

A Study on the Factors Associated with Eastern European Entrepreneurship in UK

By

TERRANCE CHIKURUNHE

A thesis submitted to

The University of Birmingham

For the degree of

DOCTOR OF PHILOSOPHY

Department of Management

The Birmingham Business School

The University of Birmingham

October 2015

UNIVERSITY OF
BIRMINGHAM

University of Birmingham Research Archive

e-theses repository

This unpublished thesis/dissertation is copyright of the author and/or third parties. The intellectual property rights of the author or third parties in respect of this work are as defined by The Copyright Designs and Patents Act 1988 or as modified by any successor legislation.

Any use made of information contained in this thesis/dissertation must be in accordance with that legislation and must be properly acknowledged. Further distribution or reproduction in any format is prohibited without the permission of the copyright holder.

ABSTRACT

This thesis explores the factors associated with eastern European entrepreneurship in the West Midlands. The neoclassical economic view suggests that business systems are merely mathematical formulas (Hughes, 1986), allowing the comparison of different expected present values of earnings from different employment possibilities. This neoclassical economics approach offers what Ibrahim and Galt (2011) argue to be the orthodox economic explanation of why ethnic minority migrant communities, like the east European entrepreneurs, engage in small business activity. A different narrative may be one presented by Stanworth and Curran (1976) with their concept of social marginality which describes where there is a perceived incongruity between individual personality attributes and the role they hold in society or organisations. Stanworth and Curran (1976) hypothesise that individuals may respond to social marginality by a determination to demonstrate their skills and capability. Given the negative publicity on eastern European immigrants in UK media, one may argue that growing a successful business constitutes one way of effectively ‘thumbing one’s nose at the society’ (Storey, 1994). Whilst the social marginality concept has not been sufficiently proven by empirical evidence, it may be relevant to understand the establishment of east European owned small businesses in UK. Our hypothesis is that the eastern European small business owners engage in entrepreneurial activity as a result of failing to acquire jobs that meet their expected earnings.

In this research a questionnaire is utilised to collect research data from a sample size of one hundred and five east European entrepreneurship in England. Our research population includes entrepreneurs from eastern European countries which joined the European Union (EU) during the 2004 and 2007 enlargement. The empirical findings from this research sufficiently address three fundamental questions about the research population, which are: what are the drivers of engaging in entrepreneurial activity; what are the personal characteristics that define these

entrepreneurs; and what sources of business finance does entrepreneurs have access to.

The empirical data presents new and exciting findings that contribute to the growing body of evidence on migrant entrepreneurship. Ninety five percent of the entrepreneurs had a college or university qualification and only five percent had only high school education. More interestingly eighty nine percent of the entrepreneurs who held a degree or college qualification had studied at a British institution. The researcher observed that most of the entrepreneurs are between 26 and 45 years of age. This is consistent with early findings by Tamasy (2006) who found that persons between 25 and 44 years of age are the most active entrepreneurs. The greatest driver for eastern Europeans into business entrepreneurship was confirmed in this study as not being paid enough for the level of skills they possess. Majority of business financing came from personal savings and business financing also came up as the biggest challenge for eastern European entrepreneurs. It is also essential to note that this research was carried out prior to the in/out referendum held on the 23rd of June 2016 which resulted in a vote for UK to leave the EU in what has become commonly known as 'Brexit'.

Acknowledgements

I am sincerely grateful to Professor Lisa De Propriis for her unflappable support and inspiring supervision; and Dr Stewart McNeill for his encouragement. I want to thank my dear late mother for teaching me the value of hard work and determination. I also want to extend my gratitude to my wife for being supportive when I needed her.

TABLE OF CONTENTS

ABSTRACT.....	i
Acknowledgements.....	iii
List of Abbreviations	ix
1.1 Research Introduction	1
1.2 Topic Choice.....	1
1.3 Gap in Literature	2
1.4 Key Hypothesis.....	7
1.5 Research Key Findings	8
1.6 Research Methodology	9
1.7 Structure of the Thesis	10
2.0 Entrepreneurial Theory	12
2.1 Small Business and Entrepreneurial Theoretical Framework.....	12
2.2 Becoming an Entrepreneur: Drivers	17
2.3 Developments in the Small Business Research	21
2.4 Small Business: definitions, descriptions and patterns	24
2.5 Theoretical Perspectives: Concluding remarks.....	26
3.0 Immigrant entrepreneurial activity and the EU enlargement.....	30
Introduction.....	30
3.1 Migrant theoretical framework for entrepreneurial activity.....	30
3.2 Country variation	35
3.3 Immigrant entrepreneurial activity in Sweden, Germany and USA	38
3.4 Migration and EU	40
3.5 EU Migration and UK.....	44
3.6 Concluding remarks	52
4.0 The Scale of the Small Business sector in the UK and the West Midlands.....	55
Introduction.....	55
4.1 UK Small Business Industry development	55
4.2 Business Survival.....	62
4.2.1 UK Business Survival Rates 2009 to 2014	63
4.3 West Midlands Economic Region.....	65
4.4 Global Entrepreneurship Monitor (GEM).....	70

4.5 Small Business Access to Finance	88
4.6 Chapter Summary	92
5.0 Research Questions and Methodology.....	95
Introduction.....	95
5.1 Research Questions.....	95
5.2 Methodological Challenges.....	98
5.3 Epistemic Validity and Value of the Chosen Research Area.....	101
5.4 Research Methods and Design Analysis	104
5.5 Chosen Research Design and Methods.....	111
5.5.1 Sampling	114
5.6 Questionnaire Development.....	117
5.6.1 Questionnaire Design.....	117
Question 1; 2, 8 and 9	118
Question 3, 6 and 17	119
Questions 4; 5 and 7.....	119
Questions 10, 11 and 12.....	119
Question 14.....	120
Question 15 and 16	120
5.7 Implementation and Practical Challenges.....	121
5.8 Research Questions and Methodology Summary	123
6.0 The Research Findings and Analysis	126
Introduction.....	126
6.1 Sample Description.....	127
6.2 Description of Data	128
6.2.1 Profile of Entrepreneurs	128
6.2.3 Network and Business Environment.....	134
6.2.4 Motivation and Constraints.....	135
6.3 Analysis of Research Findings.....	140
6.4 Factors Driving Entrepreneurial Activity	142
6.5 Observed Entrepreneurial Characteristics.....	145
6.6 Access to finance	155
6.7 Entrepreneurial Challenges and Opportunities	159
6.8 Data Analysis Summary	162
7.0 Policy Considerations: UK and Eastern Europe	164
Introduction.....	164

7.1 Business Support and Finance	166
7.2 EU Historical Regional Perspective.....	169
7.3 UK Immigration and the Political Discourse.....	171
7.4 Social Welfare.....	175
7.5 Concluding Remarks.....	178
8.0 Conclusion	180
Introduction.....	180
8.1 Final Remarks	181
8.1.1 Drivers of entrepreneurship	181
8.1.2 Entrepreneur Personal Characteristics and Educational Attainment.....	182
8.1.3 Sources of Business Finance.....	183
8.2 Recommendations.....	184
Appendix 1	216
Appendix 2.....	221

FIGURES

Figure 1.0 Research Conceptual Framework.....	4
Figure 3.1 - The rate of entrepreneurship in six OECD Countries	36
Figure 3.2 - Europe and the Phases of Immigration from Eastern Europe	41
Figure 4.1 - Share of enterprises, employment and turnover	58
Figure 4.2 - Number of enterprises with employees (2007)	60
Figure 4.3 - Number of businesses and business density rate in the private sector by English region and UK country at the start of 2015.....	61
Figure 4.4 - Number of UK private sector businesses per 10,000 adults at the start of 2015..	62
Figure 4.5 - UK Business Survival Rates 2009 to 2014	64
Figure 4.6 – Map of the West Midlands Region.....	66
Figure 4.7 - Early-stage entrepreneurial rates and per capita GDP, 2009.....	73
Figure 4.8 - Entrepreneurial Activity in the United States 2001 - 2009	76
Figure 4.9 - Necessity and opportunity entrepreneurship - G7 &BRIC, 2009.	79
Figure 4.10 - Participation in Entrepreneurship in the UK by most established stage of entrepreneurial activity 2002-2011	83
Figure 4.11 - Total early stage Entrepreneurial Activity (TEA) in UK, France, Germany and US (2002 – 2011).....	84
Figure 4.12 - Total early-stage Entrepreneurial Activity by Age Group, 2011	85

Figure 4.13 - Total early-stage Entrepreneurial Activity, by Age Group, 2015	86
Figure 4.14 - Percentage of UK nascent entrepreneurs funding for a business, 2009 to 2015	87
Figure 5.0 Research Conceptual Framework.....	96
Figure 6.1 Research Population Frequencies and standard deviation.....	128
Figure 6.2 – Gender and Age distribution of research population.....	130
Figure 6.3 – Education Levels attained by eastern European entrepreneurs in England	131
Figure 6.4 – Annual Turnover Distribution.....	132
Figure 6.5 – Staffing Levels within the small businesses researched.....	132
Figure 6.6 – Motivation for starting a business (Q3).....	134
Figure 6.7 – Benefits of setting up own business in communities with people of the same nationality.	135
Figure 6.8 –Reasons for choice of type of business to venture.....	136
Figure 6.9 - Source of start-up Capital.....	137
Figure 6.10 – Reasons behind immigrating to UK.	139
Figure 6.11 Research Conceptual Framework.....	141
Figure 6.12 Start-up motivation by Gender	144
Figure 6.13 - Research Participants Nationalities.....	145
Figure 6.14 - Age distribution by country of origin.....	146
Figure 6.15 – Types of Businesses.	148
Figure 6.16 - Gender and annual Turnover.....	151
Figure 6.17 - Gender and Types of business.....	152
Figure 6.18 – Level of Education.	154
Figure 6.19 Gender differences on types of Capital for Start-up.....	158
Figure 6.20 - Challenges faced by small business entrepreneurs.....	160
Figure 6.21 Research Theoretical Framework.....	163
Figure 8.0 Research Theoretical Framework.....	180

TABLES

Table 2.1 - Mapping small firms' and entrepreneurship research topics	23
Table 3 - Key features of migrant entrepreneurship in European countries	43
Table 3.1 - The 3%-4% Rule of Thumb East–West Migration Potential (<i>in Millions</i>)	45
Table 3.5 – Age of registered workers on the UK worker register (1 May 2004 – 30 September 2007)	49
Table 4.1 - UK Private Sector and employment and turnover	59
Table 4.2 - GEM framework for research data quality assurance.....	71
Table 4.3 - Measures Entrepreneurial Activity in G7 & BRIC countries, 2009.....	77
Table 4.4 Measures of entrepreneurial activity in the UK regions	80
Table 4.5 – Attitudes towards entrepreneurship, 2011	81
Table 4.6 - Perceptions of entrepreneurship among non-entrepreneurially active individuals in the UK home nations	82
Table 4.7 - Measures of entrepreneurial activity in the UK, France, Germany and the US, 2011	85
Table 5.1 - Naturalistic analogue to conventional validity criteria	103
Table 5.2 - Differences between quantitative and qualitative data	110
Table 6.1 - Annual business Turnover against level of qualification.	149
Table 6.2 – Business type against level of qualification.....	150
Table 6.3 - Annual business Turnover against Age distribution.....	153
Table 7.1 - Preferred migrating destination Countries (March – April 2013).	172
Table 7.2 - Preferred first destination (March - April 2013).....	172
Table 7.3 - Immigration by receiving countries group, 2009– 2011.	174

List of Abbreviations

CEEC	Central and Eastern European Countries
SEC	Southern European Countries
10 CEEC/EU 10	Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland, Hungary, Slovenia, Romania, and Bulgaria
8 CEEC/EU 8	Estonia, Latvia, Lithuania, Czech Republic, Slovakia, Poland, Hungary, and Slovenia
GDP	Gross Domestic Product
RAE	Research Assessment Exercise
EC	European Commission
GEM	Global Entrepreneurship Monitor
FSB	Federation of Small Business
GVA	Gross Value Added
GDHI	Gross Disposable Household Income
ONS	Office of National Statistics
TEA	Total Entrepreneurial Activity
EFC	Entrepreneurial Framework Conditions
G7 (Group of 7)	Canada, France, Germany, Italy, Japan, United Kingdom, and United States of America
NBO	New Business Owner-manager
EBO	Established Business Owners
EMBs	Ethnic Minority Businesses
BSPs	Business Support Providers
RDAs	Regional Development Agencies
EIP	Entrepreneurial and Innovation Programme
MEP	Member of the European Parliament
EU	European Union
GEM APS	Global Entrepreneurship Monitor (GEM) Adult Population Survey (APS)

CHAPTER 1

1.1 Research Introduction

This research explores the fundamental elements that have shaped the eastern European entrepreneurs in the UK, particularly the West Midlands region. Blackburn and Kovalainen (2009) argue that research on entrepreneurship and small business still requires development and this research is an attempt to contribute to this body of knowledge. The European Union (EU) enlargement opened up new research questions around a whole range of subjects but most profoundly is the question of economic benefit of having free movement of people within the Union. This research presents an opportunity to learn about the entrepreneurial activities of eastern European entrepreneurs at a time when UK politics is being shaped by the country's relationship with the rest of the European Union. It can be argued that the issue of EU enlargement and the consequent migration of people from the east remains a topical issue that is shaping the political debates of today, both locally and nationally.

1.2 Topic Choice

The chosen topic for this research is '*a study on the factors associated with eastern European entrepreneurship in the UK*'. The researcher's interest in this topic has been shaped by the desire to understand what defines eastern European entrepreneurs who entered UK as part of EU's freedom of movement policy and also to understand their economic contribution. Having witnessed the development of small businesses around the West Midlands with eastern European owners and personally motivated by the fact that my wife is Bulgarian, it became clear to me that studying eastern European entrepreneurs would offer an opportunity to understand a different narrative, one that is perhaps not often portrayed. Levie (2007) argue that it

is fundamental for decision and policy makers to have robust evidence that is based on empirical data. He (*ibid*) also argues that this is also crucial in determining policies on migration, an issue that is of significant economic importance for governments around the world including UK. Ibrahim and Galt (2011) observed that globalisation has not only brought about the increase in trade of commodities and services internationally; it has also been matched by the increase in capital and labour movement. This research presents an attempt to understand some of the many elements linked to eastern European migrants in terms of their entrepreneurial participation, motivation and capacity.

We understand from scholarly literature that there is an acknowledgement that small business research remains unsatisfactory (Cooper, 2003 and Jones et al. 2012). Blackburn and Kovalainen (2009) identified that some of this dissatisfaction has been partly due to the fact that numerous small business and entrepreneurship research projects have been commissioned by European governments with specific policy focused agendas. This research has been solely carried out as part of a PhD academic programme completely funded independently. No external influence was exerted at any point of the study to influence its findings.

1.3 Gap in Literature

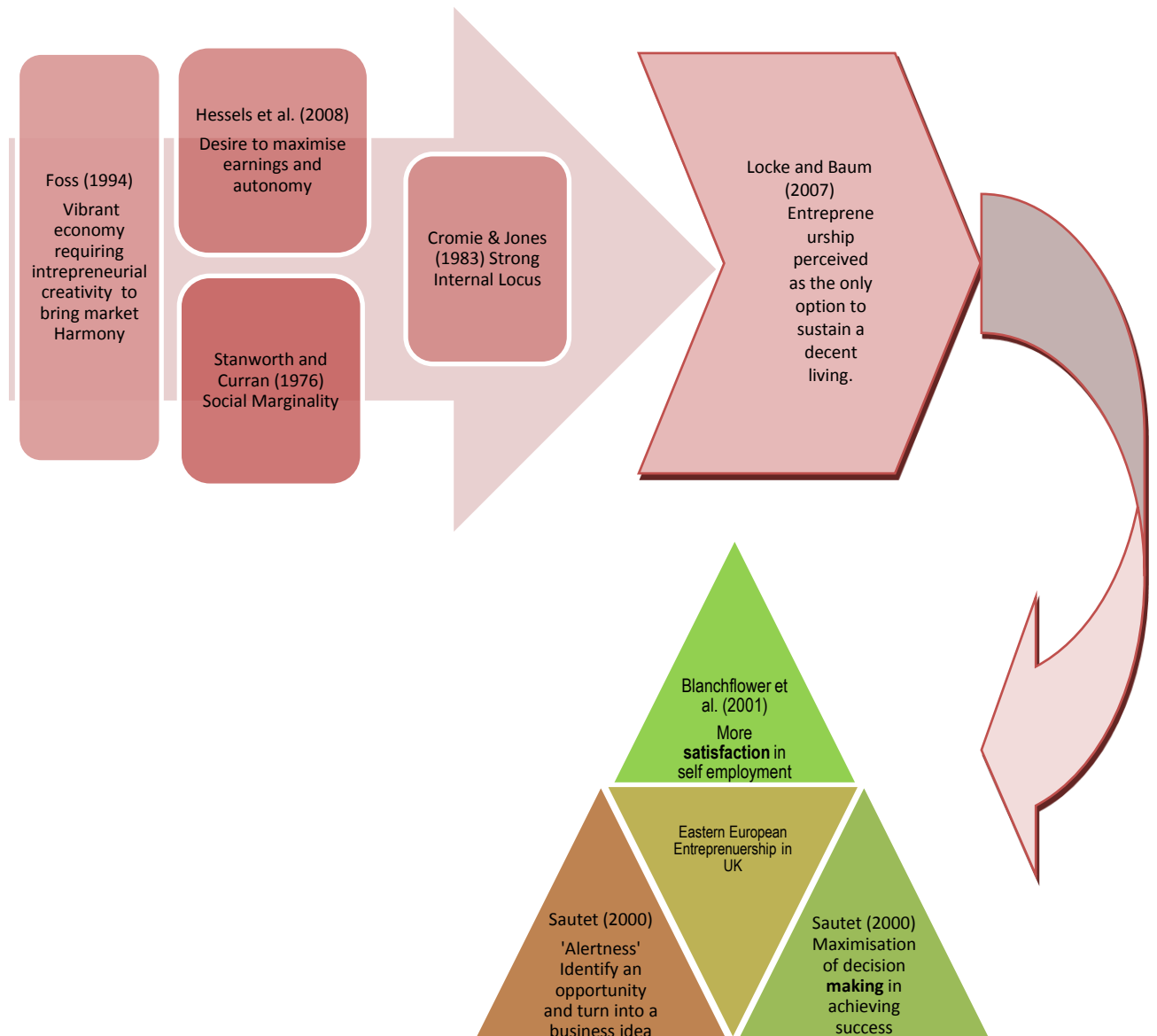
Ram and Smallbone (2001) argue that the majority of research done on immigrant entrepreneurs has been on non-white ethnic groups like the South Asians and the Afro-Caribbean. It can be argued that other ethnic minority groups have emerged not only from globalisation but more so as a result of the EU enlargement policy (Blackburn and Kovalainen, 2009) which are understudied. Blackburn and Kovalainen (2009) argue that there is an essential need to press for academic rigour in the entrepreneurial field of study. Eastern European entrepreneurs can be considered to be fairly new immigrant group with the exception of Polish citizens who migrated to UK after the Second World War. This characteristic makes this research both relevant and important in contributing to the body of evidence on this unique minority group.

Research in the USA (Blanchflower et al, 2003; Cavalluzzo et al., 2002) and in the UK (Fraser, 2007) have indicated that immigrant entrepreneurs are significantly more likely to report discouragement in borrowing money than the indigenous ethnic majority entrepreneurs, a state referred to as '*discouraged borrowers*' by Kon and Storey (2003). Research studies in the USA have indicated that minority groups have attempted to counter resource limitation by establishing networks within their own communities, "enclaves" (Bates, 1994; Waldinger, 1995; Levie, 2007). While this may have own advantages, there is an argument that this type of resource acquisition cannot be compared with access to established specialist institutions like investment or lending banks. Levie (2007) suggests that clustering of ethnic minorities is a phenomenon that deserves further research in terms of its impact on entrepreneurial activity. Levie's (2007) study also seems to suggest that there is a strong correlation between migration flows and entrepreneurial activity. It can be argued that this is also an area that requires further research attention.

It can be argued that the literature on eastern European small business entrepreneurs in the UK is still scarce. Organisations like the Global Entrepreneurship Monitor (GEM) are starting to notice, even though it is fair to argue that availability of sound empirical data will take some time to fully develop and therefore this research presents a rare opportunity to contribute to this exciting entrepreneurial field. The overall aim of this research is to understand the level of entrepreneurial engagement by the eastern European small business entrepreneurs in the UK. Our objective is to understand the types of businesses they are involved in, their characteristics and how they are funding their business activities. It is intended that the findings of this research will not only add to the existing body of evidence on the subject. It is also hoped that the research findings will provide some insight and empirical evidence on this specific group of entrepreneurs which could be used to inform policy by lawmakers.

The literature review has made it possible to develop a conceptual framework that links theory to our hypothesis and therefore allowing the researcher to shape the research questions. The following **figure 1.0** presents the research conceptual framework (CF).

Figure 1.0 Research Conceptual Framework



The conceptual framework (CF) above has been used to organise and to direct the data analysis (Saunders, Lewis and Thornhill, 2003). The CF above has also been instrumental in identifying the main components and themes to direct the research questions. The researcher acknowledges the criticism that has been laid against this approach in terms of the possibility to bring premature closure to the issues being investigated (Gilbert 2009, pg. 27). The Conceptual Framework presents an opportunity to apply a deductive approach which Elo and Kynga (2008) argue to be effective when the structure of analysis takes account of previous observations.

The conceptual framework includes the arguments which were presented by Foss (1994) in that vibrant economies, such as that of UK, demands creativity by entrepreneurs in bringing some balance to market distortions. It can be argued that this in itself will present the immigrants from eastern European countries with a business receptive environment in which entrepreneurship can thrive. Furthermore Hessels et al. (2008) argue that people engage in business for the desire to maximise their earnings and at the same time gain unimpeded autonomy. The researcher also considers that this may be a characterisation that is also possessed by the eastern European entrepreneurs who have settled in UK. This desire is further propelled by the Social Marginality concept argument presented by Stanworth and Curran (1976). Stanworth and Curran (ibid) argue that perceived marginalisation towards economic participation give rise to the need to succeed. They point to the example of the Jews who have developed business skills and a culture which can be argued to have been at least partly in response to the discrimination which they experienced. The EU enlargement policy which has seen the joining of eastern ex-communist European countries as member states has been greeted with suspicion and accusations in some parts of the British media (Gore, A. 2012). The researcher speculates that social marginality might have a bearing to the entrepreneurial activities of eastern European small business entrepreneurs. Furthermore the entrepreneurship may well be viewed by the research population as a way of sustaining a decent living as argued by Locke and Baum (2007).

Another argument that has been considered for the conceptual framework is that of having a strong internal locus (Crome and Jones, 1983). As argued, indeed taking on the challenges and the risks of starting a new business demands some unique personal attributes. We acknowledge that this research presents a unique opportunity to understand what unique characteristic eastern European entrepreneurs possess. Interestingly Blanchflower et al. (2001) argue that self-employed individuals are more likely to be satisfied with their jobs and it would be of value to establish whether this characterisation is shared by eastern European entrepreneurs in the UK.

The literature review indicates that the dynamism in the UK economy (Foss, 1994; Barker et al. 2007) creates entrepreneurial opportunities. Identifying an opportunity and turning it into an effective business idea demands what Sautet (2000) refers to

as 'alertness'. In this research it would be important to investigate if such a characteristic is shared by eastern European entrepreneurs.

Having considered the above conceptual framework, the gaps in literature, the following questions have been determined as the main research questions:

- a. *What are the drivers for engaging in entrepreneurial activity by eastern European small business owners?*
- b. *What are the personal characteristics that define eastern European entrepreneurs in UK?*
- c. *What sources of business finance do eastern European small business owners have access to?*

Inherent to the prospective empirical findings on the above questions is what can be learnt in terms of eastern European entrepreneurs operating in a UK business system and any considerations for an inclusive pro-business policy (Curran, 2000 and Verga, 2015). One can argue that in the current economic environment entrepreneurship presents an opportunity to bring sustainable economic recovery, something that the previous UK Chancellor of the Exchequer, George Osborne (May 2010 to July 2016) was keen to achieve as well as his successor Philip Hammond.

Levie (2007) also argue that providing answers as to the relative economic activities of different immigrant entrepreneurs at either national or regional level has the potential of resulting in better informed policies on both economic development and immigration. In this thesis, we explore the challenges that the eastern European business owners in UK face and whether they mirror any of the established issues, for example, difficulties in raising business finance. Ibrahim and Galt (2009) argue that the main barrier to entrepreneurial activity by ethnic minorities is access to adequate funds for establishing a business. The findings of this research will assist in identifying similarities and contrasts between the wider small business community and the eastern European entrepreneurs. This is important in shaping robust business development policies as argued by Levie (2007).

1.4 Key Hypothesis

Research evidence has shown that in eastern Europe, perceived entrepreneurial skills are fairly high and yet perceived opportunities for entrepreneurial activity are rather low (Bosma and Schutjens, 2011). In this thesis we reveal a cohort of eastern European entrepreneurs who have set up businesses in and around the Midlands. This confirms an argument that has been made by Grilo and Irigoyen (2006) that the level of entrepreneurship differs due to a number of reasons including economic development, diverging demographic, cultural and institutional characteristics. Baycan-Levent and Nijkamp (2009) argue that the role of migrant entrepreneurship cannot be undermined as it has been crucial in creating employment particularly in urban population. They also argue (ibid) that this has had an added effect of increasing the employment for ethnic group thereby aiding community cohesion. Bulgaria and Romania joined the European Union on the 1st January 2007 and they are also the poorest members of the EU, with GDP per head about a third of the EU average. At the time of data collection for this research, Bulgaria and Romania were the latest members to join the EU and since then Croatia joined on the 1st July 2013 becoming the 28th member of the union.

One may argue that most UK immigrants are indeed economic migrants who come into the country for economic benefits (Williams et al., 2004). Buchel and Frick, (2000) commented that 'UK tends to attract highly educated and skilled immigrants' as well as poorer and less educated individuals through mainly family connections. Evidence is unclear as to which one of the above two groups of eastern Europeans might become immigrant entrepreneurs. However, we would expect eastern European entrepreneurs to have higher education and have the skills to navigate the competitive UK business market. Stanworth and Curran (1976) introduced the concept of social marginality discussed in the literature review. The hypothesis behind the concept is that individuals may respond to social marginality by a determination to demonstrate their skills and expertise, and that growing a successful business constitutes a positive way of proving one's own ability. We argue that this characterisation may apply to the eastern Europeans particularly the Romanians and the Bulgarians who have suffered negative publicity. Our

hypothesis is that the eastern European small business owners engage in entrepreneurial activity as a result of failing to acquire jobs matching their qualifications.

A number of studies have indicated that there are difficulties in ethnic minority business in accessing finance for the business (Jones et al., 1994; Curran and Blackburn, 1993; Smallbone et al. 2003, Levie and Hart, 2011). An important point to note in these previous studies is the inability to reflect on the credit worthiness of the business and entrepreneur. For this reason it is possible that poorer credit outcomes among ethnic minority small business entrepreneurs may have been a result of poorer credit worthiness and the greater risk in investing in such a business. It is also possible that it may have been nothing to do with the entrepreneur's ethnicity and more to do with the actual approval criteria, for example, the quality of the business plan presented. We also hypothesise that as a result of poor and limited access to finance, eastern European business owners are likely to use their own capital and this may determine how big or small the business will be. Whilst this has been shown to be the case in the black and ethnic minority small business entrepreneurs (Blackburn and Kovalainen, 2009), we believe that this will be the case for the identified research population.

1.5 Research Key Findings

This research is based on small business owners from eastern European countries predominantly Bulgaria, Poland and Romania. The aggregation of the business types suggest a new paradigm which points to a shift from the more traditional service sectors of construction and food retailing to more sophisticated set-ups like skin rejuvenation businesses. This observation confirms some of the research evidence which pointed to an inter-generational difference in new business activities by immigrants in UK at the end of the 20th century (Ram and Smallbone, 2001; Morawska, 2004; Williams et al., 2004).

Contrary to the arguments that have been presented by the British media pointing to state social benefit abuse (Dawar, A. 2015), this research finds that the majority of

eastern European business owners in UK started their businesses because they wanted to be their own boss. Indeed, our research finds that those who started in employment felt that they were not paid enough for their skills as employees and therefore decided to set up their own businesses. According to Ibrahim and Galt (2011) this observation is consistent with the main argument underpinning the orthodox economic explanation on why entrepreneurs start their own business. Blanchflower (2004) and Parker (2004) argue that the difference in the expected present earnings and the value of wages earned from being an employee is the vehicle by which entrepreneurship is propelled. It can be argued that whilst this maybe a plausible phenomenon, it should be acknowledged that there are a number of barriers that must be overcome to turn potential into an actual entrepreneur.

In this research, it was also observed that the majority of the small business owners who participated in the research had either a college or a University qualification. The greatest propensity to entrepreneurial activity was observed in an age range between twenty six and thirty five years of age for both male and female. What is also unique is that these entrepreneurs came before and after their countries of origin had joined the EU. The age range of the eastern owned businesses varied between ten years to only a year. This research also sought validation of other issues that had been explored in other research on ethnic minority groups in terms of entrepreneurial behaviour. We also explored in what communities eastern European entrepreneurs settled, in an attempt to test whether clustering applied to this group and if it was the case, to ascertain the aggregate benefits. Levie (2007) argue that local clustering which has been associated with ethnic minorities deserve further analysis in terms of its ability to promote or inhibit entrepreneurial activity in ethnic minorities groups or immigrants. Contrary to the above, we did find that the eastern European business owners settled in mixed communities as opposed to clustering.

1.6 Research Methodology

The researcher applied secondary (GEM database) and primary data collection method. A questionnaire was used to collect primary data. This gave the respondents an option to choose what was convenient to them, either going through

the completion of the research questionnaire with the researcher or completing the questionnaire at their own time. This strategy proved effective not only in maximising completed questionnaires but also in the quality of the returns. In total a sample size of one hundred and five eastern European business owners was achieved. Statistical data analysis was applied to enhance the quality and accuracy of the findings.

1.7 Structure of the Thesis

Following the introduction chapter, the thesis has **eight main chapters**. The second and third chapters are a review of literature to explore theory and developments in entrepreneurship with particular emphasis on migrant and ethnic minority communities. Chapter two mainly focuses on the review of existing theory and the gaps that can be identified in literature. This chapter provides a base on which the researcher constructed the conceptual framework for this research. Within this chapter the researcher considers broad theories of classical and neo-classical economic theories that offer differential explanations on why it is necessary to have entrepreneurship and businesses. The chapter also explores research theories and concepts that could be argued to be of direct association to the research population. In the introduction we have already touched on one of such concepts, social marginality (Stanworth and Curran, 1976).

Chapter three of the thesis is also part of the literature review but focuses on the entrepreneurial activity of migrant groups as well as some observations associated with the EU enlargement. The inclusion of such a review was considered necessary by the researcher mainly for the reason that eastern European entrepreneurs in the UK are also a migrant group. Reviewing empirical studies on other migrant entrepreneurs allowed the researcher to formulate an approach to this research. The research population is unique in the sense that unlike other migrant groups in the UK, they do not require a VISA to enter into the country. Article 45 of the EU Treaty (European Commission) provides the free movement of people within the member states. The other migrant groups in UK from the 1940s post-war to the late 1990s were characterised by post war adjustment, labour migration, mass refugee flows and asylum seekers (Stalker, 2002; Zimmermann, 2005; Baycan-

Levent and Nijkam, 2009). An appreciation of these dynamics can be argued to be crucial in establishing the discourse and phenomenon.

Chapter four provides an evaluation of the small business sector in the UK and also in the Midlands. This Chapter presents a UK wide context of the small business sectors on both start-up rates and survival rates (Federation of Small Businesses, 2013). The chapter also focuses on the West Midlands Economic region mainly due to the factor that the largest proportion of the target group surveyed has their businesses in the region. Providing an evaluation of UK wide as well as the West Midlands region made it possible to gain an appreciation of possible differential variables that could inform evidence gathering. Chapter five of the thesis presents the research questions and analysis of the applied research methodology.

Chapter six of the thesis presents the findings and the analysis of the research survey. The researcher has applied the conceptual framework to direct data analysis. As argued by Saunders et al. (2003, pg. 388) this approach has been effective in organising and directing the data analysis. In Chapter seven of the thesis the researcher presents policy considerations for small business enterprises as well as entrepreneurship. In this chapter we discuss what we have considered to be key issues and how the findings of this research can inform future policies. Following this chapter, the researcher presented the final chapter 8 which offers a conclusion and final remarks to the current study.

CHAPTER 2

2.0 Entrepreneurial Theory

Introduction

In this chapter we will review some of the key developments in the literature on entrepreneurship and the underpinning concepts in understanding this area of business research. This review will present an opportunity to understand this research paradigm, dichotomies and epistemology. We will also explore the depth small business research has developed; identify existing evidence and gaps in literature. Small business enterprises will also be discussed in terms of their size, descriptions, definitions and existing patterns in the industry. This chapter will also review existing literature on some of the incentives and challenges of becoming a small business entrepreneur. This chapter provides a review of current empirical evidence which will allow this research construct to be developed in a framework that crystallises the research aims and objectives.

2.1 Small Business and Entrepreneurial Theoretical Framework

Rogoff and Heck (2003) argue that only recently scholars have begun to posit an expanded understanding of the entrepreneurial phenomenon. It can be argued that studies that have looked at the drivers of entrepreneurial choices have been framed, by and large, on the bases of supply and demand (Verheul, Van Stel, and Thurik, 2006; Audretsh, Grilo and Thurik, 2007). An interesting observation in these studies is that the wealth of a country creates demand for entrepreneurial activity, whereas demographic characteristics, culture, and institutional norms create the supply of entrepreneurs (Minniti, 2013). Studies by Carree et al. (2002); Wennekers et al.

(2005) and Bosma et al. (2009) have shown a U-shaped relationship between per capita gross domestic product (GDP) and the rate of entrepreneurship. This relationship indicates that the percentage of population involved in start-up activities declines as per capita GDP increases up to a certain level beyond which the number of entrepreneurs with new businesses grows again. Attributable to UK, Busenitz, Gomez and Spence (2000) argue that the institutional profile of a country is also an important variable in influencing the ease of the entrepreneurial process. It can be argued that the significant establishment of eastern European entrepreneurs who are setting up businesses in UK may be indicative of its institutional profile and its governance.

It can be argued that there is a general agreement amongst economists about the role of entrepreneurship in pushing forward new technologies (Science, 2001), promoting competition across international boundaries (Audretsch et al. 2002) and encouraging job creation. Entrepreneurial theory brings about an understanding of how economic events happen in terms of entrepreneurial activity and in this case small business venture. The neoclassical economic view suggests that business systems are merely mathematical formulas (Hughes, 1986 [1965]), allowing the comparison of 'different expected present values of earnings from different employment possibilities'. This view of neoclassical economics offers what Ibrahim and Galt (2011) argue to be the orthodox economic explanation of why ethnic minority migrant communities like the east Europeans engage in small business activity in UK. Such an economic view suggests that firms are a product of an empirical phenomenon that not only seeks to maximise earning potential, but can also be defined by the interplay of market system phenomena of demand and supply amongst other things. Sautet (2000) suggests that the existence of a firm in the market can be defined by four fundamental explanations supported by Alchian and Woodward (1988); Holmstron and Tirole (1989). These explanations offer a framework by which entrepreneurial activity can be understood even when considering groups like the eastern European entrepreneurs in UK.

The first explanation suggests that business enterprises exist because defined processes of production must be kept together for economic reasons. The second explanation denies that firms and markets have distinct nature but both have the

same types of actions available to both, for example, customers have the power to demand what they want in a store and an employer has the power to hire and fire employees. A third view is described by Coase (1993a [1937]) as an attempt by the organisation to minimise costs by internalising key functions that makes a firm an efficient unit. The transaction costs view suggests that the internalisation of market transactions into a firm organisation reduces or eliminates transaction costs, whilst generating some organisational costs that need to be counter-balanced (Alchian and Woodward, 1988; Langlois and Robertson, 1995). Indeed, Coase (1993a [1937]) defines the firm as a 'system of relationships which comes into existence when the direction of resources is dependent on an entrepreneur'. The entrepreneur becomes, in this concept, a manager of resources with the responsibility of controlling the internal mechanisms by which decisions are made on the level of input and output at different levels (Sautet, 2000, p. 66). In Coase's (1993) framework the entrepreneur-manager's sole purpose becomes that of optimising the impact of decision making on meeting the firms goals and objectives.

The last of the four approaches revolves around the notion of rent and evolutionary theory. Rents can be captured only by establishing a firm, therefore allowing a long term binding relationship governed by an internal structure that is hierarchical (Penrose, 1995[1959]). These four approaches provide a framework that explains entrepreneurial instances by means of economic theory.

It can be argued that the third and the fourth explanations above are perhaps, in our view, more relevant to entrepreneurial theory. Market theory provides a standard for criticising reality (Boettke, 1994) by offering a perfect standard in which a state of equilibrium can be achieved. This end state of perfect competition provides a comparative position by which neoclassical economists can assume a normative 'benchmark' (Machovec, 1995, pp.159). Indeed, new businesses are argued to have an equilibrating role in situations of disequilibrium on markets as they contribute by filling mismatches (Sautet, 2000, p. 68).

Sautet (2000, p. 68) argue that Austrian economists highlighted the role played by entrepreneurs in managing delivery of goods and commodities in a world that is dynamic. Foss (1994) argues that it is this need to cope with the world of change

that knowledge problems arise and that in their absence the need for entrepreneurial creativity will be curtailed. This therefore is a perspective which identifies the firm as an institution that facilitates harmony at times of economic change.

In Microeconomic Theory the entrepreneur ceases to be a recognisable single entity but instead forms part of an integrated organisation (Barreto, 1989). In essence the entrepreneur described by classical economics is replaced by the manager. However, Kirzner (1973) sought to provide an alternative theory to the neoclassical approach which focused on equilibrium-always (Roininen and Yinenpaa, 2009) and instead took a different view focused on explaining the 'economic problem' among other things and not how known resources are distributed (Sautet, 2000, p. 57). Arguably this is a change in approach and perspective which allowed exploring of new avenues of utilisation of data. Kirzner following on from Mises (1966) and Hayek (1978) demonstrated the need to understand market process with a theory that demonstrates how society absorbs knowledge to organise itself utilising division of labour. With this in mind we observe the inclusion of entrepreneur into the analysis.

In Kirzner's theory (1973, 1979), which best describes small business enterprise as a distinction of entrepreneur 'alertness' (Sautet, 2000, p. 66). Alertness according to Sautet (*ibid*) resembles the ability to recognise an opportunity that can be turned into a business idea which in turn generates profit. Alertness, therefore, becomes the inert capacity of entrepreneurs to recognise an opportunity and turn it into a profitable business idea. Business profitability and success will in turn confirm the entrepreneurs 'alertness'. In neoclassical view this almost equates to the value brought in by managers who according to Demsetz (1993 [1988]:161) are referred to as 'a scarce resource employed in a world in which knowledge is incomplete and costly to acquire'. In small businesses this entails an entrepreneur identifying an opportunity not yet explored or implicit demand not yet expressed. The entrepreneur then sets up an operation to meet that demand by organising resources. This decision can be taken either for several reasons which may be prompted by shifts on demand curves, emergence of new demand curves or any other economic changes. Profit is seen as the revenue attached to entrepreneurial behaviour compared to

labour which 'receives wages and capitalists who receive interest' (Sautet, 2000, p. 66).

There are, however, critics to the Kirznerian view who believe that there is a flaw in this theory. There are those who argue that this perspective does not give considerable regard to mistakes that occur in business that makes it difficult to consolidate all the market systems (Vaughn, 1994; Salgado, 1999). Such errors would include "missed opportunity" error (Sautet, 2000, p. 65); "spurious discovery" error (Vaughn, 1994); and error due to rivalry (Salgado, 1994, 1999); which can occur resulting in disequilibrium, loss of profits or even closure of business. Another set of critics (Lachmann, 1976, 1977 [1969]; High, 1986) argue that the market process is too dynamic and complex to fully appreciate the impact of each variable. The Lachmannian problem can be argued to be consistent with the modern market characterised by constant barrage of market forces.

According to the Lachmannian problem there is a flaw in the Kirznerian theory in that entrepreneurs are not always acting in a way that brings about a state of equilibrium. It can be argued that as individuals entrepreneurs will seek to achieve their own set goals and objectives which may not always seek the same outcomes. Lachmann (1976) argues that the 'radical uncertainty of the future prevails at every moment and existing patterns are always bound to be disrupted'. Even during his time, Lachmann (1976) quickly recognised the complexities of the world and more so in the 21st century where interconnectivity is arguably high and the world economies can be described as intertwined. Another group of critics (Salgado, 1999) make the point that even if the underlying variables were to be kept constant, equilibrium is not always derived.

For eastern European entrepreneurs, while possessing certain attributes can be argued to be a predetermining factor on the probability of becoming an entrepreneur, Ibrahim and Galt (2011) argue that the difference in expected earnings may still be the deciding factor. It is therefore our view that neoclassical economics does not provide a comprehensive enough explanation of what has been driving, eastern European entrepreneurial dynamism in the UK.

2.2 Becoming an Entrepreneur: Drivers

Hessels et al. (2008) argue that entrepreneurial policy has broadly been shaped by three factors. Firstly, the belief that entrepreneurship enhances economic growth (Acs, 2006; Van Praag and Versloot, 2007); secondly, that high-growth firms propel economic growth disproportionately more than smaller new firms (Wong et al. 2005; Henrekson, 2005); and thirdly that policy measures with an entrepreneurship or small business flavour continue to be prominent with hardly any scientific attention devoted to the diversity of entrepreneurs in terms of their aspirations to grow. However, in reality it can be argued that hardly anybody starts a business in order to achieve innovation, job creation, or economic growth at the national level. Hessels et al. (2008) argue that there are several reasons why people engage in entrepreneurship including the desire to maximise personal profits and gaining autonomy. Locke and Baum (2007) further argue that entrepreneurship may come to some as the only option of sustaining a decent living for themselves and their families. These arguments may apply to this research on the eastern European entrepreneurs in UK and this precisely identifies one of the research questions of this study.

One may argue that understanding why people become entrepreneurs has become quite important for policy makers not only in the UK but also around the world. Understanding the determinants of entrepreneurship in Scotland has allowed policy makers to develop economic policies that are aimed at stimulating regional development and growth (Scottish Enterprise, 1992) and this also applies to Wales (National Assembly for Wales, 2002). There are, however, a variety of reasons why people end up in entrepreneurship and because of the growing interest in small business enterprise by policy makers (Ashcroft et al., 2009), academic research into this field has never been so important. Views from psychological models argue that entrepreneurial potential may be driven by attitudes and perceptions rather than attributes brought in by personal characteristics (Krueger and Brazeal, 1994).

According to the Standard Model (Ashcroft et al., 2009) in which they apply a cross section of data to the question of endogenous switching of self-employment/paid

employment choice, individuals choose the employment status that offers them the highest expected utility. This model confirms that the choice of whether to be self-employed or in paid employment is dependent on the differences between the potential incomes that can be earned. In the work of Knight (1921) an entrepreneur is seen as an individual who is more willing to bear uninsurable risk and as a result receives profits for discharging this function even amid liquidity constraints caused by failure of capital markets to lead sufficiently. This view is seen to be at odds with that of Austrian theorists namely Schumpeter (1950) and Kirzner (1979). The problem of liquidity in entrepreneurship seems to be echoed by other researchers like Evans and Leighton (1989) as well as Evans and Jovanovic (1989).

Blanchflower *et al.* (2001) argue that self-employed individuals are more likely to be satisfied in their jobs than those in paid work. However, it can be argued that there are some individuals who may prefer paid employment over entrepreneurship for the very same reason (Rees and Shah, 1986). Kirzner's theory reminds academics that becoming an entrepreneur also involves having an entrepreneurial vision. Blanchflower and Oswald (1998) present a case that it is not only the objective capacity that determines entrepreneurship but also self-perceptions of that capacity, individual preferences and attitudes towards self-employment or paid work. Ashcroft *et al.* (2009) study on sequential model follows that there is a sequential process to becoming an entrepreneur. This process involves the initial stages of an individual being interested in setting up a firm, up to the actual running of a business function as an entrepreneur along with overcoming obstacles of capital and other constraints.

Evans and Leighton (1989) support that more meaningful evidence can be gained in the study of entrepreneurship, if economists incorporated in their models insights offered by sociological perspectives. Ashcroft *et al.* (2009) acknowledge this view in their own survey results which indicate that there is a positive relationship between self-employment and age, an outcome that was supported earlier by Parker (2004). Ashcroft *et al.* (2009) also found that females are less likely to be self-employed than males confirming results by earlier studies of De Wit (1993) and Blanchflower and Oswald (1998). Ashcroft *et al.* (2009) also claim that there is higher propensity to starting own business amongst married individuals as had been shown in previous studies by Rees and Shah (1986), Evans and Leighton (1989), De Wit (1993) and

Bernhardt (1994). Taylor (1996) and Hamilton (2000) argue that the desire for independence is also associated with self-employment. Studies by Van Praag et al. (2002) and Uusitalo (2001) found that self-employment is positively related to a willingness to take risks and a belief that job security is unimportant. However, a study by Tucker (1988) contradicts this premise by showing no significant relationship. The study by Ashcroft et al. (2009) and other similar studies into entrepreneurial interest identify a sociological element but equally it can be argued that more work still needs to be done. There are elements that are emerging due to macro and micro variables; one of which is the central purpose of this study on east European entrepreneurs in UK.

Grebel et al. (2003) argue that the success of a new firm is dependent on the entrepreneur's individual resources and their specific managerial capabilities which in short are referred to as human capital. Becoming an entrepreneur comes with its own challenges and attractions (Science, 2001). Research on entrepreneurship has looked at a number of elements associated with the individual and the wider external environment linked to micro and macro economy. Frank et al. (2007) argue that personality traits only seem to have a slight influence on the process of starting a new business. If the entrepreneur possesses an increased propensity for risk, this can be instrumental in accelerating the process by developing an idea into a new business venture. A comparatively higher risk propensity is advantageous in the realisation of start-up decisions, while the opposite can be observed for the continuation of existing businesses. This generally agrees with the accepted indications that entrepreneurs ideally have a medium propensity to risk (Rauch and Frese, 2000). However, it should be noted that the personality traits of an entrepreneur have no significant bearing on economically relevant business success. This contradicts McClelland's findings but is basically confirmed by more recent meta-analysis studies which have investigated this idea and only found very weak connections (Rauch and Frese, 2000).

Herman Frank et al (2007) argue that fast growing businesses would appear to be those which are not set-up out of necessity or push factors but rather those which are distinguished by careful organisation in the start-up process and in which founder

succeeds in creating and maintaining sound networks (Johannison, 1988). McClelland's (1967) work on 'entrepreneurial personality' characteristics indicates that the need for achievement is a tendency demonstrated by start-up entrepreneurs; a quality demonstrated more than in other professionals (Begley and Boyd, 1986; Green et al., 1996). In fact Herman Frank et al. (2007) argue that people with strong internal locus of control are more resilient in dealing with situation that impose pressure, can acknowledge their own success and can cope well with change. Cromie and Jones (1983) also conclude that a strong internal locus is also a necessity in taking on the risks of starting a new business. However, whilst there are personality traits that can be attributable to entrepreneurs, it is impossible to predict people or a person that will become an entrepreneur based on personal attributes.

The concept of social marginality was presented by Stanworth and Curran (1976). The concept presents a characterisation of a status quo that identifies a state perceived incongruity between an individual's personality attributes and the role(s) they hold in society or organisation (Storey, 1994, p132). Stanworth and Curran (1976) argue that *'the classic example is Jews who have developed business skills and a culture at least partly in response to the discrimination which they have experienced in society'*. From this concept, it is hypothesised that individuals may respond to social marginality by a determination to demonstrate their skills and expertise, and that growing a successful business constitutes one way of effectively 'thumbing one's nose at the society' (Storey, 1994). Whilst the social marginality concept has not been proven sufficiently by empirical evidence, it might apply to the growth of east European Businesses. Hessels et al. (2008) argue that a proportion of entrepreneurs who become self-employed with increasing wealth as their prime motivation tend to be job growth oriented. They also concluded in their research that firms that are started by entrepreneurs motivated out of necessity or striving for independence, are not likely to have high ambitions for their businesses and therefore are probably not the ones making a significant contribution to their country's innovation, employment creation, and economic growth. Hessels et al. (2008) argue that independence-motivated entrepreneurs are happy to be able to do the work they want and not to work for others and that for them a comfortable living is enough of a success.

2.3 Developments in the Small Business Research

There is no doubt that there is growing recognition in research on entrepreneurship in the UK and Europe, and the need to expand the current body of knowledge (Blackburn and Kovalainen, 2009; Landstom, 2005; Welter and Lasch, 2008; Blackburn and Small-bone, 2008). However, the depth and breadth of the research in the field remains unsatisfactory to some scholars (Cooper, 2003; Davidsson et al., 2001; Gibb, 2000; Jones et al., 2012). Professor Allan Gibb (B.A., Ph.D., O.B.E.) is one of the most recognised researcher on small business and entrepreneurship field argues that *'despite the increase in academic knowledge, indeed perhaps because of it, there has been a growth of ignorance'* (Gibb, 2000, p.13). In UK the Higher Education Funding Council for England Research Assessment Exercise (RAE) made an assessment and concluded that the wider environment did not promote entrepreneurship research (Blackburn and Kovalainen, 2009).

In 2001 RAE highlighted a shortage of qualified teachers with appropriate research training (Bessant et al. 2003) but it can be argued that the conditions are a lot different now than they were. It also has to be acknowledged that entrepreneurship although there is arguably a long history of this activity, research in this area of business and economic studies is relatively new (Bessant et al. 2003). Blackburn and Kovalainen (2009) argue that there is an essential need to press for academic rigour in this field of study. There is an ongoing discussion amongst academics (Shane and Venkataraman, 2000; Davidsson, 2005; Gartner, 2001, 2006) on whether research on small business and entrepreneurship can evolve into an area of study that deserves equitable intellectual recognition.

Whilst there has not been a 'clear unified or rigorous approach that has been found' according to Blackburn and Kovalainen (2009), it is important to acknowledge that discussions have been mainly focussed on the applied research methodologies. It can be argued that perhaps like in other research fields, predetermining the research approaches may not be the best if the discipline is to expand and become mainstream. However, it can be argued that researchers need to balance this by constantly questioning developing narratives and also encourage theory building. Blackburn and Kovalainen (2009) argue that ultimately 'it is the research agendas,

the rigour of methodological approaches and outcomes which, although making some headway, require careful attention if the field is to become more conceptually robust'. Whilst there is an argument that the research on small business entrepreneurship is still growing, elements of this study area have high levels of research activity as well as an accumulation of robust data, for example, finance and new business start-ups (Davidsson, 2005).

The chosen research topic on immigration and small business ownership falls into the less developed areas, including others like ethics, social inclusion and gender (Blackburn and Kovalainen, 2009). Ogbor (2000) argue that empirical studies that have indicated a positive ideological stance towards entrepreneurship have raised suspicion with other researchers and have been seen to be an attempt to provide data in support of this form of economic activity. It can be argued that while other researchers may take this to be true, there is an argument to be made either way perhaps for all forms of research undertaken as to the underlying ideological commitment.

Blackburn and Kovalainen (2009) argue that the use of statistical data as the main driver for developing theory may be misguided considering that the relationship between statistical and theoretical models is identical or 'isomorphic'. Gartner (2001), Jennings et al. (2005), Davidsson et al. (2001) argue that eventually there will be assimilation between the researcher who are ideologically swayed by variable-centred theories and those that are naturally drawn to causal modelling. In this study we have applied a quantitative data collection technique as supported by Hjorth and Steyaert (2006). While this may be the researcher's standpoint, Neergaard and Ulhoi (2006) argue that it is important to have a 'critical approach in agenda selection and equally rigorous use of appropriate methods' in theory-building. Blackburn and Kovalainen (2009) argue that having numerous research projects on small business entrepreneurship which are funded by governments with a focus on policy making agenda has not strengthened the argument on the robustness of the data and concluding findings. They went on to argue that whilst this has increased attention on this research area, the level of theorising has tended to be weak. The use of qualitative analysis can be argued to be an effective approach to researching small businesses as this gives an opportunity to have in-

depth analysis of the reality (Cope, 2005; Down, 2006; Hjorth and Stegaert, 2004). To try and achieve unified theories or frameworks for researching small businesses and entrepreneurship could be considered as inaccurate mainly due to the multiplicity interactions of variables that are unique to each study (Sayer, 1992). Edmondson and McManus (2007) argue that the use of integrated ‘*hybrid*’ methods should be considered in researching small business and entrepreneurship.

Table 2.1 - Mapping small firms’ and entrepreneurship research topics

Matured	Enduring	Novel
Picking winners	Ethnic Enterprise	Social inclusion
Use of internet	Gender	Ethics
Family business	Marketing	Learning
Financial aspects	Economic development	Knowledge management
Networking	Self-employment	Transitional economies
Psychology of entrepreneurs	Regional Development	Third age/youth
	National comparisons	Environmental practices
	Public Policy	Business exit
		Societal perspectives

Source: Blackburn and Kovalainen (2009)

This research study can be argued to fall into what Blackburn and Kovalainen (2009) refers to as the ‘*Enduring*’ area of small business and entrepreneurship research. Enduring topics (**Table 2.1**) covers research studies that are considered to have long term relevance with regards to understanding the underlying empirical and theoretical frameworks. The area for immigrant and ethnic minority research is both a historical and relevant. Moreover the dynamics that govern this specific area of business studies are continuously changing due to a number of both internal and external influences. The uniqueness of this research area continues to provide subjects and topics that are worthy of investigating and theorising (Ram and Jones, 2007; Rath, 2003; Waldinger et al., 1990).

2.4 Small Business: definitions, descriptions and patterns

The obscurity of small firms in high quality financial press like the Financial Times, the Economist or the Wall Street Journal (Storey, 1994) is a misrepresentation of how the industry has developed in advanced economies such as UK. The emphasis on large firms characterises virtually all financial and economic newspapers but untrue of the reality that faces the small business industry. It can be argued that part of this inequity of publicity is justifiable because of the need for information to be publicly available and widely disseminated for quoted companies, allowing investors to make informed decisions regarding share purchases or sales (Storey, 1994). Politicians in many countries have emphasised the importance of small enterprises as mechanism for job creation, growth and innovation. In the USA, President Obama rolled out a stimulus package to shore up the success of small business enterprises in a bid to get people back into employment following the 2008 global economic crisis which saw millions of people out of work. Similarly, the British coalition government in 2011 went as far as reducing corporation tax for new small enterprises in order to assure the economy of sustained growth. In the EU more than ninety five percent of firms are in fact small and these small enterprises contribute to more than half of all jobs available (ONS, 2008).

Storey (1994, p. 81) argues that there is no 'single, uniformly acceptable definition of a small firm'. This is perhaps true particularly when viewed at a sectoral level where definitions relating to objective measures of size such as employees, sales turnover, profitability, and net worth bare no consistency. What may be deemed small in one sector may not necessarily be the case for the other sector.

Over the years there have been a number of proponents in trying to define what a small enterprise is. The Bolton Committee (1971) regarded small enterprises as fulfilling three criteria:

- Relatively small share of their market place;
- Managed by owners or part-owners in a personalised way and not through the medium of a formalised management structure; and
- Independent in the same sense of not forming part of a large enterprise.

The Bolton criterion was criticised because of the incompatibilities that may be brought in as more layers of management are introduced (Atkinson and Meager, 1994). This ultimately results in the loss of that personalised management and also where niches exist, small firms can actually be more profitable than larger firms (Bradford and Rose, 1989).

Wynarczyk et al. (1993) provides an alternative definition of small enterprises drawing on the observation of Penrose (1959) who noted that small firms and large firms are as fundamentally different as is the case of '*caterpillars from butterflies*'. Wynarczyk et al. (1993) argue that there are three essential aspects that differentiate small and a large enterprise: *uncertainty, innovation and organisational evolution*. They argue that these dimensions should be explored as a 'bottom-up' way of theorising about small businesses rather than implicitly assuming that a small enterprise is a 'scaled down version of a large firm'.

The European Commission (EC) provided a definition for what is termed as 'Small and Medium Enterprise' (SME) which took effect on 1st January 2005. The SME sector according to the EC definition is disaggregated into three components as follows¹:

- **Micro-Enterprises** – enterprises which employ fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed 2 million euro.
- **Small Enterprises** – enterprises which employ fewer than 50 persons and whose annual turnover or annual balance sheet total does not exceed 10 million euro.
- **Medium Enterprises** – enterprises which employ fewer than 250 persons and which have either an annual turnover not exceeding 50 million euro, or an annual balance sheet total not exceeding 43 million euro.

The greatest advantage of the EC definition is that it is based on employment as the single criterion and that does not vary its definition according to the type of sector being looked at unlike the Bolton Committee (1971). One further benefit of the EC

¹http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm

definition is that it recognises that the SME group is not homogeneous but rather that there is a distinction between micro, small and medium sized enterprises. For the purposes of this study, data collected covered the micro and small businesses.

A report² done by the EC on the evaluation of SME definition in September 2012 argue that the Commission's 2003 definition was working well and that no amendments needed to be made. Between 2003 and 2010, the numbers of SMEs in the European economy grew nearly by 11% to reach nearly 21 million and the number of people employed by SMEs increased by 7.5 million. The EC report recommended that the current definition be maintained given that over the period, consistent size distribution had been maintained and argue that the definition established in 2003 continues to perform well as it stands. The evaluation report on the definition of SMEs also noted that the scholarly literature on the SME sector is extensive, covering many aspects of the sector's behaviour and performance. The EC report also notes that there is however, relatively little discussion of the SME definition in academic literature and the way that it operates. We also envisage this to remain the case due to the fact that researchers like Ram et al. (2008) have not commented or identified any issues with the SME definition even though the EC stresses that its contribution is only a guide.

2.5 Theoretical Perspectives: Concluding remarks

In this chapter we have explored various theoretical perspectives that underpin the arguments related to this research topic. We believe that some of the developments in business economics including the growth of various immigrant entrepreneurial groups, for example, the eastern Europeans are consistent with the arguments put forward by Ibrahim and Galt (2011). They argue that with globalisation there has been a surge in capital and labour movement alongside international trade. It can be argued that east European small business owners have, to an extent, benefited from the EU policy on the free movement of people. Lazear (2005) argue that the unification of EU labour market has also marked a gradual movement away from employee labour contracts to self-employment. Whilst immigration remains a topical

²http://ec.europa.eu/enterprise/policies/sme/files/studies/evaluation-sme-definition_en.pdf

issue in UK political debates, the recent financial crisis has emphasised the need to encourage and promote entrepreneurial activity in order to provide the thrust for economic growth.

As we have seen in this chapter one of the central debates between the classical and neo-classical theorists is on whether it is possible to achieve a state of equilibrium. We believe the establishment of small businesses in economies can be taken as the absence of equilibrium on the market and therefore, setting up a business assists in balancing the economy into a state of equilibrium. Sautet (2000, p. 68) argues that imperfections in the market system are inherent and the creation of new businesses and other economic productive undertakings contributes towards a normative market system.

We have understood that since 1973, Kirzner sought to provide an alternative theory to the neoclassical approach which focused on equilibrium-always. Kirzner was concerned about explaining the 'economic problem' among other things but not necessarily considering the distribution of known resources (Sautet, 2000, p. 57) but the formulation of frameworks that would allow utilisation of unperceived knowledge. In Kirzner's theory which we believe is reflective of small business entrepreneurship, the critical value of an entrepreneur is "alertness" (Sautet, 2000, p. 66). We have also observed in this chapter that the orthodox economic explanation points to the possession of certain attributes which can predetermine an individual's probability of becoming an entrepreneur. Ibrahim and Galt (2011) argue that the willingness to take up entrepreneurship may be a product of the differences between earnings as self-employed compared with the expected wages from being an employee (Blanchflower, 2004; Parker, 2004).

There is no doubt that there is growing recognition in research on small firms and entrepreneurship in the UK and Europe (Blackburn and Kovalainen, 2009; Landstrom, 2005; Welter and Lasch, 2008; Blackburn and Small-bone, 2008). However, it can be argued that trying to achieve unified theories of frameworks for researching small businesses and entrepreneurship may be difficult due to the individualistic nature of small business entrepreneurship which can prevent generalisability (Sayer, 1992).

This study on immigration and small business ownership can be argued to fall into the less developed areas, including others like ethics, social inclusion and gender (Blackburn and Kovalainen, 2009). Our research topic is purely an area shown to be a gap in the literature and will not be influenced by any policy agenda although we feel that the findings may in some part contribute to the formulation of policy particularly in the West Midlands area. The use of quantitative analysis can be argued to be perhaps the best approach to researching small businesses as this gives you an opportunity to have in-depth analysis of the reality (Cope, 2005; Down, 2006; Hjorth and Stegaert, 2004).

We have also explored definitions of small businesses and according to Storey (1994, p. 81) there is no 'single, uniformly acceptable definition of a small firm'. This is perhaps true particularly when viewed at a sectoral level where definitions relating to objective measures of size such as employees, sales turnover, profitability, and net worth bare no consistency. What may be deemed small in one sector may not necessarily be the case for the other sector. The European Commission (EC) provided a definition for what is termed as 'Small and Medium Enterprise' (SME) which took effect on 1st January 2005.

Hessels et al. (2008) argue that the world of entrepreneurial policy has been shaped by three facts. First, the belief that entrepreneurship enhances economic growth (Acs, 2006; Van Praag and Versloot, 2007); secondly, that high-growth firms contribute more to economic growth than small, new firms in general (Wong et al. 2005; Henrekson, 2005); and thirdly that policy measures with an entrepreneurship or small business flavour continue to be prominent with hardly any scientific attention devoted to the diversity of entrepreneurs in terms of their aspirations to grow. According to the Standard Model (Ashcroft et al., 2009) in which they applied a cross section of data to the question of endogenous switching of self-employment/paid employment choice. Their conclusion confirmed that individuals choose the employment status that offers them the highest expected utility value.

The standard model confirmed that choice of whether to be self-employed or paid employment is dependent on the differences between the potential incomes that can

be earned. We believe this theoretical proposition may be reflective of why east European entrepreneurs start-up businesses. Ashcroft et al. (2009) study on sequential model follows that there is a sequential process to becoming an entrepreneur. This process involves the initial stages of an individual being interested in setting up a firm up to the actual running of a business function as an entrepreneur along with overcoming obstacles of capital and other constraints.

We also discussed the concept of social marginality which is associated with the work of Stanworth and Curran (1976). The concept is defined to be where there is a perceived incongruity between the individual's personality attributes and the role(s) they hold in society or organisation (Storey, 1994, p132). Stanworth and Curran (1976) argue that *'the classic example is Jews who have developed business skills and a culture at least partly in response to the discrimination which they have experienced in society'*. From the concept it is hypothesised that individuals may respond to social marginality by a determination to demonstrate their skills and expertise, and that growing a successful business constitutes on way of effectively 'thumbing one's nose at the society' Storey (1994). We also believe that this theoretical framework may hold true in the case of eastern European entrepreneurs who have set up businesses in the UK amid a barrage of negative press in the British media; for example, accusations of abusing the state benefit system, abuses of the health and social care services (Ross, 2014).

We have explored some of the fundamental theoretical framework that shapes this research topic. We believe that this reflective analysis of different theoretical perspective offers a robust base on which to initiate research on this topic and to offer a sound framework that offers a platform for academic rigour.

CHAPTER 3

3.0 Immigrant entrepreneurial activity and the EU enlargement

Introduction

In this chapter we discuss and explore the entrepreneurial activities of immigrant communities in UK and other advanced economies. The chapter draws on emerging trends and provides a theoretical framework to understand the differences and similarities drawn from the findings of this study. International variations will also be considered in the development of small business entrepreneurship by reviewing factors like economic development, 'diverging demographic, cultural and institutional characteristics' (Blanchflower, 2000). This chapter will also explore the key drivers of the migration phenomenon in the European Union (EU). Furthermore we will also explore how free movement of people within the EU has influenced the discourse around movement of populations within the EU and the potential impact on small business entrepreneurship.

3.1 Migrant theoretical framework for entrepreneurial activity

Ibrahim and Galt (2011) argue that increase in international trade and movement of labour across borders has been a fundamental characteristic of globalisation. However, more specific to the European Union, there is free movement of people across the member states and according to Lillie (2007) this is in order to take advantage of education and employment opportunities. This phenomenon makes the case for eastern Europeans setting up small businesses in UK after their country of origin has joined the EU *sui generis* in the sense that they are different from other previous immigrant entrepreneurs who generally had to apply for resident visas before settling. Ibrahim and Galt (2011) argue that in other migrations, for example between Africa and Europe, the underlying reason is not easily pronounced and can

be due to instability of the country of origin rather than one of economic choice. Whilst it can be argued that the majority of human migration is driven by people seeking better employment opportunities, there is a group of immigrants who seek to set up businesses. This is an aspect of migration that is sometimes missed in nationalistic political discourse on EU migration and most recently in British political debate on Bulgarian and Romanian migrants. The increase in EU labour market by the policy of free labour movement has also marked a notable increase in self-employed labour contracts rather than the traditionally accepted employee contracts (Lazear, 2005). It can be argued that such developments have been a sign of changing organisational technologies and structures that according to Ibrahim and Galt (2011) function on a less rigid hierarchical structure. The recent financial crisis has also meant government policy, even in the UK, had to encourage as well as promote business activity that can assist economic recovery. In practical terms this meant encouraging and developing entrepreneurial friendly policies. Ibrahim and Galt (2011) argue that migrant 'entrepreneurs are heterogeneous in terms of class and level of education and are subjected to different economic and socio-cultural influences'.

Levie (2007) argue that whilst research suggests that ethnic minorities are over-represented among start-up entrepreneurs in the UK (Bank of England, 1999) and the US (Kim et al.; 2003); consideration need to be made on the fact that many ethnic minority entrepreneurs are also immigrants. It therefore calls into question on what would have the greatest effect on the propensity to start a new business: origin, ethnicity or perhaps other variables. It can be argued that migrant entrepreneurship has been neglected and under-researched in UK (Williams et al., 2004). Reynolds et al. (1994, pp.446) argue that the attempt by economic geographers on measuring migrant entrepreneurship indirectly does not accurately measure the macro impact of such business activity and the contribution made to the wider UK economy. It is worth noting that the economic geographers Keble (1989) and Keble as well as Tyler (1995) have been exceptions to the trend. In the work that has been done, there is no distinction between in-migrants and immigrants from abroad. It can be argued that government reports fail to make distinctions of different migrant origins whilst focusing on ethnicity. Levie (2007) observed that a government UK small business review failed to report on immigrant entrepreneurial activity and preferring to use the

term “ethnic”. Likewise an earlier review of UK migration policy by the Home Office in 2001 (Glover et al. 2001) widely missed reference to immigrant entrepreneurship. Most recently a research paper by Dustmann and Frattini (2014) acknowledged the positive economic contributions of immigration to the UK economy but failed to address their entrepreneurial activities.

Ram and Smallbone (2001) pointed out that the majority of business studies on ethnic minorities in the UK have studied non-white immigrant entrepreneurs. However, ethnic minorities from east European countries fall into a category that is fairly new and equally understudied (Blackburn and Kovalainen, 2009) and this gap in literature has been one of the main reasons why this research topic on eastern European immigrant entrepreneurs has been chosen. Providing answers as to the relative economic activities of this unique immigrant group on entrepreneurial activity could potentially facilitate more robust inclusive economic development practices and national immigration policies (Levie, 2007). One may argue that most UK immigrants are indeed economic migrants who come into the country for economic benefits (Williams et al., 2004). However, evidence shows that UK tends to attract highly educated and skilled immigrants (Dustmann and Frattini, 2014) as well as poorer, less educated individuals through mainly family connections (Buchel and Frick, 2000). Evidence is unclear as to which one of the two groups mentioned above will ultimately become an entrepreneur.

Levie (2007) observed that a number of theories have been presented to articulate the varying entry rates by which different migrant groups enter employment and new business activity. However, it would be interesting to understand if the same theories would apply to the new entrepreneurs in UK from east European countries who have gained entry through the EU enlargement.

The disadvantaged worker theory (Light, 1972, 1979) has some similarities to Shapiro's (1975) theory which is connected to the concept of displaced, uncomfortable entrepreneur. The disadvantaged worker theory suggests that the employment market can be disadvantageous to migrant groups due to a variety of reasons which may render them uncompetitive due to such things like poor language

or education skills, unrecognisable qualifications or lack of knowledge of the local labour market. Tamasy (2006) finds in her study on Germany that immigrant entrepreneurs started new businesses often constrained in narrow markets due to lack of employment prospects.

Levie (2007) argues that immigrants unlike in-migrants may be more disadvantaged in the labour market. Recent interpretations of the labour market theory have introduced a different narrative on how immigrant entrepreneurship should be interpreted. The researcher accept this view as arguing that immigrants are driven into entrepreneurship by the realisation that they can maximise their earnings by applying their skills rather than just being in a job that does not reflect their qualifications and experience (Basu and Altinay, 2002; Min and Bozorgmehr, 2003). It has also been argued that immigrants with specialist skills bring a fresh perspective than life-long residents which allows them to identify entrepreneurial opportunities (Min and Bozorgmehr, 2003). Immigrant entrepreneurship may be linked to attitudes towards new business activity according to Levie (2007). The decision to migrate from one country can be argued to be a bold move reflective of their less risk-evasiveness than comparable peers who stay at home. Alternatively, migrants may just be more confident of their own human capital and ability to succeed in a new, uncertain environment.

Levie (2009) concluded that immigrants do face advantages and disadvantage which are: 'higher labour market disadvantage, higher opportunity, perception advantage, higher resource disadvantage and greater attitude advantage' than the indigenous population (Levie, 2007). Therefore, immigrants would be expected to have a higher propensity to engage in new business activity than lifelong resident. However, resource disadvantage is a problem that immigrants are most likely to face when starting up a business (Yankow, 2003). This is most likely to be the case considering that they may not have an established bank account or enough credit history with a financial institution which could facilitate borrowing of business capital.

There is mixed evidence as to when immigrants would set up businesses (Levie, 2007). Reynolds and White (1997) found that in Wisconsin (USA), immigrants took as a minimum 5 years to settle before engaging in entrepreneurial activity. Immigrant

founders of high technology firms studied in Ottawa were found to have worked in the region for 10 years before setting up their firms (Harrison et al., 2004). There is considerable research evidence that suggests that ethnic minorities and particularly ethnic minority immigrants do face and feel disproportionately discriminated against in the UK labour market (Cabinet Office, 2003). The Barclays Bank commissioned survey (2000) indicated that black business owners cited lack of employment opportunities as being the key reason for them starting up new businesses. Given the various differences in educational system and recognition of academic qualification, the 'new' east European immigrant business owners may well indicate the same arguments in the proposed research as one of the main drivers of setting up their own small businesses.

Early studies also indicated to possible discrimination of ethnic minorities on access to commercial lending (Bank of England, 1999; Ram et al., 2002) but it can be argued that more studies are still required to establish the current situation. Evidence from USA suggests that ethnic minority entrepreneurs counter their problems with access to business finance by utilising networks within their communities often referred to as "enclaves". However, this solution to a key part of business start-ups can be sub-optimal if the ambition is to grow the business significantly (Bates, 1994; Waldinger, 1995; Levie, 2007). Levie's research (2007) suggests that new business activity rates vary from one region to the other in the UK, pointing to factors that are perhaps unique to those economic areas. Levie (2007) showed that immigrants to Northern Ireland demonstrated to have similar rates of entrepreneurial activity as life-long residents. Levie (2007) suggests that clustering and its influence on migrants' ability to engage in entrepreneurial activity deserve further research. Research has shown inter-generational differences in new business activities by immigrants in UK (Ram and Smallbone, 2001) in terms of industrial focus. This is again an area which deserves further empirical evidence as argued by Morawska (2004) and Williams et al. (2004) who suggest that some ethnic groups may remain focused on what may be considered traditional sectors.

Levie (2007) also finds that there appears to be strong relationship between migration flows and entrepreneurial activity. This is an area that needs further attention. Findings to the proposed research study may contribute in shedding light

on this hypothesis and possibly help regional policymakers leverage the incoming human capital to encourage entrepreneurial ventures rather than stifle such potential for economic growth.

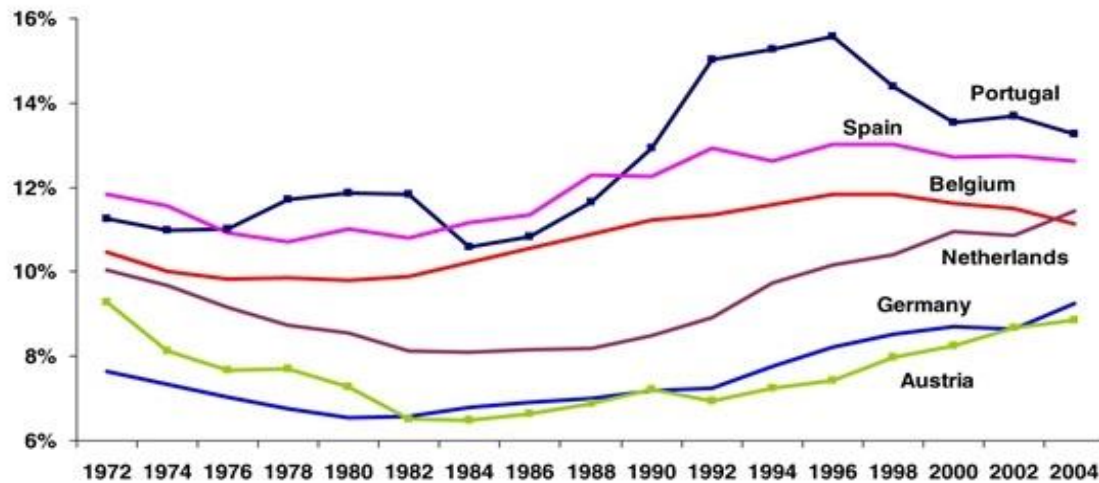
3.2 Country variation

Empirical evidence has shown large cross-country differences in entrepreneurial attitudes indicating that Southern Europe, the UK and Ireland show relatively high self-employment preferences (Bosma and Schutjens, 2011). It can be argued that although there is considerable variation within EU, the EU is especially concerned with differences in entrepreneurial attitudes between EU-countries and the United States. In relation to this research, Bosma and Schutjens (2011) argue that whilst perceived skills are fairly high in east Europe opportunities for entrepreneurial activity are comparably rather low partly as legacy of Communism. Davidsson (2004) argue that the phenomenon of entrepreneurship can be observed on a variety of levels. Approaches to contextualising this phenomenon can be argued to involve a multitude of disciplines including psychology, sociology and economics (Wennekers et al., 2002). The differences between countries can be contributed to a number of reasons which include economic development, diverging demographic, cultural and how institutions are configured (Blanchflower, 2000; Wennekers, 2006). It is widely accepted that individual factors and their impact on entrepreneurial activity have been at both micro and macro level. However, differences across countries in entrepreneurial activity suggest that there are other factors apart from economic ones have an impact (Grilo and Thurik, 2005b). One may argue that indeed issues like the level of governance, the rule of law and corruption may have significant impact on the level of entrepreneurial activity.

Thurik and Freytag (2007) argue that differences in entrepreneurship appear to be defined by economic reasons and yet cross-country variations appear to be affected by cultural and institutional elements. The fact that evidence indicates that there is a U-shaped relationship when business ownership is correlated with economic development (Blau, 1987; Acs et al., 1994; Carree et al., 2002). The U-shape indicates that as economies develop the rate of new business start-ups declines, but regains momentum as the economy highly develops. Audretsch and Thurik (2001

and 2004) identify this as an indication of the regime switch between the managed and the entrepreneurial economy. In **Figure 3.1** below, the development rate of entrepreneurship is given for six countries of the 23 of the Compendia data set (Van Stel, 2005).

Figure 3.1 - The rate of entrepreneurship in six OECD Countries



Source: *Compendia 2004.2. See Van Stel (2005)*

Figure 3.1 clearly illustrates that while the U-shaped entrepreneurial development can be seen over time; there are clear differences between countries. Whilst the level of economic development is contributory to the U-shape effect as argued above, persistent differences between countries suggest other causal effects which are perhaps non-economic such as cultural factors.

Cultural aspects are assumed to shape the environment in which business is conducted (Freytag and Thurik, 2007). Hofstede (2001, p.9) refers to culture as ‘the collective programming of the mind that distinguishes the members of one group or category of people from one another’. It is argued that this programming does not happen instantly but it is suggested that it would typically happen early in life (Hofstede, 1980; Barnouw, 1979). The cultural context will then allow the entrepreneurial behaviour to either flourish or in some cultures impede (Hofstede, 1980; Mueller and Thomas; 2001). It can, therefore, be argued that differences in culture (*values, beliefs and behaviour*) can influence a wide range of behaviours, including decision to become self-employed rather than work for others (Mueller and Thomas, 2001).

Wennekers (2006) introduces that there are three main views attributable to entrepreneurial behaviour across cultures. The first view is the '*aggregate psychological trait*' explanation of entrepreneurship. This view points to the idea that if a society contains more people with 'entrepreneurial values', more people will become entrepreneurs (Davidsson, 1995; Uhlaner and Thurik, 2007). Etzioni (1987) argue that the second view is about to what extent does a culture accept and morally approve entrepreneurship as legitimate undertaking. Freytag and Thurik, (2007) argue that the second view would lead to entrepreneurship being reflected in different wide ranging spheres of that culture, for example, favourable policies, entrepreneurship within the educational curriculum. The third view according to Freytag and Thurik (2007) refers to the 'push' explanation. This perspective explains the variation in entrepreneurship as contributable to aggregate values and beliefs within a defined population. The argument is that in a predominantly non-entrepreneurial culture, potential entrepreneurs may clash in their values and result in the latter group moving away from an average organisation to start their own businesses (Baum et al., 1993; Noorderhaven et al. 2004).

The explanations above present an interesting perspective on how national entrepreneurial differences can be explained. Hofstede (1980) argue that it can be expected for individual entrepreneurial energy for post-communist countries to be lower partly due to the reason that they are simply less used to entrepreneurial activities when raised in communist countries (Hofstede, 1980). However, in the recent times more of the post-communist countries from the eastern bloc have now joined the EU or have aspirations to become member countries. Studies carried out to measure cultural orientations of business owners (Koenig Steinmetz, Frese, Rauch and Wang, 2007) indicated that the researcher should measure cultural orientation of entrepreneurs at the individual level instead of culture at the aggregate level. This is crucial in the sense that these orientations are manifested in the practices business owners apply in their businesses (Freytag and Thurik, 2007).

3.3 Immigrant entrepreneurial activity in Sweden, Germany and USA

A study done by Hammarstedt (2001) on immigrant self-employment in Sweden showed that non-Nordic immigrants who have been living in the country for a significant length indicated higher self-employment rates than the native population. Evidence demonstrated that the length of stay in a country by an immigrant is positively correlated to the rate of self-employment (Hammarstedt, 2001). Hammarstedt's (2001) research also indicated that in Sweden self-employment was highest among individuals with a low education. The study did not identify what type of self-employment immigrants were involved in. Hammerstedt (2001) findings also came at a period when employment rate had risen among immigrants in Sweden following the 1990s recession (Ekberg and Andersson, 1995).

Borjas (1986) finds that the self-employment rates of immigrants exceeded 15% for some immigrant groups in the USA. Again rates of self-employment of many immigrants exceeded those of Americans. According to Borjas (1986) the major contributing causal effect for their observations pointed to the geographic enclaves of immigrants which increased the self-employment opportunities for immigrants from the same country of origin. Yuengert (1995) also finds that immigrants from countries with large self-employment sectors have high self-employment rates in the USA. However, unlike Borjas (1986) findings, Yuengert (1995) finds little support for the enclave hypothesis. Yuengert's (1995) study shows that self-employment rates were no higher in cities with high concentrations of immigrants. However, Fairlie and Meyer (1996) contrary to Yuengert (1995), found no support for the home-country self-employment hypothesis. Their study (Fairlie and Meyer, 1996) indicates that immigrant groups that had emigrated from countries with high self-employment rates did not have high self-employment rates in the USA.

Tamasy (2006) argues that in Germany since the beginning of the 1990s there has been concerted effort by both national and regional policy makers in initiating policies that are aimed at stimulating entrepreneurial activities as well as fostering their growth. The German Federal Minister of Economics and Labour until September 2005 is referenced by Tamasy (2006) to have acknowledged the views of the government in that business start-ups and business growth are engines to economic

dynamism, innovative ideas and competitiveness. Therefore economic policy should always be aimed at supporting entrepreneurship whenever possible. It can be argued that this is a view that considers business start-ups as a way of resolving the problem of unemployment³. Tamasy (2006) also observed what Sorenson and Audia (2000) argue in their study that German business networks are more localised and alert to regional strengths and context.

Reynolds and White (1997) made a significant contribution to the body of entrepreneurial literature in distinguishing four key stages to entrepreneurial process which include '*conception, gestation, infancy and adolescence*'. Geroski (1992) argue that whilst it is possible to start a new business; survival, market penetration and growth are significantly challenging.

Schutjens and Wever (2000) argue that there are a number of external and internal determinants to business start-up and success within any particular industry. Storey (1994) argues that it is important to understand factors that affect business start-ups as well as development in industrial economics. On the other hand organisational ecology facilitates industrial classification which in turn allows sector based approaches to organisation-environment relations analysis. There is no doubt that both industrial economics and organisational ecology have contributed to the advances in entrepreneurship literature but it is also argued that they have failed to provide comprehensive theories (Singh and Lumsden, 1990; Siegfried and Evans, 1994; Geroski, 1995).

Tamasy (2006) also argues that demographic characteristics and '*push-pull*' factors play a role in entrepreneurship. The Global Entrepreneurship Monitor (GEM) has presented evidence which supports the importance of gender and age as being personal attributes in determining national level of indigenous entrepreneurial activity. According to Tamasy (2006), males and anyone between 25 and 44 years of age are the most active entrepreneurs.

³ See: <http://www.bmwa.bund.de/redaktion/Inhalte/Pdf/br-Infoletter-gruenderzeiten-nr-01,property=pdf.pdf;authors> own translation.

3.4 Migration and EU

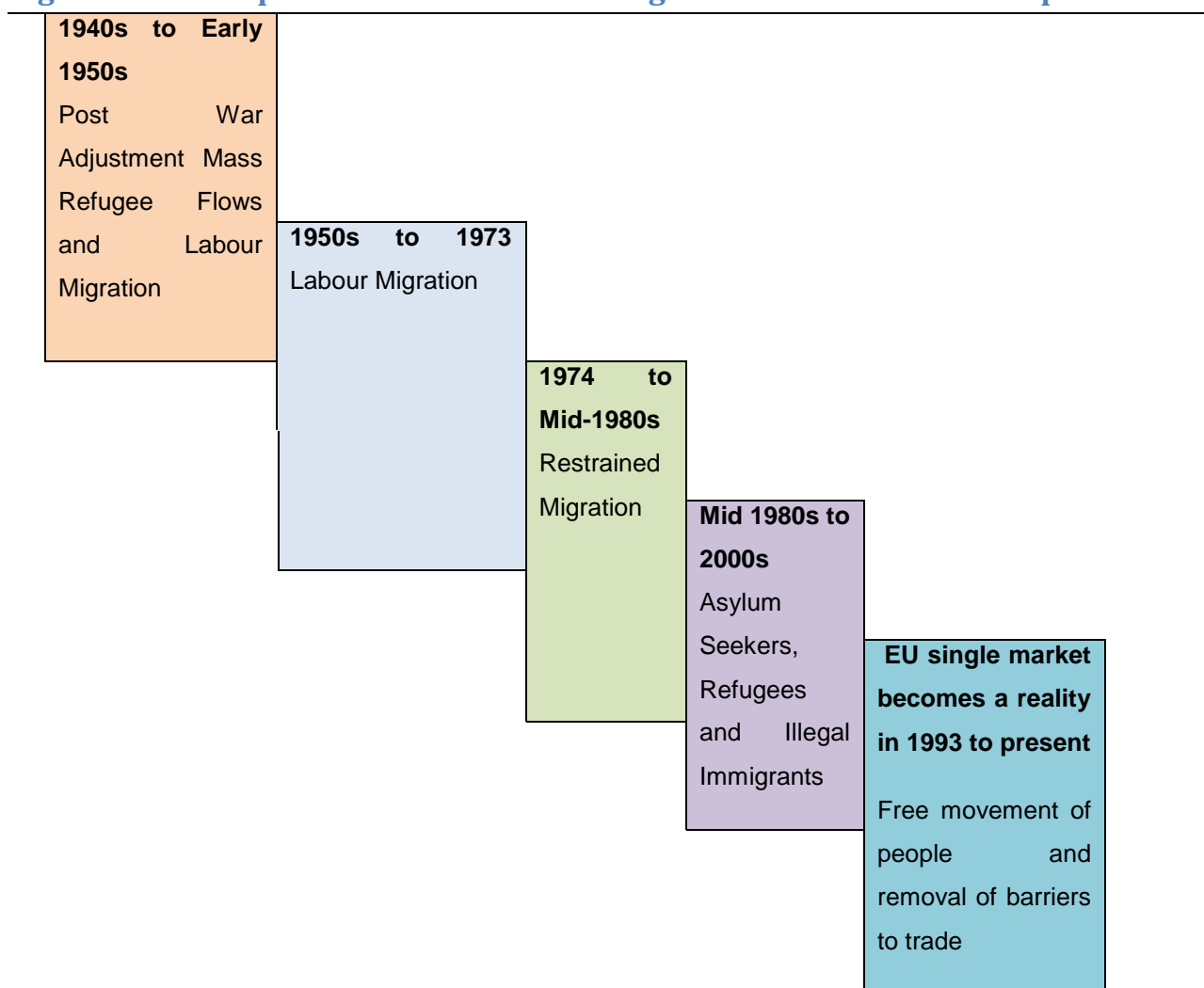
Human immigration is a significant economic issue for governments around the world (Levie, 2007). The EU enlargement placed immigration as an issue that the UK government has to deal with and to some extent a polarising topic for the British people which arguably led to UK voting to leave the EU in what has become the Brexit vote. The British coalition government announced in early 2011 a cap on EU migrants in a bid to reduce net migration. The issue of migrant entrepreneurs is an area of study that still requires attention and may lead to the rejection of long held negative myths created by negative publicity in newspapers on, for example, strain on the health and social care. Levie (2007) argues that it is crucial to have data on immigrant activities in order to make effective policy decisions. A good example to this is the fact that we have observed policies by UK which are aimed at restricting immigration (Levie, 2007) and yet this is in direct contrast to the regional Scottish government which is in favour of immigration (Naughton, 2005; Macdonnell and Peev, 2005). However, contrary to some newspaper reports, a recent study by Dustmann and Frattini (2014) indicated that European migrants, on balance, as paying more through taxes than what they receive through state benefits.

Macdonnell and Peev (2005) argue that the Scottish regional government began actively seeking to attract immigrants in February 2004 with a programme called *“New Scots: attracting fresh talent to meet the challenge of growth”* that aimed to *“..Reverse the population decline that threatens our future prosperity, through a modern scheme of managed migration”* (Scottish Executive, 2004, p.1).

Zimmerman (2005) argue that Europe is an important continent for migration of people and that status is likely to remain for a long time. Asia and North America appear to be second and third respectively in term of international migration. According to Stalker (2002) there are a number of reasons why Europe is an attractive destination for immigrants and these include political stability, economic development former colonial links and employment opportunities.

More recently there has been a significant migration within an enlarged EU particularly the migration from the east to west European countries (OECD⁴, 2006). The definition of immigrant which is widely used is a person who has been outside their country of birth or citizenship for a period of twelve months or longer (Sasse and Thielemann, 2005). Observers of immigration trends have argued that there has been five broad main phases of immigration (Stalker, 2002; Zimmermann, 2005) as indicated in **Figure 3.2** below.

Figure 3.2 - Europe and the Phases of Immigration from Eastern Europe



Source: Author's adaptation from: Stalker, 2002; Zimmermann, 2005; Baycan-Levent and Nijkamp, 2009.

The first being late 1940s and early 1950s – post-war adjustment, mass refugee flows and decolonisation; the second marked by the period early 1950s to 1973 – labour migration; third period 1974 to mid-1980s, being restrained migration; and

⁴ Organisation for Economic Cooperation and Development

lastly fourth covering the period between mid-1980s to 2000s – asylum seekers, refugees and illegal immigrants (Baycan-Levent and Nijkamp, 2009). We also argue that the creation of an EU single market in the early 1990s can be viewed as the fifth stage in the phases of immigration as indicated in Figure 3.2 above.

A published report on International Migration Outlook (OECD, 2006) indicated that the UK, Germany and Spain are the most common destinations for immigration in Europe. It can be argued that the future immigration to the EU is likely to increase as a result of both the demand for labour and low birth rates in the EU. Baycan-Levent and Nijkamp (2009) argue that the expansion of the EU eastward is likely to support labour requirement in the short and medium term by flows from east Europe and the new member states of the EU (Stalker, 2002; Boeri and Brucker, 2005). However, it can also be argued that the long-term immigration into Europe may not be confined to EU member states if economic growth is to be sustained particularly given the declining birth rate. Baycan-Levent and Nijkamp (2009) argue that Europe is an important place where migration is especially useful from a socio-economic perspective given the ageing population and the rising need for dedicated skills.

Although there has been recent studies that have indicated a negative effect on wages for the indigenous workers and a result of immigration, the actual negative impact has been shown to be quantitatively small (Longhi, Nijkamp and Poot, 2005). Boeri and Brucker (2005) argue that migration of about 3% of the eastern European population to the west could result in an increase of about 0.5% of EU's GDP. The increase in immigration has also resulted in the rise of a new phenomenon referred to as 'migrant entrepreneurship' or 'ethnic entrepreneurship' (Baycan-Levent and Nijkamp, 2009).

Baycan-Levent and Nijkamp (Ibid) also argue that migrant entrepreneurship has resulted in the creation of employment for migrant communities thereby assisting in resolving social tensions and integration. It can be argued that overtime the volume of immigrants in Europe and their entrepreneurial activity among the groups will continue to grow given the opportunities that European advanced economies bring to bear. The migration of people within the EU is also viewed as an important way of

solving structural labour market imbalances in many industrialised countries (Barret, Jones and McEvoy, 1996; OECD, 2006).

Boroogh and Hart (1999) indicated that labour market perspectives of immigrant groups are different from those of white indigenous people in Britain. Baycan-Levent and Nijkamp (2009) argue that migrants generally are offered poorly paid, low status jobs. This position of ethnic minorities has left some migrants unable to secure employment resulting in high unemployment rates, discouraged to participate in the wider economy and retention of low status jobs. The case for recent eastern European migrants from Bulgaria and Romania can be argued to be similar, given that some may not have well developed spoken English language and in some cases qualifications are not recognised in the UK (Barret, Jones and McEvoy, 1996). Baycan-Levent and Nijkamp (2009) argue that one alternative of getting out of economic and social disadvantage is self-employment. It can then be argued that the rise of self-employment seems to co-exist with the high rates of unemployment. A study by Baycan-Levent and Nijkamp (2009) found that the associated characteristics of migrant entrepreneurship differ among the countries as shown in the **Table 3** below:

Table 3 - Key features of migrant entrepreneurship in European countries

Countries	Main determinants of migrant entrepreneurship
Denmark	Over-representation of non-Western immigrants among the self-employed. Lower income level of self-employed immigrants than employed immigrants
Germany	Low shares of self-employed immigrants than self-employed indigenous
Greece	Informal work in labour-intensive sectors and small business firms
Italy	Informal sector, informal economy
Netherlands	Mixed embeddedness
Portugal	Informal sector, informal economy
Sweden	Over-representation of non-Western immigrants among the self-employed. Lower income level of self-employed immigrants than employed immigrants
UK	High unemployment rates, low participation rates and low status employment. 'Push' and 'pull' factors for different ethnic groups

Source: Baycan-Levent and Nijkamp (2009)

3.5 EU Migration and UK

The east-west migration debate following a number of Central and Eastern European Countries (CEEC) accession to the EU presents a unique case for the famous Lucas-critique given the complexities around changes in political and institutional policies. The Lucas-critique refers to the premise that any change in policy will systematically alter the structure of econometric models; implying that comparisons of the effects of alternative policy rules using current macro-econometric models are invalid regardless of the performance of those models over the sample period or in ex ante short-term forecasting (Lucas, 1976). In most econometric forecasts, the Central and Eastern European Countries (CEECs) migration to Western European countries has been difficult because there was no historical experience of a cross European migration of such scale (Straubhaar, 2001).

Working out the total east-west migration post accession has been problematic for academics. In trying to avoid the problem of double extrapolation; evaluations have been made taking account of the structural differences in east-west migration models. According to Staubhaar (2001) most of these rely on a migration supply function that has its origin in micro-economic migration theory, that is, wage theory, human capital theory and job search theory. Other scholars have resorted to the use of opinion polls and surveys (Bauer and Zimmerman, 1999) which have shown high potential for migration. Critics to this method argue that saying yes is costless and consequently the yes is not a strong migration commitment (Straubhaar (2001).

Independent of the variety of assumptions and models that have been used to forecast potential east-west migration flows; Staubhaar (2001) argues that the old and simple rule of thumb has been strongly confirmed that east-west migration would reach about 3% - 4% of the CEECs population within one or two decades after EU-wide freedom of movement has been granted to CEEC citizens. Likewise net migration rates are about half as large as the gross migration rates and would lie between 1% and 2%. In real terms this would mean that about every second east-west migrant would return home or leave EU to go to another country, or will become a citizen of the EU host country, or that some citizens of the host country will go east.

Table 3.1 - The 3%-4% Rule of Thumb East-West Migration Potential (in Millions)

Assumed share of population willing to migrate	10 CEEC (Population 105m.) Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia	8 CEEC (population 74m.) Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic, Slovenia
Gross Emigration		
3%	3.2 Million	2.2 Million
4%	4.2 Million	3 Million
Net Migration (including return migration)		
1.50%	1.6 Million	1.1 Million
2%	2.1 Million	1.5 Million
CEEC - 8 is: Slovenia, the Czech and Slovak Republics, Hungary, Poland, Estonia, Lithuania, Latvia		
CEEC - 10 is: CEEC - 8 plus Bulgaria and Romania		

Source: *Straubhaar (2001)*

Table 3.1 above illustrates in absolute totals the 3% - 4% rule of thumb on gross East-West migration. Thomas Straubhaar, president of the Hawbury Institute of International Economics (2001) calculated about 3 million people as gross east-west migration figure and a net potential of about 1.5 million people for all 10 CEEC candidate countries (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia). Without Romania and Bulgaria, the east-west migration potential for the remaining 8 CEEC could not have reached more than 2 to 2½ million people gross and 1½ million people net.

If this is considered by taking into account the total EU population, the gross will amount to 0.8% of the total EU population and 0.4% of the net total EU population. An argument can therefore be made that fears of 'mass migration' noted in the newspapers might have been highly exaggerated. Recent ONS report (ONS, 2013) indicated that migrants in UK from east European Countries are going back to their native countries. This research focuses on those CEEC migrant entrepreneurial activities that scholars and academics have scarcely considered in research papers. The 3% - 4% rule of thumb offers a speculative view on the extent of the EU eastern enlargement. The rule is based on the migration trends of the Southern European Countries (SEC) particularly Greece, Portugal and Spain. For this reason it remains inconclusive as to whether SECs can serve as standard analogy for the CEECs.

It has to be noted that there are significant differences between the two groups of countries; the main one being the differences in the levels of development and the average real earnings per capita in the CEECs is much lower than it was for Greece, Portugal and Spain on joining the EU in the early 1980s. Straubhaar (2001) argues that the income gap is relevant because individual migration elasticity is stronger in the case of larger income gaps but becomes weaker in the case of smaller income gaps.

Bulgaria and Romania have the lowest GDP per capita of the south-eastern European countries that joined the EU and are comparatively more likely to face greater outward-migration to other EU member countries than other east European member states. However, it has to be said that economic reasons alone are not always the basis for making individual decisions on whether to migrate or not. Straubhaar (2001) acknowledges people's social and cultural ties to their local environment as important in individual decision-making process on migration. He (ibid) also acknowledges that these elements have not been seriously accounted for in the structural migration forecasting models. It is fairly reasonable to argue that a large majority of people want to live, work and stay immobile where they have their roots. Thus said it can be argued that people prefer familiarity to an unfamiliar or insecure disruptive change.

Bulgaria and Romania were the latest member countries to join the European Union on 1st January 2007. Most recently Croatia became the newest member of the European Union on the 1st July 2013. Their membership expanded the total countries in the bloc from 25 to 28; a significant rise from its beginnings as a six nation Economic Community in 1958. Bulgaria and Romania remain the poorest members of the EU, with GDP per head about a third of the EU average. The total population of Bulgaria and Romania amount to 6% of the EU's population and less than 1% of its GDP. Having said this, economic commentators have noted that their economies were growing quickly at 5-7% per year before the 2008 financial crisis.

The European Commission acknowledged the two countries' rapid growth and highly motivated workforce will be an asset for the EU economy. However, whilst some EU

members are not optimistic about the new 'club members', a decision was made that it was better to have Bulgaria and Romania under threat of strong sanctions if EU funds are not properly administered or if crime gangs continue to flourish. The then new Bulgarian government headed by Prime Minister Boiko Borissov (*ex-police chief*), recently re-elected to the same office on 7th November 2014, made it a priority to fight organised crime and corruption.

The joining of Bulgaria and Romania was viewed with scepticism and controversy. The political and economic development of these two east European countries presented uneasiness fifty years on after the Treaty of Rome in 1957 which was fundamental in the freedom of labour mobility and migration (Dobson, 2009). Migration within the EU member countries can never be fully appreciated unless the principle guiding rules and regulation are explored. The Treaty of Rome led to the creation of the European Commission in 1958. The principal tenant was a belief in the free movement of labour as well as equal pay. Realising this has meant a great deal of consolidation in some policy aspects like social security and equal recognition of qualification (Dobson, 2009).

The Lisbon European Council which was held 23 – 24 March 2000 established a fundamental agenda of sustaining economic growth in the EU by putting in place fundamental principles of governance based on economic dynamism and open market competition (European Commission, 2000). This perspective on how the EU should function also demanded the free movement of people allowing labour flows in a way that would combat skill shortages. At the centre of this is the single currency to be adopted in time by member states. Whilst these basic tenants are seen as fundamental and perhaps key to the success of the European Union, evidence remains unclear as to whether the ambitious goals of the EU are widely welcomed by the member states electorate (Ingham and Ingham, 2004).

After 2004, the EU introduced the Accession Treaties which allowed existing member states to introduce what are deemed as transitional arrangements mainly aimed at curbing migration. These measures restrict access to existing members' labour markets by imposing manageable prerequisites. In the UK this was in the

form of Worker Registration Scheme (WRS) which imposed registration of the workers from the EU-8 who wish to seek employment not to have access to welfare benefits and the use of state run employment centres. Up to this day access to labour markets in some EU countries is not guided by the original 1957 Treaty of Rome which guaranteed freedom of movement amongst Member States but some form of restrictions remain in place for example Austria and Germany.

High unemployment in some regions in Germany including the former East German federal states made the argument for some restrictive rules compelling (Dobson, 2009). Whilst restrictions have been imposed on other workers, posted from an international agency in another EU Member state and self-employed workers entry remains fairly relaxed. One can argue that the transitional arrangements have been the main cause for the high numbers of self-employment by EU migrant workers (Cremers, et al; 2007; European Commission, 2006, p.5). The labour mobility before 2004 was restrictive and limited. Donaghey and Teague (2006) argue that the failure of labour mobility policy was due a laggard approach on some key issues that would have created a level plain field, for example, recognition of educational and professional qualifications amongst member states.

Again prior to 2004 EU enlargement, most international labour migration within the EU involved unqualified manual workers who perhaps did not require well developed language skills (Grahl and Teague, 1992). This meant that movements of skilled and professional workers clearly remained inhibited by language skills and the disparities in qualification recognition (Marsden, 1994). Before 2004 labour movements also become restricted due to the industrial crisis of the mid 1970s and early 1980s. When Greece, Spain and Portugal joined the EU in 1981 and 1986, concerns were raised over the flooding of cheap labour into the then 'old' member states. Due to these fears, transitional arrangements of six years were applied to Greece, Spain and Portugal migrants but the fears never materialised.

After the accession of ten new member states on 1st May 2004, migration to UK was massively underestimated from an original estimate of less than 5,000 to 13,000 workers (Dustmann et al; 2003, p.58). Evidence from immigration statistics had shown that the fears of hundreds of thousands people flooding in proved to be

misplaced (Migration Watch UK, 2003). Statistics for the period 1 May 2004 to 30 September 2007 indicated that some 743,000 workers applied through the UK Worker Registration Scheme (WRS) and of these only 26,000 applications were either rejected or withdrawn (Britain, 2007). Majority of applicants came from Poland (Dobson, 2009). **Table 3.2** below shows the age distribution of the migrants into Britain between May 2004 and September 2007 from the 8 members of the EU who joined the community in 2004.

Table 3.2 – Age of registered workers on the UK worker register (1 May 2004 – 30 September 2007)

Age	N	Percentage
<18	2,470	<0.5
18 - 24	310,575	43
25 - 34	275,370	39
35 - 44	74,670	10
45 - 54	44	6
55 - 64	6,115	1
65+	110	<0.1

Source: Great Britain (2007, p. 10). Figures relate to registered workers rather than applications and exclude multiple applications and re-registrations.

Considerable explanations have been put forward to explain migration of the CEEC to the west. It has to be said that push factors (e.g. unemployment) have caused workers to leave their own country for another; but likewise the host country must also have pull factors which attract migrating workers. In the east to west migration, these have evolved around not only because of wage differentials but also maximisation of utility (Dobson, 2009). Dustmann, et al. (2003) argues that a better living condition abroad was the main reason why people migrated and not necessarily opportunities to earn higher wages. McGovern (2007) concludes that migration theory and practice are extremely complicated. Between 2004 and 2007 after the EU-10 CEECs, Lithuania had the highest proportion of workers applying for the WRS but neither was it the poorest CEEC, nor has the highest unemployment.

However, Poland had a smaller proportion of applicants given its population size, its low income level and high unemployment over the same period between 2004 and 2007. Dobson (2009) argues that there is a positive correlation between poverty and migration as people attempt to seek better lives and employment opportunity. Since

the greatest mobility has not been from the 8 CEEC (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia) poorest members, one may argue predicting human behaviour in as far as migration is concern is complex. Multiple variables should therefore be considered since there are limitations to the predictive ability of the economic theory.

Dobson and Jones (1998) argue that there are prerequisites to successful migration which include access to finance and the ability to community. Family ties have also been proven to be vital for migrant communities although this does not apply to everyone (Dobson, 2009). A good example of this has been demonstrated by the Polish community that settled in UK following the Second World War. This group may partly explain why Polish workers have been considerably successful in the post-2004 migration flows into Britain. One may argue that the clustering of migrant communities precipitates special community gatherings like Polish churches and social clubs in Britain which can be turned into knowledge centres for newer migrants on issues like labour exchanges and advice centres. It can also be argued that such information may be invaluable particularly to those who are new migrants and trying to settle in another country with different rules and regulations.

The recent 2007/8 financial crisis elevated the debate on migration from EU particularly from the east Europe. Anecdotal evidence has even pointed to the fact that migration and economic management may have been the decisive issues in the recent British elections that resulted in the formation of a coalition government. The Coalition government of the Liberal Democrats and the Conservatives has a tougher programme for dealing with migration than the former labour government. In their policy document, 'The Coalition: our programme for government' (2010), the British government promised to curb inward migration by imposing limits to non-EU migrants; and to apply transitional controls on new EU Member states.

Dobson (2009) argues that there are two main conflicting arguments as to the effect of migration by newer EU-10 to the EU-15 economies. Hardy and Clark (2005), Ingham and Ingham (2006) believe that migration from other poorer EU members has an important positive effect of preventing labour and skill shortages which in turn would allow economic growth. The younger populations of CEEC also offset the

bottlenecks created by the aging population in the western labour markets (Ingham and Ingham, 2006 pp. 668 -70). In contrast to this positive argument, other scholars (Barysch, 2006; McGovern, 2007) argue that the newer members from relatively poorer countries impede wage rises and improvements in social standards by their willingness to accept lower wages than what may be considered fair for that particular industry.

The argument in the UK points to the fact that the rise in immigration is causing cheaper workers from CEEC to be used to directly replace more expensive existing national workers. Hardy and Clark (2005) even go further to say that immigration has a consequence of creating a rise in ethnic and social tensions in the society. It can be argued that the impact of migration from newer members of the EU is not as clear and straight forward considering the fact that immigration has been taking place before 2007 and may have increased anyway. The Great Britain (2007) report reveals that immigration is not substantially combating the long-standing problem of skills shortages. Dobson (2009) argues that most of the EU workers in UK are likely to go home because most of the low paid jobs are temporary, seasonal or have traditional high rates of labour turnover. Moreover the low pay makes it difficult to support a family and pay for accommodation especially in the South East of UK.

The populist newspapers have accused recent inward migration from the poorer members of the EU as putting enormous pressure public services like education, health, welfare services (The Guardian, 2006b). Contrary to these arguments, evidence from the WRS data has shown that the majority of migrants are young, relatively well educated, have no dependants with them in the UK and arguably make few demands on the welfare system (Dobson, 2009). It is therefore difficult to reconcile claims made about EU immigrants with the nature of workforce although it has to be said that there is clearly anecdotal evidence showing that UK nationals are disgruntled by the government's handling of immigration.

The "crowding out thesis" tested by the European Commission confirmed that in the 'Construction' and 'Retail, Restaurant/hotels, Transport' sectors; the workers from the 10 CEEC have a higher employment rate than that of the UK nationals (CEC, 2006 p.12). However, arguments have been made that other variables should be

taken into account like different ethics towards work, geographical mobility and occupational flexibility. It can be argued that all these would favour migrants who have no family ties in the host country with little or no social support unless if they work and earn for all their provisions.

Dobson (2009) argue that on the whole, there are still high levels of immigrants working in low paid unskilled jobs and this would suggest that the majority of British workers should not feel threatened by competition from the new arrivals. However, this does not mean that this will always be the case particularly in the long term. It can be speculated that those migrants choosing to stay may consider either upgrading their qualifications in order to become more competitive on the job market and move into well-paying industries or roles. Upgrading to some may mean becoming entrepreneurs as proposed in this study which looks at the eastern European Entrepreneurs in UK.

3.6 Concluding remarks

In this chapter we have explored research on the ethnic entrepreneurial activity of immigrants, not only in UK but also in other advanced western economies like USA Sweden and Germany. We have also explored the impact of the EU on the development of migrant entrepreneurship. Whilst Levie (2007) points to the extensive research done on ethnic-minority entrepreneurs in the UK, this thesis presents findings from a unique group of east European entrepreneurs whose activities have to date been scarcely studied. Ethnic minorities from east European countries fall into a category that is fairly new and equally understudied (Blackburn and Kovalainen, 2009) and this gap in literature provide one of the main reasons why this research topic on east European immigrant entrepreneurs is relevant.

The theory of the disadvantaged worker (Light, 1972, 1979) presents an interesting perspective which may have some relevance to understanding east European entrepreneurship in UK. We have argued that this hypothesis has similarities to Shapero (1975) concept of the displaced, uncomfortable entrepreneur. These perceived limitations to equal access to labour markets can be argued to have the effect of pushing migrants into entrepreneurial activity in order to maximise income

or net worth (Shapiro, 1975). Immigrant entrepreneurship may also be linked to attitudes towards new business activity according to Levie (2007). The decision to migrate from one country to another is a bold move which may reflect their less risk-evasiveness as compared to peers who remain in their native countries.

Given these perceived limitations and strengths, on balance one can argue that immigrants would be expected to have a higher propensity to engage in new business activity than lifelong resident. However, resource disadvantage is a problem that immigrants are most vulnerable to when starting up a business (Yankow, 2003). It can also be argued that they may not have an established bank account or enough credit history with a financial institution which could facilitate borrowing of business capital. We have observed that in the USA the limitation on resource acquisition has been mitigated forming networks within community 'enclaves' (Bates, 1994; Waldinger, 1995; Levie, 2007). Levie's research (2007) suggested that new business activity rates vary from one region to the other thereby pointing to internal and external factors.

In the literature review we have also observed that the researcher have started noticing inter-generational differences in new business activities by immigrants in UK (Ram and Smallbone, 2001) in terms of industrial focus. In this chapter empirical evidence of large Cross-country differences in entrepreneurial attitudes has shown that Southern Europe, the UK and Ireland show relatively high self-employment preferences (Bosma and Schutjens, 2011). Cultural aspects are assumed to shape the environment in which business is conducted (Freytag and Thurik, 2007). It therefore can be argued that differences in values, beliefs and behaviour can influence a wide range of behaviours, including decision to become self-employed rather than work for others (Mueller and Thomas, 2001). The Global Entrepreneurship Monitor (GEM) has provided national level empirical data on the gender and age differences pointing people aged between 25 and 44 years as the most active entrepreneurs (Tamasy, 2006).

The latest EU enlargement has mainly been focused on the accession of east European countries some of which have the lowest GDP per capita like Bulgaria and Romania. This policy has led to increased visibility of east European migrants in UK.

Whilst the debate about the impact of these new communities on the UK economic continues at national and regional level, this research endeavours to explore small business entrepreneurship by the east European immigrants.

CHAPTER 4

4.0 The Scale of the Small Business sector in the UK and the West Midlands

Introduction

This chapter will explore the scale of the UK small business sector economy. It is important to understand the underlying phenomenon as basis for comparing the findings of this research. This study focuses on the niche group of east European small business entrepreneurs in the West Midlands and it would be of academic value to draw some distinctions, if any, against the rest of the UK small business industry. This chapter will also provide an overview of the West Midlands economy, the small business development trends, economic history and the emerging discourse. Furthermore this Chapter will present the analysis of entrepreneurial statistical data extracted from the Global Entrepreneurship Monitor (GEM). The data collected through national surveys from participating countries presents an opportunity to analyse past and current trends in different economies which have distinct characteristics. The chapter will also consider development of the small business sector in similar western developed economies like the USA and other European Union (EU) member states like Germany. A review of access to finance in the UK will be explored as this is one of the elements central to the success or failure of a small business start-up.

4.1 UK Small Business Industry development

The 1980s witnessed a remarkable upsurge in the UK business creation (Robson, 1994). As this had happened post the recessionary conditions that had prevailed in the early part of the 1980s, some argued that the increase in the small business

formation was a means of escaping from unemployment and shortages of job opportunities. Robson (1994) refer to this as the '*recession-push*' interpretation of events. Policy makers contributed to the growth of new business start-ups to an 'entrepreneurial renaissance'. However, empirical evidence which focused on this phenomenon drawing from aggregate time series data studies from both the UK and US (Highfield & Shirley, 1987; Robson, 1991, 1992) acknowledged the 'recession push' interpretation. This was evidenced by the positive association between measures of unemployment and rates of business creation.

Robson (1994) argue that the 'recession push' view is contradictory to what was happening in UK in the latter half of the 1980s decade. Most significant increases in the new business start-ups were during that period which was marked by rapid economic growth and a sharp falling unemployment. Robson (1994) argue that the growth of new business start-ups in that same period was consistent with what he referred to as the 'prosperity-pull' view in which increases in demand level create an entrepreneurial opportunity for new firm formation.

The economic growth that followed the economic depression of the early 1980s saw rising personal wealth (Robson, 1994). This was particularly demonstrable in the form of owner-occupied housing and a rapid expansion of credit. It can be argued that this was responsible for fuelling consumerism which in turn was the main engine for growth during this period. Black et al. (1992) argue that the increase in personal wealth may have been directly contributory to the growth in new business formation by enabling many individuals to overcome the capital barrier to entrepreneurship. Robson (1994) argues that the researcher should move away from using aggregate time series data on macroeconomic factors and instead use time series data at the industry level to analyse the ways in which industry specific and macroeconomic factors combine to lead to a more specific explanation. He acknowledges that this may be restricted because of limited availability of sufficient disaggregate time series data. However, this was not a problem in the study he carried on the determinations of new firm formation in UK construction industry during the period 1980 to 1990.

A report published by the Department for Business Enterprises & Regulatory Reform (2008) highlighted that 22.7 million people were employed by 4.7 million private

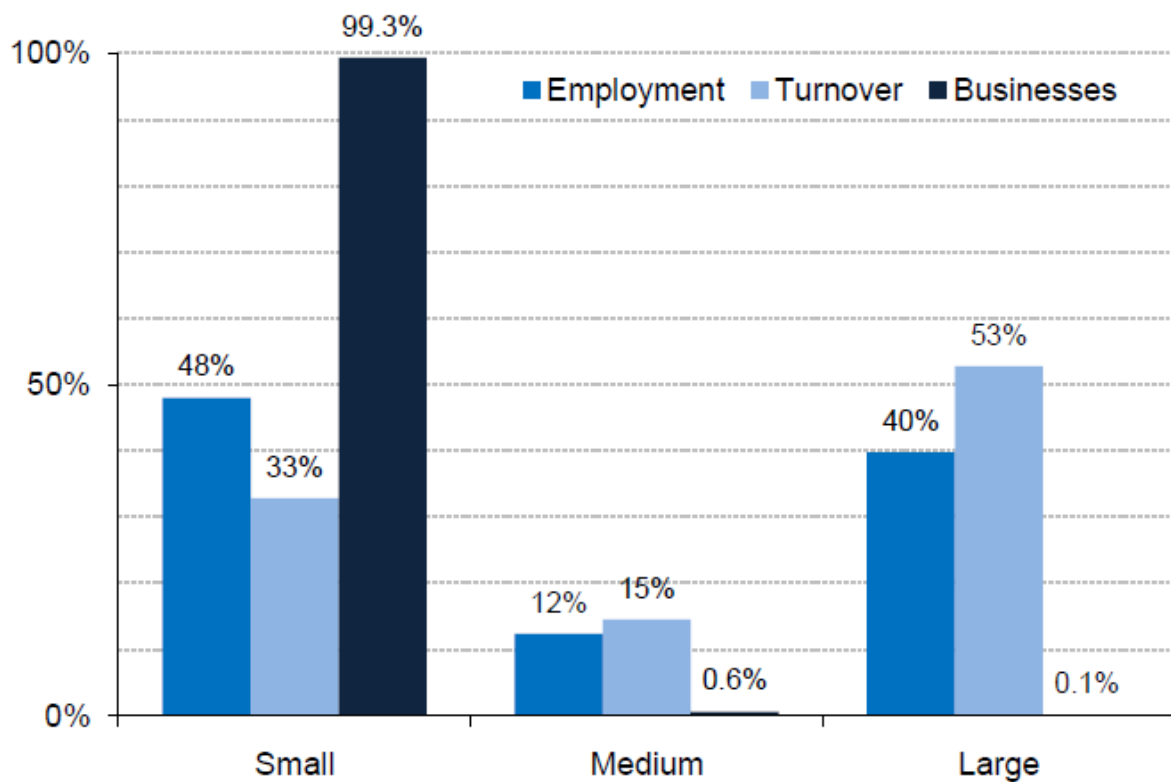
sector enterprises in the UK with an estimated combined annual turnover of £2,800billion. At the start of 2015 the Federation of Small Businesses⁵ (FSB) reported that small businesses accounted for 99.3% of all private sector businesses and 99% were small or medium sized- (SMEs). The FSB (2015) also reported that the total employment in SMEs was 15.6 million accounting for 60% of all private sector employment in the UK. In terms of annual turnover, the combined total for SMEs was £1.8 trillion, 47% of all private sector turnover in the UK. These statistics show that UK has got a vibrant small business sector.

The Department for business innovation & skills (2015) also reported that in 2015, there were 1.3 million employing businesses and 4.1 million non-employing businesses. This means 76% of businesses did not employ anyone aside from the owner and the overall business population includes three main legal forms according to the FSB (2015); 3.3 million sole proprietorships (62% of the total), 1.6 million companies (30%), and 436,000 ordinary partnerships (8%). There were 2.4 million businesses registered for VAT or PAYE, 44% of the total population and a further 3.0 million are not registered for either VAT or PAYE (FSB, 2015).

The following **Figure 4.1** shows the contribution of different sized business to total population in terms of employment and turnover at the start of 2015. The statistics from FSB (2015) indicate that the small business sector has an enormous contribution to both employment and the UK economy. As such it can be argued that with such a contribution, it is vital to ensure sustainability and continuous growth.

⁵<http://www.fsb.org.uk/stats>

Figure 4.1 - Share of enterprises, employment and turnover



Source: Department for Business Innovation & Skills (URN 15/92)

Interestingly according to **table 4.1** below and **figure 4.1** above, small business sector is the largest employer accounting for three fifths of the employment in the UK private sector. However, their share of the turnover comes in second to that of large businesses. These statistics suggest that both large and small businesses are vital to the economy not only in their contribution to Gross Domestic Product (GDP) but also in providing employment.

Table 4.1 - UK Private Sector and employment and turnover

	Businesses	Employment <i>thousands</i>	Turnover ¹ <i>£ millions</i>
All businesses	5,389,450	25,871	3,710,278
SMEs (0-249 employees)	5,382,485	15,611	1,753,870
Small businesses (0-49 employees)	5,349,930	12,428	1,215,873
With no employees ²	4,077,590	4,451	237,190
All employers	1,311,860	21,420	3,473,088
of which:			
1-9 employees	1,068,815	4,010	435,624
10-49 employees	203,525	3,967	543,058
50-249 employees	32,555	3,183	537,997
250 or more employees	6,965	10,260	1,956,408

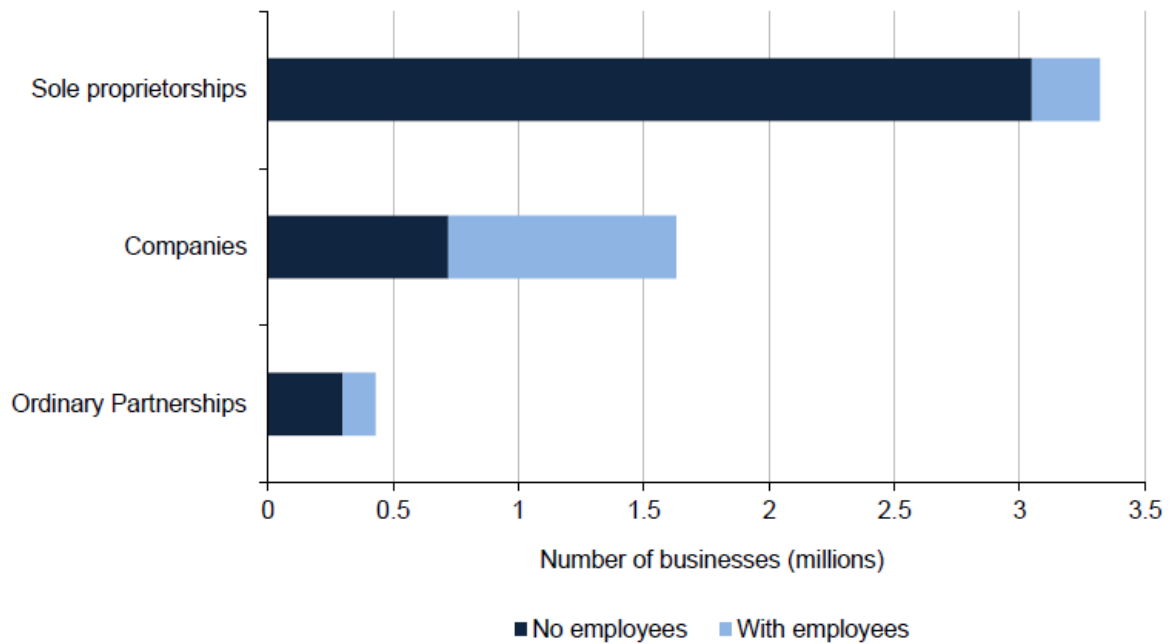
1. Total turnover figures exclude Section K (financial and insurance activities) where turnover is not available on a comparable basis.

2: "With no employees" comprises sole proprietorships and partnerships comprising only the self-employed owner-manager(s), and companies comprising only an employee director.

Source: Department for Business Innovation & Skills (URN 15/92)

There are three main legal forms of businesses in the private sector according to the Department for Business Innovation & Skills and these are; sole proprietorships, ordinary partnerships and companies. The FSB (2015) argue that although sole proprietorships are still by far the most common legal form, companies now account for 3 out of 10 private sector businesses. **Figure 4.2** below gives an illustration of the number of enterprises with employees, by legal status in the UK private sector at the start of 2015.

Figure 4.2 - Number of enterprises with employees (2007)

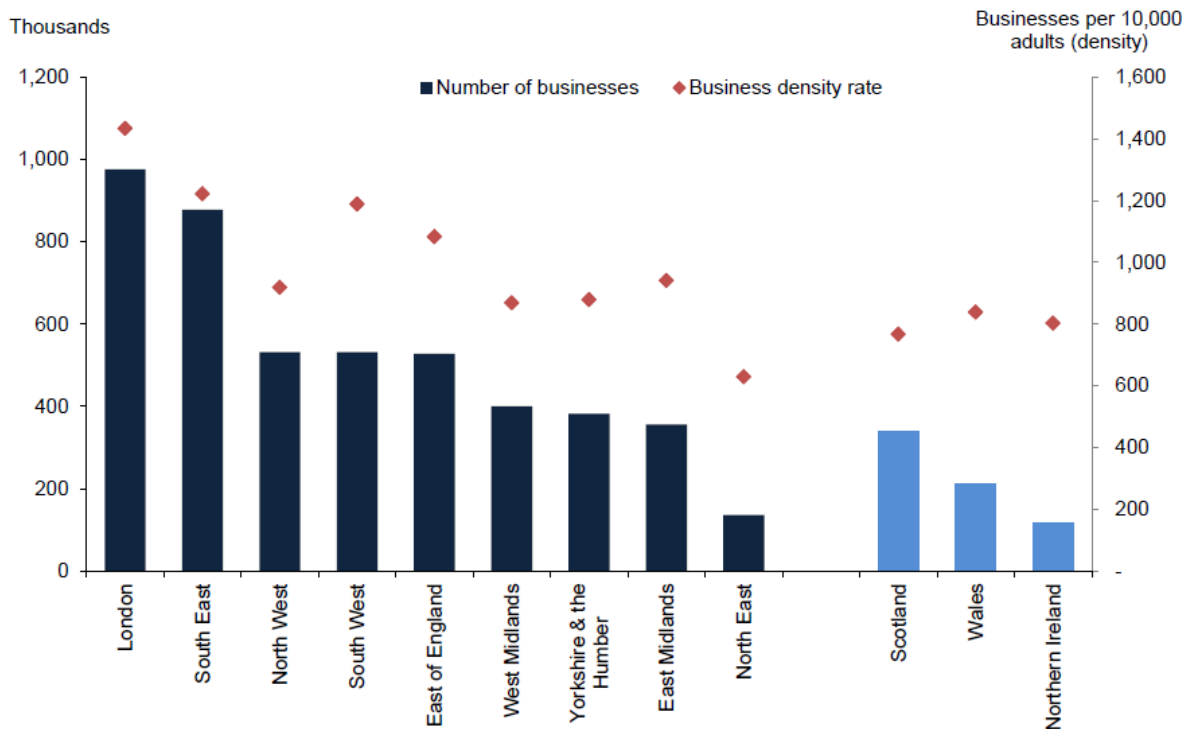


Source: Office of National Statistics (ONS) (2015)

According to the ONS (2015) there were 906,000 companies who were employers, similarly 274,000 sole proprietorships and 132,000 ordinary partnerships. The ONS (2015) also confirmed that at the start of 2015, there were 723,000 companies that did not employ anyone apart from the owner, as well as 3.1 million sole proprietorships and 304,000 ordinary partnerships. What the statistics do not indicate is how many employees or family members have been taken on for occasional support by businesses indicated to have no employees.

London and the south-east have considerably more businesses than any other UK country or region of England. Scotland, Northern Ireland, Wales, West Midlands and Yorkshire and the Humber had low business density rates (ONS, 2015). **Figure 4.3** below shows the number of enterprises in English regions and by country in the UK private sector at the start of 2015.

Figure 4.3 - Number of businesses and business density rate in the private sector by English region and UK country at the start of 2015.



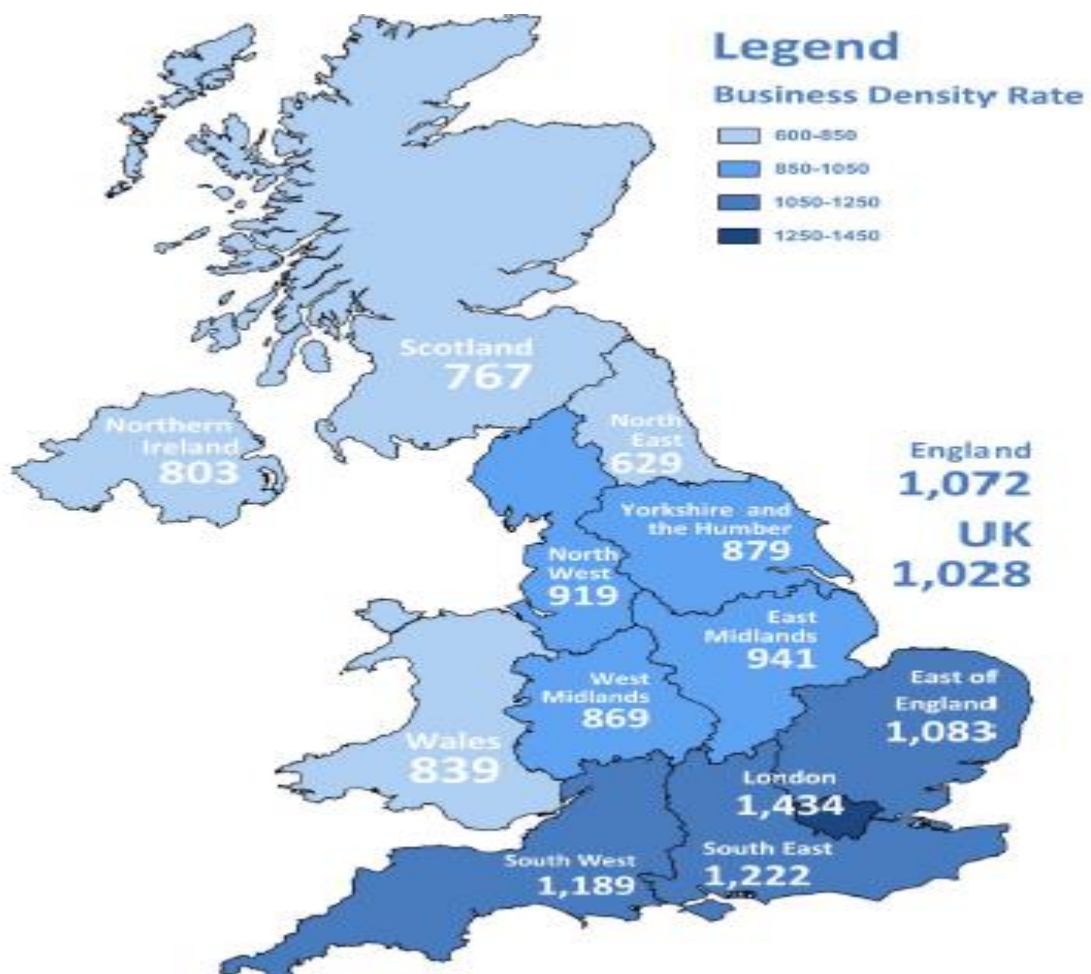
Source: Office of National Statistics (ONS) (2015)

It can be argued that the visible contrast between the South and the North in terms of business activity justifies George Osborne’s case for the need to build a strong Northern Powerhouse. The former Chancellor of the Exchequer, George Osborne, has long argued for the need to build a Northern Powerhouse in order to maximise the economic potential of the North. The objective of this regional project is to rebalance economic activity which some commentators like Boffey (2015) argue that far too long it has been concentrated in London and the South East. The strategy for developing the powerhouse will be to attract inward investment to the North of England and to create a single economy across the North (Department of Transport, 2015). A critical part of this strategy has been to build effective and efficient transport links including high speed railway which links the North with the rest of the country in a way that makes business connectivity much easier (Boffey, 2015)

4.2 Business Survival

The survival of small business enterprises of VAT-Registered Enterprises from 1995 to 2004 presents an indication of patterns across the country (DTI, 2007). In general one-year survival rates following business start-ups decreased slightly in 2004 after a steady eight year increase. The three-year survival rates have continued to increase. Notably London has the lowest in one-year and three-year survival rates of the English regions, while the South West has the highest (DTI, 2007). The low survival rates in London can be partly explained by the differing start-up rates. **Figure 4.4** below shows the number of businesses in the UK private sector per 10,000 adults.

Figure 4.4 - Number of UK private sector businesses per 10,000 adults at the start of 2015.



Source: Department for Business, Innovation and skills (2015)

In London business start-up rates per population is high, leading to greater competition and therefore making it more difficult for businesses to survive. In Northern Ireland where the survival rates are highest; start-up rates are relatively low, leading to less competition and hence higher survival rates. It can be argued that more sparsely populated areas may have comparably higher survival rates. Population density and industrial mix also have a role to play in explaining differences in survival rates. However, the West Midlands had 71% survival rate at three years and about 93% at one year (DTI, 2007). Across the UK there is little difference in one year survival rates for enterprises that registered in 2004; which range from 91% in London to 93% in the South West.

The Department for Business, Innovation and Skill mapped out the data represented above across the 5 year period indicating that growth has tended to be strongest in those regions that already had proportionally more businesses relative to resident population (Department for Business, Innovation and skills, 2015). According to their analysis (*ibid*) the biggest percentage increase in the number of businesses (head offices) since 2010 was plus 36% in London. The smallest increase in England since 2010 was plus 10% in the North East and the number of businesses in Northern Ireland fell by minus 2% since 2010.

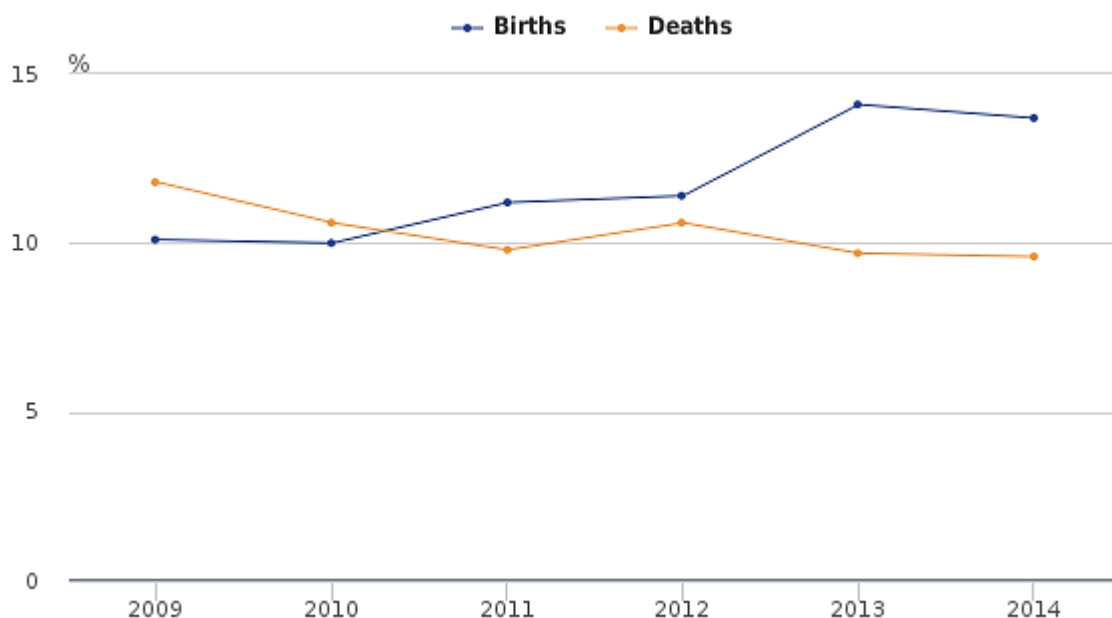
After three years, survival rates show much more variation indicating that London has the least survival rate and the highest being the South West (DTI, 2007). Mining and quarrying utilities have been reported (*ibid*) as bearing the lowest survival rates of all industry sectors, followed by hotels and restaurants. Agricultural and fishing have the highest survival rates. The DTI (2007) report acknowledges that the survival rate between least and most deprived areas was narrowing considerably over a ten year period. It can be argued that part of this trend is the pro-business environment that exists in UK supported by strong infrastructure as well as the established profile of the governance institutions.

4.2.1 UK Business Survival Rates 2009 to 2014

Figure 4.5 below shows the survival rates following the economic downturn of 2008 to 2009, the rate of business start-ups increased in 2011 (ONS, 2015) and has exceeded business death rates up to the current period. This is reflected in the

growing number of active enterprises since 2011. As the economy reached the trough of the downturn in 2009, the ONS (2015) suggests that businesses were born at a rate which was 1.7 percentage points lower than the death rate. It can be argued that this was reflective of the uncertainty around the economic outlook at that time combined with what the ONS (2015) considered to be ‘*constrained access to finance as the financial sector adjusted to the global shock*’. As the economy began to emerge from the downturn in 2010, this gap narrowed until 2011 when business births grew at a rate higher than business deaths (ONS, 2015).

Figure 4.5 - UK Business Survival Rates 2009 to 2014



Source: Office for National Statistics (2015)

The ONS (2015) argue that the labour market began to recover in 2012, job-to-job moves, an indicator of labour market confidence, rose sharply and this improvement may have given workers the confidence they need to move between employers and also the confidence to start new businesses. Gross domestic product (GDP) performed relatively strongly in 2011 and 2013 and is reflected in the widening gap between the business birth and business death rates during these years as shown in **Figure 4.5** above. Interestingly, the gap between start-up and death rates narrowed slightly in 2014 despite GDP reaching its highest growth rate since the recession.

The most recent data shows that the rate of business births is 13.7%, down from its peak of 14.1% in 2013 according to the ONS (2015).

The rate of business deaths has fallen to 9.6%, down from 9.7% in its lowest level since 2008. It can be argued that the improvement in business birth rates over time can possibly be explained by a range of broader economic indicators. During the economic downturn, interest rates were cut to a record low of 0.5% (ONS, 2015). This arguably could have encouraged an increase in the business birth rate; however the rationing of credit may have curbed new business births during this period. When the availability of credit to businesses began to improve in late 2012, an increase in corporate borrowing may have supported the growth in the business birth rate ONS, 2015).

4.3 West Midlands Economic Region

The West Midlands is a region that shares borders with a number of other England regions including the North West, East Midlands, South East and South West, and Wales. According to the ONS (2011) it is the third smallest region by area (13,000 sq. km) after London and the North East. The region has contrasting characteristics which are shaped by densely populated conurbation of Birmingham as well as the beautiful sparsely populated areas countryside within the counties of Herefordshire and Shropshire.

Interestingly the region boasts some renowned historic sites including the UNESCO World Heritage Site at Ironbridge Gorge, where arguably the industrial revolution was born. Stratford-Upon-Avon is also within the West Midlands famously known for its son, William Shakespeare. The Office of National Statistics (2011) describes the administration of the region as including: the former Metropolitan County⁶ 'West Midlands' in **Figure 4.6** below covers seven metropolitan districts (Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton); four unitary

⁶ Metropolitan counties were abolished in 1986 but still continue to exist in law and as a geographic frame of reference.

accounting for around 8% of national total by value. According to Advantage West Midlands (2007) the region has also been successful in attracting foreign investment, with some 2000 overseas companies having set up operational facilities. With the collapse of the pottery industry and the car manufacturing industry (*which has grown again*), the region has been diversifying in favour of service sector industries.

The industrial past has left challenges in social, economic and structural as reflected in a range of indicators; for example, the region is below the national average in relation to skills attainment, productivity and life expectancy (Government Office for the West Midlands annual report, 2005/6). Since then consecutive governments have invested a significant amount of money through urban renewal schemes and regeneration programmes. It can be argued that these initiatives have completely transformed the towns and cities in the region. As a consequent this is likely to have impacted positively on the social, economic and structural outlook; and increasing the rate of change much more than would have been the case particularly in the worst deprived areas.

4.3.1 History and Economy

The region lost a significant number of manufacturing jobs due to the decline of motor vehicle manufacturing and the pottery industries partly due to the economic downturn. At the height of the decline, 52,000 jobs were lost from the 'manufacturing' sector. These decreases were partly mitigated by increases of jobs in other areas. More recently it can be argued that the motor vehicle manufacturing industry has bounced back but perhaps not at the level it was before the economic downturn. According to the ONS (2012) manufacturing employment in the West Midland was dominated by companies like Rover, Jaguar, Wedgwood, JCB and Cadbury. The biggest proportions of workers in the industry were recorded in 1996 when manufacturing accounted for 22 per cent of the total workforce, thus accounting for 575,500 jobs (ONS, 2012). This volume of workers in the manufacturing industry halved by end of 2010 to 11% and is arguably still recognised as one of the highest industry employment declines in UK. As part of the local incentives to attract business, West Midlands was the first region to launch a series

of Regional Venture Capital funds with a combined value of more than £20m (Management Today, October 2009).

Introduced in 2003 since referred to as the Advantage Growth Fund was established as part of the UK government Regional Venture Capital Fund Initiative to invest in West Midlands based small and medium sized enterprises (Midven, 2013). The Fund was created with funding from the DTI Small Business Service (since renamed the Department for Business Innovation and Skills), the European Investment Fund, Barclays Bank, the Royal Bank of Scotland, HSBC, the universities of Warwick, Coventry, Aston, Birmingham, Birmingham City and Midven. The Fund, which was able to make initial investments of up to £250,000, is now closed to new investments.

Grant for Business Investment (GBI) is another discretionary scheme that provides a capital grant to businesses located in Assisted Areas as far back as 2008. In the West Midlands this form of assistance is open to Tier 2 areas which include parts of Birmingham, the Black Country, Coventry and North Staffordshire as well as a limited number of wards in Bromsgrove, Solihull and South Staffordshire although subject to eligibility criteria being met (Grant for Business Investment Guide, 2008). GBI as a national business support scheme was introduced specifically to 'offset the difficulty that SMEs have in obtaining capital given the risk-averse nature of certain financial markets and the limited collateral that small business may be able to offer' (Grant for Business Investment Guide, 2008).

Notably Birmingham City Council was the first English Council to set up a sub-regional presence in Brussels in 1984 as part of a regeneration strategy aimed at responding to the decline of the local engineering industry and refocusing on pioneering Structural Funds (Martin and Pearce, 1992). MacNeill et al. (2007) argued that this initiative fuelled wide forms of regional cooperation, partnership and participation of other local authorities in the EU. Birmingham also supports a vibrant jewellery trade which is concentrated in the Birmingham Jewellery Quarter. This area of Birmingham close to the city centre is still the home of a concentration of jewellery manufacturing and retailing services within a tight web of streets (De Propris and Lazzeretti, 2009). According to De Propris and Wei (2007), the

Jewellery Quarter generated a rise in the proportion of retailing activities from less than 5% to more than 40% from 1970 to 2005.

A report produced by the Office for National Statistics (ONS, 2012) indicated that on the census day (27 March 2011) the West Midlands population stood at 5.6 million residents. This was identified to be an increase of some 321,000 residents, an increase of about 6 per cent from the 2001 census. The median age of the region was reflected as 39 years of age, the same as England and Wales average (ONS, 2012). Within the region this ranged from 32 years in Birmingham to 47 years of age in the Malvern Hills. In the 2011 census, it was also observed that the West Midlands had the highest proportion of people aged 16 and over with no recognised qualification: at 27 per cent, this was four percentage points higher than the proportion with a qualification of degree level or above.

According to the population projections, the West Midlands may be one of the few regions with an expected net loss of 'working-age' population (ONS, 2011). Inter-regional migration losses of people are expected but for the West Midlands, those aged 15 to 29 see large net losses throughout the course of the projections. The West Midlands total population is projected to reach nearly six million by 2026 according to the ONS. An increase of 101,000 people was reported for the period between 2001 and 2007 in the West Midlands with an international migration net inflow of 18,000 across all ages (ONS, 2009). Golby (2011) also reported that immigrants from the new European Union member states, including Estonia, Latvia and Lithuania took up 15,000 jobs for the period between July to September 2010 in the West Midlands. An article by Golby (ibid) highlighted the fact that nearly 1.3 million immigrants have found work in the UK since 2004 and out of those, 530,000 are from east European countries.

The West Midlands like most UK regions, has been affected by the 2007/8 economic downturn. The ONS (2009) statistics indicate that the gross household income per head for the region is lower than the UK average. Since the downturn in 2008, the region recorded the highest unemployment rate in England (ONS, 2009). In 2007 the West Midlands contributed over seven percent of the UK's Gross Value Added (GVA), equivalent to £92.4 billion (ONS, 2009). It can be argued that the collapse of

some of the manufacturing industries in the West Midlands have sparked major economic restructuring, with the relative share of employment and wealth generation transferring from the manufacturing sector to service sectors. In 2006, the ONS statistics indicated that manufacturing generated 17 percent of the region's total GVA, ahead of the UK average of 13 percent, but a significant decline from the sector's 33 percent share in 1989 (ONS, 2009). GVA per head in the West Midlands was at £17,200, ranking seventh among the nine English regions in 2007, Gross Disposable Household Income (GDHI) of the West Midlands residents was also seventh at £12,900 per head (ONS, 2009).

The ONS (2009) reported an unemployment rate of 10.5 percent for those aged 16 plus in May to July 2009; the highest among all English regions. West Midlands recorded the most severe rise in the unemployment rate, up 4.2 percentage points on the preceding year (ONS, 2009). In a newspaper article by Ben Golby (24 January 2001), the West Midlands was named as a national black spot with nearly one in 10 people reported to be out of work.

4.4 Global Entrepreneurship Monitor (GEM)

The Global Entrepreneurship Monitor (GEM) is a project that produces research based annual assessment of the entrepreneurial activity, aspirations and attitudes of individuals across a whole range of countries. It was started in 1999 as a partnership between London Business School and Babson College (USA). Initially it started with 10 countries but subsequently expanded to 37 countries in 2002. In 2015 GEM research consortium carried out a study in 62 countries making it the world's most influential comparative study of entrepreneurial activity (Hart, Bonner and Levie, 2015). The core of the research undertaken by GEM involves the exploration of the role of entrepreneurship in national economic growth. This is done by basing the research on harmonised assessment of the level of national entrepreneurial activity for all participating countries. However, there is recognition that systematic differences continue to exist, with highly entrepreneurial countries reflecting low economic growth (GEM, 2009); and in addition a wealth of national features and characteristics associated with entrepreneurial activity are apparent.

GEM provides a repository of data on global comparisons, national reports, and special topic reports based on the annual data collection cycle. This is one of the key reasons why the researcher used GEM data in analysing patterns and key trends on the subject of entrepreneurship. GEM research is more substantive and offers an opportunity not only to build foundation to current study but also a repository for data comparison. In 2005 the National Teams, London Business School and Babson College as a consortium, established an independent, not for profit company to oversee the operations of GEM called Global Entrepreneurship Research Association (GERA) which now owns the GEM brand. In 2010 there were 59 National Teams involved in GEM and are self-funded through public and private sector sources.

The National teams are responsible for carrying out surveys, writing the national reports; and are based in academic institutions. The surveys done by national teams are conducted on at least 2000 people within its adult population. These surveys are collected in exactly the same way and at exactly the same time of the year to ensure quality of data. What is also extremely important is that the individual national team surveys are harmonised into one master dataset that allows the user to investigate entrepreneurial activity at various stages of the entrepreneurial process.

Table 4.2 - GEM framework for research data quality assurance

Tool	Application
❖ Nation Team Survey Documentation	<ul style="list-style-type: none"> i. All national teams are required to submit full details on their survey design, including number of call backs, response rates, total sample size and survey methodologies (random or quota). ii. GEM is moving away from Quota Sampling and encourages national teams to use random digit dialling techniques.
❖ The Research Committee	<ul style="list-style-type: none"> i. Provides an annual evaluation of the quality of the data, ii. Responsible for monitoring the integrity of the research and its interpretation.
❖ Statistical Audit	<ul style="list-style-type: none"> i. GEM uses an independent statistical consultancy to audit the data collection process and provide a report to the Research Committee and the Advisory Board.

Source: *Adopted by Author from GEM (2008)*

Furthermore a variety of factors are studied to characterise both entrepreneurship in the world. In terms of data quality control, GEM sees this as a fundamental part of the work they do in terms of maintaining both integrity and quality of its research. In trying to achieve this, the Research Director is responsible for overseeing this aspect of the project and on top of that GEM meets best practice requirements of international social survey work by applying the tools reflected in **Table 4.2** above.

4.4.1 GEM Applied Research Models

The GEM 2008 report provides a basic model adapted from the work of Porter, Sachs and McArthur (2002); Porter's typology presents entrepreneurial variations within economies which are defined by satisfying a need for that particular economy. Porter's typology focuses on entrepreneurial activities which are driven by three elements:

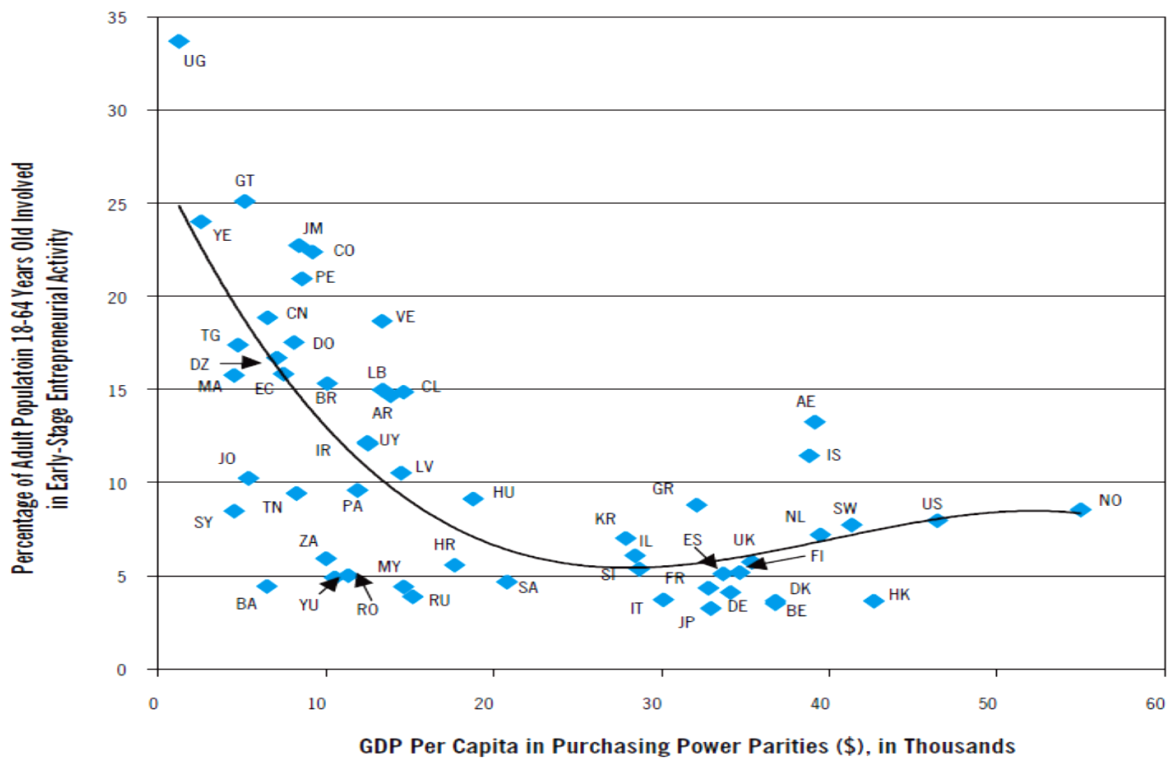
- ❖ Factor Driven Economies
- ❖ Efficiency-driven Economies
- ❖ Innovation Driven Economies

The GEM 2008 report makes a case for entrepreneurial activity seen to follow the level of economic development in three stages. It can be argued that on the lower end of the spectrum, there are entrepreneurial activities that are necessity driven in perhaps less developed countries. On the higher end of the spectrum, there are entrepreneurial activities consistent with innovation-driven economies. GEM 2009 demonstrates this phenomenon by referring to the Global Economic Report 2009–2010 (Schwab, 2009), country groupings by phases of economic development.

The GEM 2009 report emphasises the importance of perceived opportunities of starting a business within any economy and how that is matched by the capability to start a business. The report argues that national conditions, such as economic growth, population growth, culture and national entrepreneurial policy, have an influence on the level of entrepreneurial activity ultimately. However, macro-economic and political stability is also an important factor for achieving growth usually marked by the development of strong institutions, transparency and respected legal and regulatory systems (GEM, 2009). Bosma and Levie (2009) demonstrate that in countries with low levels of per capita income, the national

economy is characterised by the prevalence of many very small businesses. As per capita income increases, industrialisation and economies of scale allow larger and established firms to satisfy the increasing demand of growing markets and to increase their relative role in the economy' as demonstrated in **Figure 4.7** below.

Figure 4.7 - Early-stage entrepreneurial rates and per capita GDP, 2009



Source: GEM 2009 Global Report – Bosma and Levie

Figure 4.7 above 'confirms that eastern European countries with falling populations and low stock of business owner-managers as a legacy of communism are clustered below the trend line, while Latin American countries with healthy population growth rates and larger stock of business owners tend to appear above the trend line' according to Bosma and Levie (2009). Bosma and Levie (2009) argue that when increases in large firms result in reduced number of new firms suggests an innovation-driven economies.

4.4.2 West Midlands Entrepreneurial Variables

A report by the Global Entrepreneurship Monitor (GEM) (2008) indicated that the rate of early stage entrepreneurship in the West Midlands for 2008 was not statistically significantly different from the rest of the UK regions. Looking at the 2002–2008 period, it can be argued that there has been an increase in early stage entrepreneurial activity in the West Midlands region according to the early stage entrepreneurial activity index (GEM, 2008). The West Midlands ranks in the top three of the 12 UK regions in entrepreneurial activity although the TEA rates across the UK regions in 2008 had a narrow difference to one another with the exception of Yorkshire and Humberside which had a significantly lower level of entrepreneurial activity than the West Midlands (GEM, 2008).

The higher TEA in 2008 of 6.3 percent is indicative of the higher levels of opportunity entrepreneurial activity in the region in comparison with the UK overall rate of 4.4 percent (Hart and Levie, 2008). The GEM report (2008) highlights the fact that the only other regions with higher levels of opportunity entrepreneurial activity are London, East of England and the South East. Interestingly according to Hart and Levie (2008) the West Midlands region has higher early stage entrepreneurial activity for in-migrants than life-long residents; highest when compared to the rest of the UK (GEM, 2008). In the West Midlands the difference in early stage entrepreneurial activity is less pronounced between immigrants and life-long residents. This difference is also statistically insignificant for the rest of UK regions (Hart and Levie, 2008).

According to GEM (2008) the level of entrepreneurial activity for males is 8.9 percent, more than double the level of female entrepreneurs in the West Midlands although they are slightly above the UK average. There is a higher proportion of 18–34 year olds who are engaged in early stage entrepreneurial activity compared to the UK average (GEM, 2008); and West Midlands only ranks second from Wales in this group of people. The findings from GEM (2008) indicate that graduates are more likely to be involved in early-stage entrepreneurial activity in the West Midlands; second only to the East of England.

4.4.3 Entrepreneurial Developments 2001 - 2009 and the 2008/9 financial recession

The GEM report (2009) indicates that in early stage entrepreneurs, east European countries showed a high international orientation in terms of the volume of customers from other countries. This is indicative of a measure of exports as well as general purchases made internally or externally by a foreign buyer. Given that most east European countries are relatively small and historically may have been a member state of larger countries like Yugoslavia or USSR; one may argue that this may be an insight into the resilience of the entrepreneurs and their motivation to set up small businesses in UK.

GEM Report (2009) also presents the Entrepreneurial Framework Conditions (EFCs): this is an assessment of institutional quality by national experts which offers an indication of the significant impact that may be impinged on the entrepreneurial sector. UK scores highly in relation to commercial infrastructure, internal market openness and physical infrastructure. GEM Report (2009) points to the fact that commercial, professional infrastructure EFC underscores the presence of new, small, or growing business.

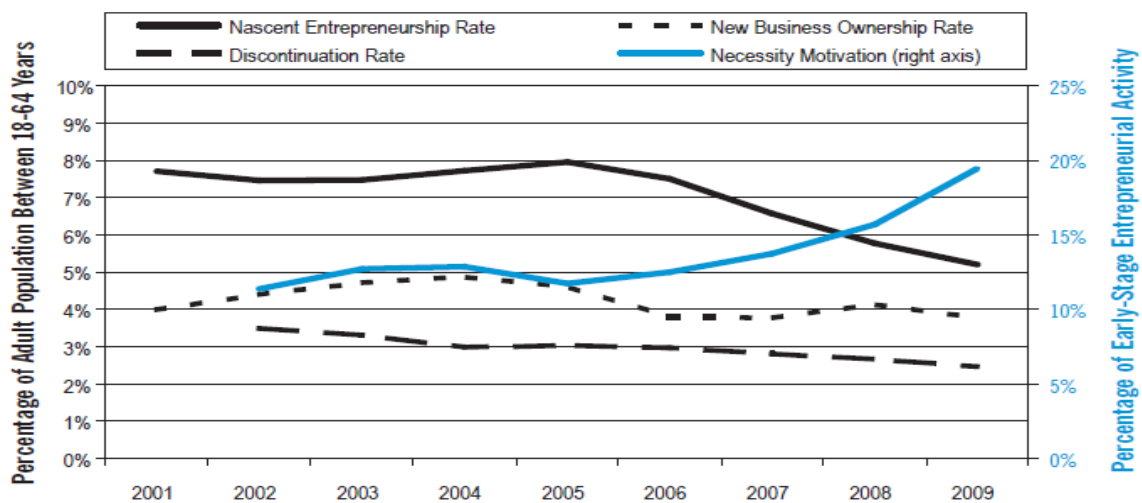
The GEM report (2009) goes on to argue in favour of the case for Internal Market Openness EFC as the extent to which commercial arrangements undergo constant change and redeployment as new and growing firms compete and replace existing market players like suppliers and subcontractors. Gries and Naude (2010) argue that there are two distinct sub-dimensions to the Internal Market Openness EFC. The first sub-dimension is the extent to which new firms are free to enter existing markets. The second is the level of predictability and consistent in terms of taxes as well as government regulation. Bosma and Levie (2009) also agree that there is conclusive empirical evidence to support the two Internal Market Openness sub-dimensions.

The physical infrastructure that UK scored positively on, relates to the ease of access to available physical resources like utilities, transportation, land and communication at a price that is non-discriminatory to new small business.

However, GEM (2009) widely acknowledge that innovation driven economies like Germany, Denmark, Germany, Norway, Spain and UK among others, scored poorly on government policies which potentially could be argued to be detrimental to entrepreneurship. This Entrepreneurial Framework Conditions (EFC) measures the extent to which government policies reflected taxes or regulations or the application of either. However, it can be argued that this could be demonstrable in the extent to which new and growing firms are prioritised in government policy in general or just regulation of new and growing firms (Schwab, 2009).

The GEM Report (2009) suggests that best innovations have been initiated in times of recession arguing that this is a time when societies are more open to change. Using a time series approach, GEM data for the UK over the period from 2001 to 2009 and the US from 2006 through 2009, indicates a rise in fear of failure as well as the share of necessity-driven entrepreneurship, while nascent entrepreneurial activity dropped from a high of 8% in 2005 to 5% in 2009. These results are consistent with a study done by Koellinger and Thurik (2009) which concluded that entrepreneurship is a leading indicator of the business cycle. Results from GEM (2009) time series analysis indicated that ‘the American population appear to have acted from around 2006 as if anticipating trouble ahead’. The new entrepreneurial activity in US also showed a decline from 2005 to 2009 according to GEM (2009) as demonstrated in the **Figure 4.8** below.

Figure 4.8 - Entrepreneurial Activity in the United States 2001 - 2009



Source: GEM 2009 Global Report – Bosma and Levie

The GEM Report (2009) also indicates that more than half of the entrepreneurs found it more difficult to start a business in 2009 compared to 2008. In factor driven countries, entrepreneurs claimed that it was easier to start a business than in other economies. Bosma and Levie (2009) argue that this may be a result of the type of economies because many entrepreneurs in factor driven economies are necessity-driven and have little contact with global financial markets. The GEM Report (2009) actually confirms that GDP in many countries with factor-driven economies continued to grow through the global recession of 2008 - 2009 even though it was from a very low base.

Table 4.3 - Measures Entrepreneurial Activity in G7 & BRIC countries, 2009.

	Nascent Entrepreneurial Activity rate (paying wages for 3 months or less) (NEA)	New Business Owner-manager rate (4-42 months) (NBO)	Nascent + New business owner-manager rate (TEA)	Established Business Owners (>42 months) (EBO)	Business closure rate (Business closed in the last 12 months that has not continued) (BC)	Proxy early-stage business survival rate (EBO/TEA)	Proxy business churn rate BC/(NBO+EBO)
G7							
UK	2.7	3.2	5.8	5.8	1.7	1.0	0.2
France	3.1	1.4	4.3	3.2	1.3	0.7	0.3
Germany	2.2	2.1	4.1	5.1	1.3	1.3	0.2
Italy	1.8	1.9	3.7	5.8	0.7	1.6	0.1
Japan	1.9	1.3	3.3	7.8	1.0	2.4	0.1
US	4.9	3.2	8.0	5.9	2.3	0.7	0.3
G7 average	2.8	2.2	4.9	5.6	1.4	1.2	0.2
BRIC							
Brazil	5.8	9.8	15.3	11.8	2.4	0.8	0.1
Russia	1.8	2.3	3.9	2.3	1.8	0.6	0.4
India							
China	7.4	11.8	18.8	17.2	4.3	0.9	0.1

Source: GEM UK 2009 Monitoring Report – Levie and Hart

The GEM report (ibid) also indicates that in innovation driven countries like UK, where significant changes have occurred during the recession, a significant minority of employers see opportunity where others see danger. According to the survey by GEM 2009, these positive thinkers tended to be younger and better educated and holding higher aspiration levels in terms of job expectation and innovation. The GEM UK Monitoring Report (2009) indicates that the measure for intending to start a

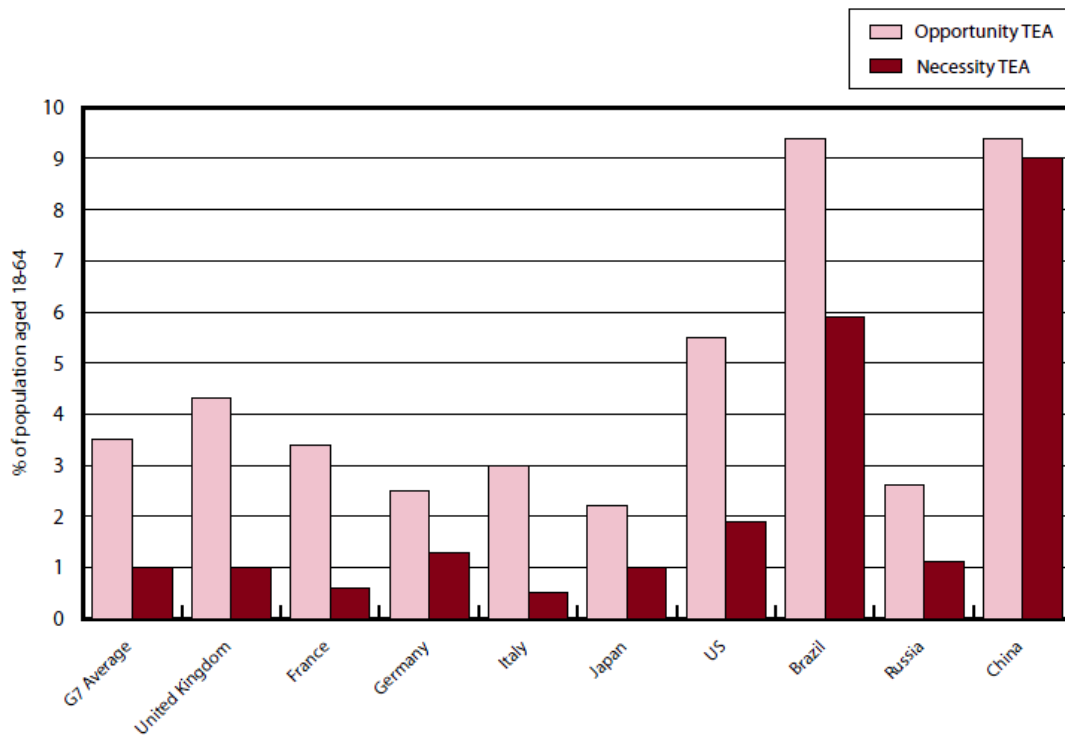
business reduced in 2009 and also no entrepreneurial activity indicator increased as indicated in **Table 4.3** above.

One may argue that the economic down turn following the financial crisis that started in 2008 may have influenced the anaemic entrepreneurial activity or intention to do so. The GEM UK Monitoring Report (2009) showed that for almost all measures of entrepreneurial activity and ratios the UK is very close to the G7 countries average as indicated in the **Table 4.3** above. **Table 4.3** above shows that in the G7 countries business survival rates inversely correlate to the churn rates. UK and the US have similar rates for New Business Owner-manager (NBO) as well as the Established Business Owners (EBO) in 2009.

The GEM UK Monitoring Report (2009) shows a distinction between opportunity and necessity entrepreneurship. Their findings clarifies some of the discussion made earlier by the author in the literature review. GEM (2009) defines opportunity-motivated entrepreneurship as business engagement driven by entrepreneurs who may be exploiting the potential for new market creation. On the other hand, a distinction is made on necessity entrepreneurship who may be individuals driven into entrepreneurship because there are no better alternatives for work (GEM, 2009 – UK Monitoring Report).

GEM (2009) measures this activity by applying Total Early-stage Entrepreneurial Activity (TEA) which is the sum of the nascent entrepreneurship rate and the new business owner/manager rate. GEM reported that in 2009 UK had 4.3% of the working age adults to be opportunity-motivated early-stage entrepreneurs and 1% identified as necessity driven early stage entrepreneurs. **Figure 4.9** below illustrates the rates of necessity and opportunity entrepreneurship in G7 and BRIC countries (Brazil, Russia, India and China) in 2009.

Figure 4.9 - Necessity and opportunity entrepreneurship - G7 & BRIC, 2009.



Source: GEM UK 2009 Monitoring Report – Levie and Hart

In terms of male and female entrepreneurial activity, GEM (2009) reports that early stage entrepreneurial activity in the G7 and BRIC countries appears to be static between 2002 and 2009. In terms of entrepreneurial activity in the UK regions West Midlands has a lower than average rates for both start-up rate as well as survival rates after 3 years of trading as indicated in **Table 4.4** below. However, on a positive note the West Midlands has lower than the UK average business closure rate at 1.5%; and London has more than double rate at 3.2% (GEM UK Monitoring Report, 2009).

Table 4.4 Measures of entrepreneurial activity in the UK regions

	I expect to start a business in the next 3 years	Nascent Entrepreneurial Activity rate (paying wages for 3 months or less)	New Business Owner-manager rate (4-42 months)	Nascent+ New business owner-manager rate	Established Business Owners (>42 months)	Business closure rate (Business closed in the last 12 months that has not continued)	Proxy early-stage business survival rate	Proxy business churn rate
	(FUT)	(NEA)	(NBO)	(TEA)	(EBO)	(BC)	(EBO/TEA)	BC/(NBO+EBO)
East of England	5.4	2.3	4.6	6.9	5.5	1.1	0.8	0.11
East Midlands	5.8	2.4	3.0	5.3	4.8	1.7	0.9	0.22
London	10.2	4.5	3.3	7.4	5.5	3.2	0.7	0.36
North East	5.0	2.7	2.3	4.9	4.7	1.5	1.0	0.21
North West	5.5	2.5	2.4	4.9	5.8	2.4	1.2	0.29
Northern Ireland	5.1	2.9	2.5	5.2	6.4	1.4	1.2	0.16
Scotland	4.3	1.1	2.6	3.6	4.8	1.0	1.3	0.14
South East	6.2	3.1	3.2	6.2	6.4	1.6	1.0	0.17
South West	5.3	1.4	4.5	5.8	8.0	1.3	1.4	0.10
Wales	5.1	3.4	2.8	6.0	6.0	1.4	1.0	0.23
West Midlands	6.4	2.8	2.4	5.2	5.1	1.5	1.0	0.20
Yorkshire & Humberside	6.6	3.0	3.3	6.1	6.7	1.0	1.1	0.10
UK	6.2	2.7	3.2	5.8	5.8	1.7	1.0	0.19

Source: GEM UK 2009 Monitoring Report – Levie and Hart

4.4.4 UK Entrepreneurial Developments 2001 – 2011

A GEM report by Levie and Hart (2011) on UK entrepreneurship indicates that the proportions of business owner-managers have remained more or less static in 2011. One may argue that this may be as a result of the financial crisis, making it compare favourably with France and Germany although slightly lower than USA at 4.3% (Levie and Hart, 2011).

The GEM report (Levie and Hart, 2011) also show that people who discontinued operating a business in 2011 either through closure or sale went up marginally in 2011 from the previous year in UK (1.6%), US by 2.9%. On average entrepreneurial discontinuations for German and France were the same in 2011 and in 2010 at around 1.5%. It can be argued that the above phenomenon points to the hard economic recovery that most advanced countries endured (*and to some extent still*

enduring) following the financial crisis of 2008. However, what is interesting in the GEM report (Levie and Hart, 2011) is the fact that necessity-driven rose in 2011 significantly. It can be argued that perhaps necessity-driven motivation may be a result of not having better alternatives for work. However, in 2011 the fear of failure with the recognition of real entrepreneurial opportunities was same for UK and France and higher than the USA although lower to Germany as indicated in **Table 4.5** below.

Table 4.5 – Attitudes towards entrepreneurship, 2011

	I know someone who has started a business in the last 2 years	There are good start-up opportunities where I live in the next 6 months	I have the skills, knowledge and experience to start a business	Fear of failure would prevent me starting a business (for those who agree there are good start-up opportunities)
UK	28.2	27.9	36.7	41.4
France	41.3	32.4	34.8	40.7
Germany	22.6	33.0	31.7	48.4
US	21.5	33.1	47.0	35.6

Source: GEM APS 2011

According to GEM (2011) the differences in entrepreneurial attitudes in the UK suggest that men tend to have more positive attitudes than women. Hart and Levie (2011) argue that the observation may suggest that women are more alert to business risks than men. The fear of failure in the UK nations identifies Wales and Northern Ireland to be significantly different from the rest as indicated in **Table 4.6** below.

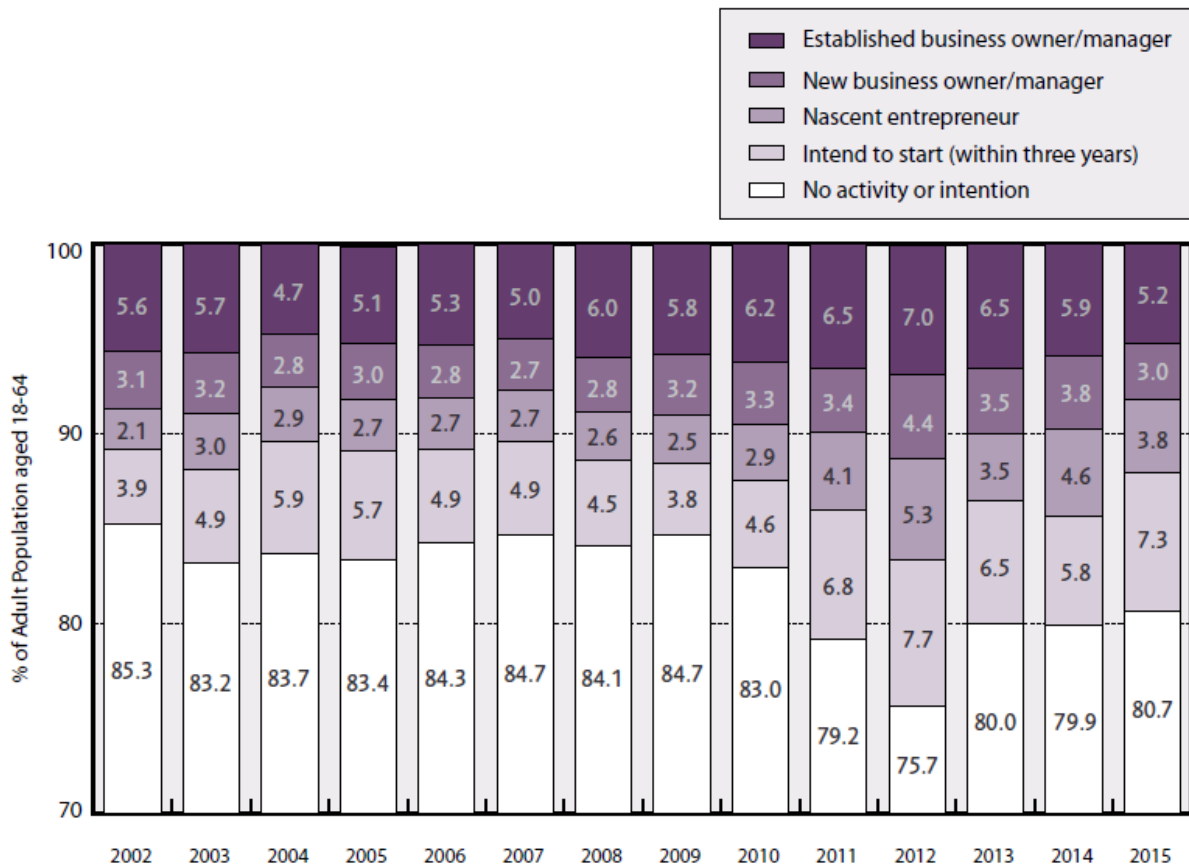
Table 4.6 - Perceptions of entrepreneurship among non-entrepreneurially active individuals in the UK home nations

	England	Wales	Scotland	Northern Ireland	United Kingdom
I know someone who has started a business in the last 2 years	25.9	24.8	26.4	24.1	25.8
There are good start-up opportunities where I live in the next 6 months	38.6	29.6	34.6	31.1	37.6
I have the skills, knowledge and experience to start a business	37.6	38.9	37.2	32.8	37.5
Fear of failure would prevent me from starting a business (for those who agree there are good start-up opportunities)	39.6	40.5	35.7	49.6	39.5
Most people consider that starting a business is a good career choice	57.6	56.7	59.3	51.8	57.5
Those successful at starting a business have a high level of status and respect in society	79.7	80.1	80.4	79.6	79.8
You will often see stories about people starting successful new businesses in the media	59.5	59.5	61.3	67.2	59.9

Source: GEM APS 2015

Hart et al. (2015) report also identifies that as the effects of the financial crisis begin to subside, confidence in terms of entrepreneurial activity are likely to change as indicated on the measure of nascent entrepreneurship in **Figure 4.7** below. In UK one fifth of working age individuals were engaged in entrepreneurial activity or intending to start a business within the next three years (*ibid*).

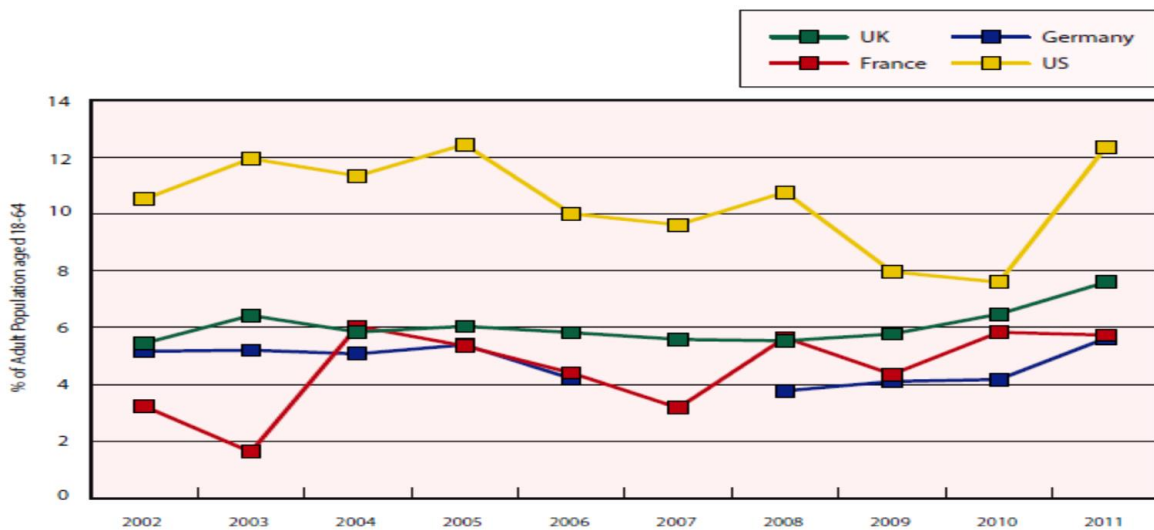
Figure 4.7 - Participation in Entrepreneurship in the UK by most established stage of entrepreneurial activity 2002-2011



Source: GEMUK Adult Population Survey (APS) 2004 - 20115

Hart et al. (2015) argue that the 2015 nascent entrepreneurship rate of 3.8% although lower than 2014, the rate indicated a degree of business confidence given that it was above pre-2011 long run average. This was particularly demonstrated by the fact that intention to start a business rose from 5.8% in 2014 to 7% in 2015. To some degree it can be argued that people started to gain confidence in the economy post the 2008 financial crisis.

Figure 4.8 - Total early stage Entrepreneurial Activity (TEA) in UK, France, Germany and US (2002 - 2011)



Source: GEM Global Adult Population Survey (APS) 2002 – 2011

According to the GEM report in 2011, Total early-stage Entrepreneurial Activity (TEA) of the nascent entrepreneurship as well as new business owner/manager rate; indicate rises in USA and German rates and restoring them to 2005 peak levels. For UK the TEA rate does not rise significantly different from the 2010 level as shown in **Figure 4.8** above.

The GEM report (Levie and Hart, 2011) indicates that the UK ratio of early-stage business ownership is comparably above France and Germany but lower than the US as indicated in **Table 4.9** below. This is a positive indication that the framework in place for promoting entrepreneurship is working. However, given the multiplicity of cause-effect variables, more work will need to be done to understand the phenomenon although no doubt the central government will want to think that it is due to their own policies.

Table 4.9 - Measures of entrepreneurial activity in the UK, France, Germany

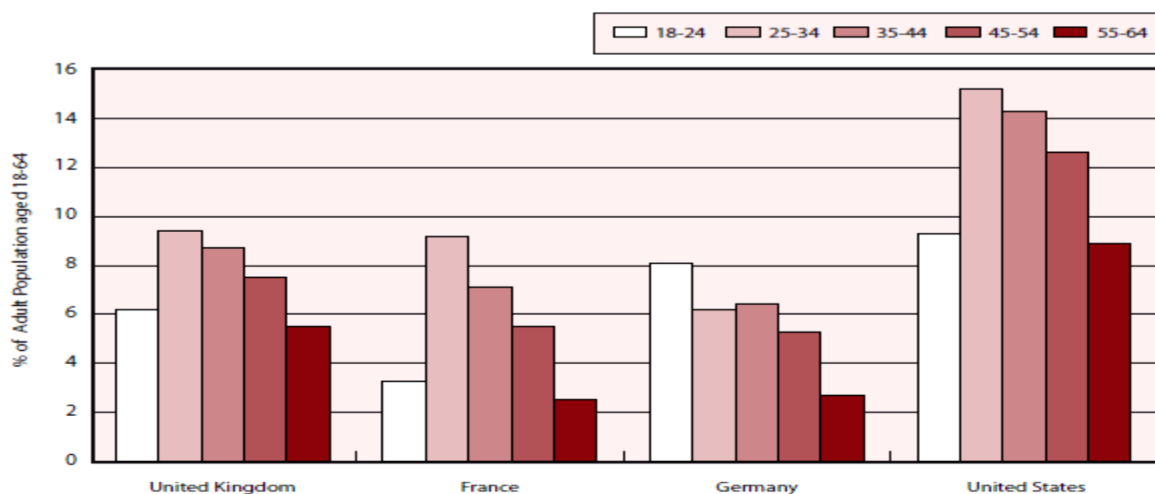
	I expect to start a business in the next 3 years (FUT)	Nascent Entrepreneurial Activity rate (paying wages for 3 months or less) (NEA)	New Business Owner-manager rate (4-42 months) (NBO)	Nascent + New business owner-manager rate (TEA)	Established Business Owners (>42 months) (EBO)	Business closure rate (Business closed in the last 12 months that has not continued) (BC)	Proxy early-stage business survival rate (EBO/TEA)	Proxy business churn rate (BC/(NBO+EBO))
UK (full sample)	9.8	4.2	3.4	7.6	6.5	1.6	0.9	0.2
France	19.8	4.1	1.7	5.7	2.4	1.6	0.4	0.4
Germany	7.6	3.4	2.4	5.6	5.6	1.3	1.0	0.2
US	15.8	8.3	4.3	12.3	9.1	2.9	0.7	0.2

and the US, 2011

Source: GEM APS 2011

The observations on France are contrasting indicating relatively high business start-up intention rates, low established business owner rates, low survival rates and relatively high business churn rates, that is, the ratio of closure to business ownership. Levie and Hart (2011) also indicate that TEA rates are higher in the age groups 25-34 and 35-44 for UK, France, Germany and the US (**Figure 4.10**) below. It can be argued that the UK profile is the closest to that of the US as against France and Germany. TEA rates in Germany appear to be skewed towards young Germans in 2011 and the fact that in 2010 were noticeably low, Levie and Hart (2011) argue that this may be a result of small sample sizes.

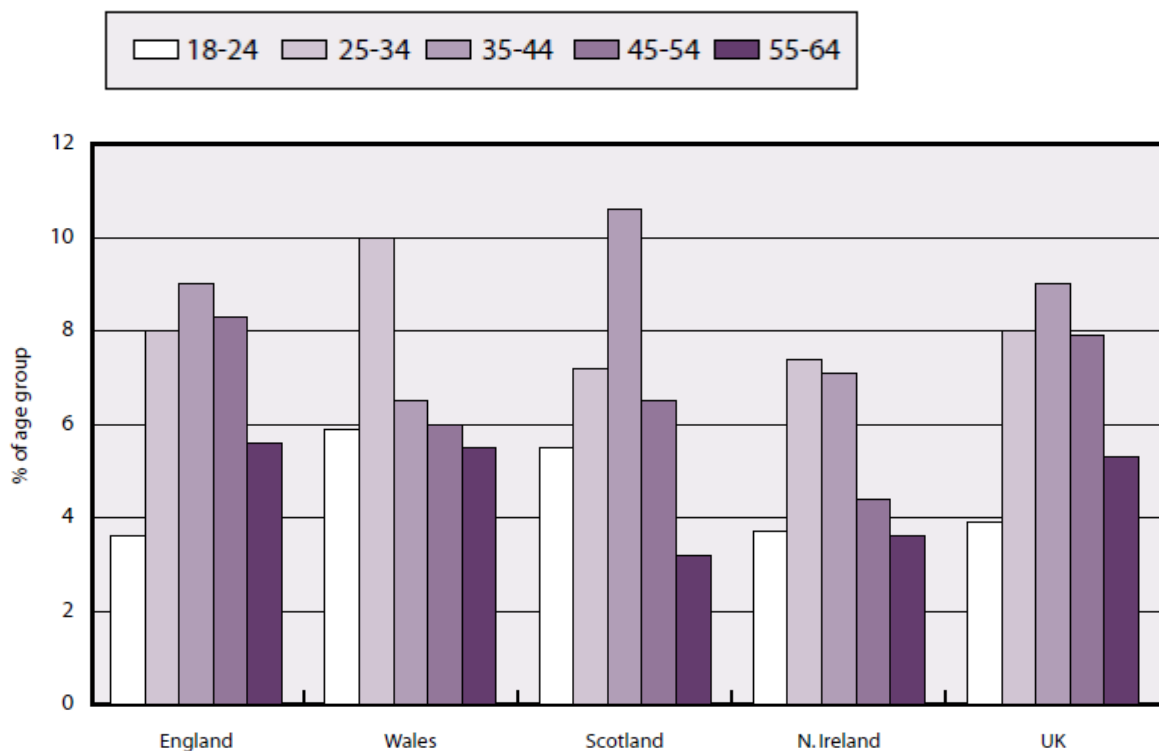
Figure 4.10 - Total early-stage Entrepreneurial Activity by Age Group, 2011



Source: GEMUK APS 2002 - 2011

Figure 4.11 below shows that the entrepreneurial activity rates of different age groups across the home nations, England, Scotland, Wales and Northern Ireland (Hart, Bonner and Levie, 2015). Overall highest TEA rate for the all age groups across four home nations is the 35 to 44 year olds. This age group is more pronounced in Scotland and England.

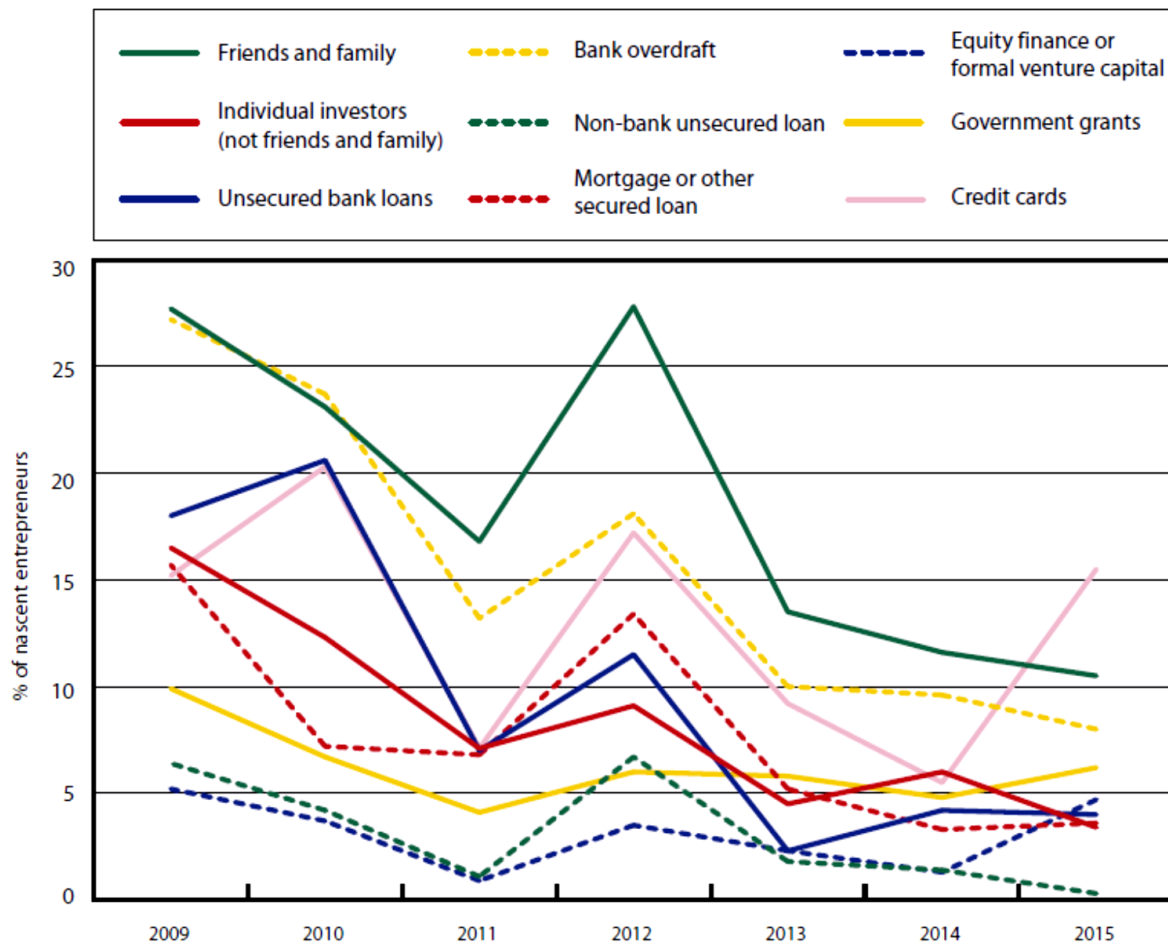
Figure 4.11 - Total early-stage Entrepreneurial Activity, by Age Group, 2015



Source: GEM UK APS 2015

In terms of challenges to start-up, it would appear that financing a business presents an obstacle for entrepreneurs who are starting up. Often the funding is externally sourced and **Figure 4.12** below presents the sources of finance that are used for funding a business (Hart, Bonner and Levie, 2015).

Figure 4.12 - Percentage of UK nascent entrepreneurs funding for a business, 2009 to 2015



Source: GEM APS 2009 - 2015

Koellinger, Minniti and Schade (2013) argue that women tend to run businesses that require lower start up investment funding. In their study, they also observed that women owned businesses which tend to grow slowly and compared to men. Koellinger, Minniti and Schade (2013) identified various factors that explain the gap between men and women rates of entrepreneurship. Koellinger, Minniti and Schade (2013) argue that on 'average women are more afraid of failure and less confident in their entrepreneurial skills than men'. Koellinger, Minniti and Schade (2013) also argue that the gender differences on the opportunity costs of starting a business can be explained by various factors that are qualitative, for example, level of education, roles within a household and many more. It can be argued that for women, child bearing and the traditional role of being a mother may discourage some women from taking on entrepreneurship.

A GEM research by Coduras et al. (2008) on the relationship between university support to entrepreneurship concluded that a 'long term sustained enhancement of entrepreneurial activity requires a substantial commitment to and investment in educational and vocational training programs'. GEM national reports worldwide show a general lack of research and development transference from university to enterprises. A case study on Spain indicated that academic education is positively related to entrepreneurial activities as well as the socialisation of attitudes towards entrepreneurship (Coduras et al., 2008).

Koellinger, Minniti and Schade (2013) also argue that gender differences were influenced by factors that have a universal effect, although it has to be accepted that their relative importance varies significantly across countries due to differences in under-laying conditions that further encourage or deter women from entering self-employment. It can be argued that in migrant communities, there is a greater probability that such factors would apply and possibly with even great impact given their status in the host country.

4.5 Small Business Access to Finance

It can be argued that accessing finance among small businesses of all types remains an issue of concern due to capital market imperfections (Bolton Committee, 1971; Graham, 2004; Wilson Committee, 1979). This would have been worsened by the recent 2008 economic crisis. Part of these imperfections maybe contributing to the difficulties faced in assessing the credit by small firms due to information asymmetries (Fraser, 2009). It can be argued that this is an issue that makes the study of east European small business entrepreneur more interesting given the higher probability of not having enough credit history to warrant credit worthiness. However, contrary to the above, Fraser's (2005) study indicates that the majority of small firms have better access to commercial funding. An argument can be made that developments in lending technologies may be partly responsible for this apparently healthy situation. However, it is not clear whether this applies to a section of the small business community or across-the-board.

The Bank of England (2004) and Berger et al. (2005) made the case in particular, for how developments in small business credit scoring has reduced the costs of lending to small firms as well as improved accuracy of risk assessments. This, however, applies to small companies that are run by the indigenous population. Implications to immigrant entrepreneurs may not quite be the same given the inherent differences that exist between the two types of small business owners. Ibrahim and Galt (2011) argue that the main barrier to entrepreneurial activity by ethnic minorities is the difficulties in the sourcing of funding to run a business efficiently. Evidence from Ibrahim and Galt (2011) suggest that ethnic minorities may seek business funding from informal networks which make the business unviable.

Huyghebaert and Van de Gucht (2007) argue that business start-ups are distinctively unique in the way they can access funding as perhaps compared to an established company. They also argue that there are distinctive characteristics between start-ups and established businesses; and it is due to these distinctions that affect cost and availability of credit and to a certain extent, financing preferences. Harris and Raviv (1991) further argue that the context of the firm may impact the capital structure determinants in a number of ways. It can be argued that in business, lending to the owner is perhaps favourable but because of the high failure risk in the early years of a small business's lifecycle, accessing funds can prove challenging for most start-ups (Huyghebaert and Van de Gucht, 2007). Mueller (2003) argue that most of the entrepreneurs are attracted by the private benefits of control, which is, making decisions independent from superiors. It can therefore be argued that with entrepreneurial benefit, comes an inherent risk as far as lenders are concerned that make accessing funds limiting (Rajan and Zingales, 1995). A number of studies like Manigart et al. (2000); Ooghe et al. (1991); Berger and Udell (1998) have shown that start-up firms in traditional industries are mainly financed by the entrepreneurs themselves, followed by their family and friends, bank loans as well as trade credit. Whilst banks may be rigid in their lending criteria, they may be willing to invest in a long-term relationship with start-ups in order to reap the benefits once these firms reach growth stage particularly young innovative high-growth firms (Berger and Udell, 1998; Huyghebaert and Van de Gucht, 2007).

A study done by Petersen and Rajan (1997) concluded that firms tend to switch to trade credit when banks restrict their lending. However, Huyghebaert and Van de Gucht (2007) argue that while this may be the case, entrepreneurs may on the other hand be unwilling to fully compensate the lower bank debt with trade credit as the latter is more expensive. According to Lasfer and Levis (1998) leasing can be a substitute for debt financing in small and medium sized firms although most accessible for all firms. Leasing contracts are not readily available for highly specialised assets and assets with high maintenance costs (Smith and Wakeman, 1985; Krishnan and Moyer, 1994). Financial awareness amongst small business owners is a factor that limits access to funds (Storey, 1994). A study done by Nayak and Greenfield (1994) on 200 micro-businesses in the West Midlands indicates that in businesses with less than ten employees, formal monitoring of profits took place in only one-third of the businesses.

The Taskforce established by the UK Government in June 2005 (BBA, 2005) was set up to investigate the reasons behind poorer credit outcomes amongst Ethnic Minority Businesses (EMBs). While bankers point to the objectivity and fairness of credit scoring (BBA, 2005), scoring techniques are often used as a complement to relationship lending. According to Fraser (2009) relationship lending implies close contact between the entrepreneur and a bank manager, which introduces the possibility for credit assessments to be tainted by personal prejudices. A number of studies indicate that there are difficulties for ethnic minority businesses in accessing finance for the business (Jones et al., 1994; Curran and Blackburn, 1993; Smallbone et al. 2003). An important point to note in these previous studies is the inability to reflect on the credit worthiness of the business and entrepreneur. For this reason it is possible that poorer credit outcomes among ethnic minority small business entrepreneurs may have been a result of poorer credit worthiness owing to possible greater risk in investing in such a business. It is also possible that it may have been nothing to do with the entrepreneur's ethnicity.

The immigrants setting up businesses may lack a longer and a more concentrated banking relationship with a single bank therefore impeding chances to get finances as indicated by other research studies (Han et al.; 2008a; Peterson and Rajan, 1994); lower interest charges and reduction in collateral obligations (Berger and

Udell, 1995). In the recent past there has been increasing attention on entrepreneurs who decide not to apply for loans in the belief that they would be turned down anyway even if they have a viable business plan (Fraser, 2009). These have been coined the name – ‘discouraged borrowers’ (Kon and Storey, 2003). Research in the USA (Blanchflower et al., 2003; Cavalluzzo et al., 2002) and in the UK (Fraser, 2007) indicates that immigrant entrepreneurs are significantly more likely to report discouragement than the indigenous majority entrepreneurs. Given the issues discussed above, this study on eastEuropean small businesses operating in UK really becomes of significance in understanding how they have successfully continued to operate.

A study by the Bank of England in 2004 of small and medium-sized enterprises found that 93% of businesses are majority white owned with 7% by individuals from ethnic minority backgrounds. The study (ibid) indicated that about three quarters of the businesses were majority owned by males compared to one quarter owned by females. The Bank of England report (2004) indicated that the principal owners between the ages of 40 and 65 contributed to 79% of SME owners. Over a third of all SMEs use no external financial advisers and bank managers appear to be the main sources of financial advice. The Bank of England Report (2004) indicates that small business owners find it challenging in dealing with red-tape. About 25% of ethnic minority owned business reported not to have confidence in accessing funding through banks. This finding suggests that ethnic minority groups may lose confidence in the financial help that may be offered by banks. This may discourage entrepreneurs from ethnic minority groups not to attempt approaching financial institutions for fear of perceived obvious negative outcome. Unincorporated single handed business owners may find it significantly less likely to access finance than a partnership or companies.

According to Fraser (2004) business lending tended to favour businesses with greater assets and as a consequence these businesses experienced fewer rejections. It can be argued that this is perhaps unsurprising since these businesses have more collateral to support the lending and therefore reducing the bank risk exposure. Furthermore Fraser (2004) argues that the makeup of the organisation had an effect on the financial institutions ability to extend a loan to a business. Sole-

traders were observed to be five times less likely to approach a financial institution for funding than partnerships. It can be argued that longer financial relationships may help lenders to assess the credit worthiness of businesses and to improve businesses' access to finance. An earlier study done by Barclays Bank (2000) indicated that on average white-owned businesses have longer financial relationships compared to ethnic-minority businesses averaging 15 years versus 10 years respectively.

Audretsch, Grilo and Thurik (2007) argue that in many western economies extensive policy initiatives have been introduced to try and revitalise migrant ethnic entrepreneurship. These policies also target bottlenecks in the systems which have an effect of constraining business funding by lending institutions like banks (Ibrahim and Galt, 2011). Such policies can be argued to be aimed at reducing unemployment and the costs of social welfare payments (Smallbone, Kitchen and Athayde, 2010); and secondly also aimed at exploiting the entrepreneurial potential of emerging businesses, thereby enriching social cohesion as well as multiculturalism (Greene, 1997; Fielden and Dawe, 2006).

4.6 Chapter Summary

In this chapter the research has explored the historical perspective of entrepreneurship, access to finance and some of the data trends across a number of countries that have similar economic traits to UK. Looking back into the past we have observed that the 1980s witnessed a remarkable upsurge in the UK business creation (Robson, 1994). As this had happened post the recessionary conditions that prevailed in the early part of the 1980s, some argued that the increase in the small business formation was a means of escaping from unemployment and shortages of job opportunities. Robson (1994) later referred to this phenomenon as the '*recession-push*'. Observation would later indicate that significant increases in the new business start-ups was during the latter half of the decade; a period marked by rapid economic growth and a sharp falling unemployment. Black et al. (1992) argue that the increase in personal wealth may have been directly contributory to the growth in new business formation by enabling many individuals to overcome the capital barrier into entrepreneurship.

This chapter also explored some of the economic benefits contributory to small business entrepreneurship and in particular employment. The Department for Business Enterprises & Regulatory Reform (2008) highlighted that 22.7 million people were employed by 4.7 million private sector enterprises in the UK with an estimated combined annual turnover of £2,800 billion. At the start of 2013 the Federation of Small Businesses (FSB) reported that there were an estimated 4.9 million businesses in the UK, employing 24.3 million people with a combined turnover of £3.300 billion. In total SMEs account for 99.9% of all private sector enterprises in the UK equating to 59.3% of private sector employment and 48.1% of private sector turnover.

Notably data has shown that the lowest business survival rates are in London while the South West has the highest of all the English Regions (DTI, 2007). It can be argued that differing start-up rates can partly explain London's business survival rates. West Midlands has 71% survival rate at three years and about 93% at one year (DTI, 2007).

Literature on resources has indicated that accessing finance among small businesses of all types remains an issue of concern due to capital market imperfections (Bolton Committee, 1971; Graham, 2004; Wilson Committee, 1979). It can be argued that access to resources for entrepreneurs would have been constrained by the recent world economic crisis. Fraser (2009) argues that part of these imperfections in accessing finance credit by small firms may be due to information asymmetries (*ibid*). It can be argued that this is an issue that makes the study on east European small business entrepreneurs more interesting given the higher probabilities of not having enough credit history to warrant credit worthiness. However, contrary to the above, Fraser's (2005) study produced empirical evidence which indicates that the majority of small firms are well supplied with finance. Financial awareness amongst small business owners is known to be a factor that limits access to funds (Storey, 1994).

In this chapter we have described some of the research that has been produced by GEM on business survival rates and other comparative studies on some of the

characteristics of small business entrepreneurs. Of note is a GEM research by Coduras et al. (2008) on the relationship between university support to entrepreneurship concluded that a 'long term sustained enhancement of entrepreneurial activity requires a substantial commitment to and investment in educational and vocational training programs'.

CHAPTER 5

5.0 Research Questions and Methodology

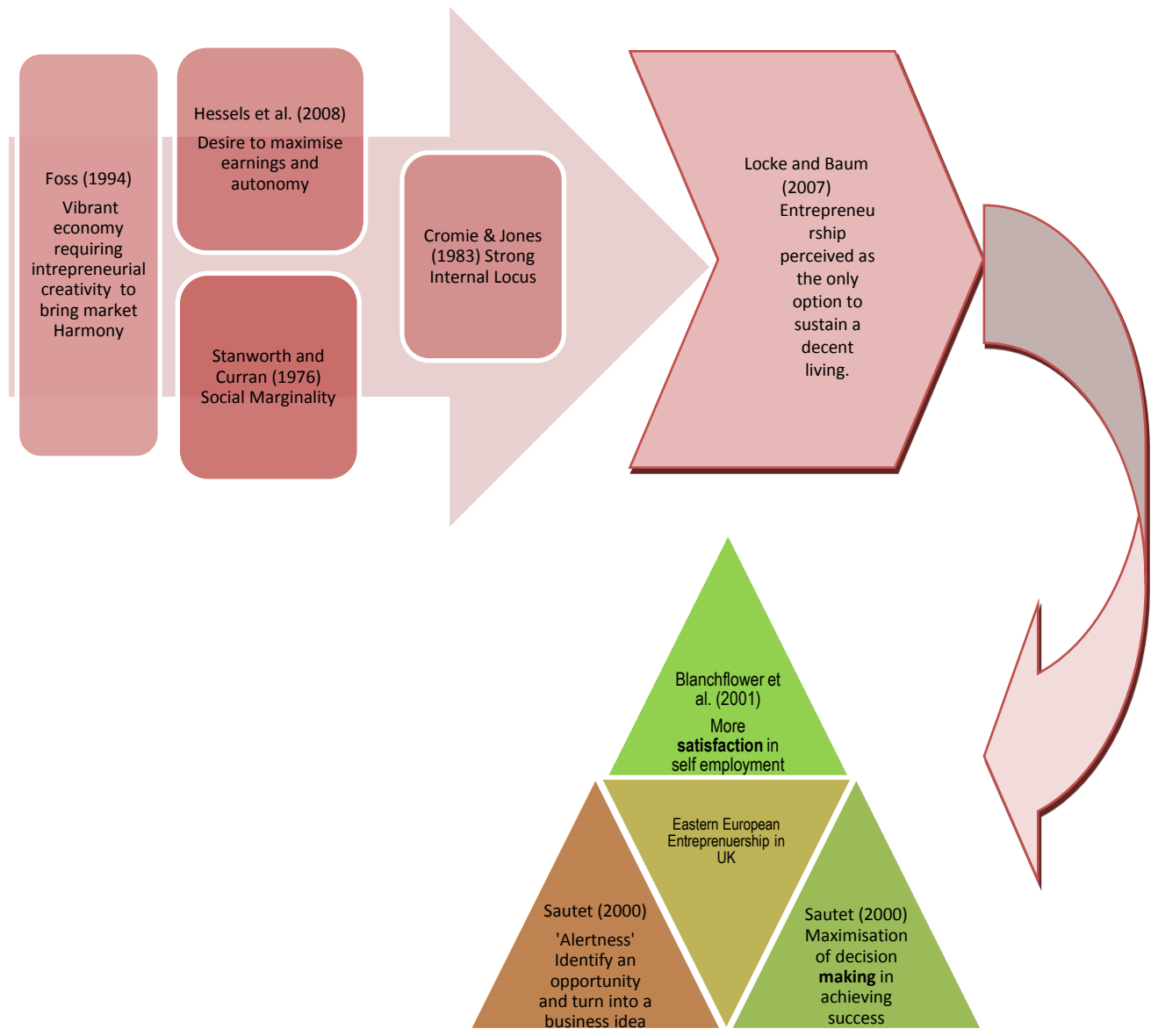
Introduction

This Chapter sets out the research questions and provide an outline of the proposed research methodology. The researcher will provide an analysis of the reasons behind the chosen research methodology and present a discussion on the challenges that the chosen methodology may present. Epistemic validity will be debated in this chapter. The author will also discuss other research methods that were considered and discounted as well as an analysis of the research design. The chapter also offers some reflection on the practical application of the research methodology and how it was adopted to maximise participation of the research target population.

5.1 Research Questions

It is clear from the literature review that there are a number of questions which need to be addressed in the development of entrepreneurship and small business research (Blackburn and Kovalainen, 2009). This also includes entrepreneurs from the eastern European countries who have set up businesses in the UK. This study will contribute to the research evidence on this subject which can be argued to be embryonic. In drawing the research questions, the researcher has structured the research questions by reflecting on the conceptual framework that imaged from the literature review as shown below:

Figure 5.0 Research Conceptual Framework



A review on existing literature presented a number of issues which deserve further research attention as represented by the questions below:

1. *Did eastern European immigrant entrepreneurs come to settle in England for the purpose of setting up small businesses?*
2. *Does lack of satisfactory employment opportunities and unmatched skill recognition, in terms of income, lead to the setting up of small businesses by eastern European immigrants in England?*

3. *Is there a distinctive character in the types of businesses between eastern European immigrant entrepreneurs who settled in the UK post World War and those who settled post 2000?*
4. *What patterns can be drawn from the types of businesses ventured by these two groups of eastern European entrepreneurs?*

For the purposes of this research, the researcher will address THREE Research Questions:

1. *What are the drivers for engaging in entrepreneurial activity by eastern European small business owners?*

One may argue that most UK immigrants are indeed economic migrants who come into the country for economic benefits (Williams et al., 2004). Evidence has also shown that UK tends to attract both highly educated and skilled immigrants as well as poorer, less educated individuals through mainly family connections (Buchel and Frick, 2000). Evidence is also unclear as to which one of the two groups mentioned above ultimately become immigrant entrepreneurs. Stanworth and Curran (1976) introduced the concept of social marginality discussed in the literature review. The hypothesis behind the concept is that individuals may respond to social marginality by a determination to demonstrate their skills and expertise, and that growing a successful business constitutes a positive way of proving one's own ability.

2. *What are the personal characteristics (such as education) that define eastern European small business owners in UK?*

A number of studies have indicated that there are challenges in accessing finance by ethnic minority businesses (Jones et al., 1994; Curran and Blackburn, 1993; Smallbone et al. 2003, Levie and Hart, 2011). An important point to note in the previous studies is the lack of reflection on the credit worthiness of the business and entrepreneur. For this reason, it is possible that poorer credit outcomes among ethnic minority small business entrepreneurs may have been a result of poorer credit worthiness and therefore reflecting a perceived greater risk in investing in such a business by investors or lenders. The researcher argues that poor access to finance may have nothing to do with the entrepreneur's ethnicity, for example, poor business plan.

3. *What sources of business finance do eastern European Small Business owners have access to?*

Research in the USA (Blanchflower et al, 2003; Cavalluzzo et al., 2002) and in UK (Fraser, 2007) indicates that immigrant entrepreneurs are significantly more likely to report discouragement in borrowing money than the indigenous majority entrepreneurs, a state referred to as '*discouraged borrowers*' by Kon and Storey (2003). Evidence from USA suggests that ethnic minority entrepreneurs may access funding for their business by using networks in their communities "enclaves", even though this is a solution that can be deemed sub-optimal in terms of growing the business and also making it competitive (Bates, 1994; Waldinger, 1995; Levie, 2007). Levie (2007) study suggests a strong correlation between immigration and entrepreneurial activity but this is an area that needs further research attention.

The literature on eastern European small business owners in UK is scarce and organisations like GEM are starting to notice even though it is fair to argue that the availability of empirical data is in its infancy. This research presents a rare opportunity to contribute to this exciting entrepreneurial field.

5.2 Methodological Challenges

It can be argued that carrying out a doctoral research possesses a challenge of deciding on a robust methodology that has a scientific approach which can yield sound findings particularly on the proposed research topic. There is almost an enormous pressure, at least as far as the student is concerned, to produce a piece of work that is supported by valid evidence (Morris, Cohen and Nagel, 1962). Frankfort-Nachmias and Nachmias (1992) argue that the scientific methodology is essential to sound research and is a system that is neither closed nor infallible. Whilst this may be true, as the researcher and scholars continue to explore new means of observing, inference, generalisation, and analysis; institutionalised commonly accepted rules and procedures in carrying out research still needs to be followed. Even in this research the researcher was conscious that this undertaking required due consideration in order to produce a research study that can withstand academic scrutiny.

There are challenges around validity in terms of sample size and methods used. Validity looks at the measurement tool used and confirms whether or not the method used measures what it is intended to measure (Robson, 2002). Achieving this is one of the challenges in conducting a doctoral research as there are a number of epistemic issues to be addressed. Reliability of research is another challenge that emphasises the extent to which a measuring instrument can be said to be containing variable errors. Initially the researcher wanted to apply unstructured interviews but soon recognised that they may not be able to ascertain an acceptable sample size given that these interviews would have to be prearranged. This did not seem to be an effective method of data collection. Instead a self-completed questionnaire (deVaus, 2002) was chosen as the method of data collection. With the questionnaire, the researcher was keen to minimise the occurrence of variable errors.

One may find it reasonable to infer that because of the indirect nature of measurements in social sciences, the errors that occur when social variables are measured tend to be greater than those occurring when physical variables are measured (Creswell, 2007). A self-completion questionnaire according to Gilbert (2009, pg. 185) allows a standardised format which allows respondents to choose from a selection of responses that are pre-coded. Developing such a questionnaire was essential in this research because the researcher felt that some entrepreneurs may prefer completing the questionnaire at a convenient time of their choosing. This proved to be a successful approach when the researcher piloted the questionnaire although some entrepreneurs preferred the researcher to complete the questionnaire as they responded to the questions.

In this research the researcher was keen not to contrive the quality of data gathered and the questionnaire used was structured in a way that addresses the research questions. Saunders et al. (2003) argue that a good questionnaire needs to ensure that precise data is collected which is required to address the research question(s) and also achieve the research objective. Gilbert (2009, pg. 185) argues that this can be achieved by ensuring that the questionnaire is phrased in a way that enables a wide range of respondents to understand what is being asked and to facilitate

recording of their responses accurately. In this research the researcher argues that this was achieved.

Strauss and Corbin (1990) argue that a researcher may indeed be discouraged by the amount of data that can be collected. It is therefore essential to choose an appropriate method that allows data to be analysed into meaningful conclusions. There is no doubt that the nature of data has a significant implication on its analysis. For qualitative data, this is often characterised by non-standardised and complex data. This may need to be grouped into categories using a system of coding before the data can be analysed meaningfully. Analysing qualitative data involves a demanding process and Yin (2003) warns that it should not be regarded as an 'easy option'. On this note, Marshall and Rossman (1999) gave cautionary advice that data analysis methods and approach should be considered seriously during the proposal phase for a qualitative research.

In this research a quantitative research method was adopted to minimise the complications of data analysis. Miles and Huberman (1994) argue coding techniques should be used as it allows categorisation in the analysis of data. Barnes (2001) agrees with this argument by following Dey's (1993) advice that this approach should be applied in a systematic way particularly to qualitative research. The coding should enable data to be readily compared and emergent themes identified; any linkages between and within the process, content and context of strategy can also be analysed (Barnes, 2001). While this may be the case the researcher was confident that enough time was spent on analysing collected data. The researcher also recognised the imperative to remain organised whilst at the same time sticking to the schedule of the research activities. As a precautionary measure, being a part-time student, provisional arrangements were made with the researcher's employer to allow a break from employment during primary data collection to concentrate on the research.

Gilbert (2009) argues that one of the main challenges a researcher may face is on deciding on the sample size. The researcher was aware that this is an area that defines the research's external validity according to Creswell (2007). Marshall and Rossman (1999) argue that one general guideline in quantitative research is being

able to collect extensive data of on the proposed research subject. The sample size was agreed with the research supervisors to be over one hundred small businesses. The researcher anticipated a viable sample size but in reality this may not always be possible due to the complex nature of the research population and topic chosen. Marshall and Rossman (2006) argue that the researcher need to be flexible as variables can change during the study and therefore also emphasis on planning ahead as much as possible. For this study the research population is defined by eastern European small business owners in the UK and mainly in West Midlands region. Due to the limited known information on this research topic, the researcher did not initially set out an explicitly defined sampling unit, for example, micro small business owners, but for the purposes of addressing knowledge gap they targeted small eastern European business owners who had emigrated from the European Union (EU) eastern member countries.

The complexity of the research population arises from several variables which define the research population. For example, some of the eastern European businesses in the West Midlands may be family partnerships and perhaps not formally registered as anecdotal evidence indicates. Additionally, West Midlands region is a large enough geographic area for an academic research particularly taking consideration of associate costs and expenses that can potentially be incurred. Travelling further afield may not be sustainable for the researcher. Creswell (2007) argue that researchers should adopt a purposeful sampling strategy. This is what the researcher aimed to do by selecting specific subjects for study on the basis of their ability to inform an understanding of the research problem and central phenomenon in the research.

5.3 Epistemic Validity and Value of the Chosen Research Area

Epistemic validity is a concept which has to do with the question of what is to pass as warrantable or acceptable knowledge. Quantitative research methods are typically taken to be the standard format of research in research text books, particularly those published prior to the mid-1970s (Alan Bryman, 2006). The inability of qualitative research methods, like participant observation, in conforming to

the canons of scientific methodology led it to being accorded inadequate attention. However, the differences between quantitative and qualitative research have been discussed almost exclusively at the level of technical adequacy in terms of the techniques used. After the mid-1970s, it became evident that deeper and intrusive methods of research were required in order to gain true understanding of any chosen topic. This made it more appropriate to use a natural science model to the study of social sciences including management. It can be argued that this was an outcome of a general acceptance in some quarters that quantitative research methods failed to objectively recognise inherent differences in interactivity of variables in natural sciences.

Qualitative and quantitative research methods reflect and capitalise on the special characters of people as objects of inquiry. The chosen topic requires investigation into a unique population which apart from analysing what may be viewed as 'quantitative movements', there is also a greater need to capture the qualitative differentials which will supply rich data as to the reasons for the development of the current status quo. However, the use of a self-completion questionnaire survey was considered to be sufficient in providing data on the *eastern European business owners*. The imposition of a conceptual framework (Robson, 2002) allowed the questionnaire to be used at lower costs and also enabling pre-coding and efficient descriptive statistical data analysis.

It can be argued that the key to epistemic validity becomes the question of the appropriateness of the canons of scientific method to the study of people. Bryman (2006) argue that the terms quantitative and qualitative have evolved to have greater significance on the underlying assumptions on the research purpose. Issues in quantitative and qualitative research span much more varied than the terminology imply. Some writers have chosen to replace terms such as 'Quantitative' research and '*Qualitative*' research with 'quantification' and 'absence of quantification', albeit with less success. Other commentators have proposed different terms including Guba and Lincoln (1982) contrasting between *rationalistic* (quantitative) and *naturalistic* (qualitative); likewise Evered and Louise (1981) use a contrast between '*inquiry from the outside*' and '*inquiry from the inside*'. Other interesting propositions came from Magon (1977) and J. K. Smith (1983) who refers to '*constructivist*' and '*interpretive*' approaches instead of quantitative and qualitative respectively.

Epistemic validity raises same questions around the legitimacy of the proposed research or the knowledge that is regarded as valid by the researcher and in this case with reference to academics and the researcher in entrepreneurial management. Creswell (2007) argues that epistemic philosophical perspective on which validity rests on, should be based on deliberation, judgement and experience that engage rational persuasion. The chosen research will make use of quantitative enquiry; and according to Marshall and Rossman (1995), quantitative research does have the general acceptance that qualitative paradigms do not enjoy.

The researcher was conscious that in order to give value to this research area, it will be important to demonstrate the usefulness of the proposed study to the conceptual framework and also respond to the criteria for the soundness of the project. Lincoln and Guba (1985, pg. 290) refer to the canons that stand as criteria against which the trust-worthiness of a research can be evaluated as establishing the “truth value” of the study. To achieve this in a research, Lincoln and Guba (1985) propose four constructs which the researcher has applied to this research area; these are: *credibility, transferability, dependability and confirmability*. These basic tenants are represented in **Table 5.1** drawing on Lincoln and Guba (1985). They offer a carefully developed version of a naturalistic analogue to conventional versions of rigour.

Table 5.1 - Naturalistic analogue to conventional validity criteria

Values	Conventional Criteria	Problem Countered Thereby	Achieved By	Trustworthiness Analogues
Truth	Internal Validity	Confounding	Control, randomisation	Credibility
Applicability	External Validity; Generalization	A typicality	Probability sampling	Transferability
Consistency	Reliability; Replicability	Instability	Replication	Dependability
Neutrality	Objectivity	Bias	Insulation of researcher	Confirmability

Source: *Research Evaluation by Ian Shaw (1999)*

Whilst the above framework narrows down, if not eliminate the questions of epistemic validity and value of this research area, it is possible for quantitative data

collection method to achieve all the elements. However, in qualitative data collection methods, the challenge will be to decide which elements of the framework to forego and whether there are any other ways of achieving all elements of the analogue, combining methods or using triangulation of data. This is a choice that the researcher needs to make. There are a number of issues that are going to influence the researcher's decision on data collection methods, but above all the method(s) should be able to promote robust findings, able to provide the needed evidence-base to address the research questions (Gilbert, 2009, pg. 184).

5.4 Research Methods and Design Analysis

The use of quantitative and qualitative research in social sciences has generated some debate over their strengths and weaknesses (Bryman, 2006). Quantitative research has the ability to generate quantifiable data on large numbers of subjects known to represent the wider population. It can be argued that certain fields of study may find research methods associated with a particular style more appealing than the other. One can therefore argue that where the research chosen demands large numbers of people or respondents, a quantitative style of inquiry may be more favourable than qualitative.

Generated quantifiable data that is representative of the wider population on large numbers can either be secondary or acquired from primary data through research. It can be argued that even in qualitative methods the researcher may recognise the potential benefits of some level of measurement (e.g. Silverman, 1984, 1985). Quantitative and qualitative methods are in some treatments viewed as competing views about the ways in which social reality ought to be studied. They are essentially divergent clusters of epistemological assumptions, that is, of what should be accepted as warrantable knowledge about the social and business world (Bryman, 2006).

Concerns with criteriology should be carefully considered despite the early dominance of the quantitative methods (Daft, 1980; Stablein, 1996; Stein and Barley, 1996); the strength of qualitative methodology has made it an end in itself (Bryman,

2006. Early examples of established qualitative research has been around research focused on the nature of managerial work (Dalton, 1959; Mintzberg, 1973; Watson, 1994) as well as some transforming research on the impact of organisational control systems (Lupton, 1963; Kundu, 1992; Willmott and Knights, 1995). Qualitative research has also been instrumental in transformative research on employee relations (Armstrong et al. 1981). Other notable area where qualitative research has been effective has been everyday experience of work (Meyerson, 1994 and Van Maanen, 1991) and on issues such as gender and identity at work (Ely, 1995; Martin, 1990 and Parker, 2000).

Guba and Lincoln (1994) argue that quantitative measures of phenomena and statistical reasoning lack 'inter-subjectivity' due to the fact that it offers an external derived logic which is based on observation but not experience. It is for this reason that qualitative research methods have gained credibility due to the limitations attributed to quantitative research methods (Prasad and Prasad, 2002). However, providing criteria for qualitative research evaluation may prove 'a problematic process, because what constitutes 'good' research becomes complex, and therefore somewhat an elusive concept. Whilst this suggests a need for caution, there is also the danger that without evaluative guidelines, qualitative research will struggle to convince some audiences of its legitimacy and validity, especially those more familiar with quantitative mainstream' according to Johnson et al (2006).

A qualitative method of research allows the researcher to be an insider rather than an outsider as would be the case in quantitative methods. This allows the nature of data collected to be rich and deep. The image of social reality can be said to be processual and socially constructed by actor in qualitative methods whilst static and external to the actor characterise a quantitative research.

The principle methods of qualitative data collection are interviews, observations, participation and focus groups. Interviews can be high structured, semi structured or unstructured. Structured interviews allows a tightly structured schedule of questions to be used, very much like a questionnaire, allowing the researcher to reach a wider sample as information could be efficiently collated by a questionnaire. Responses can be limiting if the questions are phrased in such a way that responses elicited

have a limited range of response, for example, *excellent, good, average or poor*. Such data can be open to interpretation.

The author presented an extensive analysis on the nature of semi structured interviews as part of his research development at Aston University. The author argued that semi structured interviews often involve:

Open ended questions based which allow both the interviewer and the interviewee to discuss some topics in more detail. This qualitative method allows the interviewer the freedom to prompt the interviewee to elaborate on the original response or to follow a line of inquiry introduced by the interviewee. This therefore allows collection of very rich information, which makes it a useful method to get large amounts of data quickly. Unstructured interviews sometimes referred to as '*depth*' or '*in-depth*' interviews have very little structure at all. The interviewer goes into the interview with the aim of discussing a limited number of topics, sometimes as few as one or two; framing the questions on the basis of the interviewee's previous responses. Although only one or two topics are discussed, they will be covered in great detail.

The disadvantages of interviews relate to the need for interpersonal skills which may not be significantly warranted in quantitative methods. Interviews involve personal interaction; therefore cooperation is essential. Interviewees may be willing or uncomfortable sharing all that the interviewer hopes to explore. On the other hand, the interviewer may not ask questions that evoke long narratives from participants either because of a lack of expertise or lack of skill. Also the interviewees may not properly comprehend elements of the conversation. At times they may have good reason not to be too revealing or truthful (Douglas, 1976). The method is time constraining in data analysis. The interviewer should have superb listening skills and skilful at personal interaction, question framing, and gentle probing for elaboration (Marshall and Rossman, 1995). In interviews, the interviewer needs to take account of elements that may contaminate responses, for example, phenomenology. Other writers on the topic argue that where interviews are used as the sole method of gathering data, triangulation of data may be used with data gathered through other methods should be done (McCracken, 1988; Patton, 1990 and Tripp, 1983).

Focus groups largely from marketing research can be useful to obtain certain types of information or when circumstances would make it difficult to collect information

using other methods to data collection. The advantages of focus group interviews are that this method is socially oriented, studying participants in a natural, and real life atmosphere. Neither experimental nor the strain and artificiality of a one-on-one interview is present (Marshall and Rossman, 1995). The format allows the facilitator the flexibility to explore unanticipated issues as they arise in the discussion. Another advantage is that because the method is readily understood, the findings appear believable. The method is relatively low cost; provides quick results; and it can increase the sample size of qualitative studies by interviewing more people at one time (Krueger, 1988).

The disadvantages of focus groups include less control by the interviewer over a group as opposed to an individual interview; this can result in lost time or discussion of irrelevant issues and difficult data analysis as context is essential to understanding the participants' comments (Bin, Hague and Vangelder, 1990). The method requires the use of highly trained observer-moderators.

Terrance Chikurunhe, 2012, p. 7

Participation or participant observation, as this method is typically called (Van Manen, 1990); being a participant allows the research to truly understand the phenomena without being removed from the field. The expectation is for the research to spend considerable time in the field setting. This could be a disadvantage where the researcher has limited time to carry out the research work. Sometimes it may be difficult at the proposal stage, to elaborate the planned level of participation, the nature of participation and how much will be revealed to the subjects about the purpose of the study. This is paramount and yet considerably challenging but are a must if the research is to be successful.

Observation is another method of qualitative research which involves the systematic noting and recording of events, behaviours, and objects in the social setting chosen for study (Marshall and Rossman, 1995). Observation is a fundamental and critical method in all qualitative inquiry. It allows discovery of complex interactions in natural social settings. Observation can be used in in-depth interview studies, and also plays an important role as the researcher notes body language in addition to the person's words. The challenges in observation as a method of research are the

difficulty of managing relatively unobtrusive role and the challenge to identify the '*big picture*' while timely observing huge amounts of fast-moving and complex behaviour (Evertson and Green, 1985).

Quantitative research encompasses a number of variable approaches to data collection. The survey method is recognised as fundamental to data collection in quantitative research (Bryman, 2006). The survey's ability to generate quantitative data on large numbers of people in social research, who are known to be representative of the wide population in order to test theories or hypothesis, has been viewed by many practitioners as a means of capturing many of the expert distinctions. Key to quantitative research is the assumption that variable can be identified and relationship measured in which case social facts have an objective reality (Cresswell, 1994). Key problem areas in quantitative research are argued by Barnes (2001) to be inappropriate frames, unspecified inter-relationships between constructs, divergence between measures employed and hypothesis, and the use of data sets that have been designed for other purposes than those of the submission.

The epistemology upon which quantitative research is erected comprises a litany of preconditions for what is warrantable knowledge, and the mere presence of numbers is unlikely to be sufficient (Clark, Floyd and Wright, 2006). Barnes (2001) argues that any research methodology inevitably has advantages and disadvantages; and therefore there is unlikely to be one best way of approaching the task. Methodologies are likened to theories which cannot be true or false, only '*more or less useful*' (Silverman 1993, p.2). The challenges in gaining a true representation of much larger numbers of people in social survey is an arduous task that requires paying attention to if the results are to yield generalisability (Gomm, 2008). The topic of representativeness is an important one for most research, more so in surveys, since it is often an issue as to how far what is true for the population studied will be true of other people too.

Frankfort-Nachmias and Nachimias (1992) refer to the research design as the "*blue print*" that enables the researcher to address the questions that are fundamental in testing a hypothesis. The classic research design consists of two comparable groups in classic experimental design. These are experimental group and a control

group. The two are virtually equal except that the experimental group is exposed to the independent variable and the control group is not. After the experiment if the difference in the experimental group is significantly greater than in the control group, it can be concluded that the independent variable is causally related to the dependant variable (Frankfort-Nachmias and Nachmias, 1992).

The classic experimental design presents a standard by which other designs can be evaluated in terms of their effectiveness and ability to empirically reveal/address the research questions. Its advantage is that it helps understand the logic of all research designs. It also allows the researcher to draw irrevocable causal inferences. Observing is relatively easier such that the decision to conclude whether or not the independent variable has causal changes in the dependent variable is made easy. For this reason other research designs the relationship between variables cannot be easily determined or calculated. However, in the social sciences, the experimental design is used less widely. Its rigid structure often makes it difficult to adapt for social science research. Scientists have, however, developed several quasi-experimental designs. Although weaker on internal validity than experimental designs (Frankfort-Nachmias and Nachmias, 1992), they depend on data analysis techniques as a method of control and do not require randomisation.

Some quasi-experiments extend over time and therefore allow for the examination of changes in the dependant variable. Panel studies allow closer approximation to the before and after condition of experimental designs by studying a group at two or more points in time before and after exposure to the independent variable. The main advantage is that it enables the determination of the direction of causation as well as the time order. The main disadvantage is gaining commitment from the respondents on willingness to be interviewed at set intervals over extended period. Even if the researcher succeeds in gaining this commitment, there are no guarantees that the sample size will remain the same as was at the research initiation due to dropouts, move to other areas and change of jobs. Consequently it might happen that those who move or drop out may have changed in a different way that the rest of the panel, thus distorting the findings.

Another disadvantage with repeated interviews with the same group is panel conditioning, that is, the risk of sensitizing the respondents by repeated measurement. Time series designs have been used for assessing cause and effect relationships. The availability of pre and post-test measures makes it possible to separate reactive measurement effects from the effects of an independent variable. An important advantage of the time-series designs is the ability to see whether an independent variable has an effect over and above the reactive effects.

Using a sample design allows the researcher to carry out a research on a more manageable scale than might have been had the whole population been used. The challenge in sampling is in working out a sample that is a true representative of the whole population. This involves a rigorous process that would involve estimating a population value from a sample. This allows the sample chosen to be representative of the whole population. In a probability sample design, it is possible to estimate the extent to which findings based on one sample are likely to differ from what would have been found by studying the entire population. The advantage is that one can attach estimates of the population's parameters from the sample statistics.

None probability samples are used in social sciences. They are convenient and economic but under certain circumstances, particularly in exploratory research, they may outweigh the advantages of using probability sampling (Frankfort-Nachmias and Nachmias, 1992).

Table 5.2 - Differences between quantitative and qualitative data

Quantitative Data	Qualitative Data
<ul style="list-style-type: none"> ❖ Based on meanings derived from numbers ❖ Collection results in numerical and standardised data ❖ Analysis conducted through the use of diagrams and statistics 	<ul style="list-style-type: none"> ❖ Based on meanings expressed through words ❖ Collection results in non-standardised data requiring classification into categories ❖ Analysis conducted through the use of conceptualisation

Source: Developed from Dey (1993); Healey and Rawlinson (1994); and Saunders et al. (2007).

Table 5.2 above demonstrates three distinct differences linked to quantitative and qualitative data. Dey (1993) and Robinson (2002) argued that quantitative data collection draws a 'thin' abstraction or description to results as compared to qualitative data abstraction or description which is 'thick' or 'thorough'.

5.5 Chosen Research Design and Methods

Bogdan and Taylor (1975) argue that research design is not simply the methods such as data collection, analysis and report writing, but refers to the entire process of research from conceptualising a problem to writing the narrative. The chosen study is an exploratory analysis of the factors associated with eastern European entrepreneurship in the West Midlands. The nature of the study allows the researcher to adopt a social constructivism view by seeking to understand why there is growth of East European entrepreneurial activity. The evidence gap and lack of research evidence in this area allows the research to utilise a hypothesis allowing a deductive approach in developing a theory as in post-positivism (Lincoln and Guba, 2000). Having chosen a deductive approach in trying to gain the findings to this research topic, data collection methods need to be effective in order to gain an understanding of the research problem (Saunders et al. 2007). The use of self-completion questionnaire will allow a quantitative method to be applied.

The use of a deductive approach allows the conceptual framework to provide a structure by which a hypothesis can be tested and data analysis can be structured and organised. Moreover since this is an exploratory research, there is value in the findings gained by an in-depth analysis of what the research population experiences are of the phenomena. The proposed study is an exploratory research because it seeks to investigate little understood phenomena. While this may be the case in this research, the researcher seek to apply all the skills, knowledge learnt from the research training gained through the University's Doctorate Education programme and from previous academic experience to ensure that the findings can withstand scrutiny and all cannons of validity. Hyde (2000) argues that a deductive approach commences with generalisations or hypothesis and seeks to establish whether such generalisations can be applied to specific instances. Bryman & Bell (2015, pg.23)

argue that the researcher deduces a hypothesis that must be subject to empirical scrutiny as well as embed concepts that can be defined into researchable entities.

According to Bryman (2001), quantitative research frequently supports the formulation of theory and concept in advance of beginning fieldwork. However, the application of a conceptual framework in this research will help to link research into the existing body of knowledge in the subject area (Saunders et al. 2007). The chosen research area can be argued to be surging, characterised by little evidence available. It is arguably a unique area in which a gap of research evidence has been identified through literature review; the need for the management discipline and others to learn from this unique group of entrepreneurs; and the European Union enlargement makes it a worthwhile topic to study.

Blumer (1954) argues strenuously against treating concepts in terms of fixed empirical referents which are then applied to the real world. Whilst this can be argued as an argument for applying qualitative research methods to this study, the use of quantitative research method has been considered to be appropriate in order to gain wider understanding of this exploratory subject topic. The researcher chose the use of a questionnaire with pre-coded questions in order to increase the internal and external validity of the research. In the real world variables may not be controlled, therefore it is paramount to remove the artificiality of findings and make it possible to generalise findings to situations beyond it (Gomm, Needham and Bullman, 2000). While this may appear to be an incredibly difficult tasks to achieve, the use of pre-coded questions allows quantitative research to achieve this relatively well in social sciences. The conceptual framework has been influential in deducing concepts that inform the hypothesis. Whilst the deductive process to research appears very linear (Bryman and Bell, 2015 pg. 24), Hawthorne Studies exploring the human effects of work and working conditions (Roethlisberger and Dickson, 1939) indicated how deductive research can produce unexpected findings.

Gomm et al. (2000) give an example of the success of physics and chemistry in producing knowledge with everyday applications that it does not come entirely from using the experimental method, but also from being able to transform the world so that what happens in the laboratory can be replicated outside it. It can be argued

that a deductive approach will enhance validity of the study results. Lincoln and Guba (1985) refer to the establishment of credibility, transferability, dependability and confirmability or neutrality as confirmation of *'truth value'* of a research study. A quantitative approach allows generalisability (Gilbert 2009, pg. 60) to be achieved which can be problematic to achieve in qualitative research.

The proposed research area can be argued to be complex and dynamic with little if any known data. The use of a survey questionnaire is an effort to explore and produce sound findings that would address the research question. This may not necessarily achieve repeatability for many reasons; one of which being that the findings may reflect reality at a time when significant world economies are in crisis and consequently the situation will ultimately change. This will arguably influence the findings of this research question and perhaps in much of other business doctoral research whose subjects/population may be affected by macro-economic changes. While this may appear as an excuse to lack of rigour in the research process, if anything, greater rigour has been applied in order to overcome the views of those who may be wedded to the value of qualitative research to the exclusion of any other approach (Easterby-Smith et al., 2002) in social sciences.

Quantitative research like qualitative research has philosophical assumptions that consist of a standpoint towards the nature of reality or ontology and how the researcher knows what they know, in other words the epistemology (Creswell, 2007). Other assumptions in quantitative research include the generalisability and role of values in the research, otherwise referred to as axiology, the language of research or rhetoric and the methods used in the entire methodology (Guba and Lincoln, 1988). What is even important in ontological issues relating to the nature of reality in quantitative research is its generalisability and repeatability research studies.

Eastern European small business owners are a diverse population and possibly their responses to the study questions may match their cultural diversity. While it may not be possible to capture explicitly multiple variables of individuals in a purely quantitative research, the methodology can allow explicit differences in experiences of subjects to be reported (Moustakas, 1994). This allows the researchers objectives

to be realised in identifying and reporting the multiple realities that possibly exist within the research population.

5.5.1 Sampling

The researcher chose the application of snowball sampling method in recruiting participants of the research.

Browne (2005) argues that snowball sampling is often used to research a population that is 'hidden' either due to low numbers of potential participants or the sensitivity of the topic under study. We can draw parallels to the research population with the former argument. Indeed it can be argued that the eastern European Small business owners could be viewed as a 'hidden' population to use Browne's (2005) term. This is mainly due to the fact that no established formal networks can easily be accessed; nevertheless a growing population which is still under-researched compared to the ethnic business entrepreneurs.

Employing individuals' social networks in order to access a 'hard to reach' research population allows exploration of otherwise untapped phenomenon (Faugier and Sageant, 1997, p.791). Biernacki and Waldorf (1981 p.151) define their chain referral sample as created through a series of referrals that are made within a circle of people who know each other. It can be argued that snowball sampling will provide a sufficient sample size as the population under study is likely to have social networks with other business owners of the same nationality. Valentine (1993c, p.114) argues that snowball sampling method allows recruitment of participants by 'contacting one participant via the other'. Although snowball sampling method has been used quite extensively (Bell, 1997), there are a few reflexive accounts of how it has been employed (Browne, 2005).

Terrance Chikurunhe, 2012, p. 4.

The application of snowball sampling allows the use of personal networks and friendships, similar to Biernacki and Waldorf (1981) who had a sample of participants some of whom were friends with each other. The researcher used small business community and online social networks to identify the targeted population. The political discourse around immigration from mainly eastern European countries and the impact on British economy generated the researcher's interest in studying the eastern European owned businesses.

Hendricks and Blanken (1992) argue that random sampling methodology within the general population is often not a viable option around topics that target a population whose parameters are unknown. An extremely large sample is needed to what is a statistically rare event; and also given the 'hidden' or 'low visibility' of some subject populations, surveys tend to miss out important segments because they are not easy to locate.

Snowball sampling method is useful in studying hidden populations for whom adequate lists and consequent sampling frames are not readily available (Fraugier and Sargeant, 1997). Hendricks and Blanken (1992) argue that if the aim of the study is primarily explorative, qualitative and descriptive; then snowball sampling offers clear practical advantages in obtaining information on difficult-to-observe phenomena. They also argue that the method provides an efficient and economical way of finding cases that may otherwise be difficult or impossible to locate or contact. Hendricks and Blanken (1992) also make a compelling argument in that snowball sampling makes it possible to explore statistically rare events with the potential of producing a rapidly growing database which would require enormous samples or other population surveys.

Whilst snowball sampling has been used in the study of sexuality and deviant behaviour, it can be argued that this method of recruiting participants in research can be effectively applied to other disciplines like business and management particularly where the topic under study is perhaps sensitive, where participants would be unwilling to come forward or unknown.

The disadvantage of snowball sampling method is that it can be viewed as a biased sampling technique because it is not random and it selects individuals on the basis of social networks (Birnacki and Waldorf, 1981; Baxter and Eyles, 1997; Faugier and Sargeant, 1997). The chosen topic presents a challenge in relation to a mismatch between financial resources and the extensiveness and complexity of methods necessary to obtain a substantial sample of the target population. Susan Welch (1975) argues that this difficulty may arise when the target population is rare and thinly dispersed among a larger population.

In such a scenario Heckathorn (1997) argues that the researcher must decide whether to drop the project if a random sample cannot be approximated, thereby sacrificing whatever substantive knowledge that research would yield; to adopt a research design other than a survey, thereby gathering only limited information; or adopt a less statistically pure sampling design and try to gather as much substantive information as possible, but with the consequent problems of estimating sampling, error and reliability of results. It can be argued that the last option may yield interesting substantive findings, but nagging doubts about the reliability of the sample will remain. Goodman (1961) suggests a possible way of handling this dilemma of a proportionately small target population as being to choose interviewees by a "referral" method otherwise known as snowball sampling.

Heckathorn (1997) argues that applying the snowball sampling method inevitably brings its own kinds of biases that one might assume which are as follows:

- ❖ Under-sampling isolated members of the community and over-sampling those with more extensive contacts and acquaintances;
- ❖ Probable biases in the educational, social class, and income level of the respondents since people with higher education and income are more likely to have wider circles of friends and greater participation in various organised groups; and
- ❖ Those whose views may be unpopular within the community are also likely to be under sampled.

There are ways of minimising these biases and it can be argued that the amount of bias appears to be inversely related to the proportion of the target population interviewed. Heckathorn (1997) argues that if the sample is quite small, the possibility of interviewing only persons within one friendship network of the population seems large; as the sample size grows, however, other networks will be found and probably interviewed although the problem of isolated members remains.

Whereas quantitative designs use 'representative' sampling strategies to make inferences about a whole population, qualitative sampling designs are 'non-generalisable', but provide maximum theoretical understanding of a social process (Faugier and Sargeant, 1997). Faugier and Sargeant (1997) argue that much literature on snowball sampling may have failed to emphasise the labour involved. One may argue that it is important to recognise that the researcher must actively develop and control the sample's initiation, progress and conclusion. Hendricks and Blanken (1992) argue that the rigour in constructing the sample is essential in this form of research, especially considering the potential pitfalls ascribed to theoretical and practical level. Biernacki and Waldorf (1981) use snowball sampling method in their study of ex-heroin addicts and identified the following methodological problem areas to be addressed:

- ❖ Finding respondents and starting referral chains;
- ❖ Verifying the eligibility of potential respondents;
- ❖ Engaging respondents as informal research assistants;
- ❖ Controlling the types of chains and the number of cases in any chain;
- ❖ Pacing and monitoring referral chains and data quality.

Black and Champion (1976) emphasize the advantage of snowball sampling method as being extremely helpful in studying small social organisations such as small businesses or industries. Becker (1963, pg. 46) argues that snowball sampling applies effectively in studies

where there is no accessible sampling frame for the population from which the sample is to be taken and that the difficulty of creating such a sampling frame means that such an approach is the only feasible one. Bryman (2008, pg. 185) argues that snowball sampling must not be used within a quantitative research strategy, but within a qualitative one.

Terrance Chikurunhe, 2012, p. 6 – 8.

5.5 Questionnaire Development

One of the main advantages of an self-completion questionnaire is that a large population can be surveyed relatively cheaply (Gilbert, 2008 pg. 185). It is also arguable that completing the questionnaire can be done at a time convenient to the respondent. However, Gilbert (2008, p. 186) suggests that the response rate may be dependent on a number of factors which include the subject matter of the survey, target population, the recipient's perception of its value, and the ease of completion of the questionnaire. In order to test the effectiveness of the questionnaire, the researcher piloted the questionnaire to a target audience of five eastern European small business owners before undertaking a full survey.

The chosen population may present a wide ranging population and may present challenges in getting the wording right in the questionnaire. Gilbert (2008) suggests that the questionnaire wording should not appear too simplistic for some as this may only insult their intelligence. More importantly it must also not be too sophisticated for others as this will only serve to discourage others from completing the questionnaire. Gilbert (2008) also argues that the main disadvantage of postal questionnaire relates generally to low response rate. In order to encourage high response rate the researcher committed to personally deliver and collect all the questionnaires where possible.

5.6.1 Questionnaire Design

It can be argued that getting the right type of questionnaire, effective and fit for purpose is a challenge that most the researcher encounter. The criterion in Figure 5.3 was used in setting both the structure and sequencing of the questions in the questionnaire. The author used a number of suggestions from Gilbert (2008) and Dillman (1983) in formatting the questionnaire as presented in Figure 5.3 below:

Figure 5.3 - Criteria for Formatting an Effective Research Questionnaire

- ❖ The Questionnaire should be no more than six sides of paper (usually A4) and should take less than 30 minutes to complete.
- ❖ Questions should flow with each question arising logically from the one before.
- ❖ Unpredictable ordering of questions may frustrate respondents and make the study appear ill considered.
- ❖ Best to begin with simple and easy questions that are non-threatening.
- ❖ The interest of the respondent needs to be engaged and maintained
- ❖ Questions concerning background and socio-economic data are best asked at the end.
- ❖ Where possible closed questions should be at the beginning, where responses can be ticked, rather than open questions which may require considerable thought to be given by the respondent.
- ❖ Attractive and easy to read font should be used preferably on a coloured paper.
- ❖ A note of thanks should be placed at the end of the questionnaire expressing appreciation.
- ❖ Identifier numbers should be used if it is felt that the respondent will not feel threatened by them for tracking response of auditing returns.
- ❖ Number each question and provide clear instructions throughout, and if necessary provide illustrations.
- ❖ An attractive layout is likely to enhance response rates.

Source: Adopted by Author from D.A. Dillman (1983) and N. Gilbert (2008)

We use some of the guidance from literature to structure the questions in the research questionnaire. In structuring what questions to include in the questionnaire, the researcher uses the literature review as the bases for establishing hypothesis which then informed the questions in the questionnaire (**Appendix 1**).

Question 1; 2, 8 and 9

These questions were structured to ascertain when the business was set up⁷. The questions will give indication of whether the enlargement of the EU particularly into eastern Europe in 2004 and 2007 have had an influence in business setup. The questions also allow us to observe whether there is a distinctive phenomenon in terms of business types and industry focus. These questions will present an opportunity to find out whether the respondents are staying in typically ‘traditional

⁷ See appendix 1 for full questionnaire

industries' like retailing or there is a distinct shift towards other types of industries. Furthermore the questions explore whether the respondents intend to grow their business either within the industry or into other areas.

Question 3, 6 and 17

These questions explore the reason(s) behind starting a business in England and Q17 also explores the future plans of the business owner. The literature has indicated that this could be as a result of a number of reasons including social marginality (Stanworth and Curran, 1976). These questions allow the researcher to identify the narrative behind business formation by eastern European business owners in the West Midlands.

Questions 4; 5 and 7

These questions are designed to answer the funding aspects of small business formation. Literature has shown that ethnic minority businesses have difficulties in accessing finance (Curran and Blackburn, 1993; Jones et al; 1994; Smallbone et al; 2003). Clustering of ethnic minorities has been found to provide networks for raising financial resources (Bates, 1994; Waldinger, 1995; Levie, 2007). In view of these literature arguments, it is therefore important to test whether this phenomenon applies to the eastern European business owners.

Questions 10, 11 and 12

These questions explore the reasons behind migrating and setting up of business in England. For the eastern European migrants, the researcher will establish whether the expansion of EU has had an effect on migration as well as entrepreneurship or the decision to become one. Q11 should highlight if the respondents are pre2004 migrants or after. The literature has shown that many other ethnic minority immigrants apart from South Asians are still under-researched in UK (Levie, 2007). Q13 allows the researcher to develop what age groups of eastern European entrepreneurs own businesses in England. GEM (2009) UK report indicated that the

peak age for entrepreneurial activity in UK was 35 – 44 years, same as 2008; with 18 – 24 year olds entrepreneurial activity rates almost as high as 35 – 44 year olds.

Question 14

This question explores the level of education of eastern European business owners in UK. The literature shows that most UK immigrants are economic migrants (Williams et al., 2004) and that the country attracts highly educated individuals as well as poorer less educated individuals through mainly family connections (Buchel and Frick, 2000). While this may be the case there is scarce evidence to indicate which of the two groups will end up owning businesses. The UK GEM Report (2009) also highlight that social entrepreneurial activity was thoroughly linked to education levels; identifying graduates as being almost six times more likely to be entrepreneurs than those who left school early (4.1% versus 0.7%).

Question 15 and 16

These two questions will give an indication on the size of business owned. Storey (1994 p.81) argues that there is no 'single uniformly acceptable definition of a small firm'. Definitions built on objective measures of size relating to numbers of employees, sales turnover, profitability and net worth bare no consistency. However, we adopted the European Commission's definition for what is termed as Small and Medium Enterprise (SME) which has been discussed in the literature review. Question 16 will make it possible to distinguish under the following criteria:

- ❖ Micro-Enterprises – enterprises which employ fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed 2 million euro.
- ❖ Small Enterprises – enterprises which employ fewer than 50 persons and whose annual turnover or annual balance sheet total does not exceed 10 million euro.
- ❖ Medium Enterprises – enterprises which employ fewer than 250 persons and which have either an annual turnover not exceeding 50 million euro, or an annual balance sheet total not exceeding 43 million euro.

5.7 Implementation and Practical Challenges

The original strategy for the data collection was to carry out in-depth interviews but instead the researcher chose the use of a self-completion questionnaire. When the questionnaire was piloted, it proved effective in that it allowed respondents to self-complete and on other instances the researcher could also complete the questionnaire. What also became apparent during the pilot stage was that some preferred to have questionnaires left and for the respondents to complete them at their own time. It became essential to ensure that the questions were structured in such a manner that will be interpreted in a universal way (Robson, 2002). The researcher was not confident about the level of English reading and writing skills that the target population possessed but this did not become an issue in the data collection as initially feared. This was important in trying to maximise returns and also to allow the respondents to have a choice on what they felt comfortable doing, which is, responding there and then or preferring to complete a questionnaire at a time of their convenience. As would be proved by the returns, the vast majority self-completed the standard questionnaire (**Appendix 1**). A consent note was also developed (**Appendix 2**) which introduced the topic and the purpose of the research study as well as a request for a signature to indicate consent. The researcher wanted to address all ethical concerns and to ensure that the research process met the strict university standards. The research was presented to the Birmingham University's ethics committee and full approval was given. There was assurance that no person identifiable information would be collected as part of the research and to an extent the respondents acknowledged this by the number of fully completed questionnaires returned. The researcher also provided self-addressed envelopes with the University address and prepaid postage. This made it easy for respondents who opted to have the questionnaires left and wanted to post them rather for the researcher to come back and collect. This proved successful as other business owners took additional self-completed questionnaires for their friends and business colleagues.

In carrying out the main data collection, the researcher recalls approaching the first Bulgarian business man in Birmingham who was known to his wife. The research topic and purpose was explained and the entrepreneur who owned a security

company agreed to complete the questionnaire. He also offered to signpost and to share some of his eastern European businessman contacts. This was the beginning of the snowball sampling method and the researcher was encouraged by the early indications. As argued by Gilbert (2009) snowball sampling involves contacting a member of the target population and asking them whether they know anyone else with the required characteristics and in this case entrepreneurs from eastern European countries. What also proved useful was the use of the university address and prepaid envelopes with which some entrepreneurs used to send back their responses. It can be argued that this alternative approach offered additional reassurance to other respondents that indeed this was a university supported academic research.

The first fifty responses were gained over a period of three months and as a part-time student, the researcher was encouraged by this progress. However, after this encouraging first group of responses the target population seemed to have stopped signposting and progress stalled. This was worrying because the researcher and his supervisor had agreed a sample size of at least 100 respondents of the target population and the returns were just over fifty. The researcher tried approaching the community centres where eastern European migrant groups meet and congregated but this did not offer much progress. The next significant break was an article produced by a Shropshire freelance reporter on the work that was being done by Wychavon District Council in Worcestershire in supporting east European small businesses which was published on a BBC website. The researcher managed to contact the freelance reporter who gave a contact of a Local Council Officer co-ordinating this project work. The outcome of a meeting held in a coffee shop in Worcester town centre between the researcher and the business development Council Officer not only yielded over forty more responses but it was also to become a research partnership and a friendship.

Planning and effective organisation proved crucial to the success of the primary data collection. It quickly became clear that it was critical to ensure that there are plenty more copies of the research summary and consent, the questionnaire, envelopes and postage when meeting an entrepreneur. This was essential because in a lot of cases, the business owner approached would know a friend or an associate who

may be in a position to complete the questionnaire. The researcher argues that there is also value in having a genuine interest in the research population as well as their business interests when meeting them. The researcher felt that snowball as a data collection research method also requires the application of good personal skills and a genuine interest about the research topic.

5.8 Research Questions and Methodology summary

In this chapter the researcher discussed and analysed the research methodology, some key considerations and the reasons for applying the chosen research method to this study. The researcher has explored Frankfort-Nachmias and Nachmias's (1992) argument that the scientific methodology is essential to sound research and is a system that is neither closed nor infallible. Recognition of the challenges around validity in terms of sample size and methods used has been explored. Reliability of research is another challenge that emphasises the extent to which a measuring instrument can be said to be containing variable errors.

A discussion on the challenges of carrying out a quantitative research in the interpretation of social reality has been explored. The researcher also explored the fact that analysing quantitative data involves a demanding process and Yin (2003) warns that it should not be regarded as an 'easy option'. Marshall and Rossman (1999) gave a cautionary advice that data analysis is one of the issues that should be considered at the time of formulating a proposal for a research methodology.

It can be argued that while a viable sample size can be anticipated, in reality this may not always be possible due to the complex nature of the research population and the topic chosen. The researcher was conscious of the possibility of this being the case on the chosen topic but determined to carry out the research study. Due to the little known information of this research topic, the researcher did not initially set out an explicitly defined sampling unit.

In this chapter we have also explored issues concerning epistemic validity, a concept which has to do with what can be deemed as warrantable or acceptable knowledge.

Quantitative research methods are typically taken to be the standard format of research in research textbooks, particularly those published prior to the mid-1970s (Alan Bryman, 2006). We have observed that the inability of qualitative research methods, like participant observation, in conforming to the canons of scientific methodology led it to being accorded inadequate attention. Whilst the chosen topic requires investigation into a unique population which apart from analysing what may be viewed as 'quantitative movements', there is also a great need to capture the qualitative differentials which will supply rich data as to the reasons for the development of the current status quo. In order to achieve these elements, the researcher piloted the self-completion questionnaire to ensure collection of rich data.

The research design has been explored as well as its implication and importance to the soundness of the findings. Bogdan and Taylor (1975) argue that research design is not simply the methods such as data collection, analysis and report writing but refers to the entire process of research from conceptualising a problem to writing the narrative. The chosen study is an exploratory analysis of the factors associated with eastern European entrepreneurship in the West Midlands. The nature of the study allows the researcher to adopt a social constructivism view by seeking to explore the factors associated with the eastern European entrepreneurship in the UK. Having chosen a deductive approach in trying to gain the findings to my research topic, it is effective to use a self-completed questionnaire for data collection in gaining an understanding of the research problem (Saunders et al. 2007).

The chosen data collection method is primarily intended to increase the internal and external validity of the research. In the real world variables may not be controlled, therefore it is paramount to remove the artificiality of findings and make it possible to generalise findings to situations beyond it (Gomm, Needham and Bullman, 2000). While this may appear to be an incredibly difficult task to achieve, quantitative research can achieve this relatively well in social sciences.

The researcher also discussed the application of snowball sampling method in recruiting participants for this research. Browne (2005) argues that snowball sampling is often used to research a population that is 'hidden' either due to low

numbers of potential participants or the sensitivity of the topic under study. The author can draw parallels to this research population with the former argument. Indeed it can be argued that the eastern European Small business owners could be viewed as a 'hidden' population to use Browne's (2005) term. This is mainly due to the fact that no established formal networks can easily be accessed; but nevertheless a growing population which is still under-researched compared to indigenous business entrepreneurs.

In conclusion, this chapter explores different arguments that have been presented by literature on methodology. We have explored the strengths and weaknesses of quantitative as well as qualitative research methods. However, we have also presented our justification for choosing a quantitative research method and the limitations that it may present. We also discussed how the questions have been framed within the questionnaire used and what we have tried to extrapolate from each individual question on the survey questionnaire.

CHAPTER 6

6.0 The Research Findings and Analysis

Introduction

This chapter presents the empirical findings from the data collection undertaken by the researcher. The questionnaire survey approach allowed respondents to complete it at a convenient time of their choosing as well as allowing some to have the researcher annotating their responses. This approach to collecting data made it possible to achieve a sample size of one hundred and five eastern European entrepreneurs over a six months period of fieldwork. This chapter also presents an analysis of the findings of the research. The study presented an opportunity to understand some of the key elements associated with east European entrepreneurial activity in the UK. The research geographical area covered mainly the West Midlands region of England and a few respondents from outside the area. The use of snowball research method enabled referrals and signposting by the targeted research population of east European small business entrepreneurs. In this research SPSS data analysis functionality was used to aid the analysis of research data. Originally referred to as the 'statistical package for the Social Sciences', Mayers (2013) argue that SPSS has since evolved to cover more disciplines other than its roots.

In this study we observed a research population that resemble an even gender distribution close to an even split. The 105 east European small businesses researched, 46% are female and 54% are male owned. It can be argued that this level of distribution presents a sound base to study east European owned small businesses in England for both male and female entrepreneurs.

6.1 Sample Description

The survey questionnaire (Appendix 1) was piloted between October and December 2011 to test out its efficacy and the quality of data that the researcher would collect. Following the submission of the pilot questionnaires, collected data and feedback indicated that the question on annual turnover needed reconfiguration. What became immediately evident was the fact that some entrepreneurs preferred having the questionnaire to fill it in at their own convenient time. Others preferred an interview styled set up whereby the researcher would ask the questions on the questionnaire and annotating responses as they were given. In some cases the respondents asked for the questionnaire to be left and to be collected on a different day or alternatively send by post using a prepaid envelope.

The main data collection was done between February and August 2012. All the participants were of east European heritage who owned functioning businesses in and around the midlands. The researcher did not cite the towns where the businesses were set-up but the majority of the respondents came from Birmingham City and Worcestershire. This was an observation which was made by the researcher during fieldwork. In the main, the research area covered mainly the Midlands area of England and a few respondents who live in London. The use of snowball research method also allowed the researcher to get referrals and signposting towards the target research population of east European business owners.

The sample representation statistically suggests a normal distribution curve on both gender and age groups. This indication can be argued to present the researcher with an opportunity to analyse the observations and present validated findings from the data given that there is neither positive nor negative skewness on both age and gender as indicated in **Figure 6.1** below. An analysis of the age distribution of the participants indicates that the majority of east European business entrepreneurs are of the age group ranging between 26 to 45 years of age representing 83% of the whole research population of 105 participants. Also the greatest proportion of male entrepreneurs who participated (51%) in the research were in the age group 36 to 45 years of age.

Figure 6.1 Research Population Frequencies and standard deviation



However, for women the highest proportion is the much younger age range of 26 to 35 years accounting for 50% of the female entrepreneurs. Whilst this may have been the case, the referral method used in this research must be considered in determining the representativeness of the cohort wider population. The age group 36 to 45 years of age is the second largest group of female entrepreneurs in the research population amounting to 37.5% of the total female respondents. For male entrepreneurs the age group 26 to 35 years represents the second largest with 30% of the total male respondents in the category. These differences present an interesting observation in terms of activity and business. For both male and female, the smallest number of entrepreneurs fall in the age group of 56 and over in this study.

6.2 Description of Data

6.2.1 Profile of Entrepreneurs

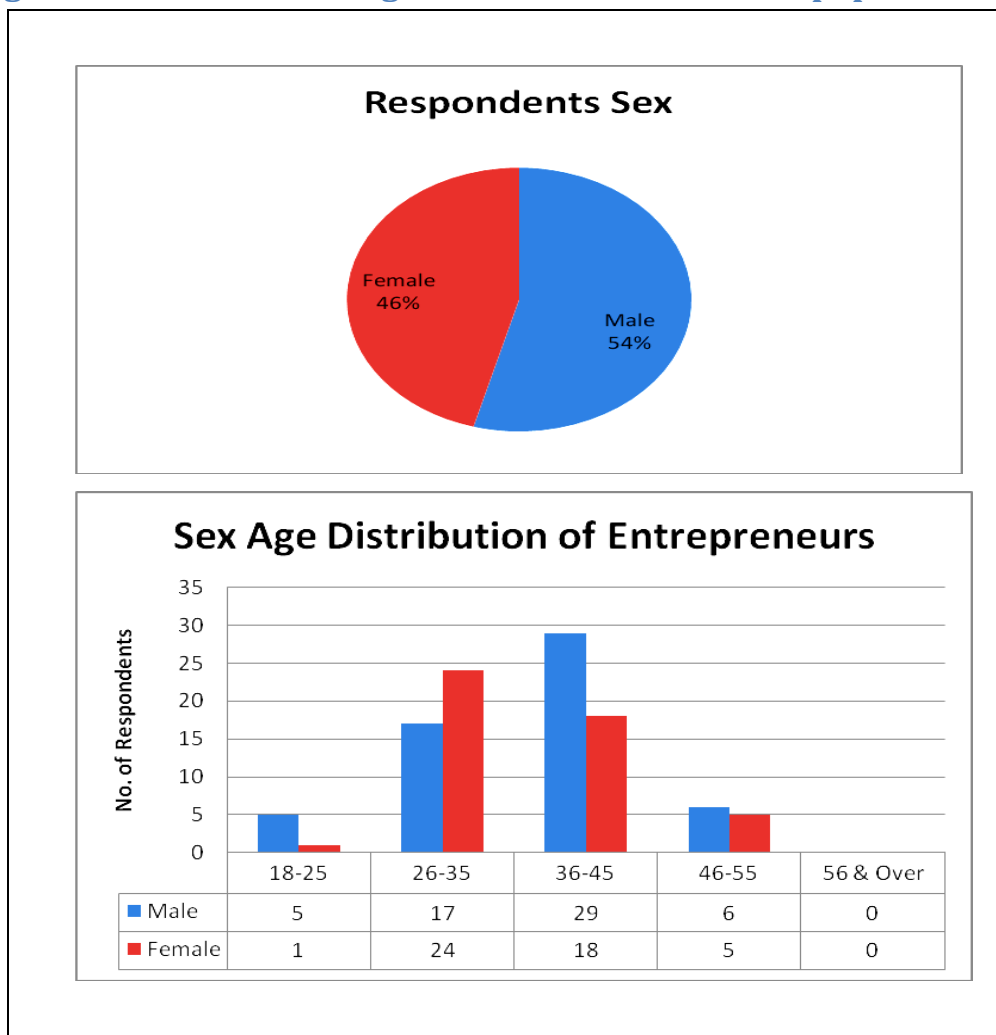
Question 13 addresses the gender distribution of the research respondents. The sample was close to an equal split and of the 105 east European businesses

researched, 46% were females and 54% were male owned. This distribution shows that for east European owned small businesses in England there are almost as much women as are men in small business start-ups. However, serious consideration should be taken with regard to representativeness of snowball sampling method which was adopted in this research.

Question 13b of the questionnaire offers an analysis of the participants' age distribution. **Figure 6.2** below indicates the age distribution of the research participants. The majority of east European business entrepreneurs are of the age group ranging between 26 - 45 years of age covering 83% of the whole research population of 105 participants. What is interesting is that the highest numbers of male entrepreneurs 51% were in the ages 36 – 45 years of age. However, for women the highest proportion was the much younger age of 26 -35 accounting for 50 percent of the female entrepreneurs. Whilst this may be the case, the referral method used in this research must be considered in determining the representativeness of the cohort wider population.

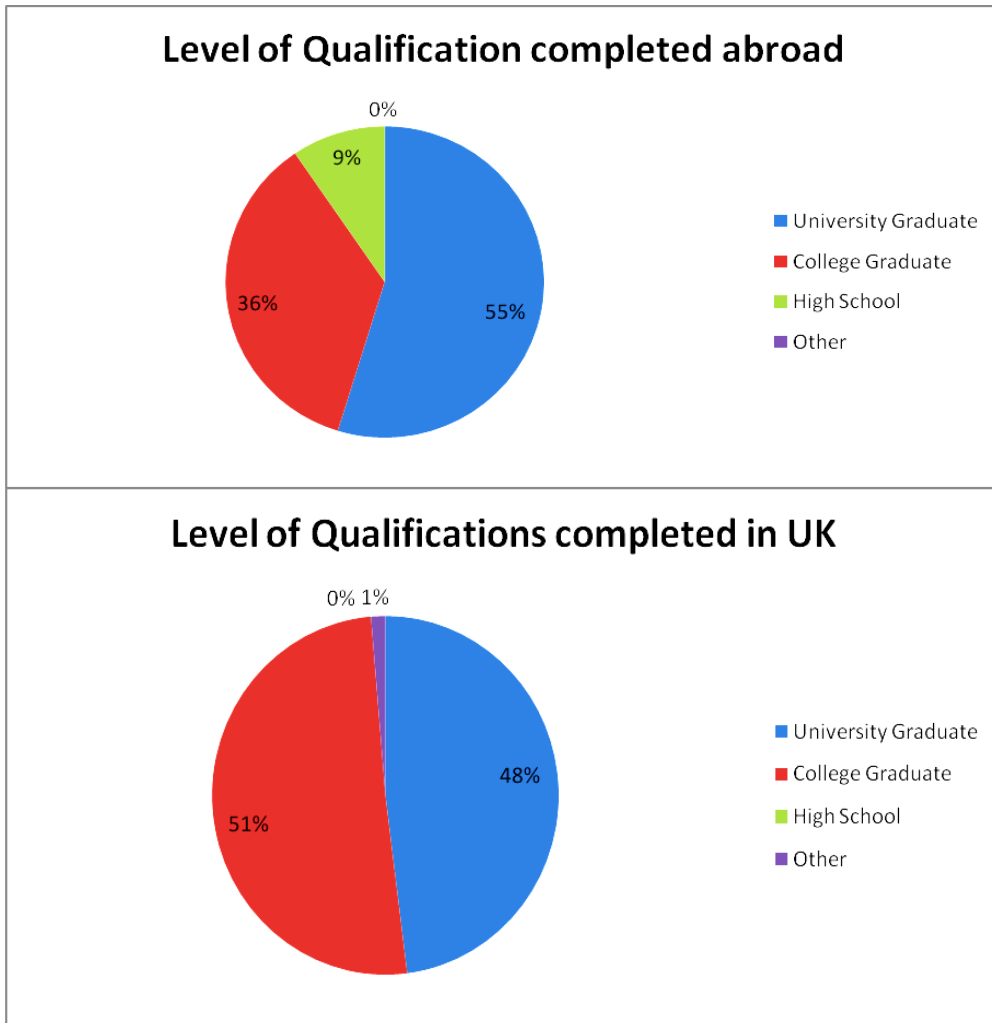
The age group 36 – 45 years is the second largest group of female entrepreneurs in the research population amounting to 37.5% of the total female respondents. For male entrepreneurs the age group 26 – 35 was the second largest with 30% of the total male respondents in the category. These differences present an interesting observation which requires further analysis to explain the variation in data. In both male and female the least cohort of entrepreneurs fell in the age group of 56 and over.

Figure 6.2 – Gender and Age distribution of research population.



Question 14a of the questionnaire addresses the level of educational qualifications held by the east European small business entrepreneurs. **Figure 6.3** indicates that 91% have received a college or university qualification and only 9% had high school level education. The evidence shows that 89% of the college and university degrees have been attained in UK and the majority have an additional qualification from their home nation. This may be indicative of the transferability of educational qualification from outside UK particularly in east Europe where the school system may be different and English is not the main language. The research presents a stark contrast to a study by the Bank of England (2004) on the finance of 2500 small and medium-sized enterprises which found that 29% of principal owners had no basic GCE Ordinary level/GCSEs or academic qualifications and only 23% had a university degree.

Figure 6.3 – Education Levels attained by eastern European entrepreneurs in England



Question 15 explores the business turnover of the small east European owned businesses in England and **Figure 6.4** below represents the distribution. The cohort with less respondents excluding those who did not declare, earned between 0 to 50,000 pounds. The largest group representing 36% of the total 105 small business who participated in the research earned between 50,000 to 100,000 pounds in annual turnover.

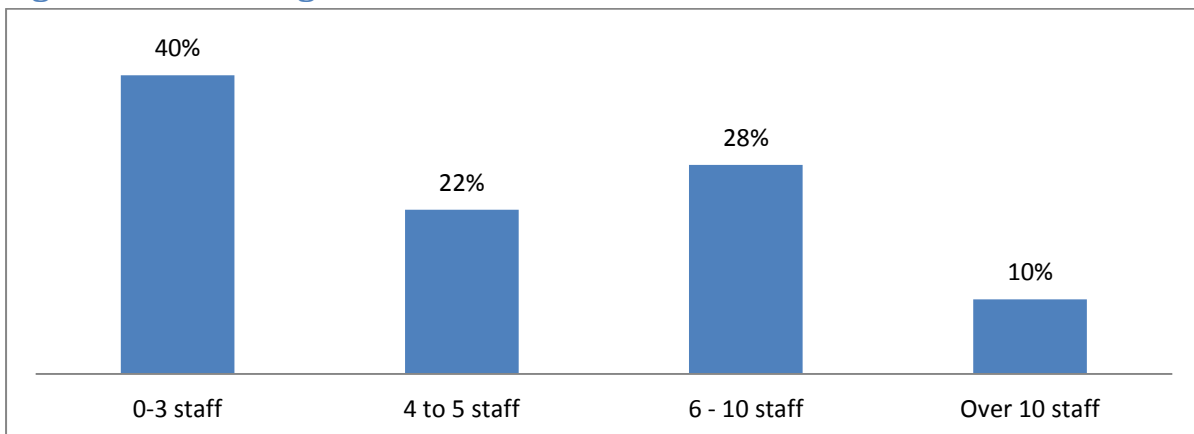
Figure 6.4 – Annual Turnover Distribution



6.2.2 About the Business

Question 16 addresses the level of staffing within the small businesses that participated in the research. The majority of the businesses employ up to ten workers accounting for 90% of all the 105 research respondents' businesses. Only 10% employ more than 10 workers as shown in **Figure 6.5** below.

Figure 6.5 – Staffing Levels within the small businesses researched



Question 1

The data indicates that the average number of years the respondents have been operating their businesses is just above four years. The data also indicates ten years of business operation to be the longest period that the respondents have been operating their business. The youngest business has been in operation for only a

year. All the business owners who participated in the research belong to the east European countries which joined the EU in 2004 and 2008.

Question 2

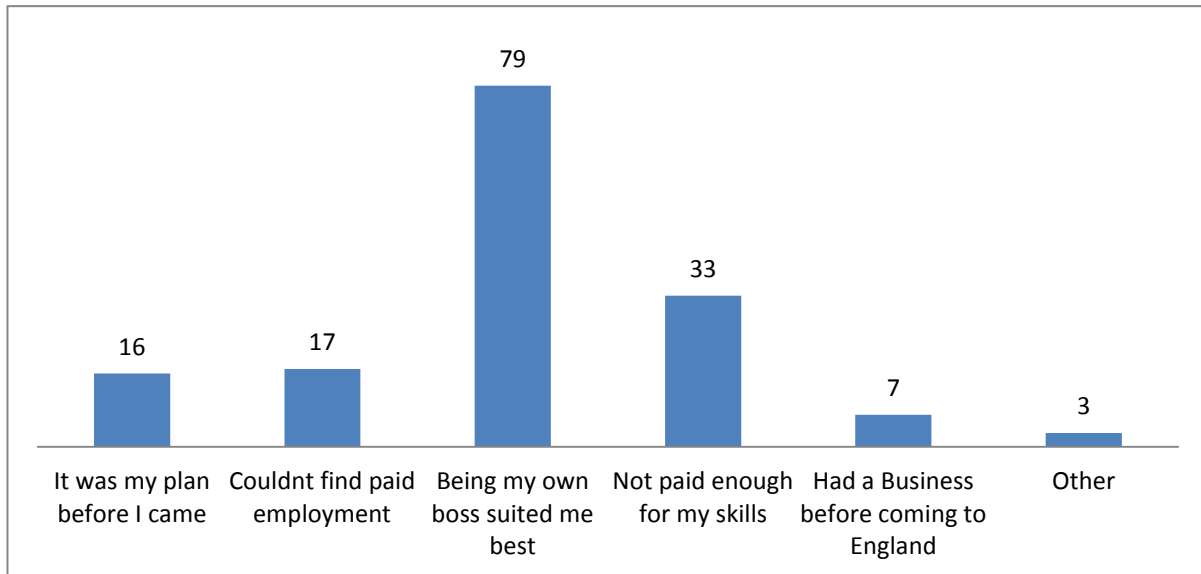
The research initial findings indicate that the majority of the businesses owned by the east European entrepreneurs belong to the tertiary sector of the UK economy. Findings also suggest an indicative shift from the more traditional service sectors of construction and food retailing to hospitality, for example, the beauty therapy industry by women and legal consultancy services. This may suggest what other the researcher have observed about inter-generational differences in new business activities by immigrants in UK (Ram and Smallbone, 2001) in terms of industrial focus. As noted in the literature review some commentators have argued that this is an area which deserves further research as some ethnic groups may remain focused on traditional sectors (Morawska, 2004; Williams et al., 2004).

Question 3 of the questionnaire aims to extrapolate the driving force behind entrepreneurial activity in the eastern European owned businesses in England. The greatest proportion of the respondents (75%) claim to have been driven into starting their own business by the need to be their own boss as reflected in **Figure 6.6** below. Of these 31% of the respondents pointed out that they were not paid enough for their skills in paid employment so they started their own businesses.

Interestingly 62.5% (10 of 16) respondents, who identified that they had planned to start a business before coming to England, also declared that they want to be their own boss and this is their incentive to start their own business. Out of the 17 respondents that claim not being able to find paid employment as a reason for starting their business, only 5 identified another variables as an incentive to start their own business. The rest 70% (12 of 17) respondents identified being unable to find paid employment as the sole reason for starting a business. On this part of the questionnaire, early indications suggest that there are multiple reasons why east European small business owners would engage in entrepreneurial activity. However, out of all the variables presented to the respondents as drivers or incentives for starting a business, initial data indicates that the need to become one's

own boss and being unable to find paid employment seemed to be the two main independent variables which have the greatest propensity to trigger entrepreneurship. The other three variables identified in Q3 of the questionnaire seem to have effect when combined with another variable. Of all the total respondents in the research, 54 people (51%) only identified one variable as the reason for starting their business.

Figure 6.6 – Motivation for starting a business (Q3)

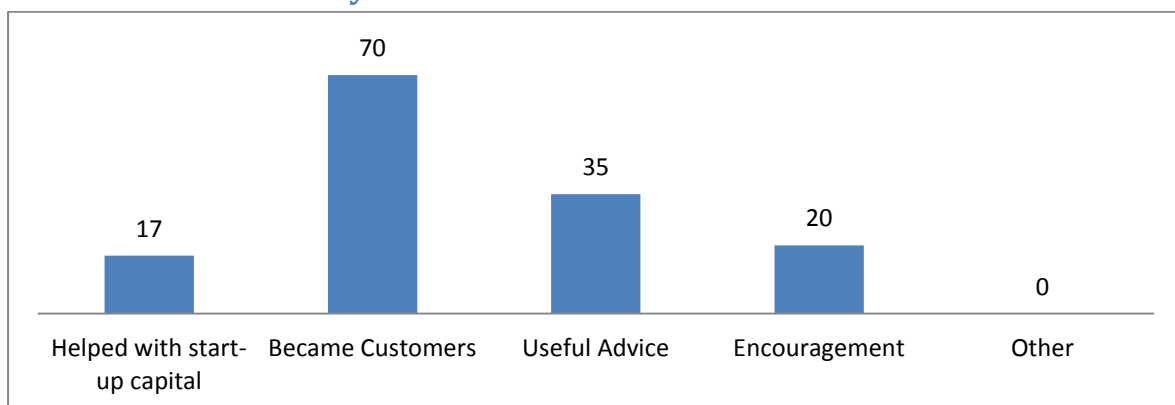


6.2.3 Network and Business Environment

Question 4 in the questionnaire explores whether entrepreneurs from east Europe live in a community with people of the same nationality as themselves. This question tests the hypothesis that migrant communities tend to live in clusters (Levie, 2007). Overwhelmingly 78% of the respondents live in mixed communities. Only 6% of the respondents lived in communities with no immigrants from their own countries of origin. The rest 16% lived in community with people of the same nationalities as themselves. This early analysis suggests that immigrant populations who are participating in small business enterprise prefer living in mixed communities as opposed to some of the studies that suggests clustering of immigrants. Levie (2007) suggests that the role of local clustering of ethnic minorities in promoting or inhabiting the propensity of ethnic minority and/or immigrant individuals to engage in new business activity deserve further analysis.

Question 5 of the questionnaire addresses the question of whether local communities in which the entrepreneurs live contribute to supporting the setting up of the business. Overwhelmingly 85% of the respondents agreed that their community had helped in one form or another in setting up their business. **Question 5b** explores further the nature of assistance that the entrepreneurs receive from their local community. The highest 67% of respondents found that their own communities become their customers. This early indication can be argued to be consistent with some of the academic research around clustering and migrant entrepreneurs (Levie 2007). However, the results of this research suggest a slightly different phenomenon which indicates communities with mixed ethnic groups being equally supportive of the new businesses by being customers. The rest of the respondents points to different support including receiving useful advice on the business; encouragement and emotional support; help in raising money; and other forms of support as shown below in **Figure 6.7** below.

Figure 6.7 – Benefits of setting up own business in communities with people of the same nationality.



6.2.4 Motivation and Constraints

Question 6 explores the reasons behind the entrepreneur’s choice into the type of small business they ventured into. The overwhelming responses by the research population point to two main factors as having worked in the same industry as an employee; and seeing an opportunity to start a business and taking it respectively.

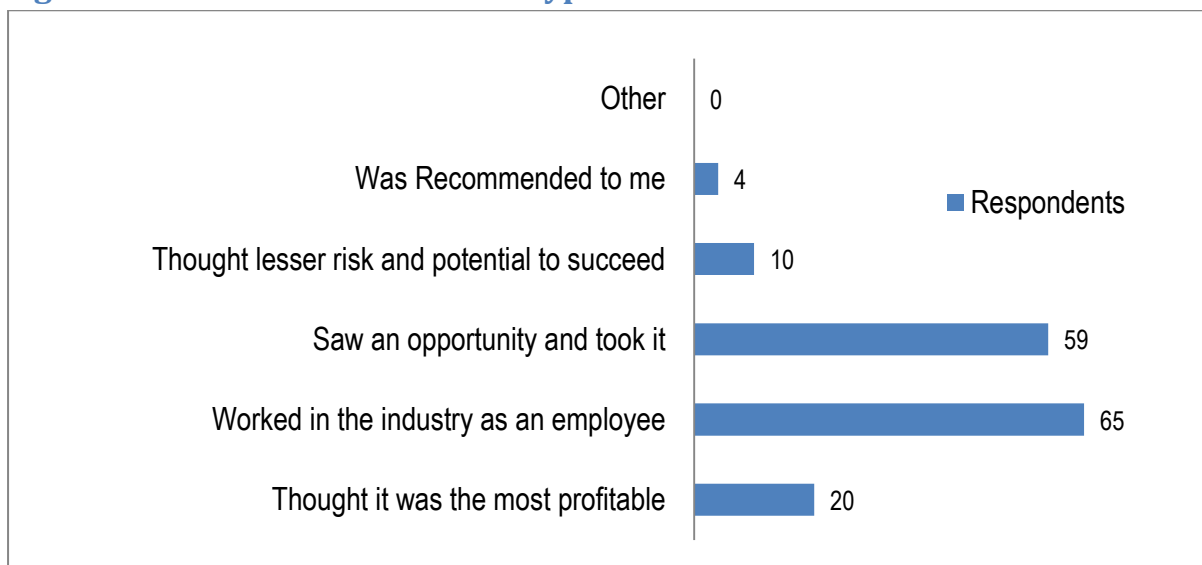
Figure 6.8 below represents an analysis of all the responses given. For this question the respondents also had the option to choose multiple responses. The

data show 16% of the respondents indicating that it is the most profitable business to start. The majority of entrepreneurs accounting for 67% of the total population went into the business they started because they had worked in the same industry as an employee.

One third of the research population indicated that they just saw an opportunity and seized it by setting up their own small business. Interestingly early analysis also indicate that 25% of the total research population (26 of 105), indicate that they made a decision to move into the type of business they chose because they had worked in the industry as an employee; and had also seen an opportunity and took it. Another interesting point to note from this is the fact that only 10% of the respondents started their chosen type of business because it is safer in terms of financial risk and potential to succeed.

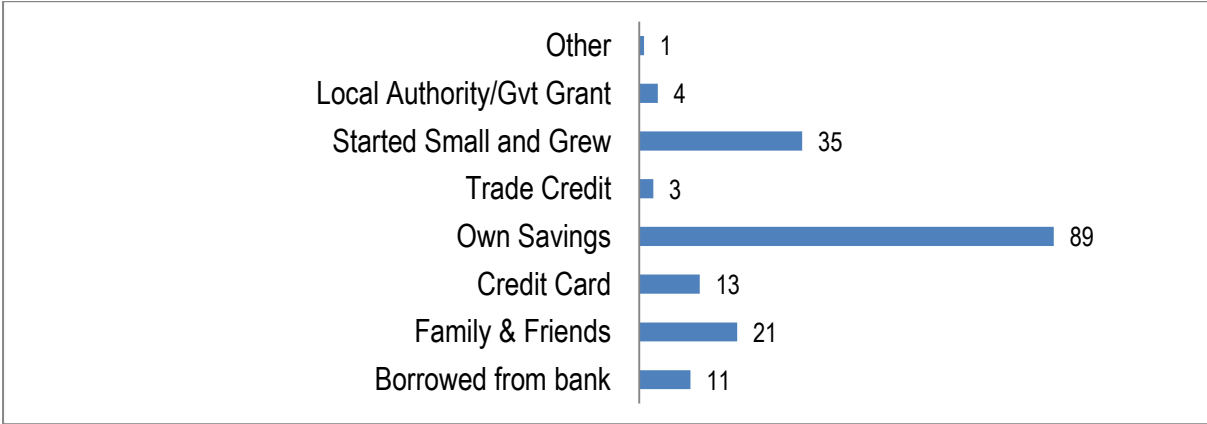
Given the pattern of responses on this part of the questionnaire by the research population, it may be the case that the east European small business entrepreneurs are not risk averse. Whilst the analysis of question two responses to the questionnaire indicated a shift away from the 'traditional' business sectors, responses to Question 6 indicate that only 4% of the total research population started the type of business they are running because it was recommended to them. Early indication of this analysis would suggest that 96% of the research population had chosen to be in those types of business sectors.

Figure 6.8 –Reasons for choice of type of business to venture.



Question 7 addresses how the east European small business owners raise capital to start their business. **Figure 6.9** below indicates that an overwhelming 85% (89 out of 105) of respondents raised their start-up capital using their own savings. The second popular source of capital representing 33% of the respondents is organic growth whereby the entrepreneurs start small and then grow the business overtime. It has to be noted that both methods have been jointly used by the small business owners participating in the research.

Figure 6.9 - Source of start-up Capital.



Other sources of capital are indicated in **Figure 6.9** above. Whilst using own savings appeared to be the main source for raising capital, most respondents also mentioned another variable, 10 out of 11 respondents who borrowed money from the bank also used their savings as a means of starting their businesses. The eleventh respondent borrowed from the bank to start up the business also used own credit card to finance the business. This suggests that the majority of respondents who participated in the research did not find the funds borrowed from the bank enough to meet their start-up requirements. Nevertheless this proportion of the research population is found to be able to access commercial banks to raise capital for their business start-up.

Responses also indicated that 14 of the 21 respondents who borrowed money from family and friends also used their own savings to start up their businesses. Only 5 out of the 21 respondents started their businesses solely from the money borrowed

from family and friends without any other additional capital input. Out of the 13 respondents 11 reported to have used their credit card to start up their business also utilised their personal savings to start-up their business. It can be argued that logic would suggest that they used their savings before supplementing with their credit cards. However, the reverse may equally be true in that they may well have used their credit cards and supplemented with savings to start up the businesses. Only three out of the whole sample of 105 respondents used trade credit to start-up their business but they all used their savings as well to finance their businesses.

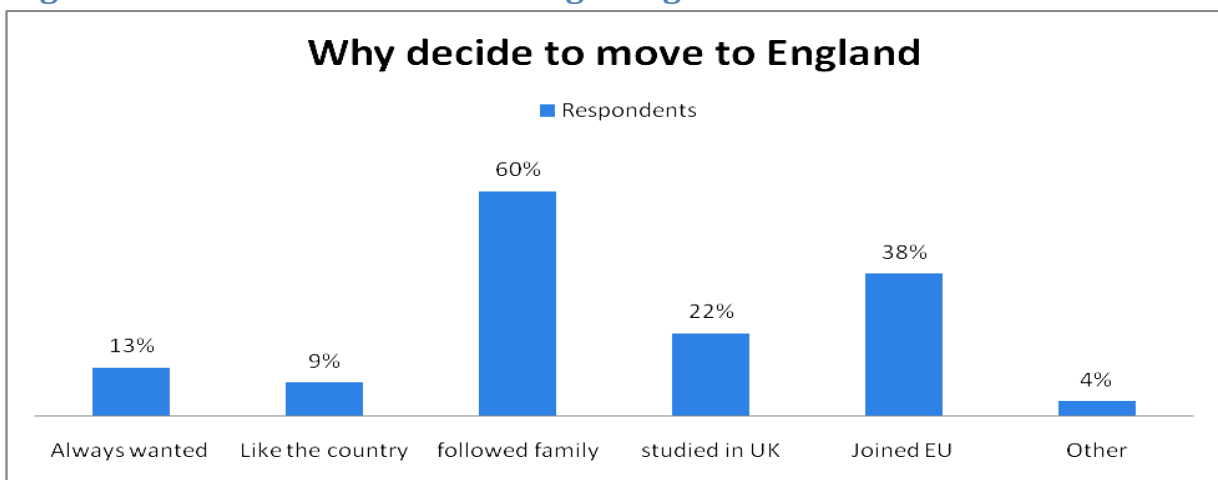
The majority of the 33% who confirmed starting small and growing their businesses used their savings to start-up. Although perhaps statistically insignificant when compared to the total sample size, there are four respondents who report using local authority or government grant. All four of them also used personal savings to fund their businesses as well. One may argue that the local authority or government grants may be a funding stream that east European entrepreneurs in this study are not familiar with or aware of. This is not an aspect that this research considered and perhaps this can be an area of further research and exploration.

Questions 8 and 9 explore the future business plans of the research population over a period of 3 years; considering if they want to start another business and if so they know whether it would be in the same or different type of industry. Overwhelmingly 86% of small business owners do not wish to start another business in 3 years and only 14% indicated that they want to grow the business. Interestingly of the respondents who indicated that they want to grow the business, 90% indicated that they want to develop new businesses that are not the same as the ones they are currently running. It can also be argued that the general negative prospects of starting another business may be indicative of the prevailing austere economic climate marked by small to marginal growth and higher levels of unemployment since the financial crisis which erupted early 2008.

Question 10 offers an opportunity to consider some of the factors behind immigration of east Europeans into United Kingdom and end up setting up small businesses. **Figure 6.10** below offers the responses given by the research

population. Most of the respondents identify following family as the most common reason for immigrating to UK, joining the European Union (EU) was identified as the second popular reason for immigrating. The third common reason given for immigrating by the east European entrepreneurs was that they had completed their studies in UK and had decided to stay. This appears to be an encouraging development particularly when the British government and indeed governments of EU member states are campaigning for more innovation and small business growth to encourage economic recovery post the 2008 financial crisis.

Figure 6.10 – Reasons behind immigrating to UK.



According to the research respondents, there are 3 main significant reasons as to why the east European small business entrepreneurs came to UK: 60% followed their families, 38% came because their country or origin joined the EU and 22% had done their studies in UK and decided to stay. Like most of the questions in this research, the respondents did not just point to one variable for moving to UK; instead most of the respondents attributed two or more variables as being the reason for moving to UK. Only 30% of the total research population (32 out of 105) identified only one reason immigrating and subsequently starting their own small business enterprise in UK. Responses show that 55% of the 40 respondents who came to England because their country had joined the EU had also come to join their family.

Interestingly 61% (14 out of 23) of the business owners point to the fact that they had completed their studies in UK and decided to stay. They did not point to another

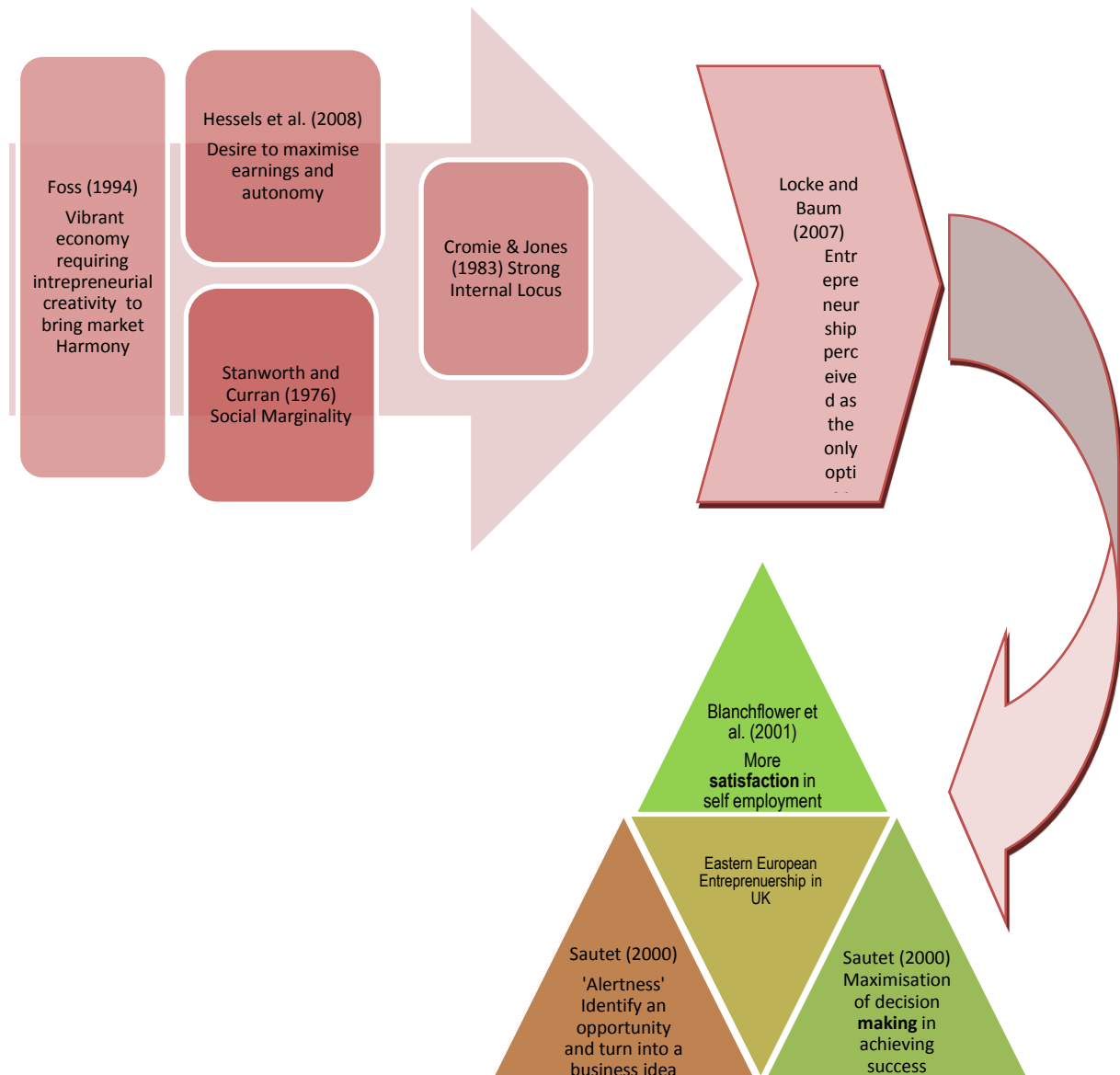
reason for coming to England but instead made a decision to start a new small business after completing higher education. In this observation one may argue that this is significant particularly in the current national political discourse where the debate on UK and EU immigration policy is very much in the public domain.

Questions 17 addresses the question on whether the respondents had intention of reducing or increasing their staff. 83% of the entrepreneurs reported that they were just looking at maintaining current staffing levels. 15% indicated that they were looking at recruiting additional staff. These statistics are perhaps indicative of the austere economic conditions that prevailed immediately after the 2008 financial crisis around Europe and the rest of the world economies. **Question 18** of the questionnaire gave a chance to the participants in the research to identify the biggest challenge they faced in setting up their business in UK. Paying business rent and rates, dealing with banks and raising capital emerged as the main challenges faced by entrepreneurs. The participants also listed a combination of variables that they faced as challenges in setting up their businesses.

6.3 Analysis of Research Findings

In considering the analysis of the research findings it is essential to remember the conceptual framework that was shaped by the literature review. The researcher developed the conceptual framework (CF) **figure 6.11** below to indicate some of the key proponents that are fundamental to this research. As discussed earlier in the thesis, the conceptual framework includes the arguments presented by Foss (1994) in that vibrant economies, such as that of UK, demands creativity by entrepreneurs in bringing some balance to market distortions. The conceptual framework also points to Hessels et al. (2008) who argue that people engage in business for the desire of maximising their earnings and at the same time to gain unimpeded autonomy. According to Stanworth and Curran (1976) this desire is further propelled by Social Marginality concept. They (*ibid*) argue that perceived marginalisation towards economic participation give rise to the need to succeed; pointing to the example of the Jews who have developed business skills and a culture at least partly in response to the discrimination which they experienced.

Figure 6.11 Research Conceptual Framework



Another argument that has been considered in the conceptual framework above is that of having a strong internal locus (Crome and Jones, 1983). As argued, indeed taking on the challenges and the risks of starting a new business demands some unique personal attributes. The conceptual framework also points to Blanchflower et al. (2001) who argue that self-employed individuals are more likely to be satisfied with their jobs. The literature review indicates the dynamism in the UK economy (Foss, 1994; Barker et al. 2007) which creates entrepreneurial opportunities. Identifying an opportunity and turning it into an effective business idea demands what Sautet (2000) refers to as ‘alertness’. In this research we have also used the

conceptual framework in shaping the data analysis and to address the three research questions:

- d. What are the drivers for engaging in entrepreneurial activity by eastern European small business owners?*
- e. What are the personal characteristics that define eastern European entrepreneurs in UK?*
- f. What sources of business finance do eastern European small business owners have access to?*

6.4 Factors Driving Entrepreneurial Activity

In terms of motivation to start a business, we observed that the greatest proportion of the respondents accounting 75% of the research population indicated that they had been driven into starting their own business by the need to be their own boss. About 31% of the respondents pointed out that they were not paid enough for their skills in paid employment so they started their own businesses. This observation can be argued to indicate that this of entrepreneurs who came to the UK to start a professional career but subsequently for one reason or the other did not progress or achieve a level that they deemed satisfactory. It is for this reason that they have started their own businesses to try and achieve the success they failed to attain as employed personnel.

This is consistent with the observations made by Hammerstedt (2001) study on the immigrant population in Sweden. Of the seventy nine respondents who form 75% of the research population identified being own boss as the main driver of becoming an entrepreneur; twenty four (30%) of them also identified not being paid enough for their skills as a driver or incentive. This observation follows the findings of the Barclays commissioned survey report (2000) which indicated that a large proportion of black business owners had cited lack of employment opportunities as being the key reason for starting a small business. Given the increasing hostile views (as explore earlier in this thesis) on immigrants and the often negative press on the subject, it is conceivable that this has had an impact on the immigrant population who may see starting their own businesses as a way of self-emancipation.

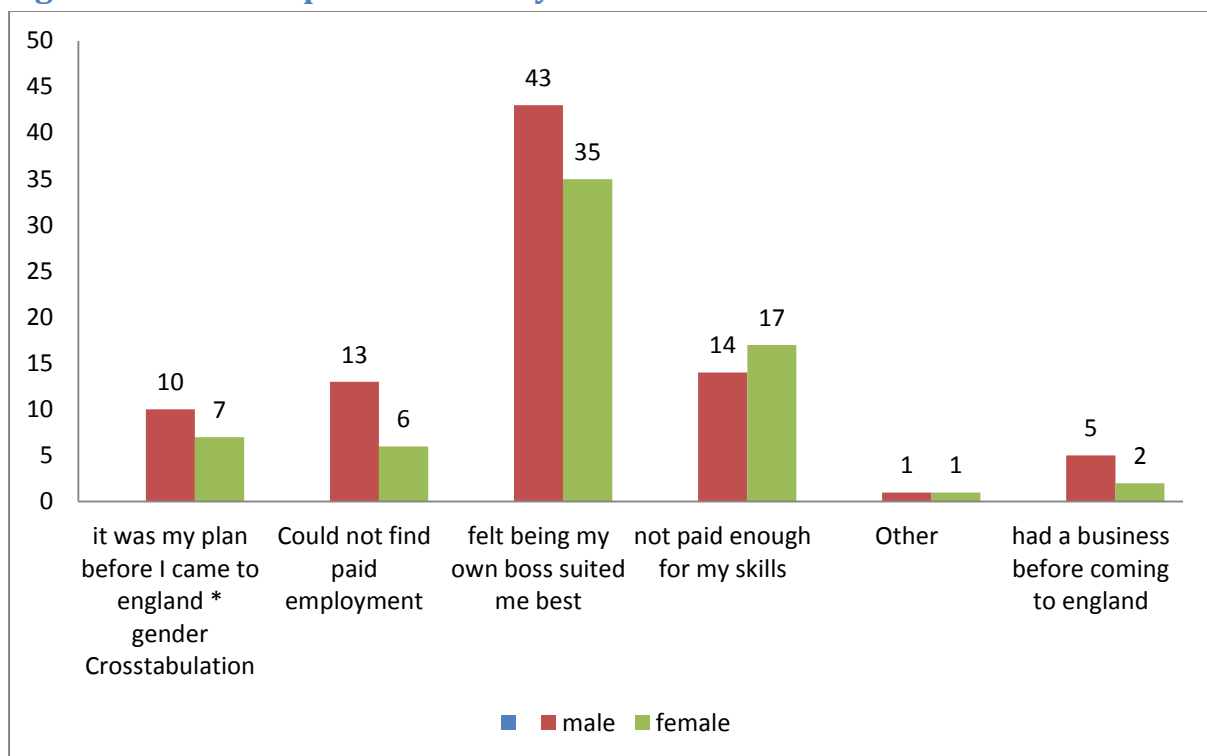
Interestingly 62.5% (10 of 16) respondents, who identified that they had planned to start a business before they came to England, also identified being their own boss as an incentive to start their own business. Out of the seventeen respondents that identified not being able to find paid employment as a reason for starting their business only 5 identified another variable as an incentive to start their own business. The rest 70% (12 out of 17) respondents identified being unable to find paid employment as a sole variable for starting a business. The 30% entrepreneurs of the sub-cohort identified starting a business as they had always pursued before coming to UK. This group of entrepreneur represents what we consider as the 'core entrepreneurs' who are perhaps not risk averse. They have left their own country to come to England for the sole purpose of starting a business. This group of entrepreneurs may be linked drawn to the UK's advanced economic structure that is defined by the rule of law, democratic institution and well developed infrastructure; all of which make the country attractive for business. This explanation is consistent with Bosma and Schutjens (2011) who argue that in eastern Europe, perceived entrepreneurial skills are fairly high but perceived opportunities for entrepreneurial activity are rather low which is an observation linked to the legacy of communism.

This study confirms that there are multiple reasons why eastern European Small business owners engage in entrepreneurial activity. Their motivation to engage in entrepreneurial activity is not driven by a single variable but a combination of variables. However, out of all the variables presented by the research population as the drivers or incentives for starting a business, data analysis does indicate that the need to become one's own boss and not being paid enough for possessed skills are the two main independent variables which have the highest propensity to trigger small business entrepreneurship. Our view is that these two variables follow the neoclassical argument, that business systems are merely mathematical formulas (Hughes, 1986) allowing the comparison of different expected present values of earnings from different employment possibilities. Becoming one's own boss and not being paid enough as reasons for starting a business suggests a considered decision on what would achieve the best outcome in terms of perhaps autonomy and financial gain. The other three variables identified in the study appear to have little effect although significant when combined with other variables. Of all the total

respondents in the research, 51% entrepreneurs only identified one variable as the reason for starting their business.

An analysis on the motivation of small business entrepreneurs indicate that greater proportion went into business because they felt that being their own boss suited them better and also the fact that they were not paid enough at the level they would expect for someone possessing their level of skills.

Figure 6.12 Start-up motivation by Gender

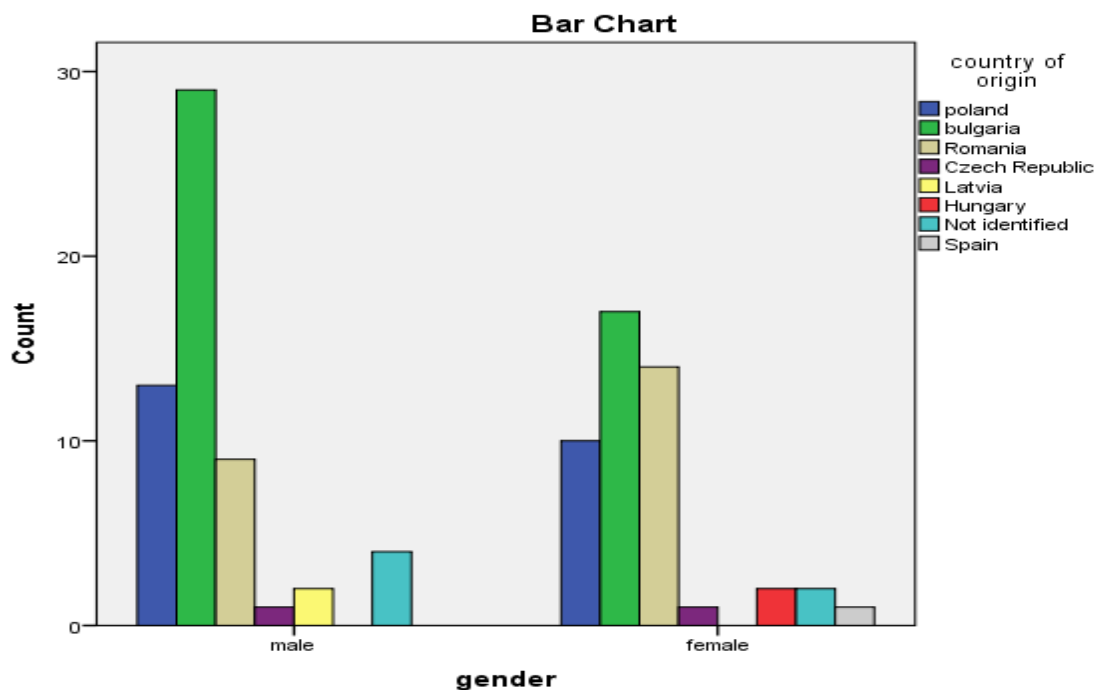


This study also shows that the gender differences between groups were statistically insignificant particularly if the differences in group sample sizes are considered. This observation is particularly interesting especially considering the argument made by Ibrahim and Galt (2011) that immigrant entrepreneurs are heterogeneous and are subjected to different economic and socio-cultural influences that are likely to force significant differences to occur. However, whilst the explanation above may be true, we believe the experiences of immigrants are undistinguishable on the grounds of gender and we argue that **Figure 6.12** above is reflective of this phenomenon.

6.5 Observed Entrepreneurial Characteristics

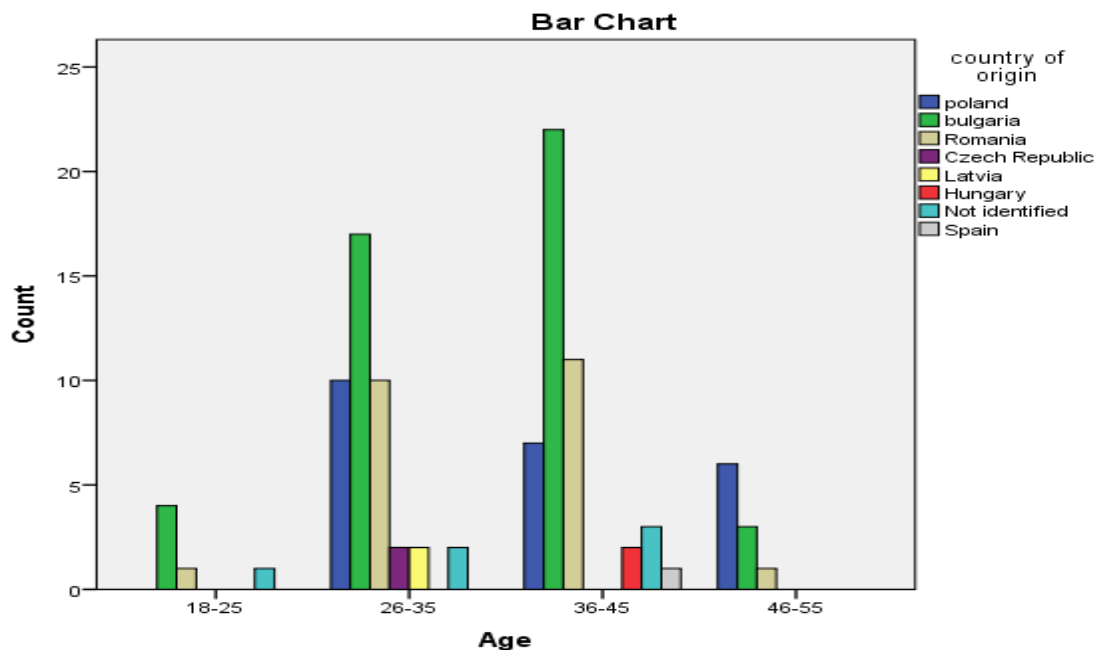
An analysis of the data indicates that for both males and females who participated in the research presented Bulgaria as the predominant nationality out of the possible six eastern European countries as demonstrated by **Figure 6.13** below. We argue that this may have been a consequence of the snowball sampling method used which relies on referrals within what Browne (2005) referred to as 'hidden' population. Overall there were more male small business entrepreneurs; but for Hungary and Romania, there were more female participants than male.

Figure 6.13 - Research Participants Nationalities.



In terms of age distribution we observed that the 26 to 45 age groups had the highest prevalence as compared to the whole research population as demonstrated in **Figure 6.14** below.

Figure 6.14 - Age distribution by country of origin.



This age range also includes the majority of entrepreneurs who have gone through university as well as those entrepreneurs who have gained trade experience. We can argue that a combination of education and experience in the 26 to 45 age range of eastern Europeans in UK contributes to successful establishment of small businesses. Whilst the researcher accepts that some would have immigrated as an adult, this particular age range suggests being the pick of entrepreneurial activity in eastern Europeans who settle in UK. These findings support the findings by Tamasy (2006) that persons between 25 and 44 years of age are the most active entrepreneurs.

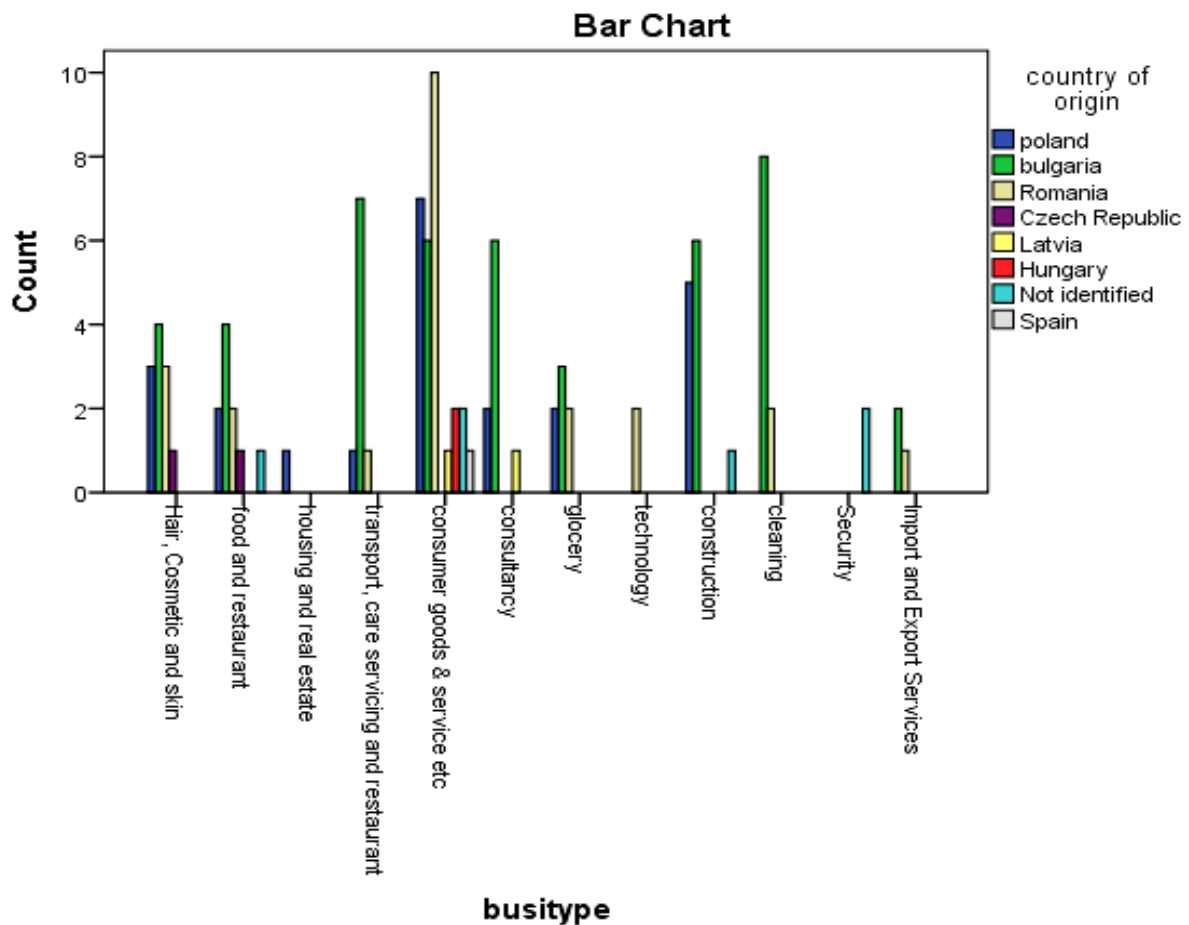
In terms of the type of businesses engaged in, **Figure 6.15** indicates that most of the activity is in the tertiary sector. The goods and services classification included small businesses; set up to provide funeral services, photography, car wash and fashion boutique. Observations on the various types of businesses indicate a transitional shift from the commonly accepted traditional convenient corner shops and construction. However, as a proportion of individual nationality groupings, construction businesses in the form of small scale contractors still remain popular among Polish and Bulgarian nationalities. This may be a result of a combination of

reasons but we also argue that the low entry costs and the potential to grow the business by sheer hard work with low financial risk make this an attractive option.

The setting up of consultancy, cosmetics and skin businesses, not just tanning but skin rejuvenation, really marked an interesting shift particularly given the stringent registration process and the high level specialist skills demanded for UK registration and competence. An exploration of reasons behind the entrepreneur's choice on the type of small business indicated an overwhelming response by the research population indicating two main factors as being having worked in the same industry as an employee; and ceasing an opportunity to start a business. The researcher observed that 16% of the respondents chose their respective businesses because they felt that it was the most profitable business to start.

The highest proportion of entrepreneurs accounting for 67% of the total population went into the business they started because they had worked in the same industry as an employee. A third of the research population acknowledged that they just saw an opportunity and took it by setting up their own small business. Interestingly it was observed in this research that 25% of the total research population indicated that they made a decision to go into the type of business they chose because they had worked in the industry as an employee; and had also seen an opportunity and took it. We argue that the eastern European entrepreneurs prefer starting a business that they are familiar with and to an extent this appears to have had a positive impact on the success of the business.

Figure 6.15 – Types of Businesses.



We also observed that only 10% of the respondents went into their chosen type of business because it was safer in terms of financial risk and offered potential to succeed. Given the pattern of observed responses on this subject, we can argue that the eastern European small business owners are not risk averse. Starting a business can be argued to be a risky undertaking and those who venture expose themselves to risk. However, in this study we see a group of individuals who are willing to take the risk with the anticipation of a number of rewards including gaining independence and financial freedom. An analysis into the research findings indicated a shift away from the ‘traditional’ business sectors. It was observed that 96% of the research population went into their own chosen types of business sectors and did not chose recommendations from friends or family.

An analysis on the educational qualification of small business entrepreneurs, **Table 6.1** below indicates that 65% of the research population hold university degrees,

30% are college graduates and the rest 5% only hold high school qualifications. These observations suggest that 95% of the research population hold a college or University qualification. The greatest proportion representing over 95% of business earning one hundred thousand pounds of annual turnover are owned by entrepreneurs with university degrees.

Table 6.1 - Annual business Turnover against level of qualification.

		level of qualification			Total
		university graduate	college graduate	high school	
Annual Business Turnover	5000 - 19000	13	4	0	17
	20000 - 49000	3	4	3	10
	50000 - 99000	25	12	0	37
	100000 - 149000	3	5	2	10
	250000 - 449000	9	1	0	10
	450000 - 999000	14	6	0	20
	Undeclared	1	0	0	1

This observation confirms that there is a positive correlation between high annual small business turnover and holding a university qualification. About 89% of the college and university degrees have been awarded in UK and the majority of participants also held an additional qualification from their country of origin. It can be argued that this observation may be indicative of the transferability of educational qualification from outside UK particularly in eastern Europe where the education system may be different and English is not the predominant language. However, we argue that higher education does offer valuable skills which are useful in starting up a business. Our observations confirm the findings of a GEM research by Coduras et al. (2008) which indicates that academic education is positively related with entrepreneurial activities as well as the socialisation of attitudes towards entrepreneurship.

In this research study we observed that University qualified entrepreneurs have a higher probability of starting a skill-based business as compared to the other two groups, college and high school graduates as reflected in the SPSS analysis reflected in **Table 6.2** below. This is a completely new direct observation which support what other researchers (Koellinger, Minniti and Shade, 2013; Coduras et al.,

2008) have advocated for in that, a long term sustained enhancement of entrepreneurial activity requires a substantial commitment to and investment in educational training. The researcher also observed that contrary to the view that more staff would equate to higher turnover, this was not the case instead higher turnover depended on several variables including type of business.

Table 6.2 – Business type against level of qualification.

Business type	level of qualification			Total
	university graduate	college graduate	high school	
Hair, Cosmetic and skin	7	3	1	11
food and restaurant	6	3	1	10
housing and real estate	1	0	0	1
transport, care services & restaurant	8	1	0	9
consumer goods & service etc.	23	6	0	29
consultancy	7	2	0	9
grocery	6	1	0	7
technology	1	1	0	2
construction	2	9	1	12
cleaning	4	4	2	10
Security	0	2	0	2
Import and Export Services	3	0	0	3
Total	68	32	5	105

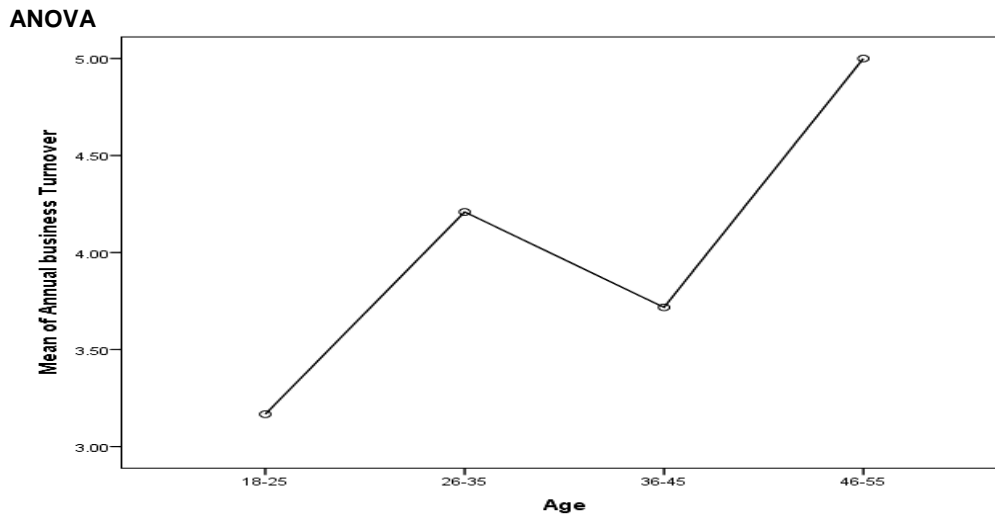
We also observed that there were relatively high numbers of college and University graduate entrepreneurs who set up businesses to do unskilled services like cleaning and security. We argue that this is also due to low entry costs and as indicated by the entrepreneurs themselves, identifying an opportunity and seizing it. We also argue that the higher education is a good training for laying the foundations of successful business acumen.

6.5.1 Business Performance

Using one-way ANOVA we explore the relationship between gender and annual turnover. The researcher observed that the differences between the two groups are statistically indifferent. Research findings observed, however, indicated that greater variability occurred within groups as indicated in **Figure 6.16** below. Whilst the mean

turnover is higher for female entrepreneurs than for male entrepreneurs, the turnover values within the two subgroups are spread and not converged.

Figure 6.16 - Gender and annual Turnover.



Annual business Turnover against gender

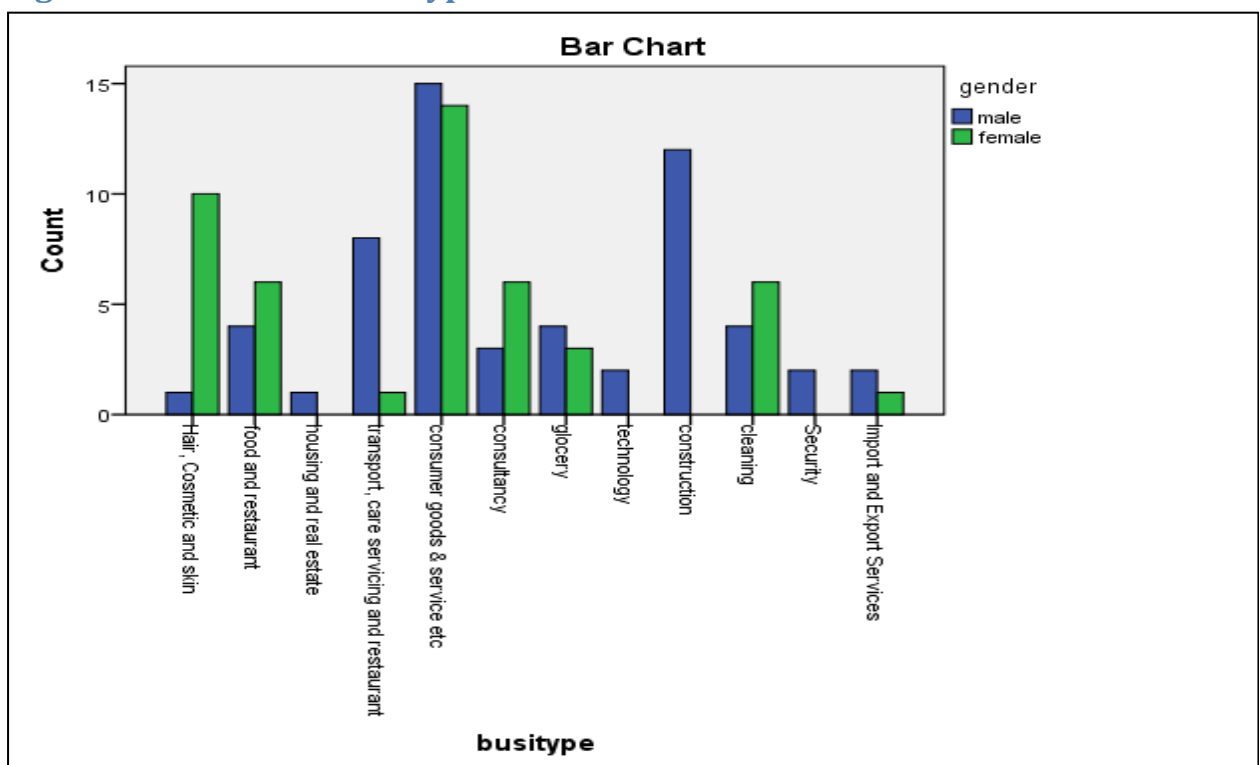
		gender		Total
		male	female	
Annual business Turnover	5000-19000	5	12	17
	20000-49000	7	3	10
	50000-99000	23	14	37
	100000 - 149000	4	6	10
	250000 - 449000	4	6	10
	450000 - 999000	15	5	20
	33.00	0	1	1
Total		58	47	105

The greatest proportion of businesses for both male and female eastern European entrepreneurs earned a turnover between fifty thousand to one hundred thousand pounds. Data also indicated that the greatest proportion of businesses with the highest turnover is male owned. On this observation we support Koellinger, Minniti and Schade (2013) who argue that gender differences relative importance varies significantly across countries due to differences in under-lying conditions that further encourage or deter women from entering self-employment and in this case countries emerging from the communist legacy. We argue that women may not have equal opportunities of growing their business like men, to a level that will attract greater

turnover due to family commitments or the need to start a family and look after the children.

We also observed that there is a statistical gender difference in the types of businesses owned as illustrated by **Figure 6.17** below. We argue that of most significant in this observation is the diversity of the small business and transitional shift away from the predominantly ‘traditional’ corner shops (Morawska, 2004; Williams et al., 2004). We argue that this is truly a remarkable development which perhaps reflects on the entrepreneurial ability of the eastern European entrepreneurs in UK.

Figure 6.17 - Gender and Types of business



In terms of age differences, this research indicates insignificant statistical differences between business owners but the reverse appears to be true when considering cohort age groups. As shown in **Table 6.3** below, the largest proportion of turnover is earned by small business entrepreneurs who are in the two age groups that range between 26 years and 45 years of age which also account for the greatest proportion of the research population. As argued above, this is consistent with the findings by Tamasy (2006).

Table 6.3 - Annual business Turnover against Age distribution.

	Age				Total
	18-25	26-35	36-45	46-55	
5000-19000	1	5	9	2	17
20000-49000	2	4	4	0	10
50000-99000	1	18	17	1	37
Annual business Turnover 10000 - 149000	1	7	1	1	10
250000 - 449000	0	3	6	1	10
450000 - 999000	1	5	9	5	20
33.00	0	1	0	0	1
Total	6	43	46	10	105

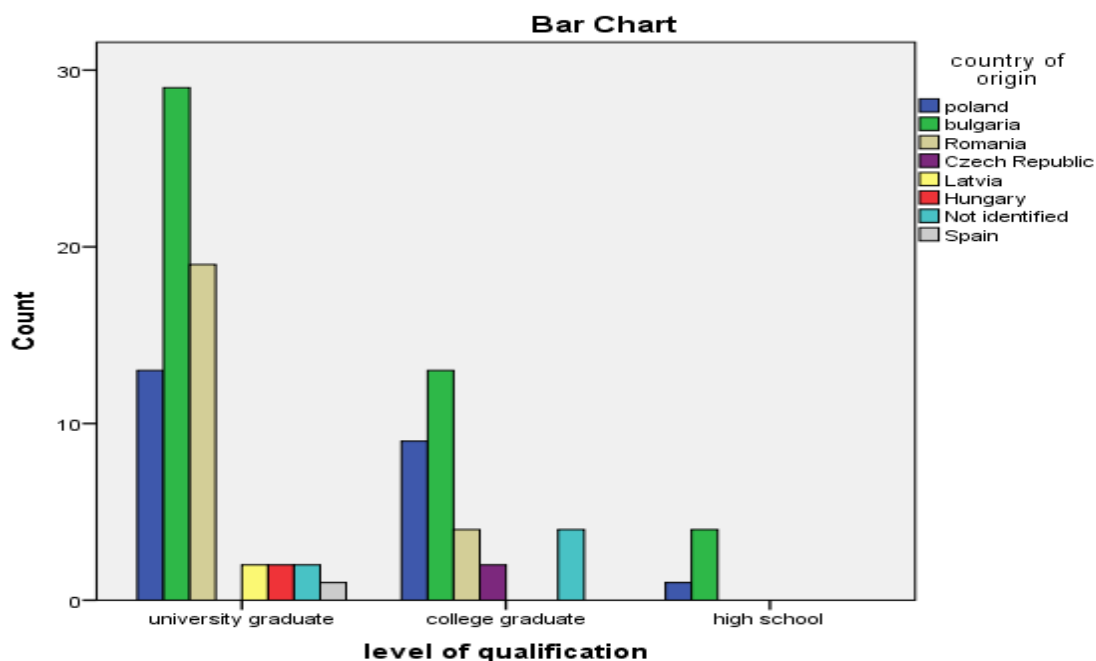
6.5.2 Reasons for Immigrating and Settling in UK

In this research study we also observed that most of the respondents identified following family as the most common reason for immigrating to UK. Joining the European Union (EU) was the second popular reason for immigrating to UK. We argue that the EU’s freedom of movement policy allows people to move without restrictions allowing immigrants to find work without additional costs that come with such things like visa applications. Clearly there is evidence that without the EU enlargement and the free movement of people, some of the eastern European entrepreneurs who have settled in UK would not have come. The third common reason given for immigrating by the eastern European entrepreneurs was that they had completed their studies in UK and had decided to stay. This appears to be an encouraging development particularly when the UK government and indeed governments of EU member states are still campaigning for more innovation and small business growth to encourage economic recovery. According to the research respondents, there are three main significant reasons that were observed as to why the eastern European small business owners came to England. Around 60% followed their families, 38% came because their country joined the EU and 22% did their studies in UK and decided to stay. We also observed that the respondents did not just point to one variable for moving to England but instead most of them attributed two or more variables as being the reason for moving to UK. Only 30% of the total respondents identified only one reason for moving to England and

subsequently starting their own small business enterprise. About 55% of the 40 respondents who came to England because their country had joined the EU also reported that they came to join their family. Interestingly 61% of business owners who completed their studies in UK and decided to stay did not point to other reasons for coming to England. They completed their studies and decided to start new small businesses. We view this as encouraging and significant particularly in the current national political discourse where the debate on UK & EU immigration policy is very much in the public domain if not emotive.

Using SPSS we also performed cross tabulation on the relationship between the level of qualifications and the research participants. We observed in **Figure 6.18** below that the majority of the small business entrepreneurs are university graduates and less than 10% of the total research population are high school graduates.

Figure 6.18 – Level of Education.



This research indicates that the majority of the businesses owned by the eastern European entrepreneurs belong to the tertiary sector of the UK economy. What is interesting in the findings is the observable transitional shift from the more traditional service sectors; for example, construction and food retailing; to hospitality, the beauty therapy industry by women and legal consultancy services. This observation in the study is consistent with what other researchers who have also started noticing

inter-generational differences in new business activities by immigrants in UK (Ram and Smallbone, 2001). The research by Jones et al. (2011) focused primarily on whether and how the businesses created by new migrants differ from those of predecessor entrepreneurial minorities. There are consistencies as well as contrasts with the present study; Jones et al. (2011) findings indicated that immigrant businesses mostly consist of small firms operating in low-value sectors of the economy. However, this study clearly indicates a transition to high-value sectors by some of the eastern European entrepreneurs. Our observations suggest that the level of education has a role in driving this transition.

As highlighted in the literature review some commentators argue that this is an area which deserves further research as some ethnic groups may remain focused on traditional sectors (Morawska, 2004; Williams et al., 2004). Some commentators argue that immigrant entrepreneurial activity revitalises local economies by bringing in a fresh view to abandoned unpromising environment and also increasing cultural diversity as well as reducing unemployment and social exclusion (Levent and Nijkamp; 2007, p.323; Tripathi, 2001; Sassen, 1991).

6.6 Access to finance

The research findings of this study indicate that an overwhelming 85% of the respondents raised their start-up capital using their own savings. The second popular source of capital at 33% of the respondents is organic business growth whereby the entrepreneur starts small and then grows the business overtime. In this study we have observed both methods being used in combination by the small business owners who participated in the research to meet the start-up and capital for sustainable growth. Clearly this suggests that east European entrepreneurs have limited sources of capital and this is consistent with arguments that have been made on other ethnic minority small business owners (Fraser, 2009).

A number of studies have indicated that there are difficulties in ethnic minority business in accessing finance for the business (Jones et al., 1994; Curran and Blackburn, 1993; Smallbone et al. 2003). An important point to note in these

previous studies is the inability to reflect on the credit worthiness of the business and entrepreneur. For this reason it is possible that poorer credit outcomes among ethnic minority small business entrepreneurs may have been a result of poorer credit worthiness and the greater risk in investing in such a business. It is also possible that it may have been nothing to do with the entrepreneur's ethnicity and as argued by Fraser (2009) perhaps other reasons may contribute to a negative outcome like missing information or poor presentation of business cases.

We argue that the observations from the research indicate to possible poor bank borrowing outcomes leave entrepreneurs with the choice of starting small and growing the business. We argue that this is a symptom of lack of financial history with the banks particularly considering that some entrepreneurs immigrated after their countries had joined the EU membership. Han et al. (2008); Peterson and Rajan (1994) argue that immigrants setting up businesses may lack a longer and a more concentrated banking relationship with a single bank therefore impeding chances to access finance. These have been coined the 'discouraged borrowers' (Kon and Storey, 2003). Research in the USA (Blanchflower et al., 2003; Cavalluzzo et al., 2002) and in UK (Fraser, 2007) indicated that immigrant entrepreneurs are significantly more likely to report discouragement than the indigenous majority entrepreneurs.

We also observe that fourteen of the twenty-one respondents who borrowed money from family and friends also used their own savings to start up their businesses. It can also be argued that because of the high failure risk in the early years of a small business's lifecycle, accessing funds is likely to prove challenging for most start-ups (Huyghebaert and Van de Gucht 2007). Only five out of the twenty-one respondents started their businesses solely from the funds borrowed from family and friends without any other capital support. Eleven out of the thirteen respondents who reported to have used their credit card to start up their business also utilised their own personal savings to start-up their business. Research observation indicated that the respondents used their savings before supplementing start-up capital with their credit cards. However, it is also possible that the reverse may equally be true in that

they may well have used their credit cards and supplemented with savings to start up the businesses.

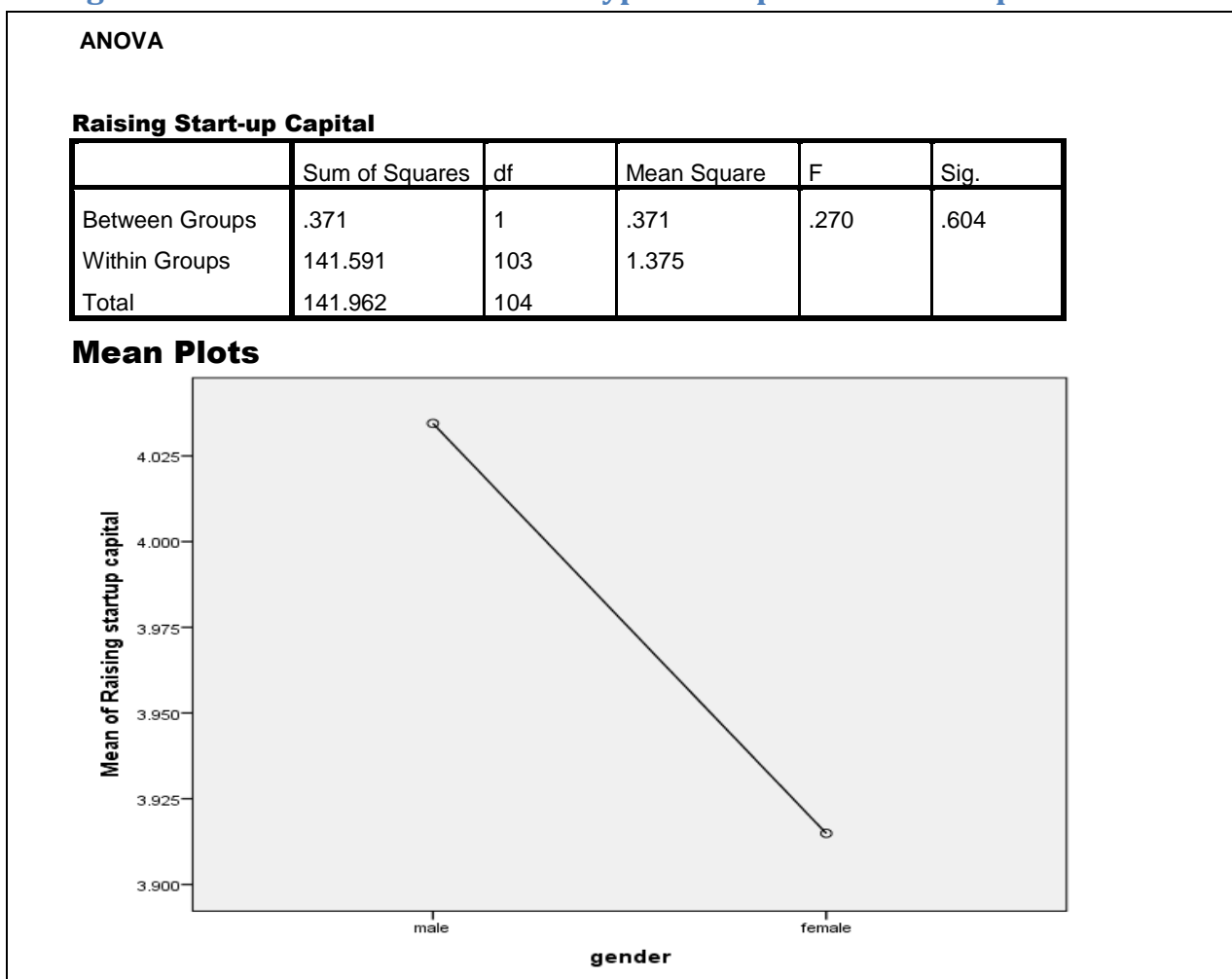
In this research study only three out of the whole research population of one hundred and five respondents used trade credit to start-up their business but they all used their savings as well to finance their businesses. The majority of the 33% who confirmed starting small and growing their businesses organically also used their savings to start-up. Although statistically insignificant when compared to the total sample size, there are four respondents who reported using Local Authority or Government Grant. All four of them also used personal savings to fund their businesses as well. We argue that local authority or government grants may be a funding stream that the entrepreneurs in this study are not familiar with. This is an area that will require further research work and important to informing local business funding policy.

In order to establish the associations in this research study which are linked to how eastern European entrepreneurs access finance to start-up their businesses, relationships between different variables were explored and the results will be discussed. We applied One-way ANOVA to explore differences that may exist between genders in sourcing capital used for start-up. We chose one-way ANOVA as a statistical test in exploring the differences in the mean dependent variable scores across two or more within group conditions of categorical independent variable. Using the types of capital used in the start-up as the dependent variable and gender as a factor, the differences in sourcing capital appear to be insignificant. This statistical test allowed differences to be assessed on how participants in this research vary across conditions rather than on how respondents differ from each other. The male respondents' scores which are just close to the mean and female entrepreneurs also score close to the mean although slightly below that of their male counterparts. These results indicate that there are no significant differences between male and female entrepreneurs in the way they have raised their capital. This observation suggests an evenly distributed gender groups within the research population. We argue that this is reflective of this unique group of entrepreneurs who have similar characteristics despite their gender difference. We also argue that

as an advanced democratic economy, UK does level the plain in terms of any differences that might have defined the entrepreneurs in their countries of origin.

On the ANOVA test the differences that appear between genders are represented by the F-value of 0.270 that is not significant as shown in the test results **Figure 6.19** below. We have referred earlier in this research that a study by the Bank of England (2004) on the finance of small and medium-sized enterprises found that 93% of businesses are majority white owned with 7% of businesses being majority owned by individuals from ethnic minority backgrounds. The survey was conducted among a representative sample of 2500 SMEs in UK's private sector. Contrary to current research findings, about three quarters of businesses in the Bank of England study were majority owned by males as opposed to one quarter owned by females. The report also indicated that the principal owners between the ages of 40 and 65 contributed to 79% of SME owners.

Figure 6.19 Gender differences on types of Capital for Start-up.



The findings of this research supports previous evidence which has shown difficulties faced by small businesses in accessing capital from commercial banks and established capital lending companies. The recent allegations accusing The Royal Bank of Scotland of “*killing Off*” small businesses for its own profit (Armitstead, 2014) does not give confidence to small business owners. Evidence has shown that accessing finance among small businesses of all types remains an issue of concern partly due to capital market imperfections (Bolton Committee, 1971; Graham, 2004; Wilson Committee, 1979). It can be argued that the recent financial crisis would have worsened the situation given the pressures on banks not to tighten their business activity.

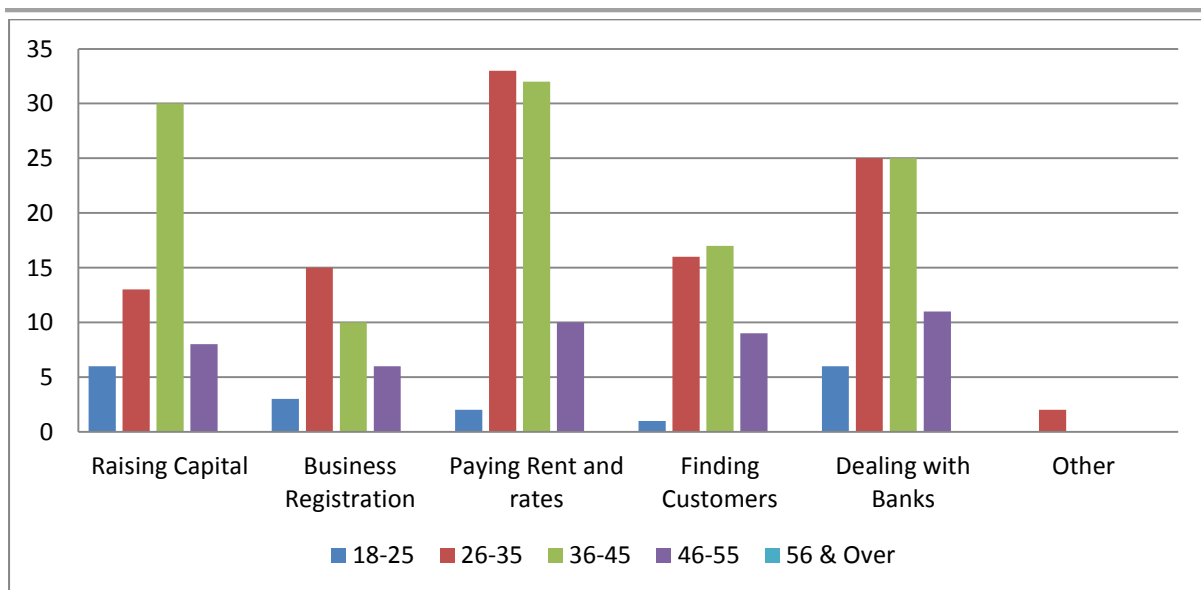
Part of these imperfections maybe contributing to the difficulties faced in assessing the credit by small firms due to information asymmetries (Fraser, 2009). However, contrary to this study and as recognised in the early chapters on literature review, Fraser’s (2005) study presented empirical evidence which suggests that the majority of small firms are well supplied with finance. However, it is not clear whether this applies to a section of the small business community or across the board. The Bank of England (2004) and Berger et al. (2005) made the case, in particular, for how developments in small business credit scoring has reduced the costs of lending to small firms and improved the accuracy of risk assessments. Such tests may be intrinsically applicable to small businesses that are run by the indigenous people or early migrants who have been in the country long enough to build a credit history. Implications to immigrant entrepreneurs may not quite be the same given the inherent differences that exist between the two types of small business owners.

6.7 Entrepreneurial Challenges and Opportunities

In considering the challenges that the eastern European entrepreneurs have faced, **Figure 6.20** below identifies paying rent and rates as the top ranking challenge; followed by dealing with banks and in third place raising capital. All three most popular challenges are associated with cash inflow into the business. We argue that having difficulties dealing with banks would have an impact on the entrepreneur’s ability to raise capital as well as paying business rates particularly in the early stages

of the business. We also observed that finding customers came as the fourth most common challenge. In considering all of the four top challenges faced by the small businesses, we argue that there is scope for all to be addressed through robust policy initiatives either at local or national government. In the policy chapter, we offer our views on how such policies can be applied to remove some of the challenges. The participants also listed multiple responses to challenges they faced in setting up their small businesses.

Figure 6.20 - Challenges faced by small business entrepreneurs.



Our observation show that the two age ranges 26-35 and 36-45 years of age seem to mirror each other in terms of the challenges they face in starting a business. We argue that this may be due to the fact that the two age ranges represent the largest portion of the research population. We also acknowledge that this may be symptomatic of the challenges that older immigrants may face particularly if their financial history has been maintained in their country of origin which makes it difficult for banks in UK to extend credit in the absence of a substantial credit history. The difficulty is more pronounced in raising capital by entrepreneurs aged 36-45 years of age. The smaller numbers around the 18-25s and 46-55s is not due to lack of challenges but it is indicative of their smaller representative sample size.

The research findings confirm that the entrepreneurs from east European countries who participated in the study lived in mixed communities, that is, both indigenous

and other migrant communities. Our observation contradicts the arguments presented by other the researcher pointing to the fact that migrant communities tend to live in clusters (Levie, 2007). Overwhelmingly 78% of the respondents lived in mixed communities. This observation suggests that the eastern European migrants are willing to live not necessarily in community clusters but in among the UK's indigenous population. This observation negates some of the fears around community cohesion and migrant resentment often portrayed by right-wing populist newspapers. Around 6% of the respondents live in communities with no immigrants from their own countries of birth. The rest 16% live in a community with people of the same nationality clusters. This analysis suggests that immigrant populations participating in small business enterprise prefer living in mixed communities as opposed to some of the studies that suggests clustering of immigrants.

Levie (2007) suggest that the role of local clustering of ethnic minorities in promoting or inhabiting the propensity of ethnic minority and/or immigrant individuals to engage in new business activity deserve further analysis. In this study we have observed eastern European entrepreneurs living in communities with mixed ethnicities and have seen their businesses develop as well. The majority of respondents (67%) found that their own communities became their customers. We also observed that the rest of the research population respondents have benefited differently from their communities including support and receiving useful advice on the business; encouragement and emotional support; help in raising money; and in other ways respectively.

Despite the challenges of running a business presented above, 83% of the entrepreneurs reported that they were just looking at maintaining current staffing levels and 15% indicated that they were looking at recruiting additional staff. We argue that this is indicative of the austere economic conditions that have defined Europe and the rest of the world economies immediately following the historic financial crisis of 2008.

6.8 Data Analysis Summary

The research findings have confirmed some of the previous studies which have been indicated in the conceptual framework indicated on **figure 6.11**. The researcher concludes that the concept of social marginality (Stanworth and Curran, 1976) does apply to the eastern European entrepreneurs in UK. Their responses indicated to this effect particularly on the factors driving entrepreneurial activity. Two main reasons were the need to be own boss and not being paid enough for their skills in employment. The third most common reason was that they had been unable to find paid employment and therefore started their own business to sustain a living. This is consistent with Hessels et al. (2008) who argue that people engage in business for the desire to maximise their earnings and to gain autonomy.

Furthermore the entrepreneurship is viewed by the research population as a way of sustaining a living as argued by Locke and Baum (2007). Clearly this confirms that the eastern European entrepreneurs who have set up businesses in UK are clearly determined despite some challenges they are facing. This suggests a strong internal locus as (Crome and Jones, 1983) consistent with the attributes that make entrepreneurs to take on challenges and the risks that come with starting a new business. Identifying an opportunity and turning it into an effective business idea demands what Sautet (2000) refers to as 'alertness'. In this research the eastern European entrepreneurs indicated that they identified an opportunity and decided to set up their business. The theoretical framework presented in **figure 6.21** below represents the findings of this study in response to the three key research questions.

Figure 6.21 Research Theoretical Framework



The above theoretical framework is a summary of this researcher’s main findings to the three research question which were aimed at understanding the drivers for engaging in entrepreneurial activity; characteristics that define eastern European entrepreneurs in UK and the sources of business finance they have access to.

CHAPTER 7

7.0 Policy Considerations: UK and Eastern Europe

Introduction

In this chapter the researcher explore policy debates, notable implications and the relevance of the findings of this research study. We will explore issues of policy on business support and finance, EU historical regional perspective on SMEs; UK's immigration policy position and political discourse particularly in relation to EU's eastern expansion. Lastly the researcher will present a view on whether current policies are sufficient in light of the findings of this research study.

Research evidence has demonstrated that entrepreneurial attitudes, activity and aspiration of individuals in the United Kingdom vary by ethnicity and place of birth (Levie and Hart, 2011). The growing presence of ethnic minorities in the developed countries has become a real issue of political debate. In fact Hanson (2009) has argued that this has become a significant political issue. In the UK, EU enlargement and the accession of countries from the eastern European block has revitalised the debate within the country. Twelve percent of the UK population is composed of immigrants (House of Lords, 2008). As the debate of migrants coming to UK increase in profile, the question around contribution of migrants and ethnic minorities to entrepreneurship becomes of great interest (Levie and Hart, 2011); not only to policy makers, but also to the public and scholars in the field.

The current debate on migration focuses largely on the eastern European migrants. Understanding their contribution and behaviour towards entrepreneurship is important not only to scholars but also to the British people and policy makers. Jonathan Levie and Mark Hart (2011) and Volery (2007) have long argued that

understanding engagement of ethnic groups in the entrepreneurial process is necessary. Understanding this phenomenon will help in considering whether differences are a function of ethnicity as argued by Ram and Jones (2008) as well as Senik and Vernier (2008), in the case of UK and the US respectively. Furthermore understanding the variables in ethnic entrepreneurial behaviour will indicate whether this is an outcome of a complex interplay of social, economic, and institutional processes in what Kloosterman, Van der Leun, and Rath (1999) have termed “mixed embedness”. It can be argued that the knowledge and empirical understanding of this phenomenon can help in advancing entrepreneurial policy effectiveness.

Levie and Hart (2011) argue that due to the small populations of different minority groups in the UK, quantitative differences in entrepreneurial activity between the ethnic majority and different ethnic minority groups are not always easy to establish. It can also be argued that this attempt is further complicated by the issue of intergenerational change in entrepreneurial activity. Bachkaniwala, Wright and Ram (2001) argued that whilst second and third generation immigrants might be more likely to enter professions to gain social status; discrimination in the labour market might hinder their intention and in some sense force them to take up entrepreneurship. A study by Levie and Hart (ibid) on six years of Global Entrepreneurship Monitor (GEM) UK data for the period spanning 2003 – 2008 was a rare study (Minniti, 2011) which showed that white indigenous residents had less favourable attitudes towards entrepreneurship than other groups. Their study also indicate that migrants are more likely to have the intention to start a business, and regional migrants more likely to be running new businesses than indigenous residents (Levie & Hart, 2011; Levie, 2007). In this research, the researcher observed small businesses being set up and run by new immigrants from the eastern European countries.

Levie and Hart (2011) indicate that in black ethnic groups, mainly Black Caribbeans and Black Africans, there are relatively high rates of intention to start a business in the next three years and also nascent activity (actively trying to start a business). Levie and Hart in Minniti (2011) argue that this pattern may be a reflection of the elevated levels of frustration with their current employment status and perceived

discrimination as shown in other studies (Nwankwo, 2005; Ekwelago, 2006; Clarke and Drinkwater, 2006).

The current political discourse around immigration from Bulgaria and Romania seem to invoke feelings of resentment by some parts of the British electorate. It can be argued that those who will successfully migrate and settle in the UK may well experience what the black communities have experienced according to Levie and Hart (2011) UK GEM study with regards to frustration with employment prospects and perceived discrimination. Whilst this study does not indicate any incidents of discrimination, the eastern European entrepreneurs have identified the inability to earn what they perceive to be equitable income in their previous employment as one of the core reasons for choosing to set up their own business.

7.1 Business Support and Finance

Ram et al. (2012) argue that support for ethnic minority businesses (EMBs) has always been recognised in policy discourses and yet business support providers (BSPs) have not addressed this satisfactorily. They also argue that the contemporary time of profound economic restructuring and austerity has impacted on the support service. Whilst the previous coalition government recognised the importance of supporting small ethnic minority businesses (BIS, 2011), not much detail on how this would be achieved was released. Regeneris Consulting (2010) has noted that EMBs contribute an estimated £25 billion to the UK economy annually and this section of the economy has greater potential to start new businesses.

The phasing out of key business support systems like Business Links and regional development agencies (RDAs) makes the emerging policy framework uncertain for small businesses. Whilst there has been some debates on whether ethnic minority firms have unique business support needs; it has been argued that the responses have emphasised salience of sector (Blackburn and Rutherford, 1999), 'cultural' needs (Basu and Athony, 2002) and the importance of trust based business support (Ram and Jones, 2008). Ram et al (2012) argue that these debates rarely influence the nature of business support offered to EMBs and instead the historical

support has followed the elementary classification of EMBs by addressing 'Asian' or 'black' businesses. Vertovec (2007) introduced the concept of 'superdiversity' in order to raise awareness and recognition of the new migrants that fall outside the established characterisation of ethnic minority; which Ram and Jones (2008) have noted as being long-settled South Asians, African-Caribbean, and Chinese. Ram et al (2010) also argued for the recognition of legal status and transnational connections and in current debate, EU enlargement.

In this research we have observed that the eastern European entrepreneurs struggle with dealing with banks and a significant proportion have opted on starting small and growing the business organically from profits. It has been argued that heterogeneity of the ethnic minorities in business is increasingly recognised by policy makers particularly in respect of access to finance (Fraser, 2009; Smallbone, 2003) and business support (Deakins et al., 2003; Ram and Smallbone, 2003). Ram et al. (2012) argue that there remains considerable scope for further activity and development. Vertovec (2007) argues that the inability of social scientists to translate data and analysis of complexities into forms that can have an impact on policies and public practices have played a part in the sluggish responses. Ram et al. (2012) indicate that there is a new approach to supporting start-ups emphasising a more sectoral approach to supporting EMBs. In some sense this can be argued to be a move towards mainstreaming support. Ram et al. (2012) argue that business support to EMBs recognised an area where it was recognised as needing adjustment. Whilst this may be the case, their findings indicate that different ethnic communities are at very different stages, particularly where there are second-generation and third-generation businesses (Ram et al, 2012).

It can also be argued that the gains that had been achieved in supporting EMBs had been eroded by funding constraints despite evidence of the benefits of intensive business support in recent studies by Mole et al. (2008; 2011). It can be argued that the most poorly represented communities, notably new migrants, may be considered most vulnerable. Ram et al. (2012) argue that local authorities have an important role in exerting influence in ensuring that initiatives like the Regional Growth Fund are sensitive to diversity issues in all their operations in order to promote EMBs enterprise. In this study less than three per cent of the respondents confirmed to

have used a grant from a local authority. We argue that more needs to be done in promoting financial schemes or programmes that may be offered to support local entrepreneurs either by the local government or the local chamber of commerce.

Ram et al. (2012) also observed in their study that mainstream organisations like the chamber of commerce and local authority websites; material revealed little if any awareness to the importance of ethnic minority businesses to the local population despite the obvious presence of these types of businesses in their relevant localities. Their further analysis of these institutions revealed that there were no formulated strategies to engage with the ethnic minority businesses. Where support was offered to EMBs, it was done for what could be argued to be selfish reasons like increasing the membership of the chamber. However, those who conceded and acknowledged a new approach was needed, the austerity programme by the coalition government has seen reduced capacity in the economic development departments inhibiting their capacity to develop robust, new, strategic and joined up approaches of supporting EMBs (Ram et al., 2012).

Scott and Irwin, (2009) argue for the need to promote greater engagement with the ethnic minority communities that may have been under-represented or alienated from the mainstream business support system. They also suggest that EMBs may lack trust in mainstream agencies but Durose (2009) argue that for strengthening relationships, engaging with 'hard-to-reach' communities and businesses is paramount. What we have observed in this research is that strategies for engaging either minority business entrepreneurs should really be focused on a bottom-up approach. We argue that this approach can help in identifying commonalities and differences which would inform better engagement. It can also be argued that not only will it strengthen social cohesion but this may allow development of more effective strategies for supporting growing businesses.

In this research we found that dealing with banks came as a common challenge by eastern European business entrepreneurs. As new migrants setting up businesses in a foreign country, it can be argued that some of the challenges in dealing with banks may stem from lack of credit history, lack of collateral assets or perhaps just the reluctance on the part of the migrant entrepreneurs in robustly engaging with

banks. We advocate for robust policies to be put in place either at national level or at local level. At the very least a review on current policies on lending to small businesses and in particular those owned by ethnic minority especially those from new EU accession countries. We argue this to be important because in this research we have discovered a vibrant community of small business owners who want to succeed contrary to the negative picture that has been portrayed by the media, one which presents Bulgarians and Romanians as social benefits scroungers. At a national level it is true that the government and indeed other UK opposition political parties all agree on the need to support and encourage the growth of small businesses especially as the country recovers from the effects of the recent financial crisis. With this in mind, we therefore argue that it is paramount for the country to support and nurture this entrepreneurial energy from eastern European immigrants.

7.2 EU Historical Regional Perspective

Audretsch et al. (2002) acknowledged the lack in regional entrepreneurship and policy evaluation within the EU even as many European countries have launched policy programs and initiatives to support entrepreneurial activities. Wagner and Sternberg (2004) study seem to have been the exception on this subject and have accepted the complexity that is often dismissed as positive in terms of the relationship between entrepreneurship and regional economic development policy. Fritsch and Mueller (2004) study indicate that entrepreneurial activity is not always positively associated with regional development and in fact, it may also have negative effects. In 2008 the EU introduced the Entrepreneurship and Innovation Programme (EIP) in an effort to improve access to finance for the start-up and growth of SMEs and investment in innovation activities. This programme was launched partly to address some of the difficulties that came with the banking crisis and this was recognised as an EU regional programme to offer opportunities to SMEs. The programme has since evolved since its introduction to encompass six objectives all geared to support the SMEs in meeting business challenges around investment in innovation activities; creation of an environment favourable to SME

cross-border cooperation; innovative technologies and e-skills; and support for cooperation in the field of enterprise policy (EIP Work Programme, 2013).

It can be argued that in modern advanced economies like UK, there three theoretical perspectives that offer a more hopeful explanation on the role of urban areas in entrepreneurship-led regional economic development (Sternberg in Minniti, 2011); Acs, Bosma, and Sternberg, 2011). The three are; Urban Externalities as put forward by Jane Jacobs (1969), Agglomeration Theory, and Richard Florida's (2002) Acceptance of Creativity and the "geography of talent". These approaches present a case to argue that agglomeration effects are arguably the main reasons why cities should have higher start-up rates than non-urban regions. Furthermore there is the scholarly argument that cities offer access to wider infrastructure, presenting incentives for potential entrepreneurs who are young and educated (Sternberg, 2009). What is fascinating about the research findings is the fact that agglomeration seem to have positive effect on new eastern European entrepreneurs. The immigrant entrepreneurs have set up businesses that are reasonably successful in their own right in a business environment that may be considered too competitive by new comers who may not fully appreciate the economic maturity of UK economy especially in big cities. We argue that more research needs to be done to understand these emerging entrepreneurs, to find out how best can policies support their business ambitions. This may be a case of effecting existing policies or developing completely new policies.

A study on GEM data on Spain, Great Britain (excluding Northern Ireland) and Germany indicates that economically backward regions which are often targeted by the European Commission's regional policy in terms of support to achieve the goals of EU tend to focus on convergence, regional and national competitiveness. The regions are often characterised by small population sizes and geographically on the periphery, making them comparatively disadvantaged in terms of entrepreneurial activities (Sternberg, 2009). What we have observed in this study is that most of the businesses that participated in this research have been set up close to central business districts. Whilst this was not a principle objective of the research, we argue that areas close to city centres or town centres are attractive to new migrants as they

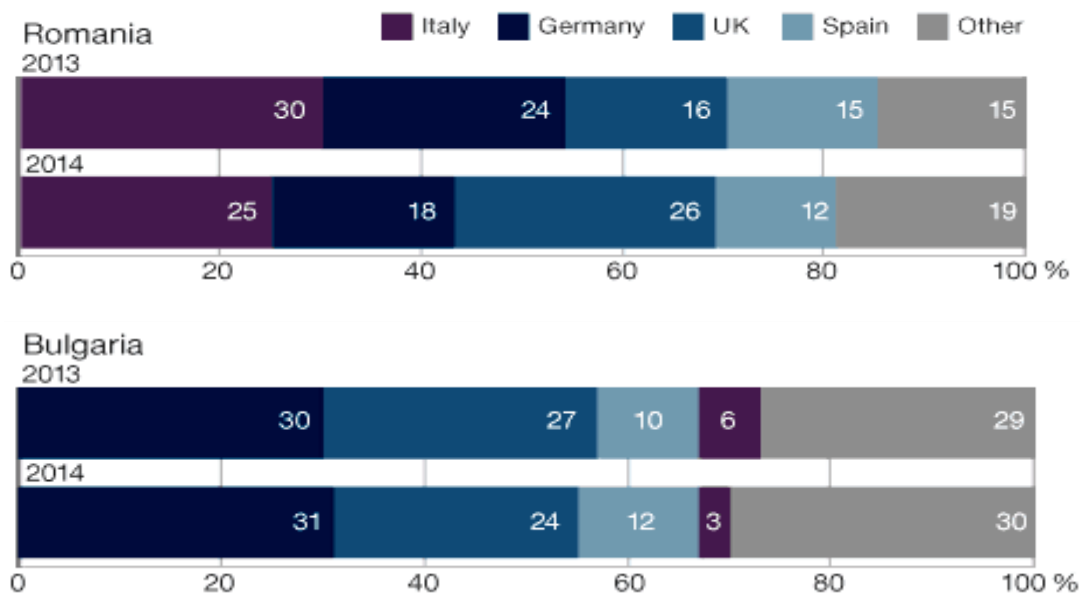
offer the potential of getting work. It is therefore important for regional policies to be innovative in attracting people out of the big cities like Birmingham and London.

7.3 UK Immigration and the Political Discourse

When Bulgaria and Romania joined the EU in 2007 a number of countries including UK placed restrictions to limit migration from these member countries that may be considered as comparably poor. The recognition that the work restrictions were expiring end of 2013 raised concerns in the UK over potential influx of migrants from Bulgaria and Romania as well as the envisaged pressures on public services (BBC Newsnight, April 2013). The BBC commissioned two surveys which were undertaken in Bulgaria and Romania with both having a sample size of just over a thousand people. BBC Newsnight commissioned Vitosha in Bulgaria and Gallup Romania to design a questionnaire which would distinguish between aspiration and real concrete plans to migrate.

The survey results indicated that 1% of the Romanian survey sample confirmed that they were looking for work in the UK in 2013 or 2014 if restrictive measures were to be dropped as planned on the 1st January 2014. The results of the Bulgarian survey, however, indicated that out of a thousand people surveyed, 4.2% of those surveyed indicated that they would look for working in UK. For those interested in coming to UK, they also indicated that they will only do so with a firm job offer, either from an employment agency or directly from a company. In the past Romanians and Bulgarians have also chosen to work in other EU countries that they can reach by car or where the culture and language are close to their own. The **Table 7.1** below indicates destination preferences for both Romanians and Bulgarians who are looking to work in another EU country.

**Table 7.1 - Preferred migrating destination Countries (March – April 2013).
Intention to work in another EU country**



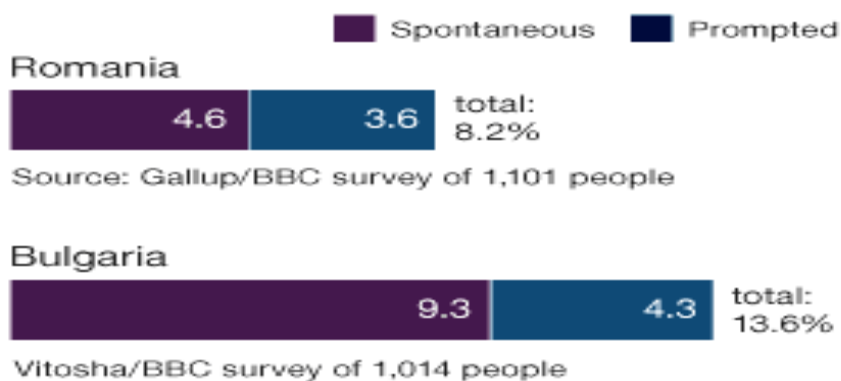
The figures relate to respondents saying they intend to work elsewhere in the EU

Source: Gallup/BBC

The results from the survey by both Gallop and Vitosha indicated that 4.6% of Romanians and 9.3% of Bulgarians polled chose the UK as their first destination as indicated in **Table 7.2** below.

Table 7.2 - Preferred first destination (March - April 2013)

Intention to work in the UK



Source: Gallup/BBC

These percentages rose to 8.2% for Romanians and 13.6% for Bulgarians when they were asked directly about whether they would consider the UK as a destination. Whilst the survey was interesting, the sample size was too small to gain any true empirical understanding of what the likely scenario would be post the restrictions in 2014. Post the 2004 accession, Poland and other eastern European countries migrated to the UK without confirmed job offers and perhaps it is that experience which made the UK public sceptical about the outcome. The economic cost/benefit of this migrant community settling in the UK has not been fully explored and it is arguably important for the public, the academic the researcher and policy makers to fully understand this phenomenon particularly in times of austere economic climate. What we have clearly observed in the findings of this research is the ignored reality of eastern Europeans who have set up successful businesses in UK.

The Romanian Gallup poll indicated that people interested in moving to the UK are more likely to have a university degree, more likely to be employed, and likely to be more affluent than those looking to move to other countries in the EU. The Vitosha poll in Bulgaria suggested that the people interested in moving to the UK tended to be younger and unemployed than the average in the survey. Our observations in this research also confirmed that the college and university graduates who came to settle and work in UK have greater propensity of starting their own successful businesses.

Easing of restrictions on the free movement of people within the European Union is one of the important measures that were incorporated in the Single European Act. This recommendation was adopted into the act by Pietro Adomino, a former Italian MEP, who chaired a committee that put forward suggestions on how the EEC might be brought more closely in touch with its citizens (McComick, 2008, p.127). According to Eurostat statistics, removal of restrictions has facilitated more mobility within the EU member states and as a result the number of non-nationals living in member states has risen as indicated in **Table 7.3** below. It can be argued that this fundamental policy may help to rebalance some of the pressures which will be imposed on economies by the 'baby boomer' generation and characterised by reduced workforce and an increased social welfare budget.

Table 7.3 - Immigration by receiving countries group, 2009– 2011.

	Total 2009	Total 2010	Total 2011	Nationals 2011		Foreigners 2011						
						total		citizens of other EU Member States		citizens of non-EU countries		
						thousand	%	thousand	%	thousand	%	thousand
EU-27 (1)	1 609.2	1 747.8	1 671.5									
Belgium	:	131.2	144.7	18.4	12.7	125.9	87.0	61.4	42.4	64.5	44.6	:
Bulgaria	:	:	:	:	:	:	:	:	:	:	:	:
Czech Republic	75.6	48.3	27.1	8.1	30.0	19.0	70.0	10.7	39.5	8.3	30.5	:
Denmark	51.8	52.2	52.8	18.3	34.6	34.6	65.4	18.1	34.3	16.4	31.1	:
Germany	346.2	404.1	489.4	89.4	18.3	398.9	81.5	226.4	46.3	172.5	35.2	:
Estonia	3.9	2.8	3.7	2.0	54.8	1.7	45.1	0.1	1.7	1.6	43.5	:
Ireland	37.4	39.5	52.3	19.7	37.6	32.4	61.9	20.2	38.6	12.2	23.2	:
Greece	:	119.1	110.8	60.5	54.5	50.4	45.5	19.1	17.3	31.2	28.2	:
Spain	499.0	465.2	457.6	42.1	9.2	415.5	90.8	142.1	31.0	273.4	59.7	:
France	:	251.2	267.4	107.3	40.1	160.0	59.9	70.0	26.2	90.0	33.7	:
Italy	442.9	458.9	385.8	31.5	8.2	354.3	91.8	113.8	29.5	240.5	62.3	:
Cyprus	11.7	20.2	23.0	2.1	8.9	21.0	91.0	13.1	57.0	7.8	33.9	:
Latvia	2.7	2.4	(b) 7.3	1.5	20.4	5.8	79.6	1.1	15.0	4.7	64.6	:
Lithuania	6.5	5.2	15.7	14.0	89.3	1.7	10.7	0.5	3.2	1.2	7.5	:
Luxembourg	15.8	17.0	20.3	1.2	5.7	19.1	94.1	15.0	73.8	4.1	20.3	:
Hungary	27.9	:	:	:	:	:	:	:	:	:	:	:
Malta	7.2	8.2	5.5	1.8	32.3	3.7	67.7	:	:	:	:	:
Netherlands	128.8	:	:	:	:	:	:	:	:	:	:	:
Austria	73.3	73.9	104.4	8.1	7.7	96.1	92.1	64.5	61.8	31.6	30.3	:
Poland	:	:	:	:	:	:	:	:	:	:	:	:
Portugal	32.3	27.6	19.7	12.5	63.6	7.2	36.4	2.0	10.3	5.1	26.1	:
Romania	:	:	:	:	:	:	:	:	:	:	:	:
Slovenia	30.3	15.4	14.1	3.3	23.6	10.8	76.4	2.0	14.1	8.8	62.3	:
Slovakia	15.6	13.8	4.8	1.1	22.3	3.8	77.7	3.2	65.5	0.6	12.2	:
Finland	26.7	25.6	29.5	9.1	30.7	20.1	68.3	8.4	28.6	11.7	39.8	:
Sweden	102.3	98.8	96.5	20.6	21.4	75.5	78.3	25.1	26.0	50.4	52.3	:
United Kingdom	566.5	591.0	566.0	78.4	13.9	487.6	86.1	174.1	30.8	313.5	55.4	:
Iceland	3.9	3.9	4.1	1.9	45.9	2.2	54.1	1.6	38.9	0.6	15.2	:
Liechtenstein	0.6	0.6	0.7	0.2	24.9	0.5	75.1	0.3	44.8	0.2	30.3	:
Norway	56.0	69.2	70.3	7.6	10.8	62.7	89.1	40.0	56.8	22.7	32.3	:
Switzerland	160.6	161.8	148.8	24.1	16.2	124.7	83.8	87.6	58.9	37.0	24.9	:
Croatia	:	:	8.5	4.7	55.3	3.8	44.6	1.1	12.3	2.8	32.3	:

(1) Estimated (b) Break in series

Source: Eurostat 2012

Migration from Bulgaria and Romania post the lifting of UK transitional Labour market controls on the 1st January 2014 has certainly been a lot less than previously anticipated. Prior to the lifting of restrictions most Romanians and Bulgarians who wished to undertake paid employment in the UK had to obtain a valid form of work authorisation, while their access to benefits was also restricted. However, the subject of EU migration remains a topical issue and has dominated UK politics. Some political commentators like the BBC’s Political Editor, Nick Robinson (2014), have acknowledged the UK Independence Party (UKIP) by-election wins in 2014 are indicative of how immigration is shaping the British political landscape. What is perhaps lacking in the UK immigration debate is a true assessment of the benefits and disadvantage of an open border policy as that which comes with EU

membership. A study carried out by the migration observatory in 2014 showed the 'A2' countries of Bulgaria and Romania were portrayed negatively in the 2013 specifically by UK national press. The report concluded that across tabloid and broadsheet publications, Romanians were more linked to criminality and economic poverty compared to Bulgarians who came up on migration.

According to ONS (2013) there was an estimated net flow of 212,000 long-term migrants to the UK in the year ending September 2013, a statistically significant increase from 154,000 in the previous year. ONS also indicate that 532,000 people immigrated to the UK in the year ending September 2013, not a statistically significant difference from 497,000 the previous year. 60,000 more EU citizens and 25,000 fewer non-EU citizens immigrated to the UK than the previous year. Data from ONS also show that National Insurance number registrations to adult overseas nationals entering the UK increased by 19% to 617,000 in the year ending December 2013. Highest increases were for citizens of Poland, Spain, Italy and Portugal (ONS, 2013). There was a statistically significant increase in immigration of EU2 (Romanian and Bulgarian) citizens to 24,000 in the year ending September 2013 from 9,000 in the previous year. An estimated 70% arrived for work and 30% for study.

This research presents a case of why migration should not be viewed negatively. What we have observed are a group of migrant entrepreneurs who are determined to succeed and some of the sectors they are in do indeed veer away from the traditional corner shops. We argue this to be a healthy development for the country; however, there should be platforms for open and fair discussion on EU migration.

7.4 Social Welfare

A study by Dustmann and Frattini (2013) indicate that immigrants are overall less likely than the indigenous population to receive state benefits or tax credits, and similarly the same argument applies to living in social housing as the indigenous population in the same region. Their comparative study also indicates that immigrants from the EU made an overall positive fiscal contribution to the UK;

whereas the non-EU immigrants' net fiscal balance was negative together with that of the indigenous population. Their study also made a profound observation in that recent immigrants, that is, those who arrived in UK after 2000, are less likely to both receive benefits and living in a social housing than the indigenous population. Their findings negate the fiscal fears portrayed by the negative press around the lifting of UK restrictions on movement of people from Romania and Bulgaria in January 2014. Dustmann, Machin and Schoenberg (2011) also found that British born descendants of immigrants tended to perform better in public schools and acquired more education. The period 1995 to 2011 saw the total UK immigrant population from the EU countries growing 885,000 to 2.8 million making up 20% of the total immigration total over that period (Dustmann and Frattini, 2013). Their study also indicated that in 2011 32% of EU immigrants held a university degree compared to the 12% indicated in 1995.

The study also show that whilst there is a pronounced difference in educational attainment between immigrants and British indigenous population; the median wages of EEA immigrants are substantially below those of British origin by about 15% in 2011 (Dustman and Frattini, 2013). It can be argued that these differences are perhaps indicative of age structure; many of the immigrants would have been young enough that their career profiles would not have yet peaked. The other possible reason is what Dustman and Frattini (2013) refer to the downgrading of immigrants who have spent only a short time in the UK because of factors, like language proficiency, that prevents them from putting their qualifications to the most productive use. Whilst the above study points to the lower wages particularly for immigrants who came into UK after 2000, EU immigrants have maintained similar or higher employment rates just below 80% since the late 2000s.

Dustman and Frattini (2013) argue that recent immigrants are far less likely than the indigenous population to draw state benefits or receive tax credits both overall and in comparison to the indigenous group with the same age structure. Their study also indicate that recent immigrants overall are 0.6 percentage points less likely than the indigenous population to live in social housing. Dustman and Frattini (2013) study also indicate that between 2001 to 2011 fiscal periods, EU immigrants have made higher relative fiscal contributions than British indigenous population and have

continued to do so even when the government has been running a budget deficit. In so doing it can be argued that the immigrants from the EU countries have helped to reduce the fiscal burden for native workers and contributed to reducing the UK's fiscal deficit. It is clearly evident from this research that some immigrants from other EU member states do come to create businesses that are successful by all measures.

Given the findings made by Dustman and Frattini (2013), their analysis suggest that contrary to the argument made of being a drain on the UK's fiscal system, immigrants who have arrived in the UK after 2000 have made substantial net contributions to the public finances, a reality that is not often pronounced in public debates on the subject. Dustman and Frattini (2013) conclude that the EU immigrants who arrived in UK after 2000 contributed far more in taxes than they received in benefits; these findings are broadly in line with an OECD study that emphasised positive contributions to the UK fiscal system compared to the situation that faces other countries. These findings make the case that UK is unique and far more favourable than its European counterparts. Part of this outcome is that UK has maintained the ability to attract highly skilled immigrants, even from within the EU, where no restrictions can be imposed. It can be argued that this is a strong and an important feature of the UK economy that makes the relationship between the country and its immigration *sui generis*. A recent paper by Bratsberg et al. (2013) argues that unlike the UK, Norway immigrants are making lower contributions than the indigenous population.

The question of whether migrants from the new EU member states will become a burden on the UK government or an economic asset is one that this research on eastern European Small business owners in England seeks to explore and contribute to the ongoing national debate. We argue that it is easy to be caught up in the negative rhetoric that some national and local press communicate but there is a lot that needs to be learnt about the new arrivals. Academic research may well be the right tool to provide answers and to explore this subject without bias or political persuasion. Jones et al. (2011) argue that the new migrants since the 1990s to the UK are emblematic of 'super-diversity', an observation which is different from the post-war migration pattern from a clearly defined handful of ex-colonial countries.

Whilst UK has seen 'super-diversity' in migrants settling in UK and their socially transformative presence, Vertovec (2007) argues that little scholarly attention has been paid to these groups. Entrepreneurial activity by these groups has also received little scholarly attention but there seems to be a growing research interest (Ram, et al., 2007; Jones et al., 2011). The research by Jones et al (2011) focused primarily on whether and how the businesses created by new migrants differ from those of predecessor entrepreneurial minorities. Their findings indicate that immigrant businesses mostly consist of small firms operating in low-value sectors of the economy.

Some commentators have argued that immigrant entrepreneurial activity revitalises local economies by bringing in a fresh view to abandoned unpromising environment and also increasing cultural diversity as well as reducing unemployment and social exclusion (Levent and Nijkamp; 2007, p.323; Tripathi, 2001; Sassen, 1991). This research has proven this to be the case. In this study, the researcher observed a community of highly educated entrepreneurs who have set up businesses with a determination to succeed and to apply their skills and knowledge in becoming economic engines. Whilst one accepts that UK needs to control migration, eastern Europeans who have come into the country as a result of the EU migration policy are not all in pursuit of the generous social welfare. In this research we present evidence that points to the UK's ability to attract highly skilled migrants and it is paramount that national policy should not stifle this ability regardless of the political discourse.

7.5 Concluding Remarks

It can be argued that the debate on EU's open door policy towards immigration within member states is one that attracts passionate viewpoints in UK and indeed in some other EU countries. However, whilst this remains an emotive and divisive topic; politicians should allow debates to be carried out in a fair and transparent way. This will allow all issues and evidence to be presented in a balanced manner. This research reveal that there is another phenomenon that the general public are not commonly aware of and this is the entrepreneurial side of the eastern Europeans who have immigrated to the UK.

In this research our findings suggest policies can be improved at both national and local governments that can allow immigrant entrepreneurs to thrive and support the British economic productivity. This research has presented a number of challenges that small business entrepreneurs from eastern Europe face including challenges in dealing with banks and raising capital. We argue that whilst these challenges may be dismissed as common to all small business owners, the context by which they affect eastern European entrepreneurs deserves further attention. We argue that entrepreneurship is an engine of economic growth and it is imperative to nurture any signs of entrepreneurial renaissance particularly when Europe and the rest of the world nations are recovering from a historic economic crisis.

CHAPTER 8

8.0 Conclusion

Introduction

In this chapter we present the conclusion to the research study. This thesis entailed a study of the factors associated with eastern European entrepreneurship in the West Midlands region of England. The three main research questions are:

- I. What are the drivers for engaging in entrepreneurial activity by eastern European small business owners?
- II. What are the personal characteristics (such as education) define eastern European entrepreneurs in UK?
- III. What sources of business finance do eastern European small business owners have access to?

The theoretical framework in **figure 8.0** below represents the study key findings to three research questions above.

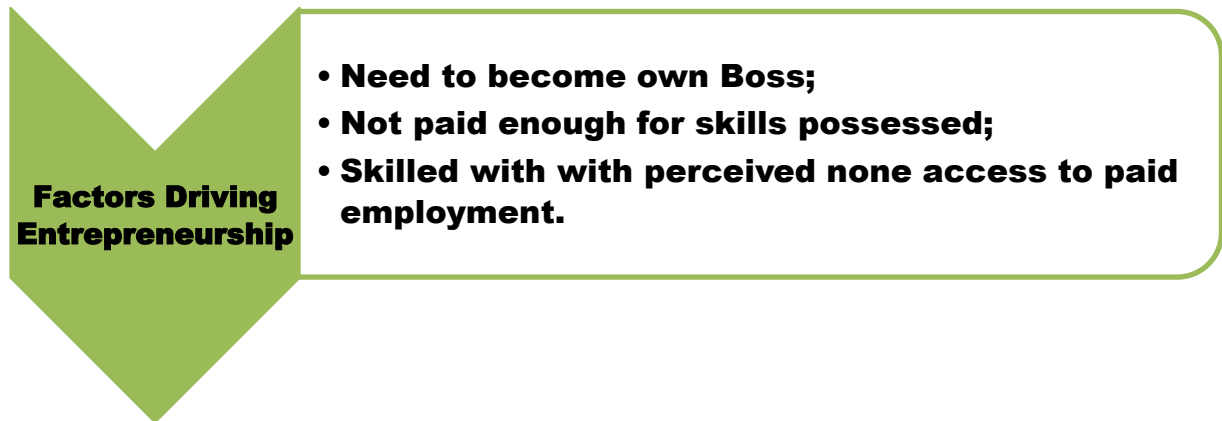
Figure 8.0 Research Theoretical Framework



8.1 Final Remarks

8.1.1 Drivers of entrepreneurship

The findings on this research question are presented in the illustrative figure below:



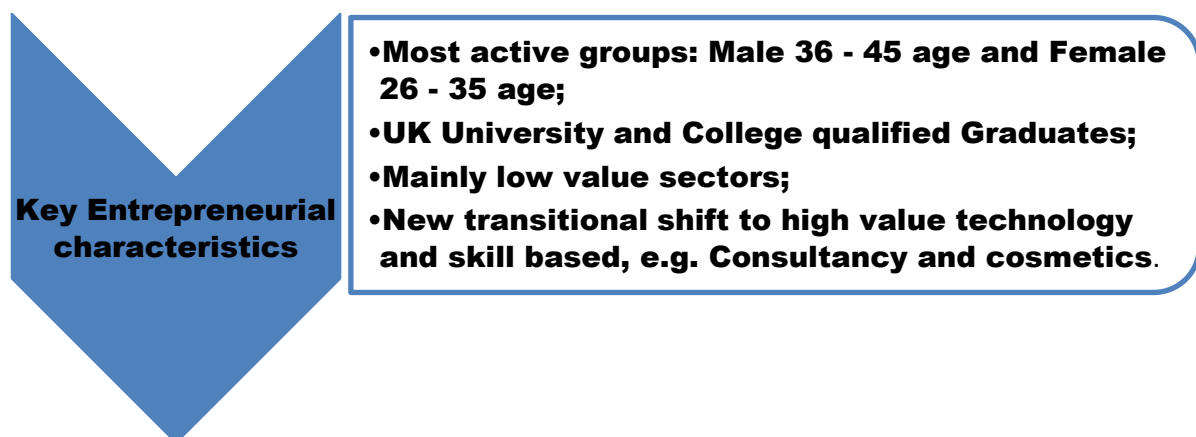
The analysis of data has shown that three quarters of the eastern European entrepreneurs owned their businesses mainly to achieve their goal of becoming their own boss. This observation is reflective of the findings by Blanchflower *et al.* (2001) in which they argue that self-employed individuals are more likely to be satisfied in their jobs than those in paid work. In this research it is also indicated that the second common reason for becoming a business owner by eastern European entrepreneurs indicates that they do not perceive their salaries and wages from their previous employers to be reflective of their skills. The entrepreneurs felt that they can earn more by setting up their own businesses and working for themselves. This is consistent with the argument made by Hessels *et al.* (2008) that people desire personal profits or autonomy; and may be forced into entrepreneurship because they have no other options (Locke and Baum, 2007).

What we also observed in exploring the drivers for engaging in entrepreneurial activity by eastern European business owners is that a combination of reasons did persuade them into setting up their own businesses, for example, being unable to find paid employment. Whilst certain drivers were clearly linked to owning a business, it was clear that other variables did come into play. In our analysis we observed that entrepreneurs left their countries with ideas of setting up their own businesses and those included in this study have been successful in implementing

their ideas when they immigrated to the UK. We, however, accept that failure rates have not been identified in this study. Contrary to what may be envisaged, eastern European business owners are certainly not risk averse and their business successes have confirmed their resilience and business savvy. The researcher concludes that the concept of social marginality (Stanworth and Curran, 1976) can be argued to apply to the eastern European entrepreneurs in UK. The responses on the factors driving entrepreneurial activity include; the need to become own boss, not being paid enough for their skills in employment and that they had been unable to find paid employment. Whilst social marginality (Stanworth and Curran, 1976) was not included in this research study, the findings above suggest a perception of inability to become an equal economic participant in terms of being paid enough or finding the right job for the skills held.

8.1.2 Entrepreneur Personal Characteristics and Educational Attainment

Our findings on this research question are presented in the illustrative figure below:

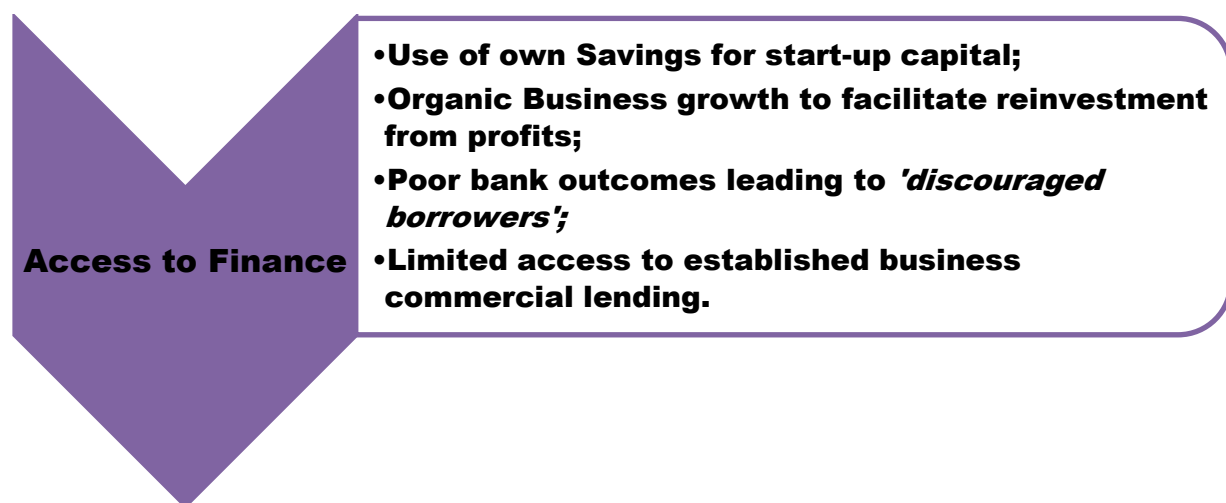


In this research we observed that there is a positive correlation between the level of education and business earnings reflected as annual turnover. We also found that over two thirds of the entrepreneurs hold university degrees; nearly a third have college qualifications and only five per cent hold high school qualifications. Interestingly five per cent of the businesses with an annual turnover above one hundred thousand pounds were owned by entrepreneurs with no university or college qualifications. The rest, ninety five per cent, of the entrepreneurs were college and/or university graduates. The researcher also observed that more than three quarters of the entrepreneurs are between the age of 26 and 45 years of age.

The researcher observed that from the sample there were more male than female entrepreneurs. We also observed an emerging trend in the nature of businesses that the eastern European entrepreneurs engaged in, suggesting a transitional shift from the commonly accepted traditional business sectors. This observation is consistent with the finding of Ram and Smallbone (2001) who observed inter-generational differences in new business activities amongst immigrant entrepreneurs. It should however, be noted that Jones et al. (2011) findings indicate that immigrant businesses mostly consist of small firms operating in low-value sectors of the economy. What was made clear in this research analysis is that entrepreneurs had worked in the same industry, identified an opportunity and proceeded in starting up their own successful business. We identified businesses which had been set up such as skin rejuvenation clinics which offered different therapeutic treatments.

8.1.3 Sources of Business Finance

Our findings on this research question are presented in the illustrative figure below:



The researcher observed that personal savings imaged as the main source of business start-up capital and in terms of growing the business, eastern European entrepreneurs opted for an *organic business growth* approach which entailed ploughing back some of the business profits. We also observed in our data analysis that entrepreneurs tend to use other informal sources to support the business like borrowing from family. Our observations indicated a poor engagement by the eastern European entrepreneurs with commercial lending. Our findings confirm what

Fraser (2009) refers to as an outcome of ‘personal prejudices’ and other reasons that may contribute to negative bank lending outcomes, like missing information or poor presentation of business cases. This clearly is an area that deserves additional attention in terms of engagement and policy development, if UK is serious about economic recovery as well as growing the small business sector which employs the majority of the working population (ONS, 2015). Ibrahim and Galt (2011) argue that the main barrier to entrepreneurial activity by ethnic minorities is access to adequate funds to establish a business and we would argue that availability of funds can potentially unleash extensive business start-ups.

8.2 Recommendations

This research has confirmed some of the research that has been done on entrepreneurship and also presented new evidence specific to this unique group of eastern European entrepreneurs. Entrepreneurship is a vibrant research area and as such there are aspects of this research that may require further research. Further research may need to focus on the nature of employees within the businesses, that is, are they family members, members of the wider community or other groups not yet been considered. This element was not covered by this research.

In addition further research may need to focus on the reasons why entrepreneurs are using their savings instead of finance from established lending institutions. There may well be a need to explore other regions to observe whether the current findings are unique to West Midlands or not. Organisations like GEM have both interest and capacity to undertake large scale entrepreneurial research both at country or regional level. We are convinced that this research will add to the growing body of small business research and will benefit both scholars and policy makers. Our contribution to the body of evidence is encapsulated in the theoretical framework presented in **figure 8.0** above. Even though UK has since voted to leave the EU after the completion of this study, the researcher is confident that the findings of this research will remain relevant as the policy makers and scholars alike, debate what best strategy and policy to take during and post Brexit.

Reference List

- Acs, Z. J. (2006) How is entrepreneurship good for economic growth? *Innovations*, Vol. I (1), pp. 97-107.
- Acs, Z. J., Bosma, N., and Sternberg, R. (2011), "Entrepreneurship in World Cities": *In The Dynamics of Entrepreneurship*, M. Minniti (ed.), pp. 125-51, Oxford University Press: Oxford, New York.
- Acs, Z. J.; Audretsch, D. B.; and Evans, D. S. (1994) The determinants of variations in self-employment rates across countries and over time. *Discussion paper 871*, Centre for Economic Policy Research, London.
- Alchian, Armen A. (1984) "Specificity, specialization, and Coalitions", *Journal of Economic Theory and Institutions*, Vol. 140: 34-49.
- Aldrich, H. And Waldinger, R. (1990), Ethnicity and Entrepreneurship, *Annual Review of Sociology*, Vol. 16: 111-35.
- Armitstead, L. (2014) 'Tomlinson: RBS 'dossier' has complaints from 1000 firms', *The Telegraph*, 29 January, [Online]. <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/10605699/Tomlinson-RBS-dossier-has-complaints-from-1000-firms.html> [Accessed: 29 July 2014].
- Armstrong, P.J., Goodman, J.F.B. and Hyman, J.D. (1981). *Ideology and Shop Floor Relations*. Beckenham: Croom Helm.
- Ashcroft, B., Holden, D. and Low, K. (2009) Entrepreneurial Interest, Vision and the Self-employment Choice Decision in UK Regions, *Regional studies*, Vol. 43.8, pp. 1075 - 1090.
- Atkinson, J. and Meager, N. 'Running to Stand Still: The Business in the Labour Market', in J. Atkinson and D. J. Storey (eds) *Employment, The Small Firm and the Labour Market*, Routledge, London.
- Audretsch, D. B. And Thurik, A. R. (2004) The model of the entrepreneurial economy. *International Journal of Entrepreneurship Education*, Vol. 2(2), pp. 143-166.

- Audretsch, D. B. And Fritsch, M. (2002), "Growth Regimes over Time and Space". *Regional Studies*, Vol. 36(2), pg. 113 - 24.
- Audretsch, D. B. And Thurik, A. R. (2001) What is new about the new economy: sources of growth in the managed and entrepreneurial economies. *Industrial and Corporate Change*, Vol. 10(1), pp. 25-28.
- Audretsch, D., Grilo, B., Thurik, A.R. (2007) *Handbook of research in entrepreneurship policy*. Cheltenham, UK and Brookfield, US: Edward Elgar Publishing.
- Audretsch, D., Verheul, R.A. and Wennekers, I. (2002) *Entrepreneurship: Determinants and Policy in a European - US. Comparison*. Boston: Kluwer Academic.
- Bank of England (1999). *The Financing of Ethnic Minority Firms in the United Kingdom: A Special Report*, London: Bank of England.
- Bank of England (2004) *Finance for Small Firms: An Eleventh Report*. London: Bank of England.
- Barclays (2000) *Ethnic Businesses*. Paper reference 9971490 07/00 July, London: Barclays Banks PLC.
- Barnes, D. (2001) Research Methods for the empirical investigation of the process of formulation of operations strategy. *International Journal of Operations and Production Management*, Vol. 21, No. 8, pp.1076-1095.
- Barnouw, V. (1979) *Culture and personality*. Dorsey Press, Homewood, IL.
- Barreto, H. (1989) *The entrepreneur in Microeconomic Theory*. London and New York: Routledge.
- Barrett, G.A., Jones, T.P. and McEvoy, D. (1996) Ethnic Minority Business: Theoretical discourse in Britain and North America, *Urban Studies*, Vol.33, pp. 783-809.
- Barysch, K. (2006), "East versus West? The EU economy after enlargement", *The Business Economist*, Vol. 37, No. 2.
- Basu, A and Altinay, E. (2002) The interaction between culture and entrepreneurship in London's immigrant businesses, *International small Business Journal*, Vol. 20, pp. 371 - 394.
- Basu, A. and Altinay, E. (2002). 'The Interaction between Culture and Entrepreneurship in London's immigrant Businesses', *International small Business Journal*, Vol.20 (4), 371-393.

- Bates, T. (1994). 'Social Resources Generated by Group Support Networks May Not be Beneficial to Asian Immigrant-owned Small Businesses', *Social Forces*, Vol. 72(3), pp. 671-689.
- Bauer, T. And Zimmermann, K. F. (1999) *Assessment of possible migration pressure and its labour market following EU enlargement to Central and Eastern Europe*, Study for the UK Department for Education and Employment, IZA (Bonn), CEPR (London).
- Baxter, J. And Eyles, J. (1997) Evaluating qualitative research in social geography: Establishing 'rigour' in interview analysis, *Transactions of the Institute of British Geographers*, Vol. 22 pp. 505-525.
- Baycan-Levent, T. And Nijkamp, P. (2009) Characteristic of migrant entrepreneurship in Europe, *Entrepreneurship and Regional Development*, Vol. 21, No. 4, pp. 375-397.
- BBA (2005) *Guide to Credit Scoring*, URL (consulted November, 2007): <http://www.bba.org.uk> [Accessed: 23 September 2013].
- Becker, H. S. (1963), *Outsiders: Studies in the Sociology of Deviance*. New York: Free Press.
- Begley, T. M. And Boyd, D. B. (1987) Psychological characteristics associated with performance in entrepreneurial firms and small businesses, *Journal of Business Venturing*, Vol. 2, 79 - 93.
- Bell, D. (1997) Sex lives and audiotape: Geography, sexuality and undergraduate dissertations. *Arena Symposium: Teaching Sexual Geographies*, pp. 411-417.
- Berger, A. And Udell, G., (1998) 'The economics of small business finance: the roles of private equity and debt markets in the financial growth cycle', *Journal of Banking and Finance*, Vol. 22, pp. 613-73.
- Berger, A.N. and Udell, G.F. (1995). 'Relationship Lending and Lines of Credit in Small Firm Finance', *Journal of Business*, Vol. 68(3), pp.351-81.
- Berger, A.N., Frame, W.S., and Miller, N.H. (2005). 'Credit Scoring and the Availability, Price and Risk of Small Business Credit', *Journal of Money, Credit and Banking*, Vol. 37(2): 192-222.
- Bernhardt, I. (1994) Comparative advantage in self-employment and paid work, *Canadian Journal of Economics*, Vol. 27, pp. 81 - 101.
- Bessant, J., Birley, S., Cooper, C., Dawson, S., Gennard, J., Gardiner, M., Gray, A., Jones, P., Mayer, C., McGee, J., Pidd, M., Rowley, G., Saunders, J. and Stark, A. (2003).

- The state of the field in UK management research: reflections of the research assessment exercise panel, *British Journal of Management*, Vol. 14, pp.51-68.
- Biernacki, P. and Waldorf, D. (1981) Snowball sampling: Problems and techniques of chain referral sampling, *Sociological Methods and Research*, Vol. 10, pp. 141-163.
- Birkstead, I.K. (1976) 'School performance viewed from the boys,' *Social Review*, Vol. 24(1), pp. 63-77.
- Birn, R., Hague, P. and Vangelder, P. (1990) *A handbook of market research*. London: Routledge and Kegan Paul.
- BIS. (2011) *Bigger, Better Business: helping small firms start, Grow and Prosper*. Department for Business, Innovation and Skills, London, <http://www.bis.gov.uk/assets/biscore/enterprise/docs/b/11-515-bigger-better-business-helping-small-firms> [Accessed: 11 December 2013]
- Black Caribbean men in Britain. *Small Business Economics*, Vol. 13(2), pp.111-29.
- Black, J. A. and Champion, D.J. (1976) *Methods and Issues in Social Research*. John Wiley and Sons, Chichester.
- Black, J.; De Meza, D. And Jeffries, D. (1992) 'House Prices, the Supply of Collateral and the Enterprise Economy', Department of Economics, University of Exeter (mimeo).
- Blackburn, R. And Kovalainen, A. (2009) Researching small firms: past, present and future, *International Journal of Management Reviews*, Vol. 11(2), pp.127-148.
- Blackburn, R. And Ram, M. (2006) Fix or fiction: The contributions of small firms to social inclusion. *Entrepreneurship and Regional Development*, Vol. 18, pp. 73-89.
- Blackburn, R. and Smallbone, D. (2008). Researching small firms and entrepreneurship in the UK: developments and distinctiveness, *Entrepreneurship, Theory and Practice*, Vol. 32(2), pp.267-288.
- Blackburn, R., Small-bone, D. Bannon, K. (2006) *Mainstreaming the REFLEX model: a review of the potential for mainstreaming and responses from the mainstream*, Small Business Research Centre, Kingston University, London.
- Blanchflower, D. (2004) Self-employment: More may not be better. *Swedish Economic Policy Review*, Vol. 11(2), pp. 15-73.
- Blanchflower, D. G. (2000) Self-employment in OECD countries. *Labour Economics*, Vol. 7(5), pp. 471 - 505.

- Blanchflower, D., Levine, P. and Zimmerman, D. (2003). 'Discrimination in the Small-Business Credit Market', *The Review of Economics and Statistics*, Vol. 85(4), pp.930-943.
- Blanchflower, D.G., Oswald, A. J. and Stutzer, A. (2001) Latent entrepreneurship across nations, *European Economic Review*, Vol. 45, pp. 680 – 691.
- Blau, D. (1987) A time-series analysis of self-employment in the United States. *Journal of Political Economics*, Vol. 95(3), pp. 445-467.
- Boeri, T. And Brucker, H. (2005) Why are Europeans so tough on migrants? *Economic Policy*, Vol. 20: pp. 629 – 703.
- Boettke, Peter J., Horwitz, Steven and Prychitko, David, L. (1994) "Beyond Equilibrium Economics: Reflections on the Uniqueness of the Austrian Tradition". In Boettke, P. J. and Prychitko, D. L. (eds) *The market Process: Essays in Contemporary Austrian Economics*, Aldershot: Edward Elgar.
- Boffey, D (2015) George Osborne's £13bn 'northern powerhouse' fund includes routine council spending on potholes, *The Guardian Newspaper* 5 July [Online]. Available at: <http://www.theguardian.com/politics/2015/jul/05/northern-powerhouse-fund-condemned-including-routine-potholes-budget> (Accessed: 23 March 2016).
- Bogdan, R. and Taylor, S. (1975) *Introduction to qualitative Research Methods*. New York: John Wiley.
- Bolton, J. E. (1971) *Report of the Committee of Inquiry on Small Firms*, Cmnd 4611. London: HMSO.
- Borjas, G. J. (1986) The self-employment experience of immigrants, *Journal of Human Resources*, Vol: 21, pp. 487-506.
- Borrooah, V. K. And Hart, M. (1999) Factors affecting self-employment among Indian and Black Caribbean men in Britain. *Small Business Economics*, Vol. 13, pp. 111-129.
- Bosma, N. And Levie, J. (2009) GEM 2009 Executive Report. *Journal of East-West Business*, Vol. 16.
- Bosma, N. And Schutjens, V. (2011) Understanding regional variation in entrepreneurial activity and entrepreneurial attitude in Europe. *The Annals of Regional Science*, Vol. 47(3), pp. 711-742.

- Bosma, N., Stam, E. And Wennekers, A.R.M. (2010) "Intrapreneurship: An International Study" *EIM Research Report*, forthcoming, Zoetermeer, Netherlands: EIM.
- Branchflower, D. G. and Oswald, A. J. (1989) What makes an entrepreneur?, *Labour economics*, Vol. 7, pp. 471 - 505.
- Bratsberg, B., Raaum, O. And Roed, K. (2013) *Immigrants, labour market performance, and social insurance*. Mimeo, Frisch Centre.
- Braum, J. R.; Olian, J. D.; Erez, M.; Schnell, E. R.; Smith, K. G. Sims, H. P.; Scully, J.S. and Smith, K. A. (1993) Nationality, and work role interactions: a cultural contrast of Israeli and U.S. entrepreneurs' versus managers' needs. *Journal of Business Venturing*, Vol: 8(6), pp. 499-512.
- Browne, K. (2005) Snowball Sampling: Using Social Networks to Research Non-heterosexual Women. *International Journal of Social Research Methodology*, Vol. 8, No. 1, pp.47-60.
- Bryman, A. (2001) *Quantity and Quality in Social Research*. New York: Routledge.
- Blamer, H. (1954) 'What is wrong with social theory?' *American Sociological Review*, Vol. 19, No. 1, pp. 3-10.
- Bryman, A. (2006). *Quantity and Quality in Social Research*. London and New York: Routledge.
- Bryman, A. (2008) *Social Research Methods* (3rd Edition). Oxford University Press.
- Buchel, F. and Frick, J.R. (2000). *The Income Portfolio of Immigrants in Germany - effects of ethnic origin and assimilation or: who gains from income redistribution?* Discussion paper no.125. Berlin: Institute for the Study of Labor (IZA).
- Busenitz, L. W., Gomez, C., and Spencer, J. (2000) Country Institutional Profiles: Unlocking Entrepreneurial Phenomena, *Academy of Management Journal*, Vol. 43(5), pp. 994 - 1003.
- Cabinet Office (2003) *Ethnic Minorities and The Labour Market: Final Report*. London: UK Government Cabinet Office Strategy Unit. March.
- Carree, M. A.; Van Stel, A. J.; Thurik, A. R. And Wennekers, A. R. M. (2002) Economic development and business ownership: an analysis using data of 23 OECD countries in the period 1976-1996, *Small Business Economics*, Vol. 19(3), pp. 271-290.

- Cavalluzzo, K.S., Cavalluzzo, L.C. Wolken, J.D. (2002). 'Competition, Small Business Finance, and Discrimination: Evidence from a New Survey', *Journal of Business*, Vol.75 (4), pp.641-679.
- Census gives insights into characteristics of the West Midlands (11 December 2012) Office for National Statistics: <http://www.ons.gov.uk/ons/rel/mro/news-release/census-2-1---west-midlands/census-gives-insights-into-characteristics-of-the-west-midlands--population.html> [Accessed: 18 September 2014]
- Chikurunhe, T. (2012) *A critical analysis of three pieces of academic research on methods employed*. Unpublished MA Research Methods Assignment. Aston University.
- Clark, K. And Drinkwater, S. (2006) *Changing Patterns of Ethnic Minority Self-Employment in Britain: Evidence from Census Microdata*. IZA Discussion paper no, 2495.
- Clark, T. Floyd, S. and Wright, M. (2006) 'On the review process and Journal development. *Journal of Management Studies*, Vol. 43, pp. 655-64.
- Coase, Ronald H. (1993a) [1937] "The Nature of the Firm". Reprinted in Williamson, Oliver E. and Winter, Sidney G. (eds) *The Nature of the Firm*, Oxford: Oxford University Press, 18-33.
- Coduras, A., Urbano, D., Rojas, A., Martinez, S. (2008) The Relationship between University Support to Entrepreneurship with Entrepreneurial Activity in Spain: A GEM data based analysis, *International Advanced Economic Research*, Vol. 14, pp. 395-406.
- Cooper, A. (2003). Entrepreneurship: the past, present and future. In Acs, Z.J. and Audrestch, D.B. (eds), *Handbook of Entrepreneurship Research*. Cheltenham: Edward Elgar, pp. 21-34.
- Cope, J. (2005). Researching entrepreneurship through phenomenological inquiry: philosophical and methodological inquiry: philosophical and methodological issues, *International Small Business Journal*, Vol. 23(2), pp.163-190.
- Cremers, J., Dolvik, J. And Bosch, G. (2007), "Posting of workers in the single market: attempts to prevent social dumping and regime competition in the EU", *Industrial Relations Journal: Annual European Review*, Vol. 38, No. 6, pp. 524-41.
- Creswell, J. W. (2007) *Qualitative Inquiry and Research Design: Choosing Among Five Approaches* (2nd Edition). London: Sage.

- Creswell, J.W. (1994) *Research Design: Qualitative and Quantitative approaches*. Thousand Oaks, CA: Sage Publications.
- Cromie, S. And Johns, S. (1983) Irish entrepreneurs: some personality characteristics, *Journal of Occupational Behaviour*, Vol. 4, pp. 317 - 324.
- Curran, J. and Blackburn, R. (1993) '*Ethnic Enterprise and the High Street Bank*', Working Paper, Kingston Business School, Kingston University.
- Daft, R (1980). The Evolution of Organisational Analysis in ASQ, *Administrative Science Quarterly*, Vol. 25, pp. 623-636.
- Dalton, M. (1959). *Men Who Manage New York*: Wiley.
- Dana, L. -p. And Morris, M. (eds.) (2007), *Handbook of research on ethnic minority research*. Cheltenham, UK: Edward Elgar.
- Davidsson, P. (1995) Culture, structure and regional levels of entrepreneurship, *Entrepreneurship Regional Development*, Vol. 7(1), pp. 41-62.
- Davidsson, P. (2004) *Researching Entrepreneurship. International Studies in entrepreneurship*. Springer, Berlin Heidelberg: New York.
- Davidsson, P. (2005). *Researching Entrepreneurship*. New York: Springer.
- Davidsson, P., Low, M.B. and Wright, M. (2001). Editor's Introduction: Low and Macmillan ten years on: achievements and future directions for entrepreneurship research, *Entrepreneurship, Theory and Practice*, Vol. 25(4), pp.5-15.
- Dawar, A. (2015) 'Migrants 'milking' benefits system: Foreigners more likely to claim handouts', *Sunday Express*, 21 July [Online]. Available at: <http://www.express.co.uk/news/uk/592541/Migrants-milking-benefits-system-Foreigners-more-likely-to-claim-handouts>
- De Propris, L. And Lazzereti, L. (2009) 'Measuring the Decline of a Marshallian Industrial District: The Birmingham Jewellery Quarter', *Regional Studies*, Vol.43, No. 9, pp.1135-1154.
- De Propris, L. And WEI, P. (2007) Governance and competitiveness in the Birmingham jewellery cluster, *Urban Studies*, Vol. 44, pp. 2448-2465.
- De Wit, G. (1993) *Determinants of Self Employment*. Studies in Contemporary Economics, Heidelberg, Physica.

- Deakins, D., Ram, R. And Smallbone, D. (2003) Addressing the business support needs of ethnic minority firms in the United Kingdom, *Environment and Planning C: Government and Policy*. Vol. 21, pp. 843 – 859.
- Demsetz, Harold (1993) [1988] “The Theory of the Firm Revisited”, *Journal of Law, Economics and Organization*, Vol. 4, pp.146-62. Reprinted in Williamson, Oliver E. And Winter, S.G. (eds) *The Nature of the Firm*, Oxford: Oxford university Press, pp. 159-78.
- Department of Trade and Industry (1996), *Third Competitiveness White Paper*, HMSO, London.
- Department of Transport (2015) *The Northern Powerhouse: One Agenda, One Economy, One North*. DfT Publications.
- Dey, I (1993) *Qualitative Data Analysis*, London: Routledge.
- Dillman, D.A. (1983) ‘Mail and Other Self-Administered Questionnaires’, in P.H. Rossi, J.D. Wright, and A.B. Anderson’ (eds.), *Handbook of Survey Research*, Orlando, Florida: Academic Press.
- Dobson, J. R. (2009) Labour mobility and migration within the EU following the 2004 Central and East European enlargement, *Employee Relations*, Vol. 31, No.2, pp. 121-138.
- Dobson, J.R. and Jones, G. (1998), “Ethnic discrimination: public policy and the Latvian labour market”, *International Journal of Manpower*, Vol. 19, No.s 1and2, pp. 31 – 47.
- Donaghey, J. And Teague, P. (2006), “The free movement of workers and social Europe maintaining the European ideal”, *Industrial Relations Journal: Annual European Review*, Vol. 37, No. 6, pp. 652-66.
- Douglas, J.D. (1976) *Investigative social research: Individual and team field research*. Beverly Hill, CA: Sage.
- Down, S. (2006). *Narratives of Enterprise: Crafting Entrepreneurial Self-identity*. Cheltenham: Edward Elgar.
- Dustmann, C. And Frattini, T. (2013) *The Fiscal Effects of Immigration to the UK*. Centre for Research and Analysis of Migration: Discussion Paper series – CDP No. 22/13, http://www.cream-migration.org/publ_uploads/CDP_22_13.pdf[Accessed: 11 December 2013]

- Dustmann, C., Casanova, M., Fertig, M., Preston, I. And Schmidt, C.M. (2003), “*The impact of EU enlargement on migration flows*”, UK Home Office Report 25/03, available at: www.homeoffice.gov.uk/rds/pdfs2/rdsolr2503.pdf
- Dustmann, C., Machin, S. And Schoenberg, U. (2011) Ethnicity and Educational Achievement in Compulsory Schooling, *Economic Journal*, Vol. 120(546), F272-F297.
- Easterby-Smith, M., Thorpe, R. and Lowe, A. (2002) *Management Research: an introduction* (2nd Edition), London: Sage.
- Edmondson, A.C. and McManus, S.E. (2007). Methodological fit in management research, *Academy of Management Review*, Vol. 32, pp.1155-1179.
- Eisenhardt, K.M. (1989) “Building theories from case study research”, *Academy of Management Review*, Vol.14, No. 4, pp.532-550.
- Ekberg, J. and Andersson, L. (1995) *Invandring, sysselsattningochekonomiska effekter* (Immigration, Employment and Economic Effects), (Stockholm: Finansdepartmentet) p.68.
- Ekwulugo, F. (2006) Entrepreneurship and SMEs in London (UK): Evaluating the role of black Africans in this emergent sector, *Journal of Management Development*, Vol. 25(1), pp. 66-79.
- Elo, S. and Kyngas, H. (2008) The Qualitative Content Analysis Process, *Journal of Advanced Nursing (JAN)*, Vol. 62 (1), pp. 107 - 115.
- Ely, R. J. (1995) The power in demography: women’s social construction of gender identity of work, *Academy of Management Journal*, Volume 38, pp. 589-634.
- Etzioni, A. (1987) Entrepreneurship, adaptation and legitimation, *Journal of Economic Behaviour and Organisation*, Vol. 8, pp. 175-189.
- European Commission (2000), Lisbon European Council 23 and 24 March 2000, *Presidency conclusions*, European Commission, Lisbon.
- European Commission (2003) The new SME definition: http://ec.europa.eu/enterprise/policies/sme/files/sme_definition/sme_user_guide_en.pdf [Accessed: 25.02.14]

European Commission (2006), *Report on the Functioning of the Transitional Arrangements Set out in the 2003 Accession Treaty (period 1 May 2004-30 April 2006)*, European Commission, Brussels.

European Commission (2012) final report: Evaluation of the SME definition: http://ec.europa.eu/enterprise/policies/sme/files/studies/evaluation-sme-definition_en.pdf [Accessed: 25.02.14]

Eurostat:

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Migration_and_migrant_population_statistics [Accessed: 26 June 2012].

Evans, D. and Jovanovic, B. (1989) An estimated model of entrepreneurial choice under liquidity constraints, *Journal of political Economy*, Vol.97, pp. 808-827.

Evans, D. and Leighton, L. (1989) Some empirical aspects of entrepreneurship, *American Economic Review*, Vol. 79, pp. 519-535.

Evered, R. and Louis, M.R. (1981) 'Alternative perspectives in the organisational sciences: "inquiry from the inside" and "inquiry from the outside"', *Academy of Management Review*, Vol. 6, No. 3, pp. 385-395.

Evertson, C. and Green, J. (1985) Observation as inquiry and method. In M.C. Wittrock (Ed.) *Handbook of researching on teaching* (pp. 162-213) New York: Macmillan.

Fairlie, R. W. And Meyer, B. D. (1996) Ethnic and racial self-employment differences and possible explanations, *Journal of Human Resources*, Vol. 31, pp. 757-793.

Faugier, J. and Sargeant, M. (1997) Sampling hard to reach populations, *Journal of advanced Nursing*, Vol. 26, pp. 790-797.

Federation of Small Businesses (FSB) (2015) *Business Population Estimates for the UK and Regions 2015*. Department for business innovation & skills. [Online] Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/467443/bpe_2015_statistical_release.pdf (Accessed: 17/09/2016)

Fielden, S.L. and Dawe, A.J. (2006) The experiences of Asian women entering business start-up in the UK. In S. L. Fielden and M. Davidson (Eds) *International handbook of women and small business entrepreneurship*. Edward Elgar.

Florida, R. (2002), "The Economic Geography of Talent", *Annals of the Association of American Geographers*, Vol. 92, pp. 743-55.

- Foss, N. J. (1994a) "The theory of the Firm: the Austrian as Precursors and Critics of Contemporary Theory", *The Review of Austrian Economics*, Vol. 7(1), pp. 31- 65.
- Frank, H., Lueger, M. And Korunka, C. (2007) The significance of personality in business start-up intentions, start-up realisation and business success, *Entrepreneurship and Regional Development*, pp. 227 - 251.
- Frankfort-Nachmias, C. and Nachmias, D. (1992) *Research Methods in the social sciences* (4th Edition), GB: Edward Arnold.
- Fraser, S. (2004). *Finance for Small and Medium Sized Enterprises: a Report on the 2004 UK Survey of SME Finances*. Warwick: CSME, Warwick Business School, University of Warwick [Online]. Available at: http://www.yorkshirefutures.com/system/files/ww_docs/ADA12%20Finance%20for%20Small%20and%20Medium-Sized%20Enterprises.pdf [Accessed: 6th May 2011).
- Fraser, S. (2007). *Finance for Small and Medium Sized Enterprises: Comparisons of Ethnic Minority and White Owned Businesses*. London: Department for Business Enterprise and Regulatory Reform.
- Fraser, S. (2009). Is there Ethnic Discrimination in the UK Market for Small Business Credit? *International Small Business Journal*, Vol. 27, pp.583-607.
- Freytag, A. And Thurik, R. (2007) Entrepreneurship and its determinants in a cross-country setting, *Journal of Evolutionary Economics*, Vol. 17, pp. 117-131.
- Fritsch, M. And Mueller, P. (2004), "Effects of New Business Formation on Regional Development over Time", *Regional Studies*, Vol. 38, pp. 961-75.
- Gallup Poll of Romanians, Prepared for BBC (March-April, 2013) http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/poll_romanians_gallup_bbc_22_04_13.pdf[Accessed: 26 June 2013].
- Gartner, W.B. (2001). Is there an elephant in entrepreneurship? Blind assumptions in theory development, *Entrepreneurship, Theory and Practice*, Vol.25 (4), 27-39.
- Gartner, W.B. (2006). Are you talking to me? The nature of community in entrepreneurship and scholarship, *Entrepreneurship, Theory and Practice*, Vol. 30(3), 321-331.

- Geroski, P. A. (1992) Entry, exit and structural adjustment in European industry, in Cool, K.; Neven, D. J. and Walter, J. (Eds) *European Industrial Restructuring in the 1990s*, pp. 139-161. Mcmillan, London.
- Geroski, P. A. (1995) What do we know about entry?, *International Journal of Industrial Organisation*, Vol. 13, pp. 421-440.
- Gibb, A.A. (2000). SME policy, academic research and the growth of ignorance: mythical concepts, myths, assumptions, rituals and confusions, *International Small Business Journal*, Vol. 18(3), pp. 13-35.
- Gilbert, N. (2009) *Researching Social Life* (3rd Edition). Sage: London.
- Gilpin, N., Henty, M., Lemos, S., Portes, J. And Bullen, C. (2006) 'The Impact of Free Movement of Workers from Central and Eastern Europe on the UK Labour Market', Working Paper No. 29, Department of Work and Pensions.
- Glover, S., Gott, C., Loizillon, A., Portes, J., Price, R., Spencer, S., Srinivasan, V. and Willes, C. (2001) *Migrant: an economic and social analysis*, RDS Occasional Paper No. 67. London: UK Government Home Office.
- Golby, B. (2011) 'Foreign immigrants take 20000 new jobs in West Midlands', Sunday Mercury, 24 January [Online]. Available at: <http://www.sundaymercury.net/news/midlands-news/2011/01/24/foreign-immigrants-take-20-000-new-job-in-west-midlands-66331-28037405/> [Accessed 10th June 2013].
- Gomm, R. (2008) *Social Research Methodology: A critical Introduction*. (2nd Edition) New York: Palgrave MacMillan.
- Gomm, R., Needham, G. and Bullman, A. (2000) *Evaluating Research in Health and Social Care*. London: The Open University and Sage.
- Goodman, L. (1961) Snowball sampling, *Annals of Mathematical statistics*, Vol. 32, pp. 245-268.
- Gore, A. (2012) *Daily Mail*, 28 October [Online]. Available at: <http://www.dailymail.co.uk/news/article-2224386/Fears-new-immigration-surge-Bulgarians-Romanians-Britain-borders-open.html> (Accessed: 4 February 2015).

- Government Office for the West Midlands (1996), *West Midlands Regional Competitiveness Action Plan (RCAP)*, Government Office for the West Midlands, Birmingham.
- Graham, T. (2004) *Graham Review of Small Firms Loan Guarantee: Recommendations*. London: HM Treasury.
- Grahl, J. And Teague, P. (1992), "Integration theory and European labour markets", *British Journal of Industrial Relations*, Vol. 30, No. 4, pp. 515-27.
- Grant for Business Investment: Guide. Available at: <http://www.bis.gov.uk/files/file40543.pdf> [Accessed: 17th March 2011].
- Great Britain (2007), "Accession Monitoring Report – May 2004 – September 2007", joint report by the Border and Immigration Agency, Department for Work and Pensions, HM Revenue and Customs and Department for Communities and local Government, London.
- Grebel, T., Pyka, A. And Hanusch, H. (2003) An Evolutionary Approach to the Theory of Entrepreneurship, *Industry and Innovation*, Vol. 10, No. 4, pp.493-514.
- Green, R., David, R. G. And Dent, M. (1996) The Russian entrepreneur: a study of personality characteristics, *International Journal of Entrepreneurship behaviour*, Vol. 2, pp. 49 - 58.
- Greene, P.G. (1997) A resource-based approach to ethnic ethnic business sponsorship: A consideration of Ismaili-Pakistani immigrants, *Journal of small Business Management*. Vol. 35, pp. 58-71.
- Gries, T. And W. Naude (2010) Entrepreneurship and Structural Economic transformation. *Small Business Economics*, Vol. 34(13), pp. 13-29.
- Grilo, I. And Irigoyen, J.M. (2006) Entrepreneurship in the EU: to wish and not to be, *Small Business Economics*, Vol. 26(4), pp. 305-318.
- Grilo, I. And Thurik, A. R. (2005b) Latent and actual entrepreneurship in Europe and the US: some recent developments, *International Entrepreneurship Management Journal*, Vol. 1 (4), pp. 441-459.
- Guba, E and Lincoln, Y.S. (1994) Competing Paradigms in qualitative research. In Denzin, N.K. and Lincoln, Y.S. (eds), *Handbook of Qualitative Research*. Newbury Park: Sage.

- Hamilton, B. H. (2000) Does entrepreneurship pay? An empirical analysis of the returns to self-employment, *Journal of Political Economy*, Vol. 108, pp.604 – 631.
- Hammarstedt, M. (2001) Immigrant Self-employment in Sweden – its variation and some possible determinants, *Entrepreneurship and Regional Development*, Vol. 13, pp. 147-161.
- Han, L., Storey, D.J. and Fraser, S. (2008a) ‘The Concentration of Creditors: Evidence from Small Businesses’, *Applied Financial Economics*, Vol. 18(20), pp.1647-1656.
- Hanson, G. H. (2009) The Economic Consequences of the International Migration of Labor, *Annual Review of Economics*. Vol. 1, pp. 179 – 208.
- Hardy, J. And Clark, N. (2005), “EU enlargement, workers and migration: implications for trade unions in the UK and Poland”, paper presented at the Global Unions Research International Workshop “Trade Unions, Globalisation and Development – Strengthening Rights and Capabilities of Workers”, Novo Hamburgo, January.
- Harris, M. And Raviv, A. (1991) ‘The Theory of Capital Structure’, *Journal of Finance*, Vol. 46, 1991, pp. 297 – 355.
- Harrison, R.T., Cooper, S.Y. and Mason, C. (2004) ‘Entrepreneurial activity and the Dynamics of Technology-based Cluster development: The case of Ottawa’, *Urban Studies*, Vol.41 (5/6), pp.1045-1070.
- Hart, M. and Levie, J. (2008) *Global Entrepreneurship Monitor: United Kingdom 2008 Monitoring Report* [Online]. Available at: www.gemconsortium.org/download/1301951544235/GEM%20UK%202008.pdf [Accessed: 17 March 2011].
- Hart, M., Bonner, K. And Levie, J. (2015) *Global Entrepreneurship Monitor: United Kingdom 2015 Monitoring Report*. Aston Business School.
- Hendricks, V.M. and Blanken, P. (1992) Snowball sampling: theoretical and practical considerations. In *Snowball Sampling: A Pilot Study on Cocaine Use* (Hendricks, V.M., Blanken, P. and Adriaans, N. Eds), IVO, Rotterdam, pp. 17-35.
- Henrekson, M. (2005) Entrepreneurship and institutions, *Comparative Labour and Policy Journal*, Vol. 14(3), pp. 437-467.
- Hessels, J., Van Gelderen, M. And Thurik, R. (2008) Entrepreneurial aspirations, motivations, and their drivers, *Small Business Economics*, Vol.31, pp. 323-339.

- High, Jack (1986) "Equilibrium and Disequilibrium in the Market Process". In Kirzner, Israel (ed) *Subjectivism, Intelligibility and Economic Understanding*, New York: New York University Press, pp. 111-21.
- Hjorth, D. and Steyaert, C. (eds) (2004). *Narrative and Discursive Approaches in Entrepreneurship*. Cheltenham: Edward Elgar.
- Hofstede, G. (1980) *Culture's consequences: international differences in work-related values*, Beverly Hills, CA.
- Hofstede, G. (2001) *Culture's consequences; comparing values, behaviours, institutions and organisations across nations*, 2nd Edition. Sage, Thousand Oaks, CA.
- Holmstrom, Bengt R. and Tirole, Jean (1989) "The Story of the Firm." In schmalensee, Richard and Wilig, Robert D. (eds) *Handbook of Industrial Organisation*, Vol I, Amsterdam: North-Holland, 61-133.
- House of Lords (2008) *The Economic Impact of Immigration. Volume1: Report*. London: The Stationery Office Ltd.
- Hughes, Jonathan R. (1986) [1965] *The Vital Few: The Entrepreneur and American Economic Progress*, expanded edition, Oxford: Oxford University Press.
- Huyghebaert, N. And Van de Gucht, L. M. (2007) The determinants of Financial Structure: New Insights from Business Start-ups, *European Financial Management*, Vol. 13, No. 1, pp. 101-103.
- Ibrahim, G. And Galt, V. (2011) Explaining ethnic entrepreneurship: an evolutionary economics approach, *International Business Review*, Vol. 20, pp. 607-613.
- Ingham, M. And Ingham, H. (2004), "Enlargement and the labour market: perception, theory and fact", *Industrial Relations journal: European Annual Review*, Vol. 2004, pp. 500-17.
- Ingham, M. And Ingham, H. (2006), "The year of workers' mobility", *Industrial Relations Journal*, Vol. 37, No. 6, pp. 667-86.
- Jacobs, J. (1969), *The Economy of Cities*. New York: Random House.
- Jennings, P., Perren, L. and Carter, S. (2005). Guest editors' introduction: alternative perspectives on entrepreneurship research, *Entrepreneurship Theory and Practice*, Vol. 29, 145-152.

- Johannisson, B. (1988) Business formation – A network approach, *Scandinavian Journal of Management*, Vol. 4, pp. 83 – 99.
- Johnson, P., Buehring, A., Creswell, C. and Symon, G. *Evaluating Qualitative Management Research: Towards a contingent criteriology*. *International Journal of Management Review* (2006) doi:10.1111/j.1468-2370.2006.00124.x
- Jones, T., McEvoy, D. And Barrett, G. (1994) 'Raising Capital for the Ethic Minority Small Firm', in A. Hughes and D. Storey (eds) *Finance and the Small Firm*, pp.145-81. London and New York: Routledge.
- Jones, T., Ram, M. And Edwards, P. (2006) Shades of grey in the informal economy, *International Journal of sociology and Social Policy*, Vol. 23 (9/10), pp. 357-373.
- Jones, T., Ram, M., Edwards, P. Kiselinchev, A. And Muchenje, L. (2012) New Migrant enterprise: Novelty or Historical Continuity? *Urban Studies*, Vol. 49(14), pp. 3159 – 3176.
- Kahn, R. and Cannell, C. (1957) *The dynamics of interviewing*. New York: John Wiley.
- Keeble, D. (1989). 'High Technology Industry and Regional Development in Britain: The case of the Cambridge Phenomenon', *Government and Policy*, Vol. 7, pp. 152-172.
- Keeble, D. And Tyler, P. (1995), 'Enterprising Behaviour and the Urban-Rural Shift', *Urban Studies*, Vol. 32(6), pp.975-997.
- Kelly, U. (2001) 'Sociological explanations between micro and macro and the integration of qualitative and quantitative methods', *FQS (Forum: Qualitative Social Research)* Vol: 2(1) <http://tinyurl.com/2s3bzb> [Accessed: 21 January 2013]
- Kim, P., Aldrich, H.E and Keister, L.A. (2003) *If I were rich: The Impact of Financial and Human Capital on becoming a Nascent Entrepreneur*, University of North Carolina at Chapel Hill and Ohio State University, draft mimeo, 10 January.
- Kirzner, I. (1979) *Perception, Opportunity and Profit*. University of Chicago Press, Chicago, IL.
- Kirzner, I.M. (1973) *Competition and Entrepreneurship*. Chicago: University of Chicago Press.

- Kirzner, I.M. (1999) Creativity and /or alertness: a reconsideration of the Schumpeterian entrepreneur, *Review of Austrian Economics*, Vol. 11, pp. 5-17. Dordrecht: Kluwer Academic.
- Kloosterman, R., Van, J., and Rath, J. (1999), Mixed imbeddedness: (in) formal economic and immigrant business in The Netherlands, *International Journal of Urban and Regional Research*, Vol. 23(2), pp. 252-66.
- Koellinger, P., Manniti, M. And Schade, C. (2013) Gender differences in Entrepreneurial Propensity, *Oxford Bulletin of Economics and statistics*, Vol. 75(2), pp. 213-234.
- Koenig, C. H.; Steinmetz, H.; Frese, M.; Rauch, A. And Wang, Zh-M.(2007) Scenario-based scales measuring cultural orientations of business owners, *Journal of Evolutionary Economics*, Vol. 17(2).
- Kon, Y. and Storey, D.J. (2003). 'A Theory of Discouraged Borrowers', *Small Business Economics*, Vol. 21(1), pp.37-49.
- Krishnan, V. S. And Moyer, R. C. (1994) 'Bankruptcy costs and the financial leasing decision', *Financial Management*, Vol. 23, pp. 31 - 42.
- Krueger, N.F. Jr and Braseal, D. V. (1994) Entrepreneurial potential and potential entrepreneurs, *Entrepreneurship Theory and Practice*, Vol. 18, pp. 91 - 104.
- Krueger, R.A. (1988) *Focus Groups: A practical guide for applied research*. Newbury Park, CA: Sage.
- Kunda, G. (1992) *Engineering Culture, Control and Commitment in a High-Tech Corporation*. Philadelphia: Temple University Press.
- Lachmann, Ludwig M. (1976) "From Mises to Shackle: An Essay on Austrian Economics and the Kaleidic Society", *Journal of Economic Literature*, 14 (1): 54 - 62.
- Lachmann, Ludwig M. (1977c) {1969} "Methodological Individualism and the Market Economy". Reprinted in Grinder, Walter (ed.) *Capital, Expectations, and the Market Process*, Kansas City: Sheed Andrews and McMeel, pp.149-65.
- Landstrom, H. (2005), *Pioneers in Entrepreneurship and Small Business Research*. New York: Springer.
- Langlois, Richard N. and Robertson, Paul. L. (1995) *Firms, Markets and Economic Change*, Routledge: London.

- Lasfer, M. And Levis, M. (1998) 'The determinants of the leasing decision of small and large companies', *European Financial Management*, Vol. 1, pp. 265 – 285.
- Lazear, E. (2005) Entrepreneurship, *Journal of Labour Economics*, Vol. 23(4), pp. 649 – 680.
- Levie, J. (2007) Immigration, In-Migration, Ethnicity and Entrepreneurship in the United Kingdom, *Small Business Economics*, Vol. 28, pp.143-169.
- Levie, J. (2007), Immigration, in-migration, ethnicity and entrepreneurship in the United Kingdom, *Small Business Economics*, Vol. 28(2), pp. 143 – 69.
- Levie, J. And Hart, H. (2011), "The Contribution of Migrants and Ethnic Minorities to Entrepreneurship in the United Kingdom": In *The Dynamics of Entrepreneurship*, M. Minniti (ed.), pp. 153-77, Oxford University Press: Oxford, New York.
- Levie, J. And M. Hart (2011) the Contribution of Migrants and Ethnic Minorities to Entrepreneurship in the United Kingdom. In Minniti, M. (2011) *the DYNAMICS of ENTREPRENEURSHIP: EVIDENCE FROM THE GLOBAL ENTREPRENEURSHIP MONITOR DATA*. Oxford.
- Light, I. (1972). *Ethnic Enterprise in America*, Berkeley and Los Angeles: University of California Press.
- Light, I. (1979). 'Disadvantaged Minorities in Self-Employment', *International Journal of Comparative Sociology*, Vol. 28, pp.31-45.
- Lillie, L. (2007) Industrial relations, migration, and neo-liberal politics: The case of the European construction sector, *Politics and Society*, Vol. 35(4), pp. 551-581.
- Lincoln, Y and Guba, E. (1985) *Naturalistic Enquiry*. Beverly Hills, CA: Sage.
- Lincoln, Y.S. and Guba, E.G. (2000) Paradigmatic Controversies, contradictions and emerging confluences. In N.K. Denzin and Y.S. Lincoln (Eds), *Handbook of qualitative research* (2nd ed. Pp. 163-188). Thousand Oaks, CA: Sage.
- Locke, E.A. and Baum, J.R. (2007) Entrepreneurial Motivation. In J.R. Baum, M. Freese and R. A. Baron (Eds), *The psychology of entrepreneurship* (pp. 93-112). Mahwah, NJ: Erlbaum.
- Longhi, S., Nijkamp, P. And Poot, J. (2005) A meta-analytic assessment of the effect of immigration on wages. In *Meta-regression analysis: Issues of publication bias in economics*, Ed. Roberts, C.J. and Stanley, pages 157-82. London: Blackwell.
- Lupton, T. (1963) *On the Shop Floor*. Oxford: Pergamon.

- Macdonnell, H. and Peev, G. (2005). 'Immigration U-turn rocks McConnell's bid to attract 'fresh talent' into Scotland', *The Scotsman*, February 8.
- Machovec, Frank M. (1995) *Perfect Competition and the Transformation of Economics*, London: Routledge.
- Macneill, S., Jeffrey and Gibney, J. (2007) Changing Dynamics of Regional Representation in Brussels: Case Study of Birmingham and the West Midlands, 1984 - 2004, *Regional Studies*, Vol. 41.3, pp. 403-414.
- Magoon, A.J. (1977), 'Constructivist approaches in educational research', *Review of Educational Research*, Vol. 47, No. 4, pp. 651-93.
- Management Today (2009) *Relocation UK 2009: West Midlands*. Available at: www.managementtoday.co.uk/news/940673/Relocation-UK-2009-West-Midlands/?DCMP=ILC-SEARCH [Accessed: 17th March 2011].
- Manigart, S., De Waele, K., Wright, M., Robbie, K., Desbrieres, P., Sapienza, H. J., Beekman, A. (2000) 'Venture capitalists, investment appraisal and accounting information: a comparative study of the USA, UK, France, Belgium and Holland', *European Financial Management*, Vol. 6, pp. 389 - 403.
- Marsden, D. (1994), "The integration of European labour markets", *European Integration and the European Labour Market, Social Europe*, Supplement 1, pp. 1-38.
- Marshall, C. and Rossman, G.B. (1995) *Designing Qualitative Research* (2nd Ed) London: Sage.
- Marshall, C. and Rossman, G.B. (1999) *Designing Qualitative Research* (3rd Ed), Thousand Oaks, CA: Sage.
- Marshall, M. and Mawson, J. (1987), "The West Midlands", in Damesick, P. and Wood, P. (Eds), *Regional Problems, Problem Regions and Public Policy in the United Kingdom*, Oxford University Press, Oxford, Ch. 5.
- Martin, J. (1990) Deconstructing organisational taboos: the suppression of gender conflict in organisations, *Organisation Science*, Volume 1, No. 4, pp. 339-359.
- Mawson, J. (2010) Social enterprise, Strategic networks and regional development: The West Midlands Experience, *International Journal of Sociology and Social Policy*, Vol. 30, Nos.1 and 2, 2010.

- McComick, J. (2008) *Understanding the European Union* (4th Edition). Palgrave macmillan.
- McCracken, G. (1988) *The long interview*. Newbury Park, CA: Sage.
- McGovern, P. (2007), "Immigration, labour markets and employment relations: problems and prospects", *British Journal of Industrial relations*, Vol. 45, No. 2, pp. 217-35.
- Medland, A. (2011) Portrait of the West Midlands. *Office for National Statistics: Regional Trends* www.newoptimists.com/wp-content/blogs.../ONSPortraitWM-July2011.pdf[Accessed: 18 September 2014]
- Meyerson, D. (1994) Interpretations of stress in institutions: the cultural production of ambiguity and burnout, *Administrative Science Quarterly*, Vol. 39, pp. 628-653.
- Midven funding for growth companies (2013) <http://midven.co.uk/funds/advantage-growth-fund>[Accessed: 16 June 2014]
- Migration Watch UK (2003), *Unmanaged Migration*, Briefing Paper 11.1, 19 May, Migration Watch UK, Guildford.
- Miles, M. B., and Huberman, A. M. (1994) *Qualitative data analysis: A sourcebook of new methods* (2nd edition) Thousand Oaks, CA: Sage.
- Min, P.G. and Bozorgmehr, M. (2003). 'United States: The Entrepreneurial Cutting Edge', in R. Kloosterman and Rath, J. (eds), *Chapter 2 of Immigrant Entrepreneurs: Venturing Abroad in the Age of Globalisation*, Oxford: Berg Publishers, pp.17 - 37.
- Mintzberg, H. (1973) *The Nature of Managerial Work*. New York: Harper and Row.
- Mole, K. And Worrall, L. (2001) Innovation, business performance and regional competitiveness in the West Midlands: evidence from the West Midlands Business Survey, *European Business Review*, Vol.13 (6), pp. 353 - 364.
- Mole, K., Hart, M., Roper, S., Saal, D. (2008) Differential gains from Business Link support and advice: a treatment effects approach, *Environment and Planning C: Government and Policy*. Vol. 26, pp. 315 - 334.
- Mole, K., Hart, M., Roper, S., Saal, D. S. (2011) Broader or deeper? Exploring the most effective intervention profile for public small business support, *Environment and Planning A*. Vol. 43, pp. 87 - 105.

- Morawska, E., (2004). Immigrant Transnational Entrepreneurs in New York: Three varieties and their correlates', *International Journal of Entrepreneurial Behaviour and Research*, Vol. 10(5), pp.325-348.
- Morris, R.C. and Earnest, N. (1962) *An Introduction to logic and scientific method*. Orlando, Flaurida: Harcourt Brace Jovanovich.
- Moustakas, C. 1994 *Phenomenological research methods*. Thousand Oaks, CA: Sage.
- Mueller, S. L., Thomas, A. S. (2001) Culture and Entrepreneurial potential: a nine country study of locus of control and innovativeness, *Journal of Business Venturing*, Vol. 16(1), pp. 51-75.
- Mueller,E. (2003) 'Private benefits of control, capital structure and company growth', *Working Paper* (London School of Economics).
- Naughton, P. (2005). 'Clarke says immigrants will face skills test'. *Timesonline*, February 7. Available at: <http://www.thetimes.co.uk/tto/news/uk/article1931973.ece> [Accessed: 16th August 2013].
- Nayak, A. And Greenfield, S. (1994) 'The Use of Management Accounting Information for Managing Micro Businesses', in A. Hughes and D. J. Storey (eds), *Finance and the Small Firm*, Routledge, London.
- Neergaard, H. and Ulhoi, J.P. (eds) (2006). *Handbook of Qualitative Research methods in Entrepreneurship*. Cheltenham: Edward Elgar.
- Nick Robinson (26 May 2014) What UKIP victory means. *BBC*. Available at: <http://www.bbc.co.uk/news/uk-politics-27572878> [Accessed: 21 September 2014]
- Noorderhaven, N. G.; Wennekers, A. R. M.; Thurik, A. R. And Van Stel, A. (2004) Self-Employment across 15 European countries: the role of dissatisfaction, *Entrepreneurial Theory Practice*, Vol: 29(1), pp.447-466.
- Nwankwo, S. (2005) Characterisation of Black African entrepreneurship in the UK: a pilot study, *Journal of Small Business and Enterprise Development*, Vol. 12(1), pp. 120-36.
- OECD (2013), *International Migration Outlook 2013*, OECD Publishing.

- Office for National Statistics (2015) *Business Demography: 2014*. [Online] Available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2014> (Accessed: 13 July 2016)
- Office of National Statistics (ONS) (2009) West Midlands Population and Migration. Available at: <http://statistics.gov.uk/ccli/nugget.asp?id=2233> [Accessed: 21 March 2011]
- Ogbor, J.O. (2000). Mythicizing and reification in entrepreneurial discourse: ideology – critique of entrepreneurial studies, *Journal of Management Studies*, Vol. 37(5), pp. 605-635.
- Ooghe, H., Manigart, S. And Fassin, Y. (1991) 'Growth patterns of the European venture capital industry', *Journal of Business Venturing*, Vol. 6, pp. 381 – 404.
- Organisation for Economic Co-operation and Development [OECD] (2006). *International Migrant Outlook*. SOPEMI 2006 Edition. Paris: OECD.
- Parker, M. (2000) *Organisation, Culture and Identity*. London: Sage.
- Parker, S.C. (2004) *The Economics of Self-Employment and Entrepreneurship*. Cambridge University Press, Cambridge.
- Patton, M.Q. (1990) *Qualitative research and evaluation methods* (2nd Ed.). Newbury Park, CA: Sage.
- Penrose, E. T. (1959) '*The Business Expansion Scheme*', Inland Revenue, London.
- Penrose, Edith (1995 [1959]) *The theory of the growth of the Firm*, third edition, Oxford: Oxford University Press.
- Petersen, M. A. and Rajan, R.G. (1994). 'The Benefits of Lending Relationships: Evidence from Small Business Data', *Journal of Finance*, Vol. 49, pp.3-37.
- Petersen, M. And Rajan, R. (1997) 'Trade Credit: theories and evidence', *The Review of Financial Studies*, Vol. 10, pp. 3-37.
- Porter, M.E., Sachs, J.J. and McArthur, J. (2002) "Executive Summary: Competitiveness and Stages of Economic Development." In *The Global Competitiveness Report 2001-2002*, edited by M.E. Porter, J.J., Sachs, P.K., Cornelius, McArthur J.W. and K. Schwab, pp.16-25. New York, NY: Oxford University Press.

- Portes, A., Haller, W. and Guarnizo, L. E. (2002). 'Transnational Entrepreneurs: The Emergence and Determinants of an Alternative form of Immigrant Economic Adaptation', *American Sociological Review*, Vol. 67, pp.278-298.
- Prasad, A. and Prasad, P. (2002) The coming age of interpretative organisational research. *Organisational Research Methods*, Volume 5, No. 1, pp. 4-11.
- Rajan, R. And Zingales, L. (1995) 'What do we know about capital structure? Some evidence from international data', *Journal of Finance*, Vol. 50, pp. 1421-1460.
- Ram, M. and Jones, T. (2007). *Ethnic Minorities in Business*. Milton Keynes: Small Enterprise Research Team, Open University.
- Ram, M. And Jones, T. (2008) Ethnic Minority Business: Review of Research and Policy, *Environment and Planning C: Government and Policy*, Vol. 26, pp. 352-74.
- Ram, M. And Smallbone, D. (2001). *Ethnic Minority Enterprise: Policy in Practice*, Final report prepared for the Small Business Service, June.
- Ram, M., Edwards, P. And Jones, T. (2007) Staying underground: informal work, small firms and employment regulation in the UK, *Work and Occupations*, Vol. 34(3), pp. 290-317.
- Ram, M., Jones, T., Edwards, P., Kiselincev, A. Muchenje, L. (2010) Engaging with super-diversity: new migrant businesses and the research-policy nexus. 3rd ISBE National Small Firms Conference, Liverpool, 2-4 November, Available at: <http://www.isbe.org.uk/BestPapers#papers10> [Accessed: 11 December 2013]
- Ram, M., Smallbone, D. (2003) Policies to support ethnic minority enterprise: the English experience, *Entrepreneurship and Regional Development*, Vol. 15, pp. 151 - 166.
- Ram, M., Smallbone, D. and Deakins, D. (2002). *The Finance and Business Support Needs of Ethnic Minority Firms in Britain*, British Bankers Association Research Report.
- Ram, M., Theodorakopoulos, N. And Jones, T. (2008) Forms of capital, mixed embeddedness and Somali enterprise, *Work, Employment and Society*, Vol. 22(3), pp. 427-446.
- Ram, M., Trehan, K., Rouse, J., Woldesenbet, K. And Jones, T. (2012) Ethnic minority business support in the West Midlands: challenges and developments, *Environment and Planning C: Government and Policy*, Vol. 30, pp. 504 - 519.

- Rath, J. (2003). *Immigrant Entrepreneurs: Venturing Abroad in the age of Globalization*. Oxford: Berg.
- Rauch, A. And Frese, M. (2000) Psychological approaches to entrepreneurial success: general model and an overview of findings, in Cooper, C. L. And Robertson, I.T. (eds), *International Review of Industrial and Organisational Psychology* (New York: Wiley).
- Razin, E. And Langlois, A. (1996) Metropolitan characteristics and entrepreneurship among immigrants and ethnic groups in Canada International, *Migration Review*, Vol. 20(3), pp. 703-727.
- Rees, H. and Shah, A. (1986) An empirical analysis of self-employment in the UK, *Journal of Applied Econometrics*, Vol. 1, pp. 95-108.
- Regeneris Consulting (2010) *Supporting ethnic minority enterprise*. Policy Briefing, <http://www.kikimaurey.com/wp-content/uploads/2011/03/06/A618-report-EMBAN-Policy-Briefing-LEPs.pdf> [Accessed: 11th December 2013]
- Reynolds, P. and White, S. (1997). *The Entrepreneurial Process*, London: Quorum Books.
- Reynolds, P. D. And White, S. B. (1997) *The Entrepreneurial Process. Economic Growth, Men, Women, and Minorities*. Quorum, Westport, CT.
- Reynolds, P., Storey, D.J. and Westhead, P. (1994). 'Cross national Comparisons of the Variation in New Firm Formation Rates', *Regional Studies*, Vol. 28(4), pp.443-456.
- Richard, D. (2008) *Small business and government: the Richard Report*. Conservative Party, London, Available online: <http://www.conservtives.com/pdf/document-richardreport-2008pdf> [Accessed: 11 December 2013]
- Robert E. Lucas: *Econometric Policy Evaluation: A Critique*, in: Karl Branner and Allan, H. Meltzer (eds); *Carnegie-Rochester Conference Series on Public Policy*, Vol. 1, 1976, p. 41.
- Robson, C. (2002) *Real World Research* (2nd Edition) Oxford: Blackwell.
- Robson, M. (1991) 'Self Employment and New Firm Formation', *Scottish Journal of Political Economy*, Vol. 38, pp. 352-68.
- Rogoff, E. G. and Heck, R. K. Z. (2003) Evolving Research in Entrepreneurship and Family Business: Recognising Family as the Oxygen that Feeds the Fire of Entrepreneurship. *Journal of Business Venturing*, Vol. 18(5), pp. 559 - 66.

- Ross, T. (2014) '3000 Jobless European migrants on benefits', *The Telegraph*, 12 April [Online]. Available at: <http://www.telegraph.co.uk/news/worldnews/europe/eu/10762942/3000-jobless-European-migrants-on-benefits.html> (accessed: 14 August 2014)
- Rossman, G.B. and Wilson, B.L. (1994) Numbers and words revisited: Being "shamelessly electric". *Quality and Quantity*, Vol. 28, pp. 315-327.
- Salgado, G. G. (1994) "Profits, Losses and the Coordination of Economic Activities". Unpublished working paper presented at the Austrian Economics Seminar at New York University.
- Salgado, Gilberto G. (1999) "*The economics of Entrepreneurial Error*". PhD. Dissertation, New York University
- Sanchia Berg (22 April 2013) *Full Newsnight report on polls conducted in Romania and Bulgaria to test what impact the lifting of work restrictions might have*. Available online at: <http://www.bbc.co.uk/news/uk-22221841> [Accessed: 26 June 2013].
- Sanik, C. And Vernier, T. (2008) Entrepreneurs, social networks and work values of ethnic minorities in France, *International Journal of Manpower*, Vol. 29(7), pp. 610-29.
- [Sari Roininen](#), [Håkan Ylinenpää](#) (2009) "Schumpeterian versus Kirznerian entrepreneurship: A comparison of academic and non-academic new venturing", *Journal of Small Business and Enterprise Development*, Vol. 16(3), pp.504 - 520
- Sasse, G. and Thielemann, E. (2005) A research agenda for the study of migrants and minorities in Europe, *Journal of Common Market Studies*, Vol. 43, pp. 655-671.
- Sassen, S. (1991) *The Global City: New York, London, Tokyo*. Princeton, NJ: Princeton University Press
- Saunders, M., Lewis, P. and Thornhill, A. (2007) *Research Methods for Business Students* (4th Edition). Harlow: Pearson Education, FT Prentice Hall.
- Sautet, Frederic E. (2000) *An entrepreneurial Theory of the Firm*. London and New York: Routledge.
- Sayer, A. (1992). *Method in Social Science*. London: Routledge.
- Schumpeter, J. A. (1950) *Capitalism, Socialism and Democracy*, 3rd Edition. Harper and Row, New York, NY.

- Schutjens, A. J. M. and Wever, E. (2000) Determinants of new firm success, *Papers in Regional Science*, Vol. 79, pp.135-159.
- Schwab, K. (2009) *Global Competitive Report 2009-2010*. World Economic Forum. Geneva, Switzerland. [Online] Available at: <http://www.weforum.org/pdf/GCR09/GCR20092010fullreport.pdf> (Accessed: 20th January 2011)
- Science, O. (2001) *Technology and industry outlook: Drivers of Growth: Information Technology*. Paris: OECD
- Shane, S. and Venkataraman, S. (2000). The promise of entrepreneurship as a field of research, *Academy of Management Review*, Vol. 25, pp. 217-226.
- Shapero, A. (1975) 'The Displace, Uncomfortable Entrepreneur', *Psychology Today*, Vol. 9(11), pp.83-86.
- Siegfried, J. J. and Evans, L. B. (1994) Empirical studies of entry and exit: a survey of the evidence, *Review of Industrial Organisation*, Vol. 9, pp. 121-156.
- Silverman, D. (1984). 'Going Private: ceremonial forms in private oncology clinic', *Sociology*, Vol. 8, No. 2, pp. 183-200.
- Silverman, D. (1985). *Qualitative Methodology and Sociology: describing the social world*. Gower: Aldershot.
- Silverman, D. (1993) *Interpreting Qualitative Data*. London: Sage.
- Singh, J. V. and Lumsden, C. J. (1990) Theory and research in organisational ecology, *Annual Review of Sociology*, Vol.16, pp. 161 - 195.
- Small Business Service (2003) *Survey of Entrepreneurship 2003*, London: Department of Trade and Industry.
- Smallbone, D., Kitching, J. And Athyde, R. (2010) Ethnic diversity, entrepreneurship and competitiveness in a global city, *International Small Business Journal*, Vol. 28(2), pp. 174-190.
- Smallbone, D., Ram, M., Deakins, D. and Baddock, R. (2003). 'Access to Finance by Ethnic Minority Business in the UK', *International Small Business Journal*, Vol. 21(3): pp.291-314.
- Smith, C. And Wakeman, L. (1985) 'Determinants of corporate leasing policy', *Journal of Finance*, Vol. 40, pp. 895 - 908.

- Smith, J.K. (1983), 'Quantitative versus interpretative: the problem of conducting social inquiry', in E.R. House (Ed.), *Philosophy of Evaluation*, San Francisco: Jossey-Bass, pp.27-51.
- Sorenson, O. And Audia, P. G. (2000) The social structure of entrepreneurial activity: geographic concentration of footwear production in the United States 1940-1989, *American Journal of Sociology*, Vol.106, 424-461.
- Stalker, P. (2002) Migration trends and migration policy in Europe, *International Migration*, Vol. 40, pp 151 - 179.
- Stanworth, M. J. K. And Curran, J. (1976) 'Growth and the Small Firm - An Alternative View', *Journal of Management Studies*, Vol. 13, pp. 95-110.
- Sternberg, R. (2009), Regional Dimensions of Entrepreneurship, *Foundations and Trends in Entrepreneurship*, Vol. 5(4).
- Sternberg, R. (2011), "Interregional Disparities, Entrepreneurship, and EU Regional Policy": In *The Dynamics of Entrepreneurship*, M. Minniti (ed.), pp. 153-77, Oxford University Press: Oxford, New York.
- Storey, D. J. (1994) *Understanding the Small Business Sector*, London: Thomson Business Press.
- Storey, D. J. (1994) *Understanding the Small Business Sector*. London: International Thomson Business Press.
- Storey, D. J. (1994) *Understanding the Small Business Sector*. Routledge, London.
- Straubhaar, T. (2001) Migration Policies and EU Enlargement, *Intereconomics*, Vol. 36(4), pp 167 - 71.
- Strauss, A. and Corbin, J. (1990) *Basics of qualitative research: Grounded Theory procedures and techniques*. Newbury Park, CA: Sage.
- Stuart, T. And Sorenson, O. (2003) The Geography of opportunity: Spatial heterogeneity in founding rates and the performance of biotechnology firms, *Research Policy*, Vol. 32, pp.229-253.
- Tamasy, C. (2006) Determinants of Regional Entrepreneurship Dynamics in Contemporary Germany: A Conceptual and Empirical Analysis, *Regional Studies*, Vol. 40(4), pp.365 - 384.

- Taylor, M. P. (1996) Earnings, independence or unemployment: why become self-employed?, *Oxford Bulletin of Economics and Statistics*, Vol. 58, pp. 253 – 266.
- Tripathi, S. (2001) *Powers of transformation*, Index on Censorship, 32, pp. 125-131.
- Tripp, D.H. (1983) Co-authorship and negotiation: The interview as an act of creation. *Interchange*, Vol. 14, pp. 32-45.
- Tucker, I. B. (1988) Entrepreneurs and public sector employees: the role of achievement motivation and risk in occupational choice, *Journal of Economic Education*, Vol. 19, pp. 259 – 268.
- Uhlaner, L. M. And Thurik, A. R. (2007) Postmaterialism influencing total entrepreneurial activity across nations, *Journal of Evolutionary Economics*, Vol. 17(2).
- Uusitalo, R. (2001) Homo entrepreneurs?, *Applied Economics*, Vol. 33, pp. 31 – 36.
- Valentine, G. (1993c) (hetero) sexing space: Lesbian perceptions and experiences in everyday spaces, *Environment and Planning D*, Vol. 11, pp.395-413.
- Van Maanen, J. (1991) The Smile Factory: work at Disneyland. In Frost, P.J., Moore, L.F., Louis, M.R., Lundberg, C.C. and Martin, J. (Eds), *Retraining Organisational Culture*. London: Sage.
- Van Manen, M. (1990) *Tales of the field: on writing ethnography*. Chicago: University of Chicago Press.
- Van Praag, C. M. And Versloot, P.H. (2007) What is the value of entrepreneurship? A review of recent research, *Small Business Economics*, Vol. 29(4), pp. 351-382.
- Van Praag, C. M., Cramer, J.S. and Hartog, J. (2002) Low risk aversion encourages the choice for entrepreneurship: an empirical test of a truism, *Journal of Economic Behaviour and Organisation*, Vol. 48, pp. 29 – 36.
- Van Stel, A. (2005) COMPENDIA: Harmonizing business ownership data across countries and over time, *International Entrepreneurship Management Journal*, Vol. 1(1) pp.105-123.
- Vaughn, K. I. (1994) *Austrian Economics in America: the Migration of a Tradition*, Cambridge: Cambridge University Press.

- Verheul, L., Van Stel, A., and Thurik, A. R. (2006) Explaining Female and Male Entrepreneurship at the Country level, *Entrepreneurship and Regional Development*, Vol. 18(2), pp. 151 – 83.
- Vertovec, S. (2007) Super-diversity and its implications, *Ethnic and Racial Studies*, Vol. 30(6), pp. 1024-1054.
- Vertovec, S. (2007) Super-diversity and its implications, *Ethnic and Racial Studies*. Vol. 30, pp. 1024 – 1054.
- Vitosha Research Poll of Bulgarians (March-April, 2013) http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/poll_bulgarians_vitosha_bbc_22_4_13.pdf[Accessed: 26 June 2013].
- Volery, T. (2007) Ethnic entrepreneurship: A theoretical framework. In L. –P. Dana and M. Morris (eds.), *Handbook of research on ethnic minority research*. Cheltenham, UK: Edward Elgar.
- Wagner, J. And Sternberg, R. (2004), “Start-up Activities, Individual Characteristics, and the Regional Milieu: Lessons for Entrepreneurship Support Policies from German Micro Data”, *Annals of Regional Science*, Vol. 38, pp. 219 – 40.
- Waldinger, R. (1995). ‘The ‘Other’ Side of Embeddedness: A Case study of the Interplay of Economy and Ethnicity’, *Ethnic and Racial Studies*, Vol. 18(3), pp.554-580.
- Waldinger, R., Aldrich, H. And Ward, R. (1990). *Ethnic Entrepreneurs: Immigrant Business in Ethnic Societies*. London: Sage.
- Welch, S. (1975) *Sampling by Referral in a Dispersed population*, *Public Opinion Quarterly*, Vol. 39(2): <http://poq.oxfordjournals.org/content/39/2/237.full.pdf> [Accessed: 30thAugust 2011]
- Welch, S. (1975) Sampling by Referral in a Dispersed Population. *The Public Opinion Quarterly*, Vol. 39(2), pp.237 – 245.
- Welter, F. And Lasch, F. (2008). Entrepreneurship research in Europe: taking stock and looking forward, *Entrepreneurship, Theory and Practice*, Vol. 32, pp.241-248.
- Wennekers, A. R. M. (2006) *Entrepreneurship at country level: economic and non-economic determinants*, PhD thesis, Erasmus Research Institute of Management (ERIM), Rotterdam.

- Wennekers, A. R. M.; Uhlaner, L.; Thurik, A. R. (2002) Entrepreneurship and its conditions: a macro perspective, *International Journal of Entrepreneurship Education*, Vol. 1(1), pp.293-309.
- Wennekers, S.; Van Stel, A.; Thurik, R. And Reynolds, P. (2005) Nascent entrepreneurship and the level of economic development, *Small Business Economics*, Vol. 24(3), pp. 293-309.
- Williams, A.M., Balaz, V. and Ward, C. (2004). 'International Labour Mobility and Uneven Regional Development in Europe: human capital, knowledge and entrepreneurship', *European Urban and Regional Studies*, Vol.11 (1), pp.27-46.
- Willmott, H. and Knights, D. (1995). Culture and control in an insurance company, *Studies in culture, organisations and society*, Volume 1, pp. 1-18.
- Wilson Committee (1979) *Interim Report on the Financing of Small Firms*, Cmnd 7503. London: HMSO.
- Wong. B., Ho, Y. And Autio, E. (2005) Entrepreneurship innovation and economic growth: Evidence from GEM data, *Small Business Economics*, Vol. 24(3), pp. 335-350.
- Woods, C. (2006) *Scotland's Business Birth Strategy: Entrepreneurial culture and attitudes: Entrepreneurship Policy delivery*. [Online] Available at: <http://www.oecd.org/site/cfecpr/40352714.pdf> [Accessed: 6 April 2012]
- Wynarczyk, P., Watson, R., Storey, D. J., Short, H. And Keasey, K. (1993) *The Managerial Labour market in Small and Medium Sized Enterprises*, Routledge, London.
- Yankow, J.J. (2003). 'Migration, Job Change, and Wage Growth: A new perspective on the pecuniary return to geographic mobility', *Journal of Regional Science*.
- Yin, R.K. (2003) *Case Study Research: Design and Methods* (3rd Ed.). Thousand Oaks, CA: Sage.
- Yuengert, A. M. (1995) Testing hypotheses of immigrant self-employment, *Journal of Human Resources*, Vol. 30, pp. 194-204.
- Zimmermann, K. F. (2005) European Labour Mobility: Challenges and potentials, *De Economist*, Vol. 153, pp. 425-450.

