

Ethnic minority graduate entrepreneurs in the UK

Characteristics, motivation and access to finance

Javed Hussain, Cindy Millman, Jonathan Scott, Paul Hannon and Harry Matlay

Abstract: *Small ethnic minority businesses make an important contribution to the UK economy, and this is reflected in their rapid growth over the last decade. A considerable proportion of the growth in new venture creation can be attributed to ethnic minority graduates, who increasingly embark on entrepreneurship as a rewarding and fulfilling alternative to paid employment. An illustrative case study approach is adopted for the purpose of this research study. The results of a qualitative investigation of four new venture creation case studies of graduate ethnic minority entrepreneurs in the UK indicate that the main contribution of higher education for these graduate entrepreneurs was in the area of knowledge and skills acquisition. The main motivational factors acknowledged by the respondents included 'lack of satisfaction' in working for others, the need to be their own 'boss' and achieve more, and the prospect of higher earnings. The authors found no correlation between degree discipline and graduates' propensity to become entrepreneurs. Graduates from non-business disciplines appear to be more likely to engage in entrepreneurship. The size of start-up finance can have an impact on the survival and growth of new ventures. It is therefore suggested that financial institutions and government agencies should develop more focused services, aimed specifically at supporting ethnic minority graduate entrepreneurs in their drive to convert business ideas into thriving and employment-generating enterprises.*

Keywords: *ethnic minority graduates; small ethnic minority businesses; entrepreneurial characteristics; entrepreneurial motivations; finance; UK*

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In the UK small firms represent 99% of economically active businesses, generate in excess of 50% of the Gross National Product (GNP) and account for more than 55% of total employment (see Bank of England, 2001). A considerable proportion of business turbulence in the UK economy can be attributed to the ongoing globalization and internationalization of markets (Matlay and Westhead, 2005). As a result of the restructuring and reorganization of large businesses and multinational corporations in the UK, both youth and adult unemployment rates have escalated significantly. Efforts to mitigate the negative effects of unemployment resulted in a re-evaluation of policy measures and a proliferation of initiatives aimed at promoting entrepreneurship and small business development (Hussain *et al*, 2006). At the same time, the UK government has embarked on an unprecedented expansion of its higher education system with the goal of ensuring that at least half of all school leavers will benefit from a university education (Westhead and Matlay, 2005). Entrepreneurship education, offered at all levels of the UK education system, provides relevant incentives, motivation and knowledge for new venture creation. Graduates in particular are encouraged to consider self-employment and entrepreneurship as viable career alternatives to the more traditional routes of paid employment in larger organizations or a career in the Civil Service (Westhead and Matlay, 2006).

Within the wider UK small business sector, small ethnic minority businesses (SEMBs) occupy an important and productive position, reflected in their rapid growth over the last decade. According to a recent Small Business Service report, at the beginning of the new millennium there were more than 250,000 SEMBs in the UK, operating profitably and contributing significantly to the socio-economic and political infrastructure of the country. Furthermore, in 2004 they represented 11% of all new business start-ups (SBS, 2004). Significantly, during 2000–04 the SEMB birth rate in England and Wales has increased steadily, averaging 56% of total new business ventures (Hussain and Matlay, 2007a). This compares favourably with the overall small business growth rate of 28% (Mascarenhas-Keyes, 2006). A considerable proportion of ethnic minority new venture creation can be credited to ethnic minority graduates (EMGs) who progressively embark on entrepreneurship as an attractive and fulfilling alternative to paid employment (Hussain and Matlay, 2007b). In this article, the authors explore the characteristics, motivations and access to finance of ethnic minority graduate entrepreneurs in the UK.

Literature review and conceptual framework

Conceptually, the term 'ethnic minority' denotes a segment of the population which is significantly smaller than the majority, mainstream populace (Berthoud *et al*, 1997). Nwankwo and Lindridge (1998) state that the theoretical construct of the ethnicity concept masks a number of specific identifiers, such as race, religion and language and subtle elements of shared history or origin. Modern UK usage tends to mirror the multi-ethnic composition of the contemporary population and incorporates 'white ethnics' (such as Greeks, Poles, Hungarians, Romanians and other Caucasian Europeans) as well as 'non-white ethnics' (including Asians, Africans, Caribbeans and Chinese). Jones (1993), however, argues that the 'ethnic minority' concept is increasingly used as a convenient terminology to identify those segments of the population that are of immigrant origin. In turn, Matlay (1998) further deconstructs this typology and differentiates between new immigrants and the generational spread of first, second and third ethnic minority representatives, who were born and educated in the UK. Results have shown that there are significant variations between the Vocational Education and Training (VET) needs, and/or the business support requirements of immigrants and of those entrepreneurs who were born and educated in the UK (Matlay, 2002). Notably, however, there were no significant differences between the VET needs of first, second and third generation ethnic minority entrepreneurs born and educated in the UK (Matlay, 2004).

With higher levels of immigration, due largely to European Union enlargement, the size and composition of the UK ethnic minority population is likely to grow and diversify. Hussain and Matlay (2007b) argue that a considerable proportion of ethnic minority new business start-ups can be attributed to ethnic minority graduates. A comprehensive review of the enterprise education and graduate entrepreneurship literature from 1985 to 2004 has highlighted a paucity of research that focuses specifically on the characteristics, motivations and needs of EMGs (Hannon, 2004). In this context, Hannon (2004, p 8) defines motivation as '... influences affecting the career choices and decisions of students and graduates', and considers how higher education can modify or shape students' perceptions in relation to entrepreneurship as a career choice. Interestingly, Hannon distinguishes between the overall 'desirability' and realistic 'feasibility' of graduates embarking upon entrepreneurial activities.

Mason *et al* (2006) focused their research on the characteristics of graduate entrepreneurs involved in

recent entrepreneurial start-ups. The graduates in their sample chose office-based niche markets (such as business-related services), whereas non-graduate entrepreneurs preferred factory-based or workshop-based manufacturing activities. The National Employment Panel (2005, pp 18–19) considered the participation rates of ethnic minorities in employment and entrepreneurship, noting that the motivation for first generation EMGs was ‘necessity’, due largely to prevailing local and regional unemployment levels. Interestingly, however, only 15% of the representatives of second and third generation ethnic minority entrepreneurs cited ‘necessity’, while 85% claimed that their new start-ups had been influenced by ‘market opportunities’. In relation to employment, 85% of Asians and 82% of African Caribbeans progressed from further education into higher education (compared to 69% of whites), yet on average EMGs experienced 6% higher unemployment rates. Similarly, a recent study in Birmingham found higher participation rates in further education among African Caribbeans, but a considerably greater likelihood of experiencing unemployment (see Wisdom, 2006).

Ethnic minority entrepreneurs tend to experience constraints in accessing finance capital, especially during the start-up phase (Ram and Deakins, 1996). Whether this disadvantage is rooted in discrimination or in the perceptions of the borrower is keenly debated in the specialist literature. For instance, a Bank of England report (1999) states that financing problems faced by ethnic minority borrowers were similar to those encountered by other small businesses, but that they were more acute at both start-up and growth stages. The same report also suggests that some ethnic minority entrepreneurs continue to *perceive* access to finance as disproportionately difficult in their particular communities (see Kon and Storey, 2003, for details of their theory of ‘discouraged borrowers’).

Ram *et al* (2003, p 27) examined the difficulties experienced by ethnic minority entrepreneurs in their attempt to break out of traditional co-ethnic sectors. In this context, Basu (1998, p 223) states that ‘. . . Asian entrepreneurs aspiring to grow need to advance beyond the traditional reliance on informal support networks for finance and labour’. Generational factors may make a difference in how start-up and/or capital finance is accessed by ethnic minority entrepreneurs. Hussain and Martin (2005) examine the access to finance and the capital structure of the ‘new Asian entrepreneurs’ (NAEs), defined as second generation British Asian small business owners. They argue that it is misleading to treat ethnic minority entrepreneurs (whether graduate or not) as a homogeneous group, in particular the second generation representatives who possess both education and the financial endowment from the trading

activities of their parents. It could be further argued that access to finance, management skills and specialist knowledge can differ significantly across the generational representation of the entrepreneur population. Recent research has highlighted a shift away from traditional ethnic minority sectors of economic activity among younger and better educated UK-born South Asian entrepreneurs who pursue corporate and professional employment (Jones and Ram, 2003; McEvoy and Hafeez, 2006).

In terms of finance, Irwin and Scott (2006) state that only 13% of white respondents reported financial constraints compared to 22% of Asians, 50% of African Caribbeans, and 21% of other ethnic minority groups. Roper *et al* (2006) suggest that ethnic background makes a significant difference to the probability of seeking finance in that members of the white ethnic group are more likely to seek external finance for their start-up activities.

To bridge the empirical gap in this topic, the authors focus on the characteristics, motivations and experiences of EMG entrepreneurs operating in the small business sector of the UK economy. It is not their intention to statistically test the barriers of access to finance by different EMG groups. The emphasis is on understanding how and why individuals in each illustrative case study gained access to entrepreneurial finance. Based on the specialist literature, a working framework was developed and used to explore the pertinent links outlined in this model (see Figure 1).

Methodology

To gain an in-depth understanding of EMG entrepreneurs’ characteristics, motivations and access to finance, an illustrative case study approach was considered to be the most appropriate. The case study approach does not lend itself to generalization or identification of trends, but provides insights into perceptions, experiences and actions, locating respondents in both the wider context of ethnic minority entrepreneurship and the specific context of their own business (Matlay, 2002). Effective qualitative research requires a flexible approach to data collection and sensitivity in the choice of collection instruments, including the medium through which a researcher asks relevant questions (Silverman, 2005). Traditionally, the illustrative case study method relies on the use of small samples (Yin, 1994; Hill and Wright, 2002). In particular, setting out to examine closely the psychological make-up of an entrepreneur and/or the nature of an enterprise requires an in-depth analysis of the phenomena under investigation and the grounded deconstruction of a *modus operandi* (Matlay, 1997).

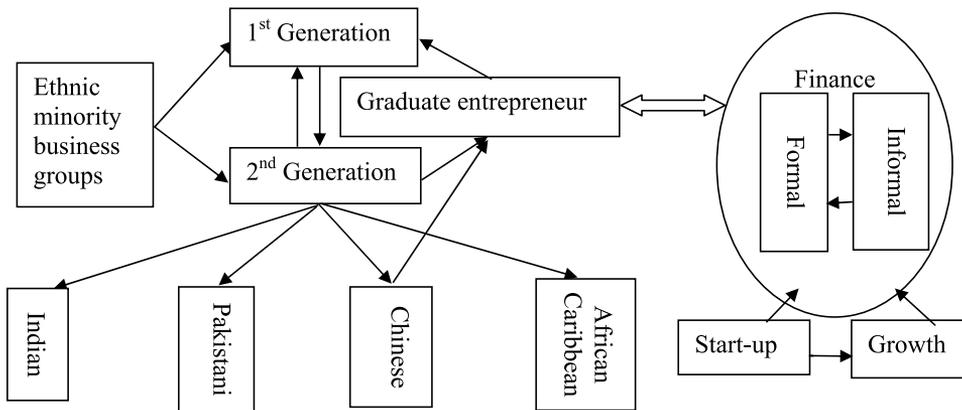


Figure 1. EMG entrepreneurs' access to finance.

The authors used four longitudinal case study interviews based on a semi-structured questionnaire with key themes, such as:

- entrepreneurial characteristics and motivation;
- key stages in the entrepreneurial process;
- access to start-up capital and development finance; and
- the entrepreneur's relationship with finance providers.

The wider research sample comprised 26 EMG entrepreneurs, all of whom had graduated from UK universities. They were identified and selected from ethnic minority groups actively involved in business activities. Given the potential difficulties in accessing respondents from ethnic businesses communities (see Marlow, 1992; Deakins and Hussain, 1993), the authors used personal contacts and Careers Services data from UK universities to contact potential respondents. Four representative entrepreneurs were selected from the 26 respondents for in-depth research as illustrative case studies of EMG entrepreneurs. (Caution is advised in the use and generalization of results that emerge from qualitative research which involves a small sample.)

Four illustrative case studies

Each of the four EMG entrepreneurs had chosen to become self-employed and were now managing successful businesses (see Table 1). All four had been educated at UK universities and had some work experience before becoming self-employed. With the exception of the Chinese entrepreneur, all came from an ethnic minority working-class background, whose families had made their home in the UK.

Case study A: Pakistani male, pharmaceuticals
Background. The EMG entrepreneur in the first case study was born and educated in Birmingham. He went

to a local comprehensive school, his first degree and PhD were from Aston University and he is a qualified pharmacist. His family came from a rural area in Pakistan. Neither of his parents is well-educated. His father arrived in Birmingham to work in an automotive factory in the late 1960s. His mother is a housewife, but provides tuition to children in their neighbourhood. His brother and sisters either have university degrees or are in full-time employment.

Motivation. The business is an extension of the entrepreneur's previous research, which enabled him to enter this highly specialized niche market. The motivation for starting a business arose primarily from his desire to do research, develop new products and have the freedom to pursue his own interests without undue external constraints. He is a highly-skilled chemist and provides bespoke medicines for patients in the area where the business is located.

Finance. He established his business as a sole trader but family members have invested in it. In effect, this is a family partnership even though the legal status is that of a limited company. His parents and siblings provided most of the finance necessary to expand the business. The entrepreneur has a business account with a local bank, but chose not to approach the bank for development capital because he felt that 'the cost of borrowing was likely to be too high' and anyway he was able to obtain the necessary funds from his family. He did, however, contact Business Links and other support organizations and he found these useful in exploring possible grants. Given the size of investment required, the business did not qualify for financial support. He feels that support agencies might be useful in advising established businesses in organizational and marketing matters. This entrepreneur continues to work as a locum pharmacist in addition to managing his business, mostly to supplement his income. For the time

Table 1. EMG entrepreneurial profiles.

	Country of origin			
	Pakistan	China	India	Caribbean Island
Personal characteristics				
<i>Family background</i>	Parents were immigrants from rural area (with low level of education). Considered middle-class in Pakistan.	Parents were in the Chinese army. Considered privileged social class in China.	Parents are from India. Studied and ran business with wife. Considered middle–higher social class in India.	Parents came to UK in 1960s. Born in Birmingham. Considered middle-class in the Caribbean.
<i>Gender</i>	Male	Male	Male	Female
<i>Nationality</i>	British	Chinese	Indian	British
<i>Education and qualifications</i>	PhD; qualified pharmacist	BSc, MSc and PhD	Double BSc	BA
<i>HEI</i>	Aston University	BSc and MSc in China; PhD at the University of Birmingham	BSc Botany in India, BSc Computing: top-up at UCE Birmingham	BA, Wolverhampton University
<i>Work experience before business start-up</i>	Researcher at Aston University. Worked for various pharmacies.	Researcher, Birmingham University. Worked for various companies in China.	Worked for consultancy firms and as a researcher at UCE Birmingham.	Trainee manager for large retail store in Wolverhampton.
Business characteristics				
<i>Business type</i>	Limited company, pharmaceuticals	Trade and restaurant	Internet design	Food retailer
<i>Sector</i>	Manufacturing	Catering	ICT	Retail
<i>Age of firm</i>	3 years	3 years	2 years	2 years

being, he is not taking any substantial profits out of the business and is keen to reinvest the surplus into further growth and development. His expectations in terms of turnover growth are dependent on changes in government legislation. Such changes could either enhance his success or negatively affect the future of his business. He expects to grow his business by 20% over the next year. He does not foresee any significant increase in the number of employees (currently seven) in the next trading year.

Case study B: Chinese male, catering

Background. This entrepreneur came to the UK as a visiting scholar, to work in a London hospital. At the end of his scholarship, he applied for an MPhil in Experimental Pathology in a London hospital and his PhD was awarded by the University of Birmingham. He worked for a time at the university as a Research Fellow but then left to take over a clinic and start his own business. After working for six years in his ‘Chinese herb business’, the entrepreneur sold it to start up a new venture exporting chemical equipment from the UK to China. He started this business because he spotted a niche market opportunity. He was able to persuade a small group of investors from his business network to invest a large sum of money in this new venture.

Motivation. The entrepreneur’s parents were from China, where they were employed by the Chinese army. His family joined him when he moved to the UK, but his wife divorced him after a few years because she was unable to cope with the uncertainties of entrepreneurial life. She would have preferred him to have a ‘proper job’, either working in a hospital or as a Research Fellow in a higher education institute. His son is now living with him and studying for his A-level examinations. The motivation to start a new business relates to the identification of a niche market opportunity and also to the available capital.

Finance. An entrepreneur from outside the UK provided the start-up capital. The initial capital investment of £500,000 was spent mainly on equipment and manufacturing costs. Further capital was drawn from the entrepreneur’s personal savings, partner investment and the use of supplier credit. Despite having a business account with a UK bank, the entrepreneur did not approach it for further finance because ‘the cost of borrowing was likely to be high’ and he was not sure whether banks would lend money to a ‘foreign citizen without a work permit’. Currently he employs three individuals in his business. Two years after commencing this business, he started another

entrepreneurial venture in Birmingham – a Chinese restaurant – with capital investment from his existing investor. This time, the initial start-up capital was £200,000 and further costs were covered from his personal savings. On this occasion, the entrepreneur approached his bank and submitted a business plan. He found that the approval process was too slow and difficult to progress. Eventually, he decided that the bank was reluctant to lend him money and gave up on the idea of raising capital from UK institutional sources. The new restaurant is successful and reached breakeven only three months after opening its doors to the public.

Case study C: Indian male, Internet designer

Background. This entrepreneur was born in India, in a middle-class family with connections to academia and business. After completing his schooling in a private establishment, the entrepreneur enrolled in a BSc Computing course in an Indian university. On completion of the course he took out a bank loan to study in the UK to top up his Bachelor's degree in Information Technology at the University of Central England in Birmingham (now Birmingham City University). Due to his extensive knowledge of the IT field, he was able to secure employment at the university on a temporary contract. The entrepreneur identified a business opportunity while studying for his PhD. He believed that he would be able to satisfy the needs of an untapped niche in the market.

Motivation. The motivation for starting a business arose primarily from the entrepreneur's desire to develop new products and maximize his knowledge in the IT field. He established the business as a limited company with his wife, both of them investing money in the business. Currently, it has three employees and the entrepreneur hopes to take on more staff in the near future and substantially increase turnover.

Finance. The IT business was initially financed from the entrepreneur's savings, but he also had support from family members, mainly his parents. Due to the nature of his Internet business, the start-up costs were relatively low and he was able to use existing computing equipment. Thus, the entrepreneur did not feel the need to approach anyone to raise the initial start-up funds. To set up the business, he used £2,000 of his own savings and an additional £1,000 overdraft facility. The entrepreneur thought this method of financing suited his needs and would not expose the business to a high level of risk: 'I don't like to borrow money and I won't be comfortable if I have to remember how much and when do I need to pay it back.'

This entrepreneur went to the bank at which he had a current account to ask for an overdraft facility to cover short-term financial needs. Based on his previous dealings, and having an existing account with the bank, helped him to negotiate an overdraft facility of £10,000. Interestingly, the bank representative suggested that he consider applying for a business loan as it would be cheaper and would provide capital certainty on the basis of which he could better plan the future of his business. The entrepreneur, however, did not feel the need for a loan and viewed his overdraft as a facility over which he could have control.

The business is considered successful and has reached an annual turnover of £50,000. The entrepreneur hopes that the business will grow rapidly over the next few years and will reach an annual turnover of £500,000 per year. When asked what he would do differently were he to start again, the entrepreneur said, '... if I were to start again, I would do more market research, get to know a good accountant and learn all about marketing.'

Case study D: African-Caribbean female, retailing

Background. This entrepreneur was born in Coventry and brought up in Birmingham. She attended a local comprehensive school and went on to attend a local college, where she took vocational qualifications and then enrolled at Wolverhampton University to study business-related subjects. While studying she gained confidence and was motivated and influenced by one of the academics, who encouraged young people to take risks in order to create wealth. A work placement opportunity was offered to her, which involved spending a year in a medium-sized accountancy firm providing services to a large number of small ethnic businesses in the area.

Motivation. During this work placement, she felt that she had learned a great deal about small business success and failures, and saw an opportunity to commence her own venture with a low start-up capital. After leaving university, she started work with a fast food company as a trainee manager. While the job was rewarding, she felt that she could earn more and have a better life by running her own business. She decided to leave her trainee job and start her own business, focusing on a niche market of African-Caribbean community needs.

Finance. The entrepreneur felt that it would be unwise to tie up all her capital by starting a larger new venture. She negotiated a rent-free deal for the first six months with the owner of premises that had been unused for some time. The entrepreneur was able to acquire basic working tools at a low price, as she made use of

Table 2. Summary of findings.

	2nd generation	1st generation	1st generation	2nd generation
<i>Motivation</i>	Expertise; need for achievement; niche market opportunity	Need for achievement; niche market opportunity	Need for achievement	Knowledge; niche market opportunity
<i>Formal finance</i>	None	None	Overdraft	Overdraft option
<i>Informal finance</i>	Immediate family	Investor; own saving; supplier credit	Own saving	Own saving; supplier credit
<i>HE discipline</i>	Pharmacy	Medicine	IT	Accountancy
<i>Approached bank?</i>	No	Yes	No	Yes
<i>Purpose</i>	–	Loan possibility	–	Overdraft and loan
<i>Success with bank?</i>	–	No	–	Yes

personal contacts with her previous employer to buy further equipment at reasonable prices. She also used her knowledge and experience to negotiate extended credit with suppliers and to purchase raw material on similar terms. At the start of the business, the cumulative value of such arrangements was £16,000. She also managed to secure start-up grants worth £3,000 and was offered an overdraft facility of £10,000 by her bank. Given the entrepreneur's previous good track record, the overdraft facility was offered without the need for personal security. The entrepreneur expects to need a bank loan of around £250,000 after the business is well-established in order to expand or secure better premises. Current annual turnover is £50,000 and she expects this to double in the next two or three years.

The entrepreneur believes that her university education and links with local HEIs enabled her to secure employment in the retail sector. She also gained a much better appreciation of the business world and of how the market works, and this eventually enabled her to set up her own business. She expressed no regrets about leaving her employment as the returns she expects from her business are more than sufficient to compensate for the forgone salary.

Key issues emerging from the case studies

As noted in the 'Methodology' section above, the issues outlined below are not generalizable across the wider graduate entrepreneur population, given the small number of case studies adopted for this research study (see Table 2).

In all four case studies, the emergent common theme is success in business. All respondents felt that their university education had enabled them to acquire specialist knowledge and skills which had helped them to secure their first employment. These entrepreneurs had benefited considerably from being employed prior to their business start-ups, and their experience as employees had enabled them to acquire relevant

business experience and develop skills that contributed directly and/or indirectly to their entrepreneurial success. The key lesson for policy makers is to enable future graduate entrepreneurs from ethnic minority communities to secure employment or placements with organizations that can support and enhance their skills.

The educational background of these entrepreneurs suggests that there is no positive correlation between their degree discipline and the propensity to enter self-employment. Graduates from non-business disciplines appear to have a higher likelihood of engaging in new venture creation. Their skills and their ability to focus on a market niche with which they were familiar enabled them to take a very focused approach. This suggests that educational institutions should widen their provision of enterprise education for specialized technically-oriented degree programmes. In particular, short courses that provide general awareness of business and management provision should be made available to all students in HEIs. Such a strategy will ensure that graduates from all disciplines have an opportunity to gain at least minimum levels of general knowledge of the business world.

The authors deliberately chose to focus their research on graduate ethnic minority entrepreneurs born in the UK as well as those born elsewhere. Foreign-born individuals tend to experience greater exposure to enterprise culture. In two of the case studies the respondents were born and educated in the UK. In both of these cases there was no prior history of family involvement in entrepreneurship. One of the respondents, however, had studied business-related subjects at the Wolverhampton University, while the other had focused on pharmaceutical studies at Aston University. In the case of the African-Caribbean entrepreneur, she had previously worked as a placement student and found that she had excelled in management roles. In the case of the pharmacist, he had considered self-employment after encountering discrimination while working as a researcher at his university. The

pharmacist embarked on a highly-specialized, high-cost pharmaceutical manufacturing business, whereas the African-Caribbean entrepreneur chose a traditional sector with a low initial investment requirement. Thus, in terms of finance, low skills and cost business start-ups may have fewer barriers to entry than high-technology new ventures. The pharmacist's family was able and willing to support his venture creation efforts, which may have been deemed too risky by a financial institution. To encourage this type of new start-up, government agencies need to develop dedicated services to support entrepreneurs in choosing the right sources of finance.

The two entrepreneurs who were born outside the UK also benefited from attending higher education courses in the UK. Furthermore, before starting their new businesses, they also gained work experience at the HEIs where they were educated. For the Indian-born entrepreneur, a UCE Birmingham graduate, the venture capital investment was small (£3,000), whereas the Chinese entrepreneur, a University of Birmingham graduate, needed £500,000. Although the nature of these new ventures differs considerably, the key implication is that graduates from post-1990 universities (that is, former polytechnics that were upgraded to university status – like UCE Birmingham) tend to focus on low capital investment at the start-up stage and do not necessarily enter into high-technology businesses. A possible explanation may be that students from affluent families tend to choose traditional universities (like the University of Birmingham) and have the resources to finance new ventures that require larger initial start-up capital. Therefore, policy makers may need to develop different strategies to support potential entrepreneurs, especially when they seek finance for their start-up.

There is no single model that could be used by all entrepreneurs in terms of the amount of debt and equity in their capital structure. Most new entrepreneurs, however, exhibit caution and reluctance in using debt capital: this attitude clearly affected the choices of the ethnic minority graduates in the research sample. Bank finance appears not to be seriously considered as a source of funding for these entrepreneurs. Most of them however, would have preferred to have started with a larger capital investment, and an entrepreneur's performance and effectiveness can be adversely affected by a small financial investment. This would suggest that policy makers and support agencies should provide an independent service to assess potential business proposals and provide entrepreneurs with an evaluation of their proposed capital investment. This would help to ensure that new firms were not undercapitalized at start-up and that entrepreneurs could concentrate on business development and growth. There seem to be

marketing opportunities for banks to become actively involved with potential high-value graduate ethnic minority businesses and provide more than the usual customer services such as business accounts where cash is deposited and withdrawn. The case studies outlined in this article suggest that the bank's role as a provider of finance is not significant and that graduate entrepreneurs do not use the broad range of financing options available through designated financial institutions.

Concluding remarks

The results of these four case studies provide insights into successful ethnic minority graduate entrepreneurship. The main contribution that university education made to these individuals was in the area of knowledge and skills acquisition, which enabled the entrepreneurs to secure their first employment. There is no evidence to suggest that any of them entered entrepreneurship because of unemployment. The main motivational factors included a lack of satisfaction with their employee status, the need to be their own boss and achieve more, and the prospect of higher earnings. Prior work experience was useful in gaining practical knowledge and developing relevant business skills. There is a case to be made for longer placements and focused mentoring, aimed at supporting budding entrepreneurs. There is no correlation between the undergraduate discipline and the propensity of the graduates to engage in entrepreneurship. Interestingly, graduates from non-business related disciplines may be more likely to become entrepreneurs. In this context, HEIs may be advised to widen their provision of enterprise education for specialized, technically-oriented degree programmes.

Traditionally, banks have been considered as an important source of finance for entrepreneurs. These ethnic minority graduate entrepreneurs, however, all preferred to rely on personal and family finance. They seem to be risk-averse and less willing to incorporate debt into their firm's capital structure. In light of this, policy makers should develop different strategies to support the entrepreneurial potential of a growing population of graduate entrepreneurs. Policy makers and support agencies could, for example, provide an independent service to assess the business proposals of graduate entrepreneurs and offer them an independent perspective on their potential for success.

The size of start-up finance for graduate entrepreneurs could have a significant impact on the survival and growth strategies of new ventures. Policy makers should review their business start-up finance provision and offer better quality advice and support for graduate entrepreneurs. There are marketing and service

provision opportunities to be exploited by high-street as well as commercial banks. Financial institutions and government agencies should develop specific services, aimed at supporting ethnic minority graduate entrepreneurs who have the potential but lack the finance to convert their business ideas into thriving and employment-generating enterprises.

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