

The many barriers to ethnic minority entrepreneurship

Bekee Bariture
Kingsley O Omeihe
Mary Fletcher
Scottish Entrepreneurship Research Day 2024

Ethnic minority entrepreneurs have made major contributions, and the business and academic communities have taken notice of this in recent years. Many studies and policy discussions have been sparked by the increasing acknowledgment of their importance in the economic and social fabric of varied countries (Brieger and Gielnik, 2021; Sinkovics and Reuber, 2021). Even with this attention, the literature still underrepresents African minority entrepreneurs, especially those in Edinburgh. By examining the particular possibilities and problems individual entrepreneurs face, this study aims to reveal the hidden stories behind them.

In Edinburgh, African minority business owners navigate a complicated environment that is characterised by both structural impediments and opportunity. Despite the fact that their companies support the regional economy and cultural variety, these company owners frequently encounter formidable obstacles. Prior studies (Fairlie *et al.*, 2022; Liu *et al.*, 2020; Nyame-Asiamah *et al.*, 2020) have brought attention to problems such as restricted access to financial resources, discriminatory behaviours, and difficulties navigating regulatory settings. These challenges are capable of stifling minority-owned business growth and entrepreneurship.

These difficulties have been aggravated by the Covid-19 pandemic, which has disproportionately affected entrepreneurs from racial and ethnic minorities. These businesses now have less commercial opportunities and are more vulnerable due to the pandemic's economic effects (Liñán & Jaén, 2022).

Understanding African minority entrepreneurs' unique experiences and requirements is especially important now as the pandemic has exacerbated pre-existing problems for them, like market reach and financing availability.

This research attempts to investigate the hidden stories of African minority business owners in Edinburgh by looking at their entrepreneurial experiences, the obstacles they encounter, and the tactics they use to get beyond these difficulties. The theoretical underpinning of the research is "mixed embeddedness," which considers the interplay between individual action and structural constraints (Kloosterman, 2024). By emphasising African minority entrepreneurs and their unique environments and experiences, this study seeks to offer a clearer picture of ethnic minority entrepreneurship in the UK.

Given this, the main research question that directs this investigation is: **What are the hidden narratives and challenges faced by African minority entrepreneurs in Edinburgh?** The study will use qualitative techniques, particularly interviews to answer this question by capturing the rich, real-world experiences of these business owners. Through revealing their hidden stories, this paper hopes to influence practice and policy, creating more welcoming and encouraging environments for African minority business owners in Edinburgh.

Methodology: In order to investigate the hidden stories of African minority entrepreneurs in Edinburgh, this study uses a qualitative research methodology. The study approach

incorporates many evidence sources to offer a thorough comprehension of the difficulties and encounters faced by these business owners. We employed observations and interviews in accordance with Schoch's (2020) case study research criteria to guarantee a thorough and comprehensive analysis.

Participants were chosen using a purposive sampling technique in order to concentrate on those who might offer in-depth, rich views (Creswell & Poth, 2018). Fifteen minority entrepreneurs from different African backgrounds and covering a range of business sectors like food, retail and fashion, made up the sample. This diversity guarantees that the sample covers a wide range of experiences and viewpoints and is consistent with Vertovec's (2019) concept of super-diversity.

Semi-structured interviews with the chosen entrepreneurs were used to obtain data. The purpose of these interviews was to record the participants' individual stories, difficulties, and methods for getting beyond roadblocks. In order to preserve correctness and comprehensiveness of the data, the 20–40 minute interviews were audio recorded and verbatim transcribed (McMullin, 2023). To complement the interviews with additional information and offer a more comprehensive framework for analysis, observational data and pertinent documents were also gathered.

The interview transcripts were analysed using a narrative analysis method. This required using iterative coding and thematic analysis to find important themes and patterns within the data (Riessman, 2022). A wide range of codes were first produced, which the researcher continuously compared and discussed to hone into primary themes and sub-themes. Through this procedure, the themes were guaranteed to appropriately represent the intricacy and diversity of the facts.

Following the data's identification, the themes were combined to create a comprehensive story that depicts the difficulties and hidden experiences faced by African minority entrepreneurs in Edinburgh. This methodological approach adds significant insights to the subject of ethnic minority entrepreneurship by offering a thorough and nuanced analysis of this underrepresented group's entrepreneurial journeys.

Contribution: This research fills important knowledge gaps on African minority entrepreneurs in Edinburgh and practical policy implications. It does this by covering a number of important areas. First of all, it offers an improved viewpoint on the particular difficulties encountered by African minority business owners, highlighting the socioeconomic obstacles that are sometimes disregarded in more general studies on ethnic minority companies (EMBs). This study provides important insights into the unique requirements and experiences of this underrepresented population by bringing these difficulties to light, which is crucial for creating focused support systems.

The increasing variety of Scotland's population, especially in cities like Edinburgh, emphasises how critical it is to comprehend the contributions and economic roles played by African minority entrepreneurs. The unique experiences of African entrepreneurs in the Scottish setting have not received enough attention in the literature, despite the growing number of enterprises owned by ethnic minorities (Sinkovics and Reuber, 2021; Fairlie *et al.*, 2022). By concentrating on their hidden narratives, our study closes this knowledge gap and advances our understanding of ethnic minority business in the UK. Significantly, the study shows how African minority entrepreneurs are still impacted by racial discrimination and exclusion, but also how these entrepreneurs show resilience and adaptation in the face of these difficulties (Duan *et al.*, 2021;

Liñán & Jaén, 2022). This emphasises the requirement for laws that not only combat prejudice but also improve people's access to resources and support systems.

The study identifies regulatory obstacles impeding the expansion of African minority-owned enterprises. Among these obstacles are challenges in navigating intricate regulatory systems and gaining access to professional financial services. Because of this, a large number of African minority business owners depend on unofficial networks and finance sources to keep their companies afloat. The necessity of social capital and community support in the entrepreneurial process is highlighted by this reliance on unofficial networks (Kloosterman 2024). The study sheds light on these unofficial behaviours, which helps us comprehend how African minority business owners succeed in spite of structural barriers.

Moreover, this study reveals the significance that ethnic associations and networks play in assisting African minority businesses. These networks assist entrepreneurs in managing obstacles and navigating market possibilities in addition to making information and resources more easily accessible. The results indicate that improving these networks and encouraging more interethnic cooperation may improve the economic outlook for African minority-owned enterprises.

Through the use of the mixed embeddedness theoretical framework, this study highlights the complex interaction that African minority entrepreneurs in Edinburgh encounter between their own agency and systemic limitations (Kloosterman, 2024). The knowledge gathered from this study points to areas where policy interventions could be most successful while also highlighting the tenacity and inventiveness of these entrepreneurs. However, there exists a limitation with regard to the sample size and scope. A larger and more varied empirical dataset could be useful in future study to confirm and build upon these results.

References

- Brieger, S. A., & Gielnik, M. M. (2020). Understanding the gender gap in immigrant entrepreneurship: a multi-country study of immigrants' embeddedness in economic, social, and institutional contexts. *Small Business Economics*, 56(3), 1007–1031. <https://doi.org/10.1007/s11187-019-00314-x>.
- Creswell, J. W., & Poth, C. N. (2018). *Qualitative inquiry and research design: Choosing among five approaches*. London: Sage publications.
- Duan, C., Sandhu, K., & Kotey, B. (2021). Understanding immigrant entrepreneurship: a home-country entrepreneurial ecosystem perspective. *New England Journal of Entrepreneurship*, 24(1), 2–20. <https://doi.org/10.1108/neje-05-2020-0013>.
- Fairlie, R., Robb, A., & Robinson, D. T. (2022). Black and White: Access to Capital Among Minority-Owned Start-ups. *Management Science*, 68(4), 2377–2400. <https://doi.org/10.1287/mnsc.2021.3998>.
- Kloosterman, R. C. (2024). 13 Mixed Embeddedness Re-assembled. *De Gruyter Handbook of Migrant Entrepreneurship*, 261.
- Liñán, F., & Jaén, I. (2022). The Covid-19 pandemic and entrepreneurship: some reflections. *International Journal of Emerging Markets*, 17(5), 1165–1174. <https://doi.org/10.1108/ijoem-05-2020-0491>.
- Liu, F., Liao, X., & Ming, C. (2020). Prejudice, does it exist or not? consumer price discrimination in minority entrepreneurship. *Frontiers in Psychology*, 11. <https://doi.org/10.3389/fpsyg.2020.02180>.
- McMullin, C. (2023). Transcription and qualitative methods: implications for third sector research. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 34(1), 140–153. <https://doi.org/10.1007/s11266-021-00400-3>.
- Nyame-Asiamah, F., Amoako, I. O., Amankwah-Amoah, J., & Debrah, Y. A. (2020). Diaspora entrepreneurs' push and pull institutional factors for investing in Africa: Insights from African returnees from the United Kingdom. *Technological Forecasting and Social Change*, 152, 119876. <https://doi.org/10.1016/j.techfore.2019.119876>.
- Riessman, C. K. (2022). *Narrative analysis*. London: SAGE Publications.

Schoch, K. (2020). Case study research. *Research design and methods: An applied guide for the scholar-practitioner*, 245-258.

Sinkovics, N., & Reuber, A. R. (2021). Beyond disciplinary silos: A systematic analysis of the migrant entrepreneurship literature. *Journal of World Business*, 56(4), 101223. <https://doi.org/10.1016/j.jwb.2021.101223>.

Vertovec, S. (2017, December 5). Talking around super-diversity. *Ethnic and Racial Studies*, 42(1), 125–139. <https://doi.org/10.1080/01419870.2017.1406128>.