

Building resilience in under-represented entrepreneurs:

A European comparative study



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Edited by Maria Wishart and Lee Hopley

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EXECUTIVE SUMMARY

The study

This report is the result of a two year, five-country study into small business resilience with a particular focus on firms with female and ethnic minority leaders. The overarching aim of the research was to deliver insight into what makes small businesses resilient and thus more able to survive crises. We also wanted to understand whether entrepreneurs from underrepresented groups face particular challenges related to their status, and if so, what could be done to address these challenges. The research, which was carried out in late 2018 and 2019 in London, Frankfurt, Milan, Madrid and Paris, used both quantitative survey and qualitative interview methods to examine the ways in which small firms approach and manage risk. It also explored their experiences of, and responses to, adversity. Adopting this mixed methods approach allowed us to establish statistically robust findings with the survey element, and to explore in more depth specific issues that arose in the survey in face-to-face interviews with entrepreneurs. As well as delivering insight and recommendations into this under-researched area, the study sought to inform the development of practical interventions in the form of toolkits to help small firms in general, and those led by underrepresented groups in particular, to become more resilient.

Key Findings

Our findings indicate material differences between ethnic minority and non-ethnic minority-led firms, as well as significant sectoral variation, across our five-city sample when it comes to experience of and planning for crisis, and response to crisis

1. Small businesses and their leaders

In all cities, small business owners in our study scored highly on the Connor Davidson resilience scale, indicating that these leaders are generally very resilient individuals. Keeping their business the same is a shared priority amongst respondents in this study, regardless of gender and ethnic background: 77% of firms cited this as an important objective. However, female and ethnic minority-led firms approach their businesses differently from their male and non-ethnic minority counterparts, and the picture varies depending on the city under study. For example, female and ethnic minority leaders are more likely than their counterparts in all five cities to express socially and environmentally-focused objectives for their firms. In all cities except Frankfurt, ethnic minority leaders take less external advice than non-ethnic minority

leaders, whereas in Madrid and Paris, female leaders are more likely than male leaders to access external advice.

The likelihood of a firm's leader to seek any kind of external advice for their business also varies with gender and ethnicity of leader, as does the kind of advice the leader is likely to access. Ethnic minority leaders generally seek less external advice, and both ethnic minority and female leaders are more likely to consult informal sources of advice than non-ethnic minority and male leaders. Qualitative insights suggest that this may be due to lower participation in business networks by female and ethnic minority leaders. It may also be because these leaders do not see the support on offer as directly relevant to their specific circumstances, something which was also commonly expressed in the entrepreneur interviews. Additionally, we see variation also in the types of advice accessed by city, which suggests that contextual factors may have a part to play here. For example, in Madrid, 74% of leaders who sought advice went to a legal professional, compared with only 36% in Milan, and in London, family was a source of external advice for 52% of those seeking help, compared to only 22% of leaders in Madrid and 8% in Milan.

When it comes to how entrepreneurs assess potential future risks the most cited future worries relate to factors that are internal to the firm, with the top concern being staff, especially the loss of key staff members, which is a fear expressed by 53% of leaders across the five cities. Depth interviews with firm leaders confirm they prioritize day-to-day survival and running their firms. We observe some variation by city in the risks identified, some of which can be attributed to the sector profile of the businesses we accessed. For example, in Milan, costs and materials are a key worry, and this reflects the higher proportion of manufacturing firms in our Milanese sample. The likelihood of a firm to plan for future risks varies by both leader type and city. For example, male leaders in London and Frankfurt are more likely to plan than females, whereas proportions are similar in the other three cities. Ethnic minority -led businesses are much less likely to plan than their non-ethnic minority counterparts in Madrid and Milan, whereas similar proportions plan in the other three cities.

2. Experiencing crisis

Overall, 31% of our sample of 2,975 firms across five cities had experienced a crisis which threatened the survival of their business in the past five years. We find variation by city and firm type, both in terms of likelihood of crisis and of cited cause (see table 1). Overall, ethnic minority-led firms were more likely to have experienced a crisis in the preceding five years that had threatened the survival of their business, but this was not the case in each city. In London

and Frankfurt, ethnic minority-led firms were more likely to have experienced such a crisis, while in Milan and Madrid, non-ethnic minority-led firms were more likely to have experienced a crisis. Ethnic minority and non-ethnic minority-led firms in Paris, and female- versus male-led firms in all cities, were similarly likely to have experienced a crisis. There was some variation in the attributed cause of crises across cities resulting from, for example, local policy choices and prevailing economic conditions, although within cities, both ethnic minority and female-led firms tended to identify similar causes.

In all cities the top causes of crises differed from the top risks that firm leaders had identified earlier, suggesting that leaders of SMEs in these cities struggle to identify the most potent risks to their firms (see table 1 below). Also, whereas most risks identified tended to be internal to the firm, most of the crisis causes can be characterised as external factors, such as loss or failure of a major customer and cost rises in materials, services or labour (see table 1). Insights from the depth interviews indicate that firm leaders lack the time, resources and skills to plan for crisis, because they are preoccupied with day to day running of their businesses, which is consistent with their predominantly internal focus in identifying potential future threats.

Table 1: Top three perceived threats and causes of crisis by city, all firms

		1	2	3
Paris	Perceived risks	Staff	Illness	Cashflow
	<i>Crisis causes</i>	<i>Customers</i>	<i>Cashflow</i>	<i>Strike</i>
Frankfurt	Perceived risks	Staff	Regulation	Cybercrime
	<i>Crisis causes</i>	<i>Customers</i>	<i>Staff</i>	<i>Cashflow</i>
Milan	Perceived risks	Customers	Costs	Materials
	<i>Crisis causes</i>	<i>Customers</i>	<i>Strike</i>	<i>Competition</i>
Madrid	Perceived risks	Illness	Regulation	Cashflow
	<i>Crisis causes</i>	<i>Customers</i>	<i>Strike</i>	<i>Staff</i>
London	Perceived risks	Staff	Costs	Cybercrime
	<i>Crisis causes</i>	<i>Costs</i>	<i>Cashflow</i>	<i>Staff</i>
All cities	Perceived risks	Staff	Costs	Illness
	<i>Crisis causes</i>	<i>Cashflow</i>	<i>Customers</i>	<i>Staff</i>

3. Dealing with adversity

Small firms respond to crises in different ways, depending on the city where they are located, and the ethnicity of their leader. Tapping into financial reserves and taking advice from friends & family have been the most common ways to deal with crisis for the surveyed entrepreneurs. Small firms in our sample did not tend to implement pre-developed plans in response to a crisis, indicating that crisis planning is not widely undertaken. These results indicate that contextual environmental factors may be a primary influence in the way that firms deal with adversity. While gender of firm leader does not seem to make a difference to the chosen response to a crisis, ethnicity of leader does.

Regression analysis to interrogate the links between crisis planning and crisis experience has identified a number of significant associations. Larger firms (i.e., those with more employees) are significantly less likely to have experienced a crisis that threatened the survival of their business in the preceding five years, and significantly more likely to have in place plans to deal with possible future crises. Older firms are more likely to have experienced an existential crisis in the preceding five years. However, they are no more likely than younger firms to have resilience plans in place. Area where the firm is located (i.e., low- or middle-income borough) is not linked to the likelihood of crisis or the presence of crisis plans, but sector makes a difference to the likelihood of a firm to have had a crisis, and to the likelihood of crisis planning. Firms in manufacturing, construction and business services are significantly more likely than those in other sectors to have had a crisis in the preceding five years. When it comes to planning for future adversity, firms in manufacturing and trade are significantly less likely than those in other sectors to have crisis plans in place.

Implications

The picture is complex. SME resilience appears to have a number of antecedents, including individual leader characteristics, sector context, the accessibility of appropriate support, the right people within the business, and the ability to understand the macro-environment of the firm.

Promoting resilience, especially for underrepresented entrepreneurs, requires responsive, locally-informed approaches: There is no single blueprint for running a resilient SME: firm leaders have diverse business objectives, access different types of advice, and employ varied approaches to crisis. For example, female leaders tend to seek more advice, but more from informal networks, than their male counterparts, potentially reflecting and

contributing to disparities in their levels of social and human capital compared to male leaders but also indicating the need for new, tailored models of support. Ethnic minority leaders tend to use less external advice than non-ethnic leaders, reflecting lower formal network participation, but also opportunities to engage in novel ways. Especially where borough variation is observed, for example in London, bespoke initiatives that help to identify and engage female and ethnic minority-led firms to ensure advice and support is appropriate, relevant and needed may be key.

Establishing ecosystems of support for underrepresented businesses requires a long-term focus to aid relationship building and to build effective networks.

Bespoke support with crisis planning can encourage entrepreneurs to assess a wider range of risk factors, that may not otherwise be on their radar. The difference between the perceived future risks that female and ethnic minority firm leaders articulate and the causes that they identify for actual crises suggests that initiatives to help them identify the most potent future risks and to develop a response plan may be appropriate. While it does not necessarily follow that crisis planning will make companies immune to risk, it does at least suggest that planning initiatives may encourage firms to look beyond their immediate internal environment to external factors which have the potential to derail their firms. Clearly sector, size of business and environmental/cultural factors may impact different firms in different ways, and so bespoke advice and support for female and ethnic minority-led firms related to their sector and location would appear to be appropriate. This should be an ongoing process, not simply a one-off exercise.

Initiatives that address specific context-related threats may be appropriate. E.g., in London support for Brexit issues should be aligned to the sector and context of SMEs. For example, the key risk in service sectors (where many female and ethnic minority firms are) could be loss of migrant workers or relocation of customers.

The disconnect amongst many SMEs between perceived challenges and likely causes of crisis places additional emphasis on the need to be nimble and responsive to the macroeconomic environment. This will likely be a combination of early warning about potential external threats stemming from changes in economic circumstances, technology developments (e.g. cyber threats) or legislative changes and explicit support or sign-posting to aid business recovery from a crisis.

Entrepreneurs would benefit from more effective systems for accessing support. Routes to expertise should be clear for when businesses hit adversity. Initiatives should focus on plugging business leaders into the right support ecosystem for them. This will inevitably look different in different cities, so while there is a place for best practice, taking one solution and attempting to fit it to all contexts is not appropriate. Flexibility is key.

As business moves to a digital world, online sign-posting and resources become increasingly important but may exclude some audiences. Female-led firms indicate online resources are becoming more important for thinking about business challenges, whereas Milan-based entrepreneurs showed an aversion to digital solutions overall. Cultural and technological factors need to be taken into account when deploying online solutions.

Strong networks which can facilitate peer exchange and expert input, ideally with a sectoral dimension, would help engage underrepresented entrepreneurs with less experience of engaging with formal sources of advice. In London, for example, although government-backed growth hubs are charged with signposting business support offerings, our study pinpoints insufficient sector context, and a lack of effective engagement with ethnic minority-led businesses and those located in low-income boroughs. In Frankfurt, however, the availability of stable networks and support delivered through a broad spectrum of partner organisations may go some way to explaining the homogeneity of experience across the firms surveyed in the city.

An understanding of the local business support ecosystem is essential to deliver effective models of support. Our research indicates that not all businesses are being adequately engaged by existing support services and networks, but the model of delivery needed to address these gaps requires tailoring to local and sectoral circumstances. For example, our study shows that some London, Madrid and Paris-based firms would like to have access to other firms like themselves, which have had similar experiences. Firms in London and Paris say that they often feel unsupported by financial services providers. In addition, identifying and sharing best practice such as co-ordinated responses to specific local issues (e.g., growth hub support in national emergencies to respond to businesses affected by local flooding in the UK) may be relevant.

Recommendations

Interventions designed to improve the resilience of SMEs, particularly those led by underrepresented entrepreneurs, need to take account of the variations in leader characteristics and location of the firms that our study has highlighted. Key recommendations based on findings for each of the five cities under study are outlined below.

Paris

Targeted support for low-income areas: The Paris research suggests that bespoke guidance and interventions specific to entrepreneur groups would be appropriate in the city, especially for entrepreneurs in less-economically developed areas who demonstrate potential to improve business performance.

Access to similar entrepreneurs for advice: Underrepresented entrepreneurs show interest in initiatives that help them access advice from other business leaders with similar experiences.

Better financial support: Initiatives to deliver better support from banks and other financial providers would also appear to be relevant to the challenges faced by firms in Paris.

Frankfurt

Online support for crisis planning: The Frankfurt research shows that a range of entrepreneurs would appreciate access to online information about how other firms had overcome similar business challenges. There is no platform that can offer this service as of today, but there could be opportunity to build off the work by the "Offensive Mittelstand" which offers small and medium-sized companies resources free of charge (in print and online version).

Tools for self-assessment: Businesses can be supported to conduct self-checks (independently or with consultants) to prevent business crises from happening and, in the event of a crisis, to offer entrepreneurs hands-on assistance as fast as possible.

Milan

Initiatives to help firms plan for and respond to adversity: This study demonstrates that in Milan firms, many roads can lead to resilience. The way can be paved by constructing a strong

professional and personal, relational network, or resources can be invested, and solutions implemented in order to react as quickly as possible to any difficulties that crop up.

Focus on underrepresented entrepreneurs: Institutions and policymakers should develop specific tools and policies to support the resilience of SMEs located in peripheral areas or run by individuals in disadvantaged situations. Moreover, supporting the development of cultural mediators for businesses for specific segments of SMEs could help to improve the already good resilience of the system further.

Madrid

Initiatives with a community focus: In Madrid, most respondents wanted to maintain their business in its current form (over 85% across all groups) and ethnic minority-led firms disproportionately reported seeking a contribution to the local community (73%). Ethnic minority-led firms also reported higher importance on all business objectives. It may therefore be prudent to design support programs that not only strengthen business resilience, but also allow focusing entrepreneurial activity towards such objectives as community development.

Specific support for ethnic minority-led firms: The findings suggest that policy makers and business support groups to continue and grow their efforts to design business support structures and programs that target specific groups. In particular, ethnic minority-led firms might benefit from other sources of advice that were not listed in our survey, such as other ethnic minority business owners.

Crisis planning support: With almost 80% of ethnic minority-led business leaders not doing crisis planning, we suggest this is a call to action for them to engage in more regular planning and for policy makers to support such efforts.

London

Tailored business support for ethnic minority-led firms: In London, ethnic minority-led firms are significantly more likely to experience adversity, which suggests that initiatives focused on these underrepresented entrepreneurs, to help them to identify future risks and to plan for them, are appropriate. The London research also highlights that ethnic minority-led firms are less likely to consult specialist external sources of advice, and that they do not

necessarily see existing sources of advice and support as directly relevant to them. This indicates that support organisations with the connections and local knowledge to deliver such initiatives will be key to their success.

Initiatives that support small firms in low-income boroughs: That the differences between underrepresented entrepreneurs and their counterparts in terms of crisis experience is amplified in low-income boroughs indicates that initiatives should take account of the location of the firm. Developing and maintaining programmes to engage and support small firms should focus on low-income boroughs and offer advice and support tailored for their specific context.

Risk analysis and crisis planning programmes for SMEs, with a focus on underrepresented entrepreneurs: The divergence between the perceived threats articulated by firm leaders and the actual causes that those who have experienced adversity attribute the crisis to is clear in London. It is also amplified in underrepresented groups. This indicates that all SME leaders, and underrepresented entrepreneurs in particular, could benefit from programmes relevant to the small firm context to equip them with the skills and resources to identify and plan for key future risks.

CHAPTER 1: INTRODUCTION

This report is the result of a two year, five-country study into small business resilience, funded by the JPMorgan Chase Foundation and led by the Enterprise Research Centre (ERC) at Warwick Business School and Aston Business School. The research was carried out in collaboration with academic partners from the University of Nice Sophia Antipolis, the Institut für Mittelstandsforschung (IfM) in Bonn, IE Business School in Madrid and the University of Padova. The study examines the ways in which small and medium enterprises in general, and those led by under-represented groups in particular, experience and respond to adversity. We deliver insight into the experiences of adversity and resilient practices of small firms from five European cities – London, Paris, Frankfurt, Madrid and Milan, using quantitative and qualitative research methods. Our findings underpin the development of a resilience toolkit designed to help these firms to assess their resilience, to identify future risks and to implement crisis planning.

1.1 Background

Small and medium-sized enterprises (SMEs) – organisations with fewer than 250 employees - make a major contribution to the European economy, accounting for 99.8% of businesses, 66.4% of jobs and 56.8% of value added according to European Union (2017) figures. Despite this, resilience in SMEs is not well understood, and very little is known about the ways in which SMEs in general, and businesses run by entrepreneurs from under-represented groups in particular, experience challenges and shocks that threaten their survival. Business resilience research to date has tended to focus on large organisations, and has assumed that findings are likely to apply to the SME context (Ates and Bitici, 2011). Very little business resilience research has directly considered the challenges faced by SMEs. This study focuses on the specific context of micro-businesses and SMEs with between 3 and 99 employees, with a particular emphasis on firms run by under-represented entrepreneurs. The overarching aim is to identify routes to resilience and practical interventions to foster resilience in these businesses.

We define resilience as a strategic objective intended to help an organisation to survive and prosper. A highly resilient organisation is more adaptive, competitive, agile and robust than a less resilient organisation, and it rebounds from adversity strengthened and more resourceful (Wishart, 2018). We identify female business leaders and those self-identifying as ethnic minority as under-represented within the general entrepreneur population. Ethnic minority-led businesses are referred to as ‘ethnic-led’ in this report. Research shows that individuals from these groups that do succeed in starting their own businesses often experience greater barriers to entry, and lower turnover and survival rates than other groups (Wishart, 2018).

1.2 The study

Fieldwork was conducted during late 2018 and 2019 in five European cities – London, Paris, Frankfurt, Madrid and Milan. In each city, around 600 small firms with between 3 and 99 employees were surveyed using a computer assisted telephone interview (CATI). The respondents were all leaders of their businesses. Quotas were applied to ensure that respondents of different gender and from different ethnic groups were included, and the survey was carried out in both low- and middle-income boroughs in all five cities to try and control for the wider environmental context in which the business were was operating. For a full description of the sample achieved, see chapter 2. The survey probed a range of issues including respondents’ approach towards risk management, their experiences of adversity and their attitudes towards strategies and interventions to mitigate crises. It also captured individual resilience scores derived from the Connor Davidson Resilience Scale, the most widely used measure of individual resilience, for the research respondents.

Following the survey, face to face interviews were carried out with a sample of entrepreneurs in London, Paris, Milan and Madrid, to allow the researchers to probe in more depth the experiences and attitudes of small business leaders. These depth interviews took a conversational style in which participants were encouraged to talk about their experiences, and to reflect on the ways in which they had dealt with past crises and would approach future risks. Extracts from the interviews are presented throughout the chapters in this report, as a way of giving voice to the entrepreneurs, and bringing to life the issues emerging from the survey.

1.3 Aims

The overarching aim of the study was to examine entrepreneurs' experiences of, and attitudes towards, business risks and crises, in order to inform policy and practice related to business resilience. It had three primary objectives:

1. To explore the ways in which under-represented and mainstream SME leaders in low- and middle-income boroughs manage their businesses, approach risk and experience adversity.
2. To identify successful strategies for resilience in SMEs run by mainstream and under-represented entrepreneurs.
3. To develop practical toolkits to support under-represented entrepreneurs in their efforts to develop more resilient businesses.

1.4 Report structure

Following this introduction, the report proceeds with a detailed description of the sample achieved (chapter 2). Findings are presented in five chapters, which provide comparative data from the five cities and among different entrepreneur types. The findings chapters deal with firms' ambitions and business objectives (chapter 3), the sources of external advice that they take (chapter 4), the ways in which they plan for adversity (chapter 5), their experiences of adversity (chapter 6) and the ways in which they have dealt with adversity (chapter 7). Key findings are summarised in chapter 8, and an overview of the survey findings in each city follows in chapter 9.

CHAPTER 2: DESCRIBING THE PARTICIPATING FIRMS

2.1 Introduction

In this chapter we provide an overview of the group of businesses which responded to our surveys in each of the five cities. This sets the context for the more detailed analysis of later chapters. We focus on four key themes. We consider:

- the size of the respondent companies measured by their employment. Larger firms may have better developed resilience strategies.
- the age of respondent companies. Older companies may have more experience of adversity and better developed strategies for resilience.
- a sectoral overview of respondent businesses to reflect previous research findings that female-led and ethnic-led businesses may be in less capital-intensive sectors.
- business growth. Faster growing businesses may have greater resources, which can facilitate resilience planning, but may also face greater risks in terms of uncertainty over cash flow and payments for example.

2.2 Business size

Surveys of businesses in each of the five cities focussed on businesses that had between 3 and 99 employees. Average employment among respondent firms was very similar at between 11.0-13.6 in London, Paris, Milan and Madrid. Average employment of respondent firms in Frankfurt, however, was substantially larger at 25.6 reflecting the larger average size of German firms (Figure 2.1). This difference in average firm size is reflected in the distribution of sizes of respondents with the group of German respondents, including a significantly lower number of micro-businesses with 3-9 employees (Figure 2.2). In each of the other cities the size distribution of respondents was broadly similar with around two-thirds of the sample accounted for by micro-businesses and only 3-5 per cent of respondents having 50 employees or more (Figure 2.2).

Figure 2.1: Average employment by city

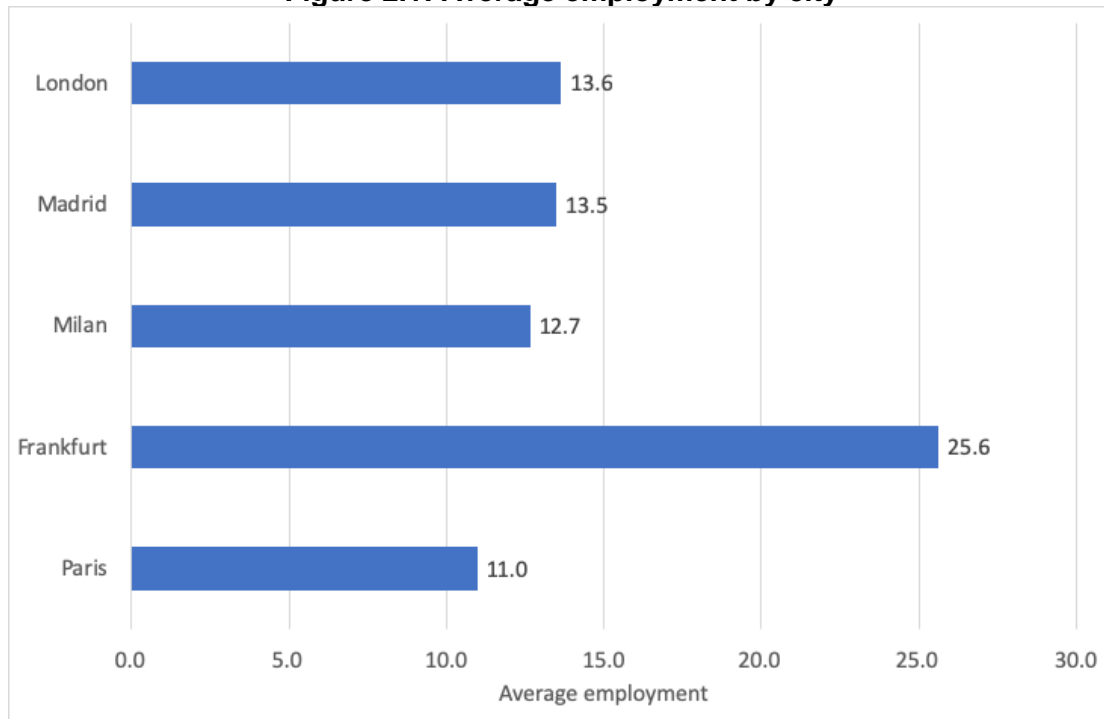
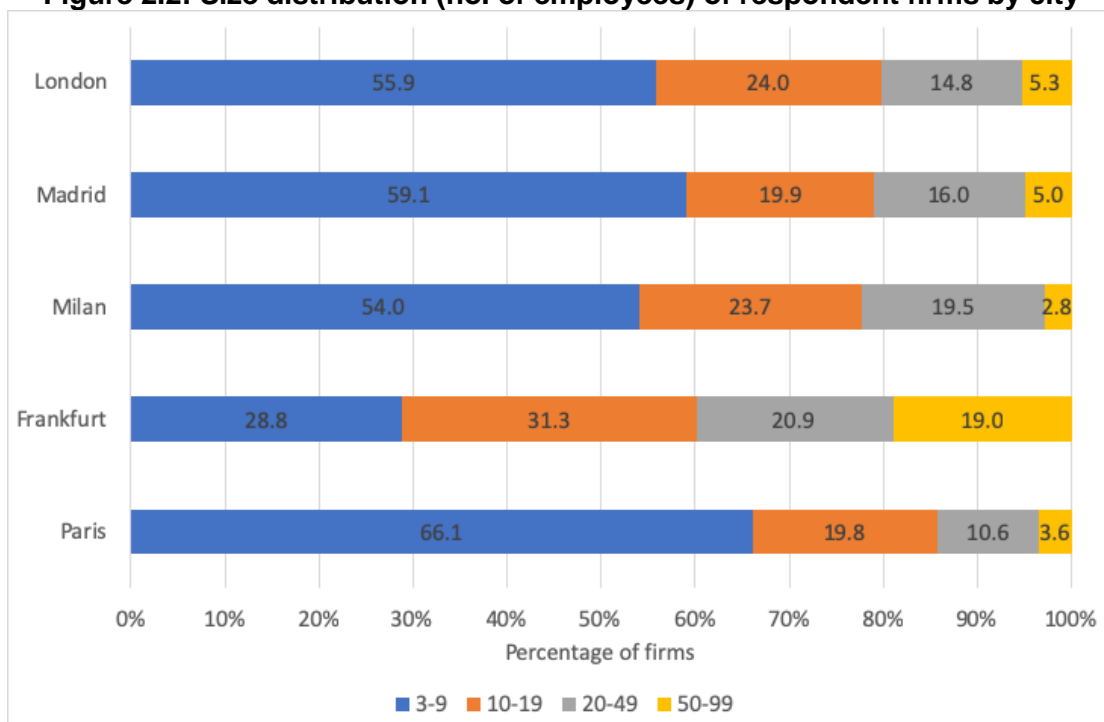
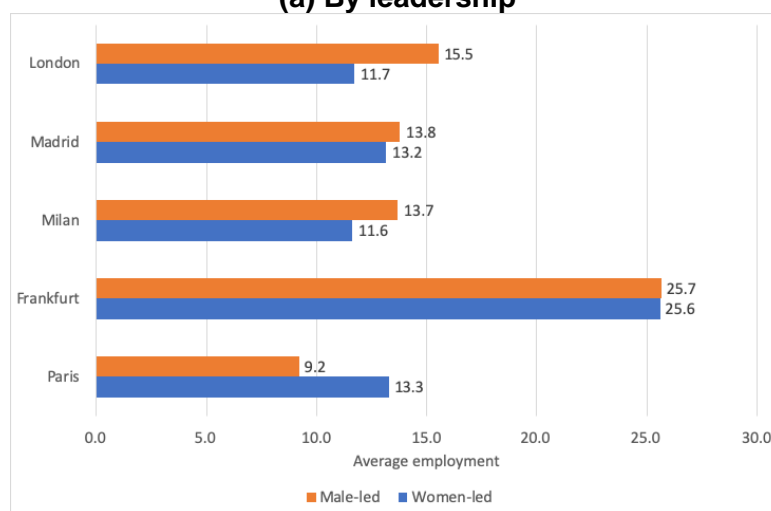


Figure 2.2: Size distribution (no. of employees) of respondent firms by city

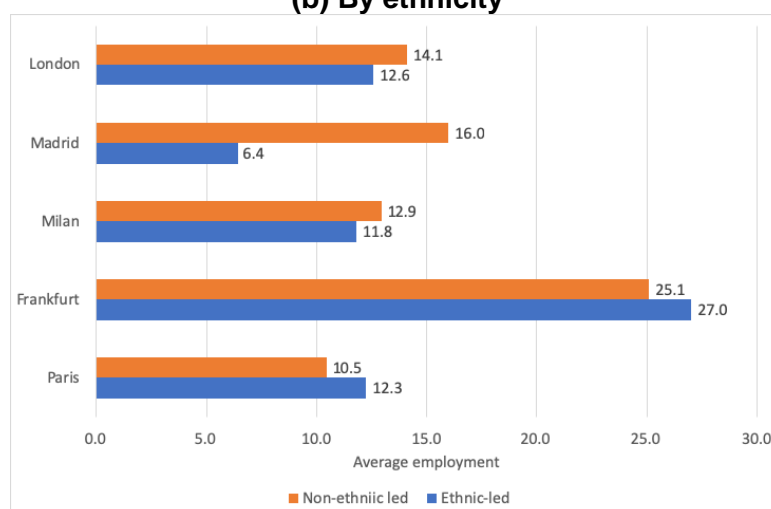


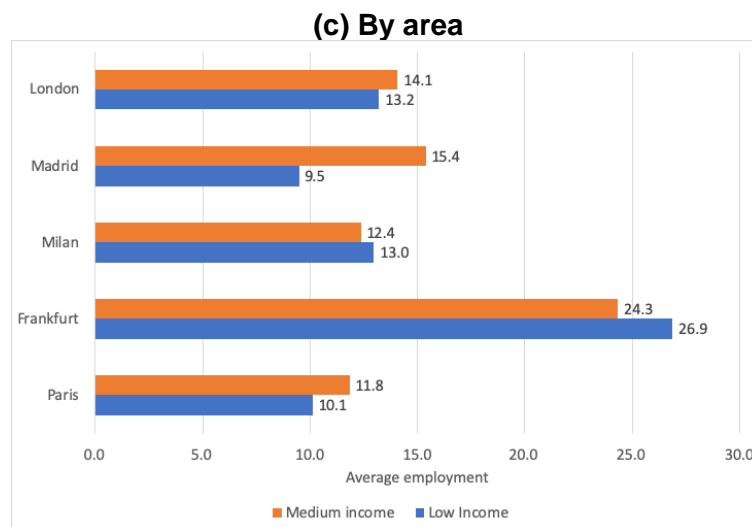
Comparing sub-samples of firms suggests some relatively minor differences in average size between gender and ethnicity, ownership and location (Figure 2.3). Female-led business among the respondents were slightly smaller than those led by males in London, Madrid and Milan but actually larger than male-led businesses in Paris. In Germany there was no difference between the size of female-led and male-led businesses (Figure 2.3a). Differences in firm size in terms of ethnicity were generally small except in Madrid where ethnic-led businesses had an average of 6.4 employees compared to 16.0 employees in non-ethnic-led firms (Figure 2.3b). Firms in low-income areas also tended to be slightly smaller than firms in medium-income areas with the difference again most significant in Madrid (Figure 2.2c).

Figure 2.3: Average employment by city and business type
(a) By leadership



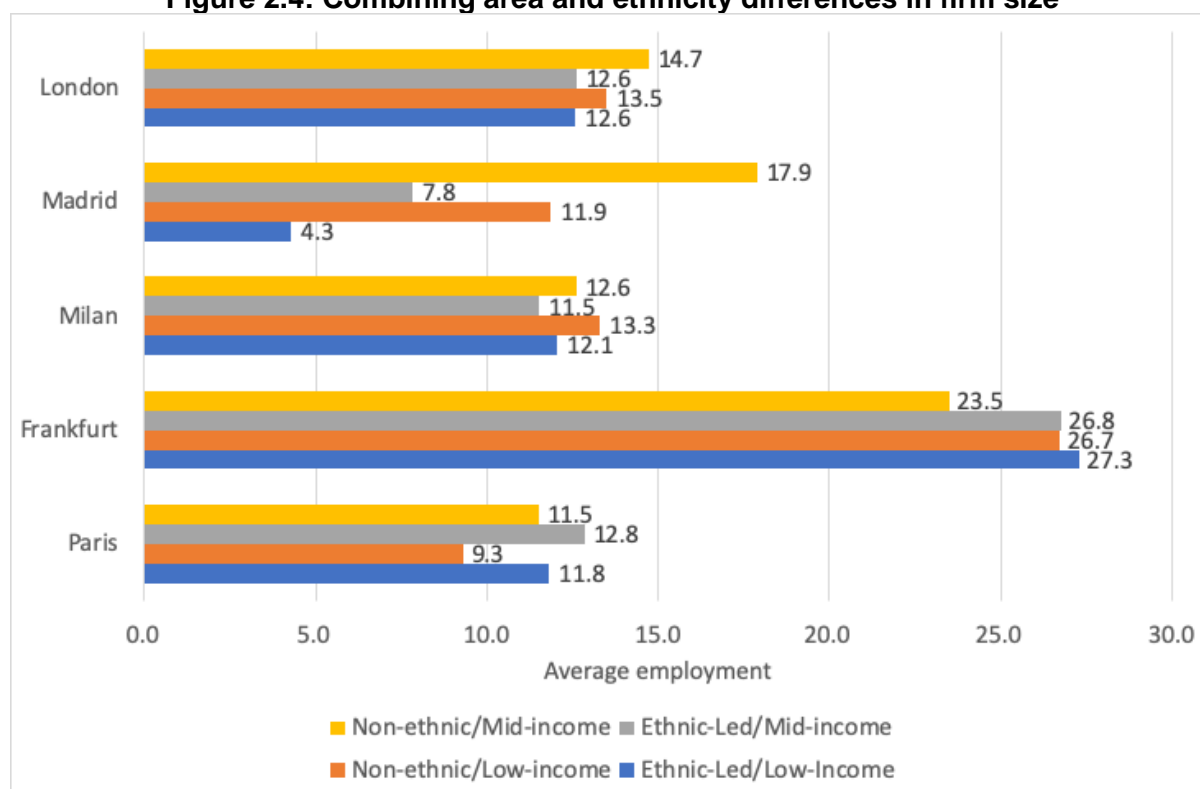
(b) By ethnicity





Given the relative importance of ethnicity and location on firm size differences it is interesting to combine these two effects to explore any reinforcing effects. Looking at the average size of respondent firms by area *and* ethnicity suggests that these reinforcing effects are most significant in Madrid. In London, Milan, Frankfurt and Paris differences in firm size between ethnic groups and localities are relatively small (Figure 2.4). In Madrid, however, we see a marked difference in average size between ethnic and non-ethnic firms, a difference which is exacerbated by location. This combined effect means that non-ethnic firms in medium-income areas in Madrid are around four times as large on average as ethnic businesses in low-income areas.

Figure 2.4: Combining area and ethnicity differences in firm size



2.3 Business age

Along with size, the age of a business may also be important in shaping its vulnerability. Younger firms, particularly in the first 2-3 years after they are established, have notably higher failure rates than older companies. The age distribution of firms may also have significant impacts on resilience and resilience strategies. On average, we find relatively little age difference between respondent firms in the five cities despite the size differences noted earlier: firms were – on average – oldest in Frankfurt and youngest in Paris (Figure 2.5). This is reflected in the distribution of firms by age with Frankfurt having the largest proportion of respondent firms more than 20 years old (47.1 per cent) (Figure 2.6). Madrid has by far the largest proportion of firms less than 3 years old (14.3 per cent), a level nearly three times as high as that in each of the other cities.

Figure 2.5: Average business age by country

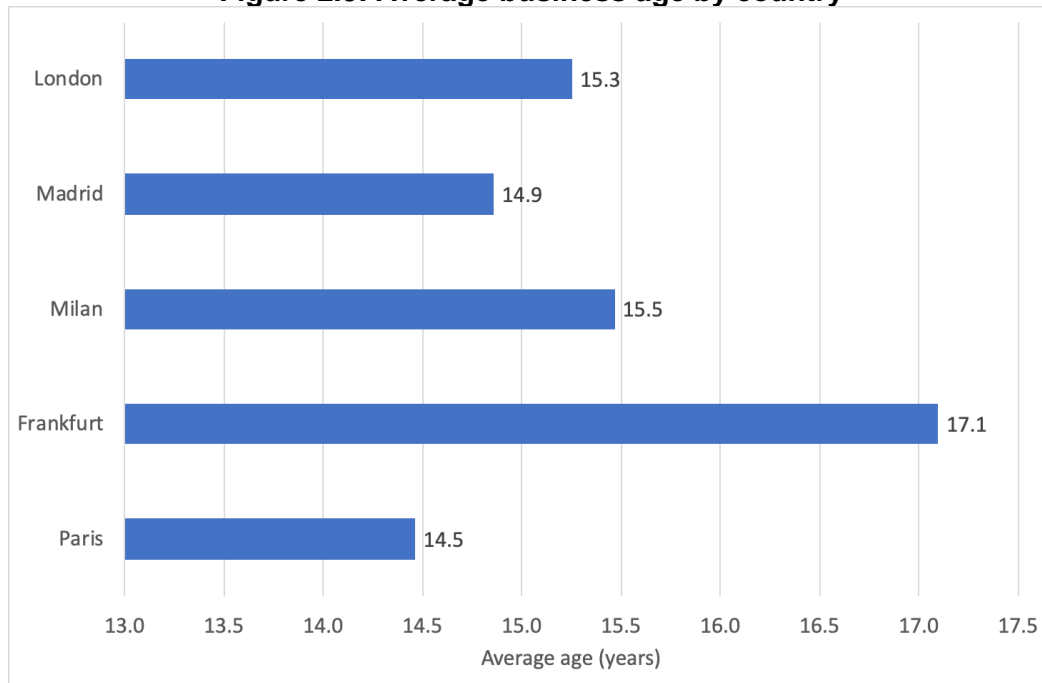
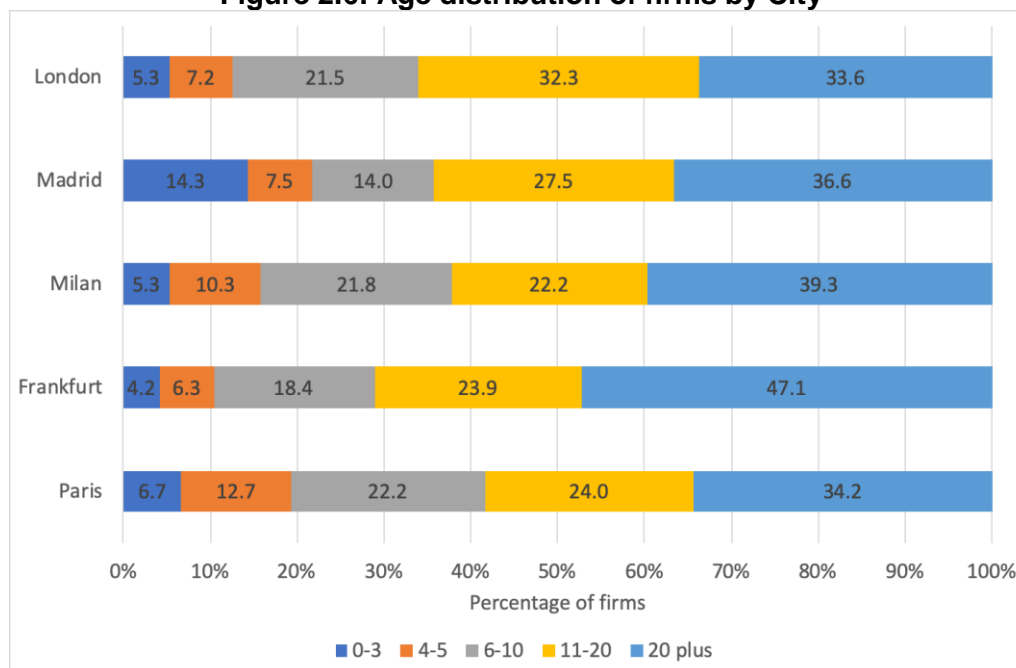


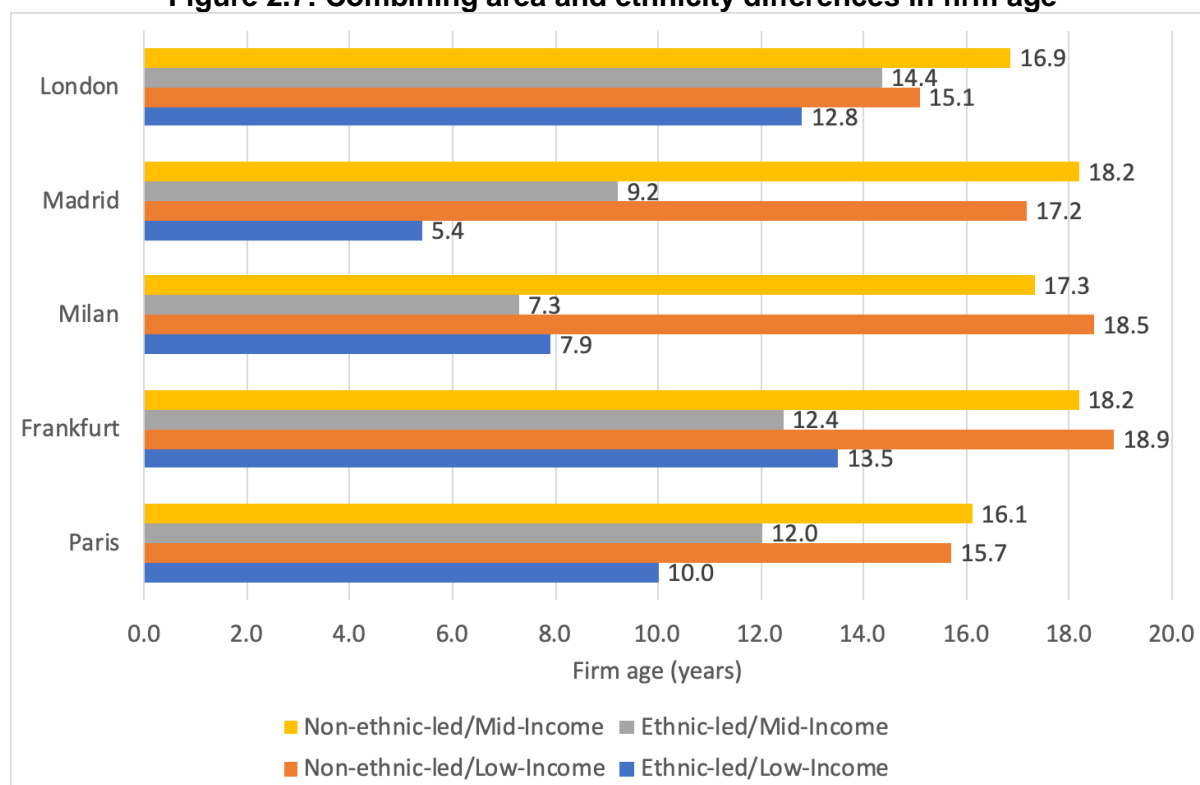
Figure 2.6: Age distribution of firms by City



As with business size, it is also of interest to consider how ethnicity and locational factors together influence business age. Ethnic-led businesses are younger on average in each of the five cities with relatively minor differences in London but more significant age differences in the other four cities (Figure 2.7). These ownership effects are reinforced by the tendency for businesses to be younger on average in low-income areas (Figure 2.7). Again, these

differences are relatively minor for firms in London but much larger in each of the other cities. In Madrid, where the age differences between groups are greatest, ethnic-owned businesses in low-income areas average 5.4 years old compared to 18.2 years for non-ethnic-owned businesses in medium-income areas. Comparing business age by gender suggests very few differences in either low- or medium-income areas.

Figure 2.7: Combining area and ethnicity differences in firm age

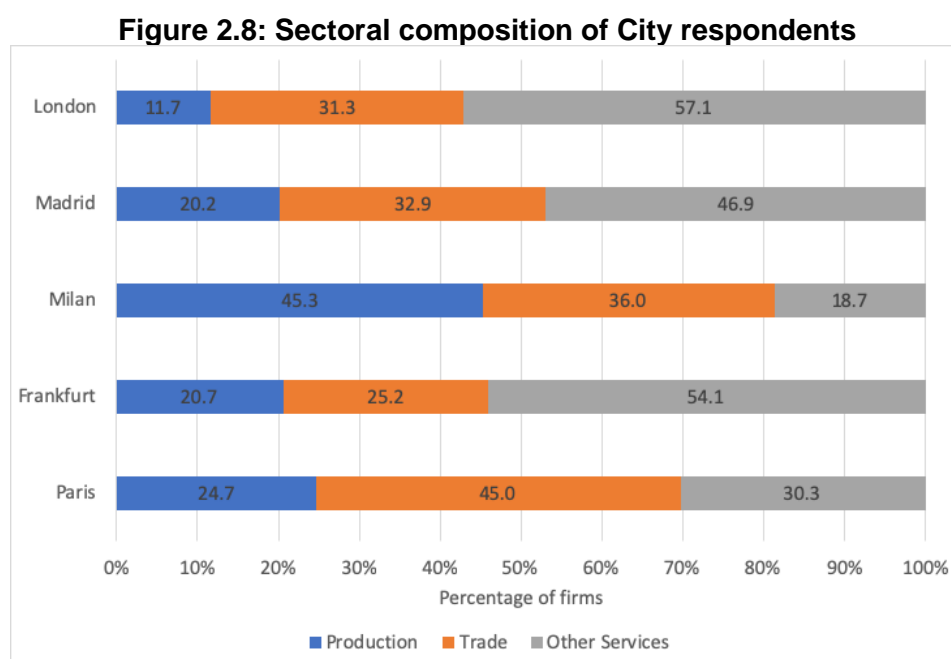


2.4 Sectoral composition

Industry mix differs considerably between cities and in this section we focus on the sectoral composition of respondents in each area. In each city details of firms' industry were taken from the commercially provided sampling frame. We consider a broad division of firms into three sectors:

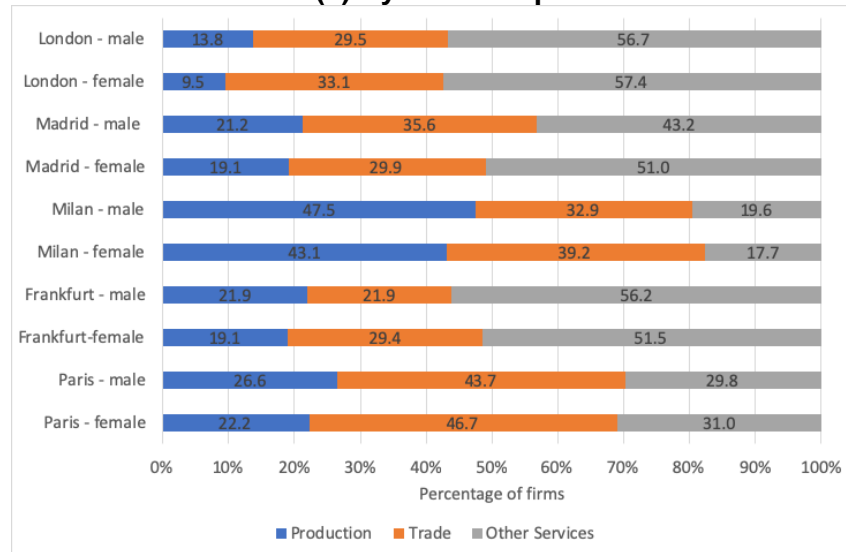
- **Production** – covering primary producers, manufacturing and construction.
- **Trade, transport and hospitality** – which includes both wholesale and retail activities as well as transport services and hospitality sectors.
- **Other Services** – which includes information and communication, financial and other business services as well as other services linked to education etc.

The sectoral distribution of respondents by city is given in Figure 2.8. Milan stands out as having a high proportion of firms in the production sector and fewer in other service sectors. London and Frankfurt have a significantly higher proportion of firms in other services, with the smallest proportion of production firms in London. Perhaps reflecting the significance of tourism in the City economy, Paris has the highest proportion of firms in the trade, transport and hospitality sector.

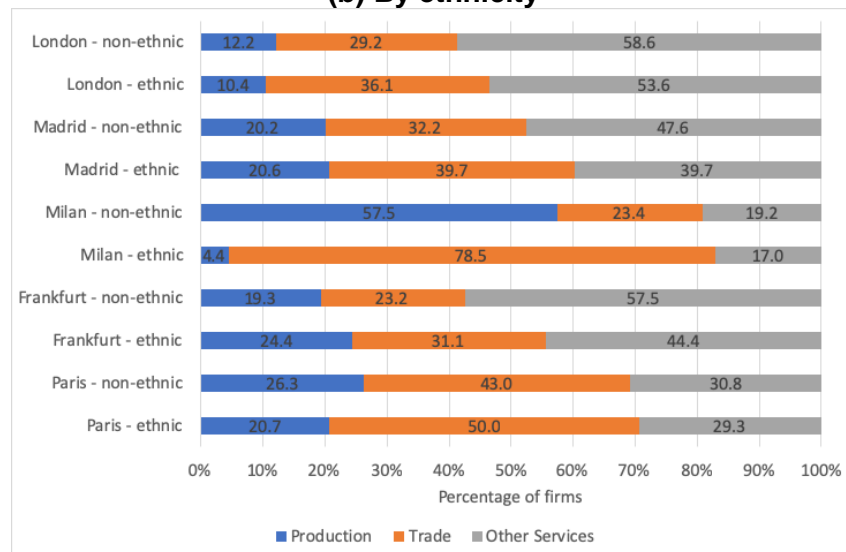


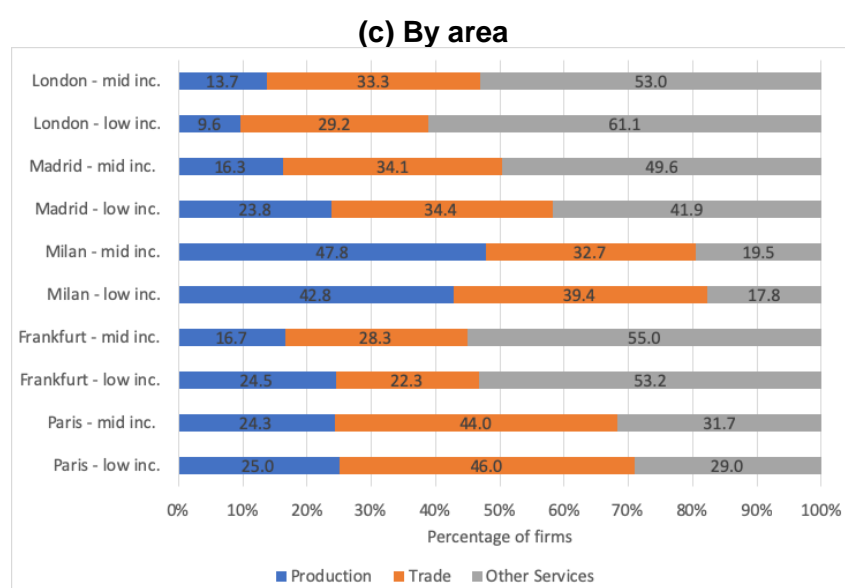
Gender differences in sectoral composition are – perhaps surprisingly - relatively small in comparison to the differences between cities (Figure 2.9a). Differences in sectoral mix are more marked by ethnicity with ethnic-led businesses more likely to be engaged in trade, transport and hospitality and less likely to be engaged in other services in each city (Figure 2.9b). As with gender of leadership, ethnic differences in sectoral mix are relatively small in London, Madrid, Frankfurt and Paris but much more marked in Milan. Here, 78.5 per cent of ethnic-led businesses are in the broad trade, transport and hospitality sector compared to only 23.4 per cent of non-ethnic led firms. Conversely, only 4.4 per cent of ethnic-led businesses in Milan are in production compared to 57.5 per cent of non-ethnic led firms (Figure 2.9b). Sectoral mix also differs relatively little between middle- and low-income areas, reflecting the international differences noted earlier (Figure 2.9c).

Figure 2.9: Sectoral composition by city and sector
(a) By leadership



(b) By ethnicity





2.5 Turnover growth

As part of the survey, firms were also asked to indicate whether their turnover (sales) had increased, remained stable or decreased over the past year. The pattern of responses was broadly similar across each of the five cities although a notably smaller proportion of firms (33.2 per cent) reported increasing turnover in Madrid (Figure 2.10). Milan and Frankfurt saw the smallest proportions of firms contracting, 12.5 per cent and 13.9 per cent respectively, although this could be due to sample composition.

Breaking down the sample by gender of leader suggests a broadly similar pattern across cities. The proportion of male-led firms reporting an increase in turnover is marginally higher than that for females in each city except Paris (Figure 2.11a). As before, we see larger differences depending on the ethnicity of ownership of firms, particularly in Madrid and Milan (Figure 2.11b). In both cities the proportion of ethnic-led firms reporting an increase in turnover was around half that among non-ethnic led businesses. In both cities the proportion of ethnic-led businesses which reported stable turnover was much larger than elsewhere. In Frankfurt, Paris and London turnover growth outcomes for ethnic-led and non-ethnic led businesses were more similar (Figure 2.11b). Locational differences in turnover outcomes were also less marked with few significant differences between low-income and middle-income areas (Figure 2.11c).

Figure 2.10: Growth in turnover by city

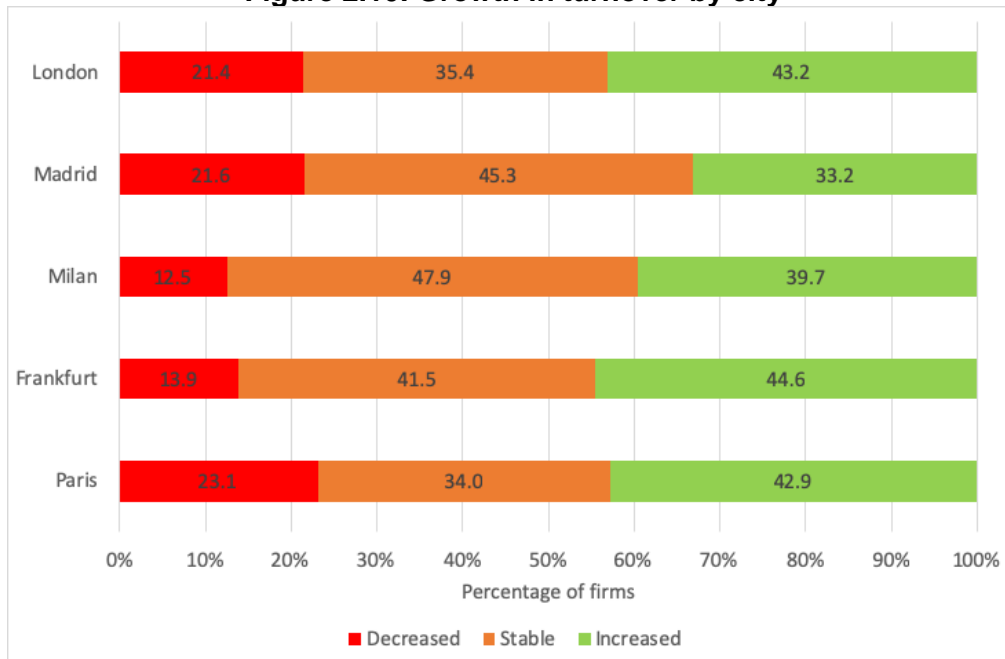
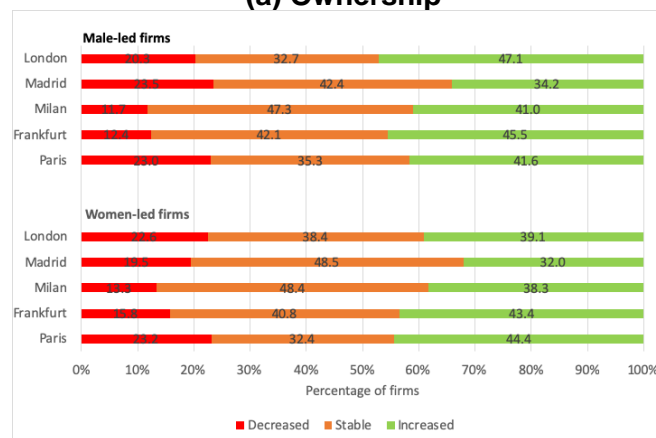
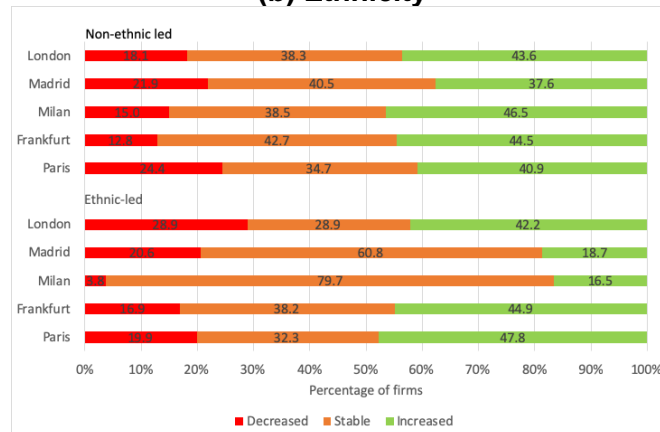


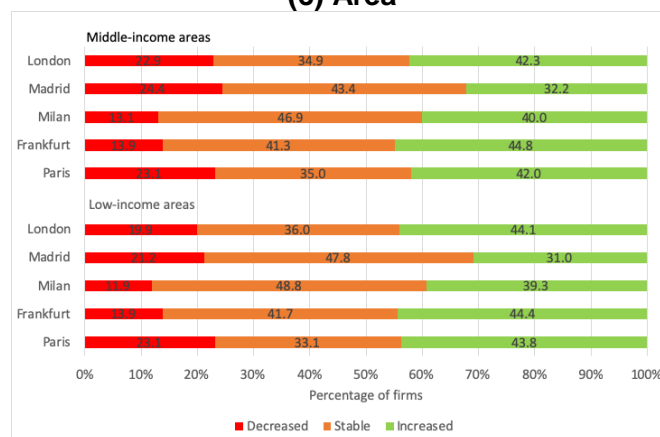
Figure 2.11: Growth in turnover by ownership, ethnicity and area
(a) Ownership



(b) Ethnicity



(c) Area



2.6 Summary

This chapter provides an overview of respondent groups in each of the five cities. Significant differences in sectoral mix and firm size emerge between cities. In Frankfurt, London and Paris, however, differences by ethnicity, gender and location *within* each city were relatively minor. Firms in Milan and Madrid show more marked differences, particularly in relation to ethnicity. The key points are as follows:

(a) **Business size** – the average size of respondents in Frankfurt (25.6 employees) is nearly twice that in the other cities (11.0-13.6 employees). Size differences by ethnicity, gender and location varied little between cities. The one exception being Madrid where ethnic-led businesses were notably smaller than non-ethnic led firms.

(b) **Business age** – average ages differ only marginally between cities although Madrid again stands out as having the highest proportion of very young firms. Ethnic-led firms

in Madrid in low-income areas average 5.4 years old compared to average age of 18.2 years for non-ethnic-led firms in middle-income areas of the city.

(c) **Sectoral mix** – differs markedly between cities, although with the exception of Milan, within each city gender, ethnicity and locational effects are relatively small. In Milan sectoral mix varies significantly with ethnicity - 78.5 per cent of ethnic-led businesses are in the broad trade, transport and hospitality sector compared to only 23.4 per cent of non-ethnic-led firms.

(d) **Growth** – in Paris, London and Frankfurt growth outcomes are rather similar by gender, ethnicity and location. In Madrid and Milan the proportion of ethnic-led firms reporting an increase in turnover was only around half that among non-ethnic-led businesses.

CHAPTER 3: AMBITION, BUSINESS OBJECTIVES AND RESILIENCE

Authors: Dr Susanne Schlepphorst and Dr Christian Dienes

This chapter examines business objectives of the small businesses in our sample. In particular, we explore their growth ambitions and whether they pursue environmental, social and community-related goals. We also assess the individual resilience levels of the business leaders.

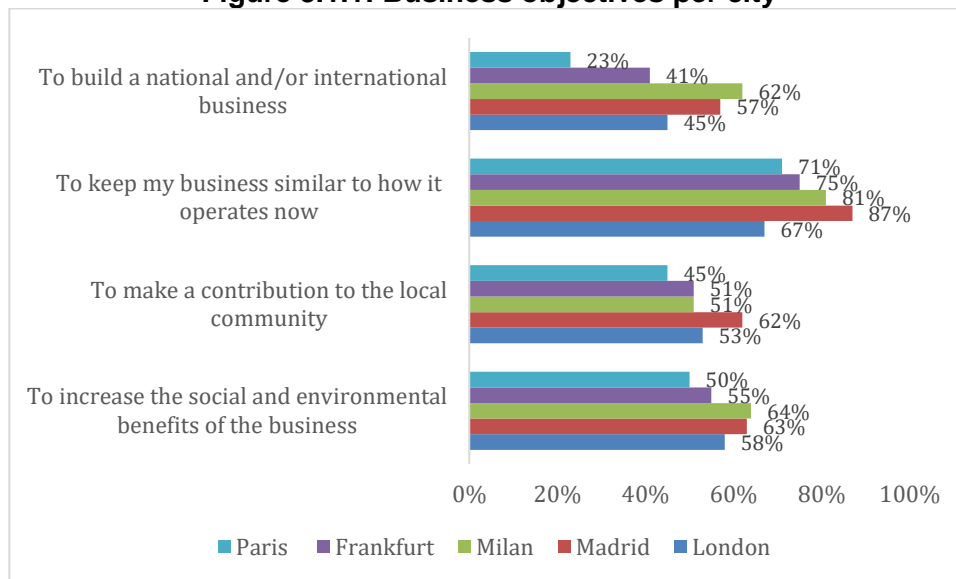
3.1 Ambition and business objectives

The entrepreneurs were asked about the importance they attach to four different business objectives in the next three years. The four goals, covering economic and social objectives, have been formulated as statements, which the respondents could rate on a Likert scale from 1 to 5 points (“Not at all important” (1) to “Very important” (5)). The results depict the proportion of those respondents who judged each objective to be fairly or very important (Figure 3.1.1). As a starting point, we give a brief overview of this proportion across all cities for all the business objectives being investigated. We then expose the shares between different groups, i.e. female- vs. male-led companies, ethnic- vs. non-ethnic-led companies, and companies located in low- vs. middle-income boroughs.

The first two statements measure companies’ growth ambitions. Among all SMEs, those located in Milan are most likely to be seeking to set up a national or international business within the upcoming three years (62%). SMEs in Paris, in contrast, are least likely to pursue this goal (23%). In fact, across all cities (except for Milan), SMEs give lowest importance to expansion ambitions compared with other objectives. Rather, they seem to be satisfied with their business and the majority wishes to keep their business similar to how it currently operates. This particularly applies to SMEs in Madrid (87%) and Milan (81%) and to a lesser extent to SMEs located in London (67%).

As regards entrepreneurs’ socially oriented goals, around half of those surveyed aspire to make a contribution to their local community. There are, however, slight differences across the five locations – SMEs located in Madrid (62%) put more emphasis on this goal than SMEs located in Paris (45%). A very similar pattern can be seen in terms of SMEs’ ambition to increase the social and environmental benefits of the business, although respondents attach somewhat greater importance to this specific goal.

Figure 3.1.1: Business objectives per city



Interestingly, there are only minor differences in ambition when taking the gender of the entrepreneur into account (Figures 3.1.2 and 3.1.3). As regards the economic goals, female-led and male-led companies in all cities are almost as likely to want to maintain the business as it currently operates. There is one exception: male-led companies from Frankfurt are more inclined to expand their company than their female-led counterparts (34% vs. 46%).

There are also no marked gender differences with regard to socially oriented goals particularly in Paris, Milan and Madrid. Female-led companies in London (62%) and in Frankfurt (55%) are more inclined to contribute to the local community than male-led companies in these locations (44% and 47%). Moreover, female-led companies in London are more likely than male-led companies (65% vs. 52%) to aim to increase their social and environmental benefits.

Figure 3.1.2: Business objectives of female-led companies per city

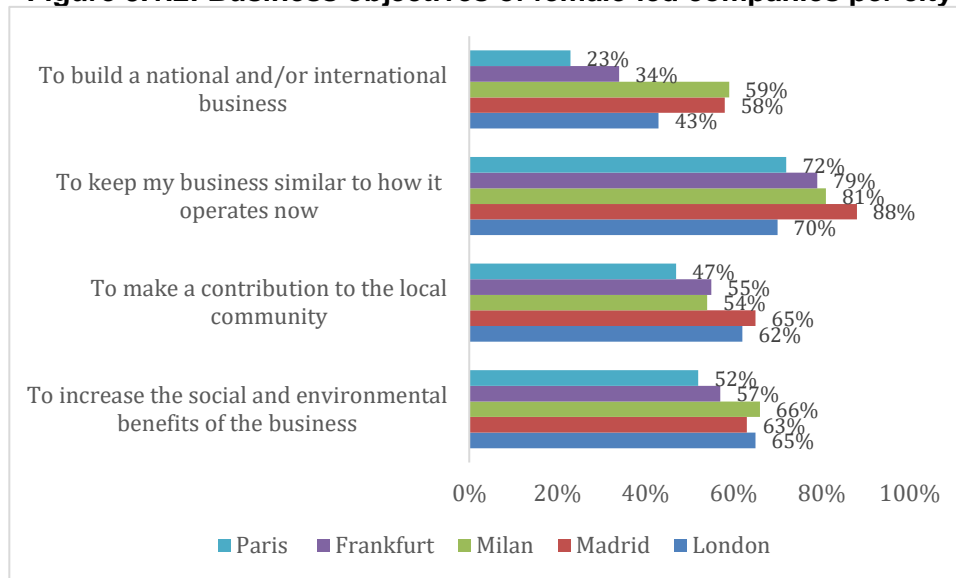
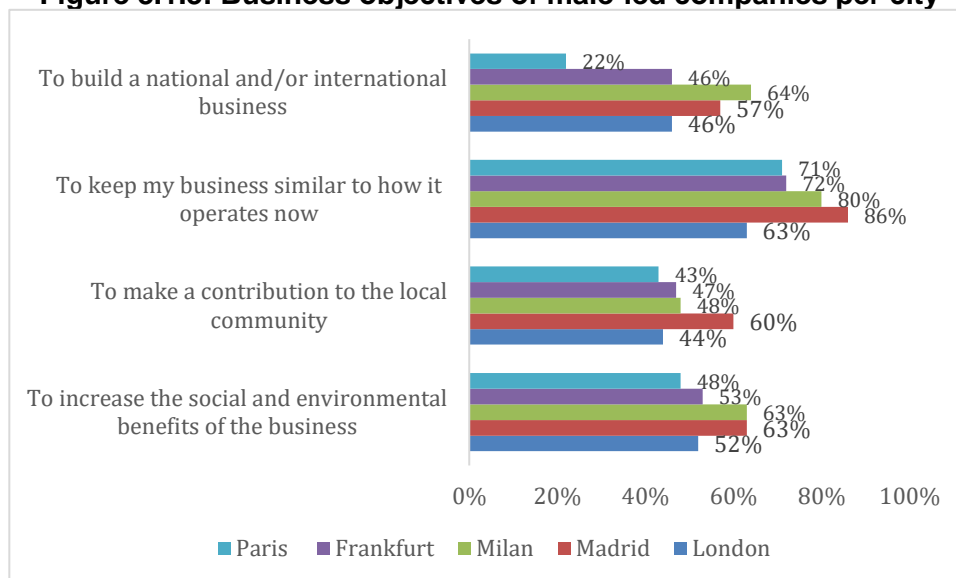


Figure 3.1.3: Business objectives of male-led companies per city



A comparison between ethnic-led and non-ethnic-led companies reveals more striking differences (Figures 3.1.4. and 3.1.5). This is most obvious in terms of entrepreneurs' ambitions to expand their businesses (inter-)nationally. While there are only small differences between businesses with and without an ethnic background in London (41% vs. 47%), ethnic-led businesses in Paris (36%), Madrid (70%) and Frankfurt (56%) are considerably more inclined to pursue this goal than their non-ethnic counterparts in their respective cities (17%, 53%, 35%). Notably, the opposite is true in Milan – about two out of three non-ethnic-led companies aim to expand to a national and/or international company, while less than half of ethnic-led ones aim to do so (67% vs. 45%). It is thus not surprising that the large majority of

ethnic-led businesses in Milan wish to keep their business similar to how it currently operates (91%).

In general, for entrepreneurs with an ethnic background, socially oriented goals are more important than for their non-ethnic counterparts. While this applies to ethnic-led businesses across all cities, this is particularly noticeably for Milanese and Madrid businesses: 74% of Milanese and 77% of Madrid ethnic-led businesses intend to contribute to the local community within the next three years, while only 44% respectively 57% of their counterparts pursue this objective. Similar results can be observed with regard to social and environmental objectives.

Figure 3.1.4: Business objectives of ethnic-led companies per city

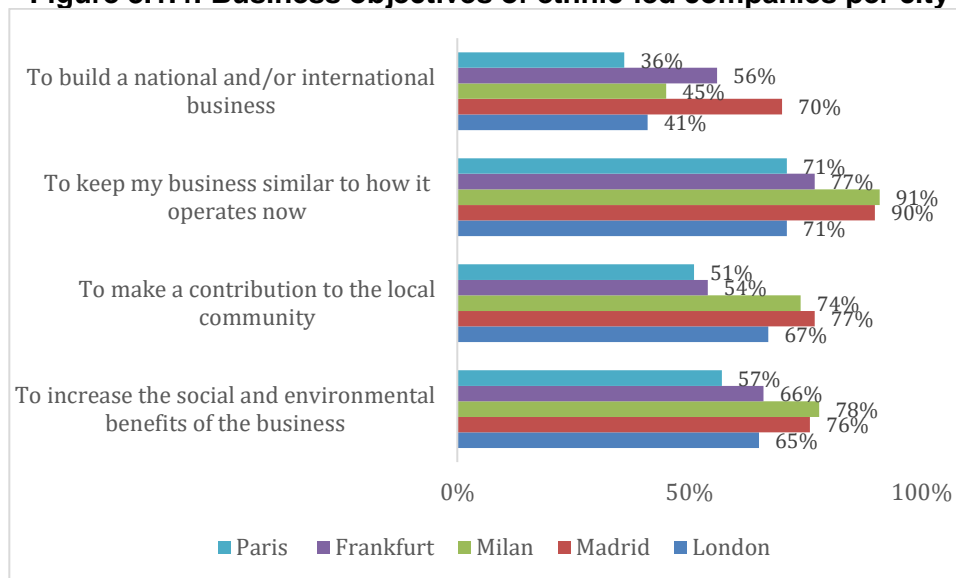
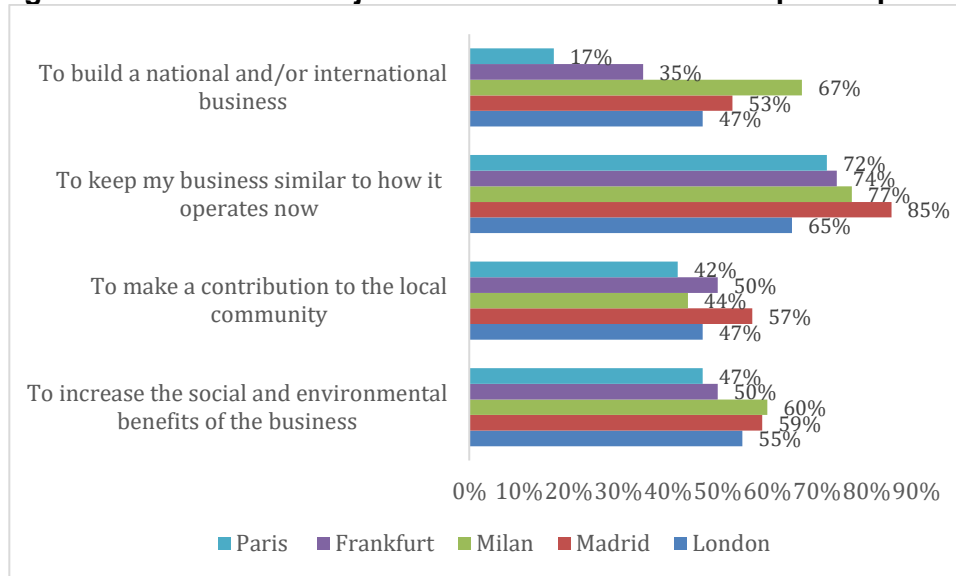


Figure 3.1.5: Business objectives of non-ethnic-led companies per city



When taking the economic environment of the businesses into account, there are almost no differences between the business ambitions of firms in low- and middle-income boroughs (Figures 3.1.6 and 3.1.7). There is one exception: A significantly lower share of SMEs located in the middle-income boroughs of London pursues socially-oriented goals.

Figure 3.1.6: Business objectives in low-income boroughs per city

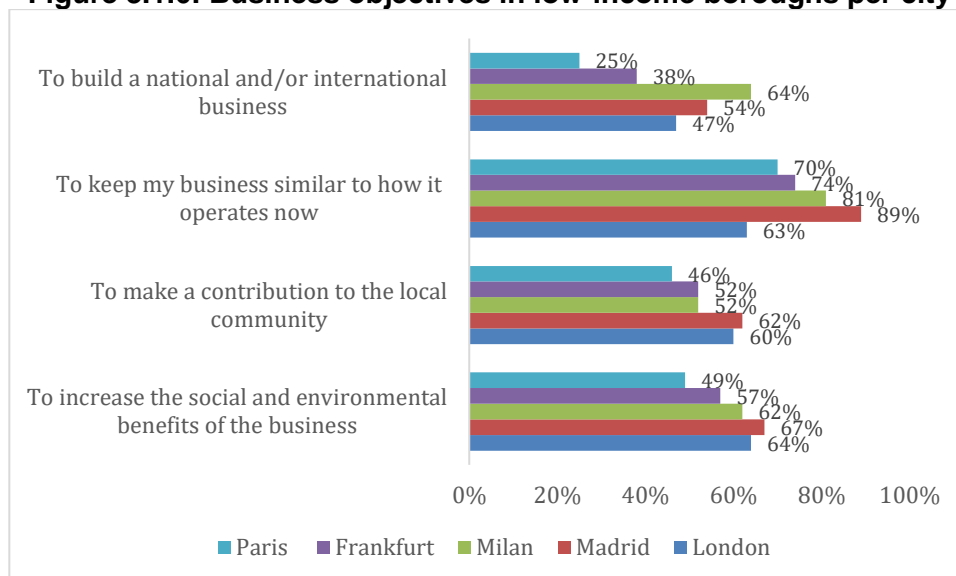
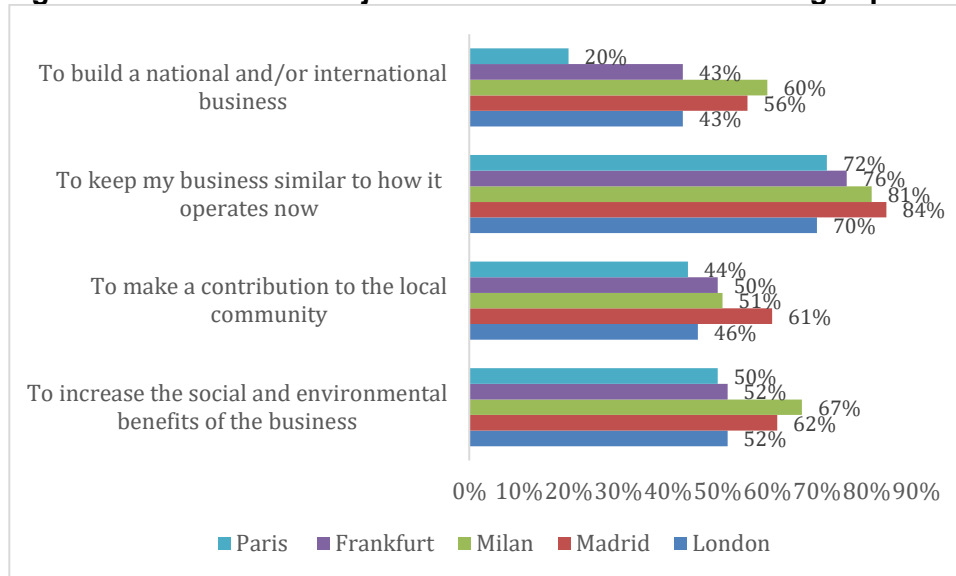


Figure 3.1.7: Business objectives in middle-income boroughs per city



CASE STUDY: MAKING A CONTRIBUTION TO THE LOCAL COMMUNITY

Omar, UK-based leader of a travel agency, sees giving back to his local community as an important part of running his business.

‘So, what we are trying to do is try to give back to the community as well ... because the problem is the government unfortunately doesn’t do much for us. I grew up in this area and I’ll be honest with you, I haven’t seen anything from all the governments, like who have actually given us anything in terms of, you know, provided us with any kind of investment in the area, it’s always been local entrepreneurs that have put back into this area. And that’s how it’s always been, especially in areas where there’s a large ethnic minority. So, I genuinely believe in that, we should invest back into the community, and that’s what we are trying to do. We try to keep it within the community, try to invest back into the community’.

3.2 Resilience

A company's resilience towards external shocks may depend on the entrepreneur's individual resilience. The way entrepreneurs deal with challenging situations in their personal lives indicates their abilities to deal with shocks in business. In other words, how well managers personally deal with difficult situations, how adaptable they are or how easily they can be discouraged by failures, affects the resilience of their companies (Bullough/Renke 2013)¹.

In this regard, studies often use the Connor-Davidson Resilience Scale (CD-10) (e.g., Sarubin et al. 2015)². The Connor-Davidson Resilience Scale (CD-10) captures the degree to which a person is resilient towards external shocks. The respondents were asked to evaluate ten statements on a 5 point Likert-scale from "Not at all true" (0) to "True nearly all of the time" (4)³:

1. I am able to adapt when changes occur
2. I can deal with whatever comes my way
3. I try to see humorous side of things when I am faced with problems
4. Having to cope with stress can make me stronger
5. I tend to bounce back after illness, injury or other hardships
6. I believe I can achieve my goals even if there are obstacles
7. Under pressure, I can stay focused and think clearly
8. I am not easily discouraged by failure
9. I think of myself as a strong person when dealing with life's challenges and difficulties
10. I am able to handle unpleasant or painful feelings like sadness, fear and anger

¹ Bullough, A.; Renko, M. (2013): Entrepreneurial resilience during challenging times. In: Business Horizons, Vol. 56, pp. 343-350.

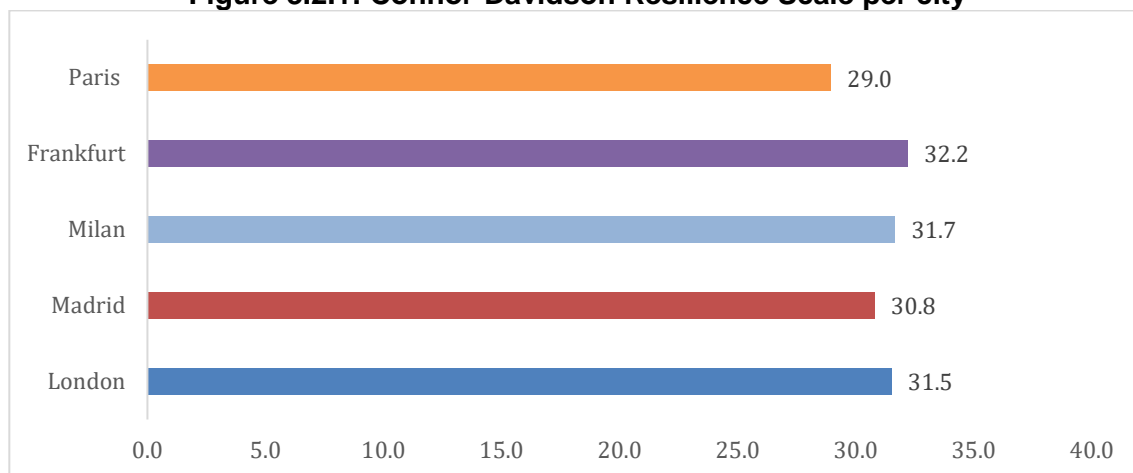
² Sarubin, N.; Gutt, D.; Giegling, I.; Bühner, M.; Hilbert, S.; Krähenmann, O.; Wolf, M.; Jobst, A.; Sabaß, L.; Rujescu, D.; Falkai, P.; Padberg, F. (2015): Erste Analyse der psychometrischen Eigenschaften und Struktur der deutschsprachigen 10- und 25-Item Version der Connor-Davidson Resilience Scale (CD-RISC), Zeitschrift für Gesundheitspsychologie, Vol. 23, pp. 112-122.

³ The CD10 scale is copywrite and used here under a licence granted to Warwick Business School the contract holder for this project.

By summing up the scores, the survey respondents can reach a total value between 0 and 40. A low score indicates a low resilience level, a high value equates to a high resilience level (Sarubin et al. 2015)⁴.

Overall, there is little variation across the cities, ranging from 29.0 in France to 32.2 in Germany (Figure 3.2.1). However, the high scores among the entrepreneurs of all cities are striking. Presumably self-selection biases come into effect: individuals who handle difficult situations more easily than other people are typically more likely to engage in entrepreneurial activities (see e.g. Baron et al. 2016)⁵. Thus it is not surprising, that individuals in a similar job role in each country report similar scores.

Figure 3.2.1: Connor-Davidson Resilience Scale per city

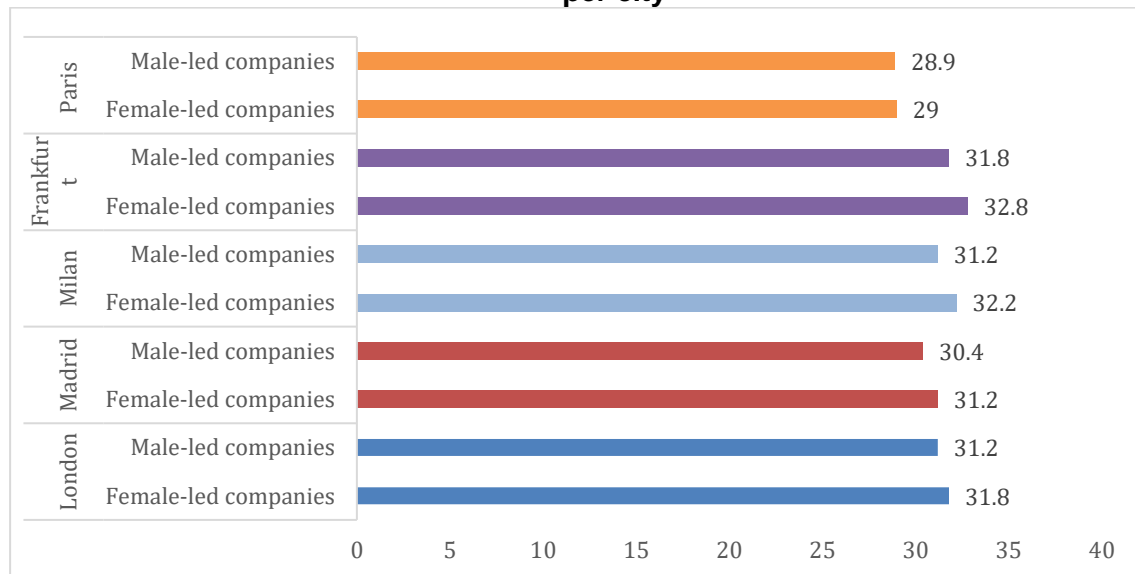


Also, a comparison between female- and male-led businesses only reveals minor differences in CD-10 scores (Figure 3.2.2). On closer examination, the CD-10 values of female entrepreneurs are higher in all cities, but the differences are extremely marginal.

⁴ Sarubin, N.; Gutt, D.; Giegling, I.; Bühner, M.; Hilbert, S.; Krähenmann, O.; Wolf, M.; Jobst, A.; Sabaß, L.; Rujescu, D.; Falkai, P.; Padberg, F. (2015): Erste Analyse der psychometrischen Eigenschaften und Struktur der deutschsprachigen 10- und 25-Item Version der Connor-Davidson Resilience Scale (CD-RISC), Zeitschrift für Gesundheitspsychologie, Vol. 23, pp. 112-122.

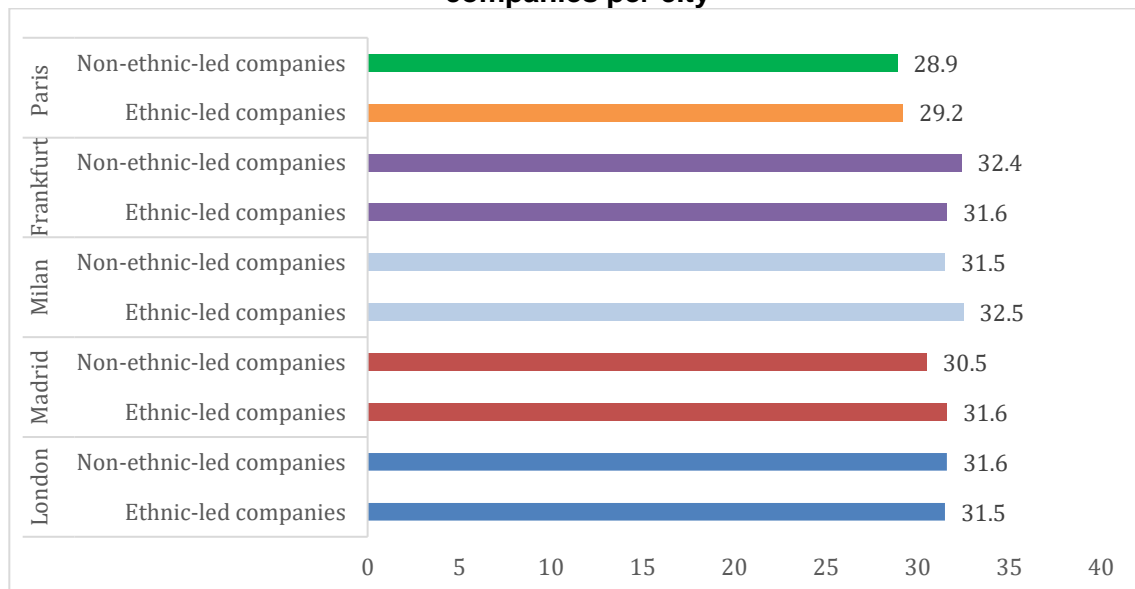
⁵ Baron, R.; Franklin R.; and Hmieleski, K.M. (2016): Why Entrepreneurs often experience low, not high, levels of Stress: The join effects of selection and psychological capital. In: Journal of Management, Vol. 42, pp. 742-768.

Figure 3.2.2: Connor-Davidson Resilience Scale of female- and male-led companies per city



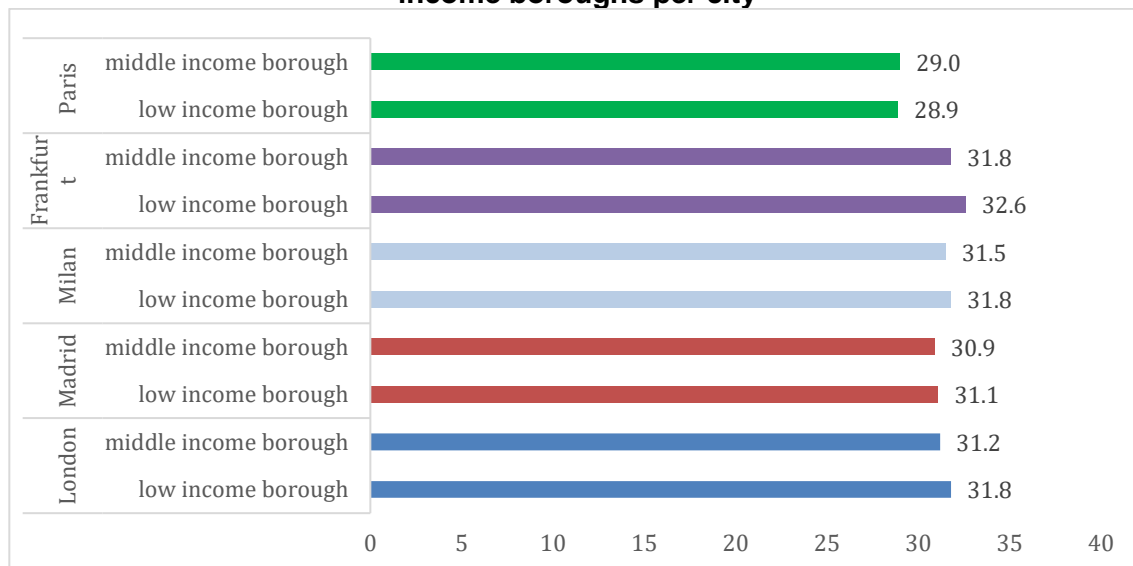
A comparison between ethnic- and non-ethnic-led businesses shows no differences (Figure 3.2.3).

Figure 3.2.3: Connor-Davidson Resilience Scale of ethnic- and non-ethnic-led companies per city



Only marginal differences can be observed between those companies that are located in middle-income boroughs and those located in low-income boroughs (Figure 3.2.4).

Figure 3.2.4: Connor-Davidson Resilience Scale of companies in middle and low income boroughs per city



The fact that there are no clear differences between CD-10 values of female and male entrepreneurs, SME entrepreneurs with and without ethnic backgrounds and entrepreneurs from low- and middle-income boroughs leads us to the broad conclusion that entrepreneurs are equally resilient.

3.3 Summary

When it comes to the objectives that firm leaders express for their businesses, differences between different entrepreneur types are evident. We also see some variation by city, suggesting that environmental or cultural factors may influence these business leaders. Perhaps surprisingly, location of the business within each city does not seem to be linked to the kinds of objectives that a firm's leader articulates.

- Keeping their business the same is the most commonly cited objective of participants in this study. We observe no notable difference between female- and male-led businesses in this respect. Ethnic-led businesses in Milan were significantly more likely than non-ethnic-led businesses to express this objective but in the other cities, there was no significant difference.

- We see some variation between the cities under study when it comes to firms that wish to build a national/international business. In Frankfurt, male-led businesses are slightly more likely to express the ambition to build a national business than female-led businesses. Other than this, there is no real difference between male- and female-led businesses. Ethnic-led firms are considerably more likely to express this ambition than non-ethnic-led firms in Madrid and Frankfurt, whereas the reverse is the case in Milan, where more non-ethnic-led firms say they want to build a national business.
- Ethnic-led firms are more likely than their non-ethnic-led counterparts to express the aim of socially oriented goals and this is amplified in Milan and Madrid. Similarly, in every city, ethnic-led businesses are more likely to articulate the objectives related to contributing to their local community and increasing the social and environmental impact of their firms.
- Female-led firms in all five cities are more likely than male-led firms to cite the aim of contributing to their local community, and this difference is amplified in London. Similarly, in all cities except Madrid (where male and female are the same), female-led firms are more likely than male-led firms to cite increasing the social and environmental impacts of their firms as an objective.
- Location of the business, in a low- or medium-income borough, does not seem to make any difference to the objectives expressed by the firm leader. The only exception to this is in London where firms based in low-income boroughs are significantly more likely to express social or community objectives.
- We observe no notable differences in the personal resilience scores of entrepreneurs of different types, in different cities and based in low- versus medium-income boroughs within the cities.

We conclude that female- and ethnic-led firms often approach their businesses differently from their male and non-ethnic counterparts, and that the picture varies depending on the city under study. However, location of the firm in a low- or medium-income borough does not amplify this effect.

CHAPTER 4: EXTERNAL ADVICE

Authors: Dr Maria Wishart

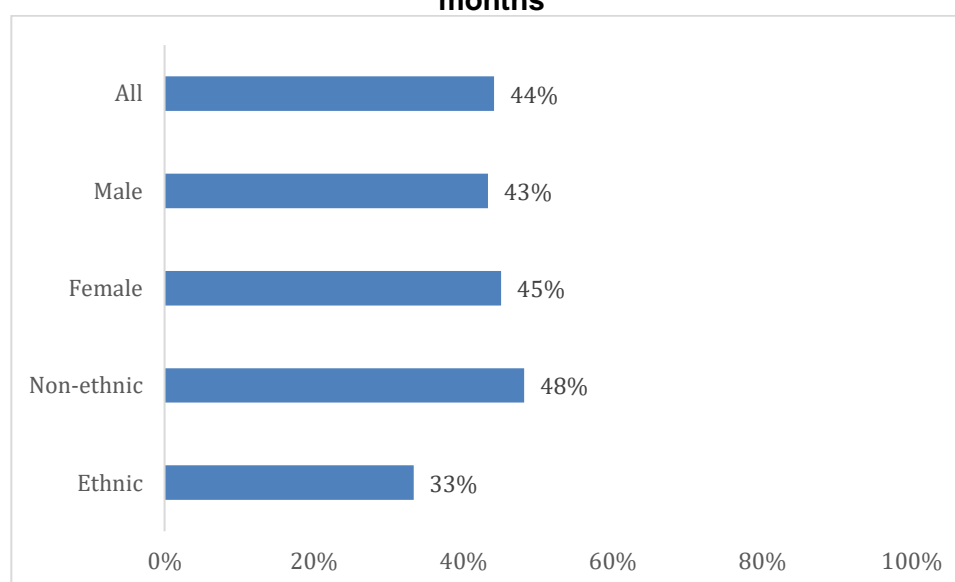
This chapter considers the ways in which the leaders of the small businesses in our sample use sources outside their businesses for advice on the running and management of their firms.

We asked whether they had consulted external sources of advice in the preceding 12 months, and which sources they had consulted.

4.1 Firms that sought external advice in the preceding 12 months

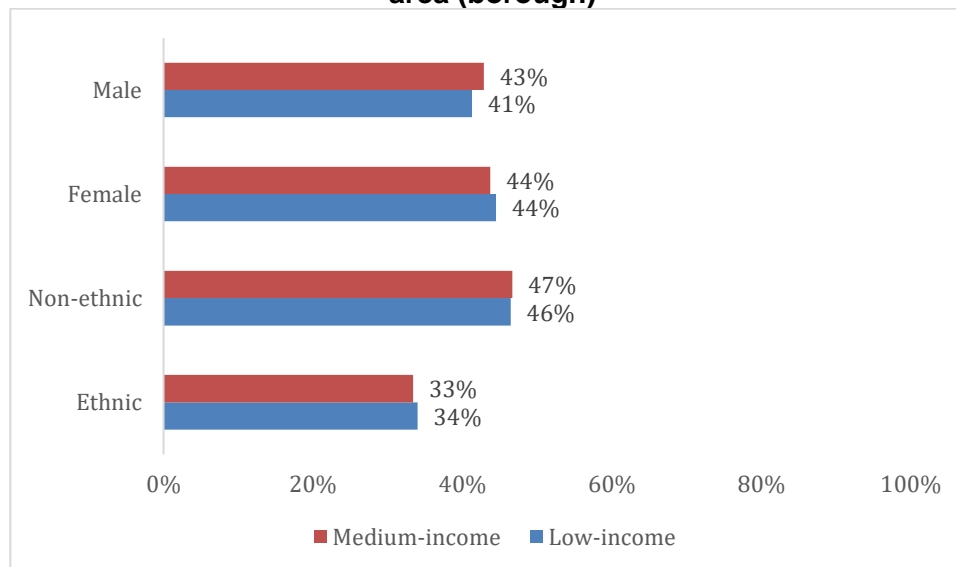
Overall, 44% of small firms in our sample say they took advice from sources outside their firms in the preceding 12 months. While similar proportions of female- and male-led businesses had sought external advice over the past 12 months, we observe marked differences between ethnic and non-ethnic leaders. Whereas 48% of non-ethnic led businesses say they consulted external sources, only 33% of their ethnic counterparts claim to have done so.

Figure 4.1.1 Overall proportion of businesses seeking external advice in past 12 months



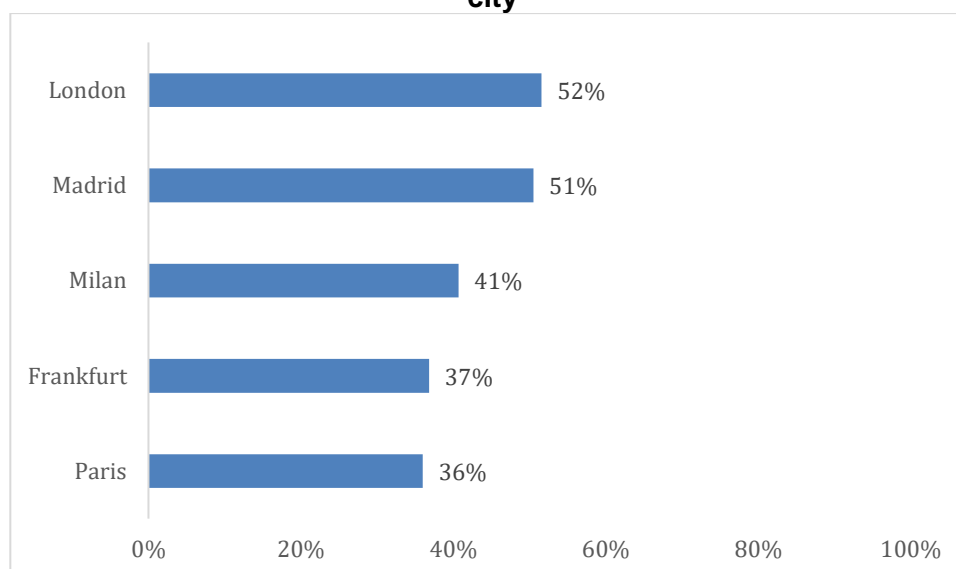
Overall, as shown in Figure 4.1.2 below, in our sample of businesses across the five cities, we observe no notable difference between businesses located in low- and medium-income boroughs in the likelihood of business leaders consulting external sources of advice in the preceding 12 months.

Figure 4.1.2 Proportion of businesses seeking external advice in past 12 months by area (borough)



However, we do find differences by city. Just over half businesses in both London and Madrid had sought external advice, compared to 41% in Milan, 37% in Frankfurt and 36% in Paris

Figure 4.1.3 Proportion of businesses seeking external advice in past 12 months by city



Within the cities under study, we also observe variations in the characteristics of the businesses seeking advice. In London, Paris and Frankfurt, similar proportions of ethnic-led and non-ethnic-led businesses sought external advice. In Milan and Madrid, however, ethnic-led businesses were significantly less likely to have taken external advice. This is demonstrated in Figure 4.1.4 below. We do not observe any significant differences between female- and male-led businesses in any of the five cities under study (Figure 4.1.5), nor are there any clear differences between low- and middle-income areas when it comes to the likelihood of a firm to have sought external advice in any of the five cities (Figure 4.1.6).

Figure 4.1.4 Proportion of businesses seeking external advice in past 12 months by city & ethnicity

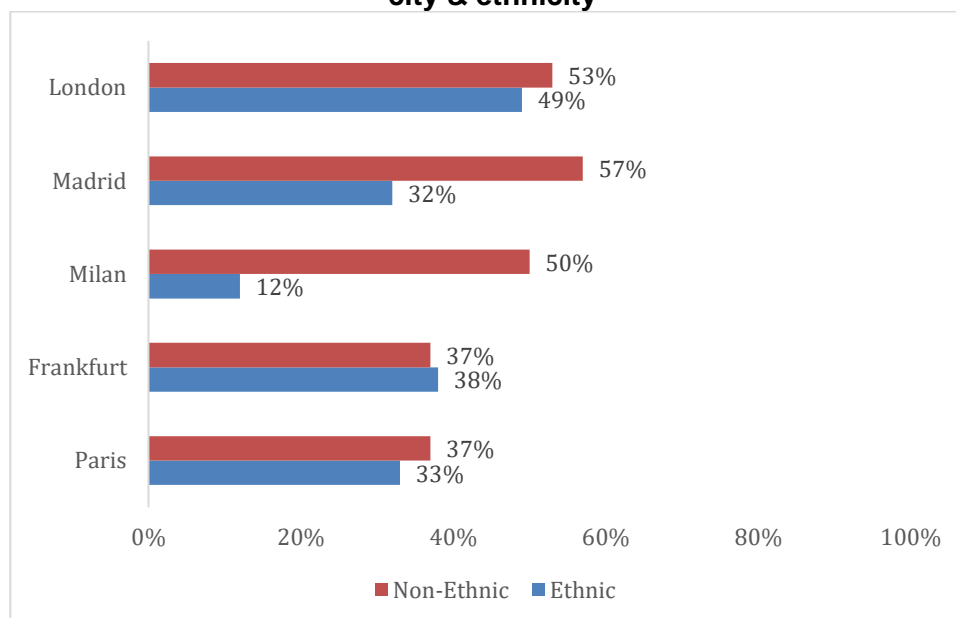


Figure 4.1.5 Proportion of businesses seeking external advice in past 12 months by city & gender

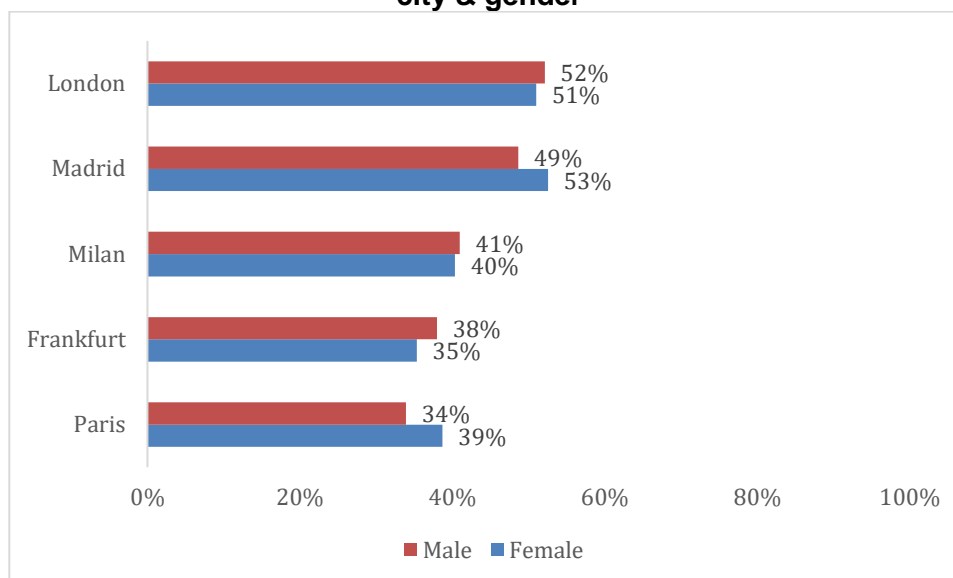
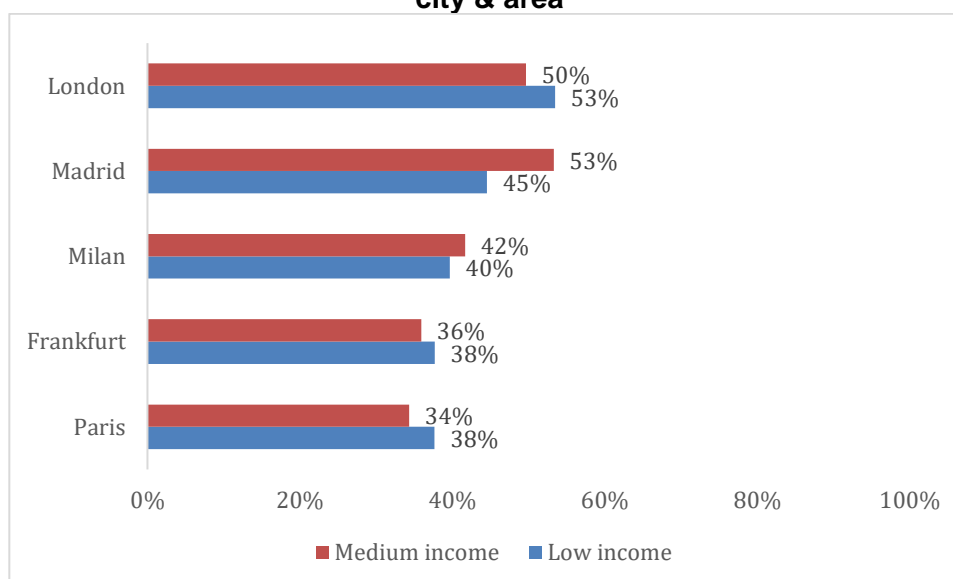


Figure 4.1.6 Proportion of businesses seeking external advice in past 12 months by city & area



4.2 The kind of external advice that firms sought

We now turn our attention to the specific type of advice that those firms who sought advice (i.e., 44% of the total sample) accessed. Overall, as shown in Figure 4.2.1 below, accountants and lawyers are the most common sources of advice for the small firms in our study, followed by mentors, family members and business networks. Government advice, for example via a website, and Local Authority (LA) sources are used by a small but significant proportion of

firms overall. We do observe some variation in the sources of advice selected by different types of business leader. Ethnic-led businesses are more likely to have consulted a family member and their local authority, and less likely to have taken legal advice than their non-ethnic-counterparts (see Figure 4.2.2). Female-led firms are slightly less likely to have consulted an accountant or lawyer than their male counterparts (Figure 4.2.3). Perhaps surprisingly, we observe only very insignificant differences in the type of advice that firms from different areas (boroughs) sought (Figure 4.2.4).

Figure 4.2.1 Sources of external advice – all firm types

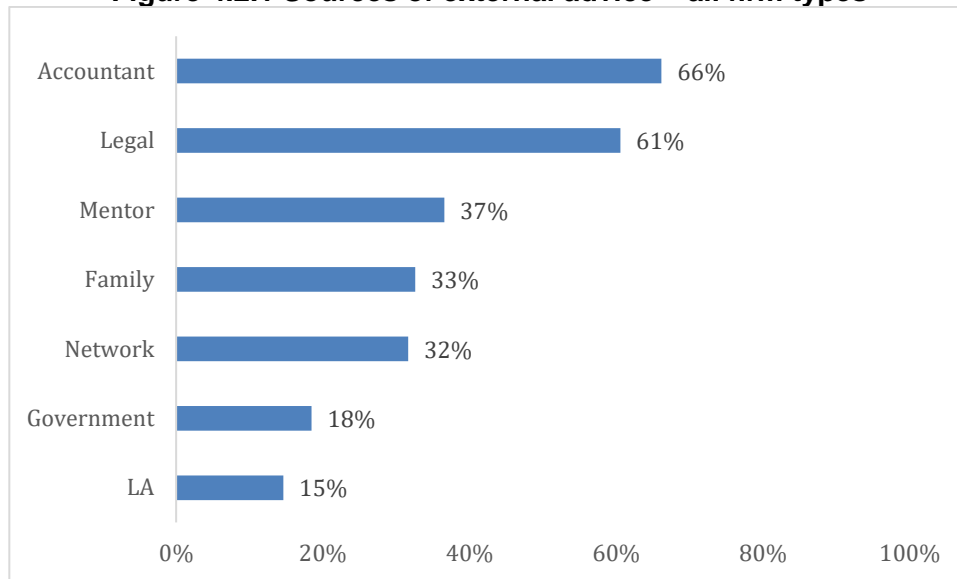


Figure 4.2.2 Source of external advice by ethnicity

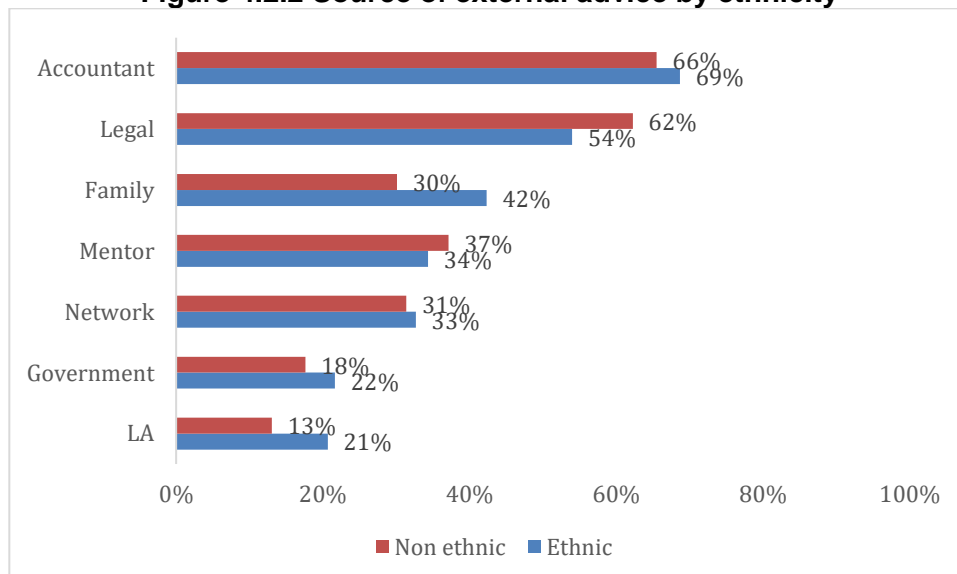


Figure 4.2.3 Source of external advice by gender

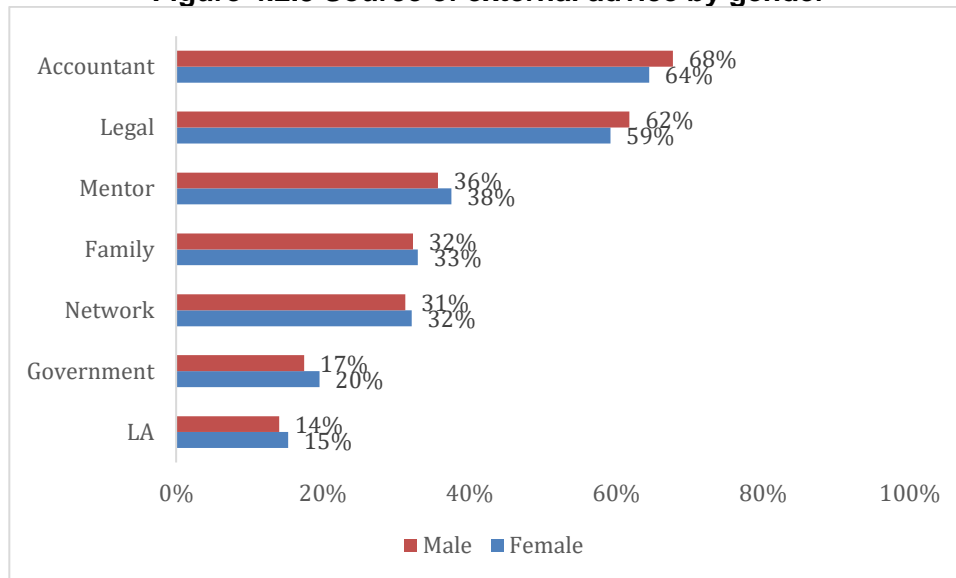
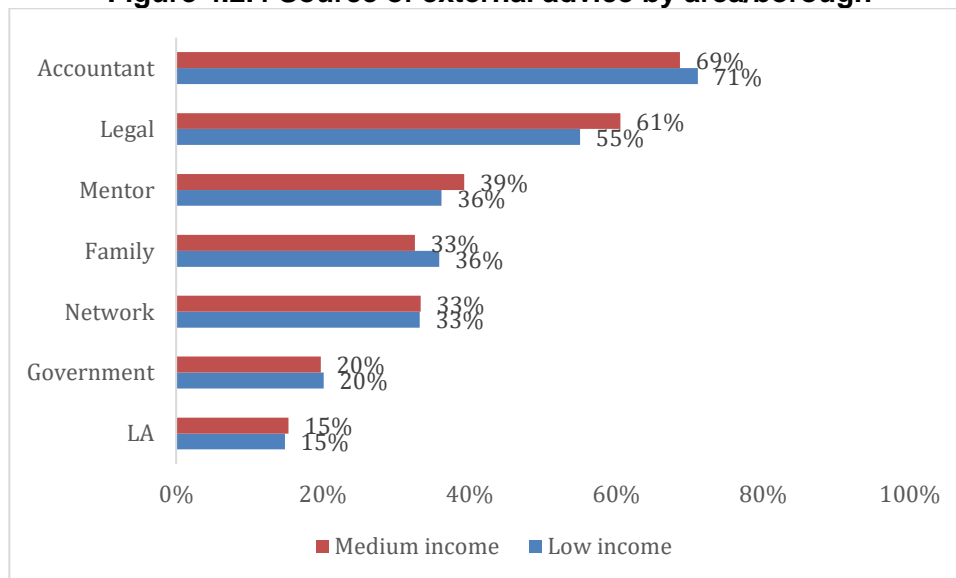


Figure 4.2.4 Source of external advice by area/borough

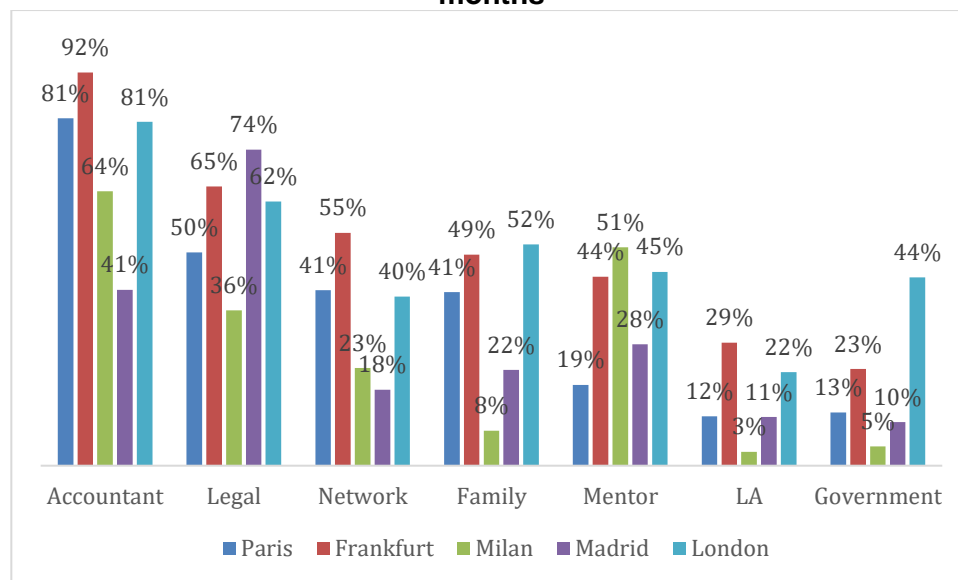


4.3 Variations in external advice sought by city and firm type

In this section, we consider the differences both city and leader type make to the likelihood of a firm to select an external source of advice. As we have already seen, accountants and lawyers are the most commonly used sources of external advice for the firms in our sample. However, we observe some differences between the cities when it comes to the choice of external adviser for the firms in our sample. It is notable that firms in Madrid are much more likely to consult a legal adviser than an accountant, whereas in every other city, accountants are more likely to be consulted. Business networks and family members are less favoured by

firms in Milan and Madrid than in the other three cities. Paris-based entrepreneurs are less likely to have consulted a mentor and London-based firms are the most likely to consult government sources of advice, for example via government websites.

Figure 4.3.1 Source of advice by city, all firms that took external advice in past 12 months



When we look at the different types of firms likely to use the most prevalent source of advice within the five cities, we also find some variation worthy of note. Although overall the use of accountants varies somewhat among the five cities, within each city use of accountants is fairly consistent across firm type, as shown in Figure 4.3.2. In Frankfurt, female-led firms were considerably less likely to have taken legal advice than their male counterparts, and in Milan the same was true for ethnic-led firms (see Figure 4.3.3). In Paris, ethnic-led firms were more likely to have consulted a business network than their counterparts and in Frankfurt, the same was true for female-led firms (see Figure 4.3.4 below). Family seems to be more important as a source of advice for ethnic-led firms in both Paris and Frankfurt, as shown in Figure 4.3.5. Ethnic-led firms in Milan are much less likely to consult a mentor than any other group in this city (Figure 4.3.6).

Figure 4.3.2 Firms that had consulted an accountant in the preceding 12 months

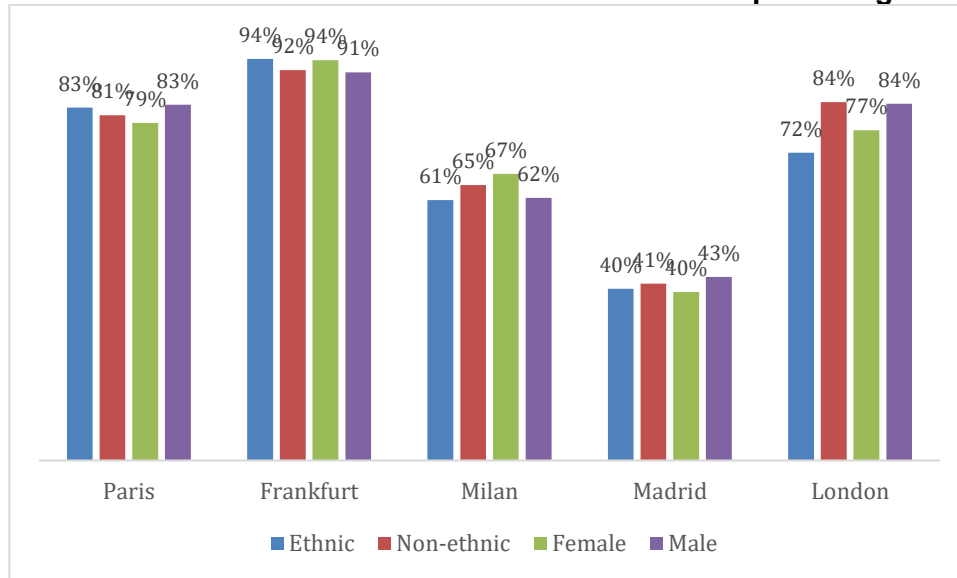


Figure 4.3.3 Firms that had taken legal advice in the preceding 12 months

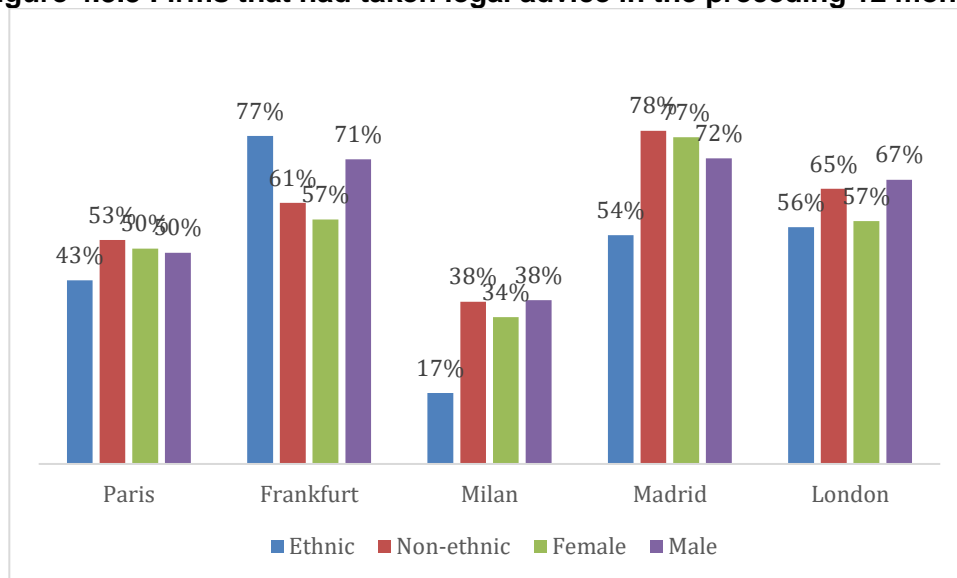


Figure 4.3.4 Firms that had sought the advice of a business network, trade association or chamber of commerce in the preceding 12 months

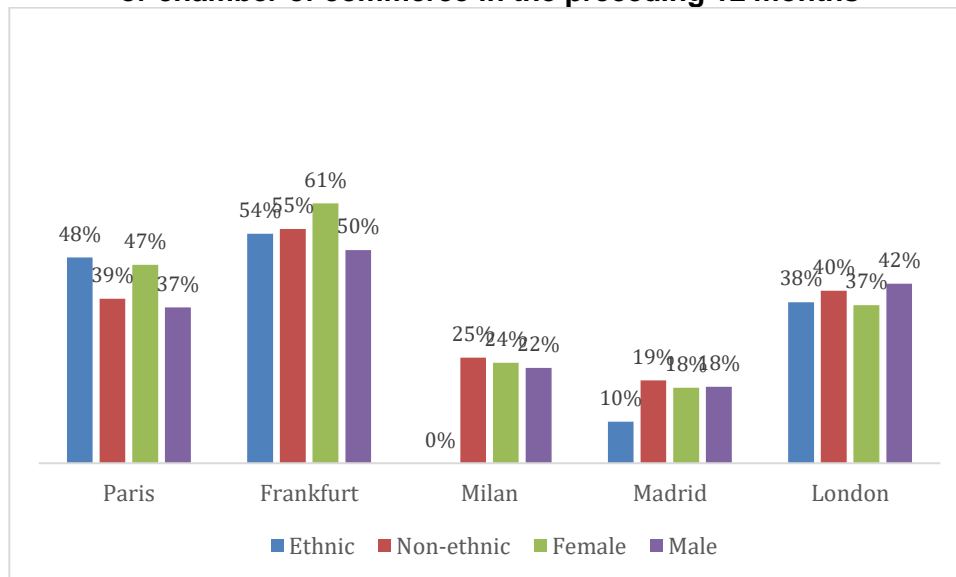


Figure 4.3.5 Firms that had sought family advice in the preceding 12 months

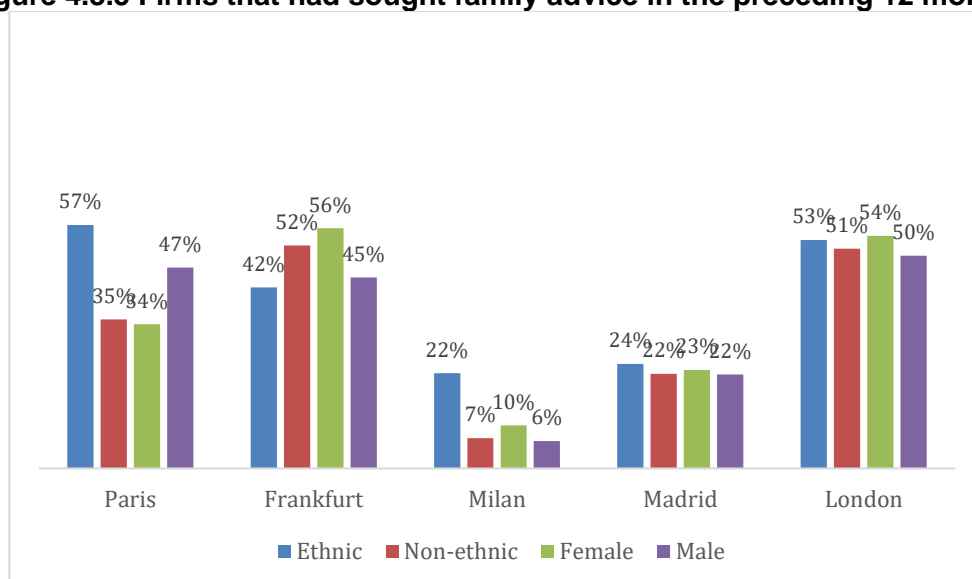
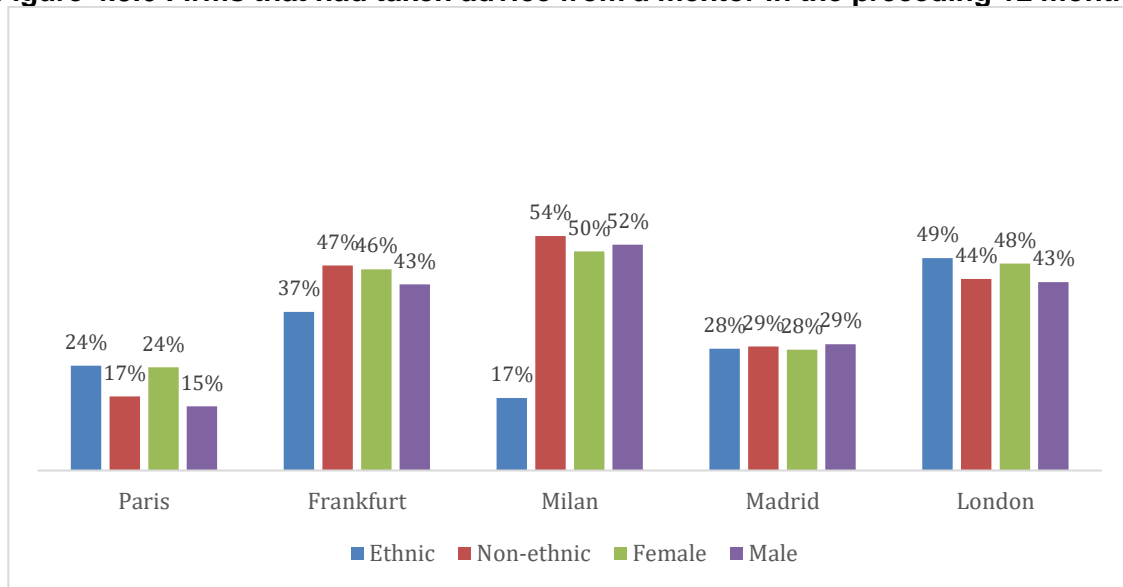


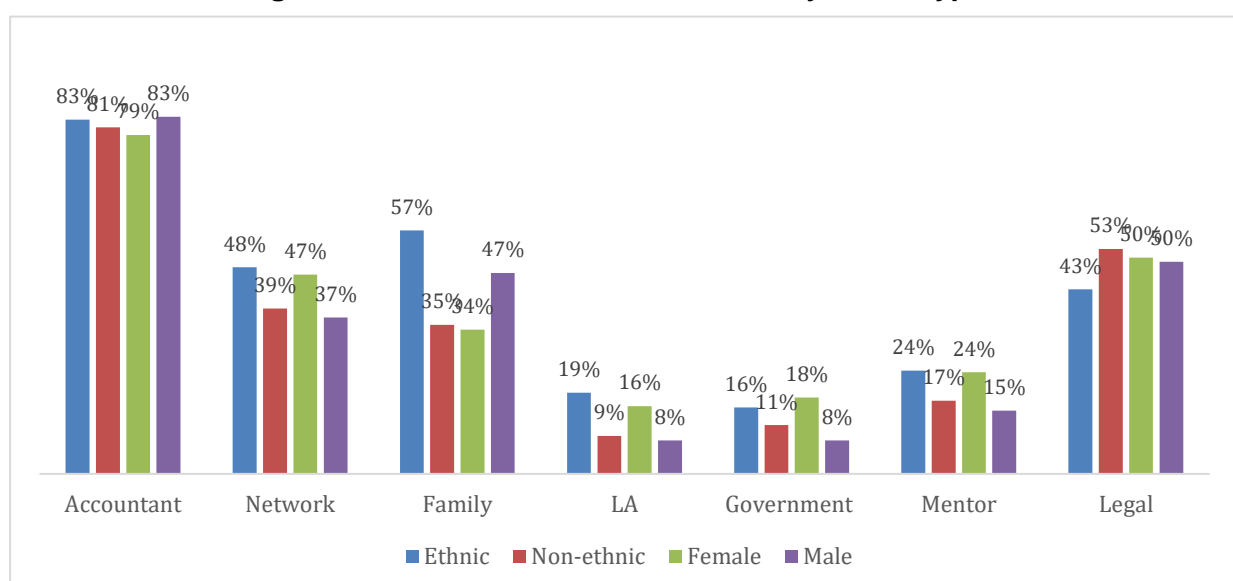
Figure 4.3.6 Firms that had taken advice from a mentor in the preceding 12 months



When we consider each city on its own, we can see some variation within each city in the advice taken by different firm type. The following charts show, by city, the main sources of advice broken down by ethnicity and gender of firm leader.

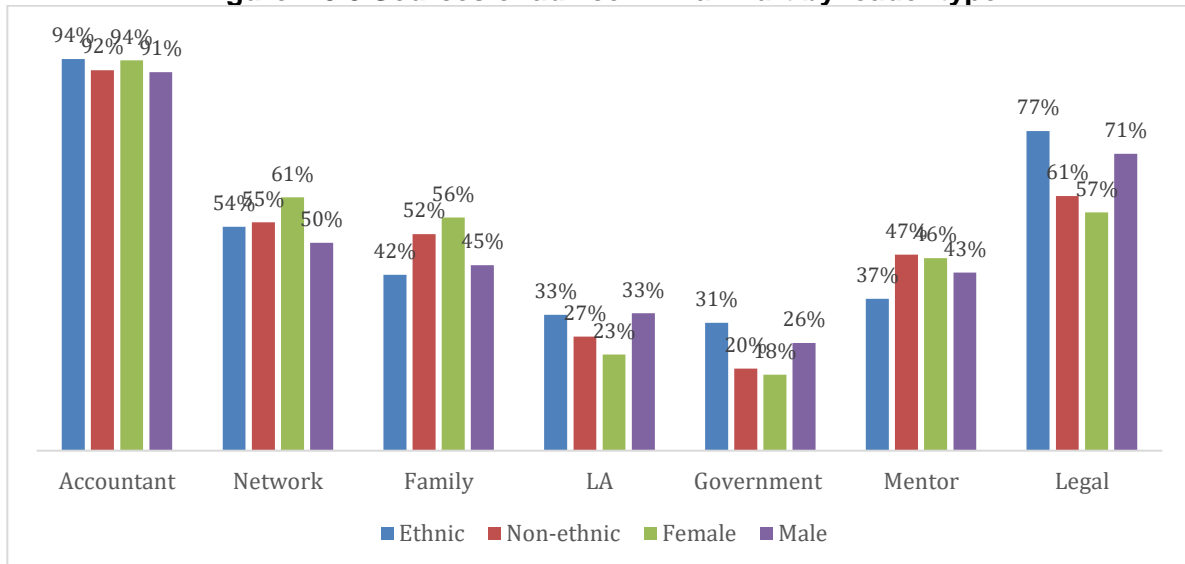
Figure 4.3.7 shows that ethnic-led and male-led firms in Paris are considerably more likely than their counterparts to seek family advice. Ethnic-led firms are less likely to opt for legal advice, and ethnic- and female-led firms are more likely to go for advice from a mentor. It is worth remembering that overall, Paris was the city where the lowest proportion of firms overall had sought external advice.

Figure 4.3.7 Sources of advice in Paris by leader type



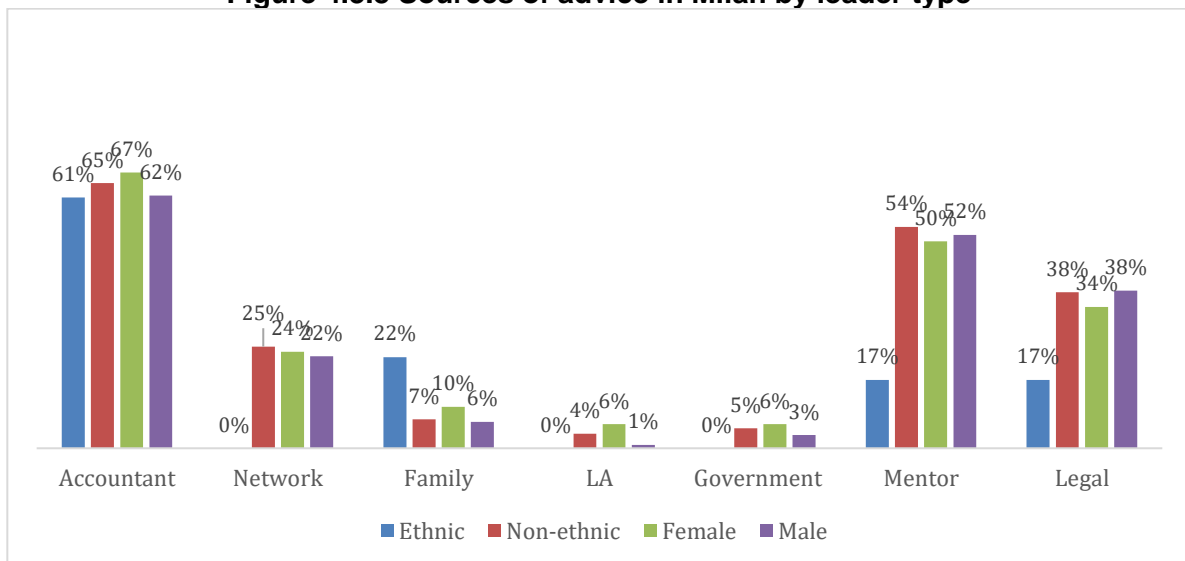
In Frankfurt, as shown in Figure 4.3.8 below, ethnic- and male-led firms are more likely to opt for legal advice, and female-led firm are more likely to seek the advice of networks and family members.

Figure 4.3.8 Sources of advice in Frankfurt by leader type



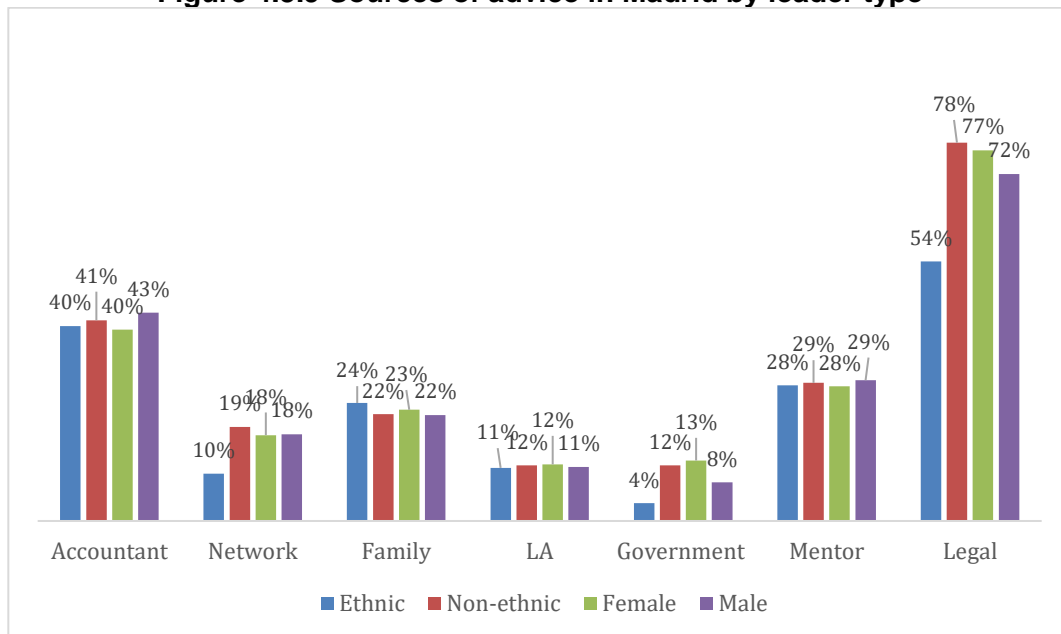
As we have already seen, in Milan, few firms say that they consulted family, their Local Authority or government sources. Ethnic leaders were markedly less likely to have sought the advice of a mentor or a legal expert, perhaps suggesting that they are unaware of or unable to access such help.

Figure 4.3.8 Sources of advice in Milan by leader type



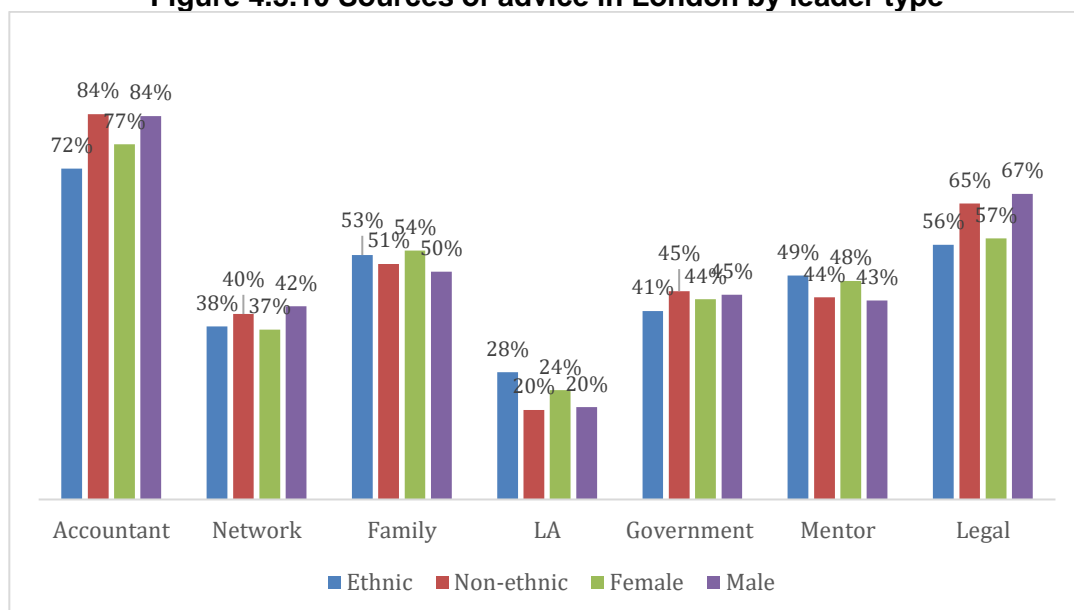
The preferred source of advice in Madrid is a legal expert, as shown below in Figure 4.3.9, however ethnic-led firms are significantly less likely to have accessed such advice. Apart from this, we see little variation of note across the different firm types.

Figure 4.3.9 Sources of advice in Madrid by leader type



Also in London, we note more consistency across firm types than in other cities.

Figure 4.3.10 Sources of advice in London by leader type



Overall, our findings indicate that both city and leader type seem to be linked to the choice of external advice that small firms make. City-specific variations may be driven by pre-existing and deep-seated cultural differences. It is also possible that business support initiatives in the five cities are making some sources of advice more readily available and are thus influencing the sources firms choose or are able to access. Differences may be related to the sector that the firms inhabit, which themselves may be linked to tradition or culture within their cities.

CASE STUDY: FINDING ADVICE AND SUPPORT FROM A TRADE ORGANISATION

Mohamed is a foreign-born entrepreneur living in Italy. Having worked for 14 years as an employee, two years ago decided to establish his business. Although initially wary of business support organisations, he found a local agency supportive and helpful.

'When I decided to found my business, I understood the importance of seeking external advice. Before I did not trust in accountants and business consultant. Perhaps because of the bad reputation, that they had in my mind.

A friend of mine recommended that I contact [a local support agency]. I was hesitant, but in the end, they helped me a lot, and also even now when I have some doubts, I call them, and they are always willing to help me. They are like family now'.

4.4 Summary

Our analysis has uncovered variation in the likelihood of different leader types to access any kind of external advice for their businesses. Different leader types are also likely to seek different kinds of advice. We see variation also in types of advice accessed by city, which suggests that contextual factors may have a part to play here. The headlines emerging from this analysis are as follows:

- Ethnic leaders are less likely than non-ethnic leaders to seek any external advice for their businesses.

- Female and male leaders are equally likely to seek external advice.
- In London, Paris and Frankfurt, similar proportions of ethnic-led and non-ethnic-led businesses sought external advice. In Milan and Madrid, however, ethnic-led businesses were significantly less likely to have taken external advice. We do not observe any significant differences between female- and male-led businesses in any of the five cities under study.
- Area (or borough) where the business is located does not seem to make a difference to the likelihood of different types of leaders or businesses in different cities to seek external advice.
- We observe differences between the cities in the type of advice that firms seek. Overall, accountants are the most important source of advice, but in Madrid firms are much more likely to consult a legal adviser than an accountant. Business networks and family members are less favoured by firms in Milan and Madrid than in the other three cities. Paris-based entrepreneurs are less likely to have consulted a mentor and London-based firms are the most likely to consult government sources of advice.
- We see difference between different leader types in the type of external advice that their businesses access. Ethnic-led businesses are more likely to have consulted a family member and their Local Authority, and less likely to have taken legal advice than their non-ethnic led counterparts. Female-led firms are slightly less likely to have consulted an accountant or lawyer than their male counterparts
- Some differences are related to both city and leader type. In Milan and Madrid, ethnic-led businesses are significantly less likely to have taken external advice at all. In Frankfurt, female-led firms are considerably less likely to have taken legal advice than their counterparts. In Paris, ethnic-led firms are more likely to have consulted a business network than their ethnic counterparts and in Frankfurt, the same is true for female-led firms. Family seems to be more important as a source of advice for ethnic-led firms in both Paris and Frankfurt and ethnic-led firms in Milan are much less likely to consult a mentor than any other group in this city.

These findings suggest that interventions related to the provision of business advice need to take account of variations in leader type as well as city.

CHAPTER 5: PLANNING FOR ADVERSITY

Authors: Dr Matthias Tietz and Dr Aloña Martiarena

This chapter introduces perceived threats by gender, ethnicity and borough type. It also draws on data that shows how SME business owners feel about business risk planning, also by gender, ethnicity and borough type.

5.1 Perceived threats

The entrepreneurs were asked about 16 typical threats and if they perceived any of them to be applicable to their business. The 16 threats are divided into eight predominantly internal threats and eight largely external threats. Table 5.1.1 gives a comparative overview with columns for sample averages across the five cities.

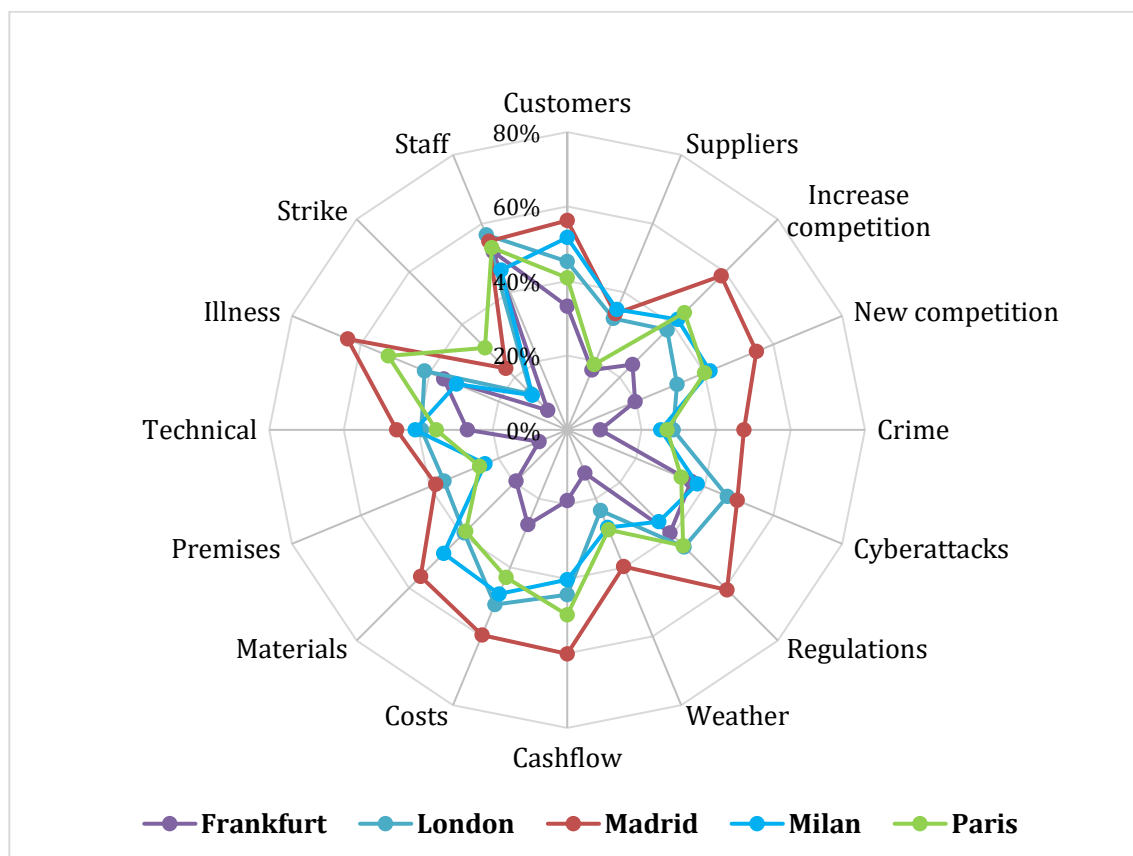
Table 5.1.1 Perceived threats by city

	Perceived threats	Frankfurt	London	Madrid	Milan	Paris	Average by threats
External actors	Customers	33%	45%	56%	52%	41%	45%
	Suppliers	17%	32%	34%	35%	19%	28%
	Increased competition	25%	38%	59%	42%	45%	42%
	New competition	20%	32%	55%	42%	40%	38%
Environment	Crime	9%	28%	47%	25%	27%	27%
	Cyberattacks	36%	47%	49%	38%	33%	41%
	Regulations	39%	44%	61%	35%	44%	45%
	Weather	13%	23%	40%	28%	29%	27%
Business	Cashflow	19%	44%	60%	40%	50%	43%
	Costs	28%	51%	60%	48%	43%	46%
	Materials	19%	39%	56%	47%	39%	40%
	Premises	8%	36%	38%	24%	26%	26%
	Technical	27%	39%	46%	41%	35%	38%
People	Illness	36%	41%	64%	32%	52%	45%
	Strike	7%	14%	23%	13%	31%	18%
	Staff	52%	57%	55%	47%	53%	53%
	Average	24.2%	38.2%	50.2%	36.7%	37.8%	

In the graphs below, we show the internal threats on the left and predominantly external threats on the right. We further subdivide the internal threats into people-related threats on the top left and business-related threats on the lower left-hand side. We present the external threats as related to external actors on the top right and as related to the environment on the lower right-hand side.

The perceived threats were evaluated on a Likert scale from 1 to 5 points (“not a threat at all” (1) to “a very significant threat” (5)). The analyses show the proportion of respondents that judged each threat to be either 4 or 5 on this scale.

Figure 5.1.1 Perceived threats by city



A first and general overview of threats perceived by entrepreneurs in the five cities in Figure 5.1.1 shows that entrepreneurs from Madrid are more concerned about a broader range of potential risks than their counterparts in the other four cities. Entrepreneurs from Frankfurt are the least concerned about threats to their business. Entrepreneurs from London, Paris and Milan are very similar in how they assess threats to their business. Some of these highlighted differences might be due to recent economic perceptions of imminent crisis in Spain, versus relative economic stability in Frankfurt among small and medium sized enterprises.

Among the individual most recognized threats between all cities is the loss of a key staff member, which ranks high across all five cities. Entrepreneurs from London (57%), Paris (53%) and Frankfurt (52%) recognized this internal people-related threat as most significant to them. Loss of a key customer and illness or personal problems are the major concern for entrepreneurs from Milan (52%) and Madrid (64%), respectively (Figure 5.1.1). By contrast, strikes do not seem to be a major concern anywhere. Finally, cyber attacks are judged as a moderate threat, suggesting that SMEs are not tremendously concerned about what might seem to be a global issue more likely to affect large and international enterprises.

Figure 5.1.2 Perceived threats by female leaders

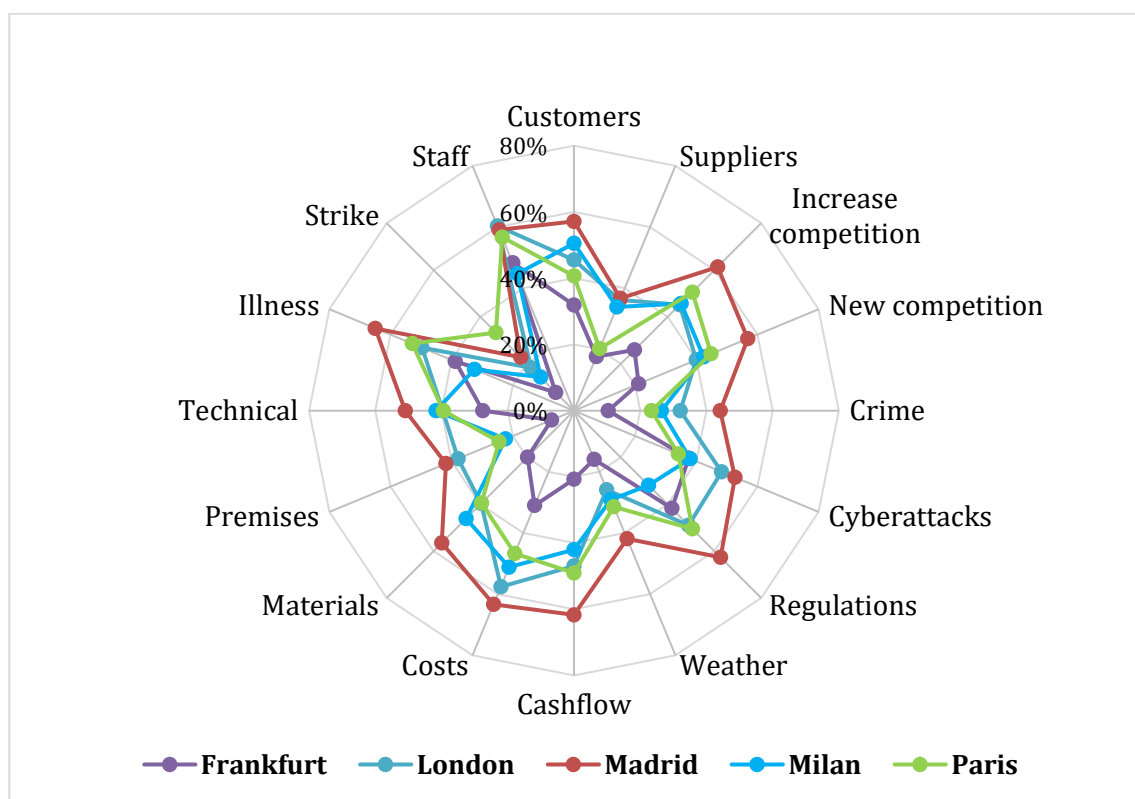
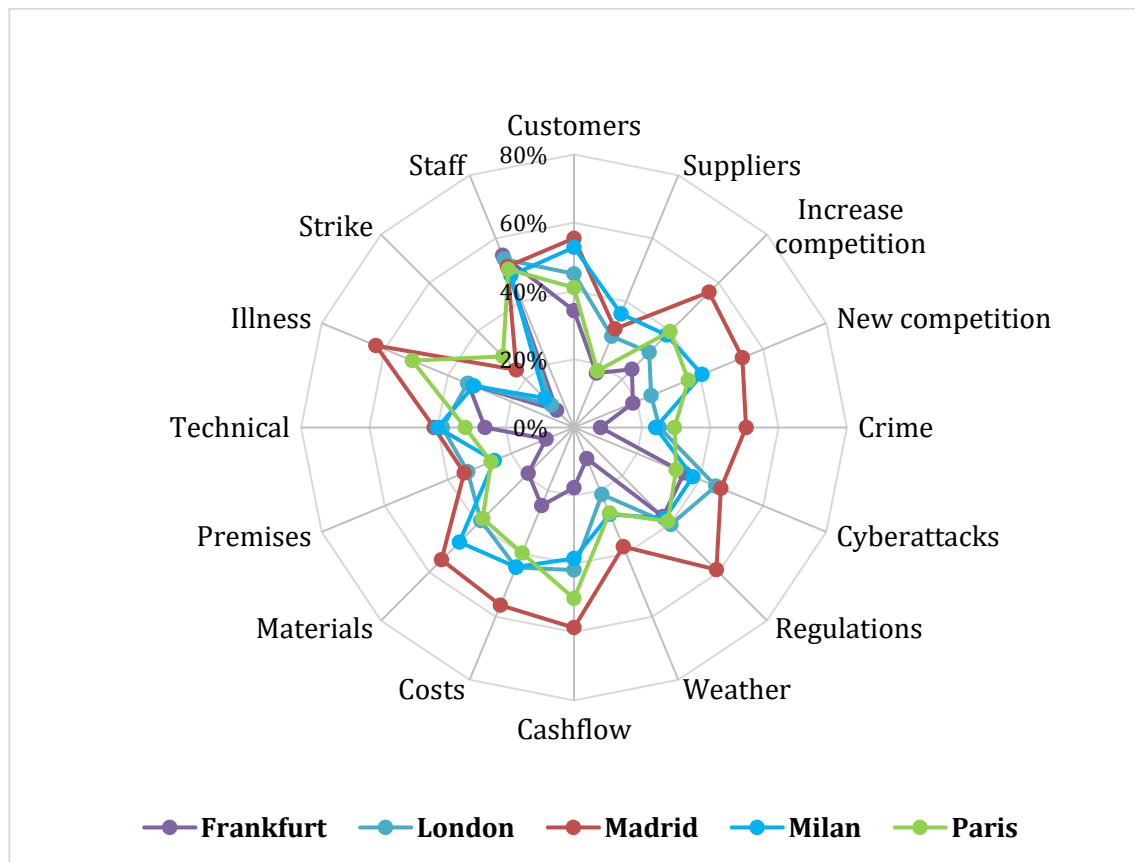


Figure 5.1.3 Perceived threats by male leaders



A comparison of the five cities by the gender of the entrepreneurs reveals that gender is not a driving force in risk perception, as indicated by the considerable homogeneity between male- and female-led businesses. Upon closer inspection, female leaders may be observed to perceive future challenges, for example, around the internal business factor of costs with marginally greater incidence. While female leaders in London seem concerned about illness as a core threat to their business, the same cannot be said for their male counterparts.

Loss of a key staff member is considered a common relevant challenge for both female- and male-led businesses in all five cities. In contrast, internal people-related events such as strikes, external events such as the loss of a key supplier, and weather as an environmental threat seem to concern leaders from both genders only to a very moderate extent.

Figure 5.1.4 Perceived threats by ethnic leaders

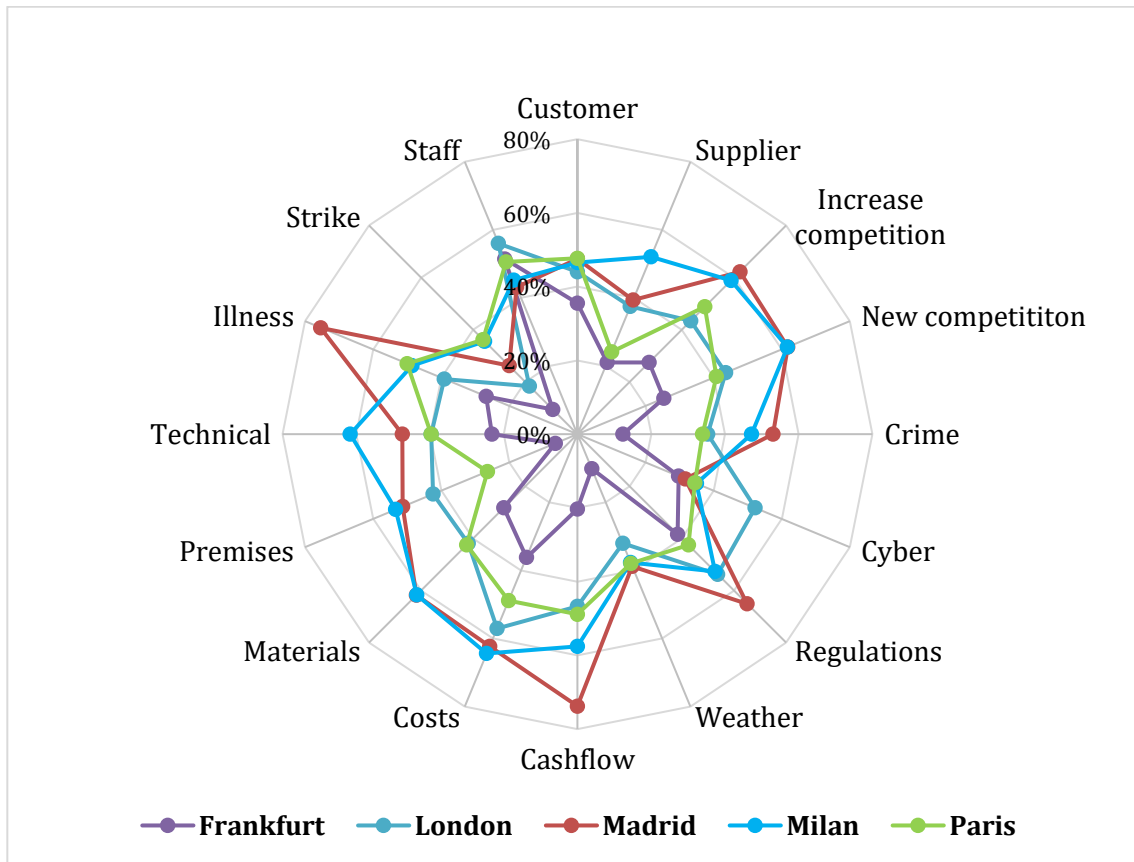
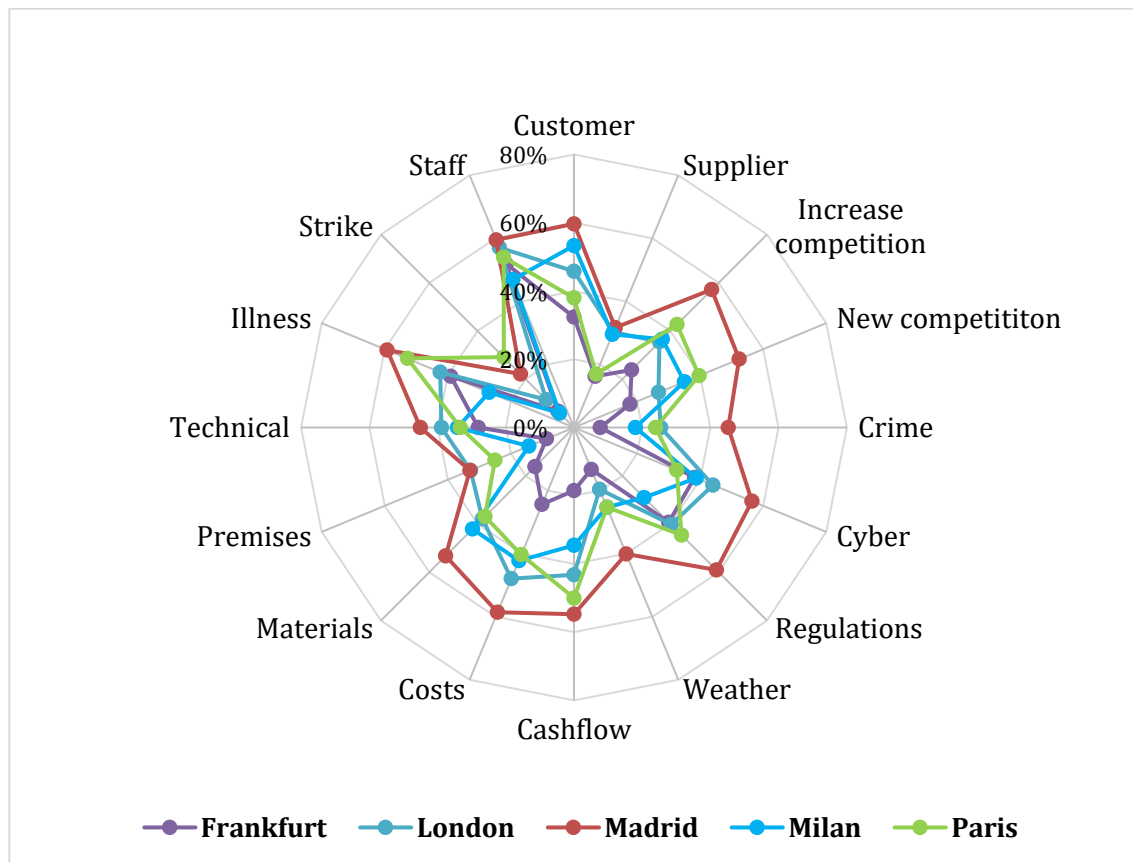


Figure 5.1.5 Perceived threats by non-ethnic leaders



Clear differences are observable when comparing perceived threats of ethnic and non-ethnic entrepreneurs in the five cities. It is notable that the general level of perceived threats among ethnic entrepreneurs is higher in virtually all 16 considered threats. While internal people-related threats (top left) seem to be only mildly intensified for ethnic, compared to non-ethnic leaders. Ethnic-led businesses report potential challenges linked to internal business (cash flow, increase costs, interruption in the supply of materials) and external factors (regulation, increase and new competition) as the most relevant. Moreover, ethnic entrepreneurs are more likely to cite threats related to crime, suppliers and their own premises, indicating a wider-reaching concern about internal business matters, compared to their non-ethnic counterparts. Non-ethnic entrepreneurs, in contrast, are more likely to cite concerns about external business matters such as those related to their customers.

Similarities exist between threats perceived by ethnic-led businesses from Madrid and Milan and by ethnic leaders in Paris and London, respectively. Ethnic leaders from Frankfurt seem to perceive the external environment as (suppliers, existing and new competition) of markedly lesser concern (Figure 5.1.4).

Non-ethnic-led businesses across all five cities unanimously highlight a staff member loss as the most important challenge. Non-ethnic leaders from London, Paris and Milan show similarities regarding their internal business concerns, such as cash flow, costs, and materials (Figure 5.1.5). Conversely, non-ethnic leaders from Madrid rank highest in all but their fear of strike. In contrast, non-ethnic leaders from Frankfurt show much less concern for internal business threats. For example, cash flow and an increase in costs are less relevant threats for non-ethnic leaders from Frankfurt, while the same threats are of clear concern for the non-ethnic leaders in Madrid.

Figure 5.1.6 Perceived threats by leaders in low-income boroughs

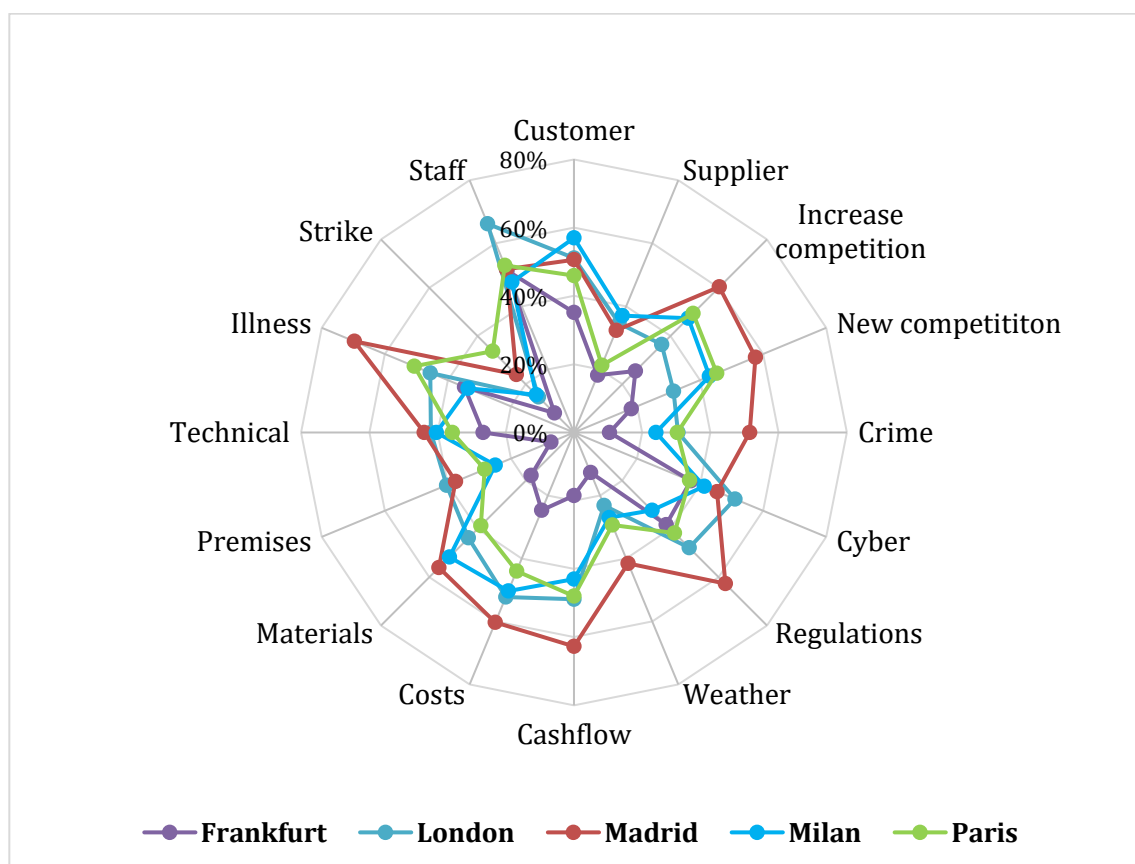
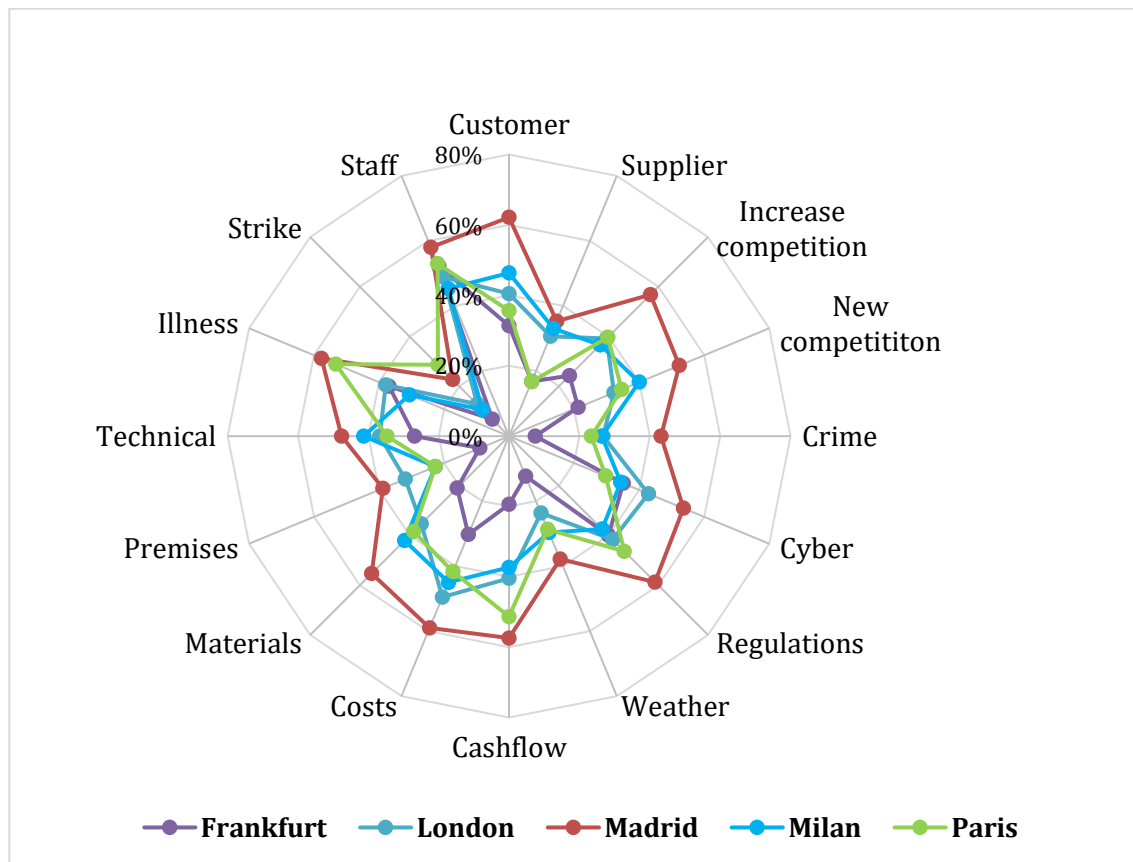


Figure 5.1.7 Perceived threats by leaders in middle-income boroughs



The patterns we observe when comparing entrepreneurs from low- and middle-income boroughs are broadly similar to the patterns we observed comparing ethnic and non-ethnic leaders. Leaders in low-income boroughs from the five cities, except Frankfurt, show similarities when they evaluate their potential challenges (Figure 5.1.6). In this group, a staff member loss is the most important threat for entrepreneurs in low-income boroughs in London, Paris and Frankfurt, while a customer loss is the most important threat for leaders in Milan (46%) and Madrid (62%).

In middle-income boroughs, entrepreneurs from all five cities are worried about the loss of a key staff member (Figure 5.1.7). Entrepreneurs in London's low-income boroughs are more concerned than their counterparts in the other four cities about the loss of a key staff member, threats to their premises, or a cyber-attack. Conversely, we observe a highly similar pattern for low- and middle-income boroughs in Frankfurt, which might suggest that the threats are similarly perceived regardless of the socio-economic level in that city. Alternatively, differences between the low- and middle-income boroughs may not be particularly prominent in Frankfurt.

CASE STUDY: WORRYING ABOUT WORK DRYING UP

Despite steadily growing turnover in the past eight years, Aisha, a UK-based professional services firm leader, worries daily about whether work will continue to come in.

**CASE STUDY: BEING TAKEN UP WITH DAY TO DAY ISSUES
PREVENTS ADVERSITY PLANNING**

Louise does not make formal plan for future adversity in her UK publishing firm, even though she worries about specific staff related issues, because she's taken up with the day to day running of the

5.2 Planning for adversity

We recorded how entrepreneurs feel about these business risks and what they do to address them offering them the following options as their answers:

- 1) We don't think about risks at all until they arise, and then we deal with them.
- 2) We sometimes think about risks but do not make specific plans to deal with them.
- 3) We regularly think about risks and formulate plans.
- 4) We have a formal risk register with response strategies, which is kept under review.

Responses are captured in Table 5.2.1 below.

Table 5.2.1 Respondents' attitude towards risk planning in all cities

	Don't think about risks	Sometimes think about risks	Regularly think about risks	Formal risk register
Frankfurt	13%	29%	49%	9%
London	8%	27%	49%	15%
Madrid	13%	23%	51%	12%
Milan	20%	31%	35%	14%
Paris	14%	25%	45%	16%

To differentiate those business leaders that planned ahead from those that mostly reacted when facing business risks, we combined entrepreneurs' responding by selecting either option 1 or option 2 as the "non-planners". We term entrepreneurs who responded by selecting options 3 or 4 as the ones engaged in "planning" ahead. This analysis is captured in Table 5.2.2 below.

Table 5.2.2 Respondents' planning behaviour in all cities

	All respondents	
	Planning	No Planning
Frankfurt	58%	42%
London	65%	35%
Madrid	64%	36%
Milan	49%	51%
Paris	61%	39%

Figure 5.2.1 Planning by city

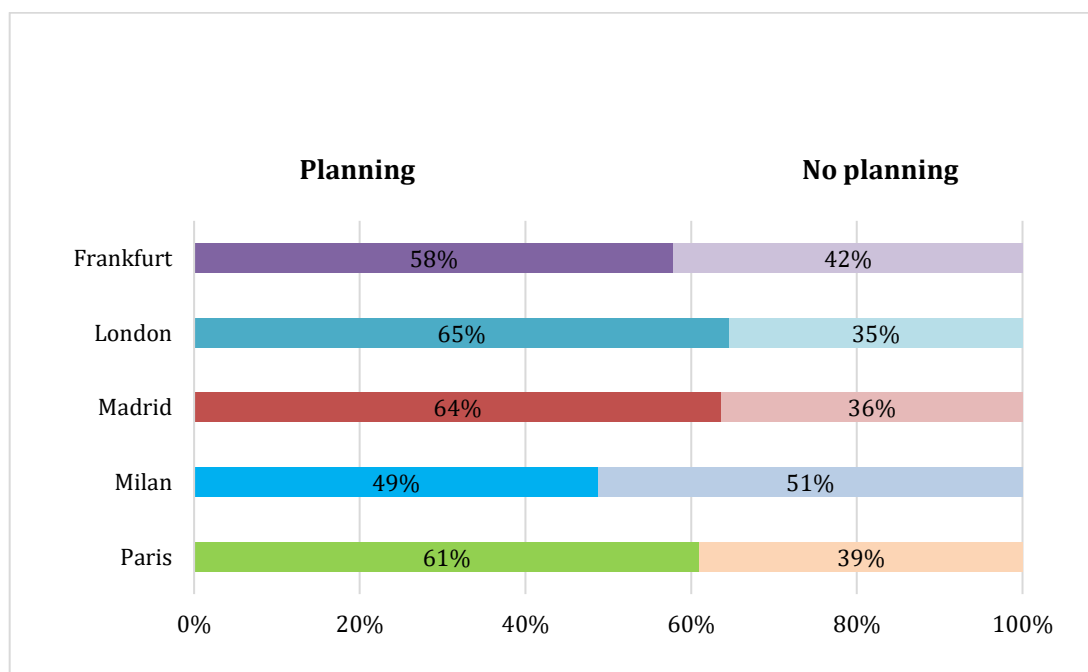
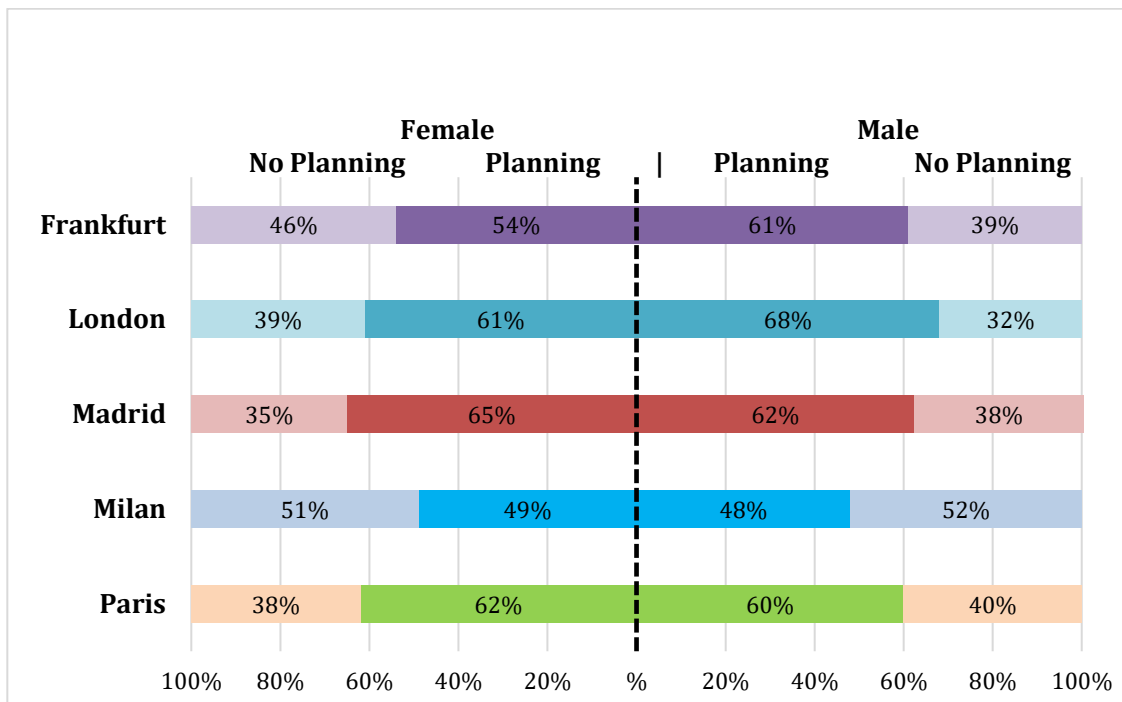


Figure 5.2.1 displays an overview of the planning behaviours shared by SME business leaders in the five investigated cities. Notably, the majority (more than 50%) of entrepreneurs claim to either regularly think about risks and formulate plans, or even to have a formal risk register with response strategies that are kept under review in four of the five investigated cities. Only in Milan are the planning business leaders outnumbered by the non-planners, although the difference between the two Milanese groups is two percentage points only. Entrepreneurs in London (65%) and Madrid (64%) are more likely to be planners. In what follows we differentiate the same statistic by gender, ethnicity and borough type.

Figure 5.2.2 Planning by city and gender



As Figure 5.2.2 shows, male business leaders in London are the most active planners (68%) followed by female-led businesses in Madrid (65%). Next to female-led businesses in Madrid, female leaders in Paris (62%) and Milan (49%) report higher engagement in planning than their local male peers (62%, 60% and 48% respectively). In Frankfurt, where 61% of male-led businesses claim to plan ahead and 54% of female-led businesses report the same. The difference between male and female planners is comparatively pronounced, with a seven percentage points difference. The only other city where male and female planning habits diverge as much is London, where male entrepreneurs are more likely to report planning ahead than their female counterparts.

Figure 5.2.3 Planning by city and ethnicity

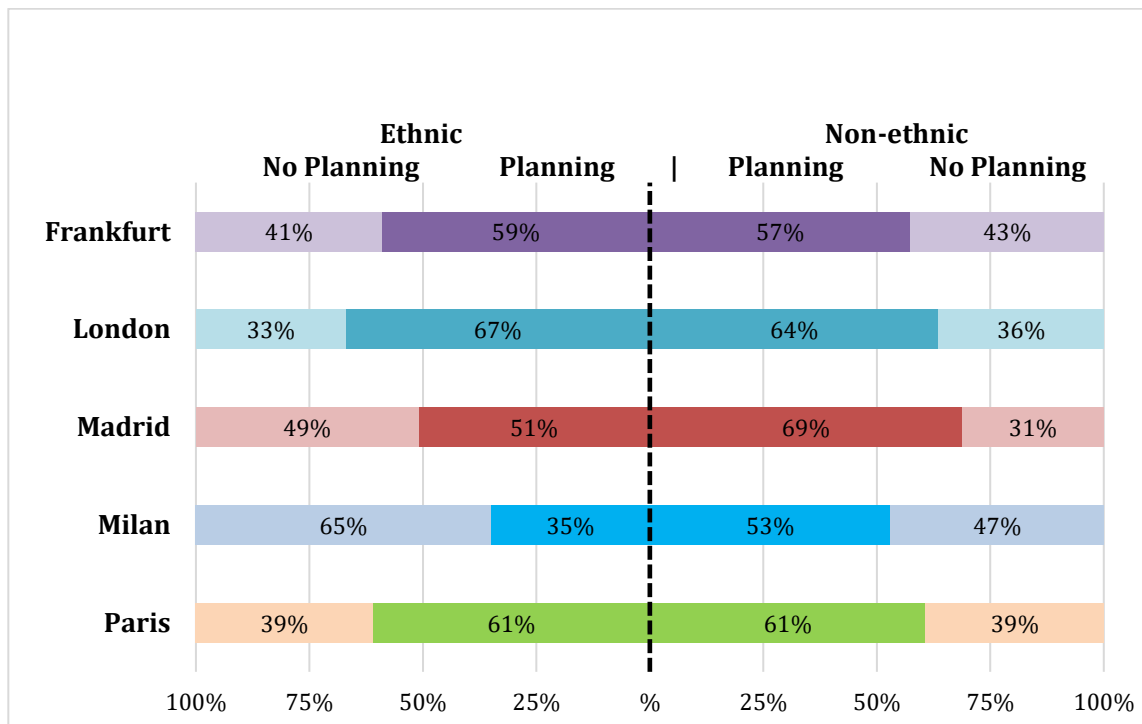


Figure 5.2.3 shows the breakdown by ethnic background of the entrepreneurial leaders in all five cities. Ethnic-led businesses in London (67%) frequently report making plans in order to manage business risks followed by ethnic-led businesses in Paris (61%) and Frankfurt (59%). However, just 35% of ethnic business leaders in Milan (35%) report planning ahead and about half of ethnic leaders in Madrid (51%) reportedly do so. The percentage values are identical for ethnic (61%) and non-ethnic (61%) planning business leaders in Paris. The values comparing the ethnic and non-ethnic planning business leaders are similar in Frankfurt (59% and 57% respectively) and London (67% and 64% respectively). We note pronounced differences between ethnic-led businesses that are planners in Milan (35%) and their non-ethnic planning peers (53%). The same notable difference of 18 percentage points characterises the divide between the 51% of planning ethnic leaders from Madrid and their non-ethnic counterparts (69%). Both of these observations might be linked to ethnic business leaders in Milan and Madrid judging their perceived risks as mostly outside their control, which could explain their low planning propensity. At the same time, it is also possible that ethnic – led businesses in these cities have already experienced business threats so as to not judge them more important than their other everyday business tasks and hence allot less time and effort to planning ahead.

Figure 5.2.4 Planning by city and borough type

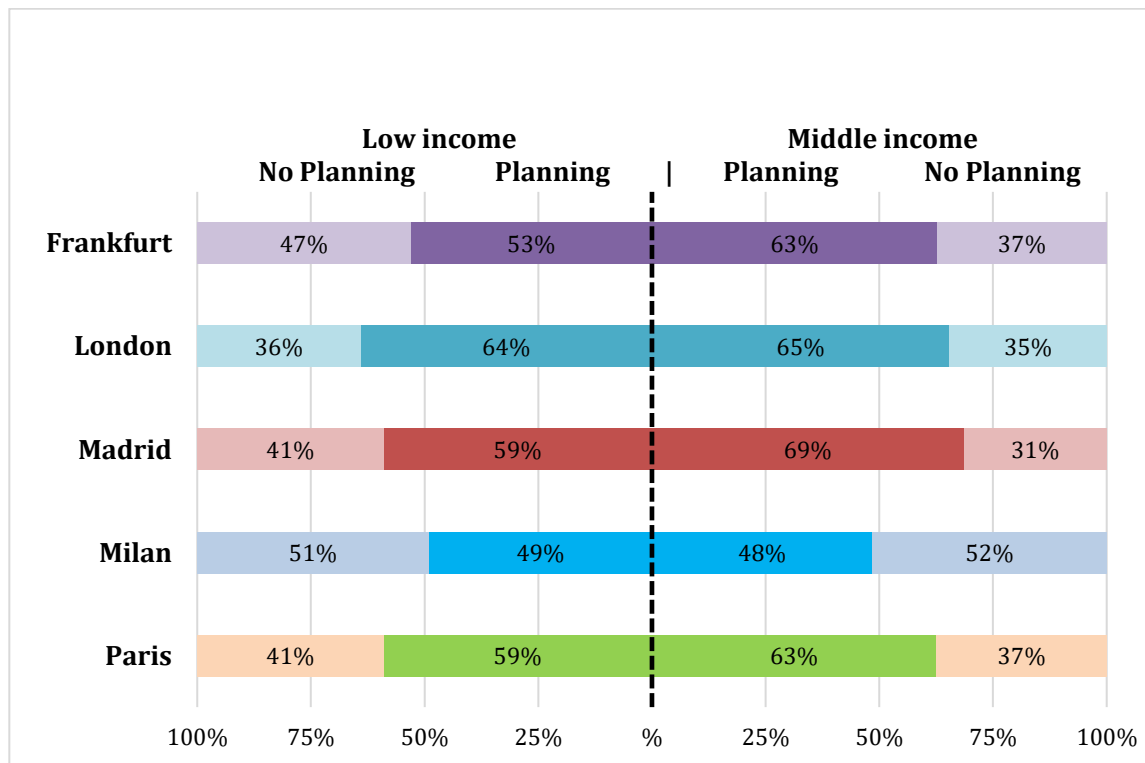


Figure 5.2.3 shows the breakdown between businesses from low- and middle-income boroughs. With the exception of Milan where slightly more business leaders from low-income boroughs report planning ahead, in the four other cities, higher socio-economic status as approximated by middle- vs low-income boroughs is associated with higher planning activity among the business leader population. While differences are comparatively small in London (65% vs 64%) and Paris (63% vs 59%), differences in planning behaviour are more pronounced in both Frankfurt and Madrid, where business leaders from middle-income boroughs report ten percentage points higher incidence of planning ahead (63% vs 53% and 69% vs 59% respectively).

Similarity in patterns is notable between the ethnicity and borough types of business leaders in figures 5.2.3 and 5.2.4. In both instances ethnic and low-income borough leaders from London are more likely to plan ahead compared to their direct equivalent peers in any of the other four cities. Similarly, middle-income borough and non-ethnic entrepreneurs from Madrid report higher planning propensity compared to their direct equivalent peers in the other four investigated cities.

CASE STUDY: KEEPING POTENTIAL CRISES IN MIND

Day to day planning for adversity happens in Spanish firm leader Ricarda's head and in a central phone register.

'For my business, it is not the one negative event that challenges our survival.'

5.3 Summary

We find some variation between the cities under study and between different entrepreneur types and firm locations when it comes to the way that respondents approach business risks.

- Overall, loss of a key member of staff is the key risk cited by the highest proportion of respondents across all five cities.
- Gender does not seem to make a difference to the way in which respondents approach risk. In general, although female-led businesses appear to worry slightly more than their male counterparts about risks in general, and this is amplified in London, we do not observe material differences terms of the things they worry about.
- Ethnic-led businesses generally express more concerns about risks than their non-ethnic counterparts in all cities. The difference is most pronounced in Milan and London, and least evident in Frankfurt. Ethnic leaders express more concerns about crime and premises than their counterparts.
- Firms based in low-income areas are more likely to worry generally about future risks, with the exception of in Frankfurt where no difference is apparent. In London, Paris, Madrid and Milan, firms located in low-income areas worry more about loss or failure of major customers. In Paris and Milan, firms in low-income areas worry more about their competition increasing and in Madrid they worry more about illness.
- When it comes to planning for future risks, male leaders in London and Frankfurt are more likely to plan than females, whereas proportions are similar in the other three cities. Ethnic-led businesses are much less likely to plan than their non-ethnic counterparts in Madrid and Milan, whereas similar proportions plan in the other three cities. In all cities except Milan, risk planning is more likely in firms based in middle-income areas.

We conclude that differences between male and female entrepreneurs in their approach to risks are marginal, suggesting that a gender differentiation in support offering might not need prioritisation. Conversely, differences in perceived threats are more evident between ethnic and non-ethnic business leaders, indicating a potential focus for intervention and support. We also note that there is considerable variation among the five cities in terms of attitude towards, and planning for, risks indicating that any interventions should consider local environmental and cultural factors.

CHAPTER 6: EXPERIENCES AND CAUSES OF CRISIS

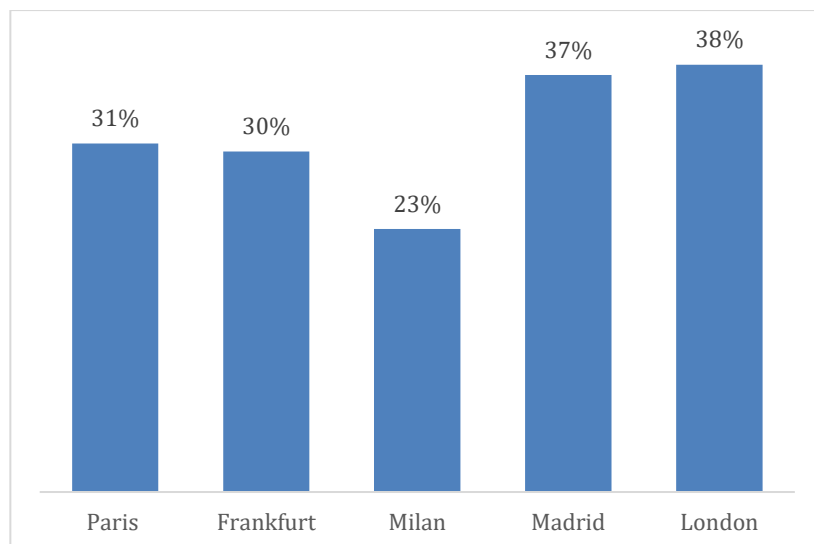
Authors: Dr Diego Campagnolo, Dr Martina Gianecchini, Dr Paolo Gubitta, Dr Simona Leonelli and Dr Alessandra Tognazzo

This chapter analyses whether entrepreneurs have experienced a crisis in the last five years and what the causes of the crisis were. The two themes are investigated focusing on the local area/borough type in which SMEs are located, and the gender and ethnicity of the entrepreneurs across the five cities.

6.1 Experiences of crisis

Entrepreneurs were asked if they had experienced a crisis in the last five years. A crisis is defined as an event or a situation that threatened the survival of the firm. Overall, one-third of entrepreneurs had experienced a crisis (**Error! Reference source not found..1**). In particular, London and Madrid show the highest rate with 38% and 37% of business leaders reporting an experience of a crisis, respectively. In Milan, only 23% of respondents reported that they experienced a crisis, while in Paris and Frankfurt results are in between (31% and 30% respectively).

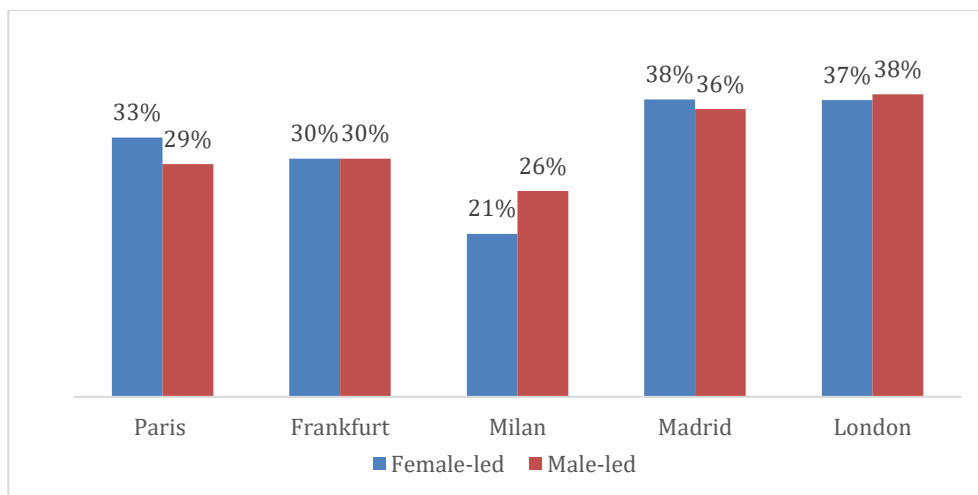
Figure 6.1.1 Firms that had experienced a crisis in the past five years



A comparison of the five cities by the gender of the entrepreneurs reveals homogeneity between male- and female-led businesses (**Error! Reference source not found.**). Female-led businesses were more likely to have experienced a crisis event compared with male-led firms in Paris (33% vs 29%) and Madrid (38% vs 36%), While the opposite was true in in Milan

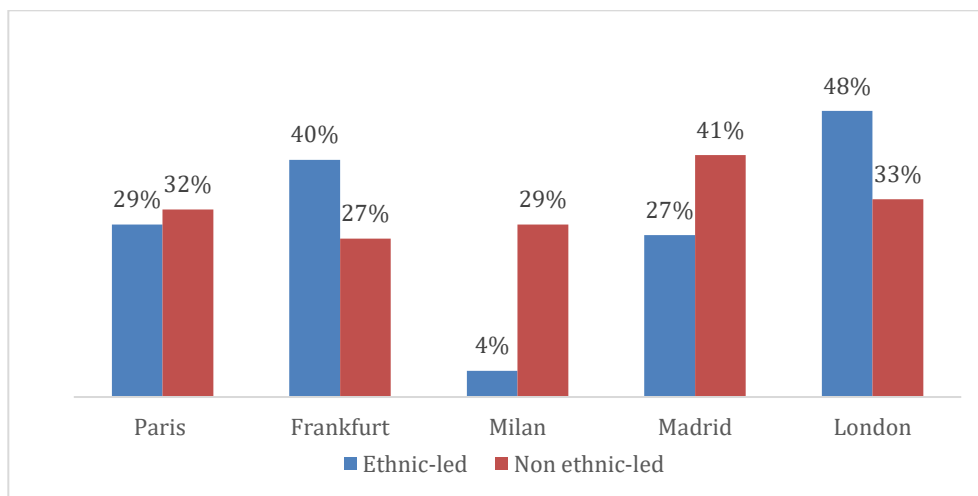
(26% of male-led businesses vs 21% of female-led) and London (38% vs 37%). Frankfurt entrepreneurs, both male and female, were similarly likely to have had an experience of crisis (30%).

Figure 6.1.2 Firms that had experienced a crisis in the past five years by gender of leader



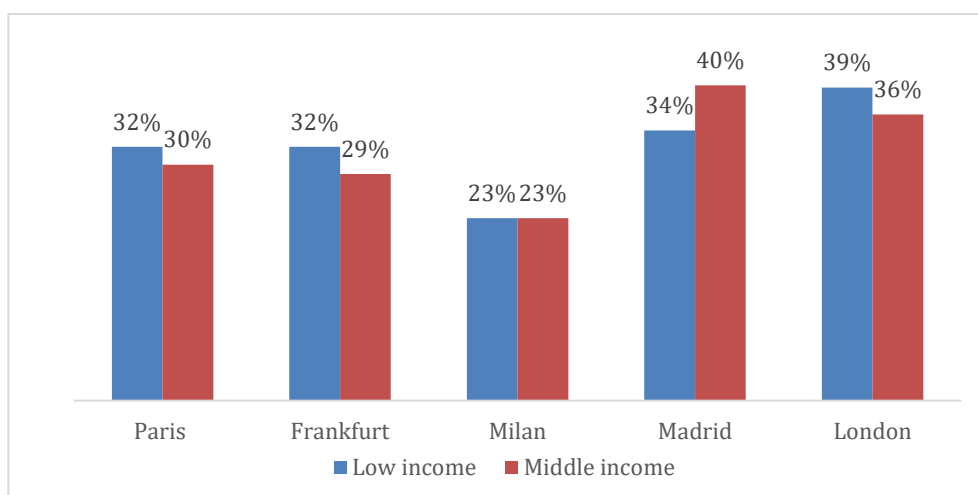
Regarding the comparison of the five cities by the ethnicity of the entrepreneurs, results show a different scenario between ethnic- and non-ethnic-led businesses (**Error! Reference source not found.**). Ethnic-led firms were more likely to report experience of a crisis event compared with non-ethnic-led firms in Frankfurt (40% vs 27%) and London (48% vs 33%). In the other cities, a higher proportion of non-ethnic-led firms encountered a crisis event than ethnic-led firms; in particular, the biggest gap is in Milan (29% vs 4%) and Madrid (41% vs 27%). Also, Paris-based non-ethnic-led firms were more likely to have encountered a crisis event than ethnic-led firms (32% vs 29%), but the levels are fairly similar.

Figure 6.1.3 Firms that had experienced a crisis in the past five years by ethnicity of leader



Finally, analysing the differences between firms in different boroughs in the five cities, data reveal homogeneity in the results (**Error! Reference source not found.**). Firms in low- and middle-income boroughs were equally likely to report having experienced a crisis in Milan (23%). Similarly, in Paris, Frankfurt and London, the proportion of firms that reported a crisis in low-income boroughs is only marginally higher (2% higher in Paris, 3% higher in Frankfurt and London) than the percentage of firms in middle-income boroughs. Only in Madrid is the proportion of firms that experienced a crisis in middle-income boroughs higher than in low-income boroughs (40% vs 34%).

Figure 6.1.4 Firms that had experienced a crisis in the past five years by borough



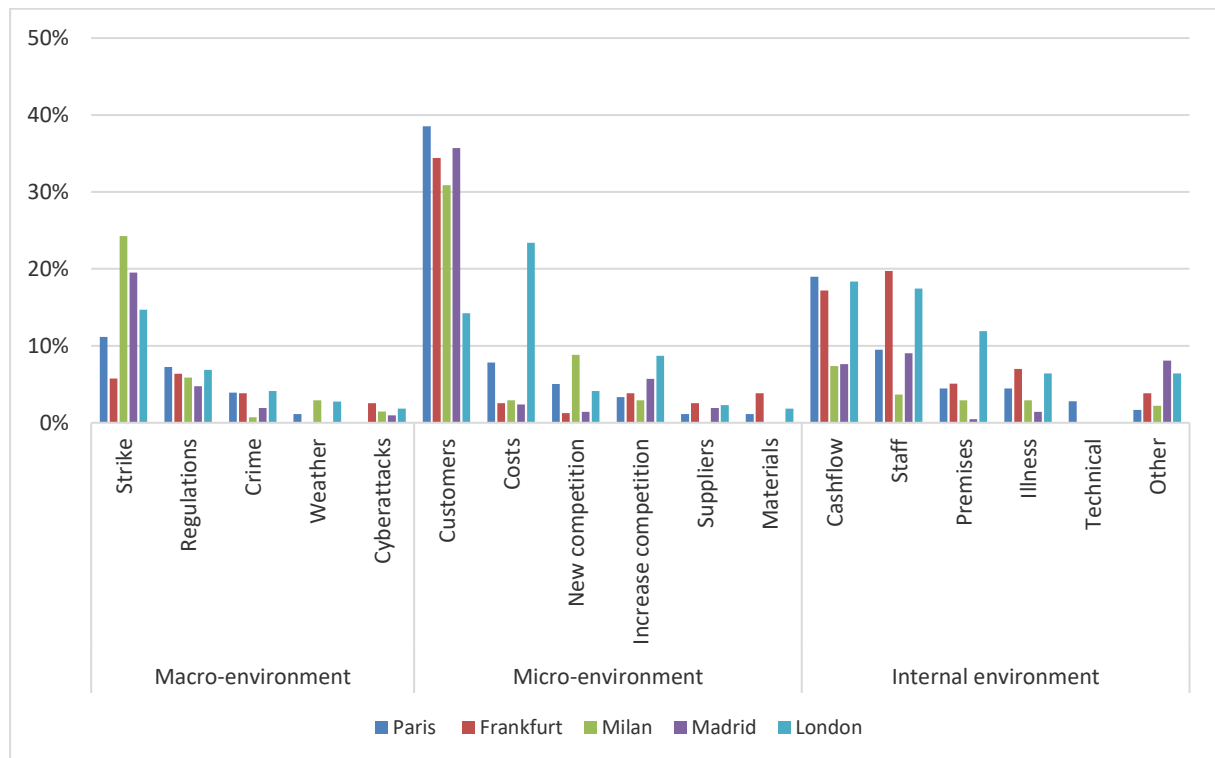
6.2 Causes of crisis

Subsequently, going more into detail, entrepreneurs were asked about the type of crisis that threatened the firm's survival. The survey identified 16 sources of crisis and entrepreneurs were asked to indicate if one or more of them originated the crisis they reported. The 16 causes of the crisis have been subsequently divided into three broad categories; threats coming from the firms' macro-environment, threats coming from the firm's micro-environment, and threats coming from the firms' internal environment (see appendix for definitions).

The first point to note is that the majority of the threats in all five cities belong to the micro-environment (**Error! Reference source not found.2.1**). Customer issues were the most cited source of crisis in the last five years for entrepreneurs in all cities except London. Customer-related threats were indicated by 39% of respondents reporting a crisis in Paris, 36% in Madrid, 34% in Frankfurt and 31% in Milan. In contrast, in London, customers were the source of a crisis for only 14% of respondents with costs being the more frequently reported cause of business crisis (23%).

Among the threats in the macro-environment, strikes, that is, events of economic and social nature, play a significant role as a cause of crisis in Milan (23%) and Madrid (20%), making this the second most cited threat. While in London (15%), Paris (11%) and Frankfurt (6%) it represents only the fourth, third and the fifth most relevant cause respectively. Conversely, among the causes related to the internal environment, cash flow and staff issues are noteworthy. In particular, entrepreneurs from Paris (19%) and London (18%) recognised cash flow issues as relevant, while Frankfurt-based (20%) entrepreneurs indicating that staff problems were a more important source of crisis.

Figure 6.2.1 Cause of crisis by city



Responses from business leaders across all five cities indicated that there are some external and internal factors that firms either had little experience of, or which had not posed a threat to the survival of the firm. While supplier problems and technical issues have the potential to cause major disruptions for small companies, only a very small proportion of companies in our sample across all cities had encountered such a problem to the extent it was seen as a crisis by the business owner.

Similarly, crises relating to macro-economic factors such as cyber-attacks and weather-related disruptions were few and far between across the whole sample of business leaders. However, there are indications that extreme weather events are becoming more frequent and awareness of cyber-risks is growing, so our survey may provide a helpful baseline for future research around these risks. Given the low prevalence of these six risks, we will focus on gender, location and ethnicity differences across the more common sources of crisis in the remainder of our analysis; that is strike, regulation, crime, customers, costs, competition, cashflow, staff, premises and illness.

Experience of crisis by gender; ethnicity and location

A comparison of the five cities by gender reveals considerable homogeneity between female- and male-led businesses. Female leaders in Frankfurt (41%), Paris (37%), Madrid (36%), and Milan (33%) reveal that issues with customers have caused the crisis, in contrast, female leaders in London signaled cost-related factors (30%) as the source of crisis (**Error! Reference source not found.2.2**). For their male counterparts, the results are similar but there are some interesting points of difference (Figure 6.2.3). For example, male-led businesses in Paris (40%), Madrid (36%), Frankfurt (30%), and Milan (29%) identify issues with customers as the main cause of crisis; however, male leaders in Milan point to the same importance for strikes (29%), which is the second most commonly cited source of risk for Madrid-based male entrepreneurs (20%). Finally, for London-based male entrepreneurs the most cited source of crisis was issues with cash flow (30%); an issue that is also important for male-led businesses in Frankfurt (23%) and Paris (20%).

Figure 6.2.2 Type of crisis experienced by female-led firms

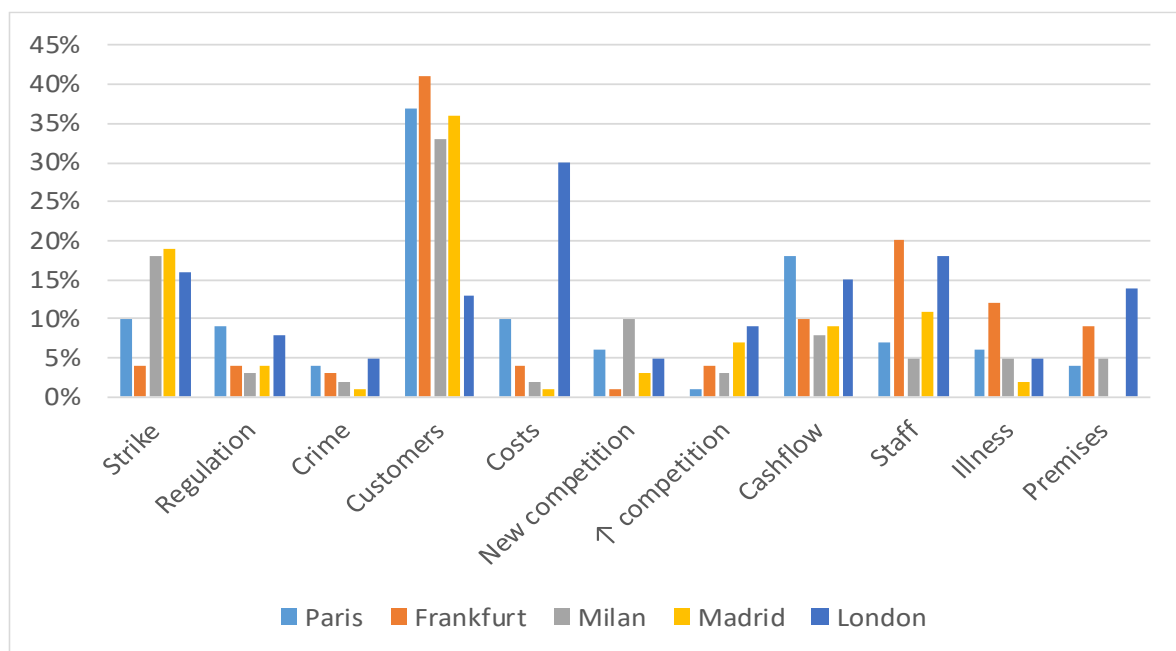
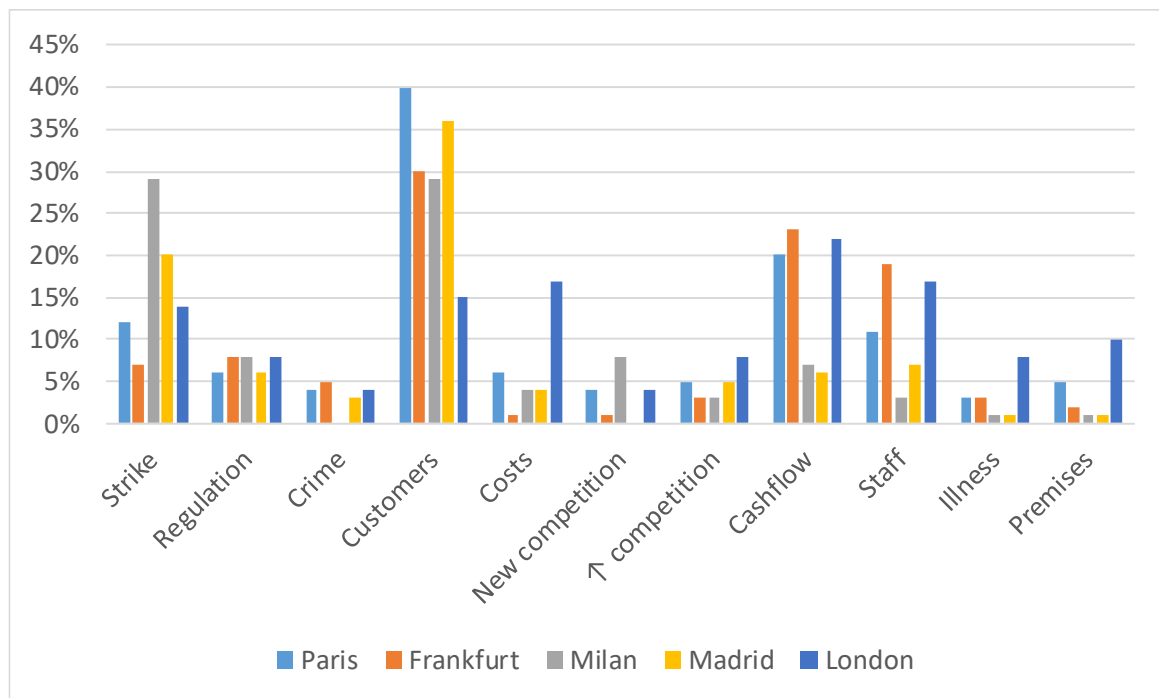


Figure 6.2.3 Type of adversity experienced by male-led firms



Clear differences are also observable when comparing the causes of the crisis for ethnic- and non-ethnic-led businesses in the five cities. Similarities exist between the causes of the crisis amongst ethnic-led firms in Paris, Frankfurt, and Madrid, but interesting differences can be seen in Milan and London (Figure 6.2.4). In particular, ethnic-led businesses in Frankfurt (37%), Paris (31%), and Madrid (33%) reveal that issues with customers have caused the crisis, however, ethnic leaders in Milan and in London were more likely to cite strikes (33%) and cost-related factors (25%) respectively as the source of the crisis. For their non-ethnic counterparts, results follow the general trend of the entire sample (Figure 6.2.5). Non-ethnic leaders in Paris (41%), Madrid (36%), Frankfurt (33%), and Milan (32%) show that issues with customers are the leading cause of crisis; while, non-ethnic leaders in London show problems emanating from costs (23%).

Looking in more detail at crises prompted by factors in the internal business environment we find that cash flow issues were the cause of crisis for both ethnic- and non-ethnic-led businesses from Paris (19% for both), Frankfurt (15% and 18% respectively), and London (15% and 20% respectively). Analysing the causes stemming from the macro-environment, strikes are important for both ethnic and non-ethnic entrepreneurs in Milan (33% and 24% respectively, although small sample sizes for this group suggest caution should be used when interpreting these trends of ethnic-led businesses in Milan) and Madrid (17% and 20% respectively).

Figure 6.2.4 Type of adversity experienced by ethnic-led firms

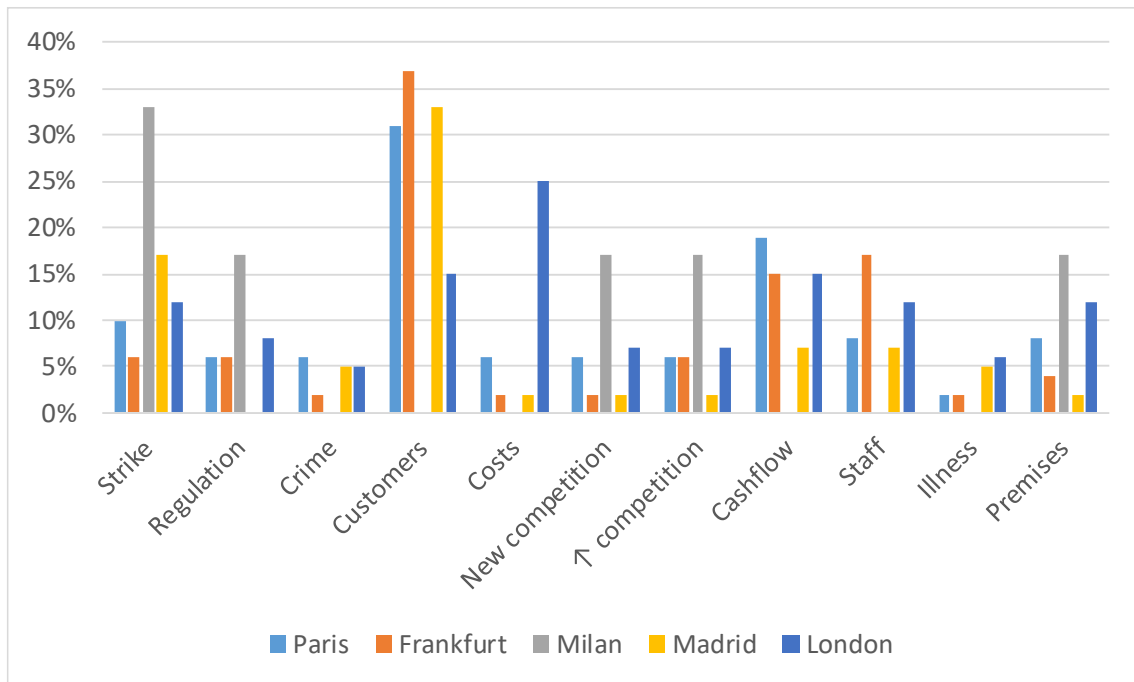
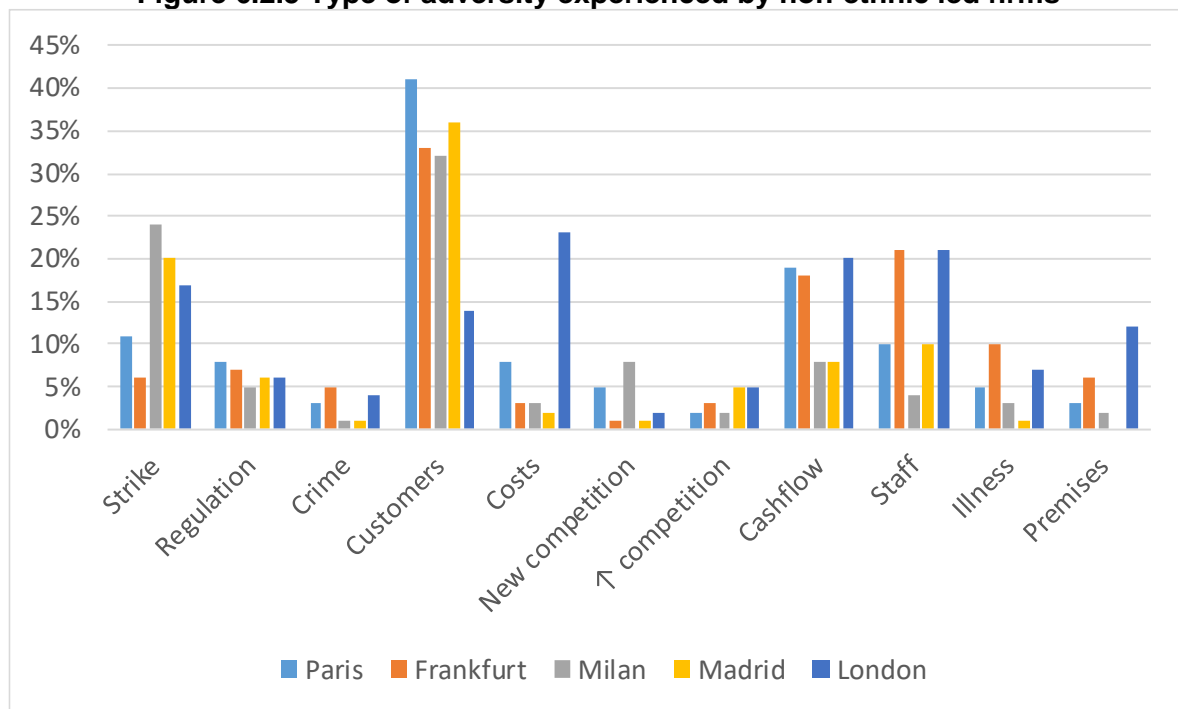


Figure 6.2.5 Type of adversity experienced by non-ethnic led firms



The causes of crisis reported by businesses in low- and middle-income boroughs follow the general trend of the entire sample. Leaders in low-income boroughs from the five cities, except London, show similarities when they identify the causes of the crisis on their firms in the last five years (**Error! Reference source not found. 6.2.6**). In this group of firms in low-income boroughs, customer issues are the most important cause of crisis for entrepreneurs from Milan (47%), Paris (41%), Madrid (41%), and Frankfurt (27%), while cost –related factors are the most important threat for leaders from London (26%).

A different situation is found in firms located in middle-income boroughs (**Error! Reference source not found.7**). Customer issues are the most frequently cited crisis cause for small businesses in Frankfurt (42%), Paris (35%), and Madrid (31%); instead, the cost factors and strikes are the most relevant factors for London (21%) and Milan (28%). Strikes are an important source of crisis for businesses in Madrid (19%) and London (15%) Finally, cash flow and staff issues affected the activities of firms in middle-income boroughs in Frankfurt (22% and 18% respectively), London (20% and 22% respectively), and Paris (16% and 15% respectively) entrepreneurs.

Figure 6.2.6 Type of adversity experienced by firms in low-income boroughs

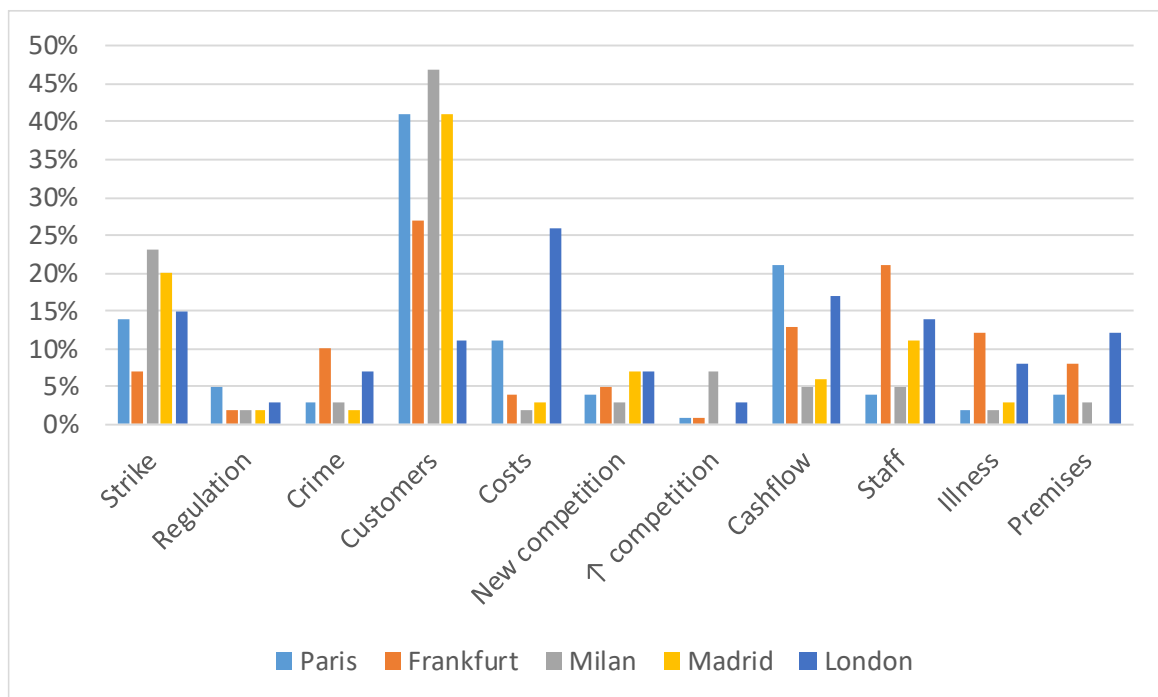
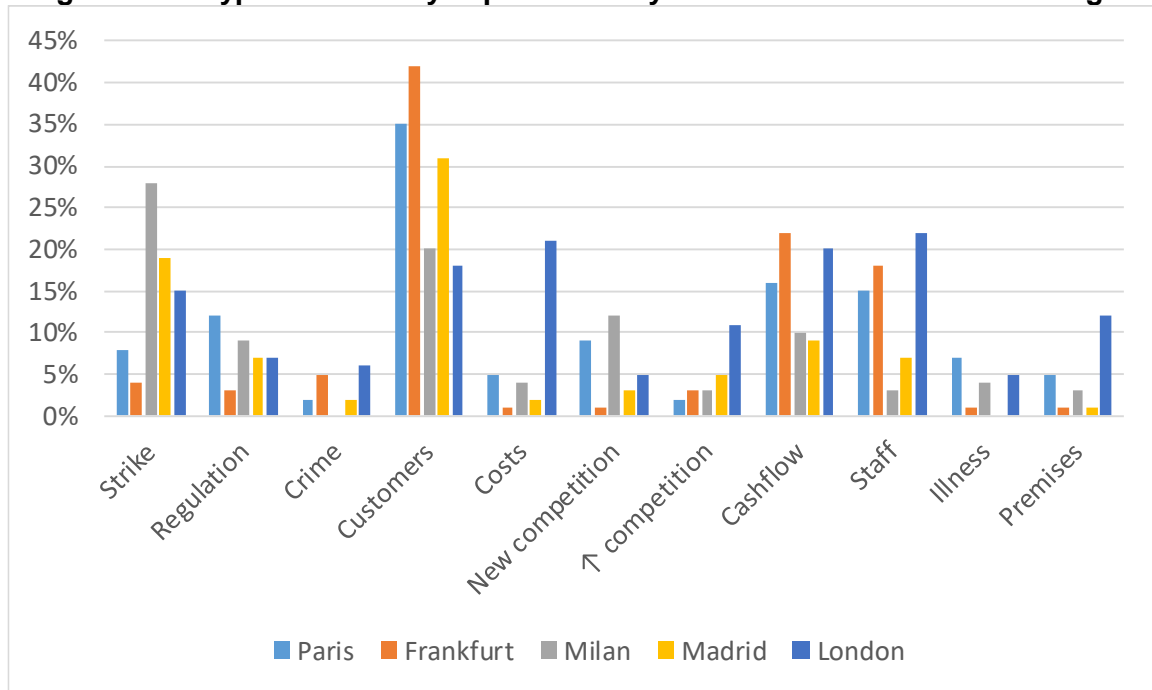


Figure 6.2.7 Type of adversity experienced by firms in middle-income boroughs



CASE STUDY: THE ONGOING IMPACT OF LOSING A KEY STAFF MEMBER WITHOUT NOTICE

The loss of a key staff member can impact on the survival of a small business. It is something that you cannot predict, and you think that it

CASE STUDY: FEELING HELPLESS WHEN FACED WITH CASHFLOW PROBLEMS

For Spanish entrepreneur Manuel learning how to deal with adversity came with experience.

'Your world falls apart. Especially the first time I was not paid. I felt a bit

6.3 Summary

This chapter has considered the likelihood of firms in each of the five cities to have experienced a crisis. Where firms have experienced a crisis, we have considered the different causes by category of business leader and location. We find variation by city and business leader both in terms of likelihood of crisis and of the actual nature of the crisis.

- Overall, firms in London and Madrid were most likely to have experienced a crisis that threatened the future of their business in the preceding five years. Those in Milan were least likely to have experienced such a threat.
- Overall, location of the business in a low- or middle-income area of a city does not appear to have a significant impact on the likelihood of a firm experiencing a crisis in any of the five cities, and there was no notable difference between female and male-led firms in their likelihood to have experienced such a crisis in any city.

- We do see differences between the proportions of ethnic and non-ethnic firms experiencing a crisis, and this varies by city. In Frankfurt and London, ethnic-led firms are considerably more likely to have experienced an existential crisis, whereas in Madrid and Milan, non-ethnic led firms are more likely to have done so.
- Micro and internal environmental factors are the most commonly cited causes of the crises that respondents' businesses suffered. The most common cause for a crisis is related to customers, which is the prevalent cause in Paris, Madrid, Frankfurt and Milan. In London the most common cause cited is costs.
- In all five cities, of those firms that had experienced a crisis, female- and male-led firms generally have similar profiles when it comes to the cause of crises that they have experienced, with some slight variances. Male-led businesses in Frankfurt and London are more likely to cite cash flow as the cause of a crisis. Female-led businesses in London are more likely to cite costs as the main cause of crisis. Male entrepreneurs in Milan are more likely to cite a strike as the cause of their crisis while their female counterparts are more likely to cite staff issues.
- The crises that ethnic led firms experience vary by city. In Paris, Frankfurt and Madrid, ethnic-led firms tend to report customer-related sources of crises whereas in Milan and London, strikes and costs are more likely to have provoked a crisis.
- For non-ethnic led businesses in Paris, Frankfurt, Madrid and Milan, customers are the primary cause of crisis whereas for London non-ethnic businesses, the main cause is cost factors.

These findings show that for our sample, firms in different cities experience different types of crisis. Gender appears to make some difference to the kinds of crisis that firms experience. Ethnicity also seem to make a difference, with ethnic-led firm experiences varying by city as well as in comparison to the experiences of non-ethnic firms. What is perhaps most striking is the variation that we observe between the threats that business leaders perceive, as shown in Chapter 5, and the actual causes of crisis in their businesses as explored here. In all cities we see that the main cause of crisis is very different from the top perceived threat for ethnic and female-led firms. This suggests that interventions to improve firm resilience should include a focus on risk analysis and planning, to enable firms to reflect on past experiences, to identify more accurately the most potent future risks and help them plan accordingly.

CHAPTER 7: DEALING WITH CRISIS

Authors: Dr Catherine Laffineur and Dr Aurelie Ewango-Chatelet

This chapter considers the ways in which our respondents approach adversity. Respondents in our sample who had experienced a crisis were asked about how they dealt with the crisis, listing one or more actions they had taken.⁶ Then they identified action(s) that were the most effective in their situation. Finally, respondents were asked to evaluate, on a Likert scale from 1 (very useful) to 3 (not useful), the type of interventions and support that would have been useful to deal with the crisis.

7.1 Steps taken to deal with a crisis

We define a crisis as a situation that has threatened the survival of the business in the past five years. The questionnaire listed eight different actions that might have been used to address the crisis. These were: (a) developed a plan in response to the crisis, (b) implemented a pre-written contingency plan, (c) sought advice from colleagues or informal support networks, (d) sought specialist advice or help, (e) employed additional staff, (f) invested in technical systems or backup, (g) used financial reserves or other financial provision such as bank loan, (h) claimed on an insurance policy.

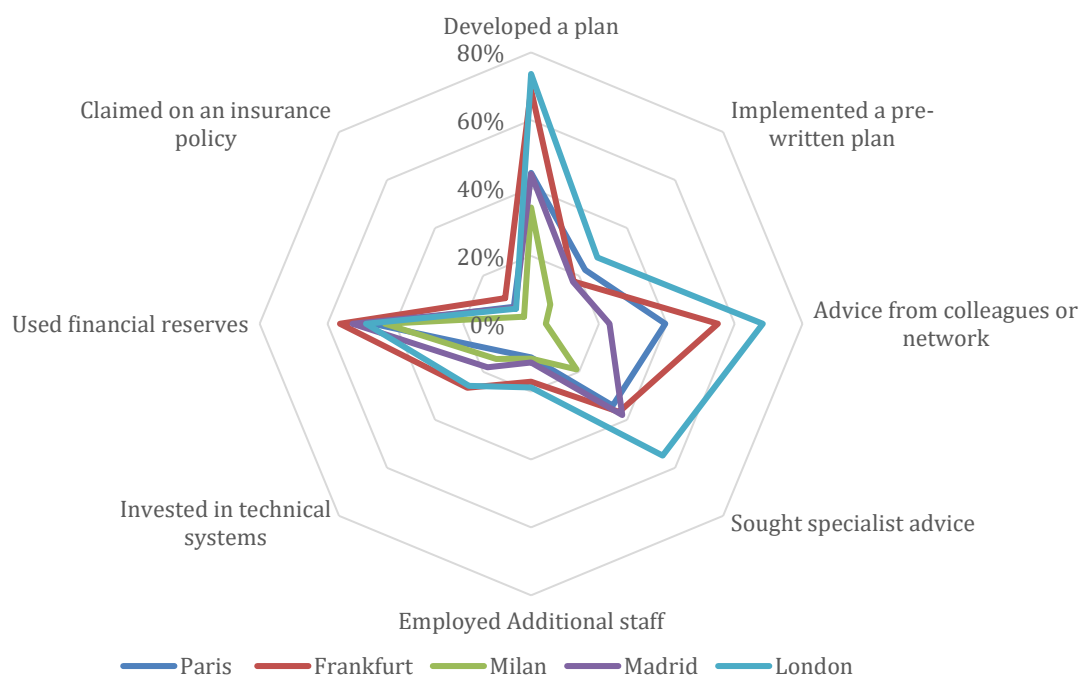
We first consider which actions were the most and least frequently used in the five cities. In all five cities, the most reported action is the development of a contingency plan to deal with the crisis followed by the use of financial reserves, advice from specialists and advice from colleagues and informal networks. The least reported action is claiming on an insurance policy, which may be appropriate only in limited circumstances such as damage to premises. Only a small proportion of entrepreneurs employed additional staff during the crisis. The use of a pre-established contingency plan and investing in technical systems in response to the crisis were also reported by a small number of business leaders. Therefore, commentary on crisis

⁶ Some specific additional actions have been introduced in some cities (Paris, Frankfurt and Milan). Two other outcomes have been proposed to respondents in all 5 cities: "Any other steps" with a specific answer and "Don't know" or "Refused". We only report statistics for 8 actions that have been commonly asked in the 5 cities of the study without reporting the additional two outcomes. Statistics are available upon request.

responses throughout the remainder of this chapter will concentrate on the more common responses; use of financial reserves, contingency plans and external advice.

Overall, the way entrepreneurs deal with adversity is fairly similar across cities. One explanation might be that dealing with adversity is largely dependent on factors such as the business environment, the nature of the crisis or the firm's characteristics (size, age, sector, etc.), in addition to local factors such as the strength of business networks and the availability of advice and support services. However, London-based entrepreneurs are most likely to report turning to specialist advice when faced with a crisis, which is consistent with findings in Chapter 4, which show business in London amongst the most likely to use external advice when running their business. London-based entrepreneurs and those in Frankfurt are also more likely to use their informal networks for advice in a crisis. In Frankfurt, this may be a consequence of the sample surveyed, which comprised larger and older businesses, which could indicate that these firms are part of more established networks.

Figure 7.1.1- Actions to deal with crisis across cities

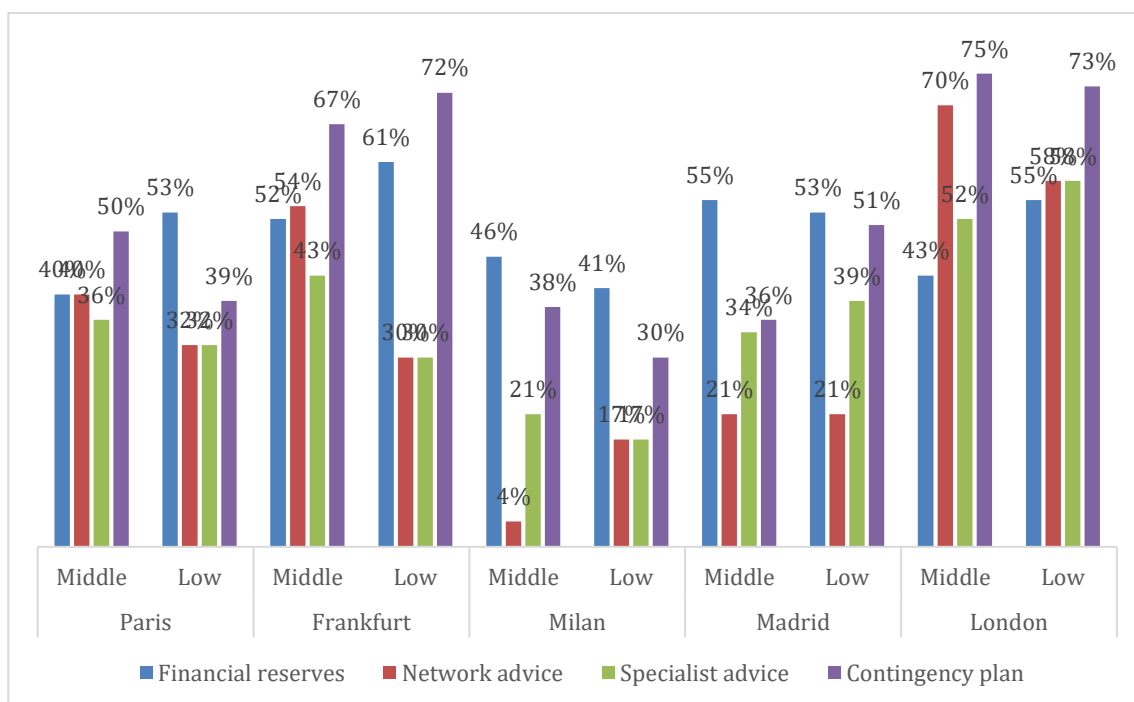


Dealing with crisis by borough

In Paris, London and Frankfurt, business owners from low-income boroughs more frequently reported using financial reserves than entrepreneurs from middle-income boroughs. In Madrid and Milan, it is the opposite (Figure 7.1.2). In all cities, except in Milan, more entrepreneurs in middle-income boroughs take advice from colleagues and informal networks than entrepreneurs in low-income boroughs. The differences between borough types can be substantial, especially in Frankfurt where we notice a 24 percentage point difference between the share of entrepreneurs from middle-income and low-income boroughs who used advice from personal networks and in Milan, where only 4% of entrepreneurs from middle-income boroughs use advice from colleagues and informal networks, while the corresponding figure is 17% in low-income boroughs. In Paris, Frankfurt and Milan, entrepreneurs from middle-income boroughs more frequently report the use of advice from specialists whereas in London and Madrid, a higher proportion of entrepreneurs in low-income boroughs use this type of advice.

In Paris, Milan and London a contingency plan is more frequently developed by business owners in middle-income boroughs in response to a crisis, whereas this is more frequently used by entrepreneurs in low-income boroughs in Madrid and Frankfurt.

Figure 7.1.2- Top four actions to deal with a crisis by borough type across cities



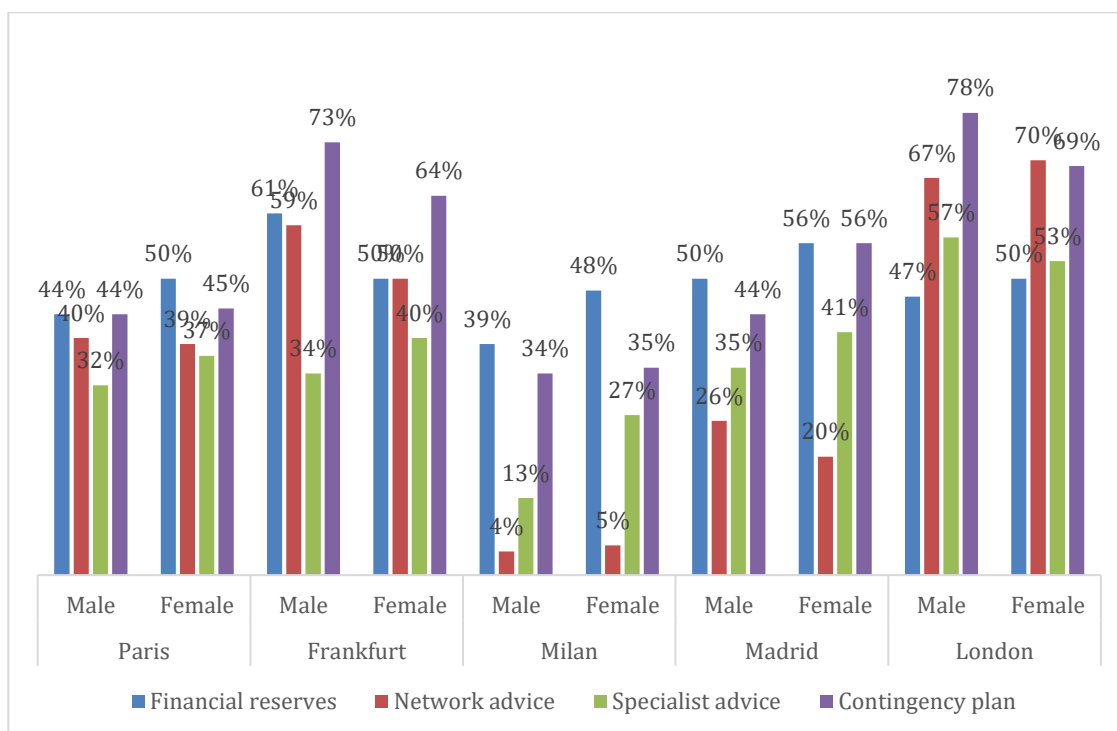
These results show variation across the two types of city location. The difference between low-income and middle-income boroughs can be quite large, especially in Frankfurt. In addition, the frequency can vary a lot from one city to another.

Dealing with crisis by gender

Figure 7.1.3 shows the most frequently reported actions to deal with adversity by gender across the five cities. Female entrepreneurs are more likely to use financial reserves than male entrepreneurs in Paris, Milan, Madrid and London. By way of contrast in Frankfurt relatively more male entrepreneurs use financial reserves than females. In every city but in London, more female entrepreneurs used specialist advice compared with their male counterparts. The difference between both groups of entrepreneurs is particularly large in Madrid with 27% of female entrepreneurs seeking advice from informal networks when they face a crisis, against only 13% of male entrepreneurs. We observe the opposite result on the use of advice from personal networks according to gender in Paris and Frankfurt, where we find more male entrepreneurs seeking advice from their personal networks than female entrepreneurs. Milan is notably different from other cities with only 4% and 5% of male and female entrepreneurs respectively seeking advice from their informal network of colleagues, family or friends. Finally, while in Paris, Milan and Madrid, the proportion of male entrepreneurs who developed a contingency plan in response to the crisis is smaller than the proportion of female entrepreneurs, in Frankfurt and London male entrepreneurs are more like to develop a contingency plan than female ones.

Although there are some differences in the actions in response to a crisis across cities, gender differences remain quite small. On average, there is a higher proportion of female entrepreneurs reporting the use of different crisis response tactics than male entrepreneurs and female leaders generally reported more sources of crisis (Figure 7.1.3).

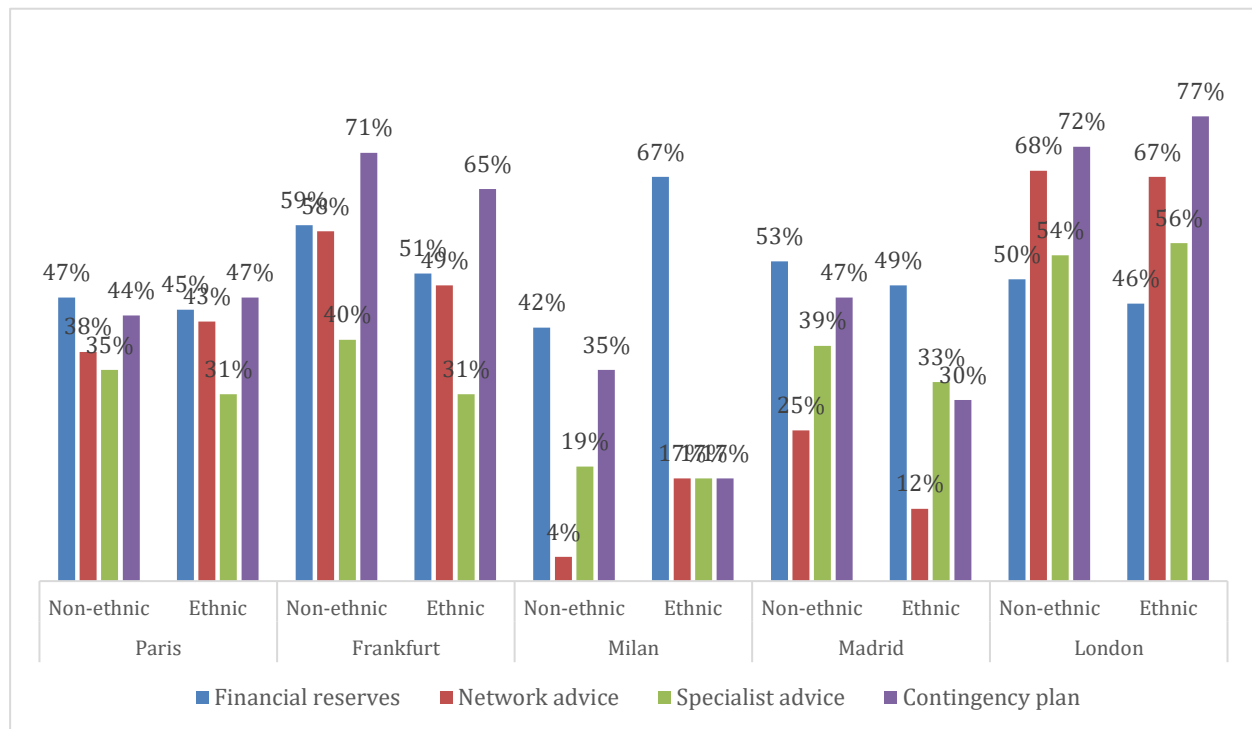
Figure 7.1.3- Top four actions to deal with a crisis by gender across cities



Dealing with crisis according to ethnicity

Figure 7.1.4 reports the share of ethnic and non-ethnic business leaders who used the top four key actions to deal with their crisis. In all cities but Milan, more non-ethnic leaders use financial reserves than ethnic leaders. In all cities but London, more non-ethnic leaders used specialist advice than ethnic leaders, confirming our early findings that ethnic-led businesses are less likely to draw on or, indeed, have access to external advice when running their businesses. The share of entrepreneurs who used advice from personal networks is larger amongst ethnic business leaders in Paris and Milan, although it should be noted that different approaches between ethnic- and non-ethnic-led in the latter city is likely to be influenced by the small proportion of ethnic-led companies reporting experience of a crisis in the preceding five years. In other cities, more non-ethnic business leaders sought advice from informal networks. Finally, in Paris and London, more ethnic leaders developed a contingency plan in response to the crisis.

Figure 7.1.4- Top four actions to deal with a crisis by ethnicity across cities

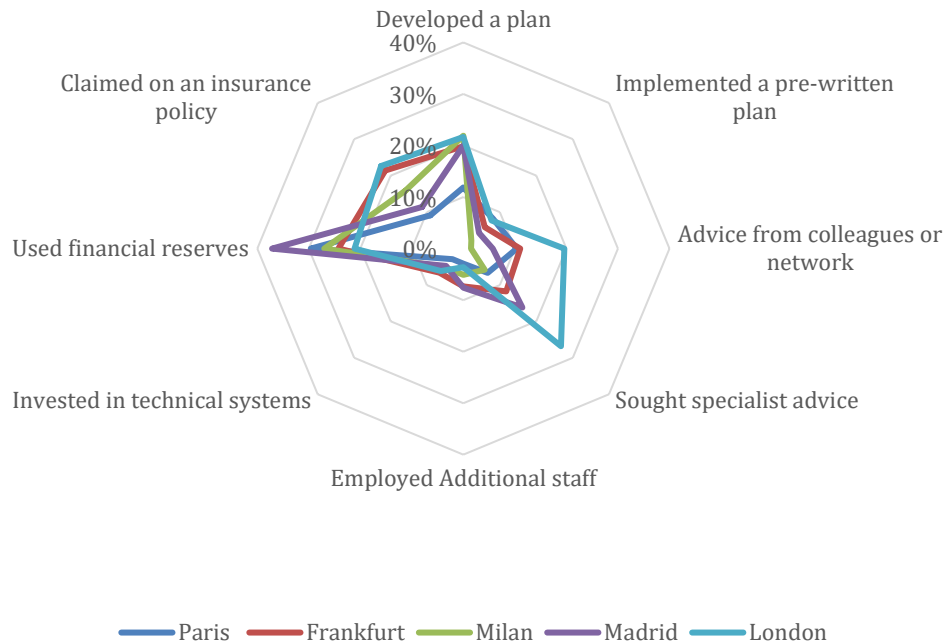


7.2 Most effective actions taken to deal with a crisis

Entrepreneurs who had experienced a crisis were asked about the most effective actions in addressing the crisis. Overall, in all cities, except London, the use of financial reserves is the action that received the most positive answers (see Figure 7.2.1). However, only around one-third of respondents found this action effective in addressing the crisis. This might suggest that using cash reserves to deal with crises emanating from shifts in customer behaviour, for example, may provide some short-term relief but further actions are required to address the underlying challenge.

In London, in contrast, the most effective action is the advice received from specialists (reported to be effective by 27% of businesses). It is again worth noting that London is very different from other cities. In other cities the use of advice from specialists was seen as effective by considerably fewer respondents. Claiming on an insurance policy was found to be effective by a higher proportion of leaders in Frankfurt and London but was hardly rated by business leaders in other cities.

Figure 7.2.1- Most Effective Action to deal with crisis across cities



Most effective action by type of business leader and location

We now consider entrepreneurs located in low-income boroughs, female entrepreneurs and ethnic entrepreneurs, comparing them with the average across the total sample (Figure 7.2.1) to see if there are any variations between these groups.

Figure 7.2.2 reports the views of entrepreneurs from low-income boroughs for all five cities and indicates that these entrepreneurs have not found many actions to be effective. The two most effective responses to adversity identified by these business owners are the use of financial reserves and the development of a plan in response to the crisis. Finally, we see a large variation across cities in the evaluation of effectiveness of advice from specialists.

Figure 7.2.2 - Most effective action to deal with crisis in low-income boroughs

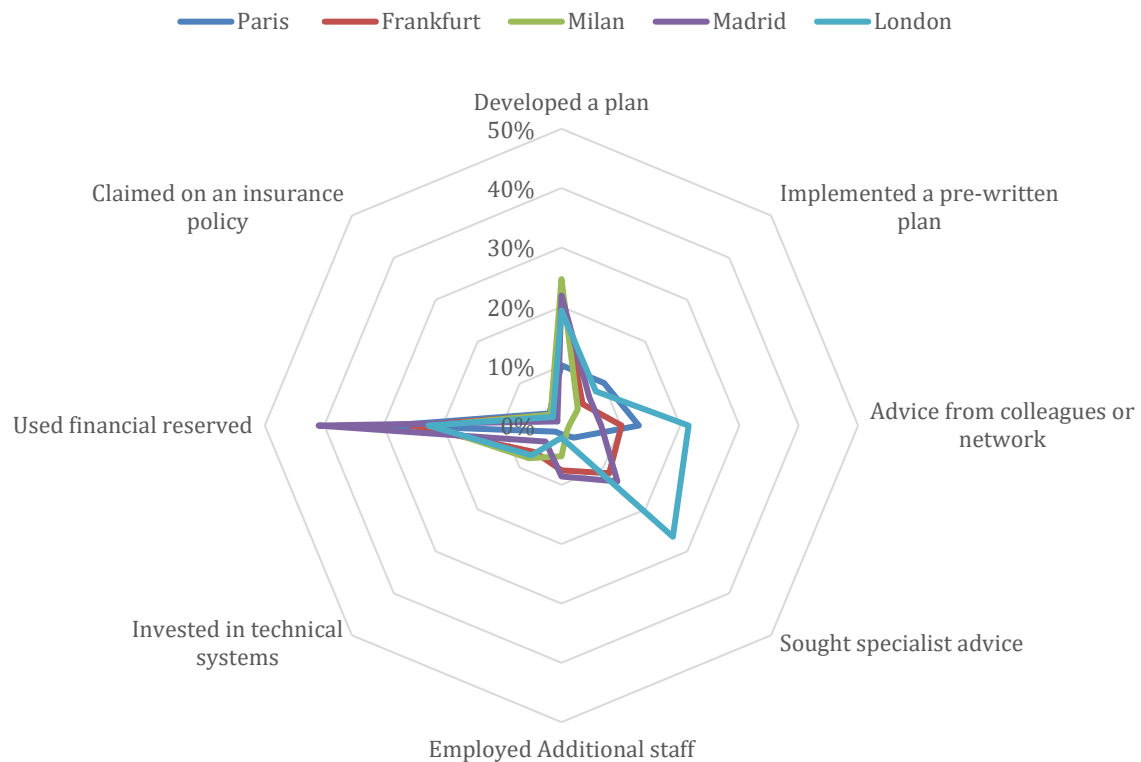


Figure 7.2.3 reports the actions that female leaders found effective. The graph is very similar to the one for location. Female entrepreneurs in London mainly valued advice from colleagues or personal networks and advice from specialists (24% of respondents), whereas those from other cities mainly valued the use of financial reserves as a response to a crisis. In Madrid, Milan and Paris female entrepreneurs most valued the use of financial resources.

Figure 7.2.3- Most effective action to deal with crisis for female entrepreneurs

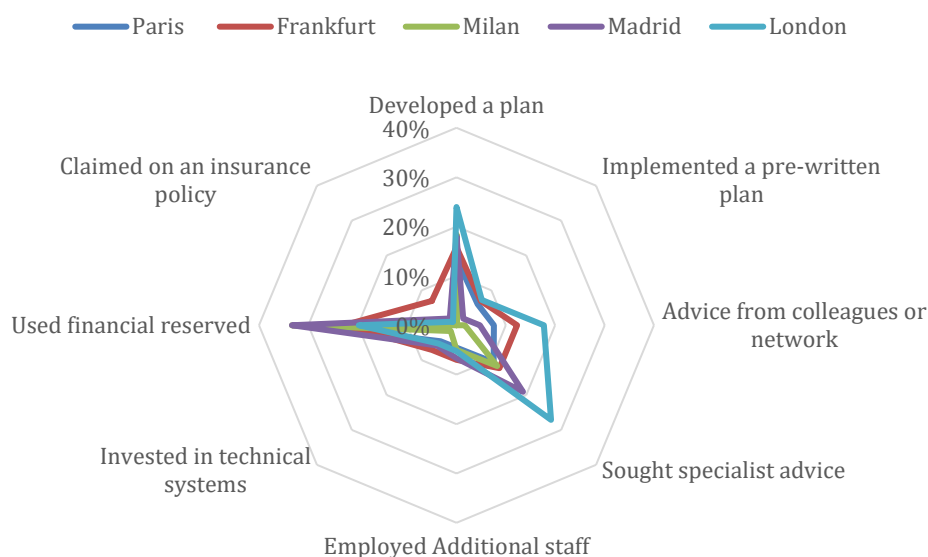
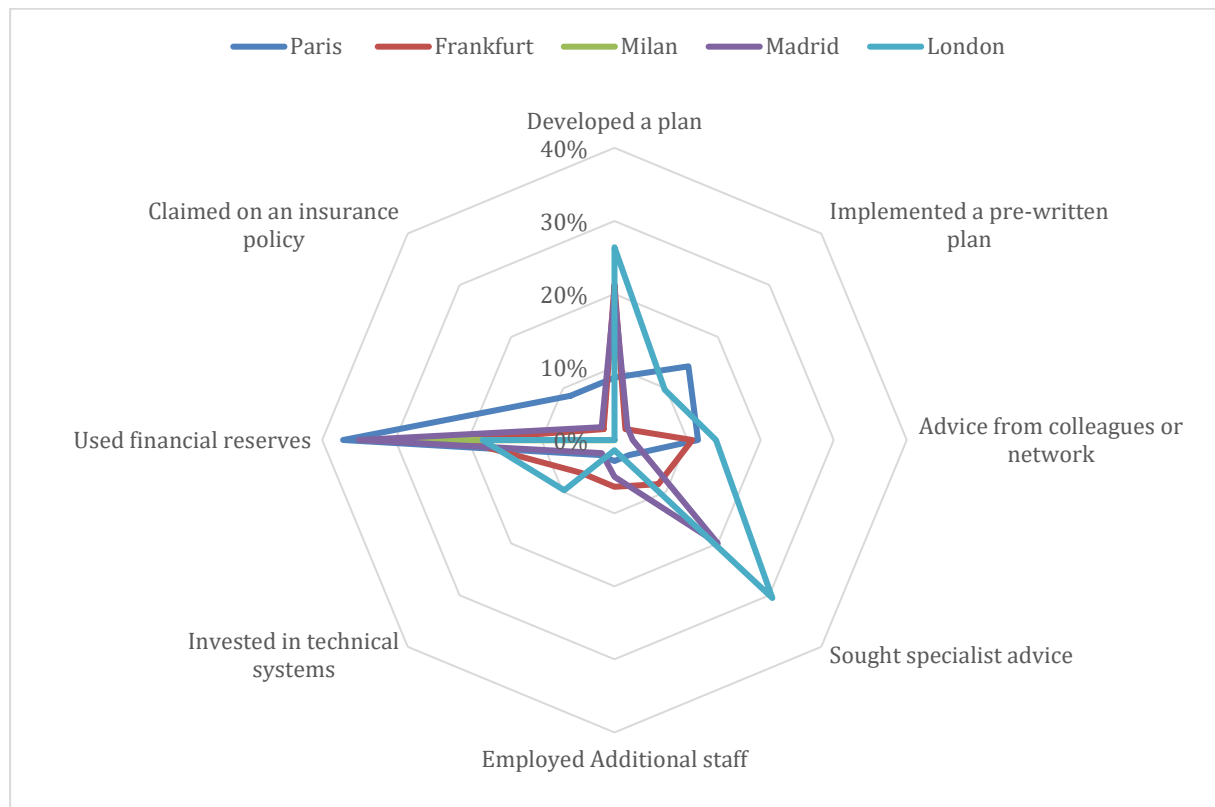


Figure 7.2.4 reports the results for ethnic entrepreneurs in the five cities. Results are again very similar to the results in Figure 7.2.1. The most valued action was the advice received from specialists in London and the deployment of financial reserves in other cities. There are some differences across cities. For example, while some Paris-based ethnic business owners valued the use of a pre-written contingency plan, elsewhere hardly any ethnic entrepreneurs found it useful. In London, the most effective action for ethnic entrepreneurs was to seek advice from specialists, whereas in other cities this represents a low share of positive respondents.

Figure 7.2.4- Most effective action to deal with crisis for ethnic entrepreneurs



CASE STUDY: STRUGGLING TO GENERATE SUFFICIENT SALES TO KEEP GOING WAS AN ISOLATING EXPERIENCE

When faced with difficulties in his UK-based financial services firm, Karim was reluctant to share his worries with former colleagues, family and friends. Taking on a coach empowered him to find others in a similar position with whom he could interact.

'So, something the coach was starting to help with was to get me out from behind a rock. So, I have this image of myself not just in business, in kind of life, behind the rock, afraid of exposure. And I have reached out to people ... now I think about it I have spoken to several people about it. I spoke to two people that we know who set up ... a kind of adjacent business to ours, not competitive. A similar profile, they used to work, then they set up, they really struggled to generate the business it was really useful speaking to them. [...] and so actually I felt comfortable going to these people and saying right, you know, and being open, and so whereas I wouldn't put it on Linked-In, say 'struggling with sales' you know.

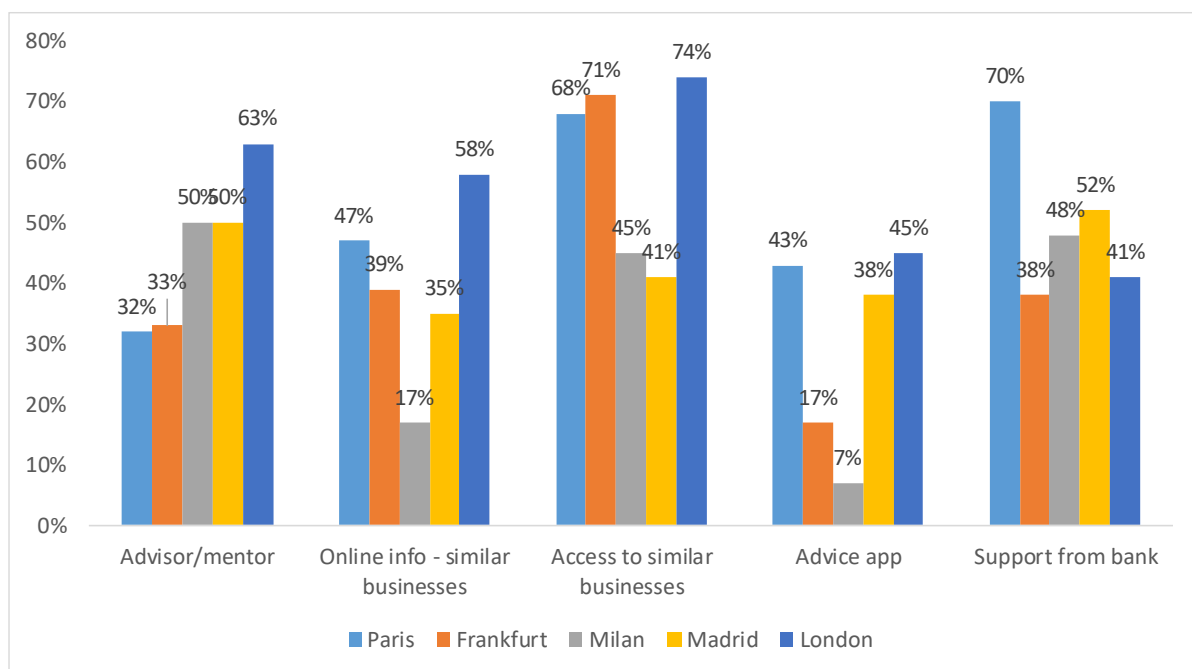
This is something my coach made me realise and once I realised it I couldn't ignore it. Everyone I met almost without exception made assumptions about me that were a world away from my own assumptions about myself. And usually they were massively positive, you know, successful, at ease with himself and the world and you know, he must be just walking into rooms and signing up clients left right and centre. This impression about me. And so, it's definitely not a good idea to dispel that impression amongst certain groups of people. But with these guys at the other company, absolutely I could just be open and say look, peer to peer almost, you know'.

7.3 What would have helped in the crisis?

We asked respondents who had experienced a crisis which additional tools and support initiatives they felt would have been useful when dealing with their crisis. Respondents scored the initiatives on a Likert scale ranging from 'very useful' (1) to 'not useful' (3) and 'don't know' (4). Potential tools were: (a) support from a business advisor or mentor, (b) online information about how other firms had overcome similar challenges, (c) access to other business leaders with similar experience, (d) an app providing links to possible sources of advice, (e) better support from banks or other financial providers.

Figure 7.3.1 shows the proportion of respondents per city identifying a potential tool as useful (score 1 'Very useful' and 2 'Fairly useful' in the questionnaire).

Figure 7.3.1- Usefulness of tools across cities (% of firms)



An app providing links to potential sources of advice is seen as the least useful potential tool. Online information about how other firms had overcome similar challenges is perceived as not useful by a majority of entrepreneurs in all cities except London, and to a lesser extent, Paris. Indeed, businesses in Milan were less likely to see the value in either form of web-based support tool (an app or online business information) than their counterparts in other cities. This may reflect the difference industry make-up of the companies surveyed.

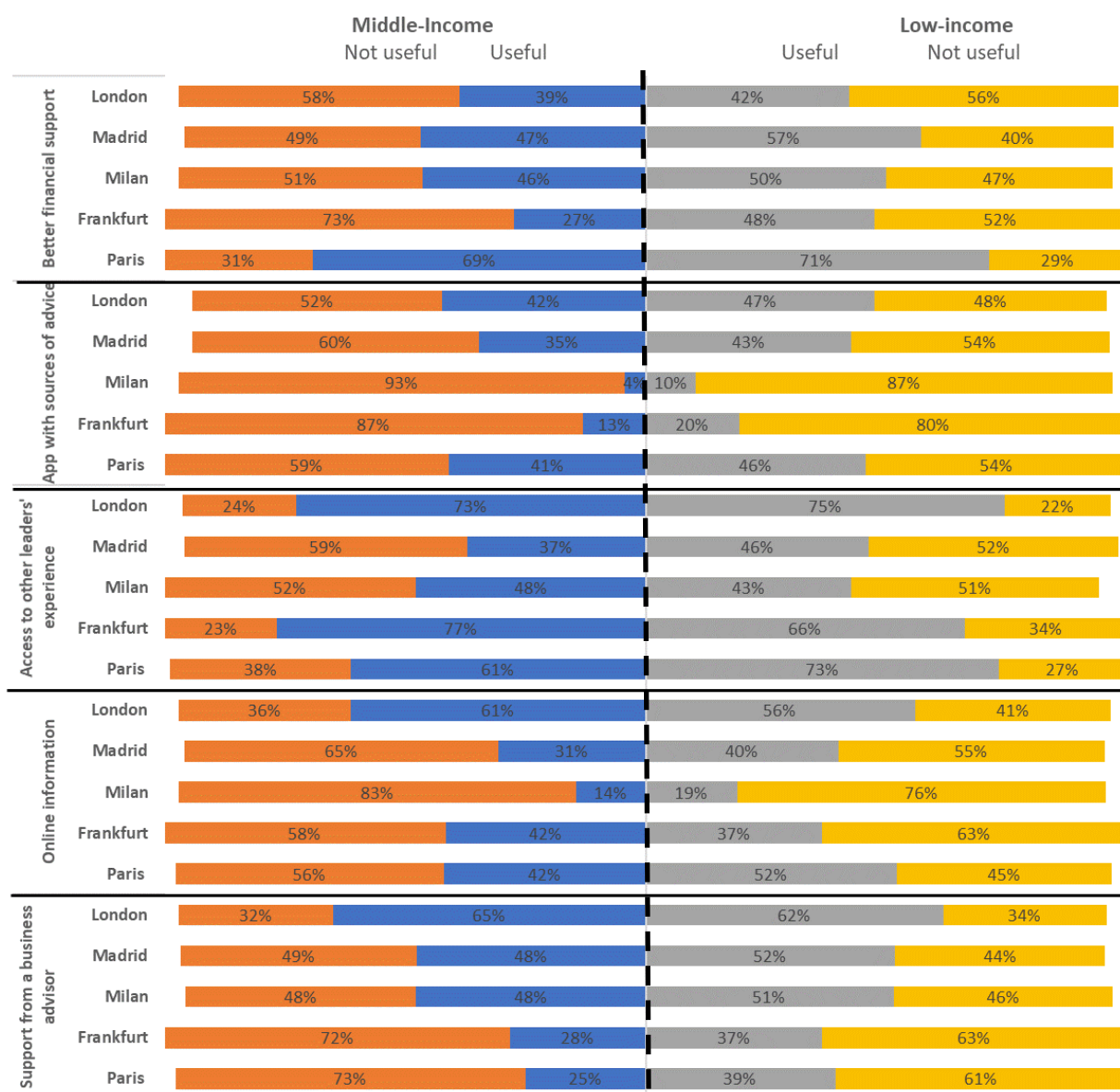
By contrast, access to other leaders who had had a similar experience is seen as useful by a relatively large proportion of entrepreneurs in Paris, Frankfurt and London. In Milan and Madrid, the proportion of business owners that might have benefited from access to other businesses with similar experiences of a crisis was somewhat lower. In London, 63% of entrepreneurs judged that support from a business advisor or mentor would have been useful, against only 32% in Paris and 33% in Frankfurt. Finally, entrepreneurs from Paris and Madrid would have valued better support from financial providers (70% of entrepreneurs from Paris thought this support would be useful and 52% in Madrid). Entrepreneurs from other cities were less likely to see this as useful. This result can be understood in the context of businesses in these cities responding to their crisis with the deployment of financial reserves.

Perceptions of effectiveness of support by location

Figure 7.3.1 reports leaders' attitudes towards the five tools by borough type.⁷

⁷ The total share does sum to 100% as some entrepreneurs answered 'Don't know' or 'Refused'

Figure 7.3.1- Respondent attitudes towards tools by borough type, across cities



In all cities, more entrepreneurs from low-income boroughs would find support from banks or other financial providers useful compared with entrepreneurs from middle-income boroughs. The difference is particularly notable in Madrid and Frankfurt. Similarly, in all cities, more entrepreneurs from low-income boroughs would find an app with sources of advice useful than those from middle-income boroughs and the difference is particularly marked in Madrid, Milan and Frankfurt. When considering access to other leaders' with similar experience we also observe differences across cities. Whereas in Milan and Frankfurt a larger proportion of entrepreneurs would find this useful in middle-income boroughs than in low-income boroughs, in London Madrid and Paris, the reverse was true. More entrepreneurs from low-income

boroughs in Madrid and Paris would value online support about how firms had overcome similar challenges than entrepreneurs from middle-income boroughs. In London and Frankfurt the opposite is observed. Finally, in all cities but London, more entrepreneurs from low-income boroughs thought support from a business advisor would be useful than entrepreneurs from middle-income boroughs. All in all, results in Figure 7.3.1 show large variations across cities and across boroughs for all different tools.

Perceptions of effectiveness of support by gender

Figure 7.3.2 reports leaders' attitudes towards the five tools by gender across cities.⁸

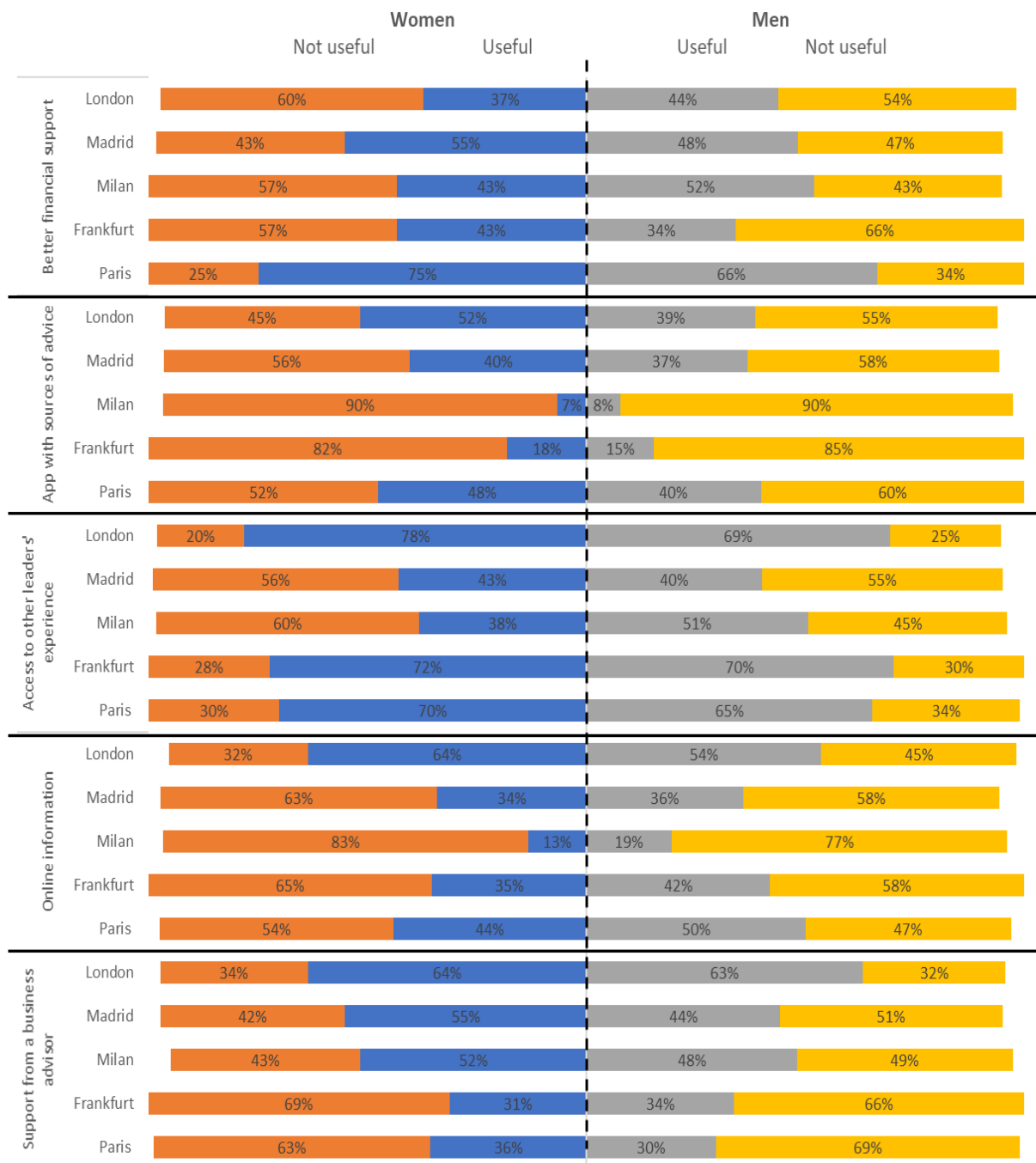
In Madrid, Paris and Frankfurt, more female than male entrepreneurs thought financial support would be useful. Regarding support provided through an app providing links to sources of advices, in every city but Milan, more women entrepreneurs evaluate this positively than male entrepreneurs. In Milan there is no large gender difference, with both male and female business leaders seeing little value in online solutions. Similarly, more female entrepreneurs positively evaluate access to other entrepreneurs with similar experience than male entrepreneurs in every city except Milan. In contrast, in every city but London, fewer female entrepreneurs than male would find online information about how other firms had overcome similar challenges helpful. Finally, in all cities except Frankfurt, more female entrepreneurs evaluate support from a business advisor or mentor positively than male entrepreneurs. On average, except for online information about how other firms had overcome similar challenges, female-led businesses seem to evaluate the different tools more positively than male entrepreneurs, with very little variation across cities. These results are in line with studies stating that women as entrepreneurs are generally more inclined to seek and accept help, whereas men tend to have greater confidence in their own abilities (Hisrich & Brush, 1984⁹ and Poggesi, Mari & De Vita, 2016¹⁰). This may indicate that female entrepreneurs would benefit more from initiatives and support networks to deal with a crisis than men.

⁸ The total share does not go to 100% as some entrepreneurs answered 'Don't know' or 'Refused'

⁹ Hisrich, R., & Brush, C. (1984). The woman entrepreneur: Management skills and business problems. *Journal of small business management*, 22(1), 30-37.

¹⁰ Poggesi, S., Mari, M., & De Vita, L. (2016). What's new in female entrepreneurship research? Answers from the literature. *International Entrepreneurship and Management Journal*, 12(3), 735-764.

Figure 7.3.2- Respondent attitudes towards tools by gender, across cities



Perceptions of effectiveness of support types by ethnicity

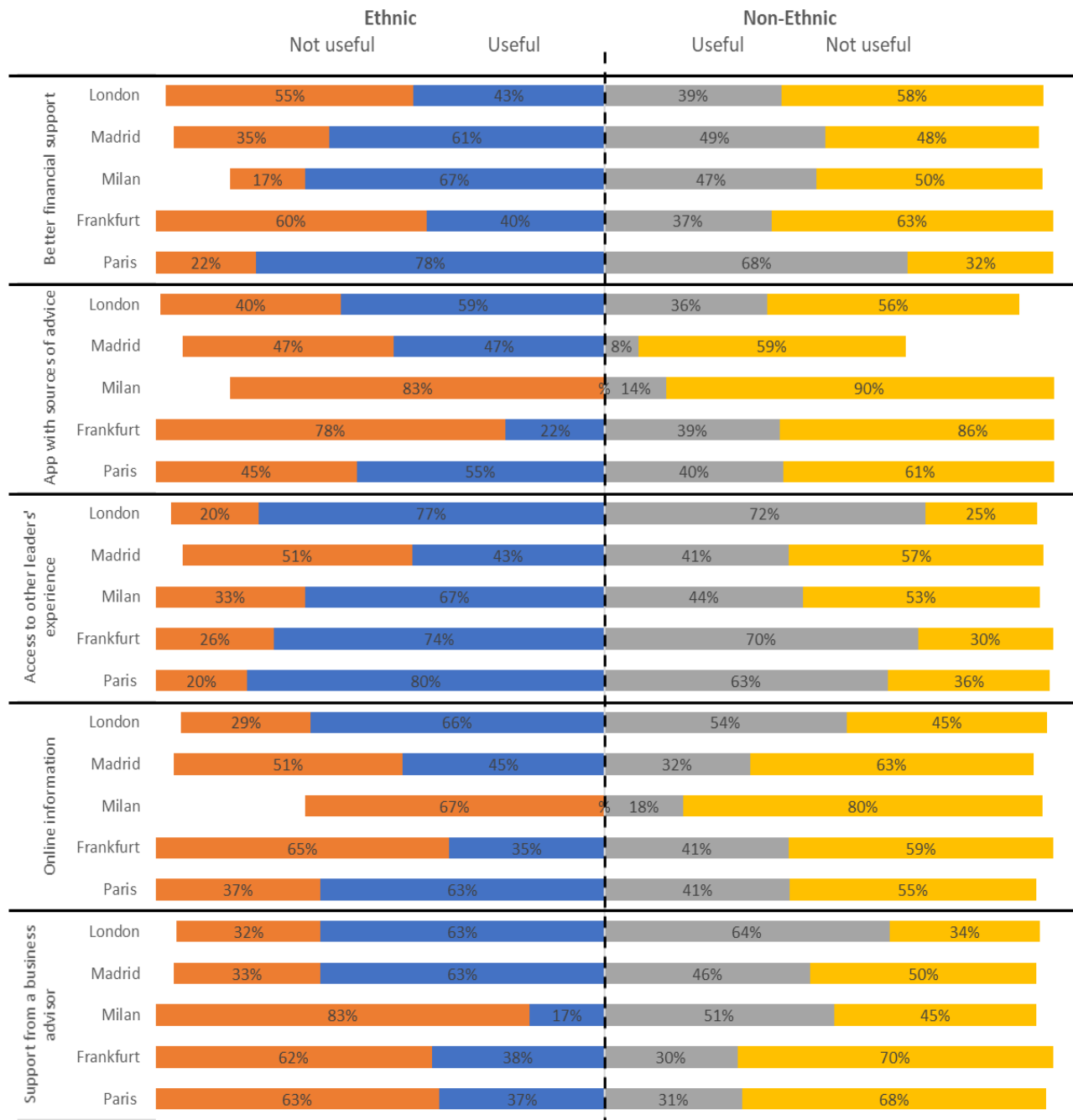
Figure 7.3.3 reports leaders' attitudes towards the five tools by ethnicity.¹¹

In every city, more ethnic entrepreneurs than non-ethnic entrepreneurs would find the use of better financial support and access to other leaders' similar experiences of a crisis useful. Similarly, in every city but Milan and Frankfurt, more ethnic entrepreneurs see value in an app providing sources of advice and the use of online information about how firms had overcome similar challenges than non-ethnic entrepreneurs. In Milan and Frankfurt, the opposite is observed. Finally, in all cities but London and Milan, ethnic business leaders evaluate the use of support from a business advisor more positively than non-ethnic business leaders. These results show that ethnic business leaders are keener on having access to various sources of support than non-ethnic business leaders. One potential explanation might be that ethnic-led businesses face more challenges than the latter due to lack of personal networks, access to finance and a language barrier of ethnic business leaders (Blackburn & Smallbone, 2015; Ram & al., 2016)¹².

¹¹ The total share does not go to 100% as some entrepreneurs answered 'Don't know' or 'Refused'

¹² Blackburn, D., & Smallbone, D. (2015). Sustaining self-employment for disadvantaged entrepreneurs - A background paper for the OECD Centre for Entrepreneurship, SMEs and Local Development. Ram, M., Jones, T., & Villares-Varela, M. (2016). Migrant entrepreneurship: Reflections on research and practice. *International Small Business Journal*, 35(1), 3-18.

Figure 7.3.3- Respondent attitudes towards tools by ethnicity, across cities



CASE STUDY: GETTING ADVICE FROM PEOPLE WHO ARE LIKE ME UK

Omar struggles to find advice that is directly relevant to him and his business

'I mean most of the advice I get is from YouTube videos. I follow a lot of entrepreneurs, successful entrepreneurs in the US and I've watched a lot of Warren Buffet videos, and Jim Raun and Gary Vaynerchuk and all these big, there's quite a lot of these entrepreneurs who started off with nothing and with an idea. So, I get a lot of motivation from them and I learn a lot, because what I find is regardless of what industry you are in the formula to success is more or less the same. It is being customer centric. Hard work and being patient. Those three things [...]

But of course, specific advice for my specific business I don't get that. I get the generic and implement the generic advice from entrepreneurs out there, but I would love to kind of have specific ... speak to an entrepreneur who has the time, sit with him and say 'this is the business, this is where we are and this is what we do, and now give us the specifics, what we do, not the generic kind of outline, you know, tell us exactly what we need to do, where should we invest, how do we take our business forward?'".

7.4 Summary

We find that the ways in which small business leaders' deal with crises can vary depending on the city in which they are located, which part of that city as well as their gender and ethnicity. Our study highlights a number of key findings:

- The top two responses to a crisis are the same across the five cities. The most common is developing a plan from scratch to respond to the crisis and the second most common is the use of financial reserves. These are followed by taking specialist advice and taking advice from the firm leader's informal network.

- We observe quite significant variation by city in the preferred responses of firms to crises. Less than 20% of firm leaders in Milan seek specialist help to deal with a crisis, whereas more than half of London leaders do so. Whereas two-thirds of leaders in London took advice from colleagues and friends, less than 5% of Milan-based leaders did so. Milan based leaders are also the least likely to implement a pre-written contingency plan.
- Location of the firm, in a low- or middle-income area, does seem to make a difference to their choice of response to a crisis, and these differences vary by city, particularly in Paris and Frankfurt and especially for the four most common responses.
- We see relatively small differences in responses to crisis by gender, and there is some variation by city.
- Ethnicity does seem to influence the chosen response to crisis but there is considerable variation by city, which suggests that cultural and contextual factors are also at play.
- In all cities but London, the most effective response to crisis was judged to be the use of financial reserves. In London, it was advice from specialists and networks. We see little difference based on gender or ethnicity.
- Respondents were divided on which additional tools or interventions may have helped them in their crisis, and we see quite large variations across cities and across boroughs in support of the different options. Ethnic leaders are generally more positive in their attitude towards the need for additional tools to help them respond to a crisis, however, which reflects perhaps the many barriers that they experience in establishing and sustaining their firms.

These findings show that choice of response to a crisis varies quite significantly by city, indicating that contextual environmental factors may be a primary influence in the way that firms deal with adversity. Different firm types, in particular ethnic-led businesses, also appear to respond differently to crises, and to potential interventions to mitigate crises.

CHAPTER 8: CITY HIGHLIGHTS

We have drawn together the aggregated data from nearly 3,000 business owners across five cities to better understand how different types of entrepreneurs run their business, their recent experience of crises and how they have responded to adversity. This chapter draws out some of the insights from the research across individual cities.

8.1 Insights from Paris

The research in Paris involved fieldwork in municipalities in Eastern Paris in which the number of ethnic-led firms is particularly high and economic development (growth and employment) is lower than in other Parisian areas. The study was conducted among 600 small businesses in low-income boroughs of Seine-Saint-Denis and middle-income boroughs of Val-de-Marne.

Paris businesses

Average business size surveyed in Paris was 11 employees and 66% of businesses surveyed had 9 employees or below, 20% between 10 and 19 employees, 10% between 20 and 40 and the remaining 4% 50 to 99 employees. Female and ethnic-led firms in Paris tended to be slightly larger than the average with an average of 13.3 and 12.3 employees respectively. Average age of Paris firms sampled was 14.5 years. Around 26% of Paris firms surveyed were in the production sector, 45% were in trade transport and hospitality and the remaining 30% were in other services, e.g., information communication and financial services. Average Connor Davidson resilience score for the business leaders under study in Paris was 29, and we observed no significant variation by leader ethnicity, gender or by location of firm.

Paris headlines

- Under-represented entrepreneurs, represented by female entrepreneurs and ethnic-led businesses, report a more positive business performance than male and non-ethnic counterparts.
- Under-represented entrepreneurs, represented by women and ethnic leaders, are more socially-focused and ambitious, particularly in middle-income areas.
- Under-represented entrepreneurs are as resilient and perceive the same threats as other entrepreneurs but use different sources of advice.

- Under-represented entrepreneurs are more vulnerable to threats.

Detailed findings

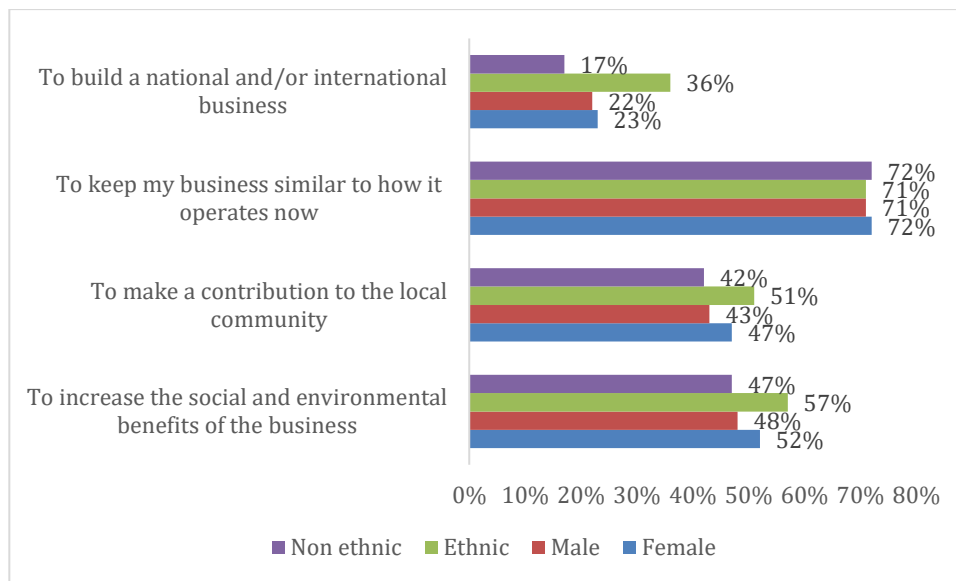
There are variations in firm performance and ambition when female- and ethnic-led businesses are compared with their male and non-ethnic counterparts.

- Women entrepreneurs and migrants were more likely to report an increase in their turnover (44% of migrants and 42% of women increased turnover in the preceding 12 months against 39% of non-ethnic- and 39% of male-led businesses).
- Ethnic and female entrepreneurs run larger businesses. 59% of women and 55% of ethnic business leaders run firms with more than 6 employees against 44% of men and 49% of non-ethnic leaders.
- Female-led businesses export more than male-led one, while ethnic leaders export less than non-ethnic leaders, this latter trend is amplified in low-income boroughs (40% of female against 25% of male and 25% of ethnic against 34% of non-ethnic).

There is a greater emphasis on social and environmental objectives amongst under-represented businesses.

- Female- and ethnic-led businesses were more likely to report the aim of building a big business: 37% of ethnic- and 26% of female-led firms reported wanting to build an international company, compared with 18% of non-ethnic- and 24% of male-led firms.
- Female- and ethnic-led businesses were more likely to report social objectives when running their firms: 56% of ethnic- and 50% of female-led businesses reported wanting to increase the social and environmental benefits of their business compared with 46% of non-ethnic and 48% male business owners. These objectives are more important for entrepreneurs in middle-income boroughs.

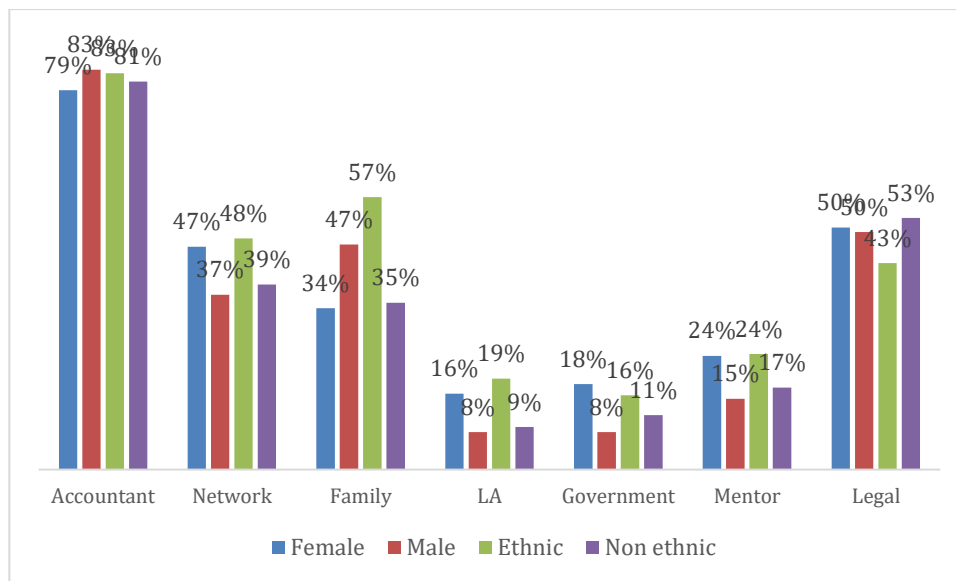
Figure 8.1.1 Objectives by firm type in Paris



Under-represented groups access external sources of advice differently when running their businesses.

- Perceived threats between non-ethnic- and ethnic-led businesses are quite similar. The most reported threats, by more than half of the leaders in all groups is reported to be difficulties in recruiting or managing employees, personal problems such as illness and payment delays.
- However, female entrepreneurs are less likely to turn to family or friends when a threat happens but would rather talk to members of their professional networks or local partners, whereas ethnic leaders turn more to local partners or informal networks such as family and friends.

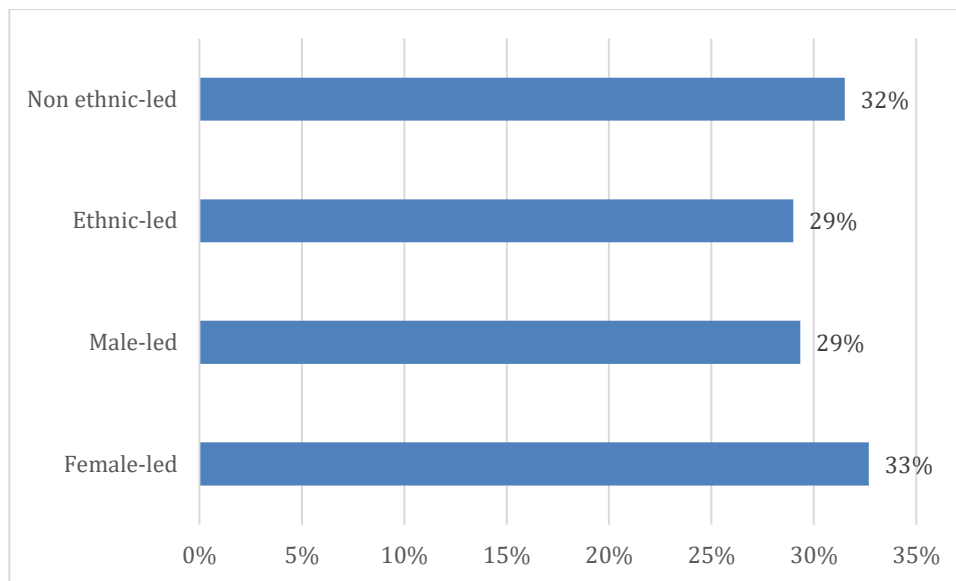
Figure 8.1.2 Sources of advice by firm leader type in Paris



There are differences in the extent to which different types of entrepreneur have experienced crisis in the past five years.

- Female-led businesses (32%) were more likely to have experienced an important threat to firm survival than male-led businesses (29%). These variations decreased in businesses with more than 20 employees (8% versus 5%). In addition, female leaders were impacted by issues compared with male leaders, namely cashflow, staff, illness and payment delays.
- Ethnic-led businesses were more likely to have experienced a threat to the survival of their business, especially in small firms (6-9 employees); 19% of ethnic-led firms versus 14% of non-ethnic-led firms have experienced such a crisis. The opposite is observed in very small businesses (less than 6 employees): 24% of ethnic-led firms versus 30% of non-ethnic-led firms have experienced such a crisis. In larger firms employing more than 20 persons, ethnic- and non-ethnic-led businesses were equally likely to have experienced an existential threat (6%).

Figure 8.1.3 Experience of crisis in preceding 5 years in Paris



Implications

The findings of this study indicate (i) that ethnic and female entrepreneurs are as resilient as any other entrepreneurs and (ii) that ethnic and female-led businesses are larger with higher turnover and a greater propensity to export than other businesses. However, female and ethnic entrepreneurs are more at risk of threats to the survival of their businesses. The results also suggest that female and ethnic business leaders approach risk and experience adversity in specific and unique ways. Female-led businesses turn less to family or friends when a threat happens but would rather talk to members of their professional networks or local partners, whereas ethnic leaders turn more to local partners or informal networks, such as family and friends.

Recommendations

These findings support the view that targeted guidance and intervention specific to each category of entrepreneurs would be appropriate, especially because those entrepreneurs in less-economically developed areas have the potential to improve business performance.

Initiatives to provide under-represented groups with the ability to access advice from other business leaders with similar experiences is also highlighted as potentially useful by under-represented leaders in this study.

Initiatives to deliver better support from banks and other financial providers would also appear to be relevant to the challenges faced by firms in Paris.

8.2 Insights from Frankfurt

The survey sample consisted of a total of 527 companies located in Frankfurt City and neighbouring administrative districts and cities, i.e. Hochtaunus- and Main-Taunus-Kreis, Darmstadt, Darmstadt-Dieburg, Groß-Gerau, Offenbach, Rheingau-Taunus-Kreis, and Wetterau-Kreis.

Frankfurt businesses

Average business size surveyed in Frankfurt was 25.6 employees, making it the city with the largest average firm size in the study. 29% of businesses surveyed had 9 employees or below, 31% between 10 and 19 employees, 21% between 20 and 40 and the remaining 19% 50 to 99 employees. Female-led firms were similar in size to male-led firms, with an average of 25.6 employees but ethnic-led firms in Frankfurt tended to be slightly larger than the average with an average of 27 employees respectively. Average age of Frankfurt firms sampled was 17.1 years. Around 21% of Frankfurt firms surveyed were in the production sector, 25% were in trade transport and hospitality and the remaining 54% were in other services, e.g., information communication and financial services. Average Connor Davidson resilience score for the business leaders under study in Frankfurt was 32.2, and we observed no significant variation by leader ethnicity, gender or by location of firm.

Frankfurt headlines

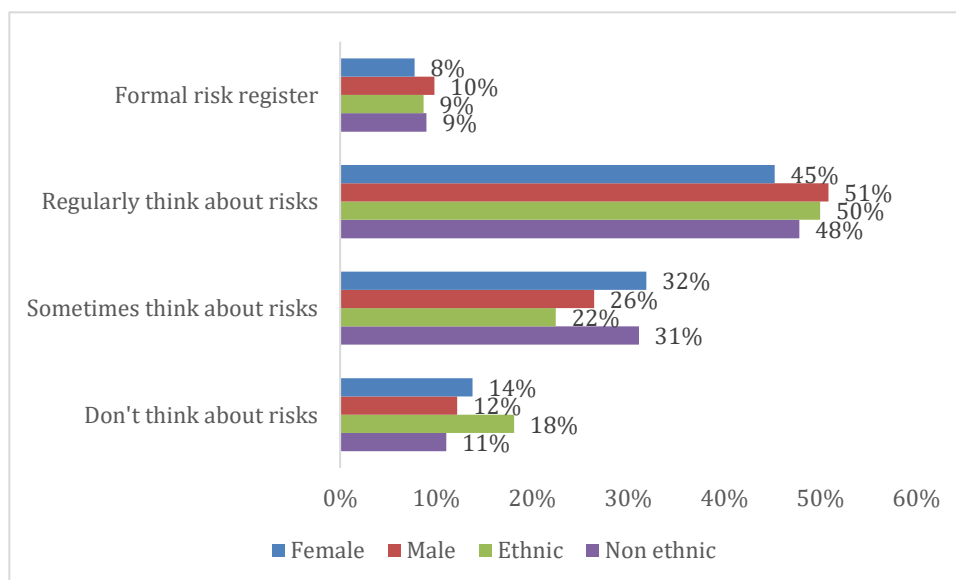
- There are only minor differences in the way in which business leaders in Frankfurt perceive potential sources of crisis, by gender and ethnicity.
- Ethnic-led businesses were more likely to have experienced an existential threat to their business in the past five years compared with their non-ethnic counterparts, but there was little variation between male- and female-led businesses.
- We find similar views on the sources of information that would have been helpful when faced with a crisis, with access to business leaders experiencing similar challenges and more support from finance providers widely reported.

Detailed findings

There were similarities across male and female entrepreneurs when it comes to their assessment of future risks, but ethnic-led companies are more likely to deal with them as they arise, rather than develop plans.

- Business leaders of around half the companies in the sample regularly think about risks and formulate plans. Between male- and female-led and between ethnic- and non-ethnic-led groups, differences are only marginal in this regard.
- Ethnic leaders more often state that they do not think about business risks at all until they arise as compared to non-ethnic-led companies (18.3% vs. 11.2%), which could be problematic for their business in the future. For the group of female-led companies, we do not observe marked differences as compared to male-led companies.

Figure 8.2.1 Planning for risk by firm type in Frankfurt

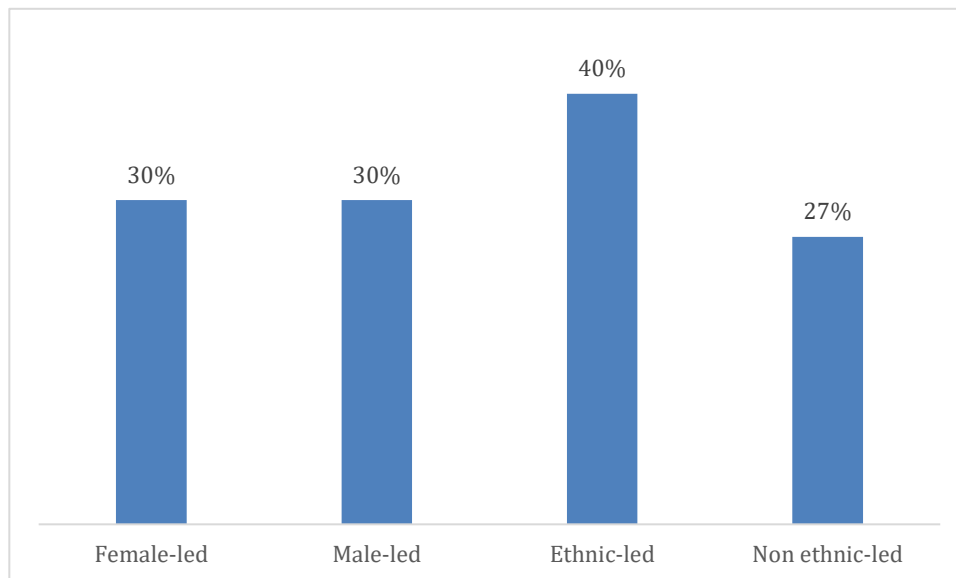


Ethnic-led businesses were more likely to experience a crisis, but the cause of crisis did not vary to any great extent by gender of business leader.

- Ethnic-led companies were more likely to have undergone a crisis in the past five years. Four out of ten leaders have experienced a situation that has threatened the survival of their business. This is true for only a quarter of non-ethnic-led businesses.
- A quarter of female-led businesses had experienced a crisis which was also true for their male-led counterparts. In many cases, the cause of the crisis is liquidity based problems, e.g. loss of a major customer or its payment practices. The latter is comparatively more often mentioned by female-led companies.

- Not surprisingly, making use of financial reserves is one of the most effective measures to overcome crises stemming from customers or late payments. In addition, developing a plan to prevent a possible next crisis has helped companies to mitigate the effects of the crisis. Female-led companies, however, are less likely to formulate such plans which could weaken their business resilience in the future.

Figure 8.2.2 Experience of crisis in preceding five years in Frankfurt



Crisis-hit businesses did not, in the main, experience a drop in sales and the business had generally recovered after one year. However, business leaders did identify additional sources of help that would have been useful in managing the crisis.

- Almost a third of ethnic-led companies experienced a decline in revenues due to the crisis as compared to a quarter of non-ethnic-led businesses. In contrast, female-led companies are as likely to experience declines in revenues as male-led companies. This also implies that the vast majority of firms that have experienced a crisis did not see a drop in sales.
- The time that companies need to fully recover from their crisis is relatively short. Most companies can achieve this within a time window of one year. Female-led companies tend to require more time to overcome the crisis while ethnic-led companies need less time.
- An overwhelming majority of companies being affected by crisis reported that an exchange with other business leaders who have had similar problems would have been

helpful. Differences between groups are small. There is also a preference for more support by banks and other financial institutions as well as support by mentors.

Implications

Although there are only few differences between the groups of companies, one substantial difference is the higher susceptibility to crisis of migrant-led companies. In the past five years they have experienced a crisis more frequently than non-migrant-led businesses. One reason for this may be inadequate anticipation of potential crises, since migrant-led companies are less likely to think about possible threats than their non-migrant counterparts. It can therefore be assumed that they are more often surprised by crises. At the same time, however, it must be noted that a considerable proportion of all groups of companies affected by the crisis only develop a plan for counteracting the crisis in the event of a substantial crisis. The similar problems between the groups of companies and their similar actions in difficult situations suggest that there is no need for group-specific support measures per se. We therefore argue in favour of implementing measures which can support all companies in preventing or moderating a business crisis.

Recommendations

Our study shows that entrepreneurs of all types would appreciate access to online information about how other firms had overcome similar business challenges. Although there is no platform that can offer this service as of today, we recommend a focus on work by the "Offensive Mittelstand" which offers small and medium-sized companies – regardless of the origin or gender of the owners – instruments which are free of charge both in print format and as an online version (via the website www.offensive-mittelstand.de) or mobile app. The current range of topics ranges from questions on work 4.0, innovations up to diversity and education and training. With the help of a self-evaluation, entrepreneurs can get information on the actual condition of their enterprise in the entire creation of value process. Subsequently, the individual self-checks support the entrepreneurs in tracking down unused potential, identifying the need for action and initiating appropriate measures.

The aim of all self-checks is to prevent business crises from happening and, in the event of a crisis, to offer entrepreneurs hands-on assistance as fast as possible. The owners can use the tools either themselves or with the support of a consultant.

The tools of the "Offensive Mittelstand" are based on the cooperation of more than 400 voluntary and independent partners, members of chambers and guilds and other actors relevant to small and medium-sized companies. Accordingly, they are well-founded and tested in practice.

8.3 Insights from Milan

The Milan research was carried out in Winter 2019 and comprised a survey of 600 small and medium firms and six depth interviews with underrepresented entrepreneurs.

Milan businesses

Average business size surveyed in Milan was 12.7 employees and 54% of businesses surveyed had 9 employees or below, 24% between 10 and 19 employees, 19% between 20 and 40 and the remaining 5% 50 to 99 employees. Female and ethnic-led firms in Milan tended to be slightly smaller than the average with an average of 11.6 and 11.8 employees respectively. Average age of Milan firms sampled was 15.5 years. Milan had the highest proportion of production firms of the five cities, with around 45% of in the production sector. 36% were in trade transport and hospitality and the remaining 19% were in other services, e.g., information communication and financial services. Average Connor Davidson resilience score for the business leaders under study in Milan was 31.7, and we observed no significant variation by leader ethnicity, gender or by location of firm.

Milan headlines

- Businesses run by women are more resilient, have a better performance, and pay more attention to sustainability issues. The study confirms that resilience is a female virtue even among entrepreneurs. Women's enterprises also show a greater capacity for growth in lower-income municipalities than middle-income municipalities.
- Businesses owned by non-ethnic entrepreneurs are more aware of crises. Nearly one in three (29%) businesses owned by non-ethnic reported having dealt with a crisis in the last five years. These crises affected businesses managed by women (56%) more than those managed by men (44%). On the other hand, only 4% of the businesses run by ethnics reportedly experienced a crisis in the last five years.
- Ethnic leaders' businesses are resilient by nature, but they could do much more. Ethnic leaders prove slightly more resilient than non-ethnic leaders, and their

businesses show a greater capacity for growth in the lower-income municipalities (13% report an increase in their turnover) than in the middle-income municipalities (6%).

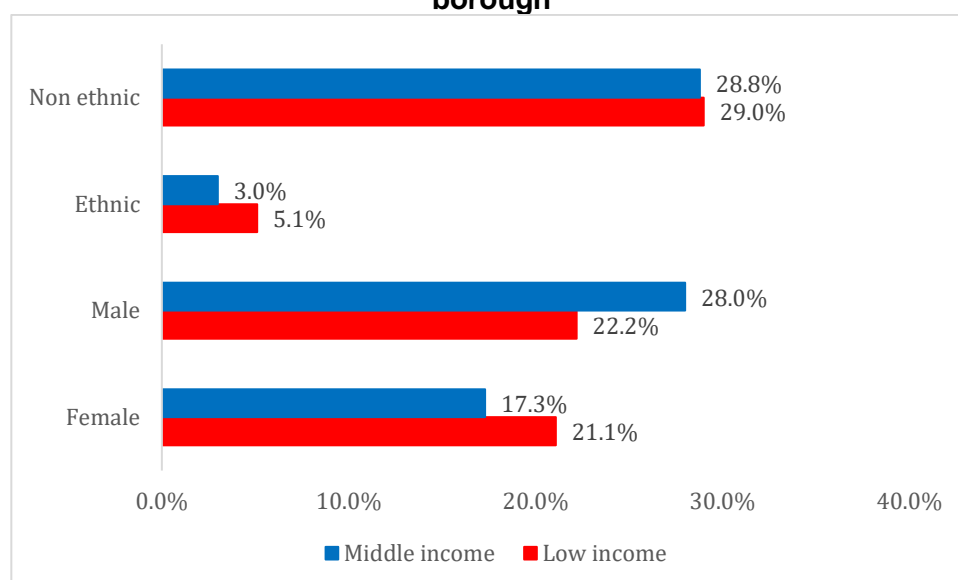
- Half of the non-ethnic entrepreneurs prefer to talk with external people in order to deal with threats, while only 13% of ethnic entrepreneurs do. In general, all entrepreneurs prefer to consult accountants if they need advice; however, non-ethnic entrepreneurs' second choice of advice is business and legal consultants, while ethnic entrepreneurs prefer to take advice from with family and friends.

Facing crisis

23% of all businesses surveyed had experienced a crisis that threatened the survival of their business over the past 5 years.

- Non-ethnic-led businesses were 96% more likely than ethnic-led businesses to have experienced such a crisis, and there are no differences between low-and middle-income boroughs.

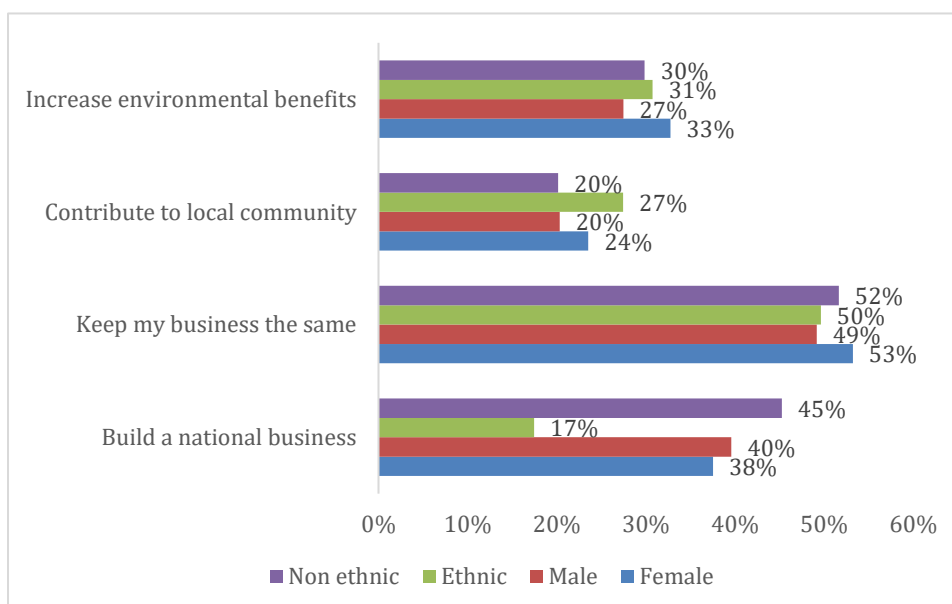
Milan businesses that had experienced a crisis in the past five years by type of borough



The business objectives of the entrepreneurs are important to be investigated. Female and ethnic business leaders identified different priorities for their businesses than males and non-ethnic leaders.

- Females attached higher importance than males to increase the environmental benefits of their businesses (33% vs 27%) and contributing to their local community (24% vs 20%).
- Ethnic leaders rated increasing the environmental benefits of their business more highly than non-ethnic ones (31% vs 30%). They were also more likely to attach high importance to contributing to their local community (27% vs 20%).

Business objectives in Milan by gender and ethnicity of leader



The market is the main factor that triggers the SMEs crisis. Losing customers or changing their demands and purchasing habits are the primary reasons behind any crisis for almost one in three (32%) of our interviewees as a whole. Data reveal a degree of polarization between different areas in the metropolitan city of Milan.

- In the lower-income municipalities, market turbulence (mainly related to customers) is the main cause of crises, mentioned by 44% of our interviewees. It is followed by strikes and action taken by associations and movements (22%). This ranking of the causes of crises for SMEs is reversed in middle-income municipalities, where the market turbulence is only

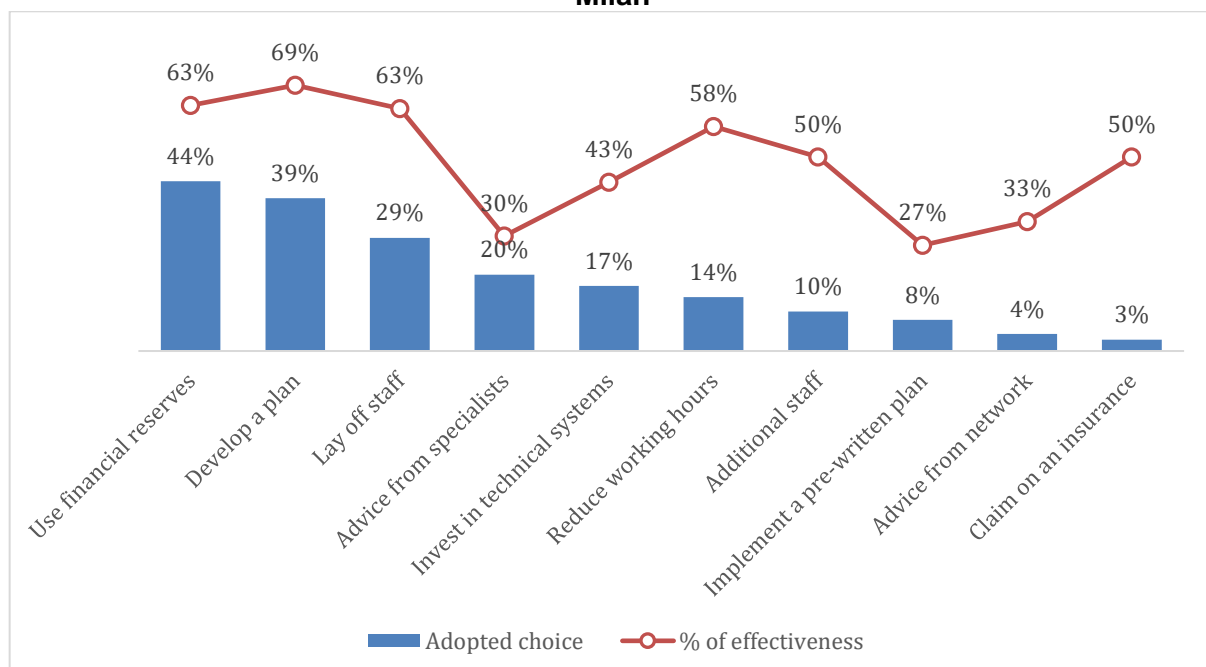
mentioned by 20% entrepreneurs and considered less important than strikes and action taken by associations and movements (27%).

- The entrepreneurs' origins have a rather surprising effect: while market turbulence is the main cause of crises for businesses run by non-ethnic leaders (33%), ethnic leaders consider the most important cause to be the uncertainty generated by strikes and action taken by associations and movements (33%).

How have they dealt with crisis / What made them resilient?

Analysing the small business choices of response to the crisis, the three most common responses are the use of reserves and financial resources (44%), the development of a crisis plan (39%) and staff layoff (29%). Regarding the perceived effectiveness of the response, results show that the three most popular choices are also seen as the most effective (i.e. 63%, 68% and 62%). However, other less popular choices are also seen to be effective. For example, reducing working hours (58%), the hiring of new employees (50%) or insurance claim (50%).

Entrepreneurs adopted choices to face the crisis vs percentage of effectiveness in Milan

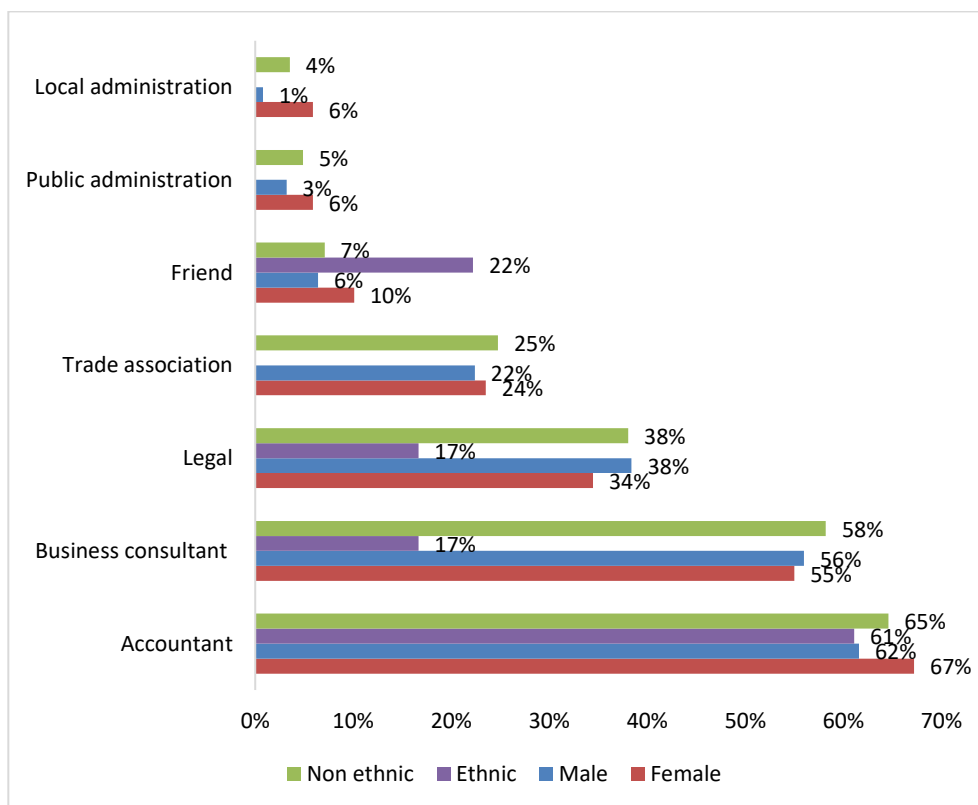


Similar proportions of businesses had consulted external sources of advice over the past 12 months; however, the sources that they had consulted varied by type of leader. In general,

accountants are the major source of advice for all, then follow other “advisers” or “family and friends”.

- Only 13% of ethnic entrepreneurs seek external advice and, when they do, they seek the advice of accountants (61%) or family and friends (22%). Non-ethnic entrepreneurs are much more likely (in 50% of cases) to consult experts outside the business to deal with crucial issues. When this happens, they usually consult accountants (65%) or business and legal consultants (58% and 38%, respectively).
- Female leaders were less likely than males to have consulted a legal adviser (38% vs 34%), while a reverse situation is shown considering an accountant (67% vs 62%).

Sources of advice: Female vs male and ethnic vs non-ethnic led businesses



Implications

The study suggests that there are two aspects to consider. When an SME suffers a shock that derives from the decisions and behaviour of customers and suppliers many entrepreneurs (72%) seek financial resources to deal with it, while others found it more effective to reduce the workforce (77%). Considering the first option, 48% of the women interviewed did so (as did 40% of the men), and this proved an extremely effective decision for 69% of the women and 58% of the men. Considering the second option, the choice is linked to the duration of the crisis: in other words, when what was an unexpected shock turns into a persistent situation of stress due to customers' and suppliers' changing behaviour and habits. On the other hand, when the shock relates to changes in technology, or in the administrative and normative framework, the method most often adopted (in 83% of cases), and most effective is to develop a plan to respond to the crisis. But a significant proportion (approximately two thirds) of the ethnic entrepreneurs cannot do so. Differences in the ability to develop an effective plan to respond to a crisis also emerge between male and female entrepreneurs: 40% of the men adopted such a plan (as opposed to 38% of the women), and it proved an extremely effective choice for 80% of them (and for 57% of the women).

Recommendations

This study demonstrates that many roads can lead to resilience. The way can be paved by constructing a strong professional and personal, relational network, or resources can be invested, and solutions implemented in order to react as quickly as possible to any difficulties that crop up. Even though business resilience can be learned and developed, some entrepreneurs are, by nature, more ready than others. There is no perfect recipe for responding to a crisis, and the context in which businesses operate exposes them to different types of potential crisis, however carefully entrepreneurs assess the risks to improve their resilience.

Institutions and policymakers should develop specific tools and policies to support the resilience of SMEs located in peripheral areas or run by individuals in disadvantaged situations. Moreover, supporting the development of cultural mediators for businesses for specific segments of SMEs could help to improve the already good resilience of the system further.

8.4 Insights from Madrid

Managers or owners of small and medium sized enterprises (3-99 employees) completed 988 mostly computer-aided telephone interviews in the 21 districts of Madrid between April and June 2019. According to pre-established quotas, respondents represented approximately 50% male-led and 50% female-led small and medium enterprises (3-99 employees) and were equally drawn from areas of high, medium, and low socio-economic development.

Madrid businesses

Average business size surveyed in Madrid was 13.5 employees and 60% of businesses surveyed had 9 employees or less, 20% between 10 and 19 employees, 16% between 20 and 40 and the remaining 5% had 50 to 99 employees. Female -led firms in Madrid tended to be slightly smaller than the average with an average of 13.2 employees but ethnic-led firms were considerably smaller with an average of 6.4 employees. Average age of Madrid firms sampled was 14.9 years. Around 20% of Madrid firms surveyed were in the production sector, 33% were in trade, transport or hospitality and the remaining 47% were in other services, e.g., information communication and financial services. Average Connor Davidson resilience score for the business leaders under study in Madrid was 30.8, and we observed no significant variation by leader ethnicity, gender or by location of firm.

Madrid headlines

- The majority of Madrid-based SMEs plan to maintain their business as it currently is, but there are larger variations in community and environmental objectives when comparing ethnic- and non-ethnic led businesses.
- Cashflow related risks were most prominent amongst the perceived threats by SMEs in Madrid. However, there were variations in the likelihood of developing a plan to manage these threats, particularly when comparing ethnic- and non-ethnic-led firms.
- Female entrepreneurs were more likely to access external advice when running their businesses. By contrast, ethnic entrepreneurs were the least likely to access external advice.

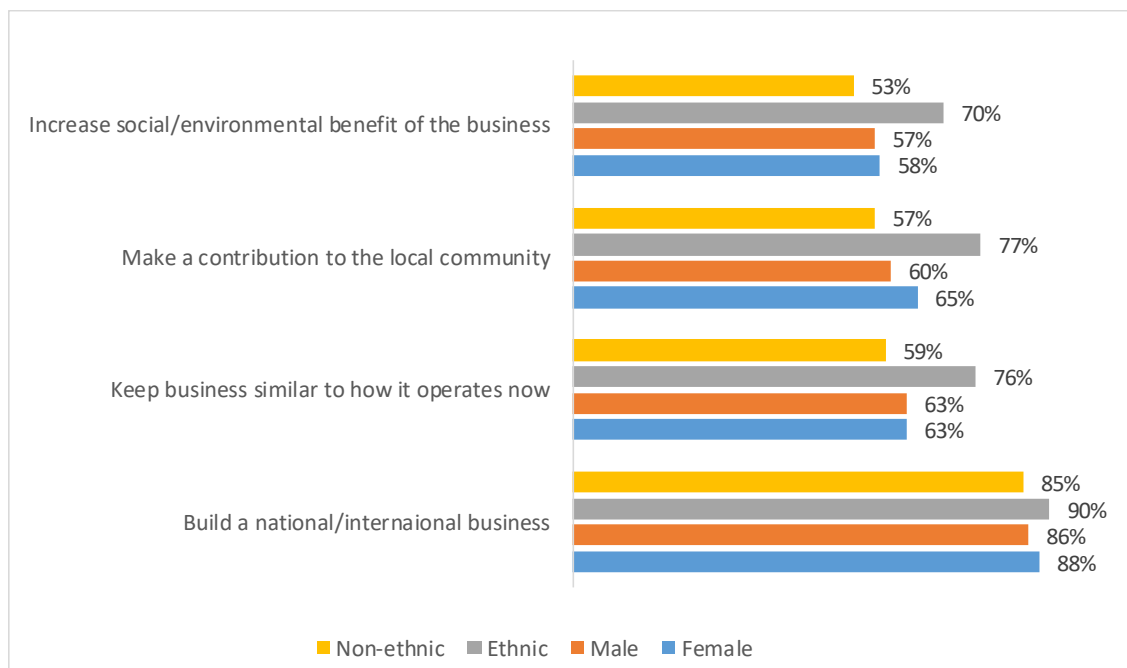
- Female and male entrepreneurs were equally likely to have experienced a crisis, which threatened their business in the past five years.

Detailed findings

The objective most reported by businesses in Madrid was maintaining the business as it is now, but community and environmental objectives were more common amongst ethnic-led businesses.

- Nearly nine in ten businesses surveyed reported an aim to maintain their business at current levels, this varied little between male- and female-led businesses (86% and 88% respectively) and ethnic- and non-ethnic-led firms (90% and 85%).
- Ethnic entrepreneurs were more likely to report the objectives of a business with environmental objectives or contributing to the community (76% and 77% respectively) compared with non-ethnic counterparts (59% and 57%).

Figure 8.4.1 Business objectives of companies (%)



Respondents reported cash flow, regulatory changes, and personal circumstances such as illness among their top three business threats.

- Slightly more female-led (63%) than male-led (57%) SMEs perceive cash flow difficulties as a possible risk in the future, but many more ethnic entrepreneurs (75%), compared to non-ethnic entrepreneurs (54%) report the same fear.

- Regulatory changes were the single most feared business threat by male respondents (60%). Ethnic-led businesses were most worried about personal circumstances such as illness (75%). Non-ethnic-led businesses perceived regulatory change (59%), the loss of a customer (58%) or staff (57%) as their main worries.

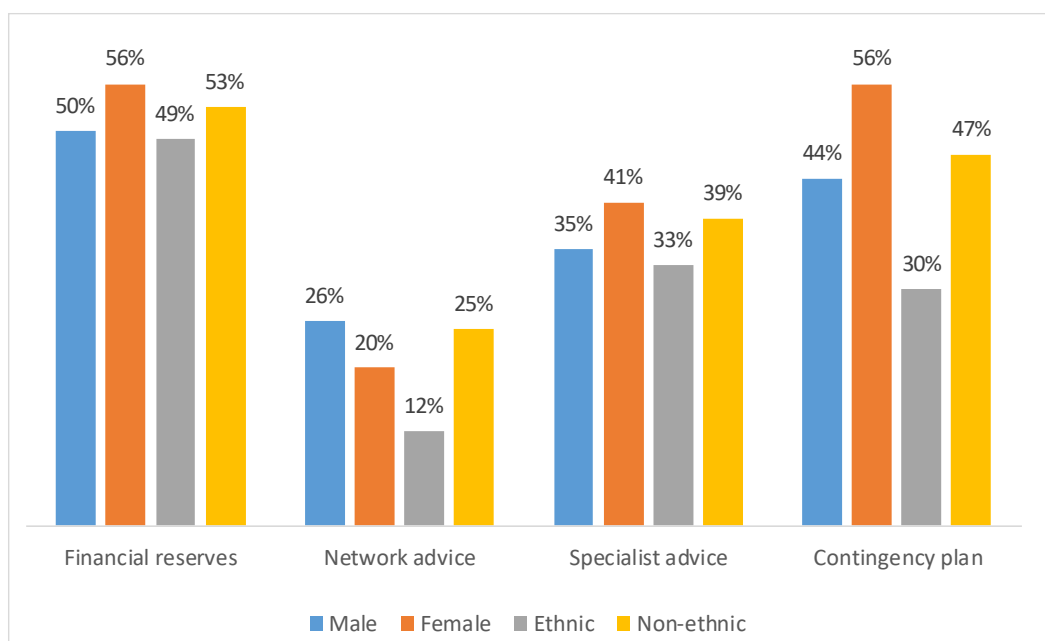
To address such adversity, almost two-thirds (64%) of male and equally many female business leaders develop plans.

- Less than half (48%) of ethnic SME respondents develop plans to deal with potential risks, compared with 70% of planning non-ethnic leaders. Similarly, only 32% of ethnic-led SMEs asked for advice in the last 12 months prior to the survey, but 57% of their non-ethnic counterparts did.
- Female-led SMEs are more likely to ask for advice than male-led SMEs (53% vs. 49%). For those using external advice, legal advice was most valued - 40% of women, 35% of men, 17% of ethnic, and 45% of non-ethnic leaders sought advice from a legal expert.
- Help from accountants/banks and business mentors was second and third most solicited by all groups.

In terms of actual crisis, about one third of female (36%) and male (33%) respondents reported experiencing a business crisis in the last 5 years.

- Around one in five (22%) of ethnic-led enterprises experienced a threat to their business survival in the same period.
- Leading causes for the crises were the general economy or a downturn in revenues, but still almost 9% of respondents cited late payments and cashflow problems as the main causes of their crisis.
- The number one resource for overcoming a business crisis was the use of financial reserves (53%) followed by developing a response plan (44%) and either asking for specialist advice (38%) or reducing the workforce (37%).
- Female-led SMEs search for specialist help in 41% of the cases, compared with 35% of male-led SMEs. Ethnic-led SMEs, in line with the above results, make less use of contingency plans.

Figure 8.4.2 Actions taken to manage crisis (% of firms)



Implications

In summary, while differences do exist, male-led and female-led SMEs in Madrid exhibit remarkable similarities when contrasted with ethnic-led and non-ethnic led SMEs in terms of their reported challenges, ways to address them, experienced crisis, and methods to overcome those. Together these findings suggest that even among similar resilience levels, different strategies prevail for ethnic and non-ethnic led businesses that policy makers and business support groups would do well to consider.

Recommendations

In Madrid, most respondents wanted to maintain their business in its current form (over 85% across all groups) and ethnic-led firms disproportionately reported seeking a contribution to the local community (73%). Ethnic-led firms also reported higher importance on all business objectives. It may therefore be prudent to design support programs that not only strengthen business resilience, but also allow focusing entrepreneurial activity towards such objectives as community development.

The balance between internal and external business threats indicates possibilities for improvement as much in the stability of the regulatory systems and governments, as it may be indicative of the chance to achieve positive results working with the individual business owners directly on personal level.

The findings further suggest that policy makers and business support groups should continue and increase their efforts to design business support structures and programs that target specific groups. In particular, ethnic-led firms might benefit from other sources of advice that were not listed in our survey, such as other migrant business owners.

With almost 80% of ethnic-led business leaders not planning for a crisis, we suggest this is a call to action for them to engage in more regular planning and for policy makers to support such efforts.

8.5 Insights from London

The London research was carried out in Autumn 2018, and comprised a survey of 600 small firms and eight depth interviews with underrepresented entrepreneurs.

London businesses

Average business size surveyed in London was 13.6 employees. The sample reflected the overall population of small firms in the area with 60% of businesses surveyed having 9 employees or below, 24% between 10 and 19 employees, 15% between 20 and 40 and the remaining 5% 50 to 99 employees. Female and ethnic-led firms in London tended to be slightly smaller than the average with an average of 11.7 and 12.6 employees respectively. Average age of London firms sampled was 15.3 years. Around 12% of London firms surveyed were in the production sector, 31% were in trade transport and hospitality and the remaining 57% were in other services, e.g., information communication and financial services. Average Connor Davidson resilience score for the business leaders under study in London was 31.5, and we observed no significant variation by leader ethnicity, gender or by location of firm.

London headlines

Overall, 37% of London firms surveyed had experienced an existential crisis in the preceding five years, but this grew to 48% of ethnic-led firms. This effect was amplified for firms located in low-income boroughs. Female and male led firms were equally likely to have experienced such a crisis. Younger firms were slightly more likely to have experienced a crisis.

Female and ethnic business leaders identified different priorities for their businesses than males and non-ethnic leaders. Both female and ethnic leaders were more likely than their mainstream counterparts to attach importance to environmental and community-related objectives.

In London overall, the top three perceived threats identified by all firm leaders were staff, cost increases and cyber-crime. The top three causes of crisis cited by those firms that had experienced one in the preceding five years were costs, cashflow and staff.

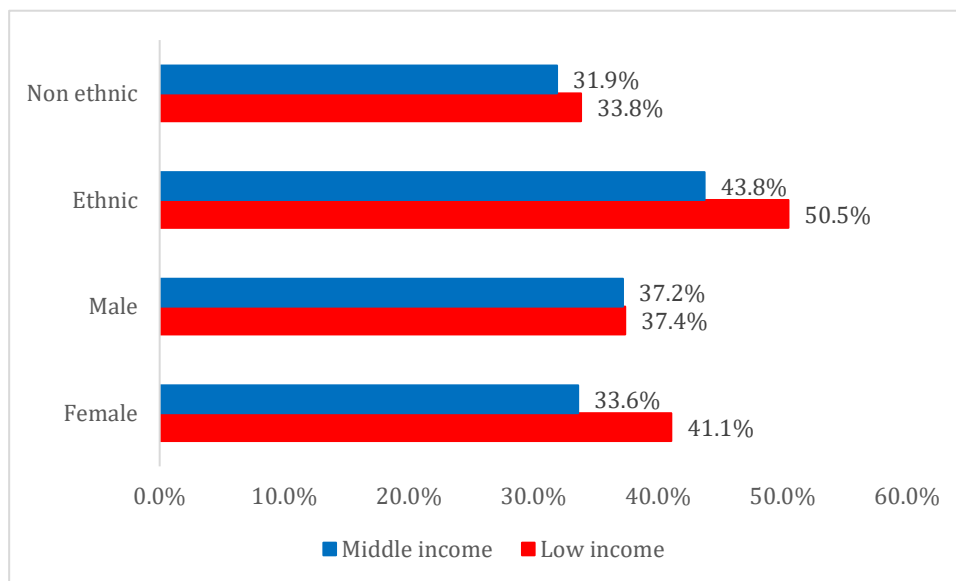
The top cited responses to crisis in London were developing a plan in response to the crisis (74%) followed by seeking advice of colleagues or network (68%) and seeking specialist advice (55%).

Detailed findings

37% of all businesses surveyed had experienced a crisis that threatened the survival of their business over the past 5 years.

- Ethnic-led businesses were 15% more likely than non-ethnic led businesses to have experienced such a crisis, and 17% more likely to have done so in low-income boroughs.

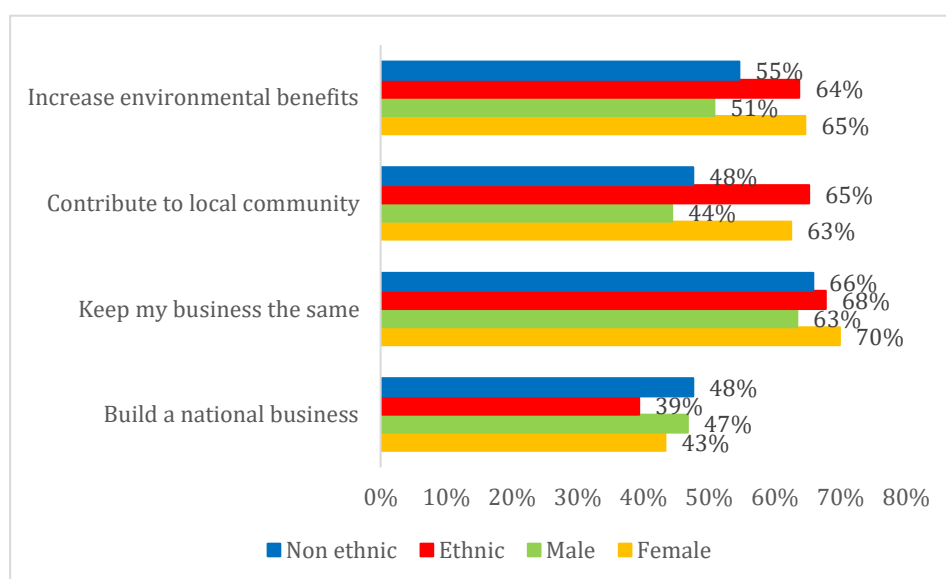
Figure 8.5.1 Businesses that had experienced a crisis in the past five years



Female and ethnic business leaders identified different priorities for their businesses than males and non-ethnic leaders.

- Females attached higher importance than males to increasing the environmental benefits of their businesses (65% vs 51%) and contributing to their local community (63% vs 44%). These differences were amplified in low-income boroughs.
- Ethnic leaders rated increasing the environmental benefits of their business more highly than non-ethnic ones (64% vs 55%). They were also more likely to attach high importance to contributing to their local community (65% vs 48%), and this increased in low-income boroughs (76% vs 51%).

Figure 8.5.2 Business objectives in London by gender and ethnicity of leader



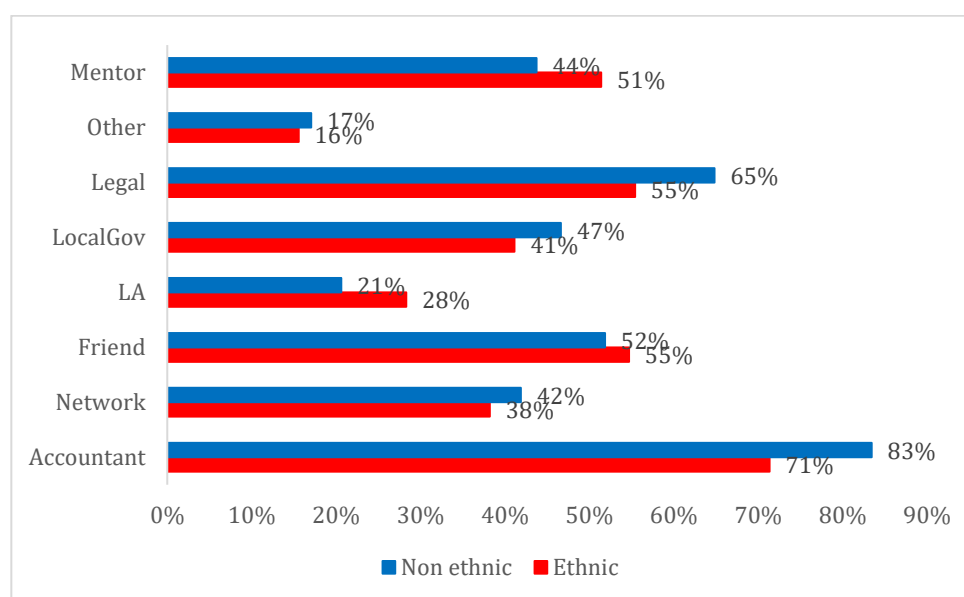
Female and ethnic business leaders judged future threats in a similar way, and differently from male and non-ethnic leaders.

- Male and non-ethnic business leaders generally judged potential future threats to be less significant than their female and ethnic counterparts.
- Female leaders attached more importance than males to increased competition from new sources (39% vs 26%), increased competition from existing sources (45% vs 31%), cost rises (56% vs 46%) and changes in regulation or legislation (49% vs 41%).
- Ethnic leaders judged increased competition from new sources (43% vs 27%), increased competition from existing sources (45% vs 35%), cost rises (57% vs 48%) and changes in regulation or legislation (54% vs 41%) to be more significant than non-ethnic leaders did.

Similar proportions of businesses had consulted external sources of advice over the past 12 months, however the sources that they had consulted varied by type of leader.

- Female leaders were less likely than males to have consulted a legal adviser (57% vs 67%) and an accountant (76% vs 83%).
- Ethnic leaders were less likely than non-ethnic leaders to have consulted a legal adviser (55% vs 65%) and an accountant (71% vs 83%). They were more likely to have consulted a mentor (51% vs 44%).

Figure 8.5.3 Sources of advice: All ethnic vs non-ethnic led businesses



We observe some difference between the top three perceived threats identified by firm leaders in London and the actual causes of crisis cited by firms that had experienced one. We also see some variation by ethnicity and gender of leader.

Table 8.5.1 Top three perceived threats and causes of crisis, London

London - all		London - female-led		London - ethnic-led	
<i>Perceived risks</i>	<i>Causes of crisis</i>	<i>Perceived risks</i>	<i>Causes of crisis</i>	<i>Perceived risks</i>	<i>Causes of crisis</i>
1. Staff 2. Costs 3. Cyber crime	1. Costs 2. Cashflow 3. Staff	1. Staff 2. Costs 3. Illness	1. Costs 2. Staff 3. Strike	1. Costs 2. Staff 3. Regulations	1. Costs 2. Customers 3. Cashflow

Implications

The research findings indicate material differences in the ways in which ethnic and female-led small businesses in London run their businesses, and in how they plan for and experience adversity, compared to their male and non-ethnic counterparts. Some of these differences appear to be amplified in low-income. The findings support the view that developing targeted initiatives and support mechanisms for these under-represented groups is both appropriate and timely. They also suggest that the challenges faced by different under-represented populations have both general and more specific elements which could be addressed through bespoke support mechanisms.

Recommendations

In London, ethnic-led firms are significantly more likely to experience adversity, which suggests that initiatives focused on these underrepresented entrepreneurs, to help them to identify future risks and to plan for them, are appropriate. The London research also highlights that ethnic-led firms are less likely to consult specialist external sources of advice, and that they do not necessarily see existing sources of advice and support as directly relevant to them. This indicates that support organisations with the connections and local knowledge to deliver such initiatives will be key to their success.

That the differences between underrepresented entrepreneurs and their counterparts in terms of crisis experience is amplified in low-income boroughs indicates that initiatives should take account of the location of the firm. Developing and maintaining programmes to engage and support small firms should focus on low-income boroughs and offer advice and support tailored for their specific context.

The divergence between the perceived threats articulated by firm leaders and the actual causes that those who have experienced adversity attribute the crisis to is clear in London. It is also amplified in underrepresented groups. This indicates that all SME leaders, and underrepresented entrepreneurs in particular, could benefit from programmes relevant to the small firm context to equip them with the skills and resources to identify and plan for key future risks.

CHAPTER 9: KEY FINDINGS AND IMPLICATIONS

Our research presented in earlier sections of this report has examined adversity and resilience planning in small firms with a focus on under-represented entrepreneurs and their businesses in five European cities. In doing so it has addressed an under-researched area and delivered new insight into the ways in which the leaders of small businesses manage their businesses, plan for adversity and experience crises. In this chapter, we draw together the key findings of the study. First, we summarize the detailed findings emerging from the preceding sections which focus on the ambition and business objectives of our respondents, their sources of advice, the ways in which they plan for adversity, their experiences of adversity and the ways in which they deal with adversity. We then offer a broader perspective on the factors that are linked with crises, and on the likelihood of different types of firms to have in place plans for adversity, with the presentation of further analysis on the combined data set. Finally, we consider the practical and policy implications of the study.

9.1 Ambition and business objectives

Business objectives differ and our study suggests some marked contrasts between the aims of different groups of entrepreneurs. We also observe some variation by city, which indicates that environmental or cultural factors may influence business objectives. The location of the firm in a low or middle income area does not appear to make a difference in all cities.

- **Maintaining the business much as it is now is the most commonly cited objective.** We observe no notable difference between female and male led businesses in this respect. Ethnic-led businesses in Milan were significantly more likely than non-ethnic-led businesses to express this objective but in the other cities, there was no significant difference.
- **Female and male-led firms are equally likely to express the wish to build a national business, but there is some variation in ethnic and non-ethnic-led firms.** We see some variation between the cities when it comes to firms that wish to build a national business. In Frankfurt male-led businesses are slightly more likely to express the ambition to build a national business than female-led businesses. Other than this, there are no very significant differences between the objectives of male and female business leaders. Ethnic-led firms are considerably more likely to express this ambition than non-ethnic led firms in Madrid and Frankfurt, whereas the reverse is the case in Milan, where more non-ethnic led firms say they want to build a national business.

- **Ethnic-led firms and female-led firms are more likely to express socially oriented and environmental goals than their counterparts.** Ethnic-led firms are more likely than their non-ethnic-led counterparts to have socially oriented goals and this is amplified in Milan and Madrid. Similarly, in every city, ethnic-led businesses are more likely to articulate objectives related to ‘contributing to their local community’ and ‘increasing the social and environmental impact’ of their firms. Female-led firms in all five cities are more likely than male-led firms to cite the aim of contributing to their local community, and this difference is amplified in London. Similarly, in all cities except Madrid (where male and female are the same), female-led firms are more likely than male-led firms to cite increasing the social and environmental impacts of their firms as an objective.
- **Location of the business, in a low- or medium-income borough, does not seem to make any difference to the objectives expressed by the firm leader.** The only exception to this is in London where firms based in low-income areas are significantly more likely to express social or community objectives.
- **Personal resilience scores of firm leaders do not vary significantly by gender and ethnicity.** We observe no notable difference in the personal resilience scores of entrepreneurs of different types, in different cities and based in low versus high income boroughs within the cities.

That female and ethnic-led firms approach their businesses differently from their male and non-ethnic counterparts, and that the picture varies depending on the city under study, suggests that those developing interventions and support should take account of these firm and metropolitan differences. Spatial differentiation within cities seems less important in this respect.

9.2 Sources of advice

The likelihood of a firm’s leader to seek any kind of external advice for their business varies with gender and ethnicity of leader, as does the kind of advice the leader is likely to access. Additionally, we see variation also in the types of advice accessed by city, which suggests that contextual factors may have a part to play here.

- **Female and male leaders are equally likely to seek external advice, but ethnic leaders are less likely than non-ethnic leaders to seek any external advice for**

their businesses. In London, Paris and Frankfurt, similar proportions of ethnic-led and non-ethnic-led businesses sought external advice. In Milan and Madrid, however, ethnic-led businesses were much less likely to have taken external advice. We do not observe any large differences between female and male-led businesses in any of the five cities under study.

- **Area (or borough) where the business is located does not seem to make a difference to whether advice is sought.** We do not see any material difference between low-income and middle-income boroughs in the likelihood of different types of leaders or businesses in different cities to seek external advice.
- **There are differences in the type of advice that leaders seek by city.** Overall, accountants are the most important source of advice, but in Madrid firms are much more likely to consult a legal adviser than an accountant. Business networks and family members are less favoured by firms in Milan and Madrid than in the other three cities. Paris-based entrepreneurs are less likely to have consulted a mentor and London-based firms are the most likely to consult government sources of advice.
- **Female and ethnic leaders tend to consult different kinds of external advice than their counterparts.** Ethnic-led businesses are more likely to have consulted a family member and their local authority, and less likely to have taken legal advice than their non-ethnic led counterparts. Female-led firms are slightly less likely to have consulted an accountant or lawyer than their male counterparts
- **Some differences in sources consulted are related to both city and leader characteristics.** In Milan and Madrid, ethnic-led businesses are significantly less likely to have taken external advice at all. In Frankfurt, female-led firms are considerably less likely to have taken legal advice than their counterparts. In Paris, ethnic-led firms are more likely to have consulted a business network than their counterparts and in Frankfurt, the same is true for female-led firms. Family seems to be more important as a source of advice for ethnic-led firms in both Paris and Frankfurt and ethnic-led firms in Milan are much less likely to consult a mentor than any other group in this city.

Clearly, these findings suggest that interventions related to the provision of business advice need to take account of variations in gender and ethnicity of leader as well as city, but also that some under-represented entrepreneurs may be unaware of, or unable to access, some

kinds of advice. Understanding why this is could be a focus for future research, and the ways in which initiatives are communicated and delivered also perhaps need consideration.

9.3 Planning for crisis

When it comes to the way that respondents approach business risks, including the things that they worry about most, our study indicates some variation between the cities under study, and between gender, ethnicity and firm locations.

- **Loss of a key member of staff is the most cited risk.** Overall, this was expressed by most respondents across all five cities.
- **Gender does not seem to make a difference to the way in which respondents think and worry about risk.** In general, although female leaders appear to worry slightly more than their male counterparts about risks in general, and this is amplified in London, we do not observe material differences terms of the things they worry about.
- **Ethnic leaders generally express more concerns about risks than their non-ethnic counterparts.** Although this is apparent in all cities, the difference is most pronounced in Milan and London, and least evident in Frankfurt. Ethnic leaders express more concerns about crime and premises than their counterparts.
- **Firms based in low-income areas are more likely to worry generally about future risks.** The exception is in Frankfurt, where no difference is apparent. In London, Paris, Madrid and Milan, firms located in low income areas worry more about loss or failure of major customers. In Paris and Milan, firms in low income areas worry more about their competition increasing and in Madrid they worry more about illness.
- **The likelihood of a firm to plan for future risks varies by gender and ethnicity of leader and across all cities.** When it comes to planning for future risks, male leaders in London and Frankfurt are more likely to plan than females, whereas proportions are similar in the other three cities. Ethnic leaders are much less likely to plan than their non-ethnic counterparts in Madrid and Milan, whereas similar proportions plan in the other three cities. In all cities except Milan, risk planning is more likely in firms based in middle income areas.

We conclude that differences between male and female entrepreneurs in their approach to risk are marginal, suggesting that a gender differentiation in support offering might not need prioritisation. Conversely, differences in perceived threats are more evident between ethnic and non-ethnic business leaders, indicating a potential focus for intervention and support. We also note that there is considerable variation among the five cities in terms of attitude towards, and planning for, risk indicating that any interventions should consider local environmental and cultural factors.

9.4 Experience of crisis

We find variation by city and firm type, both in terms of likelihood of crisis and of cited cause.

- **Experience of a crisis in the preceding five years varies by city.** Overall, firms in London and Madrid were most likely to have experienced a crisis that threatened the future of their business in the preceding five years. Those in Milan were least likely to have experienced such a threat.
- **Area does not make a difference to likelihood of experiencing a crisis.** Overall, location of the business in a low- or middle-income area of a city does not appear to have a significant impact on the likelihood of a firm to have experienced a crisis in any of the five cities, and there was no notable difference between female and male-led firms in their likelihood to have experienced such a crisis in any city.
- **We see variation across the five cities in ethnic-led firms to have experienced a crisis, but gender does not seem to make a difference.** In Frankfurt and London, ethnic led firms are considerably more likely to have experienced an existential crisis, whereas in Madrid and Milan, non-ethnic-led firms are more likely to have done so.
- **Micro and internal environmental factors are the most commonly cited causes of the crises.** The most common cause for a crisis is customers, which is the prevalent cause in Paris, Madrid, Frankfurt and Milan. In London the most common cause cited is costs.
- **Female and male firms experience similar kinds of crises.** In all five cities, of those firms that had experienced a crisis, female and male led firms generally have similar profiles when it comes to the cause of crises that they have experienced, with some slight variances. Males in Frankfurt and London are more likely to cite cashflow as the

cause of a crisis. Females in London are more likely to cite costs as the main cause. Males in Milan are more likely to cite a strike as the cause of their crisis while females are more likely to cite staff issues.

- **Ethnic leaders experience different kinds of crisis depending on location.** The crises that ethnic-led firms experience vary by city. In Paris, Frankfurt and Madrid, ethnic-led firms tend to report customer-related crises whereas in Milan and London, strikes and cost are more likely to have provoked a crisis. For non-ethnic-led businesses in Paris, Frankfurt, Madrid and Milan, customers are the primary cause of crisis whereas for London non-ethnic businesses, the main cause is cost increases.

These findings show that for our sample, firms in different cities experience crises differently. Gender appears to make little difference to the kinds of crisis that firms experience. Ethnicity does seem to make a difference, with ethnic-led firm experiences varying by city as well as in comparison to the experiences of non-ethnic firms. This is a complex picture, and implies that city-specific initiatives which focus on local environmental and regulatory factors are likely to be the most helpful for under-represented entrepreneurs.

9.5 Dealing with crisis

The ways in which small firms deal with crises can vary depending on the city in which they are located, as well as on the gender and ethnicity of the leader.

- **Although the most common responses to crisis are similar across the five cities, overall we see significant variation by city.** The top two responses to a crisis are the same across the five cities. The most common is developing a plan to respond to the crisis and the second most common is the use of financial reserves. These are followed by taking specialist advice and taking advice from the firm leader's network. We observe quite significant variation by city in the preferred responses of firms to crises. Less than 20% of firm leaders in Milan seek specialist help to deal with a crisis, whereas more than half of London leaders do so. Whereas two-thirds of leaders in London took advice from colleagues and friends, less than 5% of Milan-based leaders did so. Milan based leaders are also the least likely to implement a pre-written plan.
- **Location of the firm, in a low- or middle-income area, does seem to make a difference to their choice of response to a crisis.** These area differences vary by

city, particularly in Paris and Frankfurt and especially for the four most common responses.

- **Gender does not seem to make a difference to crisis response.** We see relatively small overall differences in responses to crisis by gender, and there is some variation by city.
- **Ethnicity does seem to influence the chosen response to crisis.** However, here there is considerable variation by city, which suggests that cultural and contextual factors are also at play.
- **In all cities but London, the most effective response to crisis was judged to be the use of financial reserves.** In London, it was advice from specialists and networks. We see little difference based on gender or ethnicity.
- **Respondents were divided on which additional tools or interventions may have helped them in their crisis.** We see quite large variations across leader type, cities and across boroughs in support for the different options. Ethnic leaders are generally more positive in their evaluation of additional tools, however, which reflects perhaps the barriers that they experience in establishing and sustaining their firms.

These findings show that choice of response to a crisis varies quite significantly by city, indicating that contextual environmental factors may be a primary influence in the way that firms deal with adversity. Different firm types, in particular ethnic-led businesses, also appear to respond differently to crises, and to potential interventions to mitigate crises. This suggests that efforts to help SME leaders in general, and under-represented leaders in particular should prioritise locational factors.

9.6 Overall perspectives

In addition to the focused findings summarized above, analysis of the integrated data set of around 3,000 firms, operating in a range of sectors and with a range of leader types, has allowed us to develop broader insights into the crisis experiences and resilience planning activities of SMEs in the five cities. While the cross-sectional nature of the data does not allow us to establish causal links, regression analysis does allow us to identify the factors that have significant statistical associations controlling for a range of firm and locational characteristics. We focus on two aspects of the study: (a) The probability that a firm experienced a crisis in the

last five years; and, whether firms have in place plans to cope with adversity. We also consider whether firms which have experienced crises in the past are then more likely to put adversity plans in place. We find a number of significant associations:

- **Firm size, measured by number of employees, is linked with crisis and with the presence of resilience plans.** Larger firms (i.e., those with more employees) are significantly less likely to have experienced a crisis that threatened the survival of their business in the preceding five years, and significantly more likely to have in place plans to deal with possible future crises.
- **Older firms are more likely to have experienced an existential crisis in the preceding five years.** However, they are no more likely than younger firms to have resilience plans in place.
- **Ethnic-led firms are more likely to experience adversity.** In the preceding five years, ethnic firms were nearly 4% more likely than non-ethnic firms to have experienced a crisis that threatened the future of their business. However, there is no significant difference between ethnic and non-ethnic led firms when it comes to the likelihood of having crisis plans in place.
- **Gender is not linked to crisis or to the presence of adversity plans.** Overall, there is no significant difference between the likelihood of male versus female led firms to have experienced a crisis or to have in place crisis plans.
- **Area where the firm is located (i.e., low- or middle-income borough) is not linked to the likelihood of crisis or the presence of crisis plans.** Firms in low- and middle-income boroughs are equally likely to have experienced a crisis in the preceding five years, and equally likely to have crisis plans in place.

- **Sector makes a difference to the likelihood of a firm to have had a crisis, and to the likelihood of crisis planning.** Firms in manufacturing, construction and business services are significantly more likely than those in other sectors to have had a crisis in the preceding five years. Firms in manufacturing and trade are significantly less likely than those in other sectors to have crisis plans in place.
- **Firms based in Madrid are the most likely to have experienced a crisis in the preceding five years, and the least likely to have crisis plans in place.**

These findings indicate material differences between ethnic and non-ethnic-led firms, as well as significant sectoral variation, across our five-city sample when it comes to experience of and planning for crisis.

Implications

What have we learned about resilient businesses?

The consistency in CD 10 scores that we have found among firm leaders of different gender and ethnicity indicates that, as shown in previous literature, resilient individuals are naturally inclined towards entrepreneurial endeavor (e.g., Bernard and Barbosa, 2016).

One of the biggest perceived threats to their businesses identified by our sample is related to staff, and this resonates with prior research which links a firm's ability to withstand shock to the capabilities of its employees (e.g., Luthans et al, 2017; Williams et al, 2017) Having the right people is clearly important, and this is a preoccupation for many firms in our sample. For small entrepreneur-led firms, the impact of losing key staff may be more keenly felt than for larger firms.

There is no single blueprint for running a resilient SME. We observe considerable variation in our sample in the objectives that firm leaders articulate, in the types of advice that firms' access, and in the kinds of responses that they employ in response to a crisis. For example, female leaders tend to seek more advice, but go more to informal networks for advice, than their male counterparts. This may reflect disparities in levels of social and human capital compared to male leaders which may mean that female leaders lack the confidence to seek more formal kinds of advice and support (McGowan et al, 2015). Ethnic-leaders in our sample tend generally to use less external advice than non-ethnic leaders, reflecting perhaps lower network participation. Qualitative insights suggest that they may not see the support on offer

as directly relevant to their specific circumstances. In London, these trends appear to be amplified in low income boroughs, but this borough variation is not consistently observed across the five cities. This suggests that, especially where borough variation is observed, bespoke initiatives to identify and engage with female and ethnic-led firms to provide appropriate advice and support may be relevant.

We observe some difference between the perceived future risks that female and ethnic firm leaders identify and the causes that they identify for actual crises. This suggests that initiatives to help them identify the most potent future risks may be appropriate. While it does not necessarily follow that crisis planning will make companies immune to risk, because crises will often happen anyway, it does at least encourage firms to look beyond their immediate internal environment to external factors which have the potential to derail their firms. Clearly sector, size of business and environmental/cultural factors may impact different firms in different ways, and so bespoke advice and support for female and ethnic-led firms related to their sector and location would appear to be appropriate.

Overall, as indicated in prior research, SME resilience has a number of antecedents, including individual leader characteristics, sector context, the accessibility of appropriate support, the right people within the business, and the ability to understand the macro-environment of the firm.

How can businesses be supported to boost their resilience?

Initiatives to help businesses understand, plan for and respond to risks in the external environment better may shift the focus of female and ethnic beyond their firms. This should be an ongoing process, not simply a one-off exercise.

Initiatives that address specific context-related threats may be appropriate. E.g., in London support for Brexit issues should be aligned to the sector and context of SMEs. For example, the key risk in service sectors (where many female and ethnic firms are) could be loss of migrant workers or relocation of customers.

As already noted, it is not enough to help firms to plan for crisis - routes to expertise should be clear for when businesses hit adversity. Initiatives should focus on plugging business leaders into the right support ecosystem for them. This will inevitably look different in different cities, so while there is a place for best practice, taking one solution and attempting to fit it to all contexts is not appropriate. Flexibility is key.

How can support best be targeted?

Our research points to the important components of support ecosystem, which would be of particular value in engaging under-represented entrepreneur. These are strong networks which can facilitate the sharing of experiences amongst peers. Having a sectoral dimension adds value and supports the exchange of relevant experiences and appropriate sign-posting in response to episodes of business stress. Secondly, ecosystems which can convene sources of expert advice could increase the accessibility of important external advice for those firms with less experience of engaging with finance providers, legal services or accountants, for example.

Our research with SMEs provides some insights into the cities which come close to providing this type of model for support. In London, for example, qualitative feedback pointed to the lack of sector context delivered by generic government-backed business support offering and we did not observe compelling evidence that there was effective engagement of sign-posting for ethnic-led businesses or for those located in low-income boroughs. In Frankfurt, however, the availability of stable networks and support delivered through a broad spectrum of partner organisations may go some way to explaining to the homogeneity of experience across the firms surveyed in the city.

As business move to a digital world, the use of online sign-posting and resources are regarded by businesses, particularly female-led firms, as helpful in thinking about business challenges. While this route may have a greater reach into small businesses and provide a low cost route to supporting businesses, these should not be seen as substitutes for face-to-face engagement. Moreover, the aversion to online only support reported in Milan, for example, suggests that deployment of online solutions need to be cognisant of cultural factors.

What does this mean for private funders?

There is evidence from our research that not all businesses are being adequately engaged by existing support services and networks, but the model of delivery needed to address these gaps requires tailoring to local and sectoral circumstances. In the first instance, understand the local ecosystem and the gaps in provision is essential. There may be a role for an organisation to bring its convening power or to add scale to interventions targeted towards under-represented businesses

The disconnect amongst many SMEs between perceived challenges and likely causes of crisis places additional emphasis on the need to be nimble and responsive to the macroeconomic environment. This will likely be a combination of early warning about potential external threats stemming from changes in economic circumstances, technology developments (e.g. cyber threats) or legislative changes and explicit support or sign-posting to aid business recovery from a crisis.

Establishing ecosystems of support for under-represented businesses required a long-term focus to aid relationship building and to build effective networks.

APPENDIX: EXPLANATION OF TYPES OF CRISIS

Labels have been given to all the threats reported in the graphs in order to make figures more readable. However, focusing only on the label meaning is too simplistic because the concepts behind are crucial. Briefly, in this note, each label is explained in order to understand better the results of the chapter. Within the macro-environment, also known as general environment, all the threats are not under the control of the firm. We inserted into the macro-environment strikes, regulations, weathers, crimes, and cybercrimes. The label "strike" refers to all events of economic and social nature and includes, for instance, the Brexit vote, the yellow vests strike or the financial crisis. "Regulations" relates to changes in regulations or legislation. The label "weathers" groups all the natural disasters like extreme weather events or floods. "Crime" refers to the occurrence of crimes against the firm, such as thefts. The label "cyberattacks" enters into detail of the crimes, considering cyber-attacks, hacking or data theft. Instead, within the micro-environment, all the threats might originate in the relationships with customers, suppliers and competitors that are (at least partially) under the control of the firm. We inserted into the micro-environment customers, suppliers, materials, costs, increased competition, and new competition. The labels "customers" and "suppliers" refers to the loss or failure of major customers or suppliers and issues related to the relationship with them. "Materials" relates to the disruption in the supply of materials or services to the firm. The label "costs" involves all the cost rises in materials, services, or labour and the labels "increase competition" and "new competition" refer to the increased competition from existing competitors or the emergence of new competitors. Finally, within the internal environment, there are all the threats arising from the internal dynamics of the company that are supposed to be under the full control of the firm. We included in the internal environment issues associated with cash flow, staff, premises, technical and illness. The label "cashflow" involves the unanticipated cash flow and liquidity problems. "Staff" refers to problems with partners or employees, loss of key staff members or difficulty in recruiting suitable personnel. The label "premises" relates to issues with the premises that firms occupy, while "technical" refers to some production or technical failures in the equipment. The label "illness" includes manifestations of personal circumstances such as illness or indisposition. Finally, the label "other" contains all the threats that cannot be directly reclassified on the aforementioned categories.

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The background of the entire page is a dark blue field filled with a repeating pattern of white business-related icons. These icons include a head with a puzzle piece, a person climbing a mountain with a flag, a piggy bank with a cross, a group of people in a meeting, a network of five people, a crossed wrench and screwdriver, and a person at a desk. A large, dark blue diagonal shape cuts across the left side of the page.

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