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The many barriers to ethnic minority entrepreneurship: Interpreting the hidden narratives of ethnic minority entrepreneurs in Edinburgh

The past decade has witnessed a remarkable shift in the attention paid to ethnic minority entrepreneurs. Within the broader social context of 'super diversity', there is, in particular, a growing awareness of the social and economic contributions of ethnic minority-owned businesses (Vertovec, 2007; McEwan et al., 2005; Jones *et al.*, 2012). So important are they now that a report commissioned by the Federation of Small Business articulated that ethnic minority-owned businesses generated £13 billion in revenue and 107,000 jobs to the UK's economy (FSB, 2020). Yet, as several studies have indicated, empirical studies regarding the barriers facing ethnic minority businesses (EMBs) remain limited (Carter et al., 2015; Omeihe and Omeihe, 2021). For this purpose, the research question guiding this study is:

RQ1: What are the barriers facing ethnic minority entrepreneurs within the United Kingdom?

Obviously, given the recent Covid-19 pandemic, economic opportunities have not been favourable as there are growing experiences of exclusion among EMBs. This paper is mainly concerned with the barriers and limitations facing ethnic minority-owned businesses. In this study, we deal with some of the economic activities of ethnic minority entrepreneurs, mentioning the means by which they navigate their relative lack of access to finance, often narrow markets, management competencies, immigration control, and no recourse to public funds. In doing so, the main objective for undertaking this study is set on the interrelations between the cultural characteristics, social capital and business resilience of ethnic minority entrepreneurs in Edinburgh. To achieve our purpose, a holistic approach that relies on the theoretical perspective of 'mixed embeddedness' (ME) (Kloosterman, 2010) is applied to empirically interrogate the contexts in which the ethnic minority entrepreneurs are situated. The application of the mixed embeddedness perspective is unique in locating the structural disadvantage of ethnic minorities within their structural context. We illustrate this with the findings from interviews conducted with 12 EMBs across the West of Edinburgh, Scotland. This allowed us to pursue the often neglected economic and social issues facing ethnic minority entrepreneurs.

Methodology: In this paper, we present detailed evidence originating from two complementary but sophisticated sources. Our first source was derived from a set of interviews and intensive dialogues with 12 EMB owner-managers conducted in the summer of 2020. This was further reinforced with observations, documentary evidence and case studies as multiple sources of evidence, similar to that outlined by Yin (2013). This allowed for the empirical inquiry of unclear boundaries between context and the phenomenon being studied.

Following Eisenhardt and Graebner (2007) and Creswell (2013), we selected our sample purposively rather than randomly with the purpose of advancing existing theories (Lincoln and Guba, 1985; Marshall and Rossman, 1999; Omeihe and Omeihe, 2022). In this case, we made sure that there was diversity in the origin of the selected EMBS. Keeping in faith with Vertovec's (2007) notion of super-diversity, our sample selection was representative of 5 different countries of origins. We also relied on our understanding of the population by focusing on a range of EMBs types operating within the manufacturing and agricultural sectors. The difference in sectors indicates the desire to avoid chance associations (Yin, 2014).

Essentially, the appeal of our methodological approach lies in the adoption of the retrospective perspective during the interview. Its reflective nature unearthed complex issues as the research outcomes were justified to be representative of the situation in which they were generated (Huzham and Vangen, 2003; Ram et al., 2011). The interviews lasted between 30 to 50 minutes.

Guided by Langley (1999), a narrative strategy that ensured the detailed analysis of transcriptions was employed. Here, issues of potential interests and patterns of meanings were identified within the data. This involved a constant iteration between extracts of coded data and the analysed data. These were then systematically analysed, as interesting aspects formed the basis of repeated patterns (themes) were identified. Consensus over the interpretations of data was reached over panel discussions. Following the initial coding, our long list of codes required sorting into various themes. These were combined to develop an overarching theme through a collection of candidate themes, sub-themes and a sense of the individual themes. This was to ensure that data within the themes were meaningful in revealing the richness of the phenomenon being studied.

Contribution: The impact of a study that focuses on ethnic minority businesses is valid for subtle reasons. First, the growing population diversity across Scotland and by extension the UK landscape, suggests a need to understand the key socio-economic barriers that deserve prompt attention facing ethnic minority-owned businesses. Our study bridges this gap by concentrating on the potential economic benefits which may accrue from increased knowledge of the barriers which they face.

Secondly, related studies have overlooked evidence related to ethnic minority business ownership within the Scottish context as they form an under-researched area of inquiry. In doing so, and in line with the Scottish Funding Council's research priorities, the study focus addresses the research-policy-practitioner gap that continues to characterise this field of scholarship.

Moreover, in the particular case of the selected EMBs, we note that issues such as exclusion and racial discrimination remained relevant but were not enough to deter the enterprise of the minority entrepreneurs. Certainly, in the case of our selected respondents, they were more concerned with the existing imbalance between supply and demand, as many of the EMBs operated across easy to enter, low-skill markets. A closer empirical observation revealed that the EMBs were found to mitigate this imbalance through engaging in informal activities and in some cases cutting corners.

Be that as it may, there were a number of regulatory controls that served as constraints to the development of EMBs. Such regulatory barriers were found to restrict access to funding for the EMBs and as a result, EMBs had to rely on informal sources of funding to grow their businesses. Importantly within the findings, the issue of networks of trade associations was pronounced across the responses. Ties to Ethnic associations were found to be more proactive in creating new opportunities and negotiating trade territories across clusters. Indeed it is appreciable that these associations also provide members with information useful for the establishment of strategies to drive more sales. Besides, ethnic minority businesses gained referrals through ties to these associations. These findings are consistent with previous studies that examined minority businesses in light of network influence (Chung, 2019; Sithas and Dissanayake, 2019). The outcome of this study validates the findings of previous studies on network influence and minority business.

By applying the theoretical lens of mixed embeddedness to ethnic minority entrepreneurs in Edinburgh, our study reveals that EMBs are faced with an array of structural limitations. As with any study, we contend that our study has its own set of limitations especially as it relates to the number of respondents, Thus, to achieve a more fruitful research avenue, it would be interesting to gain insights from a larger empirical data set. In the light of our findings, we believe that the issues identifies within the study are timely and can be addressed with comparisons across ethnic blocs.

Selected References

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