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Sepulveda, Leandro ORCID logoORCID: <https://orcid.org/0000-0003-1863-010X>, Syrett, Stephen ORCID logoORCID: <https://orcid.org/0000-0003-1965-6256> and Lyon, Fergus ORCID logoORCID: <https://orcid.org/0000-0002-6275-4102> (2011) Population superdiversity and new migrant enterprise: the case of London. *Entrepreneurship and Regional Development*, 23 (7-8) . pp. 469-497. ISSN 0898-5626 [Article] (doi:10.1080/08985620903420211)

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**Population Superdiversity and New Migrant Enterprise:  
The case of London**

Leandro Sepulveda, Stephen Syrett and Fergus Lyon

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Centre for Enterprise and Economic Development Research (CEEDR)  
Middlesex University Business School

The Burroughs, Hendon, London, NW4 4BT, United Kingdom

[l.sepulveda@mdx.ac.uk](mailto:l.sepulveda@mdx.ac.uk)

0044 (0)20 8411 6563

# **Population Superdiversity and New Migrant Enterprise: The case of London**

## **Abstract**

This paper aims to contribute towards an improved empirical and conceptual understanding of the recent dramatic growth in migrant enterprise within London. Taking as its starting point the emergence of increasingly diverse populations within many urban and regional contexts, the paper draws upon the concept of 'superdiversity' to develop a contextual analysis of the development of new migrant enterprise. In the absence of existing data, the research method combines secondary materials with primary observational and interview data in relation to six new arrival communities. The results provide a description of the changing context for migrant business within London, mapping the emergence of new forms and geographies of enterprise. The analysis is developed through an examination of processes of business start up and growth, and integration into institutional and regulatory frameworks, to demonstrate how elements of ethnicity, migratory status and a range of other variables interplay with wider economic and political contexts to shape diverse new migrant entrepreneurial activities. The paper concludes by considering the challenges that this new phase of diverse migrant entrepreneurship presents to existing theoretical conceptualisations of ethnic minority business and the nature of appropriate policy responses.

**Keywords** migrant enterprise, diversity, new arrival communities, informal economic activity, London

## Introduction

In the introduction to the book *'Immigrant entrepreneurs: venturing abroad in the age of globalization'*, Kloosterman and Rath (2003: 1) observe the more 'cosmopolitan outlook' acquired by large Western cities in recent years. This is reflected not only in an ever-broadening range of goods and services available on the high street and the changing demographic make-up of cities, but also through migrants themselves introducing their products, symbols and traditions by establishing business ventures and pursuing entrepreneurial activity. This phenomenon is readily apparent in 'global cities' (Sassen 1991) such as London, Los Angeles, Milan, New York, Paris, Sydney, and Toronto, which have become magnets and 'hoovers' that attract, bring together and mix migrant population from all over the world. Yet whilst there has been considerable work quantifying and characterising migrant populations and migratory flows (see UN – Habitat Report 2004), there has been much less attention paid to analysis of migrant entrepreneurship and enterprise, not least due to the lack of comparable quantitative data.

A key finding of a recent comparative study of migrant entrepreneurship in Europe is the central role played by immigrants' access to and integration into the labour market in understanding entrepreneurial activity, a condition which is mediated by a number of host country specific factors relating to immigration policies, existence of co-ethnic communities and their economic embeddedness, migrant social networks, structural factors and market conditions (Baycan-Levent and Nijkamp, 2009). Against this background, and in order that such factors can be explored in greater depth, this paper focuses on the experiences of a particular global city, London, set within the United Kingdom (UK) national context. In the case of the UK, the phenomenon of new business creation by migrant groups is evident across the contemporary urban and regional landscape as a result of recent waves of immigration from diverse sources (Mascarenhas-Keyes 2006, Ram and Jones 2008). In consequence migrant entrepreneurs in Britain are no longer associated only with well-established ethnic minority groups (e.g. from South Asian countries) as they were in the past, but are now evident from the world over. However, to date, much research on ethnic enterprise has concentrated on particular well established ethnic groups (Barret *et al.* 1996, 2003; Ram and Smallbone 2001, 2003).

This paper seeks to fill a significant gap in the existing literature on migrant enterprise by exploring the growth of a more diverse mix of ethnic groups and the implications this has for patterns and processes of ethnic related entrepreneurship. The growth in population diversity has reinforced a general trend towards increased attention upon the enterprise and self-employment activity of ethnic minority groups within academic and policy circles. This has been driven not only by the ever growing stock of business ventures which are owned and managed by people from migrant and ethnic backgrounds but also by wider debates over the role that entrepreneurship and enterprise play in processes of economic development and social inclusion (Blackburn and Ram 2006). Successive New Labour Governments in the UK have promoted a host of small business policies targeted at enterprise creation and growth within particular social groups, communities and disadvantaged areas. A focus of much of this activity has been the so-called 'Black and Minority Ethnic' population (Ram and Smallbone 2002; 2003; Ram and Jones 2008); one that comprises British-born people from a minority ethnic background, refugees and asylum seekers, and first-generation (economic) migrants from less developed and low-wage countries. Interestingly such policies have been informed by diverse rationales ranging from boosting economic competitiveness through to encouraging social inclusion, community cohesion and equal opportunities (Blackburn and Ram 2006; ODPM 2004; SBS 2004; Syrett and North 2008; North *et al.* 2003).

Yet despite increased interest in migrant and ethnic minority enterprise generally and some recent research on the UK which recognises the widening geographical origin of migrant entrepreneurs [1] (see Blackburn *et al.* 2005; LDA 2005; Michael Bell Associates 2004; Sepulveda *et al.* 2006; Lyon *et al.* 2007, Ram *et al.* 2008), there remains only a poor understanding of the contours of the most recent phase of migrant enterprise and its actual and potential economic and social consequences (Ram and Jones 2008). Against a background where ethnic minority businesses are emerging from increasingly diverse populations, with resulting heterogeneity in the origin, forms and styles of business and their integration into local, national and international economies and regulatory regimes, there is a need to better understand the emerging patterns and characteristics of this new phase of migrant enterprise activity in order to develop appropriate conceptualisations and policy responses. This situation raises a number of related research questions. What is the nature of this new phase of migrant enterprise and how can it be better conceptualised? How does the interplay of different diversity related variables affect the setting-up and development of migrant enterprises? What are the challenges that this phenomenon poses to existing regulatory and policy frameworks?

In seeking to answer these questions this paper draws upon original analysis of primary and secondary data relating to the development of diverse communities of migrant entrepreneurs within London in order to address this gap in existing research and develop theoretical approaches to understanding diversity and new migrant enterprise. Within the UK context, which provides the focus for this paper, London is exceptional. As a global city deeply integrated into world city networks (Taylor 2003) it provides a particular and extreme case within which high levels of population diversity have developed. However it is a valuable object of study because of the many migrant and ethnic businesses located within a city-region of national and global economic importance, and the insights it provides into trends which are visible elsewhere in other less globally connected but increasingly diverse cities and regions in the UK and beyond.

The paper pursues a number of related aims. First, to consider the theoretical approaches most useful to developing a better conceptual basis for understanding an era of increasingly diverse new arrival enterprise. Second, to set out the particular context for new arrival enterprise presented by the case of London and to describe aspects of its emerging geography with particular reference to six new arrival communities. Third to examine the interplay of different diversity variables in the development of new arrival enterprises and the everyday experiences of migrant entrepreneurs through analysis of the processes of business start-up and the integration of enterprises within formal regulatory frameworks. The paper concludes by considering the challenges that a new phase of diverse migrant entrepreneurship presents not only to existing theoretical conceptualisations of ethnic minority businesses but also to the nature of appropriate policy responses.

### **Conceptualising the ‘diversification of diversity’**

Britain witnessed dramatic changes in immigration in the period from the early 1990s until the introduction of a more restrictive national immigration policy and the impacts of the economic recession in 2008. This phase was marked by a significant rise in overall net immigration and a diversification of countries of origin, many of which had no particular historical or colonial links with Britain. It was also characterised by an increase in different types and channels of migration flows (e.g. workers, students, spouses and family members, asylum seekers, refugees, irregular/illegal workers) and of migratory legal statuses (e.g. overseas students, temporary workers, asylum seekers, refugees, etc) as a result of major changes in the regulatory framework in relation to immigration and Asylum. As a result, unevenly spread around the UKs cities and regions are populations from practically every country in the world with highly diverse migratory experiences. These diverse populations are particularly evident within London but high proportions of foreign-born residents are found in many UK cities. The 2001 Census recorded 23 per cent of the

population as foreign born in Leicester, 19.6 per cent in Luton, 16.5 per cent in Birmingham and 14.8 per cent in Manchester. This level of diversity has increased considerably since then.

In seeking to understand the significance of this new population landscape, Vertovec (2006: 1) observes that the: ‘the nature of immigration to Britain has brought with it a transformative “diversification of diversity” [or super-diversity] not just in terms of ethnicities and countries of origin, but also with respect to a variety of significant variables that affect where, how and with whom people live’. In deploying the term ‘super-diversity’, Vertovec (2006) seeks to capture a level and kind of complexity in the make-up of the British population that is different by degree and extent to anything that has gone before. This is both because of more people migrating from more places, and new interactions and conjunctions of variables arising from new immigration patterns. Whereas the conventional understanding of Britain’s migrant and ethnic minority population that has developed over the last thirty years is characterised by “large, well-organised African-Caribbean and South-Asian communities of citizens, originally from Commonwealth countries or formerly colonial territories”, recent change has led to an “increased number of new, small and scattered, multiple-origin, transnationally connected, socio-economically differentiated and legally stratified migrants who have arrived over the last decade” (Vertovec 2007: p.1024).

To understand this emerging phenomenon, Vertovec argues that analysis needs to go beyond the traditional focus upon ethnicity and nationality as the ultimate sources of diversity. Instead, he argues that super-diversity is characterised by a dynamic interplay of variables. These include those related to country of origin (including nationality, ethnicity, language, religious tradition, regional and local identities, cultural values and practise), migration channel (related to particular labour market niches, social networks), legal status (comprising a range of categories related to varied entitlements and restrictions of rights), social class, labour market experiences, gender and age profiles, and spatially specific factors including local area responses by service providers and residents (Vertovec 2006; 2007a). These interrelated and mutually conditioned variables produce a far more complex picture of diversity than that traditionally considered in the past. Furthermore, he argues that policy frameworks and social scientific analysis have yet to catch up with these profound demographic changes and associated social patterns, and remain rooted within previous understandings of diversity considered largely in terms of ethnicity and nationality (Vertovec 2007b).

A shift of focus towards a more complex understanding of diversity provides important insights, however it has also generated criticism. First, that the realities of superdiversity in the UK remain concentrated within a relatively small number of areas, predominantly within London, and any attempt to generalise beyond these areas risks misunderstanding the contemporary nature of diversity in the many contexts where ethnicity continues to be of central importance. Second, that the manner in which views concerning the diversification of diversity have been taken forward into the political agenda has led to an overemphasis upon cultural and localised differences at the expense of structural inequalities and a politicized retreat from multiculturalism (McGhee 2008). Certainly ideas relating to the diversity of diversity have become influential politically most notably within the report of the Commission on Integration and Community Cohesion (2007). Such criticism demonstrates that getting to grips with the new realities of diversity plays directly into strongly contested political debates concerning the nature and future of multiculturalism and appropriate political responses (Perry 2008).

### **Superdiversity and theories of mixed embeddedness and new arrival enterprise**

To understand how these socio-demographic processes relate to the changing nature of immigrant entrepreneurship there is a need to develop existing theoretical approaches, most notably that of

mixed embeddedness, to improve our conceptualisation of enterprise in a context of ‘super diversity’. It is certainly the case that past research on ethnic minority business (EMB) in the UK has focused upon the well-established South Asian and Afro-Caribbean communities (Jones *et al.* 1992; Barrett *et al.* 1996; 2001; 2003; Ram and Smallbone 2001; 2003), with a particular preoccupation on the business activities of ethnic communities originating in the Indian subcontinent (Ram and Jones 2008). As Ram and Jones (2008) identify in their overview of UK based research and policy development on EMB, there is a need to pay much greater attention to ethnic communities outside of these groups given the presence of a wide and growing range of new communities, as well as to develop a broader understanding of how entrepreneurial activity plays into increased and diversified flows and channels of immigration.

Engaging with the concept of super-diversity in considering the emerging landscapes of enterprise associated with new communities present not only in London but to varying degrees in many other British cities, provides one means of taking this research agenda forward. Certainly the variety of significant variables identified by this notion shape the strategies of socio-economic integration that new arrivals deploy and therefore the form in which they trade, develop enterprises and relate to the UK business institutional framework.

More specifically Vertovec’s (2007a: 4-5) analysis raises a number of issues that are particularly pertinent to developing a better understanding of EMB. First, any analysis based solely upon country of origin data is likely to mask significant forms of differentiation that arise from differences related to ethnicity, religious affiliation and practice, class and social status, regional and local identities in places of origin, class and social status, kinship, clan or tribal affiliation and any other dimensions of collective belonging.

Second, as this paper seeks to demonstrate, channels of migration and related legal statuses play a critical role in where people live and for how long, how they group together, the type of livelihood they maintain, the public services and benefits they can access, and the way in which they go into business and the type of business they set up. Critically these dimensions can be just as important as shared ethnicity. Immigration status for example determines the relation between the state and an individual migrant, their possibilities for economic integration through access to the labour market, and the types of public services and state benefits they can access, and this often varies significantly among and within ethnic groups. The nature of migration and legal status also impacts upon the types of social networks and ties that are developed by migrants and significantly, many new migrants primary interactions are with other migrants or British ethnic minorities.

Thirdly, although transnationalism has become increasingly predominant, the level and kind of economic and socio-political engagement in transnational practices varies significantly. Individual transnational activities and experiences can be more or less comprehensive or selective, frequent or sporadic, formal or informal. These need to be understood with reference to migrants’ families and households, their participation in political, religious and community organisations, and their relations to the national and international policy regimes within which transnational activities take place (Levitt *et al.* 2003). Such practices are influenced by a range of factors including those related to the migration channel utilised (e.g. family, political or religious networks; international education; tourism), legal status (e.g. asylum seekers/refugees; student or tourism visa), historical patterns (e.g. post-colonial links), economic means (e.g. social class or cast of origin) and political circumstances in both sending and host countries.

Addressing how the notion of super-diversity relates to EMB raises a number of issues as to the appropriateness of existing theoretical and methodological approaches. In recent years, attempts to improve theorisation of migrant and ethnic enterprise have advanced a ‘mixed-embeddedness’ approach (Kloosterman *et al.* 1999; Kloosterman and Rath 2003; Ram *et al.* 2008). This seeks to

integrate elements of structure and agency through the development of a more sensitised understanding of the interaction between supply and demand side factors in the development of migrant enterprise. Specifically the approach seeks to move beyond the predominant focus of much past research upon the migrant entrepreneurs themselves and their access to and mobilisation of 'ethnic resources' or social capital in relation to their particular ethnic group. Instead it places a much greater emphasis upon the presence and mobilisation of different forms of capital and their relationships with the wider economic and political institutional context which provides the demand conditions for ethnic minority business development. This viewpoint pays particular attention to reemphasising the notion of 'opportunity structures' but with an emphasis upon institutional structures, especially in terms of different national state regulatory regimes, not least as a means for understanding the different trajectories of migrant enterprise across advanced industrial economies over recent decades (Kloosterman and Rath 2003).

The mixed embeddedness approach has advanced debate through seeking to reintegrate migrant agency within wider economic and political structures. Its strong emphasis upon context is particularly significant, with a clear recognition of the importance of different national socio-economic and regulatory contexts. This links directly to Vertovec's argument that the status conferred on migrants by national regulatory regimes is often more important than ethnic group. However, the dichotomous structure-agency divide inherent to the mixed embeddedness approach means it struggles to conceptualise adequately the mutually constitutive nature of structure and agency which is so apparent in diverse contexts of multiple interacting variables. Furthermore, although the mixed embeddedness approach recognises the importance of different spatial scales, it says little about the interplay of scalar relationships. Analyses frequently move between global, national, regional and local scales without clearly specifying the relative relations between these scales and the interplay of structure and agency within these. Yet the importance of this interplay between variables and scales is well illustrated by Guarnizo's study which demonstrates how entrepreneurial activities, migrants' remittances, and business support for local community projects generate demands for goods and services across scales. Such activities produce backward and forward economic linkages that involve not only small businesses but also (transnational) corporate activity (e.g. banks or money transfer companies) and the (national) state, which regulates and taxes such activities and transactions (Guarnizo 2003; Levitt *et al.* 2003).

Developing a theoretically sound approach to understanding superdiversity informed by a number of interacting variables within specific places presents important conceptual and methodological challenges. For some, understanding how social norms and structures are created, reproduced, adapted and negotiated within specific places requires a focus on the micropolitics of everyday interaction within multi-ethnic, multi-status communities (Amin 2002). In consequence it is necessary to understand the experiences of how newly arrived entrepreneurs and self-employed migrants operate at various levels and sites. These activities can shape, and be shaped by, norms of business, exchange and reciprocal relations. This points to the importance of ethnographically informed accounts. These may begin to unpack the complexities of lived diversity but need to do so in a manner that remains rooted within an understanding of wider economic and political institutions and structures. It is against this theoretical background that the remainder of this paper seeks to develop a contextualised analysis of new migrant enterprise activity within London; one that is situated within the interplay of a range of diversity related variables, the wider external economic and political environment and the everyday experiences of migrant entrepreneurs.

### **Contextualising superdiversity: new arrival enterprise in London**

Within a national context of increased immigration and an economic development model characterised by pro-market globalisation, enhanced labour market flexibility and liberalised



enterprise, London has developed its role as the UK's major centre of immigration and new arrival enterprise activity. As a global city that enjoyed strong economic growth across the 1990s and early 2000s, London acted as a 'magnet' and 'hoover' city, attracting diverse migrant populations to produce one of the most ethnically diverse and cosmopolitan cities in the world (UN-HABITAT Report 2004; Benedictus 2005). London's residents now come from each of the 192 member states of the United Nations, with communities of over 10,000 people from at least 42 countries and communities of over 5,000 people from a further 12 countries (GLA 2005). One third of Londoners are now from a migrant background and in significant parts of the capital, particularly within inner London Boroughs (e.g. Brent and Newham), upwards of 50 per cent of the population are foreign born (Kyambi 2005; LDA 2006). The growth in diversity of countries of origin has also been accompanied by an increase in diversity in religious practice and languages spoken, now estimated at some 300 in London (Baker and Mohieldeen 2000).

Despite London's long history as a global sender and receiver of population, this current melange of migrant populations is comparatively recent. Approximately 45 per cent of the foreign-born population migrated to London from 1990 onwards, and around 70 per cent of new migrants came from low-income countries in the developing world (i.e. East, South and West Asia, West Africa and Latin America) (Vertovec 2006). Refugees and asylum seekers, estimated to account for over half a million of the capital's population, have been an important component of these new migrant flows, particularly during the 1990s until the tightening of state controls on the entry of such groups (GLA 2001, 2005). From 2004 until a peak in 2007, the composition of migratory flows changed significantly, with an estimated 1 million people migrating from Eastern European accession countries into the UK, a large proportion of whom settled in London.

Within this context, it is not surprising that London has experienced a strong absolute and relative growth in migrant enterprise and entrepreneurship. Ethnic minority business in London is now highly diverse in origin and no longer associated only with the well-established South Asian and Afro-Caribbean communities (LDA 2005; Michael Bell Associates 2004; Sepulveda *et al.* 2006). However official data on the growth of the ethnic minority business population in the UK is limited. The London Development Agency estimated that there were around 66,000 'Black Minority Ethnic-owned' (BME) businesses in London in 2004 (LDA 2006). Based on the national statistics on 'Black and Minority Ethnic' (BME) businesses – in 2004 there were estimated to be 250,000 in the UK which contribute at least £15 billion to the UK economy per year (Ram and Jones 2008) - it can be estimated that the London BME sector generates a combined sales turnover of nearly £4 billion. While migrant entrepreneurs own 7 to 10% of all business in Britain, the figure rises sharply to 50% in the most ethnically diverse areas of the capital (LDA-OECD 2005). The LDA (2006) also estimated a total number of 93,000 self-employed individuals from BME background in London in 2004.

As an LDA-OECD report on London recognised: 'there remains a longstanding problem with the availability of consistent and reliable baseline data about BME-owned businesses' (2005: 3). There are a number of reasons to suspect that the figures cited previously may represent a significant underreporting of the scale of BME enterprise and self-employment activity. First, the growth in UK BME start-ups in the 2000-2004 period was twice that of the wider small firm population (Barclays Bank 2005) and the total stock of BME businesses is also set to increase over time since the minority ethnic population is expected to double over the next 25 years (Ram *et al.* 2008). Second, much of the recent growth of new arrival and refugee enterprise activity since the 1990s is not captured by official statistics given that a significant proportion of this business remains 'informal' or 'undeclared'. There are no official statistical data currently available at a micro-level within the UK which can be used to estimate reliably the extent of informality among ethnic and migrant enterprise. A pioneer study carried out in the London Borough of Newham, one of the most ethnically diverse and deprived areas in the UK, calculated that 25% of employment in the borough

could be classified as ‘informal’ (Community Links 2006). This localised study supplies a proxy idea of the magnitude of the scale of informality which exists in certain parts of the capital where ethnic minority businesses thrive and which is not captured within existing official statistics.

### *Methodology*

In the absence of accurate official statistics specifically related to the enterprise activity of different new migrant populations, the scale of recent migrant entrepreneurial and self-employment activity in London remains difficult to quantify. This research combined secondary materials with primary observational and interview data in order to begin to describe how recent phases of immigration to London are contributing to the emergence of new forms and geographies of enterprise. Secondary information was derived from a comprehensive review of relevant reports and studies produced in respect to different communities as well as appropriate London wide statistics.

Primary research focused upon inner London Boroughs that play a role as reception areas for new arrivals and incubators for migrant entrepreneurship. These included Camden, Haringey and Islington in North London, Hackney and Newham in East London, and Lambeth, Lewisham and Southwark in South London. From across these locations a non-random sample was taken of 50 businesses owned/managed by migrants from three developing-world regions which all had an incidence of recent migration to the UK according to Home Office Figures (Kyambi 2005; Kirk 2004; Vertovec 2006; IPPR 2007). These comprised the ‘Horn of Africa’ or Eastern Africa (Ethiopia, Eritrea, Somalia and Sudan), ‘Western Asia’ (Afghanistan, Iran and Iraq), and Latin America (Bolivia and Colombia) (see Table 1). This selection reflected the focus of the research on migrant entrepreneurs from less developed ‘low-income’ countries who often experience more acute legal and cultural difficulties to settle in the UK and tend to set up ventures in low added-value activities and sectors. Business support and community-based organizations related to these communities were also interviewed. In order to provide comparative context, the study also included three longer established business communities in London where new arrivals were adding to increased business creation, the Chinese, Turkish-speaking and Kurdish, and Vietnamese business communities. Here primary data was collected from interviews with key informants within these business communities located primarily within relevant business support and community-based organizations.

It was beyond the scope of this research to look at the full range of current enterprise activity by new arrival groups in London. In particular, the study did not analyse enterprise by new arrivals from ‘high-income’ countries (e.g. Australia, France, Germany, Japan or USA) and Eastern European transition countries. Migrant entrepreneurs from these countries and regions also provide an important element in the diversification of entrepreneurial activity within the UK context, and demonstrate further differences from those groups studied, not least in terms of the types of sector of operation, their migratory status and the trajectories of their development.

*Insert Table 1 about here*

In the absence of both official figures on London new migrant enterprise population and a database comprising businesses’ contact details and location to prepare the sampling frame, a purposive non-random sampling frame (see Patton 1990) was selected to conduct the research [2]. The sample of businesses was identified through locating areas of business concentration and premises on high streets and developing contacts through business support and community-based organizations. Gaining access was often difficult so the development of trust relations with contacts from within particular ethnic groups was especially important for identifying and interviewing businesses,

particularly where these were operating more informally. Face-to-face interviews with business owner/managers based on a semi-structured questionnaire were completed in three rounds across 2004- 2006. Intermediaries with knowledge of local communities as well as language skills were used as required, although the research attempted to limit over reliance on certain key individuals. The project also avoided recommendations from business support organizations as previous work has identified the limited ability of such organizations to identify and reach the target businesses for this study (Ram and Smallbone 2003). The purposive sampling process ensured that a range of different nationalities and sector specialisation was included. In order to triangulate findings interviews with entrepreneurs were supplemented with face-to-face interviews with community representatives and practitioners providing business support services, and combined with additional data derived from observations and informal discussions. This use of multiple sources, combined with sampling that allowed cross case comparison, enabled a degree of cross checking of data. Such cross-checking or balancing techniques were used to compare and validate the quality of the information that originated from primary sources (notably, observations and interviews with entrepreneurs, migrant organizations and key informants) with that of secondary sources such as academic publications, official reports and official statistics at local, regional and national levels.

### ***Diversity and enterprise: new forms and emerging geographies***

The analysis of the morphology and patterns of geographical location and distribution of new migrant enterprise constitutes a crucial starting point for describing the changing landscape of EMB in London. The above research strategy led to the identification of a variety of forms and geographies related to new arrival enterprise activity within London. These non-discrete types included:

*Agglomerations or clusters of ethnic enterprise* The emergence of clusters analysed in this work is associated with both the establishment of new migrant communities and the further development of existing minority ethnic business communities as well as ethnic markets (see figure 1). The formation of these clusters reflects a symbiotic relationship between entrepreneurs and the ethnic markets they serve. Entrepreneurs and their families are themselves part of such markets whilst the presence of co-ethnics in local areas/markets also provides access to a variety of resources (e.g. finance, premises and business knowledge). Examples of newly emerging business agglomerations include Ethiopian and Eritrean ventures in Caledonian Road, near King's Cross (London Borough (LB) of Islington) and Finsbury Park area in North London (LBs of Haringey and Islington); Somali businesses in South East London (LB of Lewisham) and North London (LBs of Camden, Islington and Haringey); and Latin American business ventures in Elephant & Castle and Brixton in South London (LBs of Southwark and Lambeth) and Seven Sisters areas in North London (LB of Haringey).

Insert Figure 1 about here

*New businesses developing around established shopping and street market areas* Within and around existing street markets or shopping areas known for their ethnically diverse provision, there is evidence of enterprise activity from new arrival groups. A plethora of small shops, street stalls and mobile trading activity run by new arrivals now operate within areas such as Brixton Market (South London), Columbia Road and Ridley Road (Hackney, North East London), Spitalfields, Brick Lane and Whitechapel (East London) and Camden Market (Camden, North London). These predominantly sell ethnically based products but also in some cases have managed to grow and penetrate markets previously dominated by pre-existing populations (i.e. bakeries and butchers) as well as acting as sites for social interaction (see Watson and Studdert 2006).

*Home-based enterprise activity* A less visible type of activity is home-based trading which operates entirely from domestic residences and often via community networks. This type of activity is becoming increasingly important throughout the UK, and according to a recently completed research report by Mason *et al* (2008), home-based businesses account for 36% of all UK businesses. In the case of new arrival enterprises, such activity ranges across petit trading of goods (e.g. traditional clothing), catering, beauty services, alternative medicine, through to small-scale import/export and manufacturing activity e.g. via subcontracting chains. The size of these enterprises varies from those involving just one-person to larger operations based in extended family activity. While certain home based business activity may be unlawful, for example on health and safety grounds (notably, in the manufacturing sector), it is often difficult for landlords to police much home-based working (e.g. hair dressing, beauty services and catering). Enforcement becomes even more difficult if tenants comply with their pecuniary obligations and/or help to make the vicinity more financially viable through generating income opportunities for neighbours and members of the community.

*Community support and community-based enterprise activity* A significant range of business activity in relation to health, care, training and education services, is run by or through migrant and community-based organizations targeted at specific groups within migrant communities. Small-scale trading activity by voluntary and third sector organizations is often carried out through a commercial arm established for that purpose (e.g. the setting up a stall, shop or coffee shop within their premises). Whilst some of this activity is undertaken via formalised social enterprises (broadly defined as ‘businesses that trade for social purposes’) the majority is not. There are also a number of traditional socio-cultural community activities which stimulate a range of informal community- and household-based petit trading activities as well as business opportunities for more formally constituted enterprises. These include services related to the preparation and delivery of family gatherings, weddings, and community events and other celebrations, such as clothes design, catering, beauty, music, performances, photography and video, animation and so on. These activities account for a significant proportion of spending of disposable income within these communities.

*Carnivals, festivals and religious celebrations* There are now around 100 carnivals, festivals and faith based celebrations each year in London. A number of these – such as the Notting Hill Carnival; Carnaval del Pueblo (Latin America People’s Carnival); Diwali (Festival of Light); Chinese New Year and Brick Lane festival – attract a large audience from across the general population of London as well as outside tourists. Together these are attended by well over a million people each year and provide a unique opportunity to market products and business developments within the co-ethnic and wider community. The organisation and delivery of such events involves numerous types of enterprise activity related directly to ethnic food, traditional dancing and music, as well as more widely to the creative industries in terms of events-organising, artistic productions and costume-making (see Bell 2007).

*Dispersed single businesses across London* In contrast to the majority of business activities that agglomerate around new and existing ethnic communities, there is a significant amount of enterprise and self-employment activity by new arrivals that is geographically dispersed across inner and outer London. This includes both visible economic activities that serve the general public (e.g. grocers, newsagents, minicabs, hair dressing and take-aways) and more mobile and less visible activities such as nannies and childminders, beauticians, cleaners, builders, plumbers, and the generic ‘man in a van’. Some types of business activities have become specifically related to particular migrant communities such as Poles (grocers; builders; nannies), Thais (restaurants and take-aways), Chinese from mainland China (e.g. traditional Chinese medicine), Turkish and Kurdish (fish and chips shops; barbers; grocers; and take-aways), and Vietnamese (nails bars, take-aways and restaurants) (see Sepulveda *et al.* 2006; 2007).

In order to understand the diversity of new migrant enterprise in terms of the relationships between different migrant groups, their spatialities and other dimensions of diversity, Table 2 provides an overview analysis relating to the six migrant business communities studied. This sets out the nature, type and location of enterprise activity in relation to a number of key diversity variables such as migration triggers, legal/migratory status, language, faith and trading traditions.

*Insert Table 2 about here*

The six communities examined present important similarities but also significant differences related to their migratory and entrepreneurial trajectories within the UK. For new arrivals from the Horn of Africa, West Asia, Latin America and Vietnam, internal and external conflicts (i.e. wars, civil wars, and military cups) intertwined with economic troubles triggered the migratory processes. In the absence of recent post-colonial-related links between these regions and the UK, most migrants from these communities originally came to the UK for humanitarian reasons (i.e. refugees and asylum seekers) and largely went into business more recently, from the 1990s onwards. The cases of the Chinese and Turkish-speaking communities are different given the existence of post-colonial links (which granted them different visa regimes) and earlier migrations in the 1960s and 1970s from Hong Kong and Cyprus respectively. Consequently newly arrived entrepreneurs from quite different source regions in mainland China and Turkey have combined with pre-existing mature business communities.

## **Understanding New Arrival Enterprise Activity**

The forms and geographies of new arrival enterprise in London described so far provide some sense of the complexities involved in beginning to explain the everyday realities of business activities in new migrant communities. In order to derive deeper insights into the emergent place-based relations between elements of diversity, agency and wider economic and political contexts, analysis in this section of the paper focuses specifically on two elements; business start up and growth, and the nature of integration of these business activities within institutional and regulatory frameworks.

### ***Start up and growth of new migrant enterprises***

Within the sample studied the majority of entrepreneurs were first generation migrants, mostly male (68 per cent of the sample), with 'regular' migratory status in the UK [3]. Many had been awarded refugee status or other forms of 'discretionary' protection status and therefore were entitled to Indefinite Leave to Remain or Discretionary Leave. As regards enterprises, most businesses operated as either sole traders or micro-enterprises (with one to four employees per company). Enterprises were mainly established between 2000 and 2006 in highly competitive sectors with low barriers to entry often experiencing market saturation. These included restaurant and catering (35 per cent), retail (30 per cent) and other service sectors (35 per cent). The sample comprised a number of 'fledging' businesses (9 cases) as well as more established businesses (39 cases) and two cases of failed enterprises.

The reasons why new migrants moved into self-employment and enterprise showed a strong degree of similarity across the different groups. For most entrepreneurs this move was seen as a means to generate an income and tackle the lack of job opportunities in mainstream labour markets that affected both skilled and unskilled migrants. Hence they can be characterised as 'necessity

entrepreneurs'. Recurring sentiments included: *'I have to do something to survive'* or *'I have to support my family'*. Although such push factors predominated there was also evidence that those starting up in business were attracted by a *'desire for independence'* and/or *'to do what I like or want to do'* – the latter sentiment being especially prevalent among those who previously had been employed in low-paid, low status activities such as cleaning, catering and taxi driving.

Across all communities, there was evidence of newcomers repeatedly setting-up businesses in the same activities as established older entrepreneurs from within their community. This trend towards 'sectoral inertia', one observed more generally within EMB, also fed into processes of spatial clustering, as new entrepreneurs not only chose the same activities but also the same locations.

### *Ethnic related factors*

Interacting with these common new migrant experiences were a range of ethnic related factors that demonstrated a variable influence on processes of business start up and growth. Information provided by organisations and key informants from the different ethnic groups studied provided insights into how the influence of past trading traditions within the new communities varied significantly. Although some of the groups studied came from strong trading and enterprise traditions (e.g. Afghan and Somali) a number of the communities studied had limited (e.g. Kurdish and Latin American) or very limited business traditions (e.g. Chinese, Ottoman Turks, Ethiopian and Vietnamese). The case of Chinese migrants arrived to the UK in the 1960s and 1970s and who subsequently established take-aways throughout Britain is illustrative in this regard since. As was reported in field research by the chair of the Chinese Takeaway Association UK, most of them were originally agricultural labourers from rural villages in Hong Kong or Guangdong province in mainland China who emigrated through Hong Kong. In fact most 'entrepreneurs' within the groups studied, especially among the first generation, were pushed into self-employment and enterprise, although subsequent generations from within the same community were then brought up within entrepreneurial and self-employment traditions.

Patterns of sector and spatial specialisation similarly showed varying degree of embeddedness within ethno-cultural traditions and markets. Cases of enterprises exploiting niche markets based within their ethnic and cultural traditions were evident in all communities, particularly in relation to traditional cuisine (all communities) but also in a variety of other cases, such as Salsa night clubs (Latin American) and traditional Chinese medicine (Chinese from mainland China). However interestingly specialisation by certain groups had also taken place in sectors where there was no apparent ethno-cultural tradition. Notable here was the specialisation of Iranians in pizza shops, Somalis in Internet cafés, Vietnamese in nail bars, and Turks in fish-and-chip shops. In these cases the presence of an entrepreneur from the same ethnic group who had succeeded in moving into a new market frequently acted as role models for 'copycat' entrepreneurs. If *'he/she did it, I can do it as well'* was a common observation from start up entrepreneurs who shared a similar background to that of the successful entrepreneur. This provides evidence of considerable ethnic influence on choice of preferred business activity as well as the fact that 'ethnic traditions' are dynamic in nature and evolve as needed for the economic survival of any given ethnic group.

The nature and type of entrepreneurial activity by new arrivals was also influenced variably by the manner and extent to which their particular 'community' acted as a market for new business activities. For the majority of migrant entrepreneurs the 'community' acted as a first sponsor or market for new businesses, whilst the businesses themselves (e.g. coffee shops, restaurants, internet cafes etc.) played a key role in building up a sense of community and forms of social capital through providing spaces for co-ethnic meeting and information exchange. For entrepreneurs from the Horn of Africa (notably Somali) and Latin America the community itself was seen as the 'natural market' for their products and its presence within local areas became the main factor underpinning the entrepreneurs' location decision. Furthermore, in situations where a community

developed sectoral specialisation, failed entrepreneurs often passed on premises and existing commercial assets to fledging entrepreneurs from the same group. Where high levels of reliance on the community were apparent this made break-out from (co)ethnic market dependency difficult, or indeed sometimes unthinkable, and also reduced the need to develop basic learning in relation to wider market knowledge and English language abilities.

However for other entrepreneurs the role and importance of the co-ethnic market was much more limited because it was smaller, less well established, and/or because of strong intra community divisions (e.g. within the Afghan, Iranian and Iraqi communities). In these cases start-up businesses were more likely to be forced to operate in wider markets where the owner-managers had very limited knowledge. Thus in the case of Iranians operating pizza shops, these are not targeted at the co-ethnic community and demonstrated little or no reliance on culinary ethnic traditions. In these cases successful market entry was more difficult given the highly competitive nature of this take-away market, but did lead to benefits in developing business experience beyond the more limited markets of the co-ethnic community.

#### *Legal status and migration channels*

Significant variation between entrepreneurs across the different communities was evident in terms of the nature of the uncertainties they had to deal with before, during and after the process of starting up a business as a result of their legal/migratory status [4]. The precise nature of their legal/migratory status and legal obstacles to family reunification provided a major source of uncertainty for many new arrivals, especially those who had been forced to migrate. Refugee entrepreneurs unsure whether they would be granted discretionary leave to remain operated in a context which often acted to undermine their will and commitment to the venture and deter them from making further investments. For example, in the case of a successful Afghan entrepreneur who ran an import-goods shop in central London, the degree of uncertainty arising from his 'temporary' refugee status which was about to expire, with no clarity over how this was to be resolved, and the fact that his wife and children were not allowed to join him, created a difficult context within which to plan and invest in the development of his business. A different situation was apparent with respect to migrant entrepreneurs with permanent 'refugee status' (who are allowed to take up employment and go into business) in receipt of public benefits. In many cases the fear of losing benefits as a result of declaring all income generated through their business activities, frequently led to entrepreneurs failing to disclose information about their businesses to the relevant authorities. Disqualification from 'housing benefits' was particularly feared as the market cost of housing in London is generally considered as unaffordable for low-income (and often large) migrant families (see Community Links 2006). Here entrepreneurs operated in a situation of insecurity and anxiety which made them distrustful of any institutional approach, even by business advisors from the same ethnic group, for fear of being denounced and losing benefits.

Uncertainties of this type, coupled with the fact that only a minority of refugees had come with the primary intention of starting up a business, generated a quite different type of operating context than that which existed for entrepreneurs from more established ethnic minority groups, who could draw upon wider family/community support and had a more consolidated migratory situation (i.e. held a British passport or had been granted indefinite leave to remain). In this respect the consequences of a particular legal status was a powerful shaping factor which cut across different ethnic groups and contributed to shaping the relationship between new businesses and UK business and regulatory frameworks.

#### *Other factors: age and temporal development*

A common feature across communities was that younger entrepreneurs were more quickly pulled into self-employment, especially those from the first generation partly educated in the UK, where they had mastered a better understanding of 'how things work' (e.g. registration procedures, taxes

and regulations), spoke better English and had developed a good understanding of the needs of their co-ethnics.

Indeed more generally the length of time over which a migrant community had been settled was a key factor, albeit one related to a number of other variables, in understanding the extent of diversification towards higher added value economic activities. Within the groups studied, the temporal evolution of business learning and experience, combined with the presence of second generation migrants and some accumulation of capital, was evident within the longer-established Chinese and Turkish-speaking communities (see Table 2). As these communities have grown and settled there was evidence of entrepreneurs gaining greater business experience and younger (second) generations being better placed to go into business. Furthermore, professionals from 'within the community' (i.e. accountants and solicitors), who had been educated in the UK and knew *'how the system works'*, also played a key role in supporting the development of a more diversified set of business activities and services including consultancy, market research and business advising companies. These circumstances produced a number of reported cases from within these communities of small firms that had grown and had some success in diversifying products and markets, including a fast-growing chain of Traditional Chinese Medicine shops and medium-sized garment and import/export companies owned by Turkish entrepreneurs.

### ***Integration into institutional and regulatory frameworks***

Given the restricted and partial integration of recently arrived migrants into formal labour markets and business activity, some involvement in various forms of informal or semi-formal economic activity is an everyday reality for many in the UK context (Jones *et al.* 2006; Sepulveda *et al.* 2006) [5]. International literature on enterprise and the informal economy reinforces many of the UK findings regarding the increasing relative importance of the sector, its nature and particularly its symbiotic relationship with the 'formal' sector (see ISED 2002, Schneider and Klinglmair 2004; Williams 2008). For example, at the macro-level, Schneider and Klinglmair (2004) estimated that an increase in the size of the 'shadow economy' by one per cent, was associated with an increase in the annual growth rate of 0.8% in the official GDP of an industrialised OECD country such as the UK.

Precisely how relations between formal and informal activities develop within specific places and social groups is rooted within the nature of supply-demand interactions under particular regulatory regimes (Evans *et al.* 2006; Williams 2004; 2007). In the case of London, a period of economic growth in the late 1990s and early 2000s within a pro-business environment characterized by open and flexible labour markets and the operation of particular regulatory frameworks (e.g. in relation to the differing status of migrant groups and their ability to work, the introduction of the national minimum wage, limited enforcement of work place regulations etc.) provided considerable scope for the engagement of new arrival groups with informal business activity across diverse situations, but particularly in relation to low wage and low valued added sectors. However, as previously discussed, there are no reliable, city-wide data relating to the extent of engagement in informal economic activities within London.

Informal business activity for this study includes both that *entirely hidden* from the state (for example in the form of businesses unregistered with any government body) and *partially hidden*, for example in the form of registered businesses failing to declare their full profits or workforce. In both cases businesses evade full accountability in terms of tax, benefit or employment legislation (SBC 2004; Community Links 2007). Within the sample studied both types were evident, with 25 per cent of businesses unregistered with relevant government bodies and operating via 'cash-in-hand' activities, and the remaining 75 per cent registered at Companies House (normally as Limited Liability Companies). 'Cash-in-hand' activity was particularly evident among home based



businesses where female entrepreneurship is important (e.g. traditional clothes making, catering, childcare), as well as in construction and home maintenance. It is important to highlight that while some of this activity operate 'independently' such as mobile traders and service providers with no commercial premises (e.g. plumbers, nannies and beauticians), others by contrast were dependant upon orders and/or contracts from other businesses, often through subcontracting chains controlled by registered companies (e.g. cleaning, delivery and minicabs) which may or may not be migrant enterprises. This demonstrates the intertwined and variable relationship between the formal and informal economy (Sepulveda and Syrett 2007). A number of the registered businesses (which tended to operate from visible commercial premises) observed variable levels of irregular practices, most commonly in relation to the use of 'off-the-books' labour and the non payment of Corporation Tax and Value Added Tax (VAT). With the exception of key staff members (e.g. chefs in traditional cuisine restaurants) businesses frequently failed to issue employment contracts to their employees, or those who '*help them out*', as entrepreneurs often referred to them. In general wages were around the statutory National Minimal Wage, with long hours of work and flexible working agreements (see also Jones *et al.* 2006). Across the sample there was thus evidence of considerable diversity in the forms of disengagement/integration into formal regulatory settings that enterprises displayed. This ranged across cash-in-hand home-based activities, independent self-employed service providers, dependence upon sub-contracting arrangements and those operating from shared business premises or concentrated in 'micro-shopping' centres (Sepulveda *et al.* 2008).

The main barriers to 'becoming formal' (i.e. in terms of getting businesses registered), as well as the difficulties arising from 'being formal' (i.e. in terms of operating formally and complying fully with the regulatory business context) identified through interviews with entrepreneurs are set out in Table 3. Three interrelated sets of reasons were apparent as to why entrepreneurs were either deterred from registering their businesses in the first place or operated using certain informal business practices. First, uncertainty about the financial sustainability of ventures meant that formal registration or operating fully formally was felt to threaten the survival of the business. Second, a lack of awareness and understanding about registration procedures and relevant regulations was evident which resulted from an absence of basic business experience and access to relevant information. Third, the context of operation within predominantly highly competitive, low value added sectors (see also Jones *et al.* 2006), often in the form of extended family-based and/or cash based activities often encouraged and facilitated the adoption of certain informal business practices.

*Insert Table 3 about here*

#### *Ethnicity related factors*

Across all the ethnic communities studied the development of migrant/ethnic entrepreneurship was characterised by varied informal economic practices and often distant relationships with existing formal state and business institutional structures. In this context the resources and practices of these different communities became important to understanding everyday business activity. This was particularly evident in relation to accessing finance and advice and information.

For many new migrant business ventures access to mainstream finance was often considered unfeasible due to their lack of collateral and financial/business trade records in the UK. For those that did attempt to use the banking system, successive frustrating experiences in seeking to obtain finance often left entrepreneurs feeling excluded and discriminated against. In this context informal circuits of capital were the main sources of funding used by new migrant entrepreneurs to launch their ventures through loans from family and friends, either from the local co-ethnic community or the international diaspora. These ethno-community based informal finance circuits demonstrated significant differences reflecting variation in size, capacity, and family, religious and business

practices within these communities. For example well-organised informal lines of community-channelled credit were evident within the Chinese community. In other communities, for example the Somali and Vietnamese, the presence of community-based informal credit unions or interest-free rotating capital systems, based purely on trust relations, was in evidence.

A similar pattern of disengagement from the mainstream was apparent with regard to business advice and information, reflecting the general low level of take up of such services by EMBs (Ram and Smallbone 2001, 2003). Over 90% of the businesses interviewed had never requested advice and/or support from any relevant agency and only eight entrepreneurs (16%) had some knowledge about available institutional support for start up businesses through local authorities, advice bureaux, Business Link and Job Centres. In consequence most entrepreneurs secured general business, market information and advice and guidance through personal networks, notably via friends, relatives, acquaintances and others from within the community who had a greater business experience of operating in the UK, spoke better English and had what was often termed 'ethnic knowledge'; that is tacit knowledge accumulated and transmitted within a particular ethnic group related to traditions, know how and ways of doing things specific to that group. For more complex problems there was evidence of entrepreneurs making use of professional accountants, solicitors and bank managers from within the community. However the extent and quality of such community based advice was variable. This reflected how much existing practical experience had been built up within a particular community, for example relatively low levels among Somali migrant entrepreneurs, and whether there was an established presence of community based professional expertise, for example the active support provided to the Turkish-speaking business community in Hackney by the Kurdish & Turkish Community Centre (HALKEVI).

#### *Legal status and migration channels*

In terms of understanding the nature and extent of engagement with the formal regulatory business context by new arrival businesses, the legal status of the entrepreneur was an important factor. It is important here to recognise that the legal status of entrepreneurs frequently underwent change after their arrival; perhaps gaining a more permanent residential status (for example a refugee being granted 'indefinite leave to remain') or moving to a less secure/irregular status (for example a student or migrant worker remaining after their visa had expired). Such changes in the legal status of entrepreneurs clearly influenced their ability and desire to integrate with formal institutions and regulatory contexts.

The manner in which legal status influenced engagement with formal systems is well exemplified by the case of refugee entrepreneurs. Refugees' restricted ability to access resources from the formal sector (e.g. bank finance) was exacerbated by the fact that many had arrived destitute and were unable to provide the necessary assurances in relation to personal identity and a permanent home address (see Lyon *et al.* 2007). More generally, refugee entrepreneurs frequently displayed a lack of general trust in engaging with formal state services systems. In a number of cases this was the result of distressing experiences upon arrival and their initial dealings with 'reception' institutions and their representatives (for example migration officials, Job Centres, the National Asylum Support Service [NASS]). This problem was particularly evident among asylum seekers and refugees from West Asia and East Africa who in general faced tougher controls upon arrival, especially following a tightening of migratory controls and enforcement from the late 1990s. These experiences often set a negative precedent for future liaison with public agencies, making these groups suspicious of interaction with formal service providers even where these were non-state, community-based organizations.

#### *Other factors*

In terms of the ability to integrate more fully with formal regulatory contexts the level of education and/or experience remained perhaps the most critical factor whatever the ethnic or migratory status

of the entrepreneur. Engagement with often complex systems (i.e. registration procedures and requirements, taxes, regulations and general red tape) required either existing knowledge or an ability to acquire (either from within or outside the ethnic group) and act upon such knowledge. Those with higher levels of education, a form of capital which in developing countries is highly correlated to social class, and/or greater business experience generally felt more comfortable working with the formal institutions and regulatory arrangements, as long as migratory status was not an issue for them. That many of the studied 'registered' business reported that registration procedures were fairly straight forward in part reflected the fact that a significant number of these entrepreneurs possessed higher levels of formal education. This is in line with findings from other studies that demonstrate that levels of immigrant incorporation are strongly related to levels of human capital development (Nee and Sanders 2001).

In contrast many entrepreneurs lacked the self-confidence to approach professionals or state officials partly due to worries about their lack of understanding of the different business context and/or a lack of language fluency. The resulting limited engagement with external advice led to the maintenance of certain misconceptions. For example although unregistered/cash-in-hand businesses saw the registration process as complex and difficult, those businesses that were formally registered reported that procedures were not unduly problematic and that relevant authorities were generally supportive. Similarly, although many businesses voiced concerns over VAT registration, in fact for many of the smaller businesses surveyed this was not a legal requirement. As was noted by one business advisor, *'In practical terms, many of these businesses would not have to pay much tax should they be registered or declare all of their profits, because they don't generate much profit to declare full stop'*.

## **Conclusions**

The growing diversity of urban populations and their impact upon the small business landscape is an increasingly notable feature of major city economies. This is particularly striking in highly diverse, global cities such as London but is also evident throughout a variety of urban settings in Western towns and cities. In order to develop a better understanding of this emerging era of increasingly diverse entrepreneurial activity this paper has argued that analysis needs to move beyond the traditional notions of ethnic based multiculturalism that have informed research on ethnic minority businesses to date, and engage with the realities of a more complex and differentiated diversity. Through analysis of the case of London this paper has advanced an understanding of the experiences of new migrant entrepreneurs within particular places, based upon the interplay of their actions with different elements of diversity and the wider related contexts of particular local economies, national regulatory regimes and global flows within which they are embedded.

In seeking to develop a fuller understanding of unfolding population diversity in relation to new migrant enterprise the notion of 'superdiversity' provides a useful starting point for describing recent UK population change and identifying the interplay of different dimensions of diversity. These comprise not only the more traditional factors related to country of origin (including nationality, ethnicity, culture, language, religion etc), but also migratory status, migration channel, social networks, and other variables including gender, age, education, experience and location among others. Furthermore these dimensions need to be examined in relation to specific contexts and wider socio-economic and institutional structures. This approach to understanding new arrival enterprise challenges much existing analysis of migrant entrepreneurship, particularly those theoretical models which focus narrowly upon culture and ethnicity as the main explanatory variables (Light and Gold 2000). The findings presented here in relation to processes of business start-up and the integration of new migrant enterprise into formal regulatory regimes demonstrate

how in practice factors of ethnicity interplay with migratory status and other variables to produce particular entrepreneurial behaviours and opportunity structures. Although ethnic related variables are demonstrated to be important to understanding the new arrival enterprise activity, it is also apparent that in many circumstances issues of migratory status or other variables, such as those related to class, education, experience, skills and generation, are key explanatory variables.

The analysis presented also demonstrates the importance of a contextualised understanding of ethnic business formation and development. London in the 1990s and early 2000s provided a very particular spatial and temporal setting for the development of migrant enterprise. Here the particularities of national immigration regulation combined with an economic regulatory regime that favoured globalisation through market liberalisation and minimal regulation combined to permit the arrival and development of an array of new ethnic minority business communities as well as differentiated migration channels and a diverse set of legal statuses. Within this broad setting a constantly shifting geography of diversity and business has emerged characterised by a multiplicity of local variation and new international linkages. At the local level such variation includes localities of superdiverse populations, reception areas for particular migration channels, new relationships between new and existing communities, changing local labour markets and localised responses from formal and informal institutions and regulatory structures (Sepulveda *et al.* 2008).

The complex and dynamic landscape set out here poses significant challenges to policy practice in relation to EMB within London and indeed nationally. Existing enterprise policy frameworks, small firm services and wider perceptions of diversity remain strongly rooted within the previous experiences of the last 30 years. Within the UK this has centered upon the presence of a small number of relatively large and well-established ethnic groups such as the Afro-Caribbean, Indian and Pakistani communities (Ram and Jones 2008). One of the earliest dedicated policy interventions in the UK aimed at supporting migrant enterprise, the Ethnic Minority Business Initiative (EMBI) launched in 1985, defined its field of policy intervention ('ethnic minority businesses') in terms of its targeted African Caribbean and South Asian business population (i.e. minority 'majority' groups). While official terminology has changed over time in order to become more inclusive (e.g. from Black and Minority Ethnic (BME) to Black, Asian and Minority Ethnic (BAME)) (see LDA 2005), the target groups have remained largely unchanged and defined by traditional (pre-diversity) variables of 'ethnicity' and 'nationality'.

In certain localities and within some public bodies (e.g. London Development Agency) this has already begun to change as service providers and support agencies are confronted daily by the realities of working with highly diverse populations variably embedded into local as well as global economic spaces (see Kitching *et al.* 2009, Swash, 2007). Yet much of the policy response to date has been policy-led rather than evidence based, keen to exploit the entrepreneurial potential within minority ethnic migrant population but with limited understanding of its target populations (see also Mascarenhas-Keyes 2006; Ram and Jones 2008). In practice, for policy-making purposes, the EMB population has continued to be treated as a relatively homogenous and discrete group and also one that is different from 'mainstream businesses'. This approach is increasingly untenable given the realities of the complex interplay of a number of diversity related variables.

However taking forward policy practice faces considerable challenges especially in light of the highly politicised terrain surrounding multiculturalism and community cohesion. As has been seen in other policy areas (McGhee 2008), any shift from more traditional 'single group' forms of funding and delivery are likely to be strongly contested, being seen as part of a more general retreat from multiculturalism and structural inequalities. Crucial here therefore is retaining and reinforcing a wider commitment to equality and social inclusion but also developing policies and forms of policy delivery that are genuinely sensitive to local contexts and capable of recognising and responding to the particularities of local ethnic diversity and economic and political conditions.

Policy approaches have also assumed that all EMB operates within the same institutional and regulatory business environment. Yet as the results presented here demonstrate, the reality is of limited and differential engagement with existing institutional and regulatory structures by rapidly emerging business communities. This raises a number of issues in relation to processes of integration of new migrant communities and appropriate policy responses, not just in terms of seeking to promote economic inclusion and competitiveness but also in relation to social justice and community cohesion. Policy responses not only need to focus on capitalising upon the positive aspects associated with new migrant and ethnic enterprise, such as entrepreneurship, innovation, international trade and economic inclusion, but also to better understand and tackle the development of more negative elements associated to it such as informalisation, ghettoisation, exploitation and criminal economic activity.

Whilst it might be expected that the nature and extent of more formalised engagement will develop over time, particularly among subsequent generations educated and/or born within Britain, it is also apparent that there is an existing need for support and advice to migrant entrepreneurs given an evident lack of knowledge of procedures and regulatory frameworks combined with a lack of trust in engaging with them. As this support is currently not being provided by formal business structures, informal forms of advice, support and finance play a critical role. These are clearly effective in meeting certain needs. However informal forms are also bound up with existing social networks that necessarily exclude certain individuals, women and ethnic groups. Furthermore, reliance upon knowledge and resources only from within migrant communities often provides a fundamental constraint to the well-recognised problem of these businesses 'breaking-out' into wider markets. Recognition of these limitations of informal provision reinforce the continued need for developing institutional structures that can provide effective engagement with, and support to, new migrant enterprise rooted within increasingly diverse populations.

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## Notes

1. The term entrepreneur is used here in a wide sense to refer to any individual who undertakes the setting up and management of an enterprise. The paper also uses a broad definition relating to enterprise that includes all self-employment and enterprise activity where the individual is taking risks with his/her own resources.

2. Purposive sampling is commonly used in qualitative research on entrepreneurship to access a particular subset of individuals when populations are not easily identifiable, tend to be very small or where no proprietary datasets are available. Respondents are chosen because they have particular features or characteristics that enables detailed exploration of research objectives. It is not possible to draw statistical inferences from this method since, with a purposive non-random sample, the number of people interviewed is less important than the criteria used to select them.

3. Comparisons between the sample studied and the wider migrant population group were not possible due to the lack of reliable baseline data. As shown in Tables 1 and 2, even basic population data relating to the three selected regions varies significantly between official data from the 2001 Census and data from other sources (e.g. academic studies, embassies, etc.) based on small-scale surveys. The latter generally produce much higher estimated populations as they include 'less visible' groups which official sources fail to capture (e.g. failed asylum seekers; overstayed students and tourists; and informal workers and entrepreneurs).

4. A range of different statuses existed for migrants from less developed countries entering the UK at the time this research was carried out. These included: 'regular' asylum seekers (not legally allowed to take up employment or self-employment), refugees (allowed to seek employment or enter self-employment), migrant workers (with work permit status), secondary movers who hold a EU passport (i.e. those with European grandparents or who have received refugee status in another EU country), and irregular and undocumented/illegal immigrants (i.e. overstayed individuals with tourist or student visas or failed asylum seekers who disappear underground).

5. Informal economic activity is understood here as undeclared and unregulated self-employment and enterprise, wage employment in unregistered jobs, and the paid informal work of 'favour providers' (i.e. care, casual home maintenance care, and gardening activities by neighbours or acquaintances). Paid work or enterprise activity associated with goods and services which themselves are illegal are excluded from this definition. It is important to stress that existing evidence demonstrates that involvement in informal economic activity takes place across *all* social, including more prosperous non-ethnic small businesses, and is no way exclusive to new migrant populations (Williams and Windebank, 2002; Copisarow and Barbour 2004, Evans *et al.* 2006).

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