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Competition or cooperation?

“Somalinomics” in the UK

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Abstract

The purpose of this article is (a) to review scholarly literature on entrepreneurship among Somalis in the United Kingdom and (b) through a field survey among Somali entrepreneurs in the UK assess if the prevailing image – derived from (a) – is valid or if some additional observations may alter the picture. Step (b) is accomplished through interviews with 36 Somalia-born entrepreneurs, most of them secondary migrants from other European countries and currently living in Birmingham, Leicester and London, about their lives and businesses. The results indicate that the prevailing image holds true in most respects. However, the view of Somali entrepreneurs as victims of intense competition should be modified. Many shopkeepers selling similar goods cooperate and reap advantages from sharing information and costs. Also, Somali entrepreneurship should be judged not only by its economic but also by its social achievements.

Key Words

Somali entrepreneurship, UK, field survey, competition, cooperation.

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1. Introduction

Somali refugee immigrants have faced many difficulties when trying to root themselves in European soil during the last 25 years. This is the case not least in northwest Europe, where many Somalis have settled due to comparatively generous asylum policies. In Sweden, for example, home of 64,000 Somalia-born, 31 per cent of those in working ages (16-64) were employed and only 0.7 per cent self-employed in 2015 (Statistics Sweden). In other parts of northwest Europe, corresponding figures are at similar levels.¹

According to official figures, 114,000 Somalia-born lived in the United Kingdom in 2015 (Office for National Statistics). According to Somali sources, they are many more.² Britain is the only place in Europe where Somalis have been able to take considerable root as self-employed. Employment figures are less encouraging. According to Rutter (2013: 40), “over the last 10 years, the employment rate of the Somalia-born population has rarely been above 20 per cent of the 16-64-year-old population”.³

Unfortunately, it is not possible to access precise figures displaying the level of Somali entrepreneurship or self-employment in the UK. However, there is plenty of evidence in the literature of a considerable exodus of Somalis with entrepreneurial ambitions from other European countries to the UK. We will revert to this literature shortly.

The purpose of this article is (a) to review scholarly literature about entrepreneurship among Somalis in the UK, particularly the Midlands, and (b) through a field survey among Somali entrepreneurs in the same area try to find out if the prevailing image – derived from (a) – is valid or if some additional observations may alter the picture. Step (b) is accomplished through interviews with 36 Somalia-born entrepreneurs currently living in Birmingham, Leicester and London, about their lives and businesses. Most of these entrepreneurs are secondary migrants from other European countries. The purpose of the article is thus not to test any theory of migration, integration or entrepreneurship, using Somalis as a case.⁴

2. Literature Review

In order to establish the state of knowledge about Somali entrepreneurs in the UK we will use two strands of literature. The first one is dominated by the leading authorities on the subject, Professors Jones, Ram and Theodorakopoulos, who have published extensively on issues of ethnic minority business in general and Somali businesses in Leicester in particular. The second strand consists of articles and reports on Somalis moving to the UK from some other European country, often with the ambition to establish a business.

Somali Entrepreneurs in UK Cities

Ram and Jones (2008: 352), in a review of research on ethnic minority businesses (EMBs) in the UK, argued that “an ‘ethnic resources’ model has held undue influence upon policy and academic discourses in this field” and that “a ‘mixed-embeddedness’ perspective, which recognizes the economic and social context of EMBs holds greater promise”.⁵ One important conclusion in the Ram and Jones (2008: 365) article is that EMBs should be scrutinized, “not in terms of their failure to conform to the conventional rules of capitalist success but more positively in terms of their social potential”. Among fields for future inquiry they mentioned transnationalism and the (in the literature) almost invisible entrepreneurial presence of the Somali community.

The Somali presence immediately came under investigation. In an article, based on 25 interviews with Somali business owners in Leicester, Ram, Theodorakopoulos and Jones (2008: 436) concluded that Somalis are mainly engaged in “low value-added hyper-competitive⁶ labour-intensive sectors of corner shop retailing and catering”, that they often stem from families with business experience, that their customers are mainly impoverished local residents with low purchasing power, that family members and fellow countrymen constitute a source of cheap or free labour and interest-free loans and that their social capital is of the bonding and not the bridging type,⁷ which limits their access to customers and funding. As far as the context is concerned the authors (2008: 432) stated that “the UK enterprise regime is both lightly regulated and effectively non-discriminatory as regards ethnic origin” and that “[f]or groups like the Somalis, the unconditional freedom enjoyed even by refugees to set up in self-employment is absolutely critical”, but at the same time “this de-regulated Promised Land [...] encourages quantity at the expense of quality”. Nonetheless, they (2008: 435) painted a pretty optimistic picture:

Unlike most predecessor entrepreneurial minorities, these are not workers displaced by labour market restructuring but more often motivated entrepreneurs, with previous family business experience [...] and migrating with the specific purpose [...] of business start-up. In many cases, too, these positively motivated entrepreneurs-of-choice have business growth ambitions in sharp contrast to the classic EMB stance, which is one of survivalism.

In a second article based on the same sample of interviewees, Jones, Ram and Theodorakopoulos (2010: 567) focused on transnationalism, “the way in which continuing cross-border linkages help to engender and support self-employment among Somalis”, thus creating “access to vastly enlarged *social capital*”. The authors (2010: 573) once again noted that Somali entrepreneurs with few exceptions are involved in “low order retailing and restaurants” and that their economy is based on “substitution of labour for capital, labour which comes cheaply because it is provided by family members and co-ethnics on a personal rather than a contractual basis”. They furthermore concluded that Somali entrepreneurs often lack financial as well as human capital in the shape of educational and professional qualifications recognized in the UK, that their respondents repeatedly cited intense competition as a serious problem,

and that premises are acquired through “vacancy chains”. In conclusion, they (2010: 581) found that the political and economic context “imposes harsh constraints upon Somali business activity which cannot be circumvented by the mobilization of social capital, be it local or transnational”.

Jones, Ram and Theodorakopoulos in their articles, as indicated, started out from the mixed embeddedness approach, the interplay between entrepreneurs’ resources and their business environments (markets, regulations). This perspective was also used in an article by Jones et al (2014), on a broader selection of migrant business owners in the East Midlands (165 self-employed business owners from 22 countries, whereof some 20 Somalis). The authors painted a gloomy picture: Entrepreneurs move into vacancy chain or low-skill openings, have difficult scraping together start-up capital, do not transcend boundaries or brake moulds, and are isolated in alien cultural environments. The mixed embeddedness “infused with a sensitivity to racism” is described as a “toxic combination of inadequate capabilities and hostile environment” (Jones et al 2014: 510, 516).

A report from the Open Society Foundations (2014a: 64) on Somalis in Leicester noted, in a different mood, that “Somali-owned businesses have proliferated in the city over the last 10 years in a variety of sectors including restaurants, clothing, internet cafés, furniture stores, remittance units and groceries” and continued: “These small-scale services are mainly addressing intra-community needs, but what can be observed is increasing self-reliance and the seeds of financial independence.” Above all, these businesses create “a great sense of optimism and pride in the Somali community”.

Somalis Migrating to the UK

Another strand of literature has focused on the migration of Somalis from other European countries to the UK.⁸ This literature is highly relevant since one reason for this migration has been a desire to take advantage of opportunities for pursuing business in the UK.

Hussein (2004: 11-12) concluded that Dutch integration policy “is so patronizing that migrants are not stimulated to develop themselves or to show any initiative” whereas in the UK they are “less constrained by rules and laws, which is more in line with the emphasis on own initiative and cultural maintenance of the Somalis”. Said (2004) also provided a set of explanations for why many Somalis have migrated from the Netherlands to the UK: old colonial ties between Somalia and the UK, established Somali communities in the UK, the English language and light business regulation.

van Liempt (2011a, 2011b) found, from interviews with 33 “Dutch Somalis” in Leicester and London, that Somalis in the Netherlands felt isolated and that assimilation was forced upon them. In the UK they could live more freely among fellow countrymen, there were more immigrant role models, and it was easier for them to find a job or start a business. “[A]most all Dutch Somalis I interviewed”, writes van Liempt (2011b: 258), “referred to many Somalis in the UK having set up a business, which they could not have done in the Netherlands because of all the regulations.”

Melander (2009) noted that her 12 Swedish Somali interviewees pointed to better opportunities and greater freedom of expression in the UK and that English is a more useful language. “Sweden is far too bureaucratic, it has too rigid rules” said one respondent and added that “the only contact you have apart from family is authority, the Social Welfare Office” (Melander 2009: 209-10). On the other hand, Sweden offers a better environment for raising children.

Carlson et al (2011) interviewed 16 Somalis who had migrated from Sweden to Birmingham and Leicester and opened businesses. The interviewees gave as reasons for their move Swedish authorities’ obsession with regulations and paperwork and in the UK opportunities for carving out a future and a sense of belonging created by the presence of a large Somali diaspora. “The UK is a bit like Africa”, as a couple of women put it. Nearly all these entrepreneurs had begun on a small scale using their own savings or loans from friends and relatives, their customers were primarily Somalis, they got help from family members and had few employees, they were not much bothered by red tape and taxes and most of them had a desire to retain and develop their businesses.

Bang Nielsen (2004: 10) found, through interviews with 12 Danish Somalis, that “[a]ccording to many of the respondents, Denmark is [...] a society of control, racism and discrimination, whereas Britain [...] is a country of freedom, tolerance and opportunities”. In the UK, migrants also have the advantage of speaking a world language and better access to training and work. However, the standard of accommodation is deemed better in Denmark.

Characteristics

This sweep through scholarly literature on Somali entrepreneurs in the UK produces an image according to which many of these entrepreneurs:

- lack higher education and professional experience,
- have family business traditions,
- have migrated from the Netherlands, Sweden and Denmark to the UK in order to live close to relatives and fellow countrymen, due to the English world language, old colonial ties and the ambition to grasp business opportunities,
- have established small shops and eating places,
- acquire start-up capital through savings and loans from family and friends,
- cater for Somalis or other local customers with little purchasing power,
- are involved in transnational networks (access to goods and capital),
- are helped by family members but seldom have employees,
- acquire premises traded along vacancy chains,
- are involved in intense competition,
- experience a light regulatory and tax regime in the UK,
- experience a feeling of comfort/freedom and flexibility in the UK,
- plan to retain and develop their present businesses.

Now, having developed this image, we turn to a number of Somali entrepreneurs in the UK, to hear what they have to say.

3. Field Survey

In June 2016 a field survey was conducted by one of us (Galvao Andersson) in Birmingham, Leicester and London. Initial introductions to some Somali entrepreneurs were facilitated through acquaintances in Birmingham and Leicester. Subsequently, interviewees were recruited through the snowball method or through random visits to Somali shops. A manual was used with questions revolving around the following issues:

- Personal history in Somalia, other countries and the UK: Business traditions within family, education, professional experience, migration history.
- Business history in the UK: Business idea, motivation, customers, funding, employees, premises, competition, view on regulations and taxes.
- Plans for the future.

Interviews took place in five districts where Somali businesses are concentrated: Small Heath in Birmingham, St. Matthews and Southern District in Leicester, Southall and Streatham Hill in London.

An overview of respondents' characteristics is given in table 1, where they are listed in alphabetical order according to their actual first names. Only two respondents (marked with *) expressed a wish to be anonymous and were given "Western" names. In the first column interviews are numbered in the order they were conducted, which makes it possible for an ambitious reader to discern the path of the "snowball".

Table 1 Respondent's Characteristics

Interview					Country		
n:o	Name	Gender	Age	Education	before UK	City	Business
36	Abdi	Male	40	High school	Germany	London	Internet café
29	Abdifitah	Male	42	University	Denmark	Leicester	Money exchange
30	Abdul	Male		Elementary	Sweden	Leicester	Cafeteria
22	Abdulahi	Male	47	College	Sweden	Birmingham	Travel agency
20	Ahmed	Male	34	High school	Somalia	Birmingham	Clothes design
32	Ahmed 1	Male	33	College	Somalia	Leicester	Travel agency
34	Amina 2	Female	43	Elementary	Kenya	London	Clothing store
35	Ashraa	Female	40	Elementary	Sweden	London	Clothing store
31	Awe	Male	42	Elementary	Sweden	Leicester	Department store
23	Awis	Female	42	Elementary	Kenya	Leicester	Hairdresser
8	Baile	Male	34	High school	Denmark	Birmingham	Money transfer
14	Degga	Female	52	Elementary	Netherlands	Birmingham	Clothing store
6	Deka	Female	40	Elementary	Sweden	Birmingham	Clothing store
9	Faay	Female	40	Elementary	Somalia	Birmingham	Clothing store
15	Farhiyo	Female	44	Elementary	Sweden	Birmingham	Cafeteria
19	Fartun	Female	49	Elementary	Netherlands	Birmingham	Clothing store
12	Fatima	Female	42	Elementary	Somalia	Birmingham	Clothing store
3	Fosi	Male	45	University	Sweden	Birmingham	Home care
4	Hassan	Male	41	High school	Netherlands	Birmingham	Department store
17	Hiba	Female	35	Elementary	Sweden	Birmingham	Clothing store
24	Jawaahir	Female		University	Netherlands	Leicester	Community org.
28	Kin	Female	38	Elementary	Italy	Leicester	Perfume shop
11	Maria*	Female	40	High school	Sweden	Birmingham	Clothing store
5	Marian 1	Female	45	Elementary	Emirates	Birmingham	Clothing store
10	Marian 2	Female	20	University	Somalia	Birmingham	Cafeteria
25	Martin*	Male	40	High school	Netherlands	Leicester	Internet café
26	Mohamed 1	Male	35	High school	Netherlands	Leicester	Electronics store
33	Mohamed 2	Male	45	University	Kenya	London	Accountant
7	Mohamoud	Male	40	University	Somalia	Birmingham	Community org.
1	Mohamud	Male	61	University	Denmark	Birmingham	Cafeterias
2	Osman	Male	40	University	Denmark	Birmingham	IT consulting
16	Rahma	Female	45	Elementary	Sweden	Birmingham	Clothing store
27	Shukri	Female	50	Elementary	Netherlands	Leicester	Clothing store
13	Sofia	Female	33	Elementary	Somalia	Birmingham	Hairdresser
18	Somaya	Female	40	High school	Sweden	Birmingham	Clothing store
21	Zeinab	Female	47	Elementary	Somalia	Birmingham	Clothing store

Education, Profession and Family Tradition

Somalis often portray themselves as business oriented and there is a reason for this: they have in many cases been raised in families pursuing small business. Among the interviewees 31 have some kind of business tradition within their family. Two of these families were nomads owning livestock. Marian 1's family had owned a restaurant. Mohamed 1 and his father had sold electronics. In almost all other cases these businesses had consisted of small clothes or food shops.

As can be seen from the table, 16 out of 20 women have only elementary schooling. Two of them have attained higher education, namely Jawaahir, with a bachelor in languages from Somalia and education as social worker from the Netherlands, and Marian 2, who has pursued university studies in economics in the UK. Eight men have some kind of higher education. Abdulahi has a journalist education from Somalia, Fosi unfinished legal studies in Sweden, Mohamud a master's degree in economics from Italy, Osman university education in IT from Denmark, and Abdifitah, Ahmed 2, Mohamed 2 and Mohamoud have all studied at college/university level in the UK, mostly focusing on business administration.

Only one woman had held a regular job before going into business: Jawaahir had been social worker in the Netherlands. Ten men had had different professions before going into business: Abdifitah and Osman had assisted immigrants in Denmark, Abdulahi had worked for a short time as journalist in Somalia, Ahmed as fashion specialist in Somalia, Fosi as teacher and interpreter in Sweden, Mohamoud as electrical engineer in Dubai, Mohamud on different jobs in Denmark, Abdi, Hassan and Martin as deliverymen and in stores in the UK. One can, even from these small numbers, discern a pattern: women have rarely had a professional career, men living in the Nordic countries have sometimes worked in the "integration industry" and men in the UK have had unqualified jobs in shops.

Migration History

Respondents coming from some other European country have on average spent 23 years in Europe and 12 years in the UK. Eight arrived directly from Somalia and four from some other non-European country (Dubai, Kenya) to the UK. Eleven respondents had lived in Sweden and spent on average twelve years there, seven had lived on average ten years in the Netherlands and five eleven years in Denmark.

What kind of push and pull factors⁹ do respondents mention as explanations for their secondary migration? Let us start out with those who migrated from Sweden. Abdul had been unhappy in Sweden:

The good thing with England is that they understand Somalis. In Sweden, people don't know a thing about Africa. In Sweden, there are no chances. Even if you get food and housing you sit at home, you are not happy.

Abdulahi says he is happy to be among people but in Sweden he ended up “in the middle of the forest”. Ashraa moved because she wanted to “own a business and pay taxes”, Awe because he wanted to be able to support his family and give his kids better educational opportunities. “I wanted to do things and not stay still, so I moved to the UK”, says Deka. Farhiyo moved to the UK to join her brother and sister. “In Sweden, you need certificates, learn Swedish – two years SFI [Swedish for immigrants]”, says Maria and adds: “Here, if you have experience, you can start from scratch.” Marian 1 migrated due to high taxes and difficulties finding a store in Sweden; another reason was that the Muslim community is weak in Sweden but strong in the UK. Rahma moved because of the different social environments: “In the UK neighbors give food to each other. In Sweden people don’t even talk to each other.” Hiba moved due to family reasons and “freedom”: “In the UK you have to pay for your education, but you can create your future here. You can progress.” Somaya had a lot on her mind:

Society does not allow integration in Sweden. It’s just for Swedes. There is segregation, discrimination and excessive regulation in Sweden. In Sweden I am not a person. I am not myself there. You act as another person, another identity. It is [like] living in a cage. That’s why you get unhappy. In the UK you can go forward in life.

Statements from respondents who came from the Netherlands and Denmark were of a similar kind. Degga gave family reasons. Fartun moved because she thinks women in the UK are more independent compared to the Netherlands. Hassan figured there are too many restrictions on business in the Netherlands. Jawaahir pointed to the multiculturalism of the UK. Martin, Mohamed 1 and Shukri moved because there are more business opportunities in the UK.

Similarly, Abdifitah, Baile and Mohamud left Denmark for the UK due to the different entrepreneurial environments. Osman moved to the UK to study although he thinks education is better in Scandinavia. Abdi had lived in Germany and realized that most of his friends were working as taxi or bus drivers. “I did not want to do these things during my whole life as they did.” Three respondents said they were attracted to the UK because of the old colonial ties to Somalia. Mohamoud explains: “British people already know about the Somali culture. It is not new to them.”

Business and Motivation

Clothing stores make out the by far most common line of business among our interviewees. All 14 such shops are owned by women. One man, Awe, has a combined clothes and food “department store” in Leicester. The five women who do not sell clothes have cafeterias (Farhiyo, Marian 2), hair salons (Awis, Sofia), and a perfume and accessories store (Kin). Two men (Abdul, Mohamud) also have cafeterias. Other male businesses are internet cafés (Abdi, Martin), money transfer/exchange (Abdifitah, Baile), travel agencies (Abdulahi, Ahmed 2), accounting firm (Mohamed 2), clothes design (Ahmed 1), homecare (Fosi), “department store” (Hassan), electronics store

(Mohamed 1), and IT consulting (Osman). Two respondents are pursuing non-profit community organizations (Jawaahir, Mohamoud).

Most respondents give some prosaic reasons for their desire to start a business: the opportunity to support themselves and their family and to finance their kids' education. Some statements reflect an entrepreneurial spirit: Abdi is "always searching for opportunities", Ahmed wants to work with flexibility, Awe wants to be independent of the State and Hassan does not like the idea of having a boss. Mohamoud wants to help his own people, adding: "If you have an idea, you must make a sacrifice." Shukri says she has business in her blood.

Start-up Capital

In most cases, the need for start-up capital has been modest and mobilized through savings. Respondents in some cases had worked in their previous countries of residence or in the UK and had gathered savings or borrowed from family members and friends. A few cases stand out: Abdul rented a place and employed a friend to cut men's hair; they split the profits 50/50 and within three years he had enough money to launch his café. Sofia met "a nice lady" in the mosque who offered to pay her rent to begin with. She also receives government support and is involved in a savings and credit association. A few respondents mention that a tax-free year during the upstart was helpful.

Customers, Suppliers and Employees

Almost all of the 36 entrepreneurs can be regarded as more or less ethnic, i.e. their customers are to a large extent Somalis and in the case of clothing stores women. However, there are also other customers: Africans, Muslims and other people living nearby. The owner of the café in Leicester (Abdul) estimates that one third of his customers are Somalis and the home care provider in Birmingham (Fosi) has about 35 clients of different backgrounds.

Almost all women in the clothing business get their goods from China and the United Arab Emirates (mainly Dubai) and to some extent from connections in their former European countries of residence. Two men (Awe, Hassan) procure a broader range of goods from Africa, Arab countries and from within the UK. Electronics parts (Mohamed 1) are imported from China. Cafeterias naturally get their raw materials from local suppliers. In most other cases, concerning services, the supplier issue is less relevant.

The vast majority does not have employees but several have family members helping out. Two respondents (Degga, Hassan) have a business partner. Kin has one part-time employee in her perfume shop. The only large-scale employer is Fosi with a staff of 40 people in his home care company.

Premises

A majority of respondents have their businesses in shopping malls. However, there are huge differences between cities. Of the 22 businesses in Birmingham, 18 are located in shopping malls, whereas out of the ten businesses in Leicester, eight are storefront shops. Most respondents say it had been easy to find a place to rent. However, a couple of them add, it is not so easy today, at least not in London and Leicester. Those housed in a mall in Birmingham normally pay a rent of 300 pounds a month. Awe, with a small office within at bigger store shared by four companies, pays 500 pounds and the rent for Farhiyo's cafeteria in a mall is 600 pounds plus 100 pounds for electricity. Kin had moved her perfume shop to Leicester since rents in London were too high. Mohamed 2, the accountant, pays 500 pounds a month for a small office in London.

Competition

Many of the stores, especially the clothing stores, sell similar products procured by the same kind of suppliers to the same kind of customers. One would therefore assume that intense competition is the order of the day. However, only a couple of women with clothing stores in Birmingham argue along those lines. Degga: "Too many people are coming to Birmingham from Europe. There is too much competition." Faay: "I was one of the first when I started. Now there are plenty of people selling the same thing." Two women with the same kind of stores in Birmingham find competition unproblematic. Marian 1: "Competition is good because it offers customers new things and different sizes." Zeinab: "People come to me looking for different sizes that other stores in the mall don't have." Seven women emphasize the advantage of cooperation when similar stores are located at the same place. They exchange information and share expenses for transportation. Maria says that "competition is sharing, working together with other shop owners. Maybe today you are alive and tomorrow you die, so you need to help or ask for help, to cooperate."

Several other respondents, involved in accounting, cafeterias, electronics, hair salons, home care, internet cafés, IT consulting, money transfer, perfume shop and travel agencies, say they have no competitors nearby.

Taxes and Regulation

Almost all respondents seem to find the tax and regulatory burden in the UK quite light. “Taxes are not so high and it is easy to contact the government if you have any questions”, says Deka. Several shop-owners use accountants. According to Baile (money transfer in Birmingham), the owner of the shopping mall pays taxes for shops in the mall. According to Mohamed 1 (electronics in Leicester), Somalis can pursue business in the UK as they used to do back home: “Here you can open a store the day after you decided to start a business.” Mohamed 2 (accountant) claims he can help companies get registered within half an hour. Some respondents mention the exemption from taxes during the first year in business.

The UK Environment

What are the views of the UK environment in general? The answers to this question of course come close to the reasons given for migration from other countries to the UK. Several respondents mention that the UK offers opportunity, flexibility and a multicultural environment. “The British government encourages people to start business, they are flexible”, says Ahmed, and Baile adds: “If you are a creative person, you can create whatever you want here.”

Most respondents compare the British environment to their previous destinations. Ashra figures the relation to foreigners is better in the UK compared to Sweden where “neighbors didn’t even say hi”. Fosi says the multicultural environment in the UK helped him get integrated and set up a company, which had been difficult in Sweden. Somaya argues in a similar vein: “You don’t have to sit and study SFI or Komvux [adult education] for years. Your life moves on here.” Awe adds that “in the UK you have to pay for things [like children’s education] but you can create your future here”. However, there is a darker side of the UK. Farhiyo states that Birmingham is less safe compared to Gothenburg, where she used to live. Maria misses the orderliness and housing in Sweden: “Sweden is more peaceful than Birmingham. I would like to move back if I could run my business there.”

Martin sees more opportunities for Somalis in the UK compared to the Netherlands and Mohamed 1 agrees: “It’s a customer-friendly environment, because we have a community here.” Jawaahir concludes that the British government delegates many more projects to social enterprises compared to the Netherlands. Abdifitah finds it easy to integrate in the UK:

No problem with the British people. No one asks [questions such as]: where are you from? They support small business. In Denmark you have much more respect and equality but here it is much more flexible. Sometimes [though], I regret moving here because of the living standard.

Future

Twelve respondents wish to expand their businesses. Abdul wants to establish his café “in the world”, Marian 1 wants to build “a big company”, Marian 2 and Sofia want to move out from the mall and rent stores along the street, Zeinab dreams of developing her store into “a big franchise”. Nine people wish to continue as before. Five people, all in their forties or fifties, wish to retire and either sell their shops or hand them over to their children.

4. Concluding Discussion

Now, let us compare the characteristics of Somali entrepreneurship in the UK distilled from our literature review to the results from our field survey. The prevailing image is confirmed in most cases: Almost all have family business traditions. Many, especially women, lack higher education and professional experience. Reasons given for migrating from other European countries to the UK, among them a desire to pursue business, are recognizable from the literature. Most businesses consist of small shops and eating places (cafeterias). Start-up capital is acquired through savings or loans from family and friends. Customers are mainly Somalis or other locals. Goods are often procured through transnational networks. Employees are rare but family and friends help out. Premises are acquired through vacancy chains. Almost all perceive the regulatory and tax regime as light and the UK environment in general as flexible. The majority intends to retain or develop their present businesses.

However, there is one area where our observations do not agree with the prevailing image: competition. Jones, Ram and Theodorakopoulos in their articles (2008, 2010) based their view of intense competition (“hyper-competition”) upon 25 cases of which 23 were men. Among our interviewees, several respondents, mainly men offering services, say they have no competitors nearby. They thus seem to establish themselves in order to avoid too much competition. On the other hand, many women with clothing stores are established next to one another in shopping malls. However, most of them do not complain about excessive competition. To the contrary, they cooperate in identifying and transporting goods – thus sharing information and costs – and differ somewhat in styles and sizes.

In order to understand this, it seems as if we have to consult literature on Somali business strategies from other parts of the world. In South Africa, Somali entrepreneurs have to a large extent out-competed indigenous entrepreneurs in poor neighborhoods through the following “Somalinomics” practices (Gastrow & Amit, 2013): Low mark-up on goods, reliance on high turnover, location in high pedestrian traffic areas, shared transport of goods from wholesalers to reduce costs, collective investment and shareholding in multiple shops, long opening hours, and customer-focused practices (e.g. allowing customers short of cash to buy small quantities).

We may expect that these practices are not unique to South Africa. Somali business strategies are thus not designed to slavishly follow the “laws” laid down by Western economists, at least not in the short run. Their ambition is not to develop an “original”

business plan and find a unique niche filled with wealthy customers which will allow them to reap nice profits. Their idea is rather to cater for the needs of poor people, not least fellow countrymen, in areas where they themselves live, and to be able to make a living out of it. One may ask: Who, if not these small scale entrepreneurs, would bother to care for the needs of immigrants in terms of specific products at low prices? They thus have a social as well as an economic ambition, which is not always appreciated by Western scholars focused on economic outcomes.

This double ambition was, as mentioned, acknowledged by Ram and Jones (2008), when they wrote that EMBs should be scrutinized, “not in terms of their failure to conform to the conventional rules of capitalist success but more positively in terms of their social potential”. In view of this statement it is a bit surprising to find the economic perspective dominating the Jones et al (2014) article, leading up to a dismal judgement: Somali and other migrant business owners are caught in a trap of hostile environments, tough competition, poor customers and with little prospect of moving into the mainstream and becoming affluent. This judgement can of course be founded in discouraging observations over time or in different co-authors or survey populations (since the 2014 article was about many nationalities).

A purely economic perspective tends to induce a pessimistic view on Somali entrepreneurship whereas a mixed economic and social perspective tends to foster a more optimistic view. The optimistic perspective, represented by e.g. the 2014 OSF report on Somalis in Leicester, stresses that Somali entrepreneurs cater for intra-community needs and earn, if not a lot of money, at least respect and self-respect.

However, there are good reasons for pessimism, although they stem from political and not economic or social sources. In the US and the UK, unlike Continental Europe and Scandinavia, Somalis have shown an optimistic and entrepreneurial spirit. Ironically, in precisely these two countries, they are now experiencing serious backlashes. Americans elected a president who has branded Somalis in the US “a disaster” (Jacobs & Yuhas, 2016) and the Britons voted for a Brexit which creates uncertainty for Somalis with citizenship from EU countries who have for many years lived, worked and pursued business in the UK.

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End Notes

¹ According to the Open Society Foundations' (OSF) reports (2013-14) on Somalis in European cities – Amsterdam, Copenhagen, Helsinki, Leicester, London, Malmö and Oslo –, employment among Somalis in working ages was 29 per cent in the Netherlands 2009, 31 per cent in Norway 2011 and 30 per cent in Denmark 2012; self-employment the corresponding years was 0.8 per cent in the Netherlands and 0.5 per cent in Copenhagen. Reports available at <https://www.opensocietyfoundations.org>

² The UK census form has no predetermined Somali category. Somalis may consequently tick some other box, like “African”.

³ Aspinall and Mitton (2010) mention similar figures dating back to 2005-06.

⁴ Are Somali entrepreneurs prototypical or atypical compared to other immigrant entrepreneurs? This question can hardly be given a straight answer. They are reasonably similar to some, with similar backgrounds, but dissimilar to others.

⁵ This mixed embeddedness perspective was originally launched by Kloosterman et al (1999).

⁶ The Financial Times (lexicon.ft.com) defines hypercompetition as “[a] situation in which there is a lot of very strong competition between companies, markets are changing very quickly, and it is easy to enter a new market, so that it is not possible for one company to keep a competitive advantage for a long time”.

⁷ Bonding refers to social networks within a group of people, bridging to networks between different groups.

⁸ van Liempt (2011: 4) refers to an estimate of between 10,000 and 20,000 “Dutch Somalis” living in the UK in 2002. According to Statistics Sweden, 9,850 Somalia-born emigrated from Sweden between 2000 and 2016. It is not possible to tell where these people went, but many surely left for the UK.

⁹ Push and pull are the elementary factors, traditionally used in migration research, which repel people from one environment and attract them to another.