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## Learning from failure: A Study of failed enterprises of self-employed African migrants in the UK

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## Learning from failure: A Study of failed enterprises of self-employed African migrants

### INTRODUCTION

The arena of African small businesses is a maze of complexities. As Fairlie and Robb (2008, p. 3) argue “Racial inequality in education, income, and wealth are well known. Less understood are the large and persistent racial disparities in business ownership and performance”. There is a need to understand the fabric and nature of African small businesses to ascertain why there are business ownership disparities between minority ethnic groups. To do so, this paper attempts to look into the mosaic of cultures Africans live with and do business in the diaspora. These complexities are often exacerbated not only by the size of the family (see Lwango *et al.*, 2017) but also by the impact of cultural interactions with host countries. For example, Africans in the United Kingdom do not only come from a multiplicity of national and other backgrounds but face cultural competition with other equally foreign minority groups, e.g. Asians, Latin Americans, Eastern Europeans, etc. (Hack-Polay, 2008). They equally face the challenge of survival under the aggressiveness and often the opacity of the host culture (see Mendy, 2017). The foresaid complexities are compounded by forces linked to the cultural make-up of the host country, though not necessarily purely cultural. In this respect, technology, financial arrangements and legal regulations can also have an impact on the success or failure of such types of businesses.

In the past decade, the economic climate has generally been unfavourable to small businesses let alone those from ethnic minorities. As the giant, large and powerful fall, there have been resounding, domino effects on smaller businesses. Familiar business faces such as Northern Rock, Lehman Brothers and Woolworths have been among the casualties. As a result, access to credit has been tightened, markets traditionally targeted by small companies are being heavily exploited by more established large companies; higher unemployment also means more business competitors (The Guardian, 2009). In the UK, it is estimated that over two million people became unemployed in the aftermath of the 2008 crash. The trend towards self-employment is not necessarily unavoidably linked to the recent recession since Lindsay and Macauley (2004) reported an increase in self-employment before the 2008 downturn. As noted by various sources, including the Guardian’s, the trend has been exacerbated by the hardships from the tumult.

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3 This piece of empirical research is about getting black African businesses to speak about their  
4 experiences of failing or succeeding and hopefully air-out their views. The central question  
5 of the research is: “to what extent do hearing the voices and experiences of ‘dead’ black  
6 African businesses bear any criticality in formulating remedies for future generations of  
7 minority entrepreneurs?” We seek to uncover the reasons for failure but more critically, what  
8 learning can be drawn from the experiences of owners of failed black African businesses. The  
9 research situates itself in the framework of handing narrative back to the entrepreneurs, i.e.  
10 the black African research participants. In so doing, the researchers invite the reader to  
11 participate in making sense of the voices of the participants. The researchers do not seek to  
12 infer meaning from the narratives but create a platform for the participants to dialogue with  
13 the reader. This is about enabling dialogue between a community of African small businesses  
14 and an audience (including the researchers and the wider society) who might benefit from  
15 why black African businesses fail. The next section reviews the literature in the field to  
16 identify gaps and reinforce the research’s line of inquiry.  
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## 29 **LITERATURE REVIEW**

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32 Small and medium enterprises are a significant part of a nation’s economic landscape. Both  
33 in the developed and developing worlds, SMEs generate revenue, enhance employment and  
34 provide access to commodities for remote communities (World Bank, 2004; Wiklund, 2005).  
35 In the UK, ethnic minority small businesses represent around 7% of all small businesses (HM  
36 Treasury, 2008). However, they make up in excess of 55% of national Gross Domestic  
37 Product (GDP) in advanced economies and 60% of GDP in less wealthy countries (Keskin  
38 and Senturk, 2010). It can be extrapolated that the life and employment wellbeing of the  
39 nation depends as much on the vitality of its SMEs as on the vivacity of large companies.  
40 Small enterprises bear more significance among ethnic minority communities in many  
41 countries and their proliferation in those communities is well documented, being historically  
42 linked to disadvantage - actual or perceived. This disadvantage includes employment,  
43 education and general status in society.  
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53 In employment circles, it is well documented that minorities suffer serious disadvantage  
54 accessing jobs. Unemployment, underemployment and ill-adapted skills are among  
55 difficulties African minorities have to overcome. This is perceptible from employment  
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3 figures which show ethnic minorities consistently underperforming their majority  
4 counterparts (ONS, 2016). It is not peculiar to a specific country; the United Kingdom,  
5 United States, France, Germany and Canada, to mention only a few. In the UK, for example,  
6 employment figures for Caucasians have been consistent for decades. While the  
7 unemployment rate stood at around 5% for whites, for minorities this has been over 10%. The  
8 worst positioned in this fabric are Pakistani women (nearly 20%) and black Caribbean males  
9 (nearly 15%) - (see Figure 1 below). Recent research by The Work Foundation, UK (2009)  
10 has largely confirmed this historical trend. This trend has been unchanged for the past decade  
11 and that the unemployment rate of people of 'mixed ethnicity' has deteriorated (see Figure 1  
12 below for statistical distribution amongst ethnic backgrounds).  
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21 **Insert Figure 1 here...**  
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24 These figures partly elucidate the fact that more minorities seek possibilities for self  
25 employment as a way of getting out of the unemployment trap. In fact, as Baldwin-Edwards  
26 (2009) argue "Ethnic entrepreneurship has evolved as a significant survival tactic for  
27 economic gain" (quoted by Halkias *et al.*, 2009: 4). In the UK, there are around 275,000  
28 black and minority ethnic (BME) businesses contributing £20 billion to the economy. The  
29 growth of ethnic enterprise has witnessed a rapid rise, from 5.6% in 2002 to 7.1% in 2007.  
30 These ethnic businesses are usually smaller in size compared to non-ethnic ones; the latter are  
31 more likely to have £250,000 or more in turnover (HM Treasury, 2008).  
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38 Despite the high spirit of enterprise, ethnic minority businesses are credited with a  
39 phenomenal failure rate supported with evidence from UK and the US. In the US for  
40 example, black African entrepreneurs set up more businesses but fail more (Zhou, 2004).  
41 According to Maki (2004), black people are 50% more likely to set up a business. Over a  
42 four-year period, among 1.7 million businesses that survived only 3200 have grown to reach  
43 over 100 employees but just 1% of black African businesses have achieved this. Trends in the  
44 UK are not dissimilar. Ethnic SMEs make up 6% of all UK SMEs. However, among ethnic  
45 minorities black people are least likely to set up SMEs and this accounts for 5% and a large  
46 number of these fail alarmingly annually. In the UK, Whitehead, Purdy and Mascarenhas-  
47 Keyes (2006) and Jones *et al.* (2014) found that minority businesses specifically trade for a  
48 shorter time than other businesses (i.e. less than three years) compared to well over four years  
49 for others. This is all the more interesting as Mosli (2011) argues that in the Malaysian  
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3 context the age of the business and access to finance are critical determinants of success.  
4 Ferguson (1993) formulated the S-C-P (Structure-Conduct-Performance) model that saw  
5 firms' performance as dependent on the structure of the market and the way the firm conducts  
6 business. In this model, a company performs well if the structure of the market is favourable  
7 and if its' internal organisational framework adequate. Though useful, the model can only  
8 partly be used to explain the high failure of small businesses because the notion of 'conduct'  
9 may simply refer to organisational structure which is a limited parameter for judging the  
10 performance of SMEs.  
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17 Investigations into the generally high failure rate of small businesses have recorded multiple  
18 reasons in response to some of the earlier limitations (Holland, 1998; Rosli, 2011): lack of  
19 experience, lack of capital, unplanned growth, slack management, credit problems, wrong  
20 location, too much spent on assets, paying the entrepreneur too much, staff problems and red  
21 tape. However, little research has attempted to uncover specific reasons for the failure of  
22 minority businesses, particularly black African businesses. Interestingly, Daley (1998) notes  
23 that the Black African population as a whole is understudied and their views not represented  
24 in the literature. An interesting study by Smallbone *et al.* (2003) emphasised that among  
25 ethnic minorities, Afro-Caribbeans appear to be more disadvantaged with regards to access to  
26 finance. The limited empirical evidence available relates to research carried out on new  
27 migrants and refugees and ensuing generational issues (Hack-Polay, 2008; Portes, Fernandez-  
28 Kelly and Haller, 2009). These studies largely emphasize informational, financial and  
29 educational disadvantage as negative forces affecting African small enterprises although  
30 Lwango *et al.* (2017) have identified the positive impact of family size on entrepreneurial  
31 performance. However, few studies have acknowledged the other factors (e.g. culture norms)  
32 to explain why minorities are disadvantaged in relation to employment (Hack-Polay, 2008;  
33 Portes, Fernandez-Kelly and Haller, 2009). Altinay and Wang (2011) have made an attempt  
34 but found limited impacts of the cultural backgrounds of the entrepreneurs on success or  
35 failure. The authors found that religion affected only 'personal values' but not business  
36 practices. However, this finding is limited since only religion (though an important cultural  
37 element) has been used and other significant cultural variables such as values and beliefs  
38 were not. Altinay and Wang (2011) have registered limited inroads in SMEs.  
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54 When highlighting the difficulties faced, the literature often over-emphasises non-typical  
55 cultural forces such as Africans' lack of finance and information, and the complexity of the  
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3 legal framework. This is at the disadvantage of other elements. However, the journey of  
4 African small businesses in the UK has far reaching and deeper ramifications than what has  
5 been presented thus far. Often the reasons for the failure are narrated from the perspectives of  
6 researchers who have attempted theorisation on the basis of statistical and other quantitative  
7 data (Nwankwo, 2005). In so doing, the voices of the ‘dead’ businesses (i.e. those that  
8 collapsed) and those of survivors have been under-researched, under-theorised and thereby  
9 least understood. The usual and common understanding of the premature failure of black  
10 African businesses is situated in a framework of blame, which seeks to vilify black African  
11 entrepreneurs in an often intellectual or mental caricature as incompetent. This is removed  
12 from the daily realities faced as these are internally and/or externally engineered. Externality  
13 conditions internality. In fact, in black narratives, it seems that the message conveyed is  
14 counter-accusation of the external environment often framed in race relations, ethnicity and  
15 cultural stigmatisation. This has led Garner and Bhattacharyya (2011) to connect place,  
16 people and poverty instead of constraining the analysis on the impact of situational, gender  
17 and individual aspects on entrepreneurial perception (Yukongdi and Lopa, 2017). Within this  
18 context, an attempt of dialogue to understand the struggles faced and the ‘invisible’ and  
19 apparently antagonistic could provide an avenue for deepening our understanding and  
20 insights into the nature of black African business failures. However, in reality such a forum is  
21 rarely established based on counteracting forces such as the lack of steer from politico-  
22 administrative authorities and historically constructed prejudices that end up maintaining the  
23 (un)employment status quo.  
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## 38 **METHODOLOGY**

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41 The research’s main framework is the interpretivist paradigm. Interpretivism entails that the  
42 researcher attaches meaning to the participants’ actions and narratives. Interpretivism is part  
43 of a process of theorisation, legitimately based on drawing meaning from data. This research  
44 is a piece of empirical investigation using dialogic methodology which is embedded in the  
45 broader qualitative approach. Dialogic methodology seeks to generate data whose  
46 intelligibility (i.e. in terms of meaning) will predominantly depend on the interlocutors’ own  
47 assessment of meaning. The use of the dialogic methodology is to assert that other  
48 investigation possibilities are open. In this study the researchers played a facilitators-of-  
49 dialogue role between the participants and the audience, bearing similar characteristics to  
50 Mendy’s (2015, p. 15) “third way”. This necessitates a different way of collecting qualitative  
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3 data. The use of interviews provided the foundation for dialogue and data generation. This  
4 approach transcends traditional semi-structured or in-depth interviews; in this investigation,  
5 the researchers framed the questions in a way to invite the participant to talk directly to  
6 stakeholders who would benefit from the findings, i.e. existing African migrant businesses,  
7 future generations of migrant entrepreneurs. For example, major questions were formulated  
8 as follows: ‘How would you explain to those reading this document the reasons why your  
9 business failed? Why would they accept this as a key cause? As your interlocutors finish  
10 reading or listening, what is the one thing you think they should retain? If you were able to  
11 change people’s perception of your business experience what would you say (see Dessi *et al.*,  
12 2014)? Such questions are live questions similar to documentary makers’. In addition, they  
13 create a sense of interactive dialogue between the sender and the receiver of the message or  
14 narrative being explored.  
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24 The interviews involved 20 entrepreneurs of different ‘dead’ businesses. They had to bravely  
25 talk about their own failed ventures but also refer to the experiences of at least one other dead  
26 business they knew well. The interviews were conducted on the premises of other African  
27 small businesses, i.e. a restaurant, shop, garage, salon and nightclub. The participants were  
28 asked if they knew a good place for the interview and were encouraged to select venues  
29 relating to African small businesses rather than the researchers having to impose this. The  
30 purpose of encouraging such a choice was to help them recover memories of their own  
31 business ventures and capture these vividly. The interviews lasted on average 1.5 hours each,  
32 with two going beyond two hours. Five of the participants were selected through snowball  
33 sampling and the others through the researchers’ local knowledge. The researchers originally  
34 contacted colleagues involved with small start-ups who led to participants who met the  
35 selection criteria as follows: 1. African origin (migrant or first generation descendant of  
36 Africans); 2. over 25 years of age; 3. have run a small business that ceased in the last two  
37 years; 4. know at least another ‘dead’ African SME; 5. willing to participate in the interview;  
38 6. willing to talk about their experiences. Criterion four was to help bring to ‘life’ a variety of  
39 ‘dead’ businesses. Data analysis was through a coding and categorisation process which  
40 participants led and provided cues when needed.  
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## 53 **FINDINGS AND ANALYSIS**

### 54 **The emergence of African Businesses**

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3 The reasons evoked by the participants for setting up SMEs are largely push factors and pull  
4 factors following the literature. The participants' own experiences combined with the  
5 experiences of people they knew highlighted four causal explanations denoting push factors:  
6 (1) protracted unemployment, (2) underemployment, (3) ill-adaptation in the workplace, (4)  
7 language barriers. While the first two reasons are common to black Africans in general, the  
8 last two reasons are specific to newcomers whose first language is not English. Colette's  
9 story below translated reasons 1 and 2 as push factors. This supports evidence by Whitehead  
10 *et al.* (2006) that ethnic minorities are more likely to set up business as a reaction to  
11 unemployment (15.9%) compared to non-ethnic minorities (9.3%). After Colette completed  
12 her degree in drama in 1999 and a year-long unemployment she set up a small business. She  
13 recalled:

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21 *"The drama tuition centre I set up was a reaction to the lengthy unemployment*  
22 *period. I needed to gain experience and occupy myself. The business is not the most*  
23 *successful but I've hung on since 2001...it is not easy for black people to find jobs. It is not*  
24 *just me"*.  
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29 Besides the push factors, four other key factors were highlighted by the participants, which  
30 can be categorised as pull factors: (1) inspiration from other successful minority businesses,  
31 (2) desire for independence, (3) cultural legacy and (4) desire to get wealthy quickly. Dote's  
32 account translates factors 1 and 3. Before coming to UK from Nigeria, Dote worked with her  
33 aunt. To illustrate cultural legacy as a pull factor, Dote argued that:

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37 *"What I want people to understand mainly, is that for some of us setting up a business*  
38 *is like in our blood. I'm not used to working for someone. In fact, I have never worked for a*  
39 *company..."*.  
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44 When she came to the UK, she came in close encounter with two African shops in Peckham  
45 (South London), and she drew past business experience in Nigeria. The critical push factor  
46 was the fear of unemployment. Dote explained:

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50 *"I thought that will save me the headache of looking for a job for too long like some of*  
51 *my countrymen"*.  
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54 The participants' accounts support Baldwin-Edwards's view that "ethnic entrepreneurship  
55 has evolved as a significant survival tactic for economic gain" (quoted by Halkias *et al.*,  
56 2009, p.4) and supported by Lindsay and Macauley (2004).  
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### **Types of African Small Businesses and Locations**

The participants' experiences further helped to identify three main sectors of activities of black African small businesses. The main and dominant area in which African small businesses proliferate is the ethnic shop, bar and restaurant sector. This is followed by the technology and motor services which include computer networking, mobile phone accessories and car repairs. The third sector of activities of African small businesses is what we categorised as other services which include cleaning services, distribution, money transfer and entertainment. McEvoy and Hafeez (2009) argue that "minority businesses are concentrated in specific economic sectors, particularly the service industry". Table 1 summarises the main sectors and their relative degree of success or failure.

#### **Insert Table 1 here...**

The failure rate among African small businesses from our data can be assessed as generally high, which is congruent with the literature. In the absence of statistical evidence from this research and based on the general lack of statistics on Black African small businesses this conclusion has been reached using participants' accounts. Three key parameters have led to infer the high failure (1) all 20 participants knew of at least a failed business, (2) all participants knew and mentioned at least one other business that failed, (3) this conclusion is congruent with the extant literature. The shortest life among the 20 businesses was five months (one business) and the longest was recorded as two years and six months for eight businesses, with the remaining 18 survived less than two years (Holland, 1998).

There were naturally high numbers of African small businesses in geographical areas with strong black African presence. In London, where this research was conducted, there seems to emerge a clear geo-centric corridor from Lambeth, Lewisham, Southwark and Greenwich (South London) to Tower Hamlets and Newham (East London), and Hackney and Haringey (North London). These have the highest concentrations of Black Africans (Daley, 1998; Owen, 2001). Figure 3 below indicates the nature and spread of the geographical corridor with African businesses in London.

The 20 respondents were found and interviewed in the area represented by the corridor shown in Figure 3. The findings align with statistical, settlement evidence in the said London areas

and support claim about links between place, people and poverty (Garner and Bhattacharyya, 2011) as well as going beyond Yukongdi and Lopa's (2017) analysis.

**Insert Figure 2 here...**

### **Causes of African Small Business Failure**

Our findings fall within two broad categories of participants' perceived reasons for the high failure rate among African SMEs. These causes can be categorised as exogenous – outside the entrepreneur's control (racial bias, lack of finance) and endogenous factors – linked to the entrepreneur's own action (particularistic practices, strategic awareness, and diversification issues).

#### ***Host country attitude to race***

According to most participants factors such as host attitude to race and ethnicity earnestly contribute to impair ethnic business development. It was a recurrent theme in many narratives that Black African small businesses suffer disadvantage because of the entrepreneurs' racial backgrounds, which was perceived as reflecting generally the social isolation experienced by some minority groups and social divide in the host country. Justine's account of the failure of his computer networking business reflected a feeling of segregation. Justine, whose business collapsed, claimed that he approached a number of organisations who were interested in his product. However, of the 20 companies, only four contacted him with contract offer. He argued that the successful contacts were all small black African businesses. Justine concluded that:

*“The larger businesses headed by ‘white bosses’ didn't make an offer as mine is ‘black’”.*

#### ***Credit issues***

Credit became rare to SMEs particularly during the 2008 recession. The participants believed that African small businesses suffered more as a result of multiple issues. For instance, length of residence, immigration status and generally lack of information, in combination or individually, affected African entrepreneurs' access to finance. Linked to the credit problem is the issue of business premises. Peter and three friends set up a car wash business as a way of filling their time and earning some money following protracted unemployment after graduating. They located a piece of disused land near a railway line. They cleared and put up a 'car wash' banner and started operating. After a timid start, they were soon flooded with

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3 customers. Thirteen months later, the rail company that owned the land told them they had to  
4 evacuate. Peter explained that they did their utmost to secure funding but failed:

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6 *“The group approached a bank for a quick loan but we were turned down. We lost*  
7 *our business”*.

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11 Colette, another participant, told of her friend Matt’s story in obtaining credit. She narrated:

12 *“My friend Matt has a restaurant. It has remained small because he didn’t get*  
13 *finance to expand. When he wanted a business loan, the bank asked him for a*  
14 *business plan. He wrote a two-page summary of what he wanted to do. But the bank*  
15 *rejected it”*. Matt is still operating but as a very small unit.

### 16 17 18 19 20 21 ***Particularistic practices***

22 The testimonies of the participants denoted that African small businesses did not always run  
23 following conventional business models. Practices employed in the management of African  
24 SMEs have strong cultural underpinnings that echo deeply seated values often inherited or  
25 directly imported from the country of origin. These particularistic values were inherently  
26 observable in the way the African entrepreneurs handled staffing, dealt with misconduct at  
27 work and granted credit to customers. Cilia and Mario’s story epitomise endogenous  
28 influences. Cilia set up a hairdressing salon in Peckham. Within a few months, the business  
29 was thriving. She invited her unemployed sister to cope better with the influx of customers.  
30 However, the sister started doing her friends’ hair free of charge. Despite the growing number  
31 of customers but the till was often empty. When confronted Cilia’s sister left, taking some  
32 important assets. Due to cultural reasons, Cilia could not take any action:

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40 *“I couldn’t sue her; this is badly perceived in my community. The business collapsed.*  
41 *I’m now looking for a job”*.

### 42 43 44 45 ***Strategic awareness***

46 An important research finding is associated with planning issues among African SMEs. It  
47 was generally noted that most participants did not have elaborate business plans at start-up or  
48 expansion stages. Strategic planning was perceived as less important than immersing  
49 themselves in the opportunities. Such an approach is largely reactive. This perspective is  
50 closely linked to cultural issues whereby some entrepreneurs go in business because it is  
51 perceived as a ‘normal’ activity in their particular ethnic group as opposed to first assessing  
52 capabilities and business opportunities. Mario set up a delivery business with friends. They

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3 enjoyed a good start. Things were very good until Bertin, a business partner, decided that  
4 they should sell alcohol on credit. Bertin genuinely believed in a cultural and moral duty to  
5 help his 'brothers' with the hope of increasing sales. Mario explained:

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7 *"Bertin believed the clients would pay back without a problem and we sold over*  
8 *£15000 worth of drink on credit. That was almost all our capital invested. As debtors weren't*  
9 *paying, we couldn't pay our suppliers. So we ceased trading".*  
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### 13 14 **Diversification issues**

15 A key area of investigation of the research related to the nature of the participants' failed  
16 business. The participants were asked about their range of products. All 20 participants  
17 asserted the strong, and sometimes exclusive, focus on culture-specific product. Cilia  
18 explained that she did only black African women's hair care, which meant that most of her  
19 customers were from the black African community. The lack of diversity atrophies the  
20 business, since there are other people around the community that could be potential  
21 customers, should Cilia open the business to others. Mario, the delivery business owner,  
22 contended that he and his partners were not confident that:  
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29 *"White businesses and Indian shops would contract them for delivery because they*  
30 *tend to use their own people".*  
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34 In total, the participants exhibited awareness that the exteriority of the reasons for failure  
35 could not be used as justification for all Africans' business venture failures. They  
36 acknowledged generally that there are variables that were within their accountability. Some  
37 of these are poor business planning and market analysis, inadequacy of networks, burden of  
38 home culture, strategy issues, predominance of culture or race-specific products (issues of  
39 diversification). Holland (1998) stated: "people don't plan to fail, they fail to plan".  
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### 45 **Hierarchy of Causes of Failure**

46 A supplementary question asked to the participants is to list four main causes at the forefront  
47 of the failure of their own business. The leading cause noted for African business failure was  
48 related to cultural issues. The hierarchy of causes that developed places lack of finance as the  
49 least of the causes of failure. The lack of finance, often acclaimed in the literature as a critical  
50 cause, was found only in four of the accounts studied; this, thus, challenges much of the  
51 existing literature. In seven of the twenty stories of business failure the cultural issues were  
52 consistently mentioned. Participants wanted to do business like 'back home' with some  
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3 association with their countrymen. Other cultural issues related to paternalism which  
4 'prevented' the participants from taking legal action against their relatives who were  
5 oftentimes business partners. This finding is consistent with UK government statistics  
6 showing that "ethnic businesses are more likely to employ family members" (HM Treasury,  
7 2008). This finding, more vigorously upheld than in Altinay and Wang's (2011) research,  
8 supports the view that culture has a more profound bearing than situational (Yukongdi and  
9 Lopa, 2017) and family size (Lwango *et al.*, 2017) on ethnic businesses.  
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### 16 **Psychological Effects of Business Failure**

17 The research uncovered the psychological impact of business failure on the black African  
18 entrepreneurs in addition to the situational and family-size factors identified by Yukongdi and  
19 Lopa (2017) and Lwango *et al.* (2017). A question was asked that required the participants to  
20 explain 'how they felt as a result of the collapse of the businesses'. Several symptoms of  
21 psychological ill-health and wellbeing were described. Among those symptoms, the most  
22 common were the sense of bitterness, loss of self-esteem, family break downs, stress,  
23 depression and burnout. These resulted from the accumulated debt and a personal sense of  
24 failure and shame, with potentially far-reaching consequences on lives.  
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32 Justice's account of the impact of business failure showed:

33 *"The pressure kept building up. There was no money in the bank; so there were more*  
34 *and more arguments between my wife and me. Also there were bitter arguments between our*  
35 *business partners as well as with clients and creditors. When the business finally died and*  
36 *wound down, there was very little left of myself mentally. I was withdrawn, didn't have the*  
37 *strength to go out. Credit recovery agency letters kept coming in and those increased the*  
38 *stress level. I'm fortunate that I'm still with my wife but some other people I know,*  
39 *particularly my good friend CB had a family breakdown and lost his flat. It took me two years*  
40 *to recover, mostly with my wife's help... to start and run a business is financially and*  
41 *mentally draining and can sometimes ruin your life".*  
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### 50 **Recovery solutions through learnt experiences**

51 A critical research objective was to get the participants to formulate recommendations that  
52 could help would-be entrepreneurs among the African community. These solutions came  
53 from self-reflection and self-criticism as part of the methodology adopted. In other words the  
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3 participants were to look at what ‘they would do differently’. Several suggestions were  
4 formulated as the following.  
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### 7 ***Basic training***

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9 Many African entrepreneurs were highly qualified academically. However, as Claire, a  
10 female participant pointed out, “*to run a small shop does not require an MBA in the first*  
11 *instance*”. The majority of the entrepreneurs interviewed lacked basic training in business  
12 start-up and essential practical kits. The participants acknowledged that many of their fellows  
13 would rush to do Master’s qualifications which did not help in the early period of the  
14 business. There were several issues linked to this. The first is that the qualifications were very  
15 expensive and consumed much of the money that the business owner would have used as  
16 start-up funds. Secondly, the courses focused more on strategy that would be used in big  
17 companies and in employment contexts. Claire recalls her first experience of business  
18 failure:  
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25 *“My first business ended in failure, I am now doing one of these courses at the local*  
26 *adult education centre. It’s really good and I’d advise any small entrepreneur to start there”*.  
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### 30 ***Intra-group solidarity***

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32 A marginal but important theme that emerged from some narratives is the lack of support  
33 within the African business community itself. There was a perception that Africans doing  
34 business display strong reluctance to collaborate with newcomers and novices which is  
35 different from Dessi *et al.*’s (2014) findings. Intra-group solidarity which was perceived as a  
36 significant success factor in other competing communities, Indian or Jewish, is neither visible  
37 nor contemplated in the African business community. Mario believes that:  
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42 *“Between Africans (entrepreneurs), there’s no solidarity. Everyone does their own*  
43 *thing and don’t care about others”*. Grace advocates intra-group solidarity when she argues:  
44 *“If we could help each other more to settle in this country and set up businesses that will*  
45 *work. But presently those who are doing well don’t even want to help or talk to those who are*  
46 *starting. If this could change, I’m sure we’ll do better”*.  
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51 Clearly, intra-ethnic networks seemed to bear some importance in people’s opinion.  
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### 54 ***Diversifying business operations***

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3 A key perceived causes of the failure of African small businesses was the ethnocentrism  
4 surrounding operations and strategy. It was accepted by the participants their products were  
5 often exclusively culture and ethnic-specific. However, in Ugbe's experience his "*business*  
6 *came back from the 'dead' due to embracing different products and business opportunities*  
7 *which became the essential survival and recovery kit for me*". Introducing common products  
8 such as sweets, popular fizzy drinks, crisps and snacks, ensured that local kids of all  
9 backgrounds, not only minority children, could come to the shop. The diverse customers were  
10 attracted to 'exotic' African goods and asked what they were. Some people wanted to try  
11 them and bought them for curiosity. Some morning passer-by popped in for drinks and travel  
12 cards. Ugbe added that "*Occasional photocopying isn't great business but it does attract*  
13 *customers*". It therefore appeared that diversification represented a critical ingredient on the  
14 road to recovery for some ailing African SME.

### ***Community partnerships and social responsibility***

24 Ugbe explained that:

25 "*Frankly, we were dying. We could no longer wait for the customers to discover our*  
26 *existence*".

31 Creating opportunities for partnering with the local community emerged for the entrepreneur.  
32 Ugbe explained that "*I heard some customer say that they didn't know what to do with their*  
33 *Tesco supermarket vouchers for schools*". He decided that his business could become a  
34 collection point for two local schools. The business owner put up a notice on the premises  
35 inviting parents to drop vouchers if they did not want them. Shoppers without children were  
36 also encouraged to collect supermarket school vouchers and dropped these at the shop. The  
37 shop made links with two schools and let them have thousands of vouchers for equipment.  
38 Ugbe concluded that:

39 "*The next thing I saw was the name of my business in the 'thank you' section of the*  
40 *schools' newspaper and head teachers praising my business's involvement in school life...it*  
41 *was great for the sale of sweets*".

42 Involvement in social and community action had emerged an important engagement strategy.  
43 However African SMEs operated outside the norm.

### ***Inter-cultural learning***

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3 Business is situated in the context of competition. Black Africans faced cultural competition  
4 and the SME leaders had awareness of such competition. The desire to do better, compared to  
5 other juxtaposing groups led some participants to suggest that, perhaps, intercultural learning  
6 could be an avenue to explore. Kwaku, a participant with experiences of two failed  
7 businesses, believed that Africans ought to learn from the Indian and Chinese businesses and  
8 emulate them. He asserted that:

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12 *“In every corner you find a successful Indian shop; many Chinese restaurants and*  
13 *small businesses are also enduring. There must be some cultural things that can be learnt*  
14 *and integrated to African business ventures”.*  
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19 It was (perhaps naively) accepted by at least half of the participants that if African businesses  
20 could penetrate the world of successful entrepreneurs from other cultures, they could succeed  
21 on a similar scale.  
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## 24 25 **DISCUSSIONS AND CONCLUSIONS**

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29 Ethnic minorities have experienced disadvantages, which are captured in the literature  
30 (Garner and Bhattacharyya, 2011). The road to recovery is a long way away since the  
31 underperformance of black African businesses stems from deeply rooted real or perceived  
32 historical prejudice and disadvantage. These could be explained from complex angles and  
33 contexts, e.g. race, ethnicity, and a colonial legacy that undermine the validity of African  
34 creativity. African small entrepreneurs felt they had to assert their membership to British  
35 national identity and contribution to wealth creation. The voices of the ‘dead businesses’ in  
36 this research demonstrated that there are significant endeavours to embrace for a brighter  
37 future for black African businesses in the UK.  
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45 The study addresses the fundamental socio-economic difficulties faced by ethnic minority  
46 owners of ‘dead’ businesses in the London area. Policy implications abound in the following  
47 key areas. Policy-designers and implementers as well as financial institutions ought to listen  
48 to the voices of minorities. Moreover, statutory and non-statutory agencies need to pay  
49 attention to the skills and the business acumen that minority entrepreneurs have to offer to  
50 wider business development and community cohesion. Therefore, the difficulties encountered  
51 by minorities should serve as resources that business and financial institutions can use as part  
52 of the solutions in enhancing future entrepreneurial development and innovation. Four  
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dramatic psychological and cultural transformations that Africans thought they need to go through at four critical levels point to additional research and practice/societal implications as follows:

- (1) *Changes in the particularistic approach to business ventures.* As well as the counter-accusation of systematic exclusion from business opportunities, African entrepreneurs showed practical awareness of the need to be inclusive in their communities themselves.
- (2) *Diversification as an axiomatic strategy.* This stemmed from the first suggestion that African entrepreneurs ought to seek inclusiveness. A reality in the participants' eyes was that African small enterprises were often locked into restricted products and spaces that cater for a very small African market and thereby evoking the need to reach out to wider society.
- (3) *Necessary engagement with social responsibility.* The participants accepted that often African small businesses set themselves at the margin of this new approach to business, which sought connections through social action and local communities. Being charitable could help recovery and thereby demonstrate additional resources and skills that institutions can tap into.
- (4) *Realistic personal development and growth strategy.* The participants saw room for improvement in terms of preparing themselves to embrace and manage business. Through self-assessment enabled by the interactive nature of the interview questions, they perceived the need to start from basic business education and professional advice as a way to facilitate business success.

The African small business community extended an invitation to the community of listeners to visualise some practical concerns long silently felt, but under-explored, in their midst. For example the traditional SME management brochures and more substantial publications do not capture the African experiences of enterprise development. These are seen as marginal and insignificant in socio-economic weight and their implications are downplayed. However, the perspective of the participants and this paper is that the value of business cannot always be monetised and the cultural value needs ascertaining. The ability of business success to rehabilitate social groups and inform policy design and implementation must equally be underscored. Such perspectives enable social groups to collectively make valuable

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3 contributions by serving both ‘selves’ and the national collective and inform new research  
4 and policy directions. In this context, as The Work Foundation (2009) contends, skills are the  
5 key determinant of how well local areas have performed in the recession: the lower the skills  
6 profile of an area, the worse it has been affected by the recession. To achieve effectiveness in  
7 this area dual action is required (Hack-Polay, 2009): community pro-activeness in self-  
8 appraisal and government policy (re-) design and action to ensure availability of resources  
9 that will create skills enabling greater participation of the African community in business.  
10 This is what Kitching *et al.* (2011) recognize when they argue that “small business adaptation  
11 and performance are contingent upon SME agents (owners, managers, employees) and other  
12 stakeholders”, including Government.  
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21 Recovery among African small businesses, in the aftermath of sharp economic recession, is  
22 multidimensional and dependent on cultural interactive dialogue in which the researcher has a  
23 role as facilitator through the art of enabling dialogue between communities, financial  
24 institutions, government and non-governmental agencies and wider audiences through  
25 research. The dialogic methodology framework as employed in this research transcends  
26 traditional interpretivism often used in the qualitative framework. The latter is researcher-  
27 orientated while the former is participant-led. Recovery for African small businesses goes  
28 through collective conversation with their customers, bankers and the wider community; this  
29 conversation or interactive dialogue as it is referred to in this paper can take place within  
30 research and practice and is more of an empirical nature that allows meaning and sense-  
31 making to be performed by readers and participants alike. Future work could use dialogic  
32 methodologies to study successful black African businesses in post-Brexit Britain.  
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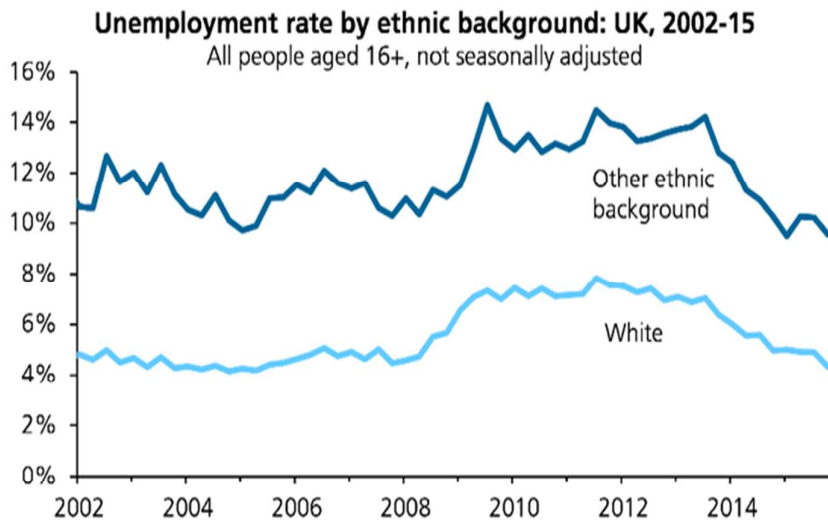
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### Learning from failure: A Study of failed enterprises of self-employed African migrants in the UK



Source: ONS Labour Market Statistics, April 2016, Table A09

Figure 1: Non-white unemployment rates, ONS, 2016.



Figure 2: Geo-ethnic corridor in London with strong Black African small businesses

**Learning from failure: A Study of failed enterprises of self-employed African migrants in the UK**

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**Learning from failure: A Study of failed enterprises of self-employed African migrants in the UK**

Main sector of activities of African SMEs	Description	Extent of failure
Ethnic shops, bars and restaurant sector	Grocery shops, black hairdressing salons, bars and restaurants	Low
Technology and motor services	Mobile phone accessories, computer networking and car repair	High
Other service sector	Domestic and industrial cleaning, distribution, money transfer and car wash	Medium

***Table 1: Main sectors of Black African SME activities***