

# **Diversity, economic development and new migrant entrepreneurs**

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## **Abstract**

How do migrant entrepreneurs contribute to economic development? The growing attention to the contribution that migrants make tends to be skewed towards their economic role. Drawing on interviews with 49 new migrant business owners and 60 workers in the West Midlands, we argue that benefits of diversity should be explored beyond the economic dividend. We engage with key theoretical developments in the fields of migrant entrepreneurship and diversity economics, and show that migrant entrepreneurs are characterised by the polarisation of their performance between high fliers and survival entrepreneurs. Despite their overall resource poverty, migrant entrepreneurs on the lower level create employment for their locality, cater to community needs and cushion the social incorporation of new communities in British society. We argue that debates around the benefits of diversity should incorporate not only economic growth, but also its impact on social processes.

## **Introduction**

In this paper we aim to further the dialogue between the two related fields of migrant entrepreneurship (Edwards *et al.*, 2016; Kloosterman 2010; Light 1972; Ram *et al.*, 2017) and diversity economics (Florida 2002; Kemeny 2017; Nathan 2015a; 2015b; Nathan and Lee 2013; Syrett and Sepulveda 2011). Since the beginning of the present century, European scholars in the first of these areas have presented an increasingly downbeat picture, questioning the initial theoretical emphasis on social capital (still current in some strands of the US literature: see Kerr and Mandorff 2015); and turning the spotlight on to the structural constraints that ensure that no more than small fraction of migrant business owners can attain high entrepreneurial performance. In contrast, diversity economists have tended to lay more stress on the gains accruing to reception economies from the performance of high human capital migrants, though this is often balanced by due attention to limitations as well as achievements.

Drawing from research on 49 new migrant business owners and 60 workers in the West Midlands, the present paper advances the argument that the majority of migrant entrepreneurs are too poorly resourced to contribute significantly to UK wealth and job creation, an economic dividend mostly conferred by a small atypical minority of highflying migrants. More properly, the contributions of the lowly performing rank and file should be evaluated in non-pecuniary terms. This is a proposition that is intended to complement the diversity thesis, and is resonant with the ‘portfolio’ approach (Morris *et al.*, 2015) to entrepreneurship, which recognises – and values – heterogeneity in the small firm population. We highlight the reality of a two-tiered migrant entrepreneurial population in Britain, where the small timers of the lower (and more representative) level tend to attract less academic coverage than they deserve. Even so, despite their low profile the economic and social contribution of these unsung migrant firms is far from negligible and data from our interviews of new migrant firms in the West Midlands show that even the most marginal business owners create employment for their locality, cater to community needs and cushion the social incorporation of new communities into British society.

In the subsequent sections we commence with a re-affirmation of the benefits of diversity, an important undertaking in the wake of a “Brexit” referendum whose result casts doubt on the existence of such benefits (Hudson 2017; Virdee and McGeever, 2017). We follow this with a summary of our research methods followed by an analysis of our findings on structural limitations and problematic entrepreneurial performance. Finally, we attempt to assess the contribution new migrant entrepreneurs make to their adopted locality.

### **The economic benefits of diversity**

Locating this in historical context, we see that grass roots public opinion has rarely perceived any advantage to be gained from foreigners. In Britain, where xenophobia has been noted even prior to the 19<sup>th</sup> century (Keith 2005), the first widespread upsurge of anti-immigrant disquiet was provoked by the arrivals of Irish famine refugees in the 1840s, a popular attitude that has subsequently waxed and waned but never completely disappeared (Virdee, 2014). Indeed the outcome of the recent “Brexit” referendum, driven as Hudson (2017, 5) remarks “by anti- immigration sentiment and fuelled by racism” reminds us that this view persists. At first glance there appears a split between popular and scholarly opinion, with the latter registering “a near academic consensus” (Seglow 2005, 319) about the positive gains from

immigration. Even here, however, any division between intellectual pros and visceral antis is questioned by economists like Collier (2014, 58), putting forward the view that there are “gains from moderate migration and losses from high migration ... not bad or good but ‘How much is best?’”.

When assessing the benefits of migrant firms and workers on local economies, much of the discourse has been positioned between these binaries of contribution and burden. This first became evident in the 1980s when the rise of South Asian entrepreneurs was extolled as trail-blazing the Thatcherite “entrepreneurial revolution” (Ward 1986). With the emergence by the end of the century of the British Government’s Urban Task Force and the “official acceptance of the idea that cities were the dynamos of the UK national economy ... rather than economic basket cases as they were sometimes portrayed’ (Parkinson and Boddy, 2004: 1), attention is now more likely to be focused on migrant firms as a competitive weapon in the great inter-city contest for inward investors, shoppers and visitors (Webster, 2001).

One key theme running through Boddy and Parkinson’s (2004) collection is ‘quality of life’, the attractiveness of the urban residential environment for the highly educated workforce and innovative entrepreneurs indispensable to innovative technology-rich economic development. This is an apt entry point for the rapidly growing field of diversity economics, represented by such writers as Berliant and Fujita (2012, 650), who “demonstrate how diversity and multiple cultures can improve productivity”; and Kemeny (2017, 166) who argues that “groups that are diverse should out-perform those that are homogeneous”. An especially convincing source is Nathan (2015a and b), for whom quality of life is a vital component in a nexus of mutually sustaining economic and cultural forces – hi-tech innovation, bohemian tolerance, multi-cultural ethnic diversity - whose positive interaction acts as a highly vigorous force for economic growth. As the title of his paper announces, Nathan (2015a) engages with the US-based work of Florida (2002, 2008), with its guiding principle of a ‘creative class’ congregating in liberal-minded urban localities congenial to a wide-ranging mix of ethnicities and cultures, the diversified intellectual fount of innovative economic growth. Pinpointing the essence of this, Nathan (2015a: 7) identifies his own mission as the search for ‘clear mechanisms between technology, talent and tolerance and economic outcomes’.

This perspective brings about a radical switch in which the traditional attractiveness of tangible elements like raw materials and proximity is replaced by the more abstract

magnetism of high-level human capital and residential environment, a shift in keeping with the rise of post-industrialism. In applying this to the UK, Nathan (2015a) willingly acknowledges a degree of imprecision in the fit between theory and empirical findings but his earlier co-written paper on London (Nathan and Lee, 2013) largely succeeds in confirming the proven effectiveness of hybrid firms where the ownership and the technocracy are drawn from diverse ethno-cultural backgrounds. Notably successful in their export performance, ‘migrant-headed businesses in the capital are significantly more oriented towards international sales than UK-headed companies’ (Nathan 2015a: 12). Elsewhere Nathan (2015b) shows the over-representation of migrants among the UK’s population of patent-holding inventors, with a leading role here for what he calls ‘East-Asian origin stars’.

In practice, however, we cannot assume a smooth incorporation of skilled migrants into the advanced urban economy; a key friction here is the non-recognition of qualifications so that “much immigrant labour is employed significantly below its skill level ... [with]... a significant underutilisation of human capital” (Syrett and Sepulveda 2011, 492). Also on the negative side of the balance sheet is Kemeny’s (2017) fear that when diversity acts as a source of conflict, it can actually put a brake on development. From a somewhat different perspective, Putnam (2007) insists on diversity as essentially a long-term boon but a possible threat to social solidarity in the short term. By no means do these observations cast doubts upon the intrinsic value of multicultural diversity. Nor do they question the existence of a transnational network of high-end entrepreneurs, inventors and managers, widely documented as this is in the work of writers like Saxenian (2006)<sup>1</sup> with their insights into the inter-connections of globalisation and local demographic and economic diversity. Yet it has been recognised that any up-beat vision of diversity must be moderated by the recognition that diversity creates losers as well as winners (Collier 2014), a paramount factor in the disturbing recent rise of popular anti-migrant sentiment in Britain (Hudson 2017). This theme is strongly foregrounded in a strand of British social-historical literature running from Phizacklea and Miles (1980) to Todd (2015) on the complex and shifting interplay between racism, class and British state policy.

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<sup>1</sup> For clarity, we note that Saxenian, a foremost authority on transnational entrepreneurship, is not centrally concerned with the impact of diversity on local economies.

Further to the need for a balanced perspective, we would highlight that writers like Florida and Saxenian have homed in on the pinnacle of migrant entrepreneurial ambition in a world where, in contrast, the majority of migrants are preoccupied with elemental survival. Pursuing Nathan's (2015b) metaphor of innovation 'stars', we might apply such terms as 'bit-part actors' and 'extras' to the more standard population of migrant and refugee entrepreneurs. At the extremes of entrepreneurial resource deprivation, migrants and refugees manage to set up firms with very limited resources (Jones et al., 2014a). This paradox is echoed by Hall et al (2016, 3) whose intimate micro-geography of the migrant self-employed in the English Midlands uncovers "the precarious yet frequently skilled participation of migrants in increasingly under-resourced and discriminatory urban contexts".

In itself, their modest economic profile renders their economic and social contribution all the more striking, albeit largely unappreciated in policy and academic debates. As argued by Min Zhou (2004, 2007), the literature on migrant entrepreneurship has been so much concerned with its economic achievements as to underplay its social endowments. We ourselves have suggested elsewhere that the marginal economic position of the typical immigrant firm makes a mockery of high expectations of wealth creation and requires a shift in focus towards the creation of social benefits for communities (Jones and Ram, 2011). Such a shift is called for in the 'mainstream' entrepreneurship literature too (Jaouen and Lasch, 2015; Morris et al., 2015). Morris et al (2015), in a counterpoint to Shane's (1989) eulogising of 'gazelles' or high growth firms, outline the myriad contributions of a diverse 'portfolio' of small firm activity: 'survival', 'lifestyle' and 'managed growth' firms – and not just 'aggressive/high growth (HG) ventures' – have important economic and social roles to play in entrepreneurial ecosystems.

### **Context, methodology and data**

In order to pursue the theoretical objective of developing a richer understanding of the varied contributions of migrant entrepreneurs, we adopted a qualitative research design that comprised interviews with 49 migrant business owners and 60 workers in the West Midlands, UK (conducted between 2010 and 2011). For present purposes, which relate to the contributions of entrepreneurs, we concentrate on the experiences of the business owners. We focus on the West Midlands region to complement the heavy emphasis on London in UK studies (Sepulveda et al., 2006; Datta et al., 2007). Unlike the metropolis, the region is far

from a financial hub, generating a comparatively modest growth of only 264,000 new jobs in finance. In his analysis of the UK gulf between an economically buoyant South and declining North, Rowthorn (2010) allocates the West Midlands to the latter. According to the 2011 Census (ONS, 2011), Birmingham (the largest city in the West Midlands) was one of the most diverse cities outside London: 20.7% of the population were born outside the UK and Ireland, compared to 13.1% in England as a whole. Recent data from the Annual Population Survey (ONS 2016) shows that employment rates for all ethnic groups in Birmingham (52.8%) and the West Midlands (54.9%) region are lower than the national average (63.9%). Birmingham's unemployment rate is well above the national average at 9% compared to 4.9% for the whole country. These figures suggest that Birmingham is lagging behind other areas and is in need of strategies to stimulate its socio-economic development.

Face-to-face, in-depth interviews were conducted with 49 migrant business owners and 60 workers (in some cases, more than one worker was interviewed in each of the businesses investigated). Our interviewees were born abroad and arrived in the UK post 2000. Respondents were originally from the eight former Soviet nations of Eastern Europe, and asylum-seekers and refugees from a range of countries, among whom we concentrate on those from Africa and certain Asian countries, with Somalis, Nigerians, Zimbabweans, and Afghan particularly prominent. Fifty-two had been asylum-seekers and refugees whilst fifty-five were economic migrants (two respondents refused to answer). The respondents were comparatively young, with around two-thirds under the age of 40.

Since our focus was on the experiences of 'new' migrants in business, our sampling criteria were based on occupation (owner and workers); and year of arrival (post 2000) to differentiate this group from ethnic entrepreneurs from 'traditional' flows of migrant settled in the UK since the 1960s. There is a relative lack of accurate up-to-date information on the numbers and characteristics of new migrant communities, with no single published data source providing a comprehensive picture. Indeed, new arrivals tend to be under-represented in household surveys. Data for the West Midlands from the 2011 Census of Population shows that 25.9% of residents born outside the UK who arrived in the period from 2001 to 2011 were from A8 countries, with Poles being easily the largest single group; 16.8% were from Africa and 41.5% were from the Middle East and Asia. Of those who were born in the A8 countries, 89.4 per cent came to the UK in the period from 2001. For Afghans, Somalis and Nigerians the proportions were 82.8%, 82.7% and 80.1%, respectively. A special tabulation

of 2011 Census of Population data for England and Wales records 14.4% of those born in A8 countries who arrived in the period from 2011 as self-employed. More recent data are available from the Labour Force Survey, but small sample sizes by region, country of birth, year of arrival and economic activity category do not offer accurate estimates.

Neither the Labour Force Survey nor the Census of Population are business surveys. Consequently, there were no easily accessible databases from which we could construct a sampling frame of new migrant businesses. Our sampling strategy was therefore ‘purposeful’ (Lincoln and Guba, 1985) in the sense that we sought respondents who would be able to cast light on our research question relating to the different contributions made by new migrant business owners. Hence, a form of ‘sociological sampling’ was adopted, the purpose of which is to ‘generate new knowledge of theoretical importance through describing the basic processes at work in members’ daily situations’ (Gold, 1997, p. 391). We are not seeking here to generalize to a population but to examine processes and dynamics within migrant firms. We generalize to the level of theory rather than any statistical notion of representativeness (Edwards, 1992). Nonetheless, our sample is consistent with other comparatively recent studies of similar migrant firms in the Midlands (Ram et al., 2008; Jones et al., 2014b).

There are sensitivities involved in researching communities that are often designated as ‘hard to reach’ (Jones et al., 2014a and b). Our initial challenge therefore was one of access. We responded by employing four trusted intermediaries from new migrant communities. Their diverse backgrounds and access to different kinds of firms enhanced our chances of securing a varied sample of firms, which was important in addressing our theoretical objective of examining the many ways in which migrant firms contribute to the local economy. Each intermediary had been trained in research methods and enjoyed a record of effective collaboration with the university sector. The use of multiple intermediaries, each with their own myriad contacts, is a form of ‘chain referral sampling’ (Biernacki and Waldorf, 1981; Penrod *et al.*, 2003), which is an advance on snowball sampling because a variety of networks are drawn upon.

The businesses operated in a narrow range of economic sectors such as low-end retail, catering, and personal services. Interviews with owners produced data on the firm, activity, age, location, size, employees and helpers, and turnovers. Questions regarding business support, provision of skills, and language proficiency were also included, as well as

perceptions of inclusion into British society, and in particular the role of the business in maintaining contact with different communities. The interviews lasted between 45 and 90 minutes. Most interviews were tape-recorded; extensive notes were taken when owners were reluctant to be audio-recorded.

Data analysis followed an iterative process, initially deductively by applying our conceptualization to the accounts provided by the respondents and then inductively, by re-sorting the data to pre-set categories but also by developing new ones. The trustworthiness of our data was ensured in a number of ways. Each author reviewed interview transcripts as the research proceeded. Regular discussions were held with the freelance researchers; this allowed issues to be clarified and further data to be collected where there were gaps. Second, the authors met regularly to discuss emerging patterns in the data. Finally, we asked an experienced qualitative researcher (not directly involved with the project) to assess our empirical materials and the procedures that we followed. She reviewed our interview schedules, a random selection of transcripts and approach to data analysis in order to assess the plausibility of our conclusions.

### **New migrant entrepreneurship in the West Midlands: the mundane reality**

The theme of ‘mundane reality’ emerges from the a combination of: a) theoretical insights drawn from sources that stress the importance of what might be termed ‘prosaic’ entrepreneurial activities of migrant (Jones et al. 2014a and b) and ‘mainstream’ (Morris et al., 2015) business owners, and b) careful assessment of the findings relating to the migrant firms’ economic context. When the spotlight is turned on the above sample of new migrant firms, it rapidly becomes evident that dynamic qualities like technological innovation, fast growth and job generation are in rather short supply. In a sample of 49 firms, only three with annual revenues (gross turnover) exceeding £250,000 could be said to fit the bill of high achieving wealth creators (Table 1). They would probably fall into Morris et al’s (2015) ‘managed growth’ category. At the same time none of the three could be classed as hi tech and so far from innovatory are they that they operate in the stereotypical migrant business sectors of retailing and catering.

--- Table 1 about here---



Created by neither entrepreneurial innovation nor technical sophistication, their success stems directly from their ability to transfer capital previously accumulated in their homelands. For Polish entrepreneur AK11, the transfer of “enough money for this business to run for six months after start-up” was straightforward but what is less expected is the smooth passage of funds for the two refugee entrepreneurs LO15 and LO12. On this question Harding (2012) assures us that international money transfer is now possible even in adverse circumstances and Thompson (2016, 3) describes the Somali diaspora as operating “a massive system of money transfer”. Though neither of our refugee respondents happens to be Somali, their business prowess has been almost completely founded on transnational asset transfer, as described by LO15, an Afghani supermarket owner,

‘the source of finance I used for starting my business is from my previous investment in my country ... I came from a family rooted in business and had it not been for the war, our business would have made a huge profit’.

Even so we cannot stress too heavily that for the majority of refugees, Somalis no less than others, flight from persecution is more likely to mean extreme pauperisation, typified in the present sample by cases like LO1, a Somali retailer, ‘our small business in Somalia was looted, everything we had was stolen and our livelihood was destroyed’. Forced displacement serves to underline how exceptional are the three leading firms. Outstanding here is the way their investment resources allow them to flourish in food retailing and catering, market sectors which, according to mixed embeddedness theory (Kloosterman, 2010), impose drastic limits on the performance of migrant firms. For Kloosterman, migrant entrepreneurs are excluded from the most desirable mainstream market opportunities and forced to rely on a restricted range of residual sectors largely unwanted by native-owned or corporate competitors. In contrast to the three high fliers most our respondents are under-capitalised and around 90% of them are trapped in lower order sectors, catering or personal services.

As well as lack of capital confining migrant businesses to activities with low entry thresholds, these firms are also handicapped by an unfamiliar cultural, legal and sometimes linguistic environment (Jones et al., 2014b). Often migrant under-capitalisation stems from prior labour market experience in low paid work (Virdee 2014), an acute disadvantage described by Cook et al (2010: 61), a majority of whose A8 respondents are ‘employed significantly below their

skill levels' amid widespread complaints about non-recognition (Syrett and Sepulveda 2011). Yet, despite tight constraints, Table 2 shows nine firms rising above the struggling marginality predicted by a combination of resource poverty and hostile environment.

--- Table 2 about here---

Less happily, the other salient item in Table 2 is the group of twelve business owners obliged to subsist on lean annual returns of less than £10,000. These are clearly 'survival'-oriented firms (Morris et al., 2015). Far from providing a return on labour, capital and enterprise, such meagre earnings can hardly support even a Spartan day-to-day existence, 'not enough for living' as Kurdish butcher HM2 expresses it. These poor entrepreneurial earnings are not wholly representative of a sample of businesses whose performances are graded along a continuum, with most firms intermediate between the high fliers and those at rock bottom. Particularly notable is a group of six businesses with gross annual turnovers in excess of £50,000, whose owners describe themselves as 'comfortable' and 'very satisfied' with their living standards. They resemble Morris *et al's* (2015) 'lifestyle businesses'. Given the prominence attached by some authors to the 'super-diversity' of new migrants (Vertovec, 2007), an initial reaction might be to ascribe this heterogeneity to the sheer demographic and ethno-cultural variety of the sample itself but in practice there is no regular pattern of correlation between performance and ethnic or national identity. Unsurprisingly, the businesses in the sample have lower turnovers than the average across all private sector enterprises in the West Midlands recorded in the Inter Departmental Business Register, in which 82% of businesses had a turnover in 2015/6 in excess of £50,000 and 29% had a turnover in excess of £200,000. However, turnover in enterprises in sectors covered by the sample in this paper (e.g. personal services and restaurants) is skewed towards the lower end of the spectrum; in these sectors only 15% of enterprises in the West Midlands recorded turnover in excess of £200,000.

Following Kloosterman (2010), we suggest that it might be more profitable to focus on the unchanging power of market forces rather than the novelty of ever-changing migrant origins (Jones et al., 2014b), a viewpoint disclosing that uniformity rather than diversity is the most noteworthy feature of the sample. Most conspicuous here is the pattern of market exclusion described earlier, where no less than 70% of the sampled firms are segregated into low order retail and catering and personal services, a percentage contrasting with a mere 16.6% of

White British firms (Jones et al., 2014b). According to Kloosterman (2010), escape from these low-earning markets should be sought through breakout into mainstream higher value sectors. But for many, such upward mobility requires significant capital investment. The sample contains several cases of attempted market repositioning, where strategic creativity has perished in the absence of such supporting resources. Notable here is Coventry-based Polish entrepreneur AK2, whose attempt to diversify into a photographic studio in Coventry has foundered from a combination of under-funding – “it was tough to buy all the equipment”- and a market seemingly biased against a foreign newcomer; ‘[t]here are lots of English competitors. Often their quality is lower but because they are English, they get more customers’. While this is most certainly not a complaint about discrimination, there is nevertheless a strong sense here of the freezing out of an interloper by those in possession. Resonating with Cook et al. (2010), his previous employment as a warehouse worker was a paltry source of start-up capital and the resultant meagre business earnings of less than £10,000 p.a. gross turn-over threaten the imminent demise of his firm.

### **Benefits to the Locality**

This section, and those that follow, are based on a combination of the a) programmatic theoretical guidance of Jaouen and Lasch (2015), Morris et al., 2015), Simms (2007) and Zhou (2004), which highlights – and values – the non-economic contributions of small firms; and b) the analysis of our informants’ responses to questions on their engagement with the community in which they are embedded.

Notwithstanding these structural handicaps new migrant business seems to be injecting at least as much utility into its adopted home as it takes out. We base our initial assessment of the usefulness of migrant firms on their employment creation, a contribution which in the present case amounts to 193 regular formally-registered full time jobs throughout the West Midlands. Strictly speaking this figure is boosted by the 49 jobs the respondents have created for themselves<sup>2</sup>. At the outset we note that there is an extremely uneven pattern of provision, with the overwhelming majority of these jobs created by a handful of the larger businesses.

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<sup>2</sup> We are not in a position to assess whether jobs in other firms were displaced by these businesses. Nonetheless, the industrial segmentation of these migrant-run businesses suggests that impact on White British run firms is small at best, while the impact on other migrant-run firms could be higher. We are grateful to one of the referees for this insight.

Moreover, raw job numbers need to be qualified to allow for the presence of much unregistered “hidden” employment and to gauge whether job provision benefits indigenous workers as well as co-migrants.

--- Table 3 about here---

With regard to unevenness, the dominance of the largest firms is immediately apparent (Table 3), no less than one hundred of the total jobs being provided by a single firm, LO12, via its 22 fast food outlets. As job-providers, the larger entrepreneurs appear confidently aware of their valuable role, a contribution happily proclaimed by Afghani retailer LO15, ‘[t]his is one of the biggest supermarkets owned by immigrants in the heart of Birmingham ... I am formally employing no less than 20 people throughout the West Midlands’. At heart this is a family business but the employment of family members is clearly out-weighed by ‘people employed officially through the right employment channels ... people who apply on their own initiative or through advertisements in the job centre and local press’. Such recruitment via the open labour market tends to be non-discriminatory vis-a-vis migrant and native workers, with white British students represented among the part time labour force of businesses like LO12.

Occasionally this reading of the labour market is disputed, as with LO7 a computer shop owner with two workers, who finds that his adverts at the Job Centre almost invariably turn up applications from migrants only; ‘I would not say I consciously recruit people from this background but it does happen that such people apply because they can’t get work with mainstream employers’. Even this must be seen as valuable, the provision of employment for many foreigners who might otherwise add to the numbers of the workless. Often, however, workforces tend to be more mixed and some employers will quite expressly commend the virtues of a diversified labour force, as with LO14 whose view is that ‘it is not important that my employees fit in by sharing a common background ... we live in a diverse multicultural environment and UK employment laws stipulate that vacant positions should be widely advertised’. Positioned on the second tier of Table 3, LO14’s ‘brand new Iraqi Kurdish restaurant’ is staffed by ‘over 20 employees’ and would seem to satisfy the most ardent advocate of multiculturalism as a source of benefits for the receiving society.

Descending into the basement of our sample, firms' ability to disburse benefits on the local labour force diminishes at roughly the same rate as the struggle for self-survival increases. Reference to Table 3 confirms that the forty firms below the top two levels employ only 32 paid staff between them, a ratio of less than one employee per business which further serves to underline the resource poverty of the typical migrant business. In Box 1, we have attempted to capture the meagre job creation potential of the seven firms who turn over less than £10, 000 annually.

--- Box 1 about here----

As reflected in Box 1, paid employment is a casualty of the frantic cost-cutting necessary to shore up survival. In the light of this, it might justifiably be argued that such employment as they do create should be more than normally cherished if only for its rarity value. Pertinent here is HM2, a Kurdish refugee (Box 1), who started up his Halal butcher shop in an impoverished Birmingham neighbourhood 'because I wanted to work. There was no job for me at all'. Even though his gross annual takings fall short of £10,000, he insists that this 'produces enough to get by. I never had a money problem' and somehow contrives to support two paid part-time workers. For most hard-pressed strugglers in the bottom forty, assistance comes from unpaid helpers. Most often these are family members, with spouses, siblings, parents and offspring all mentioned as vital supporters of labour intensive operations. Sometimes unpaid helpers are simply bonded to owners by co-nationality, as is the case with several Somali and Zimbabwean firms, where the helpers have ambitions for business ownership themselves and treat their unpaid work as a kind of informal enterprise apprenticeship (Ram et al., 2001). In this respect, there is a case in favour of migrant business as a means of local skills training.

### **Catering to neighbourhood and community needs**

Important as this job creation may be, there is a case for arguing that this is overshadowed by migrant firms' retail and service provision in neglected urban spaces, a regenerative function inherited from predecessor entrepreneurial minorities (Forrester, 1978). The true value of this becomes evident when we place it in the context of British retail history, where the dominant theme of the past four decades is portrayed by Simms (2007) as the progressive concentration of trade into the hands of the giant corporates and the consequent extinction of local shops.

For this author this is more than a matter of inconvenience for immobile consumers, it is no less than the loss of “the social glue that holds neighbourhoods together” (Simms 2007, 149).

In many cases, migrant-owned outlets were initially founded to address co-migrants but analysis of the present sample confirms that, intentionally or not, the benefits of convenient shopping access have become available to every local resident, migrant or native alike. Most of the retailers in the sample did have fixed working times; they tended to open from early mornings to late evenings. We demonstrate this in Box 2, a collection of edited quotes on this subject from every interviewed food retailer who ventured information about customer identity.

--- Box 2 about here----

Consistent with the claim of migrant firms as a boon for the receiving society, it is notable that of these eleven owners, only LO10 describes the clientele as consisting entirely of migrants. All the rest see themselves as catering for the local native-born population, usually as part of a spectrum of nationalities; here MU4 is a standard-bearer for diversity with his “white, Chinese, Jamaican, African and Indian” customer base. The spirit of the present argument is best captured by HM1, with his pitch for low-income locals. Indeed bargain prices are a widespread feature of our sample, whose comforting localism comes with the added bonus of highly competitive prices. Of all the benefits derived from migrant business, this is one of the most potent, addressing as it typically does the basic day-to-day needs of the disadvantaged residents of deprived neighbourhoods. According to Iraqi restaurateur LO16,

‘Our customers are low income earners and can eat cheaply here and if they go to other restaurants they will pay double the price ... we have kept the price of our food to the minimum that every single one of our customers can afford, with free soup and tea served all day long’.

Although a false, almost pious, note may be struck by business owners’ protestations about the need to protect their customers’ welfare – ‘we are a public service so we have to keep our prices to a minimum’ announces Somali food retailer LO3 - , we would nevertheless caution against any urge to reduce these customer relations to the bare cash nexus. Undeniably, there is a competitive advantage from pricing policies directly adjusted to purchasing power as expressed by Somali supermarket owner LO1, ‘most new migrant customers are poor and

cannot afford to buy good from expensive giant supermarkets'. Yet the forces driving small firms of this nature are far more complex in reality. Apart from any considerations of community-based loyalty, the small business literature notes an interaction of all manner of contradictory motivations, with an inter-twining of the financial and the non-material. As an example of this, a fairly recent survey of Asian, African-Caribbean and white retailers showed that, irrespective of ethnicity, one of their prime motivations was the pleasure and gratitude expressed by their customers (Ram et al., 2000). Interestingly this is replicated in the present case by such respondents as MU2, a Congolese food retailer, 'I like the compliments of people about the products'.

A further example of this material/non-material symbiosis is offered by the opening hours policies of our respondents, with entrepreneurs adjusting their own working regimes to those of their clientele and enjoy a competitive advantage from extended opening hours. As well as levelling the playing field with larger businesses this also caters for long hours workers with little opportunity for 9-5 shopping. Accordingly, many of our retail and catering firms serve customers 24 hours a day or early mornings or late evenings. Typical here is Polish hairdresser AK3, who explains that '[s]ome Polish people work on early morning shifts, some on late evening shifts. I open during times convenient to them'. Particularly assiduous in his customer access strategy is Afghan supermarket owner LO15, '[w]e have internet shopping. We open 7 days a week 24 hours a day even during public holidays to meet the needs of our clients from the migrant community and the general public'. One especially urgent need from migrant customers is a facility for money transfer so that funds can be remitted to the homeland. For LO3, a Somali mini market owner 'with many customers who want to transfer money abroad to their families, even during festive days such as Eidd', long hours opening is an absolute imperative.

As an extension of this principle, we note the role of migrant firms in offering products from the region of origin, which other members of their ethnic group or other migrants cannot get elsewhere at affordable prices. Confirming this is Iraqi Kurd food shop proprietor LO13, 'I have opened a chain of groceries, minimarkets, halal butchers and Mediterranean sweet shops to meet the needs of clients from migrant communities and the general public desperate for something exotic, cheap and convenient'. Talking of feeling 'the need to set up this business to help our community', Somali minimarket owner LO3 emphasises that his range of goods is 'culturally fit to the community'. Similarly LO2, a Somali fashion boutique owner sees her

firm as meeting ‘the fashion needs of our Muslim women [with] products not available in conventional big businesses such as Marks and Spencer’s’

In one sense, this servicing of specific cultural needs might be seen as a means of perpetuating the social isolation and outsider status of these populations. In practice this has to be seen as a partial view of a much more open and unbounded social dynamic, whose fluidity is actually encouraged by the very existence of retailers and service providers from a host of nationalities and ethnicities. Ultimately, of course no individual customer’s origin can act as an exclusionary barrier to the purchase of a shopkeeper’s wares irrespective of whether or not they are exotic in the customer’s eyes. Examples like LO15 the Afghan-owned supermarket with its poly-ethnic clientele, migrant and non-migrant alike, confirm that for youthful shoppers, students and other open-minded explorers of the possible, the availability of a world-wide range of produce is nothing less than a golden opportunity to partake of novel variety. Relationships with customers, as well as reciprocal labour noted earlier, are part and parcel of the ‘migrant infrastructure’ and transaction economies on the street (Hall et al., 2016). As Hall et al. (2016) points out it is not tenable to separate out the economic, social and spatial processes that characterise their functioning. Overall, it appears that migrant business can act as a kind of showcase for its countries and cultures of origin. Such a suggestion chimes closely with the following section which argues that, by bringing owners and workers into day to day contact with the public, immigrant business is an important means by which cultural cohesion and integration are promoted.

### **Migrant businesses as a means of social incorporation into British society**

Focussing on the migrant business as a kind of node in a social network, Sepulveda et al. (2006) portray it as a ‘hub’ in which customers from a range of origins can come together to build social capital; either “bonding” social capital, the strengthening of links with one’s ethnic community, or ‘bridging’ social capital, the drawing of outsiders into the network. For these authors, it is internet cafes and call centres which best promote this kind of intermingling, though it might be thought that a preponderance of migrant customers in call centres would not encourage bridge-building with the native population. Rath (1999) refers to such processes as a ‘bastard form’ of social integration in his account of Turkish entrepreneurs in Amsterdam clothing sector (in a counterpoint to ostensibly more ‘legitimate’ entrepreneurs in the formal or ‘mainstream’ economy).



In the present sample, most respondents are keen to tell us how running or working in a business brings them into contact with all sections of the population and in many cases puts them at their ease with people who previously may have appeared alien. Simply being active in business itself is an indication of involvement in British life, with entrepreneurs, employees and helpers all pointing to participation in the business as a key condition of integration into the UK. Pleasurable satisfaction with ‘knowing the ropes’ of a new society is voiced by Somali minimarket owner LO3, ‘I now have the chance of knowing so many government policies, regulations, NI contributions and the system as a whole’, a feeling of belonging stemming almost entirely from direct participation in the commercial life of the adopted country.

Even more frequent are explanations of the way that integration is fostered by the multinational social contacts integral to business participation. Representative of this is Ghanaian café owner MU1 who is ‘integrating very well because I know how to welcome people from different countries and I don’t have any problem communicating with people from all over the world who are living in Birmingham’. On similar lines ‘[i]n our business we attract customers from across the board’, says Somali shopkeeper LO1 and as a result ‘I feel integrated with other cultures like the Pakistanis, English and Turkish’. In the sheer diversity of his clientele, he is completely typical of our business owner sample, several of whom emphasise that a positive attitude towards other cultures and ethnicities is actually an indispensable necessity for business success.

Exposure to others beyond one’s own cultural group is equally a force for integration among employees and helpers. Typical here is Nigerian shop helper MU6, ‘I think I am doing well because I am meeting people from different ethnic backgrounds’, clearly establishing contact with native British people and other migrant groups on an everyday basis. Similarly, Malawian fish shop helper MU4 has ‘a good relationship with people from different countries. I never experience problems with them’.

Ultimately, however, this question of interaction across group boundaries is no straightforward affair, the commercial-social networks constructed by our respondents displaying every possible permutation of internal bonding and external bridging. One such nuanced pattern is shown by AK4 the Polish owner of a food shop, the larger part of whose

trade consists of selling Polish wares to co-nationals but who also has ‘a few English customers and this has helped me learn English better. I have contact with other cultures and have a close English friend’. On a similar theme of permeable cultural boundaries, HM1A, an Iraqi shop helper enjoys contact with a range of ethnicities, English included, ‘I meet people daily and improve my language’. While cautioning against the raising of naïve hopes, we might somewhat speculatively suggest that this kind of flexibility might increase over time, with migrant retailers and service providers acting as leading agents of change. These findings suggest that business formation has the potential to serve as an important means of embedding. They extend earlier discussions of embedding, following Kloosterman (2010) and others, that indicate migrants need to embed and be assimilated into the host environment in order to accumulate the various capitals required for entrepreneurship to occur (see Nee and Saunders). Nonetheless, caution is warranted in light of evidence (for example, Hjerm, 2004) that suggests the self-employment is not an effective in for preventing economic marginalization and segregation of immigrants in the labour market, given the lower income of migrant entrepreneurs compared to waged employment.

## **Conclusion**

Throughout this account of migrant firms in the West Midlands, we have sought to maintain a focus on the rank and file of the migrant business-owning population, seeking to present a more representative picture of non-star migrant entrepreneurs in the UK. Although sympathetic to the depiction of diversity as a source of economic dynamism, we feel that the justified celebration of highflying human capital needs to be balanced against the typical experience of migrant firms for whom mere survival depends upon self-sacrifice on the part of their under-resourced owners. While it would be certainly true to note the virtual absence of an innovative cutting edge, even more germane is under-capitalisation, the inability to raise the funding indispensable to entrepreneurial success. Compelling evidence is provided by the manner in which the three most successful respondents have risen to a class of their own by virtue of their ability to raise quite exceptional amounts of capital.

Our key contention has been that, in the face of formidable obstacles, migrant entrepreneurship makes no small contribution to its adopted locality. Not negligible here is its employment creation record, where despite resource poverty, firms have somehow found a way to supply work opportunities to the chronically workless in some of the most deprived

areas in the region. Such firms are embedded in communities and as such can ‘stabilize local economies, bring down crime rates, support community initiatives, and contribute to the tax base’ (Morris et al., 2015; see also Hall et al., 2016). Nevertheless, tiny firms often fighting for their own existence can hardly be expected to provide a genuinely decisive boost to their local labour market and it may be that their greatest impact is in respect of local retail and service provision, filling the void created by the elimination of the corner shop by the hypermarket. Insofar as this may be the case, we seem to have highlighted an irony in relation to the current political furore over immigration/globalisation. As Gray (2009) argues, one of the root causes of popular discontent is what he calls “delocalisation”, the destruction of the emotional security derived from bonds to place. Drawing once again on Simms (2007), we might say that the large retail corporation is the very embodiment of faceless and placeless; and it would seem that in the West Midlands a leading regenerator of the local is produced by that very global that seeks to destroy it. This is an issue that merits further research, together with the views of a crucial set of stakeholders – the local customers themselves.

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