

Institution: DE MONTFORT UNIVERSITY
Unit of Assessment: 19 Business and Management Studies
Title of case study: The Enterprise and Diversity Alliance (EDA)
<p>1. Summary of the impact (indicative maximum 100 words)</p> <p>The Centre for Research in Ethnic Minority Entrepreneurship (CREME) has undertaken leading-edge research on two key challenges for ethnic minority businesses (EMBs): access to finance and access to markets. This has led to the formation of the national Enterprise and Diversity Alliance (EDA), which is a multi-partner knowledge-exchange vehicle that aims to develop productive relations between Banks and EMBs, and promote market opportunities for EMBs. The EDA has become a crucial intermediary between the banking sector and EMBs and is actively supporting minority firms to compete in new markets.</p>
<p>2. Underpinning research (indicative maximum 500 words)</p> <p>The Centre has developed a substantial programme of research and engagement activity in two core areas: access to finance and access to markets. Both issues are central to the development of EMBs. The research was supported by grants that DMU led and exemplify the Centre's commitment to 'engaged scholarship'. Key DMU staff included Professors Monder Ram and Trevor Jones.</p> <p>The Centre was responsible for the first national study of finance and ethnic minority businesses, which was produced for the British Bankers' Association (BBA) (Ram et al., 2002). It indicated that <i>as a group</i>, ethnic minority businesses are not disadvantaged in terms of start-up capital from banks and other formal sources. However, more detailed analysis shows considerable variation between ethnic minority groups with Black African and Pakistani businesses experiencing large financial gaps, and Bangladeshis experiencing higher loan margins than Indian businesses after controlling for a wider range of factors. The <i>perception</i> of prejudice, nonetheless, acts as a barrier to enterprise. Recommendations arising from the report emphasised the importance of tackling perceptions of discrimination and promoting productive relationships between banks and minority businesses. Steps that could be taken included: improving the flow of information between banks and ethnic minority businesses; engaging more directly with ethnic minority businesses and their networks; and improving the financial capability of such firms. The EDA has worked with Banks to implement these steps.</p> <p>Much of the Centre's research since 2002 has focused on the challenges that minority businesses face in securing contracts from large private and public sector organisations. Ram et al's (2007) study drew attention to these issues and highlighted the concrete ways in which good practice in other countries could be drawn upon to develop support initiatives in the UK. The paper found that minority businesses often struggle to secure a foothold in the supply chains of large organisations because they tend to be small, lacking management skills and are concentrated in low value market sectors and deprived areas. However, steps could be taken to support growth-oriented ethnic minority businesses, promote direct interaction with corporations and engage policy and professional bodies representing corporations and the procurement profession.</p> <p>The Centre's commitment to 'engaged scholarship', that is, the principled commitment to practice as well as research, underpins the activities relating to access to finance and access to markets. Since 2007, CREME has secured eight separate awards from the Economic and Social Research Council (ESRC) to examine such areas. The collaboration with partners from practitioner communities is a distinguishing feature of each of these bids and marks CREME out from other centres in the field. Our partners include: Advantage West Midlands, the Association of Chartered Certified Accountants (ACCA), Birmingham and Solihull Business Link, the Black Business Association, Barclays Bank, Business in the Community, the Chartered Institute of Purchasing and Supply (CIPS), East Midlands Business Ltd., the Equality and Human Rights Commission, the 12/8 Group and FYSHnet business networks.</p>

3. References to the research (indicative maximum of six references)

Outputs (all peer reviewed)

Ram, M., Smallbone, D. and Deakins, D. (2002) *The Finance and Business Support Needs of Ethnic Minority Firms in Britain*, London: British Bankers Association Research Report.

Ram, M., Woldesenbet, K. Jones, T. (2011) 'Raising the "Table Stakes?" Ethnic Minority Businesses and Supply Chain Relationships', *Work, Employment and Society*, 25, 2: 309–326.

Worthington, I., Ram M., Boyal H and Shah, M. (2008) 'Researching the Drivers of Socially Responsible Purchasing: A Cross-National Study of Supplier Diversity Initiatives', *Journal of Business Ethics*, 79 (3), 319–331.

Ram, M, Theodorakopoulos, N. and Worthington, I. (2007) 'Policy Transfer in Practice: Implementing Supplier Diversity in the UK', *Public Administration*, 85, 3: 799–803.

Awards

Economic Social and Research Council

Facilitating Impact: Entrepreneurship and Diversity
Joint Applicant (with K. Trehan) January 2011–December 2011

Award Value: £84,970

Advantage West Midlands

The Establishment of the Minority Ethnic Enterprise Centre of Expertise (MEECOE) December 2008–December 2010

Award Value: £400,000

Economic Social and Research Council

Facilitating Entrepreneurship in New Migrant Communities October 2008–September 2009

Award Value: £35,000

Economic Social and Research Council

Facilitating Supplier Diversity April 2008–March 2009
Co-investigators N. Theodorakopoulos and O. Tregaskis

Award Value: £93,202

Commission for Racial Equality

A Guide for Supplier Diversity April 2005–March 2006

Award Value: £40,000

East Midlands Development Agency

The East Midlands Supplier Diversity Initiative
June 2004–June 2006

Award Value: £227,000

British Bankers' Association

The Finance and Business Support Needs of Ethnic Minority Firms in Britain
January 2000–August 2002, Co-investigators Prof. D. Smallbone and Prof. David Deakins

Award Value: £114,000

4. Details of the impact (indicative maximum 750 words)

The research contributed directly to the creation of the national Enterprise and Diversity Alliance (EDA; formerly, the Minority Ethnic Enterprise Centre for Expertise, 2008–2010). The EDA comprises key representatives from the finance, corporate and professional sectors and it communicates directly with ethnic minority businesses. Its work is divided into two sub-groups (each responsible for responding to CREME's research areas).

Access to Finance (The activities of this sub-group advance the recommendations of Ram et al (2002))

1. Improving information flow between banks and minority businesses: Improving information flow between banks and minority businesses has been central to the Centre's work since it produced its

landmark report to the BBA in 2002. The Centre's Annual Ethnic Minority Business Conference has been a longstanding focal point for the dissemination of research and best practice on finance and minority enterprise. In almost every year of the conference, banks, intermediary organisations and minority business owners have exchanged views on this crucial topic.

2. Building better links between banks and ethnic minority business networks: The Centre has consistently acted as a facilitator of relationships between banks and key ethnic minority business networks and intermediary organisations. This role has been crucial in implementing the conclusions put forward in the 2002 BBA report.

The Centre has worked closely with Barclays to deliver a series of workshops that bring together banks, representative bodies and minority businesses. In 2010, around 100 small businesses from diverse communities benefited from expert sessions on finance and the property sector, international trade and business acquisition.

The EDA entered into a strategic partnership with BBA in 2012 that aimed to 'scale-up' these activities by staging workshops between bankers and EMBs around the country. Workshops have been held in Birmingham, Bristol, Leicester and Wolverhampton. A BBA press release mentioned that it was working with the EDA to tackle issues in a major speech made by the Deputy Prime Minister, Nick Clegg. The EDA is also cited in a report by the Department of Communities and Local Government, 'Ethnic Minority Businesses and Access to Finance'.

3. Improving financial capability through mentoring: The Centre is active in promoting the financial capability of minority businesses. This strand of activity is bolstered considerably by its collaboration with the national Business Finance Taskforce and Lloyds TSB. The Centre is working with Business Finance Taskforce to ensure that this major national initiative is promoted to ethnic minority businesses. This means that the Centre will be influencing and complementing the work of a major national initiative to enhance the financial capability of small firms.

Access to Markets (The Centre has acted on evidence-based recommendations to: encourage growth in ethnic minority firms; develop links with the corporate sector; and influence the wider corporate and procurement communities).

1. Supporting growth in minority businesses: The Centre has established three peer-to-peer business networks in Birmingham (referred to as '12/8 Group', 'Fyshnet', and 'Mindset') to promote growth and greater engagement with the corporate sector. Each network is comprised of groups of six to eight business owners. In the most established network, 12/8 Group, most of the entrepreneurs reported that their businesses had grown during the course of the initiative. There were examples of increased sales, new product development and a re-assessment of growth objectives. Fyshnet reported similar changes. ('Mindset' is too recently established to make firm evaluations).

2. Mentoring minority businesses: The Centre has brokered supply chain relationships between large organisations and ethnic minority businesses. For the last four years, senior employees of A.F. Blakemore and Son Ltd (a large multinational) have been mentoring minority businesses involved in the 12/8 Group peer-to-peer network. The capacity of some 12/8 Group members has developed to such an extent that they have become suppliers to A.F. Blakemore and Son Ltd. The organisation has also reported major benefits in respect of the skills of staff acting as mentors; all the mentors were subsequently promoted to Director-level posts. A.F. Blakemore and Son Ltd has agreed to mentor more groups. Business in the Community (BitC) has, with the support of the Centre, promoted the success of the initiative to its corporate members. This has resulted in discussions with National Grid and Leicester City Council on the adoption of similar mentoring schemes.

3. Leading engagement: working with policy and professional bodies: Much of the Centre's work on procurement has involved close interaction with important policy and professional bodies. For instance, the Centre has longstanding links with BitC, the Equality and Human Rights Commission (EHRC) and the Chartered Institute for Purchasing and Supply (CIPS). It works very closely with Supplier Diversity Europe, chairing its practitioner forum and co-authoring a Handbook on supplier

diversity for a European audience. This Handbook has been widely used by public policy-makers, corporate and public sector procurement professionals and supplier organisations across the EU. The EDA was also a key contributor to the Deputy Prime Minister's report 'Ethnic minority businesses and access to finance' which was released on the 30th July 2013. This report found that 'although the banking industry is working hard to ensure ethnic minority businesses have access to finance, there is more to be done to help under-represented groups reach their goals (...) As a result of the findings, the government has agreed with the British Bankers' Association that the banking industry will commit to a series of measures to improve access to finance for ethnic minority business groups.' As a part of the report, the BBA has agreed to 'engage with ethnic minority business groups to ensure a continued dialogue on issues around access to finance, and include ethnic minority business representation on the Association's Business Finance Roundtable. This will be through representation from the Enterprise Diversity Alliance and the Enterprise Research Centre.'

5. Sources to corroborate the impact (indicative maximum of 10 references)

References that corroborate the contribution of CREME's work in the two identified research areas:

a. Access to Finance

Head of External Relations, Lloyds Banking Group Commercial
 Head of SME Policy, Association of Chartered Certified Accountants

[text removed for publication]

b. Access to Markets

Policy Head Strategy Directorate, Equality and Human Rights Commission
 Programme Manager, Supplier Diversity Europe
 Head of Research & Knowledge Development, Chartered Institute of Purchasing & Supply

[text removed for publication]

The Supplier Diversity Handbook can be accessed via this link:

http://www.supplierdiversityeurope.eu/research-publications_19.asp (accessed 05/08/13)

The Deputy Prime Minister's report 'Ethnic minority businesses and access to finance' can be accessed via this link: <https://www.gov.uk/government/publications/ethnic-minority-businesses-and-access-to-finance> (accessed 05/08/13), and the quotes cited above are taken from the associated press release, which can be accessed at <https://www.gov.uk/government/news/nick-clegg-calls-on-banks-to-do-more-to-support-ethnic-minority-business> (accessed 05/08/13).