Immigrant Entrepreneurship in World-Historical Perspective: A Transitional Phenomenon?

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Introduction

From the early 1970s onwards, there has been a growing scholarly awareness of an upsurge throughout the advanced capitalist realm of entrepreneurship among immigrant-origin communities. Academic curiosity could hardly fail to be piqued by the ostensible contradiction between disadvantage and success: on the one hand the well-known weaknesses associated with migrancy and ethnic minority status, on the other hand substantial over-representation among the business-owning class, a much prized high-status occupation at the leading edge of the capitalist economy. For Light (2004), self-employment of this kind enables:

> immigrants and ethnic minorities to reduce disadvantage and exclusion, negotiating the terms of their participation in the general labour market from a position of greater strength. (Light 2004, p. 3)

This in itself is a significant re-writing of the historical script.

Despite this refreshing counter-intuition, this chapter questions the notion that entrepreneurial self-employment is necessarily a beneficial or even a

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T. M. Cooney (ed.), *The Palgrave Handbook of Minority Entrepreneurship*,
https://doi.org/10.1007/978-3-030-66603-3_10

permanent occupational specialisation for minority communities. At the very outset, any assumption that the typical immigrant-owned enterprise resembles the streamlined intellect-powered outfits of Silicon Valley as portrayed by Saxenian (2006) needs to be quashed. In reality, a great number of ethnic minority ventures in North America and Europe consist of a self-employed individual assisted informally by a few family members and, even if one's extend their view to the vast majority, one can see little more than micro-businesses whose precarious existence is guaranteed only by extreme labour intensiveness (Ram and Jones 2008). It is for this reason that this chapter will argue that self-employment is often a key occupational strategy for immigrant communities experiencing resistance to their incorporation into their host economy. Indeed, this view is further supported by converse evidence and in the case of the USA, it is no coincidence that the immigrant groups who have most successfully inserted themselves into the American labour market (e.g. Scandinavians, Germans), have little or no reputation for entrepreneurship. For them, self-employment never seems to have been a requirement for economic survival.

Historically, long-running and internationally widespread throughout most of the advanced capitalist realm, the enormous reach of self-employed business ownership in immigrant-origin communities has given rise to a virtual academic sub-discipline in its own right (Dana 2007; Kloosterman and Rath 2003; Hafeez et al. 2007). In their conclusion to a hefty 49-chapter volume (Dana 2007) covering firms owned by a range of ethnic entrepreneurs from Turks in Finland to Indian women in New Zealand, Dana and Morris (2007) attempted to pin down the common explanatory themes, grappling with the somewhat paradoxical question of why ostensibly disadvantaged social groups should survive and thrive on the very sharpest edge of modern capitalism. Like many before them, they spotlight such factors as: (1) the wealth of ethnic community resources, networks and social capital (Flap et al. 2000; Light 1972); (2) the opportunity structure of the receiving society (Waldinger et al. 1990); and (3) changes in the global economy favouring small firm renaissance (Collins et al. 1995).

In this chapter, it shall be argued that for all the welcome insights of these approaches, they have become to a considerable degree eclipsed by more recent models, such as *mixed embeddedness* (Kloosterman et al. 1999; Kloosterman 2010) and the notion of *entrepreneurial transition* (Jones et al. 2012b). The first of these highlights that, as well as their intimate embeddedness in the advantageous resources of family and co-ethnics, entrepreneurs are also inescapably grounded in the external business environment shaped by the market and the state. Deservedly hailed though they may be as

a source of ethnic minority empowerment, ethnic community resources cannot grant complete insulation against the chilly winds of the external business sphere. By definition unresponsive to the pull of ethnic personal ties, this sphere is also often directly hostile to under-resourced and racialised newcomers, whose quest for market space tends to be blocked by all manner of negative barriers. Going a little beyond this, the *transition* approach argues that heavy dependence on self-employment should actually be regarded as a transitional anomaly in a modern economy, a temporary measure by which a newly arrived population attempts to insert itself into the receiving society's labour market. It is also one which gradually loses its relevance as the group's members acquire the human capital to compete more effectively for desirable employment in the mainstream labour market. As will be seen later, the progress of theoretical change in this field falls well short of a complete paradigm shift, but significant headway is now being made by new challenges to the former hegemony.

Historical and Geographical Scope of Immigrant Enterprise

Without a hint of exaggeration, Kloosterman and Rath (2003) can confidently announce that 'Entrepreneurs from less developed countries have set up shop all over the Western world'. But immigrant/migrant entrepreneurship is far from a contemporary phenomenon. The contributors to McCabe et al.'s (2005) volume demonstrated that diasporic trading networks have been a pervasive feature of the global economy for over four centuries, and encompass a range of communities, including the Jewish, Arab, Chinese, Japanese, Indian, Maltese, Greek and Armenian diasporas. Global networks of diaspora trading groups were vital to international trade well before the twentieth century, yet were often neglected because they were not part of established institutions.

Data from the USA in the 1880s shows that, on a pro rata basis, immigrant self-employment had already exceeded that of the native-born population (Light 1984). Over the following century, immigrant-origin entrepreneurship became steadily more prominent in the USA, with Jewish, Chinese and Japanese communities in the vanguard (Light 1972). Since the 1970s, these entrepreneurial communities have been joined by various newcomer groups (Min and Bozorgmehr 2003), notably Latinos (Portes and Bach 1985), Iranians (Mobasher 2007) and Koreans (Light and Bonacich 1988). Elsewhere in the industrialised world, there was considerable migration of South

Asians within the British Empire in the nineteenth century, many of whom set-up small shops and other enterprises to serve the diaspora (Oonk 2013). The momentum accelerated following the post-World War Two economic boom in Western Europe, when labour shortages helped to trigger substantial international labour migration from less developed regions in the Mediterranean periphery and British Commonwealth (Castles and Kosack 1973; Miles 1982). Following the loss of employment through deindustrialisation and public service cuts in the UK in the 1980s, many members of the now-settled ethnic communities turned to self-employment, with British South Asian business ownership mushrooming to levels far above those of the native-born population (Campbell and Daly 1992). Lagging slightly in the wake of the UK, many of the leading industrial nations of mainland Europe witnessed a measurable expansion in immigrant entrepreneurship, rising to significant levels by the turn of the century (Kloosterman and Rath 2003). As well as the numerous contributions in the edited collections of Rath (2000) and Kloosterman and Rath (2003), there has been extensive coverage of immigrant business throughout the economically advanced realm of Europe, with particularly prominent coverage of France (Morokvasic 1987; Ma Mung 2005), Netherlands (Kloosterman 2003) and Germany (Kontos 2007; Leung 2007). In the latter case, many authors have placed significant emphasis on the entrepreneurial obstacles imposed by the state regulatory environment (Wilpert 2003). It is evident from these accounts that in modern industrial economies, immigrant entrepreneurship has taken a particular form linked to both the structure of the economy and the nature of public policy. Since World War II, immigrant enterprise has also become part of the growing multi-culturalism of nations such as Australia (Collins et al. 1995), Canada (Hiebert 2003) and New Zealand (Yunxia 2007). In the case of these former British dominions, it could be argued that this late flowering stems from the 1960s reversal of a longstanding policy of suppression of non-white immigration, with a penetrating analysis of Australia's racist immigration history being provided by Miles (1989, pp. 90–97).

Explanatory Theories

This section outlines the leading attempts over the past four decades to theorise the genesis and development of immigrant and ethnic minority entrepreneurship in its various guises throughout the advanced world. It should be noted that in the later discussions of mixed embeddedness and the entrepreneurial transition, the emphasis swings very much towards European

authors, an unavoidable reflection of the comparative lack of activity in these fields by researchers in North America. Any attempts to test these theories in the North American origin of ethnic business studies would be greeted with much enthusiasm.

1. *Social Capital*

In his initial attempt to resolve the ostensible contradiction in the USA between ethnic minority disadvantage on the one hand and entrepreneurial prowess on the other, Light (1972) spotlighted the decisive role of family and ethnic community networks in the informal supply of cheap and flexible business resources (labour, funding, information) to Chinese and Japanese entrepreneurs in the USA. Somewhat paradoxically, it seems that social forms conventionally regarded as 'traditionalist' must be regarded as the driving forces of enterprise within the most modern economies (Ram and Jones 2008). With its eureka-style insightfulness, this ethnic resources perspective gave guidance to a host of subsequent studies both in the USA itself (largely summarised by Light 2004) and in the UK for South Asians (Metcalf et al. 1996; Janjuha-Jivraj 2003). More recently, the ethnic resource base as entrepreneurial empowerment has come to be labelled 'social capital' in line with Bourdieu's (1986) classification of forms of capital and Granovetter's (1985) recognition of entrepreneurial activity as embedded in trust-based social networks. For all its virtues, this approach has been criticised both inside and beyond the USA from critics anxious about: (1) the limited capabilities of informal group resources and their inability to support development beyond very low-level firms (Bates 1994; Nee and Sanders 2001); (2) the attribution of certain universal entrepreneurial traits to specific groups, thereby promoting illusory and divisive distinctions between highly entrepreneurial communities like Asians and alleged laggards like African-Americans (Shane 2008) and African-Caribbeans in the UK (Mulholland 1997; Ram et al. 2000; Jones and Ram 2007b); (3) the conflation of quantity and quality, with sheer numbers of firms hailed as evidence of business success regardless of their over-concentration in low-level marginal market sectors (Jones et al. 2000; Ram and Jones 2008); and (4) the underplaying of the external structural environment of market forces and state regulation (Rath 2000; Kloosterman 2010), including discriminatory practices in key areas like bank credit (Barrett 1999; Ram et al. 2003) and customer behaviour (Ishaq and Hussain 2007).

Despite the enormous weight of evidence against ethnic exceptionalism, the associated notion that entrepreneurial qualities are somehow inherent

in certain ethnic cultures dies hard. The findings of several writers can be highlighted who have suggested that many practices (such as a preference for face-to-face informality) are assumed to derive from ethnic culture, when they are actually common to entrepreneurs irrespective of their ethnic origins (Mulholland 1997; Ram et al. 2000). Nevertheless, it seems to be almost casually accepted as a common fact of life that some ethnic cultures are somehow hard-wired into a particular occupation, as exemplified by the Silicon Valley Asian engineer quoted in Legrain (2009) who said that 'Indians and Chinese are entrepreneurial by nature'. Essentially this kind of claim goes beyond the logic of social capital to attribute personal qualities to individuals by virtue of their membership of a specific ethno-cultural collectivity, an alleged causal link which can only be regarded as far-fetched in the absence of hard evidence. When attempts are made to present such business-like mindsets as deferred gratification or industriousness as products of Islam or Sikhism (Werbner 1980), one's imagination is painfully stretched by this miraculous transposition of Weber's classic *protestant* ethic to a varied range of ancient Asian faiths. Inevitably, people begin to wonder if there exists any religion or culture anywhere in the world which does NOT impart entrepreneurial predispositions to its adherents.

Aside from any consideration of possible causal mechanisms, there continues to be a rather over-heated celebratory atmosphere surrounding ethnic minority business, often emanating from an expatriate community's own business lobby. A graphic instance of this is the magazine *Eastern Eye*, whose 'Asian Rich List' of 2012 was topped by a colossal steel corporation with a £13.5 billion turnover, whose cutting edge contribution is hailed as supplying the materials for the London Olympic site's most iconic construction. In the same issue, no less than the Mayor of London is quoted as extolling the "incredible contribution" of Asian businesses to the UK. While not factually erroneous, these findings and assertions are devoid of context. Irrespective of ethnic origin, capitalist enterprise is an acutely skewed endeavour (Shane 2008), in which for every high-flyer there are a host of low-flyers and, it should not be overlooked, fallers from the sky. Equally disturbingly, the quest for easily comprehensible and exciting explanations clashes with a sober and often complex reality. Certainly the vision of heroic entrepreneurs rising above all challenges is contrary to a mass of research showing that entrepreneurial decisions are often anything but clear-cut resolute interventions sweeping aside obstacles. This is especially true of the business entry decision, which research shows is a complex multi-causal process, often long drawn-out and prey to the interplay of contradictory cross-cutting forces.

At the most elementary level, attempts to separate the positive attractions pulling an individual into self-employment from the negative push factor of an unsatisfactory labour market position are usually doomed to failure. With ethnic entrepreneurship, the two supposedly opposite poles of pull and push are in effect dialectically linked, with the attractive strength of self-employment correlating negatively with the repulsive strength of alternative livelihoods. Whatever the precise causation, it is safe to say that a propensity for self-employment cannot be directly read from an entrepreneur's ethnicity. Very much to the contrary, it seems that irrespective of their religious or geographical origins, independent business owners share something of a common culture forged by the exigencies of the business world itself (Ram et al. 2000). Whereas the theme of community network as business support mechanism is logically sound and backed by much evidence in its favour, the essentialist notion of ethno-cultural values as a motive force is much more problematic. In the conclusion to this chapter, it will be argued that ethnic social capital theory can continue to make an insightful contribution, but only if it is located within a properly nuanced context unaffected by journalistic values of 'what makes a good story'. As in so many spheres of life, the entrepreneurial world is best visualised in shades of grey, however much one might long for technicolour.

2. *Opportunity Structure*

Responding to the neglect of the business environment beyond the social network, Waldinger et al. (1990) promoted an *inter-actionist* approach, in which entrepreneurial strategy and social capital are seen as shaped by *opportunity structure*. Here the market environment of the receiving society is promoted as one of the key determinants of whether and how immigrant enterprise will evolve. Significantly, this analytical shift came at a time when a new consensus was emerging that the opportunity structure of advanced capitalism was swinging decisively in favour of small firms. Following the influential work by Piore and Sabel (1984), it became increasingly plausible that the expansion of tertiary activities, of industrial out-sourcing and other profound transformations in global capitalism, had seeded a major small firm renaissance. In breaking with many decades of industrial concentration and growing scale, this could be seen as a profoundly transformative shift; in the words of Collins et al. (1995, p. 15) 'a centuries-old trend has been reversed'. In this phrase, these authors highlighted the way that industrialisation and its bias towards the giant corporation was being superseded by

post-industrialisation and its preference for small scale firms run by independent entrepreneurs. Given that 'small scale' is a precise description of most immigrant firms, they could now be portrayed as a salient feature of a 'small-is-beautiful' business revival, thriving on the back of a newly favourable opportunity structure (Boissevain 1984; Ward 1986).

With hindsight, one can now appreciate that the 1980s on-rush of enthusiasm for small firms may not have been purely evidence-based. It is probably only a coincidence in the chronological sense that entrepreneurial evangelism emerged in step with the rise in academic and policymaking circles of neoliberal doctrines extolling the virtues of free market enterprise at the expense of state regulation and the public sector (Harvey 2005). Little challenged at the outset, the new conventional wisdom created a sense of small firms, ethnic minority firms in particular, as part of a virtually unstoppable advance, a version of what Crory (2013, p. 36) called 'historical inevitability … necessary unalterable circumstances akin to facts of nature'. At the time, it was occasionally difficult to escape the impression of some kind of 'party line' about the heroic entrepreneur (Shane 2008; Kloosterman 2010), deviation from which was in bad taste and possibly even harmful to academic career prospects.

Despite this armour-plated certainty, dominant notions of small enterprise as embodying a newly unleashed competitive dynamism linked to innovative creativity were progressively faced with a growing weight of counter-evidence in the late twentieth century (Halliday 1995; Robson 1997). More recently the culminating evidence as to the falsity of utopian assumptions was presented by Shane (2008), whose summaries of American and international data highlighted that the typical entrepreneur 'makes less money than he would have made had he worked for others' (ibid p96). Together with a host of supporting data on such inherent problems as under-capitalisation, a convincing case for regarding small entrepreneurship as actually structurally disadvantaged was offered (Southern 2011). Perhaps the weightiest challenge to the basic entrepreneurial rationale could be found in Rainnie's (1989) argument that, in a world of increasing corporate scale and power, small firms continued to exist largely on the terms of giant corporations, either welcomed as a low cost (and eminently exploitable) part of its supply chain or permitted to operate in markets dismissed by the corporation as too low yielding. Even it is arguable that innovatory sectors like IT can provide high returns for the highly qualified small owner, a long-term tendency for such ventures to be taken over by their giant rivals can be discerned. In effect the small firm acts as a risk-bearing buffer during the vulnerable infant stages. For the historically aware researcher, this is a fascinating echo of classical authors like C.

Wright Mills (1957), whose warnings of the toils of the beleaguered small business owner date from over half a century ago. To capture the true venerability of this theme, one might need to invoke Marx and Engels's *Communist Manifesto*, which highlighted the crushing subordination of small by large enterprise as long ago as 1848.

3. *Mixed Embeddedness*

Both of the above approaches can be seen to be in need of critical re-examination. Responding to several of the more serious criticisms, Kloosterman et al. (1999) argued that, as well as their grounding in social capital, immigrant firms are also inescapably embedded in the impersonal external business environment of their adopted country. Previously these firms had been portrayed as virtually immune to the outside world, but Kloosterman and his colleagues were arguing for the spotlight to shift to the relationship with the outside world of markets and politico-legal institutions. This was shown to consist of: (1) an opportunity structure, inimical rather than favourable to small firms, especially so to under-resourced and racialised outsiders who tend to be restricted to undesirable sectors of the market (Kloosterman 2010; see also Ram and Jones 2008); and (2) a state regulatory regime, which in many mainland European countries was a serious impediment to immigrant firms (Kloosterman and Rath 2003). These writers identified a critical international contrast between the favourable environment for immigrant firms offered by the relatively deregulated Anglo-American markets and the comparatively retarded development of such entrepreneurship in highly regulated states such as Germany, Austria and Sweden. However, even this apparently straightforward contrast tends to ignore quality and quantity and it is easy to overlook the way deregulated regimes actively encourage promiscuous business entry by the under-capitalised and under-qualified (Barrett et al. 2003).

In his most recent update of mixed embeddedness theory, Kloosterman (2010) emphasised that the structural environment of an immigrant small business is no simple monolith and needs to be disaggregated into its component elements in order to be properly understood. To consider this, he represented the entrepreneur as surrounded by a series of concentric zones of influence: (1) an inner micro zone comprising of the co-ethnic network of family and friends who supply various business resources on informal uncosted terms. However, outside this magic circle, cosseted protection ceases to apply; (2) in the external market, competition operates on purely formal rules unaffected by ties of blood and emotion; and (3) the outermost zone is the

ultimate containing framework of the state's laws and regulations. Perhaps the most useful of the many insights from this paper is its focus on the way that structural forces tend to drive immigrant and other ethnic minority firms to the very bottom of the value-added chain (Light and Bonacich 1988; Jones et al. 2000; Ram and Jones 2008). Although the external market is designated 'opportunity structure' by Waldinger et al. (1990), the implication of an open field of entrepreneurial choice is rejected by Kloosterman (2010), who instead presented it as more closely resembling an obstacle-strewn battlefield, many parts of which are barricaded against the entry of immigrant entrepreneurs. In reality, an ethnic entrepreneur must compete for market space both against the entrenched position of incumbent entrepreneurs and the scale advantages of giant corporations. Usually under-resourced and often socially stigmatised, the weakness of the immigrant entrepreneur's competitive position can hardly be overstated.

In consequence of this stringent rationing of opportunities, the emergence of immigrant firms takes place as a painful process of insertion into whatever crevices of market space are available after a host of structural obstacles have been side-stepped. According to Kloosterman (2010), such firms are mainly confined to one or other of the following opportunities: (1) *vacancy chain* openings, markets with low entry thresholds (modest needs for capital and expertise) abandoned by their former incumbents because of their meagre returns; and (2) *post-industrial services*, activities proliferating since the 1980s to cater for the needs of a burgeoning social layer of money-rich time-poor urban professionals. Conspicuous representatives of the vacancy chain category are the small retailers—South Asians in Britain (Aldrich et al. 1981; Jones et al. 2000), North Africans in France (Ma Mung and Lacroix 2003), Koreans in the USA (Min 1990)—who have rapidly replaced native-born shopkeepers over the past few decades. Perhaps an even more vivid example of the immigrant entrepreneurial takeover of long established but declining activities is the clothing industry (Rath 2002). Until the 1980s, clothing manufacturing in many advanced economies seemed on the brink of extinction only to be rescued by immigrant entrepreneurs like Koreans in the USA (Light and Bonacich 1988), South Asians in the UK (Mitter 1985) and Turks in the Netherlands (Rath 2002). It did not escape Mitter's (1985) notice that the competitive survival of these firms derived from their ability to reproduce some of the sweated labour intensiveness of their developing world rivals. Shifting to the post-industrial category, prominent sectors here are catering and personal services, where migrant businesses have been able to respond to a truly vigorous upsurge in demand for eating out, for takeaway food and for hair and beauty services. At the same time, these activities offer a truly

graphic demonstration of the in-built contradiction of low entry thresholds. While ease of entry grants a temporary advantage to pioneer entrants to these sectors, it also guarantees a flood of subsequent entrants and demand in the low-tech post-industrial sectors has been flooded by a bloated glut of new suppliers (Ram et al. 2003). Studies of Asians in the UK curry restaurant trade show that any textbook tendency towards demand-supply equilibrium is exploded by an excess of supplier firms forcing prices well below the level of economic returns. This forces many entrepreneurs into arduous labour-intensive long hours working and cost-cutting of such stringency as to require the flouting of any legal regulations seen as costly (Jones and Ram 2007a).

For Kloosterman (2010), who acknowledged the operation (however constrained) of agential will, this entrapment at the bottom of the economy is by no means immutable. On the contrary, many immigrant entrepreneurs attempt to navigate into higher yielding sectors of the economy by acquiring the superior qualifications and expertise (human capital) necessary to negotiate higher entry thresholds. Various researchers in the field have expounded on the benefits to ethnic minority entrepreneurs of 'working smart' as opposed to 'working long' (Jones et al. 2000; Ram and Jones 2008). Even so, the struggle against blocked mobility can be painfully hard (Virdee 2006), with gains apt to be won at unacceptably high cost. As in the case of UK pharmaceutical retailing, Asian gains from entry into a new and initially fruitful market have been compromised by the subsequent entry of large scale competitors (Barrett et al. 2003). Equally frustrating is the experience of high-level ethnic minority firms in corporate supply chains, where enhanced earnings and prestige may entail an inordinate loss of independence (Ram et al. 2011). Perhaps most disappointing of all possibilities is the *transnational* route, where some writers have canvassed the potential for immigrant entrepreneurs to tap profitably into the enlarged sphere of investment, markets and other social capital contained in their home countries and diasporas (McEwan et al. 2005). Unhappily, careful examination of concrete examples suggests that such activity generally benefits only those highly exceptional entrepreneurs who are already relatively well resourced (Jones et al. 2010).

Adding further to the sense of structural entrapment are the rapidly growing findings of publications on so-called 'new migrants' to Britain, a significant number of whom have adopted self-employment as a livelihood (Sepulveda et al. 2011; Edwards et al. 2016; Jones et al. 2014). The term 'new migrants' has been adopted to capture the decisive post-industrial shift from the mid-1990s onwards in the provenance of migration flows into the UK. Whereas the first wave of post-war migration was largely a matter of

low skill male labour migrants from a small handful of former colonies in the Indian sub-continent, the Caribbean and Hong Kong, new migration is much more feminised, more highly qualified and, most conspicuously, from a strikingly wide range of Asian, African and European origins. Characterised as super-diversity by Vertovec (2007), this unprecedented multiculturalism stems largely from three sources: (1) an influx of economic migrants from 8 post-Soviet European countries acceding to the EU in 2004 (A8 Migrants); (2) a rise in asylum-seekers fleeing from persecution in war-torn zones of Africa and Asia; and (3) an increase in the volume of overseas students attracted to UK universities and other tertiary education providers. In the A8 category, the largest single nationality is Polish, while among asylum-seekers and refugees the predominant countries of origin are Somalia, Afghanistan, Iraq and the Democratic Republic of Congo. For a long time, these were barely noted by researchers, but new migrants are now seen as making a significant entrepreneurial contribution. Among the few research exercises in this area, the salient (and arguably disappointing) finding is that the new wave appears to be substantially repeating the drawbacks of its predecessors (Jones et al. 2012a; Jones et al. 2014; Edwards et al. 2016). Whether operating in Greater London or in the English Midlands, new migrant entrepreneurs are clustering with unerring accuracy in precisely the same sectoral slots identified by Kloosterman (2010). Despite comparative advantages over 'old migrants' with regard to human capital and the ability to tap into global diasporic networks via new communications technology, their market position shows absolutely no improvement over that of their forerunners. So close is the correspondence that one could almost be tempted to think in terms of some kind of historical determinism, of pre-ordained roles for immigrant enterprise in advanced capitalism. Once more, the avoidance of such extremism is strongly urged, but equally immigrant businesses do display certain trans-historical qualities. In this particular case, unprecedented novelty in origins fails to produce any notable change in outcomes.

4. *Entrepreneurial Transition*

In the light of copious international data showing the precarious marginality of small firms in general (Shane 2008; Southern 2011), it can sometimes be difficult to understand why entrepreneurship has been so insistently promoted as an ethnic minority panacea. In the USA and UK, this promotion has gone beyond the merely rhetorical to take the form of official state-sponsored business support. Heightening the feeling that self-employment is a rather dubious means of social mobility and economic

salvation is recent evidence that many UK South Asian firms can only survive by desperate, even illegal, cost-cutting measures (Jones et al. 1994, 2004, 2006). Indeed, it is hardly far-fetched to suggest that affordable dining out and many other taken-for-granted components of the contemporary urban experience depend for their existence on an overworked underpaid army of ethnic minority firms clinging on precariously at the very margins of legality. In a similar vein, taxi driving has been noted as a further key element in the night-time economy that is also a major immigrant entrepreneurial niche and is also fraught with risks and dangers (Kalra 2000). Indeed, when one additionally considers the exposure to racist abuse and violence in shops (Ishaq and Hussain 2007) and takeaway food bars (Parker 1994), whatever degree of personal independence is conferred by self-employment may entail bitter costs for racialised minority proprietors. Not merely dysfunctional from an earnings perspective, but self-employment might even be seen as life-threatening. A person could hardly be accused of over-reaction by drawing attention to the underlying racism which deems it proper to unload society's essential but undesirable, dangerous and under-compensated work on to the shoulders of its most disadvantaged sections. This would seem accurately to reflect Harvey's (2011, p. 1) fears about a 'collective lack of concern for and prejudice against those first in the firing line'.

Ultimately, the considerations above feed into debates about the social and economic contribution made by immigrants and ethnic minorities to their adopted country. Given the poisonous clouds of racism swirling around current European and American discourse on immigration, there can only be the warmest welcome for researchers like Legrain (2009) whose evidence handsomely validates his argument that advanced economies benefit positively from net immigration. As well as gaining from the essential tasks performed by low skill migrants, the receiving economy is also technologically enriched by the skills of the increasingly numerous highly educated migrants. Other UK studies have highlighted the regenerative effect of ethnic minority business on local economies (Jones et al. 2019), that ethnic enterprises act as a bridge into transnational activity (McEwan et al. 2005) and they are a supplier of basic needs to deprived urban areas. Yet, though it is vital to counter ill-informed anti-immigrant prejudice, it is arguable that one cannot avoid the feeling that certain double standards are in operation. While it can certainly be agreed that a country like the UK reaps copious material rewards from its multi-cultural diversity, this reasoning seems to ignore the needs of immigrants and ethnic minorities themselves. Should researchers not be asking what precisely do they gain? Or should researchers passively accede to the kind of one-way bargain, implicit in a discourse which constantly

questions whether and how immigrants are justifying their presence without raising an eyebrow about mainstream society dumping its dirty work upon them? This is precisely the reason for the use above of the term 'underlying racism', essentially an unintentional (even well meaning) categorisation of a group of people as fit only to perform second-class unwanted tasks, for which they are to be heartily congratulated, though not of course commensurately rewarded in material terms.

Recognising that much literature in the field exaggerates the benefits of enterprise for immigrant communities, while failing to acknowledge even its most egregious drawbacks, there is clearly a need for a new perspective. Drawing on the former experiences of such groups as Chinese and Japanese in the USA (Bonacich and Modell 1980), a recent proposal is that heavy reliance on self-employment by a newly arrived community should properly be regarded as a temporary abnormality, an enforced response to the group's exclusion from many of the labour market avenues open to the incumbent population (Jones et al. 2012b). Essentially it should be seen as the first stage in the group's accommodation strategy (Nee and Sanders 2001) en route to their eventual diffusion throughout the labour market (Ram and Jones 2006; Jones et al. 2012b). In addition to well-established American sources like Bonacich and Modell (1980), the evidence base for this theory has been strengthened by recent scrutiny of labour market data in the UK. Here interest has been piqued by an unheralded turnaround in the self-employment trend of groups like Indians and Chinese, communities where a substantial rise in the British-born element has been accompanied by palpable shifts in economic orientation (Jones et al. 2012b). To seasoned observers of the British ethnic minority business scene, a recorded *decline* in self-employment (Jones and Ram 2003) gives rise to genuine shock, especially considering the truly towering heights scaled by these entrepreneurial communities in the 1980s (Campbell and Daly 1992), plus the sense of inexorable destiny promoted by the many cheerleaders for Asian entrepreneurialism (Werbner 1980; Metcalf et al. 1996). Nevertheless, defiance of historical destiny or not, official statistics confirm that since the 1980s 'rates of self-employment have fallen for Indians and the Chinese' (Clark and Drinkwater 2007, p. 106). Tellingly, these authors go on to attribute the retreat from self-employment to increased opportunities in paid employment available, a reminder that irrespective of ethnic origin there is a *negative* correlation between educational attainment and self-employment. In effect, this is an echo of Nee and Sanders's (2001) observation that the acquisition of higher level qualifications by immigrant groups propels them into professional employment rather than business ownership. While these

two observations certainly establish a common trans-Atlantic tendency, the likelihood is for a ubiquitous pattern throughout advanced economies.

The evidence would suggest that an improvement in an ethnic group's credentialised personal resources increases its economic leverage and widens its choice of careers. In the case of UK Indians, a decline in self-employment has occurred as an immigrant generation whose educational qualifications were largely unrecognised (Virdee 2006) has gradually come to be replaced by British-born generations with locally acquired educational attainment that is superior to that of the native white population (Jones et al. 2012b). According to these authors, this has promoted the kind of rise in Indian professional and white-collar employment predicted by Nee and Sanders (2001). However, this is not the death knell for entrepreneurship, since a further beneficial effect of improved career choice has been a marked rise in the *quality* of business demonstrated by the ability of young highly educated Indians to abandon the low-level entrepreneurial ghetto of their parents and grandparents for new start-ups in high-level human capital-rich sectors (Jones et al. 2012b). The voluntary business entry by those with a range of career choices, as opposed to self-employment as compelled survival, is almost guaranteed to raise the quality of enterprise through its positive effect on motivation and attitude.

Consistent with the ever nuanced and often contradictory nature of this field, there are grounds for arguing that an ethnic community becomes less entrepreneurial as its opportunities widen and also that its entrepreneurs become less ethnically conscious as they become more mainstream. The historical experiences of German immigrant entrepreneurs in the USA seem to be consistent with such a trend. This aligns with a growing movement among ethnic relations scholars to question the rather lazy tendency to *essentialise* ethnicity, to accept it on its own terms as an innate and immutable human quality. Instead, according to such critics as Gunaratnam (2003), it should be viewed along with such properties as age, generation and gender as part of the multiple human identity which, after a moment's reflection, any person would recognise in themselves. Beyond this, there is a case for incorporating factors such as occupation and professional mind-set into this identity; on this point, research into business support networks has discovered that many owners resent being described as Asian or African or by any other ethnic prefix, expressing a preference for being described simply as 'entrepreneurs' and to be included in research networks based on sector, growth orientation or some other common business interest (Ram et al. 2006). This point will be discussed again in the final section on enterprise support.

Much as this rationale cries out for further development, although for the present it does not affect the thrust of the argument that a richly resourced ethnic minority group increases its potential to penetrate all sectors of the labour market, whether as owners or employees. In either of these roles, the community strives to escape from consignment to the limited low-level residual economic space customarily reserved for racialised outsiders (Miles 1989). Even so, it is vital to recognise with Virdee (2006) that this rise towards economic parity with the mainstream, this bid for economic 'normality' as one might term it, is not a smoothly assured process operating on its own terms. On the contrary, socio-economic advancement is bitterly resisted. In the field of enterprise itself, obstacles can be erected by bankers (Ram et al. 2003) and customers (Ishaq and Hussain 2007), while mobility in employment itself has been bedevilled by labour market discrimination from the initial post-war migration phase (Daniel 1968) onwards. As Garbaye (2003) highlighted, any subsequent improvement in the Indian employment position did not stem solely from enhanced human capital, but also required anti-racist struggle in the political arena. Extraneous factors have been at least as important as internal processes in effecting change, a point that suggests that any economic recession should be scrutinised for its impact on ethnic minority labour market trends.

Overall, the temptation to present a transition model as in any way predetermined is resisted, or any form of route map pointing to some kind of manifest destiny for immigrant-origin minorities. This feeling of conditionality is heightened by the most recent addition to the analytical mix, the 'new migrant' entrepreneurs alluded to in the previous section. As stressed, the commercial performance of these business owners shows striking similarities to that of the 'old migrants', but their personal circumstances are so dissimilar as to render problematic the assumption that their long-term historical narrative will follow closely that of Indians. However, while Eastern European migrants were initially characterised as transient—such is the volume of two-way travel between Britain and the homeland that Legrain (2009) characterises Polish economic migrants as virtual cross-border commuters— but this view is challenged by recent researchers who have argued that permanent settlement and family reunion are now becoming far more common. Perhaps the transition model is more serviceable than previously thought, although its long-term applicability is ultimately at the mercy of extraneous political factors like Brexit (Hudson 2017). Many of these considerations apply also to African and Asian 'new migrants' entering as asylum-seekers and turning to self-employment on acquiring refugee status. However, the key distinction is that, unlike the voluntary entry to the UK of the post-Soviet

economic migrants, this group's arrival took place in flight from persecution, leaving them traumatised and often penniless. In such circumstances, their achievement in setting-up any kind of business firm is close to miraculous in itself. Yet although for many their activities are marginal and fragile in the extreme, Collins et al. (2016) noted what they called the 'paradox of refugee entrepreneurship', where in many advanced countries refugees have faced down mountainous disadvantages to achieve self-employment rates far in excess of the general population. Part of the explanation is that refugee populations tend to contain high proportions of entrepreneurially experienced individuals hailing from family businesses in the homeland (Lyon et al. 2007).

While one could certainly point to the ethnic entrepreneurial transition as a strong tendency propelled to a great extent by its own logic, attention should also be drawn to its conditionality whereby alternative contingencies can produce alternative outcomes. For obvious reasons this applies to the recent and under-researched groups discussed above. Moreover, it also has resonance for longer established entrepreneurial groups and there are already signs in the UK of wide gaps opening between them. For example, Pakistanis (unlike Indians) continue to exhibit very high rates of self-employment and while Jones et al. (2012b) have wondered whether this might indicate a time-lag effect, McEvoy (2013) suggested that some significant cultural or behavioural differences may be in play. By the same token, one should ask questions about groups like African-Caribbeans in the UK whose engagement with entrepreneurial self-employment has never been more than minimal (Ram and Jones 2008).

Policy and Ethnic Minority Enterprise

The evolution of academic debates in this field has done much to reinforce the importance of context when examining ethnic minority businesses. This has served to problematise prevailing tendencies to view entrepreneurship as an unfettered route to social mobility for ethnic minority and immigrant groups. Advances in the conceptualisation of ethnic minority entrepreneurship have recognised the diverse economic and social relationships in which firms are embedded. Yet the weakening of ethnicity as an explanatory factor implied by such an approach seems increasingly at variance with Europe-wide interest among policymakers in the role that ethnic minority entrepreneurship can play in addressing myriad societal problems, such as unemployment, social exclusion and urban regeneration. European, national and municipal

governments, business associations, as well as many third sector institutions, have alighted upon the phenomenon of ethnic minority entrepreneurship (Eurofound 2011). A study of business support for minority groups in 32 European countries (Van Niekerk et al. 2008) revealed considerable activity and wide national and local variations.

The approach in the USA to supporting minority businesses has to be seen in the context of a public policy tradition rooted in the principles of affirmative action. This contrasts sharply with the position in Europe, where legally sanctioned policies to favour a particular minority group are unlawful. From the 1960s onwards, there has been a procession of legally backed measures to boost minority enterprises, notably in the area of public procurement. Preferential policies by state and local governments to provide finance for minority firms and to open up private and public sector supply chains have been commonplace in the USA. Affirmative action programmes were seen as vehicles for remedying past and present inequities, and important contributors to income and employment opportunities in distressed urban areas (Boston 1999). However, micro-enterprise programmes (Servon 1997), financial aid (Bates 2011) and supply chain initiatives (Bates 2001) predicated on affirmative action principles have met with mixed success and do not constitute a panacea for the development of minority entrepreneurship.

The UK has been more active than many other countries in terms of encouraging ethnic entrepreneurship, with support for minority businesses effectively 'routinised' by successive government (up until the advent of the austerity-driven Coalition government in 2010) and sustained by years of central and local state funding (Keith 1995). The boosterist discourse that usually accompanies policy interest in ethnic minority enterprise is often subsumed in the commonplace rhetoric of encouraging 'enterprise for all'. Such bullish invocations, often devoid of credible evidence, were a feature of British governments of all political hues. The Labour administration of 1997–2010 was particularly active in its championing of enterprise in 'disadvantaged groups', of which ethnic minorities were clearly a significant element. However, the implicit consensus on supporting ethnic minority enterprise came to a juddering halt in 2010 with the arrival of the coalition government, which effectively dismantled publicly funded business support for small firms as part of its programme of austerity. Nonetheless, the drive to promote ethnic minority enterprise as an economic panacea continues unabated. A Europe-wide study of 28 cites (Eurofound 2011) revealed a complex patchwork of programmes, policies and initiatives to support ethnic entrepreneurship.

Closer scrutiny of this policy discourse reveals question marks over the substance and individualist focus of such programmes. In respect of substance, the Eurofound (2011, p. 32) study determined that despite the apparent profusion of initiatives, 'ethnic entrepreneurship has *not* played a major role in the overall strategy supporting the integration of immigrants' (original emphasis). There were a number of reasons for this absence from wider economic agendas. First, immigrants had yet to establish a foothold in self-employment (although this could be attributed to a lack of relevant support). Secondly, some believed that minorities did not necessarily face disadvantages that could be attributed to their ethnic background. Thirdly, social measures (e.g. language acquisition and personal security) were seen as more relevant to the needs of immigrants. Fourthly, some jurisdictions favoured 'colour blind' approaches rather than group-specific measures. Finally, the prevalence of a strict 'neo-liberal' logic militated against undue public sector involvement. It should also be noted that the existence of ethnic business-specific associations in a number of cities was also fraught with problems. They were often poorly resourced, marginalised from 'mainstream' business support systems and preoccupied with social objectives rather than economic priorities. The Eurofound (2011) study also drew attention to the 'agency-centric' nature of initiatives to support ethnic minority entrepreneurs. Most measures were designed to enhance the human capital of actual and aspiring business owners; they focused on information provision, education services, training and counselling. Few attempts were made to address the structural conditions of entrepreneurship. Assessments of business support provision for minority entrepreneurs in the UK (Ram and Jones 2008) confirmed this general picture, although there have been isolated attempts to enhance the market opportunities of such businesses by fostering relationships with large companies. However, academic evidence casts considerable doubt upon the efficacy of such initiatives. The anatomy of ethnic minority enterprise is such that the profound structural constraints that it operates under means that minority entrepreneurs are ill-equipped to occupy the role of 'racialised saviours of the inner city' (Keith 1995, p. 359). Despite the rhetoric of enterprise that often accompanies such policy discourses of regeneration and entrepreneurship, actual initiatives might fulfil certain social objectives, rather than the grand claims relating to job generation and business competitiveness. Hence, the prescription of self-employment as a means of addressing disadvantage among ethnic minority communities has to be seriously questioned. It is undoubtedly the case that entrepreneurship has constituted a very important ladder of opportunity for some ethnic minority groups. However, the driver for much of this self-employment is the intensive

utilisation (or exploitation) of group-specific social capital rather than support from public sector interventions. Furthermore, although some ethnic groups have much higher than average levels of self-employment, this should not be seen as an unqualified indicator of 'upward mobility'.

Despite these challenges, there have been a number of positive developments which Ram et al. (2012) noted in their review of business support in the UK. For example, an explicit intention to *engage* ethnic minorities, usually as part of a broader strategy to boost enterprise among underrepresented groups, is still a feature of enterprise policy despite the climate of austerity. The *heterogeneity* of the ethnic minorities in business is increasingly recognised by policymakers, particularly in respect of access to finance (Fraser 2009) and business support (Deakins et al. 2003; Ram and Smallbone 2003). This has been accentuated by the phenomenon of super-diversity (Vertovec 2007), which refers to the comparatively recent arrival of a new wave of migrants that are distinguished by a range of economic, legal and social features. Interventions to support enterprise in such communities are beginning to emerge (Blackburn and Ram 2006), although there remains considerable scope for further activity (Ram and Jones 2008; Sepulveda et al. 2011). A concern to *mainstream* business support for ethnic minorities has run alongside specialist interventions for particular communities. Finally, ethnic minority businesses have been encouraged to move into high value-added markets by participating in *supplier diversity* initiatives to access contracts from large organisations in the public and private sector. Such interventions have their antecedents in the USA, where procurement practices in the public and private sector have long been seen as important mechanisms of ethnic minority business development (Boston 1999; Bates 2001).

Conclusion

Although the transition model sharply questions some of the basic assumptions of the ethnic minority business discourse, it is not intended as a demolition of previous theories. Rather it seeks to offer a framework in which these can operate with a more balanced and nuanced sense of perspective than has often been the case hitherto. In itself the recognition of immigrant entrepreneurial self-employment as a transitional passage rather than a destination in its own right does not sound the death knell of concepts like ethnic social capital. Instead it calls attention to the true nature of social capital, its limits, its virtues and its need to be located in a proper context. As an informal resource enabling the entrepreneurial survival of a socially excluded group of racialised newcomers, its value is incalculable and does indeed deserve celebration as a means of positive community empowerment in the negative face of racist disadvantage. At the extreme, it can support self-employment for those bereft of resources (Kloosterman 2010). However, one must resist the triumphalist expectation that it has the potential to lift immigrants 'from rags to riches' (Werbner 1980). Unhappily, almost any attempt to move beyond its very restricted sphere of influence into well rewarded mainstream sectors is doomed, unless other more formally accredited forms of capital can be mobilised (Nee and Sanders 2001). In the light of all this, the transition model could be viewed, not as a means of superseding its predecessors, but rather as the ultimate antidote to what Gray (2013, p. 26) calls 'the incurable human habit of mistaking fancy for reality'.

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