

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 Vietnamese Businesses and Their Business Support Needs



Although Vietnamese people have been emigrating to the UK since the 1970's, little is known about their business activity and business challenges. Hindrance to growth can largely be ascribed to language and cultural barriers, as well as an over-reliance on family and friends for finance, staff and advice. Business concentration in a limited number of sectors and markets are also to blame for limited growth although a growing presence in other sectors is observed.

The Knowledge Centre on Black and Minority Ethnic Businesses in partnership with the International Institute of Culture, Tourism and Development, has been researching the profile and business challenges of Vietnamese-owned businesses in order to determine the way in which they may be best assisted with business support and advice. These findings provide a good example of a relatively small, and new immigrant community moving into entrepreneurship in the UK, and the issues they face.

Profile of Businesses

- Currently Vietnamese businesses are concentrated in a few sectors such as nail shops, restaurants and mini-markets.
- Of the estimated 28,000 Vietnamese people currently living in London nearly 300 businesses have been identified. However, there is evidence that there are many more, and with the addition of the informal sector (e.g. sole traders working from home or on market stalls, and nail businesses operating from rented tables in hairdressing salons) the total number of businesses is likely to be closer to 1,000.
- Most of these businesses have been established within the last 5 years and are micro enterprises trading with less than 5 employees and a turnover of between £500 and £3,000 per week.
- These businesses are mainly located in areas with the highest residential concentration of Vietnamese communities which are the London boroughs of Hackney, Lewisham and Southwark.

Business Challenges Faced

The survival and success of Vietnamese businesses can be accredited to the hard work and long hours they sacrifice, earning a reputation for being a very enterprising and hard-working community. Although family and friends form a vital source of cheap finance and labour in the start-up phase, it does not necessarily promote to the further development of the business. Assistance in accessing alternative resources of finance and recruiting staff with the necessary skills is an important area in which businesses would benefit greatly if given support in this area. Dealing with regulatory issues is another challenge faced by Vietnamese business owners and this is compounded by limited English language skills.

Limited Information and Technology (IT) knowledge also suggests a need for training in areas such as website development, and in stock control and accountancy packages. Fairly strong ties to their country of origin means that the benefit of developing trading links should not be underestimated, as understanding import and export procedures could open new doors for aspiring entrepreneurs.

Business Support Needs

Restaurants and nail shops are the two main sectors that have dominated Vietnamese business activity.

1. Currently there are almost 100 Vietnamese **restaurants** in London, of which are based in Central and East London. As such, a special restaurant support programme to help with the compliance, training and business development needs of businesses in the sector, is an opportunity for relevant support and advice providers. These restaurants also need marketing advice to help raise awareness of this emerging ethnic cuisine among the mainstream, and to help them take advantage of London's position as a major tourist destination.

2. **Nail shops** are the second sector that warrants special attention. In the last 5 years there has been a phenomenal growth within this sector with now more than 100 licensed nail shops across London, and an estimated 300 or more run informally, from hairdressing salons or elsewhere. Translating guidance notes on licensing requirements and health and safety compliance requirements into Vietnamese would help nail shop owners overcome particular difficulties faced in the start-up stage and ensure their survival rate.

The KCBMEB's Conclusions and Recommendations

The market for nail shops in most areas of London is now highly competitive. This poses an urgent need for Vietnamese businesses to move into new sectors. Although this is already starting to happen, aspiring entrepreneurs could be encouraged to explore new opportunities. Business support agencies, through mentoring and coaching and also communicating case study successes, can play an invaluable role in this regard through business advisors, workshops and networking events.

As with most new immigrant communities, many Vietnamese business owners still conduct business in their native language – in this case, Vietnamese or Chinese. Awareness of business support is fairly low and introduction to the range of services available across London in Vietnamese or simplified Chinese would go a long way in helping to raise this awareness. Compiling simple translated fact sheets, would not only cover basic information needs such as where to access sources of finance and business advice, but would also help in bridging the gap that exists between mainstream business support services and Vietnamese business owners.

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