

Black and Minority Ethnic Business

K N O W L E D G E C E N T R E

F A C T S H E E T

London's Bangladeshi Businesses and their Support needs

History of Migration to the UK

The first Bangladeshi migrants arrived as seamen in the 19th century from Sylhet, Chittagong & Comilla in what was then known as East Bengal. The majority worked in the British Mercantile fleet. The next wave of migrant workers came in the 1950's and 1960's encouraged by political turmoil in Bangladesh. This politically unstable period started in 1947 with the end of British India, continued during the interim period when Bangladesh was East Pakistan and concluded with a battle against West Pakistan for independence in 1971. This resulted in many Sylhetis migrating to London, in search of stability and work. Changes to the immigration law in the UK in the 1970s caused further Bangladeshi migration to London. Most of the first immigrants settled in Whitechapel and a majority worked in the rug trade. The Bangladeshi community is now known as the fastest growing ethnic minority community in Britain with the most rapid expansion occurring during the 1980s.

London's Bangladeshi population

According to the last Census conducted in 2001, London's Bangladeshi population stands at 154,000, which comprises 2.2% of London's population and 7.4% of its ethnic minority population. More than half (56%) of the UK's Bangladeshi population is based in London.

Their culture has strongly influenced the capital in the boroughs of Tower Hamlets, Camden, Westminster and Newham and Brick Lane in Tower Hamlets is referred to locally as 'Banglatown'. It is a favourite food haunt for Londoners with several Balti and Curry houses, art exhibitions and a bustling market. Every May the Bangladeshi community around London meet in Brick Lane to celebrate the Bangladeshi New Year (The Baishakhi Mela) held in Weaver's Field.

Business Sector Concentration

Bangladeshis have a self-employment participation rate of 12.4% and are said to own 750 businesses in London (i.e. 0.3% of London Businesses according to the London Employers Survey Guide). However there is anecdotal evidence to suggest that these figures may be a gross underestimation of the true picture.

Today the majority of Bangladeshi-owned businesses are concentrated in Catering and Retail sectors. In fact, restaurants that serve what is typically known as 'Indian' food in the UK are usually Bangladeshi owned and operated. There are an estimated 2,500 Bangladeshi-owned restaurants in the Greater London area which provide a conservative estimate of employment for 10,000 people in this sector alone. A large proportion of these businesses are concentrated in the Tower Hamlets area of London. Even the Bangladeshi business owners' involvement in the textile manufacturing industry is said to be underestimated. There could be for several reasons for this including the informal nature of the restaurant & clothing businesses and the fact that most Bangladeshi businesses are micro-businesses.

Critical Business Challenges

Through research conducted by the Knowledge Centre on Black and Minority Ethnic businesses among Bangladeshi intermediary organisations, there were several challenges for Bangladeshi businesses identified. While some are common challenges to many Black and Minority Ethnic (BME) business owners, some are specific to the Bangladeshi community due to cultural factors and the specific industries they are heavily concentrated in.

Financing Business Start-up and Growth

Most start-ups within the community begin through family investment and external sources of finance are generally viewed as a last resort. There is the feeling that they are minimising risk by relying on themselves.

In focus group research, one participant noted that they did a recent audit of the restaurant sector and notes that there were virtually no chains and no franchising, with most of the businesses being sole traders and partnerships. The general consensus of this research is that there is a general lack of awareness about different sources of financing available for expansion.



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Male Domination

In the Bangladeshi community, male domination was described as a significant factor preventing Bangladeshi women from getting into business. Bangladeshi women are said to have some of the lowest participation rates of ethnic groups in the UK, because of a culture where it is expected that husbands, fathers and brothers are to be consulted about most decisions. In one participant's experience, women go through all the workshops and get ready to set up their businesses, but then a lack of confidence prevents them from going the next step without the approval of their male relations.

It is also said that because of this issue, historically Bangladeshi women are very often less likely to have a bank account or established credit record making it difficult to access finance or make the legal requirements to set up a business.

Lack of business management skills

The focus group research revealed that there is a feeling that there is a general lack of management and business skills within the business community, which adversely affects the growth of these businesses. In tandem with this it was explained that there is a lack of trust of 'outsiders' in business, which then means that there is a 'big brother' style of management. This affects growth since it limits the business from growing as the owner/manager 'needs' to have a hand in everything that happens, and every decision that is made. One participant raised the example of McDonalds and Burger King - "Do you think the owner is ever there? No! Systems are in place so that people do what they're supposed to and the business operates efficiently." This is found not to be the case in many Bangladeshi restaurants, for example, thus limiting expansion and creating an unforgiving work lifestyle for the owner.

Younger generation – less entrepreneurial?

One of the key findings of our research was that the younger Bangladeshi generation are moving away from starting their own businesses. Instead, the younger generation aspire to get jobs in the city with the intention of starting up their own business at a later stage in life, if at all. The reasoning behind this is said to lie in the fact that they have seen their parents struggle over the years, and with long working hours and poor working conditions, not being able to enjoy the money they earn. As one focus group participant put it "They've seen that their parents have the Mercedes parked in front of the house, but they've also seen that they never get to enjoy driving it!"

Difficulty in finding suitable business premises

This was an issue said to be an extremely dire problem for businesses within the community, particularly where there is a heavy concentration of Bangladeshi businesses, for example in areas such as Tower Hamlets. Demand for suitable, cost-effective premises was said to be high, difficult to identify and exacerbated by the fact that planning permission is slow.

Recommendations

Arising out of the focus group research conducted among Bangladeshi intermediaries, there were some specific recommendations to be implemented by business support agencies across London that could have a big impact in assisting Bangladeshi businesses to start up and grow.

- Establishing a networking 'body', one point of contact to 'signpost' where to go for advice and support.
- Helping businesses to set up systems in order to eliminate the pervasive need for a 'big brother' style of management (especially within the restaurant sector), and assistance with the creation of more franchising models.
- Put publications in 'Plain' Bengali to better raise awareness among the community and to also translate some of the technical material often used in courses and seminars.
- Raise awareness among young people of the opportunities of going into business for themselves and to use Muslim community radio stations such as Sunrise for dissemination and faith centres which are a good resource centre for reaching the community.
- Assistance in finding suitable business premises, or raising awareness of up-to-date sources for finding business locations.

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