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Ethnic Entrepreneurs and Online Home-based Businesses

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Abstract

Objectives
The study considers how online home-based businesses offer opportunities for ethnic entrepreneurs to 'break out' of the traditional highly competitive and low margin sectors they are often associated with.

Prior Work
Previous studies have found a positive association between ethnic minorities high levels of entrepreneurship (Levie, 2007) and between home computer use and entrepreneurship in ethnic groups (Fairlie, 2006). Despite these associations, no previous studies have explored the formation of home-based or other online businesses by ethnic entrepreneurs. This study seeks to address this gap by exploring how online home-based businesses provide opportunities for ethnic entrepreneurs to form and operate businesses outside traditional sectors (Rath, 2002; Kloosterman, 2010).

Approach
The study adopts mixed embeddedness (Kloosterman et al, 1999) as a theoretical lens to guide interviews with 22 ethnic entrepreneurs who have started online home-based businesses in the UK. All interviews are recorded, fully transcribed and analysed by thematic coding using NVivo software.

Results
Our findings suggest two distinct groups of online home-based business ventures. The first consist of mainly entrepreneurs who have good IT qualifications and are using the internet to leverage these, such as running web design or networking businesses or selling computer hardware online. The second group had no IT expertise and saw the web as an opportunity to start a business based on retailing, design skills or other interests. The informants were emphatic that the unique characteristics offered by an online home-based business were instrumental in their decision and ability to form a business. We use the findings of the study to argue that the theory of mixed embeddedness should include notions of choice and agency by ethnic entrepreneurs and also that the entrepreneurs are not only subject to social, economic and institutional forces, but that their actions can positively influence these forces.

Implications
The findings suggest that online home-based businesses can offer new opportunities to ethnic entrepreneurs that allow them to move beyond being the passive subjects of social, economic and institutional forces.

Value
The study is of benefit to ethnic entrepreneurs seeking to start new ventures and provides a valuable evidence base for wider social debates about the role and contribution of ethnic groups to the economic and social fabric of the UK. The research also has important policy implications, for example, the efficacy and sustainability of entrepreneurship visas.

Introduction

Prior research has found that ethnic minorities in many developed countries are associated with high levels of entrepreneurship, with recent migrants having a particularly high propensity to engage in new business activity (Levie, 2007). This effect is particularly marked in liberal economies, such as the UK, where conditions are more favourable to business start-up than other European countries and which has resulted in significant growth in the number of ethnic enterprises (Ram and Jones, 2008). However, whilst there are significant numbers of ethnic enterprises, the majority of these are confined to low margin and highly competitive sectors. For example, catering, clothing and retail by Indians, Pakistanis and Bangledeshis, the take-away food sector by Chinese and hairdressing and construction by African- Caribbeans (Azmat, 2010; Dana and Morris, 2007; Edwards and Ram, 2006). The confinement of ethnic enterprises to such '*poorly rewarded and fiercely competitive sectors'* (Ram and Jones, 2008, p.64), has led these and other authors to call for the promotion of opportunities for diversification and 'break out' for ethnic entrepreneurs.

Since the widespread adoption of the internet in the late 1990s, there has been considerable interest and research on online or ebusinesses, and the unique opportunities and challenges that these offer (Amit and Zott, 2001). More recently, as the domain of online business has matured and broadened into distinct sub-domains, there has been a growing and distinct stream of studies that consider online home-based businesses (Gelderen et al, 2008; Anwar and Daniel, 2014; Daniel et al, 2014). Such businesses combine the opportunities afforded by both online and home-based ventures, such as the ability to set a very low affordable loss (Sarasvathy, 2001), which may be attractive to entrepreneurs that cannot raise external financing or who have limited personal resources. However, the combination of the online medium and the home-base also exacerbate the challenges manifested in the two types of business, for example, engendering feelings of isolation and difficulties in establishing trust (Anwar and Daniel, 2014).

Research Aims and Questions

Previous studies have found a positive association between home computer use and entrepreneurship in ethnic groups in the US (Fairlie, 2006). This suggests that ethnic groups perceive that the online environment offers them entrepreneurial opportunities. Despite this positive association, no previous studies have explored the formation of home-based or other online businesses by ethnic entrepreneurs. This study seeks to address this gap by exploring how online home-based businesses provide opportunities for ethnic entrepreneurs to form and operate businesses outside their traditional sectors, and hence how the characteristics of such businesses afford agency to the entrepreneurs. As will be discussed, the study adopts the notion of mixed embeddedness as a theoretical lens to guide the study and to consider how the online and home-based context of their businesses both shape, and are shaped by their social, economic and institutional settings. The study will address the following questions:
- What type of online home-based businesses are being operated by ethnic entrepreneurs?
- How do the characteristics of online home-based businesses afford opportunities to ethnic entrepreneurs?
- How does the online and home-based context both influence, and is influenced by, the social, economic and institutional forces shaping their business?

In the following sections we review the two bodies of literature relevant to this study: prior studies of online home-based businesses and studies of ethnic entrepreneurship that draw on the theory of mixed embeddedness. We then describe the method adopted for the empirical stages of this study. We present the findings of the study organised according to the three research questions. We follow this with a discussion of the findings and our conclusions. We highlight the relevance of our findings for practitioners and policy makers and discuss the limitations of this study and opportunities for future research.

The Distinctiveness of Online Home-Based Businesses: Prior Literature

This section considers the characteristics of online home-based businesses and how these make them attractive to entrepreneurs who face challenges in the social, economic and political settings

considered influential by the mixed embeddedness theory. Whilst many of the characteristics are similar to other start-up ventures, we argue that characteristics of home-based and online contexts positively reinforce each other, or exacerbate each other, in order to make such businesses distinct from other businesses.

Drawing on extant studies of online home-based businesses (e.g. Deschamps et al, 1998; Sulaiman et al, 2009), we define online home-based businesses as: *a business entity operated by a self-employed person working at home and who is using the internet to carry out a significant proportion of business activities.* We note that an important distinction in the domain of home-based businesses is between those businesses operating at home and those operating from home (Clark and Douglas, 2009-2010). As stated in our definition, our focus is on businesses where the entrepreneur is based at home for the majority of their time.

Gelderen et al (2008) identify six characteristics of online home-based businesses: Speed, Multiple income, Inexpensive, LEan, and Smart. They use the term Speed to describe the short time it takes to start an online home-based business, summarised by the authors as '*all it takes to start an internet business is a computer and an idea'* (p.166). Many online home-based businesses owners are involved in more than one form of income generation or supported by other sources of income, resulting in such businesses being described as, Multiple income. These entrepreneurs may be operating their online business alongside other employment, operating more than one business, supported by savings from previous employment or by the income of a spouse (Bryant, 2000). Whilst it could be thought that multiple income streams mean that the entrepreneurs are not serious about their online ventures, Gelderen et al (2008) considers that these other income sources allow the entrepreneur to pursue their venture '*without the pressures of immediate financial reward'* (p.166), which allows self-learning and trial and error experimentation.

Inexpensive to operate describes the low cost to establish and operate such businesses: Bryant (2000) describes the costs of acquiring the necessary hardware and software as '*fascinatingly little*' (p.22). Services that allow use of software on a shared or rental basis, such as online shopping carts, payroll and client management systems reduce software costs further, whilst services such as cloud computing can reduce hardware costs. The modest IT costs are combined with the reduced cost, compared to operating from commercial premises, of operating the business from home (Betts and Huzey, 2009). The low costs to establish and operate, mean that many online home-based businesses are often formed with modest investments from the founders own sources, rather than bank or venture capital funding.

In addition to the characteristics identified by Gelderen et al (2008), Anwar and Daniel (2014) find such businesses are also distinct from other types of start-up according to a number of other characteristics including the degree to which: they operate within a distributed network of businesses and the challenges of developing trust and credibility with trading partners. Extensive use of networking is consistent with the observation that many online home-based entrepreneurs do not wish to take on employees, since they perceive this reduces their own control, flexibility and low operating costs. Growth of such businesses therefore tends to involve increased networking rather than the employment of additional staff and has therefore been termed '*jobless growth'* (Mason et al, 2011). Whilst not generating jobs within the venture, home-based businesses are recognised as making economic contribution to both local and wider economies (Jain, 2011; Sayers, 2009-2010; Vorley and Rodgers, 2012).

Ethnic Entrepreneurship in Context: Mixed Embeddedness Prior Literature

A number of theories have been proposed to explain the entrepreneurial orientation of ethnic groups. The most frequently used are cultural theory, disadvantage theory and mixed embeddedness (Azmat, 2010). Cultural theory posits that aspects such as social norms, beliefs and family ties influence ethnic entrepreneurs to start businesses, the type of business formed and the outcome of those businesses (Volery, 2007). As we have noted previously, whilst concentrations of certain ethnic groups in sectors, such as retail and take-away foods, is consistent with cultural theory, there is no recognition of other factors that have been shown to influence business start-up, such as relative position in the labour market or market opportunity (Levie, 2007). Disadvantage theory addresses the first of these aspects, suggesting that the high rate of ethnic start-ups is due to their relative

disadvantage in the labour market, for example, due to limited language skills or non-recognition of overseas qualifications (Light and Gold, 2000; Ley, 2006).

The theory of mixed embeddedness seeks to address the narrow perspectives of these theories by situating ethnic entrepreneurs in their wider social, economic and institutional or political setting, with a consideration of how these influence ethnic business start-up and ongoing operation (Kloosterman et al, 1999; Jones and Ram, 2007). As Kloosterman (2010) later expands, issues and opportunities experienced by the entrepreneur are influenced by what he refers to as the opportunity structure, where '*the opportunity structure is itself is a product of socio-economic and institutional forces*' (p.41). The dimensions of mixed embeddedness are purposefully broad, pluralist and undeterministic (Kloosterman, 2010) in order to reflect the significant number of forces shaping the opportunities of entrepreneurs, the inter-relationships between these and their path dependent and iterative nature. Whilst this makes the theory both powerful and flexible, it presents challenges for its use as a guide to the design of empirical studies. As noted by Ram and Smallbone (2001), '*there is no consensus on what such features* [of the mixed embeddedness framework] *should comprise*' (p.11). These authors note that markets, state policies and spatial settings are most prominent in Kloosterman et al's (1999) model. They themselves consider sub-dimensions of: sector, size, location, access to finance, social networks, generational differences and institutions. Adoption of the theory in empirical studies suggest that the identification of sub-domains should empirically grounded and hence show a wide variation, for example extant studies identify sub-dimensions such as: political economy, social ties, residential proximity and fitting in with workplace behaviours (Rath, 2002); enterprise support, urban regeneration and economic deregulation (Barrett et al, 2001); sector, educational attainment, informal and formal support organisations (Price and Chacko, 2009).

Despite its broad perspective, we suggest the mixed embeddedness has a number of limitations. Firstly, it posits that the social, economic and institutional setting will exert forces on ethnic entrepreneurs, suggesting that forces act in only one direction and that entrepreneurs are victims or pawns, with little individual or collective agency. To date, we have found no discussion of the role of agency in consideration of the mixed embedded perspective. We suggest that the entrepreneurs may exert agency in at least two ways. Firstly, they can elect to start enterprises that do not conform to, or even challenge the constraints of the social, economic and institutional context in which they find themselves. Secondly, they may create enterprises that are not only influence their environment in which they operate, but those businesses can influence their environment. We suggest that online home-based businesses may offer ethnic entrepreneurs the opportunity to 'break out' of traditional low margin, long hours sectors and both be influenced and influence their social, economic and institutional environment.

Method

Kloosterman (2010) asserts that '*mixed embeddedness thus entails extensive fieldwork and qualitative research to grasp the social embeddedness, strategies and careers of the immigrant entrepreneurs*' (p.41). Also, since previous studies have not explored the intersection of online home-based businesses and ethnic entrepreneurship, we adopted a qualitative and exploratory research method based on key informant interviews. This represents a well-accepted exploratory research method (Kumar et al., 1993) that enables researchers to access the multi-faceted lived-experiences of a wide range of respondents (Dibbern et al., 2008). This method also allows for a progressive, iterative and reflexive approach to data gathering and theorising, allowing the combination of both deductive and inductive elements that we sought (Alvesson, 2003).

Key Informant Enrolment
The population of interest was key informants who were from an ethnic background and who had formed and operated online businesses at home. The online home-based businesses were consistent with the definition of these types of business provided earlier and included: online retailing, web design, digital marketing services, IT consultancy and business services.

We used three approaches to identify and recruit possible key informants. First, we adopted a purposive sampling strategy (Easterby-Smith et al., 2008) in which the researchers identified four entrepreneurs matching the study's requirements, and known to them personally, who were then approached to participate. All agreed to take part in the study. Second, we adopted a snowballing

approach (Bryman, 2004) by asking the first informants to identify others who had started home-based online businesses matching the requirements of our study. Ten additional participants were identified through this approach. Third, we used the web, particularly social networking services such as LinkedIn, in order to identify individuals who appeared to fit our population of interest. We then approached these individuals via email and asked if they would be willing to participate in the study. Five additional informants were identified and recruited from this approach. Our total sample consisted of 22 key informants.

We recognized the possibility that our three approaches to identifying key informants could be prone to self-selection bias (Bryman and Bell, 2007), with agreement to participate being more likely among entrepreneurs who viewed themselves or their businesses as positively framed. However, our focus was not on the success of the firm *per se* but on patterns of entrepreneurial activity in their social, economic and institutional settings.

Table 1 summarizes key descriptive data for the 22 interviews conducted, and shows for each informant: gender, age, qualifications, country of origin and generation, visa type and nature of their online home-based business. All the businesses were active and viable when the interviews took place; however, we did not set limits on how long they had been in operation. Of the key informants, 19 were male and 3 were female. Whilst we did not seek to generate a stratified sample reflecting the incidence of male or female ownership of home-based businesses, our preponderance of male informants challenges the popular notion that home-based businesses are more often run by females, leading to them being termed as 'kitchen-table' or 'pink collar' businesses (Sulaiman et al, 2009). Consistent with our reflexive approach to our data collection and interpretation, we also recognise that our lead interviewer was an Asian male, and taken with the implicit cultural influences possible in a snowballing approach, led to a greater introduction to same gender informants of a similar ethnic background.

Take in Table 1 about here

Data Collection
Data collection was guided by a semi-structured interview schedule (Punch, 2005). The schedule design followed the ideas of narrative interviewing in which informants are encouraged to tell their story relating to the subject of study (Larty and Hamilton, 2011; Bryman, 2004; Hamilton, 2006). We initially used broad questions such as "tell me the story of your business - why you started it and how you started it" to encourage respondents to describe their experiences and perspectives, rather than being led by the interviewer.

Most of the interviews were conducted face-to-face (16) with the remaining 6 being undertaken by telephone. Again, in the majority of cases (14), interviews took place in the business location of the entrepreneur's home. In five cases, the entrepreneur asked to meet in a public location such as a café. Conducting face-to-face interviews in the home-based setting of the majority of businesses enabled us to collect field notes on aspects such as use of space in the home and promotional signage outside the home. In addition to the field notes, the data were supplemented with other sources (Denzin and Lincoln, 1998), such as examination of the businesses' websites and press coverage.

Data Analysis
All of the interviews were recorded. In four cases, interviews conducted by two interviewers, allowing field note comparison to aid understanding and internal validity of the study. In all other cases, interviews were undertaken by the same single interviewer. The researchers followed an iterative approach to data collection (Strauss and Corbin, 1990), jointly reflecting on each interview before subsequent interviews were undertaken.

Interview transcripts and field notes were coded using Nvivo software. Coding was guided by the three interview questions, that is, data relating to 1) type of business, 2) characteristics of business and their influence on business choice and 3) data relating to the three levels of mixed embeddedness (social, economic and institutional) including identifying sub-dimensions appropriate to the context of the study. Similar data was then aggregated across interviews and given an appropriate label or code. Hence the coding had both a deductive element (guided by the interview questions) and an inductive element (the labels or codes were not predetermined but arose from the

data) (Dey, 1993; Miles and Huberman, 1994). Internal validity was increased by the two researchers undertaking coding of the first three interview transcripts independently. Whilst consistency was high, differences were discussed and resolved. Subsequent coding was undertaken by the lead researcher with the coding being reviewed by the second researcher.

Findings

Types of Online Home-based Businesses

Our first research question considers the types of online home-based businesses being operated by ethnic entrepreneurs. Analysis of the descriptions given by the informants suggests the types of online home-based businesses can be clustered into two groups: those based on IT skills of the individual entrepreneur, and those that draw on other skills or interests and where the entrepreneur often has very few IT skills.

Considering the first of these, businesses based on IT skills include web design, web hosting, IT consulting, search engine optimisation, digital marketing, IT security and IT networking (see informants 1 – 14 in Table 1). In most cases the choice of business arose from the skills of the entrepreneur, skills that were often either gained or reinforced by formal education. As shown in Table 1, the majority of those running such businesses had either a bachelors or masters degree in a relevant subject. An online home-based business allows individuals with such expertise to be able to launch their own business, as described by informant 2:

I am from Bangladesh, but I am trying to be an entrepreneur in this country, and I want to establish my own business where I've got the expertise. My expertise is in computing. I have my honours in computer engineering from the University of Eastern Mediterranean, Eastern Turkey, and then with a full scholarship. Then I had my Masters from the University of Bedfordshire.

Whilst the majority in this group had relevant formal education, some described how they first explored the area as a hobby, and they later launched their business. Informant 12, who later went on to study for a masters degree in e-marketing, described the evolution from an interest to a profession: *originally it was like my hobby and now it's my profession.*

Similarly, informant 14 described how his work in web hosting developed from a casual interest and a way to fund his studies:

[At first]…I was doing projects, certain development projects, but it was not a business, it was like a hobby, to make some money while I was studying… then I started, the real business which was a web-hosting

Others, such as informants 10, 11 and 13 described how they did not have a formal education or qualifications in IT and that they decided to learn about it as it appeared to be both interesting and way of earning a living. For example, Wolf described how the idea had been suggested to him by a friend:

I've got a background in art, architecture and design. I went to university in Italy. Then I came here because I fell in love with my wife …. In 1999 a friend said why don't you look at this software and do web design? Then from that I did... it wasn't a passion that was there forever, it was always there, but for computers, yes, but I didn't know anything about web design until 1999, then I started doing it.

These informants described how they had taught themselves about their particular domain of IT, usually from a combination of learning by doing and sourcing advice and solutions either from web pages or in specialist fora.

The second group of entrepreneurs (informants 15 – 22) were operating online business that did not rely on IT expertise. Indeed, these informants were often keen to stress that they had little IT knowledge. They managed this lack of knowledge in two different ways. Some felt that it was not necessary for them to know about IT, and like other activities related to their business, this could be outsourced, as described by informant 15, who was selling designer clothes online:

I've just been trying to decide which things I need to learn about.. and which things are going to be a waste of time. For me, sewing, for example, is a waste of time. …. The same with the IT side. It just never occurred to me to do anything myself, to be honest. I thought, what's the point, there are lots of people out there who can do it for me.

Others felt that since the online aspect was central to their business, they did not want to be reliant on others, particularly for simple IT tasks, and so sought to teach themselves the relevant skills. As for those in the first group of companies, the online environment was conducive to this self-learning since it allows learning by doing, experimentation, the ability to search for information and the ability to request solutions to problems on online fora, as described by informant 18 who was selling Asian jewellery online:

I'm doing the qualifications for IT now, actually, because I taught myself, you see, using a computer… So, everything I've learnt on IT is self-taught…

For the group of online entrepreneurs without prior IT skills and qualifications, an online home-based business offered them an opportunity to leverage their other skills and expertise. For example, informants 19 – 21 were qualified accountants and used their online business to find customers for their accountancy services.

For others the relative ease of launching an online home-based business offered the opportunity to pursue interests away from their formal qualifications. Informant 15, who was educated and working as a doctor, described how her business had allowed her to pursue something she found more personally fulfilling:

The other big thing is that I really wanted to do something very different from my day job. I wanted to do something creative, ….I'd gone on a few trips abroad with a couple of medical charities….That was what made me more interested in doing something that would provide some cultural input for me.

The Affordances of Online Home-Based Businesses

Our second research question considers how the characteristics of online home-based businesses afford opportunities to ethnic entrepreneurs. The informants were emphatic that the characteristics of online home-based businesses, which have been recognised in previous studies and were discussed in the literature review, had been influential in them setting up their own business. Characteristics that appear to have been most influential were: low cost of start-up and hence low initial funding, ability to launch and run the business alongside other income earning activities, flexibility of work location and the potential financial rewards of running their own business.

For example, informant 12 stressed how the combination of online and operation from the home meant that there were few costs associated with starting his search engine optimisation business, but he was keen to stress that there were other challenges:

We just made a website, and entry is very easy. This is one of the benefits. Entry is so easy, and you don't need any money. You start earning straightaway. But you know, entrance is easy, but managing that reputation and that standard is very, very difficult, and that is the real challenge of working from home.

The very low initial costs, compared to other types of business, meant that informants were able to fund their businesses either from their own sources, or from their family. None of the informants had sought bank or venture capital funding for their ventures. Funding from their family often included funding from their extended family in their country of origin and was without obligation, demonstrating the social and cultural support consistent with our mixed embeddedness perspective. This familial support was described by informant 2:

No, most of the funding basically we got from back home ….about half of the funding I got from my family back home….My father gave me a gift, you can say.

The ability to launch and run an online home-based business alongside other income earning activities, termed multiple incomes by Geldern et al (2008), also helped reduce the need to raise initial funding, since business costs and costs of living for the informants could be supported from their other income sources. This also allowed the informants to undertake a 'soft launch' for their business, where they could learn and experiment, before fully committing to the business. For example, informant 15 continued to work as a doctor whilst she started her business and informant 4 worked as a taxi driver whilst establishing his online home-based networking business.

The ability to be able to work at any location and at any time is a well-documented benefit of online working (Mason, 2009-10). This appeared a particularly important feature for many of the informants, perhaps more so than for non-ethnic groups. This appeared to be for a number of reasons: many of them travelled regularly and for extended periods, often returning to their country of origin, they often employed staff or contractors in overseas countries and supported clients overseas, again often in their country of origin. informant 12 described that the ability to work from any location allowed him to run an office in Pakistan, although he was based in the UK:

Well, I am a single owner, but I have other people who are working for me. Initially I managed like a virtual team, three contractors, and there are two in different countries, but now I have an office as well back in Pakistan, and I am here [in the UK]. So I am still managing it like virtually.

The Context of Ethnic Online Home-based Businesses: Operationalising Mixed Embeddedness

Our third research question required the operationalization of the notion of mixed embeddedness in order to consider the ethnic online home-based businesses in their wider context. As discussed in the literature review section, the notion of mixed embeddedness is extensive, covering an extensive array of explicit and implicit influences on ethnic businesses. Our inductive approach to data analysis identified five highly salient sub dimensions: family/friends and cultural (social); market sector and customers (economic) and visas (institutional).

Social: Family/Friends
The majority of informants reported significant influence and support from their families on the formation of their businesses. For example, Informant 18 described how her brother-in-law had allowed her to start her online jewellery business by providing her with stock on a sale-or-return basis:

My brother-in-law, he's always buying and selling items himself; all sorts …they said, why don't you have a go? It could be something to do; an income, and if you manage to sell it and you make a profit, then you can pay me for your lot, otherwise I'll just take it back.

Similarly informant 21 described how he often turned to his family in Pakistan for help both with finance and guidance:

If there is any need of money, financial resources or any suggestions, intellectual resources we do go back to our family for help…. I mean, I'm new into the business, my sister and my dad are obviously way far into this field and yes I do take advice from them, suggestions from them.

Perhaps because of online business being less developed in some of the countries of origin of the informants, some described that their families did not really understand their businesses, as described by informant 14:

Most of my friends didn't understand my business. For them, I was at home, just playing on the Internet. Even my parents, when I was living with them, didn't understand how it was possible to get money from something that you don't have; it's not tangible, so it's really hard to explain.

As described in the previous section, the majority of the informants had received financial support from their families, which was eased by the very low start-up costs of online home-based businesses. Many of the informants also described how their families continued to provide ongoing support for their businesses. In some cases, particularly for 2nd and later generation informants, close families were mainly based in the UK, but some extended family was in their country of origin. For individuals who had recently migrated to the UK, much of their family was in their country of origin. Both of these

instances provided the informants with a strong support network outside of the UK, which the online nature of the business allowed them to leverage more directly than for many offline businesses.

Social: Cultural
Informants described how an emphasis on entrepreneurship within the culture of their country of origin often existed, which had been passed on to them through their parents acting as role models. For example, informant 13 described how he thought his Italian background and parents may have influenced him to start his own business:

Maybe it's because of my Italian background because in Italy everybody's got their own business. It's not people work for companies. It's very rare. There are big companies as well but mainly people with their own small business and they build their own small factory if they can, if they manage, or they work from home.

However, he did recognise that whilst working from home may be well recognised in Italy, a lower proportion of those businesses would be online compared to the UK since:

I think the online business is very behind in Italy. I think it's five years behind, maybe ten.

The informants also described how culture influenced the type of business they started or the products that they sold. For example, informant 15 designed and sold ladies clothes. Whilst she did not want to categorised the clothes she sold as Islamic, she recognised that they were influenced by her cultural background:

I'm Asian, I'm Bengali and you make a choice between wearing completely English clothes or Western clothes, or completely wearing Asian clothes. ….What I wanted really was to try and produce something that expressed both of those identities. …..

Some informants highlighted how, if they either had employees or customers in their country of origin, and they were operating their business in the UK it was important to understand and recognise differences in both cultures. For example, informant 12 used the matter of festivals to highlight differences between Pakistan and the UK:

Yes, I mean there are challenges.... One is cultural, for example, like festivals....Pakistani and Indian culture are not very much different. But maybe if someone from the UK is working directly with them, they might have more problems initially. But it is less problems for me, and coming here [to the UK] *really helped me because I understand; now I understand the working culture over here better.*

Economic: Market Sector
Compared to the market sectors traditionally associated with ethnic groups, the majority of the informants had entered sectors, which whilst highly competitive, are growth sectors, such as web hosting, e-marketing and business services, and therefore offer the opportunities for reasonable revenues. The extremely low operating costs of online home-based businesses helped ensure that the informants could retain a significant proportion of these revenues as profits, resulting in the financial rewards described by some of the informants. For example, informant 12 was candid about the financial attractiveness of his business, particularly compared to being employed in his original country:

It's good, you know, financially it's very good. ….I mean an employer cannot pay me a large sum, you know, and in the Pakistani market I was not getting that much. Now I have a number of clients and I am getting, you know, earning much more. So, financially you are much more comfortable here.

The market sectors chosen, particularly those that were based on IT skills (informants 1 -16) were also global in nature, hence these businesses could attract and serve customers from around the world. They could also employ staff based around the world, since IT expertise is internationally recognised and transferrable and staff did not need to be based in the UK as they could do their work remotely. The international background of the informants appeared to encourage them to both seek customers, and particularly hire staff from overseas, often from their own country of origin. As described in the comment by informant 12 in the previous section, they felt comfortable with international customers and staff as they felt they understood matters such as other languages or

cultures. Hence, their international background, their choice of an online business and ability to operate in a global and growing market sector all appear to be highly positively reinforcing. This is consistent with Jones et al's (2012) observations of internationally connected ethnic entrepreneurs *'can fruitfully exploit a mindset that is tantamount to living in two places at once, a virtual cross-border bi-location'* (p.3170).

Other features of the online medium also support the ability for ethnic minorities to be able to operate successfully in growing market sectors. For example, previous studies have suggested that poor language skills can often be a barrier for ethnic minorities in achieving employment or business success (Volery, 2007). Informant 2 reinforced the importance of language in winning trust of customers:

For a visa, if you have got a degree from the UK, you do not need to have an English requirement. But I am talking about in the concept of the business, because for example, I came from Bangladesh, and if my English is not that good, if I talk to an English person, a businessman, if that Englishman does not feel confident in me, then that man will not give me the business. ....

Informants described how the online medium reduced the need for direct communication and hence reduced the emphasis on language competence. For example, the informants used their web sites to present their businesses and feedback and ratings from customers could be drawn on to show their abilities to do the required work.

Economic: Customers
Studies using mixed embeddedness as a theoretical lens suggest that ethnic entrepreneurs in traditional offline sectors are limited to customers located in close spatial proximity (Ramsden, 2008). If they are located in a non-affluent neighbourhood, this may result in them being limited to customers with limited financial means. Even if financial constraints are not an issue, it may limit them to a highly homogeneous customer base, resulting in difficulty in diversifying their business, and hence decreasing their ability to learn, develop new products or services and reduce exposure to risk. For example, informant 12 described how serving international clients allowed him to learn different skills:

If you have your own business and different clients from different cultures, different backgrounds, different industries, so you get many, many opportunities to learn more. So, I have learnt a lot.

Some of the informants described how they were mostly reliant on customers from similar ethnic backgrounds to their own, often because referral networks operated within cultural groups. For example, informant 2 described how the majority of the clients of his web development business had a similar background to himself:

I am from Bangladesh, and the area, it is Luton, and most of the time I go to London and these two places we have got a lot of immigrants from Asia. .... So these people, sometimes they help us. Maybe because of ethnicity, ... They are referring us from one to another.

The informants that described their reliance on customers from similar backgrounds tended to be those that were at an earlier stage of the development of their online home-based business. Interestingly, whilst they relied on customers with similar ethnic backgrounds, due to the online nature of their businesses, there was not a reliance on these customers being geographically close to the informant's business, and they could attract and serve customers worldwide.

Informants whose businesses had been operating for longer, or whose businesses had become successful relatively quickly, stressed how they were not reliant on customers either from similar ethnic backgrounds or from their geographic location. For example, informant 18 described how she attracted non-Asian customers to buy her jewellery:

You'd be surprised, not all my customers are Asians. Some of them are English, as well. Quite a few are English ladies getting into some of the... they get the more intricate, like earrings, and so on, when I've sold earrings on their own, and broaches. So, you get a variety of customers.

Institutional: Visas

The informants mentioned a number of forces acting on their businesses that would be considered as institutional in nature. These included: the difficulty of securing bank loans for their business, due to the time remaining on their visas, due to the online and home-based nature of their business or due to the general reluctance of banks to lend to small businesses at the time of the study and the variable availability of broadband infrastructure in the UK, particularly in residential areas where home-based businesses operate.

One institutional issue that was highly pertinent to a number of the informant was the nature and terms and conditions of their visas which allowed them to live and work in the UK. The majority of the informants had British passports (10 of the informants). In some cases, this is because they had been born in the UK or they had qualified for a passport on other grounds. Other informants, who were from the EU, were free to live and work in the UK under the EU's Open Boarders legislation (3 informants).

The remainder of the informants (9) were living and working in the UK on visas, the majority of which were entrepreneurship visas. Four informants had entrepreneurship visas and three more had applied for these at the time of the study. Under such visas, an entrepreneur, or two entrepreneurs acting as partners, is required to invest at least £50k in their business in the UK over the three year period of the visa. During that time they must create two full time jobs, or a number of part-time jobs that are equivalent to two full time positions (UK Borders Agency, 2014). The informants with entrepreneurship visas were emphatic that the characteristics of online home-based businesses explored in our first and second research questions, helped them in being able to establish a business and hence qualify for an entrepreneurship visa. However, being able to maintain or extend that visa requires the entrepreneur to fulfil certain conditions, such as creating employment for others and creating a sustainable business. As was discussed in the literature review section, many home-based businesses expand by 'jobless growth' (Mason et al, 2011), that is by subcontracting work to other small businesses, rather than employ staff. Similarly, some respondents felt that the requirement to demonstrate the sustainability of the business after just three years was difficult and arbitrary, as described by informant 21:

I'll quote Sultan Mohammed Shah in one of his speeches to the entrepreneurs he said that the first thousand days of a business are the really hard ones and you have to stick with it and you have to give, you know, your every piece of your breath if you say and that comprises of three years right. … it's the fourth year that you show your 100% and you achieve you aims and then you can say there you go.

Hence the entrepreneurs were demonstrating considerable agency in choosing to form online home-based businesses that either leveraged their existing skills or allowed them to develop skills, and allowed them to operate in growing, international sectors. However, the terms and conditions of those visas also placed considerable constraints on how the entrepreneurs operated their businesses, constraints that may place them at a disadvantage compared to other similar businesses, and hence jeopardise their chances of forming a sustainable business.

Discussion and Conclusion

The theory of mixed embeddedness suggests that ethnic entrepreneurs are constrained to operate in a limited social, economic and institutional context, which influence the nature and success of the businesses undertaken. Whilst this theory appears to fit a number of examples of ethnic entrepreneurship, it suggests that the entrepreneurs have limited choice over the business sectors they operate in, suggesting that they have little agency, and limited influence over the context in which they operate their business.

Our findings suggest that online home-based businesses offer opportunities for ethnic entrepreneurs to leverage existing skills or experience. Whilst it may be apparent that such businesses would provide opportunity for entrepreneurs with IT skills, the findings of our first research question demonstrates that this type of business also offers opportunities for entrepreneurs without IT skills. The characteristics of these businesses, explored in our second research question, allow individuals without IT skills to leverage other skills such as accountancy, dress and jewellery design. The ease of operation of many web based systems and platforms allowed those entrepreneurs without IT skills to

develop those skills by self-learning and experimentation, and to sub-contract more difficult or time consuming aspects to others.

The study makes a number of inter-related contributions. It extends understanding of the under-research domain of home-based businesses (Di Domenico, 2008; Loscocco and Smith-Hunter, 2004; Walker and Webster, 2004), by focussing on the particular case of online home-based businesses and highlighting the salient characteristics of these sector of home-based businesses. It also brings together two domains of research that have not previously been combined; online home-based businesses and ethnic entrepreneurship. The study also contributes to the growing body of studies that use the theory mixed embeddedness to guide empirical studies. As discussed, the sub-dimensions identified in such studies tend to be empirically grounded and hence vary according to context. The availability of entrepreneurship visas in the UK at the time of our study, and increased restrictions on other types of visa, made these and important part of the institutional context of our study. To our knowledge, our study is the first that explicitly identifies the influence of visas as part of the institutional context in a mixed embeddedness-framed study.

The study finds that online home-based businesses offer ethnic entrepreneurs increased opportunities to choose the type of business that they start and how they operate those business. It therefore provides a compelling argument for inclusion of the notion of entrepreneurial agency in consideration of one of the central theories of ethnic entrepreneurship: mixed embeddedness. We are unaware of extant studies that have suggested such an elaboration of this theory. The study also suggests the need to broaden the frame of analysis in mixed embeddedness studies from contextual forces acting on the entrepreneur and their enterprise, to also include the influence of the entrepreneur and their enterprise on their context. For example, the relative ease with which the informants in the study felt they could hire and manage staff from around the world, and service global customers, due to their own international backgrounds, has been identified as an important component of globalisation (Jones et al, 2012) and which impacts on the competitive environment within which similar businesses operate.

Implications for Practice and Policy and Research Limitations

Our study has a number of practice and policy implications. Firstly, many developed economies, including the UK continue to experience high levels of unemployment since the global recession of 2008. Governments have encouraged citizens to become self-employed, both in order to provide employment for themselves, and also to provide employment and economic wealth for others. The quarterly employment figures in the UK released in March 2014 showed that that 65% of the increase in employment witnessed was due to people becoming self-employed (Simpson, 2014), underlining the importance of self-employment to the UK economy.

Immigration policy is an important part of UK Government policy, which continues to be under close interest and scrutiny by the UK press and population. Entrepreneurship visas are seen to be means to attract individuals from countries from outside Europe, who can contribute to the social and economic development of the UK. Whilst much emphasis on immigration is on the existing qualifications and skills (Hunt, 2010), our study shows that the unique characteristics of online home-based businesses can allow individuals with drive and creativity, but without formal qualifications, to operate entrepreneurial businesses, suggesting policy should find ways of moving beyond the emphasis on formal qualifications for the allocation of visa. Similarly, in order to support ethnic entrepreneurs in the UK, or moving to the UK, resources should be invested in increasing the awareness of online home-businesses, providing relevant technical and business education and training, and improving national infrastructure such as broadband access.

There are a number of limitations with our study, which could be addressed in future studies. We recognise that our sample included a high proportion of males, operating IT based online businesses, which is likely to have arisen due to the cultural similarity to the lead interviewer. Future studies should either include more female informants, or be solely focussed on female ethnic entrepreneurs to explore if they have particular issues and challenges in launching and operating such businesses, and how they are both influenced by and have an opportunity to influence their social, economic and institutional context suggested by the theory of mixed embeddedness.

As we have discussed, the theory of mixed embeddedness has a very broad perspective, covering a potentially limitless range of social, economic and institutional factors. In order to use the theory to guide our data collection and interpretation of our findings, we have focussed on a limited set of dimensions. Future studies could consider different or additional dimensions and consider how online home-based entrepreneurs are both influenced by and influence the dimensions considered. Finally, for the purposes of our study we have viewed different types of online home-based businesses broadly homogeneous. Future studies could look at the different opportunities and challenges offered by different types of online business for ethnic entrepreneurs.

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Table 1: Key Informants

No.	Gender	Age	Qualification	Country of origin & generation	Married	Visa type	Type of business
1	Male	37	MSc Computing	Bangladesh – 1st generation	Yes	Student dependent visa	Software - web development (IT and consultancy)
2	Male	36	MSc Computing	Bangladesh – 1st generation	Yes but not living with wife here	Entrepreneur Visa	Web development (IT and consultancy)
3	Male	35	MSc Computing	Bangladesh – 1st generation	Yes	Entrepreneur Visa	IT Consultancy – Data Centre (IT and consultancy)
4	Male	40	BSc Computing	Pakistan – 1st generation (brought up in Pakistan)	Yes	British passport	Web Development, Servers (IT and consultancy)
5	Male	34	BSc Business	Pakistan – 2nd generation (lived quite some time in Pakistan)	No	British Passport	Digital Marketing
6	Male	36	BSc Computing	Pakistan – 1st generation	Yes	Applied for entrepreneur visa	IT Consultancy – Networks and web development
7	Male	26	Degree and certification in Networking	Bangladesh – 1st generation	No	Applied for entrepreneur visa	IT Consultancy – Networks and web development
8	Male	62	BSc Computing	Pakistan – 1st generation	Yes	Irish Passport	Digital dictation, IT Support and Laptop repairing
9	Male	43	A levels and got admission to masters	Ghana – 2nd generation	Yes	British passport (born and lived some years in Ghana)	Digital Marketing Agency
10	Male	41	Self-taught	Jamaica; 2nd generation	Yes	British Passport	Digital marketing; Consultant
11	Male	52	Self-taught	Pakistan; 2nd generation	Yes	British Passport	Electrical and security solution provider
12	Male	35	Masters e-marketing	Pakistan -1st generation (lived in Pakistan)	yes	British Passport	Search engine optimisation
13	Male	45	BA Architecture	Italian	yes	EU citizen	Web design and management
14	Male	33	BSc Engineering	Portuguese	No	EU citizen	Web hosting
15	Female	38	Medical Degree	Bangladesh; 2nd generation immigrant	No	British passport	Designer clothing

16	Male	39	Master in HR	Pakistan – 1st generation	Yes	Entrepreneur Visa	Education consultancy (Coaching, education, training)
17	Female	60	College coures.	Singapore – 1st generation	Widow	British passport	Therapies (Beauty and wellness)
18	Female	45	BSc Chemistry	Pakistan – 2nd generation	Yes	British passport	Ebay Asian Jewellery seller
19	Male	26	BA Finance	Pakistan	No	Applied for entrepreneur visa	Accountancy
20	Male	40	ACCA, Certifications in IT	Pakistan – 1st generation	Yes	British Passport	Accountancy & Tax
21	Male	27	BA Accountancy	Pakistan – 1st generation	No	Entrepreneur	Accountancy & Management
22	Male	Early	MSc in Telecomms	Pakistan	No	Applied for entrepreneur visa	Home tuition