

# Encouraging Social Enterprise and Co-operative Business Among Ethnic Minority Groups in Scotland



A research report commissioned by:

**The Scottish Government,  
Co-operative Development  
Scotland & CEMVO Scotland.**

Research report conducted  
by EKOS Ltd.



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# 1. Introduction and Background

This Section describes the background to, and objectives of, this study and describes the work carried out as part of it.

## 1.1 Study Background

The ethnic minority not-for-profit sector is made up of an array of groups and organisations that serve the needs of diverse minority communities. The sector engages with some of Scotland's most disadvantaged people, who are often not reached by mainstream agencies, and whose voices are rarely heard. It is central to the vision for an inclusive, multi-cultural Scotland.

Despite the sector's ability to provide culturally appropriate services and to play an active role in civic engagement and social inclusion, ethnic minority led organisations are often marginalised from mainstream policy debates and are often under-resourced and underdeveloped.

The Council for Ethnic Minority Voluntary Organisations (CEMVO) was set up to support ethnic minority communities to access services, engage in decision-making processes, and become more involved and better integrated with the wider community.

Supported by the Futurebuilders Scotland Learning Fund, CEMVO has provided training and development support that has enabled a small number of ethnic minority organisations to identify and progress opportunities for new trading activity.

Building on the early success of the capacity building initiative, this study has been commissioned by CEMVO and partners to examine the opportunities that social enterprise – particularly the co-operative enterprise model – might bring for ethnic minority communities and the potential to promote such approaches.

## 1.2 Study Aims and Objectives

The main objectives of the research were to:

- identify the potential markets for three different communities -
  - urban established ethnic minority groups (e.g. Pakistani, Chinese);
  - refugees (e.g. Congolese, Iranian); and
  - economic migrants (e.g. Eastern European).

- identify the advantages and disadvantages of the social/co-operative enterprise for the three communities and appropriate trading models;
- identify historical/cultural organisational structures and working-practices in the country of origin and associated implications;
- identify the knowledge and perceptions of social/co-operative enterprise and any resulting problems and/or benefits;
- identify the knowledge, skills, and development needs of ethnic minority people in establishing social/co-operative enterprises; and
- identify the scope for social/co-operative enterprise within the ethnic minority market, and of piloting a programme of support for this.

### 1.3 Study Method

The research was carried out between January and March 2007 and included a number of main stages:

- a desk-based review of documented evidence on:
  - the policy and funding context
  - the scope and scale of the social/co-operative enterprise sector
  - the ethnic minority population Scotland
  - the incidence of social enterprise among ethnic minority groups
  - the main markets for ethnic minority enterprise
  - best practice in supporting ethnic minority led social enterprise;
- consultations with the main study partners – CEMVO, Communities Scotland, and Co-operative Development Scotland;
- 22 interviews with ethnic minority social entrepreneurs, community leaders, and voluntary sector managers, including -
  - 10 people representing the views of established minority groups
  - 7 people representing the views of asylum seekers and refugees
  - 5 people representing the views of recent EU migrants;
- consultations with agencies elsewhere in the UK recognised for their innovative practice in supporting ethnic minority-led social/co-operative enterprise; and
- a Development Workshop with research participants to validate the findings and examine the scope for additional support.

### 1.4 Structure of the Report

The remainder of this document is structured as follows:

- **Section 2** discusses emerging ethnic minority led social enterprise activity in Scotland, and the policy commitment and support for it;
- **Section 3** examines the ethnic minority population in Scotland, its composition, and its characteristics;
- **Section 4** discusses existing evidence on the routes into social/co-operative enterprise for people from ethnic minority backgrounds;
- **Section 5** examines the main market opportunities for ethnic minority led social enterprise;
- **Section 6** provides perspectives on the cultural influences and barriers relating to minority populations;
- **Section 7** discusses current and potential support for ethnic minority social/co-operative enterprise; and
- **Section 8** draws together the main findings of the study and examines the implications of these.

In addition, the **Appendix** to this document lists those individuals that provided their views during the course of the study.

## 2. Social/Co-operative Enterprise

This section discusses the social/co-operative enterprise sector in Scotland, the ethnic minority led activity that is emerging within this field, and the policy commitment and support afforded to it.

### 2.1 Social and Co-operative Enterprise

Social enterprises are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders or owners (DTI, 2002).

Taking into account all of the different organisational forms the best estimate (supported by DTI research) is of 3,000 social enterprises currently operating in Scotland.

#### **Organisational Structures**

The structure that a social enterprise adopts helps to determine the organisation's place in the regulatory framework and the liability of the people involved in running the organisation. There are a number of legal forms/structures used, the most common ones being:

- **Unincorporated Association** – does not have a legal status separate from its members and is not advisable for most forms of trading activity;
- **Company Limited by Guarantee** – the most common structure for a social enterprise, which provides limited liability to members;
- **Industrial and Provident Society** – a co-operative structure that allows for the raising capital from, and distributing surplus to, members;
- **Company Ltd by Shares** – a 'profit distributing' structure sometimes used to form a trading subsidiary for a social enterprise.

In addition, two further recognised forms of organisational structure have been introduced:

- **Community Interest Company (CIC)** – a Company structure that includes a cap on dividends/profits; and
- **Scottish Charitable Incorporated Organisation** – an incorporated business structure for charities regulated by the OSCR.

Social enterprises therefore operate along differing lines and varying structures. There are number of distinct sub groups of enterprise including co-operatives, social firms, and development trusts.



Co-operatives are independent, democratically controlled social enterprises that are owned and governed by their members, and which have the aim of meeting common needs. They are typically registered as an Industrial and Provident Society (IPS) or Company Ltd by Guarantee.

There are number of different types of co-operative, among the most common being:

- consumer (retail) co-operatives owned by customers;
- community co-operatives controlled and run for the benefit of people from a particular locality or interest group; and
- worker co-operatives owned and controlled by employees.

Other specific types of co-operative of particular note are: Housing Co-operatives; Credit Unions; Local Exchange Trading Systems; and Timebanks.

Recent research carried out by Heriot Watt University indicates that there are 427 co-operative and 12 mutual companies are active in Scotland, with an estimated combined turnover of £3.5 billion (approximately 4.25% of Scottish GDP), and which employ 21,000 people.

## 2.2 The Policy Context

Scottish public policy has focused, first and foremost, on strengthening the role of the social enterprise sector in delivering more and better public services in areas consistent with the Executive's main policy priorities.

Scottish policy priorities were developed through the Scottish Executive's Review of the Social Economy<sup>1</sup>, published in early 2003. The Review adopted a broad definition of the 'social economy' did not attach explicit policy priority towards social enterprises or ethnic minority led organisations.

Futurebuilders Scotland was introduced to provide a significant programme of investment and support for the social economy sector in Scotland. In the second round of funding this provided ring-fenced funding and support for aspiring social enterprises from minority communities.

Reflecting growing interest in the trading potential of the social economy, a differentiated strategy for social enterprise<sup>2</sup> is now in place. This puts social enterprise forward as a distinct business model and sets in place a framework for supporting it.

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<sup>1</sup> Scottish Executive, *Review of the Scottish Executive's Priorities to Promote the Social Economy*, January 2003

<sup>2</sup> Scottish Executive, *Better Business: A Strategy and Action Plan for Social Enterprise in Scotland*, March 2007



The strategy is supportive of the development of social enterprise from all sections of the Scottish population and sets out the following commitment:

*"we will work with equalities organisations and other social enterprise organisations to raise the profile of equality themed social enterprises".*

## 2.3 Development support for social enterprises

### **'Mainstream' Support**

Support to the social enterprise sector is principally provided by the Enterprise Networks (Highlands & Island Enterprise and Scottish Enterprise Business Gateway) and backed up by regional and local support providers.

Various support intermediaries also exist to support the needs of sub sectors of the social enterprise market – for example Co-operative Development Scotland, which works to set-up and grow co-operative enterprises.

Additional information and support to social entrepreneurs and start-up enterprises are provided through, for example, the Exchange and Scotland Unltd (soon to form part of the new 'First Port' initiative).

The learning and skills needs of the sector is being met by the Scottish Social Enterprise Academy and a range of other learning providers.

Our review of the services offered by these mainstream sources suggests that there is no specialist or dedicated provision made to encourage ethnic minority led social enterprises. CEMVO has also highlighted the significant under-representation of ethnic minority groups among the client lists of these support agencies.

### **Support for Ethnic Minority Enterprises**

Ethnic minority enterprises in Scotland qualify for support from a range of sources. However, the focus of support tends to be localised and focused on commercial businesses (e.g. through the Glasgow Ethnic Minority Integrated Business Support Programme).

There is currently no coherent network or forum to represent the interests of ethnic minority enterprise in Scotland (private or social enterprise).

Specific capacity building, training, and networking support to ethnic minority voluntary sector is provided through CEMVO.

CEMVO's pilot Social Enterprise Capacity Building Programme is the only national initiative that is currently providing development support specifically aimed at promoting ethnic minority led social enterprise.

The CEMVO initiative aims to: develop learning activities tailored to diverse needs; maximise success in a competitive environment by supporting the development of business planning, strategic management, and marketing strategies; and establishes ethnic social enterprise role models to develop confidence in the sector

#### ***CEMVO Social Enterprise Capacity Building Programme***

Funded by Futurebuilders Scotland and delivered by a part-time staff member, CEMVO is piloting an initiative that supports development of the social enterprise potential within the ethnic minority not-for-profit sector.

In its first year to operation, the initiative:

- delivered targeted training to 38 people in four cities, developing skills crucial to the success of a social enterprise;
- provided hands on support to ten ethnic minority organisations to enable them to become more self-sustaining through earned income;
- developed the capacity of each assisted organisation and helped to identify 22 new income generating activities;
- began to build working relationships between assisted organisations and mainstream social enterprise support agencies; and
- supported the development of funding applications totalling some £2.5 million towards establishing income generating activities.

## **2.4 Ethnic Minority Social Enterprise Activity**

Given the absence of detailed intelligence on the sector, it is unsurprising that there are no reliable estimates of the number of ethnic minority led social enterprises in Scotland (i.e. those led or managed mainly or entirely by ethnic minority people, which serves mainly ethnic minority people).

During the course of the study, we have identified a range of already successful ethnic minority led organisations, and aspiring social enterprises. However, there appears to be few of these that would fall within the accepted definition of an established social enterprise (where trading accounts for 50% or more of income).

A small number of emerging new-start social enterprises are evident across Scotland.

#### ***New Start Social Enterprise***

**Scotland PL** has been established by Pascal Wawrzynack and his wife, who moved to Scotland three years ago. Having identified the need for practical information for the Polish migrants they launched the magazine Scotland PL. With start-up support from Scotland UnLtd, and ongoing commercial advertising income, they are able to provide the magazine free of charge to the Polish community.

There also appears to be larger number of aspiring or emerging social enterprises, where volunteer-led or grant funded organisations are seeking to cultivate new earned income streams or secure public sector contracts.

#### ***Voluntary Sector Transformations***

**AWAZ FM** Community Radio was launched in April 2002 under the Radio Authority (Ofcom) pilot scheme. It is Scotland's only full-time Asian radio station and reaches some 55,000 Asian listeners, and broadcasts in Urdu, Punjabi, and English. Run by 40 volunteers and supported by contracts and some sponsorship it is seeking to develop its social enterprise potential. The organisation is being supported through the CEMVO Social Enterprise Capacity Building Programme.

There are also a small but growing number of cases where organisations are using physical assets to create 'hubs' to support ethnic minority culture, education, and enterprise.

#### ***Community Hubs***

**The Bharatiya Ashram** was set up in 1995 as a centre for education and culture in Dundee. With support from the Futurebuilders Investment Fund, it is refurbishing a disused Victorian school building as a base to expand and sustain a range of self-help, support, cultural, educational, and recreational and social services for multi-ethnic and indigenous communities.

These enterprising ethnic minority led organisations take a variety of forms and operate in a variety of markets, which appears to reflect the diversity of Scotland's social economy. Typically they are adopting the legal form of a Company Ltd by Guarantee.

There are currently no known cases of where ethnic minority communities are pursuing their social and economic objectives through a formally registered co-operative structure. However, as the report goes on to highlight, there is significant potential to do so.

## 2.5 Key Points

This Section has suggested that:

- social enterprise is a recognised business model that takes a variety of organisational structures and legal forms, among them the co-operative;
- public policy in Scotland is increasingly supportive of social enterprise, and makes a commitment to promote and support social enterprise activity led by equalities groups;
- there are a variety of 'mainstream' sources of support for social enterprises in Scotland, although these do not provide dedicated provision for ethnic minority groups;
- CEMVO Scotland has embarked on a successful pilot programme that provides tailored support to develop the social enterprise potential of the ethnic minority voluntary sector; and
- there is a range of aspiring or emerging social enterprises led by minority communities, although the number is small and there are none identified set up as a co-operative.

### 3. Ethnic minorities in Scotland

This Section examines the characteristics and potential of Scotland's diverse ethnic minority populations from which further social/co-operative enterprise activity might be drawn.

#### 3.1 The Ethnic Minority Population

The most recent survey of Scotland's population, the 2001 census, shows that almost 98% of the country's inhabitants were White. The Census data<sup>3</sup> also shows that the ethnic minority population is growing rapidly. For example, between 1991 and 2001 Scotland's population grew by 1.3%, while within this the ethnic minority population increased by 62.3%.

The size of the ethnic minority population in Scotland today (six years on from the Census) is not precisely known. Recent factors, such as migration from recent EU accession countries means that the ethnic minority population in Scotland is likely to be closer to 4%, twice the 2001 figure.

Table 2.1: Ethnic breakdown of the Scottish Population in 2001

Ethnic Grouping		Population in Scotland	% of Scottish Population
White		4,960,334	97.99%
	Scottish	4,459,071	88.00%
	Other White British	373,685	7.38%
	White Irish	49,428	0.97%
	Other	78,150	1.54%
Asian		55,007	1.09%
	Indian	15,037	0.30%
	Pakistani	31,793	0.63%
	Bangladeshi	1,981	0.04%
	Other South Asian	6,196	0.12%
Mixed Ethnic		12,764	0.25%
Black		8,025	0.16%
	Caribbean	1,778	0.04%
	African	5,118	0.10%
	Other Black	1,129	0.02%
Chinese		16,310	0.32%
Other ethnic groups		9,571	0.19%
TOTAL		5,062,011	100.00%

Source: General Register Office for Scotland, Office for National Statistics

The age profile of the ethnic minority population in Scotland is younger than the majority population. Over 57% of people from an ethnic minority background are

<sup>3</sup> Scottish Executive, *Analysis of Ethnicity in the 2001 Census*, February 2004

aged under 30 years, compared to just over one-third (36%) of the majority population.

However, it is critical to recognise that the ethnic minority population is not a homogenous group. For the purposes of this study, three categories of ethnic minority populations are of particular interest:

- established minority communities;
- asylum seekers and refugees; and
- new economic migrants.

Each of these categories is now examined in turn.

## 3.2 Established Ethnic Minority Communities

Some ethnic groups have settled in Scotland in large numbers over many years to form part of well-established communities. This includes first generation immigrants (born overseas and settled during the 1950's and 60's) and the second and third generations (born and educated in Scotland).

According to the 2001 Census data:

- Asians (predominantly Pakistanis) account for over 70% of Scotland's ethnic minority population (55,000 people) and are concentrated in urban areas (e.g. in parts of Glasgow, such as Pollokshields, where as much as 40% of the population are of Pakistani origin);
- Scotland has very few African or Caribbean residents, with this ethnic group accounting for just 0.2% of the population (around 8,000 people) and even where most strongly concentrated (in Perth) this group accounts for less than 0.5% of the local population; and
- the Chinese population is twice as large as the African/Caribbean population, and accounts for just over 16,000 people (one in three of whom were born in Scotland), and are more dispersed across Scotland than other established ethnic groups.

It should be noted that for all groups, Scotland is either the most common or second most common country of birth (reflecting the dominance of second and third generations). However, the percentages vary between groups: 47% of Pakistanis were born in Scotland compared to only 18% of Africans.

These established minority groups have been shown to have higher rates of business start-up and ownership, and have built established ethnic consumer markets.

### 3.3 Asylum Seekers and Refugees

The Dispersal Programme, which began 3 April 2000, has increased the numbers of people seeking asylum in Scotland from hundreds to a few thousand each year.

The latest available Home Office figures indicate that at the end of December 2006<sup>4</sup> some 5,010 asylum seekers were being supported in dispersal accommodation in Scotland. According to Positive Action in Housing around the same number have settled in the Glasgow area on becoming refugees.

The data<sup>5</sup> suggests that the main countries of origin of asylum seekers to Scotland in recent years has been from Pakistan, Turkey, Congo, Somalia, Afghanistan, Iraq, Sri Lanka, Algeria, Zimbabwe, and Serbia & Montenegro.

In the context of this study it is important to recognise that restrictions within the Asylum and Immigration system limit the ability of asylum seekers to become involved in employment or business activity. Very few have permission to work; only those who successfully become refugees can become fully economically integrated.

Despite restrictions, the research literature on asylum seekers and refugees<sup>6</sup> living in Scotland indicates that for the most part they:

- are highly qualified (around 66% with a degree) and possess a broad range of technical and professional skills which could be used by the Scottish labour market;
- have high levels of motivation to live and work in Scotland and to participate in social, economic and cultural life; and
- face many restrictions and barriers in securing meaningful economic activity, not least a lack of proficiency in the English language.

While refugees are an untapped source of entrepreneurial talent, reliable figures on the number and location of refugees currently resident in Scotland are not available i.e. those whose asylum application has been successful and have been allowed to remain in the country.

### 3.4 Recent Economic Migrants

The ethnic minority population in Scotland has also swelled considerably over the last few years due to the in-migration resulting from the accession of ten new Member States to the European Union in May 2004. In the UK, no restrictions were placed on the movement of workers from these new states.

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<sup>4</sup> Home Office, *Quarterly Asylum Statistics*, Fourth Quarter 2006

<sup>5</sup> Home Office, *Asylum Statistics UK 2005*, Home Office Statistical Bulletin, August 2006

<sup>6</sup> Scottish executive, *Refugees and Asylum Seekers in Scotland: Skills and Aspiration Audit*, March 2004



Home Office statistics reveal that between May 2004 and March 2006, 26,700 migrants settled in Scotland from the first eight accession states<sup>7</sup>. The majority of migrants have been from Poland, the largest of the accession states.

The most recent labour market report for Scotland<sup>8</sup> indicates these migrants tend to be: younger; disproportionately male; less likely to have dependants; much less likely to be on benefits; more likely to be working full-time; and more likely to be in low-paid, low-skilled work.

The migrants tend to work in poorly-paid, low-skilled jobs, though this is not universally the case. They are more likely to work in the hospitality and agricultural sectors than in administration and business services, and are typically employed in low-skilled occupations in these sectors.

### 3.5 Key Points

This Section has suggested that:

- although accounting for just 4% of the Scottish population, ethnic minority populations are growing quickly;
- the ethnic minority in Scotland is diverse and includes:
  - established minority populations, predominantly Asian, which have settled in urban Scotland in large numbers since the 1950's
  - recent economic migrants from the eastern EU states, mainly Poland, who are now working in Scotland in large numbers
  - asylum seekers and refugees who come from a number of countries and bring a wealth of skills and experience; and
- on current trends, the importance of ethnic minority population for Scotland is likely to increase in the future due to its younger demographic profile.

## 4. Routes into Social Enterprise

In order to better understand the potential for social/co-operative enterprise within these diverse ethnic minority groups, it is important to understand the main routes into such activity, and the potential within each.

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<sup>7</sup> The eight accession states are Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia

<sup>8</sup> Futureskills Scotland, *The Scottish Labour Market Report*, 2006

Based on a review of available research literature, the Section examines existing evidence on the different starting points for ethnic minority social/co-operative enterprise: the private sector; social entrepreneurship; community action; the voluntary sector; and public sector procurement.

## 4.1 The Private Sector

In theory at least, there is the potential to harness private sector enterprise usually by way of transfer of ownership (i.e. transforming it into a co-operative) or through the donation/distribution of profits to the wider community.

The most recent and comprehensive research<sup>9</sup> suggests that there are over 12,000 ethnic minority enterprises in Scotland and that these businesses account for 3.6% of small employers. The research also indicates that:

- there are higher rates of self-employment and business ownership in ethnic minority communities, with highest rates in the Pakistani, Chinese, Indian, and Bangladeshi communities;
- typically they are micro-enterprises concentrated in traditional sectors (retailing, wholesaling, and catering) and are predominantly operating in local markets; and
- the pattern of business ownership is dynamic and diverse, with a growing importance of younger second-generation owners and notable difficulties in the intra-generational transfer of ownership.

The evidence suggests a vibrant and entrepreneurial culture, particularly within the established minority communities in Scotland. Moreover, given the difficulties in succession planning (where younger family members are unwilling to take on or inherit business activity) this would seem to indicate that employee/community ownership is one of a number of possible succession strategies.

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<sup>9</sup> Scottish Executive, *Minority Ethnic Enterprise in Scotland: A National Scoping Study*, June 2005

In addition, there is evidence<sup>10</sup> that ethnic minority businesses often have many of the same characteristics as social enterprises. South Asian firms and business owners in particular (due to religious and cultural traditions) are known to direct money into mosques, temples and a range of cultural, recreational and youth facilities. This is in addition to their role in employing people from ethnic groups who are often excluded from the labour market and in providing goods and services to minority communities.

### ***The Influence of Religion***

Under Islam, **Zakat** is the compulsory giving of a set proportion of one's wealth to charity. It is regarded as a type of worship and of self-purification. Zakat does not refer to charitable gifts given out of kindness or generosity, but to the systematic giving of 2.5% of one's wealth each year to benefit the poor.

However, on the basis of the research and consultations undertaken there is little evidence that the opportunities have been systematically explored to: introduce co-operative structures as part of the succession strategies of ethnic minority businesses; or channel or redirect their existing commitment to corporate social responsibility.

## **4.2 Social Entrepreneurship**

A key issue is the extent to which people from ethnic minority populations are likely to channel their entrepreneurial talents into setting up social enterprises.

### ***Social Entrepreneurship in Action***

The Roots Shop was set up by Clemence Butoyi, a social entrepreneur, who came to Scotland from Burundi as an asylum seeker in 2001. In order to aid the integration of asylum seekers and refugees into the local community, Clemence and the Roots group have opened a community shop in the Gorbals area of Glasgow. This shop operates as a not-for profit enterprise that sells clothing and recycled goods at low cost to the local community.

The only available and reliable evidence<sup>11</sup> indicates that 3.2% of the working age population in the UK is engaged in *social entrepreneurial activity*<sup>12</sup>. The level of activity in Scotland sits at the UK average.

The figures presented in Table 4.1, below, suggest that:

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<sup>10</sup> Centre for Social Markets, *Social Responsibility and South Asian Businesses in the UK*, Oct 2003

<sup>11</sup> London Business School, *Social Entrepreneurship Monitor: United Kingdom*, 2006

<sup>12</sup> The definition of 'Social Entrepreneurial Activity' includes those individuals that report they are trying to start social, voluntary or community services or involved in managing such services

- the most socially entrepreneurial ethnic group in the UK are Africans (followed by Caribbeans) who are three times as the likely majority population to be social entrepreneurs;
- people from the Indian sub-continent are more likely to be mainstream entrepreneurs than other ethnic groups but are less likely to be social entrepreneurs; and
- all other ethnic groups are more likely than the majority population to be social entrepreneurs.

Table 4.1: UK Entrepreneurial Activity by Ethnic Grouping

Ethnic Group	Mainstream Entrepreneurial Activity	Social Entrepreneurial Activity
White	5.6%	3.0%
Mixed ethnic origin	7.3%	5.5%
Indian sub-continent origin	11.3%	2.2%
Other Asian	4.0%	3.7%
Caribbean	7.4%	6.5%
African	17.1%	10.9%
Other non-white	8.8%	26.3%

Source: Global Entrepreneurship Monitor UK Adult Population Survey 2005

Existing research therefore points to significant potential to engage the ethnic minority population in social enterprise activity. There is also much anecdotal evidence from the consultations carried out as part of this study of the existence of socially motivated and entrepreneurial leaders within each of the ethnic groups examined.

## 4.3 Voluntary Action

Collective grassroots action by communities themselves to address local needs and aspirations is also often an important breeding ground for social enterprise activity.

Existing research on volunteering and community action within Scotland's ethnic minority communities<sup>13</sup> has reported that:

- there is an overwhelming sense of community spirit and high level of mutual support within ethnic minority communities, with a real desire to help others and be of service to the local community;
- formal 'volunteering' does not exist as a concept in all minority communities, with people more likely to volunteer informally ('helping out') and women more likely to volunteer than men; and

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<sup>13</sup> Volunteer Development Scotland and BEMIS, *A Way of Life: Black and Minority Ethnic Diverse Communities as Volunteers*, 2004

- the motivations for ethnic minority populations to get involved in community issues are not dissimilar to that of the wider population although there is a stronger link to faith and family values.

#### ***The Links Between Faith and Voluntary Action***

Various studies have highlighted the commonalities in voluntary action within the main faith-based communities: individuals help each other out or come together in groups to tackle local issues – usually spontaneously, as an accepted part of everyday life, and only occasionally through more organised services. The types of volunteering observed can be divided into four broad categories: routine activities; welfare services; festival-based volunteering; and responses to specific events.

Voluntary action within faith communities seldom conforms to the dominant Western concept of volunteering: that is, activity that is carried out through an organisation. Instead, faith-based volunteering is often informal, evolving spontaneously out of local groups or congregations, and shows a strong bias towards mutual aid.

The tentative conclusion to be drawn from the existing evidence is that there is the potential to tap into the existing base of voluntary action evident within most faith-based communities.

## 4.4 The Voluntary Sector

Increasingly, and often driven by funding concerns, voluntary organisations are becoming more enterprising in their outlook and more involved in trading activities.

#### ***The strengthening Voluntary Sector***

**Ethnic Enable** is a grant-funded organisation that provides advice, training and support to people with disabilities from ethnic minority backgrounds. With investment from the Futurebuilders Seedcorn fund and development support from the CEMVO Social Enterprise Capacity Building Programme, as well as a Big Lottery Investment in Ideas grant, the organisation is examining opportunities to deliver services under contract to the local authority.

While information on the sector is limited, it is understood that there are more than 600 known ethnic minority-led voluntary organisations operating in Scotland.

The most recent and detailed survey information<sup>14</sup> on the ethnic minority voluntary sector in Scotland suggests that:

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<sup>14</sup> SCVO and BEMIS, *Growing the BEM Voluntary Sector: Mapping the Black and Ethnic Minorities Voluntary Sector in Scotland*, 2004/05

- organisations tend to be small, with more than one-third (37%) having no income or an income of less than £12,500 (usually insufficient to employ staff);
- over half provide advice, are involved in community development/ learning, or work with young people;
- a key perceived barrier facing organisations is ongoing racism and discrimination, which reduces their potential to work with other agencies to develop culturally relevant services; and
- a prime concern is around financial sustainability, with one-third of organisations reportedly unable to sustain their operations for the three years following the point of survey.

Recent evidence<sup>15</sup> also suggests that if ethnic minority-led organisations are going to flourish they need to become more businesslike and more outward looking. This is possible but only with appropriate and tailored capacity building support to develop services, organisational structures, and the funding base of organisations.

While social enterprise presents one development path for ethnic minority voluntary organisations, there is no evidence to suggest that this is likely to be an easy option or quick fix. The first challenge is to create more businesslike and financially sound organisations, and the second to release the entrepreneurial potential within them. In other words, it is much more difficult to build a strong business on weak foundations.

## 4.5 Public Sector Procurement

A final route into social enterprise is through the delivery of services on behalf of public bodies, where these services are outsourced or commissioned. The public procurement market in Scotland is significant. Various estimates suggest that each year the public sector in Scotland spends £5-8 billion on the procurement of goods and services.

At the same time ethnic minorities in Scotland are worse off than the majority population on a range of indicators (see **Section 5**). There is also much evidence of a lower level of awareness and use of public services by minorities in areas such as housing, social care, and health.

This is particularly significant given that all public authorities have a legal duty to promote race equality in carrying out all of their functions, including the procurement of goods and services<sup>16</sup>. Particular implications arise where services need to be designed as accessible to the specific needs of particular ethnic groups.

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<sup>15</sup> Charities Evaluation Services, *Capacity Building and Black and Minority Ethnic Voluntary and Community Organisations: An Evaluation of CEMVO's London Pilot Programme*, 2006

<sup>16</sup> Commission for Racial Equality, *Public Procurement and Race Equality*, July 2003

### ***Incorporating Race Equality into Public Procurement***

The Commission for Racial Equality (CRE) has provided a range of examples of the relevance of race equality in procurement contracts:

- a catering contract that included bonus payments for increasing the take-up of free school meals for the benefit of ethnic minority families
- a care for the elderly contract that required the workforce to have community language skills and an understanding of cultural and religious needs
- a fire authority contract to publish leaflets on fire safety that required the contractor to make use of the languages most appropriate for reaching people

At one level it appears relatively simple – there is a duty to promote race equality and the benefits of attracting a diverse supply base should motivate public bodies to ensure that their procurement processes do not deter ethnic minority enterprises.

On the other hand there are acknowledged difficulties in creating an ‘even playing field’ for social enterprises in public procurement<sup>17</sup>. In part these difficulties relate to the understanding and responsiveness of public sector purchasers. These difficulties will be heightened where language, cultural, and religious barriers also potentially exist for prospective suppliers.

Across Scotland, there are some examples of ethnic minority-led social enterprises taking on the delivery of public services (e.g. elderly care services) where existing mainstream provision does not meet linguistic, cultural, and religious needs. However, there is undoubtedly greater potential to do so given the socio-economic needs evident.

### ***Ethnic Minority Led Contractors***

**MECOPP** provides an advocacy service to ethnic minority carers on behalf of public bodies in Edinburgh and the Lothians. The MECOPP Care at Home Service provides carers with a regular break from caring by providing personal and domestic care services in the home to the person receiving care. The Service employs a Chinese Care Assistant who will work with the Chinese community and an Asian Care Assistant who will work with the Indian, Pakistani and Bangladeshi communities.

## **4.6 Key Points**

This Section has suggested that:

- the information available provides a strong first-level indication of potential for ethnic minority social enterprise on a range of fronts;

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<sup>17</sup> Scottish Executive, *Review of the Scottish Executive’s Policies to Promote the Social Economy*, January 2003



- existing research has highlighted the potential to:
  - put forward social/co-operative enterprise as an opportunity to extend or formalise the community role of ethnic minority firms
  - harness the high levels of social entrepreneurship evident among particular ethnic groups
  - tap into the existing base of mutual support and community involvement evident within established minority communities
  - build the capacity and trading potential of the large number of underdeveloped ethnic minority voluntary organisations
  - examine the potential for ethnic minority organisations to take on the delivery of public services and make them more responsive
- the potential to systematically exploit some of the main routes into social enterprise for ethnic minority populations have not yet been taken.

## 5. Market Opportunities

This Section turns to some of the main areas of market potential for ethnic minority social/co-operative enterprises. These enterprises will operate within a defined marketplace in order to generate social, economic, or environmental benefits.

Based on desktop research and interviews, the Section makes the distinction between the activity of ethnic minority social enterprises in: consumer/ business markets; and public procurement markets.

### 5.1 Consumer Markets

#### 5.1.1 Consumer market needs

Typically ethnic minority enterprises are set up to serve niche markets within their own community, whilst also serving wider markets.

Existing research literature<sup>18</sup> suggests that ethnic minority groups are likely to face particular consumer disadvantage:

- some consumer problems are greater for members of ethnic minority groups because of cultural differences, racial discrimination, and language barriers;
- where a particular good or product is important for cultural or religious reasons, it may be difficult to access these, for example:
  - diet (e.g. Halal foods);
  - clothing (e.g. traditional dress); and
  - entertainment (e.g. foreign language newspapers and films); and
- where there are smaller concentrations of people from a particular ethnic or cultural background, suppliers are less likely to emerge to provide the required goods and services; and
- people from ethnic minority backgrounds on lower incomes are also more limited in terms of choice and access to markets, and pay a higher proportion of their income on essential services such as food.

These issues have been confirmed through the interviews carried out as part of this study. Particular consumer needs have been reported in relation to the newer incoming communities to Scotland (e.g. dispersed refugee communities, polish migrants etc.).

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<sup>18</sup> Welsh Consumer Council, *Black and Minority Ethnic Consumers*, June 2004

### 5.1.2 Consumer market opportunities

Despite (and in light of) the consumer disadvantage discussed, ethnic minorities represent a growing marketplace for goods and services.

While, on average, people from ethnic minority backgrounds may have lower incomes than the rest of the population, they are not a homogenous group and represent an increasingly important consumer market. Various pieces of research at the UK level<sup>19</sup> have indicated that:

- the purchasing power of ethnic minority groups is considerable;
- minority groups represent a relatively young and quickly growing market;
- second and third generation minority groups are upwardly mobile with a high standard of education and disposable income; and
- young Asian men in particular are becoming increasingly affluent and affected by consumer trends.

It is not only individuals that represent a valuable and growing market. With the large ethnic minority business community (noted in **Section 4.1**), there is the opportunity for 'business to business' sales.

The research and consultations undertaken as part of this study have identified a number of key ethnic minority consumer markets (individuals and business) where there appears to be particular potential for social/co-operative enterprise to cater for ethnic tastes/needs:

- Clothes and textiles;
- Food, catering and hospitality services;
- Arts, crafts, media, and cultural activities;
- Travel and tourism services;
- Sport and recreation;
- Hair and beauty services;
- Community and cultural centres/facilities; and
- Language and translation services.

These ethnic niche markets are the specialised fields in which ethnic minority enterprises have a competitive advantage. While these are market segments where

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<sup>19</sup> See for example:

*The Business Case for Working With Ethnic Minorities* - [www.multicultural.co.uk](http://www.multicultural.co.uk)  
*The Economic Case for Racial Equality* - [www.cre.gov.uk](http://www.cre.gov.uk)

demand is likely exist, and which play to the strengths/skills of minority groups, the list is not exhaustive.

It is also important to note that competition will vary substantially within, and between, these market segments. For example, Indian catering in Glasgow may be a highly competitive market dominated by established businesses, while African catering may represent a growing niche market.

Private sector activity in these markets has proven viable, particularly where there are geographical concentrations of people from particular ethnic groups. However, an exclusive reliance on such markets can represent a brake on expansion and leave businesses open to encroachment by other firms in close proximity catering to the same ethnic group.

## 5.2 Public Markets

### 5.2.1 Public service needs

Social enterprises also operate in public markets, delivering goods and services in support of, or on behalf of, public authorities.

The literature<sup>20</sup> points to the 'double disadvantage' often faced by people from ethnic minority groups – being concentrated in deprived areas, but also subject to racial discrimination in the form of lack of appropriate services that address specific needs, including language and cultural issues.

The needs within ethnic minority communities are clearly evident. Ethnic minorities in Scotland are worse off than the majority population on a range of indicators. The evidence from the Census and elsewhere points to:

- disproportionately low rates of occupation of public housing and habitation of overcrowded private rented housing;
- a greater incidence of joblessness and concentration of employment in low-skill, low pay occupations;
- poorer health status, particularly evident among South Asian women; and
- racial harassment and racist crime are widespread and under-reported.

Moreover, there is strong evidence<sup>21</sup> of a lower level of awareness and use of public services by minority groups in the key policy areas of housing, social care, and health. The low uptake of public services is not related to a lack of need, but rather:

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<sup>20</sup> Social Exclusion Unit, *Minority Ethnic Issues in Social Exclusion and Neighbourhood Renewal*, June 2000)

<sup>21</sup> Scottish Executive, *Audit of Research on Minority ethnic Issues in Scotland from a 'Race' Perspective*, 2001

- lack of knowledge on the part of ethnic minority people of public services (e.g. not knowing that financial and practical support exists for carers because publicity information is not available in the relevant language); and
- the inability of services to respond effectively to individual needs, in a culturally sensitive and appropriate way (e.g. care staff who are unaware that a person with a disability needs to perform ablutions before prayer or that it is insulting not to remove shoes when entering someone's home).

The consultees to this study have reported language to be among the biggest underlying obstacles to accessing needed goods and services. For example, in relation to health (communicating an ailment), employment (filling in a job application), and transport (pronouncing unfamiliar places).

### 5.2.2 Public service opportunities

Particular opportunities exist for ethnic minority enterprises to deliver services in a more accessible and culturally sensitive way, in order to meet the identified needs.

Driven by public sector investment and reform, a number of growth public procurement markets exist. These are markets where the social economy is well placed to capture a growing share of services delivery contracts:

- Healthcare – there is a policy commitment to address discrimination against ethnic minority groups and inequalities in health, although research shows that much more needs to be done to provide an inclusive health service<sup>22</sup> and to offer support in particular service areas (e.g. diabetes, mental health etc.);
- Social care – policy attention has also been focused on the need for additional culturally sensitive social care services, with particular needs in relation to services for older people from ethnic minority groups<sup>23</sup> (e.g. people with dementia frequently lose all languages but their mother-tongue, it is therefore important for staff to be from diverse language backgrounds if service needs are to be met);
- Recycling – there is growing policy attention and action being taken in Scotland to harness ethnic community environmental participation, with some already successful examples of activity emerging<sup>24</sup> (e.g. Roots refugee group in Glasgow, and the joint Aberdeen Chinese Association/Multi Ethnic Aberdeen Limited fabric recycling project);
- Childcare – there is a strong policy commitment to ensuring affordable and accessible childcare for all, although access to childcare varies significantly

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<sup>22</sup> see for example: REACH Community Health Project, *Black and Ethnic Community Participation in Health*, September 2004

<sup>23</sup> see for example: Scottish Executive, *Family Support and Community Care: A study of South Asian Older People*, May 2000

<sup>24</sup> see for example: Black Environment Network (BEN) – [www.ben-network.org.uk](http://www.ben-network.org.uk)

between ethnic groups, with Asian families particularly less engaged with formal childcare provision<sup>25</sup>.

Within these growth areas it is possible to identify specific service areas where the needs of ethnic minority communities are not being fully addressed by current public services. The challenge then is in translating the potential for public service delivery by ethnic minority led organisations into reality.

## 5.3 Key Points

This Section has suggested that:

- ethnic minority social enterprises are likely to emerge in response to needs of a particular ethnic group, and will operate in consumer/ business and public procurement markets to meet these needs;
- there is much evidence to suggest that minority populations often have more limited access to products, goods, and services than the majority population;
- there are particular opportunities for ethnic minority enterprises to:
  - directly cater for the expanding needs of ethnic consumers who, for cultural or religious reasons, may require particular goods or services; and
  - capitalise on opportunities to deliver accessible and culturally sensitive services on behalf of public authorities which have a duty to ensure that the needs of all sections of the population are met;
- it is possible to tentatively identify a number of market segments where particular opportunities exist, albeit recognising that these provide only a broad indication of market potential.

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<sup>25</sup> National Centre for Social Research, *Use of Childcare Among Families from Minority Ethnic Backgrounds*, March 2005

## 6. Influences and Barriers

With seemingly much potential evident, this Section explores some of the likely cultural influences and barriers to encouraging ethnic minority social/co-operative enterprise activity.

The discussion is based both on a review of literature on the global context for social/co-operative enterprise and consultations with the people from ethnic minority backgrounds interviewed as part of the study.

### 6.1 A Global Perspective

Over recent years there has been a significant upsurge in organisations globally which, although private in character, serve community and collective needs<sup>26</sup>. In various parts of the world these are referred to as 'non-profit', 'voluntary', 'civil society', 'Non Governmental Organisations (NGOs)' or 'social economy/enterprise'.

The co-operative movement in particular contributes to improving the living standards of a large part of the world's population<sup>27</sup>. Across the world, co-operatives are active in most forms of economic activity, for example:

- half of the global agricultural output is marketed through co-operatives;
- co-operative banking and credit unions have a presence and a long tradition in many other parts of the world; and
- health care co-operatives can be found in more than 50 countries, providing services to as many as 100 million households.

#### ***Women's Co-operatives in North West India***

The Self Employed Women's Association (SEWA) in Gujarat organises 500,000 women in co-operatives. The SEWA bank, the largest SEWA co-operative, has 90,000 depositors and has pioneered a number of innovative micro finance initiatives. SEWA has also set up rural production co-operatives, healthcare and childcare co-operatives, and co-operative associations for midwives.

Common to the global social/co-operative movement is an emphasis on solidarity – the idea that people have responsibilities not only to themselves but also the community of which they are part.

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<sup>26</sup> Salmon L., *The Rise of the Nonprofit Sector*, 2004

<sup>27</sup> Co-operative College, *Making a Difference: Co-operative Solutions to Global Poverty*, 2005



## 6.2 Regional Influences of Culture and Tradition

Despite a swelling global movement, notable regional differences have been identified in the scope, structure, role, and financing of social/co-operative sector activity. To a great extent, these differences are country-specific and reflect deep-rooted cultural, religious, social, and economic factors.

The main regional variations<sup>28</sup>, which are likely to influence and shape the experience of social enterprise among newcomers to Scotland, are:

- Asian Industrialised – a relatively small/passive social/co-operative sector, which is service-oriented, reliant on fee income, and subject to government influence/funding if aligned to national priorities;
- Latin America – a reasonably well developed social/co-operative sector, but with limited volunteer input, a strong focus on providing health and education, and low levels of government support;
- Africa – a sector based on high levels of collective working along tribal/village lines, and constrained by lack of formal structures and limited public sector funding;
- Central/Eastern Europe – a small sector supported by philanthropy and Western NGOs that has emerged relatively recently after the focus of earlier Soviet-style regimes on state/collective provision; and
- Developing Middle East – with a recent history of authoritarian rule and a cultural tradition that fuses political and religious authority, there has been little scope for growth of the sector, indeed such activity is illegal in some cases.

From the consultations carried out as part of our study, a key variation appears to be that in many developing countries, community objectives are more likely to be met through traditional clan/family networks than formal structures. In these contexts western NGOs, often provide a formal organisational structure to address socio-economic needs.

Where collective/co-operative working traditions are evident, the immigrants to Scotland from these countries are likely to bring these experiences and ways of working with them.

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<sup>28</sup> John Hopkins Comparative Nonprofit Sector Project, *Global Civil Society: An Overview*, 2004

### ***Agricultural Co-operatives in West Africa***

The Kuapa Kokoo co-operative in Ghana provides a collective structure for 45,000 cocoa farmers, both for marketing their crops and as a source of finance and credit. The organisational structure is built upon some 1,000 village societies (which are themselves run as co-operatives), and supplies almost two-thirds of the international supply of Fair Trade chocolate. The profits are distributed to member societies and used to fund rural education, social services, and community facilities.

Interviewees have, however, highlighted that in some countries of origin there is not a strong or formal tradition of voluntary/co-operative working to draw upon, with needs met through: political or religious institutions (e.g. Mosques); donations from wealthy individuals/businesses; support from family/community at times of need; and/or Western NGOs.

The differing backgrounds/experiences of incoming people to Scotland means that some ethnic groups are therefore more naturally attuned or predisposed to social/co-operative enterprise as an option.

## **6.3 Local Awareness and Understanding**

Given the varying backgrounds/experiences of the incoming populations, it is not surprising that there are vastly differing levels of awareness and understanding of the concept of 'social enterprise'.

On the whole the term 'social enterprise' was regarded by interviewees as a uniquely Scottish/British one, and not widely known or understood among the ethnic minority population. It could be argued that this is symptomatic of wider lack of understanding within the majority population (for example, recent DTI study found that only 26% of people in the UK were familiar with the concept of social enterprise).

For some there is a basic lack of awareness/understanding of the ways in which business methods can be used to meet community needs and the distinction in ownership and methods between voluntary sector, social enterprise, and business activity.

That is not to say that social enterprise activity does not already go on in minority communities – **Section 2** highlighted a small number of examples of emerging activity. Rather, that such activity is more likely to be informal, go unrecognised, or be known by another name.

When explained, the concept of social enterprise is sometimes interpreted as meeting community needs through a 'co-operative' approach. Again, the understanding of the concept of co-operative business varies considerably and these business structures in the UK context are not well understood. It can either be interpreted:

- in a positive way – for example, based on the success of co-operatives in parts of Africa; or
- in a negative way – for example, based on the negative connotations of past collective or state provision in Eastern Europe.

This serves to illustrate that care must be taken in the use of language and terminology when attempting to build a shared understanding of the opportunities for social/co-operative enterprise.

## 6.4 The Perceived Benefits

When the concept is more fully explained and explored, the participants in this study have highlighted a number of perceived advantages of the approach.

It was suggested that social/co-operative enterprise might help to:

- promote independence and confidence among marginalised ethnic minority groups;
- add a formal business structure and credibility to previously informal or ignored ethnic minority activity;
- provide employment opportunities to people from ethnic minority backgrounds affected by labour market discrimination/exclusion
- generate an important source of income and services to address the unmet needs of ethnic minority communities;
- provide an opportunity to help improve the financial sustainability of existing ethnic minority community and voluntary sector services;
- enable people to work together on business ideas together, and reduce the isolation of self-employment;
- help to 'widen the horizons' and create opportunities for integration with the majority population; and
- provide a process of engaging with, and building community capacity (i.e. skills, systems, resources) within ethnic minority communities.

Overwhelmingly the feedback from interviewees has been positive in relation to the benefits of ethnic minority social/co-operative enterprise. However, this is tempered by the need for a fuller understanding of the business model and how this works in practice.

## 6.5 Issues of Leadership and Involvement

The interviews conducted have confirmed a strong commitment, often driven by faith, among diverse ethnic minority populations to their 'community'. However,

the meaning or interpretation attached to community (i.e. religious, ethnic, geographic etc.) does vary depending on the background and characteristics of the individual.

The interviews suggest that particular interest in social/co-operative enterprise is likely to emerge among established, urban minority groups. Often the priority for people new to Scotland will be to meet their own basic needs for shelter, income, and security. It may not be until an ethnic group is more settled and familiar with their surroundings that they tend to identify and explore ways of meeting the needs of the immediate 'community'.

That is not to say that there is social enterprise potential does not exist within every minority population, where entrepreneurial talent exists or community needs are acute. For example, particular potential might exist among those refugee groups more attuned to co-operative ways of working (e.g. Somali).

Regardless of which section of the population the opportunity arises in, the study consultations have highlighted the importance of leadership from enterprising people (the 'social entrepreneurs') as a catalyst for the establishment of social/co-operative enterprise activity.

Much anecdotal evidence has been provided of the existence of socially motivated and entrepreneurial leaders within each of the ethnic groups examined. While much talent exists within the target communities, this can be constrained (e.g. restrictions on asylum seekers), lie dormant (e.g. a lack of information on the opportunities), or be directed elsewhere (e.g. making money through business).

Particular challenges have also been identified in securing broad and inclusive involvement in social/co-operative enterprise activity where there is no culture/tradition of organised 'volunteer' work and:

- where the skills and interests of men are often primarily channelled into business ownership; and
- where traditional roles for women do not extend beyond the home, and they may initially lack the confidence and skills to get involved.

From the interviews and workshop discussions the significance of support for individuals (rather than organisations) emerged as key. It is individuals who make social enterprise happen – by generating enterprising ideas, by leading change (in a community or a voluntary organisation), and by providing a local base of support.

## 6.6 The Barriers

During the course of consultations a number of main barriers have been identified that appear to limit the potential for ethnic minority led social/co-operative enterprise.

The main obstacles identified were:

- a lack of information on the opportunities for social/co-operative enterprise and the support available;
- cultural and language barriers which impact on the ability to communicate with advisors and investors/funders;
- racial discrimination and ethnic stereotyping, which are regarded as having limited the funding and support available to ethnic minorities;
- greater problems in securing capital assets (e.g. office premises, workshops), particularly for dispersed minority populations;
- difficulties in making a business case and securing start-up and development finance from funders and investors;
- difficulties in finding out about public procurement opportunities, being considered as suppliers, and bidding for and winning contracts;
- lack of capacity within established ethnic minority organisations, with which to explore and progress social enterprise opportunities;
- restrictions imposed on some people's involvement in enterprise, relating to the Benefits system and Asylum & Immigration system;
- lack of time, confidence and opportunity for women to become involved due to gender inequalities and caring responsibilities;
- lack of accessible and responsive advice and support from business/social/co-operative enterprise support bodies; and
- difficulties in mobilising people and support within dispersed 'incoming' communities.

These barriers have been confirmed in research literature from other parts of the UK<sup>29</sup>, where large ethnic minority populations exist and where ethnic minority social enterprise activity is more common.

## 6.7 Key Points

This Section has suggested that:

- there are vastly differing experiences of social/co-operative approaches to working across the world, informed by deep-rooted cultural, religious, and economic traditions;
- the terms 'social enterprise' and 'co-operative' are not in themselves widely known among minority communities in Scotland, although some incoming groups are more naturally attuned to the concept;

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<sup>29</sup> BME Social Enterprise Consortium, *Understanding and Developing Black and Minority Ethnic Participation in Social Enterprise Activity in West Midlands*, 2004

- when opportunities for social/co-operative enterprise are explored with representatives from ethnic minority communities there is much interest and a number of perceived benefits;
- it is important to harness the potential of those social entrepreneurs who are likely to initiate social enterprise activity and lead change within ethnic minority communities; and
- there are a number of main obstacles to encouraging social/co-operative enterprise within the target communities, none of which appear insurmountable.

## 7. Supporting Ethnic Minority Groups

This Section examines the opportunity to address the barriers noted and to better support ethnic minority led social enterprises. It looks at reported support needs, the effectiveness of current support arrangements, and the main elements of best practice in delivering support to the target group.

### 7.1 Support Needs

Reflecting the barriers noted in **Section 6**, participants in the study have identified a number of main areas where support is required.

The main areas of support identified are:

- user-friendly and accessible information on the opportunities for social/co-operative enterprise and the advice/support available;
- help in forming or refining the business ideas that might provide the basis for social enterprise activity;
- access to networks, role models, and peer support – involving successful ethnic minority social entrepreneurs;
- support to address the personal barriers to becoming involved in social/co-operative enterprise;
- access to an office base or premises that offer a supportive environment in which to nurture new ideas;
- technical skills and support in areas such as marketing, funding, and business management (within a Scottish context);
- ongoing ‘hands on’ advice and support from an advisor that understands and is sensitive to their specific needs;
- access to funding and finance, particularly to support the set-up and early stages of trading; and
- training and support that is delivered in a culturally sensitive way and addresses language barriers.

What should be noted from the above list is that the support needs of ethnic minority social enterprise tend to be universal. Additional forms of support will, however, be required to address language, cultural, religious, or gender issues specific to the needs of some ethnic groups.



## 7.2 Perspectives on Existing Support

Feedback obtained during the study has suggested that 'mainstream' social enterprise, co-operative, and business development agencies are not yet widely known or used by ethnic minority communities.

Although not widely used, examples have been identified where important support has been provided to ethnic minority groups. In particular, from:

- CEMVO – which provides support to a small number of ethnic minority organisations to become more enterprising; and
- Scotland Unltd – which has provided support to a small number of social entrepreneurs from ethnic minority backgrounds.

Interviewees have suggested that it is the true social entrepreneurs who will have the confidence and motivation to come forward and access appropriate forms of support. The challenge therefore is to raise awareness of the options for social enterprise more widely, and reach out to those sections of the community where latent interest might exist.

Interviewees have also put forward a strong view that (at present) social enterprise and business support bodies do not provide services in a way that is accessible and responsive to the needs of minority groups.

Our findings chime with evidence from other regions of the UK<sup>30</sup>, which have acknowledged that mainstream support is often not useful because:

- the level of experience of working with people from ethnic minority backgrounds is poor or patchy;
- support is not targeted towards or customised around the distinct needs of ethnic minority social enterprises; and
- services are often delivered in a reactive manner from premises with a 'professional' rather than community feel.

Those from ethnic minority backgrounds consulted as part of this study have suggested that people in similar circumstances are more likely to seek/ receive initial information and advice from:

- established ethnic minority organisations and cultural associations;
- friends, family, and extended social networks; and
- respected local community leaders or business people.

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<sup>30</sup> see for example: VOICE East Midlands, *Mapping BME Social Enterprise in East Midlands*, Dec 2004

It is these informal or intermediary sources of support (the 'gatekeepers') that have the potential provide initial information/advice and to make a connection with 'mainstream' sources of support. This is similar to the role adopted by CEMVO, as a trusted intermediary that can facilitate access to mainstream support sources.

### 7.3 Responding to the Support Needs

As part of the study we have been able to identify a number of cases where support providers in England have already responded successfully to the needs identified.

The Co-operative & Social Enterprise Development Agency (CaSEda) has demonstrated that with a proactive approach and appropriately skilled advisors, that support agencies can encourage the establishment of minority led social enterprises and co-operative businesses in large numbers.

#### ***Tapping into Social Enterprise Potential***

**The Co-operative & Social Enterprise Development Agency** (CaSEda) is an agency that provides support to those considering the development of social enterprises in Leicestershire and Derbyshire. Although not set up specifically to meet the needs of ethnic minority groups, it provides a pro-active outreach service and promotes its work through established faith and community networks.

As a result, around 50% of the new social enterprises and co-operatives set up with support from CaSEda are from ethnic minority communities. In the last year alone it helped to establish six social enterprises developed by Somalis, which adds to the cluster of some 25 Somali social enterprises operating in Leicester.

The RISE funding has demonstrated the potential of a modest amount of seedcorn grant funding to unlock the social entrepreneurial talent that exists within minority communities.

#### ***Supporting Social Entrepreneurs***

The **Refugee Initiative for Social Entrepreneurs** (RISE) has been set up by Unltd, with Home Office and European Refugee Fund support, to encourage refugees in England to set up community projects and social enterprises. This provides small grant awards of £500 to £5,000, together with training and support to help individuals and small groups of refugees turn their ideas into reality.

The scheme will fund and support more than 75 refugees over two years and will benefit over 2,000 people in the community. It has already helped to establish a wide range of social enterprises including refugee magazines, specialist food stores, and cultural centres.

The BME Social Enterprise Start-Up Project in London has illustrated the potential to offer structured training that prepares people from ethnic minority backgrounds to start up their own social enterprises.

#### ***Providing the Skills for Social Enterprise Start-Up***

The **BME Social Enterprise Start-Up Project**, delivered by Faith in London and the Community Action Network aims to equip ethnic minority led social enterprise start-ups with the skills they need to stay in business and develop, including marketing, financing and accounting.

The project has involved 46 unemployed people from minority communities who have participated in the training programme, which has been accredited by the Open College Network (OCN). To date seven clients have started up new sustainable social enterprises, supported by 15 mentors who have been specifically recruited to provide advice and guidance.

The CAN/Amazon initiative, has demonstrated the impact of structured capacity building support on new and fledgling social enterprises, including those managed by women from minority backgrounds.

#### ***Growing Social Enterprise Potential***

As one of the DfES pilot projects under the **Support for Enterprising Communities programme**, the CAN and Amazon Initiatives have provided support for 14 new/fledgling social enterprises led by women from ethnic minority backgrounds. The 12-month initiative provided access to a social enterprise training programme and business support from a network of providers.

As a result of the support, all of the participating enterprises reported improved business management, planning, and skills. Four of the enterprises reported an increased income and six had created new posts. In 11 of the 14 cases, it was stated that they would not have made changes so fast or to such a great extent.

Like the work of CEMVO in Scotland, each these initiatives has demonstrated that with appropriate resources and methods it is possible to unlock the social enterprise potential within ethnic minority communities.

## 7.4 Characteristics of Effective Support

Based on the feedback received during the course of the study, it appears that there are a number of main features of an effective/desirable support service for ethnic minorities. These factors include:

- the provision of culturally appropriate and accessible information through a variety of communication channels;
- pro-active and ongoing outreach, working with and through trusted intermediaries within the target communities;

- the value of targeting support towards interested groups and on building clusters of mutually supporting social enterprise activity;
- the availability of advisors that are representative of the diversity of the population, and are aware of the specific needs of target groups;
- the use of tailored programmes of training provided in an appropriate language and using suitable learning materials;
- flexible, ongoing and intensive support that is focused on the needs/aspirations of the individual first and foremost;
- the use of case studies, mentors, and role models to inform and inspire;
- a multi-agency approach, involving all of those services required to address personal and organisational barriers; and
- the availability of a comprehensive selection of technical and business support geared up to the characteristics of social enterprises.

In particular, support agencies have conveyed the importance of providing support through a knowledgeable advisor who is sensitive to relevant cultural and religious factors.

These lessons may seem familiar and applicable to any form of social enterprise support service. Nonetheless, the challenge now is to translate these characteristics into a coherent set of measures to promote ethnic minority social/co-operative enterprise.

## 7.5 Key Points

This Section has suggested that:

- there are a variety of main support needs evident, most of which are universal and some of which are specific to people from ethnic minority backgrounds;
- with some notable exceptions, the current mainstream social enterprise support available does not appear to be wholly accessible or responsive to the needs of minority communities;
- it is possible to identify a number of successful initiatives (in addition to CEMVO in Scotland) that demonstrate the potential to provide culturally appropriate support to minority led social enterprises; and
- there are some important ingredients that characterise an effective support service, not least the presence of an empathetic advisor and the ability to take services to the target communities.

## 8. Findings and Implications

This Section draws together the main findings and the implications arising in relation to future support for ethnic minority social enterprise.

### 8.1 Key Findings

This report set out to examine the potential to encourage social/co-operative enterprise activity from the ethnic minority population of Scotland.

Based on the research conducted a number of main findings have emerged.

#### ***Existing Activity***

The study started by attempting to gauge the current scale and scope of social enterprise activity led or managed by ethnic minority groups.

Given the lack of detailed data available, it has not been possible to provide a definitive picture of the current level of activity. Nonetheless, the study has identified a range of aspiring or emerging social enterprise activity led by people from ethnic minority backgrounds.

All indications, however, are that the ethnic minority social enterprise sector in Scotland is still in its infancy. To be representative of ethnic minority population in Scotland we would expect around 120 established social enterprises from this source (i.e. circa 4% of the estimated 3,000 social enterprises in Scotland). There are few ethnic minority led organisations that present that could be defined as social enterprises and appear to be none established as co-operative businesses.

The findings also suggest that there is further debate to be had surrounding what can or should be defined as a 'social enterprise'. The term as currently defined does not appear to adequately encompass the full range of activity that occurs in minority communities. For example, those private sector firms and entrepreneurs that fulfill a strong social role, and systematically reinvest profits in ethnic minority communities.

#### ***Social Enterprise Potential***

The study has also sought to reach some tentative conclusions on the potential for ethnic minority led social/co-operative enterprise.

Existing research literature has indicated much potential for such activity to emerge on a range of fronts, with opportunities to:

- put forward social/co-operative enterprise as an opportunity to extend or formalise the social role of ethnic minority firms;

- harness the high levels of social entrepreneurship evident among particular ethnic groups;
- tap into the existing base of mutual support and involvement that naturally occurs within established minority communities;
- build the capacity and trading potential of the large number of underdeveloped ethnic minority voluntary organisations; and
- examine the potential for ethnic minority organisations to take on the delivery of public services and make them more responsive.

Interviews with representatives from a diversity of minority groups have confirmed high levels of interest and potential, albeit subject to the need for more information on the opportunities available.

While this potential may be greatest from the larger, more concentrated, and longer established minority communities, there is no reason to suspect that this potential is not evident to a lesser or greater extent among all ethnic groups.

Also highlighted, is the critical importance of those key people who are most likely to initiate activity and lead change within ethnic minority communities i.e. the social entrepreneurs.

### ***Cultural Influences***

The study has examined in particular the influences of culture and tradition in shaping attitudes towards, and the potential for, social enterprise.

The research has found vastly differing experiences of social/co-operative approaches to working across the world informed by deep-rooted cultural, religious, and economic traditions.

While the terms 'social enterprise' and 'co-operative' are not in themselves widely known among minority communities in Scotland, some incoming groups appear more naturally attuned to the concept than others.

In particular, the research has served to illustrate that care must be taken in the use of language and terminology when attempting to build a shared understanding of the opportunities for social/co-operative enterprise.

### ***Market Opportunities***

The study has examined some of the main market opportunities for ethnic minority led social/co-operative enterprise.

The report has suggested that ethnic minority social enterprises are likely to emerge in response to the needs of a particular ethnic group. A strong driver for

such activity is the limited access to products, goods, and services that some minority populations face.

Particular opportunities have been identified for ethnic minority social enterprises to:

- serve niche ethnic consumer markets, for culturally appropriate goods and services;
- deliver contracts of behalf of public bodies who must ensure accessible and culturally sensitive services are available to all.

With a relatively youthful and fast growing ethnic minority population, this market is likely to increase in scale over time.

### ***Structures and models***

The study also set out to explore those organisational structures and models that might be most appropriate to ethnic minority led social enterprise activity.

Based on the research and interviews carried out, however, it is not possible (or helpful) to generalise on the most applicable structures. Social enterprises formed by people from ethnic minority backgrounds are like any other, although they may face an additional set of barriers and constraints.

As such, it is important that 'form follows function', and that any structure is designed on a case-by-case basis around the relationship between the enterprise, its objectives, and its members. This will usually mean the use of an incorporated structure such as a Company Limited by Guarantee or IPS.

The study has found that the co-operative business as a concept is often a recognisable and accepted way of working. However, co-operative business models do not appear to be widely understood or used yet by Scotland's minority communities.

### ***Development Needs***

The study has identified the main obstacles that limit the scope for social enterprise within minority communities, and the needs arising from this.

Many of the issues identified in the study are universal to the social enterprise sector, including the need for access to adequate and appropriate information, people, financial resources, and business support.

Some of the obstacles are unique to ethnic minority communities. These additional barriers relate to differences in language, culture, or faith, and to the ethnic stereotyping, racism, or restrictions that may arise from these differences.

In light of these barriers, the participants in the study have pointed to the need for development support to: build understanding of social enterprise opportunities and methods; develop the skills necessary to start or grow a social enterprise; and improve access to culturally relevant forms of support.

### ***Support Arrangements***

Finally, the study has provided a broad overview of the support currently available to ethnic minority groups.

The report has highlighted that Scottish public policy is increasingly supportive of social enterprise, but makes no explicit reference to the potential to encourage such activity from ethnic minority communities.

It has outlined a variety of 'mainstream' sources of development support that, according to interviewees, are not widely known nor wholly accessible or responsive to the needs of minority communities.

The research has also identified a number of main ingredients that characterise an effective support service. In particular, these include the presence of a knowledgeable advisor, the ability to take services to target groups, and the ability to work with and through ethnic minority community networks.

## **8.2 Implications and Actions**

Overall, the study has found significant potential to encourage social/co-operative enterprise among ethnic minority groups.

Mindful of the need now to move this agenda forward, the following discussion is designed to provide a guide to action for those with interest and influence over the issues raised.

### ***Better Understanding the Potential***

Scotland is an increasingly diverse country with many different groups in terms of culture, religion, language, and length of settlement. Any support to encourage social enterprise among these groups must therefore be based on greater understanding of their characteristics, needs, and aspirations.

As a basis for any support programme it will be important to build up a fuller picture of: the aspiring, emerging, and established social enterprise activity led by minority groups; the attributes and potential of socially enterprising ethnic minority firms; and the availability of people and organisations in the target communities able to identify or initiate activity. This will require further targeted research.



### ***Raising the Profile***

A key issue identified is simply the lack of information, awareness and understanding of 'social enterprise' within ethnic minority communities. This suggests the need to redouble efforts to raise the profile of social enterprise and co-operatives among all sections of the Scottish population.

There are various options available. For example, appropriately translated information will be important, particularly if combined with local 'champions', case studies, and role models to spread the message in target communities. It might also be possible make a splash nationally through a high profile 'competition' or awards scheme to seek out, support, and promote the brightest and best ethnic minority social enterprise ideas/activity.

### ***Making the Local Connections***

Any new form of social enterprise idea or activity is likely to emerge from a target community and to seek initial support from within it. It is therefore critical to reach out to and to help cultivate this prospective or fledgling activity, when and where it originates.

To be effective any additional support would best: target localities where there are high concentrations of people from minority backgrounds; be proactive in working with and through faith and community networks; and equip local 'intermediaries' with the information and training needed to spot and refer on promising activity to the relevant support services.

### ***Building from Solid Foundations***

The research has revealed a broad base of underdeveloped and financially fragile ethnic minority voluntary sector activity. The support from CEMVO to date has focused on the difficult and potentially long-term task of releasing the social enterprise potential within these organisations.

Given the early achievements of CEMVO, it is important to continue to invest in building the organisational capacity of these organisations. If social enterprise activity is to gather momentum or 'spin out', it is more likely to occur from a solid organisational base and with leadership from people that understand and are able to take on these opportunities.

### ***Focusing on Individuals as well as Organisations***

The research has highlighted the social entrepreneurial talent likely to exist within all of the ethnic groups examined. Yet, it seems that there have only been limited attempts to channel this talent into the formation and growth of social/co-operative enterprise.

There is now the opportunity to harness the potential of ethnic minority social entrepreneurs, as individuals and within the context of their organisation or

business. This will require: support to address the personal barriers to getting involved; advice from advisors, peers, or mentors; training, personal development, and financial support to initiate new social enterprise activity. The type of support already offered by Scotland Unltd and the Social Enterprise Academy might provide a useful model for this.

### ***Creating Hubs and Clusters***

A key factor in creating social enterprise activity is the availability of a safe and supportive physical space from where to nurture new ventures. Where minority populations are highly concentrated it has been possible to create a 'hub' that can give rise to self-supporting 'clusters' of activity. For example, this is proving successful in the cases of the Bharatiya Ashram (the Asian community in Dundee) and CaSEda (the Somali community in Leicester).

As part of any future programme of support there would be merit in supporting the development of one or more hubs or resource centres for social enterprise activity. This could take the form of physical workspace or 'incubator' units that might incorporate locally-based support services. This could be developed and managed, with support from appropriate agencies, by an enterprising local ethnic minority organisation. One or more targeted feasibility studies should provide a catalyst for such developments.

### ***Making Existing Support More Responsive***

An important message from the study is that, at present, 'mainstream' support services are not regarded as wholly accessible or responsive to the needs of minority communities. During the course of the research there were strong calls for support arrangements to be improved.

An initial priority must therefore be to ensure that all social enterprise support services are 'person centred' and respect difference relating to gender, language, culture, and faith. For example, actions might be taken to: raise awareness and increase knowledge among advisors of the specific needs of minority groups; improve access to translated materials and interpreters; and ensure the composition of the advisory workforce reflects population diversity. Given CEMVO's unique role and experience, it is well-placed to facilitate this development of mainstream services.

### ***Opening up a 'Gateway'***

At present there is no comprehensive or unified approach to supporting ethnic minority led social/co-operative enterprise. There are, however, a number of support services with a part to play. The challenge is to make sense of the potential contribution of each, and to take these services to minority communities in a more coherent way.

One solution would be to introduce a single support 'gateway' for minority communities interested in social enterprise. This should: provide an accessible and recognisable first point of contact and route into the support system for minority

groups; be integrated with rather than separate from mainstream support; and be capable of drawing on the specialist expertise and resources required from all relevant support services. This should fit with the national First Port initiative now being set-up to support new and fledgling social enterprises in Scotland.

### ***Making it Happen***

Overall, the report has identified much potential to do more to encourage ethnic minority led social/co-operative enterprise. It has put forward a number of implications and options based on the evidence available. The challenge now is to turn this into an agreed and workable plan of action.

To move this support agenda forward now requires further commitment and support. This will require:

- a clear and strong policy lead (e.g. as part of the refreshed Social Enterprise Strategy in 2008);
- determined leadership and co-ordination, from a multi-agency steering group;
- adequate financial investment to take forward some early and key actions; and
- considered and incremental steps to gauge demand and build on success.

## Appendix: Consultees

The following people have contributed their views to the study:

Alison Davis	CEMVO
Asia Ali	Ethnic Enable
Clemence Butoyi	Roots
Dorothy Francis	CASE-DA
Elaine Chung	Perth Wai Yin Chinese Women's Association
Elizabeth Ndungu	
Ewa Klyszewska-Daly	Pierwsza Pomoc Polscotia
Geoff Pope	Communities Scotland
Henriette Koubakouenda	Karibu
Hugh Donnelly	Co-operative Development Scotland
Izabella Brodzinska	Scottish Polish Cultural Association
Javed Satta	AWAZ FM
Edward Daly	Polscot Marketing International
Jay Lamb	Scotland Unltd
Kaiser Khan	Glasgow City Council
Kassim Aydin	Kurdish Cultural Association
Lak Mal	Kahawela Associates
Lin Chau	Ricefield Gallery
Mahar	The Blue Nile Café
Mary Hastie	Sikh Sanjog
Mercy Kamanja	
Monica Lee-Macpherson	Scottish Highlands and Moray Chinese Association
Pat Elmslie	Saheliya
Paul Wawrzyniak	Scotland PL Magazine
Pervin Ahmad	Dundee International Women's Centre
Tad Krzysiak	Restaurant Bigos
Yi Du	Aberdeen Chinese Association
Zahid Hussain	Social Enterprise Development Initiative