Urban regeneration and ethnic minority groups: training and business support in City Challenge areas

This study looked at training provision and business support services in six City Challenge areas with substantial minority ethnic populations and where efforts were made to address the needs and the problems faced by minority ethnic groups. The study found that:

- Potential trainees from minority ethnic groups needed to be made aware of the availability of training courses by appropriate means. Personal recommendation through word of mouth was particularly important in many minority ethnic communities.

- Training projects to benefit minority ethnic groups had to both encourage and enable trainees to 'get through the door'. City Challenges also sought to reduce other barriers to participation in training, provide pastoral care and welfare support during training, and careers advice before, during and after training.

- Many trainees from minority ethnic groups required basic skills training before they could access mainstream training courses. Training projects needed to make trainees ready for further training and/or improve confidence levels and motivation for training.

- Once they had undergone City Challenge training programmes, the outcomes for minority ethnic and white trainees were not dissimilar.

- Business support strategies were generally aimed at growth and job creation wherever it could be nurtured. However, there was little evidence of explicit attempts to target and support those minority ethnic businesses attempting to break out of markets serving their own communities.

- Awareness of business support services was enhanced among minority ethnic businesses by establishing channels of communication both to individual firms and to groups of firms, and fostering networks of local minority ethnic businesses and/or all local businesses.

- Business support agencies needed to, first, demonstrate sensitivity to minority ethnic business needs, problems and opportunities; second, be sufficiently aware of and sensitive to the diversity of minority ethnic business in order to provide appropriate and targeted business support and, third, have credibility in the eyes of minority ethnic business people.

City Challenge

City Challenges were special regeneration agencies having different objectives from mainstream training and business support agencies. In essence, this involved an additional concern for addressing issues of disadvantage and need. Many City Challenges had a catalytic effect on other actors and agencies which encouraged them to reconsider, review and alter their provision for minority ethnic communities. In this respect, particular value was associated with City Challenge being both an 'additional' and a 'new' player in the area without the legacy or baggage of other actors or agencies.

City Challenge provided an opportunity to focus on the problems experienced in an area and to exploit the opportunities offered. Within this context, the needs of minority ethnic communities, the problems faced by them and the opportunities they offer attracted varying degrees of attention. Although City Challenge provided an opportunity to address the needs of minority ethnic groups, the importance of ethnicity was not specifically emphasised in the guidance for the initiative. Thus, the onus for a minority ethnic dimension in their regeneration programme was left to individual City Challenges. A review of the 31 City Challenge Action Plans shows an uneven recognition of the additional disadvantages deriving from ethnicity. For some City Challenges, the issue was prominent, but others gave it less attention. The review also revealed relatively few 'special' or bespoke projects addressing minority ethnic needs. This did not necessarily mean that minority ethnic needs were unmet, as mainstream training and business support projects may have been suitably adapted to address the special needs of minority ethnic groups.

Training provision

The baseline studies in the case study City Challenges consistently showed minority ethnic groups as more disadvantaged than the general population. There were also differences among ethnic groups. The usefulness of baseline studies in terms of project design was, however, limited. The short lead-in time for City Challenge meant that many had not carried out in-depth needs analysis in their areas. The resulting implication of homogeneity of need across the area might have understated the additional and different needs of minority ethnic communities.

Training strategies

City Challenges were mainly facilitators rather than direct providers of training. There was no such thing as a 'unitary' City Challenge training project and projects were characterised by an enormous diversity. In targeting projects on minority ethnic communities, several City Challenges directed attention to those residents missed by mainstream training providers, thereby emphasising the welfare dimension of their role and highlighting the distinction between City Challenges as *regeneration* agencies and TECs and other agencies as *training* agencies.

Training delivery

Delivery of many training projects was crucially dependent upon, first, the relationship between the City Challenge and its local authority and TEC and, second, the capacity of the local community and voluntary sector. In each area, a strategic choice was required regarding the balance between training projects provided via different mainstream providers - typically seen as more efficient through economies of scale - and those delivered by the local community and voluntary sector - generally smaller scale but seen as more sensitive to local and minority needs. The core concern was either making mainstream providers more sensitive or empowering the community and voluntary sector to provide training. Practice varied among City Challenges.

Accessing training projects

City Challenges acknowledged difficulties in finding people with sufficient confidence to undertake training and the need to help people develop sufficient confidence to undertake training. The survey of training recipients showed that 'worries about going back into education/training' and especially 'alienation from training environment/cultural barriers' were more significant barriers for people from minority ethnic groups than for white people. Lack of awareness of available projects was a further barrier to training. City Challenges experienced difficulties in raising awareness that courses were available. Minority ethnic groups tended to be cautious and tended to place great faith in personalised recommendations of the quality and utility of courses. The image of many training schemes was often negative, creating a barrier to increased participation.

A particular problem was getting local residents sufficiently motivated to undertake training. City Challenges felt that middle-aged men in particular were the most reluctant to train when there was no explicit evidence that it will lead to a job; by contrast, women were more likely to make this act of faith. Relating training directly to employment opportunities and reflecting the skills shortages in the local labour market was one positive response to this problem. More generally City Challenges emphasised the need for careers advice so that a particular training course could be placed in a broader context and so that trainees could see where it would lead.

City Challenges also argued that the function of training was not only to get people into employment but also to improve their education, confidence and, thereby, their quality of life more generally. Thus, many City Challenge training projects aimed to provide basic skills training to get people started on the first step of the 'ladder of opportunity'.

Business support

Detailed understanding of the needs of minority ethnic businesses was uneven. Business support schemes, as with training schemes, would generally have benefited from more detailed studies identifying the special needs of minority ethnic businesses. City Challenges based their strategies on studies and analyses of the local economy and economic structure. Information from reports of local agencies was also utilised. This was supplemented by the personal knowledge and experience of staff recruited and/or seconded from local agencies.

Given their own local circumstances, most City Challenges sought growth and job creation wherever it could be nurtured. A common objective was to meet the needs of those businesses missed by existing support services. Nevertheless, while City Challenges targeted growth and job creation generally, there was little evidence of *explicit* attempts to target and support minority ethnic businesses attempting to break out of markets serving their own communities and into the mainstream or 'majority' economy.

Business advice and networking

In all the City Challenges, the business support services provided the staples of business advice. The quality of the advice was dependent on both the recipient and the provider. Some entrepreneurs were critical that the advice given was not sufficiently focused on their particular business and rejected a 'one-fits-all' approach. City Challenges emphasised the importance of listening to - and hearing - the needs of the local business community. City Challenges often found difficulties in convincing some local traders to listen to advice. One particular problem was gaining the attention of business people who were often too busy with day-to-day operations to consider policies for more strategic change, however essential it was to the firm's long-term viability. This problem was particularly common in minority ethnic businesses.

City Challenges fostered both formal and informal networks between local businesses to provide mutual support, assistance and advice and, in some instances, develop collective marketing strategies. Most City Challenges established Business Forums which attempted to network all businesses within a certain area. In some areas there were attempts to network businesses that were in some way similar, those which either shared similar problems or for which the networking could be mutually beneficial.

Accessing business support

A common perception was that minority ethnic businesses were reluctant to seek and/or receive external business support. Some felt it shameful to seek support. Others had a 'self exclusion' barrier to business support based on their assumption that they were running businesses that did not receive support. An apparent lack of interest by minority ethnic firms stemmed from a number of issues. Three issues of particular importance to minority ethnic firms were identified:

awareness

Typically the channels of communication used by providers of business support fail to alert many minority ethnic firms to their services. Minority ethnic businesses often work closely together but informally and using 'word of mouth' as their principal means of communication. As well as a reluctance to engage with external business support services, there was often a lack of awareness of what services are actually available. Improving take-up of services required careful promotion. The take-up of business support services improved if there was explicit targeting and proactive outreach work, and by making them locally available.

sensitivity

The style and presentation of delivery of business support services was important. This involved both a user-friendly approach and the provision of business support in local settings. The benefits of proactive outreach work aimed at minority ethnic firms were emphasised, particularly if outreach workers were sensitive to the special needs of minority ethnic business; this usually meant outreach workers and business advisors who had been recruited from minority ethnic groups.

credibility

Credibility within the minority ethnic business community was important. Although entrepreneurs from minority ethnic groups might appreciate the benefit of a dedicated minority ethnic business support service or a dedicated minority ethnic outreach team, this was counterproductive if it appeared to be an inferior service or if such entrepreneurs felt patronised. Entrepreneurs were critical of anything that fell short of their standards. Doubts about credibility also stemmed from difficulties in communicating the precise purpose of City Challenge, resulting in entrepreneurs holding expectations of City Challenge business support that could not be met.

Finance

The shortage of available finance was a major hindrance to the development of minority ethnic firms. Insistence on property-based loan guarantees by financial institutions and their unfavourable treatment of minority ethnic groups were noted as barriers. The location of many minority ethnic firms in the inner city was a further barrier. All the City Challenges had developed funding schemes that involved high street banks, thereby helping to influence the attitudes of those banks to inner city entrepreneurs, including those from minority ethnic groups.

City Challenge was an important source of additional resources to benefit growth in new and existing businesses. It also provided the critical funding for projects that would not have existed without it; this particularly benefited minority ethnic firms. Its resources were also seen as being capable of greater flexibility and responsiveness than, for example, the more rigid regimes of TECs and the various Business Links. Businesses were, however, critical of the amount of bureaucracy involved in accessing financial support. During their lifetime, most City Challenges changed from an initial policy of providing grants to policies providing loans.

Conclusion

The study underlines the importance of targeting people and businesses in addition to the targeting of areas. Where such targeting was implemented, clear benefits accrued. Lack of detailed need studies by City Challenges was a major limitation and reduced their effectiveness in focusing on the needs of minority ethnic groups, the problems faced by them and the opportunities they offered. City Challenges focused their efforts on encouraging and enabling people from minority ethnic groups to undertake training. The outcomes after training for people from minority ethnic groups or white people were not dissimilar. The impact of business support was more difficult to assess, but the lack of clear targeting was a major omission because minority ethnic businesses generally suffer burdens in addition to the problems experienced by all small firms. In particular, business support strategies lacked clear

policies to help minority ethnic firms break out of markets serving their own communities.

About the study

After a review of the Action Plans of the 31 City Challenges for indicators of recognition of and commitment to the needs, problems and opportunities of minority ethnic groups, six case study City Challenges were chosen for more detailed study. The research involved both providers and recipients of training and business support. It involved interviews with representatives of the providers of training projects and business services in each location, group interviews with recipients of City Challenge training projects in three areas and face-to-face interviews with 557 recipients of training projects and 47 recipients of business support services.

Further information

Related *Findings*

The following *Findings* look at related issues:

140 Creating local jobs from construction expenditure (Mar 95)
145 Housing associations, minority ethnic building contractors and services (Jun 95)
180 Financing black and minority ethnic housing associations (May 96)
204 Achieving regeneration through combining employment training and physical improvement (Mar 97)

Full details of all JRF *Findings* and other publications can be found on our website: http://www.jrf.org.uk. If you do not have access to the Internet or have any further queries on publications, contact our Publication Office on 01904 615905 (direct line/answerphone for publications queries only).