

Ethnic Minority Entrepreneurship in Times Like These: Perceived Selective Incivility and Relational Trust for BAME SMEs during the COVID-19 Pandemic

Abstract

The purpose of this article is to examine if perceptions of selective incivility reported by BAME SME owners were associated with a different relational trust preference compared to White SME owners, as they all engaged in external bricolage to navigate the uncertainty of the COVID-19 pandemic. Qualitative data were collected through in-depth interviews and an online questionnaire to 27 Black, Asian and Minority Ethnic (BAME) and 55 White small and medium-sized enterprises (SME) owners in the United Kingdom. The research finds that in comparison to perceptions of White SME owners in the sample during the same period, perceptions of selective incivility reported by many BAME SME owners were associated with a different preference of relational trust as they all engaged in external bricolage. Thus, this research indicates how perceived selective incivility could affect the relational trust preferences of BAME SME owners in times of crisis and support from such institutions might not get to EMBs during periods of crisis.

Keywords: Effectuation and bricolage; Gender and ethnicity; Strategy and organization

1. Introduction

Fundamental differences characterise the entrepreneurship of ethnic minorities and other entrepreneurs (Nee and Sanders, 2001; Clark and Drinkwater, 2010; Howell, 2019). Ethnic Minority Businesses (EMBs) are recognised for creating social value by promoting inclusion, employment and integration (Ram and Jones, 2008; Jones *et al.*, 2019), and entrepreneurship is an important path out of poverty for many ethnic minority individuals (Mickiewicz *et al.*, 2019). EMBs are typically less connected than non-EMBs with local political environments (Wang and Altinay, 2012), less reliant upon the local setting for the supply of materials and information (Kalantaridis and Bika, 2006), of smaller sizes (Casson *et al.*, 2008), and tend to disproportionately perform entrepreneurial activities in ethnic enclaves where there is greater access to informal sources of support and ethnic minority customers (Portes and Shafer, 2007). The extent of EMB embeddedness in ethnic networks also influences their strategic decisions (Waldinger, 1995), and some EMB owners may be affected by misperceptions of ethnic discrimination (Fraser, 2009).

Although entrepreneurs making do by bricolage, solving problems as they emerge with whatever is available rather than what is needed (Levi-Strauss, 1966), is recognised as a response to the COVID-19 pandemic¹ (Gur *et al.*, 2020; Manolova *et al.*, 2020), little is known about EMBs' strategic bricolage responses to the pandemic. We contribute to the literature on how EMBs cope with challenges in the face of uncertainties (Ram and Jones, 2008, Davidson *et al.*, 2010, Rahman *et al.*, 2018), by examining the differences between ethnic minority and White entrepreneurs' responses to the pandemic and explore perceptions that shaped EMB responses.

Our analysis focuses on "selective incivility", which has been observed across organisations in the UK (Ozturk and Berber, 2020). Selective incivility refers to the individual, organisational and society-level effects of subtle racism. It is a powerful multilevel concept that can delineate how racism

¹ Also referred to as "the pandemic".

operates through subtle means as a layered reality (Kabat-Farr *et al.*, 2020). Sue (2010) uses the term “microaggressions” to explain the prejudice, bias, and discrimination that is often the experience of minorities, because most of the oppression they face is micro (not immediately visible), non-blatant, insidious, psychological, and not often illegal. Selective incivility is distinct from microaggressions, as conceived in Sue (2010), for the reason that minorities can be subject to incivility by persons or institutions construing their actions as non-racist (Cortina, 2008). It could be inferred that incivility has a negative relationship with trust (Lata and Chaudhary, 2020), but the implications of incivility for EMBs have yet to be investigated. This gap is striking because trust is valuable in conditions of uncertainty (Mickiewicz and Rebmann, 2020).

In this research, we focused on EMBs in the UK from the Black, Asian and Minority Ethnic (BAME) group as these business owners often experience discrimination because of their ethnic backgrounds (Davidson *et al.*, 2010; Ram *et al.*, 2017). We utilised the notion of selective incivility (Cortina, 2008) and transaction costs (Khanna and Palepu, 2010), combined with insights from internal and external bricolage theory (Vanevenhoven *et al.*, 2011; Davidsson *et al.*, 2017; Tasavori *et al.*, 2018), paying particular attention to the trust preferences of BAME SME owners in relation to institutions during the pandemic. This article answers this research question: Were perceptions of selective incivility reported by BAME SME owners associated with a different relational trust preference compared to White SME owners, as they all engaged in external bricolage to navigate the uncertainty of the COVID-19 pandemic? The results show that overall, perceptions of selective incivility made BAME SME owners in the sample have a different relational trust preference, compared to white SME owners, as they all engaged in external bricolage to navigate the uncertainty of the COVID-19 pandemic.

The next section discusses the theoretical foundations and the impact of COVID-19 on UK BAME SMEs. This is followed by a description of the methodology and of the data that underpin

this research. The analysis and results are presented next, and the final sections discuss the findings and offer conclusions.

2. Theoretical Foundations

2.1. Selective Incivility

While blatant discrimination and efforts to alienate minorities from organizational life are no longer tolerated, discrimination can be masked behind daily acts of incivility, with an unbiased image being maintained (Cortina, 2008; Kabat-Farr *et al.*, 2020). Such behaviours could be attributed to many factors other than race, making it difficult to label them as discriminatory (Cortina, 2008; Cortina *et al.*, 2013). Instigators of selective incivility discriminate when: (1) the biased nature of the behaviour is not obvious or (2) a negative response can be attributed to something other than race (Cortina, 2008; Kabat-Farr *et al.*, 2020; Ozturk and Berber, 2020). Outgroups, such as Black professionals, Asians, career women, businesswomen, and feminists, are often stereotyped as (too) competent, ambitious, and hardworking and, at the same time, interpersonally unpleasant and cold (Cortina, 2008). Although such outgroups can trigger admiration, they also trigger envy and hostility from the majority, making them targets for selective incivility (Cortina, 2008). BAME SME owners could belong to this “successful” outgroup (Ram *et al.*, 2013; Mickiewicz *et al.*, 2019). The model of incivility as modern discrimination in organisations (Cortina, 2008), was used to address the research question to demonstrate that a thorough understanding of discrimination requires attention to the surrounding societal and organisational context (Kabat-Farr *et al.*, 2020).

Social categorisation often triggers stereotypes that allow perceivers to make decisions about ethnic minority individuals (Cortina, 2008; Jones, 2002). While explicit stereotypes are triggered intentionally, implicit stereotypes occur unintentionally and unconsciously. Members of the outgroup,

often ethnic minority individuals, receive negative differential esteem that could be perceived as selective incivility (Cortina, 2008). Perceptions of discrimination in organisational settings can be a result of past experiences that have led to beliefs that the context is always discriminatory (Friedman and Davidson, 1999). Seifert and Wang (2018) highlight such perceptions of discrimination in the UK work where BAME employees have a significantly lower perception of fair pay and an equal work environment when compared to their White colleagues. Such perceptions could influence ethnic minority entrepreneurs' trust in institutions, particularly if they are perceived to be discriminatory by BAME SME owners.

2.2. COVID-19 and UK BAME SMEs

In 2020, the UK had one of the highest rates of excess deaths in the world from COVID-19, (KingsFund, 2020). To reduce the spread of the coronavirus and limit health implications, the UK government imposed a lockdown on 23 March 2020, to restrict person-to-person interactions and encourage social distancing. All shops selling non-essential goods were closed, gatherings of more than two people in public were banned, excluding people of the same household; and all social events, including weddings, baptisms and other ceremonies (excluding funerals), were prohibited (GOV.UK, 2020a). This resulted in store closures, interruptions to supply chains, reduced footfall, and businesses that were not closed meeting the costs of restrictions (Donthu and Gustafsson, 2020; Kuckertz *et al.*, 2020). A survey revealed that 80 per cent of UK SMEs reported stable or growing revenue in June 2019, but this was reversed by the pandemic, with 80 per cent of SMEs reporting declining revenues by June 2020 (McKinsey, 2020a).

The pandemic differentially affected ethnic minority groups in terms of fatality rates (Holmes *et al.*, 2020), financial liabilities (McKinsey, 2020b), and mental health outcomes (Kapilashrami and Bhui, 2020). BAME-owned SMEs were particularly affected because they tend to concentrate in sectors

such as retailing, restaurants, and personal services that were significantly restricted by the lockdown (Jones *et al.*, 2012; Ram *et al.*, 2013). Furthermore, BAME-owned SMEs hire many BAME employees and rely on a higher proportion of BAME customers when compared to White SMEs (Smallbone *et al.*, 2010). BAME SME owners also differ in terms of access to resources, educational attainments, entrepreneurial orientation, and success rates (Ram *et al.*, 2013; Ram, *et al.*, 2017). These factors could well result in BAME SME owners incurring considerable costs to protect their businesses, staff, and customers. These impacts were likely to be exacerbated if they were unable to trust institutions that offered support during this period. For these reasons, we examined how BAME SMEs' internal and external bricolage options were shaped by their trust in institutions and how this influenced their responses.

2.3. Bricolage and Social Capital

SMEs deploy a variety of strategies in response to exogenous shocks (Saridakis, 2012). Depending on whether they are immune, in a position to exploit the situation, or are victims, they may follow strategies to persevere, innovate or retrench (Klyver and Nielsen, 2021). SMEs often contemplate business model pivoting, changing product or service offers to capitalise on emerging opportunities (Morgan *et al.*, 2020). While such pivoting has merits and demerits, innovative SMEs are likely to be more resilient to shocks (Brown *et al.*, 2020). In the context of the pandemic, numerous SMEs have downsized, substituted their permanent workforce with freelancers, and redeployed resources (Jensen *et al.*, 2021). Many SMEs have also engaged in bricolage as a strategic response (Wenzel *et al.*, 2020; Doern, 2021).

Bricolage, as a notion, was first introduced by (Levi-Strauss, 1966) and has been prominent in the entrepreneurship literature (Baker and Nelson, 2005). The term refers to how actors “make do” by applying combinations of resources at hand to new problems and opportunities (Mickiewicz and

Olarewaju, 2020; Miller, 2021). Making do implies improvisation in problem-solving (Di Domenico *et al.*, 2010). Two types of bricolage are identified in the entrepreneurship literature: internal bricolage and external (network) bricolage (Vanevenhoven *et al.*, 2011; Tasavori *et al.*, 2018).

Internal bricolage refers to employing at-hand resources inside the organisation, whereas external bricolage refers to social relationships or functional assets that pertain to an entrepreneur's external resources or pre-existing personal and professional networks (Baker and Nelson, 2005). External bricolage can enable access to a wider variety of resources than are at hand, and is particularly relevant to enterprises operating within resource-poor communities, such as are found under contexts of institutional voids and in times of crisis (Dacin *et al.*, 2010; Davidsson *et al.*, 2017; Mickiewicz and Olarewaju, 2020). External bricolage is aided by social capital and trust, especially when there are conditions in inter-organisational settings which allow the development of closeness and resonance (Duymedjian and Ruling, 2010).

According to Bourdieu *et al.* (1986), social capital resides in the individual and is linked to social connections that a person can utilise. Bourdieu and Wacquant (1992) further framed social capital as accumulated real or virtual resources acquired through the possession of “more or less institutionalized relationships of mutual acquaintance and recognition”. This social capital is a property of the individual, rather than the collective, and is derived primarily from one's social position and status. Social capital aids external bricolage because it enables a person to exert power on the group or individual who mobilises the resources (Claridge, 2018). Bourdieu *et al.* (1986), further argue that social capital is irreducibly attached to class and other forms of stratification, which in turn are associated with various forms of benefit. Platt and Nandi (2020) find that the structure of society remains such that Whites tend to occupy higher social roles compared with ethnic minorities.

2.4. Relational Trust in Inter-Organisational Settings

Research has not produced a consensual definition of trust (Welch *et al.*, 2007; Shi *et al.*, 2015), although a multi-level characterization and recognition of the complexity of trust has been shown (Rousseau *et al.*, 1998). Trust in organisations varies between situations and relationships built over time (Schoorman *et al.*, 2007; Mickiewicz and Rebmann, 2020), and depends on the general trustworthiness of the trustee (Mayer *et al.*, 1995; Nooteboom, 2002), as well as the trustor's specific perception of the trustee's ability, goodwill, and integrity.

Entrepreneurs often make decisions under conditions of Knightian uncertainty (Knight, 1921) where they utilise the two key bases of trust defined as “calculative trust” and “relational trust”. Calculative trust applies when parties believe that the costs and benefits of complying with the agreement will outweigh those associated with self-interested, opportunistic actions (Williamson, 1993; Poppo *et al.*, 2016). Relational trust arises from interactions as parties accumulate experiences, form expectations of each other, and develop shared values and normative conventions that define how they will work together (Bercovitz *et al.*, 2006).

Relational trust arises from repeated interaction, and benefits from a shared social identity that may develop as parties consider each other's interests (Poppo *et al.*, 2016). Relational trust is at a high level when partners develop a mutual understanding and shared identity (Lewicki *et al.*, 2006). Relational trust functions as a shortcut to specific assessments, being based on the overall quality of the relationship, not each transaction (Uzzi, 1997; Rousseau *et al.*, 1998). It simplifies the information processing task (Poppo *et al.*, 2008). A relational base of trust thus describes long-standing, stable business relationships derived from ongoing interactions that define how parties will work together (Macneil, 1980). Relational trust also helps actors make decisions when there is market uncertainty due to unpredictable changes in the environment (Poppo *et al.*, 2016). This way, relational trust plays

a positive role in bricolage behaviour and in minimising conflicts, thus reducing the consequent transaction costs (Manolova *et al.*, 2020; Puffer *et al.*, 2010).

EMB firms exhibit a high level of internal control and self-reliance with a preference for individual trust-based relationships rather than formal arrangements with institutions (Cunningham and McGuire, 2019). The relationship between EMBs and formal business support services can be explored through the lens of entrepreneurial learning (Taylor and Thorpe, 2004). This learning is characterised by relational constructs rather than formal interventions (Macpherson and Holt 2007). Thus, the social context of EMBs takes on an enhanced meaning (Baker *et al.*, 2003).

2.5. EMB Organisational Trust and Recent Perceptions by BAME SMEs

Coad and Glyptis (2014) argue for an analysis of the configuration and articulation of patterns in relations between agents over time. They advocate a position–practice perspective, with four inter-related elements: praxis, positioning, capabilities, and trust. The trust aspect of such structuration theory is particularly useful because it acknowledges the interaction of perception, values, and power, and posits a dynamic relationship between different groups (Stones, 2005). Transaction cost theory suggests that the growth of firms is partly explained by the desire to reduce transaction costs resulting from market mechanisms which are usually incurred in overcoming market imperfections (Riordan and Williamson, 1985; Teece, 1986). Managers and organisations often choose between alternatives of inter-organisational relationships to reduce transaction costs based on how they perceive the environment (Rossignoli and Ricciardi, 2015). Transaction costs are driven by both firm-level characteristics and by their complementarity with the features of country-specific institutional environments (Driffield *et al.*, 2016; Liou *et al.*, 2016). Greater institutional voids due to country-specific uncertainties create higher transaction costs for doing business and are commonly found in the emerging markets of the Global South (Williamson, 1989; Mickiewicz and Olarewaju, 2020).

However, EMBs in the UK are vibrant in transaction economies that intersect local and migratory resources, eluding the categorisation of either a Global North or a Global South (Hall et al., 2017).

In the context of BAME SMEs and the pandemic, for example, perceptions of voids not yet addressed by UK institutions have been reported by BAME SME owners in the “listening exercise” held by the All-Party Parliamentary Groups (APPGs) in June 2020 (UK Parliament, 2021). The listening exercise aimed to unlock insights into the challenges faced by BAME-owned businesses during the pandemic and was attended by 439 BAME company owners from various industries and regions. Participants were asked three main questions: (i) What is the biggest challenge that your business has experienced during the COVID-19 crisis? (ii) What government support measures have you found useful/what has not worked for you? and, (iii) How would you like the government to continue to support you when the UK economy begins to return to normal? Participants were also asked to answer Yes or No to the following two questions: (a) Have you been able to successfully access the COVID-19 business support funding provided by the government? and, (b) Have you found the information that the government supplied about COVID 19 business support clear enough? Three main areas of concern were identified as particularly problematic for BAME owned business (Chrouh, 2020).

(1) Health and Safety - BAME owned businesses felt there was no tailored health and safety guidance to address elevated risks of death or serious health implications for themselves, their families, and communities. This was even though BAME led businesses were disproportionately represented in sectors that could not work from home and where multi-generational households increased the risk of coronavirus exposure.

(2) Financial Support - BAME business enterprises suffered disproportionate financial difficulties as a result of an inability to access government finance measures. Two-thirds of the consultation’s

respondents reported that they encountered barriers and were unable to access financial assistance. The crisis amplified long-standing systemic challenges engaging with key financial and state institutions that were central to the government's mechanisms for delivering financial support.

(3) Communication Gap - Two-thirds of respondents reported that they did not find government messaging clear enough. They also reported issues with the 'one size' monoculture which created cultural and practical barriers including language and IT problems. The existing communication channels did not fully engage, reach and meet the needs of diverse BAME business communities.

Crucially, the APPG report highlighted the perception of discrimination and the lack of institutional actors/action to address this felt by many BAME business owners concerning the COVID-19 business support funding provided by the government; two examples of contributions are cited:

"I run a business support and training consultancy and many business owners reported not having the confidence to apply for funding because they were convinced that they would be turned down by official funding sources. As a result, several confided that they had preferred to turn to other means like crowd funding instead.....". "More than 12+ white led organisations received emergency funding and we didn't! It is an example of the injustice that persists structurally. What can the arts sector do to really make a change?" (Chrouch, 2020, pp. 23- 25).

3. Methodology and Data

We utilised qualitative methodology because several earlier studies advocate a qualitative approach when researching minorities to uncover their feelings, thoughts, and perceptions (Carter *et al.*, 2015; Edwards *et al.*, 2016). We employed individual interviews and an anonymous online

questionnaire to gather data in four phases. First, we interviewed seven BAME SME owners and six White SME owners separately, primarily within the Stoke-on-Trent area of the West Midlands, in roles as key initial informants. These were socially distanced face-to-face interviews immediately after the first² UK lockdown. (Bazeley, 2013; Fletcher *et al.*, 2018). To include a wide cross-section of SME owners from different ethnic backgrounds (Davidson *et al.*, 2010; Ram *et al.*, 2017), potential interviewees were initially contacted, because they were BAME or White SME owners of businesses located on the high street in the Hanley city centre of Stoke-on-Trent. Our sampling strategy was ‘purposeful’ in that we sought respondents who would be able to cast light on our research question, and we were careful to aim for a fair comparison between BAME and White-owned SMEs, based on the sector and age of the businesses, size of turnover, and the number of employees (Edwards *et al.*, 2016; Patton, 2014). We initially focused on the West Midlands because it is the second most ethnically diverse region of the UK after London (GOV.UK, 2020b). Within Stoke-on-Trent, in the 2011 Census, 88.6% of the population identified as White, 7.4% as Asian or Asian British, 1.5% as Black, African, Caribbean or Black British, 1.8% as Mixed or Multiple Ethnic Groups, and 0.7% as Other Ethnic Group (ONS; 2011). The structured interview questions during the first phase were used to probe the business experiences of both BAME and White SME owners and served as a pilot. The responses showed that SME owners, regardless of ethnic background, identified four types of support, namely: central and local government (local councils), financial institutions and social networks. These four types of support were to prevent business failure and, in some cases, help discover new entrepreneurial opportunities during the first UK lockdown.

Snowballing is often used to obtain a sample when there is no adequate source for a sampling frame (Gilbert and Stoneman, 2015). The approach involves contacting a member of the population of interest, and/or organizations concerning the subject area who have contacts, asking whether they know anyone with the required characteristics. These individuals are approached, and if interviewed

² The first lockdown started on 23 March 2020, the second lockdown started on 5 November 2020, and the third on 5 January 2021. A tiered system of lockdowns existed for a while between the second and third.

are asked to refer the study team to other potential interviewees: again, these are approached and interviewed, and the same questions are asked. Snowballing techniques were used during the second UK lockdown to increase the sample size to a total of ten BAME SME owners and twelve White SME owners, including those SME owners interviewed in the first phase. During this second phase, emergent themes from the pilot study were investigated by individual telephone interviews of these business owners. The researchers also reflected on the approach, and the questionnaire itself was tested (Bazeley, 2013). The interview questions were open-ended during this phase and identified the strategies that the SME owners had used to deal with the exogenous shock of COVID-19 to prevent the closure/failure of their business, and their relational trust preferences before and during the two lockdowns. An important question during this second phase involved asking the SME owners how much they trusted the four sources of support identified in the first phase, i.e. central and local government, financial institutions and social networks, concerning their business and the support for it, and the reasons for their responses.

The snowballing form of non-probability sampling has limitations. Researchers may be led to collect data reflecting a particular perspective, omitting the voices of others not part of a network of contacts. This approach was, however, regarded as appropriate in the light of the exploratory nature of this study and the sensitive nature of the subject matter (Gilbert and Stoneman, 2015; Creswell and Creswell, 2017). To mitigate potential bias, an additional measure was used during the third UK lockdown. An online questionnaire was prepared, covering themes drawn from the first and second interviews, and distributed to a wider cohort of business owners approached via the Staffordshire Chamber of Commerce and with the aid of a national television network station that shared the questionnaire via their social media platforms (ITV, 2020). This additionally controlled for dispositional influences (Krings *et al.*, 2014), and increased the total national sample size, as presented in Table I, to eighty-two, with an ethnic split of BAME SME owners ($n = 27$) and White SME owners ($n = 55$). The businesses belonged to the sectors of arts and hospitality (23%), retail and wholesale

(13%), beauty and leisure (12%), manufacturing and construction (10%), finance and information technology (10%), education and training (11%), and others (21%).

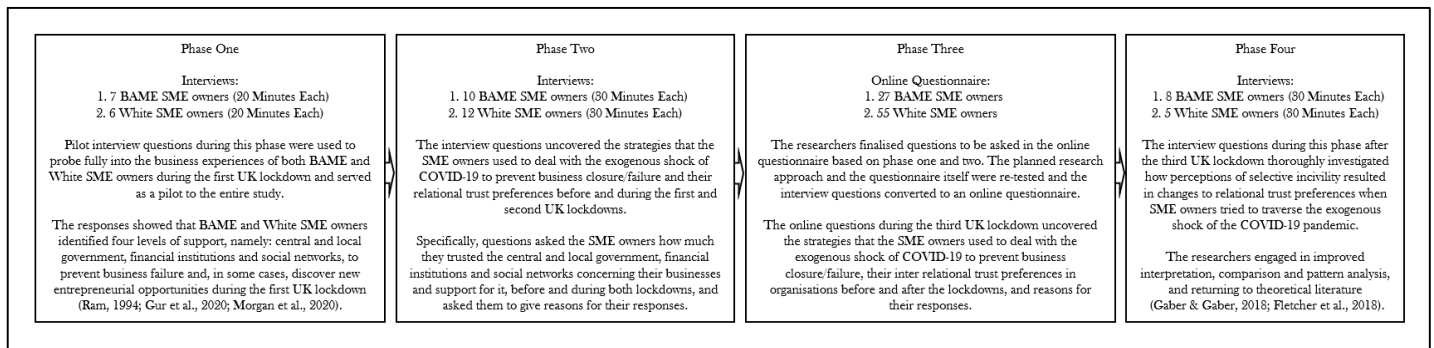
For the fourth phase, we returned to conduct face-to-face and telephone interviews with eight BAME and five White SME owners in the sample from April 2021 to September 2021, immediately after the third UK lockdown. During this phase, the research questions aimed to thoroughly investigate how perceptions of selective incivility resulted in changes to relational trust preferences when SME owners tried to respond to the pandemic. All our interviews and the questionnaire responses were recorded, transcribed and included in a database. The data were analysed using thematic analysis (Miles and Huberman, 1994), and codes were developed in line with the literature on good practice following the chronological order of events (Sinkovics *et al.*, 2005). The coding followed an iterative approach to revisiting and categorising the data concerning emerging categories (Gaber and Gaber, 2018). This methodology has been well established in many other studies of the minority ethnic business population (Davidson *et al.*, 2010; Ram *et al.*, 2017; Carter *et al.*, 2015). The research pathway employed is summarised in Figure I.

{Please insert Table I and Figure I here}

Table I. Regional Demographics of SMEs

Region of the UK where business is located	Number
Scotland	5 Total, BAME ($n = 2$), White ($n = 3$)
North East	2 Total, BAME ($n = 1$), White ($n = 1$)
North West	6 Total, BAME ($n = 2$), White ($n = 4$)
Yorkshire and the Humber	6 Total, BAME ($n = 1$), White ($n = 5$)
West Midlands	22 Total, BAME ($n = 10$), White ($n = 12$)
East Midlands	7 Total, BAME ($n = 2$), White ($n = 5$)
South West	8 Total, BAME ($n = 2$), White ($n = 6$)
South East	11 Total, BAME ($n = 1$), White ($n = 10$)
East of England	5 Total, BAME ($n = 2$), White ($n = 3$)
Greater London	10 Total, BAME ($n = 4$), White ($n = 6$)
Aggregate	82 Total, BAME ($n = 27$), White ($n = 55$)

Figure I. Summary of Research Pathway Employed



4. Analysis and Discussion

For entrepreneurs, dealing with uncertainty and failure is a normal part of business activity (Mandl *et al.*, 2016), Exogenous shocks may create incentives and opportunities for entrepreneurial innovation and start-ups (Fisher *et al.*, 2020; Kuckertz *et al.*, 2020). However, extant research suggests that the pandemic has created more challenges than opportunities for businesses (Stephan *et al.*, 2020). Small businesses, in particular, were at the highest risk of failure (Lambert and Van Reenen, 2020). According to the Office of National Statistics (ONS) Business Impacts of Coronavirus Survey (BICS), 15% of UK businesses were at risk of failure by early April 2021 and 3.9% reported that they had 'no confidence' that they would survive, the highest fraction ever reported in the history of the survey (ONS, 2020). Small businesses, in particular, were at the highest risk of failure (Lambert and Van Reenen, 2020).

4.1. Exogenous Shock Brings Crisis

The first phase of our research probed the business experiences of the SME owners: the responses showed that the pandemic had a sudden detrimental effect on business operations, regardless of ethnicity. Both BAME and White SME owners reported that although they were used to making decisions under conditions of uncertainty (Knight, 1921; Alvarez and Barney, 2005), they had never experienced conditions as extreme as those brought about by the pandemic. The respondents reported significantly reduced customer numbers and net incomes. While some realised they needed to react quickly to the crisis (Kuckertz *et al.*, 2020), others felt constrained due to a lack of information, time and resources (Doern, 2021). Moreover, many owners reported that getting concise sector-specific information was a challenge during the lockdowns; and despite government support, fixed costs such as rent and mortgage payments were problematic:

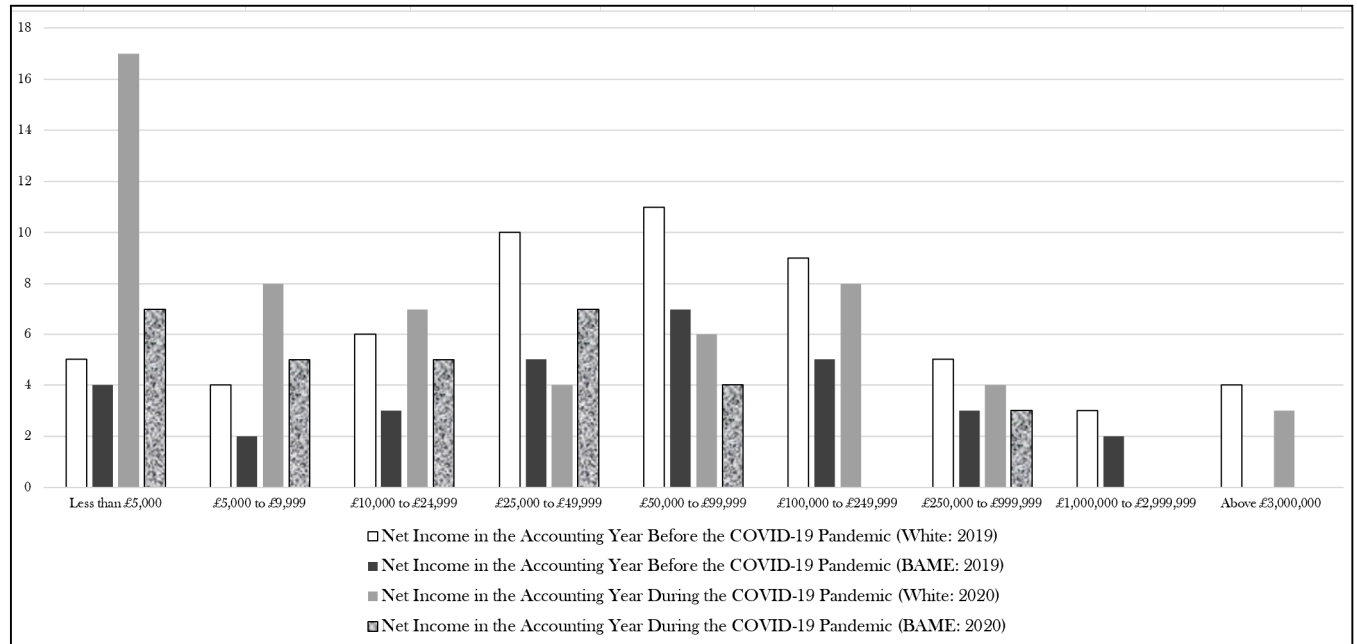
“We didn’t know what was going on. None of us was sure what was happening, and we didn’t have time to react.” (Interview Respondent - White).

“I thought it was going to be a minor blip. All the businesses in this area thought it was going to be a short lockdown. No one anticipated that it would be this drastic or last this long.” (Interview Respondent - BAME: Afro-Caribbean Background).

“Two-way information would have been better. We could do with more information from the government, and they could’ve used the information they have on my turnover and profits to calculate a support package that would’ve allowed me to pay my mortgage.” (Interview Respondent - White).

As we moved into the second and third phases of our research, almost all the SME owners, regardless of ethnicity, indicated that the exogenous shock of the COVID-19 crisis harmed net incomes of businesses, as illustrated in Figure II, although a very small minority ($n = 4$) reported finding opportunities for business expansion. While some SME owners ($n = 16$) reported having to completely stop their business activities because they involved physical contact and were not suitable for “working from home” (for example, hairdressing and personal tailoring), a majority of the SME owners ($n = 64$), reported making adjustments to their business activities to enable them to continue in some form. A few SMEs experienced supply chain disruptions ($n = 9$), and some owners reported reducing the number of staff employed ($n = 17$), even though many ($n = 44$) used the government Coronavirus Job Retention Scheme (furlough) to retain staff.

{Please insert Figure II here}

Figure II. Effect of COVID-19 on Net Incomes of SMEs

4.2. Taking Stock for Internal Bricolage Responses

The second and third phases of our research focused on the strategies that the SME owners used to deal with the exogenous shock of COVID-19, and their relational trust preferences before and during the first and second UK lockdowns. Specifically, we asked all the SME owners what strategies their SMEs used to cope with the first, second and third UK lockdowns. The responses revealed that both BAME and White SME owners reported an initial period of taking stock of internal resources to overcome resource constraints (Miller, 2021) and then in effect resorted to bricolage with available resources :

“Had to think about the next steps. We couldn’t just rush in.” (Interview Respondent – BAME: Afro-Caribbean Background).

“First, we sat and planned and then chased old invoices to get monies into the business..” (Survey Respondent - White).

Furthermore, a higher proportion of White-owned SMEs in the sample took advantage of internet-based forms of activity than BAME-owned SMEs (Beckinsale *et al.*, 2011). Most BAME-owned SMEs reported low-level ICT adoption (for example, telephone and email) rather than high-level ICT adoption. This was chiefly due to two reasons: (1); the nature of the businesses that many BAME SMEs provided (for example, restaurants, hairdressing and small-scale retailing) did not allow for swift conversion to internet-based activity, especially since the lockdowns were imposed at short notice. (2); White-owned SMEs generally had more in-house capabilities (for example, human capital and financial resources) to quickly move their businesses online:

“Strategies for lockdowns.. internet advertising, website.” (Survey Respondent - White).

“Offered customers opportunity to book another course or full refund. Created online video sessions.” (Survey Respondent - White).

“Rescheduling of tours, issuing credit notes, keeping in regular contact with clients, social media presence including video making, reducing operational insurance premiums to bare bones for periods of no tours, Good to Go Scheme..” (Survey Respondent - White).

“My daughter has told me to take my business online but how can I do that?” (Interview Respondent - BAME: Afro-Caribbean Background).

“I don’t know about taking my business online. I don’t have the resources and wouldn’t know where to start” (Interview Respondent - BAME: African Background).

“We had been thinking of opening an online shop before the pandemic, but the pandemic made us realise that people’s shopping habits had changed” (Survey Respondent - BAME: African Background).

4.3. External Bricolage Responses Based on Perceived Selective Incivility and Relational Trust

To successfully engage in bricolage, an entrepreneur needs to envisage a future where the ongoing venture is successful, but also to represent himself or herself as appropriate to bring the new venture into being (Vanevenhoven *et al.*, 2011). In addition, bricolage often involves calling upon external resources from the business owner's network (Baker and Nelson, 2005). We propose that in light of the business uncertainties due to the pandemic, SME owners would have needed to mobilise external resources, relational capabilities, social capital and professional networks in addition to their internal resources. However, we observe that the bricolage responses of SME owners were enhanced by the owners having significant relational trust in inter-organisational resources, and we probed this during the second and third phases of our research.

Specifically, we asked all the SME owners in our study how supportive central government, local government, financial institutions, and society had been to them during the context of the pandemic, and their reasons for the answers that they gave. The responses showed that many White SME owners expected support and goodwill from society and from local government institutions, based on long-standing, stable business relationships and from positive interactions that had built a cooperative relational trust environment (Macneil, 1980; Saporito *et al.*, 2004); and they used this to aid bricolage decisions. This type of relational trust was often described as a shortcut, to navigate the complex and uncertain business environment (Poppo *et al.*, 2008). Consequently, a virtuous cycle of relational trust would help reduce role conflicts and transaction costs brought about by changes in the external environment (Manolova *et al.*, 2020). Overall, White SME owners often reported a shared social identity and repeated interactions with local government institutions and with society, with no reported perceptions of selective incivility:

“We campaigned for event companies to be classified as hospitality and leisure so we could access grant funding. We furloughed all staff and minimised all overheads where possible e.g. turned off all non-essential electrics, reduced insurance cover. We searched for alternative PAYE employment outside our business to ensure that we could pay our domestic expenses and contribute to the business expenses.” (Survey Respondent - White).

“Applied for grants again as initially not entitled due to premise size. Asked customers to pay in full in April with a promise to have free sessions in August which we adhered to, but obviously meant no income in August. Asked customers to pay a small retainer towards annual membership to keep cash flow going.” (Survey Respondent - White).

“Our strategy was: keeping in touch with customers, furloughing staff, apply for grants for business support, we finally got a small council grant in December after going back and forth, bounce back loan.” (Interview Respondent - White).

In response to the same question, many BAME SME owners, particularly from African and Afro-Caribbean backgrounds ($n = 11$), described low levels of relational trust with local government institutions and in some cases, local society, with incidents of alleged selective incivility. They often reported being perceived as an outgroup and having a history of differential treatment from local government and society. This would make BAME SME owners incur higher costs of operating in the market in line with transaction costs theory (Williamson, 1989; Driffield *et al.*, 2016):

“Many White people don’t even come into our shop, so we mostly serve the black community. It is not like they are openly racist; they just look at us differently and avoid us.”

(Interview Respondent - BAME: African Background).

“When they said everyone should wear facemasks, some kids who had been to my shop before to harass me came and said there is nothing I can do now and there was nothing I could do. I was scared

but couldn't even tell who was behind the facemask. Now they come in with no intention of buying anything and I can't even see who they are"

(Interview Respondent - BAME: Afro-Caribbean Background).

"The way that British society looks at White entrepreneurs is different from the way it looks at us. When they say they want to help business owners, they are referring to White business owners, not us. In fact, they will look for ways to favour them more and then put us out of business." (Interview Respondent - BAME: African Background).

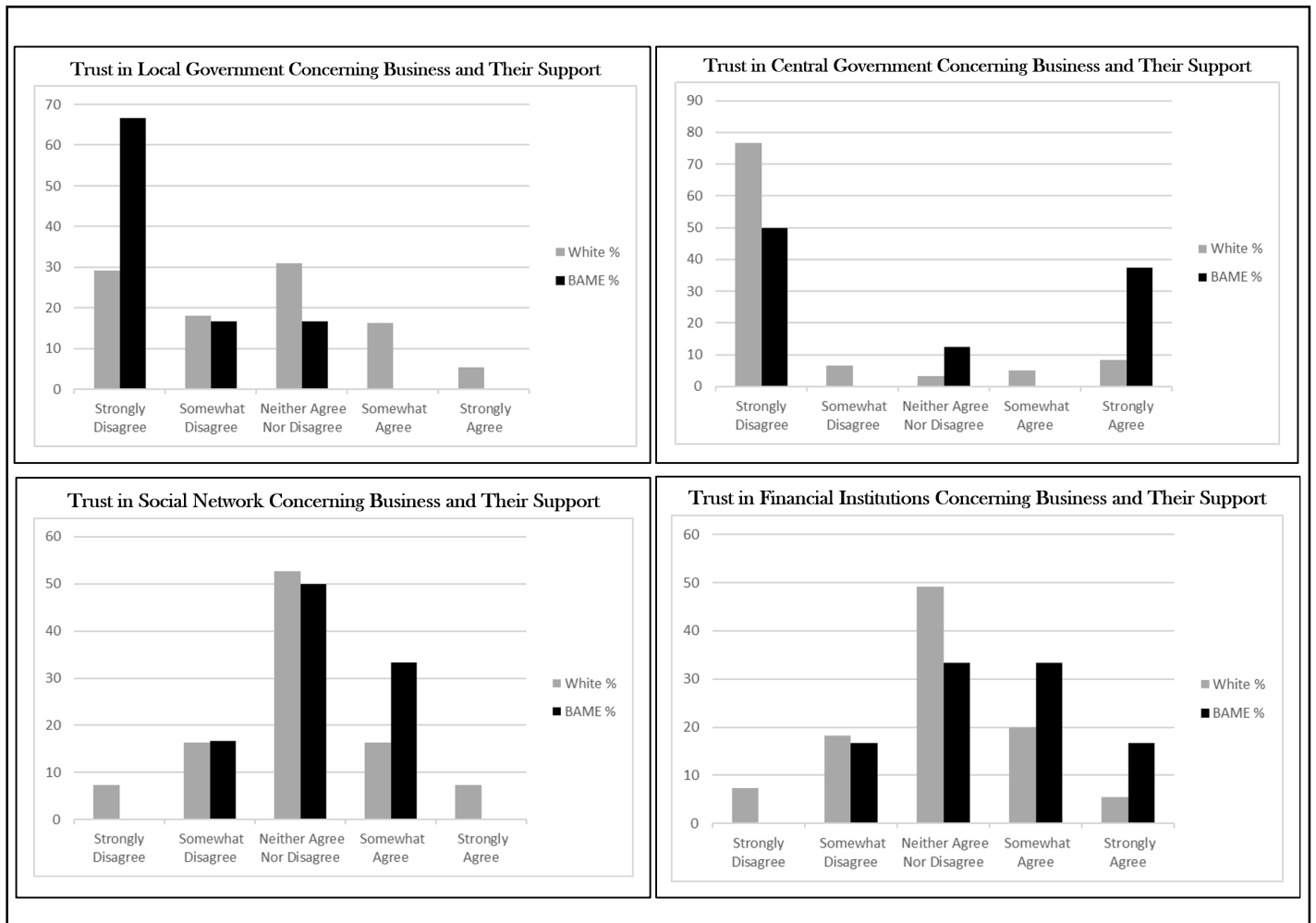
"I have been sued many times by the local council and had to defend myself without a lawyer. I don't think they'll call me to offer me a grant." (Interview Respondent - BAME: African Background).

4.3.1. Relational Trust, Perceived Selective Incivility and Bricolage in Context

We probed the theme of relational trust by asking all the SME owners in the sample to respond to the following: "Based on my business interactions with them, I trust the central government concerning my business and their support for it", "Based on my business interactions with them, I trust the local government concerning my business and their support for it", "Based on my business interactions with them, I trust financial institutions concerning my business and their support for it", and "Based on my business interactions with them, I trust my social network concerning my business and their support for it". The choices available were "strongly disagree", "somewhat disagree", "neither agree nor disagree", "somewhat agree", or "strongly agree". Generally, as presented in Figure III, BAME SME owners expressed a different preference of relational trust in comparison to White SME owners. BAME SME owners had the highest level of relational trust in central government, followed by trust in financial institutions, followed by social networks, and then the local government. In contrast, White SME owners had the highest level of relational trust in local government, followed by social networks, followed by financial institutions, and then the central government.

{Please insert Figure III here}

Figure III. Relational Trust Responses of SME Owners



We continued on this relational trust theme by asking all the SME owners in our study the question, “Why do you have different levels of trust for the central and local government, financial institutions, and members of your social networks?” Many BAME SME (n = 8), owners revealed that their distrust in local government institutions arose from perceptions of selective incivility where they had experienced direct and indirect forms of discrimination in the past. For example, one BAME

SME owner who owned a wholesale and retail food shop described being verbally racially abused by an official of the local authority and also being subject to more food safety inspections than neighbouring White SME owners.

Furthermore, most BAME SME owners expressed higher relational trust preferences in relation to central government and financial institutions, and the reasons were because they interacted at arm's length with all SME owners, regardless of ethnicity. This had created a feeling of fairness untainted by instances of perceived selective incivility. They also tended to have a positive view of the efforts of the central government to curb the effects of the pandemic while White SME owners tended to associate the failures of the pandemic with the policies of the central government while reporting positive interactions with local government institutions:

“If they (central government) had taken serious measures to swiftly close down the country, I believe the worst of this could have been over sooner. Not closing borders immediately (especially flights still being permitted) is a massive failure by this (central) government.” (Survey Respondent - White).

“Central government have continued to ignore the 3 million excluded. Local government gave me a small grant.” (Survey Respondent - White).

“They (central government) are doing their best under the circumstances.” (Survey Respondent - BAME: African Background).

“They (central government) did a good job” (Survey Respondent - BAME: Afro-Caribbean Background).

“The local government is a stumbling block to getting central government finance.” (Interview Respondent - BAME: African Background).

Under normal circumstances, BAME SME owners would be expected to use their social networks to overcome difficulties (Davidson *et al.*, 2010; Ram, 1994). Surprisingly, a lower proportion of BAME SME owners reported high relational trust levels with their social networks during this period; but they attributed this low trust preference to their view that their social networks predominantly contained BAME individuals, who also had information deficits in the context of the pandemic. As a result, they did not fully trust information coming from their social networks, even though in normal times, the support would be invaluable (Davidson *et al.*, 2010; Fielden and Davidson, 2012). Oddly, when financial institutions turned down their support applications, both BAME and White SME owners in the present study did not feel that their refusal was due to their ethnicity. However, many BAME SME owners whose support applications were turned down by local government institutions attributed their rejection to perceptions of selective incivility and feelings of belonging to an ethnic outgroup.

“The banks are fair, at least they use the same criteria for everyone.” (Interview Respondent - BAME: Afro-Caribbean Background).

“My experience is that the council makes decisions about us and our business based on the fact that we are black without seeking to understand our business. Some examples are business rate, refuse, ticketing, etc. Every department we have dealt with, they do not even find out what is good for us before making decisions. So we have had to survive without them, and we had to do this during the pandemic as well.” (Survey Respondent - BAME: African Background).

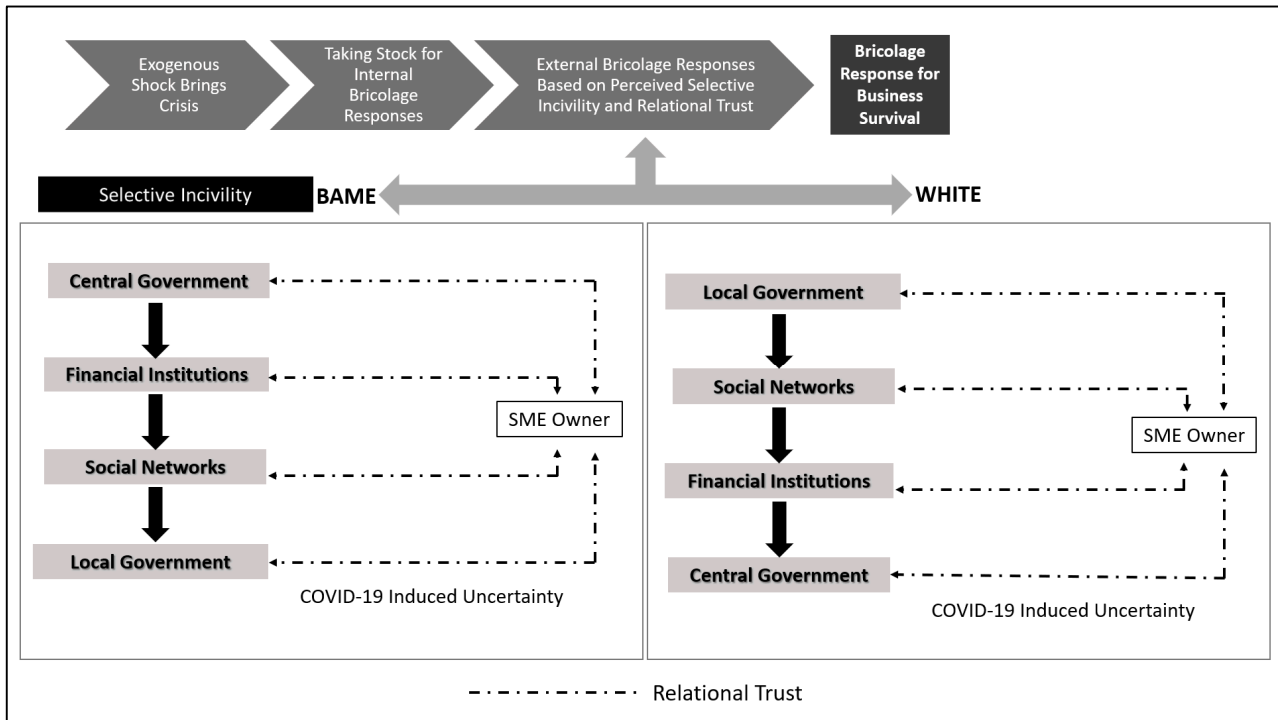
The BAME SME owners in our study revealed that their perceptions of being victims of ethnic bias arose from past and ongoing experiences of relating with local government institutions where selective incivility towards them had been perceived:

“The council always make decisions that impact this street negatively because they know that black-owned businesses are located here. They know who it will affect, and they do it because we are not White.” (Interview Respondent - BAME: African Background).

“These bad things are not just by the council; it is our daily routine.” (Survey Respondent - BAME: Asian).

The early period of the pandemic in the UK (i.e. the first quarter of 2020), was marked by huge uncertainties for businesses (Fairlie, 2020; Stephan *et al.*, 2020). Nevertheless, the relational distrust from past perceptions of selective incivility deterred many BAME SME owners from reaching out to local government institutions for support, and when some of them did reach out, albeit, with suspicion, they often reported encountering selective incivility. By contrast, in line with earlier findings that businesses will continue to operate with organisations that they expect to act for their benefit by aiming to reduce their costs of operating in the market (Saparito *et al.*, 2004; Manolova *et al.*, 2020; Poppo *et al.*, 2016), a greater proportion of White SME owners reported positive external bricolage responses that incorporated local government. We delineate a model in the context of the pandemic, distinguishing between EMB and White SME relational trust preferences, in the presence of selective incivility as perceived by the BAME SME owners in our study, which we summarise in Figure IV.

{Please insert Figure IV here}

Figure IV. Model Based on Relational Trust Preference of SME Owners

The model shown in Figure IV draws attention to several points. Extant research shows that for BAME business owners, finding the “right” support is difficult for various reasons, such as too few business support and networking organizations, lack of support for the specific needs of BAME groups (for example, culturally sensitive needs), and a lack of awareness of available support and services (Ram and Jones, 2008; Davidson *et al.*, 2010; Rahman, *et al.*, 2018). Power and status also create taken-for-granted assumptions, such as social norms that produce advantage (Claridge, 2018). Social capital is not so much about having a large social network as being in a social position that creates the potential for advantage from one’s social network (Bourdieu *et al.*, 1986). Many of the White SME owners in the study were oblivious of being in a position that created the potential for advantage from their social capital, even though they described using this position for their advantage.

4.4. COVID-19 in Context

As a result of the pandemic, the central government introduced several types of support for SMEs like the Coronavirus Job Retention Scheme (CJRS)³, the Coronavirus Business Interruption Loan Scheme (CBILS)⁴, Bounce Back Loan Scheme (BBLS)⁵, Trade Credit Reinsurance programme⁶, and Future Fund⁷. There have also been grant schemes like £10,000⁸ and £25,000⁹ one-off grants, tax holidays and tax deferrals (Lambert and Van Reenen, 2020). While the aforementioned came directly through central government, they often worked with financial institutions to support SMEs. Some support schemes emanated from the central government but were left to local governments to decide who benefited from them. Schemes like these included the Small Business Grant Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund (RHLGF), and the Local Authority Discretionary Fund (GOV.UK, 2020c). The responses from our sample showed that there was deep suspicion from most BAME SME owners as to the fairness of access to support schemes that came through local government. In contrast, White SME owners did not have this relational mistrust with local government and were confident as to how to lever resources from local government institutions without any perception of the selective incivility reported by BAME SME owners:

“We applied for both the Retail, Hospitality and Leisure Grant Fund and the Local Authority Discretionary Fund because according to the rules, we qualified, but we were turned down; the rules

³ 80% of the wage-bill for furloughed employees’ to be covered by the government, up to £2,500 per month per employee.

⁴ Government guarantees 80% of the value of loans, provided by British Business Bank (or 100% of loan value under £250,000) and pays interest and fees for 12 months for Businesses with annual turnover under £45 million.

⁵ 100% government guarantees on loans up to £50,000 for one year (then 2.5% interest thereafter) for Small businesses struggling to access CBILs.

⁶ Government guarantees of £10 billion against losses by providers of trade credit insurance for businesses (typically in the manufacturing and construction sectors) that take out credit insurance to protect their transactions from risk of default.

⁷ Unsecured government loans to match equity raised from private investors for Unlisted or UK registered businesses reliant on equity funding that may not qualify for the CBILS.

⁸ For all businesses operating in properties with rateable value below £15,000.

⁹ For all retail/leisure businesses and hotels in a property with a rateable value between £15,000 and £51,000.

were stretched to accommodate White business owners that are friends with the council. We the black businesses are viewed as outsiders. It's not new.” (Interview Respondent - BAME: African Background).

“The local government have been really helpful in helping us gain access to grant funding. A lot of people in my social networks don't fully understand the information they share so there's a lot of misinformation being shared.” (Survey Respondent - White).

“Treat me fairly and offer the same support as other businesses and self-employed received.” (Survey Respondent - BAME: Asian Background).

During the fourth phase of our research, we asked the question, “Did your trust for the central and local government, financial institutions, and members of your social networks change during the COVID-19 pandemic?” The responses reflect that BAME SME owners often perceived a lack of nuanced support from public and private institutions that was suitable for their businesses before the pandemic. However, communication from the central government and financial institutions about the kinds of support available and how to access them helped to build relational trust about the fairness of the support packages available. Nevertheless, many BAME SME owners often reported perceptions of selective incivility towards them emanating from local government institutions before the pandemic and interactions during the pandemic were stressful due to the added uncertainty the pandemic brought:

“Initially information, even from government and professional bodies, wasn't always correct and detailed enough due to the speed of decision making. This improved, but still information came through very late for us to be able to make proper decisions about how to proceed. Information from local council was not clear and didn't seem fair. We contacted them but they don't answer questions

or criticism directly and act evasively. As always, they seemed to be misinterpreting the guidelines to keep us out.” (Interview Respondent - BAME: African Background).

This paper has limitations because Figure IV is based on overall responses and relational trust preferences could change after the time period this research has covered. However, in times of crisis, firms select options that are most likely to minimise further disruption and transactions costs to their operations, while reaching out to institutions that they consider trustworthy (DeSteno, 2014). The psychological effects of past and current events are likely to shape SME owners’ views on whom they consider trustworthy (Botsman, 2017). In the context of the COVID-19 pandemic, perceptions of selective incivility have influenced the ordering of trust reported by BAME SME owners and caused them to practise relational trust bricolage differently compared to White SME owners. Many BAME SME owners indicated that their past perceptions of selective incivility, both before and during the pandemic, had an impact on whom they found more trustworthy. Consequently, BAME SME owners reported a different relational trust preference compared to White SME owners, and the strategic responses of the SME owners were underpinned by experiences that determined the hierarchy of institutions that they found trustworthy.

5. Conclusion

This research has bridged the gap between perceptions of indirect forms of discrimination and the resulting relational trust preferences of BAME and White SME owners, within the context of uncertainty brought about by the COVID-19 pandemic. The study provides insights into previously unexplored factors that inhibited ethnic minority entrepreneurship during the pandemic and even non-pandemic periods. We hope that such insights can stimulate future research and be used by policymakers and entrepreneurs. Selective incivility has been described as the new form of prejudice

in organisations in the UK (Ozturk and Berber, 2020; Heffernan and Bosetti, 2021). This understudied phenomenon in the context of BAME entrepreneurship has implications for society because selective incivility within organisations reduces cohesion and hinders organisational performance (King *et al.*, 2011). This research has shown that selective incivility is perceived by BAME SME owners and has led to feelings of distrust, underpinned by relationship dissatisfaction. Nevertheless, improved relational trust could potentially be restored by repeated trustworthy actions in the future (Schweitzer *et al.*, 2006).

Although many overt discriminatory practices have been abandoned, EMB owners still often report subtle forms of discrimination and a lack of formal support (Rahman, *et al.*, 2018; Heilbrunn, 2019). These perceptions of incivility had an impact on bricolage behaviour and relational trust preferences for SMEs. The results of this will have implications for EMB strategies (Rahman *et al.*, 2018), and survival (Heilbrunn, 2019), especially if formal local sources of support do not reach EMBs in times of crisis.

This article suggests that perceptions of selective incivility could make BAME owned SMEs less likely to access support during times of crisis, particularly from local government institutions – a finding that underscores the need for local authorities to design policies that engage and reassure BAME small businesses about equal access to local resources. By shedding light on the role of perceived selective incivility for BAME small business owners, it encourages researchers to examine the complex processes involving BAME individuals that can lead to wider economic disadvantage and perceptions of injustice. In the future, efforts should be made to bridge the gap between BAME SME owners and the local institutions with which they have a low relational trust preference. More immediately, business support for BAME SME owners in times of uncertainty like the pandemic should be channelled through institutions with whom they have a high relational-trust preference, so that they get timely support.

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