

Facilitating New Migrants Business Development: A collaborative approach

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Interim report, September 2016

Executive summary

This report presents preliminary findings from a joint project by the Centre for Research in Ethnic Minority Entrepreneurship (CREME) and Ashley Community Housing (ACH) to support migrant entrepreneurs. This research project explores the aspirations and capabilities of recently arrived migrants to become entrepreneurs in order to identify the constraining and enabling factors that hinder and/or facilitate migrants the realisation of their entrepreneurial aspirations. This project also aims at developing a long-term programme of knowledge exchange and collaborative research between the Centre for Research in Ethnic Minority Entrepreneurship (CREME) and Ashley Community Housing (ACH) to support migrant entrepreneurs and to enhance ACH'S organisational practice.

The interim findings show that migrants have high aspirations to become entrepreneurs and to grow their businesses. They also face a number of challenges, including:

- Lack of financial capital. Aspiring and business owners frequently mention difficulties in access to finance as one of the main challenges to realise their aspirations. The lack of credit history, together with being in low paid work for years, make it difficult to accumulate saving and acquire loans. Migrants rely on formal and informal funding from family and the co-migrant community.
- Language barriers. New migrants often face language barriers, which constrains access to adequate advice and support.
- Disconnection from mainstream business support networks. Despite their interest in accessing business support, most interviewees are not aware of any agencies or institutions that might be able to offer the adequate training they need.

- Inadequate training for catering their specific business needs. This can either refer to the training they receive not being specifically tailored for their sector and business size (generally small, service sector), and also related to the difficulties they face in securing customers and a place on the market.
- Inadequate knowledge regarding rules and regulations. Our respondents frequently narrate how they are concerned about not having sufficient knowledge of the regulations in the UK, such as those related to taxation, employment and/or health and safety. Business support might need to cater for these specific issues.

Preliminary results of research carried out at CREME in the West Midlands (Ram et al 2015) reveals how new migrant businesses provide employment for owners and workers in a very harsh and competitive environment. Migrant entrepreneurs in the UK contribute, in particular, to:

- **Provision of employment.** Migrant entrepreneurs provide employment for migrants who are disadvantaged in the labour market due to discriminatory barriers, insufficient human capital, and/or difficulties in accessing legal status.
- **Generation of training and skills for migrants.** Beyond providing a source of income for the entrepreneurs and their workers, entrepreneurs can also provide a platform for the acquisition of work experience and skills that can be maximised in the labour market both in paid employment and self-employment.
- **Facilitating social inclusion.** As well as directly supporting entrepreneurs and workers/helpers' themselves, new migrant firms also serve the communities where they are embedded, locals and co-ethnics, frequently regenerating abandoned urban spaces. CREME unpacks how EMBs are shaping neighbourhoods across Britain and what is the nature of these processes for their workers and broader communities.

Hence, this project draws on some of these findings with the goal of unpacking the ways in which we can maximise the socio-economic contribution of migrant entrepreneurs, by tapping onto their skills, aspirations and capabilities, and the role that crucial institutions such as Ashley can play in these processes.

Preliminary findings

The following pages include some preliminary analyses of the data collected. Please be aware that these findings are solely based on 24 transcribed interviews. The remaining interviews will provide information from a different profile of migrants and will probably nuance some of the issues developed below.

The data collected so far show that the entrepreneurial aspirations of migrants in Birmingham are strongly related to their (i) experiences of entrepreneurship in the countries of origin; (ii) aspirations to achieve 'better' employment in the UK; and (iii) aspirations to be integrated in British society through a satisfactory experience of labour market incorporation.

Their narratives convey a strong sense of community belonging and of achievement linked to a high work ethic and aspiration to contribute to the context where they are settling. For those with previous experience in other countries (especially those coming from European countries), the entrepreneurial aspirations seem to be intertwined with the migration project: the UK appears as the context where setting up a business is the initial and final goal. Despite these high aspirations, there are some commonalities in the challenges they experience. We summarise these below:

- Lack of financial capital. Aspiring entrepreneurs and business owners frequently mention difficulties in access to finance as one of the main challenges to realise their aspirations.
- Language barriers. Most of the challenges faced by new migrants who aspire to be entrepreneurs in the UK are related to language barriers. Although they can utilise a wide range of languages within their communities, many entrepreneurs lack advanced English language skills. This aspect has restricted their access to the labour market and therefore they were either entitled to receive benefits or are employed in (usually low skilled) jobs that did not match their qualifications and/ or previous experience. Additionally this also constrains accessing adequate advice and support.
- Disconnection from mainstream business support networks. Despite their interest in accessing business support, most interviewees are not aware of any agencies or institutions that might be able to offer the adequate training they need. Many of the interviewees were interested in the possibility of attending training courses, mentoring programs, networking events and getting in touch with business support agencies that might be able to provide some kind of assistance and help them tackle the issues they were facing.
- Inadequate training for catering their specific business needs. This can either refer to the training they receive not being specifically tailored to suit their sector and business size (generally small, service sector), and ignoring the difficulties they face in securing customers and a place on the market.
- Inadequate knowledge regarding rules and regulations. Our respondents frequently narrate how they are concerned about not having sufficient knowledge of the

regulations in the UK, such as those related to taxation, employment and/or health and safety. Business support might need to cater for these specific issues.

Type of businesses

- The type of businesses open are restaurants, fashion retail, grocery stores, clothing shops, interpreter and beauty salon.
- Unfortunately, only a small number of the entrepreneurs interviewed were running thriving businesses. The main issues responsible for their difficulties were inability to access the necessary financial resources, not having suitable training and/ or relevant experience in running a business and lack of mentoring/ guidance.

Trajectories and occupational mobility and family support

- The reasons behind their decision to migrate vary (asylum seekers/ refugees, economic migrants, students, family reunion etc.). Depending on the particular circumstances, respondents were either located in Birmingham by the Home Office or have specifically chosen this region due to the local community, family links, university or employment/ business opportunities. Many of the aspiring entrepreneurs interviewed are newly arrived asylum seekers with secondary or higher education in their countries of origin. They have, in general, a lengthy experience in a diverse range of sectors, and frequently entrepreneurial family background.
- The lack of employment opportunities, together with the aspirations to start up a small firm is showcased in their interest to open small businesses such as: grocery stores, clothing stores, computer repair shops, construction and housing companies, restaurants, cafés, car dealer firms (import-export).
- Most entrepreneurs had experience of working in low paid/low status work (warehouse, cleaning), for some time before opening the business; with the exception of those with enough capital saved and holding EU passports.
- Most entrepreneurs have previous experience in a type of business similar to the one they are currently running, either in their country of origin, a third country or working for other compatriots in the UK. However not all of them have had formal training to support their business initiatives.
- Family members play an important part in most cases. They can be a source of cheap/ free labour, facilitate access to financial capital, advice or just provide support through the roles they fulfil in the household, taking some of the pressure off the shoulders of the entrepreneurs. However not all entrepreneurs were relying on support from their families.

Training needs

Training potentially provided by Ashley and similar institutions can have a crucial role in, deterring potential entrepreneurs from starting a difficult road to business ownership and facilitating the path to start up a business for those with sufficient skills, as well as supporting existing owners. These programs ought to have a 'holistic' approach that might include:

- Language skills.
- How to set up a business (legal requirements).
- Developing a business plan.
- Access to finance (how to build a good credit score, how to approach lending institutions; exploring alternative sources of financing –halal financing and others)
- Business management (accountancy, taxes, health and safety compliance).
- Marketing.
- Sector-specific support

Future milestones of the project

Data collection and analysis

- Finalisation of fieldworks stage: end of September.
- Second round of interviews to ACH staff: October.
- Transcription of the remaining interviews: mid-October.
- Analysis of the complete dataset: mid-December.

Publications

- Writing of final report –internal: mid-January 2017.
- Writing of final report – for dissemination: mid-January 2017.
- Writing of blog posts (3) for dissemination at Ashley website, CREME website- mid-January 2017

Dissemination and engagement events

- Presentation of results: CREME national conference, preliminary results: 20th October.
- Workshop Coventry Road. Ashley, CREME, RMC: September-October.
- Engaged scholarship workshop, UoB: January 2017.