

Regional and Sub-Regional Variations in Ethnic Minority Entrepreneurship in Britain

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Abstract

Introduction

We previously described the differential engagement in entrepreneurial activities of Britain's main ethnic minorities (McEvoy and Hafeez 2006). Bangladeshi, Chinese, Indian and Pakistani communities are much more entrepreneurial than the white British. We now extend this analysis to the regional scale. Ethnic minorities are unevenly distributed compared with the overall population. Regions display differing levels of entrepreneurial activity, and we will examine whether minority business reflects overall regional patterns or whether it has its own spatial characteristics.

The main ethnic minorities began with immigration in the 1950s and 1960s when tight labour markets created jobs in low-paid labour-intensive sectors such as manufacturing and public services. The location of these jobs meant that immigrants settled unevenly across the country. From about 1970 onwards Britain experienced severe economic restructuring. Whole industries shrank, especially in manufacturing sectors making heavy use of immigrant labour. Unemployment grew for many minorities. However restructuring also stimulated growth service industries. Some minorities, especially those from India, Pakistan, Bangladesh and Hong Kong, found self-employment in convenience retailing and restaurants. Later growth in these fields stimulated co-ethnic wholesalers, manufacturers and business support activities.

Initially these ethnic minority firms concentrated in the areas of initial settlement, which saw both the multiplication of minority-owned small businesses and the emergence of a smaller number of medium-sized companies. Equally notable was the diffusion of some minority entrepreneurs into regions not previously noted for the presence of immigrants. Often the motivation for these moves was the absence of co-ethnic competition in the new locations. The main sectors involved were convenience retailing and restaurants. For South Asian firms this pattern was demonstrated in a study of fifteen localities across England by Barrett *et al.* (2001, 2002).

Recently the working-age population of British-born children of immigrants has expanded rapidly. This generation speaks English fluently and has high levels of educational and professional qualifications. Jones and Ram (2003) find that British-born South Asians have converged with the white British in number and type of business activities. This trend is encouraged by the impact of national and global competition on immigrant generation business activities. Independently owned convenience stores for example suffer from superstores expansion and from the emergence of corporate convenience chains. Government regulatory change has also made things more difficult for traditional immigrant enterprises.

For South Asian populations as a whole it is clear that both generational and geographical variations in business activity are substantial. It is less clear how these

factors interact with one another, and how the overall variations apply to the Indian, Pakistani and Bangladeshi sub-groups. It is also unclear business activities of the Chinese, or white European migrants, or the rapidly growing African population (Nwanko 2005) differ regionally.

Methodology

This paper looks at regional variation through examination of official statistics, including published census figures from 2001, new cross-tabulations drawn from the same census's Sample of Anonymised Records, and more recent figures from the quarterly Labour Force Survey. In each case levels of self-employment by ethnic group will be used as an indicator of regional entrepreneurial activity. Following Owen (1997) we will also look at the number of self-employed who employ others. Owen reasoned that many of the self-employed without employees were not true entrepreneurs, but simply sought to reduce their tax and social security contributions; those with employees were more truly engaged in business activity. The strengths and limitations of using these variables as indicators of entrepreneurship will be discussed.

The broad sectors of self-employment will also be identified. It is anticipated that the sectoral diversity of each ethnic group's activities will be greatest in the regions where its population is largest. It is also expected that the proportion of an ethnic group engaged in self-employment will be greatest in areas where its population is least. This expectation arises because self-employment may be the strongest reason for members of minorities to move to areas where there are fewer co-ethnics.

We will look first at Government Office Regions (NUTS 1 in EU terminology), but there is much economic and ethnic diversity within them. We will therefore also examine whether levels and types of self-employment match the expected patterns at sub-regional level. The impact of geographical variations in self-employment by gender, age group, religion, and country of birth will also be considered. In the case of religion particular attention will be given to the figures for Indians. Many minorities in Britain have a dominant religion, but Indians have substantial numbers of Hindus, Sikhs and Muslims. Lindley (2002) has shown that Hindus are the most economically successful of these groups, and Muslims the least. We may see whether this applies business activity, and whether it is consistent across regions.

Results

Extensive data analysis is yet to be undertaken, but we have preliminary figures for the Merseyside sub-region in North West England. The region has a less self-employment than England as a whole (9.0 % of the economically active population compared with 11.3% nationally). The region also has a lower proportion of ethnic minorities than the country as a whole (1.6% compared with 10.3%). As we hypothesised above, several groups with a minor local populations are more heavily engaged in self-employment locally than they are nationally (Indians 22.4% self-employed on Merseyside, but only 13.2% nationally; Pakistanis 23.0% and 15.7%; Bangladeshis 20.8% and 11.6%; Other Asians 25.1% and 14.9%). The Chinese do not fit this pattern with a higher share of the population locally than nationally (0.60% compared with 0.45%). Contrary to expectation Merseyside self-employment somewhat exceeds the national figure (24.8% compared with 23.5%). Data relating to business diversity to ethnic group size has yet to be obtained.

Discussion

These preliminary results show that there may be some validity in the suggestion that entrepreneurial minorities have higher self-employment in regions where they are a minor element in the population. In the Merseyside case the main reason for Indian, Pakistani, Bangladeshi, and Other Asian presence is migration from other parts of England in order to set up businesses. This is not the case with the Chinese for whom Merseyside is a long-standing site of immigration. The Chinese figures show that our hypothesis is not always confirmed. More comprehensive geographical analysis may show if the Chinese on Merseyside are an aberration from a general pattern, or whether the general expectation is invalid. Consideration of business diversity, country of birth, gender, age group and religion may clarify the picture.

Advances of Contribution

Geographical variations in the contribution of ethnic minorities to British business have previously been noted, but this has normally related only to sample locations. Moreover, spatial variation has often been a subsidiary issue, with the main focus on social, cultural and economic dimensions, in order to explain differences in levels of entrepreneurial activity between groups. In this paper national variations in business activity will serve as bases for assessing regional variation, but focus will be on the latter rather than the former. We believe no similar analysis has previously been attempted. We may see differential contributions of ethnic minorities to regional economies. It should become apparent how far individual minorities make similar contributions in all places. Alternatively we may discover that differing regional economic structures, and differing regional concentrations of minority populations, produce a regionally varied pattern of ethnic entrepreneurship.

Literature

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