
AN EVIDENCE PAPER

The Barriers to Black Business Growth

The evidence, and what to do about it

Prepared for government, chambers of commerce and investors

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The twelve barriers at a glance

Twelve documented barriers stand between Black-owned businesses and the growth they are capable of. They are connected, they reinforce each other, and they carry a national cost. They are ordered by leverage, the barriers that unlock the most growth first. The full evidence for each follows.

#	Barrier	In one line
1	Access to finance	Black-led firms raise less capital on worse terms, and many never apply, expecting refusal.
2	The wealth and collateral gap	Lower household wealth means less founder capital and less to borrow against.
3	Access to markets and public procurement	Under-representation in public and corporate supply chains, worsened by slow payment.
4	Data invisibility	Black-specific business data barely exists, so the gap cannot be targeted or measured.
5	Blocked progression into senior roles	Under-representation in senior corporate roles thins the founder pipeline.
6	Discrimination and bias	Disparities that persist once the measurable business factors are accounted for.
7	Sector concentration and survival	Clustering in lower-margin sectors and weaker survival to maturity.
8	Limited networks	Thinner access to the informal networks where capital, contracts and referrals move.
9	Trusted professional support	Fewer relatable mentors and advisers, so founders fall back on informal advice.
10	Access to information	Gaps on funding, procurement and regulation, carried through channels founders do not trust.
11	The trust deficit in formal support	Low trust keeps creditworthy founders away from mainstream support.
12	Market access and demand	Structural barriers to customers and supply chains, not a deficit of ambition.

The order runs by leverage. The three that unlock the most: 1 access to finance, 3 access to markets and procurement, and 4 the data gap that makes both measurable.

Executive summary

Black-owned businesses in the UK start at higher rates than the population as a whole and survive at lower ones. They raise less capital, on worse terms, and a large share never ask because they expect to be refused. The cost is not only theirs. It is the country's.

Ethnic minority businesses contribute around £25bn a year to the UK economy. The CREME and NatWest Time to Change blueprint puts the achievable figure at £100bn if the barriers come down. That is the upside, it is independently produced, and it reframes this from a fairness ask into a growth opportunity.

The twelve barriers set out here are not a list of grievances. They are a connected system. Weak access to capital sits on a wealth gap. Thin networks starve founders of the referrals, mentors and information that capital follows. A documented lack of trust in formal support keeps creditworthy founders away from the institutions built to help them. And because Black-specific business data barely exists, the whole problem is harder to target, fund or measure than it should be.

Government, chambers, banks and corporates each hold a different lever. The closing sections assign the solutions to the actor who owns them, and set out the ask. The barriers are documented. The levers exist. What remains is the will to act.

Where to start. Three barriers unlock the most: access to finance, access to markets and procurement, and the data gap that makes both measurable. The rest of the paper supports these three.

The logic is a chain, not a list. Remove the barrier, apply the intervention, measure the outcome in growth, survival and contracts won. The action framework near the end sets out who owns what, by when, and how it is measured.

One honesty up front. The £100bn prize is an ethnic-minority-wide figure. A Black-specific number does not yet exist, because the data is not collected. We give a transparent illustration in the next section, and we make collecting the real number the first ask.

About this paper and its evidence

This paper draws on official statistics and independent research, listed in full at the end. Where two sources agree, the finding carries weight.

It carries one limitation, openly. Most of the strongest UK data describes ethnic minority businesses as a single group, because Black-specific business data barely exists. Where a figure is ethnic-minority-wide rather than Black-specific, the text says so. That gap is not a flaw in the evidence. It is Barrier 4, and it is the first thing we ask government to fix.

Several anchors date from 2017 to 2022, and some pre-date the pandemic and the rise in the cost of capital. The direction of each finding holds, but the magnitudes should be refreshed as newer data lands. We flag this rather than hide it.

The Collective sits in Greater Birmingham and the West Midlands, and the national barriers below show up sharply in a region with a large Black business community and a Chamber willing to act as the bridge into it. The paper is written for national decision-makers, but it is grounded in that regional reality.

The economic prize

The case for acting is productivity, not pity. Ethnic minority businesses contribute around £25bn a year to the UK economy, and the CREME and NatWest Time to Change blueprint concludes that removing the barriers to growth could lift that to £100bn. A fourfold increase, from businesses that already exist and already trade.

Set that against how few of these businesses there are relative to the population. Ethnic minorities make up roughly 18% of the population of England and Wales, yet ethnic minority firms are around 5% of the country's small and medium-sized businesses. The under-representation is the opportunity. Close the gap and the economy gains.

The headline number

£25bn to £100bn. The potential annual contribution of the UK's ethnic minority businesses if these barriers come down. Source: CREME and NatWest, Time to Change (2022). The figure covers all ethnic minority businesses, of which Black-owned firms are a subset.

What about a Black-specific figure? It does not exist, for the reason set out above. But absence should not be an excuse for silence, so here is one transparent illustration, with its method shown so it can be argued with.

Black ethnic groups are around 4% of the population of England and Wales. Ethnic minorities as a whole are around 18%. If Black-owned firms made up a similar share of the ethnic-minority business base as their share of that population, roughly a fifth, the population-share arithmetic would imply a Black-owned contribution in the order of £4bn to £6bn today, and something like £12bn to £18bn of the £75bn growth opportunity.

Two health warnings, stated plainly. This is a population-share illustration, not a measurement. And it probably overstates, because Asian-owned firms make up a larger share of ethnic-minority businesses than population alone would suggest. The true figure cannot be known until the data is collected, which is exactly why the data ask comes first.

Where to start: the three that unlock the most

Twelve barriers can paralyse as easily as they inform. So here is the honest prioritisation. Three, addressed together, unlock the most.

- Access to finance (Barriers 1 and 2). The binding constraint on growth, sitting on a wealth gap the sector cannot close on its own.
- Access to markets and procurement (Barrier 3). The other half of growth is demand, and the lawful levers already exist in the Procurement Act and the Social Value Act.
- Data (Barrier 4). The multiplier. Without ethnicity-disaggregated data, the other two cannot be targeted, funded or measured.

Open finance and markets, count the result, and the rest of the system has something to move towards. Everything else in this paper supports these three.

The twelve barriers

A note on overlap, because a careful reader will spot it. Barriers 8, 9, 10 and 11, networks, professional support, information and trust, are a connected cluster: four levers on one underlying problem, a founder's access to the trusted relationships through which capital, contracts and knowledge travel. They are kept separate because each is a distinct point of intervention. You fix networks with introductions, support with mentoring, information with signposting, and trust with who delivers it. Fixing one does not fix the others.

1. Access to finance

Access to finance is the headline barrier. Black-led firms secure less capital, on worse terms, and a large share never apply because they expect to be refused, so demand is suppressed before a single decision is made.

The evidence:

- The British Business Bank's Alone Together (2020) found Black-led businesses report a median turnover of £25,000, against £35,000 for White-led businesses. 28% of Black business owners made no profit in the prior year, against 16% of White owners. For Black female owners, the figure was 37%.
- Extend Ventures' Diversity Beyond Gender (2020) found Black founders received 0.24% of UK venture capital between 2009 and 2019. Black female founders received 0.02%, a total of ten women across a decade.
- Alone Together found ethnic minority founders are more likely to be discouraged from applying at all, and the Bank concluded that systemic disadvantage remains after accounting for measurable business factors.

What it takes. Blended and guarantee-backed finance that does not lean on personal collateral, CDFI capacity, transparent decisioning, and a deliberate effort to reduce discouragement among creditworthy founders. Owners: banks, the British Business Bank, government.

2. The wealth and collateral gap

Lower household wealth means less founder capital and less collateral, which pushes Black founders towards external finance that is harder to obtain. This is the structural root beneath the finance barrier. A founder without family wealth or housing equity cannot self-fund or post collateral.

The evidence:

- The Runnymede Trust's The Colour of Money (2020), drawing on the ONS Wealth and Assets Survey, found Black African households held around £24,000 of family wealth per adult, against around £197,000 for White British households.
- For every £1 of White British wealth, Black Caribbean households held about 20p and Black African households about 10p.
- Home ownership, the most common form of business collateral, runs at roughly a fifth among Black households against roughly two thirds for White British households (UK Government ethnicity facts and figures).

What it takes. Finance products that do not depend on personal collateral, government guarantee schemes, and community finance that lends against the business rather than the founder's house. Owners: government, banks.

3. Access to markets and public procurement

Ethnic minority firms are under-represented in public and corporate supply chains, and the routes in are stacked against small and unconnected businesses. Procurement processes favour larger, established suppliers, and public contracts often carry payment terms of 60 to 90 days that smaller firms with thin reserves cannot absorb.

One point of clarity matters here, because it is where this argument is most often attacked. Set-asides or quotas by ethnicity are unlawful in UK public procurement, under the Procurement Act 2023 and the WTO Government Procurement Agreement. The lawful levers are different, and they are real: weighting social value, applying the duty to consider smaller suppliers, engaging the market before tender, paying promptly, and recognising supplier-diversity certification.

The evidence:

- Ethnic minority-led businesses make up around 5% of UK SMEs, and are under-represented again within public and corporate supply chains.
- The Public Services (Social Value) Act and the Procurement Act 2023 give buyers a duty to consider the barriers facing smaller and more diverse suppliers, with social value weighted at up to 20% of some tenders.
- MSDUK, the UK's leading certification body, certifies businesses that are 51% or more ethnic-minority owned, managed and controlled, providing a lawful route into corporate supply chains.

What it takes. Use the lawful levers, social-value weighting, the SME duty, pre-market engagement, prompt payment, and supplier-diversity certification, to open supply chains. Owners: government, large corporate buyers, chambers.

4. Data invisibility

Almost every reliable figure on this subject describes ethnic minority businesses as one block, because Black-specific business data barely exists in official statistics. That is not a footnote, it is a barrier. You cannot target support, measure a funding gap, or hold anyone accountable for a number nobody collects.

The evidence:

- The strongest available evidence, including the £25bn to £100bn growth figure, is ethnic-minority-wide rather than Black-specific.
- There is no consistent, published, ethnicity-disaggregated dataset across business support, lending and procurement against which progress can be tracked.

What it takes. Ethnicity recorded and published across business support, lending and procurement, so the gap can be seen and closed. Owners: government, the ONS, banks, the British Business Bank. This is the barrier that makes the others measurable.

5. Blocked progression into senior roles

Black professionals are under-represented in senior corporate roles, so fewer carry senior management experience into business ownership. The constraint is exclusion upstream, which thins the founder pipeline downstream.

The evidence:

- The Parker Review's recent updates show Black directors hold around 2.3% of FTSE 100 directorships, down from 2.4%, against 3.9% of the UK working-age population.
- Black representation in UK senior management sits at around 1.3%.
- Overall ethnic minority board representation has risen to around 20%, which makes the specific position of Black directors harder to explain as a simple pipeline lag.

What it takes. Sponsorship and progression inside corporates, non-executive pathways, and leadership routes that build the operating experience founders draw on. Owners: corporates, government.

6. Discrimination and bias

Black owners face explicit and implicit bias in finance, contracts and business support, distinct from any measurable difference in their businesses. The defensible version of this claim does not rest on reported feeling alone. It rests on the disparity that remains once turnover, sector and size are accounted for.

The evidence:

- The UK Government's Race Disparity Audit (2017) found Black and ethnic minority business owners more likely to report discrimination in accessing finance, contracts and support than White owners.
- The British Business Bank concluded that systemic disadvantage persists after accounting for measurable business factors, which is as close to a controlled finding as this field offers.

What it takes. Transparent lending and procurement decisions, bias auditing of decision systems, and published accountability data. Owners: banks, corporates, government.

7. Sector concentration and firm survival

Black-owned firms cluster in lower-margin sectors and are less likely to reach maturity. The cause is constrained access to capital and networks, which narrows the realistic choice set and funnels founders into sectors with low entry barriers, while weaker survival prevents the move up the value chain.

The evidence:

- Aston CREME found White-owned firms are far more likely to run established businesses over 42 months old than Black-owned firms, 67% against 43%.
- The profit and turnover gaps in Alone Together compound over time, so fewer firms reach the scale where higher-margin sectors open up.

What it takes. Scale-up support, access to growth capital, and routes into higher-value sectors including technology and AI adoption. Owners: growth agencies, chambers, the Collective.

8. Limited networks

Networks are where capital, contracts and referrals move. Black owners have thinner access to the informal circles where business relationships form, which costs them partnerships, introductions and the quiet referrals others take for granted.

The evidence:

- The Federation of Small Businesses' Unlocking Opportunity (2020) found ethnic minority business owners have fewer routes to mentors, peers and potential partners.

- Lloyds' Black. British. In Business & Proud (2022) found Black entrepreneurs turn to friends (31%) and community or social media groups (29% each) for advice, and to banks only 12% of the time.

What it takes. Structured access into the Chamber and corporate networks, sponsored introductions, and intermediaries who can bridge the two worlds. Owners: chambers, corporates, the Collective.

9. Trusted, relevant professional support

There are fewer mentors and advisers who understand the context, so founders rely on informal advice that may not stretch them. The constraint is not the raw availability of mentoring, it is trust and relevance. Generic provision that founders do not trust or relate to goes unused.

The evidence:

- The Lloyds advice-seeking data shows reliance on friends and community over professional channels.
- CREME and NatWest's Time to Change documents a lack of trust in formal support systems among ethnic minority founders.

What it takes. Mentor matching with credible, relatable advisers, and professional firms offering pro-bono clinics through a trusted intermediary. Owners: chambers, professional firms, the Collective.

10. Access to information

Founders face gaps in information on funding, procurement and regulation, compounded by low trust in the formal channels that carry it. The constraint is not availability, it is targeting and trust. Information that sits on a government website nobody in the community reads is not, in any practical sense, accessible.

The evidence:

- CREME's Barriers to BAME Entrepreneurship found ethnic minority founders often lack access to critical information on market trends, funding and regulation.
- The trust finding from Time to Change explains why available information still does not land: it travels through channels founders do not use or trust.

What it takes. Trusted intermediaries, chamber-delivered briefings, and plain signposting through channels the community actually uses, including AI-assisted search. Owners: chambers, government, the Collective.

11. The trust deficit in formal support

A measured lack of trust in formal business support keeps creditworthy founders away from the very institutions designed to help them. This is the connective tissue of the whole paper: low trust suppresses demand for finance, keeps founders inside informal networks, and blocks information from landing.

The evidence:

- CREME and NatWest's Time to Change identifies a pervasive lack of trust in formal support systems as a primary driver of discouragement.

What it takes. Community-rooted delivery through trusted institutions, and a deliberate bridge between the Chamber and the community so that formal support arrives through a trusted door. Owners: chambers, government, the Collective.

12. Market access and demand

The constraint here is on the demand side and it is structural: under-investment, thin access to supply chains, and weaker firm survival. It is not a deficit of entrepreneurial appetite, which is in fact higher than average. The issue is conversion: high formation, lower survival and scale.

The evidence:

- Ethnic minorities are more entrepreneurial than the population as a whole, which is visible in higher rates of business formation.
- The Black Pound Report (2022) puts the combined spending power of Black, Asian and multi-ethnic consumers at over £300bn, a sizeable market that existing diverse-owned businesses capture only a fraction of.
- The capital and access constraints in Barriers 1, 2 and 3 are what hold firms back from converting formation into scale.

What it takes. Supplier diversity and demand aggregation, corporate and public buyers opening supply chains, and consumer campaigns that direct existing spending power towards diverse-owned businesses. Owners: corporates, chambers, government.

Three further pressures

Three more pressures cut across the twelve and are worth naming, because they compound the rest.

- Late payment and cash-flow fragility. Small firms with thin reserves are hit hardest by slow payment, which turns a profitable contract into a survival risk. Closely tied to Barrier 3.
- The digital and AI divide. As AI raises the productivity floor, firms without the skills or capital to adopt it fall further behind.
- Geographic concentration. Black-owned firms are more likely to be in deprived areas, which compounds the finance, asset and market-access barriers.

From barriers to solutions, by actor

A barrier without an owner is a complaint. Here is who holds which lever.

Actor	What they own
Government	- Guarantee-backed finance that does not rely on personal collateral (Barriers 1, 2). - Use the lawful procurement levers, social-value weighting, the SME duty, pre-market engagement and prompt payment, to open supply chains; set-asides by ethnicity are unlawful (Barrier 3). - Mandate ethnicity-disaggregated business data across support, lending and procurement (Barrier 4). - Tackle late payment in public contracts.
Chambers	- Be the trusted door between the community and formal support (Barriers 8, 9, 10, 11). - Run the dedicated events, insight and membership route that widen networks (Barriers 8, 10). - Broker supplier-diversity introductions with member corporates (Barrier 3).
Banks and investors	- Reduce discouragement and make decisions transparent (Barriers 1, 6). - Fund CDFIs and community finance that lend against the business (Barriers 1, 2). - Publish lending data by ethnicity (Barriers 6, 4).
Corporates	- Open supply chains and pay on time (Barrier 3). - Sponsor progression and non-executive pathways (Barrier 5). - Offer pro-bono professional clinics through a trusted intermediary (Barrier 9).
The Collective	- Convene, signpost and build trust on the ground (Barriers 10, 11). - Run scale-up and AI programmes that lift survival and productivity (Barrier 7). - Hold the others to account with evidence (Barrier 4).

The first twelve months: owners, actions and metrics

This is where direction becomes commitment. For the priority barriers: who owns the lever, what they do in the first year, and how progress is measured.

Barrier	Owner	First twelve months	Metric
Finance (1, 2)	Banks, BBB, government	Pilot a collateral-light, guarantee-backed product for Black-led firms, and fund CDFI capacity.	Pounds lent, and the approval-rate gap
Markets and procurement (3)	Government, corporates, chambers	Apply social-value weighting and prompt payment; broker supplier-diversity introductions.	Diverse-supplier spend, and payment days
Data (4)	Government, ONS, banks	Begin recording and publishing ethnicity across support, lending and procurement.	A published baseline dataset exists
Trusted access (8, 9, 10, 11)	Chambers, the Collective	Run the trusted-door programme: events, mentoring, insight and the member portal.	Subscribers, mentor matches, conversions
Progression (5)	Corporates	Sponsor progression and non-executive pathways for Black senior talent.	Black senior and NED appointments
Scale and survival (7)	Growth agencies, the Collective	Deliver scale-up and AI-adoption support to growth-ready firms.	Firms surviving past 42 months

Accountability. Progress is reviewed annually against a published scorecard, on the model of the Parker and Rose Reviews. The Collective convenes and publishes. Where an owner has not moved, that is reported too. Accountability without a public number is a press release.

The ask

Three things, in priority order, for government and chambers.

Count it. Record and publish ethnicity across business support, lending and procurement. Everything else depends on this.

Open the supply chains. Use the procurement levers that already exist to get diverse firms into public and corporate contracts, and pay them on time.

Fix the finance gap at the root. Back finance that does not depend on family wealth or housing equity, and reduce the discouragement that suppresses demand before a decision is ever made.

The £100bn prize is not a favour to one community. It is growth the country is currently choosing to leave on the table. The barriers are documented, the levers exist, and the owners are named. What remains is the will to act.

Sources

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