MINORITY BUSINESS DEVELOPMENT:
AN INTERNATIONAL COMPARISON

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The migration of people from the developing nations to the industrialized world has created significant minority population concentrations in those industrialized countries. Invariably, the minority population (generally black, Hispanic, and/or Asian) occupies the lower end of the socioeconomic distribution spectrum because of lower levels of educational achievement and higher unemployment rates. The host countries confronted with these issues of minority inequities are exploring a variety of alternatives to alleviate the socioeconomic problems; one of which is minority business development. This article looks at the industrialized countries of Canada, France, Great Britain, Holland, West Germany, and the United States, and how they are addressing the issue of minority business development. The size and diversity of the minority population, the economic, social, and political conditions under which they migrate, and the host country recognition of their status affects the economic climate and the development success of this business sector, formed outside of their native habitats. Although conditions differ from country to country, minority businesses in general suffer from similar problems of capital access, market restrictions, and general management inadequacies. The developmental path of these business sectors are, however, affected by the host country policy and the official programs designed specifically to address their needs.

Population shifts from developing to industrial countries have taken place as a result of the aftermath of economic and political colonialism, the labor needs of economic development, the international demonstration effect, and modern transportation technology. These migratory movements have created concentrations of minority populations outside of their native habitats. Stereotypically, these population groups are
poorer, less educated, and possess less wealth stock than the indigenous population, and they make up the lower end of the socioeconomic spectrum. Additionally, they are heavily dependent on employment as a source of income although they make up the majority of the unemployment rolls.

Economic frustration and social discrimination have resulted in social unrest and violence as the younger generation of migrants clamors for access to economic opportunity. Unfortunately, economic conditions and finite resources have placed restrictions on employment growth. The alternative is to encourage minority business development to provide employment opportunities and to develop community financial and commercial capabilities. This article looks very broadly at governmental efforts to promote minority business development in the United States, Canada, the United Kingdom, France, West Germany, and the Netherlands. Also, it attempts to show that the degree of official support affects the developmental status of minority business in the host country.

Business development is the lifeblood of economic development. It creates jobs, meets consumer demands, efficiently allocates and utilizes resources, and generates capital. Without the formation, growth, and failure continuum of business development, a country’s economy would stagnate. Since the minority population is usually concentrated at the lower end of the socioeconomic spectrum, their involvement in business is also limited. The policy is thus to encourage the minority population to initiate and to participate in business ventures so as to create job opportunities, provide income, and generate capital for community investment and development.

It is interesting to note that although the minority population is defined in the United States as immigrants or generational successors from Africa, the Caribbean (black); North, Central, and South America (Hispanic); China, Korea, Vietnam, Cambodia, India, and the Pacific Islands (Asian); and indigenous Americans (American Indians, Aleuts, and Eskimos), their economic positions differ from country to country either as a result of migratory conditions or as a result of official country policy.

MIGRATION PATTERNS

The migratory pattern or movement of people from one region to another and the conditions which govern that flow generally affect the business development incentives or motivations of the forming minority populace. The patterns of migration flow into the six countries reviewed