concentration that should have provided a market advantage to the Black community especially for immigrants in the first few years of their settlement before gaining upward mobility no longer serves that purpose. A respondent, Black shop owner pointed this out:

*“It is no longer as lucrative as before to run a shop selling African foods as the Asians have taken over our market. They sell everything we sell and more, they also have more money to invest as they come together to help each other. So you see an average Black person goes to do all her shopping in Asian shop without as much as a glance in the direction of an African shop (R12)”.*

The business environment is becoming increasingly dire for these entrepreneurs as they have limited opportunities for mainstream employment, limited financial resources, intense competition, high failure rate and surviving businesses generating little profits for their owners.

*“It is funny that when you walk into some Asda stores you will find maltina, powdered milk, okra and even yam depending on the location. Imagine if the big White-owned stores start to compete at that level then there is nothing left for us small ethnic businesses. This has killed so many businesses and will bring even more severe consequences as more competition emerges in the coming year and we don’t have the funds to compete at their level (R4)”.*

However, new markets are opening up especially for the Internet and tech savvy Black entrepreneurs who are mostly young and born here. The market is easily accessible to them as they have access to funding opportunities, developed human capital and have social network across ethnic and non-ethnic communities. In some cases, they have also taken advantage of

evolving and connected market to develop transnational businesses. A case in point is a young entrepreneur who is into bespoke fashion and business coaching.

*“The social media has helped me to build a large customer base for my business. I have worked with clients as far as China, Canada, France, US and even Africa. The online world has opened up new opportunities and makes it easier to do business” (R3).*

This points to the fact that the younger generation are leveraging on resources available to them to engender breaking out of the ethnic model and market.

Also, the regulatory environment within the United Kingdom makes it easy to own a business, respondents agree that they have easily accessed business registration; the process is inexpensive and takes a less lot time than their home country. A respondent said, *“With £20 you can register your company in under thirty minutes meanwhile it will cost you thousands in my country and you can’t be sure of how long it takes. By the time you finish business registration there is no money left for the business”*.

Yet despite this ease, the respondents still feel that deliberate barriers are mounted to either kill small African businesses or contain them. For instance, there is restriction on some food items that can be imported into the countries, policies on importing the food items take most of the profit and mandatory registration of products before distribution complicates the process and increase the cost. A respondent recounted this by saying:

*“When I started bringing peanuts and coconut to sell here it was ok at first though the shipping cost was high and eating into the profit, I still made some money. I then decided to sell to big African stores so I can expand the business and make more money. I was told I have to register with the borough that involves them testing the products for Aflatoxin. The borough took forever to get back only to say we can only sell to the public if we ship in*



*directly and pay duty on it because it is a business. Of course, that ended the business, as that was not feasible (R25)''.*

Invariably, the interplay of the environment and market configuration impacts the Black African businesses in terms of access to ownership, scale and outcome.

#### **5.4.3. Resource Mobilization**

Business option is chosen based on a number of factors and often times multiple factors are considered. Such options determine business type and the industry chosen and have implication for each generation of Black entrepreneurs. A first-generation entrepreneur with limited employment opportunity, limited resources will still find it easier to choose industries such as retail, beauty, and fashion and food business. Which allows them to start with their limited resources, serve members of their ethnic community, have low entry barriers and generate modest income which they can survive on. In which case, their business activity is more about survival than it is about growth or expansion. The second generation is strikingly different in the sense that they have better opportunities within the labor market, have paid employment in some cases but started business because they want to explore their passion and generate wealth by creating multiple streams of income. A second-generation entrepreneur respondent said:

*“I work as a pharmacist and earn good money but I run my side gig because it is what I’m passionate about. We all know that to become wealthy you need to own your business too. So my business was borne out of passion and my interest in creating wealth for my family and myself (R24)''.*

Another respondent, an immigrant who has lived in the United Kingdom for over ten years said:

*“When I came in it was difficult to get a job with the education I had from my own country and bills were mounting. I know how to make hair so I started a hairdressing business from my house, as I couldn’t afford to rent a shop at the time (R19)”.*

In this instance, the respondent came in as an economic immigrant in search of a greener pasture. Realizing the paucity of resources, she possesses, structural discrimination, which resulted in a mismatch between her level of education and job offered, made her enter into entrepreneurship.

### 5.5. Group Characteristics

The study is able to get a clear understanding of the group characteristics of Black African entrepreneurs and how it shapes their entrepreneurial orientation. This includes the motivating factors, homebound orientation that makes entrepreneurship transitory in nature for most first-generation business owners, occupational duplicity, locus of control, social network, resource and labor market disadvantage, education- oriented perspective, training, customer/supplier relationship and competition in the market.

**Table 5.1: Respondent’s characteristics**

Participants	Business Sector	Age	Education	Annual Turnover
<b>R1</b>	Event Management	18 – 28	Postgraduate Degree (PGD)	Above 20,000
<b>R2</b>	Retail	65	BSc	20,000
<b>R3</b>	Fashion/Coaching	30 – 40	BSc/Professional training	41,000-60,000

<b>R4</b>	Retail	30 – 40	BSc	41,000- 60,000
<b>R5</b>	Restaurant	40 – 50	BSc	41,000- 60,000
<b>R6</b>	Catering	40 – 50	BSc	Below 20,000
<b>R7</b>	Real Estate	40 – 50	MBA	Above 100,000
<b>R8</b>	Restaurant	50 – 60	BSc	41,000 – 60,000
<b>R9</b>	I.T	40 – 50	BSc	
<b>R10</b>	Restaurant/Agriculture	40 – 50	MSc	41,000- 60,000
<b>R11</b>	Service	30 – 40	BSc	41,000- 60,000
<b>R12</b>	Retail	50 – 60	BSc	20,000 – 40,000
<b>R13</b>	Education  (Nursery/Crèche services)	40 – 50	MBA	Above  100,000
<b>R14</b>	Education	30 – 40	PGD	81,000 –  100,000
<b>R15</b>	Real estate	40 – 50	BSc	Above  100,000

<b>R16</b>	Business support	40 – 50	PGD	20,000 –
	agency			40,000
<b>R17</b>	Business	40 – 50	BSc	41,000-
	support/Mentoring			60,000
<b>R18</b>	Education	30 – 40	MBA	41,000 –
				60,000
<b>R19</b>	Retail (closed)	40 – 50	College	20,000-
				40,000
<b>R20</b>	Beauty (closed)	30-40	Vocational	Below
			Training/HND	20,000
<b>R21</b>	Retail (closed)	30-40	College	Below
				20,000
<b>R22</b>	Cargo	30-40	BSc	Above
				100,000
<b>R23</b>	Money	30-40	BSc	20,000-
	Transfer/Services			40,000
<b>R24</b>	Venture	30-40	MSc	61,000-
				80,000
	Capitalist/Pharmacy			
<b>R25</b>	Retail	50-60	BSc	20,000 –

### 5.5.1. Motivating Factors

While for some ethnic group it is easier to put motivating factors for entrepreneurship into either push or pull factors, it is not so easy for Black African entrepreneurs. The motivating factors are wide and varied and allude to both push and pull factors. Again, there seems to be a clear distinction in motivating factors between first generation entrepreneurs and second generation. A number of first-generation entrepreneurs said they started business to be their own boss, to generate sufficient income, due to high level of unemployment, not able to find a job that matches their skills and qualification, saw it was a thriving business and started. For instance, a respondent said:

*“Having a business was a way for me to be my own boss and before I came into the business I was working and it was not a fulfilling one (R10)”.*

A larger percentage of the second-generation entrepreneurs that were interviewed mainly started their business to pursue their passion, have flexible lifestyle, independence and wealth generation. This was reflected in the statement made by the respondents:

*“I had a passion for designing so I studied graphic designing and realized I love weddings. So I merged my passion and started designing wedding stationeries. My business was borne out of passion and the fact that to be truly wealthy you need to have multiple sources of income (R3)”.*

And another one also said:

*“I use to be an insurance underwriter in the city. I was pushed into business first because I wanted more money, I saw my mom have a successful business growing up and my life experiences shaped my passion for starting my own business (R13)”.*

It was observed that the second-generation entrepreneurs are interested in business growth, return on investment and pursue business profitability vigorously, they also position their business to serve varied clients. While on the other end of the spectrum, the first-generation entrepreneurs are mostly satisfied to keep the business small, serve their ethnic community and would rather sustain the business than grow it.

**Table 5.2: Motivating factors**

Participants	Motivating Factor
<b>R1</b>	Passion/ Profit
<b>R2</b>	Unemployment
<b>R3</b>	Hobby/ Profit
<b>R4</b>	Independence/Autonomy
<b>R5</b>	Profit/ flexibility
<b>R6</b>	Previous experience/Passion
<b>R7</b>	Profit/ Autonomy
<b>R8</b>	Profit
<b>R9</b>	Unemployment
<b>R10</b>	Skill/Autonomy
<b>R11</b>	Profit
<b>R12</b>	Work-life balance

<b>R13</b>	Redundancy/Lifestyle
<b>R14</b>	Lifestyle/Autonomy
<b>R15</b>	Profit/ Autonomy
<b>R16</b>	Autonomy/Skills
<b>R17</b>	Life Purpose/Autonomy
<b>R18</b>	Work-life balance/ Profit
<b>R19</b>	Work-life balance
<b>R20</b>	Survival
<b>R21</b>	Previous experience/skill
<b>R22</b>	Autonomy/Experience
<b>R23</b>	Unemployment
<b>R24</b>	Profit
<b>R25</b>	Profit

### 5.5.2. Transitory Nature of Entrepreneurs

The majority of respondents that were first-generation immigrants didn't see United Kingdom as home and irrespective of what they have achieved they are just waiting for the right time to go back to their home country. Such was the case of one of the respondents asserted:

*“I am definitely looking to go back to Africa once my children are all in the university. Right now, I have started building my house back home in preparation” (R2).*

When asked what will happen to the business and if his children are involved to keep it going after he leaves UK, he retorted that:

*“My children are not involved because it is a stressful business and I will rather sell it off and take my money when I am ready to go back to my country” (R2).*

This group of respondents view themselves as being on a sojourn and looks forward to returning back to their country of birth with relish. This seems to have an impact on how they build their businesses, the structure and business performance. Invariably they mostly didn't see the need for the business to expand but satisfied as long as it is bringing in enough income to live on and the business is sustained. While on the flip side, the second-generation of entrepreneurs all said the United Kingdom is home to them and they are not looking to go back. What is more interesting is though they don't mind having business interest in Africa, they are not looking to live there permanently. Therefore, building sustainable businesses here is essential to them. Another interesting point is they will readily involve their children in business and are looking to build a global brand they are able to pass to their children. This is the case of the business owner involved in designing premium event stationaries she stated that:

*“Home is where I live, UK is home for me and I am never going to live in Africa as all my family members are here. Though I don't mind having business partners and collaboration in Africa because the wedding industry out there is huge and they spend more on parties than we spend here” (R1).*

Another second-generation entrepreneur respondent stated the fact that it is necessary for her children to feel like a part of the business and the importance of building a global business:

*“I am not looking to move to another country not to talk of Africa, this is our permanent home. I am positioning my business to be a global brand like Gucci, Louise Vuitton that my children can be proud to have in the future. That is why I actively involve my first child in brainstorming session for the business and he helps with the book keeping that way he feels like he's a part of the business” (R14).*

The first-generation feel that going back to their country of birth is the best thing to do, as far as they are concerned it is like working and then going into retirement. They want to go back



because they feel discriminated against here, have unmet expectations and like one respondent put it:

*“When I go back to Africa for holiday and see the big houses and cars my mates have, the way they spend money I feel so ashamed that all I have to show is my British passport. I can’t even afford half of what they have so I will definitely go back” (R12).*

The implication of having this perspective is that they only build temporary businesses that sustain them while they are here.

### **5.5.3. Occupational Duplicity**

Most of the respondents are working full time and are self-employed, some would readily move into paid employment and leave the business if the salary is right, while others said they would not mind keeping both a day job and the business by the side. Only four of the respondents said they will rather focus on their business than take up employment outside of their business. They have thriving businesses, have at least ten members of staff and generate an annual turnover of £50,000 and above. What is interesting in this phenomenon is that both the first and second generation, except the four stated earlier all think it is necessary to have their job and business running at the same time albeit for different reasons. For the first-generation entrepreneur, self-employment is a survival strategy and defense against racial discrimination. This is the case of a caterer who is also training as a teacher. She said:

*“Though I have a catering business that I started to be able to contribute my quota to the family income but I am training as a teacher now and would go into full-time employment as a teacher but keep the business by the side” (R6).*

Another respondent, a hairdresser said:

*“When I first came into this country I started doing care job, night shift and it was so stressful I can’t cope so I decided to start my business now so I can pay my bills and have food on my table” (R20).*

But for the second generation they have a different perspective to holding multiple jobs. A respondent who has a project management and creative management company said:

*“I work in the regulatory part of pharmacy and earn good money but I also run my business by the side. You see to create wealth you need to have multiple streams of income and the fact that I work and run my business means I have access to finer things of life, save and invest a little too” (R24).*

And an event manager who said:

*“I manage events mostly on weekends and that allows me to work at least three days in a week. It helps me have multiple streams of income as I am not solely dependent on the business income that way I can invest into my business and grow it. With my job, I build my network and learn new skills that are transferrable to my business” (R24).*

Basically, both categories of entrepreneur use entrepreneurship as a form of strategy. The difference is while the first-generation see it as survival mechanism and something to depend on till a better job or more lucrative offer comes along, the second-generation use it as a strategy for wealth creation, economic and social advancement.

#### **5.5.4. Social Network**

Social network has been a form of capital argued to serve as an advantage to ethnic entrepreneurs in raising funds for their business through informal loans and contribution from family, sources of cheap labor, provides business mentorship and customers.

While other ethnic communities such as the Asians have been reported to have strong social network that allows them to integrate easily into their host society, raise capital for their business and provide sources of cheap labor the Black African community offers some distinction. The most dominant form of social network among the Black African entrepreneurs is religious institutions such as the church or mosque. They often leverage their religious associations to sell their products and services. A caterer who is also a Christian said:

*“I make a lot of money from church and about 80 percent of my clients are in my church.*

*They order food and I cater for their events when there is a party” (R6).*

These religious settings seem to be the major form of social network they regularly access to promote their business. A lot of the respondents said they cannot trust any social network outside their religious organization and even wary of the church association as they need to be careful. They also said they would rather raise money for business by saving up, from immediate family or lending from loan sharks than go to their community. Lack of trust is a recurring theme when respondents talk about their social network. One respondent, a property developer and investor said:

*“I would rather do business with whites or borrow my money from loan sharks than from someone from my country. I don’t have friends outside my family as Nigerians cannot be trusted, even when you employ them as staff you will run into one trouble or another” (R2).*

Another respondent also said:

*“To be honest I can’t trust any African except myself, they are difficult to manage and do business with” (R23).*

The social network is fragmented, trust is lacking and the entrepreneurs hardly derive any advantage they can leverage on except within their religious settings which serves as the first

point of contact and where information is also gathered. The general notion among respondents is to be wary of ethnic association as it might lead to regrets showing the pervasiveness of trust issues.

#### **5.5.5. Expression of Resource Disadvantage**

Resources are forms of capital that store value, which assists ethnic entrepreneurs in productivity. Entrepreneurs with more resources are able to leverage them to achieve more success in their entrepreneurial activities. Conversely, the absence of important resources such network, goodwill, human, self-esteem, cultural or historical experiences that engenders success. The dearth of these resources is especially common among first generation Black African entrepreneurs or those who migrated from country of origin recently. It is interesting to note that this same category is most likely to engage in low-end, highly competitive industry within ethnic communities. The other category, the second generation who mostly identify as British African or settled as a child and considers Britain home have the privilege of accessing more resources than the first-generation. This is easily captured in the response of a second-generation settler (R13) and second generation (R2).

*“I was born in South-East London and I grew up hence I have a network of friends and families here. That I didn’t have to go chasing papers (British Passport), I have access to good education and have access to financial help. In starting my business, I got grants twice from the government and so I didn’t struggle at the beginning, now I have 10 nurseries located outside of black dominated neighborhood. Even 90% of my clients are not blacks”*  
(R13).

There is a prevalent perception of resource disadvantage often expressed among the respondents.

*“I migrated to the United Kingdom 10years, I worked as security officer for some time but there was not enough to cater for my family so I have to have a side hustle, which led me to saving up and starting this business. It’s been a struggle because even our people that are successful don’t like to help others and show them the way. More so, no one can be trusted so I just try to do my things on my own making do with the little I know” (R2).*

#### **5.5.6. Labor Market Disadvantage**

Labor market disadvantage is when an ethnic group experiences racial discrimination, language barrier, and unaccredited credentials and therefore takes up employment for upward mobility and to improve chances of success. Again, this was reflected in the responses obtained from participants. They were asked if they have been formally employed and what impact it has on their business performance.

*“Yes, I worked in the city (city of London) for an insurance company for several years before taking up self-employment. My work in the city means I have friends and colleagues who now form part of my client base. I remember it was one of my friends from work that gave me information about where I trained before starting this business and from there I was given my first opportunity” (R13).*

The kind of network integrated into upon arrival, the belief they hold and resources available determines flow of information, perception and business orientation.

*“I worked as a security man for a company but it was too stressful and time consuming. Though I already have a first degree (BSc) from Nigeria before coming here but I couldn’t do much with it as no value is placed on our certificate. That means I either have to start a business or remain in security job for the rest of my life” (R2).*

Perception affects positioning and shapes belief. If the entrepreneur perceives disadvantage and discrimination, it will affect their decisions and shape the reality of their experience.

It was discovered that the new generation of entrepreneurs with successful business is breaking out of the norm by locating their business outside of the cultural setting or ethnic enclaves. They believe Britain is home and they position their business to cater to a wide variety of audience within and outside their ethnic community. These new crops of entrepreneurs are risk takers and are learning to follow their passion and turn it to viable business opportunities rather than play it safe by getting a degree and working in a good job like the older generation. For them pursuing entrepreneurship is a liberation tool from economic and racial oppression and they believe they are well positioned to cater to the mainstream market which also informs their decision to locate their businesses outside the ethnic community.

#### **5.5.7. Education as Security**

A perspective of success that the Black African ethnic group holds is that formal education is the route to success. Therefore, it is common that the entrepreneurs hold at least a college degree from their home country and have acquired more degrees while staying in the United Kingdom. There were some of the respondents who have multiple degrees in one of two different fields of study. Education is viewed as a vehicle for economic and class mobility. This is a case of a respondent when asked about his children's involvement in the business said:

*“My children are not involved in my business and I am not looking at them joining this business in the future that is why I am sending them to private school” (R12)*

Another respondent puts it this way:

*“My own vision was to come here, get a good job, get a house and send my children to good school so they can get even better jobs and know the right people because even here connection is important” (R17).*

It is the case that many of the first-generation respondents still thinks getting the right education is the panacea to economic upward mobility. Therefore, not involving their children in their

business is a matter of class, then it is also with the mindset that formal education which leads to getting a well-paid job is more important than starting a business. This points to the fact that business for them is a survival strategy. On this account, the second-generation respondents assert that the parent's belief of formal education as a viable route to economic mobility is wrong and have slowed down the rate at which they climb the social ladder. A respondent said:

*“I have a passion for graphic design and was happy to put everything in it to be successful but my parents didn't see that as an option. So my dad insisted I rather go to university and study computer science so I can get a reputable job. I now work a job I am not passionate about but the fact that I have started a business doing what I love to do makes all the difference” (R1).*

#### **5.5.8. Training and Skills**

Strategies emerge as business owners interact with available opportunities, resources available within their environment and leverage on their group characteristics. These strategies are shaped by social circumstances and influence not only the actual entrepreneurial process but also performance outcomes of their enterprise.

In order to run successful businesses within their host country black Africans face some problems. A lot of them never owned a business before and had to quickly learn on the job and acquire necessary skills. While some are able to adapt easily and acquire needed skills others struggle a lot. For instance, it was discovered that entrepreneurs who had experience of entrepreneurship by working in a family business were able to better position their business and brought skills that impacted on their enterprise positively. This was clearly stated by a respondent:

*“My mum is a businesswoman and she has a hotel and she has a food business. I loved working with her and helping her attend to customers. I have learnt to go that extra mile,*

*making sure the customers got excellent service and that stayed with me even when I started my business” (R13).*

When there is history of business ownership within the family and there is involvement of children, some knowledge and skills are passed on, as it is a form of informal apprenticeship. Also, it increases the possibility of the children choosing entrepreneurship as a career option.

*“I have had the opportunity of working in my uncle’s business as I grew up while in Kenya so that kind of prepared me. Once I finished university I started my business, till date I have started two successful business, one was when I lived in Germany, then I went back to Kenya lived there for a while before moving to UK to join my family. It was clear I wouldn’t work for anyone except myself but been able to set up and run successful businesses in other countries set me up for success” (R10).*

Having the right skill set is important to entrepreneurial success as stated by another business owner who has worked several years in the IT industry before setting up his own business:

*“I have previously worked in the I.T sector when it was booming and with and it equipped me with management skills which has greatly helped my business. In fact, it was in my last work place that I met the friend that introduced me to this business and taught me all I need to know. The friends I made here and the skills I learnt on my job as an I.T professional has really helped in making this business a success today (R7)”.*

These entrepreneurs increase their success rate by not just learning new skills on the entrepreneurial journey but they bring acquired skills and experience that serves as leverage over those who don’t have such skills.



### 5.5.9. Customer/Supplier Relationship

Black Africa entrepreneurs build relationship with their customers as a strategy for reducing the high level of uncertainty within the market. Such was the case of a retailer that said she would call her customers or send out messages on WhatsApp as soon as she has new supply of products. This helps her offset her merchandise as soon as she brings them in because she now has regular customers to supply them to. Meanwhile, another customer puts it this way:

*“Some of my customers will come in to talk to me about their marriage or seek advice concerning a range of issues. It was more than just buying, they were also looking to talk on a range of issues they have. This keeps them coming back to my shop” (R19).*

Yet these relationships also come with its own disadvantage as most of their customers then expect to get goods and services on credit. This greatly impacts the success of the business because most businesses are managed with meager resources.

*“If care is not taken it is your customers that will run your business down as they collect things on credit. Some will promise to pay the next day but will not show up for two weeks, some will even run away. As we speak I have over £1000 in credit with customers yet if you don't sell like that sometimes another person will sell” (R2).*

This respondent's view on their relationship with the suppliers is a very interesting one as it reveals the dynamics within the Black African social network.

*“The Asians have better advantage than us because they work together and that is why they have better bargains and can price their market lower than us. For example, 3 or 4 people can contribute together to start a business, in some cases 5 shop owners order together in wholesale that way they have better negotiating power. You can't do that type of business with our people, they will swindle you. So, they trust themselves, they are united and do*

*business together; they also get dedicated workers among themselves. That is why the Asians are able to compete with us even with our native goods now” (R12).*

#### **5.5.10. Intra/Inter-Ethnic Competition**

The ethnic market is usually intensely competitive, niche-based and focused on co- ethnics. While some of the other ethnic entrepreneurs have learnt to diversify their offerings and open up their market to other ethnic groups and in some cases the indigent market, black Africans have not been able to do that successfully. For instance, the Asians have been able to diversify their offering and successfully position themselves as the go-to for African consumers especially in the retail business.

*“The Asians are killing our business; they sell our foodstuff in bulk and at better rate than we can sometimes. Most of our people will rather buy their stuff from Asians and maybe come to Africans only if there is a certain thing they don’t have there. We don’t support our own like they support their own. You will never see an Asian enter an African shop if his people sell what you are selling” (R4).*

This meant that the protected market they once enjoy that allows the Black African entrepreneur to successfully market mainly to their co-ethnics is gradually been eroded over the years.

The implication is that as the second-generation entrepreneurs see how other ethnic groups are pushing small African businesses out of the market that was once exclusive to them from the beginning, they are positioning their business to serve the open market right from the beginning. What is more interesting is though most second-generation entrepreneurs are positioning their business to serve the open market, they still cater to co-ethnics but not as their biggest customer base.

## **5.6. Politico-Institutional Embeddedness**

This section presents the recurrent themes relating to the socio-political and institutional environments in which Black African entrepreneurs operate. It explores how the respondents negotiate the rules, regulations and socio-political embeddedness of their business environment.

### **5.6.1. Negotiating rules and regulations**

For most Black entrepreneurs there is a lot of government laws, and policies to regulate their business activities, which they often find cumbersome, and in some cases difficult to keep up with. This was aptly captured when a respondent said:

*“Before you even have time to catch your breath, there is another policy out. There is just too much to do that if you don’t have mind you can’t do business in this country” (R6).*

Another respondent also recounted how this affected their choice of business. Although, respondent (R19) is a first-generation entrepreneur, navigating the regulatory environment still proved difficult. This may also mean that the entrepreneur did not do due diligence at the initial planning stage.

*“Initially we got the location to start an African restaurant and had to continue paying rent for five months without doing any business as we navigate the complexity of rules, regulations and licenses needed to operate. As a matter of fact, my husband had to hire a lawyer to help us through the process. At the end of the day we gave up and started selling African foodstuffs and other items instead but the location would have been good for restaurant because there were lots of blacks but no African restaurant around” (R19).*

While some have been able to navigate it successfully to set up thriving businesses across the country, many found it too difficult to cope with and have gone into the “underground” or “informal” economy. Others have simply carried on their business without an awareness of the

policies. In any case the business environment is also shaped by government policies and regulations. Sometimes, some of these policies are gendered towards fostering growth amongst ethnic minority businesses but it is only useful when they are known and acted upon.

*“I am aware of regulations affecting my business because this is a very important part of doing business. As a business owner doing business in a country that is not where you know inside out, you want to be careful to know these things so you don’t wake up one day with a closed business” (R14).*

The entrepreneurs that are savvy enough to keep abreast of policy and changes in the regulatory environment stand a better chance of success. They are able to plan ahead and notice market trends and changes as a result of these policies thereby taking advantage of them.

*“I am aware of funding information and key policies affecting my business. You need to understand how the system works, have processes in place, and keep an eye on the cash flow. This business is heavily dependent on legislation” (R7).*

On the other hand, most first-generation entrepreneurs do not have much awareness of the policies and regulatory environment. Invariably, they rely on the information they get within their social network, which may mean violation of government rules without knowing it sometimes.

*“I really don’t know much about all these government regulation as they change all the time” (R2).*

*“I don’t think there is any policy that affects my business o, I am aware of my closing and opening time only” (R9).*

If an entrepreneur has a reactive or opportunistic approach to entrepreneurship the effect is pitfalls that gives rise to situational responsiveness rather than proactive planning.

*“Because I cannot meet the demand of Bexley Borough, I have had to take my business online completely as I can’t distribute to shops without the necessary approval from them.*

*The demands are too expensive and my business cannot carry that cost” (R25).*

In a situation where the entrepreneur feels the government is against them and making policies to push them out of business or always looking for loopholes to close their business is a precarious one. It keeps them out from accessing valuable information and support provided.

### **5.6.2. Socio-economic Entrenchment**

The respondents who have either been born here or had British citizenship because their parents settled here prior to their birth were able to create better opportunity structure and found it easier to navigate the complexities of the country, the regulatory and business environment.

*“I was born here, went to Nigeria for a few years and came back here. I think being born here, having my papers gave me an advantage because I don’t have to spend so many years trying to get my papers sorted, which is so stressful. Not having the right kind of papers is so stressful and takes away several opportunities from you. I also think having a British accent and that has been an advantage too. People warm up to you and relate to you better when you have the “right accent” (R13).*

For the entrepreneurs that were either born in the UK or migrated early, it was easy to have their permanent residence and this has implication for business as noted by the respondent above. There are benefits accrued such as government housing scheme, access to loan and grants and being able to save up money rather than spend so much on getting the legal documents. Also, the accent for example is a resource on its own that confers a sense of belonging and confidence to the entrepreneur.

*“I was born here, lived all my life here and have known no other system so it is easy to me to deal with people and find my way around available opportunities. For example, I got the*

*opportunity to win a contest for Young British Entrepreneurs in uni that kick started my business as I got mentoring and funding. Even having British citizenship means you are twice as likely to get a job as someone who doesn't" (R1).*

Socio-economic entrenchment of the first generation helped them to access credit facilities, mortgages and government programmes aimed at ethnic minority business owners and urban regeneration. While for the second generation it gave them better access to the labor market and more opportunities within it, networks beyond their ethnic group, government funding and mentoring.

### **5.7. Summary**

This is the outline of the themes uncovered in this research and it helps in addressing the research questions as outlined in chapter one. The themes extracted from the interviews were categorized under opportunity structure, social embeddedness, politico-institutional embeddedness, and success and business failure. It is safe to say that entrepreneurship among most first-generation entrepreneurs within the Black African community is a survival tool, a means to mitigate the problems posed by lack of required resources in mainstream economy, a means of upward mobility rather than a way of creating value by bringing new innovation to the market. In most cases expansion or growth are not commonly used to measure the entrepreneurial success, partly due to the transitory nature and the aspiration to one-day return home. Finally returning to their home country to settle is in fact termed as success. The second generation was either born here, migrated as skilled workers or was brought into the country as children. They have access to better resources and stand a better chance in the labor market. For this new generation of entrepreneurs, both objective and subjective growth and global inter-connectedness is key to their business. Their businesses mostly borne out of the need to control their income, gain autonomy, achieve work-life balance, use their passion to add value and create value within their environment. Home for them is here and they consider the

future important mostly with a mission to change the narrative of Black-owned businesses. While the way Black African Entrepreneurs language success might be different and their motives for starting their entrepreneurship varied, they are nonetheless as successful as other ethnic group. They indeed face their unique set of difficulties, but they also have unique ways of navigating them. Understanding success from their perspective, motives and measures of success engender suitable policies and targeted resources.

## **CHAPTER SIX**

### **DISCUSSION OF FINDINGS**

#### **6.0 Introduction**

This chapter discusses the findings of this research. It interprets and describes the significance of findings, in light of existing knowledge. It also highlights what is already known about Black African entrepreneurship in the United Kingdom as well as new insights discovered in this study. This discussion combined external and internal factors, they are broadly categorized under the following themes: Entrepreneurial processes, Characteristics of Black African Entrepreneurship, Business Outcomes and the Regulatory environment.

#### **6.1. Business Outcomes**

##### **6.1.1. Success Construct**

It is difficult to objectively evaluate business performance, as definitions, measurement and interpretations are ambiguous and subjectively constructed by business owners. Rath (2006) argues that entrepreneurial success and performance is determined based on interpretation of the business owner. Generally, findings of this study confirm that most of the respondent deems their business successful once they are able to create a comfortable lifestyle and provide security in terms of houses and invest in their children's education (Lassalle, 2016). For first generation entrepreneurs, building a house and having enough money invested back home is seen as success. This is particularly so since they nurse the ambition of returning back to their original country of birth someday. Though the second-generation entrepreneurs now accept United Kingdom as home and are more integrated into the society, some still consider being able to invest in Africa as part of success too and aspire towards it. While it is agreed that success could be objective or subjective based on the motivation for choosing the pathway of



entrepreneurship in the first place (Fisher et al., 2014), a business still needs healthy cash flow to be sustainable. Having a sustainable business requires the ability to develop a plan with structure, system and clear processes. This will ensure that success is clearly defined and measured. Not having a clear personal definition of success and plans that ensure it is reached is not sustainable. This sets the business up for failure right from the beginning. Black Africans needs to pay more attention to growing their business sustainability by paying attention to important parameters such as profitability and success.

### **6.1.2. Perception of Success**

Exploring the success construct is not complete without considering the perceptions of success as it plays a significant role in entrepreneurial engagement and outcomes (Lassalle, 2016). Perception is the social context in which an ethnic entrepreneur is embedded (Welter, 2011). Perception not only impact on how Black African entrepreneur recognize and engage opportunity, but also their idiosyncratic interpretation of success. There is a perception of “us” versus “them” which stems from systemic racial discrimination among the respondents. This may account for the reason why they hardly take up business support provided by government as highlighted by (Nwankwo, 2010). The respondents held a general belief that business is easier to set up in the UK than in home country but it is more difficult to grow a successful business as a Black African. For instance, they claim the government makes it easy on the surface and entice entrepreneurs to set up businesses. However, care must be taken not to fall for it as there seems to be so many loops to jump and that the effort may not worth it at the end. In addition, Black African business owners perceive their businesses as an integrated component of their lives and identity rather than as a separate economic unit. Therefore, success in business is seen as personal success and sometimes this mean that they pursue business based on the lifestyle that they feel it can afford them (Lassalle, 2016). While this is not a problem in itself, the challenge is that such entrepreneurs usually end up with failed or struggling

businesses as they do not paying adequate attention to cash flow. Adequate and constant cash flow is important for business survival but if a business owner mixes personal and business finance, there is a risk of not spending enough where it matters.

### **6.1.3. Failure**

Failure is a general concern for ethnic minority businesses as literature has flagged the over representation of ethnic businesses in low value industry with high failure risk (Nwankwo, 2005). The high failure rate has been highlighted and several government interventions have been geared toward it albeit with little success. Failure is a real problem with Black African entrepreneurship but tackling it requires a tailored approach to the unique needs of the group under study. This research revealed that not all businesses close down and that some businesses transition from formal to informal economy to stay afloat (Ojo, 2013), also confirmed this in his study. In this case, the entrepreneur enters into the informal economy voluntarily, sometimes due to change in regulation that makes it difficult for them to continue to operate as a legal entity. In another instance, the business owner may close an existing business with physical structure to move his business online to take advantage of new technology and reduce cost of operation. Moreover, some respondents claim they will move back into paid employment if they get the right salary and a job they enjoy which means the business becomes part time or will be closed. Just as there are varied reasons for choosing entrepreneurship as a career, there are also varied reasons for exiting.

### **6.1.4. Beliefs, Religion and Identity Construction**

Culture is an element that defines a group's behaviors, thinking pattern, norms and values (Dicken, 2004). Culture can also be viewed as the way people recognize dilemmas and solve problems (Shenkar & Luo, 2008). Religious beliefs and practices are observed to be prevalent among Black African entrepreneurs and it shapes their entrepreneurial orientation. For instance, a respondent's way of treating her client is based on bible principle of integrity and

fairness to reap a blessing in return. The respondents have high external locus of control, that God or a higher power than them ultimately control the event and outcome of their lives and business venture. They attributed their business ideas, development, failure or success to mostly external circumstances such as divine guidance or circumstances. Ayuk (2002) posits that Africans have the notion of God deeply embedded in them and consider life from a spiritual dimension. Essentially, strong internal locus of control is a key feature of a successful entrepreneur (Low and MacMillan, 1988). Therefore, having such pervasive external locus of control has negative impact on entrepreneurial engagement, effectiveness and performance. According to Brockhaus (1982), successful entrepreneurs have strong internal locus of control than unsuccessful ones. Also important is the fact that respondents construct their identities based on their spiritual inclination alluding their personal and professional character to God. A strong belief system might be either God or bad depending on how it is engaged and the premise for it.

Furthermore, the combination of shared cultural references, national identity, language, migration experience and shared understanding between Black African entrepreneurs and their clients is a contextual dimension of opportunity structure that affects entrepreneurial outcomes.

## **6.2. Entrepreneurial Processes Discovering, Creating and Exploiting Opportunities**

### **6.2.1. Opportunity Structure and Market Condition**

Ethnic minorities usually position their business to serve ethnic market as they have a better understanding of the needs within the community (Lassalle, 2016). This was further supported by the findings of this study as most first-generation entrepreneurs' embeddedness within their ethnic group provides a ready market. This makes entrepreneurship a convenient alternative. However, this also has its disadvantage as the ethnic market is highly saturated which makes

profit margin low and survival almost impossible to achieve (Waldinger et al., 1990). Also, belonging to an ethnic group allows an entrepreneur to mobilise ethnic resources such as capital and cheap labor due to trust and group solidarity (Zhou, 2004). In the case of Black Africans they have less solidarity within the group and trust is a major challenge so they are limited in using co-ethnic ties for resource generation. Conversely, the second- generation entrepreneurs are creating new market by leveraging on technological advancement, global connectedness and the advantage of possessing more resources. Market condition is related to demand and production conditions which entails opportunity recognition process.

Opportunity recognition is the first stage in engaging entrepreneurship and an important part of the entrepreneurial process (Singh, 2001). It is defined as identifying an opportunity to create new venture or improve an existing one (Lumpkin et al., 2004). Opportunity recognition is an ongoing process in the entrepreneurial journey and understanding the process engaged by entrepreneurs gives insight into the survival of the business venture (Singh et al., 2008). Opportunity recognition can either be internally or externally stimulated (Bhave, 1994).

It is internally stimulated when the entrepreneur discovers problems they could solve or needs that could be met within the market and creates a business to solve the problem. Whereas in the externally stimulated process, the entrepreneur decides to start a business venture and actively seeks opportunities (Singh and Gibbs, 2013). Singh and Hills (2003) posits that entrepreneurs who pursued internally recognized opportunities discovered better opportunities, have different motives for business start-up, anticipated higher revenues and expectation for success. This research found that most Black Africans are likely to recognize externally stimulated opportunities and was pushed into entrepreneurship by unemployment, racial inequalities in the labor market and underutilization of skills. They sought entrepreneurship as an escape and a driver of socio-economic advancement. This was commonly found among first generation entrepreneurs. This finding aligns with the report of Singh et al. (2008), which

indicates that Black nascent entrepreneurs pursue externally stimulated opportunities. The resultant effect of this is that they tend to pursue opportunities with low capital outlay, low entry barrier and work long hours with small profit. A noticeable trend in the second generation of Black African entrepreneurs indicate that they are increasingly seeking and recognizing internally stimulated opportunities. This may be due to their higher level of education and resources compared to first generation entrepreneurs. Singh and Hill (2003) advances that educational attainment engenders better analytical skills, which help entrepreneurs to identify lucrative opportunities and pursue internally recognized opportunities.

Thus, the opportunity structure is affected by the entrepreneur's process of opportunity recognition. This is because the type of opportunity determines market positioning and client served. Most first generation Black African entrepreneurs, who were pushed into entrepreneurship, had limited resources but the availability of ethnic enclaves gave them opportunity to cater to ethnic taste. On the other hand, second generation Black African entrepreneurs, are taking advantage of the available extended class resources (human, social and migration status), which were not readily available to their first-generation counterparts to break out of the ethnic mode in identifying and engaging entrepreneurial opportunities.

### **Human Capital**

Human capital has significant impact on entrepreneurial development as a resource, which engenders business growth (Blackburn & Smallbone, 2015; Rauch et al., 2013). Human capital has also been found to enhance business performance and longevity (Bates, 1990; Hitt et al., 2001). This is against the background that having a workforce with the right experience; knowledge and skills will increase the chances of business survival and its sustainability.

Findings of this study revealed that most of the participants are educated, with a first degree or higher. Most Black migrants relocate to the UK for educational purposes and it is not

uncommon to find entrepreneurs with higher degree. However, this does not necessarily translate to economic advancement or labour market advantage and partly explains why more Black Africans choose entrepreneurship, irrespective of their academic achievements. The UK offers a sharp contrast to the US in terms of the opportunity for Black people to earn a degree (Köllinger & Minniti, 2006). Studies have highlighted the connection between education attainment and entrepreneurial success (Fairlie, 2004; Scarborough et al., 2009). Most first generation Black African entrepreneurs with higher degree qualification got their degrees from their country of origin. The fact that these qualifications are not valued within their host society created a barrier and limited their engagement opportunities, resulting in many of them engaging in low-level and menial jobs. However, this scenario also made entrepreneurship attractive to most of them as they struggle to find their feet and get established in their host society. This was demonstrated in the case of a respondent who migrated to UK only to realize she cannot practice as a lawyer in the UK, even though she holds a degree certificate in law. She eventually started a business as she felt it was a better fit and offers more opportunities. Whereas most second-generation entrepreneurs were able to recognize better and more lucrative opportunities that serve a wider market, match their skills and offer higher growth potential.

Human capital, particularly in relation to business and managerial skills, remain low within the Black African community. It was discovered that most of the second- generation entrepreneurs interviewed in this study had prior informal business training or gained experience from their parent's business ventures. They alluded to the fact that they leveraged on the experience and skills gained through this informal training in setting up and running their business ventures. Moreover, other respondents who had worked in large organizations prior to setting up their businesses indicated that skills gained in work contribute to their business development and managerial abilities. For instance, one of the respondents highlighted that the advantages of

helping her mother grow her business in her teenage years, working in one of the largest insurance company and managing projects and people immensely contributed to her business success. Based on extant research evidence, these findings suggest that successful Black African entrepreneurs are tuned into opportunities within their environment, education and that previous work experience plays an important role in business outcomes. This confirms the importance of human capital and its effects on entrepreneurial outcome and choice of industry (Kleeper and Sleeper, 2005). Ethnic entrepreneurs with higher form of human capital enter into entrepreneurship to pursue socio-economic growth and this is mainly evident in second-generation entrepreneurs. Moreover, this category of entrepreneurs has successfully implemented breakout strategies, which helped them build ties outside their ethnic enclave. This type of network extension has been credited for providing valuable information about opportunities within the dominant market (Ndofor and Priem, 2011).

### **Financial Capital**

Access to finance is one of the most important resources for business survival, development and growth (Ndofor and Priem, 2011). This study discovered that access to financial capital remain a common challenge among Black African entrepreneurs, both first and second-generation. However, it was noted that there is a perception of discrimination, even for those who have never applied for a bank loan, among Black entrepreneurs. They tend to generally perceive that loan application process is unnecessarily cumbersome, and result is always rejection. Therefore, there is no need to try. Studies suggest that people from ethnic minorities experience discouraged borrower effect, leading to low uptake of external finance (Fraser, 2009). According to Carter et al (2013), ethnic entrepreneurs perceive challenges in seeking finance and get discouraged from applying for loans. Out of the twenty-five entrepreneurs interviewed in this study, only two second-generation business owners have accessed grants to start their business. None of the entrepreneurs interviewed has applied for loans either for start-

up or for expansion purposes previously. One of the respondents mentioned that most Black businesses owners are oblivious to important information that could help them access government grants and alternative loans, which are available to small businesses. This aligns with the reports of Alves (2013), which indicated that most ethnic entrepreneurs experience challenges in finding appropriate financing options due to limited network connectivity and know-how.

Personal wealth, asset and debt financing are major ways through which entrepreneur's source for business capital (Ndofor and Priem, 2011). Almost all the entrepreneurs interviewed in this study started their business with personal savings. This places a major constraint on business sustainability, as financial capital is important both at the start-up stage and in continued growth of the business. Fairlie and Robb (2003) advanced that Black African entrepreneurs are less likely to have inherited businesses or considerable wealth from their parents. This is further supported by the assertion of Crump (2008), which indicated that Black household possesses less wealth, which makes business sustainability difficult. This study also found that there is prevalent risk averseness to external lending from the entrepreneurs interviewed. They were mostly not willing to apply for bank loans and some of them expressed fear of losing their asset in case the business closes.

While this might be cultural, it could also due to the perceived discrimination. Most of the first generation and some second-generation respondents does not have an accounting system, have never used the services of an accountant and does not regularly keep records. Moreover, only one of the respondents has a partially completed business plan. Second-generation entrepreneurs know the importance of a business plan but think they can make their business work without it while majority of first-generation respondents do not see the need for a business plan or think it will help their business in any way. While discrimination cannot be completely ruled out in the process of loan application by banks, there are lots of salient issues discovered



that can hinder access to finance. Financial institutions have standard requirements for every small business such as standard business plan, collateral, business records and other factors that enable them to make decision on loan application. This finding supports a previous study on sustaining entrepreneurship for disadvantaged entrepreneurs (Blackburn and Smallbone, 2014).

### **Access to Business Ownership**

This study discovered a distinct pattern in the way first- and second-generation entrepreneurs evaluate opportunities and gain access to business ownership. The network into which an entrepreneur becomes integrated upon arrival into the host country plays a significant role in labor market access and entrepreneurial pathway. Most first-generation entrepreneurs entered into entrepreneurship as a survival strategy and as an escape route from the harsh reality of the economy. A lot came in with degree certificates from country of birth, which was not recognized and had to do menial jobs for survival. Ethnic concentration presented a market that can be served and offered a protected market of sort (Waldinger et al., 1990). Findings of this study indicate that usually this type of business were not meant to be a permanent feature nor were they necessarily looking to grow as long as bills were being paid and could save a little by the side. Though some of these entrepreneurs eventually amass more formal education and training that either allows them to found better businesses or enter paid employment eventually but a majority of first-generation entrepreneurs remained in small, service sector, micro businesses that requires long hours for little returns.

For the second-generation entrepreneurs, business ownership is not to escape structural discrimination, but they see entrepreneurship as a route for financial achievement and social mobility. Advances in technology, their education attainment and extended social ties make valuable information and opportunities available to them in the dominant market, which they

leverage upon to create new ventures. They could start business with ease through technological platforms, the presence of venture capitalist, crowd funding sources and workspace collaboration offers effective strategies through which they start and grow their business.

### **Resource Mobilization**

Second-generation entrepreneurs are able to better mobilize resources to start and grow their business. Due to the extended social capital they have accumulated in education, social ties beyond ethnicity, work experiences and improved skill set they are able to get advanced information on market, business opportunities, financing alternatives etc. Social capital is important to ethnic entrepreneurship as it allows members of the same ethnic group access resources made available by their co- ethnics. It also offers competitive advantage to entrepreneurs. In Britain, the South Asians have popularly been found to gain competitive advantage through the use of co-ethnic resources such as cheap, flexible labor, pooled finance and privileged information within their network (Ram et al., 2008). Social capital acts as a catalyst that unlocks access to markets, suppliers, labour etc.

These findings demonstrate that the Black African entrepreneurs are not able to fully access social capital due to lack of trust and social cohesion within the Black community. A respondent whose father was a grocer said,

*“When my dad use to sell groceries he usually lose money because he gets to buy more expensive than the Asians. They pool their resources and come to the wholesaler to buy in bulk, which gives them bargaining power that a black person does not have that advantage. Unfortunately, the buyer comes to the market and goes to the Asian shop because it is bigger on the average and cheaper in most cases”.*

Nee and Sanders (2001) particularly highlighted the critical role of family as a source of cheap or unpaid labor and financial resources. Black African entrepreneurs hardly use family as a source of labor and rarely involve their children in business activities but access financial capital through family ties. Ethnic entrepreneurs benefit from their embeddedness in their communities especially in the early stages of business development (Aldrich & Waldinger, 1990).

Interestingly, these findings show that second-generation entrepreneurs are able to utilize social capital beyond their ethnic community to start and grow their businesses. Though they mostly start their business ventures with financial capital from personal savings, they are better able to mobilize resources from external sources, access important information within the dominant market in business development and growth. Also, they seek business mentorship and role models from successful business owners outside their ethnic community. Most respondents complained about the dearth of business mentorship within the Black community. This is because most successful Black business owners are not willing to mentor young entrepreneurs. Again, this might be related to the issue of lack of social cohesion, mutual support and trust among Black African community.

### **6.3. Characteristics of Black African Entrepreneurship**

#### **6.3.1. Motivating Factors**

Entrepreneurial characteristics are subjective in nature and difficult to measure but it remains a significant element of entrepreneurial success (Elmuti et al., 2011). Several factors motivate business development among Black African entrepreneurs. A deviation from the norm of push factors, largely responsible for business startup in first generation, was observed in second-generation entrepreneurs. According to Clark and Drinkwater (2010), ethnic minorities are pushed into entrepreneurship as a response to structural challenges and discrimination, which

results in unemployment or underemployment. However, Ram and Jones (2013) have argued that the reason while individuals start business venture is rather complicated than the push/pull approach.

Push factors were mostly stated as part of the motivating factors for the first-generation entrepreneurs. Second-generation business owners were attracted to entrepreneurship as alternative stream of income, responding to a need in the environment, building wealth and pursuing hobbies. This had a major impact in what they focused on or considers in measuring success or deemed important to the business. While the first-generation entrepreneurs are not necessarily concerned about expansion, employing more or increased financial gain, the second generation saw these as important. They pursue growth and expansion in size, clientele served, profitability and it was part of their motivating factors. According to Justo et al. (2006), measures of success can be inferred from motivational factors as it defines performance and satisfaction.

### **6.3.2. Transitory Nature of Entrepreneurs**

The transient nature of black Africans has been established in literature (Akyeampong, 2000; Nwankwo, 2005). First-generation respondents generally retained their culture, myth and hold on to memory of their country of origin and refer to it as home. Racial discrimination, perceived or real, makes them have a “them versus us” mentality and feel a sense of alienation. This could explain the reason why they set up their business without proper structure, thinking about sustaining it only until they have accumulated enough wealth to help them return back to their homeland. This finding confirms Akyeampong (2000) reports about Black Africans in America stating that African-Americans hold on to their dream of returning back to their homeland due to the racism they face in host country. It is therefore not unusual for them to maintain political, social and cultural ties with their country of birth. Therefore, their unwillingness to commit to

long term strategic plans, setting up businesses as temporary structure with businesses that could easily be liquidated could explain their transient mindset.

Though the second-generation entrepreneurs also identified with their Black African origin, they complained of cases of racial discrimination within the wider society despite their level of integration and accumulated resources such as imbibing the British culture, the accent, social ties and other important class resources. One of the respondents explained that for a Black African working in a white dominated firm, he or she must be ready to train people who will be promoted above over him/her even when it is clear the African have more experience and do a better job than the White employee. Dustmann and Theodoropoulos (2010) posits that despite the fact that second-generation migrants have higher educational attainment than Whites, they still experience labor market discrimination and earn less compared to Whites counterparts with same qualification and experience. Yet, one observation is that the continued social and political decline in Africa makes the return to Africa a less attractive option. Therefore, migrants find ways around the discrimination in their host country and one of the major strategies is entrepreneurship.

### **6.3.3. Occupational Duplicity**

Occupational duplicity is a form of strategy that Black Africans use in mediating the uncertain business environment and maintain a flow of capital into their business. This study discovered that some of the respondents have another job, which may either be a day, or night job while operating their business. This helps when there is need to inject cash into the business to keep it afloat, when the market condition is not favorable or in case they need to close the business down. This phenomenon was observed both in first and second-generation respondents. This supported the findings of another study by Ojo (2013), where he the noted the phenomenon of occupational duplicity among Nigerians in UK.

In addition, the lack of clear-cut strategy and long-term plans for the business growth was evident among the first-generation entrepreneurs. They maintain flexibility by moving into whatever business they think is making profit and end up establishing business in an already saturated sector due to perceived success of the business. The report of Kloosterman and Rath (2001) that ethnic entrepreneurs copy each other in starting a business in markets saturated by other migrants perfectly described the situation observed in this study.

#### **6.3.4. Double Disadvantage of Entrepreneurs**

Ethnic entrepreneurs generally suffer from labor market disadvantage due to various factors such as language barriers, racial discrimination, and unaccredited certificates (Barrett et al., 2002). For most of the first-generation entrepreneurs who came into the UK as economic immigrant and worked in low-skilled jobs, they decided to start their businesses due to perceived discrimination in the labor market and in some cases a mismatch between their skills and experiences (Blackburn and Smallbone, 2014). Another factor that affects new immigrant in the labor market is their immigrant status. A second-generation respondent mentioned that being born in the UK or having a permanent residence confers a competitive advantage. It makes it easier to access government intervention, seek information and support for developing their business. A lot of first-generation respondents complained about under-employment even when they have acquired more training within the host community and this may explain while they are more likely to take up business ownership.

Second-generation business owners fare better in this regard as they have better class resources, integrated into the society more readily and accept it as home. This gives them access to facilities and opportunities not readily available to the first generation, they are able to access valuable information and mentorship within and outside the co-ethnic network. With the benefit of hindsight, they are able to avoid some of the errors made by the first-generation entrepreneurs.

### **6.3.5. Education, Training and Skills**

Business owner's educational attainment, training and industry experience either formal or informal has a positive effect on business performance (Shinnar et al., 2011). This study found that most of the first-generation entrepreneurs interviewed generally have high level of formal education but low managerial and industry experience. This impacts the way they run their business and the performance of the business. Ahn (2011) argues that lack of industry experience contributes to business failure. They set up business in sectors different from their training or formal education mainly because of loss of capital they experience upon migration. Ram and Jones (1998) posits that though Black African entrepreneurs are educated they experience low business performance by starting business in sectors not related to their expertise. However, second-generation entrepreneurs were observed to possess more industry related training and experiences and starting business related to their expertise. This could be because of the level of acculturation they have also experienced as most of them were either born in the country or relocated to host country and deliberately acquired class resources that helped them integrate better and seek better opportunities. Therefore, they pursue strategies that include breaking out of ethnic economy, maintaining ties both within and outside ethnic networks which allows them to access valuable resources available outside their community.

One important factor that was absent both within the first and second-generation entrepreneurs was role modeling and mentorship from successful business owners within the Black African community. There were several complaints of successful business owners not willing to mentor nascent entrepreneurs. Some of the second- generation entrepreneurs admitted that having a business mentor has helped in shaping and growing their business. They also noted that it was easier to get successful mentors that are not Black Africans, which may be due to the pervasive lack of trust, fragmentation or to protect their competitive advantage (Nwankwo, 2005).

Majority of respondents alluded to the fact that education is very important to them and would rather send their children to school for formal education than go the route of apprenticeship. There is a wide spread belief among the respondents that education within the host country offers a safe route to economic mobility and social integration. For instance, one of the respondents said it is very unlikely you will find an African drop out of formal education to pursue entrepreneurship, like Steve Jobs, without heavy criticism from their family and rejection in some cases. Across first- and second-generation entrepreneurs, there was an agreement that education is very important to them but also agreed that there is need to stop focusing on accruing certificates but strategically use it to bridge skills gap.

#### **6.4. Customer/Supplier Relationship and Market Competition**

The relationship between the entrepreneurs and their client is worthy of mention as it has implication on how business is conducted. Socio-cultural triggers arbitrate this business relationship between the entrepreneurs and their customers. Culture and its effect on ethnic minority entrepreneurship has been extensively studied and remains important to their entrepreneurial process (Waldinger et al., 1990; Basu and Altinay, 2002) For instance, business owners and clients foster relationships that extend beyond the boundaries of business, which allows informal exchange of goods and services without formal agreement. It is not uncommon for clients to come into business premises and discuss personal issues, collect goods on credit to be paid at a later date or invite each other to social events. There is a general sense of familiarity and camaraderie. According to one of the entrepreneurs, this helps in securing customers' loyalty. This strategy can be a double-edged sword that works for or against the business owners. The kind of relationship the entrepreneur fosters with their customers in extending credit supposedly affects the business as business owners run on low capital.

Another precarious situation affecting business is the high level of competition within the market that was once an exclusive preserve of Black Africans. This is especially a major



complaint among entrepreneurs in retail sector. There is a lot of competition between the Asians and Black African entrepreneurs with the business owners complaining about the Asians selling ethnic goods and materials that are purely African. More so, they usually combine resources to form large businesses, which give them a higher purchasing power. This gives the Asians higher purchasing and bargaining power that gives them a level of control on pricing and marketing outcomes. It aligns with the conclusions of Ekwulugo (2006) that Asian businesses are more successful than Black African businesses. This suggests the protective market within the ethnic economy is no longer available to the Black African.

### **6.5. Regulatory System**

It is apparent that a lot of the respondents have difficulty in navigating the regulatory environment and keeping abreast of changing policies within the business environment. In some cases, entrepreneurs are totally oblivious to the regulatory environment and how it shapes both the market and their businesses. Accordingly, Clark and Drinkwater (2002) posits that regulation and bottlenecks present constraint to ethnic minority businesses. Even the second-generation entrepreneurs who are technology savvy, well-integrated and able to keep abreast of changes in the environment still experience some difficulty in navigating the regulatory environment. For instance, a retail shop owner talked about the challenges they faced when they started the business. He said,

*“Initially we got the location to start an African restaurant and had to continue paying rent for five months without doing any business as we navigate the complexity of rules, regulations and licenses needed to operate. As a matter of fact my husband had to hire a lawyer to help us through the process. At the end of the day we gave up and started selling African foodstuffs and other items instead but the location would have been good for restaurant because there were lots of blacks but no African restaurant around” (R19).*

The business owners complained that the laws are not only too many to keep track of per time but are ambiguous in most cases and cost a lot of money to navigate. Kloosterman et al (1998) advances that small business owners easily venture into informal business practices due to complex regulatory system in advanced economies. Being unable to either keep abreast or understand the regulatory environment poses a challenge to Black African entrepreneurs as it also leads to cutting corners and engaging in informal activities. Chen et al. (2000) categorized regulation under two major themes namely; regulations related to business legalization and registration and those related to continuity such as health and safety, taxation etc. While a lot of Black Africans were able to navigate the process of registration easily, they mostly experienced considerable problems keeping abreast with the law with respect to business continuity. One of the second-generation respondents pointed out that this may be cultural as most Black Africans has learnt to cut corners from back home, knowing that government regulations do not hold depending on your socio-economic status. He reiterated that a lot of Black Africans has simply carried that culture and mindset into the host country; doing business as usual where possible. This may in part explain why they hardly keep adequate records.

Immigration law and paying less than the National living wage is a part of the regulatory system that the Black African entrepreneurs exploit. The ethnic minority entrepreneurs employ illegal immigrants to cut cost and have competitive advantage in the highly competitive market. Employing illegal migrant is cheap labour as they can pay them lower than the official rate, without formal contract. One other advantage they get from that is it is easy to engage or disengage an employee without benefit or fear of legal actions.

There is a positive side to government policies and regulation in advanced economy with policy makers paying more attention to ethnic minority entrepreneurship, creating support services to increase accessibility to support and mentorship. This research found that the Black African entrepreneurs, especially within the first- generation entrepreneurs, are not sensitized to these

opportunities. In cases where this information is known, they have a certain level of distrust, which impedes them from actually accessing the opportunities.

## **6.6. Summary**

Themes resulting from research findings were thoroughly evaluated in this chapter. It questioned assumptions and drew inferences for creating a path to understanding Black African entrepreneurship and its sustainability in the United Kingdom. Research findings were evaluated using the thematic arrangements of: entrepreneurial processes, business owners' characteristics, business outcomes and the regulatory environment.

The entrepreneurial processes include the dynamics of how the entrepreneurs engage with their environment to identify opportunities and create business ventures. This is a foundational component of entrepreneurial engagement and it impacts the entrepreneurial orientation ultimately. Black Africans mostly start their businesses by recognizing opportunities to serve the co-ethnic market. The residential clustering in urban areas gives them access to resources and readily available customer base. South Asians in Britain have successfully leveraged on this to build successful business ventures but it is still a major struggle for the Black ethnic group. The ability to mobilize resources from the group is difficult as they lack strong social cohesion and trust issues pose a common challenge to group solidarity. Similarly, the dearth of protected enclave economy where Black entrepreneurs exclusively serves their kinsmen due to intimate knowledge of culture and taste preference is no longer available.

Black African entrepreneurs have their peculiar characteristics that are engendered from the peculiarity of the challenges they encounter; their lived experiences, migration history and culture. This informs their entrepreneurial engagement and perception. In order to fully understand Black African entrepreneurship and how to make it sustainable, there is need to

understand the characteristics as it also determines the ethnic strategies employed. Black African entrepreneurs have a survivalist approach to entrepreneurship.

This research explored entrepreneurial success from the entrepreneur's perspective to understand their view and measure of success. Success has to be clearly defined, measured and systems created to achieve it so that it can be easily replicated or passed on to future generations. Black African entrepreneurship in the UK is growing rapidly and there are sprinkles of success especially from the second-generation entrepreneurs. These second-generation entrepreneurs seemed to have learnt from the failures of the first-generation but still have a long way to go as they are just building their internal infrastructure from scratch. Though there are peculiar challenges these entrepreneurs have to deal with yet there are some fundamental strategies they need to incorporate into their ethnic strategies to combat failure.

The government is working to make sure ethnic entrepreneurship is not only surviving but also thriving as it contributes significantly to the economy. Black African minority group is one of the largest ethnic groups in the UK yet still highly fraught with disparity in business performance under-employment and high rate of unemployment, compared to other groups. Establishing sustainable and quality businesses will bring economic and social advancement to the group and contribute even more to the wider economy. Entrepreneurship does not occur in a vacuum (Waldinger et al., 1990), therefore the regulatory environment plays a significant role in ensuring Black African establish successful and quality business ventures.

## **CHAPTER SEVEN**

### **CONCLUSION CHAPTER**

#### **7.0 Introduction**

This is a final section of this research report. It includes different sections aimed at providing concise answers to the aim and objectives of the study by answering the research questions. It outlays the original contribution to knowledge and the implication for Black African entrepreneurship, limitation of the study, recommendation and direction for future research.

#### **7.1. Resolving Research Questions**

This section reiterates the research questions and unveils how these questions have been resolved. At inception, the overarching questions guiding the study are:

1. What is the perception of Black entrepreneurs about entrepreneurial success and how success is defined in UK?
2. Are Black-owned businesses failing or thriving?
3. What factors contribute to the success/failure of Black-owned businesses?
4. How can sustainability be achieved /improved in Black-owned businesses in Britain?

Using a qualitative methodological approach, the questions are explored through the analysis of the entrepreneur's lived experiences. Essentially, answers are provided by the analysis of the impact of the external and internal environment of Black African business owners in the UK and how this affects their entrepreneurial engagement. The questions are resolved and analyzed in light of key research findings presented in the next session.

### **7.1.1. Major Research Findings**

(Q1) The success construct among Black Africans entrepreneurs – the uniqueness of this study lies in allowing respondents to construct their idea of success and how they measure that in their business. Therefore, the entrepreneurs were told to introspect on their entrepreneurial journey and define how they see success and how they have measured it over the years. It led to a robust array of unforced answers, which highlighted the link between the reasons why they started their businesses, their aspiration and their perception of success. Motives are a means of explaining aspiration (Cassar, 2007). First-generation entrepreneurs have a different perception and motivation for starting a business compared with second-generation entrepreneurs. Therefore, there is a distinction in perception and measures of success. Murphy et al (1996), allude to the fact that motivation is a key determinant factor of success and it influences entrepreneurial performance. On the average, first- generation entrepreneurs started their entrepreneurial journey as a mechanism for survival in the reality of discrimination and with limited resources. They, being not fully integrated into the host society and with the mindset of returning home eventually, see success as more survival focused. They gave responses, such as success is achieved because running the business meant they can conveniently pay bills, have houses in homeland, could save enough to take care of family and send money back home and that the business keeps running, as testaments of success. Essentially, their construct of sustainability is dependent on subjective variables, focusing on personal goals and obligations and how the business helps in meeting those goals. This has a cultural connotation, in that family is central to the African culture and the parents provides for his children until they mature and start a family of their own. Being able to meet the demand of such obligation is key to the first-generation parent's success and having a business is one way of making sure that is done. Educational attainment traditionally remains a preferred route to success, social and economic advancement for first generation Black Africans and making

sure their wards are supported to achieve this at the highest level of achievement equates personal and entrepreneurial success for them. In this regard, entrepreneurs are more interested in extrinsic motivation. According to Deci and Ryan (2000), extrinsic motivation is linked to engaging a task because it attracts external reward and lead to a separable outcome. Consequently, evaluation of success is socially and personally constructed among Black Africans. This confirms the views of Walker and Brown (2004) that ethnic entrepreneurs equate business success to personal success. However, second-generation entrepreneurs differ in their motivational factors and success perception. They are more intrinsically motivated to choose entrepreneurial pathways. Their motivation ranges from interests, curiosity, values, legacy and lifestyle to secondary external influences such as wealth creation. Black African entrepreneurs internalize their business, making it a component of their identity to satisfy their inherent needs for independence, relatedness and competence (Berthelot, 2008).

(Q2) The State of Black African Entrepreneurship - The second research question relates to the state of Black African Entrepreneurship. This question pertains to whether Black African entrepreneurship is failing and is gloomy, bleak and without a ray of hope as literature continually indicates. Findings of the study show that though a lot of Black African entrepreneurship still have a long way to go before they can be viewed as the poster child of successful ethnic entrepreneurship like the South Asians, yet it is not all a tale of woes and bleakness. They have experienced racial discrimination and lower capital resources needed to fund and establish their businesses, yet they are making giant strides in the face of opposition. Second- generation entrepreneurs are especially breaking out of the mold of ethnic entrepreneurship by pushing new boundaries and leveraging collaboration that are not particularly ethnocentric.

Business failure is a term generally applied to business cessation irrespective of its reasons (Watson and Everett, 1999). When business failure is applied as a blanket term especially in

ethnic minority entrepreneurship, it hides salient indicators to the actual state of things. This study interviewed three business owners with previously closed businesses and findings revealed a very important perspective and the importance of the qualitative methodology. Furthermore, the perception of whether a business is failing or succeeding is open and subject to the business owner's perception and it is influenced by external and internal factors. Two of the closed business owners interviewed indicated that they closed down their business in order to restart with better strategy and equipment, in such a way that guarantees business growth. They indicated that they took lessons learnt from the business failure into account while starting afresh. One entrepreneur closed down the business premises in order to work from home and to reduce the cost associated with renting a space. The entrepreneur now makes more money with that simple change. The second entrepreneur closed the first business, a retail shop for African foodstuff, due to its impact on family life and restarted a restaurant business with her brother. The third business was making less money and as competition became more intense, she transferred ownership and entered paid employment after redirecting her career path.

While it is difficult to state whether Black African businesses are failing/struggling or not due to the size of sample reported in this study, the fact that small businesses and especially ethnic businesses are more at risk of failure still exist (Ram and Jones, 2008; Mendy, 2018). However, it is important to evaluate Black African entrepreneurship objectively to stop excluding them from the success narrative. In understanding the reason for closure, we develop an understanding of motives, perception and outcome measurements.

(Q3) Factors affecting entrepreneurial Outcomes – There were some important factors that were discovered to affect entrepreneurial outcome among Black African entrepreneurs. Addressing these salient factors will foster growth and help them establish quality businesses and solve real time problems that apply to ethnic and non- ethnic consumers. These factors include:



- (a) The process by which they identify, create and exploit opportunities is an important factor. Findings of this study indicate that most first-generation Black Africans recognize externally stimulated opportunities and are pushed into entrepreneurship. Singh and Hills (2003) posits that when entrepreneurs pursue internally recognized opportunities they discover better opportunities, anticipate higher revenues and expectation. The opportunity recognition process is continuous and it involves planning from the first stage at which the opportunity is perceived to the final stage where it is turned into a product that is exchanged for value. Planning involves the strategy process, which is important for entrepreneurial success. Most first-generation entrepreneurs respond to challenges as they arise without long-term plan, goals or proactiveness. The findings of this study suggest that most first-generation entrepreneurs implement an opportunistic process whereby business ventures are positioned to quickly exploit openings in the market. In some cases, businesses are started based on seemingly thriving product or sector as perceived by potential entrepreneurs, which offer part explanation in concentration of retail store selling African foodstuffs for example.
- (b) Leadership and management capabilities: In reflecting upon the findings of this research, it is evident that having a parent or family business with a successful business shaped perception and entrepreneurial orientation. It also imparted valuable skills that were accrued through participation in the business. According to Cassar, (2006) prior business ownership, skills gained from employment in host country and mentorship provide competitive advantage and determines business performance. There is need for Black African entrepreneurs to develop leadership and management capabilities, as it will empower them to build better business.

Equity and Debt financing: Findings of this study showed that there is actual and perceived discrimination in sourcing external finance in funding their businesses (Robb and Fairlie, 2003). According to Blanchard et al. (2008), Black and Hispanic entrepreneurs experience higher incidence of unfavourable outcomes in loan application. Hence, they start businesses mostly with personal savings or loans from family and enter industries that require low capital outlay but with high risk of failure (Lofstrom and Bate, 2013). Yet, sufficient financial capital is important to business survival as it helps to buffer losses, achieve efficient scale and exploit business opportunities.

- (c) Breaking out of ethnocentric strategy in terms of market, network and information is essential to business survival. An entrepreneur can maintain ties with ethnic community while also having ties outside of the community to facilitate business growth. This was observed among some second-generation Black African entrepreneurs already but needs to become an intentional strategy within the general community. The second-generation entrepreneurs are positioned to harness opportunities not just within the ethnic community but the larger economy. They are fully embedded both culturally and socially within the context of the host society, which offers access to valuable information such as funding opportunities and grants, trends and policy changes.
- (d) Role Modeling/Mentorship and social cohesion – Nwankwo (2005) alludes to the fact that Black African entrepreneurship is highly fragmented. Moreover, crump (2008) and Fairlie and Robb (2003) advanced that there is scarcity of successful role model willing to mentor young entrepreneurs. Lack of ethnic solidarity and trust makes it difficult for entrepreneurs to mobilize resources within the community outside of their immediate family.

(Q4) How can sustainability be achieved? – The economic relevance of Black Africans in the United Kingdom has been established in literature. Black Africans contribute significantly to the economy of UK (Osewa-Ediae, 2011). Sustainable business ownership has the potential of addressing social imbalance and reduce inequality gap. If most Black African businesses leave the survival state, they are able to compete favorably and put their creative energy to use by bringing new innovation to the market. It will invariably create wealth that can be passed down to future generation and create high skill jobs for the community. Therefore, ensuring Black African businesses become sustainable is paramount most especially as the population keeps increasing. Is sustainability achievable? This study suggests that a lot of second-generation businesses are successful and turning over healthy profit so with the right measures and intervention sustainability can be enhanced. Also, more first-generation are relinquishing their aspiration to return to their homeland and therefore seeing the need to establish proper structure for the future. Beyond building capacity through education, skills and industry experience there is need to address major structural challenges. Racial discrimination in external financing for instance, is a major barrier to business creation and growth. The second-generation entrepreneurs tend to create alternative source of income to ensure cash flow for both personal and business use. This means their focus is divided, as they have to simultaneously ensure the smooth running of paid employment and business venture. It has implication for adequate planning, innovation and strategy implementation. Building a business with access to sufficient capital, targeted business support and policies that enhance sustainability will gradually bridge performance disparity and provide a template from which future generation or new entrepreneurs can build their business.

## **7.2. Research Contribution**

This study contributes to knowledge in the field of ethnic minority entrepreneurship both in theory and practice. Essentially, it has contributed to extending the boundaries of what is known

about Black African entrepreneurship and what is known about its performance in the UK. This study further contributes to the mixed embeddedness model and how it shapes entrepreneurial processes and success among Black entrepreneurs. It provides insight into a major ethnic group and establishes its contribution to the economy as significant, positioning it as a distinct group worthy of more research. More importantly, it emphasizes the cultural and social distinctiveness of Black Africans and repudiates the monolithic approach engaged in research.

Methodologically, the study contributed to providing robust understanding of Black African entrepreneurship. This is made possible as the researcher was embedded within the community, sharing culture, background and entrepreneurial experiences with respondents (Ojo, 2013). The researcher being a researcher instrument was resourcefully used in drawing participants out and allowing them to delve deeper into their history, entrepreneurial journey and lived experiences. Viewing the phenomenon of ethnic entrepreneurship through the lens of each entrepreneur's own narrative brought a uniqueness to the study.

In practice, it is useful in providing a premise from which policy makers can gain deeper insight into the dynamics of Black African entrepreneurship and offer a point for further deliberation in creating effective policy change. According to Singh and Gibbs (2013), investigating the cultural inclination, entrepreneurial dynamics, distinct characteristics and challenges of Blacks will provide significant insight that helps in addressing disparity in firm creation and performance. It will help all stakeholders such as policymakers, the entrepreneurs and community leaders to make informed decisions, proffer effective solutions and make appropriate policies to foster entrepreneurial success. It captures the changing entrepreneurial engagement among generations of Black Africans bringing awareness to the support needed and how sustainability can be further enhanced.

According to Kloosterman (2010), social capital, ethnic ties and group characteristics affect entrepreneurial outcomes at the micro level of the mixed embeddedness model. While the availability of opportunity structure, presence of both ethnic and non-ethnic market affect access to business ownership and how they mobilize resources. These important factors interact at the meso level of the model. Finally, at the macro level, government policies and regulations could mean that Black entrepreneurs are pulled into business through the easy accessibility of institutional support and resources or pushed into it by discriminatory regulations and laws. The Black African community in Britain is a maturing one in which the second and third generation are emerging on the entrepreneurial landscape. Their emergence provides a different narrative and offers a fresh perspective on entrepreneurship within the community. To proffer effective solution that improves economic output, policies that support entrepreneurial success at the macro level and open up the non-ethnic market as a level playing ground there is need to understand the thread of similarities and dissimilarities that runs across each generation of Black African entrepreneurs.

This research concentrated on the first and second generation of Black entrepreneurs and found that the perception and concept of entrepreneurial success vary widely across the generations.

The first-generation entrepreneurs were mostly motivated to start entrepreneurship as a survival mechanism due to structural and institutional discrimination. Though, some chose entrepreneurship for various other reasons such as autonomy and work and as a status symbol, the motivation was mostly subjective in nature. On the second-generation has their unique set of opportunities, which were mostly objective, the drive to create multiple streams of income while engaging their passion, recognizing opportunities early and engaging it were some of these reasons. Also, first generation entrepreneurs mostly were not looking to create businesses that could be passed down generations due to the nature of businesses engaged and the aspiration of returning to homeland. The second generation mostly born here, migrated but

with different set of class and social resources are driving a multi-generational entrepreneurial agenda and struggling with mentorship within their ethnic community. Entrepreneurial success is fluid both in perception, measurement and definition. It is also shaped by the entrepreneur's lived experiences and history. The history and lived experiences of Black entrepreneurs differ between generations and its exploration offers invaluable insight into what shapes their perception and entrepreneurial engagement. Factors at the micro, macro and meso levels affect Black entrepreneurs differently across generations and should be taken into consideration at the practice level.

These similarities and differences uncovered among the first and second generation of entrepreneurs need to be considered and form part of the factors that shapes government policies and decision-making process in supporting Black businesses.

### **7.3. Limitations of Study**

This research supports and extends the frontiers of existing knowledge and theoretical frameworks in the field of ethnic minority entrepreneurship. The study is specifically focused on Black African entrepreneurship within the UK context and therefore does not necessarily apply to other ethnic minority groups in the same context. Also, not every Black African country was represented due to ease of access to participants. Furthermore, the study is limited in location to London because of its diversity and the fact that it has the highest representation of Black Africans (Vertovec, 2007; Ram et al., 2011). According to Daley (2008), Black Africans are generally populated in the urban areas. The limitation comes from the fact that different variables affect entrepreneurship at the national, regional and local levels (Kloosterman and Rath, 2001). This means that there might be slight variation in findings depending on the prevailing regulatory system and local social context in which an entrepreneur is embedded.

Another limitation of the study is that gender of the participants was not used as a differentiating factor in analysis. There exist gender-related differences and issues in entrepreneurship (Baycan-Levent et al., 2004). For instance, ethnic minority women are suggested to measure success differently, have experienced or have a perception of double disadvantage and have a different motivation for entering into entrepreneurship than men (Domboka, 2013). There might be variation in findings if the study is applied to either male entrepreneurs or female entrepreneurs only even within the same population sample. However, the population sample used for this study is all-inclusive with female and male entrepreneurs interviewed and analyzed as a unit.

#### **7.4. Recommendation**

The analysis of the findings of this research has presented a range of factors that impact the entrepreneurial outcome of Black African entrepreneurship in the United Kingdom. Some of these factors are intrinsic to the entrepreneur or the group while others are external and a result of the context in which the entrepreneurs are embedded. This section proposes recommendation to promote the long-term success of businesses created by Black Africans based on research evidence.

- (a) One of the important factors that influence sustainability of small business is human capital in terms of education, training and work experiences. A lot of Black African entrepreneurs have high level of educational attainment but need to be equipped with business knowledge in their particular industry and skills for successful business management. Therefore intervention targeted at training entrepreneurs in the essentials of business management and industry knowledge will enhance sustainability. According to Bradford and Mijid (2016), prior family business ownership has a positive

correlation with entrepreneurial success especially when the entrepreneur has participated in the running of the business. In that case, the entrepreneur picks a range of skills, which they later use in their own business. Prior family business ownership is not common among Black Africans. According to the findings of this research, even when parents currently run a business most entrepreneurs within the first and second generations hardly involve their children in running it.

- (b) External financing remains a challenge within the African community due to a combination of factors such as averseness to lending, poor credit score, being unable to meet standard financial institution requirement. Efforts should be made by government and financial institutions in setting up workshops for business owners on financial literacy, educating them on the standard requirements, alternative sources of finances tailored to address their peculiar situations.

Black Africans remain disadvantaged, as there is persistence in access to credit. Black families generally have lower wealth and asset when compared to Whites (Fairlie and Robb, 2008). This means Black owned businesses have higher level of unfavourable outcomes for loan application even when firm and owner-specific traits are controlled (Ram and Jones, 2008). As a result, Black businesses often enter industries that require low capital investment and the low availability of resources makes it difficult to buffer losses and inject more capital where necessary (Bradford and Mijid, 2016).

- (c) Due to the lack of business planning among many Black entrepreneurs and the general notion that is not important to business survival, there is a need to create mentoring programs that work with business owners on developing their ideas and long-term planning reflecting strategies for growth and sustainability. In order for business to succeed there is need to plan for short and long-term and employ adequate strategies across the organization. The opportunity recognition process, which is mostly



opportunistic, lack of adequate planning and reactionary strategy, means that most Black entrepreneurs are reactionary to challenges arising within their business (Ojo, 2012). This lack of plan and appropriate strategy especially for first generation entrepreneurs means they are not future oriented, engage in situational responsiveness, undeveloped knowledge base and little goal orientation (Frese et al., 2012).

- (d) There is a dearth of role models that understand the unique challenges faced by new entrepreneurs within the community. Mobilizing successful entrepreneurs both within and outside the community to help young entrepreneurs will enhance success, as they are able to draw on the knowledge, network and expertise of their mentors.
- (e) Black Africans are religious and are steeped in religious activities. Religious and worship centers are part of the social context in which they are embedded. Nwankwo et al. (2012) posits that Black Africans build self-sustaining networks through religious ties and belonging. This can be used to an advantage by partnering with religious bodies to build and deliver business support programs and in capacity building.

### **7.5. Future Research**

As the world becomes more connected and the economy more dynamic with incessant migration there is a urgent need to keep pushing the boundaries of research in order to bring real time solution to the UK economic landscape. Therefore, the following suggested themes would help to extend understanding of Black African entrepreneurship and how to keep it sustainable.

- (a) Generational and gender dimension – It will be useful to study entrepreneurial sustainability of Black African entrepreneurs in other context such as Europe, Canada and even cities within the UK. Such studies should take the effect of marital status,

educational attainment and cultural inclination into account while evaluating entrepreneurial motivation and growth. Moreover, it will be informative to explore the generational divide more. This study has taken into account first and second generation of Black African entrepreneurs but could be extended to the third generation who are native born. Masurel and Nijkamp (2004) argues that second and third generation ethnic entrepreneur have different entrepreneurial orientation from the first generation. This study has further confirmed the difference in orientation between first and second-generation entrepreneurs. It will therefore be informative to explore the entrepreneurial orientation, cultural inclination and educational attainment of third generation Black Africans who were born in the host country. Ojo (2012) also argues that the emerging generation of Black African entrepreneurs such as the second and third needs to be sufficiently focused in order to avoid over generalization based on a narrow subset of the population. More so, Daley (1998) posits that the Black African population is relatively young and rapidly growing.

- (b) Quantitative enquiry – It will be informative to make quantitative enquiry into the sustainability of Black African entrepreneurs in the UK. More importantly in facilitating objective measures of business outcomes for the group. This will be a positive step in the direction of practical success measurement that can be adopted by practitioners and researchers. According to Ojo (2013), quantitative study of themes such as success measurement in Black African entrepreneurship would facilitate robust strategy creation that facilitates sustainability. According to Ojo (2018), Black African entrepreneurship research is still at the nascent stage and more in-depth studies needs to be conducted to increase their fighting chance for prominence.
- (c) Comparative study – A comparative study of entrepreneurial engagement and outcomes in different regions within the UK and different countries will be useful in elucidating

contextual and structural influences. Inter-country comparison for instance will produce a more robust research, different dimension and factors impacting entrepreneurial outcomes. This has implication in understanding of ethnic strategies; show how they negotiate entrepreneurship and understand what works in different regions and why. According to Nwankwo et al. (2018), there is need to deviate from the regular path of inquiry for Black African entrepreneurship in order to improve robustness of study.

## **7.6. Summary**

This study is conducted within the Black African ethnic group in United Kingdom in appreciation of the population growth and the fact that they are understudied as a distinct group (Nwankwo, 2005). Also, confirmed with reference to Basu and Werbner (2001) is the fact that Black Africans are being routinely excluded from the discourse of success. The study takes consideration of the opportunity structure and the regulatory environment in which the entrepreneurs are embedded as well as individual characteristics to understand how the marginalized entrepreneurs are able to summon obstacle and push through barriers in setting up their businesses. This thesis establishes that Black African entrepreneurship though riddled with different challenges is not only growing but also thriving with the new generation bringing a different narrative and changing the face of entrepreneurship within the Black community. It also exposes the process of change and break out of second-generation entrepreneurs in order to not only generate wealth and create alternative sources of income but to enhance political and social advancement. They are also driven by the need to build lasting legacy that transcends generation. An understanding of perception and how it affects entrepreneurial processes and the impact of the regulatory environment in determining an entrepreneur's decision to engage in informal economy is also enlightened.

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## APPENDICES

### Appendix 1: Ethical Approval

29 April 2016

Dear Idowu,

<b>Project Title:</b>	<b>Sustainability of black businesses in Britain: an interpretive analysis</b>
<b>Principal Investigator:</b>	<b>Dr Ayantunji Gbadamosi</b>
<b>Researcher:</b>	<b>Idowu Olutola</b>
<b>Reference Number:</b>	<b>UREC 1516 80</b>

I am writing to confirm the outcome of your application to the University Research Ethics Committee (UREC), which was considered by UREC **on Wednesday 16th March 2016**.

The decision made by members of the Committee is **approved**. The Committee's response is based on the protocol described in the application form and supporting documentation. Your study has received ethical approval from the date of this letter.

Should you wish to make any changes in connection with your research project, this must be reported immediately to UREC. A Notification of Amendment form should be submitted for approval, accompanied by any additional or amended documents:

<http://www.uel.ac.uk/wwwmedia/schools/graduate/documents/Notification-of-Amendment-to-Approved-Ethics-App-150115.doc>

Any adverse events that occur in connection with this research project must be reported immediately to UREC.

#### **Approved Research Site**

I am pleased to confirm that the approval of the proposed research applies to the following research site.

## EXTERNAL AND STRATEGIC DEVELOPMENT SERVICES

[uel.ac.uk/qa](http://uel.ac.uk/qa)

Quality Assurance and Enhancement





## **Appendix II: Interview Guide**

### **Interview Guide – Appendix II**

#### ***Business Support Provider***

1. What ethnic group do you provide business support to?
2. What are the basic steps for any business to take in order to achieve success?
3. What causes business failure?
4. What are the important measures of success for the business owners you cater to?
5. What is your perspective on Black businesses?
6. How can the success/survival rate of Black businesses be improved?
7. Can you please share the story of your business activities, challenges encountered and how you have achieved success?
8. How do you help businesses achieve success?
9. What factors are responsible for the failure of Black businesses?
10. Kindly provide any other information that may be relevant which has not been covered in the interview so far.

#### ***Successful and Struggling Businesses***

1. What does success mean to you in terms of your business?
2. Please share a story of how, when and why you started your business?

3. What were the major challenges faced in the course of business?
4. Are there things you did/do that help boost income and increase clientele?
5. Do you have a business plan?
6. What strategy do you put in place that determines the day-to-day running of the business?
7. What drives your business?
8. What ethnic group does your customers represent?
9. What are your plans for the business in the next 5-10years?
10. Do you have another business or employment apart from this?
11. If you have an opportunity of a lucrative job what will you do?
12. What plans/aspirations/dreams do you have especially in relation to your business?
13. Do you have plans to return to your country of origin?
14. How do you measure success?
15. What are the necessary steps that must be taken for any business to succeed?
16. Do you involve your children or family members in your business?
17. Would you advice your children to engage in this type of business? Why/why not?
18. What factors were responsible for growing your business?
19. How can your business be improved?
20. For anyone to succeed in your business what are the important things they must do?
21. What are the fundamental steps to business success?
22. Kindly provide any other information that may be relevant which has not been covered in the interview so far.
23. Do you feel at a disadvantage as a result of your ethnicity? If yes explain
24. What are the common challenges you have faced in building your business?
25. What do factors do you think are responsible for Black business failure?
26. How can these be addressed?

27. What do you think about Black businesses generally?

### ***Non-successful or Closed Businesses***

1. For how long did you operate your business before closing it?
2. With the benefit of hindsight, what would you do better if given the opportunity to start the business over?
3. What were the major challenges faced in running the business?
4. What ethnic group were your customers from?
5. What do you do now/ what did you do after the business closed?
6. What would have improved your chances at success?
7. What caused the business to close?
8. Did you have training in business sector before starting the business?
9. Why did you start the business?
10. What does success mean to you?
11. What went wrong with the business and how would you have fixed it to avoid close down?
12. Kindly provide any other information that may be relevant which has not been covered in the interview so far

### ***Demographics Guide***

*Note: Please tick as appropriate.*

#### **1. What is your gender?**

- ☐ Male
- ☐ Female

**2. What is your age?**

- ☐ 18-29 years old
- ☐ 30 49 years old
- ☐ 50-64 years old
- ☐ 65 years and over

**3. What is the highest level of education you have completed?**

- ☐ High school graduate
- ☐ Trade/technical/vocational training
- ☐ College graduate
- ☐ Post graduate degree
- ☐ Other (please specify).....

**4. What ethnicity do you belong to?**

- ☐ Black African
- ☐ Black Caribbean
- ☐ Mixed Black
- ☐ Other (please specify).....

**5. Do you have any formal or Informal business training?**

- ☐ Yes
- ☐ No

**6. For how long have you lived in Britain?**

- ☐ Less than 5 years
- ☐ 5-10 years
- ☐ 11-15 years
- ☐ 16-20years
- ☐ More than 20years

**7. Were you born in Britain?**

- ☐ Yes
- ☐ No

***Business Characteristics:***

**8. What business sectors are you engaged in?**

- ☐ Restaurant
- ☐ Service
- ☐ Manufacturing
- ☐ IT
- ☐ Beauty
- ☐ Cargo/Money transfer
- ☐ Other (please specify).....

**9. What is your annual turnover of the business?**

- ☐ Below £20,000
- ☐ £20,000- £40,000
- ☐ £41,001- £60,000
- ☐ £61,001- £80,000
- ☐ £80,001- £100,000
- ☐ Above £100,000

**10. Do you have employees from other ethnic group different from your own?**

- ☐ Yes
- ☐ No

**11. Are you also in paid employment apart from this business?**

- Yes
- No