

Chapter 10

E-Business among Ethnic Minority Businesses: The Case of Ethnic Entrepreneurs

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ABSTRACT

A small but growing body of evidence (SBS, 2004; Beckinsale & Ram, 2006) has indicated that Ethnic Minority Businesses (EMBs) have not adopted Information Communication Technology (ICT) at comparable rates to their non-EMB counterparts predominantly Small and Medium Sized Enterprises (SMEs). With EMBs accounting for almost 10% of businesses in the UK the economic impact as ICT adoption continues to further develop across mainstream markets could be highly significant. Existing UK ICT policies have also failed to engage with EMBs until the NW ICT Adoption Pilot in 2004. The current, limited body of research is fragmented, provides limited understanding and coherence on reasons of low ICT adoption and lacks exemplars upon which policy considerations may be made. Firstly, the chapter will examine and review the existing body of literature. Secondly, EMB cases that have developed ICT to a degree where they are engaging in eBusiness activity are analysed and discussed. The findings provide a number of options and guidance for EMB owners. Finally, the recommendations point to the need for improved ICT awareness, better business support provision nationally and the importance of generation and education as key drivers.

INTRODUCTION

The role of Information Communication Technology (ICT) is viewed as critical within the economic challenges faced by government and businesses, whether small or large. ICT's importance is often conflated

with viable and competitive businesses (Levy et al, 2003). Only recently has government policy considered Ethnic Minority Businesses (EMBs) within ICT and economic policy. Most notably the North West ICT Adoption Pilot supported by the DTI, SBS and The North West Development Agency (Beckinsale & Ram, 2006). The pilot confirmed that Ethnic Minority Businesses (EMBs) are not

DOI: 10.4018/978-1-60566-998-4.ch010

utilising ICT to the same degree as other small businesses (Foley and Ram, 2002; Beckinsale and Ram, 2006). The gap was widest in the area of website adoption and eCommerce suggesting a more potentially significant economic weakness amongst EMBs.

The difficulty for both policy makers and deliverers is the lack of data, detail and understanding of ICT amongst Ethnic Minority Business communities. There have been significant assumptions that the gap in ICT adoption is significantly influenced by culture or language. There is some truth in the fact that these are factors but are only two in a list of factors relevant to all SMEs. Therefore, the chapter reviews existing data (Foley & Ram, 2002; SBS 2004) along with research carried out (Beckinsale & Ram, 2006) across a year-long DTI-supported pilot initiative that aimed to address the lack of utilisation of ICT by EMBs and stimulate the adoption of ICT and electronic commerce (e-commerce) amongst EMBs.

The main objectives of the following discussion and analysis are: to provide a review and critical understanding of Ethnic Minority Business issues in the context of Information Communication Technology (ICT, eCommerce and eBusiness); to discuss those issues in the wider context of SME literature including growth, ICT adoption, new business opportunities and entrepreneurial activity; and to provide simple steps and guidelines developed from a critical examination of identified exemplar entrepreneurial EMBs.

In achieving the objectives the interplay of insights from relevant literatures on ICT, EMBs, entrepreneurship, and actual elements that impact on adoption will be examined. Further to developing the insight is the examination of entrepreneurial EMB owners. The chapter critically examines two cases relating to 2nd or 3rd generation Ethnic Minority Businesses owners that are leaving behind the traditional view of EMB business owners. The cases focused upon have either developed traditional businesses into online brands or operating in sectors not traditionally considered or

perceived to be EMB related and invested in ICT with varying degrees of success. The discussion will examine: How they developed their vision?; What made the entrepreneurs different?; Causal Mechanisms - inhibitors and enablers; Business support and policy engagement; and good practice and why and how this may be applied in a wider EMB context.

BACKGROUND TO ICT ADOPTION AND EBUSINESS

ICT is defined as 'any technology used to support information gathering, processing, distribution and use' (Beynon-Davies, 2004, pp. 7-8). ICT has also become synonymous with the areas of eCommerce and eBusiness and Chaffey (2007) states that ICT is 'used to create eBusiness systems' (p. 14). Chaffey (2007) defines eCommerce as all electronically mediated information exchanges between an organisation and its external stakeholders and significantly distinguishes eBusiness by including additional exchanges within the organization that support a range of business processes (p. 5). The definitions are clear but the ICT adoption literature has generally been viewed as fragmented (Galloway, 2006) and lacking cohesion in the understanding of issues (p. 140) especially relating to SMEs, entrepreneurs and EMBs.

Though wide-ranging, research interest in the use of ICT within SMEs can arguably be classified in four ways although not mutually exclusive. First, there is a stream of research that tends to concentrate upon ICT adoption (Levy & Powell, 2003; Mehrtens et al, 2001; Levy et al, 2005). The ICT adoption literature tends to focus on technology use based upon the purchase of computer hardware, software, data and communications technology. In some instances this has focused upon the differences between adopters and non-adopters (Thong & Yapp, 1995) but government literature tends to be concerned with benchmarking adoption rates in the UK against other G7 countries

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