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## **Minding the Gaps in British Ethnic Entrepreneurship and Commercial History: From the Genesis to the 21<sup>st</sup> Century**

Fred A. Yamoah\*, Christopher Johnson

**Abstract** Tracing the origin and development of British ethnic entrepreneurship from the 1800s to the 21<sup>st</sup> century raises awareness of a salient research gap to make a contribution to entrepreneurship research. We draw on path dependency theory to understand the range of socio-cultural and economic factors that inform the dynamic behaviour and actions of visible minorities (Africans, Chinese, South Asians and people from the Caribbean) ethnic entrepreneurship. Archival and industry documentations are analysed to identify four distinctive epochal periods of origination of ethnic entrepreneurship that highlight the path dependency of activities. Furthermore, we found network alliances, business clusters and resilience factors, such as founder-owner social outlook, culture, faith, and social identity as critical success factors. We further outline the implications of the historical development for research, government policy, industry and entrepreneurial practice in the UK.

**Keywords:** ethnic entrepreneurship, visible minorities, path dependency, historical evolution, UK business sector

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## Introduction

In the first half of the 20<sup>th</sup> century, business historians Joseph Schumpeter and Alfred Chandler pioneered the discipline of entrepreneurship. However, economists have been documenting the status of economies through the prism of capitalism and industrialisation since the mid-19<sup>th</sup> century (Hodgson, 2001). In their treatise, *'Entrepreneurship and Historical Explanation'* Casson and Godley (2005) described the entrepreneur as an influential figure in economic growth, companies, industries, trade associations, and the market economy as a collective. They opined that the definition of entrepreneurship meant different things to different people. In *'Measuring Historical Entrepreneurship'*, Foreman-Peck (2005) cited profits, innovation, productivity, industry entrants and other aspects of a firm's value chain process, as imperative towards evaluating the performance of successful entrepreneurs.

According to Valdez (2003, p. 4), ethnic entrepreneurship refers to 'business-ownership by immigrant and ethnic-group members'. Admittedly, ethnic entrepreneurship is associated with socio-economic mobility (Waldinger et al., 1990). Hence, research insight into the link between enterprise and ethnicity is relevant. Significantly, the presence of Africans, Chinese, and South Asians, people from the Caribbean amongst other migrants, affected different levels of entrepreneurial activity across the nine English regions (Johnson, 2016). Despite the increasing presence of enterprises set up by immigrants (including visible minorities from former British colonies), there are few studies and critical discourses on ethnic entrepreneurship and commerce in the extant literature.

In this paper, the focus is on these four distinct groups (Africans, Chinese, South Asians and people from the Caribbean) who have been influencing the growth and development of the ethnic firm sector in Britain since the 18<sup>th</sup> century (Urwin, 2011). Significantly, although there has been a long tradition of business history research globally, ethnic entrepreneurship and commerce is still relatively new and largely exploratory with findings often described as inconclusive. However, with the increasing call for this type of study to be integral to traditional economic policy, the historical specificity of ethnic entrepreneurship and commerce is crucial to comprehend the attitudinal behaviours of ethnic business owners, men and women alike, in Britain (Barrett et al., 2001).

This paper bridges such a knowledge gap by providing a historical analysis using Douglas North's (1990) path dependency theory as a theoretical lens. The path dependency theory

posits that establishments and their stakeholders are segments of institutions that form and direct their behaviour and actions via an entrenched path (Ibrahim and Galt, 2011). According to Pierson (1993), these established paths consist of institutional values, norms, regulations, and public rules set up by previous decisions that restrict institutional development processes. Therefore, this paper seeks to understand the range of socio-cultural and economic factors that inform the behaviour and actions of ethnic (visible minorities of ex-British colony heritage) entrepreneurship from the 1800s to the 21st century. Of special interest is the need to identify the distinctive periods of origination for a more holistic understanding of the dynamic development of ethnic entrepreneurship.

We achieve the aim of the study by examining archival and industry documentations that are comprehensive, but that have never been analysed and connected in this manner before, to provide a holistic understanding of the range of socio-cultural and economic factors that inform the dynamic behaviour and actions of ethnic entrepreneurs in the UK. The study contributes to the extant literature, being the first comprehensive historical analysis from a path dependency theory perspective, to identify four distinctive epochal periods of origination of ethnic entrepreneurship and commerce in the UK. These periods witnessed various ground-breaking enterprise occurrences, namely, 1) the formation of Africanus in the 18<sup>th</sup> century, 2) the establishment of the Hindoostanee Coffee House (1809/1810), 3) the opening of the first Chinese laundry (1901), and 4) the establishment of the first Caribbean business – in the form of a surgery (1907).

In addition, it provides an in-depth understanding of the distinctive attributes of ethnic entrepreneurship centred on network alliances, age and gender dimensions, spatial distribution, and business clusters. The third contribution is the provision of insights into resilient factors, such as founder-owner social outlook, culture, faith, and social identity. These factors serve as critical success indicators of ethnic entrepreneurship and commerce in the UK. The study thus broadens theoretical and empirical understanding on the origin, growth, and developmental trends associated with ethnic entrepreneurship from a path dependency theory perspective. Based on the findings above, the implications of the historical analysis of ethnic entrepreneurship for research, government policy, industry, and entrepreneurial practice in the UK are also outlined. It is envisaged that this paper will offer useful insights to entrepreneurship and commerce researchers, policy-makers, business associations, enterprise networks, entrepreneurs, civic groups, and faith

organisations. Undoubtedly, the issues aired and the discussions offered on the findings of the study contribute to the extant literature. These contributions are reflected in the creation of awareness and understanding of ethnic entrepreneurship to national and international development policy in modern times.

The paper is structured as follows. After the introduction, we commence with an overview of path dependency theory. This is followed by a historical background of British entrepreneurship and commerce. The next section gives a historical analysis of the ethnic entrepreneurship sub-sector in terms of key indices, such as resilience factors, network alliances, spatial distribution, business clusters, and gender dimensions. This is followed by an in-depth discussion on the origin, growth, and development of British ethnic entrepreneurship, along with its role, contribution, and impact on British economic history. This paper ends with a discussion on the implications of the historical evolution of ethnic entrepreneurship for research, industry, and entrepreneurial practice and what this means for the future of the UK economy.

### **Path dependency theory and ethnic entrepreneurship**

It is common knowledge that all decisions pertaining to economic institutions and strictures are explicitly or implicitly influenced by historical decisions - a phenomenon that is popularly referred to as path dependence. Indeed, Praeger (2008) simplified the path dependence concept to represent how the number of decision-making scenarios that people face, at any given time, is constrained by past decisions even when the former decision context no longer exists. Path dependency theory posits that establishments and their stakeholders are segments of institutions that form and direct their behaviour and actions via entrenched paths (Ibrahim and Galt, 2011). These established paths are known to consist of institutional values, norms, regulations, and public rules set up by previous decisions that restrict institutional development processes (Pierson, 1993).

In the same vein, Ibrahim and Galt (2011, p. 611) asserted that 'history matters, and it can give rise to alternative paths for development'. Further, North (1990, p. 93) summarised path dependency theory as follows: 'If the process by which we arrive at today's institutions is relevant and constrains future choices, then not only does history matter but persistent and poor performance and long run divergent patterns of development stem from a common source'.

Within the context of ethnic entrepreneurship, Ibrahim and Galt (2011) asserted that institutional economy models that highlight the role of evolution and path dependence offer a fuller explanation of ethnic business formations than does the framework of modern institutional economists. They highlighted how the choice of rationale of modern economics is limited in comparison to the traditional institutional framework, which emphasised decision making based on habits, customs, and non-formal institutions to explain the decision-making trajectory of ethnic entrepreneurs (Assudani, 2009).

Beyond being constrained by lessons from history to avoid the world of uncertainty to reduce transaction costs (Ibrahim and Galt, 2011), historical development is found to also influence ethnic entrepreneurs following pathways that differ from those taken by their earlier generations (Masurel & Nijkamp, 2004). Thus, the path dependency theory, which takes into account historic structures and draws on a range of past cultural and economic factors and informal ties to explain the dynamic development of behaviour and actions, facilitates the historical analysis of ethnic entrepreneurship from the 1800s to the 21st century. The aim of the analysis is to understand the range of socio-cultural and economic factors that inform behaviour and actions. Therefore, we draw on path dependency theory to undertake a historical analysis to answer the following research question:

R1: *What are the range of cultural and economic factors and non-formal ties that emphasize the path dependency of activities and the dynamic development of behaviour and actions of ethnic entrepreneurship from the 1800s to the 21st century?*

R2: *What are the implications of the historical development of ethnic entrepreneurship for research, government policy, industry, and entrepreneurial practice in the UK?*

### **British Entrepreneurship and Commerce in Context**

In their '*History of Entrepreneurship in Britain, 1900-2000*', Godley and Casson (2010) examined the evolution of a century-old state of enterprise activities in the UK. The effects of World War I and the resources that were committed to overseas activities illustrated the type of economic policies that were pursued by the state during that period (Edelstein, 1982). The emphasis on mercantile commerce involving large companies trading in the

steel, iron, woollen textiles, coal, and machinery sectors (Magee 2004), reflected at the time the government's priority on investment to boost industrial development.

From 1900 to 1929, there was much rivalry in entrepreneurial activities involving Britain and foreign companies including US and German concerns. Baumol (1990) observed that wealth creation amongst British entrepreneurs was tied to the 'imperial project', meaning the British Empire. Entrepreneurship was therefore used as an overseas 'investment tool', so much so that in 1913, it was reported that British foreign investment represented 45% of global commercial transactions. Though loosely, entrepreneurship and international commerce were encouraged via organised teams of financiers, solicitors, accountants, trading companies, merchant banks, agricultural specialists, and others (Jones and Wale, 1999; Jones 2005).

Despite the country's global entrepreneurial successes, a persistent criticism was that 20<sup>th</sup> century British entrepreneurs were reluctant to invest in new industries, such as automobiles, chemicals, and electricals. The counter-argument was that home-based companies were disadvantaged by European companies, most of which were leaders in high-tech industries. Additionally, British trading networks were enjoying a favourable advantage by developing and optimising overseas trade. However, 'entrepreneurial outsiders' such as Jewish immigrants from Poland, Lithuania and other parts of Eastern Europe played a key role in setting up enterprises that reinvigorated the British economy (Godley, 2001). Collectively, they and others transformed retail sectors during the 1920s and 1930s. Recent estimates suggest that ethnic entrepreneurs are worth more than £18 billion to the UK economy (Davidson, 2015 estimates).

### ***Ethnic Entrepreneurship***

Based on Valdez's (2003, p. 4) definition of ethnic entrepreneurship - 'business-ownership by immigrant and ethnic-group members', the term 'ethnic entrepreneurship' is appropriated in this study to mean entrepreneur immigrants from former British colonies in Africa, the Caribbean, China/Hong Kong, and the Indian-subcontinent of South Asia (visible minorities). Ethnic firms generate between £25-32 billion annually for the UK economy (Johnson, 2016 estimates). Studies on this subject have persisted with themes, varying from immigration, to opportunity structures, resources exploitation and optimisation of opportunities (Shane and Venkataraman, 2000).

A study on '*Ethnic Entrepreneurship*' (see Kloosterman and Rath, 2010) had as one of its research questions, 'What profiles of ethnic entrepreneurs can be identified?' This question was based on the dynamics of the wider urban economy, the barriers facing entrepreneurs, structural determinants, and the employment effects of ethnic business. The concepts '*immigrant entrepreneur*' and '*the ethnic entrepreneur*' are sometimes perceived similarly and used interchangeably in an attempt to characterise the economic dynamics of ethnic groups (Rath, 2000; Kloosterman, 2000). Another study (Schneider, 2016) recommended that the term 'immigrant' should be distinguished from first-generation immigrants and their native-born children – second and third generation immigrants. Robertson and Grant (2016) also opined that the country of origin of immigrants is of equal importance as an attribute of ethnic entrepreneurs.

## **Method**

To have a comprehensive understanding of the origin, growth, developmental trends, key attributes, resilient factors, and prospects of ethnic entrepreneurship and commerce in the UK, we employed a historical analysis method (Bowen, 2009; Maxwell, 2013). The documentations analysed for the study were sourced from academic journals, industry reports, manuals, seminal books, brochures, newspapers and media articles, sector magazines, press releases, organisational reports, secondary survey data, and various public records found in libraries, archival data and information, and the register of businesses. Indeed, it was imperative to employ multiple sources to be able to capture the historical narrative spanning from the 1800s to 2017, a task that was impossible to achieve using a single information source (Securing and Muller, 2008; Vissak, 2010; Sarpong et al., 2018).

To understand the contextual perspective of ethnic entrepreneurship and commerce in Britain, it was important to take a snapshot of commercial confluences that had an impact on the national economy during the research period. Through the analysis of the multiple sourced archival data and information, we understood how ethnic entrepreneurship and



commerce originated and the extent to which it has grown, and we identified resilience factors that have contributed to its sustenance within the British economy. In the following sections, we discuss the results of the analysis and its implications for ethnic entrepreneurship scholarship, industry practice and policy.

## **Results and findings**

The historical analysis revealed insights into the origin, growth, and developmental trends and resilience factors sustaining ethnic entrepreneurship and commerce in the UK.

### ***The origins of ethnic entrepreneurship and commerce in the UK***

The results showed that the presence of ethnic entrepreneurship in Britain can be traced to four epochal periods that ‘witnessed’ various enterprise occurrences: 1) the formation of Africanus in the 18<sup>th</sup> century, 2) the Hindoostanee Coffee House (1809/1810), 3) the first Chinese laundry (1901), and 4) establishment of the first Caribbean business in the form of a surgery (1907).

The key market variables in Britain during the trading era under consideration included price elasticity, the demand for new products and services, mark-ups, the formation of new firms, and process innovation (Hummels and Lugovsky, 2005; Chevalier and Scharfstein, 1996). Such was the business and commercial environment in Britain that African entrepreneurship and commerce had its beginnings at this time. Indeed, George Africanus founded Africanus according to the record in the *Register of Servants*, an employment agency to help migrants and other members of the Nottingham community in East Midlands, England (BBC March 2007 Local History Nottingham). At the time, Africanus was also able to set up a business whilst owning his own family home. His achievements clearly debunked the myth that African migratory trends began in the first half of the 20<sup>th</sup> century. The discourse also revealed that migrants from the African continent, who entered Europe, contributed in different ways to their new homeland. Spurred on by the historical development followed by their parents, they invested in the national infrastructure by forming small and medium-sized enterprises and contributed to local value chains as suppliers and distributors (Mohan, 2002).

Additionally, Dr John Alcindor's founding of a surgery in 1907, prior to the establishment of the NHS in Britain, is a distinctive phase in ethnic entrepreneurial development. This is a testament to the salient contribution of Caribbean people to economic activity in Britain many years before the mass migrating (Windrush generation on 13 December, 1930) to Britain in the early 20<sup>th</sup> century. Thus, migrants like Dr Alcindor created a platform for others to maximise conditions for setting up new firms. At the time, people from the Caribbean were also pivotal to the role that migrants played in the 'transnational exchange and flow of goods, people, information, knowledge and images' (Olwig, 1993).

The history of the ethnic Chinese diaspora entrepreneurship in Britain remains largely exploratory and inconclusive regarding its overall demography. Some of the factors that influenced these perceptions are that most of the Chinese migrants who arrived in Britain initially were from Hong Kong and South-East Asia. Until recently, others came from mainland China and parts of the Far East peninsula. Nevertheless, Chinese entrepreneurship and commerce is linked to the migration involving members of this diasporic group during the period from the 1680s to late 2000 (Johnson, 2016). This period was marked by a series of events spanning the cultural, economic, and social landscape that shaped the Chinese community as well as the attitudes and behaviours of the host community in Britain (Department of Culture Media and Sport, Education Programme 2008-09).

Although a relatively small number of Chinese were dispersed in the English counties, this did not prevent some from setting up firms in personal care as well as the food and hospitality sectors in the early 1900s. Chee Kung Tong opened the first Chinese laundry in Poplar, East London 1901. Six years later, the first recorded Chinese restaurant was opened in the capital (British Museum, 2008).

The heterogenetic nature of South Asians has made researching sections of this group's entrepreneurial activities equally challenging since their migratory patterns should be viewed in the context of pre-partition India (1947). Private commerce on the subcontinent had its roots in the 18<sup>th</sup> century Mughal Empire, which affected changes to the country's financial services in the 1760s. Such a transformation provided the impetus for increasing private entrepreneurship and commerce in the mid-19<sup>th</sup> century through to the early 1920s (Friedman and Jones 2015).

Notably, Bengali-born Sake Deen Mahomet founded the Hindoostanee Coffee House in 1809/1810 in West London. Archival records indicate that he later went on to produce soaps, cosmetics, and a range of personal care products to satisfy a burgeoning migrant population particularly in London (BBC, 2005). The partition of India in the first half of the 20<sup>th</sup> century, resulting in the creation of Bangladesh and Pakistan along with India, Bhutan, Nepal, and Sri Lanka, changed inexorably the cultural, economic, faith or religious, and social contours of South Asians and the subcontinent in general. This profound change in subcontinental geography has since led to several challenges for historians and others when analysing various typologies of South Asian entrepreneurship and commerce from a British perspective.

The results further revealed that in the first half of the 19<sup>th</sup> century, it was estimated that over 300,000 ethnic firms operated across inner-city conurbations (Urwin, 2011). Their market share for '*self-employment*' was between 2.6% and 27.2%, with more than 2 million minorities being described as 'employees' of working age. **Table 1** illustrates the level of dynamic interplay amongst diverse ethnic groups.

**Table 1: Profile of UK ethnic minorities' employment activity**

(Source: Urwin, Peter: *Self-employment, Small Firms and Enterprises*, The Institute of Economic Affairs, Britain 2011).

| <b>Ethnicity</b>   | <b>Employee</b>  | <b>Self employed</b> | <b>% Self employed</b> |
|--------------------|------------------|----------------------|------------------------|
| African            | 285,654          | 18,416               | 9.6%                   |
| Bangladeshi        | 107,264          | 17,205               | 13.8%                  |
| Caribbean          | 232,271          | 18,416               | 7.4%                   |
| Chinese            | 98,964           | 22,448               | 18.5%                  |
| Indian             | 569,363          | 76,980               | 11.9%                  |
| Pakistan           | 211,553          | 79,214               | 27.2%                  |
| Nepali             | 50,000           | 271                  | 2.6%                   |
| Other Asian *      | 220,356          | 26,523               | 10.7%                  |
| Other              | 362,109          | 50,832               | 12.3%                  |
| <b>Grand Total</b> | <b>2,087,534</b> | <b>310,034</b>       | <b>6.4%</b>            |

Notes: In this instance \* 'Other Asian' refers to Afghans and Sri Lankans especially.

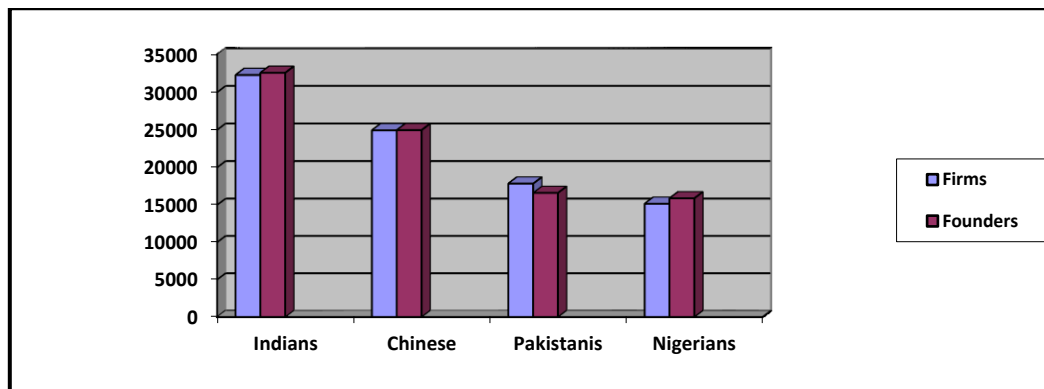
### ***5.2 Population Dynamics and Ethnic Entrepreneurship and Commerce Growth and Development***

Results based on the analysis of data from the Office for National Statistics (ONS) showed that ethnic groups are geographically dispersed in almost all the 12 UK regions including the majority of the English home counties. Accordingly, there are over 64 million people living in the UK (July 2017 estimates), with 87.2% representing white, and the remaining nearly 10% representing minority ethnic groups. The minority ethnic population was constituted in a descending order of numbers by immigrants from India, Pakistan, Africa, the Caribbean, Bangladesh, China, Sri Lanka, Afghanistan, and Nepal (ONS, 2011, 2017).

Currently, there are over 450,000 migrant entrepreneurs in the UK, representing 155 countries worldwide (ONS, 2013). About 18% of non-UK born nationals have started a business compared to about 11% of UK nationals who have done so. These figures support the studies of the Global Entrepreneurship Monitor (GEM), which reported that 16% of the first generation of migrants were more entrepreneurially active than 9% of UK-born residents (ONS, 2012).

Ethnic groups are among the 13 leading nationalities in the UK that have created and operated tens of thousands of companies and social enterprises in the country (**Figure 1**). The leading ethnic communities below are followed by Irish, Europeans (east and west), Australians, Americans, and others. These groups consist of 13 nationalities that represent over a tenth of all UK companies (319,768). These indices also reflect the level of diversity, power, and vitality of ethnic/migrant entrepreneurship and commerce.

**Figure 1: Number of Ethnic Firms Founders in the UK**



(Source: Centre for Entrepreneurs & DueDil, 2014).

**Figure 1** highlights the share ratio of multiple firms founded by ethnic entrepreneurs, as follows:

- Indians have 32,304 businesses with 32,593 founders of UK firms.
- Chinese have 24,949 firms with 24,972 founders of UK firms.
- Pakistanis have 17,863 companies with 16,617 founders of UK firms.
- Nigerians have 15,165 enterprises with 15,893 founders of UK companies.

### 5.3 Resilience factors that emphasize the path dependency of activities

The examination of the different factors that underpinned British industry captured in the EFIGE working papers 2005 and 2009 highlighted key market variables during that trading era. The variables they found included price elasticity, demand for new products and services, mark-ups, formation of new firms, and process innovation (Hummels and Lugovsky, 2005; Chevalier and Scharfstein, 1996). The results of the historical analysis further showed that numerous factors have contributed to the sustenance of ethnic firms. A notable success factor is the founder-owners' social outlook, which can determine their entrepreneurial actions in business management. The results also showed that ethnic

businesses leverage skill sets, faith-based values, resources, and linguistic dexterity to secure and maintain market advantage (see **Table 2**).

**Table 2: Linguistic dexterity and faith-based practices of British South Asians**

| <b>Group</b> | <b>Languages</b>   | <b>Types of Faith</b>  |
|--------------|--|--|
| Afghanis     | English, Dari, Hindi, Pashto, Punjabi, Russian and Urdu.                                 | Islam, Zoroastrianism, Sikhism, Judaism, Hinduism, Baha'i.                                     |
| Bangladeshis | Sylheti, Bengali, English.   | Islam, Christianity, Hinduism, Sikhism, Buddhism.  |
| Indians      | Malayalam, Hindi, Tamil, Punjabi, Gujarati, Urdu, English and other language 'families'. | Hinduism, Sikhism, Jainism, Buddhism, Baha'i, Christianity, Judaism, Zoroastrianism and Islam. |
| Nepalese     | English, Nepali, Khambu, Gurung, Magar.  | Hinduism, Buddhism, Kirant (Kirat) Mundhum and Christianity.                                   |
| Pakistanis   | English, Hindi, Urdu, Potohari, Mirpuri, Punjabi, Pashto, Sindhi, Balochi, others.       | Islam, Christianity, Hinduism, Sikhism, Judaism, Buddhism.                                     |
| Sri Lankans  | English, Tamil, Sinhalese.   | Buddhism, Hinduism, Islam, Christianity.   |

*(Source: Office for National Statistics, England 2011) Notes: The table captures the linguistic dexterity and multiple faith based practices.*

Another interesting result from the historical analysis is the introduction of the enterprise development agency system in accordance with the recommendations contained in Lord Scarman's report on the civil unrest during the early 1980s (Ram and Jones, 2008). A significant intervention was the establishment of enterprise agencies, along with community finance initiatives (CFIs), formed in London, Birmingham, Manchester, and other English counties, to boost ethnic businesses and, by extension, enhance economic and social development within diverse communities.

## **6. Discussion**

The establishment of the **Africanus** according to the records of the Register of Servants in 1793, in Nottingham, East Midlands by Sierra Leonean-born George John Scipio Africanus is significant. However, it is noteworthy that such an African entrepreneurship and commerce had its roots in European and Western cultures (University of Florida, 1998). This finding on the one hand confirms a path-dependence type of behaviour and action (Assudani, 2009 and Ibrahim and Galt, 2011). Additionally, it points to a prior

historical development followed by the host country (European and Western culture). This interesting finding could be likened to the ethnic consumer acculturation phenomenon towards a host culture (see Dey et al., 2019), which can be termed as ‘entrepreneurial acculturation’. Authors exploring enterprise activities on the continent viewed product entry, accessing new markets, procuring raw materials, and various other logistical trading arrangements as major features of entrepreneurship and commerce (Marsh and Mannari 1986; Chileshe 1992; Gray et al., 1996). There are ample grounds to infer that such an entrepreneurial predisposition could have driven the aspirations of African migrants like George Scipio.

Additionally, the information gleaned from the analysis indicated that Bengali-national Sake Deen Mahomet founded the first Indian (South Asian) firm, the Hindoostanee Coffee House (1809/1810), in Westminster. It is also important to point out that South Asian entrepreneurship and commerce is seen through the prism of reputable Indian families whose engagement with key industry sectors, such as banking and other mercantile activities as well as manufacturing prior to partition, influenced sub-continental economic affairs (Friedman and Jones, 2015). Incursions into the UK commercial space could have been spurred on by the entrepreneurial success of such family businesses in the sub-continent. Indeed, such a heritage points to a classic case of prior historical influence from their previous generations from the Indian sub-continent (Ibrahim and Galt, 2011).

Similarly, the results highlighted that Chinese entrepreneurship and commerce as captured in Huaqun Li’s *History and Development of Entrepreneurship in China* published in 2013, offers a vivid account of Chinese enterprise dynamics. Yang and Li (2007) revealed that the area of entrepreneurship and commerce development was mostly left unattended in mainstream literature. Chang and MacMillan (1991) also recognised the intersection of enterprise opportunities, individual contribution, and the link between entrepreneurship, commerce, and institutional evolution. It is therefore not surprising that Siyinese (Chinese)–born Chee Kung Tong was identified as the entrepreneur behind the setting up of the first Chinese laundry in 1901 as reported in East London’s Poplar District (2008-09). This is another example of path dependency theory in practice, where one individual follows a dissimilar entrepreneurial route but is still driven and affected by established paths traversed by past generations (Masurel & Nijkamp, 2004).

In the context of Caribbean entrepreneurship and commerce, the results showed that it has its genesis in 16<sup>th</sup> century capitalist behavioural tendencies (Alvin, 2003). The finding reinforces the position of Davidsson (1995) that some ethnic groups are endowed with social institutions and cultural norms that promote and project enterprise acumen. Danna (1994) argued that the role of the individual is not often considered a problem affecting economies in the Caribbean. Conversely, five distinctive features characterise Caribbean entrepreneurship and commerce, namely, 'expatriate', 'commercial', 'family', 'guerrilla', and 'state' entrepreneur respectively (Ramkissoon-Babwah, 2013).

The results also found that despite cultural, social, religious, and allied problems, along with start-up challenges, second and third generation ethnic female business owners have established businesses. Based on the limited information available in the extant literature and industry reports, it can be inferred that self-employment rates for women are under-reported and seldom analysed in quantifiable terms. Indeed, Hofstede's cultural dimension theory (Hofstede, 1983) illustrates the avoidance of 'ethnicity' in mainstream literature, which could also be tantamount to the exclusion of ethnic women entrepreneurs from performance modelling.

Among the numerous factors that have contributed to the sustenance of ethnic firms is the founder-owners' social outlook, which can determine their entrepreneurial actions in business management. This finding conforms to the earlier findings of Fauchart and Gruber (2011). In addition, the results reinforce Aliaga-Isla and Rialp's (2013) findings, which revealed that ethnic entrepreneurs utilise cultural, faith, and social identities to mitigate liabilities and other risks associated with business start-ups. Additionally, the results revealed that race, labour market discrimination, limited promotional opportunities, and cultural prejudice ranked highly amongst the factors that negatively affect ethnic communities pursuing entrepreneurship and commerce. It is noteworthy that results reported by Ramachandran and Pant (2010) earlier confirmed some of the above-mentioned factors amongst others as factors challenging ethnic businesses in the UK.

The discussion above underscores that ethnic entrepreneurship in the UK among visible minorities from Africa, the Caribbean, China, and South Asia is fully embedded in a historical context. This history epitomizes the path dependence of activities and the dynamic development of habits and actions. Ethnic entrepreneurship and commerce has



been influenced by historic events (some of which have affected social cohesion and cultural kinship). Yet in the face of these challenges, thousands of ethnic groups and other migrants have grown commercial, industrial, and social enterprises since the early part of the 20<sup>th</sup> century. Successive governments have implemented policy initiatives from the 1960s through to the late 2000 to stimulate small businesses including ethnic business creation.

Chaganti et al. (2008) asserted that migrant entrepreneurs in the UK have a different disposition towards natural risk-taking tendencies relative to their home country peers. Other peculiar characteristics of migrant entrepreneurs included high innate entrepreneurialism, a strong sense of identity, ethnic solidarity, and instinctive motivation. For instance, immigrants take more risks and pursue more aggressive prospector strategies in establishing ventures than do host-country entrepreneurs (see also Chaganti et al., 2008). We suggest that these attributes may relate to the outlook of their country of origin towards entrepreneurship and commerce (Masurel and Nijkamp, 2004; Ibrahim and Galt, 2011).

## **7. Conclusions and Recommendations**

Several issues and features on ethnic entrepreneurship have been discussed in this study. More importantly, discussions centred on the origin, growth, development, and prospects of firms. It was important to rationalise the historic presence of ethnic groups in the UK compared to their enterprise formation rates since the 1800s to the present time. Indications of the strong potential that exists towards more creative and innovative products and services from ethnic communities were also captured. Additionally, the limitations in mainstream literature to capture indices on sector performance and organisation structure received much attention. The theory of spatial distribution was evidenced by the number of ethnic firms in the 12 UK regions. Against such a pivotal backdrop of the results and findings, the following conclusions are presented.

- Firstly, ethnic entrepreneurship and commerce in Britain can be traced to four epochal periods that ‘witnessed’ the establishment of various enterprises: a) Africanus in the 18<sup>th</sup> century, b) the Hindoostanee Coffee House (1809/1810), c) the first Chinese laundry (1901) and 4) the first Caribbean business – in the form of a surgery (1907).

- Secondary, ethnic entrepreneurship and commerce is characterised by distinctive attributes centred on network alliances, spatial distribution, business clusters, and gender and age dimensions.
- Thirdly, resilience factors that are critical to the success of ethnic businesses in the UK are founder-owner social outlook, culture, faith, and social identity, and these emphasize the path dependency of activities and the dynamic development of behaviour and actions of ethnic entrepreneurship from the 1800s to the 21<sup>st</sup> century.

The study contributes to the extant literature, being the first comprehensive historical analysis to identify four distinctive epochal periods of origination of ethnic entrepreneurship and commerce in the UK. Furthermore, it provides an in-depth understanding of its distinctive attributes centred on network alliances, spatial distribution, business clusters, and gender and age dimensions. The third contribution is the provision of insights into the resilience factors that served as critical success factors of ethnic entrepreneurship and commerce in the UK. The study thus broadens theoretical and empirical understanding on the origin, growth, and developmental trends associated with ethnic entrepreneurship and commerce and its prospects from a path dependency theory perspective.

### ***7.1 Implications***

The results and findings from the historical evolution of ethnic entrepreneurship and commerce have implications for research, government policy, industry, and entrepreneurial practice in the UK. For research, this study has implications for the cultural and economic approaches employed to understand ethnic entrepreneurial behaviour and actions. This is because the findings of the study further accentuate the limitations of the new institutional economists' theories of rational agency but rather reinforce the role of evolution and path dependence in ethnic entrepreneurship scholarship.

Judging by the historical antecedents, current dynamics and future projections of a labour market, the prognosis is that ethnic entrepreneurs will play a manifold and manifest role in the cultural, economic, social, scientific, and technological transformation of inner-city

Britain especially beyond the 21<sup>st</sup> century. The study has shown that the recent industrial strategy introduced by the UK government has not had the expected outcomes on ethnic firms or, for that matter, owners themselves. Therefore, in view of the apparently complex Brexit negotiations, this paper provides an opportune moment for authorities to seek to harness the skills, talents, and expertise of ethnic entrepreneurs to bolster and generally add value to this important piece of legislation. Such inclusion of ethnic firms will send a positive signal to and infuse confidence and renewal among critics who perceive that the twin concepts of community cohesion and social cohesion represent idle platitudes.

The study also has implications for entrepreneurial policy formulation, industry growth promotion, and enterprise culture reinvigoration in accordance with the conclusions of the research. Since entrepreneurship and commerce and SME development are integral to economic policy, government programmes should seek a more coherent inclusive strategy for micro, small, and large companies irrespective of their codified cultural, ethnic, faith, social, and other backgrounds. Increased policy co-ordination is an imperative at local, regional, and national levels of decision-making. Annual countrywide or regional impact studies could be undertaken to assess the level of inclusivity that exists for ethnic businesses operating in under-served regions, sub-regions, districts, cities, and neighbourhoods. With the absence of regional development agencies, a percentage of funding allocated to the new Learning Enterprise Partnerships (LEPS) may be used to re-establish regional economic observatories to gather information and data to feed into economic policy measures.

Amongst some of the key indicators that arose from this study were the increasing levels of business formation rates across the industry sector and business segments by ethnic groups including recent or 'new arrival' migrants. Some of these trends are not included in the mainstream literature of ethnic entrepreneurship, commerce, or migrant economics. The role of policy here should be for state officials to liaise with the 400 local authorities in England and Wales to ascertain the annual rate of start-ups within different minority ethnic groups as well as new migrants. This periodic assessment could consider typologies, such as organisational structure and industry performance since these can affect general local and national economic policy. This approach will also allow for the more effective and efficient use of investment resources – financial, human, and technical – for underperforming or fledging firms that have tremendous potential.

As trends in both the study and conclusions suggest, among many sections of minority ethnic communities in the UK, there is an innate desire for entrepreneurship and commerce. Much of this manifestation is due to personal experiences, emulation of family traditions, cultural kinship, social mobility inclinations, faith values, and a desire to make a positive difference to either the group or the collective (society as whole). These traits are also characteristic of structures (informal and formal) and industry sector performance. Ethnic businesses performing well in low-income cities and neighbourhoods should be encouraged to 'break-out' or expand into bigger markets to explore economies of scale. Such a move, if well adopted, will bring about enterprise culture reinvigoration within ethnic entrepreneurship and commerce in the UK.

## ***7.2 Limitations***

The absence of ample data because of ethnic differentiation is not legally binding in data collection or when ethnic entrepreneurship and commerce is confused with questions of pigmentation or colour (such as people from Africa and the Caribbean) is illustrative of systemic factors that impinge on ethnic entrepreneurship and commerce research or discourse (Johnson, 2016). The de-emphasis on 'ethnic monitoring' by public authorities since 2010 has also impeded the progress of obtaining consistent, reliable, and accurately verifiable information and data, upon which key policy decisions can be predicated or made for minority ethnic groups overall in the UK. Hence, despite the rich nature of information provided in this study, there is a need for users to exercise caution to avoid generalising the findings across the entire ethnic entrepreneurship and commerce sector without factoring in specific contexts.

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