

Institute of Advanced Studies (IAS)



Enterprise Research Centre



Centre for Research
in Ethnic Minority
Entrepreneurship

New Migrant Businesses: Implications for Policy-Makers and Practitioners

Event Report, 3 June 2014

The event entitled 'New Migrant Businesses: Implications for Policy-makers and Practitioners' was held on the 3rd of June 2014. This workshop brought together researchers and practitioners in order to explore new avenues for research in the realm of new migrant businesses.

The workshop generously funded and organised by the [Institute of Advanced Studies](#) (University of Birmingham), and supported by the [Centre for Research in Ethnic Minority Entrepreneurship](#) (CREME) (University of Birmingham) and the [Enterprise Research Centre](#) (ERC).

The workshop followed up a one and a half days research meeting to kick-start an ambitious research programme, focusing on the active role of migrants in creating new enterprises and their contribution to prosperity and innovation.

In order to promote dialogue around these key questions, the workshop brought together key researchers in the areas of work and employment relations and immigrant entrepreneurship. Professor Ruth Milkman (City University of New York), Professor Rob Kloosterman (University of Amsterdam), Professor Ida Regalia (University of Milan), Dr Kavita Datta (Queen Mary University of London), Professor Paul Edwards, Professor Monder Ram, Professor Kiran Trehan, Dr Drew Gertner and Dr Maria Villares (University of Birmingham) participated in the event.

Professor Paul Edwards and Professor Monder Ram from the University of Birmingham presented a summary of recent research projects carried out at CREME, highlighting the main contributions that new migrant businesses are making to British society.

Dr Omar Khan, acting director of the [Runnymede Trust](#), shared key reflections about the intersection between equality, ethnicity and gender for migrant entrepreneurs in Britain.

These two presentations were followed by a panel discussion featuring Scott Craig ([Centre for Entrepreneurs](#)) and Mark Beatson ([Chartered Institute of Personnel and Development](#)). Scott Craig (CFE) presented some of the key results of innovative studies commissioned by CFE, which helps to promote entrepreneurship and improve the public perception of migrant entrepreneurs. Mark Beatson (CIPD) shared some important ideas about how to advance an agenda for cutting-edge research geared at improving the productivity and working lives of entrepreneurs and employees.

Practitioners and researchers also had the opportunity to exchange views on the main challenges for new migrant enterprises and their contributions to British society.

This report gives an overview of the event, the key insights of the presentations and rich discussions, as well as possible future research paths for practitioners and policy-makers.



“Migrants are behind 1 in 7 of all UK companies. Their entrepreneurial activity is near double that of UK-born individuals. They are, on average, 8 years younger than the typical UK-born entrepreneur; among many migrant nationalities, there are high levels of female entrepreneurial activity” [DueDil \(2014\)](#).



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Some of the key outputs from the presentations and rich discussions at the workshop were: explication of how recent research has illuminated the main features of new migrant businesses in Britain; their key challenges and what next steps should be taken to advance a new research agenda.

What are the main characteristics of new migrant businesses in Britain?

The presentations revealed some of the main features of the new migrant enterprises in Britain. Following the study focused on high investment companies commissioned by CFE and carried out by [DueDil \(2014\)](#), we have learned that:

Migrant entrepreneurs account for **one in seven UK companies**.

Migrant businesses are responsible for generating around **14% of employment in Britain**.

They are **twice more likely to become entrepreneurs** than the British born population.

European (Irish, German), US born, and Asian (Indian and Chinese) are the **most entrepreneurial groups**.

Complementing these results, research carried out by CREME on new migrants establishing businesses in the West and East Midlands has shed light on how small enterprises are surviving in spite of limited resources. These projects surveyed a total of 165 firms accounting for 22 nationalities. This new data collection effort shows that:

New self-employed migrants who arrived in the last decade are born in Eastern and Western Europe (34%), South Asia (12%) and Africa (Somalia, Congo and Zimbabwe) (3%).

They establish their businesses in sectors such as **retailing and restaurants**, filling the spaces left by previous migrant minority communities.

Access to finance is very limited, with reliance on bootstrapping as a common and unviable strategy for the success of migrant entrepreneurs.

Their companies have a turnover from £10,000 to £50,000 per year.

"Migrant's businesses act as a buffer against difficulties in the labour market, promote social integration and social cohesion."
Professor Monder Ram (CREME)

The presentations and panel discussions showed that migrant firms manage to survive and succeed in spite of financial, legal and social constraints, and not only constitute a means of living for the entrepreneur and his/her workers but also make a broader contribution to British society.

Introducing the Enterprise Research Centre (ERC)

The Enterprise Research Centre (ERC) was established in February 2013 to answer one central question **'What drives SME Growth?'**

Their mission is to become a focal point internationally for research, knowledge and expertise on SME growth and entrepreneurship. ERC brings the evidence base on SMEs and enterprise together, drives out new research insights and works with policy makers and practitioners to ensure research shapes better policies and practices to help SMEs to grow.

Find out more at: <http://enterpriseresearch.ac.uk/>



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What are the key contributions new migrant businesses make to British society?

The presentation and discussions revealed that migrant enterprises generate enormous added value to our society not only in terms of growth and employment, but also in terms of social integration and social cohesion. Some of the key contributions that the participants underlined during the workshop are:

Migrant businesses act as a **buffer against the hard nature of the labour markets** migrants deal with. Experiences of discrimination and difficulties in getting jobs commensurate with their qualifications make self-employment an attractive option for migrants.

Migrant businesses that employ other migrants **facilitate training** as well as the transmission of skills and resources to other potential entrepreneurs.

Migrant businesses as a **vehicle for social integration**: research has highlighted how migrants tend to be detached from formal networks of social support, relationships with the local population and other public institutions. CREME's research has proved that businesses provide an opportunity to meet other people, through liaising with local administration, interaction with local customers and engaging with other

businesses in the neighbourhood

Migrant businesses as a means of **promoting social cohesion**: these firms are established in areas of the city vacated by local entrepreneurs or previous minority enterprises. Thus, they revitalise these spaces bringing diversity, dynamism and new services and goods to the community.

What are the main challenges that migrant entrepreneurs need to overcome?

The keynote speakers and participants highlighted the main challenges that new migrant businesses need to overcome in order to boost their potential for growth and innovation:

New migrant enterprises suffer the challenge of **insufficient access to finance** to sustain and expand the business. More difficulties in accessing ordinary means of financing were discussed during the workshop, due to: thin credit history, low wages in paid employment lead to a low accumulation of savings, lack of knowledge of the possibilities of re-submitting a credit application with a different financial institution, etc.

Detachment from mainstream networks might limit the possibilities for growth, particularly outside the co-ethnic community.

Language barriers is an important issue for some entrepreneurs of minority groups.

Serving your own community can be an advantage but sometimes **limits growth** and diversification of products and goods offered.

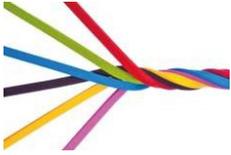
Difficulties in accessing **legal status** might block setting formal business activities.

Next steps: How should we move forward a policy relevant research agenda?

This event was a continuation of a wide-range of activities between CREME, ERC, CFE and CIPD in order to pursue a research agenda more integrated with the needs of the firms and British society.

The event was particularly useful to guide researchers in pursuing new research paths to learn how to promote and celebrate the social values that entrepreneurs bring to the UK, and learn how researchers, policy-makers and practitioners can contribute to innovation, growth and improvement of working lives of migrant entrepreneurs and their workers. The next steps identified at the workshop to move forward this collaboration are:

Investigate what is the **nature of the contribution** migrant entrepreneurs make to Britain.



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Identify the **main challenges** that new migrant businesses face when pursuing increase productivity and growth.

Map the different business types in Britain, given the large **heterogeneity** of these activities at both the high and low end.

Explore how new migrant **businesses can be supported** to be competitive and innovative.

Understand how migrant enterprises **make use of transnational networks** located in different spaces in Europe and beyond.

Explore ways of **communicating the services** already in place for entrepreneurs at the national and local level.

Learn about the **mentoring** needs of migrant entrepreneurs so they

can work towards the type of employers they want to be.

Institutionalise existing networks of policy-makers, professional associations, migrant businesses associations, centre for entrepreneurs, financial institutions, think tanks and universities through research initiatives in the framework of engaged scholarship.

For further details about the event or the **Institute of Advanced Studies (IAS)**, please contact:

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