

## **The business sectors that attract migrant entrepreneurs**

### **1 : Policy background**

The 2010 General Election campaign has demonstrated that immigration is still an important political issue. Many electors believe that there are too people of non British origin living in Britain and that the inflow of newcomers should be reduced.

In response to this belief leaders of all three main parties accept that controls need to be put in place that restrict the level of immigration from countries outside the European Union. Entry rights, they argue, should be restricted to those individuals who possess skills which are in short supply. The Conservatives argue that regular discussions should be held with business leaders in particular industrial sectors regarding the availability of skilled labour in their sector. Labour policy involves the introduction of a "points scoring system" which would bar those without relevant industrial skills and emphasises the funding of training programmes which increased in the supply of skilled labour in those sectors where demand is tight. Liberal Democrats believe that a points score should include an element based on regional demand for labour.

Migration is viewed through this policy framework as a process which adjusts for imbalances in the relationship between the supply of and demand for skills among the indigenous population. There is no doubt that to a degree it is.

Such an interpretation nevertheless tends to disregard the possibility that differences in the level of concentration of workers of non British origin in different industrial sectors reflect socio-cultural as well as socio-economic factors. In other words the domination of people of Italian descent in the retailing of ice cream business may reflect the significance and status of ice cream in Italian culture rather than just a lack of skills in its manufacture or distribution among the non Italian population.

Whilst supply and demand for specific skills is likely to be the most important factors in determining the jobs that recent immigrants take, cultural factors are likely to be a key reason for the business sectors that attract entrepreneurs of non British ancestral origins. It may be for socio-economic reasons that short term Australian immigrants may disproportionately find themselves working behind the bar whilst for socio-cultural reasons people of Irish descent may be more likely to own the pub in which they serve.

Socio-cultural and socio-economic factors are clearly not independent of each other. If entrepreneurs of Chinese origin set up and run take away restaurants, then it would not be surprising to find they were in the habit of recruiting other people of Chinese origin to work in their establishments.

### **2 : Background to the Experian study of migrant entrepreneurship**

Experian is uniquely placed to throw light on the relationship between ethnicity and industrial specification due to some of the proprietary data sets that it has developed.

Using information from a variety of sources, including Companies House records, Experian has built up the UK's largest database of named entrepreneurs. This contains the names of company directors, partners in professional practices and sole traders. In aggregate this database contains the names of 4,708 million separate individuals. Against each of these names Experian has been able to access a code which indicates the industrial sector in which the business which they direct or manage operates.

In addition Experian uses a file containing the names of a billion different individuals from around the world, the Origins database, to identify the cultural, ethnic and linguistic background associated with some 2.7 million different personal and family names. This resource makes it possible to infer a person's ancestral origins from his or her name with a high degree of confidence.

Linking the Experian database of entrepreneurs by standard industrial classification with the Origins name classification makes it possible to identify for each of the industrial sectors the ancestral backgrounds of people who take business leadership roles in them.

In the following analyses we are therefore able to reveal the key relationships between the principal 222 industrial classification codes and 72 of the more common minority groups from the 200 or so different Origins categories identified by the Origins classification.

### **3 : Variations in the level of entrepreneurship among recent migrants by industrial sector**

In the section that follows we identify for a number of different groups, including the white British, and comment on the industrial sectors in which they are most likely to play an entrepreneurial role, whether as a director, partner or sole trader.

To help the reader understand the extent to which a group is over-represented in a particular industrial sector we use what can be understood as an index of concentration where an index of 100 indicates a level equivalent to the UK average, an index of 200 a level twice the national average and an index of 400 a level four times the national average.

For example an index of (1000) for Iranians in the business sector "dental practices" would indicate that the number of directors, partners and sole traders whose business falls in the standard industrial classification "dental practices" is ten times greater than would be the case were Iranian entrepreneurs to the spread across different industrial sectors in the same proportion as all GB entrepreneurs.

#### **3.1 : The white British**

Before examining the industrial sectors in which people of non British ancestry are most likely to be involved it may be useful to consider the opposite, the sectors which have been relatively immune to take over by people of non white British origin.

The largest of these sectors are the group construction and demolition (110), general construction and repair of buildings (110) and civil engineering; agriculture (112); manufacturing of products other than textiles; vehicles and road haulage (108) ; insurance (108) and farming (112). To a lesser extent publishing (106) and advertising (104) is still dominated by people of white British origin.

Significantly hiring out of construction equipment (242), general construction (201) and civil engineering (189) are industrial groupings in which the Irish, an earlier generation of migrants, are highly concentrated. Although in recent years large numbers of Poles and people from the Baltic States have entered this sector as employees, they are not yet well represented among entrepreneurs in this sector.

Likewise with farming, although agricultural produce is harvested by people of Portuguese or Eastern European origin, farms are still owned and managed by people of white British origin.

The distinction between the manufacture of textiles and other manufactured goods is the result of two factors – the relatively low levels of scale and capital needed to set up in textile manufacturing, as compared for example with vehicles or steel, and the transferability of many production process skills from the countries of origin of many migrants.

Insurance is an interesting sector. The dominance of people of white British origin in insurance may reflect Britain's cultural facility with financial services; it may reflect the greater cultural value placed on insurance in Britain compared to less economically developed countries; or the fact that insurance as a business proposition is less relevant in countries where most immigrants have arrived from than it is in Britain.

### **3.2 : The Non British**

People of non British origin are disproportionately concentrated in a number of inter-linked industrial sectors relating to food, appearance, health and certain professional services.

Take away shops (320) and restaurants are the two sectors most likely to be run by people of non white British origin, as indeed are food retailers (235) and wholesalers and confectioners, tobacconists and newsagents (175).

People of non British ancestry are also particularly active in the clothing trade whether in the manufacturing of women's outerwear (286) or foundation garments, or in the wholesale (233) or retail (156) garment trades. They are also common in the jewellery business (168).

People of non white British origin are also hugely over-represented among those who run medical practices (235), dental practices (215), dispensing chemists (253) and wholesalers of pharmaceutical products (241). Nursing homes (185) and medical agencies (143) likewise are particularly over-represented.

Among the professions, the more common ones in which to find people of non British origin are legal (148), accounting (127) and computer services (125).

In banking (167) and in higher education (165) we also find large numbers of people with non British names.

### **4 : The preferences of specific cultural communities.**

Whilst it is perfectly possible to explain most if not all of these differences in terms of socio-economic factors such as ease of market entry and qualifications, it is less easy to explain other than

through cultural differences the distinct preferences of different minority groups for particular industrial sectors that is evident from the Experian data.

According to the evidence from the Experian BI-Origins database, my own experiences are typical. My doctor is Indian but my dentist is Iranian. My hair is cut in a Greek Cypriot establishment. My local post office is run by Hindu Indians, my local petrol station by Tamils and my dry cleaning shop by Russians. The estate agency that would like to sell my house is run by people of Jewish descent.

#### **4.1 The Irish**

Sectors traditionally operated by the Irish are the hiring out of construction machinery equipment (242), general construction and demolition work (210) and civil engineering (189). These businesses, it might be argued, are the cultural descendants of the Irish who came to Britain to build the railways.

Public houses and bars (177) and to a lesser extent licenced night clubs (132) are Irish sectors.

Compared with the English, Scots and Welsh the Irish tend to have a preference for businesses that involve the hiring out of any form of equipment and for estate agency. By contrast they tend to be less involved in petrol filling stations and not to be interested in running dry cleaning establishments (61). Few people of Irish descent run farms (51).

#### **4.2 The Scots**

To some extent the Scots specialisation is in industries which are located in Scotland, oil refining (215), forestry (168) and deep sea fishing (379). They are also more likely than others to be involved in publishing (108), to run veterinary services (138) and, though to a lesser extent than the Irish, to run pubs (137). By contrast they are less involved in running food shops (70) or confectioner, tobacco and newsagents (78).

#### **4.3 The Welsh**

The Welsh specialise in the manufacture of chemicals (155), an industry particularly located in Wales.

Compared to the English, Scots and Irish, they gravitate more to television and radio (117), the spoken word, than to publishing of newspapers (53), the written word, and prefer setting up businesses in education and training (115) than in the law (78).

Post Offices (68) and licensed eating places (60) and tend not to be run by people of Welsh descent.

#### **4.4 The Italians**

The Italians are especially concentrated in businesses associated with food : the running of licensed eating places (785) and take aways (761); catering (253); confectionery (245) and the wholesale distribution of food and drink (225).

Legal (200) and newspaper publishing (195) also attract Italian entrepreneurs.

#### **4.5 The Greeks**

Greeks play a very strong role in the manufacturing of women's outerwear clothing (725) and also in the retailing of footwear (295) and of leather products. They are more involved in take aways (402) and pubs and bars (398) and licenced eating houses (237).

Wholesale banking (224) and shipping (122) are traditional areas of Greek entrepreneurship which in more recent times have extended into air transport (151) and travel agency (394).

#### **4.6 The Greek Cypriots**

The Cypriots are the group most likely to specialise in the manufacture of women's tailored outerwear clothing (1607) and swimwear and foundation garments (955). Cypriot entrepreneurship is also high concentrated on restaurants (492) and take aways (398). In the retail sector Greek Cypriot are more likely to be involved in selling clothes (155) and footwear and leather products (139) than food (136).

One is particularly likely to come into contact with Cypriots at the hairdresser (360) or when servicing one's car (175). Professions that Cypriots select are accountancy (182) and estate agency (188).

#### **4.7 The Balkans**

Both Serbs and Croats provide disproportionate numbers of architects (124), (160), computer services (166), (137), and providers of domestic services (282), (244). For some reason being a driving instructor is a common profession among Croats (298) and Serbs (413).

Albanians specialise in cleaning (1242), dry cleaning (545) and refuse disposal (471).

#### **4.8 The Poles**

Polish businesses are well represented in building completion (as distinct from construction and civil engineering) and also in cleaning (194) and dry cleaning (154), a sector common among migrants from Russia (454).

Poles are relatively less likely than other minorities to run corner shops (138) or licensed eating places (73) but are more likely to be bakers (192).

Polish dentists are common (364).

Unusually for an immigrant group they have infiltrated the road haulage industry (155) as have Czechs (128) and Ukrainians (168).

#### **4.9 The Turks**

Like the Cypriots the Turks specialise in clothes manufacturing (1747) and in all aspects of catering (1717), fast food (902) and licensed eating places (401). Many food retail outlets (885) are run by Turks.

Business relevant to personal appearance, hairdressing (249) and dry cleaning (341), are well represented among the Turkish community

#### **4.10 The Jews**

The Jewish community is particularly well represented in the banking (199) and property industries (230) in legal services (185) and jewellery (535).

Jewish names are also common in wholesaling and in real estate (230).

The film industry is an additional focus of Jewish entrepreneurship (167).

#### **4.11 The Armenians**

Armenians are attracted to any form of wholesale activity but do not buy or run corner shops.

They are established in the trading of oil (249) and precious metals (692), as well as scrap (222), and in the jewellery sector (215).

The air freight (382) and vehicle transport industries (265) appeal to Armenians who, like Russians and Poles, are active in dry cleaning (228).

#### **4.12 The Lebanese**

Lebanese entrepreneurs are found both in the food and the health sectors. People of Lebanese ancestry like to run take aways (694), licensed eating places (412) and catering businesses.

They are also particularly likely to run medical practices (511) and to trade as dentists (303). The management of nursing homes (383), pharmaceutical distribution (255) and pharmacies (232) are all sectors which the Lebanese community is attracted to.

#### **4.13 The Iranians**

Like the Lebanese the Iranians focus on both food and health. A higher proportion of Iranian entrepreneurs work in dentistry (1493) than in any other minority. Running medical practices and providing surgical and medical equipment are also sectors in which Iranians are well re-presented.

Unlike other Muslim groups Iranians have also been successful in banking (245).

As with other Mediterranean and Muslim groups the management of take aways (500), licensed eating places and (342) the provision of catering services (449) are favourite business careers for Iranians.

#### **4.14 The Pakistanis**

In common with Hindu Indians Pakistanis have a powerful position in the food and clothing sectors, operating disproportionate number of take aways (452) and corner shops (406). Like other Asian and Muslim communities Pakistanis are strong in textile wholesaling (413) in the retail clothing (288) and footwear (297) sectors.

Many run medical practices (369). But Pakistanis are less attracted to dentistry than Iranians.

In contrast with their Indian neighbourhood Pakistanis are six times more likely to operate businesses running taxis or running self drive car hire.

#### **4.15 The Hindu Indians**

Dispensing chemists (1107) is one of the most popular business sectors for Hindu Indian entrepreneurs followed by wholesale distribution of pharmaceutical products (892). Like other South Asians Indians tend to run corner shops (425), filling stations (395) and confectionery, tobacco and newsagents (445). The running of Post Offices (262) is a particularly Indian Hindu niche.

As with other South Asians Hindu Indians are heavily in the management of general practices (351) and dental surgeries (324).

Computer services is a popular business sectors for people from the Punjab (254) and Uttar Pradesh (323).

#### **4.16 The Sikh Indians**

Sikh Indians are much more likely to be involved in textile manufacturing (1038) and wholesale distribution (420) than Hindu Indians and much less likely to run general practices (201) or to be dentists (291).

On the high street they are even more likely than Hindu Indians to run Post Offices (340) and confectionery, tobacco and newsagents (602). By contrast they are less likely to run pharmacies or to be involved in the wholesaling of pharmaceutical products.

Like Pakistanis, Sikhs are specialise in running taxi and bus hire services (181) and like the Poles have penetrated the road haulage business (120).

#### **4.17 The Sri Lankans**

The sector that particularly attracts Sri Lankans is the running of petrol stations (1268). Sri Lankans also specialise in food retailing (653) but unless other south Asian and Mediterranean immigrants they are relatively inactive in textile manufacture and in textile wholesaling.

They are less likely than Hindu Indians to run pharmacies or dental practices but more likely to run medical practices (668). Sri Lankans are often found running nursing homes (489) or social work services (203). No other group has such a high proportion of accountants (365). Banking (281) and to a lesser extent computer services (230) are also popular professions.

#### **4.18 The Chinese**

As can be imagined the Chinese are the immigrants most likely to be involved in catering, take aways, restaurants and, though to a lesser agree, wholesale distribution. However it is particularly the Cantonese (Hong Kong) Chinese who dominate these sectors. Cantonese Chinese are much more likely to be involved in the operation of takeaways (1753) than Mandarin Chinese (436).

Mandarin Chinese by contrast tend to be involved in sectors where educational qualifications are more important, such as higher educational services (372 versus 89) and research and development (374 versus 88). Mandarin Chinese also are more likely to belong to sectors involving intermediation, such as travel agency management (292 versus 125) , textile wholesaling (572 versus 126) and scrap metal operations (186 versus 21).

Mandarin Chinese are more likely than Cantonese Chinese to be involved in medical practices (508 versus 169).

#### **4.19 The West Africans**

Nigerian and Ghanaian entrepreneurs tend to work in broadly similar sectors. In particular this group is very active in the operation of nursing homes and the provision of nursing homes (642 and 534), nursing agency services (217 and 252) and social work services (198 and 278). Both West African groups are found operating in the private security industry (504 and 372).

Music (411 and 409), banking (357 and 267) and computer services (251 and 158) are sectors which attract Nigerians and Ghanaians.

Unlike Nigerians, Ghanaians also tend to focus on cleaning and appearance, being more likely to operate cleaning companies (449), dry cleaners (180) and hair and beauty (218) salons. The legal profession (235) is one which attracts Ghanaians to a greater degree than Nigerians.

#### **4.20 The West Indians**

Proportionately to an even greater extent than the Irish, West Indian entrepreneurs are attracted to running pubs and bars (307).

Creativity is expressed through the self employment, whether in music (194), as an author, composer or musician (152) and through the running of beauty parlours (224).

West Indians also gravitate to the car hire business (232).