

# POLICY BRIEF

## Precarious migrant entrepreneurship: gendered in-work poverty for new migrants in the UK



## BACKGROUND AND CONTEXT

This research project examines whether self-employment leads to social and occupational mobility for migrant entrepreneurs or traps them in low-value, low-pay sectors. The project focuses on the gendered experiences of work, highlighting the implications for men and women in precarious self-employment (low-paid/low-valued) and the support available to them.

Previous studies have found that entrepreneurship for migrants can offer an alternative source of employment to overcome racialised discrimination in the labour market and achieve self-realisation and positive integration in the countries of settlement. Advantages of working self-employed include being able to escape precarious paid employment, fulfil professional aspirations, and have more independence and control in daily work life. However, previous research has also shown that migrant entrepreneurs make paltry returns on their businesses. This may lead to them experiencing 'in-work' poverty. While in-work poverty has been studied in terms of paid employment, there is little research on this area linked to business activity and less on migrant entrepreneurship.

## ABOUT THE STUDY

The research was funded by the Institute of Small Business and Entrepreneurship (ISBE) and the School of Social, Economic, and Political Sciences at the University of Southampton. Qualitative interviews were undertaken with 15 female and male entrepreneurs who have migrated to the UK as adults, to understand their experiences of self-employment. The findings shed light on the constraints of entrepreneurship that may worsen the quality of employment and gender equality for migrant business owners. This policy brief suggests some recommendations for policy approaches to support business creation and growth for migrants, which will be helpful for policymakers and practitioners working in the area of small business support for vulnerable groups.

# KEY FINDINGS

- **Difficulties in utilising previous skills and educational credentials:** The experiences of some of the research participants show how their skills and credentials from their countries of origin are not utilised in the UK in paid employment, which makes them perceive a downward social mobility trajectory with migration. Opening a business cushions the loss of status from the country of origin.
- **Low return on their business activity:** Most of our research participants make less than the equivalent of the minimum wage in their businesses. However, other non-tangible benefits outweigh the disadvantages of running a small business, such as freedom, utilising skills not recognised in paid employment, and the capacity to balance caring responsibilities and work.
- **Limited resources to cover business fluctuations and shocks:** Most participants had limited financial and social resources to assist through periods of crisis in their businesses, related to external macro conditions, such as the impact of the COVID pandemic, or to personal circumstances, such as accidents at work.
- **Self-exploitation:** Running a business in saturated markets with low returns requires extensive dedication, such as working long hours and developing multiple roles in a working day. Limitations to hiring workers or outsourcing some tasks mean they carry the brunt of the day-to-day business activities.
- **Unequal weight on the use of family for business support:** Given that many small businesses tend to be in areas of the market where profitability is based on the extensive use of the labour force as the basis for competition, relying on family support is vital for the survival of these businesses which tends to be mediated by gender arrangements. Women tend to sacrifice their dedication to the business or even open it to support care activities while generating income.
- **Sector-specific vulnerabilities:** In some sectors, self-employment requires working alongside others, such as our sample's hairdressers or beauty therapists. These participants, whilst self-employed, might rent a chair in a salon and still must comply with the owner's demands. Some of these dynamics in the organisation of their work mean they lose control over their work (hours, timings), how they work (protocols, relationship with customers) and balancing care with work (no access to personal calls during working hours, for example).
- **Minimal investment in long-term social protection:** Research participants have difficulties accessing sick or parental leave with benefits like those in paid employment. Investing in long-term social protection, such as a pension plan or a thought-through strategy for retirement, is also rare.
- **Balancing welfare support with work:** Balancing the number of hours worked so as not to lose welfare support through Universal Credit or Carers' Allowance involves a balancing act between bringing sufficient income to the household and not losing the state support they are entitled to and require. The vulnerabilities of the sectors where they work make these decisions even tougher for migrant entrepreneurs. However, micro-scale entrepreneurship does provide a critical form of additional income for those unable to work full-time but struggling to survive on welfare with increasing costs of living.
- **Lack of good quality, free business advice:** Many entrepreneurs are not aware of which organisations they can access locally that can offer free and accurate advice around business start-up and maintenance, particularly regarding regulations and requirements. Many feel disconnected from mainstream providers and end up using informal (and unaccountable) sources of advice.

# POLICY RECOMMENDATIONS

## 1. Entrepreneurship is one of many career paths

Recognising individual differences and occupational journeys is critical for optimal business support. Aligning the career aspirations and paths of migrants will allow organisations to provide support that is geared towards the best outcomes, which might not necessarily be becoming an entrepreneur. A comprehensive approach to support requires understanding an individual's previous work and educational history, career aspirations, and their responsibilities within the household relating to both income-generating work and domestic and caring roles. Being familiar with the specific barriers to work for migrants will also make an important difference in channelling beneficiaries to different support aspects. This includes being aware that individual migrants start with varying levels of English skills and awareness of technical business vocabulary and concepts, as well as an understanding of how business operates in the UK (regulations, markets, business culture, etc.) – which impacts the type and level of support they require.

## 2. Informing about the impact of long-term social protection

Becoming an entrepreneur can be very advantageous for migrants since it helps them overcome many challenges that might be a barrier to their social and economic integration, and they can even employ others. However, this strategy needs to be paired with a long-term social protection strategy based on resources in place for sick leave, parental leave, and retirement. Organisations should discuss with beneficiaries how to make self-employment sustainable in the long run, and the impact on other forms of state support they might receive (e.g. Universal Credit) and how to manage this.

## 3. Sensitivity to care responsibilities

Accessing support is also affected by gender dynamics and expectations, and support organisations should be aware of scheduled hours for appointments, as well as the length of training. Amongst our research participants, women frequently conveyed that they can access training and appointments when these are flexible to fit around their care responsibilities, such as during school hours. In addition, setting up mentoring groups with other women where entrepreneurs with more experience can support aspiring or starting entrepreneurs can make a difference to their soft skills and expectations.

## 4. Advocacy to transform structural barriers into good-quality employment

Many barriers to accessing good-quality employment or having the conditions to start a successful enterprise are structural barriers (discrimination, difficulties in standardising degrees from the country of origin, no recourse to public funds, etc.). Organisations should work on fostering social inclusion for migrants and build with policy-makers an inclusive enterprise policy agenda that is sensitive to racialised discrimination and gender disadvantages.

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