



Migrant Entrepreneurship in the UK:

Celebrating the benefits to Britain

Institute of Directors

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The Institute of Directors

The IoD has been supporting businesses and the people who run them since 1903. As the UK's longest running and leading business organisation, the IoD is dedicated to supporting its members, encouraging entrepreneurial activity, and promoting responsible business practice for the benefit of the business community and society as a whole.

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About the authors

Rafael dos Santos, born in 1981, is a multi-award winning, Brazilian-British entrepreneur, who opened London's first migrant friendly co-working space (mi-HUB) and also created the vibrant Migrant Business Show.

Born in Santa Catarina, a state in the south of Brazil, Rafael had humble beginnings; he was the son of a fisherman and a housewife. His parents moved the family to Santos (a city in Sao Paulo state) so Rafael and his two sisters could receive a better education.

Rafael dos Santos moved to London in 2002 at the age of 21 after living in Sao Paulo (one of the world's largest cities) for two years.

He left his job in Brazil as a support analyst at Microsoft to learn English in London.

Until 2003 Rafael worked as a kitchen porter, cleaner, glass collector and waiter to pay his expenses, until an opportunity to manage houses came available and within two years he was running his own business. Over the next 11 years Rafael's portfolio grew from 1 to 50 homes, hiring 15 members of staff and producing a turnover of £1.2 million. Rafael rented accommodation to more than 2,000 young professionals and student migrants.

Rafael released his book - 'Moving Abroad, One Step at a Time' - in 2013, which was published in English, Portuguese and Chinese. The book provides help and advice to those who have made the decision to relocate to a new country.

In 2015 Rafael began his mission to support migrant entrepreneurs who wanted to start or grow their own businesses. He introduced the Migrant Business Accelerator programme as a pilot project which matched ten migrant entrepreneurs with 25 mentors who donated their time to help participants train for the future; this programme then evolved to become mi-HUB, a coworking space that helps small migrant-led businesses develop strategies to raise funding through loan or equity finance.

Rafael was recently named in the Sunday Times list 'Top 100 Most Inspiring Entrepreneurs in the UK' 2016; a definitive list of Britain's most successful philanthropists, investors, mentors, advisors and ascending entrepreneurs, who are today supporting the next generation of up and coming business talent.



Rafael dos Santos



About the authors

Andy Silvester joined the Institute of Directors in September 2015 as the head of campaigns.

His role covers public affairs, regulation, and the IoD's ongoing campaigns across the media and within government.

In his last role before the IoD he was campaign director at the TaxPayers' Alliance where he appeared regularly in the print media and on national television on subjects including business and personal taxation and the future of the public sector.

Andy read American studies at King's College, London and the University of California, Berkeley, achieving a Master's in 2011. He has been recognised in *PR Week's* 2015 & 2016 Power Book and chosen as one of the magazine's '30 under 30' group of the profession's rising stars.

The authors are indebted to lead researcher Xin Shao, as well as Rana Khan and Zhengfu Song, who conducted the qualitative research that forms the basis for many of the observations in this report.

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As the UK's longest-running organisation for professional leaders, the IoD is dedicated to supporting our members, encouraging entrepreneurial activity and promoting responsible business practice for the benefit of the business community and society as a whole.

The IoD supports our 34,500 members through 48 regional branches across the UK, giving them influence at a local level, as well as nationally. IoD members are some of the most skilled and prominent leaders in the UK, from start-up entrepreneurs to FTSE board members, directors in the public sector and CEOs of multinational organisations.



Andy Silvester

Foreword

In around AD 43, a band of hardy Romans – ignoring all previous advice – landed in Britain. They set course for London; not then the capital, but soon to be the commercial centre of not just Roman Britain but much of northern Europe’s Roman stretch. In just a few years, those Romans brought with them a currency, advanced building techniques and – of course – roads. The Great Road ran from Colchester to Caistor St Edmund; Ermine Street from Lincoln to York. The so-called ‘Devil’s Highway’ connected London to Staines. The response of the native born population to these new arrivals – and more specifically, to rather over-zealous Roman financiers – was to burn Londinium to the ground.

In a sense, then, Britain has always had a slightly uneasy relationship with migration – despite the fact that, in a very real sense, its capital was founded by immigrants. Since then, waves of immigrants have come to the UK from all over the world; some, such as William of Normandy, in chainmail – more, though, simply to build a better life, to work here, and to contribute to the UK.

That the vast majority of immigrants benefit their new home can sometimes be difficult to remember when so many politicians and media outlets propagate a distinctly different vision.

This report, in its own small way, is an attempt to highlight a more positive image of immigrants to the UK; not job-takers, but job creators. Through the research that Rafael and his team have conducted, and among the IoD membership, it is clear that the companies started and grown by migrant entrepreneurs are crucial to the economic growth of our country and in ensuring that there are well-paid jobs for the next generation of “native-born” workers.

In light of the vote to leave the European Union, ensuring that Britain is open to skilled immigrants has never been more important. We must, of course, recognise those public concerns which undoubtedly exist; government must do more in those communities which are seeing sudden increases in population as a result. Similarly, we must acknowledge the short-term pressures which can be placed on public services by population growth. Again, government can do more to predict future demand. But the answer to all those concerns, legitimate as they are, should be a positive one rather than a negative one.

I am delighted that the IoD is involved in telling the story of those who come to the UK and build their businesses here. I am an immigrant myself. I hope, through this report and the work of other like-minded groups, we can contribute to a more upbeat debate around immigration to the United Kingdom. Britain is at its best when it is open to the world, not just inviting those with the brightest ideas into the UK but exporting the things we are so rightly proud of, be it parliamentary democracy, the rule of law, or indeed rugby. I hope, earnestly, that it will continue.



Simon Walker,
Director general,
Institute of Directors

Foreword

I am the son of an immigrant. My father arrived in the Pool of London in 1905 as a five-year-old brought by his parents fleeing Lithuania. He went to school in the East End, within months fell in love with cricket (although in later life he deserted her for golf!) and when he left school at 15 worked in the family business. My grandfather, a small businessman with a lemonade factory at home, quickly set up his own entirely different business once he arrived over here.

This is a story that has been repeated hundreds of thousands of times over the ensuing decades. Why? Because by and large it is the most entrepreneurial people who get up and go when living at home becomes impossible and they bring their entrepreneurialism with them. But entrepreneurialism by itself is not enough. If you want to start your own business you need a stable environment, sensible taxation and reasonable regulation within the rule of law, the three basic requirements for all business and those we provide better than anywhere else in Europe.

The vast majority of those who arrive on our shores come here looking for the opportunity to better themselves, to enable their family to enjoy a decent life and many can do that best by setting up their own business. It is easier to start working for yourself in the UK than probably any other major country with the result that today we have a small-firms economy, whether they are high-tech, low-tech, or even no tech, and to the point that, today, over half the workforce are working for small firms. No longer is it necessary to have to accumulate much capital for over the last three years nearly 40,000 new businesses have started with a start-up loan (from the Start-Up Loan Company) where all the individual gets is a loan of about £5,000 and a mentor.

If this report demonstrates a gap in the market, then it is probably the provision of English language training for those intending to work for themselves.

I commend this report for demonstrating how much we should welcome those immigrants who come to our shores, how much we should assist them in their endeavours to work for themselves and, ultimately, how much their efforts will benefit the whole economy.



Rt Hon Lord Young of Graffham,
CH PC DL

“It is easier to start working for yourself here in the UK than in probably any other major country”

Introduction

The world has never been smaller.

In 2015, the number of international migrants – that is to say, the number of people living in a country other than that from which they were born – reached 244 million, a 41 per cent increase compared to the turn of the millennium¹. For context, that's slightly more than the population of the United Kingdom, France, Germany, Belgium and the Netherlands put together. The international migrant, in short, is now very much a fact of life.

The reaction to migrants, throughout history, has never been universally positive. The question of why this is the case have provided much grist for the academic mill, and are for another time. More important is the question of what to do about the extraordinary transit of people between borders which seem in some senses more permeable than ever before, but at the same time drawn ever more stridently in the sand.

The UK houses the fifth-largest number of international migrants in the world; up from ninth in 2000². These figures are absolute, of course, not relative but nonetheless it is no surprise, therefore, that immigration has played such a prominent role in our political debate over recent years. This debate has often been characterised by exaggerations based on impressions more than anything else; on the one hand, that Britain is somehow full; on the other, that anybody opposed to a liberal immigration policy is an unreconstructed racist.

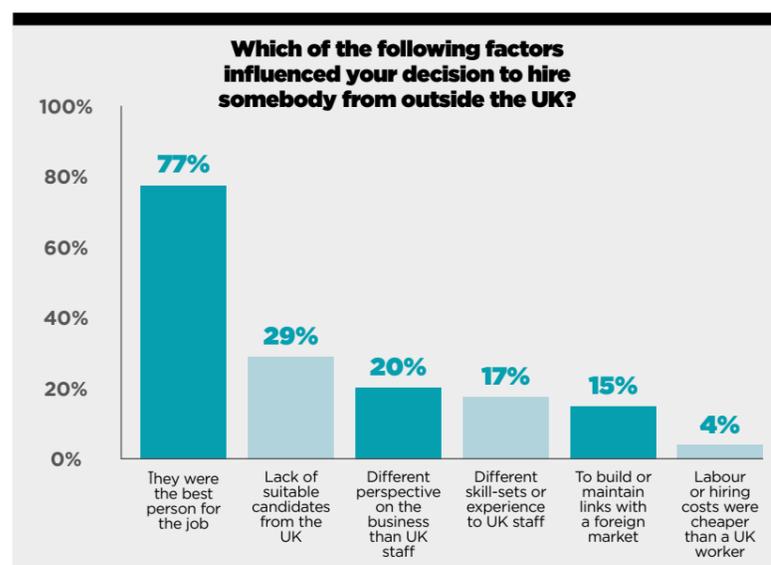
It is easier, perhaps, to pull out the negatives associated with significant upticks in immigration into a host country. There are short-term pressures on public services; in areas where levels rise significantly in a short period of time, long-standing residents can feel as if their areas are changing, or that they are being 'priced out' of work.

It is harder sometimes to pick out the positives, which are not so obvious. One, however, is the extraordinary propensity of migrants to be entrepreneurs. It is that which we explore in this report.

The first point to make is to look at the impact immigrants have on the UK's skills shortage. IoD members regularly state that a lack of access to skilled workers is a significant obstacle as they grow their business; there are, simply put, not enough skilled people across the workforce to fulfil the demand of growing businesses. As such, the vast majority of them welcome workers from abroad:

- 62 per cent believe immigration has a significant or slight positive impact on the UK economy
- 70 per cent believe "UK businesses need the skills of immigrants to compete globally"
- 59 per cent agree that "immigration allows business to become more productive, which leads to higher economic growth and employment," against only 18% who disagree
- Some 67 per cent have at least one employee from outside the UK³

Crucially, despite the widespread claim that business is hiring only because "migrants are cheaper", only four per cent of IoD members say that cost was a factor in their decision to hire a foreign worker⁴. Instead, hiring decisions were because of skills and competence.



Members of the IoD recognise the pressures that immigration places on public services – indeed the IoD has previously proposed reinstating the Migration Adjustment Fund to channel money towards those areas experiencing high levels of immigration in a short period of time to quell those concerns. Equally, the vast majority of IoD members who employ foreign workers are also investing in skills at home; it isn't an either/or question, but one of how to fill skills gaps today while the education and training in the UK adjusts to the 21st-century economy.

But it is not just working in existing companies where immigrants provide a valuable boost to the UK economy.

Immigrants are, according to a report published in 2016, some three times more likely to launch a company in the UK. More than 15 per cent of those born abroad have set up a company within the last three years or have concrete plans to do so soon compared to around five per cent of UK-born residents⁵. Another report, conducted by the Centre for Entrepreneurs and data business Duedil, found in 2014 that migrant entrepreneurs are behind one in seven UK companies⁶. If much of our public debate around immigration gives the impression that immigrants are job-takers, the stats suggest that the term job-creators might be more appropriate.

There are a number of reasons suggested for this. Perhaps the most cited is simply that somebody who has left their home country to build a better life elsewhere is by their very nature likely to be entrepreneurial; as one IoD member put it, immigrants have proven their "get up and go"⁷. Through a series of surveys conducted by the IoD, and through qualitative research conducted through interviews with migrant entrepreneurs, we have attempted to tease out a flavour of the men and women who are coming over here, and creating our jobs.

But despite a generally rosy picture, this report also notes room for improvement.

Case study

Yuliana Topazly Director of MyOutSpace Business Centre and BuddyWith



Serial entrepreneur Yuliana Topazly, from Russia, is the director of MyOutSpace

Business Centre and BuddyWith.

She experienced some of the struggles mothers have balancing career progression without compromising their children. It's that experience that led to the formation of two businesses; MyOutSpace, a unique family-friendly business centre and co-working space in Croydon, and BuddyWith, an online peer-to-peer support platform that helps parents experiencing specific issues to connect and gain access to local supportive organisations.

Topazly has previously worked across south London, including a spell in a bookies' shop. As with many migrant entrepreneurs, her biggest challenges in establishing her business came with finding finance and building

a network. Her application for a bank loan was rejected, she couldn't win any funding competitions as her idea was untested, and finding commercial property was difficult.

She managed to persuade her friend and her family to invest £10,000 into the business, learning through the process about the power of networking as it helped her to gain further finance, meet potential clients, access various resources and, most important, it helped to establish her as an expert in the field.

Topazly regularly attends 1230: The Women's Company and Chamber of Commerce events, and now runs her own monthly networking events with experts offering advice around self-employment.

After years of hard work, Yuliana was listed in the *Sunday Times* as one of the 'Top 100 Most Inspiring Entrepreneurs in the UK' 2016.

Find out more:
buddywith.org.uk

¹ United Nations Dept of Economic and Social Affairs, International Migration Report 2016, January 2016 ² Ibid ³ Results from IoD member survey conducted via online "Policy Voice" platform, October 2014 ⁴ Ibid

⁵ Global Entrepreneurship Monitor, 2015/16 Global Report, 15th February 2016 ⁶ Centre for Entrepreneurs & Duedil, Migrant Entrepreneurs: Building our businesses, creating our jobs, March 2014 ⁷ IoD Member Survey conducted via online "Policy Voice" platform, July 2016

Who are they?

Immigrants come from all over the world.

As you would perhaps expect, many of those coming to the UK are at the younger end of the spectrum. In a separate survey of IoD members born outside the UK, some 44 per cent came to the UK between 16-35; another 22 per cent came before their 16th birthday, and just over a quarter between 36 and 55. This data, largely focused on entrepreneurs, mirrors immigrants at large; nearly 34 per cent of foreign-born workers in the UK are between 25 and 35, while only 22 per cent of UK-born workers were in that age group⁹.

What does this mean? For one thing, an influx of younger people into the economy at a time when the native-born population is getting older is useful for ensuring that the age pyramid remains sustainable; since public spending is particularly targeted on the young and old, it is important that the labour market continues to provide the funding via taxation.

The reasons for coming to the UK, among IoD foreign-born entrepreneurs, are varied but nonetheless interesting. More than a third came with job offers already established¹⁰.

Unsurprisingly, considering the number of immigrants who talked of having a job offer, the vast majority of the IoD's member migrant entrepreneurs started their businesses either while working for an established firm or having spent a period of time in one. This demonstrates a clear pathway of migrant entrepreneurship; while they may have originally come to work for a firm in a 'traditional' job, that may not be the only contribution they make to the UK economy.

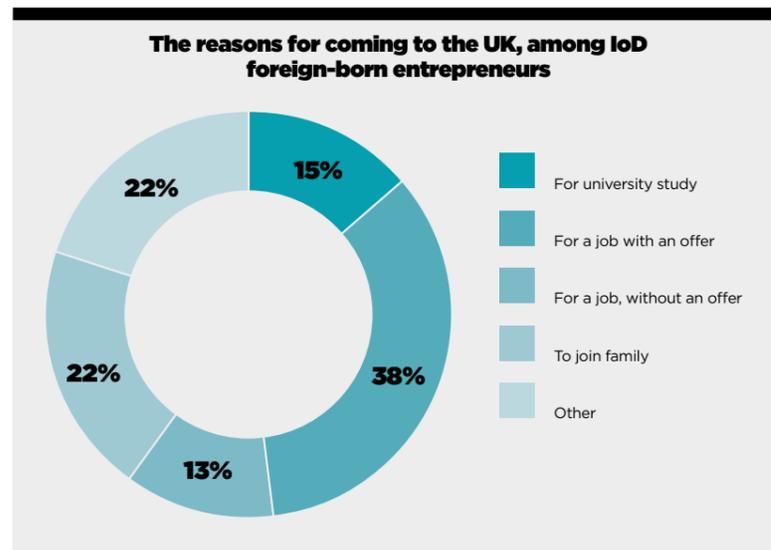
It may sound like a truism, but it is clear as a result that one of the ways to guarantee more immigrant entrepreneurship is for more migrants to be able to accept jobs here in the first place. That, in particular, means it is important to simplify the visa system. In a previous survey, IoD members based in the UK were asked what they felt about the current immigration and visa regime. Their findings were damning.

- Only five per cent of members are happy with the current "ease of filling out forms" for the UK visa system, and the same low percentage are content with the amount of information required

Top 20 foreign-born populations within the UK ⁸		
Position	Country	Population*
1	India	793,000
2	Poland	790,000
3	Pakistan	523,000
4	Republic of Ireland	383,000
5	Germany	301,000
6	Bangladesh	212,000
7	South Africa	201,000
8	China	196,000
9	United States of America	187,000
10	Nigeria	178,000
11	Romania	170,000
12	Italy	150,000
13	France	147,000
14	Sri Lanka	139,000
15	Lithuania	137,000
16	Jamaica	136,000
17	Kenya	129,000
18	Philippines	128,000
19	Portugal	127,000
20	Australia	126,000

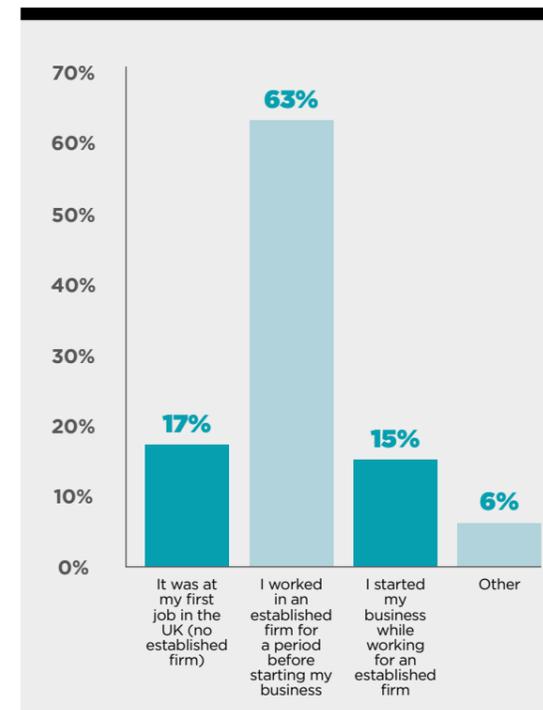
⁸ Office of National Statistics, Population of the United Kingdom by Country of Birth and Nationality, 27 August 2015 ⁹ IoD Survey, July 2016 ¹⁰ IoD Survey, July 2016

ESTIMATED



- Just six per cent rate the speed of the process of job offer to somebody starting as 'good' or 'very good'
- The guidance provided by UK authorities is rated as 'good' or 'very good' by just eight per cent¹¹

Considering the importance of skilled workers from abroad to UK firms, as previously detailed, this is self-defeating in the short term; but it is also self-defeating in the long term, as this research shows that many immigrants who come to the UK will set up their own firms in due course, creating job opportunities for others. The binary often presented in the UK's immigration debate – jobs for migrant residents or jobs for UK-born residents – is already flawed, as the vast majority of IoD members employ foreign-born workers because they feel the necessary skills aren't readily available in the UK labour market. Ensuring those skills are there in years to come is the job of the education system; necessarily, this takes time to filter through. But the binary is further complicated by the very clear fact that many of those immigrants who come to work for established UK companies go on to found their own job-creating firms.



The other point to draw out here is the importance of university education. We have known for a long time that the UK's universities provide one of the country's biggest competitive advantages; with four of the top 10 in the world, and 10 of the top 50, it's hardly a surprise¹². Advocates of more liberal policies towards foreign students, particularly with regards to their visa status at the end of their studies, have often claimed that those individuals will go on to form businesses and contribute to the UK economy; these figures provide some concrete proof of that.

Unfortunately, the context in which these figures show the clear entrepreneurial benefits of international students is not sunny. There are worrying trends that the UK is becoming a less appealing place for foreign students, in large part due to the tough visa restrictions on international students and in at least some part due to the language adopted by senior politicians, which has not done much for the UK's reputation as an open, liberal country. The government must always remember that headlines designed for sympathetic play in *The Times* make their way to *The Times of India*, with often damaging consequences. In recent years there have been some welcome moves, notably the liberalising of Tier 2 restrictions, but there remains much to do to ensure that the UK provides a home for intelligent foreign students, many of whom may well go on to found businesses.

As intimated by a number of those we spoke to in this research, migrant entrepreneurs tend to have an entrepreneurial background. More than half of those that were interviewed come from a business background, with at least one parent having established a career as an entrepreneur or as a high-ranking manager in a large, often international firm.

Furthermore, some 80 per cent of those we interviewed in the course of our research had a university degree, often from their country of birth¹³. Indeed the UK is the only country in Europe where immigrants are, on average, better educated than natives. While this again points to the range of skills entering the UK workforce (with those individuals going on to found businesses at a later date), it is worth remembering that not all of those

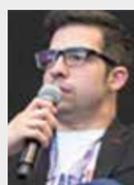
¹¹ IoD Policy Voice Survey, October 2014 ¹² QS World University Rankings, 2015/16 ¹³ Qualitative research conducted by mi-HUB, June-August 2016

higher education qualifications are easily transferable into the UK workforce.

This is worth looking at in greater detail. A number of those we spoke to felt that their careers as entrepreneurs were hindered by their inability to transfer their official qualifications across when they entered the UK labour market. Currently, there is little problem transferring qualifications earned within the European Union; the so-called 'Bologna Process' aids the mobility of individuals throughout Europe by removing barriers to working, studying or training in Europe. In large part this relies on the work of UK NARIC (the National Recognition Information Centre) which provides information and accreditation of international qualifications and skills attained from outside of the UK. UK NARIC is an initiative of the European Commission, created in 1984, and works within the Europe-wide NARIC network. It is crucial that when the UK leaves the EU, qualification equivalence remains in place; but we should also take the opportunity to work with third parties outside the European Union to create equivalence where currently none exists. Doing so will ensure that the UK remains an attractive place for skilled immigrants, who have the motivation and skills to build job-creating businesses.

Case study

Kosta Mavroulakis Founder & CEO, Empact Ventures

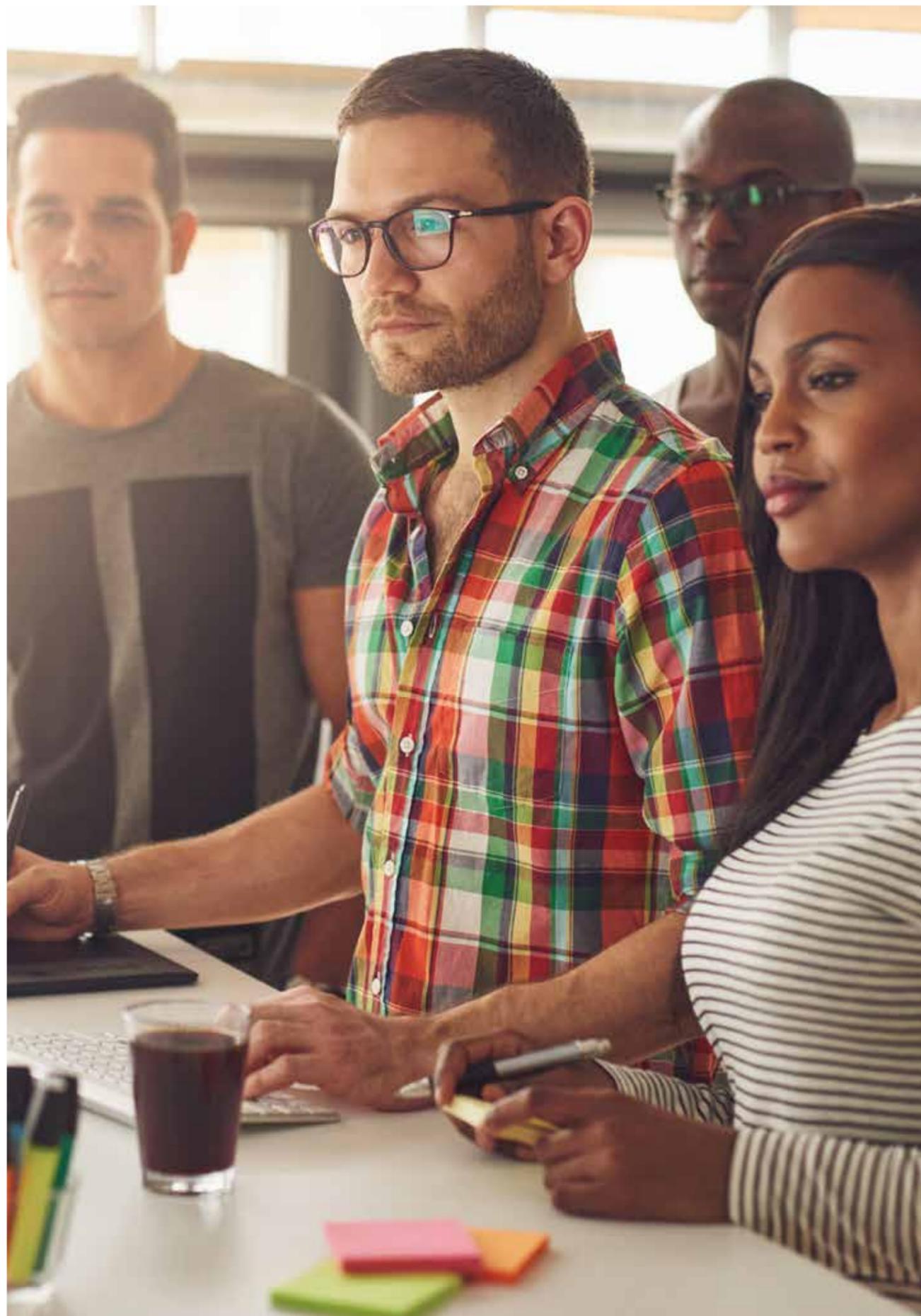


Serial enterprise champion and second-generation Greek-Cypriot, Mavroulakis struggled in building his network over a

decade ago. He overcame this by delivering enterprise initiatives that bring together stakeholders from the education, start-up and tech sectors to help others to start businesses.

Through Empact Ventures, he works with national enterprise organisations to deliver start-up initiatives built on collaborative partnerships to support entrepreneurs. He is the campaign manager for StartUp Britain, run by the Centre for Entrepreneurs and takes a Routemaster bus providing free mentoring to 30 UK cities launched this year at Buckingham Palace by the Duke of York. He encourages migrant entrepreneurs to step out of their comfort zone to become visible by attending events where they might meet potential mentors, investors, business partners and customers.

Find out more:
empact-ventures.com



Case study

Mirela Sula Editor in chief, *Global Woman* magazine



Mirela Sula was born in a small village in the northern part of Albania before moving to Tirana. After studying in Sheffield, she

returned to her home country to create a publishing agency – one of the first women to do so in the country. After a significant offer for her business at home, she moved to London to work on a PhD at Regent's University London.

Since then, she has organised the Migrant of the Year Awards and the Global Woman Summit, both events designed to empower both migrants and women to achieve their goals and become financially independent. She is editor in chief of *Global Woman* magazine, and has authored a number of books as well as working as a trainer at Solace Women's Aid, a charity working with those affected by domestic and sexual violence.

She was selected as one of 10 'Women Entrepreneur Leaders' for Women's Entrepreneurship Day by the International Council for Small Business, and she received an 'Inspiration Award for Women' in 2015.

Find out more:
mirelasula.com

Case study

**Romeo Effs
Serial entrepreneur and
chief executive of the
Aspyre Group; founder
of the Empire Builders
Academy**



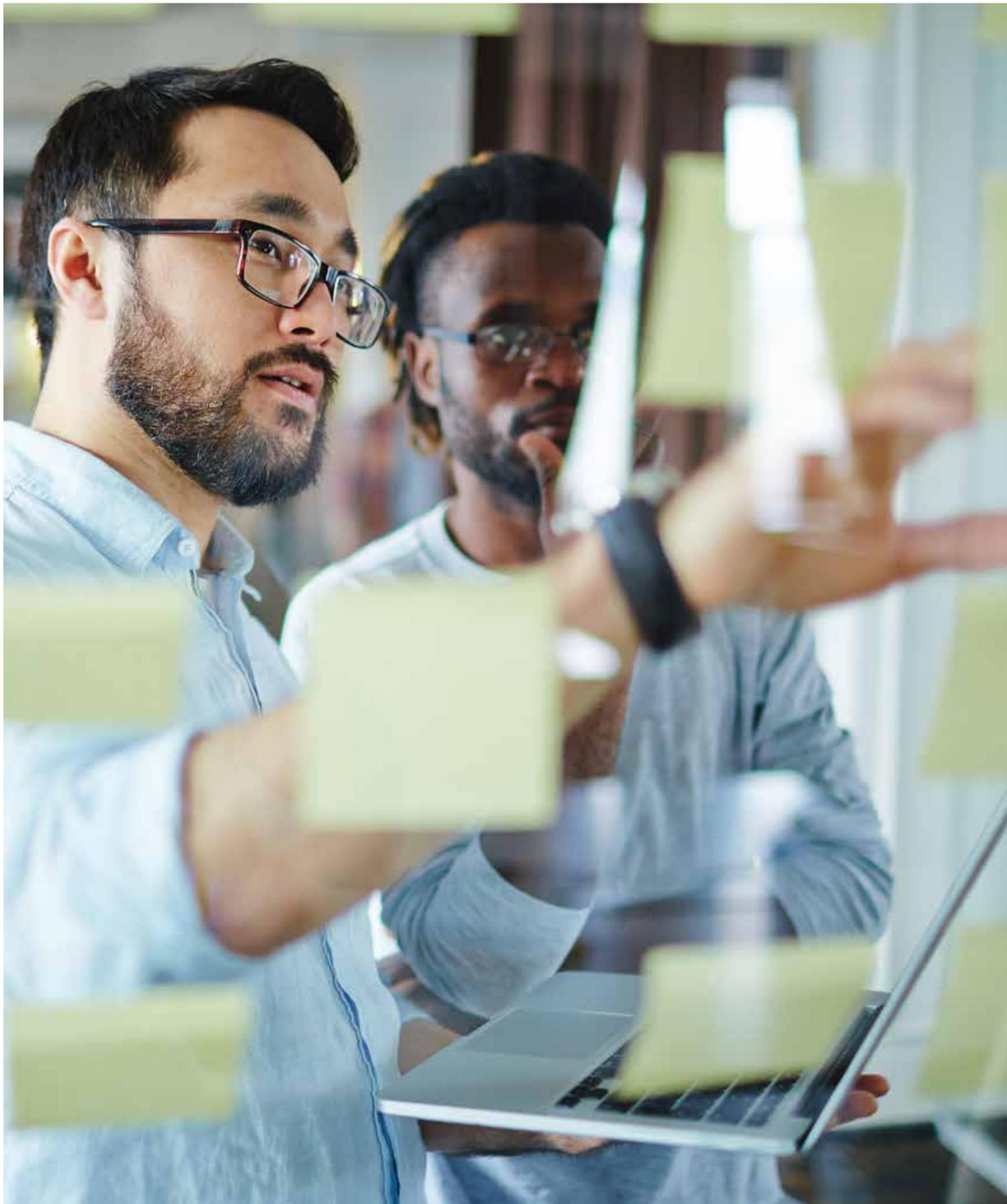
Romeo Effs is a Jamaican entrepreneur who has lived in the UK for 10 years, having owned and operated more than 30

companies involved in everything from transportation to education. The Aspyre Group invests in exceptional entrepreneurs, while the Empire Builders Academy helps entrepreneurs to stand out, scale up, and build outstanding careers and global businesses.

His key challenge setting up a UK business was around knowledge and skills; especially understanding the way business 'works' here. While he had many associates after working for years in the corporate world, the real challenge was to build a network of like-minded people heading out on the entrepreneurial journey or already established as a founder. Joining the Institute of Directors and other groups helped tremendously. It's still an uphill battle, he acknowledges, but his business has progressed quickly from the advice he has received from his new network.

Romeo is a board member of the Black British Classical Foundation, and runs a mentoring circle for students from disadvantaged backgrounds.

Find out more:
romeoeffs.com

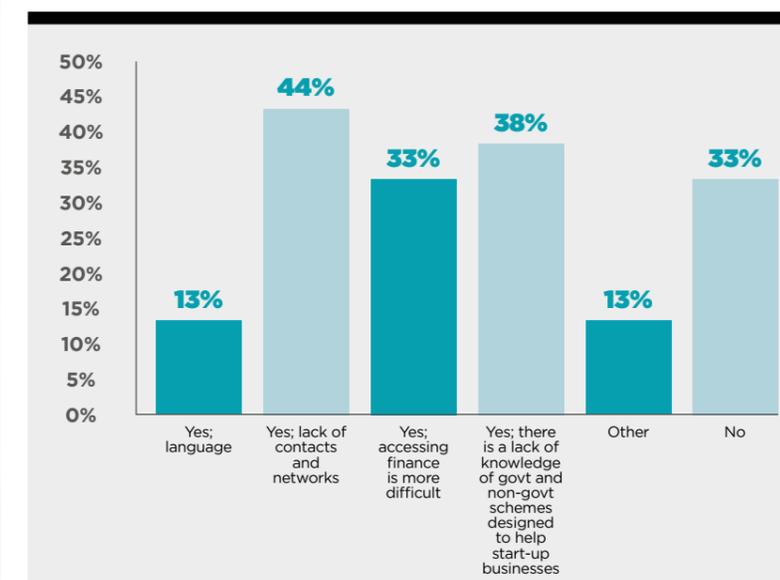


Obstacles

In some ways, the 'struggles' of a migrant entrepreneur might at first seem broadly similar to those of any other. But while the basic premise – creating a product that others consider worth paying for – and many of the obstacles are similar, in terms of over-regulation or difficulty accessing finance, there are real wrinkles in the migrant entrepreneur experience that make the area worth studying separately.

In the IoD's survey of migrant entrepreneurs, we asked if they felt there were particular challenges for them over and above the usual challenges. The findings were illuminating; we'll explore the four areas highlighted in depth as we move through the paper¹⁴.

In one sense, it's fantastic news that a third of migrant IoD members believe there are no particular challenges as a migrant entrepreneur. But there are plenty of others who differ.



¹⁴ IoD Survey, July 2016

Lack of contacts and networks

The lack of a business network is of course a problem for most migrant entrepreneurs, especially those who start their businesses soon after arriving in the UK.

In our interviews, we asked what our entrepreneurial cohort felt was the biggest challenge they needed to overcome to build their network.

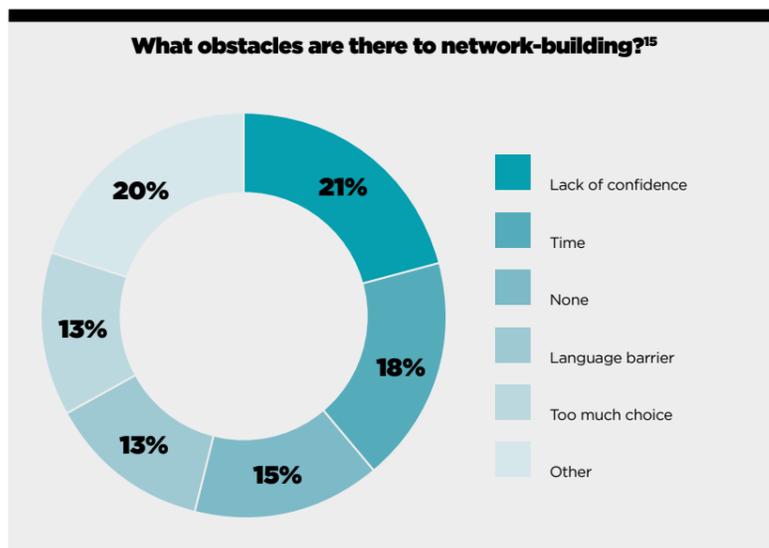
For many, the biggest obstacle is simply about confidence; not necessarily a feeling unique to immigrants, as anybody who has attended a networking event at which they don't recognise a face will confirm. But it is likely that the feeling is exacerbated for those new to the UK.

Interestingly, perhaps, just under a third say that the biggest obstacle is either putting the time in to building a network or simply knowing where to build one. It is here that there may be some scope for assistance; could government authorities or community bodies do more to point entrepreneurially minded immigrants towards existing business networks? Should those existing networks do more to reach out to community organisations and think about different ways to 'do' networking? It is interesting to consider and they are questions to which government and the business community should give some real thought.

Perhaps linked to the earlier comments on confidence, more than a third – 38 per cent – of those questioned in the qualitative side of the survey suggested that they felt isolated when they first arrived in the UK, not just from the business community but the community at large¹⁵. Many of those who said they felt isolated did so because of the language barrier, of which more later.

For those who might be sceptical about the value of a network – of the smaller cohort of our interviewees who went on to take an online survey, some 92 per cent responded that they felt their network was useful to creating and building their business; as one respondent put it, simply, "it promotes business and grows a social circle of friends"¹⁷. There is plenty of evidence in recent years that the line between work colleagues and social friends is blurring; that is likely to be even more the case for an individual who, through moving to a foreign country, has fewer 'social friends' in the first place.

Further, as you'd expect, a business network contributes to a higher-quality business model. Of those interviewed, every single one felt that interaction with their network – particularly their entrepreneurial peer group – was improving their business skills; 92 per cent believed that their interaction allowed them to tease out valuable information about the UK market¹⁸.



¹⁵ mi-HUB Research ¹⁶ Ibid
¹⁷ mi-HUB Online Survey, conducted via SurveyMonkey platform, July-August 2016 ¹⁸ mi-HUB Research, July-August 2016

Knowledge

Over recent decades, there has been a proliferation of government and non-government schemes to support entrepreneurship. On the one hand, there is 'direct' help: funding opportunities, start-up loans, catapults, growth accelerations, and so on – the list is a long one. On the other, the 'indirect' support: professional development and networking organisations like the IoD, for one, but also the numerous groups whose raison d'être is supporting entrepreneurs through advice, facilitated networking, and the promotion of business practice.

If you have grown up within the British business ecosystem, this network of connected groups and organisations becomes almost second nature. But for a migrant moving to the UK, the sea of acronyms and abbreviations can be so baffling as to be intimidating.

Even more frustratingly, government schemes designed to support entrepreneurs of all kinds with the best of intentions can slip past unnoticed, failing to 'land'. This is not unique to migrant entrepreneurs – many start-up entrepreneurs born in the UK are themselves too busy to find out the whys and wherefores of government schemes. But there is no doubt that it is even more difficult for migrant entrepreneurs.

We will discuss funding, in particular, in a separate section. But more particularly, where government schemes are simply about advice or about new tax or regulatory policy, there needs to be a more holistic approach taken to ensure that they are widely publicised. In many communities, particularly ethnic communities, it can be difficult to identify the touchpoints which will provide the most effective way of communicating with the desired audience. Government, business groups, and those community groups should work closer together to promote business policies; if as much effort was devoted to advertising business growth schemes as is used to detail changes to the immigration system, then the results would perhaps be transformative.

Further, the government needs to do more to simplify the basic bureaucratic processes that come with being an entrepreneur. This is not a call specific to migrant entrepreneurs – after all, it is a common complaint of those born at home. But again, we must remember that to somebody used to a different system, and for whom English may be a second language, such difficulties are of a different order. Complaints about how to pay tax or register a company were prevalent.

Case study

Helene Panzarino, Serial entrepreneur and investment readiness consultant



Helene Panzarino is an investment readiness consultant and serial entrepreneur who, along with a team of associates, helps prepare businesses to source and secure funding. She is also the author of *Business Funding for Dummies*, published by Wiley in 2016, having been recommended by satisfied clients to the publisher who appreciated her success she has helped thousands of SMEs on their funding journey.

Panzarino, who was born in the US of German and Italian heritage,

was a commercial banker in her early career but had not worked for herself before coming to the UK. She found the most challenging aspect of attempting to set up business in a foreign country was not having access to the relevant network and lack of guidance on how to build one. With no choice but to "get stuck in", she joined some entrepreneurs' networks and organisations (the IoD was the first), attended or hosted dozens of funding, growth and scaling workshops, seminars and networking events; at her most active, she attended or delivered 152 events in one year.

She is now widely regarded as one of the most well-connected women in London. That experience has seen her put forward as a judge on a number of entrepreneurship awards, including as judge and mentor for the Peter Jones Entrepreneurs Academy and Foundation. She was also an Olympic Torch nominee in recognition of her inspirational Body and Life Transformation Programme, which she initiated after overcoming a life-threatening condition.

Find out more:
helenepanzarino.com

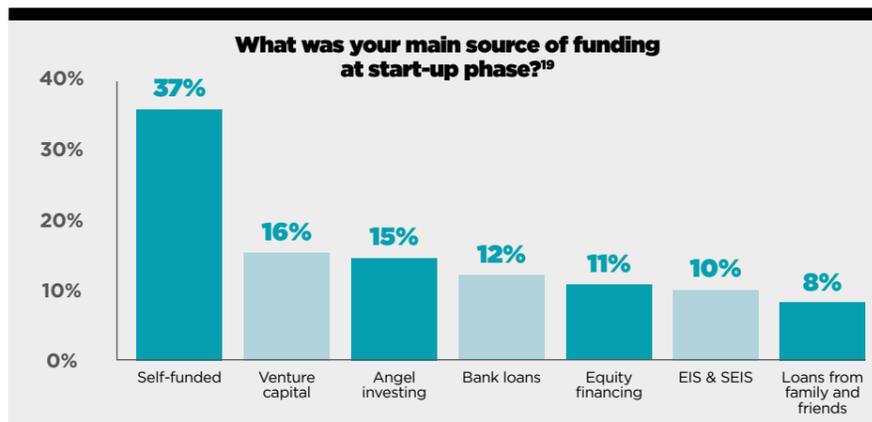
Accessing finance

Along with skills shortages, regulation, and taxation, the difficulties experienced by some firms in their attempts to source finance for investment are regularly cited as a key barrier to growth by entrepreneurs, particularly in their early years. Indeed, it came second in the list of barriers when the IoD asked its IoD 99 members, its most entrepreneurial cohort. Similarly, more than half of the migrant entrepreneurs interviewed during the research told us that a lack of funding can be a limitation on the growing and scaling of their business.

But accessing finance is particularly difficult for migrant entrepreneurs and, as a result, some 37 per cent of those financed their start-up growth through their own cash or savings. Many of those interviewed told us that they didn't even look for any other version of finance because they were unable to transfer their credit history to the United Kingdom. This makes it almost impossible to get a bank loan, and difficult to get a credit card – an increasingly important source of funding for start-up entrepreneurs at the very start of their business journey. The government should work with financial organisations to make this an easier process, and give entrepreneurs more avenues to funding.

It is noticeable too that none of our interviewees used government support as their main source of funding at start-up phase. While the question is slightly different, in the aforementioned IoD 99 survey of predominantly native-born individuals, some 34 per cent described government grants as either very important or important to their business' finances over the past five years, and another 20 per cent said the same of government loans²⁰. When asked about where they anticipate funding over the years to come, some 53 per cent described government grants as being potentially very important or important; 35 per cent the same of government loans²¹. It is clear that migrant entrepreneurs simply do not view government grants as a similar source of finance. Why?

The answer is complex but the two most obvious elements are the fact that many funding schemes are only available to UK citizens, and that migrant entrepreneurs simply don't know that such things exist. We have discussed knowledge and networks already, but in truth, they are one problem; the lack of knowledge of government (and non-government) programmes to boost businesses means they aren't used; often, this has a knock-on effect as an important source of finance slips off the radar of younger entrepreneurs.



¹⁹ mi-Hub Qualitative Research, July-August 2016 ²⁰ IoD 99 Member Survey conducted by the IoD, November 2015 ²¹ Ibid



Even for those interviewees who were eligible to apply for certain government funding schemes and were aware of their existence, the process was found to be incredibly time-consuming, with a wide range of regulatory requirements that prove often intimidating for migrant entrepreneurs unfamiliar with the UK's particular bureaucratic hoops. Again, too, the lack of a credit history proved significant: one migrant entrepreneur who owns a technology company applied for government funding opportunities but despite his company's obvious suitability, was rejected as a result of being unable to provide a credit history. These obstacles build on one another and create real barriers to growth for migrant entrepreneurs; if one in seven start-ups is led by a migrant, it is clear how much higher that figure could be if those barriers were removed and they began to use government assistance as much as the wider, native-born start-up community.

Nearly half of our interviewed entrepreneurs launched their businesses with start-up capital of between £5,000 and £10,000²². As is the case with many 'native-born' entrepreneurs, raising this initial relatively small amount of capital – while still difficult – proved a breeze compared to the second stage of capital-raising, when individuals began to look at scaling up and expanding.

²² Mi-HUB Qualitative Research, July-August 2016

Case study

Darshana Ubl Founder, Verve Rally



Darshana originally hails from India and Singapore, although she is now permanently based in the UK. She is a long-standing ambassador for small firms, and regularly mentors individuals through their business career.

She is the co-founder of Verve Rally, an international holiday company organising luxury car rallying around some of Europe's most picturesque destinations.

Ubl faced several challenges when moving to the UK five years ago, not least the travails of entering a UK business environment still reeling from the effects of the financial crisis. As was the case with so many other migrant entrepreneurs, the greatest initial hurdle she faced was learning to navigate an unfamiliar landscape. Identifying and building supportive networks was absolutely key in making it through.

She has since set a Guinness World Record, supported a number of charities and delivered more than a hundred keynote presentations, including a TED Talk designed for aspiring entrepreneurs.

Find out more:
ververally.com

Why do they do it?

In recent years, one trend has been noticeable above all others: entrepreneurs are now resolutely focused on delivering benefits for their community, as well as their bank balance. This trend – towards so-called ‘profit with purpose’ – has even been recognised by government, which has launched consultations into topics including ‘Mission-Led Businesses’ who have placed a commitment to their community in their articles of association.

A similar trend can be seen among our migrant entrepreneur cohort.

Amongst those interviewed, the reasons for setting up companies were varied, but a large number of the responses demonstrated that money is not the key issue; only a quarter said making a decent profit was their primary reason for setting up their business. Instead, they focussed on a desire to benefit society at large – either directly through setting up social enterprises or via rapid job growth – and the freedom to work for themselves. As many of our interviewees were at the younger end of the age spectrum, this is perhaps not surprising. In a world in which people increasingly recognise that government cannot be expected to do all the things it used to, as the population ages and demand on the most crucial services increases, young and old business leaders alike are beginning to recognise the role of business in providing valuable services to the community.

Of course, businesses still need to make money – few people have unlimited wallets. Among our cohort, it took an average of 14 months before they began to see a profit in their company. Many aren’t in it purely for profit, of course, but this is good news; clearly, the UK remains not just a good place to start a business, but a good place to grow one as well.

And perhaps most importantly, with profit comes expansion – and employment. While sometimes the narrative in this country focuses on the idea that immigrants are job-takers, the evidence suggests that they are job creators. Among IoD members, some 32 per cent of our migrant entrepreneurship cohort employs more than 10 employees²³. Similarly, amongst those interviewed in the course of the research, more than half (56

per cent) employ at least one employee²⁴. These figures certainly back up the findings of earlier research, which suggest that “immigrants are responsible for an impressive 14 per cent of SME job creation²⁵.”

Such numbers are crucial to remember as we enter a period in which the UK will, for the first time since 1975, have complete control of its immigration policy. There is no question that some will see this as a time to cut immigration, potentially significantly. It is crucial that more liberal voices win out; not just as a result of the skills shortage which we have already addressed, but because huge numbers of those people that come to the UK will build businesses and employ young native-born individuals. Business is the engine of job growth; the consequences of a significant reduction in migration to the UK will be felt not just for today’s businesses, but in the form of businesses that are never started. Instead, they will be started elsewhere – in immigrants’ home countries, perhaps, but more likely in other advanced economies which are more welcoming to foreign talent. The specifics of our immigration system will need to respond to public concerns, of course, but it is high time that politicians, thought leaders and business bodies made a louder positive argument for immigration as a driver of economic growth, rather than apologising for it.

Policy recommendations

There are, without doubt, a number of ways in which the government could further assist migrant entrepreneurs. My recommendations are ambitious – but I think that, taken together, they could allow even more of those newly arrived to the UK to continue to prosper.

Some are more interventionist; some are about liberalising existing law. All of them come from our discussions with those migrant entrepreneurs on the frontline of business.

- Create specific funding schemes targeted at migrant entrepreneurs, with a more flexible approach towards previous financial book-keeping, in exchange for more rigorous business planning and so forth
- Work with major banks and international financial organisations to create a transitional system allowing credit history to be transferred across borders
- Work with community groups, charities, and non-governmental organisations to increase awareness of existing government resources related to funding applications and business support
- Facilitate, with those same groups, a mentoring and training framework to link existing migrant entrepreneurs with those considering taking the plunge themselves
- Work with universities at home and abroad to create more flexible criteria for converting degrees
- Simplify the application process for work visas, with a focus on speeding up the time from application to decision

A number of entrepreneurs we spoke to pointed out the problems they had when starting their business as a result of their struggling to speak the language. There are still pockets of the country where it is possible to speak a language other than English on a regular basis – this should change.

- The government should not be shy about campaigns to improve the English of migrants to the UK, entrepreneurial or otherwise, and should target them in areas of high migrant population where languages other than English are heavily spoken

Rafael dos Santos



²³ IoD Research, July 2016 ²⁴ mi-HUB Research, July-August 2016 ²⁵ Centre for Entrepreneurs and DueDil

Conclusion



James Sproule,
*Chief Economist and Director of Policy,
Institute of Directors*

This is an exciting time for business. Economically we are entering an era of intellectual capitalism and we believe the changes are going to be as important and far reaching as those seen in the industrial revolution. To thrive in such a dynamic environment, we are going to need new businesses and existing businesses are going to have to adopt new approaches to how we work, how we innovate, what customers demand and how they are served. Encouraging entrepreneurs will be crucial: both those within larger companies who enable them to thrive, and of course those who start new companies.

While there are things that the government can do to encourage dynamic, agile entrepreneurial behaviour, there is no magic formula to creating entrepreneurs themselves. Thus when such people wish to come to the United Kingdom, to set up new businesses, to stake their future prosperity with us, we have to see this as being an opportunity we should all welcome.

Not every migrant to the UK will create a business here; every migrant entrepreneur we turn away, however, will certainly not. Balancing understandable public concerns about immigration with the equally important interest that every citizen has in our broad economic prosperity is going to be one of the more significant challenges the government faces in the next few years.

Britain, for the first time since 1975, is going to increasingly have the power to create its own migration policy. Let us hope our politicians are brave enough to deliver an immigration policy that sees the opportunity such a policy could bring and is open to immigrants and their undoubted skills.



Case study

Simone Vincenzi Founder, GTeX



Simone founded GTeX in 2013, an enterprise that helps companies generate revenue through events. Like many other migrant entrepreneurs, when he came to the UK, Simone had passion but only £100 in his bank account.

In less than one year he opened a pub, a restaurant and a chain of health food stores (growing the company from 120k to 800k in 8 months) while building his consulting and coaching business.

At the age of 28 he has now helped thousands of people in 7 countries through his signature seminar “eXplode Your Coaching Biz” to become leader and authorities in their market place so they can leave a deeper impact in the world.

He is now a highly sought after speaker (with more than 200 engagements every year) and he shared the stage with the most prominent minds of personal and business transformation like Gary Vee, Les Brown, TEDx to name a few.

Find out more:
gtex.org.uk

Acknowledgements

The IoD and mi-HUB wish to thank the entrepreneurs and business leaders, both from abroad and from the UK, who gave up their time as part of the report's qualitative research. The below list is by no means exhaustive. Thank you.

Tamara Medina	Mexico	Ankur Modi	India	Manuel Frigerio	Italy
Etiane Galvin	Brazil	Blessing Mueski	Zimbabwe	Sir Anwar Parwez OBE	Pakistan
Nagyla Wadey	Brazil	June Angelides	Nigeria	Zaheer Abbas	Pakistan
Zekaryas Solomon	Eritrea	Andreas Adamides	Cyprus	Mubashir	Pakistan
Guy-Edward Waterland	France	Neil Cuthbert	Canada	Vivienne Bannigan	Ireland
Amir Butt	Pakistan	Katherine Davies	Australia	Pip Thomas	UK
Mirela Sula	Albania	Yoram Percalle	Israel/ South Africa	Alexander Lushnikov	Russia
Caitlyn Lewis	South Africa			Zahid Khan	Pakistan
Klementyna de Sternberg Stojalowska	Poland	Mark Stephenson	UK	Muhammad Arshad	Pakistan
		Carl Allen	UK	Talib Hussain	Pakistan
Tabata Colla	Italy	Marina Pearson	Spanish/ British	Mahmut Tas	Pakistan
Adrienne Yandell	US			Muhammad Imran	Pakistan
James Porritt	Sri Lanka	Gideon Valkin	South Africa	Shamil Sharshak	Kyrgyzstan
Hervé Gaudin	France	Yoko Obata	Japan	Tatiana Chuvatkina	Russia
Jennifer Byrne	US	Lina Bourdon	Ukraine	Ana Freccia	Brazil
Andy Davis	Cyprus	Alex Pitt	UK	Serkan Ferah	Turkey
Andrew Weaver	UK	Maite Beltrán	Spain	Philip Salter	UK
Daryl Woodhouse	UK	Lynne Steel	UK	Pierre Gaubert	France
Daniel Binsbergen	Netherlands	Nazek Ramadan	Lebanon	Maurizio Gioli	Italy
Cain Ullah	UK	Ohad Ben Artzi	Israel	Len Rainford	UK
Jean-Francois Dor	Belgium	Helene Panzarino	Italy	Abigail Bruce	US
Suzanne Noble	US	Jo Rogers	UK	Mujahid Munir	Pakistan
Vitoria Nabas	Brazil	Joyce Ong	Singapore	Khalid Anjum	Pakistan
Merilee Karr	US	Mike Orchard	UK	Ollie Forsyth	UK
Iskren Kulev	Bulgaria	Dee Lu	China	John Morgan Main	UK
Evan Rudowski	US	Julie Calleux	France	Jonathan Partouche	Canada
Kremena Smith	Bulgaria	Anita Bhardwaj	UK	Victorine Plot	France



The IoD and mi-HUB are indebted to printed.com, who have worked with the report authors to make this paper available to as many people as possible.

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