



**ASSESSING CHALLENGES AND OPPORTUNITIES FOR  
IMMIGRANT ENTREPRENEURS: THE CASE OF  
PRIVATELY OWNED FIRMS**

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## 1. Introduction

### 1.1 Background of the research

Immigrant entrepreneurship refers to the process by which immigrants relocate to a new country and begin a business enterprise, hence generating economic value. According to Tenentrepreneurs (2023), around 39% of the UK's rapidly expanding new businesses are led by immigrant co-founders. These endeavours inside the UK's business sector provide economic prospects. Approximately 25% of privately owned start-ups were established through a collaborative effort between a co-founder who is foreign-born and a co-founder who is British-born. Immigrants frequently excel in business operations, with around one in seven organisations in the UK being led by immigrants. Start-up visas serve as a favourable mechanism to entice aspiring entrepreneurial immigrants and enhance the economic state of a country (Keele, 2021). Now, the UK possesses effective and easy systems that allowing immigrant entrepreneurs to welcome business talent from global regions. It is to note, immigrant entrepreneurs can build a strong firm by carefully examining visa type, tax duties and registration procedures to create job opportunities in a country like UK.

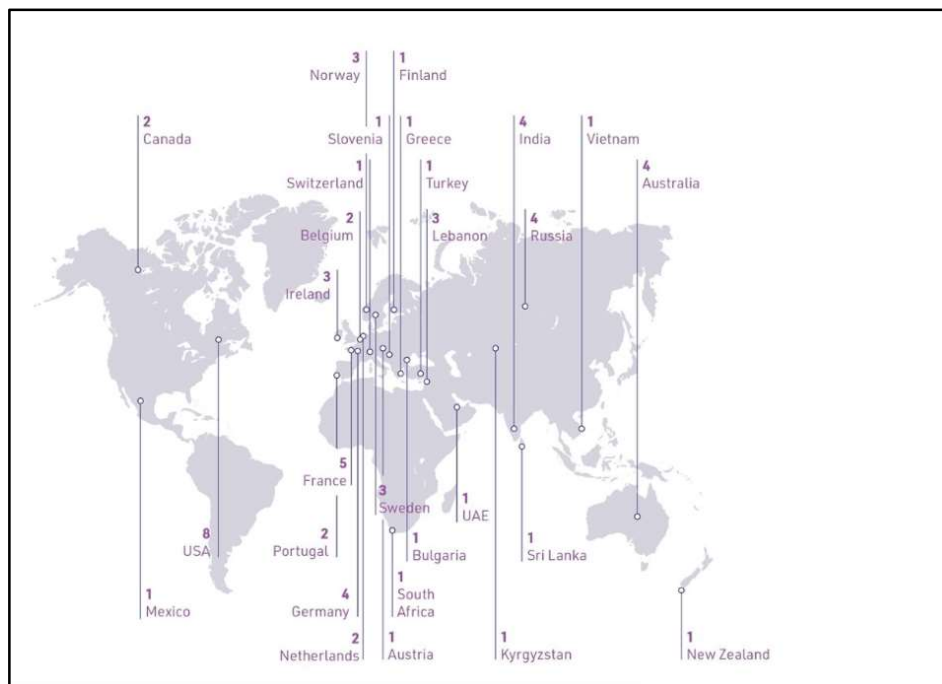


**Figure 1: The immigrant co-founders of fastest-growing businesses in UK**

(Source: Salter, 2019)

Britain is one of the famous destinations for attracting top talent and tech workers however; policymakers need to focus on preserving the UK's status as a destination for entrepreneurs as well, not only for tech workers. As a result, it can help UK to improve its business domains effectively to provide enhanced development of the economy. According to Salter (2019), the

proportion of foreign-born individuals in the UK who were entrepreneurs in the early stages was 12.9%, whereas the proportion of native-born individuals who were entrepreneurs was 8.2%. Immigrants, driven by their determination and perseverance, bring their entrepreneurial spirit to establish successful businesses in several worldwide locations, including the UK. The UK's incredible High Potential Individual (HPI) visa by expanding the number of higher education institutions and universities can attract potential immigrant entrepreneurs. According to the analysis by Salter (2023), 39% of immigrants in the UK are involved in the operation of numerous successful privately owned businesses, contributing to improved economic growth. Identifying the business opportunities and execution are major factors affecting conditions for further growth of immigrant entrepreneurs in the UK. The scope of immigrant entrepreneurship in the UK is wide from small self-employment activities, Small Scale bossiness to huge businesses to create job opportunities for individuals in UK.

## 1.2 Research rationale

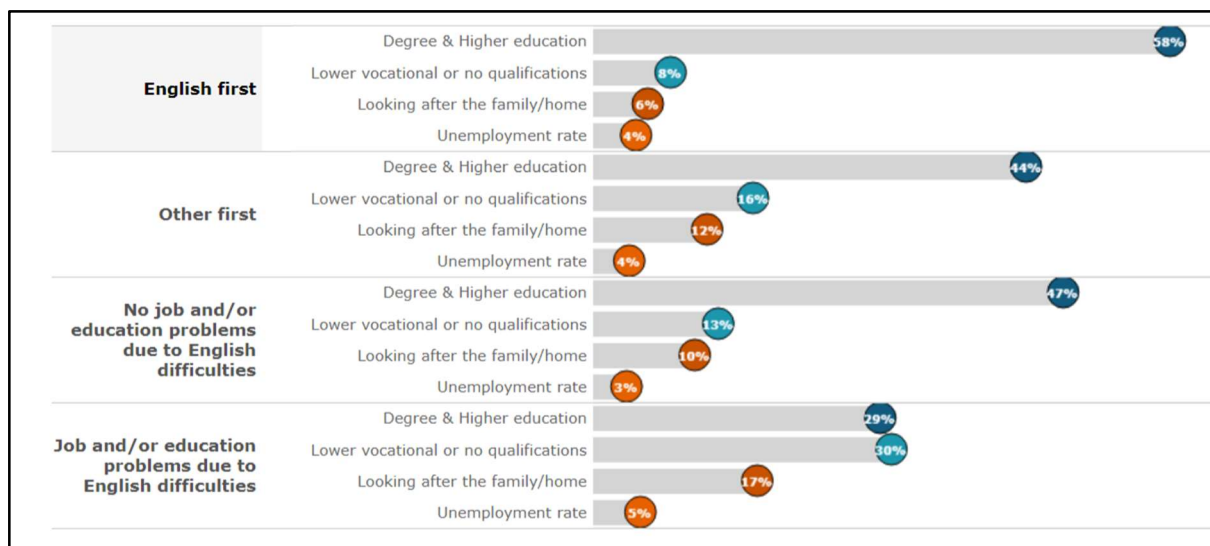


**Figure 2: Economic and educational profile of foreign-born population in UK**

(Source: Migrationobservatory, 2019)

The issue of cultural differences, stereotypes and language differences, Visa category, Financial requirement, Funding opportunities affect growth conditions of immigrant entrepreneurship in the UK. These aspects turned into issues in immigrant entrepreneurship as understanding cultural nuances of a new region can help in establishing trust with business partners and customers. On the other hand, aggressiveness, independence and competitiveness experience effects can develop stereotypes considering immigrant entrepreneurship. Individuals dwelling at older years are intended to experience high issues at work due to low proficiency in native language of the UK. This issue is specifically observed in foreign-born

migrants after age 30 among whom 15% report work-related problems due to low skills in English language (Migrationobservatory, 2019). Therefore, this research intends to highlight conditions experienced by immigrant entrepreneurship to influence its development for economic enhancement in the UK.

### ***1.3 Problematizing Immigrant entrepreneur***

- Growth issues due to challenges embedded in socio-economic nomenclature in the UK is problematizing immigrant entrepreneurs.
- Apart from this, lack of funding infrastructure, access of funding can be a major problem for immigrant entrepreneurs as it might affect development of private owned firms. Inadequate financing can lead to problems associated with cash flow, which can be a major problem for growth of entrepreneurs in UK.
- Additionally, limited access to working capital and long-term credit can develop a situation related to lack of funding for entrepreneurs in this case. In effect, increasing the opportunity cost of entrepreneurship can be stifled due to changes in market segments.
- What is the effect of cultural differences on the journey of start venture, how they shape and affect Networking to start business?
- Visa restrictions can turn into a major issue for entrepreneurs to establish private owned firms in UK? As opined by Istad (2022), the visa program needs to meet definition of a start-up visa as an entry permit granted to foreign individuals to develop innovative aspects for high growth. Therefore, restrictions in visa programs can be effective for entrepreneurs to offer better opportunities in a region like UK.

### ***1.4 Aim and Objectives***

This research study aims to uncover the contributions, obstacles, and potential pathways for sustainable growth in immigrant-led businesses. This includes understanding the economic impact, identifying challenges faced by immigrant entrepreneurs, and proposing actionable strategies to foster their success.

- To explain the role and extent of immigrant entrepreneurship in the UK
- To examine the impact and future growth of immigrant entrepreneurship in UK
- To Explore the risk taking factors that needed or important in Entrepreneur to start firm in UK.
- To recommend key strategies to improve development of immigrant entrepreneurship in UK

### **1.5 Research questions**

- What is the extent & role of immigrant entrepreneurship (IE) in the UK?
- How they (i.e. IE) perceived by the main stakeholders?
- What are the challenges and opportunities identified for immigrant entrepreneurs?
- What are the key strategies to improve growth conditions of immigrant entrepreneurship in the UK?
- What are the lessons learned from the past investment and activities, successes and failures, related to IE and what recommendations can be made?

### **1.6 Significance of the research**

The research is significant as it can give insights on this topic to new immigrants, Policymakers, educators and business support organizers. It will provide understanding on hurdles that Individual must overcome to start own venture.

Practical recommendations arising from the findings can inform the development of programs and policies that foster a more supportive environment for aspiring entrepreneurs. Moreover, insights into risk-taking factors can contribute to strategies aimed at promoting a culture of innovation and start-ups.

This research is valuable because it addresses a critical gap in understanding the challenges faced by potential entrepreneurs. By comprehensively exploring the psychological, regulatory, economic, skill level, and financial barriers, the study can provide actionable insights for policymakers, educators, and support organizations. Understanding the factors influencing risk-taking attitudes can contribute to the development of targeted interventions and strategies to encourage entrepreneurship.

## **2. Literature Review**

### **2.1 Critical analysis**

#### **Discussing the significance of immigrant entrepreneurship**

Immigrant entrepreneurship can create job opportunities for individuals who are avoided by mainstream labour markets. As opined by Duan *et al.* (2023), immigration entrepreneurship has a significant effect on development of socio-economic aspects in host and home countries as an opportunity. Immigrants are encouraged to take part in entrepreneurship for multiple reasons such as economic development of host and home countries. As opined by Dabić *et al.* (2020), cultural reasons for establishing a business, cultural background and culture of origin country are main catalysts for immigrant entrepreneurship. In addition, development of immigrant entrepreneurship in a country like the UK can be effective in decreasing competition with native-born workers. According to Chen *et al.* (2019, p.5), “*Immigrant entrepreneurship is affected by unequal access to human capital, social capital, financial capital and cross-border venture capital*”. Therefore, the context of immigrant entrepreneurship is crucial in

managing transnational forces for a country like the UK to deliver significant outcomes, which can be bring further opportunities.

#### **Assessing factors affecting conditions and future growth of immigrant entrepreneurship**

Creation of new ventures is a responsible factor, which affects development of favourable conditions for immigrant entrepreneurship in multiple regions. As highlighted by Duan *et al.* (2021), immigrant entrepreneurship from motivation to development of opportunity recognition can affect establishment of new ventures. Thus, emergence of new ventures can help influence skilled individuals to develop an effective business environment to influence the context of immigrant entrepreneurship. Added to this, Malki *et al.* (2020) identified that identifying, creating, and exploiting economic passivity to start new businesses is a function highlighted by immigrant entrepreneurs. As a result, immigrants tend to display a consistently high tendency to initiate aspects such as self-employment in host countries. According to Yasin and Hafeez (2023), a region with an effective culture of entrepreneurship can stimulate its citizens to start new business activities by utilising financial resources such as venture capital and strategic partnerships. Thus, one of the major reasons is new startups and nascent entrepreneurs can approach financial resources informally.

#### **Analysing challenges experienced by immigrant entrepreneurship and its growth**

Language barriers can turn into a major challenge for growth of immigrant entrepreneurship in global regions as these can impose limitations in construction of favourable conditions. As noted by Middermann (2020), advanced capabilities and resources for immigrant entrepreneurship are necessary such as effective language skills to utilise favourable conditions properly. As an outcome, it can be beneficial for entrepreneurs with an immigration background to highlight multiple cognitive characteristics to enhance development of this aspect. As commented by Lilius and Hewidy (2019), an immigrant entrepreneur “makes use of language and cultural barriers to obtain privileged access to sources of labour along with market segments. Thus, language acts as a major barrier for entrepreneurs as it can limit entrepreneurs to gather required information to gain access to market sections.

#### **Developing key strategies to improve conditions to improve development of immigrant entrepreneurship**

Development of special visas and entry programs can help many countries to capture the attention of immigrant entrepreneurs. In addition, immigrant entrepreneurs have lower rates of employment and these individuals use self-employment as a tool to improve labour market integration for immigrants. Apart from this, Gurăuet *al.* (2020) identified that applying the same business strategy in a new country can be effective for immigrant entrepreneurs in

offering good quality products at low prices. As a result, application of the same strategy can improve market proximity for migrants to start aspects related to entrepreneurship to offer economic development to host countries. As highlighted by Moghaddam *et al.* (2019), immigrant speculators and native-born magnates tend to pursue several financing approaches as well as strategies. In contrast, it can be effective for immigrant entrepreneurs to seek financial support from small local banks to avoid issues associated with equity financing for future growth.

## 2.2 Theoretical understanding

### Social Change Theory of Entrepreneurship

Max Weber's Theory of Social Change contends that entrepreneurial growth depends on an ethical value system based on a concerned society. The main aspect of this theory can foster economic growth of a nation by supporting sustainable economic practices. As depicted by Achmad (2021), social change in the era of society 5.0 acts as a refined version of the 4.0 industrial revolution as over time technology influenced human beings to advance. Therefore, shifting values from one society to another can be effective in advancing in terms of economic development. Therefore, integration of immigrant entrepreneurship can be crucial to fulfilling human needs of a nation for further advancement.

## 3. Methodology

### 3.1 Research Onion

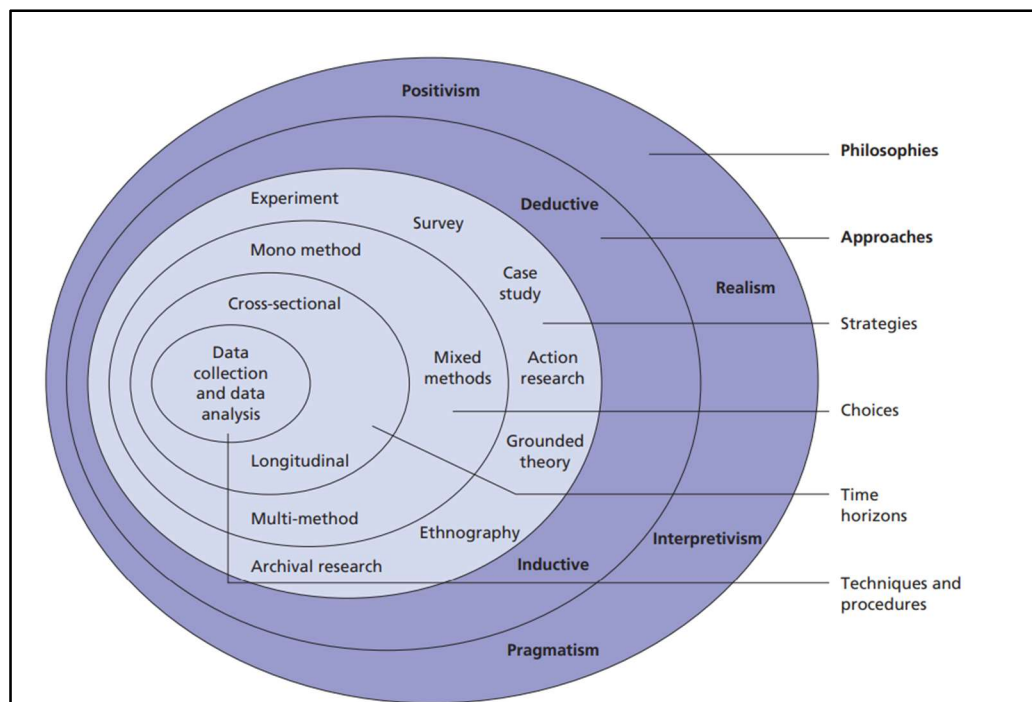


Figure 3: Research Onion

(Source: Saunders *et al.* 2015)

The study's research design utilises the metaphorical framework called the "Research Onion," which was developed by Saunders *et al.* (2015). The research onion is a versatile and all-encompassing concept that enables the logical choice and use of several research methodologies. The framework, as shown in the following image, consists of several layers or levels, each reflecting a distinct part of the research process.

### **3.2 Research Design and Research Strategy**

A research design is a strategy to answer developed research questions using effective evidence. Types of research designs are exploratory, descriptive, correlational and explanatory; this study will implement ***an exploratory research design***. Exploratory research design can lay a foundation for immigration entrepreneurship as a context to develop ways for future research by assessing opportunities and challenges. Two types of research strategies followed by research papers are quantitative and qualitative; this study will employ a ***qualitative strategy***. Integration of this research strategy will help gather in-depth insights regarding behaviour of immigrant entrepreneurs in the UK.

### **3.3 Data Collection and Sampling**

Data collection is the process of gathering and analysing accurate information for a research context. This study will follow ***a secondary data collection method*** as it can gather relevant information for this research context from secondary sources such as articles, peer-reviewed journals, government websites and official websites. Additionally, this study will follow ***a purposive sampling method*** as it can help this research study to describe major effects imposed by immigrant entrepreneurship in the UK due to proper conditions. This study will utilise ***four peer-reviewed journals*** with additional sources to develop ***four key themes***.

### **3.4 Data Analysis**

Data Analysis is a process of sequential implementation of accurate techniques to highlight and illustrate a research area. This study will follow ***a thematic analysis*** process as it can assess patterns of conditions experienced by immigrant entrepreneurs in the UK by assessing challenges and opportunities. As a result, it can address research questions with accurate factors to justify the research area.

### **3.5 Ethical Consideration**

- ***"The Data Protection Act 2018"*** can help a research study to follow data protection techniques to use required information lawfully (Gov.uk, 2023).

- The study to manage academic integrity will avoid providing false information gathered from datasets to address the research area as an ethical aspect.

### ***3.6 Potential Outcome***

Development of this research study can generate effective knowledge regarding conditions experienced by immigrant tycoons in the UK with the implication of a secondary qualitative strategy.

### ***3.7 Research Timeline***

***[Refer to Appendix 1]***

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## Appendices

### *Appendix 1: Research Timeline*

| Identified specific targets/ actions             | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--------------------------------------------------|---|---|---|---|---|---|---|---|---|----|
| Research proposal                                |   |   |   |   |   |   |   |   |   |    |
| Submission of proposal                           |   |   |   |   |   |   |   |   |   |    |
| Getting feedback                                 |   |   |   |   |   |   |   |   |   |    |
| Writing up a research project                    |   |   |   |   |   |   |   |   |   |    |
| Introduction and rationale                       |   |   |   |   |   |   |   |   |   |    |
| Methodology including literature search strategy |   |   |   |   |   |   |   |   |   |    |
| Ethical consideration                            |   |   |   |   |   |   |   |   |   |    |
| Data collection                                  |   |   |   |   |   |   |   |   |   |    |
| Results and finding                              |   |   |   |   |   |   |   |   |   |    |
| Discussion on results                            |   |   |   |   |   |   |   |   |   |    |
| Conclusion and recommendation                    |   |   |   |   |   |   |   |   |   |    |

|                     |  |  |  |  |  |  |  |  |  |  |
|---------------------|--|--|--|--|--|--|--|--|--|--|
| Final submission    |  |  |  |  |  |  |  |  |  |  |
| Getting feedback    |  |  |  |  |  |  |  |  |  |  |
| Addressing feedback |  |  |  |  |  |  |  |  |  |  |