"Currying favour with the locals": Balti owners and business enclaves

Monder Ram, Tahir Abbas, Balihar Sanghera
and Guy Hillin
Enterprise Research Centre, University of Central England Business School, Birmingham, UK

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Abstract *The often-dynamic presence of South Asians in particular economic activities has prompted ambivalent responses from policymakers. For some, there is encouragement to "break out" from ethnic niche businesses like lower-order retailing and catering. Another ploy is to promote a strategy of "'ethnic advantage" by exploiting "cultural" features of a particular community. Examples include the marketing of what can be termed "ethnic enclaves" like "Chinatown" in Manchester and "Little Italy" in Boston (USA). This paper reports on an initiative to exploit the tourist potential of South Asian cuisine by developing a "Balti Quarter" in Birmingham. The results highlight a number of key issues involved in operationalising this increasingly popular strategy. First, the unitarist conceptualisation of the notion of an ethnic enclave obscures the harshly competitive environment that small ethnic minority firms like those in the "Balti Quarter" have to operate in. Second, the often ad hoc way in which such inner city areas are regulated (through planning guidelines) can intensify the competitive pressures facing many firms in the area. Finally, the "external" focus of the initiative runs the risk of masking chronic issues within the firm (e.g. poor working environments) which policymakers should be equally concerned with.*

Introduction

The "clustering" of South Asian self-employment around particular sectors and inner city locations is a notable feature of minority ethnic business activity. For some (Basu, 1995; Gidoomal, 1998), this is evidence of a dynamic culture of enterprise amongst South Asians. Others, however, explain the phenomenon in terms of a reaction to disadvantage and an inhospitable opportunity structure (Mitter, 1986; Jones *et al.*, 1994). Notwithstanding such debates, local policy-makers and the providers of business services still have to grapple with issues of how best to facilitate such apparent entrepreneurial energy. An increasingly discernible response is the deliberate promotion of the "cultural" features of minority communities. Examples include the marketing of what can be termed "ethnic enclaves" like "Chinatown" in Manchester and "Banglatown" in the East End of London. This paper reports on a similar initiative currently being contemplated in Birmingham: the creation of a "Balti[1] Quarter" to attract visitors to one of the most deprived areas in the city.

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Rather than providing a descriptive account of the initiative, this paper can be seen as a case study with three purposes in mind. First, the notion of an enclave is explored. It is argued that the implied unity of the term and policies predicated upon it (in relation to ethnicity and economic activity) is found wanting when set against the competitive processes involved in establishing and operating small enterprises of the kind found in the Balti Quarter. Second, the regulatory regime (notably, local planning guidelines) can actually exacerbate the deleterious consequences of competition; this is contrasted with the sub-text of collaboration between firms contained in the Balti Quarter strategy. Finally, the imagery of cohesion suggested by an ethnic enclave approach can actually mask chronic issues within the firm (i.e. harsh working practices).

Assessing ethnic enclaves

The notion of ethnic enclaves originated in North American debates on ethnic entrepreneurship. It is usually associated with the work of Alejandro Portes (Portes, 1981; Portes and Bach, 1985; Portes and Jensen, 1987). According to Portes (1981, pp. 290-1):

> Enclaves consist of immigrant groups who concentrate in a specific spatial location and organise a variety of enterprises serving their own ethnic market and/or the general population. Their basic characteristic is that a significant proportion of the immigrant labour force works in enterprises owned by other immigrants.

Focusing particularly on Cuban Americans in Miami, Portes and his colleagues describe how concentrating in a specific area generates community cohesiveness, which promotes reliance on co-ethnic suppliers, markets and labour, and informal community-based sources of finance (Wilson and Portes, 1980). It was further argued that wages in these firms tended to be higher than those employed outside the enclave. And employees in such enterprises were seen to use the experience as preparation for starting their own business. As Waldinger (1993, p. 444) noted, the "sweatshop ... [was] recast as an apprenticeship".

This depiction of an ethnic enclave has been contested on conceptual and empirical grounds (Light and Bonacich, 1988; Light *et al.*, 1992, 1994; Sanders and Nee, 1997; Waldinger, 1993). There is no need to rehearse these extended debates here. But in essence, the subsequent critiques question the degree of ethnic solidarity implied by the image of an enclave, highlight the consequences of competition rather than collaboration, and present a much harsher image of working practices. The model has rarely been discernible in the British context. When it has been used, "it has been represented in an entirely different and negative sense as an ethnic, spatial and sectoral enclosure, which traps entrepreneurs in acutely constrained market potential" (Barett *et al.*, 1996, p. 793).

This arguably more realistic assessment of the ethnic enclave presses for a focus on the competitive context of business "clusters", and a clearer exposition of the working practices that allow minority firms to survive in such a spatial and sectoral milieu. Indeed, such observations were noted in the first British study of ethnic minority firms, which involved Asian and white shopkeepers (Aldrich *et al*., 1981, 1982, 1984). Reflecting on this research, Zimmer and Aldrich (1987, p. 423) noted:

> Owners of small retail and service businesses, especially in inner-city areas, face a host of limits on the extent to which they can respond to perceived opportunities and challenges. Consumers have less discretionary income than in wealthier areas, easy entry into business means fierce competition, and public services are not the best, for example, parking and street safety. Accordingly, there are limits on the extent to which mobilising resources through social networks can improve the viability of small shops.

This observation also aptly describes the plight of many ethnic minority firms in Jones *et al*.'s (1994) recent survey of 178 African-Caribbean, South Asian and white small business owners. Similar problems are likely to arise in the spatially clustered segment of ethnic cuisine, as Kesteloot and Mistiaen's (1997) study of Turkish restaurants in Belgium illustrates.

Competition and regulation

In outlining the nature of the competitive environment of minority ethnic business clusters, consideration also has to be accorded to the role played by regulators (particularly in relation to policy that affects how local authorities grant planning permission to new outlets in an area). City governors can affect the nature of production and consumption (see Ball and Stobart, 1988; Harvey, 1989b; Hubbard, 1995; Hall and Hubbard, 1996). In particular, the process of gentrification and de-gentrification will affect the kind of businesses and social actors attracted to particular places (Smith and Williams, 1986), resulting in different consequences for businesses in the same industrial sector. In addition to this, the nature of competition will be different because rental policy and planning controls will vary (Guy, 1994). For example, in de-gentrified areas, as in the Balti Quarter and other inner city spaces where ethnic minority businesses tend to be concentrated, exit and entry will be higher and usually planning will be ad hoc. As already mentioned, this often leads to intense competition (cf. Hotelling, 1929; Kesteloot and Mistiaen, 1997). However, in gentrified areas, planning of businesses tends to be more controlled and balanced so that small and large businesses will mix together and may be involved in different sub-markets. Hence city-inspired promotional strategies aimed at the Balti Quarter need to be set against planning imperatives which regulate the operations of businesses in the area (Harvey, 1989a; Kearns and Philo, 1993).

Coping with competition

How do ethnic minority firms operate in such a competitive market context? Enclave type approaches tend to stress the importance of family and co-ethnic labour as a means of coping in a competitive market context. Such labour is often portrayed in an unproblematic way, and as a critical source of competitive advantage for ethnic business (Ward, 1991). Ethnic ties are believed to modify "the character of the class relationship ... within the enclave" (Portes and Bach, 1985, p. 342). The sense of a collective purpose in such settings appears to cross-cut the capital-labour relationship. Ethnic solidarity generates ostensibly reciprocal obligations, which serve as a means of securing discipline on the shopfloor; employees benefit by acquiring valuable learning opportunities, which may equip them to establish their own venture in due course.

There are some British-based studies of South Asian businesses that offer tentative support for such a view (Basu, 1995; Werbner, 1990). However, the harsh working practices in many such firms have become increasingly apparent (Anthias, 1983; Hoel, 1984; Jones *et al*., 1994; Mitter, 1986; Phizacklea, 1990). Such accounts provide a vivid illustration of the autocratic nature of social relations in such firms, and in so doing, crack the veneer of ethnic solidarity implied in enclave approaches to minority firms. Moreover, the unequal nature of gender relations is also exposed (Phizacklea, 1990; Ram, 1992, 1994). If the "apprenticeship" route to advancement is available to employees, it tends to be utilised more by men than women. Women's roles in such enterprises are often unacknowledged. Rather than notions of ethnic solidarity, survival in an enclave economy often depends "on the maintenance of a large pool of low-wage workers" (Sanders and Nee, 1987, p. 764).

This brief review has questioned the unitarist conception of ethnic enclaves. Ethnic minority businesses tend be clustered in particular sectors and spaces; but co-operative relations stemming from such proximity should not be taken to be axiomatic. Indeed, the marginal nature of such enterprises, *ad hoc* planning regimes, and harsh working practices often creates an intensely competitive operating environment. We now examine such features in relation to Birmingham's Balti Quarter.

Research and setting methods

The Balti restaurants are located in the Sparkhill/Sparkbrook areas of inner city Birmingham. As Table I indicates, this area has a significant South Asian (particularly Pakistani) presence.

A familiar pattern of disadvantage accompanied the minority ethnic community concentrated in this area. For example, unemployment in the Balti Quarter was higher than the city average, as seen in Table II.

Table I. Composition of South Asians in the Balti Quarter

	Population	Indians (%)	Pakistanis (%)	Bangladeshis (%)
Small Heath	31,617	1,832 (5.8)	11,764 (37.2)	1,846 (5.8)
Sparkbrook	25,896	1,969 (7.6)	7,926 (30.6)	2,136 (8.2)
Sparkhill	26,251	3,796 (14.5)	9,145 (34.8)	594 (2.3)

Source: 1991 Census

High unemployment levels are exacerbated by the general dilapidation of the local environment, a widespread fear of crime, and the often dangerous traffic flow in and out of the area. To a significant extent, the impetus behind the Balti Quarter initiative was to address some of these pressing problems.

Contrary to popular perception, restaurants are by no means the most common economic activity in the Balti Quarter. Table III reveals wide varieties of enterprises. The so-called Balti Quarter has many types of trades and outlets; most are independent small businesses. Importantly, Table III also highlights the extent of property voids in the area. While this is not unusual in a market economy, it is more acute in places of low income and high unemployment. This can cause problems for established restaurants and other businesses as new entrants cannot be prevented from opening next to an established one. Despite the economically marginal nature of many of the businesses in this area, council planners have to let out property unless there are good reasons for refusing new entrants into the area (see section on "Regulating Baltis" for further discussion). Table III also shows that the Balti Quarter is divided along different centres. In part this arises because businesses occupy different council wards. As we shall see, this gives rise to different planning issues and interests and can cause friction between restaurant owners. In addition, council wards have different allocations of funds with which to strengthen infrastructure and to meet interests facing the constituents.

In-depth interviews were undertaken with 35 restaurateurs from the Balti Quarter area. Many features of the respondents and their businesses were quite similar. A total of 34 of the 35 interviewed were Pakistani (with one Indian); they were very small family-run enterprises (on average, three workers per firm) employing predominantly co-ethnic labour; they catered for a largely white clientele (60 percent of customers stated that they were white. This figure was ascertained from a survey of 577 customers frequenting restaurants in the "Balti Quarter" which was conducted contemporaneously with the current research); and the extensive utilisation of part-time labour integral to their *modus operandi*. A range of issues was examined, including their backgrounds, motivations for self-employment, working practices and views on the area. Interviews with key informants from the local Council were also conducted.

	Male total (%)	Female total (%)	Total (%)
Small Heath	1,349 (20.5)	396 (10.5)	1,745 (16.8)
Sparkbrook	1,674 (30.9)	434 (14.6)	2,108 (25.1)
Sparkhill	1,300 (20.8)	426 (11.5)	1,726 (17.4)
Birmingham	29,805 (12.9)	8,622 (5)	38,427 (9.5)

Source: Birmingham Economic Information Centre (1997)

Table II. Unemployment rates of selected wards, December 1997

Table III.
Number of types of outlets in different shopping centres in the Balti region

Type of outlet	Area A	Area B	Area C	Area D	Area E	Area F	Area G
Void	21	32	12	8	34	10	11
Post office	1	1	1		1	1	
Bank/building society		11	1		1		
Betting office		1	2		2	1	
Travel agent		6	1		1		1
Estate agent		6	1		1		
Doctor/dentist/ + optician		6	3	2	3		3
Newsagent	2	6	1	1	3	1	
Supermarket/grocer	2	6	5	5	10		
Butcher/baker/ greengrocer	1	2	6	3	7	2	1
Residential		5		2			3
Chemist	1	3	1		2	1	
Clothes/fabrics/ footwear	1	21	18	1	22	1	2
Sari shop		7					
Jewellers		5	1		2		
Electrical/gas appliances		4	6	2	1	2	
Furniture/carpets/ curtains	1	8	6	1	1		1
DIY/hardware		2	1	1	2	1	1
Public house	2	1			1	1	3
Cafe/restaurant	4	14	3	3	15	7	3
Takeaway/food	1	1	6	2	2		1
Off-licence		2	1	2	1	1	
PFS/car repairs	2	1			1	2	5
Vehicle showroom	2	1					3
Other retail	12	16	18	1	14		7
Other service	2	24	9	7	8	3	19
Other	1	3	1	4	6		25
Total	56	195	104	45	141	32	89

Source: Balti Quarter retail property survey, 1997

The focus of these discussions was the planning issues involved in regulating the Balti Quarter. In addition, two focus group meetings were held in which retailers and council officers discussed issues concerning the area.

The competitive context

Establishing the enterprise

More that 50 percent of owners had previous experience of self-employment. This grouping was split equally between those that had been self-employed in a related activity and those in an unrelated activity. The general type of related industries included working in other restaurants as a chef, or managing other restaurants. This comparatively high incidence of previous experience of the restaurant trade may indicate that workers in such settings view their employment as a "familiarisation process" before starting their own venture (Bailey and Waldinger, 1991). But it is unlikely that this approximated to the reciprocal exchange that Portes (1981) suggests in his conceptualisation of the ethnic enclave. Employers often bemoaned the high levels of labour turnover in their restaurants, and were reluctant to invest in training in case employees left to start their own business.

The decision to locate in the Balti Quarter was usually fuelled by the ease of access to the sector and by the perception that the location provided a lucrative trading opportunity. Many respondents commented on the apparently rapid emergence of the restaurants in the area during the 1980s. On average, the restaurants had been in operation for ten years. As one employer commented,

> There seemed a lot of money to be made . . . I just came into the business from other things . . . I realised a gap . . . Bengalis were doing well . . . nothing else to do except clothes/food . . . At the time . . . [planning] permission was quite easy . . . [There wasn't] any objection.

Another employer added, that in terms of the "Balti" concept, "too many people are doing it in Birmingham", and that it was, "spreading everywhere". A further respondent estimated that the number of restaurants had doubled in the last five years, and that the resulting competition had been "crippling". In large part, these respondents demonstrate the "hotelling effect": that is, new entrants will allocate their business next to established ones so as to maximise their market share (Hotelling, 1929).

Growing competition

In order to gain an appreciation of changes in the market context, employers were asked to reflect upon developments in their operating environments. Most identified the intensification of competition as the main factor impinging upon their business. This manifested itself in four different ways.

First, there was competition for the same trade in the immediate locality. Many felt that the number of restaurants in the area had proliferated to such an extent that owners were said to be, in the words of one respondent, "at each others throats". Other comments in this vein included,

> It's dog eat dog.

> This area is all saturated with restaurants.

> There are too many in the Ladypool Road area.

Second, there was competition from non-Balti restaurants offering related and similar products. For example, one respondent claimed that local fish and chip shops were providing traditional Balti starters, thereby diminishing their customer base.

Third, there was competition emanating from outside the area. Respondents believed that there had been a marked increase in the number of Balti restaurants in other parts of the city. This detracted from the appeal of the Balti Quarter, and consequently, was having an adverse impact on trade. One owner noted that previously, the

> . . . typical white customer came for taxi, alcohol, food. But now customers were saving on the taxi fare.

Echoing this point, another respondent added that, “five years ago . . . you used to get coach loads . . . from small villages”, but the spread has been so great that these villages are housing their own Balti restaurants.

Fourth, there was competition from other types of outlets in the “eating out” market that affected the social patterns of eating out. For instance, many respondents noted that the younger generation was much more likely to be found in McDonald’s or Pizzaland than in a Balti restaurant. Such outlets contributed to the intensely competitive environment that the owners operated in.

The different competitive pressures bearing down upon Balti restaurant owners reinforces the point that ethnic enclaves are rarely self-sustaining, and cannot be isolated from the wider economy (Waldinger, 1993, 1995). Regardless of local policy initiatives, trends in the wider industrial sector were shaping the capacity of Balti restaurateurs to compete and survive. But this did not mean that the local authority could not influence the nature of the business environment, as the following discussion of planning regulations illustrates.

Regulating Baltis

Discussions on the nature of competition often led to strong opinions on the role of the local authority. Respondents clearly felt that the council was far too relaxed about granting licences to would-be Balti traders. There were many pointed remarks on this issue, as the comment below demonstrates:

> The Council has not been fair to all . . . It is a policy of lets “kill the Pakis off”.

However, interviews with key informants from the local authority revealed a more complex situation in which officers had to accommodate a range of often conflicting pressures. For example, one official maintained that new restaurants could not be prevented from opening “because it was illegal”. The council had to rely on market forces to judge what was appropriate for local conditions:

> It is difficult to play the crystal ball game. The private sector arguably knows . . . the market better than we do, so they should be left to their own devices. We have got to balance their enthusiasm for opening up another Balti against our perception of the saturation point of a particular market and a particular location, the impact on the other properties around.

The view was that the department could not privilege certain traders since many businesses are in similar positions. It was felt that if the trade could absorb another outlet, it would survive. However, officers did have powers to refuse planning permission if additional businesses were likely to cause inconveniences to other traders and residents; but not for reasons of adverse competition. This created a dilemma, “it is a grey area – I mean, there are clear and constant reasons for refusals, and then there is what could the area stand commercially. It’s a bit of a dilemma really.” He continued:

> When we get objections in from other existing restaurants to another restaurant, the ground of adverse competition is not a consideration . . . It is only when you get down to the detailed level of concentration of similar uses in an area that we are more bothered about . . . I think, certainly there are parts of [the Balti Quarter] where there have been a number of refusals of planning permissions for restaurants and takeaways along certain [roads] . . . There does seem to be an over concentration of restaurants in that area. On that basis it is extremely difficult now to get an approval for another restaurant or takeaway along that road.

Planning officials are informed by core policy, which provides officers with a guide to the percentage of non-retail usage; such as banking, restaurants, and travel agents in any area. This rule of thumb varies between different council wards. Explaining the rationale for this policy, one officer commented:

> We have to ensure a "balance of trade" so as to maintain the vitality of shopping and make the shopping centre an attractive place to shop. It is not in the interest of the shopping centre to have too many of the same trade. There has to be a mixture of trades . . . Yet, we have found that there is a dilemma; do you allow properties to come into use, or do you set an arbitrary figure that says there will be no more restaurants, there will be no more non-retail usage, which we have done in the [a Balti Quarter street]. Or do you say, "look there has to be stop, no more?" But then you will find that some blocks don't have a use which is unattractive in a poor area, then it has its own set of impacts on the whole shopping centre. So it is difficult situation, difficult dilemma.

A further consideration for council officers is the pressure to generate income and cut costs as the council budgets became ever more tighter. One implication of this was that empty property could be left unlet for lengthy periods. Elaborating upon this point, an officer commented:

> Over the years, . . . the amount we get from the rate support grant has been reduced, which means that you have got to generate your own money . . . If we, the City Council, have vacant properties [in the Balti Quarter], we couldn't hold back that property indefinitely because we are beholden to the tax payers to get best value for our estate property. If we own thousands of shops and we keep them vacant, waiting for the right ones to come, then we have got to . . . tax people, the community charge people. The Council tax payers of Birmingham will have to pay to keep those buildings out. Politically, that is not possible.

It is evident from the experiences of these key council officers that the regulation of the Balti Quarter has developed in an *ad hoc* manner. The unintended consequence of having to operate in this manner was the proliferation of restaurants and takeaways, as would-be traders attempted to scramble aboard the "Balti bandwagon". The intense competition ensuing from this process had to be managed.

Coping with the competition

Use of family labour

These firms, like others in the restaurant trade (Gabriel, 1988; Kitching, 1997), rely heavily on family members in order to compete. Of the 123 workers employed on a full-time basis by the restaurants, 54 were family members. "Family members" usually referred to males from a wider extended family. Respondents rarely made reference to the use of female family labour, although in one case the wife of the owner was employed. Another restaurateur admitted that "wives, sisters and mothers" helped in food preparation. This is likely to be more widespread than evident from employer responses. Preparing food "at home" was a phenomenon that was often commented upon. Female members of the household may have been involved in such activities.

The rationale for the use of family labour was a familiar one: they could be trusted, they were flexible, and they were cheap (Ward, 1991; Phizacklea, 1990; Ram, 1992). For example, one respondent maintained that non-family members were "not interested . . . that's why you have family". Another restaurateur also implicitly recognised the dearth of "reliable" staff when he commented that "you can shout at them [family members] . . . they can't say anything back to you". It also seemed that family members could also be relied upon to fulfil the vital task of managing the relationship with customers (Kitching, 1997). According to one employer, family members "take interest, enjoy what they are doing. When you get the best out of them, the customers feel more comfortable".

Use of part-time labour

Most firms made extensive use of part-time workers, which again is a characteristic feature of the sector (Walsh, 1991, Kitching, 1997). Those employed on a part-time basis were used to cope with the "busy" times. This becomes apparent when the trading patterns of the restaurants is examined. Very little trade is done at lunchtime; only 14 restaurants were open during lunch hours, and most of these were only open because they were preparing food for the evening. Over half of the trade is done on Friday and Saturday (51 percent; and 31 percent on Saturday alone), when over 11,000 people will visit Balti restaurants annually in the area, spending an estimated £84,000.

During the time of the fieldwork, it became apparent that a number of restaurants were increasingly resorting to "buffet" evenings in an attempt to even out trade and outdo the competition. During the early part of the week, restaurants were allowing customers to eat as much they desired for a set price (often as low as £5).

Price

Owners were asked what were the main factors that attracted customers to their promises. The results are shown in percentage form in Table IV. A notable feature of the table is the contrast between the importance given to advertising and pricing on the one hand, and the lack of significance accorded to quality of service and products on the other. While 47 percent believe that advertising and promotion play a substantial role in attracting customers, and 39 percent believe the same for pricing, none are of the view that quality of service or products plays such a role. This provides an explanation for the reliance on price cutting and promotional material/ facades on restaurant shop floors as tools of competition between the restaurateurs in the area.

Training

Employers eschewed training or "up-skilling" their staff as a means of coping with competition. It was clear that employers shared the scepticism of formal training that is found amongst the general small firm population (Atkinson and Meager, 1994; Curran *et al.*, 1997). In particular, there was no evidence of the firms having formal training plans or specific budgets for training. However, an absence of formal training does not mean that firms do not train *per se*. It was clear that the owners, like most small firms, rely upon informal approaches to training and development (Curran *et al.*, 1997). Nearly all the respondents claimed that existing workers were the main providers of training for new recruits.

Conclusions

The picture that emerges from this survey of Balti owners is a mixed one that incorporates often-gloomy views about the continued viability of the sector, with illustrations of remarkable resilience in the face of fierce competitive pressures. In many ways, the restaurateurs present the classic scenario of ethnic minority, and indeed petty bourgeois, business activity (Bechhofer and Elliott, 1981). Businesses were set up with little formal planning and largely as a reaction to lowly positions that many of the respondents occupied in the labour market. Family and co-ethnic support was drawn upon to initiate and sustain the business, often through intensive use of familial labour. The processes of labour recruitment and deployment confirm this pattern.

The management of the business again echoes a familiar image. Family members tended to occupy senior positions within the firm, primarily because they could be trusted and the fear of losing staff in these pivotal roles was removed. However, unskilled jobs tended to be characterised by high rates of labour turnover; occupants usually left to find other marginally better paid jobs or set up on their own account. For these reasons, formal training was almost non-existent, although more informal approaches to learning (e.g. coaching, training by existing employees) were evident.

Although respondents often claimed that the nature of their product and the quality of their service were key to the success of their businesses, it was clear

Factor	None	Low	Moderate	Substantial	Very substantial	Sample
Advertising and promotion	22	12	19	9	38	100
Pricing	24	24	12	15	24	100
Speed of service	55	18	15	3	9	100
Location	56	19	13	6	6	100
Quality of service	83	10	7	0	0	100
Quality of products	88	3	9	0	0	100

Table IV. Importance of various factors in attracting customers (percent) that price was a particularly important determinant. The perceived necessity to rely on price as a major source of competitiveness was occasioned by the proliferating competitive forces that owners faced. Burgeoning non-ethnic food outlets, expansion of Balti restaurants within and outside the immediate locality, and the changing nature of consumer tastes, were attenuating the scope for employers to compete on any other basis than price.

From this exposition of particular ethnic minority businesses, a number of wider points can be made. First, the promotion of the Balti Quarter, and any other strategy predicated on notions of ethnic advantage, need to be mindful of the deleterious and unintentional consequences of operating within a particular sectoral, spatial, and business milieu. Rather than conflating ethnicity, a particular product, and specific location (as the Balti Quarter approach does), it is important to recognise the contextual factors that shape the trajectory of any small firm. These include sector, competition, location, working practices, the state of the labour market, and the nature of regulations that firms have to observe. In other words, it is important to recognise "the other side of embeddedness" (Waldinger, 1995); that is, exploitation and competition are also features of embedded business (Granovetter, 1985). This is sometimes neglected in the midst of the discourse of "cultural industry" (such as restaurants) and "cultural heritage area", which is used to entice customers and businesses to particular city spaces (Zukin, 1995).

Second, by exposing the unintentional side of embeddedness, the importance of examining ethnicity in relation to the social context in which it operates has been reinforced. The imagery of the Balti Quarter and related strategies runs the risk of abstracting ethnicity from the material situation in which it operates. For example, the position of workers and employers, men and women, working in the Balti restaurants cannot necessarily be depicted in a unified, consensual, and designed manner. Ethnicity needs to be recognised as a relational and structured process which is apprised of the material conditions in which it is being deployed (see Bradley, 1996). Undue attention to the "marketing" of an ethnicised product and place may actually obscure inequalities and harsh working practices in the firm, and in ways that were not anticipated.

Finally, it is important to recognise that regulations affect how businesses operate and the nature of those businesses (Hodgson, 1988; White, 1996). This is not a mere appendage or an afterthought but crucial to how and what businesses survive. The experience of regulating the Balti Quarter highlights the range of competing pressures that have to be accommodated (Harvey, 1989b; Kearns and Philo, 1993; Smith, 1996). It again illustrates that there are different constituencies within an ethnic enclave (residents, small business owners, larger enterprises) with their own particular interests. Regulations are themselves embedded in wider social structures. Accordingly, an understanding of state and urban governance is a key ingredient in illuminating the clustering and operation of small firms.

Note

1 "Balti" is a Kashmiri and Punjabi word for *Karahi*. This *Karahi* generally resembles a Chinese wok, but is smaller in size. The "authentic" dish is normally prepared, and then served in this "Balti". The origin of the term "Balti" rests within the historical development of Pakistani restaurants in inner city Birmingham.

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