



# Entrepreneurship Policy and Practice Insights

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## Unlocking Potential: Rethinking Ethnic Minority Entrepreneurship Policies and Perspectives

Monder Ram OBE, Professor and Director of the Centre for Research in Ethnic Minority Entrepreneurship (CREME),  
Aston University, UK

### Executive summary

Ethnic minority businesses (EMBs) are a vital and diverse part of the UK economy and society, but they face many challenges and barriers that limit their potential. I reflect on the shifting perspectives and policy challenges of EMBs, and make the case for a more evidence-based, structural, and inclusive approach to support them. I highlight the role of engaged research institutes, such as CREME, in facilitating collaboration between researchers, policymakers, and practitioners to develop effective and responsive policies for EMBs.

### Background: Shifting Perspectives - Diverse and Evolving EMBs

Ethnic minority businesses (EMBs) are integral to the UK economy and fulfil an important social role. They contribute over £25 billion to the GDP, employ over one million people, and provide essential goods and services to diverse communities. Recent research suggests EMBs contribution to GDP could increase fourfold to £100 billion with the right kind of business support (Kasperova et al., 2022). Beyond their economic impact, EMBs provide employment opportunities and foster social inclusion for ethnic minority communities who face exclusion from wider labour markets. Yet EMBs are often overlooked and undervalued by policymakers, practitioners, and researchers. They are often seen as a homogeneous group, rather than a diverse and dynamic population with different needs, aspirations, and potentials.

EMBs continue to be subject to stereotypes and prejudices that limit their opportunities and growth (Kasperova et al., 2022). I remark on shifting perspectives and the work to be done to move towards a more evidential approach to ethnic minority business policy and practice

There are three critical caveats to consider before proceeding:



- First, although ethnic minorities have higher-than-average rates of self-employment, the businesses they establish are often the result of necessity rather than the pursuit of entrepreneurial opportunities. It is surprising that successive governments' occasional sorties into EMB policy take the form of boosterist attempts at business start-up rather than promoting growth in established firms (Carter et al., 2015).
- Second, there is a dubious connection between ethnic minority business policy and ethnic minority entrepreneurship; general economic measures are much more influential (Jones et al., 2023).
- Third, there is space for meaningful collaborations to support EMBs despite the severity of structural constraints. Academics, policy-makers and practitioners all have important roles to play (Ram, 2022).

Few now consider EMBs a homogenous group solely defined by their ethnic origin. The nature of entrepreneurial ventures and their context - rather than ethnicity - is increasingly seen as the principal concern of the growing discourse on ethnic minority enterprise. This is a welcome departure from early research in the U.S. which emphasised 'ethnic resources,' - the cultural norms and values supposedly unique to each ethnic group that foster entrepreneurial tendencies. While initially appealing, the focus on ethnic characteristics was misguided. It overlooked critical socio-economic factors that influence entrepreneurial decisions, such as the state of the labour market, the economic opportunities available, the geographical location of the migrant community, and the sectors in which they establish their businesses (Ram et al., Jones, 2017).

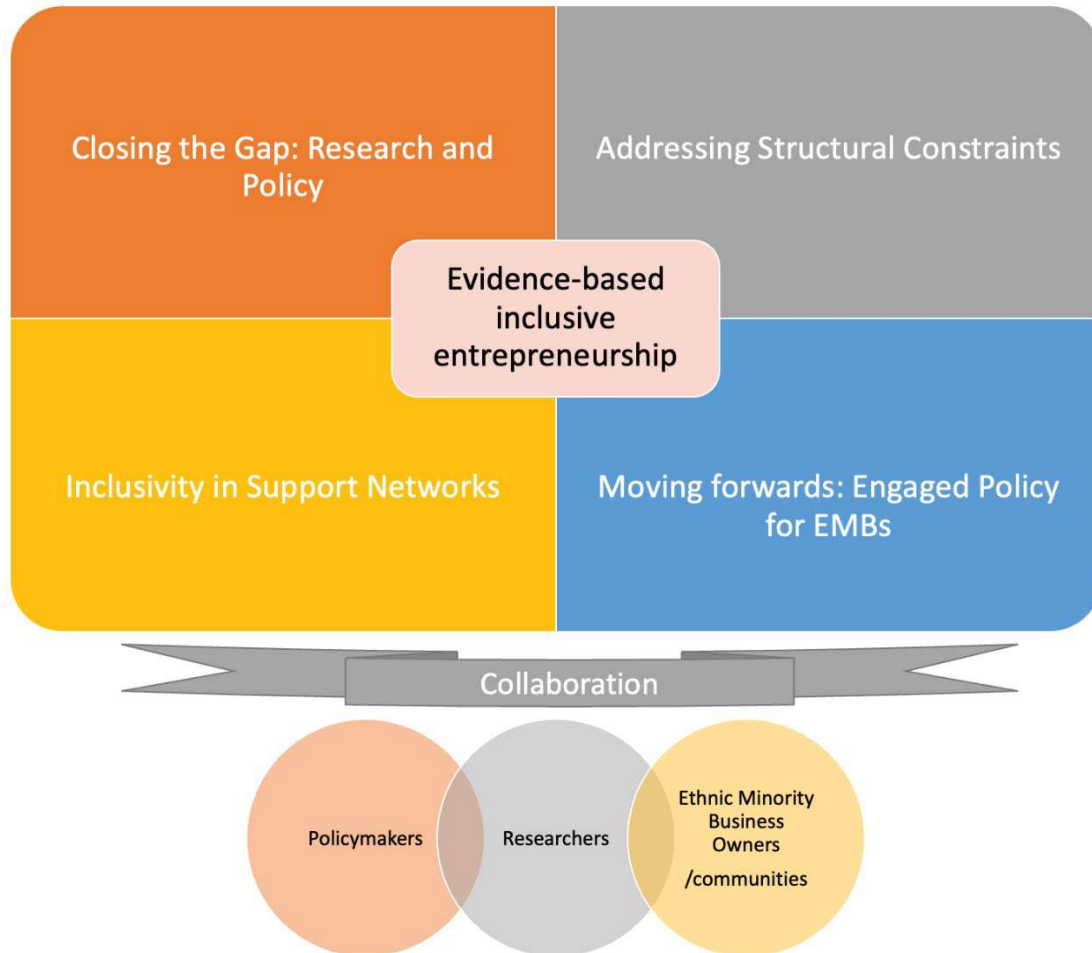
It is a moot point whether the increasingly sophisticated and nuanced debate on ethnic minority entrepreneurship is percolating through to burgeoning policy initiatives in mainland Europe and the UK. Ram (2019) notes a 'bifurcation' between contemporary scholarship on ethnic minority entrepreneurship - which emphasises context and complexity - and 'agency-centric' prescriptions issuing forth from policy makers. Initiatives tend to focus on individual skills and support rather than addressing racism, inequality, and structural barriers.

## **Policy and practice recommendations**

### **Closing the Gap: Research and Policy**

The gap between academic research and policy development needs to be bridged to promote effective support for EMBs. Researchers have made significant progress in understanding the complexities of minority entrepreneurship, but translating these findings into practical policies can be challenging (Ram et al., 2017). Policymakers need evidence-based approaches that account for the diverse experiences of ethnic minority entrepreneurs. Greater collaboration and communication between researchers and policymakers can promote research and meaningful impact. Engaged research institutes like the [Enterprise Research Centre](#) and [Centre for Research in Ethnic Minority Entrepreneurship](#) (CREME) offer a valuable means of facilitating such collaboration. CREME pursues diverse forms of engagement with practitioners to support EMBs, including: stakeholder consultation, action research and new venture creation. It has developed a variety of innovative approaches to engage with, and make a difference to, stakeholders, ranging

from the banking sector to newly arrived migrant communities (Ram, 2022). We can also find examples of research-informed interventions in mainland Europe, Canada, and the US (Kasperova et al., 2022). The framework proposed here for building evidence-based inclusive entrepreneurship is shown in Figure 1.



**Figure 1: A framework for evidence-based inclusive entrepreneurship**

### Addressing Structural Constraints

Another way to improve policy is by tackling the structural constraints that EMBs face. These include limited access to markets, financing, and supply chains (Carter et al., 2015). Tackling these barriers requires systemic change of a kind that has been conspicuously lacking in the UK's fitful approach to enterprise policy in the UK (see Jones et al., 2023 for critical review). The UK's 'deficit' model, which focuses on ameliorating perceived shortcomings in the skills of ethnic minority entrepreneurs, does not augur well (Ram et al., 2017). Nonetheless, it is by pursuing structural polices to enhance market opportunities, facilitating access to finance, and fostering connections with established businesses that we can create an enabling environment for EMBs to develop. It is important to recognise that these businesses operate in a wide range of sectors, from retailing to more advanced industries, and tailored support should be provided accordingly (Ram et al., 2021).



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## Inclusivity in Support Networks

Ethnic minority businesses often find themselves detached from mainstream support networks, which hinders their growth and development (Roberts et al., 2020). Policy initiatives should focus on integrating ethnic minority businesses into these networks, ensuring that they have greater access to the resources and opportunities available. By fostering relationships with larger companies and developing partnerships, steps can be taken to promote market opportunities for EMBs (Kasperova et al., 2022). It is essential to recognise the diverse needs and aspirations within the ethnic minority business community, including women, young entrepreneurs, and new migrants. Inclusivity in policy design and implementation is key to ensuring a fair and supportive environment for all ethnic minority businesses.

## Moving Forward: Engaged Policy for EMBs

To advance policy for EMBs, it is crucial to engage in meaningful collaboration between researchers, policymakers, and business owners themselves. This engagement can help bridge the gap between research findings and practical policy measures. By actively involving ethnic minority business owners in policy discussions, we can gain a deeper understanding of their unique challenges and aspirations. Additionally, policies should address the broader market constraints that impact minority businesses and promote a more inclusive and supportive business ecosystem (Ram, 2022).

## Conclusion

Ethnic minority businesses have a vital role in the UK economy, but they face many challenges and barriers. It is essential to develop a more supportive policy environment. This involves bridging the research-policy gap, tackling structural inequalities, and fostering inclusive support networks. By collaborating with researchers, policymakers, and business owners, we can develop evidence-based, effective, and responsive policies that address the diverse needs of EMBs. This will create a more inclusive and enabling environment for EMBs and small firms in general.



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