SECOND AND THIRD GENERATION SOUTH ASIAN SERVICE SECTOR ENTREPRENEURSHIP IN BIRMINGHAM, UNITED KINGDOM

BY

SUNITA DEWITT

A thesis submitted to
The University of Birmingham
For the degree of
DOCTOR OF PHILOSOPHY

School of Geography,
Earth and Environmental Sciences
University of Birmingham
May 2011
ABSTRACT

This thesis explores second and third generation South Asian entrepreneurship in Britain. To date the majority of studies have focused on understanding entrepreneurship by first generation South Asian immigrants who established businesses in traditional sectors of the economy, frequently as a result of ‘push’ and ‘pull’ factors. This thesis extends the work on South Asian entrepreneurship to second and third generation South Asian entrepreneurs. These generations are detached from immigrant status and the majority have been assimilated into British culture and economy, they are the British/Asians. This thesis explores the driving forces and strategies deployed by these succeeding generation of South Asians in setting up businesses in Birmingham’s service sector economy. A framework is developed to understand South Asian entrepreneurship that consists of four elements: individual’s driving forces, financial input, support networks and market opportunities. These elements consist of factors such as background which involves personal attributes including encouragement from parents to obtain educational credentials; inspiration from entrepreneurial family networks; and the desire to achieve status and flexibility; support networks explores the role of co-ethnic, community-based and business associations. And finally, market opportunities include the deployment of specific strategies by these entrepreneurs in locating markets for their products and services. A significant component of this is the way these generations utilise their ethnicity and duality not only to target clients and widen markets but also innovate their goods and services through fusing together aspects of Asianess and Britishness to create ‘hybrid products’ which are intended to penetrate new markets.
I dedicate this work to

My husband Shiv Kumar Dewitt
and my children
Karishma
Neha
Varun

Thank you for your patience, support and love
ACKNOWLEDGMENTS

Throughout the duration of this research I have been fortunate to gain a great circle of friends and colleagues who have encouraged me to complete my journey on the ‘Phd path’. My deepest appreciation goes to my supervisors Professor John Bryson and Professor Mike Taylor who throughout the course provided guidance, encouragement and support, and taught me to believe in myself especially during times of low determination. Their expertise as supervisors has been highly professional and very much appreciated. I am forever indebted to you, thank you.

I would like to thank my mother and father Satya and Somnath Chandel who never fail to make me feel proud of what I do, and who help to make my achievements so meaningful to me. A huge thanks to the special man in my life my husband Shiv who has continually believed in me and given me support and encouragement through the tough times. My love and sincere thanks also go to my children Karishma, Neha and Varun for their unique and individual inspiration.

Many thanks to the staff in the geography office, especially Gretchel Coldicott who has always been there to listen, offer advice and support. I would like to thank Jamie Peart, Steve Swoffer for his technical support and Ann Ankcorn for creating maps for the thesis. Special thanks go to my friends and colleagues in room 225 for listening and encouraging me especially Sandra Bagley, Dr Stephen Williams and Dr Chantel Hales. I would also like to thank Dr Phil Jones, Dr Lloyd Jenkins and Dr Dominque Moran for their support and advice.

I express my gratitude to members at the Institute of Asian Businesses for their recommendations and support, especially Kiran Jagdev and the members of the Asian women networking association, as well as the staff at Birmingham City Council’s Statistics Department for providing me with requested information. And finally I would like to thank the entrepreneurs who participated in this study as without them the research would not have been possible.
TABLE OF CONTENTS

CHAPTER 1: SOUTH ASIAN ENTREPRENEURSHIP ..............................................................1
1.1 Introduction .............................................................................................................1
1.2 Entrepreneurship .................................................................................................2
1.3 The succeeding generations of South Asians .......................................................3
1.4 Grounding second and third generation South Asian entrepreneurship research ......3
1.5 Aims and Objectives ............................................................................................5
1.6 Why Birmingham? ...............................................................................................6
1.7 Thesis structure ....................................................................................................7

CHAPTER 2: THE THEORECTICAL CONTEXT OF ETHNICITY AND ENTREPRENEURSHIP ..............................................................11
2.1 Introduction ..........................................................................................................11
2.2 Defining entrepreneurship ....................................................................................11
   Economic theories of entrepreneurship ..................................................................12
   2.2.1 Economic geography and entrepreneurship .................................................14
2.3 Reviewing firm formation ...................................................................................15
   Entrepreneurial traits .............................................................................................15
   Entrepreneurship and the environment ................................................................16
2.3.1 Reviewing ethnicity and entrepreneurship .....................................................17
   Research on South Asian entrepreneurship .........................................................18
   Research on second and third generation entrepreneurs .....................................21
   ‘Break-out’ and accessing markets (market opportunities) ....................................22
   Identities and hybridisation ..................................................................................25
2.4 Entrepreneurial networks: Social, financial and business related .......................27
   The strength of networks ......................................................................................29
   Entrepreneurship: Ethnic and South Asian networks .........................................30
   Informal networks: Family and friends providing diverse forms of support ..........32
   Formal networks and business support ................................................................34
2.5 Developing a framework from limitations of current research .........................36
2.6 A framework for understanding second and third generation entrepreneurship ....38
2.7 Conclusion ............................................................................................................41

CHAPTER 3: RESEARCH METHODS .............................................................................43
3.1 Introduction ..........................................................................................................43
3.2 Researching entrepreneurship ............................................................................43
3.3 Pre-research ..........................................................................................................44
3.4 The research process ...........................................................................................45
   Phase one: Desk research ......................................................................................45
   Research design ....................................................................................................46
   Obtaining research subjects (firms/entrepreneurs) ...............................................47
   Interviews: Confirmations and rejections .............................................................48
   Phase two: Interview process ...............................................................................51
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.5</td>
<td>Analysing the data</td>
<td>56</td>
</tr>
<tr>
<td>3.6</td>
<td>Positionality</td>
<td>58</td>
</tr>
<tr>
<td></td>
<td>My multiple positions: Insider and outsider dynamics</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>The insider/outsider dynamics</td>
<td>60</td>
</tr>
<tr>
<td>3.7</td>
<td>Conclusion</td>
<td>63</td>
</tr>
</tbody>
</table>

**CHAPTER 4: BIRMINGHAM: SOUTH ASIAN AND ENTREPRENEURSHIP ** | 65  |
| 4.1     | Introduction                                                         | 65   |
| 4.2     | British economy in post-war years                                    | 65   |
| 4.3     | Post-war South Asian entry to Britain                                | 66   |
| 4.4     | Birmingham: The Metropolitan City                                    | 68   |
| 4.4.1   | Birmingham’s economy in the post war years                           | 69   |
| 4.5     | Birmingham’s post-war immigrants                                     | 71   |
| 4.5.1   | Birmingham’s immigrants settlement patterns                          | 73   |
| 4.5.2   | South Asian settlement patterns: 2001                                | 77   |
| 4.5.3   | Wealth generation for the first generation South Asians              | 81   |
| 4.5.4   | First generation and entrepreneurship                                 | 82   |
| 4.6     | Second and third generation South Asians in the UK                   | 85   |
| 4.6.1   | South Asian children born in the UK                                  | 85   |
| 4.6.2   | The education and schooling of South Asians                          | 86   |
| 4.6.3   | Temple institutions versus schooling                                  | 87   |
| 4.6.4   | South Asian Identity                                                 | 90   |
| 4.6.5   | Dual identities and hybridised (Fused) tastes                         | 91   |
| 4.6.6   | The second and third generations: differential aspects                | 93   |
| 4.7     | Birmingham’s Asian self-employment                                   | 96   |
| 4.7.1   | Second and third generation South Asians and the service sector       | 98   |
| 4.7.2   | Second and third generation: Duality, hybridity and entrepreneurship   | 99   |
| 4.7.3   | Entrepreneurship: Second and third generations versus first generation| 100  |
| 4.8     | Conclusion                                                           | 102  |

**CHAPTER 5: DRIVERS OF SECOND AND THIRD GENERATION SOUTH ASIAN FIRMS IN THE SERVICE ECONOMY ** | 104  |
| 5.1     | Introduction                                                         | 104  |
| 5.2     | The entrepreneurship process and the wider framework                 | 106  |
| 5.3     | Birmingham: Self-employment, the service sector and South Asians     | 108  |
| 5.4     | The entrepreneur                                                     | 110  |
| 5.4.1   | Business and owner characteristics                                   | 111  |
| 5.4.2   | Family business and their successors                                 | 112  |
5.5 The three key phases of second and third generations South Asian entrepreneurship in the service business

5.5.1 Pre-conditions
- Education
- Family Connections
- Entrepreneurship and finance
- Status
- Independence /Flexibility/Being your own boss
- Social enterprise and personal passion
- Previous Experience
- Discrimination as a pre-condition

5.5.2 Firm Formation
- Sole proprietorship
- Partnerships: family and non family multiple ventures
- Business spaces
- Business staff

5.5.3 Markets and Mainstreaming
- Entrepreneurial strategies and market access
- Tapping into South Asian markets: Capitalising on ethnicity
- Entering mainstream markets during the start-up stage

5.6 Conclusion

CHAPTER 6: BREAK-OUT STRATEGIES

6.1 Introduction

6.2 Breaking-out strategies
- Diversification
- Defining Duality (Dual-culturalism and identity)
- Defining Hybridity
- Break-out through duality
- Break-out through hybrid products and services
- Deploying hybridity in the Snack Business
- Deploying hybridity in Tailoring Boutique

6.3 Conclusion

CHAPTER 7: SOUTH ASIAN ENTREPRENEURIAL NETWORK

7.1 Introduction

7.2 The network concept

7.3 Support networks in business ventures

7.3.1 Social networks
- Diverse forms of family support
- Co-ethnic and community based networks

7.3.2 Financial networks
- Informal sources
- Formal sources
CHAPTER 8: SOUTH ASIAN BUSINESS OPERATIONS: TWO YEARS ON ............................218
8.1 Introduction ........................................................................................................218
8.2 The longitudinal perspective ........................................................................218
8.3 Shaping and reshaping of firms over time .......................................................219
8.4 Growth and expansion .....................................................................................220
8.4.1 Multiple ventures .........................................................................................229
8.5 Changes in support networks ..........................................................................236
8.5.1 Financial support .........................................................................................236
8.5.2 Family and co-ethnic/community support ....................................................238
8.6 Competition how brutal can it get! ................................................................239
8.6.1 Competition in Birmingham based on South Asian firms .........................240
   Spatial (geographical) competition ....................................................................240
   Economic competition .......................................................................................241
   Geographies of enchantment and competition ................................................242
8.7 Failed/closed firms ..........................................................................................244
8.8 Conclusion ........................................................................................................249

CHAPTER 9: CONCLUSION .........................................................................................252
9.1 Introduction .......................................................................................................252
9.2 Current status of South Asian entrepreneurship .............................................253
9.3 Methodology (chapter 3) ..................................................................................256
9.4 Knowledge contribution to South Asian entrepreneurship .............................257
   Entrepreneurial characteristics .........................................................................257
   The impact of culture and identity: Market opportunities, duality and hybrid goods and services .............................................................259
   Serial and transnational portfolios .....................................................................262
   Business support associations ..........................................................................263
   Geographies of enchantments ..........................................................................263
   Longitudinal perceptive: South Asian firms over time (chapter 8) .....................264
9.5 Critiques of the research process and further research ......................................268
9.6 Entrepreneurship policies and implications ......................................................268
   Promoting entrepreneurship in South Asian service enterprise .........................270
   Enterprise policies ...........................................................................................271
LIST OF TABLES

Table 3.1 The interview sample ................................................................. 49
Table 3.2 Businesses in the study and coding .............................................. 50
Table 4.1 Post-war South Asian migration to Britain ..................................... 67
Table 4.2 The Industrial structure of Birmingham employment, 1951 .............. 70
Table 4.3 Birthplace of persons resident in Birmingham (*=%age) .................... 72
Table 4.4 Distribution of overseas immigrants in the three rings of Birmingham, 1961 .... 74
Table 4.5 Ethnic group of resident in Birmingham 1991 ............................ 77
Table 4.6 Residents of Birmingham by ethnic groups, 2001 ........................ 78
Table 4.7 Population by South Asian groups ............................................. 86
Table 4.8 South Asian (SA) pupils and the role of institutions .................... 89
Table 4.9 Birmingham’s economically active population ............................ 97
Table 5.1 Business classifications .......................................................... 111
Table 5.2 Age when they established their first business .............................. 111
Table 5.3 Highest qualification achieved by the entrepreneurs .................... 115
Table 5.4 Family Members previously or currently in business ................... 119
Table 5.5 Ownership style of businesses ................................................... 133
Table 5.6 Location of businesses ............................................................ 143
Table 5.7 Initial entrance and market access .............................................. 151
Table 5.8 Service sector firms and market access using specific approaches .... 152
Table 5.9 Firms that entered the mainstream market at start-up .................. 156
Table 6.1 Breakout into non-South Asian markets ..................................... 164
Table 6.2 Travelco expansion and diversification implemented by third generation ...... 166
Table 7.1 Family support in relation to entrepreneurship ............................ 186
Table 7.2 Sources of Finance used at start up ......................................... 194
Table 7.3 South Asian Organisations in Birmingham .................................. 198
Table 7.4 Membership of Business Associations ....................................... 200
<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 7.5</td>
<td>International business connections</td>
<td>205</td>
</tr>
<tr>
<td>Table 7.6</td>
<td>Characteristics of the South Asian Female Business Networking Association</td>
<td>211</td>
</tr>
<tr>
<td>Table 8.1</td>
<td>Growth and expansion over two years from 2005 to 2007</td>
<td>222</td>
</tr>
<tr>
<td>Table 8.2</td>
<td>Multiple business ventures from 2005 to 2007</td>
<td>231</td>
</tr>
<tr>
<td>Table 8.3</td>
<td>Failed/terminated firms</td>
<td>245</td>
</tr>
<tr>
<td>Table 9.1</td>
<td>Culture, identity and opportunities amongst South Asian entrepreneurs</td>
<td>261</td>
</tr>
</tbody>
</table>
### LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 2.1</td>
<td>A framework for understanding second and third generation South Asian Entrepreneurship</td>
<td>40</td>
</tr>
<tr>
<td>Figure 3.1</td>
<td>Location of businesses in Birmingham, 2005</td>
<td>51</td>
</tr>
<tr>
<td>Figure 3.2</td>
<td>The process of inductive analysis</td>
<td>57</td>
</tr>
<tr>
<td>Figure 4.1</td>
<td>Map of Birmingham wards in 1962</td>
<td>76</td>
</tr>
<tr>
<td>Figure 4.2</td>
<td>Pakistani population patterns in Birmingham, 2001</td>
<td>79</td>
</tr>
<tr>
<td>Figure 4.3</td>
<td>Indian population pattern in Birmingham, 2001</td>
<td>80</td>
</tr>
<tr>
<td>Figure 4.4</td>
<td>Bangladeshi population patterns in Birmingham, 2001</td>
<td>81</td>
</tr>
<tr>
<td>Figure 4.5</td>
<td>Model to show the reshaping of second and third generation South Asian identity and the possible outcomes of their duality</td>
<td>95</td>
</tr>
<tr>
<td>Figure 5.1</td>
<td>The entrepreneurial process of South Asian businesses</td>
<td>107</td>
</tr>
<tr>
<td>Figure 5.2</td>
<td>The three phases of second and third generation South Asian entrepreneurship</td>
<td>113</td>
</tr>
<tr>
<td>Figure 5.3</td>
<td>Reasons behind sole proprietorship</td>
<td>134</td>
</tr>
<tr>
<td>Figure 5.4</td>
<td>Family entrepreneurial framework</td>
<td>136</td>
</tr>
<tr>
<td>Figure 5.5</td>
<td>Multiple partnership ventures for Tailoring Boutique</td>
<td>137</td>
</tr>
<tr>
<td>Figure 5.6</td>
<td>Entrepreneurial sole and partnership ventures of HES IT</td>
<td>139</td>
</tr>
<tr>
<td>Figure 5.7</td>
<td>Staff background</td>
<td>146</td>
</tr>
<tr>
<td>Figure 6.1</td>
<td>Breakout paths</td>
<td>164</td>
</tr>
<tr>
<td>Figure 6.2</td>
<td>Differentiating the products through hybridity to access wider markets</td>
<td>177</td>
</tr>
<tr>
<td>Figure 6.3</td>
<td>Capturing South Asian and mainstream markets via product and service expansion</td>
<td>179</td>
</tr>
<tr>
<td>Figure 7.1</td>
<td>South Asian entrepreneurial networks</td>
<td>184</td>
</tr>
<tr>
<td>Figure 8.1</td>
<td>Factors impacting on shaping and reshaping firms</td>
<td>219</td>
</tr>
<tr>
<td>Figure 8.2</td>
<td>Travelco changes since summer 2005</td>
<td>226</td>
</tr>
<tr>
<td>Figure 8.3</td>
<td>Profile of SP Investments</td>
<td>233</td>
</tr>
<tr>
<td>Figure 8.4</td>
<td>UKP Train &amp; Recruit firm structure summer 2007</td>
<td>235</td>
</tr>
<tr>
<td>Figure 8.5</td>
<td>Geographies of competition</td>
<td>239</td>
</tr>
<tr>
<td>Figure 9.1</td>
<td>Second and third generation South Asian entrepreneurship</td>
<td>267</td>
</tr>
</tbody>
</table>
# LIST OF ACRONYMS

<table>
<thead>
<tr>
<th>ART</th>
<th>Aston Reinvestment Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>AWM</td>
<td>Advantage West Midlands</td>
</tr>
<tr>
<td>BABA</td>
<td>Birmingham Asian Business Association</td>
</tr>
<tr>
<td>BCC</td>
<td>Birmingham City Council</td>
</tr>
<tr>
<td>BCIS</td>
<td>Birmingham Company Information System</td>
</tr>
<tr>
<td>CBI</td>
<td>Confederation of British Industry</td>
</tr>
<tr>
<td>EMBI</td>
<td>Ethnic Minority Business Initiative</td>
</tr>
<tr>
<td>FPB</td>
<td>Forum of Private Business</td>
</tr>
<tr>
<td>FSB</td>
<td>Federation of Small Businesses</td>
</tr>
<tr>
<td>IAB</td>
<td>Institute of Asian Businesses</td>
</tr>
<tr>
<td>IoD</td>
<td>Institute of Directors</td>
</tr>
<tr>
<td>OCED</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PAs</td>
<td>Professional Associations</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>TAs</td>
<td>Trade Associations</td>
</tr>
<tr>
<td>TECs</td>
<td>Training and Enterprise Councils</td>
</tr>
</tbody>
</table>
CHAPTER 1
SOUTH ASIAN ENTREPRENEURSHIP

1.1 Introduction

Asian businesses play an important part in the economy of Birmingham, West Midlands and the entire UK. It has become cliché that ambitious parents from Asian communities regard law, accountancy and medicine as the careers for their children. British Asians in particular have a great history of entrepreneurial activity and research shows that 32% of all British Asians are either already working as entrepreneurs, or are seriously considering it (Paul Boating MP, 2002).

South Asian entrepreneurship in Britain’s towns and cities is not a new phenomenon. The media has frequently eulogised the success of ethnic entrepreneurial heroes and their ‘rags to riches’ stories. This has been particularly true for the first generation of South Asian immigrants who established their businesses with informal support with many transforming small businesses into successful family-managed enterprises. South Asian entrepreneurship is extremely visible in many British towns and cities as many first generation immigrants established newsagents and corner shops. There are less visible forms of South Asian entrepreneurship that include accountants and skip hire companies that have emerged through the activities of second and third generation South Asians. For first generation immigrant South Asian entrepreneurs, entrepreneurship entry had been very much determined by various forms of push and pull factors (Dhaliwal, 2000; Ram and Jones, 1998), which often included various forms of discrimination as well as the drive by these individuals to achieve status in their host community.

It is important to differentiate between the entrepreneurial activities of first and second or even third generation members of the South Asian community. Second and third generation South Asians are detached from immigrant status and have been partly assimilated into British society and culture; they are British by birth or British by education as some ‘second’ generation South Asians were born elsewhere, but educated or schooled in the UK. They do not lack cultural understanding and educational credentials of Britain in comparison to first generation immigrants and have often succeeded in obtaining knowledge, skills and training in line with the mainstream
population. Many have achieved higher level qualifications and have entered the professions (law, medicine, etc) as a result of parental investment, as many of these professional careers provide not only wealth but status in the South Asian community. Over the past few decades some second and third generation South Asians have opted out of employment into self-employment (Dhaliwal, 2002) by establishing service sector businesses and in some cases business and professional service firms. Therefore, in contemporary Britain is worth noting that South Asian entrepreneurship takes many forms, it is not only limited to retailing and manufacturing, but now is very much evident in consumer services as well as business and professional services. The primary aim of this thesis is to explore the entrepreneurial activities of second and third South Asian entrepreneurs who have opted for setting up and operating their businesses in Britain and in specific Birmingham. Much of the focus of this research is on business and professional service firms as this reflects the process of economic restructuring that has led to a growth in service employment and firms.

1.2 Entrepreneurship
Entrepreneurship is a key player in economic development (Metcalf, 2004; Grebel, 2007) and contributes to regional development (Fritsch, 2008). Small and medium sized enterprises (SMEs) are a significant component of the UK economy and at the start of 2004 accounted for 99.7% of all enterprises, 47.5% of employment and 49% of turnover (BCC Report, 2006). Between 1998 and 2005 UK Asian SME growth rates were three times that of the national economy (Barclay Business Banking, 2006). South Asian businesses are recognised for contributing to Britain’s economy. The first generation of South Asians have made their mark on British entrepreneurship, and the past few decades have witnessed the emergence of enterprises established and operated by the second and third generations of South Asians. What is intriguing about many of their businesses is the differences in the types of businesses these generations are establishing (Trehan, et al. 1999). South Asian entrepreneurship in Britain is altering in comparison to the businesses established by the earlier generation, and therefore scope of exploring the changing shift in South Asian entrepreneurship becomes important. Since small and medium businesses are a contributing factor to Britain’s entrepreneurial economy the study of the Britain’s South Asian business sector also becomes equally important.
1.3 The succeeding generations of South Asians

The post war years witnessed the first generation of South Asians entering Britain. In the settlement process some returned and brought over their wives and children whilst others returned to marry and bring over their brides (Parekh, 1997). The decades that followed witnessed an increase in second and third generation South Asians in Britain (Robinson, 1990). These children were educated in mainstream educational institutions, however, the majority of the first generation parents were keen to ensure that their children retained a South Asian identity. Subsequent generations received religious and cultural instruction at home, as well as from religious institutions that had been established to support the British South Asian community. These institutions often played a key role in shaping the upbringing of the second and third generation. Such places provided not only religious education but facilitated cultural and language studies (Ghuman, 1994). Many parents encouraged their children to maintain their cultural heritage and, at the same time, encouraged them to acquire educational credentials to provide access to a better way of life, as well as wealth and status. Between home life and school, these generations were being subjected to two contrasting cultures. The majority were becoming assimilated into British culture and yet continued to conform to their cultural background. This process impacted on the shaping of their identity resulting with production of dual-cultural identities with individuals able to switch and change according to the environment and the people they were with. This dual-culturalism impacted on many aspects of their lives.

1.4 Grounding second and third generation South Asian entrepreneurship research

The decades that followed the initial settlement of the first generation of South Asians to the UK witnessed a noticeable emergence of second and third generations acquiring British education (Rana et al., 2007). Furthermore, the assimilation of these generations into British culture and society and the achievement of higher level educational credentials opened up for some opportunities to extend their specialist skills to the field of entrepreneurship. There was a shift in the nature of British South Asian entrepreneurship, (Trehan, et al. 1999) as Asians began to establish firms in high tech manufacturing, consumer services other than retailing and there was also a shift towards business and professional services (Dhaliwal, 2008). The emphasis that had been placed on retailing by the first generation was replaced by firm formation across a wide
range of economic sectors. These new firms represent different forms of South Asian entrepreneurship and raise a series of issues that require further research.

A detailed review of the existing literature on British South Asian entrepreneurship has identified a number of important gaps that are explored in this thesis. These gaps are as follows:

1. While the majority of the research in the field of South Asian entrepreneurship has concentrated on the first generation of South Asians as immigrant entrepreneurs (Aldrich, et al., 1984; Ram, 1992) very little has focused on understanding entrepreneurship and succeeding generations of South Asians.

2. Previous and current studies on South Asian entrepreneurship tended to concentrate on the traditional sectors of the economy such as manufacturing and the retailing sectors (Barn 2000), and very little research was undertaken on service sector firms, such as medical related fields, law, accountancy and the media. The entrepreneurial traits of the succeeding generations may differ as a result of their dual identity and therefore, it becomes important to understand their motivational behaviour.

3. The handful of studies which have included businesses established in the professional service sector (Dhaliwal, 2002) lack depth in the investigation into the impact of identity and culture on entrepreneurial behaviour of the succeeding generations of South Asians.

4. A number of studies have focused on immigrant network support systems, especially in relation to entrepreneurship (Aldrich and Zimmer, 1986; Deakins et al., 1997; Dyer and Ross, 2000). However, studies on succeeding generations of South Asians fail to address the changing nature of support networks in relation to both formal and informal aid.

5. Finally, there are very few studies on how the succeeding generations in Britain engage in transnational networking (McEwan, et al., 2005) in order to gain competitive advantage (Albrow, 1997). This is an important area as a growing number of British
Asian entrepreneurs are engaging in cross border entrepreneurial activities in relation to their business portfolios.

These five gaps highlight the requirement for detailed research that would explore the drivers, operational dynamics and geographies of second and third South Asian entrepreneurs.

1.5 Aims and Objectives

This study contributes towards providing an understanding of the operational dynamics and related geographies of second and third generation British South Asian entrepreneurs. The key aims are to explore the entrepreneurial activities and related geographies of second and third generation South Asians, and the entrepreneurial strategies deployed by these entrepreneurs to develop a position in target markets. The analysis is based on research undertaken on Birmingham’s South Asian community.

The following four objectives have been identified:

1. To explore the driving forces that lie behind second and third generation South Asian firm formation.
2. Investigate the role of identity and culture as they contribute to British South Asian firm formation and business operations.
3. Examine the nature of both formal and informal support networks utilised by second and third generation South Asian entrepreneurs. Furthermore, this also involves an investigation of transnational or translocal networking.
4. Investigate strategies deployed in relation to market opportunities with a special emphasis on understanding how South Asian firms access new markets and deepen their engagement with existing markets.

These objectives involve an analysis of three related literatures: firm formation; ethnicity and entrepreneurship; and support networks.
1.6 Why Birmingham?

Birmingham’s history is linked directly to Britain’s economy. The city has remained an important player in Britain’s economic development and has been recognised as the ‘third’ best city in the United Kingdom to locate a business, as well as the 21st in Europe (Cushman and Wakfield, 2007). Historically, the city has housed a number of industries many continuing through the post war years. Amongst, the most popular have been heavy manufacturing industries, automotive clothing, chemical and allied trades (Sutcliffe and Smith, 1974). Birmingham’s economic structure has undergone major changes since the post war years and this is associated with the decline in traditional manufacturing, but manufacturing still plays an important role in the city’s economy. Coupled with this had been the emergence of the service sector during the 1980s. By 2003 this sector was responsible for 76.2% of employment and continues to grow until the present time (Bryson and Taylor, 2006). In addition to a continual process of economic restructuring Birmingham has also experienced demographic change. The rise in importance of some employment is reflected in South Asian entrepreneurship and this issue requires further research.

South Asian migration is not a new phenomenon, these groups have migration history in a number of countries over the past few centuries, however, two distinct settlement areas have been the African states and Britain (Appendix 1). The post-war years witnessed ethnic migration to a number of cities in Britain from Commonwealth countries (Garbaje, 1998). The first to arrive were the West Indians in the early 1950s, followed by the South Asians in the 1960s. The shortage of manual labour had attracted many single men who migrated alone (Robinson, 1981). Birmingham attracted many ethnic groups who settled in inner city areas that were close to employment opportunities. Many of Birmingham’s South Asian immigrants were employed in the manufacturing and retailing industries in Birmingham. However, as more and more family members entered Britain, communal family wealth accumulation provided opportunities for these newly arrived immigrants. Some South Asians opted out of paid employment where conditions were harsh, hours were long and unsocialable and established often joint ventures with family members or co-ethnics in low entry businesses such as low cost small scale manufacturing and retailing. By the late 1970s South Asians businesses were emerging as prominent features in
many cities (Aldrich, et al., 1981). In particular the period between 1971 and 1992 witnessed a doubling of self-employment in the United Kingdom (Labour Force Survey 1991). South Asian businesses nationally contributed towards this increase. Birmingham had a high concentration of South Asians and many were engaged in small scale entrepreneurial activities. In the late 1990s Birmingham Company Information System (BCIS) identified 1,279 businesses that had Asian owner managers and this represented 15% of the stock of Birmingham and Solihull businesses. Furthermore, 88% of SMEs consisted of fewer than 10 employees (OECD, 2004). In 2001, Birmingham’s economically active South Asian self-employment population stood at 13.8% for Indians, 14.9% for Pakistanis and 10.9% for the Bangladeshi group compared to 8.4% for the white British community (Birmingham City Council, 2001). In view of the above Birmingham is an ideal study field for second and third generation South Asian entrepreneurship as it provides scope and opportunity for understanding the research question.

1.7 Thesis structure

This thesis explores second and third generation South Asian service sector entrepreneurship in Birmingham, and it does this through the following chapters.

**Chapter two:** This chapter explores key theories and concepts that have been developed to explain entrepreneurship. The chapter begins by focusing on entrepreneurship and economic theories behind entrepreneurship before exploring the literatures of economic geography. It then focuses on entrepreneurial traits that contribute towards firm formation. The chapter then explores the existing literature on ethnicity and entrepreneurship, especially in relationship to the first generation, before focusing on the succeeding generations of South Asians. In examining the literatures on the succeeding generations of South Asians, the chapter brings out the role of identity formation as the result growing up in two contrasting cultures. The final section of the chapter explores the literature on the role of diverse networks and entrepreneurship.

**Chapter three:** This chapter provides an account of the research methodology used to collect an evidence base to explore the aims and objectives. The focus of the chapter will include research
tools deployed to retrieve data from the entrepreneurs, the analysis procedure and role played in
the research by the positionality of the author.

**Chapter four:** This chapter explores South Asians and their lives in Britain, and specifically in
Birmingham. It commences by examining post-war British and Birmingham economy and the
entry of South Asian immigrants into manual employment in local industries, before examining
other forms of wealth creation, which often included becoming self-employed by establishing a
small business. The chapter goes on to explore settlement patterns of the earlier generations
throughout the city which lay the foundations of ethnic and South Asian concentrations
throughout Birmingham, these often impacting on the establishment of businesses in these
locations. The chapter then moves on to the lives of the succeeding generations, namely the
second and third, and aims to develop an understanding of the lives of these generations from
birth or infancy in Britain. The aim of this section is to address the impact of schooling and
British culture and environment on identity formation before investigating the interest of these
generations into entrepreneurship. The overall outcome of the chapter is to portray an
understanding of succeeding generations who are detached from immigrant status and assimilated
into British culture and environment and their interest in entering entrepreneurship.

**Chapter five:** This chapter explores the driving forces for firm formation and the deployment of
business tactics used by second and third generation South Asian entrepreneurs. This is an
empirical chapter which explores how the firms were established and operated by second and
third generation South Asians in Birmingham. The chapter is divided into three core sections that
explore pre-conditional factors that led to firm formation, the firm formation moment, and
markets developed and accessed.

**Chapter six:** This chapter explores business strategies deployed in ‘breaking-out’ into new
markets. Here the focus is on how entrepreneurs have deployed specific strategies to break-out
and target new market sectors through new product/service creation, differentiation, or general
growth. This section will also include the creation of any hybrid products and services that have
contributed to these firms breaking out into new market sectors.
Chapter seven: This chapter explores the role of networks found amongst the second and third generation entrepreneurs in relation to their business activities. The analysis is divided into two key sections. The first section introduces the concept of networks, and then focuses on the types of networks these entrepreneurs find themselves engaged in. The second section investigates the transnational networks deployed by the entrepreneurs in the study. The chapter concludes with a case study of Birmingham’s first South Asian Female Business Networking Association (SAFBNNA), and the reason behind its establishment and failure as a networking organisation.

Chapter eight: The purpose of this chapter is to explore the activities of 15 South Asian firms but using a longitudinal analysis. This is an empirical chapter that explores the changes in the firms over a two year period. Only 50% of the firms were re-interviewed to establish how the firms had altered or adapted over this period. The focus is very much on growth and expansion of firms (these include multiple ventures), as well as any changes in support networks. The chapter concludes with exploring any firm failures and the reasons behind this.

Chapter nine: This chapter presents the conclusion of the study by drawing together the findings of the thesis. Three key findings are elaborated. First, that second and third generation entrepreneurship is very different to that of the first generation of migrants. This is an important point and it highlights the requirement for further detailed research. Second, the dual identity of British Asians enables them to access capabilities and markets in their own community, but also in the wider British society. It also provides them with some translocal advantages, but these appear to be relatively trivial. Emphasis has been placed on the advantages that come from the translocal networks of ethnic entrepreneurs. The latter point is especially interesting and important for economic geography. Birmingham British South Asians live their lives in Birmingham and the UK and have relatively limited business engagement beyond these spaces. Third, families and the extended family play an important role in the activities of South Asian entrepreneurs. These family relationships enable firms to form, but they are not always beneficial relationships as the family have expectations regarding the activity and behaviour of their kin. It is also important to understand that researching South Asian entrepreneurship is difficult given
access problems, and issues connected with ‘saving face’ within the family and the wider Asian community.
CHAPTER 2
THE THEORETICAL CONTEXT OF ETHNICITY AND ENTREPRENEURSHIP

2.1 Introduction
This chapter develops a framework to understand second and third generation South Asian entrepreneurship in Britain. The chapter brings together the literatures on immigrant entrepreneurs and ethnic businesses focusing especially on the determinants behind entering entrepreneurship. The main focus is on two key debates: firm formation and operation (including market opportunities and finance) and networking activities (including financial support networks). Following an introduction to entrepreneurship, the chapter is divided into three key sections. The first focuses on firm formation, in terms of mainstream and ethnic businesses, the second explores networking concepts and their contribution to firm formation and operation and the third develops a framework for understanding the drivers of second and third generation entrepreneurship in Britain.

2.2 Defining entrepreneurship
Entrepreneurship is a multi-faceted phenomenon that cuts across many disciplinary boundaries, including sociology, finance, history, psychology, and anthropology (Low and Macmillan, 1988), and more recently economic geography (Boschma and Frenken, 2006), where the emphasis is on its relationship with firm locations and spaces. Since entrepreneurship is explored by many disciplines it is difficult to identify a single definition or theory, hence, there are a wide range of entrepreneurial theories. Entrepreneurship theories are often generic and do not take into account the shifts in the entrepreneurs traits which may stem from the ethnic entrepreneur being detached from immigrant entrepreneur status, and the impact of a dual-cultural trait which may influence entrepreneurial behaviour in relation to business start-up and ongoing operations. The need to explore this field of study is necessary, first generation migrants maybe different from second and third generation minority ethnic communities, the latter being different as a result having grown up in Britain and therefore, assimilated into British culture, which may impact on their behaviour and decisions. Previous theories outline specific traits, motivations and opportunities of
entrepreneurship and it is necessary to examine this before attempting to define entrepreneurship in this thesis.

**Economic theories of entrepreneurship**

Cantillon (1755) described the entrepreneur as ‘one who assumes the risk of buying goods or parts of goods, at one price and attempts to sell for profit’ whether in their state or as new products. Say (1852) perceived the entrepreneur as a person who combines factors of production and survives crises. Knight (1921) defined the entrepreneur as an economic pioneer who initiates change or innovation by managing uncertainty and risk. He also emphasised the ability to predict the future successfully. Hayek (1948) pointed out that the entrepreneur never has the benefit of perfect knowledge, and therefore, must have the ability to adapt quickly. Schumpeter (1934) noted that the entrepreneur acts as a leader by continually re-organising the economic system through the development of new products, new processes and new markets, and entrepreneurship is a process of ‘creative destruction’. Liebenstein (1968) pointed out that successful entrepreneurs are those that are able to overcome market inefficiencies. Cole (1968) stated that entrepreneurship is a purposeful activity to initiate, maintain and develop a profit-oriented business. Casson (1982) defined an entrepreneur as one who co-ordinates resources without perfect knowledge. Furthermore, the entrepreneur has several economic functions in society, including market location, innovation, products and service variety and providing a seedbed from which large companies will grow (Bolton, 1971). Kirzner (1973) pointed out that the relationship between entrepreneurship and economic growth is a function of alertness to the identification of market opportunities. Baumol (1993) emphasised that entrepreneurship is a vital component of productivity and growth. Furthermore, entrepreneurs identify economic opportunities and act on these to improve their position (Matthews, 2006).

Entrepreneurship is recognised for the contribution it makes to society, however, earlier economic theorists continuously highlighted the importance of the profit motives in developing entrepreneurship in a dynamic economy, but later studies extended this to include non-profit motives (Schumpeter, 1934). Schumpeter (1934) outlined the significance of both the profit and non-profit motives in entrepreneurship by investigating diverse attributes to entrepreneurship,
including innovative entrepreneurial acts that led to the introduction of products, new processes and new institutional arrangements, as well as the exploitation of new export markets and new sources. Their actions may be motivated by profit or not-for-profit, such as the ‘dynamic desire to be lord of one’s own ‘industrial manor’, the desire for conquest over new markets and over one’s competitors, and creativity’. Thus Schumpeter’s model suggested that entrepreneurial behaviour was influenced both by economic and psychological motivations.

Further work by Sharipo (1971) also highlighted the importance of non-economic motives. He identified four factors that influenced business entry and the formation of a company: displacement (external push, such as redundancy or forced migration); a disposition to act (which is a psychological tendency); credibility or social acceptability; and the availability of financial and technical resources. The first being a push and the final three being pull factors. In his conclusion he emphasised the significance of an individual’s personal position as key in establishing a business. Casson (1991) emphasised the desire for respect from others and self-esteem, as well as a belief in one’s own superior judgement coupled with the ability to access information. Stevenson et al. (1985) stressed that entrepreneurs are driven by perceptions of opportunity and Gartner (1985) emphasised the creation of new organisations. It has, therefore, been argued for sometime by empirical researchers that the inability to agree on a definition of entrepreneurship has hampered research (Gartner, 1985; Vesper 1983).

Entrepreneurship is the driving force of the modern economy, influencing job creation and economic growth with entrepreneurs meeting economic needs through the creation of numerous new businesses. The past 25 years has witnessed growth in the small business sector and in academic accounts of small and medium sized enterprises. The majority of literature focuses on firm start-ups, and in the early 1980s debates were very much driven by the definition put forward by Low and McMillian (1988) as entrepreneurship being the ‘creation of new enterprise’ (p. 141). Over the past few decades two distinct strands of entrepreneurship research have become prominent. First, the personal traits perspective of the entrepreneur in establishing and operating businesses, and second the influence of social, cultural, political, and economic factors (Mazzarol et al., 1999). The chain of entrepreneurship definitions exclude the entrepreneurial
behaviour that may come from ethnic groups who have settled and assimilated into what their immigrant predecessors recognised as the host country. The culture and environment of the country will provide opportunities that may lead the individual to pursue entrepreneurship or take the business into a new direction. Therefore, for the purpose of this thesis entrepreneurship is defined as the individual forming a new firm, the behavioural traits and opportunities that impact pre formation, formation and business operational strategies.

2.2.1 Economic geography and entrepreneurship
Entrepreneurship is a key player in economic evolution (Schumpeter, 1934; Metcalf, 2004; Grebel, 2007) and has been used to explain regional economic development (Fritsch, 2009). This field has gained importance as there are pronounced differences within and between nations in rates of entrepreneurship and their determinants (Bosma and Schutjens, 2009). Furthermore, these differences tend to be persistent over time, depicting path dependence in industrial structure (Brenner and Fornahl, 2008), institutions (Casper, 2007) and culture (Saxenian, 1994) that differ widely across region and countries. The introduction of entrepreneurship into evolutionary economic geography is a way of showing that the traditional focus on firms is complemented by a focus on individuals (Stam, 2009). Amongst other factors, this field of research focuses on ‘newcomers’ to the economy, who have an important role in the evolution of economic systems. According to Schumpeter ‘the fundamental impulse that sets and keeps the capitalist engine in motion comes from newcomers, goods, new methods of production or transportation, new markets, new forms of industrial organisation that capitalist enterprise creates. This process is an essential fact of capitalism’ (Schumpeter, 1942, p83). Economic geography, therefore, draws out the connection between the regional development of firms and their determinants, and their determinants extend to all components of firm formation including the individual entrepreneur. In contemporary society ethnic individuals may be embedded and assimilated into the host country’s culture and environment through birth or arrival in infancy therefore, the connection of ethnic economic geography arises, where the individuals traits may extend further beyond that of the indigenous population. Furthermore, regional and transnational links may enhance not only the business but also aid regional development.
2.3 Reviewing firm formation

Post-war Britain faced notable increases in self-employment especially between the period 1980 and 1986 (Storey, 1994); a period that coincided with the decline of the manufacturing sector, the rise of the service sector, and the rapid increase in the small business sector. Storey (1994) emphasised the significance of diverse factors, including the small firms themselves, financial institutions and the government in the entrepreneurial process. In developing his framework he examined both the industrial economist’s approach and the labour market approach; the former, based on the pricing and output decisions of firms already in the industry, rather than new firms entering and the latter on new firm formation based on the individual’s decision in the context of the labour market. These decisions were determined by work experience, motivation, personality, family environment, societal norms and status. Therefore, the industrial approach questioned ‘into which sectors and under what circumstances, will entry take place: their interest remained only on the entrants, their sectoral distribution and the impact of this on prices. The labour economists were interested in total numbers and the supply of new firms coupled with their entry reason for firm establishment. Knight (1921) emphasised that individuals could exercise choice in three states: unemployment, paid work, or self-employment; price changes between these states enabled individuals to shift from one state to another. Knight’s work did not account for some individuals choosing one of the states over others (Storey, 1994). Storey (1994) identified three key influences on firm formation: personality, human capital and ethnic origin.

Entrepreneurial traits

Individual traits are recognised as playing a key part in encouraging people to undertake entrepreneurial activities. Previous studies have discussed the diverse characteristics of entrepreneurs - from psychological to sociological. The former identifies individual traits that lead to entrepreneurship with the latter focusing on the human perspective such as identifying cultural and social attributes for entering entrepreneurship (Aldrich and Waldinger, 1990).

In view of the psychological perspective, Blanchflower and Oswald (1990) examined the role of personality in starting-up a business, and highlighted that entrepreneurial vision influenced the personality of the individual from a young age. Chell et al. (1991) highlighted the importance of
alertness to business opportunities as being a crucial part of an individual’s personality trait. Such individuals tended to be proactive rather than reactive, as well as being innovative, however, they tend to become easily bored. Amongst other entrepreneurial traits were the need for achievement (McClelland, 1961), unhappy family backgrounds, which led to an inability to accept authority or to work closely with others (Ketz de Vries, 1977), a business related family background, especially where the father was involved or had been involved in business (Stanworth et al., 1989), the risk-taking aspect of the entrepreneur (Brockhaus, 1982), and the desire for personal control (Greenberger and Sexton, 1988).

Sociological perspectives on entrepreneurship emphasised the attribute of culture (Weber, 1930) where differences amongst groups may be used to identify differences in the way entrepreneurial activities are carried out (Thorton, 1999). Aldrich and Waldinger (1990) highlighted the significance of social and cultural networks as being key to ethnic business start-ups. These networks were founded often on trust and loyalty that extended to all levels of support (Salaff, et al., 2003). Furthermore, entrepreneurs need social relations as this may support business set up (Aldrich and Zimmer; 1986, Granovetter; 1985; Light, 1972).

**Entrepreneurship and the environment**

Since the 1970s research centred round the relationship between the environment and firm formation has been gaining considerable interest (Peterson, 1980). The environment is perceived as a pool of resources that influences organisational formation. Specht (1993) distinguished five main environmental factors impacting on organisational formation: social, economic, political, infrastructure development and market emergence factors. The social environment included the impact of networks in forming the business (Gartner, 1985; Aldrich and Zimmer, 1986; Johanisson, 1988), and cultural acceptance (Gartner, 1985, Bull and Winter, 1991) was considered significant. The economic aspect focused on capital availability (Cross, 1981; Storey, 1992; Gartner, 1985) as well as recession (Gould and Keeble, 1984). The political environment lies in mainly providing support for public or semi public agencies (Young and Francis, 1989; Walker and Greenstreet, 1990). The infrastructure aspect included the education system (Bull and Winter, 1991), labour market characteristics in the locality (Gartner, 1985; Mason, 1989),
incubator organisations (Young and Francis, 1989), the availability of premises (Gould and Keeble, 1984; Mason, 1989) and accessibility to information (Romanelli, 1989). Market emergence brings together both concepts of niche emergences (Boeker, 1988) and technological innovation (Mason, 1989). Interactive processes were highlighted by others such as Gartner (1985) who explored the interaction of personal traits and environmental influences on the decision to set up a firm. His framework highlighted interactions between the environment, the individual, the organisation and entrepreneurial behaviour (Mazzerol et al. 1999). The interactive process was also demonstrated in Greenberger and Sexton’s (1988) work on new venture creation, whereby, personal characteristics, including personality interact with an interpretation of prominent events in the environment which impact on the decision to consider new venture creations. Further work by Aldrich (2000) highlighted environmental characteristics and their impact on the founding firm, as well as determinants of characteristics on entrepreneurial opportunities (Christiansen, 1997).

Shane et al. (2003) further confirmed that human action was the result of both motivational and cognitive factors, consisting of individuals’ ability, intelligence, and skills (Locke, 2000), which were coupled with external factors including the status of the economy, availability of venture capital, government regulations and the actions of competitors; human aspects played a critical role in tapping into diverse environmental factors and resulting in entrepreneurship.

### 2.3.1 Reviewing ethnicity and entrepreneurship

The term ‘ethnic’ is an adjective used to refer to differences between categories of people (Petersen, 1980). In relation to groups, it implies the sharing of origin and culture. When attached to entrepreneurship it may be assumed that it is no more than a set of connections and regular patterns of interaction among people sharing a common national background or migratory experience (Aldrich and Waldinger 1990). Classic works on ethnicity and entrepreneurship can be traced back to Sombart (1914), Weber (1930), and Simmel (1950). Their notion of ‘the stranger as a trader’ together with the social structure of societies and pervasive religious canons have influenced later literatures on ethnic entrepreneurship (Volery, 2005).
Models developed over the past three decades on ethnicity and entrepreneurship attempt to provide explanations as to why and how these groups establish businesses. Similar to the study of entrepreneurship itself, ethnic entrepreneurship studies include studies based on cultural (Ram and Jones, 1998), sociological (Light and Gold, 2000), and psychological perspectives (Van Vuuren and Boshoff, 1994; De Klertk, 1998). Initial theories of ethnic entrepreneurship came from sociology, including ‘structural theories’ (Srinivasan, 1992; Saxenian, 1999) whereby the approach considers the issue of ethnicity and how constraints faced by minority individuals (such as discrimination and limited employment in the wider society) may lead to them becoming self-employed. The ‘cultural theories’ (Wilson and Portes, 1980) focus on the characteristics of the ethnic groups in establishing businesses and the emphasis is placed on the entrepreneurs being equipped with culturally determined characteristics, including dedication to hard work and strong ethnic community links (Werbner, 1990). The ‘contextual theories’, deal with contemporary social relations for example ‘middleman minorities’ (Bonacich, 1973). More recently the ‘mixed embeddedness approach’, takes into account the ‘characteristics of the supply of immigrants, the shape of the opportunity structure, and the institutions mediating between aspiring entrepreneurs and concrete openings to start a business’ (Kloosterman and Rath, 2003).

Aldrich and Waldinger’s (1990) ‘interactive model’ suggested that understanding immigrant and ethnic entrepreneurial strategies required a focus on ethnic and social-cultural factors combined with politico-economic factors. According to them, the set of politico-economic factors includes access to ethnic and non-ethnic consumer markets and to ownership in the form of business vacancies, competition for vacancies and government policies. Although a number of researchers consider this model a step towards a more theoretical approach, there has been criticism. Light and Rosentein (1995) highlighted methodological flaws as not enough attention is paid to gender issues.

**Research on South Asian entrepreneurship**

One of the first studies on Britain’s Asian entrepreneurship was conducted in 1978 (Aldrich *et al.* 1981). This explored Asian business development in three cities (Bradford, Leicester and London Borough of Ealing). After an investigation of 600 small retail businesses (100 white and 100
Asian over 3 locations), a key factor emerged. The study emphasised the importance of ‘blocked upward mobility’, where entrance into self-employment rested mostly on the desire to avoid racial discrimination and the confinement to low status jobs in the labour market (Aldrich, et al., 1981). The study also found relatively high proportions of well qualified Asian shop keepers (20% of whom were graduates) compared to the poorly-educated white shop keepers in the sample (3% were graduates). A further study was undertaken by Jones et al. (1994) in 1990-91, which examined the motives of Asian self-employment. This time the sample consisting of 400 owners of small businesses (178 Asian, 54 African Caribbean and 171 white) and was undertaken in fifteen widely spread locations in England. The study found over a quarter of Asian respondents emphasised ‘push factors’ as reasons for entering business. These factors consisted of unemployment, underemployment, job dissatisfaction and/or blocked opportunities in employment. The conclusion of the study highlighted racial discrimination in the wider labour market as responsible for pushing ethnic minorities into self-employment, and avoiding unemployment (Jones et al., 1994). Ram (1992), supported this view in his Wolverhampton based study, with a sample taken from the clothing, engineering and retail sectors (fifty Asian businesses, and concluded that many entered self-employment because ‘they felt they had few alternatives’. In addition many also followed the family into business as this provided an ‘opportunity’ (Ram, 1992).

McEvoy, et al. (1982) explored the transformation of economic circumstances in relation to self-employment. Three key factors were identified. First, as the Asian population increased they were able to support more outlets, as well as specialised sectors which involved Asian tastes, second, as Asian population increased Asians established a larger share of businesses serving the indigenous population. The researchers found no clear distinction between the performance of white and Asian-owned businesses, and retailing was not only ‘small-scale and arduous but economically marginal’ (McEvoy et al., 1982: p 9). Third, they found that many Asian businesses were small family-run enterprises and provided limited opportunities for employment of non-relative Asians. In conclusion they rejected the view that Asians entered businesses to overcome ‘blocked upward mobility’ as entering business did not represent the route to upward mobility. They argued that firm formation was merely a survival mechanism for Asians and not a
socially propulsive force for the group as a whole’. Furthermore, the advantage of property ownership and autonomy were obtained through low income earned frequently in return for extremely long unsocial hours of work: ‘Asian entrepreneurs are entering not an upward ladder leading to material enrichment, but a ‘dead-end’ on the fringes of the modern economy’ (McEvoy, et al., 1982).

Others such as Werbner (1990) put forward an alternative approach to understanding Asian entrepreneurship. His study of Pakistani businessmen highlighted the significance of cultural heritage in business start-ups. These factors consisted of thrift hard work, deferred gratification, industriousness and self-reliance. Waldinger et al. (1990) emphasised the importance of cultural resources’ approach, where social structures and ethnic networks played a key role in the development of the business.

Modood, et al., (1997) brought together the earlier approaches and focused their research onto the interaction of culture and economics. Their study of 129 British Asian entrepreneurs (a sample derived from the Fourth National Policy Studies Institute Survey of British ethnic minorities) used economic aspects (Jones et al., 1992) and cultural aspect models (Werbner, 1990) developed to understand South Asian entrepreneurship. They found that groups had varying outcomes in relation to entrepreneurship. Amongst other factors they identified how culture and religion had an impact on entering self-employment, especially in relation to Muslim businesses. The study covered education, employment, family, networks, business start-up and development and highlighted the interaction between culture, economics and business development. The study found that many of Pakistan men had poor qualifications and therefore, opted to work for themselves rather than seek other forms of employment. Furthermore, religion aspects played a role as hard work and deferred gratification was perceived as ‘reaping rewards’ for ones efforts. However, self-employment bought both satisfaction and problems, although the religious outlook elevated the stress. For the Indian group self-employment was entered for positive reasons, with development taking greater account of business opportunities. Furthermore, Indians called on family resources especially financial aid. Family support was significant as was partnerships with family members. Status was less important in the decision to establish a firm.
Research on second and third generation entrepreneurs

The majority of the succeeding generations of South Asians in Britain have been assimilated into British society and culture. They have very different experiences of being in Britain to their immigrant parents. Their assimilation and experiences have often impacted on the formation of their identities, which in turn impact on the way they may behave and this behaviour extends to their diverse situations including workplace activities. For those who have chosen to pursue entrepreneurship, such behaviour may impact on the way they operate and access networks and resources.

Ethnic-minority owned businesses are now recognised as an established and growing feature of contemporary Britain (Ram, 1997). Research on second generation entrepreneurs’ remains limited and very little has been undertaken on third generation South Asians. The studies which have emerged in relation to these generations have often been limited to traditional sectors (low cost manufacturing and general retailing) or to these generations that are successors in familial firms. Very few studies have focused on the professional service firms such as accountancy, pharmacy firms and law. Dhailwal (2004) had been amongst the key researchers in this area, she investigated second and third generation South Asians in South England and found that despite being integrated into Western society, which equipped them with better communication skills, many were still entering businesses which had long hours, low value added, low growth potential and were highly dependent on family finance. She found that the ‘pull’ factor was dominant, with one of the key aspects being opportunities of linking operational activities to country of origin (importing goods from the Indian sub-continent) (Dhaliwal, 2004). This research was small-scale, with a sample of five men and five women, and businesses ranged from catering, retailing, grocery, a pharmacist and a property management agency.

Research in the field was also conducted by Rafique (2006) who focused on business start-ups and social connectedness, in Northwest England. He highlighted that ‘traditional Asian businesses had changed with the second generation. The only traditional businesses were family run and these were being strongly influenced by the first generation of South Asians. In regards to non-family businesses, the second generations had evolved whereby they seized opportunities
in the modern economy by utilising their education in accessing mainstream resources and networks and therefore avoided reliance on co-ethnic professionals such as the family accountant. Again the research was small-scale with only 14 firms in the sample, and concentrated on retail outlets.

Research by Chavan and Agrawal, (2000) in Australia, investigated how second and third generation ethnic women (which included Asians) entered entrepreneurship. They found that the majority played on their ‘product diversity factor’, whereby, they recognised the economic benefits and opportunities that lie in multiculturalism. Here the respondents gained competitive advantage by capitalising on their linguistic skills, cultural knowledge and business contacts in migrant and ethnic communities. This research was based on ethnic women and treated the group as homogenous, and therefore did not address individual cultural perspectives as they impacted on business establishment. The sample was also limited to traditional sectors of the economy.

‘Break-out’ and accessing markets (market opportunities)

It has been long argued that co-ethnic customer dependency places serious restrictions on business development (Aldrich, et al., 1981), and the advancement of ethnic firms. For these firms to grow and expand it is important to ‘break-out’ into mainstream unbounded markets in higher order sectors (Jones et al., 2002). For many first generation South Asians business survival and success had frequently been categorised by two components in relation to markets. First, establishing and operating within ‘protected’ markets (Light, 1972) whereby advantage was taken of specialist knowledge of co-ethnic tastes, and businesses were established in order to provide such commodities. This often resulted in protection from competition from the general white-dominated economy (McEvoy and Hafeez, 2006); Indian and Pakistani food retailers exploited specialist demand based on religious norms and cultural preferences. Second, by establishing businesses to supply goods and services to the indigenous population, in this situation, businesses were mostly based around retailing and manufacturing sectors and this process was termed the ‘middleman minority’ perspective.
Many South Asian businesses, such as clothing and jewellery remain in protected markets. Previous researchers have emphasised the need to break-out to avoid limitations such as serving a relatively small market in comparison to mainstream British markets (Ward, 1985; Ethnic Minority Business Initiative, 1991; Ram Hillin, 1994). Previous break-out strategies have been associated with the ‘Middleman Minority’ model initiated in the United States by Bonacich (1973) and have been evident in Britain amongst the South Asian and Chinese restaurant sectors that serve specialist cuisines to mainstream populations and the establishment of convenience stores selling newspapers, cigarettes, alcohol and foods to the mainstream population (McEvoy and Hafeez, 2006).

Studies on the ‘break-out’ process have frequently conceptualised it as a set of four market spaces (Jones, and McEvoy, 1992, Barrett et al., 1996, Barrett et al. 2001). Ethnic enclosure in which there is a local market concentrations of co-ethnics, found in highly concentrated ethnic groups. There is limited profitability in ethnic enclosures which frequently results from co-ethnic poverty, the size of the community and co-ethnic competition. In seeking break-out, businesses can move to one of three alternative market spaces. The first being local a ‘non-ethnic’ niche, associated with the typical ‘middleman’ strategies, such as convenience retailing and hot food takeaways. Firms escape the limitation of serving only ethnic minorities, however, there are still restrictions related to small-scale, low order activities and the neighbourhood effect. The second break-out is the ethnic non-local market. This consists of firms expanding trade to other geographical spaces, whilst continuing to cater for minority ethnic groups. They continue to retain some advantages related to ethnic networking although they avoid local market restrictions. The third, relates to non-ethnic and non-local markets, in this situation firms succeed by selling in many places and to a range of people.

‘Break-out’ is not only applied to firms and markets but is also extended to traditional working practices, such as the reliance on family labour (Barrett, et al., 2003). Ram (1994) emphasised working practices and industrial relations in the firms; ethnicity is perceived as a positive resource to provide a certain level of scale, performance and ambition but ‘beyond that, it acts as a brake rather than an accelerator, for example when kinship or communal obligations dictates
nepotistic rather than meritocratic hiring practices, therefore, skills remaining limited (Barrett, *et al.*, 2003). Therefore, the importance of working skills and behaviour is crucial especially if break-out is to be achieved.

Since the mid 1980s, signs of diversification have been identified in the Asian enterprise economy. Firms have ‘broken-out’ of the ghettoized enclosure of labour-intensive low-order, low-return activities dependent upon co-ethnic customers in the immediate neighbourhood (Ram and Hillan, 1994). This was very evident in Leicester (Clark and Rughani, 1983), Manchester (Werbner, 1990), and in Bradford where many have relocated away from inner city areas or switched away from low-order retailing (Jones, *et al.*, 1989). Expansion and diversification have been driven by the ability to accumulate capital and utilise human resources. This has aided the creation of large firms sectors previously closed to the South Asian entrepreneurs (Ward 1991). Jones and McEvoy (1992); Barrett *et al.* (1996) and Jones *et al.* (2000), emphasised that break-out was seen as principally a matter of market reorientation using two methods; first, a shift away from co-ethnic customer dependence into mainstream markets, and second, a move from localized to spatially unbounded markets. This implies a shift up the value-added chain from low-order to high-order activities, with potential for operating at a scale larger than the typical Asian family micro-business.

Ram *et al.* (2002) in a study of Birmingham’s restaurant trade warned against using the market-space typology as predictive tool. Their study found that the majority of Asian and African-Caribbean restaurants in the sample enjoyed a non-ethnic and non-local clientele, however, they did not necessarily profit from it. Break-out despite capturing customers from many places meant over-competition. However, this in turn led to some entrepreneurs being inspired to reposition themselves by product diversification. This happened in two ways, first, by going up market, and second, by developing portfolio businesses. Growth and expansion was also achieved through product differentiation, which again allowed break-out away from more traditional commodities. In the case of restaurants, distinctive cuisine was provided as opposed to some of the curry and Balti versions that are altered to capture the wider white market, and going up market with these commodities. Going up market involves appealing to status, prestige, glamour and a sense of
occasion as well as full stomachs, and delivering a culinary-theatrical experience (Beardsworth and Bryman, 1999). These types of enterprise can hardly operate as traditional family businesses as they operate on a much larger scale then the Asian business norm, the proprietors become genuine owner-managers rather than hands on operators. Such businesses require organisation, delegation, planning customer relations and all-round professionalism beyond the scope of the standard ethnic micro-business. Their capital requirements are far beyond that available from ethnic sources. Owners generally have a lengthy business track record enabling them to acquire all manner of mainstream society resources (Light and Bonacich, 1988) including credibility, contacts, self-confidence, creditworthiness and labour requirement extend beyond the family and even co-ethnic network.

The second strategy deployed is developing a portfolio business with expansion achieved through acquiring further businesses. This was very much evident in Ram et al. (2002) restaurant sample where several of the owners held assets outside the catering sectors such as property investments. Both of the above groups demonstrate the well-known principle of capital accumulation as a self-reinforcing process, and therefore, demonstrated that beyond a certain threshold, class resources begin to take precedence over ethnic resources as the central business dynamic (status of being in mainstream arena becomes important and therefore, professional qualified employees often replace informal co-ethnic support). This is evident in many town and cities (in Britain); those who have located to the city centre enjoy customer potential created by the nightlife affect, others located to affluent residential areas and hence enjoy the benefits of the upmarket sector (can charge higher prices). However, in both cases there is a high entry fee strategy (Engelen, 2001) including start-up capital of over, £100,000 (Ram et al. 2001).

**Identities and hybridisation**

The study of identities in social sciences emerged in the 1950s and 1960s in the United States. The study of national and collective identities has accelerated over the past few decades with further study of migration (Brubaker and Cooper, 2000). Identity stems from a number of aspects and includes an individual’s self understanding that is designated through race, religion, ethnicity, nationalism, gender, sexuality and social movement. When immigrants and their descendents
become engaged in the process of integration and assimilation in host countries this impacts on their identity and can mean that some migrants will recreate their identities. The 1990s witnessed a period of identity shifting amongst some of the second and third generation of South Asians as a result of growing up in an environment where they had been exposed to both Asian and British values (Ghuman, 1994). For some this process led to multiple identities where they identified themselves as both Asian and British. Furthermore, the shifting of identities played a key role in the desire for specific goods and services which appealed especially to tastes developed in two cultures and these extended to clothing, food and entertainment. This in turn also led to goods being created that appealed to both British and Asian tastes and the creation of hybrid commodities. One of the areas where this had become very evident had been in music where fusion of British/Asian music has created a niche amongst British/Asians (the majority are second and third generation). One of the most popular fusions in music has been British Bhangra which originated from Birmingham. A study by Dudrah (2002) into this field highlighted how British Bhangra influenced the lives of British born South Asians from the 1980s. His research emphasised how diasporic South Asian identities were impacted by British Bhangra music as well as urban black experience of living in Britain (Dudrah, 2002). The majority of this music was created by the second generation South Asian who experimented and improvised with technology as well as locating their music in terms of British South Asian experiences. Their Asian language skills provided them with Punjabi lyrics and they added to this western beats. The outcome of their music was a hybrid form in which British pop, and later black reggae was combined with Punjabi folk music. The decades that followed resulted in rapid growth in this type of music as it crossed international boundaries creating global markets. Later music videos were created in India (for low cost purposes) and distributed globally. The hybridity of this music, amongst other factors, consisted of cultural and political agendas where songs were created with lyrics which emphasised the importance of various cultural issues such as demolishing the dowry and reconfirming the caste system. There was also a Birmingham band known as ‘Achanak’ whose tract ‘Dhol Tax’ was a direct attack on the former Conservative Government and Prime Minister Margaret Thatcher for introducing community charges. Such music provided a sense of identity and belonging.
Emerging literature on the Asian fashion economy operating within protected markets in Britain has also recently started to emphasise hybrid forms of design (Bhachu, 2004). Bhachu (2004) in her study of Asian fashion found that fashion had been recreated to represent the identities of the succeeding generations of South Asian women. Furthermore, she emphasised the transformation of the traditional ‘Salwaar Kameez’ (traditional turlic like blouse and baggy trouser) to a high fashion creations in the global market. She explored diverse designs, sewing businesses, street and shop fashion and retailers. She concluded by highlighting that the salwaar-kameez is being redesigned to represent complexity and power in relation to South Asian women. Second generation British born women, through these hybrid designs and creations had crossed cultural boundaries battling with racism and redefined both their Asian and British identities.

The above studies have briefly demonstrated how hybrid commodities have emerged as the result of the dual-culturalism of the second and third generations of South Asians. With the lack of studies in this field, there is scope to conduct further research into the creation of British/Asian hybrid commodities.

2.4 Entrepreneurial Networks: Social, financial and business related

The network concept dates back to the 1930s in organisational research and the 1950s in anthropology and sociology (Nohria, 1992). Over the past few decades interest in this concept has grown especially in relation to business-related activities (Nohria and Eccles, 1992, Easton and Araujo, 1986). Within the literature on entrepreneurship, the ‘network approach to entrepreneurship’ holds a prominent theoretical perspective.

There are a number of debates focusing on entrepreneurial networks (Aldrich and Zimmer, 1986; Uzzi, 1996; Mitchell, 2003). However, two distinct approaches standout, the first is related to ‘personal networks’ that support entrepreneurship, and centre round the individual in relation to their business activities (as a founder and operator). The second approach takes into account the organisational networks of the businesses and refers to the collective relations of new firms and their embeddedness in networks (Dubini and Aldrich, 1991; Uzzi, 1996). Research focusing on the former has been gaining importance since the late 1980s due to the rise of the small business
sector. Here research has extended rapidly to explore the entrepreneur’s supporting institutions. The focus has been on understanding ‘personal networks’ compared to ‘organisational networks’ (Bruderl and Preisendorfer, 1998). The personal network perspective can be divided into formal and informal networks: the former consists of financial institutions, government business organisations as well as private funded business institutions, and the latter consist of family friends and informal organisations including religious institutions.

Entrepreneurs tend to combine a number of resources to gather information to establish their businesses (Salaff et al., 2003). In setting up a business they also require access to their complementary resources in order to produce and deliver their goods (Teece, 1987). The process of raising money, developing technology, locating materials, obtaining training, hiring workers, finding and developing markets and shaping products to fit clients needs is facilitated by an individual’s social networks (Gabbay and Leenders, 1999). People are linked to organisations that themselves interact. These contacts provide a firm with access to the resources that sustain a new firm (Hansen, 1995).

The literature on personal networks emphasises the significance of this approach in relation to entrepreneurship (Birley, 1985; Aldrich et al.; 1997; Aldrich and Zimmer, 1986; Aldrich, 1989; Boissevain et al., 1990; Nohria, 1992; Donckles and Lambrecht, 1997; Sanders and Nee, 1996). This suggests that entrepreneurship is based around a social role that is embedded in a social, political and cultural context (Aldrich and Zimmer, 1986). Entrepreneurs are seen as organisers and coordinators of resources (Herbert and Link, 1989); social activity and social interactions play a key part in this process. When forming a new business existing social relationships are activated and new ones created, entrepreneurship becomes a rational task, a combinational problem and it is ‘inherently a networking activity’ (Dubini and Aldrich, 1991, p306) and furthermore networking positions the entrepreneurs in a social context (Low and MacMillan, 1988). The social network literature suggests that entrepreneurs attempt to mobilise, and benefit from their social networks when establishing their businesses (Aldrich, 1999). Such networks reflect relationships between the entrepreneur and those who are involved in the process of delivering resources required to establish the business (Johnannisson, 1988; Larson, 1991).
Birley’s (1985) study in Indiana focused on the role networks play in the founding of new firms. The study identified two network types: informal consisting of family and friends, and formal consisting of banks accountants and lawyers. She concluded by arguing that entrepreneurship relies on informal networks and rarely taps into formal networks (Birley, 1985). Aldrich and Zimmer (1986) advanced understanding of network theory by exploring the entrepreneurial process as a shifting network of continuing social relations that facilitate and constrain; new firm formation is part of a evolutionary processes of ‘variation, selection, retention, and diffusion and the struggle for existence’ (p 9). Network activities and network support are used to establish new firms and social networks stimulate entrepreneurship (Burt, 1992b). It is clear that various networks may contribute to business establishment, operation, and growth and expansion.

The strength of networks

Networks influence the entrepreneurial process and its outcome (Hoang and Antoncic, 2003) and, therefore, it is important to understand the network concept. The effectiveness of a network is measured by strong and weak ties. It is these different forms of ties that provide distinct and different resources. The majority of networks studies are characterised by the use and application of Granovetter’s strong and weak ties hypothesis. According to Granovetter (1973, p 1361) ‘the strength of ties within a network defines the strength and quality of relations’. He differentiated between strong and weak ties and described how the diversity, homogeneity and heterogeneity of these ties impact on the actions of individuals. Strong ties (friends) are the result of frequent interaction that occurs at least twice a week. Therefore, strength of the network is based on the frequency of interaction. Granovetter (1973) and Burt (1992a, 1992b) maintained that a network should consist of both strong and weak ties. The nature of these ties influenced the operation and structure of networks. In others words, weak ties described as heterogeneous ties are perceived as a significant part of a social structure as they enable information to flow into other social clusters as well as the broader society (Burt, 1992b). Therefore, the value and strength of weak ties is not related to the weakness of the relationship, but on the possibility of connections to other social systems (Ibarra, 1993). Granovetter (1985; p 490) emphasised that the information and support gained via strong ties offered multiple benefits, such as it being cheap, more trustworthy, more detailed and accurate, it comes from continuing relationships and is therefore more reliable.
However, strong ties were perceived as being less beneficial than weak ties, since they were more likely to provide redundant information (Burt, 1992b). The homogeneity of strong ties creates local cohesion and is considered to be less effective compared to weak ties. Granovetter’s (1973) strong tie thesis is about frequency of contact and the quality and intensity of relationships.

Further research on strong and weak ties was undertaken by Jack (2005) in a study of the rural areas in the Highlands of Scotland. She extended Granovetter’s (1973,1985) work, and found that when building and forming a relationship it is the function of a tie and how that tie can be used that is important rather than the frequency of contact. Furthermore, she identified the value of links to others; entrepreneurs are tied through social relationships to a broader network of actors (Hoang and Antoncic, 2003). Strong ties act as mechanisms for generating knowledge and resources, but also provide links into the wider social context and furthermore, provide a mechanism to invoke apparently weak ties (Boissevain, 1974). Strong ties allow personal and business reputations to be maintained, extended and enforced. As a consequence of social and moral obligations strong ties can hinder, or even constrain the extent of business activity. Entrepreneurs rely on strong ties, and these are instrumental to business activity (Jack, 2005). These studies provide a foundation to explore the effectiveness of networks and their relationship in social context.

*Entrepreneurship: Ethnic and South Asian networks*

Ethnic networks are recognised as important components of business success (Aldrich and Zimmer, 1986; Waldinger, 1988; Bonacich et al., 1977, Ram, 1994; Deakins et al., 1997; Dhailwal, 1998; Dyer and Ross, 2000). Previous studies have suggested that ethnic networks act as informal business incubators, by nurturing new businesses as well as assisting in their growth by providing varying amounts of physical and intellectual resource (Green and Bulte, 1996; Green, 1997). Social and cultural networks played an important role amongst first generation South Asian entrepreneurs; they were important assets for business owners struggling to survive in competitive markets (Aldrich and Zimmer, 1986; Aldrich et al., 1997).
Aldrich and Waldinger’s (1990) ‘cultural resource’ approach highlighted the significance of social structures in contributing towards the development of Asian self-employment. In these structures co-ethnic members may be interconnected through their relationships and draw on these relationships for business support. The researchers emphasised two distinct components of these social structures. First, networks of kinship and friendship in which these communities were arranged and, second, the interlacing of these networks and their position in the economy (jobs), in space (housing) and in society (institutions). In relation to business activities they found ‘entrepreneurship as embedded in networks of continuing social relations’ (p.127). Within complex networks of relationships, ‘entrepreneurship is facilitated or constrained by linkages between aspiring entrepreneurs, resources and opportunities coupled with chance, necessity and purpose’ (p.9). They found that close ties between co-ethnics had three key implications in relation to self-employment. First, although the minorities may be oppressed they can create resources which offset the harshness of the environment; second, new organisations may be developed as a result of such social structures and, third, such organisational resources may provide them with advantage compared to the mainstream population. For the first generation the availability of these networks had been made possible through ‘chain migration’: where immigrants who were in kinship networks had often come (to Britain) through sponsorship. Kinship and community ties played a significant role in getting work, as well as providing other economic opportunities such as partnerships, credit, customers and market information, furthermore, these kinship networks were often based on trust (Werbner, 1990).

Butler and Green (1997) reviewed ethnic entrepreneurship in the US and found that in relation to social capital and networks that there was evidence of a community dimension that was inherent in business creation and that involved significant contributions of community resources. Further research by Deakin (1999) in the UK, led to the development of a four-part framework for understanding the relationship between ethnic minority entrepreneurship and networks. The first part focused on accessing resources (finance and labour); the second on accessing markets, the third on motivation (e.g. pull and push factors) and the final part focused on successful entrepreneurial strategies, including social capital factors. His conclusion emphasised that networking was vital for ethnic minority business success. His research had been based on
Scotland’s ethnic minorities, where business success was achieved through effective networking involving entrepreneurs interacting with other community leaders.

Iyer and Shapiro (1999) put forward an evolutionary business model in relation to ethnic business success that emphasised the significance of social capital, networks, and the relationship to international businesses. Their framework suggested that an immigrant first begins by supplying co-ethnic labour in an ethnic enclave, second, moves into self-employment still remaining in the ethnic enclaves, third, moves on by expanding horizontally to the wider non-ethnic markets, fourth, begins to make international investment with businesses back home, fifth, initiates international expansion and finally develops lateral links between multiple business interests in their homeland and host country. Therefore, the network is important as each stage contributes to business success, and demonstrates the factors which relate to transnational entrepreneurial links.

**Informal networks: Family and friends providing diverse forms of support**

There is recognition that South Asian businesses utilise various modes of support from informal networks, mostly these tend to be family and co-ethnic friends. This type of support can range from human capital to financial capital. Those who are closest to us are often important in providing resources required for business survival and success (Steier, 2009). Therefore, existing social groups such as families are important for new firm creation especially based on trust which occurs at a family level (Sundaramurthy, 2008) and this makes them an important form of social capital. In terms of the resource-based view of the firm, Sirmon and Hitt (2003) emphasised how social capital acted as a specific resource for family firms; the ‘familiness’ approach (Habbershon and Williams, 1999; Tokarczyk et al., 2007) implied unique bundle of resources that resided in family networks which could be used for business advantage (Steier, 2009). However, such functions are initiated through family networks themselves, especially in the case of nascent entrepreneurs, who may be cut off from the opportunities and resources required for firm formation (Aldrich and Ruef, 2006).

---

1 The Familiness approach: Has been acknowledged as an appropriate framework for exploring how families find advantage and for exploring the relationship of that advantage to performance outcomes (Habbershon and Williams 1999)
Family networks in entrepreneurship studies play a visible and invisible role in firm formation. Family contribution may be based on the strength of relationship ties. Individuals draw on weak ties to pass on information they would not obtain from their close ties (Granovetter, 1973) and strong ties such as family for accessing resources (Krackhardt, 1992). Entrepreneurial family networks take on diverse roles consisting of tangible and non-tangible inputs such as financial support, unwaged and low waged labour, and intellectual and property. In addition, they may also act as informal ‘sign-posters’, whereby they release business-related information in terms of marketing the product or service.

In terms of South Asian entrepreneurship family reliance has been a key component in business start-up, survival and success, especially in the case of the first generation (Portes and Jensen, 1989; Phizacklea and Ram, 1996; Iyer and Shapiro, 1999; Ram et al., 2000), whereby, unwaged, low-wage family labour, as well as financial support from the family had frequently been used for business ventures. Family networks provide business support in a variety of ways. Dhaliwal (1998) concluded in her study of South Asian females in business that despite them playing a significant role in daily business operations their role was unrecognised, and that they were the ‘silent contributors’ (Dhaliwal, 1998); the survival and success of a business frequently rested with them. This type of collective family working in a business provided a sense of belonging and security; the business allowed embodying work and family, and a space where cultural norms and values could be retained (Dhaliwal, 1994).

Barn (2000) found in his research into South Asian business establishments in Newcastle-upon-Tyne, that family and co-ethnic networks for entrepreneurial support were still very strong amongst first and second generations. Family were the prime source of advice for setting up a business, followed by the people they knew and trusted; in all cases this included the family accountant who was treated as part of the family. Furthermore, the advice sought from accountants was not always financial. The study also found that external advice was rarely sought and what little was required was related to marketing strategies. External advice was sought only by the second generation who sought opportunities to continually develop and expand their businesses. These generations were aware of their limitations (within co-ethnics networks) and
the value that could be added by using external specialists. This awareness was often founded on their education which enabled them to appreciate business practices, processes and strategies.

Family financial support is also recognised for playing an important role in South Asian businesses. Family finance into new business set ups is not only substantial but it is also known to significantly increase entry into entrepreneurship (Basu, 1998). Furthermore, using this avenue often means the banking system is ‘by-passed’ and businesses still manage to survive (Jones et al 1989; 1994). Recent studies show that in comparison to white-owned businesses, ethnic minority businesses experience finance constraints, particularly at start up stages (Ram and Smallbone, 2001), and even now in relation to these constraints and financial preferences (i.e. avoiding bank loans as they are often expansive) entrepreneurs tend to rely on informal sources (Basu, 1998; Hussain and Matlay, 2007). However, in comparison to the first generation the second and third are aware of various formal financial channels where financial business aid can be accessed and they may be able to draw upon the resource required to secure a loan.

**Formal networks and business support**

Individuals may rely on external sources to aid with start-up, growth and expansion. These may include the private sector (accountants, consultants, and banks), and/or the public sector (government advice services). Furthermore, there are also many business support organisations that provide enterprise support.

In Britain much of work on external advice has been undertaken by Robert Bennett and Paul Robson, drawing on the Cambridge Centre for Business research survey of small and medium enterprises in the manufacturing and service sector (Bennett and Robson, 1999a,b; 2003). One of the key elements of their work has been ‘trust’, whereby, they have outlined a distinction between those sources of external advice which are trusted to a greater extent such as accountants, lawyers, customers, suppliers and business friends, and those which are less trusted for example, government funded advice and business associations (Bennett and Robson, 1999a).
Business associations have a number of functions including social networking opportunities, marketing and collective purchasing, self-regulation and lobbying to representation of the interest of the business (Bennett and Ramsden, 2007). Bennett and Ramsden (2007) found that in Britain, small and medium firms belonged approximately to 2 associations, on average, and this number increased with firm size. The services offered by the association covered a common core of information, advice, lobbying/representation and networking. They also found that marketing and status attached to membership was important for a quarter of the firms and social activities and accreditation was significant for one sixth of the firms. Approximately 80% of the firms in the study were associated with trade and professional associations, with the next most popular being the Chamber of Commerce, Federation of Small Business (FSB) and the Institute of Directors (IoD). The research excluded businesses without employees and concentrated on mainstream firms. In conclusion, Bennett and Ramsden (2007) confirmed that firms seek advice from a number of associations to meet their needs.

In terms of ethnic businesses, studies suggested that ethnic groups tended to access external advice from family members (Ram et al. 2002). It was frequently suggested that external business support providers needed to understand the difference between ethnic minority businesses (reference here was to Asian firms) and white owned businesses (Dhaliwal and Aldcroft 2005). Further research in the field of external ethnic business advice was conducted by Fraser (2007) whose research focused on diverse types of advice used by businesses and how these differed by ethnicity. He found that for start-up advice 16% of Indians relied on bank managers and 16% used accountants, with 60% having no sources of advice. Further research needs to be undertaken to explore business support agencies and the South Asian business sector. In Birmingham, there are now a number of forums including the Chamber of Commerce and Business Link organisation which have developed specialist advice for the South Asian business sector. The Institute of Asian Businesses (IAB), the Birmingham Asian Business Association (BABA), (these target the micro business sector), and the Bangladeshi Association (targets the Bangladeshi restaurant sector) are amongst the most popular. There is very little research conducted on the membership of such organisations and impact of their activities on South Asian entrepreneurs/firms.
2.5 Developing a framework from limitations of current research

Previous studies on South Asian businesses in Britain have provided us with a useful analysis in the field of entrepreneurship (Aldrich et al, 1981; Werbner 1990). The majority of these studies have focused on first generation immigrant entrepreneurs who established businesses in the more traditional sectors of the economy (such grocery manufacturing and small scale retailing). Reasons behind this were frequently based on cultural and structural aspects of being in a host country. Studies highlighted that the majority of businesses established were often those that had low entry barriers and low risk. Many of the immigrants had initially entered Britain as labour immigrants, and although there were those who held academic qualifications, chances in the more professional sectors of the economy were very much limited. Furthermore, immigrant status hindered those who chose to set up a business to secure loans from formal institutions. This led many to use family and co-ethnic (often unwaged on low wage) networks to aid in business formation and operation. First generation South Asians often played on ethnicity to tap into co-ethnic markets, and business success was enhanced by using networks in the Indian subcontinent to obtain products at a much cheaper rate. Similarly, studies on succeeding generation of South Asians have remained limited to again the retailing and grocery sectors of the business economy (Modood and Metcalf 1997; Ram 1997; Rafique, 2006). Any research on the more professional business sectors tend to be small scale and are often merged with again general grocery retailing and manufacturing sector, therefore making South Asian entrepreneurship research slant towards limited business sectors (Dhaliwal, 2002).

Contemporary South Asian entrepreneurship is complicated by a number of factors and it is important that these are taken into consideration when exploring South Asian entrepreneurship studies. First, it is important to note that the majority of these succeeding generations are British by birth or have entered the country in infancy with their immigrant parents. There assimilation into British culture and environment places them to some extent different from first generation immigrants. The majority of these generations are British/Asians who have learnt to co-exist in two contrasting cultures. Their identity has been reshaped to include in most cases a dual-cultural way of life (Asian and British) (Ghuman, 1994), this has occurred and remains occurring in the backdrop of a constantly altering social, political and economic environment. With those from
these generations opting for entrepreneurship as a career, it becomes important to study the ‘whys, and hows’ of their entry. Limitations need to be addressed in the following areas:

➢ The generational shift of South Asian entrepreneurship. Here reference is to the study of succeeding generations of South Asians in relation to motivation and opportunity factors (these may differ to the first generation in terms of the push and pull factors, since the succeeding generations are not immigrants and are often integrated into British society).

➢ The interest in diversity in the type of firm set up (there is now an increase of South Asian setting up accountancy, law, media related businesses etc). The fundamental factor here may be the impact of British education and the opportunities this provides. Furthermore, these professions are also recognised for providing individuals engaged in them with ‘high standing’ in the co-ethnic community as well as acceptance in the wider communities.

➢ A better understanding is required on the role of business support networks. This area is underdeveloped in relation to second and third generation entrepreneurs. First generation South Asians immigrant entrepreneurs drew on ethnic support networks often as a result of language constraints and unfamiliarity with the wider British environment and business support agencies. However, this is not the case amongst many of the succeeding generations, as they are familiar with the environment and culture, and therefore, exploring this topic becomes important in South Asian entrepreneurship.

➢ The topic of the role dual identity formation (British Asian identity) and the impact of this on entrepreneurial behaviour is a new area of study, and it is important to explore this as many second and third generation South Asians are recognised for using such traits in creating new products and services that target new markets and expand existing markets.
There has been a shift in South Asian entrepreneurship in Britain over the past decades, and this has been as a result of increasing numbers of second and third generation South Asians establishing businesses in the professional and business service sectors of the economy. Furthermore, the second and third generations are not only using their British education to break-out of the traditional Asian business sectors (namely grocery and retailing) but playing on their personal traits and business strategies, to set up and operate their firms. Some of these personal traits are derived from their dual-cultural upbringing and many are using these to develop innovative ideas that not only lead to entering new markets but in some cases, also to the creation of unique products that are targeted at specific markets. These entrepreneurs are using diverse business strategies as survival and success tools for their businesses. Furthermore, entrepreneurs are engaged in a wide range of networks in relation to business support and business opportunities. Therefore, with the above limitations and new emerging areas of South Asian entrepreneurship, is useful to develop a framework that would inform an understanding of contemporary South Asian entrepreneurship.

2.6 A framework for understanding second and third generation entrepreneurship.

Limitations from the reviewed literatures leads us to develop a framework that incorporates specific elements to understand contemporary second and third generation service sector entrepreneurship in Birmingham/Britain. Four key elements are evident for addressing the research question, therefore the framework is built on these four factors: the individual entrepreneur; financial input; networks; and market opportunities. These elements are being played out in the backdrop of the wider South Asian and mainstream community and economy, where factors such as status, family, religion and wider environmental conditions influence the individual’s decision to establish a firm (Figure 2.1).

The first component in the framework addresses the position of the ‘entrepreneur as an individual’, and attempts to examine the driving forces at an individual level focusing on socio-cultural and motivational factors (education, family connections, work experience, status, and knowledge). Furthermore, it addresses the impact of British/Asian identity characteristics on entrepreneurial behaviour - a topic which has been underdeveloped in entrepreneurship studies.
The second component in the framework addresses the role of network support that these entrepreneurs may be engaged in. Here emphasis will be on support from the family, as well as the South Asian and wider community and economy (including business and non business association support). The third component includes the availability of financial support from informal and formal channels. Previous studies emphasised the role of financial support from co-ethnics and family and the ‘lack of faith’ in formal financial institutions, therefore, this thesis will explore how the succeeding generations access financial support and from what channels (formal or informal). And finally, the fourth component explores how these generations target markets, here emphasis is on market opportunities sought by the entrepreneurs/firms. These include targeting new markets and expanding existing markets through playing on diverse entrepreneurial behavioural strategies.

The framework highlights that South Asian entrepreneurship shapes processes in common with other forms of entrepreneurship (tax system, formal financial institutions) but there are significant differences related to South Asian cultures, the role of the family and perhaps most importantly inclusion in the South Asian community as well as wider society. Furthermore, ability to connect the UK with the Indian sub-continent and other South Asian firms provides South Asian entrepreneurs with advantages that enable them to access resources. Living in two communities allows them to ‘imagine’ products that fuse South Asian with British cultural identity to the creation of new products that may be sold locally, nationally and internationally.
Figure 2.1: A framework for understanding second and third generation South Asian entrepreneurship
2.7 Conclusion

Since the 1970s studies of South Asian entrepreneurship have emerged which explore the explanatory determinants of business formations and operational strategies amongst these groups. Much of the literature has focused on first generation immigrant entrepreneurship (in Britain), emphasising on ‘push and pull’ factors of setting up businesses in the host country. The area of second and third generation entrepreneurship in Britain is underdeveloped as many of the studies are based on family succession, and more traditional Asian businesses sectors (retailing and small scale manufacturing). Therefore, research has failed to address the ‘changing face’ of South Asian entrepreneurship in Britain. Many of these succeeding generations (second and third) are showing diversity in their chose of firm formation, and are deploying a wide range of business strategies to target their products and service in specific markets. Since many of the studies have centred round first generation, the need to explore second and third generation entrepreneurship has become important, as it will provide a better understanding of contemporary South Asian entrepreneurship in Britain.

This chapter has explored previous studies on entrepreneurship, especially focusing on firm formation, ethnicity, entrepreneurial traits and networks, and identified various gaps in previous research. The following gaps have been identified and research is required to develop a better understanding of second and third generation entrepreneurship:

1. To understand the dynamics of second and third generation South Asian entrepreneurship (these include decisions behind motivation to set up a business, opportunities, a well as market opportunities).

2. There are a lack of research studies on professional and business firms such as law, accountancy, media related and medicine. This is important as many of the succeeding generations are showing diversity in their chose of business. This may be the result of a number of pre business formation factors and personal traits, as well as opportunity availability.
3. To explore the role of business support networks in relation to second and third generation entrepreneurs. Furthermore, to investigate the role of transnational networks that may be evident in business operations.

4. To examine the impact of dual-culturalism (duality) and the contribution it makes to South Asian entrepreneurship, this is important as dual-culturalism may have impact on entrepreneurial behaviour. This requires an appreciation of the impact of duality on business start-up, as well as the creation of new fused product and services. Especially those that target new markets or expand existing markets.

These gaps are explored in the thesis. To explore these issues a four part framework has been developed which includes focusing on: the individual entrepreneur; networks; financial support; and market opportunities. These four gaps or issues will be explored in this thesis via a detailed analysis of Birmingham South Asian community. The following chapter provides an account of the research design that was developed to explore these issues.
CHAPTER 3
RESEARCH METHODS

3.1 Introduction
This thesis investigates second and third generation South Asian entrepreneurship in Birmingham. This chapter provides an account of the methodology used to address this topic. Following the initial introduction on researching entrepreneurship, the chapter is divided into four key phases: desk research; the interviewing process; longitudinal research; data analysis. The chapter concludes with analysing the author’s positionality throughout the research.

3.2 Researching entrepreneurship.
The study of entrepreneurship has gathered significant research interest over the past few decades. Many methodologies have been used to explore this topic. Entrepreneurship is one of the youngest paradigms in the management sciences and this has meant that the research emphasis has been often placed on empirical observations with exploratory or, preferably grounded research (Bygrave, 1989). Research in this field should focus on explaining, rather than merely documenting the entrepreneurial phenomenon (Low and McMillian, 1988). Therefore, the research methods deployed should increase contextual insights allowing greater understanding of forces affecting the phenomena in question, by highlighting the ‘how and why’ of organisational and individual action (Borch and Arthur, 1995).

Entrepreneurship is investigated from a number of dimensions and, therefore, diversity in research is important. Despite the diversity, according to some researchers there remains strong evidence to suggest that entrepreneurial studies tend to focus on the use of quantitative methods (Chandler and Lyon 2001) and qualitative methods tend to be under utilised (Hindle, 2004). Nevertheless, it has been suggested that small firm research is too under developed to benefit from positivist research approaches that encourages the use of quantitative methods of scientific inquiry (Aldrich, 1992; Bygarve, 1989), and that research on small firm tends to adopt qualitative methods (Shaw, 1999), based on depth-interviews and participant observation (Hollliday, 1992). It is often suggested that the study of small
firms involves understanding human action and behaviour. Human subjects have the ability to think, comprehend their behaviour as well as have an opinion regarding the social world of which they are a part of (Bryman, 1988, Gill and Johnson 1991). To gain a good level of insight into human behaviour researchers need to adopt approaches which allows them to ‘get close’ to participants to understand their perspectives, and qualitative methodologies allows this scope of capturing human behaviour in action.

3.3. Pre-research
Prior to commencing the post-doctoral research programme contact (by the author) had already been established with South Asian business related networks during the research required to undertake an MSc dissertation on South Asian female entrepreneurship in Birmingham, in 2004. This dissertation had involved work on the Institute of Asian Businesses (IAB) and the development of a sample of South Asian female entrepreneurs. A brief interview with the director in the Birmingham Chamber of Commerce’s canteen had proved beneficial as it opened up a ‘gateway’ to gain access to ‘circle of entrepreneurs’ in the West Midlands. I was invited to attend a forthcoming business event where I was introduced to a South Asian female entrepreneur who was also a board member of Institute of Asian Businesses. She spoke about her plans to establish a business forum for South Asian female entrepreneurs that would create an environment where cultural constraints were minimised, and business support systems could be implemented. I asked if I could observe this process. In response to this request there was the ‘million dollar’ answer for any researcher, ‘yes, but only if you could take the minutes’. This provided an opportunity of ‘being on the inside’ and enabled me to access as much information as possible to complete the MSc dissertation. In the months that followed the author witnessed the establishment of the South Asian Female Business Networking Association (SAFBNA); a non-profit organisation for the support of South Asian female entrepreneurs. My role as a board member of SAFBNA involved the attendance of regular meetings and taking minutes as well as organising and aiding networking events, workshops and other business related support events. The positionality obtained through the membership of SAFBNA, opened up further opportunities including having access to potential subjects for any future research on Birmingham’s South Asian business community. Being on the inside led the author to
become involved in the social business arena where networking activities led to becoming a familiar face and gaining trust amongst the entrepreneurs who attended these events.

3.4. The research process
The research began with the decision to investigate second and third generation South Asian entrepreneurship in Birmingham. The decision had stemmed from observing South Asian entrepreneurs at the Institute of Asian Businesses networking events. Many of these entrepreneurs were second generation South Asians who had established themselves in business service firms. The research process implemented for the study was divided into three key phases. The first phase, desk research, focused on identifying and exploring South Asian literatures and statistics to establish a research design. The second phase focused on the interviewing process and included the selection of research tools as well as actual data gathering. The third phase focused on longitudinal research. These three phases will be explored in turn.

Phase one: Desk research
During the desk research phase previous literatures that included South Asian migration histories, culture, identity formation and ethnic entrepreneurship were identified. Literatures on firm formation and networking were also explored as well as the history of Birmingham’s economy and racial communities. This task provided the background that was required to understand ethnicity and entrepreneurship as well as the identity shifting of succeeding generations of ethnics in host countries. In addition to this, data sets on South Asians were also consulted in relation to self-employment with the majority being obtained from Birmingham City Council data sets on South Asians and general entrepreneurial activities. Previous government and financial institutional reports also provided information on selected themes. Further information was retrieved through the internet, especially in relation to South Asian business and community associations. Previous contacts with business associations and entrepreneurs were re-established to gain access to potential respondents for the study.
A review of the existing literatures formed the initial building block for the research. First the abundance of studies on the first generation of South Asians highlighted the lack in numbers and depth of studies on later generations. Second, many of the earlier studies were based around ‘traditional’ sectors of the economy. Third, South Asians were viewed as an immigrant group that were different from Britain’s indigenous population. This perspective meant that research had tended to neglect second and third generation South Asians who had become assimilated into Britain’s culture and economy.

Furthermore, in developing clear aims and objectives it had become important to take into account the segregation that exist within the South Asian community (the Bangladeshi, Indian and Pakistani communities). Although, there remains diversity in this sector the majority of the South Asians fall into three main categories, Indian, Pakistani and Bangladeshi. For the purposes of this study, the term ‘South Asian’ is used to refer to those individuals who came from or whose parents came from the Indian sub-continent (Gidoomal 1997; Welsh et al 2003), namely, Pakistan, India and Bangladesh. This also includes those whose parents may be ‘twice’ migrants, the majority of who initially emigrated to African nations and emigrated again to Britain as a result of political expulsion.

Research design

It is often argued that any process of method selection that lacks an appropriate and well-articulated contextual framework is rootless and insubstantial (Micheal, 1985 p.94). Therefore, in attempting to develop an adequate research design, a number of elements were considered in relation to both the research subjects (entrepreneurs) and research techniques. In the case of the former, respondents had South Asian background. In terms of the latter, the necessity to adopt those research techniques which would provide detailed firm based information by use of face-to-face interviews. The research design was based on identifying the entrepreneurs/firms who met the following criteria.
The entrepreneurs must be second or third generation South Asians. The majority of who were British by birth or those who arrived in the UK whilst they were of school age.

The firms established must be in the service sector.

The firms are Birmingham based.

It must include both male and female entrepreneurs.

The initial entrepreneur identification process involved four activities. First, seek out potential research subjects by attending IAB networking events. Second, being an active board member of SAFBNA enabled access to South Asian female entrepreneurs in the West Midlands. Third, working through the MSJ Asian business directory, (2004-2005), the South Asian business directory for the local Birmingham area. Fourth, adopting a ‘snowballing’ method, in which existing contacts were asked to identify other entrepreneurs.

**Obtaining research subjects (entrepreneurs/firms)**

Identifying and accessing firms was not a simple process. Many of the initial networking events often resulted in being drawn into a vast circle of entrepreneurs from diverse establishments, the majority were involved with traditional and retail sectors of the economy. However, it was possible to identify second and third generation South Asian entrepreneurs from the networking events and to obtain details of their business/es as well as obtain business cards. The mood of the events obviously made them willing to comply with most requests as many did not want to be seen as not taking part in a NETWORKING event. The author also benefited from being recognised for her involvement with SAFBNA as this allowed the author to be taken seriously within entrepreneurial networks. This was further enhanced by her association with the University of Birmingham and the benefit that came from carrying a ‘crested’ University of Birmingham business card which provided status in South Asian community.

The networking and business events not only allowed the author to come face-to-face with entrepreneurs (who could become potential study respondents) and others related to the
The world of business, but further allowed the author to implement a ‘snowballing’ strategy, where she was able to request individuals to identify potential entrepreneurs. This research method enabled the identification of other firms/entrepreneurs. Further the author also scrutinised the MJS Asian Directory (2004-2005) using a random selection method to identify potential firms. This was a good method for targeting specific firms as the directory carried detailed information about the firms and their specialist areas.

**Interviews: Confirmations and rejections**

Twelve firms were telephoned through random telephoning using the Asian Business directory. Only one eventually agreed to be interviewed. The eleven entrepreneurs that had declined, had been telephoned individually on at least three to four occasions before the author decided not to pursue further. In relation to those who disagreed the author became aware through conversation over the telephone that entrepreneurs were reluctant to become involved in any type of research which they perceived as ‘invading their personal and business information’ and others declined due to the timing of the interviews, for example over the summer holiday period. Obtaining respondents through networking events was more successful given the personal interaction that is possible at such events. The networking events themselves were designed for people interacting and supporting each other. Since the author was recognised as an established member SAFBNA, as well as a registered member of IAB she was able to interact with other entrepreneurs at these events with more ease and at a social level. Networking at events also provided an opportunity to make use a ‘snowballing method’, whereby entrepreneurs at the networking events were able to recommend and provide information their own entrepreneurial contacts, many of whom were not part of IAB. In such cases details and telephones numbers were given as well as the permission to use their (the provider) name when contacting these people. This system worked well as being personally recommended made the ‘called’ feel recognised for their contribution in the world of business. In addition some of the entrepreneurs recommended family members who were in business. The above selection led to 39 possible contacts being identified. Eventually 29 entrepreneurs agreed to participate in the study (others declining during confirmation stages) and being a board member in SAFBNA enabled the thirtieth firm to be observed (Table 3.1).
Table 3.1 The interview sample

<table>
<thead>
<tr>
<th>Identification method</th>
<th>Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business networking events</td>
<td>11</td>
</tr>
<tr>
<td>SAFBNA connections</td>
<td>5</td>
</tr>
<tr>
<td>Snowballing methods</td>
<td>5</td>
</tr>
<tr>
<td>Asian Directory</td>
<td>1</td>
</tr>
<tr>
<td>Personal recommendations</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

Source: Fieldwork Oct 2004-July 2005

The 30 firms in the sample consisted of 28 service sector and 2 manufacturing firms (however, these also had service activities attached to a part of their business) based in Birmingham. These were set up or operated by second and third generation South Asians. One had been established by a first generation South Asian but is currently run by the founder and his second generation nephew (Table 3.2).
The majority of the firms were located in two distinct areas, these being on the fringes of the city centre and in predominately ethnic areas (Figure 3.1).

Table 3.2: Businesses in the study and coding

<table>
<thead>
<tr>
<th>No.s</th>
<th>Coded name</th>
<th>Set up by Generation</th>
<th>Date of start-up</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ABP Publications</td>
<td>2nd</td>
<td>1998</td>
</tr>
<tr>
<td>2</td>
<td>City Law</td>
<td>2nd</td>
<td>2002</td>
</tr>
<tr>
<td>3</td>
<td>Hands Pharmacy</td>
<td>2nd</td>
<td>1988</td>
</tr>
<tr>
<td>4</td>
<td>Shar Accounts</td>
<td>2nd</td>
<td>2004</td>
</tr>
<tr>
<td>5</td>
<td>Nag Media</td>
<td>2nd</td>
<td>2000</td>
</tr>
<tr>
<td>6</td>
<td>PropFinance</td>
<td>2nd</td>
<td>1998</td>
</tr>
<tr>
<td>7</td>
<td>Hagley Buss Consultancy</td>
<td>2nd</td>
<td>2002</td>
</tr>
<tr>
<td>8</td>
<td>HES IT</td>
<td>2nd</td>
<td>1998</td>
</tr>
<tr>
<td>9</td>
<td>ST Media</td>
<td>2nd</td>
<td>2001</td>
</tr>
<tr>
<td>10</td>
<td>Hape Accounts</td>
<td>1st</td>
<td>1977</td>
</tr>
<tr>
<td>11</td>
<td>Snack Business</td>
<td>2nd</td>
<td>1994</td>
</tr>
<tr>
<td>12</td>
<td>PrintXPress</td>
<td>2nd</td>
<td>2003</td>
</tr>
<tr>
<td>13</td>
<td>Asbestos IT</td>
<td>2nd</td>
<td>2002</td>
</tr>
<tr>
<td>14</td>
<td>Harborne IT</td>
<td>2nd</td>
<td>1982</td>
</tr>
<tr>
<td>15</td>
<td>Dental Clinic</td>
<td>2nd</td>
<td>1993</td>
</tr>
<tr>
<td>16</td>
<td>Music Workshop</td>
<td>2nd</td>
<td>2001</td>
</tr>
<tr>
<td>17</td>
<td>Tailoring Boutique</td>
<td>3rd</td>
<td>2000</td>
</tr>
<tr>
<td>18</td>
<td>MYS Train &amp; Recruit</td>
<td>2nd</td>
<td>2004</td>
</tr>
<tr>
<td>19</td>
<td>Image Consultancy</td>
<td>3rd</td>
<td>2001</td>
</tr>
<tr>
<td>20</td>
<td>BC Training</td>
<td>2nd</td>
<td>2002</td>
</tr>
<tr>
<td>21</td>
<td>Skip Hire</td>
<td>3rd</td>
<td>1983</td>
</tr>
<tr>
<td>22</td>
<td>Travelco</td>
<td>2nd</td>
<td>2005</td>
</tr>
<tr>
<td>23</td>
<td>HLP Law</td>
<td>3rd</td>
<td>2005</td>
</tr>
<tr>
<td>24</td>
<td>AC Media</td>
<td>2nd</td>
<td>1989</td>
</tr>
<tr>
<td>25</td>
<td>MF IT Suppliers</td>
<td>2nd</td>
<td>1987</td>
</tr>
<tr>
<td>26</td>
<td>TV Channel</td>
<td>2nd</td>
<td>2004</td>
</tr>
<tr>
<td>27</td>
<td>SP Investments</td>
<td>2nd</td>
<td>1997</td>
</tr>
<tr>
<td>28</td>
<td>FL Finance</td>
<td>2nd</td>
<td>2000</td>
</tr>
<tr>
<td>29</td>
<td>UKP Train &amp; Recruit</td>
<td>2nd</td>
<td>2000</td>
</tr>
<tr>
<td>30</td>
<td>SAFBNA</td>
<td>2nd</td>
<td>2004</td>
</tr>
</tbody>
</table>

Source: Field work July-Sept 2005
Phase two: Interview process

The second phase involved the selection and implementation of research strategy; formatting questions for the interviews; selecting and using appropriate research equipment; and conducting the interviews with the respondents.
Selecting and implementing a research strategy

In constructing and implementing a research method the advantages and disadvantages of quantitative and qualitative research strategies were considered. The former requires the use of standardized instruments, whereby, the varying perspectives and experiences of the respondents fit into a limited number of predetermined response categories. This method is useful for measuring possible reactions of a great many people to a limited set of questions, and allows comparison and statistical aggregation. In comparison, qualitative methods produce detailed information about a much smaller number of people and cases, and therefore increases depth and understanding of the subjects in question (Patton, 1990). The qualitative approach enables the research to explore processes, dynamics, and networking, and therefore, this approach is frequently recommended (Aldrich, et al, 1989) in small firm research.

This research required detailed information to be obtained from 30 entrepreneurs and the emphasis was going to be on understanding processes of firm formation and operations. Since the sample was not large and the firms were small and medium sized enterprises (SMEs) a qualitative methodology was adopted as this would provide an opportunity to obtain depth in understanding especially when coupled with face-to-face interviewing. Interviews are one of the most widely applied techniques for conducting systematic social inquiry (Hyman et al, 1975), and are recognised as one method that can be used to obtain large amounts of information (Holstein and Gubrium, 1997). Face-to-face interviews involve interaction between the researcher and the interviewee, and the research is able to immerse in the research situation and be in a position to interpret the participant’s subjective understanding (Cepeda and Martin, 2005). In contrast quantitative data may not always capture full depth, breadth and the intensity of the social and cultural issues. Qualitative methods enabled interactive contact with the respondents which provided the flexibility of a two-way commentary, and an opportunity to observe the body language (of the interviewee), and allowed the interviewer to follow any emotions in relation to specific questions. Amongst the advantages of face-to-face interviewing was the opportunity of conducting the interview in the entrepreneurs’ work environment.
Constructing questions

It was important to develop a set of questions that would facilitate interaction and the development of an informed but directed conversation. The interview structure began with a set of questions about the background history of the firm and the need to explore issues related to the family, and from these questions emerged about business operations in relation to the entrepreneur and their firm/s. Concepts here included firm set up, network support, as well as other entrepreneurial links the entrepreneur may be engaged in. Questions took a semi-structured open ended format (see Appendix 2), as this allowed entrepreneurs to elaborate on the questions. The questioning was geared at the individual entrepreneur (owner manager) rather than just involved in the business as employees or family members.

Prior to commencing the interviews a pilot interview was conducted on a friend (of the author) who was second generation South Asian entrepreneur, this allowed testing of the questions and highlighted any discrepancies in the questioning process.

The case study method allows understanding of complex issues and can extend experience or add strength to what is already know through previous research. Since multiple sources of data would be and had been used (previous studies, business networking information and interviews, especially the longitudinal aspect), this would be the most appropriate method to adopt. The study of ethnicity may consist of complex sensitive issues, making this method appropriate.

Research equipment

Prior to the interviews, the author purchased a Sony Digital Dictaphone, in the ‘hope’ that at least some of the participants would agree for the interviews to be recorded digitally, since open-ended semi-structured questions generate significant amounts of information, and attempting to ‘note take’ on a pad could be time consuming. Furthermore, using a Dictaphone enabled the interviewer to focus on the topic and any surrounding observations instead of constantly focusing on taking notes. Taking notes also becomes extremely distracting for the interviewee who may lose the flow of his/her answers in trying to keep
phase with the interviewer’s note taking. The Dictaphone had the added advantage of enabling the interviews to be inputted directly to a computer software package. The author obtained permission from the participants at the beginning of the interviews to digitally record the interviews (surprisingly all agreed). The author also ‘borrowed’ a cassette recorder from the university as a backup (just in case modern technology failed!), and both pieces of equipment were switched on at the same time during the interviewing process.

The interviews

During, the second semester of year one the author became pregnant. After speaking with her supervisors regarding this matter and the progression of the research, it was suggested by the supervisors that field study should be undertaken before the arrival of the baby. Furthermore, on return from maternity leave the author should revisit the firms to develop a longitudinal perspective to the study.

In preparation for the interviews the author obtained as much knowledge and theoretical literature input as possible to win the confidence and respect of the business professionals (Mullings, 1999). However, the pregnancy complicated matters as it meant that interviews had to be arranged as rapidly as possible. Hence the interviews were scheduled to commence in mid June (year 1) and progress through the summer. Confirming dates with potential respondents meant that the interviews began in early July and were completed in September 2005 (2 weeks before the arrival of the baby). Interviewing during the final trimester of pregnancy also meant the ‘bump’ was visible, and therefore, an appropriate dress-code was adopted. The author wore a tunic style blouse, pregnancy trousers and a long ‘dupata’ across the one shoulder covering the majority of the torso area. This made the author feel very much at ease when interviewing men (as traditionally and culturally South Asian men believe that heavily pregnant women should remain at home).

Where possible, interviews were conducted on the business premises. This meant that the entrepreneur could be observed in their working environment (visual observation provides a good insight and additional findings which may have been missed by the author). Where

2 Dupata: A traditional veil worn by South Asian women (traditionally perceived as covering one’s honour)
this was not possible, especially when the business/es functioned from home, interviews were held in public spaces, for example, coffee bars and restaurants. In conducting interviews in public spaces with male respondents the author was aware of cultural constraints. The author did not wish to be observed by co-ethnics or extended family members who could become suspicious of her ‘sipping a drink with strange men’ in public places, this could tarnish her name in community networks. To avoid this situation the author opted for spaces away from predominately Asian areas, selecting mainstream spaces for example the ‘Mail Box’ (just on the fringes of the city centre) shopping mall, where it was much easier to maintain privacy.

The interview questions followed a semi-structured format (Appendix 2). To ensure the validity of the questions, the author conducted a pilot interview with a friend who was also in business. The questions proved to be understood by the business friend as well as provide the author ‘mock interviewee position’. Ones in the field the duration of the interviews varied from 30 minutes to approximately 2 hours, with the majority being between 45 minutes to one and half hours long. During the interview the author attempted to stick to the question flow, however, this was not always easy as some of the respondents often ‘went off on tangents’. Although this did have its benefits as it ‘opened’ up further important areas for discussion, it did also generate significant amounts of irrelevant data.

**Phase three: Longitudinal research**

The third phase involved a longitudinal perspective to the study. The maternity leave provided an opportunity to develop a longitudinal survey. A longitudinal survey provides an opportunity to explore issues over time (Sherer, 1995). Data collection had occurred in two phases; the first took place during the summer of 2005, and the second during the summer of 2007 (2 years later). The first phase involved 30 firms and during the second phase 15 of the original firms were re-interviewed. Re-interviewing 50% of the original sample provided opportunity to explore changes over the two year period (this number was sufficient enough to highlight changes). In the initial interviews respondents were asked to describe their personal history, factors which impacted on firm formation and strategies adopted in relation to the operation as well as additional information on parallel firms and
network relationships (see Appendix 3). The longitudinal aspects focused on what changes had occurred over the two year period such as growth and expansion, further firm set ups and changes in support networks. This method provided a clearer picture of business performance over the two year period. Amongst the positive aspects of the longitudinal approach were that respondents were more open with the majority not attempting to ‘paint a perfect picture of their business/es’ as they had done in the initial interview (this became clear in the answers they provided, such as speaking more about negative aspects which had occurred at the time of the previous interview but were not mentioned). The respondents highlighted positive and negative issues that had occurred over the 2 year period. The longitudinal data appeared to be more reliable and creditable than that obtained from single interviews. This method provided scope for cross referencing of previous statements and any discrepancies could be explored, furthermore, it allowed the respondents to reflect back on their business activities and on issues that they had identified during the earlier interview.

3.5 Analysing the data
Data analysis can occur at any stage in the data collection process. The author partly followed the analysis structure put forward by Shaw (1999) (Figure 3.2). Shaw’s process of inductive analysis outlines four stages of analysis: Analysis on site; run the data open; focus analysis; deepen analysis and write up (Figure 3.2). The author followed this model as it provided a systemic route to data analysis.

There was an element in the analytical process which began even before the interviews and this involved observing of entrepreneurs at networking events. Being a member of SAFBNA, the author was able to observe and engage with entrepreneurs at networking events. These events highlighted strands of information in relation to business strategies and operations deployed by some of the entrepreneurs. Mental notes were made during the events but those could not be documented. Written notes were made after the events and these notes provided some context for understanding some dimensions of South Asian entrepreneurship.
Analysis on site had occurred immediately as the result of the author starting to make sense of the raw reality encountered (Lofland, 1971) during the interviews and observations. The first set of interviews had been recorded on Sony digital Dictaphone and immediately inputted into a computer. During the maternity leave the author engaged in inductive analysis where she listened and re-listened to the recorded interviews to familiarise herself with the data (Easterby-Smith et al, 1991). This also led to making notes on any clarifications and new topics which could be developed for the second set of interviews. The third stage of analysis involved transcribing the interviews. This stage of the analysis involved the author identifying emerging themes and categorising and coding these on Excel work sheet in detail. The spreadsheet sorted the information in a systemic order and allowed the development of colour coding which provided quick and easy access to the
information. The final completed transcriptions were categorised onto the spreadsheet and a deeper analysis stage commenced. This analysis focused on the issues which were central to understanding and interpreting the research question. The emerging themes were coded and re-coded to develop an understanding and constantly compared to identify core themes (at this stage analysis moved from open codes to core codes). During the analysis stage the literature was revisited to explore concepts and theories. While analysing and evaluating the data focus was on concepts which were emerging in relation to objectives. The final stage of the analysis began with making notes on the word document and the development of a potential chapter structures.

The second set of interviews from the longitudinal research also followed a similar path. The data for the second interviews were ‘listened’ through by the author to identify the emerging topics. The interviews were transcribed in full on word document and an Excel spreadsheet was again used to record key topics which were colour coded for easy and quick access to the information. Hard copies of transcription of the voice recorded interviews for both 2005 and 2007 were prepared and kept safely as backup copies.

3.6 Positionality

‘Sharing the same background or similar identity to your informant can have a positive effect, facilitating the development of a rapport between interviewer and interviewee and thus produces a rich, detailed conversation based on empathy and mutual respect and understanding’ (Valentine, 1997, 113)

The positionality of the interviewer in the research process is now recognised as a central component in the process of qualitative data collection (Ganga and Scott, 2006). The literature in this field is large and variegated as a result of disciplinary based accounts of the role of positionality. In relation to studies on ethnicity the emphasis is often placed on the insider/outsider positions of the researcher in the research process. Furthermore, interviewing within ones own cultural community as an insider can allow researchers a degree of social proximity (Ganga and Scott, 2006).
The positionality of the researcher may have a significant impact on the topic under investigation. Therefore, it is important that the researcher maintains an informed reflexive consciousness to contextualise their subjectivity in both data interpretation and representation of experiences in the research process. The researcher needs to monitor their own place in the research process and their relationship with the respondent/informant, which in turn is significant in maintaining a focus on the research agenda. Research studies that seek to give meaning to participants’ viewpoints will often be influenced by the researchers’ social and cultural identities.

**My multiple positions: Insider and outsider dynamics**

Prior to the PhD, the author never really reflected on herself, she merely identified herself as a British South Asian female. However, during the research process the author became more aware of her identity and the positionality this provided in the research itself. Prior to and during the research process the author’s positionality and the impact this had on the research process became more apparent:

- The author shared a common background of the South Asian culture. This provided in-depth South Asian knowledge, in terms of cultural, political and religious aspects.
- The author was a second generation British born South Asian, and therefore, had first-hand experience of growing up in Britain in two contrasting cultures this being one of the key topics under study for the thesis.
- The author observed the lives of South Asians as immigrant groups within Britain.
- The author had a business family background, and therefore, had first-hand experience of the way businesses were sometimes set up and operated.
- The author spoke fluent Punjabi and Hindi and understood to depth the Urdu dialect, therefore, allowing Asian terminology to be correctly understood and interpreted. This was important since clear communication in the research process is crucial for reliable data.
Being a female South Asian made it easier to understand and sympathise with some of the more conversational issues, such as being a women in the Asian culture and how male perception of females in the South Asian society can hinder progress.

The author was a registered board member of SAFBNA (South Asian Female Business Networking Association), and also held a membership with IAB (Institute of Asian Businesses).

The above often positioned the author as an insider in the research domain; however, the notion of positionality was complicated by the insider/outsider dynamics in the research itself. This will be explored in the following sections.

The insider/outsider dynamics

I (author) had decided in the initial stages of the research process that the insider research position would be ideal in business networking stages to gain potential respondents for the study and I did just that. Being a member of SAFBNA allowed easy access into the world of business. As a registered board member of this organisation I was able to connect with the entrepreneurs and other officials in the business sector without difficulty. This insider position allowed me to interact and introduce myself to many business entrepreneurs from a range of businesses. Furthermore, it provided me with the confidence that I needed to approach potential entrepreneurs as possible interview subjects. Without this I may have found myself ‘feeling’ slightly inferior to what I initially perceived to be high status ‘business persons’. The networking events allowed me to approach business entrepreneurs on a more informal level, and therefore, when the formal interview setting did occur the barriers were broken down. However, although, I did manage to introduce myself as member of SAFBNA at these events, I found that when raising the question of whether entrepreneurs were willing to take part in the research, I automatically became the outsider. The term ‘investigating Asian businesses’ could have possibly ‘put them off’. Despite this, obtaining potential respondents from business networking events did prove successful. The ‘insider’ position appears to have out weighed the ‘outsider’ position.
In relation to the interview stage, insider interviews take on importance as they create a distinct social dynamic, bringing into focus the similarities and differences between the researcher and the participant as a result of cultural knowledge. This means that ‘insider’ researchers are better able to recognise ties that bind and the social fissures that divide the researcher and participant.

In the interviewing stages I adopted the insider approach, this was initially based on factors such as a shared cultural, linguistic background and in some cases religion communalities with the respondents. Using this approach allowed me to ‘play the cultural card’ to break down formal barriers (an ice-breaker strategy), and to use my cultural knowledge to extract information to varying degrees from the respondents. However, this insider status also gave the participant greater access to my private self. In deploying the insider research the boundary between private and public self is different, whereby it is closer to our private selves. I did find that I was using my personal experiences (experiences of growing up and being subject to contrasting cultures) in order to get the respondents to talk more ‘openly’ about their experiences. This method was successful and allowed greater depth to the added to data. However, the research quickly taught me that the insider positionality is not without boundaries.

Although, I was categorised broadly as a South Asian, division occurred as a result of segregation within the South Asian grouping and this played a role in the author becoming the ‘other’ (outsider) amongst some of the respondents who were not from the a similar group. One of the situations where this segregation occurred and impacted on the research process was the division of religion. The scars of the partition (based on religion and background) between Indian and Pakistan in 1947 still remain in the minds of many Indians and Pakistani living in Britain today. As an Indian Hindu I was very much aware of this and to some extent worried about how I may be perceived by Muslim (mainly men) respondents. Therefore, during the interview when speaking about the background of parents and reasons for them migrating to Britain, I was extremely sensitive and avoided questions that may have caused the ‘history of the conflict (between India and Pakistan) to affect’ my respondents. At this point I was the ‘outsider’. With careful sentence structures
in the questioning process I did overcome this very easily. When asking specific questions about discrimination I became the insider again, we did share a minority status (in Britain) and understanding of racism, and this made it easier for the respondents to speak openly on issues faced in previous workplaces regarding discrimination and racism.

In my position as a doctoral researcher I found that I was perceived as having a privileged status (academics and scholars are highly regarded in South Asian culture). I was able to access some of the respondents initially based on the fact that I was a member of a well-recognised university. It became apparent that although they fully understood my role as a doctoral researcher and were willing to answer the set questions, they divulged very little regarding business finance turnover and other money-related questions. At this point I ‘felt’ they did not want an official statement regarding any monies to be recorded as they viewed me as an ‘official investigator’. I became the ‘outsider’.

My positionality as a female researcher again had both positive and negative aspects. When interviewing female entrepreneurs I found they spoke openly on aspects of being a female entrepreneur not only in a male-dominated culture but also mainstream society. They perceived me as a female who may have at some stage encountered similar issues and therefore, often emphasised ‘you know what it’s like being a Asian woman’. I ‘felt’ I had control of the topic and could extract as much or as little information as possible from the female respondent by ‘popping topics’ that I had experienced. As a mother, like many of my respondents, questions that focused on business commitment and work life balance were talked about at ease by the respondents based on the fact that they assumed I had similar experiences. Here my role changed to that of an ‘insider’.

However, when interviewing male respondents my positionality was to some extent different. I was ‘slightly’ nervous with male entrepreneurs. I was aware of the importance of gender differences in South Asian culture as even today women are considered inferior to men. There remains a belief within the South Asian culture that women should be there to take care of the family. What made my positionality more complicated was that I was 7-9 months pregnant at the time of the first interviews. Traditionally heavily pregnant women
should remain at home. This made me even more anxious. However, apart from seeing a ‘surprised look’ on some of my male respondents faces which made me tense, my position turned out to be more positive. I did not want my pregnancy to interfere with the data collection process and it did not. However, being pregnant had positioned me as a woman who needed to be ‘encountered delicately’ and this was indeed the case. The male respondents often offered me a comfortable chair with a cushion and soft beverages. The caring human characteristics were definitely there, I had become an ‘insider’ - albeit a pregnant ‘insider’

During the data analyse stages my positionality as a South Asian played an important role. I was able to interpret specific Asian terms and phrases in an accurate manner allowing in-depth analysis to the study. Overall, my positionality played a significant role in the research process and furthermore, it made me reflect on how my research would have turned out if I was not a South Asian female researcher.

3.7 Conclusion
The purpose of this chapter was to provide an account of the methodology used to address second and third generation South Asian entrepreneurship in Birmingham. The chapter focused on the four key areas: phase one, desk research; phase two, interview process; and phase three, the longitudinal perspective; and the final phase analysing the data. It concluded with highlighting the positionality of the author throughout the research process.

Phase one highlighted the contribution of primary and secondary data, from a number of sources. These included previous literatures, current government statistics, and information from members attached to business association. This stage also included obtaining potential respondents where eventually 30 firms were selected and confirmed for interviewing. An important part of this stage had been networking at business events and using this opportunity to obtain potential entrepreneurs and accessing further entrepreneurs through the ‘snowballing’ method. Phase two concentrated on the interview process. This phase included interview questions which consisted of semi-structured formatting, as this allowed ‘open ended’ questioning and therefore, flexibility in asking any further questions. The
qualitative face-to-face interviewing approach allowed interaction, as well as the opportunity of interviewing the entrepreneurs in their own working environment. Data was digitally recorded as this allowed the researcher to concentrate on the listening rather than note taking. Phase three, involved the longitudinal perspective in the research methodology, as it allowed the opportunity to revisit the firms and a perspective of how they had changed over the two year period. Re-interviewing the entrepreneurs led to them being familiar with the research and hence being more ‘open’ to answering certain questions. For the researcher it allowed the opportunity to follow up previous information.

The final phase engaged in analysing the data. Analysing to some extent begin during the pre interview stage, whereby the author made mental notes from the networking events on the entrepreneurs behaviour and business strategies (this was more listening to entrepreneurs discussing their business operations at the networking events). Furthermore, the author was able to analysis during the actual interviews by making mental notes (first set in 2005 and second set in 2007). Core analysis occurred during later stages firstly by listening re-listening to digital recording as this provided familiarisation with data, and later transcribing the data and recording core themes on Excel spreadsheet. Relevant themes were then picked out for the writing stages.

The chapter concluded with the author emphasising the role of her positionality as this played an important part in the research process. The author’s cultural knowledge and background was important in establishing a rapport with the respondents. The author did feel that being from the same cultural group as the respondents indeed strengthened her research.
CHAPTER 4
BIRMINGHAM: SOUTH ASIANS AND ENTREPRENEURSHIP

4.1 Introduction
This chapter provides an overview of South Asians in the context of Birmingham and their entrepreneurial interest. The chapter begins by exploring South Asian migration entry to Britain and in particular to Birmingham as a result of labour shortages. It examines the settlement patterns which were often determined by their employment in the local industries. It further goes on to explore the upbringing and lives of the succeeding generations of South Asians who found themselves’ growing up in two contrasting cultures and the impact of this on their identity formation and characteristics. The latter part of the chapter explores South Asian entrepreneurship, initially highlighting first generation immigrant entrepreneurship before focusing on the succeeding generation of South Asians who have opted for entrepreneurial careers. There are a new series of entrepreneurial drivers for the succeeding generation of South Asians which have stemmed from a number of factors, amongst others these include British education, family pressure and support, co-ethnic and mainstream opportunities as well as the opportunity their dual culturalism has provided which in turn impacts their entrepreneurial behaviour.

4.2 British economy in post-war years
Between 1940 and 1951, Britain’s economy had been transformed to supply the needs and requirements of World War II. During this period, the country experienced decline, only recovering when a process of re-organisation commenced during the post-war period. The Labour Government (1945-1951) aimed to maintain substantial control over the economy, which included reducing the levels of imports, regulating industry, and boosting exports. The conservatives regained power in 1951, and relied less on planning and more on market forces. In pursuit of economic policies during the 1950s, and parallel favourable international circumstances with Europe and other countries, they benefited from exceptional growth rates between 1950 and 1973.

This period also witnessed a shift in the production of goods to providing services. Between 1971 and 1984 there was a 44% fall in manufacturing employment with a loss of 3.6
million jobs, and a gain in service employment of 25% with 2.7 million jobs (Robinson, 1990). This shift had impacted the major cities: with London losing 50% of its manufacturing employment in the 1960s, and other conurbations recording in excess of 40%. There was a creation of new jobs, by growth, relocation and the birth of a number of new enterprises occurring in clusters in surrounding smaller and medium towns approximately 30 to 100 km from London (Champion et al., 1987). The period also witnessed a shift in employment patterns, with the creation of new part-time jobs for women. Between the 1971 and 1984, service sector female employment rose by 30%, but two-thirds was in part-time employment (Social Trends 1987).

Post war expansion had occurred in telecommunications, automobiles and insurance and this led for many, to upward social mobility. However, at the same time many people were deterred from jobs in the manufacturing sector, such as heavy manufacturing, textile industrial work, and the transport and catering sectors. These jobs had low pay and lacked job security. This period also saw many local British people attracted by opportunities to North America and Australia. This led to labour shortages in Britain and the onset of labour immigrant workers to fill these positions (Layton-Henry, 1992).

4.3 Post-war South Asian entry to Britain

Post-war South Asian migration occurred in distinct phrases (Table 4.1). There were 7000 Indians in Britain immediately following WWII (Tinker, 1977). Labour shortage after the war resulted in Britain ‘opening’ its doors to citizens of Commonwealth countries to fulfil labour scarcity, especially in the industrial sectors. During the post-war boom period, particularly 1955-1962, 146,300 (net) Indian and Pakistani workers entered Britain (Robinson, 1980a). The majority were unskilled single males entering Britain for economic gain. Financial targets were frequently set by heads of the family, and sons were sent out to make money and return after targets were met, however, for most a return to the homeland remained a ‘myth’ (Anwar, 1979). With the rising numbers of South Asian immigrants, the British government imposed restrictions on unskilled labour migration and passed the Immigrants Act 1962. The Act allowed the entry of females and dependents only. However, numbers rose again as a result of an unstable political climate in the African
states, which led to the entry of East African refugees in the late 1960s and 1970s. The second Commonwealth Immigration Act 1971 was passed placing further restrictions on primary immigration, exempting those who already had family members in the UK. ‘Beating the ban’ led to rapid increases in a very short time span. By the mid 1970’s, 58% of Pakistani and Indian men were employed in unskilled/semi-skilled work, in comparison to 18% of white men (Smith, 1977).

Table 4.1: Post-war South Asian migration to Britain

<table>
<thead>
<tr>
<th>Key Entry phrases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Migration entry vouchers awarded to Indians and Pakistanis who fought in WWII on the side of the British.</td>
</tr>
<tr>
<td>The recruitment of labour workers from the Indian subcontinent to cater for labour shortages in Britain industrial sectors.</td>
</tr>
<tr>
<td>The recruitment of professional medical staff from India for the newly formed National Health Service (NHS). These groups were targeted due to the formation of medical schools established by the British to conform to the British standards of training in the Indian subcontinent</td>
</tr>
<tr>
<td>The onset of chain migration from the 1960s, where male South Asian migrants sponsored their families and friends to come to Britain.</td>
</tr>
<tr>
<td>Political upheaval in African states led to African-Asian immigration.</td>
</tr>
</tbody>
</table>

Source: Author - adapted from migration histories

The settlement process for first generation South Asians in Britain had not been easy as the British people’s perception towards them had been negative (Chan, 2006). As more and more immigrants entered employment, the problem worsened with the locals seeing them as taking over their jobs and houses. Ethnic places became classed as ‘problems areas’. Furthermore, these areas were represented as places of imminent social crisis (Solomos and Back, 1996). Experiencing racism in the local British environment and seeing the British culture as ‘free and too loose’ led many South Asians to confine themselves within own cultural boundaries and to close ranks on the outside world (Dhaliwal, 1998). The attitudes of this generation reshaped vastly as a result of this situation and they turned to their co-
ethnic community for support and to own their religion and culture to maintain their identities. Such attitudes impacted their young, as the second generation were encouraged to maintain their cultural norms and values by their parents. However, one situation that could not be avoided was that the young through their mainstream schooling would be subjected to two distinct cultures and environments, one from inside their homes and the other from outside. The first generation of South Asians were firmly embedded in their culture and religion, and appeared sure of their personal identities (Ghuman 1994), however, the experiences of the second and succeeding generations were very different.

4.4 Birmingham: The Metropolitan City
Birmingham’s history is linked directly to Britain’s economy. Historically, Birmingham started as an Anglo-Saxon farming hamlet situated on the banks of the River Rea. The Royal Charter to hold a market was granted during the 12th century which transformed Birmingham from a village to a market town, and as a result its popularity grew tremendously. During the 16th century access to supplies of coal and iron ore led to the establishment of the metalworking industries. Birmingham’s importance grew further by the 17th century when it became a supplier of small Arms utilised in the English Civil War. The Industrial Revolution during the mid-18th century resulted in Birmingham prospering as an industrial centre. The 19th century witnessed the construction of the canal system which by the 1820s provided wide access to the natural resources required to fuel these industries. Rapid population growth during the Victorian era led to Birmingham becoming the second largest populated centre in England and the town was granted city status by Queen Victoria in 1889, and a year later the city established its own university. Since the 19th century, the city witnessed rapid expansion and growth in all fields. During World War II (1939-1945) Birmingham industries played an important role in manufacturing weapons and equipment. During the post war years the city experienced major alternations in both industrial and demographic structures.
4.4.1 Birmingham’s economy in the post war years

Birmingham economy declined immediately after World War II. However, the 1950s displayed both stability and growth, as the economy was restructured onto a peacetime footing (Sutcliffe and Smith, 1974). By 1951, the majority of Birmingham’s’ labour force worked in the manufacturing sector (Table 4.2) which was concentrated in the central areas of the city. During this period the city had housed a number of industries, vehicle manufacturing accounted for 16.2% of the total labour force, engineering employed 13.3%, and 11.9% were involved manufacturing other metal goods. All these industries had very high location quotients in Birmingham. Industries such as brass manufacturing (2.9%), jewellery (2.1%), iron and steel tube manufacturing (0.9%), the hollow-ware trade (0.7%) and battery and accumulator makers (0.6%) employed relatively few people but maintained high quotients (1,450, 300, 450, 233 and 600 respectively) (Sutcliffe and Smith, 1974). The city was more than just a simple concentration of metal working, engineering and ancillary trade. The wood and cork industries had also had quotients in excess of 100, and the Cadbury’s ‘cocoa’ industry gave a quotient of 567. Having moved to the middle ring many of the late nineteenth century growth industries had remained there. The newest and largest industries such as the Austin Motor Works were found on the outskirts of the city. However, the city’s service sector industries remained relatively unimportant. Birmingham’s strength lay in heavy manufacturing (vehicles, materials and engineering) (Hausner, 1986). By 1961, approximately 65% of the West Midlands labour force was in manufacturing and Birmingham played a key role in this. The city had become widely recognised for its specialised craft zones such as the Jewellery Quarter and the Gun Quarter (Wise and Thorpe, 1950). Severe industrial decline in the 1970s and 1980s in the region resulted in rapid increasing unemployment. This decline impacted largely on inner city areas which still display the ‘scars’ of de-industrialisation. The decline in manufacturing employment was compensated by growth in the service sector. By 2006 Birmingham’s service sector jobs accounted for 80% of employment in the city (BCC 2006). Recently, its development as a national commercial centre has transformed the city into the ‘third’ best

---

3 Location quotient: The extent of localization of an industry in Birmingham. A figure, in excess of 100 means that there is a higher concentration of particular industry in Birmingham, compared to the country as a whole. A quotient under a 100 means that the industry is under-represented in the city. (Formula for working out quotient: % employed in an industry in Birmingham/% employed in that industry in England and Wales)(Sutcliffe and Smith, 1974).
place in the United Kingdom to locate a business, as well as the 21st in Europe’ (Cushman and Wakefield, 2007).

Table 4.2: The Industrial Structure of Birmingham Employment 1951  
(Estimated insured employees excluding ex-service persons not industrially classified)

<table>
<thead>
<tr>
<th></th>
<th>(a) No. in labour force</th>
<th>(b) % of labour force</th>
<th>(c) Location quotient</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Primary</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, forestry, fishing</td>
<td>1,483</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Mining &amp; quarrying</td>
<td>145</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Treatment of non-metalliferous mining products (except coal)</td>
<td>4,505</td>
<td>0.7</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>6,133</strong></td>
<td><strong>1.0</strong></td>
<td><strong>10</strong></td>
</tr>
<tr>
<td><strong>Manufacturing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical &amp; allied trades</td>
<td>12,175</td>
<td>2.0</td>
<td>100</td>
</tr>
<tr>
<td>Metal manufacture</td>
<td>29,245</td>
<td>4.8</td>
<td>185</td>
</tr>
<tr>
<td>Engineering, shipbuilding, electrical goods</td>
<td>81,355</td>
<td>13.3</td>
<td>168</td>
</tr>
<tr>
<td>Vehicles</td>
<td>98,703</td>
<td>16.2</td>
<td>345</td>
</tr>
<tr>
<td>Metal goods not specified elsewhere</td>
<td>72,698</td>
<td>11.9</td>
<td>541</td>
</tr>
<tr>
<td>Precision instruments, jewellery, etc.</td>
<td>12,983</td>
<td>2.1</td>
<td>300</td>
</tr>
<tr>
<td>Textiles</td>
<td>4,865</td>
<td>0.8</td>
<td>18</td>
</tr>
<tr>
<td>Leather, leather goods, fur</td>
<td>1,931</td>
<td>0.3</td>
<td>75</td>
</tr>
<tr>
<td>Clothing</td>
<td>6,987</td>
<td>1.1</td>
<td>32</td>
</tr>
<tr>
<td>Food, drink, tobacco</td>
<td>28,972</td>
<td>4.7</td>
<td>147</td>
</tr>
<tr>
<td>Manufacture of wood &amp; cork</td>
<td>9,230</td>
<td>1.5</td>
<td>107</td>
</tr>
<tr>
<td>Paper, printing</td>
<td>12,315</td>
<td>2.0</td>
<td>87</td>
</tr>
<tr>
<td>Other manufacturing industries</td>
<td>19,847</td>
<td>3.3</td>
<td>275</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>391,306</strong></td>
<td><strong>64.0</strong></td>
<td><strong>243</strong></td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building &amp; contracting</td>
<td>27,834</td>
<td>4.6</td>
<td>74</td>
</tr>
<tr>
<td>Gas, electricity, water supply</td>
<td>9,980</td>
<td>1.6</td>
<td>94</td>
</tr>
<tr>
<td>Transport, communications</td>
<td>27,857</td>
<td>4.6</td>
<td>61</td>
</tr>
<tr>
<td>Distributive trades</td>
<td>54,113</td>
<td>8.9</td>
<td>74</td>
</tr>
<tr>
<td>Insurance, banking, finance</td>
<td>10,534</td>
<td>1.7</td>
<td>85</td>
</tr>
<tr>
<td>Public administration &amp; defence</td>
<td>17,282</td>
<td>2.8</td>
<td>35</td>
</tr>
<tr>
<td>Professional services</td>
<td>35,612</td>
<td>5.8</td>
<td>85</td>
</tr>
<tr>
<td>Miscellaneous services</td>
<td>30,316</td>
<td>5.0</td>
<td>54</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>213,528</strong></td>
<td><strong>35</strong></td>
<td><strong>55</strong></td>
</tr>
</tbody>
</table>

Source: England and Wales census 1951 (Sutcliffe and Smith 1974: 156)
4.5 Birmingham’s post-war immigrants

Birmingham experienced its initial flow of post-war immigrants from the late 1940s and the 1950s. These migrants were drawn to the city by labour shortages in the industrial and manufacturing sectors. However, the major period of migration occurred between the 1950s and 1970s (Ratcliffe, 1979). First to arrive in the early 1950s were the West Indians (Caribbean), while immigrants from the Indian subcontinent arrived mostly from the 1960s. The majority of the immigrants came from the New Commonwealth countries (Garbaye, 1998). These migrants entered Britain under liberal British legislation that allowed all people born in New Commonwealth territory to enter without restrictions. The shortage of manual labour attracted young single males who entered alone (Robinson, 1981). In 1951, persons born in the New Commonwealth and resident in Birmingham were well below 500, but this figure had increased to 68,000 by 1971, (Table 4.3). At the same time a small number of Chinese (0.3% of total population) and Vietnamese (0.1% of the total population) also arrived in Birmingham. The Immigration Act, 1971 stopped primary migration.

---

4 The New Commonwealth: Consists largely of African, Caribbean and Asian countries. The Old Commonwealth refers to Australia, Canada and New Zealand, or what are known as the white settler colonies.
Table 4.3: Birthplace of persons resident in Birmingham (*= % age)

<table>
<thead>
<tr>
<th>Birthplace</th>
<th>1951</th>
<th>1961</th>
<th>1971</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Numbers</td>
<td>%</td>
<td>Numbers</td>
</tr>
<tr>
<td>UK</td>
<td>1,054,000</td>
<td>(94.88)*</td>
<td>1,011,379</td>
</tr>
<tr>
<td>Irish Republic</td>
<td>26,568</td>
<td>(2.38)</td>
<td>44,798</td>
</tr>
<tr>
<td>New Commonwealth amongst others</td>
<td>4,840</td>
<td>(0.44)</td>
<td>28,712</td>
</tr>
<tr>
<td>includes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>316</td>
<td>(0.03)</td>
<td>741</td>
</tr>
<tr>
<td>America</td>
<td>493</td>
<td>(0.04)</td>
<td>16,298</td>
</tr>
<tr>
<td>Jamaica</td>
<td>345</td>
<td>(0.03)</td>
<td>12,017</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>37</td>
<td>(0.00)</td>
<td>144</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>2,205</td>
<td>(0.20)</td>
<td>4,801</td>
</tr>
<tr>
<td>Pakistan (including Bangladesh)</td>
<td>1,108</td>
<td>(0.10)</td>
<td>5,335</td>
</tr>
<tr>
<td>Sub-total (for Asia and Oceania)</td>
<td>3,919</td>
<td>(0.35)</td>
<td>11,952</td>
</tr>
</tbody>
</table>

Source: Adapted from Woods, (1979)

South Asian immigration to Birmingham resembled that of most major British cities, whereby large-scale employment attracted many to work in the manufacturing and industrial sectors. Manual work in factories and foundries was no longer attracting local people and the need to fill these jobs had become essential (Suttcliffe and Smith, 1974). Many of Birmingham’s South Asians fell into two main groups: those direct from the Indian subcontinent; and those who were indirect (twice) immigrants from other countries. Direct immigrants came from India and newly formed Pakistan as voluntary workers, in search of economic progression. These immigrants consisted of mostly males, since cultural constraints placed restrictions on women emigrating without adequate family support in Britain. Over time financial stability allowed many to bring over families. The second phase of mass migration occurred when political unrest in the African states led to African Asians emigrating from Africa to other parts of the world. These groups had been
forced to leave Uganda, Kenya and Tanzania as a result of political expulsion. Many of these East-African Asians were highly educated and some had also been engaged in entrepreneurial activities for generations. The Africanisation programme had compelled them to seek alternative homes in other countries; the majority were reluctant to return to the Indian subcontinent and chose to travel west for opportunities of a better life. For those who chose Britain, they settled mainly in towns and cities with high concentrations of ethnic minorities and where work was available. Birmingham attracted its fair share of East-African Asians, although the majority settled in around London and Leicester. Many of the East African Asians were from a Gujarati background. Despite, entering Britain with very little finance they brought with them skills and knowledge, whether it was caste occupation expertise (caste occupation referring to type of work associated with the caste system) or trading and entrepreneurial ability. Being highly educated and experts in their trade and leaving behind well established businesses had resulted in loss of self esteem as they settled in a country where they had no business and no status.

4.5.1 Birmingham’s immigrant settlement patterns

Vanessa Burholt’s in her research into settlement patterns in Birmingham found that over nine-tenths of the sampled Gujarati and Punjabi groups with South Asian background had settled in the West Midlands region when they first arrived. Birmingham’s South Asian settlement patterns followed those of other industrial cities. This highlights a relationship between occupation, income and housing of the labour immigrants (Burholt, 2004). In 1939, Birmingham City Council estimated that the city was home to 100 Indians (all those from India before independence) who were mostly students and 20 were doctors. By 1945, this figure had increased to 1,000, which consisted of seamen who had moved in from the ports (Desai, 1963). During the late 1940s and early 1950, it had been difficult to paint a clear picture of settlement patterns since the South Asian groups were dispersed in rented accommodation throughout the city.

The material conditions of the newly arrived immigrants were poor with many of them residing in private rented dilapidated accommodation found in the inner city areas, sharing with fellow workers, or residing with members of family/village kinship networks.
Settlement patterns of the earlier immigrants had also become strongly mediated by kinship (Ballard, 1990). In addition many were residing in clusters, and living in overcrowded accommodation in large Edwardian and Victorian houses. By 1961, Birmingham’s immigrant settlement pattern had become more visible with 99,500 overseas immigrants of whom 10,000 were from India and Pakistan (Table 4.4). Clear immigrant settlement patterns around the city were becoming more noticeable with the Irish, West Indians and Pakistani groups residing in the middle ring, rather than in the outer rings of the city (Table 4.4 and Figure 4.1). Initially, many of the immigrants settled in ‘zones of transition’ (Abbas, 2006), which had been vacated by mobile Britons as part of the process of ‘white flight’ (Wood, 1960: p38). These areas had become deprived, with the creation of new employment in new areas and new sectors (Rex and Moore 1967; Owen and Johnson 1996).

Table 4.4: Distribution of overseas immigrants within the three rings of Birmingham (1961)

<table>
<thead>
<tr>
<th></th>
<th>Ireland</th>
<th>British Caribbean</th>
<th>India &amp; Pakistan</th>
<th>British E.W &amp; Central Africa, Malta, Cyprus &amp; other C’ wealth area</th>
<th>Other Foreign</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Numbers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central</td>
<td>12,000</td>
<td>3,000</td>
<td>3,000</td>
<td>500</td>
<td>1,000</td>
<td>19,500</td>
</tr>
<tr>
<td>Middle</td>
<td>30,000</td>
<td>12,000</td>
<td>6,000</td>
<td>2,000</td>
<td>5,000</td>
<td>55,000</td>
</tr>
<tr>
<td>Outer</td>
<td>16,000</td>
<td>2,000</td>
<td>1,000</td>
<td>2,000</td>
<td>4,000</td>
<td>25,000</td>
</tr>
<tr>
<td><strong>% of population</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central</td>
<td>7.8</td>
<td>1.7</td>
<td>1.9</td>
<td>0.5</td>
<td>0.7</td>
<td>12.7</td>
</tr>
<tr>
<td>Middle</td>
<td>8.0</td>
<td>3.1</td>
<td>1.6</td>
<td>0.6</td>
<td>1.4</td>
<td>14.7</td>
</tr>
<tr>
<td>Outer</td>
<td>2.8</td>
<td>0.3</td>
<td>0.2</td>
<td>0.3</td>
<td>0.8</td>
<td>4.4</td>
</tr>
</tbody>
</table>

Source: Suttcliffe and Smith (1974)

For many of the immigrants, house purchasing was frequently a joint venture between a family village-fellow networks or even workplace co-ethnic colleagues. Property availability was extremely limited for the immigrants as affordable houses were mainly

---

5 Zones of transition: Areas between the factory zone and working class zone
6 White Flight: This is when the white population starts to leave for the suburbs away from where ethnic minorities move in.
found in the inner middle rings of Birmingham and consisted of large Victorian and Edwardian buildings. These properties allowed multiple occupancies and therefore served well for rental purposes for a number of families in one property. Immigrants who managed often jointly to purchase such properties benefited from building up disposable capital and a long term investment. Joint ventures in property building became extremely common since it had been the only way many of the immigrants could secure properties. As this process continued in specific areas of the city, it led to the emergence of ethnic concentrations, which in turn panicked native owners, as house prices would decline in the area (Rex and Moore, 1967).

High concentrations of South Asians became prominent in areas such as Aston, Sparkbrook, Sparkhill and Handsworth, Small Heath, Edgbaston and Washbrook Heath (Figure 4.1), (Desai, 1963). These inner city areas consisted of properties that were not only cheap to rent but were within close vicinity of workplaces and this meant that the ‘middle ring’ (Figure 4.1) area of Birmingham became recognised for its ethnic concentrations (Rex and Tomlinson, 1979). The years that followed witnessed a further pattern with noticeable segregation occurring between the three groups of South Asians on the bases of national, religious and linguistic characteristics (Robinson, 1979c); with Indians concentrated around Handsworth and the Pakistani population around Sparkhill and Sparkbrook.

By 1991, the ethnic minority population had reached 21.5%, and the South Asian population was 13.5% (Table 4.5). There were almost twice as many ‘Asians’ to ‘Afro Caribbean’. A distinct pattern of South Asian migration had emerged with high concentrations of individual South Asians groups in specific areas of Birmingham. The majority of the Pakistani groups were concentrated in and around Sparkhill and Sparkbrook, and with scattered numbers in Lozells, and Aston. The Indians were highly concentrated around Handsworth and Aston, while the Bangladeshi groups were based around Aston and Lozells.
Figure 4.1: Map of Birmingham wards in 1962
Source: Suttcliffe and Smith (1974: 183)
### Table 4.5: Ethnic group of resident in Birmingham 1991

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>Numbers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>754,274</td>
<td>78.5</td>
</tr>
<tr>
<td>Afro</td>
<td>56,376</td>
<td>5.9</td>
</tr>
<tr>
<td>Afro Caribbean</td>
<td>44,770</td>
<td>4.7</td>
</tr>
<tr>
<td>Afro African</td>
<td>2,803</td>
<td>0.3</td>
</tr>
<tr>
<td>Afro Other</td>
<td>8,803</td>
<td>0.9</td>
</tr>
<tr>
<td>Asian</td>
<td>129,899</td>
<td>13.5</td>
</tr>
<tr>
<td>Indian</td>
<td>51,075</td>
<td>5.3</td>
</tr>
<tr>
<td>Pakistani</td>
<td>66,085</td>
<td>6.9</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>12,739</td>
<td>1.3</td>
</tr>
<tr>
<td>Chinese &amp; Others</td>
<td>20,492</td>
<td>2.1</td>
</tr>
<tr>
<td>Chinese</td>
<td>3,315</td>
<td>0.3</td>
</tr>
<tr>
<td>Other Asian</td>
<td>5,653</td>
<td>1.2</td>
</tr>
<tr>
<td>Other</td>
<td>11,524</td>
<td>1.2</td>
</tr>
<tr>
<td>Born in Ireland</td>
<td>38,290</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: City Template Birmingham, (Garbaye, 1998)

#### 4.5.2 South Asian settlement patterns: 2001

Since the 1970s specific areas of the city have had concentrations of ethnic and South Asian groups who have remained close to these areas. There has been some shift by some of the succeeding generations as they have moved to more exclusive parts of the city. The census of 2001 provides the latest data on ethnic groups in Birmingham. There were 190,866 persons of Asian or British Asian groups, which included Indian, Pakistani Bangladeshi and Other Asians (Table 4.6). Pakistanis are the largest group with 104,017 people followed by the Indians with 55,749. The South Asian groups make up 65.8 % of Birmingham’s non-white population, and 4.6% of England’s South Asian population.
The 1991 census suggested that second and third generation South Asians were inclined to reside in the same geographical location as their parents (Philips, 1998). Often this was associated with the young wanting to continue with the religious and cultural traditions of the previous generation coupled with the negativity of experiences found in the labour market which led some to remain close to co-ethnic networks (Robinson, 1996). The 2001 Birmingham County Council data identified not just patterns of South Asians around the city but distinct geographic areas for the three main groups of South Asians and their segregation in the city (Figures 4.2, 4.3, 4.4). The majority of Pakistanis are located to the east of the city centre in the areas of Washwood Heath, Sparkbrook, Bordesley Green and Springhill with scattered population in Aston, Lozells and East Handsworth and Soho (Figure 4.2). High concentrations of Indians are located in the northwest of the city centre in the areas of Handsworth Wood, Soho, Lozells and East Handsworth (Figure 4.3). There are also small scattered concentrations in the South East, notably; Springfield and Hall Green, however, these areas show a higher concentration of Bangladeshi population (Figure 4.4).
Figure 4.2: Pakistani population patterns in Birmingham 2001
Source: Birmingham City Council (2001)
(Blank areas are non-residential spaces)
Figure 4.3: Indian population pattern in Birmingham, 2001
Source: Birmingham City Council (2001)
(Blank areas are non-residential spaces)
4.5.3 Wealth generation for first generation South Asians

Many South Asian immigrants had been attracted by the economic opportunities available in Britain’s towns and cities. The intention was to create wealth and return to their home
countries, however, ‘return remained a myth’ (Anwar, 1979). Wealth generation for the newly arrived immigrants in Birmingham had been through paid employment, working in the city’s manufacturing and industrial sectors. Conditions were harsh, hours were long and language barriers often hindered job progression. Many of the immigrants would opt to work extra hours to earn enough to sustain their lives in Britain and send the majority of their earnings to their family back home (Sunder and Uddin, 2007). The cost of emigrating from their native countries often left large debts that still needed to be paid back which often hindered any purchase of adequate living accommodation in Britain. However, over-time the prospect of making further money was greater than the idea of returning home as Britain’s large cities offered many opportunities for generating wealth. Some South Asians became involved in joint house buying as this was one of the key ways they could secure their own property and accumulate further wealth through renting out rooms as many of the older properties were large and allowed for multiple occupancy (Desai, 1963).

As more and more family members arrived in Birmingham and started work in the local industrial sectors, they were able to collectively accumulate wealth. This coupled with undesirable working conditions led some to leave the harshness of paid employment and look for alternatives, such as self-employment.

4.5.4 First generation and entrepreneurship

By the late 1970s South Asian businesses were becoming prominent within British cities and so was academic interest into reasons for South Asian business entry. Aldrich et al. (1981, 1984) and McEvoy et al. (1982) conducted the first major studies on Asian entrepreneurship in Britain. Their research conducted in 1978, was based on an in-depth investigation into the development of 600 small retail businesses (one hundred white and one hundred Asian in three areas) in Bradford, Leicester and the London Borough of Ealing. The research concluded with two major factors firstly ‘blocked upward mobility’ and secondly the concept of an ‘economic dead end’. Further research included ‘cultural

---

7 Blocked upward mobility: Asian entry into self-employment was the desire to avoid racial discrimination and the resulting confinement to low status jobs in the labour market (Aldrich et al 1981: 175)
8 Economic dead end: This term points to Asian entry into entrepreneurship did not always mean upward mobility since many of the business were struggling to survive.
predilection’ for entrepreneurship (Ram 1992). Barn (2000) found in the case of South Asian entrepreneurship in Newcastle that entrepreneurship entry and success was a result of ‘the humiliation that the first generation immigrants felt at the prospects of unemployment’ (Barn, 2000 p17). It was clear from the various research projects that business entry was determined by ‘push’ and ‘pull’ factors. The former included unemployment, underemployment, job dissatisfaction as well as blocked opportunities and the latter included high status, independence and retaining full profits (Jones et al. 1994:186). Overall, they identified that it was racial discrimination in the wider market that led some Asians into self-employment. Further debates over the past few years have also pointed to ‘cultural’ versus ‘structural’ approaches that have led South Asians to enter business. Cultural approaches highlighted positive factors of entry, and ‘structural’ pointed more to barriers. A ‘mixed ‘embeddedness’ approach, coupled with previous theories, had further highlighted the importance of diverse reasons for setting up businesses.

Large towns and cities in Britain where first generation South Asians first settled soon became centres for Asian self-employment. Birmingham’s South Asian business sector had become extremely prominent in the early 1980s. What had become even more evident were the barriers initially faced in setting up these businesses. Finance was not easily accessible for the newly arrived immigrants due to linguistic barriers and the absence of business plans that hindered the chances of obtaining a loan for business start up. Only when large deposits were placed were banks willing to lend to South Asian entrepreneurs.

Many South Asians accumulated large deposits from family and co-ethnic networks. South Asian culture is based on extended family tradition of economic support and pooled financial resources (Koos, 1982). This method was preferred and utilised to its fullest extent; it incurred no interest and therefore repayment of a loan only involved the borrowed amount. Some South Asians were engaged in a rotary finance system, whereby the so called ‘Kitty’ fund⁹ provided opportunities for members to obtain lump sums outside

---

⁹ Kitty funds: Communal collection of monies from key co-ethnic/community networks on a monthly basis, resulting in one group member benefiting from the lump sum at the end of one calendar month (this system was based on trust and commitment and is still in existence today).
formal networks; this system was based on trust and loyalty and shared any risks of loss between the members involved.

Business preferences were often limited. South Asians focused on business activities with low entry barriers and low risk. Many of these businesses were joint ventures with extended family members or co-ethnics and this not only shared the business risk between both parties, but also lessened investment capital. It also provided scope for business partners to learn the business and accumulate wealth before establishing a business in their own, at which point family replaced business partners. Family not only provided unwaged labour but also enabled flexibility; wives would often manage the business while husbands conducted the majority of outside duties (purchasing stock, paying bills and other administration tasks). Self-employment in this manner allowed work and the home environment to be combined and this enabled traditions and values to be maintained. Wives tended to play a crucial unrecognised role combining working in the business and performing domestic chores such as looking after the family (Dhaliwal, 1998). Utilising family also meant extended opening hours which raised profit margins.

Many first generation South Asian entrepreneurs had established their businesses around the grocery or manufacturing sectors, targeting clientele across all communities. Similar to mainstream entrepreneurs they were very much aware that market survival frequently rested on catering for all. Furthermore, the growth of the South Asian population led to a demand for shops that catered for minority groups. As ethnic communities grew so did the stock levels of ethnic-based goods and services. Many of Birmingham’s South Asian grocery stores imported Indian and Pakistani produce to cater for the local South Asian population. In addition to grocery retailing, South Asian businesses also extended to clothing and textile businesses, and the 1970s witnessed a substantial increase in this sector by South Asian entrepreneurs (Husbands and Jerrard, 2001). Significant growth was in many of the larger regions, mainly in London and the Midlands, and the majority of supplies were targeted at the mainstream community.
As South Asian numbers in Britain increased so did their demand for specific goods and services. South Asian entrepreneurs exploited the demand for ethnic products. Here success was enhanced by entrepreneurs gaining competitive advantage over mainstream businesses by providing commodities such as Indian spices, ingredients, desserts, clothing, movies, music cassettes and Asian publications. This was coupled with an awareness that these commodities could be easily and cheaply obtained via their transnational networks (Koos, 1982). In addition to the retailing and manufacturing sectors, some of the more educated sought opportunities in the professional service sector, and set up businesses providing services including accountancy, dental clinics, and general practitioner services for other South Asians who found it difficult to approach mainstream British institutions due to language barriers. Such businesses benefited by targeting South Asian consumers.

4.6 Second and third generation South Asians in the UK

The first generation South Asians who had settled in the UK established an environment at home and work that allowed their traditions and values to function that, in turn, led to comfort and security. Religion played a fundamental part as it reinforced their cultural beliefs (Dhaliwal, 2002). Although, cultural stability had been maintained at home by the first generation, the second and third generation, experienced a western independent culture from the ‘world’ outside the home. This section explores second and third generation South Asians in Britain and the impact of exposure to western culture in the transition from childhood to adolescence. It will further consider the influences of this on their personal and social identities before, going on to investigate the adaptation of becoming ‘dual-cultured’ in a country where once their parents were immigrants.

4.6.1 South Asian children born in the UK

The early years of immigration witnessed the entry of single male South Asians who entered the UK mainly for economic progression. During the settlement process, many who were married before their entry to Britain brought over their wives together with any young children (Parekh, 1997). Single men returned to marry and brought over their new brides and this led to an increase in South Asian children in Britain. The period between the late
1960s and late 1980s witnessed an increase in second and third generation South Asians (Table 4.7).

Table 4.7: Population by South Asian group (distinguishing the population born in the UK in 1984)

<table>
<thead>
<tr>
<th>Ethnic Group</th>
<th>All persons (1000)</th>
<th>Persons born in the UK (1000)</th>
<th>% UK Born</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>50,895</td>
<td>48,871</td>
<td>96.0</td>
</tr>
<tr>
<td>Indian</td>
<td>807</td>
<td>290</td>
<td>53.1</td>
</tr>
<tr>
<td>Pakistani</td>
<td>371</td>
<td>151</td>
<td>40.7</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>93</td>
<td>30</td>
<td>32.2</td>
</tr>
</tbody>
</table>

Source: Adapted from Labour Force Survey 1985

According to OPCS\textsuperscript{10} 1986 statistics, the UK South Asian population was 2.2%. Britain’s South Asian population stood at 1,140,000, which consisted of 760,000 from ethnic Indian groups and 380,000 from ethnic Pakistani groups. From these figures, 35% and 40% respectively were second generation, UK born (Robinson, 1986). The years that followed saw a further increase with the birth of third generations of South Asians born in Britain.

4.6.2 The education and schooling of South Asians

The role of education in ethnic groups has often been an area of great interest (Bhopal, 1998). South Asian parents generally tend to have a high regard for education. Historically, it was only the sons of Brahmins (priests) and Karshatyras (warriors) who were schooled. Both groups were at the very top of the caste system\textsuperscript{11} and therefore, there was a strong relationship between educational attainment and membership of upper castes. An alternative reason also originated from the days of the British Raj in India, whereby those who attended English-style schools and gained diplomas and certificates secured

\textsuperscript{10} OPCS Statistics: Office of Population and Censuses and Surveys (ethnic minority population trends in Britain (1986).

\textsuperscript{11} Caste System: The caste system describes the system of social stratification. Individuals are born into a caste. It ranks from top to bottom, highest being the Brahmins (Priests), then Kshatriyas (kings and warriors), then the Vishyas (agriculturists and traders) and then Sudras (artisan, service provider, and labours) and finally the Hirjans who are considered outside the caste system (work associated is often unhealthy and polluting jobs).
posts in the civil, military and government departments and this led to social upward mobility (Ghuman, 1994). Education was a key player in the lives of South Asians.

The first generation were aware that access to professional employment was based on education. The majority of them did not have the education to obtain such employment but worked extremely hard to ensure that their children could gain access to professional employment sector. However, schooling for the second generation was not always initially a straightforward process. Education often begins at home with language development. What happens when the language outside the home suddenly seems foreign? This was exactly the position that many second generation South Asian children found themselves in during the earlier years of their schooling. With English being their second language, they entered educational institutions with very little English, which in turn led many to be stigmatised by the school system. In 1959, there were 1,000 ‘coloured’ (non-European) children in Birmingham schools (Rex and Tomlinson, 1979). However, after the restrictive immigration Act of 1962, many immigrants sent for their dependents to join them and large numbers of immigrants’ children entered mainstream schools. In May 1968, the General Purposes Committee of Birmingham City Council noted an increase in non-European children from 3500 in 1962 to 15,000 by January 1968 (Rex and Tomlinson, 1979) giving rise to a number of debates. For South Asian children the next two decades had been a crucial point in the transition between two languages and cultures. There was pressure from parents for their children to fit into the educational system, but not always into the British cultural system. Education became important for many South Asian parents as this would provide openings in mainstream society. Since the late 1980s, there has been interest in academics exploring the relationship between education and ethnicity (Tanna, 1990; Penn and Scattergood, 1992). British education has long played a crucial role in the lives of second and third generation South Asians and continues to do so.

4.6.3 Temple institutions versus schooling
Amongst, the earlier debates on the schooling of ethnic children had been a concern with the teaching of religious studies. In accordance with the 1944 and 1988 Education Acts (Britain), morning assembly in all maintained schools had to conform to the mainstream
religion, which during this period was Christianity; parents did have the right to remove their children from assembly. The three South Asian groups followed three distinctive religions. The majority of Indians were followers of Hinduism and Sikhism and Pakistani and Bangladeshi followers of Islam. With the teaching of Christianity in schools, South Asian parents resorted to their own religion institutions to take over the responsibility for religious studies. Mandirs\textsuperscript{12}, Gurudwaras\textsuperscript{13} and Mosques\textsuperscript{14} started the teaching of religion, as well as Asian language classes so their holy books could be recited. These religious institutions also took on the role of providing cultural education and enhancing, cultural values and beliefs.

Religious institutions acted as places of social gathering for the first generation of South Asians, providing them with a sense of belonging; a place where they felt connected to their South Asian identities, a place where they did not feel like a minority group. For this generation, these institutions were important to maintaining their cultural identity, and to enhance the cultural development of their children (Ghuman, 1994) as well as developing a localised South Asian community.

Some parents felt strongly about the lack of cultural education for their children, and wanted it to be combined into mainstream curriculum. This was very much evident in sections of the Muslim community who believed that mainstream schools did not cater for the needs of their children and wanted separate voluntary-aided schools (Islamia, 1992). Over the past few decades religious schools have been set up to cater for individual religions, and most provide Islamic teachings and are often single-gender. For the majority of South Asian parents, own religious institutions served the purpose of cultural and religious training. However, South Asian parents, where possible, did prefer their daughters to attend single-gendered schools, as this deterred any cultural complications in mixing with boys. The first generation frequently aimed to keep their children within cultural boundaries in terms of language and overall identity. It was considered that the loss of their own language would lead to ‘loosing of their roots’, and this would have a negative impact

\textsuperscript{12} Mandir: Place of Hindu worship.
\textsuperscript{13} Gurudwaras: Place of Sikh worship
\textsuperscript{14} Mosques: Place of Muslim worship.
on their identity. As immigrants only a minority of the first generation of South Asians could effectively communicate in English (only those who attended schools back home where English was taught as part of the curriculum). However, due to a strong Asian accent they were often deterred from speaking English, as locals found it difficult to understand them. Therefore, although speaking English in India was recognition of an affluent status many of the parents found themselves reverting to their own mother tongue. Parents wanted their children to have a British education, as this would enable them to enter professional employment, although they wanted them to retain their mother tongue. Bhachu (1985), Smith and Tomlinson (1989) in their studies, found that a large majority of South Asians wanted the mother tongue to be part of the school curriculum, enabling the written language to be reinforced since the verbal language was already spoken at home. Since the 1980s, more and more schools have started to include South Asian languages as part of the school curriculum or alternatively provide them as independent study at schools after school hours. Amongst these languages are Urdu, Hindi, Punjabi, and Gujarati, which are becoming increasingly popular. The past three decades have seen the role of specific institutions contributing towards the learning of second and third generation South Asians (Table 4.8).

Table 4.8: South Asian (SA) pupils and the role of institutions

<table>
<thead>
<tr>
<th></th>
<th>Hindu</th>
<th>Muslim</th>
<th>Sikhs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>School</strong></td>
<td>Government curriculum</td>
<td>Government curriculum, Muslim schools follow own religious curriculum</td>
<td>Government curriculum</td>
</tr>
<tr>
<td><strong>Religious Institutions</strong></td>
<td>1)Religious studies, 2) Hindi language classes 3) Hindu cultural education</td>
<td>Religious studies (reciting the Quran) 2) Urdu language classes 3) Muslim cultural education</td>
<td>1) Religious studies 2) Punjabi Language 3) Sikh cultural studies</td>
</tr>
<tr>
<td><strong>SA Community organisations</strong></td>
<td>As above and health based workshops</td>
<td>As above and health based workshops</td>
<td>As above and health based workshops</td>
</tr>
</tbody>
</table>

Source: Interviews July-Sept 2005
Schools, religious institutions and South Asian community organisations have all been part of enhancing South Asian cultural and academic education. The majority of schools in areas where there are high concentrations of South Asian groups include South Asian languages as part of the school curriculum. Religious institutions have taken on the responsibility for this as part of their cultural education and this involves teaching language, this is a component of developing skills to recite holy literature and teaching cultural studies to enhance South Asian history and identity. Similarly, community organisations also offer learning facilities that follow the first two providers, but in a less restrictive environment. A place where they can mingle on a more social level and take part in creative learning such as dance classes, sewing and cooking classes for girls as well as yoga, exercise and sports for all age groups. Frequently, multicultural government schemes and private investors from within the South Asian communities fund such projects.

### 4.6.4 South Asian Identity

Research based around ethnic identities has intensified over the past few decades as a response to immigrants settling into host countries (Westwood and Bhachu, 1988, Phinney, 1990). As newly arrived immigrants, many first generation South Asians held strongly to their cultural roots and remained very much embedded in their culture identifying themselves as South Asian. Being aware of the hostility by the locals, they confined themselves within their cultural boundaries performing their cultural customs and traditions in British spaces by creating small Asian spaces and keeping their identities intact. They identified themselves as ‘Pakistani/ Bangladeshi/Indian, coupled with their religious identity. The few who desired to diversify faced barriers from the indigenous population who viewed newly arrived immigrants as unwelcome ‘outsiders’ who were taking up British houses and employment. The first generation concentrated on their employment and the settling down process (Rana, 1999) and this included focusing on the welfare of their young.

There was awareness by the first generation of the difficulties faced by their young (the second and third generations) in resisting the temptations of completely assimilating into the British society (Rana et al, 2007). However, Shaw (1994) in her study of Muslim
cultures found that very few Muslim men deviated from their parental and cultural values. The majority of parents aimed to provide a middle point where the children could have a certain level of western independence but this was aimed more at the boys than the girls. It was no secret that the lives of the second and third generations were much more complex in comparison to their immigrant parents. However, there was a search at an individual level to combine both worlds and try to ‘keep a balance’. The children began to live with two lifestyles; the mainstream British amongst school friends and Asian at home and with the co-ethnic community. They swapped and changed according to the situation they found themselves in. This in turn shaped and reshaped their identities.

Ghuman (1994) found in his research in Birmingham, that the second generation of South Asians, identified themselves as British citizens combined with their religious status such as British/Sikh or British/Hindu. An interesting point in his research was the finding that many young people’s identities had been formed around their religion rather than their parent’s nationality. Many were reluctant to be classed as ‘English’, and the term ‘British’ was preferred. However, this was not the case in Vancouver (in his comparison study) whereby Asians who were succeeding generations identified themselves as ‘Indo-Canadians’ with religion being less important (Ghuman, 1994).

Overall, it was obvious that the position of the second and third generations of South Asians was more favourable in the host country than their parents. Co-existing with the western culture was much easier compared to their parents. However, coping with two cultures in harmony was not always without problems. Due to the varying strength of impacts of family/cultural customs and beliefs, some found it more challenging than others. The majority learnt to ‘mix and match’, in other words to acquire the ‘best of both worlds’. This in turn led many to develop both a British and Asian identity.

4.6.5 Dual identities and hybridised (fused) tastes

The lives of the first generations had been shaped by their experiences where parents faced very different types of experiences from the outside world as immigrants and dealt with these by almost segregating themselves from the wider host community, only relying on
co-ethnic networks for support (Dhaliwal, 2002). For the second and third generations segregation had not been an option, as their schooling in mainstream institutions had become the first step in the process of assimilation into British culture. Here the influence of peer pressure and the surrounding mainstream environment played a key role in their identity building. South Asian culture had been bounded by duty and respect, in comparison to western culture which promoted independence (Dhaiwal, 2002). Therefore, dealing with Asian norms and values at home and integrating with British/white counterparts outside the home exposed these generations to two contrasting cultures. For the majority diasporic identifications involved living in ‘translation’, where individuals had learnt to inhabit two identities and speak two cultural languages, translating and negotiating between them (Hall, 1992).

Despite, the maintenance of cultural boundaries by the first generation, during their settlement stages, time spent in the host country did, to some extent, lead to transformation and self-definition. Such transformation and self-definition resulted from crossing geographical boundaries and the process of re-establishment in the host environment (Cunningham and Sinclair, 2000). This transformation and self-definition had extended very little for the first generations, but did provide a foundation for bringing up their children. Parents’ individual perceptions varied; as some allowed freedom to a certain extent while others remained isolated from British culture. This resulted in some retaining more of their South Asian identity and others developing a more British identity. For some identity conflicts arose when parents deterred their children away from too much assimilation into British culture and society. Despite, identity conflicts resulting from exposure to two cultures (Stopes-Roe and Cochrane, 1990; Ghuman, 1994), the majority took to living as dual-cultured individuals, identifying themselves as both British and Asian. They adopted multiple identities to adapt to mainstream British society (Parmer, 1989, Hutnik 1991, Moodood et al., 1994). They were continually redefining their cultural identities in accordance to the different environments they found themselves in (Basit 1997).
The constant re-defining and reshaping of the identities of these individuals played a crucial role in their development and influenced various aspects of their lives. One of the key areas where this impact was apparent was the development of their tastes in relation to particular commodities that catered for their dual cultural identities. This included a fusion of both Asian and British elements, amongst which were tastes in foods, music, and fashion. Commodities had hybrid formations to cater for Asian and Britishness. The past two decades has witnessed a ‘cultures of hybridity’ (Gilroy, 1993; Hall, 1992). Evidence of such commodities are in music where the British Bhangra lays it foundations in western ‘beats’ added to Asian lyrics (Dudhra, 2002). The Asian/British fashion industry, has blended Asian and British designs (Bhachu, 2004) and one of the most important fusions has been in cuisines. Asian dishes have been altered especially to capture a wider market. The most recognised being the British Tandori and Balti dishes, which are frequently preferred by British/Asians who, unlike their parents, are partial to milder Asian cuisines. The tentacles of hybridity, gradually, filtered to language whereby the second and third generations have a range of terminology, which includes Asian and British vocabulary. An example, is the well known term amongst British/Asians the words ‘aunty-ji and uncle-ji’\textsuperscript{15}.

4.6.6 The second and third generations: differential aspects

The lives of second and third generation South Asians in Britain have been much more complex then their parents. This stemmed from their upbringing in a country where there parents were once immigrants, and tended to remain confined to their own cultural boundaries, often due to the experiences they encountered from mainstream British society. However, succeeding generations were unable to segregate themselves completely as a result of a numbers of factors, including schooling in mainstream institutions and the education they achieved, peer pressure, the surrounding environment and later workplace experiences. In contrast, their home life tended to be based around conforming to Asian norms and values (Figure 4.5). This led them to define their identities to fit in with their surroundings. Some took on a more Asian identity while others became British. The majority of the succeeding generations have learnt to co-exist in ways that have made them

\textsuperscript{15} Aunty-ji and uncle-ji: Terms used to address not just relatives who are much older in age to oneself but also co-ethnics who may not be related. The ending ‘ji’ is the term used to indicate respect.
unique. They have taken on multiple identities, and are able to interchange between two cultures depending on the situation. This has influenced the way they operate in the environment, and extended to the way they access co-ethnic and mainstream resources. Furthermore, such dual-culturalism has given way to hybrid forms of culture, whereby they have combined their Asian and Britishness and created a subculture, to such as extent that their desires and tastes for various commodities have altered and been recreated around hybrid commodities. Some have also become ‘cultural navigators’, where they have access and play a role in own communities. There is also evidence of them carving out distinct niches for themselves in certain areas of the economy (Parekh, 1997) including their presence in the world of entrepreneurship. It is this area that we now turn our attention to. For the majority of South Asians balancing the two cultures has resulted in them becoming dual-cultured (duality) this provides a number of opportunities of which the key is accessing both cultural and mainstream resources (Drury, 1991).
Figure 4.5: Model to show the reshaping of second and third generation South Asian (SA) identity and the possible outcome of their duality.
4.7 Birmingham’s Asian self-employment

Self-employment in the UK doubled between 1971 and 1992, with significant activity occurring during the 1980s. Ethnic minorities (Chinese, Indians, and Pakistanis) played a significant role in this increase (Labour Force Survey, 1991). During 1997 ethnic minority groups represented 5% of the UK population, with ethnic minority entrepreneurs being responsible for 9% of new business start-ups (OECD, 2004). Estimates suggested that 7% of the total UK small business stock had been formed by ethnic minorities This period also witnessed high numbers of Asian and Afro-Caribbean businesses based around the retail and service sectors with retailing accounting for 60% of all Asian-owned businesses compared to 34% of white and 36% of Afro-Caribbeans in the UK (Bank of England, 1999).

Birmingham’s self-employment followed similar patterns, whereby, at the turn of the century, Birmingham Company Information System (BCIS) documented 1,279 businesses that had Asian owner managers, representing 15% of the stock of Birmingham and Solihull businesses. For this group retail was the primary activity and accounted for 28% of all retail businesses in Birmingham and Solihull. Seventy-seven per cent of Asian SMEs were micro-sized and 88% consisted of fewer than 10 employees. An interesting factor is that half of the businesses were less than 10 years old (OECD, 2004).

Second and third generations

The 1970s witnessed the emergence of second generation South Asian with British education (Rana et al., 2007). The years that followed saw many South Asian parents encourage their children to acquire education so that they could enter professional careers. There was noticeable increase of South Asian children reaching the national average level in education, and Indians tended to surpass this (Parekh, 2000), leading to many entering professional occupations. Furthermore, succeeding generations of South Asians are better integrated into mainstream communities, educated, and possess a number of skills such as mainstream social and IT skills (Dhaliwal, 2008). Trehan et al. (1999) found in their study that second generation South Asians were engaged in more diverse entrepreneurial activities compared to their predecessors. Furthermore, 38% per cent of the respondents
held degrees or equivalent qualifications which they used to acquire experience before becoming self-employed.

Between 1998 and 2005 the UK’s Asian entrepreneur growth rates were three times that of the national economic growth, at 69% compared to an overall UK GDP of 22.8% (Barclay Business Banking, 2006). Coupled with this was the shift by Asian business owners towards higher value industrial sectors such as pharmaceutical, IT, and media. It has become noticeable that Asian wealth creation was moving away from traditional sectors of the economy to focus on high value service sectors (Dhaliwal, 2008).

In 2001, Birmingham’s economically active South Asian self-employment population stood at 13.8% for Indians, 14.9% for Pakistanis and 10.9% for the Bangladeshi group compared to 8.4% for the white British population (Table 4.9). There was a disparity within the South Asian community with the Bangladeshi being the least entrepreneurial. The Bangladeshi group often targeted the catering and restaurant sectors.

<table>
<thead>
<tr>
<th>Population aged 16-74 years</th>
<th>Self employed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>All groups</td>
<td>410,552</td>
</tr>
<tr>
<td>White British</td>
<td>293,104</td>
</tr>
<tr>
<td>White Irish</td>
<td>12,658</td>
</tr>
<tr>
<td>Other White</td>
<td>6,572</td>
</tr>
<tr>
<td>Mixed</td>
<td>7,382</td>
</tr>
<tr>
<td>Indian</td>
<td>24,756</td>
</tr>
<tr>
<td>Pakistani</td>
<td>26,691</td>
</tr>
<tr>
<td>Bangladeshi</td>
<td>4,846</td>
</tr>
<tr>
<td>Other Asians</td>
<td>3,245</td>
</tr>
<tr>
<td>Black Caribbean</td>
<td>22,544</td>
</tr>
<tr>
<td>Black African</td>
<td>2,514</td>
</tr>
<tr>
<td>Other Black</td>
<td>2,349</td>
</tr>
<tr>
<td>Chinese</td>
<td>1,914</td>
</tr>
<tr>
<td>Other</td>
<td>1,977</td>
</tr>
</tbody>
</table>

Source: Census of population, 2001 (Birmingham City Council)
4.7.1 Second and third generation South Asians and the service sector

Birmingham’s service sector accounts for 80% jobs in the city (Birmingham Economy, 2006). A large and growing proportion of Birmingham’s economy is made up of ethnic minorities of which South Asians play a key role. These groups have carved themselves niches in certain areas of the economy which are based on their educational credentials and professional level employment in the service sector. This situation was frequently initiated by parents who in the earlier years encouraged or pressurized their children to continue in education and gain degree level qualifications sometimes even selecting the career path for them. These included those professions where ‘qualifications’ had a status attached to it, such as medicine, law, accountancy and pharmaceuticals. These careers provided, for many, upward social mobility, not just in the co-ethnic communities but also in wider society. Indeed, Birmingham has seen a rise in South Asians entering these fields, and many established their own businesses in these professions.

Many of the businesses owned by the second and third generations seem to be no different from other mainstream businesses, but an examination displays alternative strategies are sometimes being adopted in the process of setting-up and operating these ventures. For these generations pull factors have played a key role. They recognise the economic benefits and opportunities that are open to them, and make use of their ‘productive diversity factor’\(^\text{16}\) in establishing their businesses. Similar to the first generation they capitalise on ethnicity in gaining competitive advantage over mainstream markets, however, they go further by capitalising on their dual culturalism which has equipped them with playing on their bi-lingual skills as a ‘tool’ for accessing South Asian and non-South Asian networks to develop their ventures.

Successful second and third generations have now been recognised in diverse fields of entrepreneurship. Furthermore, they have also played a significant role in the succession of family businesses. Amongst the most recognised South Asian firms in Britain is the Joe Bloggs Company which initially was established in the north of England and was further

\(^{16}\) Productive diversity factor: This is where ethnic minority businesses are now beginning to recognize the economic benefits and opportunities that lie in multiculturalism (Chavan and Agrawal, 2000)
developed and modernised by the son of the family Ahmed. The garment business was
given a brand name and began to compete successfully with other mainstream clothing
retailers. Similar aspects were also at play with the Suman Marriage Bureau, a
matchmaking business which had been modernised and developed further by the son by
placing it on-line (Dhaliwal, 2002). Despite, there being a number of family successions in
the earlier established businesses, the majority of the research to date has formed on
traditional sectors of the economy, namely manufacturing, retailing, and wholesaling.
Studies of second and third generations establishing businesses in the service sector have
started to emerge over the past few years (Rafique, 2006, Dhaliwal, 2002, Dhaliwal, 2008)
but much more research is required to explore South Asian entrepreneurship.

4.7.2 Second and third generation: Duality, hybridity and entrepreneurship
The majority of second and third generation South Asians in Britain identify themselves as
British Asians existing within both Asian and British cultures. Such embeddedness in
culture and society has resulted in specific aspects of their lives evolving and the
development of a fusion of two distinct identities. This fusion is not attached to identity
alone but has extended to the tastes that these generations have acquired. Therefore, such
‘cultures of hybridity’ (Giroy, 1993, Hall, 1992) have resulted in demand for fused
commodities, such as food, fashion, and entertainment (hybrid goods). Such commodities
in Britain have become big business. Entrepreneurs in these fields have used their duality
and hybridity to produce goods and services which cater for niche tastes. British Bhangra
music originated in Birmingham and grew in the world of Asian entertainment. Music
started to be created by many of the local second generations of South Asian fusing British
‘beats’ with Asian lyrics (Dudrah, 2002). By 1984, the ‘Bhangra Beat’ was created from
modern instruments combined with Asian lyrics causing a revolutionary break-out. Later,
further fusion occurred with urban Black sounds such as Regge, Dub and Soul again being
fused with traditional Punjabi lyrics (Banerji, 1988, and Baumann, 1990). It was a period
for the Asian youth with parallels to ‘swinging 60s’ for white Britons. The years that
followed witnessed demand for such music, and first cassettes and later CDs were recorded

17 British Asian: The term used to describe British South Asian citizens who descended from mainly the
Indian subcontinent at schooling age or are British by birth.
along with music videos to cater for these demands. Today, although the British South Asian music artists develop and create their music in Britain, mostly in the Bhangra centres (Birmingham and London), video filming and CD recording and manufacturing is undertaken in India and Pakistan as production costs are lower.

In terms of fashion, small enterprises originated in ethnic enclaves. Initially Asian fashion was confined to original styles (more traditional fashion-ware). The years that followed witnessed the third generation’s desire to experiment with fashion by fusing their tastes which was influenced by their Asian and British identities. The past 15 years has seen an alternation in Asian fashion boutiques found in ethnic cities. These enterprises have grown rapidly and many of the small Asian clothes shops have turned into boutiques which are linked to enterprises back home in the Indian sub-continent (Bhachu, 2004). The owner managers’ fax over orders of ‘made to measure’ to clothes manufacturing bases in the Indian sub-continent. Amongst the well desired hybridised items are the pashminas (Asian shawls fused with designs from the British scarf) and kurtas (ranges of shirt-like styled tops). Many boutiques in Britain are now being set-up and run by second and third generation South Asians who have the ability to develop designs which are attractive to both South Asian and mainstream clients. Not all have been trained in fashion and design, but through their duality are ‘naturally’ aware of Britain South Asian fashion markets and establish boutiques for business purposes this is further enhanced by ‘knowing they can buy or manufacture cheap (often from the Indian subcontinent)and sell expensive’.

4.7.3 Entrepreneurship: Second and third generations versus first generation

Government statistics and emerging literatures suggest that second and third generation of South Asians in Britain are similar to their predecessors as they are keen to establish businesses. However, these generations are demonstrating diversity in their choice of business and entrepreneurial tactics. In terms of business types, many are targeting high tech, and professional specialist businesses in diverse sectors of the economy (Barclay Bank, 2006). This is different to their predecessors who tended to enter more traditional sectors of the economy. Determinants behind business start-up for first generation were based largely on ‘push and pull factors’ with the ‘push’ being more dominant. Businesses
established were often low risk and low cost, and with a maximum reliance on family and co-ethnic networks. These earlier businesses were often limited to small grocery retailing or small scale manufacturing, with products catering for mainstream markets. Rising demands for South Asian necessities meant that South Asian grocery retailers began to stock ethnic minority commodities. Over-time, some South Asian businesses recognised the opportunities to ‘tap-into’ ethnic markets and supply the majority of ethnic products, and this led them to target niches in protected markets. Such firms were established often in ethnic areas, located in large cities that had initially been key players in attracting in labour immigrants. In Birmingham, Handsworth’s Soho Road and Sparkhill’s Ladypool Road, amongst others, remain a prime example of clustered South Asian entrepreneurial activity.

The first generation capitalised on their ethnicity to gain access to co-ethnic markets. In addition, many had the added advantage of importing ethnic commodities from the Indian subcontinent at low cost by utilising their contacts and knowledge through transnational networking. During this earlier period of South Asian settlement the near absence of professional service sector businesses was very much evident, however, the few who had managed to set up as a result of their education, expertise and skills targeted the niche South Asian markets. This was evident for those entrepreneurs involved in small scale law, accountancy, dentistry and GP practices. These minorities benefited from capturing the growing South Asian clientele who frequently preferred to use the services of co-ethnics due to language and cultural barriers. Such businesses grew in line with the increasing South Asian population. In comparison to the first generation, the second and third generations ‘seem’ just as keen to establish businesses, however, it appears that the ‘pull’ factor may be more active then the ‘push’ (Dhaliwal, 2002). There are a whole series of new entrepreneurial drivers for second and third generation entrepreneurship.

These drivers may stem from a number of factors such as their education, family pressure, family reliance and support. Co-ethnic and mainstream opportunities (here they access co-ethnic and mainstream markets, support resources). Furthermore, their dual-culturalism may provide them to see opportunities (innovative ideas for products and services derived from the Asian and British cultures, some even creating hybrid products). Indeed the past
decade had witnessed a shift in South Asian entrepreneurship as a result of these entrepreneurs taking family enterprises into a new direction through modernisation, expansion, and diversification. Furthermore, some have through innovative ideas created new products that have targeted new markets (some of these creations have also been hybrid – fused from Asian and British tastes). Others have established businesses by setting up new ventures. There has also been evidence of transnational multiple ventures where firms have been established with partners cross border for various reasons. With a shift in British South Asian entrepreneurship, the thesis sets out to explore the dynamics and operational strategies of service sector firm formation and operation.

4.8 Conclusion

This chapter provided an overview of South Asians in Birmingham. The initial part of the chapter sets the scene of South Asians in the context of Britain and in particular Birmingham. This is important as many of the first generation South Asians entered Britain to fulfil the labour shortages in the industrial and manufacturing sectors of the economy. There settlement patterns were very much determined by employment in the local industries. For some, structural factors in the workplace led to them considering alterative forms of employment, some chose to become self-employed by setting up low cost businesses. However, being in the host country and establishing a business was not so easy and many resorted to utilising co-ethnic network support from physical to financial. Studies in this field portray particular business traits and characteristics in relation to first generation South Asian entrepreneurship, some of which are known to have filtered through to the succeeding generations (family support, supplying commodities to co-ethnic, tapping into co-ethnic markets, importing goods from country of origin).

The chapter goes on to explore the lives of the succeeding generations and found that they were different from the first generation as a result of being detached from immigrant status and through their upbringing whereby they have assimilated in British society and culture as well as maintain their Asian culture. The impact of co-existing in two cultures led many to become dual -cultured, this may seem a trivial matter, but for many this re-shaped their identity formation, where the majority categorise themselves as British/Asians.
Furthermore, dual-culturalism equips them with a behavioural trait that may influence and impact various aspects of their lives. In terms of entrepreneurship, for some it plays an influencing role in their decision making and operational strategies. This is not to say that every second and third generation has similar traits in their entrepreneurial behaviour. The chapter also highlights that second and third generation entrepreneurs are showing diversity in the type of business set up. There are growing numbers of South Asians entering the professional and business services sectors of the economy. In some cases the first generation have played a key role in this, whereby, their children have been geared towards those professions (law, pharmacy, accountancy etc) that provide status within the co-ethnic community and acceptance in the wider community. In addition, second and third generation entrepreneurs tend to access support from a wide range of networks, often as a result of their knowledge and skills which have been developed in line with the indigenous population, unlike their predecessors. Therefore, this chapter has set the scene of South Asians in the context of Birmingham and in the field of entrepreneurship. With the gaps in literature from chapter two, the next chapter through the investigation of case studies explores how second and third generation South Asians set up and operate their businesses in Birmingham.
CHAPTER 5
DRIVERS OF SECOND AND THIRD
GENERATION SOUTH ASIAN FIRMS IN THE SERVICE ECONOMY

5.1 Introduction
This chapter investigates the drivers behind the establishment of second and third generation South Asian firms as well as deployment of business tactics used in their entrepreneurial activities. Since the early 1980s new enterprise creation has been recognised as playing a key role in Birmingham’s economy and South Asian firm formation has contributed towards this development. Previous studies around new firm formation have frequently defined firm start-ups as ‘the creation of new enterprise’ (Mazzarol, et al., 1999) with much of the research developing along two themes: first, the entrepreneur’s traits and personal characteristics; and second, the influence of economic, social, political, and cultural factors. Contributing to the field of entrepreneurship has been research in ethnic business activities, a study area that has accelerated since the arrival of ethnic populations in Europe since 1945 and new waves of immigrants to Commonwealth countries (Aldrich and Waldinger, 1990).

Existing studies have highlighted South Asian interest in establishing firms, and have identified determinants that have contributed to entrepreneurship (the ‘push’ and ‘pull’ factors). However, the majority of previous research is centred round first generation entrepreneurship. Studies on the succeeding generations remain limited (what is available tends to slant towards grocery retailing and small scale manufacturing sectors) especially in relation to diversity in choice of firm set ups (pharmacy, law, media related etc). Detached from immigrant status and with the majority being identified as British Asians, there are a whole serial of entrepreneurial drivers that influence and impact second and third generation entrepreneurs and the way they set up and operate their businesses. These drivers can stem from a number of aspects, amongst others, these include personal characteristics and motivations, inspiration from others or as well as business opportunities. What is ‘thrown into’ the mix of contemporary South Asian entrepreneurship is that many of these generations are dual-cultured due to their upbringing in Britain, and this brings with it identity traits that may impact on their entrepreneurial decisions in setting up and
operating their businesses. Therefore, some may be playing on traits of duality to obtain clients, access markets, as well as seeking out opportunities based on their two distinct cultures. Hence, for some the awareness of innovating products and services derived from their ‘Asianess and Britishness’ and the creation of ‘hybrid’ goods and services, that target new markets or expand existing markets in order for their businesses to survive, grow and expand. Sociologists have recently started exploring the formation of hybrid (dual and multiple) identities in relation to those individuals who co-exist with other racial groups (Donyaz, 2009, Coughlan, 2006). In relation to the South Asian groups such identities have impacted on personal individuality as well as language (Madood, 2003). Therefore, in addition to motivational factors and operational activities this chapter also draws out aspects of such identities and the role they play in relation to South Asian service firms. This chapter sets out to explore drivers and operational strategies of contemporary South Asian entrepreneurship.

The chapter places entrepreneurship in a wider framework by exploring pre-establishment factors (pre-conditions), firm formation and locating the firm/product/service in various markets. Pre-conditional factors reflect the pre-establishment stage where aspects such as motivations, prior knowledge, educational credentials, personal traits, the environment especially family and lifestyle of the individual, and structural aspects influences the individual to enter entrepreneurship. Previous studies have emphasised the reasons behind first generation entry into entrepreneurship whereby the minority of South Asians established small businesses to escape discrimination in workplaces, or to achieve autonomy. In comparison, the second and third generations detached from immigrant status and often assimilated into Britain’s cultural, political and economic context are just as keen as first generation immigrants to establish businesses.

The second section sets out to explore firm formation in relation to organisational structure. It focuses on areas of sole proprietorship, business partnerships, and multiple ventures with family and non-family members, as well as business location and staff requirements. The final section will explore how second and third generations have entered South Asian and non-South Asian markets, also focusing on strategies adopted which in some cases have stemmed from the exploitation of their duality (in some cases this has even led to hybrid products and services) and
how this may be used to target new markets (duality and hybridity are also discussed in the next chapter (6) on breaking-out strategies).

5.2 The entrepreneurship process and the wider framework

Establishing a business is part of a much wider entrepreneurship process. The entrepreneurial process is defined as the process of establishing a business and involves the transition from pre-formation to the formation of a new business (Van Auken, 2000). The process also incorporates different functions, activities and actions that are linked to opportunity recognition (Bygrave and Hofer, 1991). Moore’s model places the entrepreneurial process in a wider framework with components including innovation, triggering events, implementation and growth. Here the former two are responsible for the entrepreneur considering and establishing the business and the latter two being influenced by both the entrepreneur and the environment, although there are some overlaps between the middle two (Moore, 1986 cited in Bygrave, 2003). The triggering event may occur through various pre-conditional factors, from redundancy to discrimination in the workplace or from family background of the entrepreneur to previous work experience and skills. Furthermore, innovative ideas regarding product and services may be enough to seek out an entrepreneurial opportunity.

The entrepreneurial process that leads to the formation of ethnic businesses has many different drivers. Individuals journey through the entrepreneurial process and are impacted by their personal characteristics as well as the external (work place and social structures) and internal (family and friends) environments which may provide different opportunities for them to consider and establish businesses. Therefore, to understand contemporary South Asian entrepreneurship in Birmingham it is important to explore the entrepreneurial process in a wider framework. The process can be divided into three distinct components: pre-establishment; establishment; and markets. The pre-establishment component consists of factors such as family background (especially business related), previous employment, education, skills and knowledge. It may also include general lifestyle that may lead to the individual desiring to become their own boss. The second component is related to actual firm formation and consists of factors such as, organisational structures, staffing, premises, family and finance. The third component reflects
locating the firm in the market. Reference here is to the way entrepreneurs aim to capture or create markets for their products and services. (Figure 5.1).

![Figure 5.1: The entrepreneurial process of South Asian businesses](source)

The entrepreneur is the key player in the entrepreneurial process, and therefore, their identity and culture may impact on the entrepreneurial process in different ways. The South Asian entrepreneur may capitalise on aspects of ethnicity to set up a business, substitute family members for paid employees or use cultural aspects to access wider markets. The nature of support networks found in South Asian families facilitates the entrepreneurship process in various ways such as, by providing access to credit without the need to pay interest, the utilisation of unwaged or low waged family labour, or even the use of ‘favour labour exchange’. Furthermore, the development of the entrepreneur’s traits may be influenced by their upbringing, which may have been subjected to contrasting racial cultures. Therefore, it is also important to
acknowledge the level of assimilation of these groups into mainstream culture and society as this could influence entrepreneurial behaviour.

5.3 Birmingham: Self-employment, the service sector and South Asians

The Thatcher government of the 1980s promoted the ‘entrepreneurial spirit’ with governmental policies encouraging business start-ups and ongoing support. The following decade emerged with small and micro enterprises being recognised as key to regenerating Britain’s economy (Rochdale, 2004). By 1997 the Employment Service reported that 46% of new private sector employment was created by businesses with less than 50 workers. By the spring of 2000, approximately 3.1 million were self-employed in the United Kingdom, 11% of overall employment, with more men found in self-employment than women (15% and 7% respectively). In relation to racial breakdown, self-employment was much more common amongst South Asians than other ethnic groups. Again it was more common amongst men than women.

In 2001, the West Midlands was home to approximately 290,000 businesses, 7.7% of the UK total stock of firms (OECD, 2004) Two-thirds of these businesses had no employees and were self-employed persons; or had partnerships with no employees and in all they still accounted for approximately 10.6% of employment. Thirty-three per cent of the firms consisted of 1-49 employees, furthermore, the area of the West, Midlands had amongst the highest proportions of small firms in the UK.

Post-war economic restructuring saw the economies of a number of large cities transformed, and amongst these was Birmingham. The city had experienced deindustrialisation from 1966 and this led to a decline in manufacturing employment falling from 250,000 in 1978 to 65,000 by 2004. By 2006, 80% of the city’s jobs were in the service sector (BCC, 2006). Services are now recognised as playing a key role in the economies of developed countries (Sheehan, 2006). The majority of the jobs had been created by the expansion of the financial, business and professional service sectors, these being based on higher skilled occupations. Low skilled jobs in retailing and tourism also grew. In turn a rise in the service sector economy contributed to SME business
formations. The city’s regeneration department recognised the importance of small businesses within the locale:

*Our City has a long and proud association with industry and manufacturing. However, our economy has recently become more diverse, out of necessity, emerging as a vibrant and modern city with a strong service sector. Our new diversity is underpinned by the crucial contribution of local small businesses. Continuing it in the future necessitates having a flourishing small business sector* (Hill, 2006, pp 4)

Since the 1970s, self-employment has been recognised as a vehicle for economic advancement amongst immigrant populations (Light et al., 2000). In Britain, the post-war period saw many South Asians enter businesses with low entry barriers and low expectations, such as retailing or small scale manufacturing. Limited skills often led to the utilisation of unwaged family capital and low pay co-ethnic employment support. Business success was further reassured by cultural ‘know-how’ and by ‘tapping’ into co-ethnic clientele and markets. Business start-ups had been initiated by distinct push/pull factors which had been strongly influenced by immigrant ‘status’ and the climate of the post-war era. The migration of African-Asians to the United Kingdom had further boosted the birth of small firms within cities such as Birmingham. The majority of these immigrants had run established businesses in their homeland and had experience of running firms.

Detached from immigrant status and having grown up in Britain, the second and third generations are displaying just as much interest in entrepreneurship as the first generation of South Asians. Labour market trends in 1999 identified that 16% of Pakistani/Bangladeshi groups and 14% of Indians were self-employed compared to almost 12% for the white group (Barrett et al., 2001). In comparison to first generation South Asian businesses (grocery and retailing), succeeding generations of South Asians have recently moved towards greater diversification and break-out into new sectors, these include: communications technology, internet and media related fields. Entrance into these sectors, requires a certain level of education and training which in the case of some of the second and third generations has been obtained from parental investment. The past
decade has witnessed the growth of more South Asian small businesses in Britain’s towns and cities and especially in cities with high concentrations of minority ethnics.

5.4 The entrepreneur

Who becomes an entrepreneur? This question has interested scholars for over a hundred years (Minns and Rizov, 2004). Scholars from many fields have explored this from a number of perspectives. Economic theorists have highlighted that amongst the key determinants of entrepreneurship is the ability to bear risk during times of liquidity constraints (Knight, 1921). The sociological perspective on ethnic entrepreneurship identified economic achievement as a key factor in contributing to the development of alternative theories of self-employment (Light, 1972). It was recognised that ethnic minorities faced a number of drawbacks in the host country, and the existence of ethnic enclaves offered immigrants with opportunities to establish various ethnic formed production and retail businesses (Borjas, 1986). Others argued that immigrant self-employment was frequently the result of immigrants perceiving that self-employment provided higher returns (capital) than paid employment (Fairlie and Meyer, 1996), or entry was determined by push and pull factors (Bates, 1999). Motivational aspects of the individual also included the ‘desire for independence’ (Carter and Cannon, 1988). In terms of female business set ups entry was frequently based on the lack of alternatives (Watkins and Watkins 1984).

With diverse reasons being given for becoming an entrepreneur my research addresses this question in relation to second and third generation South Asians in Birmingham’s service sector economy. It places the entrepreneur in the context of the wider entrepreneurial process to develop a deeper understanding of how these generations use various personal and social aspects and channels to establish and operate firms in both co-ethnics and mainstream markets. Particular focus will also be placed on the role of duality and the creation of hybrid goods and services that are used by South Asian entrepreneurs. The research also explores strategies that are deployed to differentiate the product or service from the mainstream.
5.4.1 Business and owner characteristics

The study sample consists of second and third generation South Asian entrepreneurs, with the exception of one firm which is a partnership between one South Asian and two British/white entrepreneurs (reference to selection process is highlighted in chapter 3). The sample also includes firms in many different sectors (Table 5.1).

The study includes 21 male and 9 female entrepreneurs (Table 5.2). Previous studies suggested that entrepreneurship is a male activity (Berg, 1997) and this was also true for the first generation of South Asians where the role of women in the business was unrecognised, despite them being the ‘backbone’ of family businesses (Dhaliwal, 1998). However, approximately one third of the sample is female, therefore, suggesting that South Asian female entrepreneurship may be becoming more important.

Table 5.1: Business classifications

<table>
<thead>
<tr>
<th>Business Categories</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law/Accountancy</td>
<td>4</td>
</tr>
<tr>
<td>Training and Consultancy Services</td>
<td>3</td>
</tr>
<tr>
<td>Media</td>
<td>5</td>
</tr>
<tr>
<td>IT</td>
<td>4</td>
</tr>
<tr>
<td>Property/financial Services</td>
<td>4</td>
</tr>
<tr>
<td>Medical related services</td>
<td>2</td>
</tr>
<tr>
<td>Fashion related services</td>
<td>2</td>
</tr>
<tr>
<td>Travel services</td>
<td>1</td>
</tr>
<tr>
<td>Printing services</td>
<td>1</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

Source: Field study, July-September 2005

Table: 5.2: Age when they established their first business

<table>
<thead>
<tr>
<th>Age</th>
<th>Men No. s</th>
<th>Men %age</th>
<th>Women No. s</th>
<th>Women %age</th>
<th>Total No. s</th>
<th>Total %age</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;25</td>
<td>8</td>
<td>38</td>
<td>1</td>
<td>11</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>25-35</td>
<td>9</td>
<td>43</td>
<td>6</td>
<td>67</td>
<td>15</td>
<td>50</td>
</tr>
<tr>
<td>36-46</td>
<td>4</td>
<td>19</td>
<td>1</td>
<td>11</td>
<td>5</td>
<td>16.7</td>
</tr>
<tr>
<td>&gt;46</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>11</td>
<td>1</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21</strong></td>
<td><strong>100</strong></td>
<td><strong>9</strong></td>
<td><strong>100</strong></td>
<td><strong>30</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Author (Interviews July-Sept 2005)
Age often plays a significant role in business start-ups. Previous studies have suggested that men may start businesses in their 20s, while women’s ages range between 35-45 years (Hisrich & Brush, 1984) and recent studies have identified a starting age between 40-45 (Mattis, 2000). The female start-up age is frequently linked to domestic responsibility, especially bringing up children (Dhaliwal, 1998).

Thirty per cent of entrepreneurs were under 25 years and 50% were between the ages of 25-35 years when they first established their businesses (Table 5.2). In relation to gender, 38% of men established a firm under the age of 25 years and 43% between the ages of 25-35 years, with 19% establishing firms when they were between 36-46 years. Eighty-one per cent of men established their first venture whilst under 35 years. In contrast, 11% of females were aged below 25 years and 67% were between 25-35 years. The majority of women (78%) established their first venture under the age of 35 years. Findings indicated a lower business establishment age for South Asian women than documented in women entrepreneurship studies.

5.4.2 Family businesses and their successors

There are a number of South Asian businesses that have undergone a succession process whereby members from an earlier generation have established their businesses and have handed over control to succeeding generations of family members (often their own children). Here, the business is not just gaining a successor but the attributes he/she brings as a result of their traits and expertise and such attributes often contribute towards business operations.

Three of the businesses in the study are family firms that have been established by earlier generations: Hape Accountants, Travelco and Snack Business - all three have been reshaped with the entry of succeeding generations. Hape Accountants was established in 1977 by a first generation South Asian entrepreneur who wanted to provide accountancy services to the rapidly growing co-ethnic business market. The small business was such a success that he vacated his office in a garden ‘shed’ and moved to a larger premises in Hockley, and thereafter to the heart of the Asian community in Handsworth, Birmingham. The 1990s saw the entry of a second generation nephew into the firm. The second firm Travelco was established in 1985 by a second
generation South Asian who was motivated to establish a business as a result of workplace discrimination. In deciding to work for himself he recognised an opportunity and purchased a second-hand coach and began to provide coach services to the co-ethnic community on a national level. He played on ethnicity to seek out opportunities and the business grew rapidly, and in the late 1990s his son entered the business. The third firm Snack Business was established much later in 1994 by first generation founders who had been previously operating another family business and now provided freshly made South Asian snacks. In 1999, the second generation daughter joined the family business. The entry of succeeding generations in existing family firms have seen firms alter their activities in many ways including the introduction of new products or business/es.

5.5 The three key phases of second and third generation South Asian entrepreneurship in service sector businesses

This section explores the three phases that are important in the establishment of firms. These phases consist of pre-conditional factors, establishing a firm and accessing markets (Figure 5.2).

![Figure 5.2: The three phases of second and third generation South Asian entrepreneurship](image-url)
5.5.1 Pre-conditions

Pre-organisations are those that exist only in the minds of individuals as thoughts, ideas or dreams (Katz and Gartner, 1988). An individual’s dreams or desires may contribute towards the establishment of a firm. These dreams include general ideas that may also lead to recognising any available opportunities that eventually cause the individual to consider and pursue firm formation. In terms of pre-conditions such desires and opportunities may be manifest in a number of ways these may be set off by both positive and negative aspects. Therefore, this sections sets out to investigate the role of pre-conditions in establishing business/es.

The study revealed that 100% of the respondents highlighted the significance of at least one pre-condition that played a role in their desire to consider becoming an entrepreneur. The pre-conditions in the sample included: education, family connections, financial drivers, flexibility and independence, status, social and personal passion, previous experience, and discrimination (Figure 5.2). These will be explored in turn.

Education

As a foundation of social inequalities education plays a crucial role, as it is linked to income, health and wellbeing (Blane et al., 1996, Evandrou, 2000). Traditionally, viewed as an investment for the future, education may improve an individual’s future earnings and contribute to the overall success of an individual (Kangasharju and Pekkala, 2002). In terms of self-employment, previous research identified a strong connection between education and success in self-employment (Chandler and Hanks, 1994; and Holtz-Eakin et al. 2000). Dhaliwal (2002) found that ‘business growth was positively related to the entrepreneur’s educational attainment’ as ‘Successful entrepreneurs tend to be highly educated and businesses well capitalised’ (Bates, 1990). Within the South Asian community education is seen as a means of upward mobility. The lives of second generation Indians were formed around educational attainment and an interest in management (Sekhon and Szmigin, 2005). Furthermore, within Asian culture specific degrees have greater status attached to them for example, law and medicine. South Asian parents encouraged their children towards high levels of educational attainment, often obtaining qualifications associated with status, such as law, accountancy or medicine. Education is
important in the South Asian community and it is noteworthy that 70% of the entrepreneurs in the sample had degree level qualifications, and 20% held Diplomas/HND level qualifications (Table 5.3).

Table 5.3: Highest qualification achieved by the entrepreneurs

<table>
<thead>
<tr>
<th>Qualifications</th>
<th>Entrepreneurs</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCSE’s/general school qualifications</td>
<td>1</td>
<td>3.3</td>
</tr>
<tr>
<td>‘A’Levels</td>
<td>1</td>
<td>3.3</td>
</tr>
<tr>
<td>Diplomas/HNDs</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>Undergraduate/Equivalent degrees</td>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>Post graduate Degree</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Vocational training</td>
<td>1</td>
<td>3.3</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Author (data from interviews July-Sept 2005)

The interviews revealed two elements which had contributed to the education of entrepreneurs. The first element stemmed from the immigration status of the parents in relation to employment. Parents had experienced hardship settling down in the host country and available employment was often in manual jobs under harsh conditions and long hours. A minority had escaped this type of work by entering self-employment in the grocery retailing or manufacturing sectors, but this was still associated with unsociable hours and manual labour. To avoid this type of work for their children, the first generation hoped to provide education as a route to better employment. Second, education was seen as a path towards ‘high standing’ amongst South Asian groups and enabled upward social mobility that would be recognised in co-ethnic communities and amongst the wider society.

Education acted as a strong pre-condition for the owners’ of PropFinance, HES IT, BC Training and ST Media. In the case of PropFinance, parental pressure and encouragement had been the secret to obtaining higher level qualifications:

My parents told me that education was crucial and after that we could do whatever we wanted. My parents were not educated and wanted the children to have education. Parents didn't mind what I did as long as I got my education (Owner, PropFinance, 2005).
The owner had gained a HND in Business and Finance which provided the confidence and skills required for his ‘dream’ of setting up his own business, a dream triggered by his extended family members being in businesses. The owner of HES IT also faced parental pressure in obtaining at least an undergraduate degree. His parents emigrated as a result of the Africanisation programme in East Africa. He emphasised that the decision to migrate to Britain had been purely based on the welfare of the children, at that time the British education system was globally recognised and, therefore, Britain was seen as the best country to enter:

My mum’s view was always if we had the education we may lead better lives, same with my dad as well. Initially, I struggled with education due to English language. However, parents forced me to study further. I now hold Business and Finance BA(Hons), Public Speaking course, Health and Safety courses, although I am not academic, I was forced to do a degree (owner, HES IT, 2005).

Despite facing considerable disadvantage as he did not speak English (he was fluent in Gujarati which was spoken at home and Swahili which was spoken in Tanzania), constant parental pressure led him to gain a degree in Business and Finance and to undertake a number of additional courses. His degree had enabled him to obtain employment and his previous employer had encouraged him to form a firm, to act as a subcontractor. This triggering event led to the entrepreneur establishing a successful business venture, and subsequent firms thereafter. His qualifications helped when preparing business plans and other business related administration. The respondent emphasised that education provided him with ‘confidence and skills, and made my personality stronger, as knowledge provided power’. The respondent’s education continues to be a valuable asset in his ongoing business operations.

Education as a pre-condition was also a powerful asset with female entrepreneurs in the sample. It provided not only recognition of establishing oneself as a ‘business woman’ in a male dominated sector but also provided a personal asset, especially if one was to be become a potential bride within the ‘arranged marriage system’. Historically, education for South Asian women was restricted or discouraged due to the independence it provided for women. Over time women have obtained equal opportunities in relation to education, and it has become a powerful
asset amongst South Asian females. If the daughter is educated this also enhances the status of the individual and the family. Furthermore, it is recognised in the South Asian community that ‘Education is the new dowry’ (Asian Network Radio, October, 2009).

Almost, 30% of the sample were female owners and 78% of them held degree level qualifications. Amongst other attributes education played a significant role in providing confidence. The owner of BC Training emphasised how parents tried to ensure that she would become independent as a result of education:

My parents were both partners in the business (Newsagents) they had begun in 81-82 and sold it in 87. In 1985 father had a stroke my brother had passed away. The parents had gone to bury my brother in Pakistan, they were in Pakistan for 2 months, uncle’s ran the shop. Customers were moving away because the newsagents was not opening early enough, only returning when my father came back. When they came back my father met someone who was interested in buying the shop, they had a car accident and my dad broke his arm. So that guy took advantage of the situation as half of the business was signed to him apart from the lease. He got a solicitor to send a letter to our house for x amount of money. But thank god the power of attorney was still on my mum’s name that’s how we got saved. Due to father’s misfortunes with ill health and his brother telling him that uneducated people like him don’t get anywhere, father vowed that he will push his daughters to get a higher education (Owner BC Training 2005).

And father did just that, his daughters were encouraged to pursue education, develop their confidence and skills and aim to pursue a career of their own choice. Emotional support, encouragement and education were the foundation for the establishment of her business.

For others such as the owner of ST Media who entered Britain in 1961 at the age of 4, education played a significant role where despite her mother’s wishes to get her married in her late teens, the owner stated that ‘education provided an scapegoat from the life that she felt had been mapped out for her’ with marriage taking priority. She noted that:
I starved myself for almost a week, because my mother would not let me do my ‘A’ Levels, she wanted me to get married. She gave in at the end and I was allowed to pursue my studies to ‘A’ Level, University was out of the question (Owner, ST Media, 2005).

Eventually, her mother allowed her to complete her ‘A’ Levels and go on to her chosen nursing course, before marriage. She continued her nursing for a short time before realising that this was not for her. However, she gained a wealth of social skills, experience and confidence which acted as a strong pre-condition to her later entrepreneurial career. In cases of specialised professions, such as pharmacy, dentistry, accountancy and law firms, education and related skills played a key role as a pre-conditional factor. For these owners in the sample, education was the main determinant of setting up a business.

For others, such as IT firms, Travelco and media based firms, education played more of an indirect role as the owners did not have to hold specialised qualifications to establish and operate their businesses/es. It was not essential for entrepreneurs in computer related businesses to be possession a computer studies degree, or Travelco’s owner to hold a degree in business transport. However, education did help as it provided not only general skills to access various channels of support and self preparation (ability to construct business plans and fill out complex business paperwork) but also confidence in being able to deal with situations without the aid of others. Similarly, with the media related businesses, the need to hold a journalism degree was not crucial but helped. The owner ST Media (newspaper business) is a trained nurse; however, her part-time work experience trained her in the field of writing. The majority of the entrepreneurs used their specialist and non-specialist education towards establishing their businesses. Education equipped them not only with a qualification and training, but also with traits of independency, confidence and diverse skills.

*Family ‘Connections’*

Previous studies have often highlighted connections between business setup and entrepreneurial family backgrounds (Cater and Cannon, 1988). South Asians have complex and wide spread
extended family structures. Reliance on human and financial family support is culturally expected and openly accepted. For the first generation of South Asians, families were the ‘backbone’ of entrepreneurial survival and success. The past few years have witnessed spin-offs in business venture from extended family units, as extended family members have split their businesses and gone solo by establishing a similar venture.

The study highlighted familial entrepreneurial connections between respondents and family members (Table 5.4). Seventy per cent of parents were previously or are currently in business (this included 20% whose parents had previously been in business in Africa). In relation to other family connections, 26.7% of siblings, 16.7% of spouses and 33.3% extended family members had previously been or were currently in business.

Table: 5.4: Family members previously or currently in business

<table>
<thead>
<tr>
<th>Family</th>
<th>Had been/are still in business</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parents in Business</td>
<td>21 (6 in Africa)</td>
<td>70 (20)</td>
</tr>
<tr>
<td>Sibling/s in joint business</td>
<td>2</td>
<td>6.7</td>
</tr>
<tr>
<td>Sibling/s in separate business</td>
<td>8</td>
<td>26.7</td>
</tr>
<tr>
<td>Spouse in joint business</td>
<td>1</td>
<td>3.3</td>
</tr>
<tr>
<td>Spouse in separate business</td>
<td>5</td>
<td>16.7</td>
</tr>
<tr>
<td>Extended family in business</td>
<td>7</td>
<td>23.3</td>
</tr>
<tr>
<td>No members</td>
<td>3</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Author (data from interviews July-Sept 2005)

Entrepreneurial parental inspiration was emphasised strongly by the respondent at Harborne IT Suppliers, Image Consultancy and FL Finance. Having come from a business related background, Harborne IT Suppliers noted that, ‘father had a grocery store in Africa, because I have seen him being self-employed running his own business. I used to help him with it, and I guess I always wanted to have my own’. Being in a business environment encouraged her to seek a similar style of independence and to be in control of her life, and hence the urge to have her own business in

---

Extended family: In addition to parents, Asian extended family units include grandparents, siblings, cousins and their immediate family units.
the future, which she achieved in 1982. She and her husband established their computer based firm while the personal computer market was a fairly new phenomenon and thus captured a share of a rapidly growing market. Later her husband was poached by one of their clients leaving her to manage the business alone, and ‘husband helps at weekends, and [her] daughter has started helping out in spare time’.

Similarly, family inspiration was also very much evident for Image Consultancy respondent whose parents had both been in business. She noted that:

Father had a business, he had his own garage and repaired cars back at home [Pakistan] and here, mum was a teacher, but later after children had her own knitting business and worked from home in Pakistan. Mum was the only one with a knitting machine locally. Some of the designs were so popular that she did very well. My brother got ill so we came back to England (Owner, Image consultancy, 2005)

The owner and her siblings were born in the UK, however, her parents decided to return to Pakistan while the children were very young. While in Pakistani the [parents] established their micro-level businesses in order to obtain an income. The mother purchased a knitting machine, and used her skills to design and create shawls (pashminas), jumpers and cardigans, while the father established himself as a mechanic. The family returned to Britain when the owner and her twin sister were 11 years of age. Being in a business related environment from a young age and seeing her mother’s creativity in fashion-wear, the respondent too developed an interest in this field. This inspiration led her to enrol on a Fashion and Design degree course at university where she decided to establish herself as an image consultant. After, leaving university she entered full-time employment at the local college as a Course Co-ordinator. She then started to conduct her fashion interests at weekends and evenings by providing workshops to supply consultancy advice or be part of special events that required the services of an image consultant. Once she ‘learnt the ropes’ she terminated her employment and set up her business from home as a full time Image Consultant. For the owner the triggering event had been parental inspiration. Entrepreneurial family connection as a form of inspiration and a triggering event was very much evident for FL Finance. He noted that:
In 1984, he [the father] set-up his own business, he was working along trade banks and helping people sending money abroad, he worked from home and then moved on to work for another import and export company. That triggered my economy side of, you know my interest of it anyway, as well as I mentioned earlier also I wanted to be in control of my own finance, need flexibility (Owner, FL Finance, 2005)

The owner’s financial interest was triggered by his father’s work, as he had been a self-employed trader for trade banks, aiding co-ethnics and other groups to send money abroad. His father’s employment activities and the flexibility it provided, had encouraged the owner to establish a firm in 2000, and to provide mortgages, insurance packages and credit restoration services.

For the owners of PrintXpress and PropFinance, inspiration for establishing their businesses had come from extended family members. PrintXpress owner’s business interest was triggered by working for his uncle in his printing business where he developed a passion for printing. Previous to this his father and uncle owned and operated a retailing business. He noted that:

My family had businesses and that is what inspired me. Uncle did initially ask me to come into partnership [in print business], but I did not like the way uncle operated business. I don't like taking orders from others (Owner, PrintXpress, 2005).

In 2003, he established his printing business, initially from home, later moving to a low cost business unit, not too far from his uncle’s firm. To avoid direct competition from the uncle, and to maximise his own profits, he targeted his services at a different market. He received both direct influence from his uncle and indirect inspiration from his brother (owner of ABP Media) who had set up his business a few years earlier.

Similarly, his sibling the owner of ABP Media was inspired by family connections, where ‘in Africa parents had a tailoring business and later father had grocery shop in Birmingham’ (owner of ABP Media). For him interest lay in journalism and he used his ethnicity to enter this field. He became a self-employed journalist in 1999 subcontracting his services to local and national newspapers. Currently he writes articles for a number of publications, including the Birmingham
Post and the Sikh Times, as well as magazines, both mainstream and ethnic. The owner of PropFinance’s motivation came from:

My mum’s side was the biggest influence my massir [mother’s sister’s husband] was one of the biggest cloth manufacturers in Birmingham. I did market trading of clothes with father’s brother also. We had our own market stall in Cardiff. Mother was part-time business women at the weekends [she worked at the stall] (Owner, PropFinance, 2005)

Family connections were important for the owner of PropFinance in relation to considering entrepreneurship, where extended family members in business acted as direct inspiration. He ‘saw [most of] dad’s side working for others and slogging away and I didn't want to work for anyone, and mum’s side was doing extremely well in business’. Another triggering factor had been that he was given the ‘pug’19. He wanted to build a solid foundation to take on the responsibility, but at the time of his father’s death he was not in a position to establish a firm, but kept the idea in his mind. He eventually established his firm in 1998, providing primarily mortgage services, and secondarily, managing a small local property portfolio.

*Entrepreneurship and finance*

Financial drivers have frequently played a crucial role in entrepreneurship with businesses being established to gain personal wealth. Financial motivation was significant for 50% of the respondents in the sample. Factors such as not having to share the rewards of their labour, and maintaining financial control over business operations were emphasised by the majority of respondents. Amongst which were the owners of ST Media, and Skip Hire, both of whom established their businesses to obtain wealth. The owner of ST Media was strongly attracted by financial rewards as:

> What made me go into business rests on a conversation I had with someone at a wedding and how one could earn up to £500 a week running their own shop business, back in those days that was a lot of money this was around 1985 and that was a lot of money (Owner, ST Media, 2005).

---

19 Pug or Pugari is a turban, which is often given to the eldest son in the family after the death of the father. It symbolises becoming the head of the family (which carries with it certain responsibilities).
The owner and her sister jointly purchased a mini supermarket, and subsequently expanded the business by setting up grocery retailing shops in other national locations. Eventually, the sisters split the businesses. The owner by now was managing the businesses, whilst the husband played a more full-time role:

In 2001, we sold the last the shops. We had five shops all running at one time, we managed them between us. Managers ran the shops, it was good but equally very hard, I don’t regret the fact that we don’t have them now, I just think seven days a week, 14 hours a day, children growing up around you, you value what is more important, wealth or family. Someone said to my husband ‘why don’t you bring out a magazine or something and after lots of research and surveys the publication came out in January 2001 in Birmingham (Owner, ST Media, 2005)

There came a stage where financial motivation became less significant as business commitments competed with family time. Reviewing their priorities, the owners sold off their businesses, and considered establishing a sole venture suggested by family friends. The owner (ST Media) had already obtained work experience in writing articles through her part-time employment with the local newspaper, where she worked on articles relating to ethnic diversity. This triggered her interest in doing something more challenging, at which point herself and husband decided to establish themselves in journalism with an ‘South Asian/British twist’. The new venture was financed 100% with capital from previously sold businesses (grocery stores) and was much less stressful, although it only provided a steady income.

Financial drivers were also evident for the successor of Travelco. He purchased a ready-formed Skip Hire firm, purely ‘for money, as this is a cash rich business’. He started his venture just three weeks prior to the interview (June, 2005). This type of business provided ‘quick and easy money’, often in cash format without the need to fill out too much paperwork. The owner of Skip Hire was able to operate both businesses (Travelco and Skip Hire), as they were both located close to one another. The father and staff handled Travelco business with the respondent overlooking his share of the tasks. Since the Skip Hire was the respondent’s solo venture all profits were his.
Status

Amongst the entrepreneur’s traits is frequently the need to achieve, a personality trait which gives the individual status with the wider society or community (McClelland, 1961). Srinivasan (1992, 1995) found that status attracted many Asian men to enter business, but it was less significant for women (Dhaliwal, 1998). Status within the South Asian community plays a significant role and can be perceived by aspects such as position within the caste system, family honour, educational credentials and wealth. Financial status for an individual may come from a well paid post or through the individual being involved in having their own business. In Britain, status is still recognised as a vital attribute in establishing businesses amongst the South Asian groups, even where individuals are well qualified and in a position to access well paid employment (Srinivasan, 1992).

When questioned about the role status played in business entry, the respondents ‘seemed’ to discreetly dismiss the question, as elaborating on the answer may be perceived as admitting to superiority over others. However, as the interview progressed, the meaning of having a good status filtered ‘invisibly’ through the answers where individuals enjoyed the recognition of being identified as a ‘business person’ within the co-ethnic and mainstream communities. The interviews demonstrated three distinct ways in which status was apparent in entrepreneurship:

- Status of the individual within the community in relation to operating their own business.
- Status of being educationally qualified, holding a professional level degree and being in business especially, in dentistry, pharmacy and law firms.
- Status of the individual in relation to his or her business and the status of the sector they are working in and of the company

Status as a pre-condition was strongly demonstrated by the owners of both UKP Train & Recruit and FL Finance. In the case of the former, as a single mother she felt that her status within the South Asian community had been tarnished as a result of her marital break up. Having been left financially crippled by the separation she was determined to regain her self-esteem and develop a new life for the future of her children. In order to balance her working life with domestic
commitments (school runs) she decided to work for herself. She created an opportunity for herself and her niece to establish a training firm in 2000, for which government funding had been available. Establishing an ‘honourable’ business with an extended family member ‘would stop the community bad mouthing over her failed marriage’. Her educational pre-condition played a crucial role in setting up and operating the business, a skill her niece lacked. After, a period of two years the partnership came to an end as a result of conflict between the respondent and her niece. The respondent walked out of the business leaving her niece the firm. However, the respondent established her own separate firm, and her status of being a competent business trainer meant that the majority of her clients followed her. The respondent pointed out:

Status is important, the way I look at it, people buy you as a person not the product, therefore good status is everything, the product is not going to sell if you are not good (Owner, UKP Train & Recruit, 2005).

Status provided two aspects. The first, of which was associated with her business competence, by the clients and second, the recognition of her entering an ‘honourable’ profession, and being classed as a businesswomen. This stopped the co-ethnic community ‘bad mouthing off’, therefore, regaining her status within the co-ethnic community.

Status was also enjoyed by the men in the study as it provided them with recognition of being a ‘businessman’, in the co-ethnic and wider community. The owner of FL Finance pointed out that he ‘felt’ he was often looked down upon because he came from a working class family, ‘status is very important, for myself, and in the community, don’t forget my family are not from a professional background’. For the owner entering business provided him with ‘good standing’, especially, with the Bangladeshi community, however, this was further boosted by him entering a professional level business as very few Bangladeshis are found in this sector.

*Independence /Flexibility/Being your own boss*

Entrepreneurship can offer a rewarding and satisfying working life, coupled with a flexible lifestyle and immense business autonomy (Kennedy *et al.*, 2003). Forty-three per cent of the sample emphasised the significance of flexibility, independence and being your own boss in
contributing towards their decision to establish a business. These factors provided them with freedom in regards to ‘coming and going’ at any time of the day, taking annual leave throughout the year based on their ‘own desire’ and being able to have full control over ‘the running of their business’ decisions and operations.

For the owners of PropFinance and SP Investments flexibility and independence that being ‘ones own boss’ had provided was one of the key motivators in them establishing their firms. For the owner of SP Investments, the business provided the flexibility of balancing working life with family. The ‘flexibility of being ones own boss’ meant that despite having two administrative business premises he was able to conduct his work from home by delegating tasks over the phone and by email and still being able to undertake school runs as his wife had other work commitments.

Similarly, the desire to be in control was also emphasised by FL Finance. ‘I just need life in my hands, I always wanted to have my destiny in my own hands’. Other such as PrintXpress, noted that ‘I don't like taking orders from others’. Freedom of being the boss and controlling the business was also enjoyed by Hands Pharmacy, Asbesto IT, and Harborne IT Suppliers. For Shar Accountants amongst other motivating factors, the desire ‘to do something that I could put all my energy into which was mine, and having the flexibility to achieve something on my own’ contributed towards setting up a business.

Similar to men, women also launched their businesses to achieve independence, personal development and job freedom (Scheinberg & Macmillian, 1998; Shane, Kolveried & Westhead, 1991). For Neg Media it was the ‘independence to tackle challenges and to be in control’, and establishing her own business allowed this to happen. For UKP Train & Recruit it was the ‘flexibility of work life balance’ as she was a single mother, and often needed time off during child illnesses and the school holiday period. For the elder females such as the owners of ST Media and Harborne IT entrepreneurship provided them with the independence that they had craved for especially in relation to their culturally constrained upbringing.
Social enterprise and personal passion

Thirty-three per cent of the sample established a firm as a result of having passion and social interest in the product or service offered. This included two key elements: establishing the business to give something back to the community; and passion for producing the goods and services. For PrintXpress, Image Consultancy, Asbesto IT and Tailoring Boutique it had been amongst the key motivating factors in establishing their businesses. The owner of PrintXpress emphasised the fascination of the printing process, and this had been, ‘one of the main reasons for setting up the business. I was always ambitious to set up on my own in printing. It was fascinating the ways the colours integrate on paper. This triggered off his interest both in the product and being a supplier of such services. His passion led to ‘purchasing a printing machine from my saved university grant, and started printing from home’. Passion as a key motivator was also emphasised by the owner of Image Consultancy. Having studied fashion and design at university she decided to establish an image consultancy firm on a part-time basis, and to retain her employment income and to use this to support her business venture. When asked what motivated her she stressed ‘making a difference to the way customers feel good, making customers feel personally important’.

Similarly, it was passion for innovation and technology which had acted as a precondition for establishing a business for the owner of Asbestos IT:

I wanted to build businesses from a young age. It was the absolute passion for technology, in fact the money did not come into it, it was the success. The best entrepreneurs are the ones who have a passion (Owner, Asbestos IT, 2005).

His first real venture with high returns had been established accidentally, when an insurance company sent him two computers that had been destroyed in a fire. The computers contained extremely valuable client information and other IT specialists confirmed that nothing could be done. Asbestos IT over a period of two weeks managed to restore and retrieve data, for which they obtained extremely high returns. The profit allowed the owner to expand his business and he secured a long-term contract from the insurance company to restore their computers. The owner’s
passion for IT had played a key role in the success of his firm which also led him to expanding his firm into other software fields.

**Previous Experience**

Studies frequently emphasise the role of previous experience prior to entrepreneurial entry (Politis, 2005), with literatures also indicating that individuals who previously worked in larger firms are more likely to enter business especially in the same sector (Keeble, Bryson and Wood, 1992). Both of the above factors had proved true for approximately 47% of the firms in the sample. These included, HLP Law, Hands Pharmacy, PrintXpress Hagley Business Consultancy, Nag Media, Shar Accountants, HES IT, ST Media, MF IT Consultancy, UKP Train & Recruit, and South Asian Business Female Network Association (SAFBNA), and to a lesser extent but still evident for Tailoring Boutique, PropFinance, and Harborne IT. Previous work experience provided both general and specialised expertise for the respondents, with the majority previously working in the line of work that related to their firms.

Work experience was important for the owners of ST Media and Neg Media, for the former experience was gained through working for the Chronical newspaper firm and for the latter through work experience in a number of media related places. The owner of Nag media noted that:

> I worked for the BBC for work placement, where, I was co-presenting with one of the presenters on the radio show and I had met celebrities. I also was writing for a feature magazine which was based in Kingstanding it was like there was a magazine called Tan which was launched in Birmingham long way back you’re talking about in mid early 90s, but that had kind of collapsed due to financial constraints and this was the 2nd magazine and I wrote for free (owner, Nag Media, 2005).

The owners of HLP Law, Shar Accountants, Hands Pharmacy, PropFinance, Hagley Business Consultancy, HES IT, UKP Train & Recruit and MF IT all had directly related work experience from prior employment that contributed to them forming firms. The partner owners of HLP Law
both gained direct work experience in a number of specialized law fields from their previous employers. He noted that:

Whilst, I was doing my courses I was also working in Birmingham. It was mostly law firms, I worked at Rosenbergs, I was 19 at this stage. When I left my LLB, I did my ILX it was a firm who sponsored me to do that. I did my ILX at evening classes. From there I went to Rosenberg and then on to a firm called Linford Browns in Devon. I moved to Exmouth and worked there for a couple of years. Moved back to Birmingham a firm called Southhalls & Co worked there for a couple of years and got married. Doing litigation, I was what they called a legal Executive. Studying at the same time then went on to a firm called Putsman. From there went to firm called Challoners Lyons Clark [where he met his future business partner] who then paid for my LPC. Went on to Public Defender Service. Decided I wanted to work for myself earlier this [2005] year rather than anyone else. I've got all my qualifications (Partner owner, HLP Law, 2005)

The owner worked for a number of firms gaining both law qualifications and related law experience before establishing his partnership business in mid 2005. Similarly, the owner of UKP Train & Recruit also used her previous experience in training to establish a business in the same field. She initially qualified in pharmacy, however, later disinterest in this field led to taking up an opportunity where:

I was head hunted by a larger training provider in Birmingham, they asked me to run their recruitment in the Black Country. Then I was asked to run a Adult Training Programme, to help unemployed people back to work, it was a pilot programme and I brought a lot of money into the company. Realised I was making other people rich. At 32 years of age [whilst going through other issues in her life] I set up [training and recruitment business] with niece (Owner, UKP Train & Recruit, 2005).

The owner gained vast experience in training from her previous employer, at the same time, knowledge of what funding and facilities were available for those companies in this field and in turn used these channels and facilities to open up opportunities for her venture.
Similarly, previous work experience proved beneficial for the owner of MF IT Suppliers, as he had worked at:

Company-NES computers. Gained a lot of experience, dealing with customers who had problems with their computers, aftercare of computers and customers started asking for advice on which computers to buy. Worked there for about 6 to 7 months. Family wanted me to return to Birmingham and settle down. That was when I thought, got the expertise of IT and work experiences, I decided to start my own business. I came back here, put an advert in Yellow Pages and set up an office in one of our old premises. Dad had a shop and I set up an office in the back and I started making business (Owner, MF IT Suppliers, 2005).

The owner had expertise to deal with computer software and hardware related problems and the ability to conduct job tasks quickly, therefore, providing a fast turnaround time for his customers. He had also advertised the firm in the Yellow Pages which led to further business. The business grew rapidly in a short time period. For this owner, expertise and skills obtained from previous employment had been important to the success of his current firm. Work experience had also been important for the owner of HES IT where a previous employer specifically asked the owner to set up a firm, and subcontract his services to the employers firm. The owner had gained valuable expertise and skills with previous employment and when he left, it was cheaper for the previous employer to outsource work to the respondent (owner of HES IT) than anyone else. His work experience had not only been a ‘triggering event’ in entrepreneurship but also the success of the firm.

In the above cases previous work experience provided a number of diverse factors that triggered decisions to form firms and these included, general and specialist skills, confidence and sometimes the an awareness of specific opportunities.

**Discrimination as a pre-condition**

Workplace discrimination amongst some of the first generation South Asians resulted in considering alternative employment which included self-employment. Studies have frequently
emphasised the role of discrimination as a push factor into entrepreneurship (Aldrich, *et al.*, 1981). The majority of second and third generation South Asians have gone through British schooling, and many possessed British qualifications which aided workplace entry. Despite, this, 33% of respondents claimed that they had experienced some form of discrimination that contributed fully or partly towards the triggering of entrepreneurship. The owners of PropFinance, and Hands Pharmacy both experienced direct forms of visible discrimination, where the former, ‘*was not given commission for doing the same work whereas the white counterparts were*’. In his view the employer always managed to wrongly justify a reason not to promote him. For him, amongst other interrelated pre-conditional factors, discrimination strengthened his decision to work for himself. Similarly, the owner of Hands Pharmacy also decided to work for himself after ‘*I was overlooked for promotion because I previously worked for chemists [mostly in Erdington] that had been in white areas, they thought that because I was Asian I wouldn't fit.*’ This lead to the desire to work for himself, and when an opportunity to purchase his own pharmacy arose while working as a locum (in Handsworth) he immediately took it up. Again, this pre-condition coupled with opportunity recognition, triggered of his interest in wanting to own his own pharmacy.

The owner of Shar Accountants found himself in a similar position when:

> Being a Muslim was difficult [sic] because I couldn't relate or socialise, some companies have a pray room. It's not easy being an Asian working in the commercial sector, because of colour they think that you'll be staying late and working longer hours. The higher I went the more difficult it became, the only way I could get promotion was to move to a different company (Owner, Shar Accountancy, 2005).

As a Muslim the owner’s religion required him to pray five times a day. Although, British institutions now recognise and adhere to such religious needs, and his company provided a prayer room he still ‘felt’ uncomfortable and found that colleagues were reserved towards him in this matter; he could not understand why, since a ‘*cigarette break several times a day also took time out of work hours*’. Coupled with this issue was the lack of promotion as ‘*the only way to get higher in the ranks was to change employer each time*’ and he did just that on several occasions.
Eventually, he decided to become self-employed as this would allow him the flexibility of performing his religious requirements and avoid having to find new employment in order to secure promotion. In August 2004, he established his business as an accountant.

The owners of HES IT, MYS Train & Recruit and Dental Clinic emphasised invisible discrimination after the business had been formally established. The owner of HES IT pointed out that ‘Racism is there but I have my own ways around it. As a person you will get barriers all the time, it’s how you cope with them’, and he chose to turn a blind eye to racism. Similarly MYS Train & Recruit emphasised:

I needed an English partner because it kind of helps you to get through the doors of certain things and that’s it really and I use freelancers for training if need be, but for now there’s only me and Sarah (Owner, MYS Train & Recruit, 2005).

The owner noted that her spouse (Dental Clinic owner), ‘doesn’t get many referrals who are white, it’s all the Asian referrals so it does make a difference’. Despite, the clinic being located in a predominately white area, his orthodontic referrals from mainstream dental surgeries were mostly Asians.

Discrimination amongst the second and third generation South Asian is evidently present in some cases, however, much less in nature compared to their predecessors. There is also a shift in the type of discrimination as it has become more invisible. This may be the result of the tightening up of employment laws as employers try to avoid any discriminatory issues as this could become extremely costly if taken to a tribunal. What is evident is that for second and third generations any form of discrimination is sufficient to act as a precondition and trigger individuals towards entrepreneurship.

**5.5.2 Firm Formation**

Firm formation is the core component of the wider framework of the entrepreneurial process. It is related to the process of pre-establishment, where preconditions undoubtedly play a key role in
motivating and encouraging individuals to consider entrepreneurship. Amongst, the key components of firm formation are organisational structures (solo ventures, partnerships, and multiple ventures), staffing and premises. This section investigates the above components in relation to firm formation and operations.

*Sole proprietorship*

Two main organizational structures were adopted by the founders in the sample: first, sole proprietorship and second partnership (Table 5.5). Over half of the businesses were established as sole proprietorship (53.3%), and 40% as partnership.

<table>
<thead>
<tr>
<th>Ownership styles</th>
<th>2005 positions</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole proprietor</td>
<td>16</td>
<td>53.3</td>
</tr>
<tr>
<td>Partnership within family</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>Partnership outside family</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>6.7</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Interviews July-Sept 2005

Four key reasons were identified that led to individuals to form sole proprietorships (Figure 5.3). The first was associated with the pre-conditional factors as the entrepreneur ‘craved’ for independence and flexibility that this type of set up provided - independence enabled entrepreneurs to fully control the business.

The second reason concerns the monetary aspect as all profits belonged to the single owner and firm. Third, the entrepreneur alone was the risk bearer, therefore, avoiding guilt if others had lost out due to ‘bad’ business decisions. Finally, sole proprietors frequently relied on family support as this substituted for employees. This worked in two ways. First, family provided unwaged labour and, second, trust and reliability played a crucial role where the family worked unconditionally during times of business turbulence.
Partnerships: family and non family multiple ventures

Joint ventures between co-ethnics had been one of the main routes used to establish businesses amongst first generation South Asians. The key reasons for this included sharing the burden of investment and the benefits of setting up with those who shared similar language, culture, and background such as immigrant status. Co-ethnic partnerships started becoming less prominent with the first generation as the arrival of family members provided opportunities for capital to be accessed via family networks, resulting in family businesses replacing non-family co-ethnics. Such set ups were more evident through the 1980s amongst South Asian groups. However, more recently this has also decreased where entrepreneurs have streamlined their proprietorship even further.

Other forms of firm establishment have also become evident since the late 1980s and 1990s amongst the South Asian groups including multiple and parallel firm formations. These types of
set ups have been associated with diverse factors amongst which have been, establishing parallel and multiple businesses in low cost production countries, and supplying goods and services to fulfil the needs of local businesses (Tokatli, 2007). Such traits tend to be associated with habitual\textsuperscript{20} entrepreneurs, many of whom establish and operate more than one business. Habitual entrepreneurs are recognised as playing a key role in the firm formation economy. Although, research remains very much limited in this field (Westhead & Wright 1998) recognition is strong in places such as Southern California where figures as high as 51\% of entrepreneurs were found to be habitual (Schollhammer, 1991) and up to 63\% of all firm formation were by habitual entrepreneurs (Ronstadst, 1986). The study of habitual entrepreneurs provides an opportunity to learn about individuals in the entrepreneurial process and their mistakes (Rosa & Scott, 1999, MacMillan, 1986). It is often argued that habitual entrepreneurs are more successful than novice\textsuperscript{21} entrepreneurs (Lechner, 2005). Habitual entrepreneurs who have established multiple and parallel ventures may have done so via partnerships.

Forty per cent of the firms in the sample were categorised as partnerships of which 30\% were partnerships built around family partnerships and 10\% outside family partnerships (Table 5.5). Family partnerships were evident amongst parents, siblings and spouses, although, much less common amongst the extended family (Figure 5.4). Family partnership characteristics were demonstrated by Tailoring Boutique, Snack Business, HES IT, Hands Pharmacy, Dental Clinic, ST Media and Hape Accountants. Additionally, some of the partnerships were associated with multiple and parallel venture characteristics.

\textsuperscript{20} Habitual entrepreneurs: Those entrepreneurs who founded purchased or inherited more than one venture (Westhead and Wright, 1998).

\textsuperscript{21} Novice Entrepreneurs: First time entrepreneurs.
Tailoring Boutique in 2004 was established as a joint venture between mother and son. The son emphasised the significance of joint skills being key to establishing the business, as ‘mother [had previously] been self-employed - she was tailoring clothes from home’. Initially, the mother tailor-made Asian outfits from home for the local South Asian female market. This was a large market especially during the earlier years of South Asian chain immigration when the ready-made Asian female fashion-ware manufacturers in Britain were nonexistent. This allowed her as a sole bread winner to combine domestic duties with earning a wage. The owner emphasised his interest in wanting to ‘sell from a young age’, and combined the idea of his mother’s skills with the changing face of Asian fashion, where contemporary fashion corresponded with the changing identity of second and third generation South Asian females (Bhachu, 2004). Combining his Asian and British attributes he developed a sense of style in relation to British/Asian fashion, and worked on ‘what British/Asian women really wanted’. The input of both family partners was crucial for the effective and efficient operation of the business: the son taking on the design and creation side, which included the development of hybrid styles and the mother taking responsibility for the tailoring side. Siblings provided unwaged administration support if and when required which made it unnecessary to employ anyone outside the family (only two staff
were employed during peak periods). The enterprise was part of a much bigger business operation and the son (respondent) was also involved in other multiple ventures (Figure 5.5).

![Diagram of multiple partnership ventures for Tailoring Boutique](image)

Figure 5.5: Multiple partnership ventures for Tailoring Boutique
Source: Interviews July-Sept 2005

Developing countries provide cheaper material and production (Tokatli, 2007) and hence the owner initially purchased ready-made designs from Pakistani as well as created designs himself to be manufactured in Pakistan. However, his own designs became more distinct and to some extent exclusive, by representing the British/Asian hybrid fashion identity. He established a second partnership with a Pakistani-based clothing manufacturer to cater for the needs of his business in Birmingham (Figure 5.5). This proved extremely beneficial for the owner as the partner in Pakistan had specialist knowledge and skills in material selection, stitching techniques,
as well as exclusive knowledge of South Asian fashion trends in relation to seasons and colours in Pakistan and India which combined with the respondents creative British designs proved successful amongst the British/Asian population. Efficiency was achieved through viable communication channels; orders could be faxed, tailored and delivered within a matter of days. Any alternations to outfits required by the customers were undertaken by the mother on the first floor of the boutique. The owner maintained production efficiency by regular business trips, whereby, ‘every four weeks we [mother or son] go back to check business [in Pakistan].

A third partnership was established when, ‘I [owner of Tailoring Boutique] and a friend have opened up a phone shop in Stoke, phones have also always been one of my passions’. The partner manages the phone shop with only major decisions involving the respondent. The owner’s fourth venture which consisted of renting properties to students had been unregistered as a business. It only generates a small income and is regarded by the owner as a ‘safety net for future income purposes’.

Similarly, multiple partnership ventures were evident in the case of HES IT firm which demonstrated how complex family partnerships can become in South Asian family structures (Figure 5.6). He established the initial business when:

Previous employer rang and asked me to work as a contractor for them, I was told to start my own company and now they were willing to pay five times more than £16,000. The contract was for 6 months. Instead of 6 months I was there for five years, did a lot of projects, a lot of money, didn't know what to do with it. It gave me the hunger for business (Owner HES IT, 2005).

Thus, in 1998 at the age of 25 the owner established his own consultancy, subcontracting his services to his previous employer. This ‘hunger drive’ led to the owner expanding his business interests.
After, the five year period the owner of HES IT did not wish to renew the contract with his former employer (who subcontracted the owner’s services). He decided to take on short term contracts under the firm HES IT, and launched ConIT Corporations, under which was:

ConIT Wills, and ConIT properties (subsidiaries of ConIT Corporation) deals with tax and property issues, i.e. Inheritance tax, ConIT properties deals with estate planning, protecting estate from taxes that it goes to the right people. I also do property sourcing in UK and abroad (Owner, HES IT, 2005).

In addition, the owner and his sibling combined their business interests where the sibling dealt with IT software tasks for ConIT corporations, at the same time keeping his (the sibling) solo

Figure 5.6: Entrepreneurial sole and partnership ventures of HES IT
venture running for any solo contracts. The owner of HES IT now had multiple ventures. When asked about the progress of ConIT Corporations ‘ConIT has achieved a lot, ConIT properties can achieve a lot, but I haven't given a lot of time to it’. The owner has also been involved in his spouse’s family firm (Snack Business) and this has taken priority over his own. This set up is complex and members of the family work collectively to operate the businesses between them. Family multiple ventures require a degree of trust and commitment and reliability and this had been the case with the owner of HES IT where his wife dealt with the majority of the administration for ConIT Corporations and he conducts the task of a marketing manager at her family firm (owned by herself and her parents).

Sibling partnerships were evident for Hands Pharmacy and Dental Clinic where partnerships were established on the bases of the ‘professional similarity’ of the entrepreneurs, in other words both partners were qualified in the same field. In the case of Hands Pharmacy, the owner purchased an existing business in 1988. He established a second venture ‘in 1995 when my brother qualified as a pharmacist, I acquired another pharmacy in Erdington. That is a joint business with my brother. The partnership allowed expansion of the pharmacy business to other locations and provided an additional asset and share of overall profits. The brothers’ maintained independence as each took overall responsibility for separate locations (the respondent concentrated on the Handsworth site and his brother the Erdington site). Only the major issues were brought to the attention of the respondent. This successful partnership is based on trust and family reliability.

A parallel business strategy was also deployed by the Dental Clinic firm as the respondent, ‘qualified in 1988 and worked in [his brother’s] the clinic as a associate for one year’, leaving and then later returning when realising, ‘when you work for someone else you end up giving 50% of one’s income to the person who owns the practice’. Since the father had provided the initial investment for the Dental Clinic, the business was re-registered under the joint name of the siblings in 1993. With the clinic working to full capacity a mutual decision between the brothers led to expanding the enterprise by acquiring a further clinic in Tamworth. The second clinic was established in 2004 and proved extremely successful as it was managed by both brothers. The
respondent worked in Tamworth 4 days a week, attending the Birmingham site one day and the brother vice versa. The one day exchange allowed the joint owners to keep track of the other clinic. Again the efficiency of the smooth running rested very much on commitment and trust of both partners.

Non-family partnerships between co-ethnics are less important for the second and third generation compared to first generation of South Asians. Only 10% of the respondents had been involved in non-family partnerships. These included, HLP Law, Hagley Business Consultancy and Asbestos IT. The factors behind the partnerships were similar: shared investment and a wide range of skills amongst the partners that could be utilised in the business. In the case of HPL Law a single venture partnership was triggered by the respondent’s partner seeing an opportunity. The respondent noted that:

Sham and I worked together [at previous employment] for about 2-3 years, we got to know each other from there. We cover, crime, immigration (immigration cases are from Asians mostly), civil litigation also started to do property work (Owner partner, HLP Law, 2005).

The partnership provides a wide range of specialist law expertise enabling the business to access a wider clientele range. Hagley Business Consultancy also a single venture partnership was set up to share the cost of investment between 3 partners (one South Asian, 2 British white) as well as combine specialist skills. The respondent noted that he:

Had gained around 5 years experience in consultancy and feel very confident in what I do. Other director’s Lawrence’s background is around engineering and mining he was a charted engineer. Roy's background is very similar to mine he spent a lot of time around the pharmaceutical industry, worked national and international in marketing roles overseas, in the main pharmaceutical roles. He also had an IT Training company but he was let down by staff members and consequently he left his business. He was under a lot of pressure not to set up his business again he’d sooner work for somebody else, but knowing the two of us were interested he’d moved on board (Partner owner, Hagley Business Consultancy, 2005)
In the case of Asbestos IT, the company was established from a previous venture which had been set up in 1994 and was sold in 2004. The owner noted that:

About 1999 I had another vision and what I wanted to do was go into disaster recovery management which was more on the software side rather than restoration which is hands on and the idea was to develop the worlds first ‘real-time’ business continuity management system. That’s when [I met the second partner] we developed some protocols (Owner, Asbestos IT, 2005).

The owner took on a partner to help create software for the system, this provided investment share from the partner as well as the partner taking on the risk of the development. Furthermore, partner had specialist skills and training which was valuable for the firm.

In all three cases, HLP Law, Hagley Business Consultancy and Asbestos IT, monetary investment had been important in establishing the businesses. It had been in the best interest of the partners to commit 100% to operating the business as this was their main source of income. In conclusion such a small number of non-family partnerships suggest that second and third generations are more interested in establishing sole proprietorships and partnerships with family members rather than non family members.

**Business spaces**

Ethnic group size and residential concentration have been recognised as key factor in influencing firm formation amongst South Asian and other ethnic groups (Aldrich and Waldinger, 1990). Ethnic clusters and ethnic enclaves\(^\text{22}\) are frequently found in highly concentrated ethnic areas especially in urbanised regions. (Hardill, 2002). The areas of Birmingham with high concentrations of South Asians businesses are Handsworth, Sparkhill, Sparkbrook, and Alum Rock. Handsworth consists mostly of Indian Sikh and Hindu communities, whilst Sparkhill, and Sparkbrook have high concentrations of Pakistani Muslims and Alum Rock has high concentrations of Bangladeshi Muslims with scattered groups also found in Lozells (Figures 4.2, 4.3, 4.4 in chapter 4)). The needs for these specific groups vary in relation to food, clothing,

\(^\text{22}\) Ethnic enclaves: These are normally found in areas of high concentrations of ethnics. Ethnics may establish businesses to provide for the needs of their community in these areas.
religious materials as well as leisure-based commodities such as music and media. Therefore, such factors may be significant for those entrepreneurs who wish to locate their business in specific areas to target a specific market or clientele base. Alternatively, they may prefer to locate in mainstream locations to capture a different market, for others location may not be a significant factor.

The study found that 40% of the businesses were initially set up from home before shifting to business premises. However, only 16.7% remained operating from home. Furthermore, 46.7% of the firms were located in highly concentrated South Asian areas (this included 6.7% in business units located in ethnic areas). In addition, 16.7% were located in mainstream areas of the city, and 6.67% in the city centre (Table 5.6).

Table 5.6: Location of businesses

<table>
<thead>
<tr>
<th>Initial setup location</th>
<th>Current location (2005)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home</td>
<td>40%</td>
</tr>
<tr>
<td>South Asian Areas</td>
<td>40%</td>
</tr>
<tr>
<td>Business Units in SA areas</td>
<td>6.7 %</td>
</tr>
<tr>
<td>The City</td>
<td>6.7 %</td>
</tr>
<tr>
<td>Mainstream Areas</td>
<td>6.7 %</td>
</tr>
<tr>
<td>Mainstream business units</td>
<td>16.7 %</td>
</tr>
<tr>
<td>Other</td>
<td>6.7 %</td>
</tr>
</tbody>
</table>

Source: Interviews July-Sept 2005

‘Feasibility’ was concluded as one of the key reasons behind remaining at home. The owners of ABP Media and Nag Media (independent journalists) required very little equipment. The respondent of ABP only needed a, ‘laptop, photocopier, internet and telephone line [were the only crucial requirements], interviews were conducted at places which suited the interviewee, or in public spaces’. Firm formation did not warrant additional premises or require the entrepreneur to take on extra overheads.
Similarly, the owner of Image Consultancy required very little equipment, as her work was based on her skills and advice and her mobility in conducting her services at workplaces, workshops, and fashions events. She noted that:

For about three or four years, I was getting more experience out of it (the business). It was all done on the evening and weekend basis. I did shows worked alongside other consultants at open days that sort of thing, did a bit of makeup, and colour consultations. Took advantage of setting up workshops for both Asian and non-Asian events (Image Consultant, summer, 2005).

The owner’s work took her to customer premises to perform her services and therefore, avoided the need to acquire business premises. Business administration was undertaken from home by the entrepreneur.

A significant proportion of the businesses in the sample (47.7%) were located in areas with high concentrations of South Asians. These predominately Asian areas not only provide easy access to South Asian and other ethnic clientele markets, but under the government area regeneration schemes qualified for business funding. Business units were also much cheaper in these areas in comparison to other parts of the city. Respondents emphasised a number of reasons for establishing their firms in highly concentrated ethnic and South Asian areas.

The owner of Hands Pharmacy emphasised the significance of location as the ‘pharmacy was the focal point of Handsworths’ busiest street, Soho Road. It was on a main public transport route to the city, and City Hospital on Dudley Road, both of which were 10 minutes from the business. Other benefits included the pharmacy being a short distance from a number of primary and secondary schools, as well as Handsworth College. The benefits of passing trade, boosted high returns, and it was further enhanced by the range of South Asian and other ethnic businesses, including clothing, grocery retailing, restaurants, accountancy firms, property agencies, and two of Birmingham’s largest Sikh Temples.
Locating the business at the hub of the Indian Sikh community was also a deliberate strategy deployed by the owner of ST Media. Located again in Handsworth in a business unit, the firm benefited from having two large Sikh temples in the area and many South Asian organisations and businesses. The owner pointed out that ‘this is where it’s all happening’, the location was prime for capturing local news and was key for the success of the business.

Alternatively, ethnicity played a different role for Asbestos IT and BC Training. Both owners targeted their locations to project a mainstream corporate image. Hence, the former located his firm at Aston Business Park Unit in Birmingham and the latter in Birmingham’s creative centre, the Custard Factory and then relocated to the city in Digbeth. The owner of Asbestos IT emphasised the importance of the right location for his business:

> We are in a corporate office, now when you came through to this office, it does look professional which means business. If we had a room in an upstairs on Soho Road [Handsworth – ethnic area] I don’t think our corporate clients like NHS Trust would give us a contract. When they come here we take them to the meeting rooms we do a presentation, to us image is everything (Owner Asbestos IT, 2005).

Image was also significant for the owner of BC Training, whereby her first business premises were in the creative sector of Birmingham in the Custard Factory (city centre location). She noted that the firm had been:

> Originally set up at the Custard Factory because it looked good and professional, didn't really want to be in Sparkhill, Sparkbrook and Small Heath [ethnic areas]. The reason why we had to leave the Custard Factory was because we grew really fast all of a sudden. The rent there was too high and not much space to grow. Moved to Digbeth [also in the city, however, more space and cheaper premises] (Owner BC Training, 2005).

The owner wanted to differentiate her training business by giving it a more professional appearance compared to firms located in ethnic areas. This would be beneficial for obtaining future business contracts; a corporate office appearance was crucial for this to be achieved.
Indeed, her long-term contracts with local colleges were proof that her strategy worked. Both of the above business entrepreneurs perceived mainstream locations such as the city centre and business parks in mainstream areas vital for their business image and markets.

**Business staff**

Employing co-ethnic labour was extremely common amongst the first generation of South Asians. One of the key reasons for this had been the sharing of a similar language and culture. The second and third generations are integrated into British culture and society and therefore, such factors are less significant. Despite this, high concentrations of South Asians (staff) are still employed by the second and third generation entrepreneurs (Figure 5.7).

![Pie chart showing staff background](image)

Figure 5.7: Staff background  
Source: Field data (Interviews July-Sept 2005)

Eighty-seven per cent of the firms in the study employed staff. Just over 42% employed only South Asians, just over 42% employed a majority (90% +) South Asians and just over 15% employed racially mixed staff. When questioned about the criteria for employing staff, respondents emphasised the significance of employing staff who would best perform in selling the product and service.

Hands Pharmacy, Travelco, Shar Accountants and Tailoring Boutique employed only South Asian staff. In such cases, the employment of staff was determined by the products or services
provided by the business. The majority of Hands Pharmacy customers are South Asian and this was evident from the interview (observing while interviewing). The owner emphasised that:

The business does cater for the needs of the Asian community because there are many customers who cannot speak English, especially the old [being mostly first generation]. I have patients coming to me from as far as Wolverhampton because I speak the language, I am culturally aware and because of my mannerism (Owner, Hands Pharmacy, 2005).

All staff could fully converse in at least one South Asian dialect (Punjabi, Hindi, Gujarati, or Bangladeshi) this was beneficial as customers were mostly Indian, Pakistani and Bangladeshi. It was imperative for a medicine based business to have clear communication channels between the staff and customers, and hence the employment of the right staff who best met these needs. In addition, the staff adhered to cultural mannerism with South Asian customers by addressing those who were older than themselves as ‘uncle-ji and aunty-ji’ as this portrays cultural respect to their elders. The employment of co-ethnic staff enabled the smooth operation of the pharmacy and hence the overall business.

Similar aspects were apparent with Travelco where the owner emphasised that, ‘because of customers during peak periods, co-ethnic staff are important, we employ them for this period. It is 75% [Asian] in peak periods and the rest are non-ethnic’. For this firm the majority of the business came from South Asians, especially during the peak Asian wedding period (March to October) to transport the bharat.23 The firm’s strategy here is to use co-ethnic drivers who are aware of South Asian cultural aspects. The firm also employs office staff who can converse in a South Asian dialect, as well as English, such linguistic skills are again crucial for the smooth operation of the business.

Staff ethnicity has been significant for Shar Accountants as the business caters for a predominately Bangladeshi community. The owner noted that:

23 Bharat: wedding procession from the groom’s side
Both employees are Bangladeshi, most of the clients don’t speak [very good] English, [the aim] was to cater for the Bangladeshis because there was the need. There are not many Bangladeshi accountants. [In terms of clients] 80% are Bangladeshi, 10% are Pakistani and Indians. A lot of the Indians would go to Indians and the Pakistanis would go to Pakistanis firms. 90% of the Bangladeshi clients are restaurant owners and I have four white clients (Owner Shar Accountants, 2005).

Since the Bangladeshi community remains the most recent of the South Asian groups to enter Britain (the majority arriving in the early 1980s) many are still not fluent in English and have entered the restaurant sectors for employment or for self-employment. There are very few Bangladeshis working in professional business firms. Those who have managed to break-out (if they break out they are working for the wider community, examples of business types include, Bangladeshi accountants, solicitors, IT suppliers etc) are working on a similar notion to first generation Indians where the few professionals capture the majority of business from within their own community. This has been evident in the case of Shar Accountants as the business benefited from providing their services to Bangladeshi restaurant owners who preferred to communicate in their own dialect and shared a similar culture with the service provider (Shar Accountants). Employing Bangladeshi staff has aided the business in terms of communication between the clients and staff, where the staff as a result of being familiar with the client’s cultural background and language can communicate affectively with the clients of the business firms.

Similarly, the owner of Tailoring Boutique also emphasised the importance of staff ethnicity in advising and selling fashion-wear. He employed, ‘....someone who can understand and talk to the customers [in South Asian dialect], therefore, Asian girls have been employed because they have the language, have a background of Asian culture’. The owner employs two South Asian females as retail and advice assistants who work mostly during the peak periods (weekends, South Asian festive and religious periods, as well as mainstream holiday periods). Off peak periods are managed by the mother and son (respondent). The owners’ are specialists in their field of fashion and provide service and advice in both English and South Asian dialects. The co-ethnic employees were hired because they were imbued with knowledge of different cultural backgrounds and were therefore able to provide sales advice to a plethora of customers on the
wide range of products and services provided by the boutique. In addition, cultural knowledge and being able to converse in both English and a South Asian dialect was crucial. The sales assistants provided advice on product ranges in relation to seasonal fashion, colour trends, as well as specialist advice on purchasing for the ‘right occasion’ in term of wedding fashion-ware and religious events such as Eid and Diwali (Islamic and Hindu religious and festive periods). The co-ethnic staff held specialist knowledge of Asian fashion specific to the different generations of South Asian females and their diverse cultural backgrounds. Whereby, the elder women tended to dress in lighter shades, whilst the younger generations prefer colours and styles that represent their British and Asian identities. In relation to their backgrounds, Bangladeshi and Pakistani women tended to require the traditional ‘Bhurka’ and/or ‘Hijab’\textsuperscript{24}, whilst most South Asian women wore the Dupata\textsuperscript{25}. It was important for the staff to have thorough background knowledge of South Asian culture and the ability to communicate in South Asian dialects. This criteria was a significant part contributing to the sales of the business, therefore, ethnicity became significant.

Firms in the sample who catered for mainstream markets hired racially mixed staff. These firms included City Law, Hagley Business Consultancy, Harborne IT and Dental Clinic. The owner of City Law noted that, ‘we deal with commercial [large] company disputes, not catering for Asians because it is not that type of business’. The firm provided legal services in relation to commercial company disputes. The market for this business had been mainstream and therefore, the need to employ Asian staff on linguistic grounds had been unnecessary. This had been the case for both Hagley Business Consultancy and Harborne IT firms, where the products and services were targeted for mainstream markets. Therefore, the necessity to employ only co-ethnic staff to cater for linguistic purposes was unnecessary. The Dental Clinic owner recruited racially mixed staff as his services were targeted at mainstream markets. The owners’ themselves spoke and understood most South Asian dialects enabling them to communicate with those South Asian patients who did not speak English.

\textsuperscript{24} Bhurka and Hijab: Type of a scarf/veil worn by Islamic women over the head or head and face. These items are required to be worn as part of Islamic beliefs, by the women.

\textsuperscript{25} Dupata: A veil like scarf women by most South Asian women as part their tradition dress-code.
5.5.3 Markets and Mainstreaming

In adapting to the host countries immigrants frequently attempted to seek out opportunities to further enhance their economic positions (Kloosterman and Rath, 2003) and this had been particularly true for the first generation in Britain. Opportunities stem from diverse channels including supplying co-ethnic commodities to co-ethnic groups that may lead to some suppliers carving out niches in the market and establishing businesses. Opportunity recognition is not isolated to motivational entry factors alone (Vyakaram and Myint 2006) but extends to accessing markets or mainstreaming products and services. Those continuing only to supply co-ethnic markets have the advantage of functioning within protected markets (Light, 1972), but, at the same time, may be confined to ethnic boundaries and may be unable break-out to access the wider society. Such firms often target specific markets, in this case ethnic. However, businesses such as general retailing and grocery, which ethnics may have entered, also cater for mainstream markets. Supplying goods and services in specific markets is part of a much wider framework, where even in attempting to supply to specific markets, commodities may attract new consumers.

Over the past three decades South Asian businesses were established to target specific markets, for example, the prominence of Bangladeshis in the restaurant sectors, Indians and Pakistanis in grocery and retailing sectors (McEvoy and Hafeez, 2009). For some of these groups protected markets had been the underlying foundation for business survival and success. Despite the growing demand for South Asian products and services determining business growth and expansion, these businesses have not always found it easy to access mainstream markets. Previous studies have frequently highlighted the significance of ‘breaking-out’, and serving mainstream markets in order to expand and prosper (Ram and Hillin, 1994; Ward, 1995). This is evident amongst the restaurant sectors where businesses have relocated to mainstream areas to access a wider market (Jones et al., 2002) and amongst grocery and convenience stores where retailers supply mainstream commodities (McEvoy and Hafeez, 2006). Within the entrepreneurial process, locating and accessing markets are key elements. There are a number of ways this can be achieved. The access strategies involved in entrepreneurship are part of a complex framework with individual firms using access methods appropriate to their products and services.
Entrepreneurial strategies and market access

The sample firms had used many different strategies to target markets. The type of strategy deployed was associated with the type of product and service offered. Furthermore, these generations played on aspects of their ethnicity and duality, and some even used duality to create hybrid goods and services (Table 5.7). A large component of the mainstreaming strategy (locating the product or service to target a mainstream market) has included ‘break-out’ and here a numbers of paths have been deployed by the entrepreneurs to access wider markets (this is discussed in chapter 6).

Just over 63% of the firms were established by targeting South Asian markets, approximately 23% established by entering and serving mainstream markets, approximately 10% by entering and serving both South Asian and mainstream markets and just over 3% by tapping in to non-South Asian and non mainstream markets (Table 5.7).

Table 5.7: Initial entrance and market access

<table>
<thead>
<tr>
<th>Established by:</th>
<th>No.s</th>
<th>%age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tapping into South Asian Markets</td>
<td>19</td>
<td>63.3</td>
</tr>
<tr>
<td>Entering Mainstream Markets</td>
<td>7</td>
<td>23.3</td>
</tr>
<tr>
<td>Entering South Asian and mainstream markets</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Other selected markets</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Author

Tapping into South Asian markets: Capitalising on ethnicity

The first generation entered local markets using diverse routes, some capitalised on their ethnicity by tapping into local South Asian markets and by setting up in ethnic enclaves. Others entered by ‘default’, here while supplying the local market with mainstream commodities they were also able to supply co-ethnic commodities to local Asians and capitalise on their ethnicity (Aldrich and Waldinger, 1990). However, in the contemporary world, markets and products may not be so ‘clear cut’ since mainstream firms are now also providing commodities to cater for minority ethnic populations (supermarkets). Nevertheless, there is recognition that the succeeding generations of South Asians in Britain, tend to deploy many different strategies to secure their
markets and in some cases, play on their ethnicity wherever possible (strategies include playing on ethnicity, duality to capture and widen markets, as well as use these aspects to create hybrid goods and services) (Table 5.8).

Table 5.8: Service sector firms and market access using specific approached. (duality and hybridity is also discussed in chapter 6)

<table>
<thead>
<tr>
<th></th>
<th>Mainstream Markets</th>
<th>Co-ethnic Markets</th>
<th>Ethnicity</th>
<th>duality</th>
<th>hybridity</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABP Publications</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>City Law</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hands Pharmacy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shar Accountants</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Nag Media</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PropFinance</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Hagley Buss Consultancy</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HES IT</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ST Media</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Hape Accountants</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Snack Business</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>PrintXpress</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Asbestos IT</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harborne IT</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dental Clinic</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Music Workshop</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Tailoring Boutique</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>MYS Train &amp; Recruit</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Image Consultancy</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>BC Training</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travelco</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skip Hire</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HLP Law</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AC Media</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MF IT Suppliers</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TV Channel</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>SP Investments</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FL Finance</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UKP Train and Recruit</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>SAFBNA</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author (Interviews July-Sept, 2005)
Two thirds of the firms in the sample were established by ‘tapping-into’ South Asian markets. The respondents’ emphasised their ethnicity as a component in the entrance and survival of their businesses as well as gaining a competitive edge over mainstream competitors. This was clearly evident for Shar Accountants where the owner emphasised that ‘the aim was to cater for Bangladeshis’. Amongst, other determining factors he saw an opportunity to use his ethnicity to access a specific market for his business; a market where the rise in the Bangladeshi restaurant and taxi sector also led to a demand for accountancy services. There are currently very few Bangladeshi Accountants in Birmingham and Shar Accountant’s are in demand by other co-ethnic entrepreneurs.

Similarly, the owner of PropFinance established his business in 1998, based on a number of factors, amongst which was opportunity recognition in supplying mortgages to the local co-ethnic market, an awareness that had been triggered by witnessing a lack of mortgage consultants in his local area. In establishing this type of service he recognised another opportunity in setting up a small property firm to advertise local residential properties. Clients looking for properties would also need mortgage facilities, therefore, this strengthened his business; business was further enhanced when the owner (PropFinance) sublet an office space to a property conveyance solicitor. In summer 2005 (time of interview) his clientele profile stood at 95% Asian which included 20% Indians. The owner had played on his ethnicity to access the local co-ethnic market, which was mostly, Pakistani. The majority of local clients spoke an Asian dialect, mostly Urdu, which is very similar to Punjabi and therefore, the entrepreneur was able to provide mortgage services with clear communication to the non-English speaker. At the time of the interview the geography of his business was 75% local and 25% regional market with 2-3 mortgages provided for London clients.

The owner of ST Media also used a similar strategy by capitalising on her ethnicity. In this case she created a market by launching a bi-lingual newspaper. A key factor here is that ethnicity had been combined with her duality (using dual-culturalism attributes for articles) in creating articles that attracted all generations of South Asians. The bi-lingual paper was published both in English and Punjabi, with the English section specifically targeted at the British Asian market, which
currently consists of second, third, and more recently fourth generations readers. The Punjabi section was targeted at the older generation, however, again also included material for succeeding generations who were able to read Punjabi; a language now optional in some schools, and is taught in the majority of Sikh temples in Birmingham. The paper did prove to be informative and educational as it portrayed not just the news coming from South Asian countries but also local and national news for Britain especially in relation to their communities. In further questioning her location in this market the owner noted that:

> Although we actually target a niche market, and our circulation of 60,000 is fantastic, we are not happy, there are 800,000 Sikhs in Britain and we want at least 25% of the market. We do have a lot of interest from professional [mainstream] people that want to know what's happening within the specific sector of the Asian community [providing mainstream agencies with information] (Owner, ST Media, 2005).

The owner stated that the national market profile stood at ‘north south divide 40%/60% [40% of the business from the North and 60% from the South of the United Kingdom], there are 400 subscribers that are in Europe, India Canada, Australia. In terms of ethnicity 98% is the Asian market’. The owner targeted the local colleges and local and national universities and, further mainstreaming also included the paper being sold in supermarkets, including Tesco and Sainsbury.

An initial reliance on South Asian markets was evident in the case of BC Training who had tapped into the Muslim women’s educational sector after becoming aware of an opportunity to provide educational courses. Although, this market was very small in size as it catered for those female Muslim women who were unable to attend mainstream colleges for study and training due to cultural constraints, it was ample enough for the owner to obtain contracts from the local colleges and establish a firm serving this market. Courses were conducted at community centres local to the area where these women lived. Over time, the owner had expanded the business and moved to a mainstream office at the Custard factory with teaching rooms, a strategy which had been deliberately adopted to access the mainstream market, which she did very successfully.
Entering mainstream markets during the start-up stage

Approximately, 23% of South Asian firms established their businesses by entering mainstream markets. Owners of these firms emphasised at least one of the following determinants: type of business; timing of business establishment; and location of the firm (Table 5.9).

Access to mainstream markets at the start-up stage was achieved by City Law, Hagley Business Consultancy, MYS Train & Recruit and Asbestos IT. The owner of City Law targeted his business for a specific market which included company disputes, litigation and property law. When questioned about the co-ethnic market, the owner noted that, ‘not catering for Asians because it is not that type of business’. The co-ethnic market was too small to be targeted, since the majority of the Asian firms are small to medium enterprise. When questioned about how the business was doing the owner noted that, ‘good since I get a lot of my business through other solicitors who do not specialise in this field’. City Law was a business service firm for other businesses with the majority of clients being obtained through third party referral from other law firms.
Table 5.9: Firms that entered the mainstream market at start-up

<table>
<thead>
<tr>
<th>Firms</th>
<th>Type</th>
<th>Timing</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Law</td>
<td>Commercial company disputes (very little SA demand)</td>
<td>_</td>
<td>Jewellery quarter, the City</td>
</tr>
<tr>
<td>Hagley Business Con</td>
<td>Set out to cater for mainstream due to chamber business funding available</td>
<td>In line with government funding (Business Link)</td>
<td>Hagley Road, the City</td>
</tr>
<tr>
<td>Asbestos IT</td>
<td>Government regulations coming into place for this type of compliance in workplaces, managed to capture mainstream large firms.</td>
<td>one of the first firms to offer this service nationally</td>
<td>Aston business park</td>
</tr>
<tr>
<td>Harborne IT</td>
<td>Software and hardware suppliers</td>
<td>Established in early years to capture IT mainstream market</td>
<td>Harborne</td>
</tr>
<tr>
<td>Dental Clinic</td>
<td>Mainstream referrals</td>
<td>Due to type clinic was able to access mainstream.</td>
<td>Bearwood</td>
</tr>
<tr>
<td>MYS Train &amp; Recruit</td>
<td>Training through Birmingham Chamber of Commerce aimed at mainstream businesses</td>
<td>_</td>
<td>Jewellery quarter</td>
</tr>
<tr>
<td>MF IT Suppliers</td>
<td>Captured vast market through Yellow pages</td>
<td>Established in early years to capture IT market</td>
<td>Sparkbrook</td>
</tr>
</tbody>
</table>

Source: Author (Interviews July-September 2005)

Similarly, Hagley Business Consultancy, established in 2002, targeted the mainstream market. The owner noted:

We are subcontract suppliers to the mustard programme, which looks at micro businesses in the West Midlands. A lot of people are educated and have been in the corporate sector breaking out into their own businesses. We support starting up businesses, micro businesses, businesses which are 3
years old or younger. We draw down government funding provided through Business Link and the programmes are geared up towards starting up and young businesses to growth. And 95% of our work is from Business Link. Location wise, 90% is regional, within the Advantage West Midlands boundary. We do have the odd client in London and we do network and find people who are suitable. Operate with second generation businesses. [When questioned about break down of ethnic businesses clientele]. Recently, I did some research and around 35% are minority businesses (Owner, Hagley Business Consultancy, 2005).

In achieving a contract from the government to serve regional small scale enterprises the consultancy positioned their firm to target mainstream markets; the necessity to target individual markets were outweighed by the product and service in question. Since deliberately attempting to service a specific racial market this firm would be perceived as discriminatory.

Establishing a firm using government contracts for targeting a business market had been a strategy deployed by the owner of MYS Train & Recruit who obtained funding for training contracts. The owner had the added advantage of a clinical background which added to her profile in accessing a wide range of contracts targeted by the government in diverse fields. When questioned about the market success of her business, the owner noted that she ‘set out to cater for mainstream however benefited from Asian networking, therefore tapping into ethnic markets and breaking out into mainstream’. The owner used her networking events, including the Asian networking to capture a clientele for her training sector, this enabled her to widen her field for further clients. Her overall market was mainstream.

The Asbestos IT firm offered a specific specialised service of asbestos risk management software. The services were targeted at mainstream markets as the owner noted that: ‘there are half a dozen key players about 10 across the country’, providing this type of service. His business was enhanced by the newly formed government regulations that meant all large companies needed to adhere to asbestos standards on their premises. Advertising the business through mainstream channels such as the internet and diverse business publications attracted a wide market. Clients included Coco Cola, BMW and the West Area Health Authority. The cost of such services was also expensive and therefore, currently there was no market for small scale
enterprises, although, in the near future all firms will have to comply with such standards. There were no Asian firm clients as the owner noted that all local and regional Asian firms were far too small to afford the services provided by his business.

Timing and the type of products and services were the key factors in two of the firms in the study. Harborne IT and MF IT Suppliers both established by second generation South Asians took advantage of the 1980s newly formed personal computer market and they started their businesses at the height of the computer boom. Harborne IT set up in Springhill in 1982 and ‘were very fortunate, because we do a lot of business with the University of Birmingham, so we came close to them, moved here in 1987’, [Harborne, 5 minute walk from university]. The firm also marketed their software and hardware products and services to local businesses as well as capturing the student market. Despite, competition from larger IT providers they have managed to maintain their market by providing a personal touch in their service and being in an ideal location (Harborne High Street).

MF IT Suppliers established in 1987 and accessed mainstream markets immediately. Initially, the firm had set up at the back of the mini supermarket (which was owned by the owner’s father), in 1990 the firm moved to Hockley, and then Digbeth, High Street, and eventually to the present location at the cross roads on Moseley Road. The owner emphasised that, ‘the advantage of moving around is you end up with a pockets of customers that remained with you when you moved’. Further, he also advertised his business in the Yellow Pages directory and the advertising provided access to mainstream markets and a wide range of customers. The firm also advertised on the Internet which provided further recognition. Prices quoted were lower than most other computer service providers. Business was both local and regional and despite growing competition from the personal computer markets, the owner has managed to maintain a strong hold over the business, which rested on developing many of his software and hardware products in India: ‘I'm affordable, I can charge double the prices and still be cheaper than the competition’. In addition to his software development site in Bangalore (India), the firm’s call centre was also situated in India. The business functioned well; however, recent rapid developments in the field of computers and the range offered by the larger providers have alerted
the owner to think of alternatives. The owner of MF IT is also involved in a parallel venture, he noted:

I’ve been in property and I caught the growth of the property boom which has been great for me because I stepped in when it was just building up and growing and I sort of bought properties like £650,000 and now their worth over ten million, also have recently invested in 70 apartments at the Rotunda in Birmingham City Centre’[these were purchased before innovation to the building whilst still in planning stages] (Owner, MF IT, 2005).

In terms of targeting markets second and third generation entrepreneurs deployed various strategies (such as using ethnicity, duality or even product and service differentiation). Many of these strategies were specific to the product and services offered. Some of the entrepreneurs accessed co-ethnic markets as operating in the mainstream may be more competitive and difficult to tap-into. This was particularly true for Shar Accountant who managed to obtain a large Bangladeshi clientele base. Some capitalised on ethnicity and duality to capture a target markets, this was particularly true in the case of ST Media entrepreneur whose bi-lingual newspapers was targeted at all generations of South Asians as well as mainstream readers (although in addition to supplying to South Asian markets, she had only managed to supply to mainstream supermarkets and educational institutions). Ethnicity and duality was crucial for Tailoring Boutique where the owner’s duality provided him to design fashion-ware through innovative ideas stemmed from being aware of British/Asian culture and tastes. These designs brought in more clientele. For entrepreneurs who managed to access mainstream markets at start up stages had done so as a result of differentiating the products and services they offered. Furthermore there was a strong connection with time of start up and product and service offered (IT firms were prime examples of this, whereby entrepreneurs had established their firms whilst the pc markets were in stages of infancy).

5.6 Conclusion
This chapter explored second and third generation South Asian service firms based in Birmingham. Contemporary South Asian business sector in Birmingham is heterogeneous in
nature and within the business services sector there consists a range of firms. Thirty business services firms were profiled for the purposes of the thesis, these consisting of both professional and non-professional business ventures. The aim of the chapter was to identify and explore motivational factors behind entrepreneurship and business operations from the perspective of the entrepreneur. Second and third generation entrepreneurship consists of a whole series of entrepreneurial drivers and operational strategies and it has become important to explore this since South Asian entrepreneurship in Britain has undergone a generation shift with succeeding generations detached from immigrant status and assimilated into the British culture and environment, now establishing businesses.

A number of motivational factors (pre-conditions) were identified that were important drivers behind entrepreneurship. These included family connections, education, financial drivers, status independence/flexibility/being, passion being your own boss, and to a lesser extent discrimination. The family was extremely important as they influenced the individual in a number of ways. The study highlighted that the entrepreneurs were encouraged/pressurised from a young age to obtain qualifications and training (73% held undergraduate or equivalent and 20% had HND/Diplomas) as this would provide better opportunities in Britain than they had (parents). Furthermore, education would allow acceptance in the wider community, as well as lead to well paid employment, and high standing in the South Asian community.

The family was important in inspiring the entrepreneurs although this was not always the result of deliberate activity. The study identified that 70% of the parents had previously been or were currently in business, with 20% of this figure representing those parents who had previously been in business in Africa. Family connections played a crucial role, as entrepreneurs were motivated by the positive aspects of the benefits of having their own business.

Financial motivation as a driver was less important, however, entrepreneurship did provide many with long term security. Again there was a relationship with the family element as some of the entrepreneurs had seen parents and extended family members ‘reaping the rewards of business/es’. The status of being a ‘businessperson’ was important within the South Asian
community but entrepreneurs in the study were reluctant to emphasise this matter as it may be perceived as egoistic. However, throughout the interviews it was clear that entrepreneurs enjoyed the status attached to owning a business and the financial aspects. Finally, discrimination was significant for 33% of the entrepreneurs who claimed they had experienced discrimination in some form, not always directly. However, it was enough to trigger entrepreneurship.

Second and third generation South Asian entrepreneurs were very much aware of opportunities their qualifications, knowledge and skills provided and they were also aware of the benefits of being dual cultured which provided the additional advantage of accessing resources from both co-ethnic and mainstream channels. Coupled with these aspects had been family support systems that aided entrepreneurship. The above factors influenced and encouraged entrepreneurship entry. In conclusion pre-conditional factors for second and third generation entrepreneurs are different to the first generation. Entrepreneurship entry is more for positive reasons than negative.

The chapter identified the characteristics of firm formation and highlighted that entrepreneurs established their businesses in two ways: first, sole proprietorship (53%) and second partnership (30% family partnership and 10% non family partnership). Reasons provided for sole ventures were entrepreneurs wanted ‘total control over the business’, ‘take full profits’ as partnership means sharing, and if aid was needed the family could substitute ‘so why take on anyone else’. Again, family become important and could always be counted on to provide support. For those entrepreneurs who set up by engaging in family partnerships had highlighted the importance of trust, loyalty, reliability and unconditional support, and family provided all this. Any ‘let down’ by family members, would undermine the family unit. Non-family partnerships were based on the financial aspect as the partners provided investment capital and transaction was based on the business rather than family relationship.

Business location had a strong connection with the product and service offered by the firms. Firms offering Asian products and services were often located in areas with high concentration of Asians. Firms with more mainstream products and services, or those who targeted mainstream markets as a deliberate strategy were located in more mainstream locations of Birmingham.
Furthermore, entrepreneurs emphasised that image is extremely important in targeting a mainstream market, and that high profile companies are deterred from doing business with ethnic firms that are located in highly concentrated ethnic areas. Furthermore, these entrepreneurs confirm that by locating in mainstream locations, they are able to obtain selected markets.

The study identified that entrepreneurs deployed diverse tactics and strategies to access markets as well as to provide mainstream products and services. In relation to targeting South Asian markets the entrepreneurs emphasised factors such as ethnicity as it provided a competitive edge in comparison to mainstream markets. For those entrepreneurs that targeted mainstream markets from start-up, reasons were again related to the type of product and service offered. A good example was Asbestos IT; the services were expensive and only corporate companies such as Coco Cola and NHS were targeted.

The study highlighted the importance of duality and hybridity amongst entrepreneurs and how these traits were used to access markets, as well as create products and services. A prime example of this was ST Media entrepreneur who used her duality to produce a bi-lingual newspaper publication that targeted all generations of South Asians as well as mainstream markets. And Tailoring Boutique entrepreneur who identified an opportunity that lay in dual-culturalism and created fashion-ware (fused from Asian and British styles – hybrid fashion-ware) that targeted South Asian and Mainstream markets. Overall, we can conclude that cultural identity and opportunity recognition play an important role in second and third generation South Asian entrepreneurship in Birmingham.
CHAPTER 6
BREAK-OUT STRATEGIES

6.1 Introduction
This chapter explores the ways in which second and third generation South Asian entrepreneurs have deployed specific business strategies to ‘break-out’ into new markets and/or expand in existing markets. It extends the work on markets and mainstreaming from the previous chapter (chapter 5) and investigates how entrepreneurs deploy diversification strategies and play on duality to create hybrid products and services to target various markets.

6.2 Breaking-out strategies

‘In order for ethnic businesses to succeed, they will need to break away from their own communities and move into non-ethnic markets, where there is greater potential for growth’ (Barn, 2000 pp 18).

In the past ethnic minorities have been officially recognised for their entrepreneurial success (Deakins, 1999) which frequently rested on capturing specific ethnic markets. Remaining in protected ethnic markets was a deliberate strategy for some first generation South Asian entrepreneurs. Success achieved in a marginal economic environment meant that some firms needed to break-out’ into other markets (EMBI, 1991). Following the EMBI Report, debates developed around ‘break-out’ strategies. It was suggested that the ‘key to expansion and prosperity is ‘break-out’ and serving the mainstream markets (EMBI, 1991) and diversifying into different sectors (Curran and Blackburn, 1993, Ram and Hillin (1994).

When questioned about growth and expansion, some respondents emphasised ‘breaking-out’ into other markets in order to achieve this. Although, 63.3% of the businesses were initially established by tapping into the South Asian market, 79% had achieved break-out into mainstream markets (Table 6.1).
Table 6.1: Breakout into non-South Asian markets

<table>
<thead>
<tr>
<th>Markets captured by firms</th>
<th>Firms at establishment</th>
<th>Since establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Asian markets</td>
<td>19 (63.33%)</td>
<td>4 (21%)</td>
</tr>
<tr>
<td>Mainstream markets</td>
<td>7 (23.33%)</td>
<td>7 (23.3%)</td>
</tr>
<tr>
<td>South Asian and mainstream markets</td>
<td>3 (10 %)</td>
<td>4 (13.3%)</td>
</tr>
<tr>
<td>Other</td>
<td>1 (3.33%)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Breakout of South markets into mainstream</strong></td>
<td></td>
<td><strong>15 (79%)</strong></td>
</tr>
<tr>
<td>(now serving SA and mainstream)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
<td><strong>30</strong></td>
</tr>
</tbody>
</table>

Source: Author (Interviews July-Sept 2005)

Twenty-one per cent of the entrepreneurs retained their focus on South Asian markets as they were reluctant to expand. Amongst the key reasons given, was they ‘didn’t want to lose control over their business’. For them breaking-out meant facing wider competition in newly accessed markets. Others were deterred due to financial and personal reasons (investment issues required for expanding their business activities or they may be over stretching themselves – time issues). However, the study highlighted that 79% of the firms had ‘broken-out’ to access mainstream markets and this was achieved in two distinct ways (Figure 6.1). This will be explored in turn.

![Figure 6.1: Breakout paths (source: interviews July-Sept 2005)]
**Diversification**

The study identified diversification strategy adopted by some of the entrepreneurs in the study in order to ‘break-out’ and obtain a wider client base. This was achieved in two ways: first, through product diversification to access a wider market, while staying in the same line of business and, second by expanding into other sectors while maintaining the initial business. Diversification was strongly demonstrated by Travelco, MF IT, UKP Train & Recruit (also discussed in chapter 8).

The founder (father second generation) of Travelco had initially started the business by targeting the South Asian coach travel passenger market in the mid 1980s. Since then he introduced further service routes to access a higher concentration of this sector (the numbers of South Asians using this service increased with the arrival of more South Asian immigrants to Britain). The years that followed saw the emergence of a new sector: the Asian wedding coach services market (traditionally the groom’s family and guests procession (bharat) are transported to the wedding venue. To date this is a high concentration market and is on the increase). By the mid 1990s new competition emerged from co-ethnic new coach service providers. As a result of the activities of competitors the Travelco firm’s business declined by the late 1990s. The entry of the son (third generation) into the family business took the business in a new direction. To grow the business he used diversification strategies as well as reshaped the existing business. This was achieved in a number of ways (Table 6.2).
Table 6.2 Travelco expansion and diversification implemented by third generation

<table>
<thead>
<tr>
<th>(2002+)</th>
<th>Coaches</th>
<th>Cars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improvements</strong></td>
<td>Updated them giving them a more corporate look (darkest shade of crimson).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adding catering and WC Service and facilities on board.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Providing on board movies and music both in SA and English depending on passengers.</td>
<td></td>
</tr>
<tr>
<td><strong>Mainstream service diversification</strong></td>
<td>Airport services for staff and passengers for Birmingham International Airport</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Daily school run services Services for school outings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Coach Hire (special events)</td>
<td>Car Hire for special occasions (limos etc)(Son)</td>
</tr>
</tbody>
</table>

Source: Interview Vehicle Hire July-Sept 2005)

Having entered the business the respondent implemented many changes including a complete internal and external makeover to the coaches to bring them into line with ‘contemporary feel’, therefore, in a better position to compete with the new emerging competitors. On board facilities were installed including the instalment of WCs, media (music and DVD film facilities) and services such as the provision of soft beverages. Externally, the coaches were repainted in a darker shade of red. The fleet of coaches was expanded to include ‘double-deckers’ (double floor coaches) and mini busses with varying capacities. The double-deckers proved successful in relation to the needs of the ‘bharat’, while the mini buses proved ideal for school runs and ‘leisure trips’ market.
In terms of services the respondent diversified to provide coaches for the ‘school run’ \( ^{26} \) and other educational institutions. Furthermore, he extended his services to target the airline transport market (Birmingham International Airport). This sector of the business includes the transfer of airline staff to and from local hotels and central locations within Birmingham, as well the transfer of passengers to central locations such as the city centre.

As the above services become more established, the respondent expanded his business further through the diversification of product ranges. Here in addition to coach services he expanded his transport vehicles to include a fleet of hire cars including Limousines, Bentley, Hummers; a market that proved extremely successful as Birmingham is a commercial and business centre. When questioned about the current market, the respondent noted that ‘most of the business is Leicester and Barking [coach hire sector], Dudley Road is 10% [local daily mainstream service], with the ethnic community 75-80% is peak and 30% off peak [this is mostly the wedding sector], rest in mainstream’. In conclusion, the third generation son grew and expanded the business by breaking-out from the majority co-ethnic market. He achieved this by accessing mainstream markets which included Birmingham International Airport passengers and staffs (crew etc) as well as the educational institution market (school and colleges). This led to overall growth and the expansion of the firm. By focusing on the ethnic market the firm would have maximised returns only in times of peak periods when the Asian market was strong. The business is advertised on local and national Asian radio stations. The strategy involved capitalising on ethnicity to maintain the traditional sector of the Asian market, but, going mainstream (break-out) to grow and expand the business.

Market diversification was evident for MF IT firm, whereby, the owner diversified his business portfolio to include property investment. He stated ‘I jumped on board, with the Dubai property investment market’. Although, the computer sector (initial and current business) of the firm was still maintaining its profit margins, competition from cheaper IT suppliers ‘had alerted me [owner of MF IT] to consider alternatives’. He opted for investing in the property market in Dubai as he claimed ‘the property sector is always a good investment and provided great assets

\( ^{26} \) School run: Daily ‘pick up and drop off’ for the children attending local schools.
for the future’. He used the premises next door to his IT firm to advertise the Dubai properties (two very different businesses running next door to each other). The Dubai property venture was established in partnership with a Dubai property developer who was responsible for dealing with all administration in Dubai. He claimed that diversifying into another sector was important as it provided a ‘safety net’ for him as an entrepreneur, and for his overall business sector. Currently he has bought a number of apartments for rental purposes and continues to expand his property portfolio in Dubai.

The owner of UKP Train & Recruit entered an additional market by creating a sub-sector to her business. In addition to operating a training and recruit business she diversified into PR and marketing. A sector that became quickly successful due her ability of tapping into initially the Asian sector (here by playing on traits of duality and used this to tap into providing PR services for Asian celebrities (both UK and from abroad) and marketing events nationally (these included, events for opening of restaurants, beauty fairs, business launches etc). Being amongst one of the few Asian PR marketing firms nationally, her services are in high demand and she claims that ‘business is good because we have a lot of celebrities from abroad and home who require a PR provider’. Here reference is to the Asian market, however, this is not to say that she does not receive any business from the non-Asian sector, she also provides marketing services to business firms in launching new products and services (currently this is a small sector in her business).

**Defining Duality (dual-culturalism and identity)**

The emergence of ‘identity’ in social analysis and its initial diffusion in the field of social sciences occurred vastly in the United States in the 1950s and 1960s. Over the decades the study of ‘national identities’, and the nature of ‘collective identities’ has become very popular, especially in relation to minority groups (like ethnics groups and immigrants) (Brubaker and Cooper, 2000). Amongst, the many forms of ‘identity’ are the individual’s self-understanding that is associated with ‘identity’ race, religion, ethnicity, nationalism, gender, sexuality and social movement. Ethnicity itself is constructed out of the fabric of language, religion, culture, appearance, ancestry or regionality (Nagel, 1994). When migrants and their descendants become engaged in processes of integration and assimilation into host countries their cultures and
identities are influenced by the host country’s culture. This process tends to encourage some to recreate their ethnic identities in response to their surrounding which include social, economic, and environmental aspects. This tends to give rise to a number of situations in relation to culture and identity: individuals may take on the host country’s identity and culture completely; remain within their own culture and maintain their initial identity; become associated with either their own or host country’s culture to the degree of varying strengths or alternatively as a result of co-existing in two distinct cultures take on both identities becoming ‘dual-cultured’ (duality). In other words, individuals ‘identify’ themselves as being associated with two cultures. Here they have adopted aspects of the host country in terms of dress, language, body communication traits. Duality provides for some opportunities. For the purposes of the thesis using Asian traits in breaking-out is defined as playing on ethnicity and using both Asian and British traits (combination of both) is defined as playing on duality. Entrepreneurs may play off their South Asian ethnicity to access particular channels in the retrieval of information or commodities and then bring them into the mainstream by using their ‘other’ identity and cultural know-how.

**Defining Hybridity**

‘A path is always between two points, but the in-between has taken on all the consistency and enjoys both an autonomy and a direction of its own’  
(Deleuze and Guattari, 1988, p380).

The term ‘hybridity’ is derived from its origins in 19th century biological theory, denoting the crossing of two different species (Young, 1995) however, over time it is used in diverse ways in literatures that span a number of disciplines, including botany and sociology. In the latter it has frequently been packaged in a variety of ways amongst which has been the ‘margin……where cultural differences interact’  (Bhabha, 1994: 206), Whatmore (2003) emphasised it as ‘real consequences, interventions, creative possibilities and responsibilities of interacting within the world’. The term ‘hybrid’ itself refers to parts of different matter which have combined and fused to create something with a uniqueness of its own. And indeed hybrid creations especially in fashion and music have now gained great recognition as such products have become desired by many groups. For the purposes of this thesis the term hybridity is associated with creations which
have manifested by the fusion of two components from distinct backgrounds, whether this is related to language, music, fashion, food or diverse services that brings together components from different backgrounds.

*Break-out through duality*

The immigration process to Britain during the mid 20th century led to the emergence of different racial groups, amongst which were South Asians. In the years that followed the majority of these and their descendents maintained their cultural values and beliefs. Many of the South Asians including those born and raised in Britain strongly associated with their ethnic and family origins, and this led to very little erosion of their Asian identity down the generations (Modood, 2003). However, at the same time, from the mid to the late 1980s, ‘a significant shift had been going on’ especially in black cultural politics (Hall, 1992, p 252) which led to the recognition of a diversity of minority identities and also an understanding that ethnic identities are not ‘pure or static’, in that they alter in new circumstances, or by sharing a social space with other heritages and influences (Modood, 2003). And this had become very much the case with Britain’s South Asians, where the latter two decades of the 20th century saw the emergence of Asian identity based on ‘hybridic Asianess’, resulting from Asian identities impacted by ‘Britishness’ - the mainstream British culture which surrounded them (Baumann, 1990).

The past few decades have witnessed the emergence of distinctive cultural practices associated with religion, language and marriage but there has also been a decline in Asian cultural practices (Modood *et al*, 1997). This has often been the case with the younger generations of South Asians, who compared to their elders are less likely to speak to family members fully in a South Asian language, attend a place of worship on a regular basis or have an arranged marriage. These changes often occur as a result of the ‘freedom of choice’ found within western British culture and are due to the process experienced by assimilation of South Asians into British society and culture. They can segregate their identities in different situations, such as being completely Asian within Asian cultural environments, or they take on their British identity amongst the mainstream society, or alternatively, they may play on both amongst British/Asians.
These generations have been reshaping and readapting in relation to their ethnicity and duality in the backdrop of Britain’s culture, society and economy. And this has led some to play on their duality (dual-identity) in many fields, one of which is entrepreneurship and it is to this that we now turn our attention.

Second and third generation entrepreneurs are playing on aspects of ethnicity and duality in a number of ways. First, their duality provides some with scope to recognise opportunities that may not have been recognised by first generation South Asians. Second, using their duality to access both Asian and mainstream channels of support and markets. Third, through their duality be able to develop products and services that are fused together (from ‘Asianness’ and ‘Britishness’) and have become hybrid commodities. The study identified that some of the entrepreneurs used aspects of ethnicity and duality in their business operations to break-out into specific markets, and, in some cases, this was aided by the innovation and creation of hybrid commodities which provided access to other markets and clients.

Just over 63% of the firms used aspects from their duality to breakout of traditional Asian business sectors and access mainstream markets. Media based businesses, such as ABP Publications, Nag Media and ST Media, demonstrated this trait. They played on their ethnicity to access detailed news within the South Asian community and played on their duality to access both co-ethnic and mainstream markets in terms of their products and services. Aspects of capitalising on duality were also strongly demonstrated by the owners of UKP Train & Recruit and TV Channel.

The owner of UKP Train & Recruit played on her duality to increase her business. One of the areas where this was strongly demonstrated was her contract with Cadburys. This involved successfully implementing a training strategy to educate ‘the firm (Cadburys) on South Asian festivals’ and the production of specific confectionery to cater for festivals such as Eid27 and Diwali28. Such events are similar to Christmas and Easter and are celebrated not only as single

---

27 Eid: Islamic religious period  
28 Diwali: This is a festival of lights which is celebrated by both Hindus and Sikhs (for different reasons).
days but may continue for a number of days, especially Eid. Cadburys now market Eid Advent calendars which have proved extremely successful in Arabic countries. The owner’s opportunity recognition had been triggered by her ‘in depth knowledge of South Asian culture’ and knowledge of national enterprises and training retrieved from operating her business in Birmingham. When questioned about the origin of this business idea, she discussed the ‘business market of Kosher baby foods’ (baby food suppliers targeted at the Islamic market sector). Previously her training services involved general training programmes (the majority being business and non business workshops). However, diversifying her services by using her duality to target a mainstream sector with Asian training programs had proved a successful strategy for her business. Regarding the firm’s market segment the owner noted that:

All mainstream businesses, and we work with the Blue Chip companies who come to us and say we want to engage in the Ethnic minorities, can you work with us on the marketing. The ratio of working with ethnics and non-ethnics is 50/50. Now that we are specialising in recruitment, our target audience is ethnic recruitment, because by 2020 Birmingham is going to be the first Diverse City, meaning there are going to more ethnic to recruit. That is one of the reasons we have set up in Handsworth. I have a niche market specialising in ethnic recruitment and other recruitment agencies (Owner, UKP Train & Recruit, 2005).

The owner of UKP Train & Recruit is aware of her personal traits and the potential her firm can achieve, at the time of the interview, she also diversified into marketing, but, this was still early days and she had only undertaken a few projects in marketing. She switched roles from South Asian to British hence exploiting her duality to grow and expand her business. Currently, her firm’s market ‘is 50-60% West Midlands, 30%, national 10% international'.

The owner of TV Channel also played on his duality to recognise and develop a television service for a British/Asian niche market. His business interest was triggered when ‘I saw a gap in the market, British Asians aren’t represented in TV, and it’s a powerful tool to have a television channel and I wanted to exercise that gap. As a British/Asian himself, he was able to tap into the tastes and demands of Britain’s succeeding generations of South Asians, such as music, fashion, as well as British/Asian reality shows. He planned programme broadcasting around these fields.
He used local and national talent in making documentaries, as well as producing reality shows based around local and national issues found in the South Asian communities in Britain. The role of duality was played in a specific way. If the owner had been completely South Asian he would not have recognised the opportunities that were evident in the British/Asian market and if he was completely British he may not have been able to access and obtain South Asian information from the ground level, especially, cultural matters that Asians in general may not want to discuss openly. In switching his identities and/or by using both simultaneously he was able to access the channels of information and gain trust on grounds of cultural familiarity, and in some cases religious trust. Break-out here was demonstrated through the owner himself breaking away from the traditional sector of South Asian entrepreneurship and through broadcasting his programmes on a ‘SKY’ cable channel.

Using duality traits to expand his business was evident with Hape Accountant. After he joined his uncle’s business he:

I wanted to be a chartered accountant, there was not going to be an opportunity like this anywhere else because it was a family business. I needed a training contract, and in the 1990’s there was a down-turn in the firms that were taking on contracts that made it harder. If you didn't come from a 'red brick' university and if you were black your options were even more limited, therefore, I took the best opportunity. I'm involved in it because of the flexibility. I lack financial motivation. I do it for opportunities and contacts those are the things that motivate me (Owner Hape Accountancy, 2005).

His entry into the family business led to rapid modification to the structure of the firm’s business strategies. This was the result of being aware of business opportunities and being proactive (Chell et al., 1991). His innovative ideas and western expertise gained through prior management of an employer’s business allowed him to introduce new ideas into his family firm. He restructured company policies, bringing them into line with mainstream firms and invested time and effort in joining various associations to network and target wider markets. He provided appropriate ongoing training workshop for staff, which boosted the morale amongst employees. He placed the firm on-line which offered a number of opportunities for the firm. He also marketed his firm at a many mainstream business events. Finally, he changed the name of the firm. The firm was named
after the uncle’s surname, and he added two one letter characters which altered the firm’s name so that it appeared to be mainstream rather than South Asian firm. The owner achieved break-out through taking a firm that relied mostly on co-ethnic clientele to access mainstream support channels and markets. The restructuring of the firm was important to bring it in line with mainstream companies, so that the image could compete with a wider market. It was equally important to maintain the Asian sector (therefore using duality to make clients and access resources channels) as well as explore channels of mainstream resources. The owner of Hape Accounts (respondent) attended a wider range of business and non-business networking and organisational events to widen the scope of his firm.

The above three businesses demonstrate how playing on traits of two cultures allowed the businesses to break-out of specific markets or expand into new market segments. For UKP Train & Recruit it had been ‘dual-knowledge’. For the owner of TV Channel it provided access to and information on British/Asian market where he created a niche and, for the partner owner of Hape Accountants it equipped him to deal with diverse customers, using his identity switching from Asian to British to both at any one time, as well as restructure his business activities to compete within the mainstream wider market. The overall gain has been that these firms have managed to capture a wider market or break-out into new markets through their personal traits and opportunities that lie in dual-culturalism.

**Break-out through hybrid products and services**

Multiple and dual identities frequently play a key role in the emergence of particular tastes, and the creation of goods and services to cater for these tastes. In relation to South Asians in Britain, hybridity has emerged through the fusion of Asian and British culture and has become evident amongst music through ‘British Bhangra’ (Dudhra, 2002) and the way this fuses British music with Asian lyrics. The British-Asian fashion (Gaaweera, 2005) where creations incorporate both ‘Asianess’ and ‘Britishness’ (Bhachu, 2004). Furthermore, the break-out of cuisines where for example traditional dishes have been modified to capture mainstream markets. And finally, although, not a product or service hybridisation has also extended to English-Asian language
‘Hinglish’ (Coughlan, 2006) which has become widely spoken amongst second and third generations of South Asians.

Twenty per cent of the firms in the study used aspects of hybridity to produce their goods and services. Three of the firms demonstrated this strongly: Snack Business, Tailoring Boutique, and Image Consultancy. All three firms accessed mainstream markets through the development of hybrid products and it is to this that we turn our attention.

*Deploying hybridity in Snack Business*

Turning a dream into reality was exactly what the founders (second generation parents) of Snack Business had done, when:

> In 1993 we went on an eight week trip to India, [visited the Sai Baba Temple] parents dreamt the same dream on the same night regarding poppadom business. Went to home town in Gujarat, ordered the machines and spent 2 weeks training on them. At the time there were no manufacturers of poppadom in the UK (Owner partner (daughter) Snack Business, 2005).

Although, the parents had already been involved in a family partnership (with father’s siblings) grocery retailing business they took the decision to set-up a poppadom business on the first floor of the supermarket where the mother ran the business whilst the father continued to run the partnership business on ground floor. The production of South Asian snacks were aimed at the local South Asian market, with items being much fresher than imported equivalents. From supplying the local area the business targeted the national South Asian market, which proved extremely successful. As demand increased the father was forced to spend more time in the Snack Business and consequently the grocery retailing suffered which led to mutual decision to close the grocery store. The Snack business functioned reasonably well for a number of years until national and global competition ‘kicked’ in.

It is often suggested that parental pressure is placed on South Asian children to enter family businesses (Dhaliwal, 2004). In the case of Snack Business the third generation daughter entered
the business against her parents’ wishes. Parental pressure had previously led the respondent to enrol on a pharmacy degree. She worked for Boots Pharmacy during her holidays but her desire to enter her family business outweighed her wish to develop a pharmaceutical career. This was offset by being the eldest of five daughters without a male sibling, and the strong desire to carry on the family name:

Up until today my dad’s is like, I didn’t want you here, I didn’t want you here, but now he knows where I’m going with the business and he realises that as a daughter I’m taking his business on, but he hasn’t got a choice because he got no sons (Owner Snack Business, 2005).

Her entrance to the family business led to a number of changes to the firm and its product lines. The respondent entered the business at the shop floor level as an employee, whereby she ‘learnt the ropes’ and worked her way up to management. Having completed her training she created a niche for herself and launched her first sole venture at the age of 19 which was a speciality shop retailing family business branded snacks. It proved an ideal marketing strategy as many local people were unaware of the poppadom enterprise in their area. Fresh snacks were made to order and picked up directly by the customers from the shop. The shop had been situated at the heart of the Asian community allowing the owner to build up social relations with customers who consisted of the local community and co-ethnics. These social relations provided valuable inputs and led to suggestions for new merchandise and marketing. The respondent eventually closed the business due to marriage, moving away from where her parents lived. However, she decided that she still wanted to be part of the business and purchased a 50% partnership with her parents. Her entrance led to innovative products and accessing wider markets (Figure 6.2).
The business originally catered for first generation South Asians by providing products such as the famous ‘Mattis’ which are consumed with afternoon tea. The respondent emphasised that seasonal market trends affected the business and her decision to consider alternative strategies to enter mainstream markets was because:

During October, November, December and February a lot of the Asian people are travelling to India. The customers that buy the products are the older generation feeding the younger ones and they are the ones that shop at the Asian supermarkets, because they were not buying we were suffering. What we have found is that, I love Asian food but prefer buying all food under one roof and that is the way things are moving at the moment, targeting Tesco and Asda [in process] (Owner of Snack Business, 2005).

In addition to seasonal markets, religious and cultural trends also had a major impact on the business:
During Diwali, a traditional product is made - the sweet matti (they are usually savoury), equivalent to a mince pie at Christmas. Products for Karva Chauth\textsuperscript{29} are also made. Although, religious and cultural events have maintained business, throughout periods of market downturn, [I] found diversifying into new areas enabled business growth. [We] diversified into wedding catering, catering for council events (Owner Snack Business owner, 2005).

Furthermore, innovation included a broader product range via the creation of new products such as cheese and onion poppadoms (British flavours fused with Asian snacks) and sweet and sour (Chinese flavouring) Bombay mixes. The owner maintained the traditional snack lines which targeted a specific market (these snacks are often consumed with tea, and are bought by the first generation). However, by extending the range of snacks to include western flavour combinations she implemented a marketing strategy, aimed at the mainstream market, which encouraged the consumption of these new snacks with a variety of beverages. This proved profitable and included snack provision with soft and alcoholic beverages.

Growth and expansion was maintained through (Figures 6.2 and 6.3):

- Aiming to cater for second and third generation South Asians whose tastes had become varied due to the range of snack available in the mainstream markets. This was achieved through modifying and expanding product range to include poppadoms with flavourings of cheese and onion, barbecue, roast chicken, as well as adding eastern flavours such as Tikka Masala.
- The products were marketed as complimenting a range of alcoholic and non-alcoholic beverages, as well as being traditionally consumed with tea.
- Local and National South Asian markets developed to include exporting to countries such as America and a number of European countries where there were high concentrations of Asians.

\textsuperscript{29} Karva Chauth: This is a Hindu custom where the wife fasts for one day (often takes place October to November) to pray for a long life for her husband.
The majority of the people now shop in supermarkets and this meant that the owner was negotiating a deal with one of the major supermarkets to capture a mainstream market.

Supplying the snack ranges to Birmingham City Council events.

The company had also expanded to provide catering for functions and events. They offered catering for weddings, parties and business events.

Figure 6.3 Capturing South Asian and mainstream markets via product and service expansion.

**Deploying hybridity in Tailoring Boutique**

The creation of hybrid fashion-ware was demonstrated strongly by the owner of the Tailoring Boutique. Being a third generation British Asian, he identified himself with both British and Asian traits which also came across in his designs. Outfits were created by the fusion of styles.
taken from different cultures and through innovative ideas and unique hybrid styles were created. The designs attracted not only the South Asian clientele, but also extended to the British/white markets. He noted that ‘I’ve had English customers who wanted outfits with a touch of difference, and we went through and designed a style which presented the difference’. Here the respondent created wedding outfits, which were similar to white English styled wedding dresses. However, Asian styles of sequins were added to provide an ethnic touch. He also ‘created a red wedding dress in a English style embroidery, again with sequins, adding a trail and used the Asian style veil and attached it to a head piece to represent the head trail’. Such styles have also become extremely popular with succeeding generations of South Asian females who reflect their tastes through their duality. The Boutique housed many hybrid designs ranging from not just wedding dresses but also the Asian salwar keemaz which has started to resemble the British trouser and long length shirt (without collars) and British style pashminas. Such ranges were a break-way from regular Asian fashion and attracted selected markets and clients. They proved extremely popular with British Asians and developed a small market of mainstream customers. In conclusion, hybridity became a break-out strategy thus accessing wider markets and increasing returns.

Similarly owner of Image Consultancy played on aspects of duality to service hybrid image styling. Here through her duality she had learned to adapt styles in ‘dressing’ to put forward to her customers. Asian and British ‘separates’ (clothes ranges) were combined in unique way to develop styles that attracted not just the British/Asian market, but mainstream markets. Through, workshops she was able to present her image consultancy styles to a wide range of audiences.

6.3 Conclusion
This chapter explored ‘break-out’ strategies deployed by some of the entrepreneurs in the study to create new markets for their products or expand into existing markets. Findings highlighted a high percentage (79%) of the entrepreneurs/firms had broken out of their current market and created or accessed new markets for their business ventures. The chapter identified two elements at play: first, entrepreneurs used ‘diversification’ and; second, they played on aspects of ‘duality and hybridity’. Often both tactics were entangled and duality led to opportunity recognition.
The diversification strategy highlighted that the businesses that were concentrated in the Asian market sector targeted the wider mainstream market by diversifying their products and services to attract more mainstream clients. The prime example was Travelco who ‘broke-out’ of a co-ethnic market by targeting his services at mainstream customers (tapping into the educational institutions and airline passenger services) and furthermore, by diversifying his business to include car rental market.

The second break-out strategy involved playing on traits of duality and innovating through the development of hybrid products. A prime example here was the Tailoring Boutique and Snack Business both of which fused together British and Asian tastes to create new products and services that were attractive to the more mainstream market. The owner of Image Consultancy also targeted her services to a wider market by offering her services of image consultancy that incorporated British and Asian fashion dressing for her clients. Her business allowed her to enter additional image consultancy markets (break into new markets).

In conclusion, there is growing evidence that some second and third generation entrepreneurs in Birmingham are equipped with entrepreneurial traits that extend beyond generalised entrepreneurial characteristics and they are using these traits as part of their business activities to target specific markets. This includes ‘breaking-out into new sectors and markets. These traits are based on the ability of these entrepreneurs to exploit the advantages that come from being British as well as South Asian. The dual identity means that they can perform business in different cultural settings, but more importantly, are also able to identify and develop hybrid products that blend aspects of British and South Asian identity.
CHAPTER 7
SOUTH ASIAN ENTREPRENEURIAL NETWORKS

7.1 Introduction
The previous two chapters explored entrepreneurship drivers and processes in relation to second and third generation South Asian businesses. This chapter focuses on the support networks used by these entrepreneurs. The literature on networks has frequently emphasised the significance of network support in relation to personal, social and economic activities. Furthermore, it is recognised that ethnic networks are an important component of business success (Aldrich & Zimmer, 1986; Waldinger, 1988; Dyer & Ross, 2000). However, studies remain limited on the role of support networks in relation to second and third generation ethnic entrepreneurs, as previous studies have tended to focus on first generation ethnic entrepreneurs (Kloosterman and Rath, 2003) who often relied on co-ethnic support due to barriers found in the host country. As the succeeding generations are detached from immigrant status and familiar with the British social, cultural, political and economic environment, there access to business support may differ to that of their predecessors; therefore this chapter will explore the role of business support networks amongst second and third generation entrepreneurs.

The chapter is divided into two sections. The first section introduces the network concept before focusing on the three key areas of networks found amongst second and third generation entrepreneurs: social networks and the role of the family and co-ethnic support; financial networks and the role of financial institutions in relation to business formation and operation; and business networks and the role of informal and formal organisations and associations.

Section two begins with investigating entrepreneurs engaged in transnational networks, by focusing on the import and export of goods and services and the existence of any parallel ventures outside Britain. The section concludes by exploring the case of Birmingham’s first South Asian Female Business Networking Association (SAFBNA) which was established to provide networking for business support opportunities.
7.2 The network concept

The network concept began to be applied to organisational research in the 1930s and to anthropology and sociology in the 1950s (Nohria, 1992), but its popularity has intensified over the past few decades (Easton and Araujo, 1986, Harland, 1995). To date a number of theoretical perspectives have emerged in relation to ethnic entrepreneurship based mostly around social capital theory (Bulter and Green 1997; Portes 1998; Woolcock, 1998) and networks. Adler and Kwon (2002) emphasised the benefits of being part of a particular ethnic group and the contribution of associated networks which enhanced ethnic business success. Social capital also contributed to human capital theory (Coleman, 1988). Becker (1993) incorporated factors such as experience, education and family influence playing a role in networks (Menzies, et al., 2007). Furthermore, social capital is recognised for increasing financial capital (Portes, 1998) and this has been the case for many first generation ethnic entrepreneurs in Britain. Existing studies have recognised that the success of ethnic entrepreneurship rests on kinship and friendship networks, as well as common values and trust (Adrich and Waldinger, 1990). Furthermore, these networks often provide opportunities to develop relationships with potential customers, as well as to obtain credit and market information (Werbner 2002).

7.3 Support networks in business ventures

When setting up and starting a business venture individuals obtain information from a number of people and institutions (Salaff et al., 2003) raise capital, invent or access technology, obtain materials, hire workers and identify clients/markets (Gabbay & Leenders, 1999). This process engages the entrepreneur with different social, financial and business networks (Johannisson, 1988; Larson, 1991). These networks may be external or internal and entrepreneurs and firms in general exploit these in relation to their businesses (Bennett and Ramsden, 2007). External resources tend to consist of business associations and other providers of specific expert knowledge including private sector bodies such as financial institutions, accountants, consultants, public sector aid, and government agencies. Internal resources include family and friends and other forms of socially related bodies. For small businesses, resources obtained through specific networks play a role in the formation, survival and success of individual firms (Rosa and Hamilton, 1994; Aldrich et al., 1997). Individuals also interact with other specialist organisations.
and associations that provide wide access to resources that support a new firm, as well as a potential market (Hansen, 1995). Therefore, networking plays a significant role in the entrepreneurial process and an important role in the ways in which entrepreneur’s access informal support from family and friends and formal support from business associations and organisations. The study identified the ways in which entrepreneurs were engaged in networks. These were categorised under three key areas: social networks; financial networks; and business networks (Figure 7.1). However, modes of support also crossed over whereby formal support came through informal networks. Family networks, may provide human capital that may be unwaged or low cost, but furthermore, they may provide direct financial support with loans given without interest and repayment periods.

Figure 7.1: South Asian entrepreneurial networks
Source: Interview data July-September 2005
7.3.1 Social networks

Social network theory focuses on the importance of social relations and networks of entrepreneurs. Individuals draw on social relationships to support business start-ups (Aldrich, 1999, in Salaff, 2003). Social Networks are recognised as contributing towards business start-ups, especially for nascent\(^{30}\) entrepreneurs (Wyer *et al.*, 2007). The social embeddedness of entrepreneurs has an impact on their perception in relation to accessing various support channels especially in regards to sources of finance (Wyer *et al.*, 2007). Components within the social network framework consist of family, friends and the wider co-ethnic/community. Informal ties may lead to flows of relevant information and support that contributes to firm formation and management.

*Diverse forms of family support*

Network ties provide varying levels of support (Granovetter, 1973) for entrepreneurs. The family played a strong role in the South Asian businesses explored in this thesis, and such support was both visible and invisible. The visible aspects were evident through the provision of direct financial support for firm formation or to support existing ventures, and human capital support through unwaged labour. Forms of invisible support came through factors, such as avoiding extra costs by living or operating the business from home, as well as through ‘favour return’ (getting business related tasks completed without monetary exchange, which were substituted by the return of favours). Seventy-three per cent of the entrepreneurs received some form of family support. Forty per cent of the entrepreneurs received direct financial support, 33% of the entrepreneurs had unwaged family members working in the business at some stage, and 27% obtained general support. Furthermore, 20% of the entrepreneurs benefited from family support by establishing the firm in the family home (at the time of the interviews, 10% were still operating from home) (Table 7.1). Many of the factors of support were interconnected. Family support for entrepreneurs who set up from home benefited from reduced overheads, but also had human capital support where family members provided unwaged work for the venture.

\(^{30}\) Nascent entrepreneur: First time entrepreneur
Forty per cent of entrepreneurs received direct financial support from family networks. These included Dental Clinic, ST Media, Skip Hire, Hands Pharmacy, City Law, HLP Law (one partner only), Shar Accountants, Harborne IT, BC Training, MF IT Suppliers, Music Workshop and Asbestos IT.

Table: 7.1 Family support in relation to entrepreneurship
* current home based firms

<table>
<thead>
<tr>
<th>Family support</th>
<th>Firms</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance (direct, visible)</td>
<td>12</td>
<td>40%</td>
</tr>
<tr>
<td>Unwaged labour</td>
<td>10</td>
<td>33%</td>
</tr>
<tr>
<td>General support</td>
<td>8</td>
<td>27%</td>
</tr>
<tr>
<td>Home-based firms (reduced overheads)</td>
<td>6 (3)*</td>
<td>20% (10%)*</td>
</tr>
</tbody>
</table>

Source: Interview July-Sept 2005

In the case of Dental Clinic the owner noted that his ‘father, [initially] set [his] brother up in business, and provided £20,000 deposit and security’. Later when the respondent completed his dentistry qualification and training, the business was re-registered as a joint partnership between the brothers, without the respondent having to invest in the established firm. Human capital support was further provided by the respondent’s spouse (the owner of MYS Train and Recruit), who used her expertise to ‘bring in line office administration at the Dental Clinic, I recruited and trained the office staff and Manager (wife)’ for the successful and professional running of the clinic (a role that would have proved expensive if an outside person was employed). Her role in the Dental Clinic was unwaged, and yet it was critical for the effective and efficient operation of the business.

The owner of ST Media emphasised the role of strong support from families and the co-ethnic community in the purchase of her first business venture. She noted that:

We had support from family and friends, the first business was in Peterborough, we [sister and respondent] went to see it and we did a deal for £60,000, my husband was at work. What happened is that the shop had sold
and the guy said ‘if you guys come back on Wednesday with £20,000 you can have it’, this was Monday. I said ‘yes no problem’, it didn’t even enter our minds that we should consult and see how much money we had. This is how naïve we were. I walked out and I go to sister’s husband ‘Kinai paisa arh’ (how much money do you have), £1000 he replied, I said ok, where do we get £20,000. I [respondent] just bought a new house, we haven’t got any money. Went home told mum and by Wednesday we had £20,000 from friends, families, relatives. We [sister and respondent] both re-mortgaged our houses by another £20,000 each and we had the £60,000 to pay for our first business. No financial support for current business (Owner, ST Media, 2005).

Raising capital so swiftly rested on the strength of the family and co-ethnic networks and trust within these networks played a significant role. The benefit of borrowing capital through these channels had the added advantage of not incurring interest. Asking for interest would be perceived as ‘not seeing the borrower as a family member or friend’. The bank played a role in the business indirectly as it allowed the respondent and sister to re-mortgage their properties and this provided the business to be purchased with 100% finance. The entrepreneurs accumulated profits swiftly and returned the borrowed capital to family and co-ethnics as this further enhanced ‘trust’ between networks. In addition to financial aid, families also extend support to childcare (Bhopal, 1998). This was another area where the owner of ST Media benefited, ‘mum looked after the children full-time, while I managed the business [mum lived with the respondent], I didn’t have to worry’. Here the respondent could focus on business without having to worry about domestic commitments. This type of support was crucial for the owner as without it, they may have been placed under stress which in turn could have negatively impacted on the business. Furthermore, she was able to commit to her business venture 100%, which led to the establishment of other ventures (multiple). It was the result of all her ventures being sold which contributed to the financing of her current newspaper business (ST Media firm).

The strength of network ties was evident for the owner of MF IT Suppliers. The extended family provided swift and easy financial support for the property development venture. The entrepreneur used his business strategy to secure a 13 bedroom joint property from uncles. The owner renovated it and turned it into city apartments for the rental market: He noted that:
Father and uncles owned the joint property, I bought out uncles, then went back to my uncles and said, uncle I gave you £150,000 [each], didn’t I when I brought the property from you, do you have £100,000 you can borrow [sic] me. So the two of them borrowed [sic] me back £100,000, and I brought this cash right, and I mortgaged it and paid back my uncles (Owner, MF IT Suppliers, 2005).

The strategy deployed here by the owner used family network support to its full potential. He helped the uncles and father to separate the living accommodation they resided in for many years, by buying out his uncles (the property was then worth £450,000), leaving his father’s share in, and then later borrowed capital (interest free) from the uncles to convert the accommodation into rental apartments. Once renovated it was valued at £650,000. He then re-mortgaged the property/ies to pay back the uncles but retained the full rental profits for himself. The capital was paid back at the earliest convenience, therefore, maintaining and strengthening the trust between himself and his uncles.

Family network support was crucial for the owner of BC Training who capitalised her venture through direct financial aid from parents and sister. She noted that:

My parents financially helped me when, I set up. The bank would not touch me with a barge pole because, I was a student with debt, my sister got me a loan through her bank [the loan was registered 100% under the sister’s name] (Owner, BC Training, 2005).

The respondent obtained the loan from the bank through her sister, and took on the repayment and the interest amount. However, in addition to this she had also borrowed from parents, but without the pressure of being charged interest and returning the capital in a given time period. Without the financial injection the business would not have materialised. The sisters of the respondent also provide unwaged human labour during busy periods in the office. Others such as City Law used ‘personal funds and the family gave financial support, helped because we bought
the premises’. The owner of Skip Hire was able to establish the business as his ‘father financed 100% of the venture’.

The study identified that 33% of the entrepreneurs used ‘unwaged family labour’ in the business. These included PrintXpress, MF IT suppliers, HLP Law, Tailoring Boutique and HES IT. The owner of PrintXpress initially set up from home after purchasing a printing press using his saved university grant. Strong support came from the family unit. Operating from home meant that he avoided extra overheads, such as rent, water rates and electricity as the majority of the costs were paid by the family. The owner only paid extra towards electricity for printing. When questioned about the role family members played, the owner emphasised that ‘family will help in production, such as collating, numbering, separating and gluing’. Further confirming, ‘that this was an unwaged role’ that the parents and other family members played in the efficient functioning of the business.

The study identified other modes of invisible support from family networks, where members aided the venture in taking on the responsibilities that the entrepreneur had been previously conducting, as well as providing time and comfort to establish and stabilise the business. These factors were evident with Hape Accountants, Music Workshop, and Shar Accountants. The owner of Hape Accountants noted that:

I became the partner without the financial side, without the financial injection [into the firm]. I suppose the biggest commitment was when we bought the house, they helped [the uncle, founder of the firm], they paid towards the contribution of the house price, since I was on a poor trainee salary, we needed help even after going to the bank (Partner Hape Accountants, 2005).

Here, the respondent was able to enter an extended family firm and later become a partner without investing any capital in the firm. Extended family support initially ‘kicked’ into action, when the respondent was unable to find a trainee accountancy position in other accountancy firms. The uncle provided a position on a trainee salary, and made a financial contribution towards the house purchase for the respondent and his family. After training, the respondent was
offered a partnership without having to invest any capital into the firm. This depth of support demonstrates the strength of family ties and how they positively impact entrepreneurs and their business ventures. Invisible formal support was evident for the owner of Music Workshop, when:

I got together some cash from friends and family, for the initial business. Financially there was no money made in it, I’d say the first four years so, I was quite fortunate that I was living at home during that period. I used to pay myself a minimal salary but I suppose the crucial part of it was the fact that I was living at home. If I wasn’t living at home I don’t think that the business would have really survived and that comes back to community and alternative ways of setting up business. I think that’s how a lot of young entrepreneurial Asian business men set up their businesses through their network of friends, family, contacts that stems in to the wider audience (Owner, Music Workshop, 2005).

The family and friends networks provided visible financial support for the initial set up. Invisible support had been just as crucial; the entrepreneur avoided expenditure as he lived at home and all general expenses were provided by the family unit. This allowed the owner to concentrate fully on making the business stable and viable. Similarly, invisible support was provided by the spouse of the owner of Shar Accountants, where he ‘I used his own funds [for the initial set up], and I couldn’t take wages for six months, wife’s salary helped [kept the business and home going]’.

The nature of support was crucial as the owner could concentrate on establishing and stabilising the business and, without his wife’s support, it may have possibly failed within the first six months.

Twenty per cent of the firms were initially established from home and 10% currently remained at home. For these entrepreneurs support had again been evident through the family unit, where the cost of premises, water and electricity for the business were paid for collectively. This avoided extra overheads and in turn enhanced annual returns. The owners of HES IT, PrintXpress, MYS Train & Recruit, ABP Publications, Nag Media and Image Consultancy all benefited from setting up the business from home, with the latter three remaining at home. When questioned about the support in terms of setting up from home they noted it was ‘more feasible, and no overheads’ (Image Consultant), ‘working from home, therefore, no overheads (MYS Train & Recruit), ‘the
nature of the business, independent journalist, do not need business premises (ABP Publications). For those businesses that remained at home, it was due to feasibility, of which the main reasons included: business premises had not been necessary and extra overheads were avoided. For those entrepreneurs that had later moved to business premises, home had initially allowed the business to stabilise before obtaining business premises (business premises incurred overheads).

**Co-ethnic community-based networks**

In addition to family support, South Asians are also recognised as accessing co-ethnic community-based support (Dhaliwal, 1998). Business support may be visible or invisible, and may come from co-ethnic community networks in the form of direct financial and human aid (visible) or through communication channels (invisible) amongst the most recognised being marketing the business through ‘word of mouth’, or co-ethnic community providing support for the business, but instead of repayment the business owner may return the favour in some other way.

When questioned about the role of co-ethnic community networks, the respondents emphasised that these provided very little help. However, a small percentage of entrepreneurs who claimed that community did play a small part, these included Music Workshop, HLP Law, BC Training, and UKP Train & Recruit. The owner of Music Workshop found ‘that the community helped in a holistic way in terms of advocacy and signposting’. In his previous business he found that ‘without support from friends and community, the business may have not been marketed well’. The partner owner of HLP Solicitors was provided with business support from a previous employer based on co-ethnic community relationship. The owner noted that:

The Asian guy I worked for came with 30 boxes of files and said ‘start here’, whereas Vijai [partner] didn't have that from his white firm, however, I have friends who are white and sent work my way (Partner owner, HLP Solicitors, 2005).
From the above statement, it can be emphasised that the network relationship with the previous employer based on co-ethnicity provided strong support towards the business (HLP Solicitors) and this was demonstrated one of his previous employers forwarding vast amount of business (30 boxes of law cases) to the owner. In the case of his friends who were British/white, he did also receive support as they sent him referrals. However, the amount of support varied vastly.

Community-based support was also emphasised by the owner of Shar Accountants who pointed out that the ‘co-ethnic community helped by making recommendations and signposting his business to others in the community’, this type of support proved very beneficial for his business.

South Asian accountants are recognised for being part of the co-ethnic community and frequently play a key role in firm formation and growth. It is recognised that ethnic businesses tend to utilise co-ethnic accountants (Ram and Carter, 2003) which act as intermediaries advising and signposting clients in relation to business and non-business matters. Entrepreneurs in the study viewed accountants as well educated trusted individuals, who had in-depth knowledge of the financial running of the business/es. The owner of PrintXpress noted: ‘I have a family friend who was an accountant, who provides free business and financial advice’. Furthermore, co-ethnic accountants and financial advisors are often recognised for extending their support beyond their job related duties. The owner of BC Training stated that:

……my accountant gives me business advice and he is like a brother also, it was the accountant who turned my company around, he did not charge me for advise, only for the accounts, he is one of the most people I can trust (Owner, BC Training, 2005).

Here the strength of the network provided strong free business advice, and the accountant had guided the client to ‘streamline’ the business and relocate to a cheaper business unit with lower outgoings. The owner of City Law noted that ‘the accountant gives advice, like setting up the firm and business location advice’. Again, the advice was free and business related.
In order to get an accountant’s perspective on the position of co-ethnic support to clients, the owner of Hape Accountants emphasised that, ‘he was often relied on in terms of giving valuable suggestions in relation to the location of businesses, market clientele, and sometimes unrelated matters’. Others had more negative views regarding the community. The owner of Nag Media found co-ethnic community networks ‘a waste of time, some Asians had contact names but they would not give them to me [in relation to her business]. The owner partner of HLP Law noted: ‘no support from community and temples, if they did help they would probably expect something in return’. In conclusion entrepreneurs had mixed viewed regarding support and often this was based on the relationship of the tie, family was important, however, members from the co-ethnic community provided support where the relationship between parties were strong, where it was weak there was less support evident.

7.3.2 Financial networks

Finance is a significant component in the entrepreneurial process. Initial investment tends to be crucial for the formation of a business. Capitalising business start-ups frequently inspires individuals to interact with many different financial networks. In addition to the family (detailed in the previous section), these may include formal intermediaries such as commercial institutions (Diamond, 1984), or informal financial intermediaries such as accountants, lawyers, suppliers and customers (Garmaise, Moskowitz, 2003), as well as business associations. The latter group of financial intermediaries is recognised for fulfilling a critical function in determining access to finance (Garmaise and Moskwitz, 2003). They may not provide finance themselves, but connect borrowers and lenders together as well as offering their own services.

The study identified two main sources for capitalising business start-ups: first, family networks providing capital, and second, financial institutions. In addition to the above, invisible support was also provided through informal intermediaries (such as accountants, solicitors, business advisors) who provided specific aid such as signposting as well as informal business advice. In relation to start-up investment, over 53% of the entrepreneurs used personal saving for the initial investment, approximately 33% used their family and 10% friends (Table 7.2). Friends also tended to contribute indirectly through ‘favour exchange’ rather the exchange of money.
Approximately, 37% of the firms used financial institutions to make up the difference in the amount needed to finance the venture. In addition 20% obtained finance from other sources including business associations, government grants, and trusts.

Table 7.2: Sources of finance used at start-up

<table>
<thead>
<tr>
<th>Sources of Finance</th>
<th>Firms</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Funds</td>
<td>16</td>
<td>53.3</td>
</tr>
<tr>
<td>Family</td>
<td>10</td>
<td>33.3</td>
</tr>
<tr>
<td>Friends (co-ethnics)</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Financial Institution</td>
<td>11</td>
<td>36.7</td>
</tr>
<tr>
<td>Business Associations (Princes Trust etc)</td>
<td>1</td>
<td>3.3</td>
</tr>
<tr>
<td>Small scale grants</td>
<td>1</td>
<td>3.3</td>
</tr>
<tr>
<td>Government initiatives (regeneration grants)</td>
<td>1</td>
<td>3.3</td>
</tr>
<tr>
<td>Other funding (lottery, trusts)</td>
<td>2</td>
<td>6.7</td>
</tr>
</tbody>
</table>

Source: Interview July-Sept, 2005

Informal sources
Ethnic minorities often consider that they are discriminated against by the financial institutions, and therefore financial reliance falls on other means of obtaining the capital required for business start-up and operations. Bank of England Report (1999) highlighted that managers do not actually discriminate against ethnic minorities, although ethnic minorities may perceive that they do (OECD, 2004). Discouraged by formal financial institutions there are those from ethnic minorities who may turn to alternative means of finance, and this often included family, co-ethnics and friends. The study identified that 16 of the entrepreneurs used personal funding as the initial investment, 10 used family financial support and 3 used friends and co-ethnic networks to obtain finance (chapter 5).

Formal sources
Small firms experience difficulty in raising external finance regardless of the ethnicity of the owner (Storey, 1994). It is also recognised that ethnic business start-ups face more financial constraints compared to white-owned firms (Ram and Deakins, 1996; Bank of England, 1999; Ram and Smallbone, 2001; Irwin and Scott, 2006; Scott et, al, 2007). This is especially the case
for groups such as the African-Caribbeans and Bangladeshis. In such situations ethnic groups tend to rely on informal sources (Basu, 1998) despite there being formal support available from financial institutions. Research has also suggested that ethnic minorities and women tend to become ‘discouraged borrowers’, where these potential borrowers from banks may be in possession of reasonable business proposals but fail to seek finance under the perception that their applications may be ‘rejected’ (Kon and Storey, 2003), therefore, making these sources less significant to providers.

The study identified mixed ‘feelings’ in relation to the role of the bank in supporting the businesses. Thirty-seven per cent of the sample accessed finance from formal financial institutions to establish their firms. These sources were only used to make up the difference after borrowing capital from other, often informal, sources. What was also evident was that banks were more willing to provide business loans if the owner had also invested in the firm. This was evident for Hagley Business Consultancy, and Hands Pharmacy. The owners of Hagley Business Consultancy stated that:

> The business is mostly knowledge based therefore not much equipment was needed. We did get a small loan to set-up business, and we all contributed. Other than that there was no support at all. Got £8000 from the bank and all three of us put in £2500 each into the business, not difficult because we put almost half in (Partner-Hagley Business Consultancy, 2005).

Here, the further 50% required from the bank was accessed without difficulty as a result of the 50% investment made by the owners of the business. The bank was also aware of ‘the majority of contracts being government funded through Business Link, and therefore, the bank saw it as safe investment’. Similarly, the owner of Hands Pharmacy stated that the:

> Family helped with raising initial funds. Pharmacies are sound businesses so getting the loans is not difficult, however, it’s very difficult to get funding in terms of clinical and medical advancements. They just judge you on the business and see how many jobs you can create (Owner, Hands Pharmacy, 2005).
Here two factors played a key role. First, the type of business was perceived as ‘safe’ by the bank as it was medical-related and, second, the owner had raised a ‘large sum’ himself and the bank was willing to provide the remaining capital that was required.

Others such as the owners of Asbestos IT preferred banks: ‘I have not taken family money, because it keeps you awake at night, however, I did take £20,000 from my brother at the beginning of the year, but no other family money, I prefer the banks’. Once again family finance was used for short-term purposes until the banks offered the required amount, because ‘borrowing from family felt like a burden, where as with the bank no emotional attachment’. The owner of SP Investment also claimed that ‘I don’t like involving family and prefer keeping the business separate and use only financial institutions’.

The owner of Tailoring Boutique also had positive views regarding banks, he noted that he had ‘no financial help from family or friends just business loans, HSBC Bank, Lloyds TSB. First we went to Lloyds they gave us it [loan] it so we set up straight away’. He further highlighted that borrowing from family may cause problems.

Banks were, in some cases, viewed negatively. They were reluctant to provide long-term large amounts to businesses, but quick to provide short-term finance with higher rate. The owner of MF IT noted that:

I felt that banks didn’t give the support that Asian businesses required [this was when owner initially set up in IT]. We would go with our dreams and our visions and our missions and the banks would say yes, yes, ok well we’ll give you five thousand pound overdraft facility, you know just to keep us quiet. Now banks think that Asian businesses are secure to invest in but in the past it wasn’t like that (Owner, MF IT Suppliers, 2005).

The owner of MF IT, noted that ‘banks are now more accommodating as they are more aware of the Asian business economy’ in Britain. However, it had not been so easy in the earlier decades, when they would only help if individuals invested a large amount themselves. The owner of the
Snack Business pointed out that the ‘banks should play a bigger role in the businesses’. In her case, they were reluctant to provide finance for further product development and expansion of the business.

Entrepreneurs emphasised aspects such as ‘not willing to pay interest’ on banks loans, ‘too much paperwork involved in business plans that may not be successful’ (respondent Snack Buss), ‘paying interest was wasting money’, and ‘[interest is] dead money, and that money should not be wasted’ (respondent PrintXpress). Furthermore, despite many of the entrepreneurs dislike paying interest, they still made use of facilities provided by banks such as long-term overdrafts with low interest rates.

7.3.3 Business networks
Entrepreneurs were involved in both informal (community based organisations) and formal (business associations) networks. Informal networks occurred via South Asian cultural support organisations and associations and formal networks through business associations.

South Asian Organisations in Birmingham
There are a number of South Asian organisations in Birmingham which are both government and privately funded (Table 7.3). In 1998 Birmingham contained 57 Bangladeshi, 47 India and 68 Pakistani organisations. These organisations provided not just a sense of belonging and security but were key players in providing networking opportunities. These organisations culturally and socially connect South Asians. They also serve as spaces where potential and actual entrepreneurs network and obtain information and contacts in relation to business-related activities. When questioned about informal networking spaces, respondents highlighted religious and social organisations. They noted that although they did not obtain direct support from these places they did act as good channels for information in relation to business.
As well as networking opportunities South Asian organisations offered access to clients and markets. The owner of MF IT Suppliers noted that:

People begin to understand who you are, one gets known in the community. They don’t turn to you because you are a professional person but on a note where they feel that they know you in the community and that they can access you if there’s a problem [which relates to the business] (Owner, MF IT Suppliers, 2005).

In relation to informal community associations and places of worship the owner of FL Finance noted, ‘I had support in terms of information about my mortgage services being marketed by friends and family passing the word around in the community through their places [here the owner refers to religious and community places]. For some entrepreneurs these places helped because they passed information through the channels. However, at the same time entrepreneurs did not approach these places deliberately to market their businesses, especially temples which are places of worship, and therefore, to attempt to make a financial gain is perceived as ‘selfishness’.

The overall view of religious places had been that they did not contribute except in terms of ‘word of mouth’ conversations. The entrepreneurs did not approach these places for business

---

Table 7.3: South Asian Organisations in Birmingham

<table>
<thead>
<tr>
<th>Bangladesh</th>
<th>Indian</th>
<th>Pakistani</th>
</tr>
</thead>
<tbody>
<tr>
<td>57 in total</td>
<td>39 organisations</td>
<td>68 Organisations</td>
</tr>
<tr>
<td>Hindu Bengali Association</td>
<td>Birmingham Pragati Mandal</td>
<td>All Pakistani women’s association</td>
</tr>
<tr>
<td>Bangladesh Community Development</td>
<td>Gujarati (Hindu) Association</td>
<td>The council of British Pakistanis</td>
</tr>
<tr>
<td>Bangladesh Islamic and Social Organisation</td>
<td>Guru Nanak Gurdwara</td>
<td>Handsworth Islamic Youth Employment centre</td>
</tr>
<tr>
<td>Federation of Bangladeshi Organisations</td>
<td>Asian Hindu Cultural Association</td>
<td></td>
</tr>
<tr>
<td>Handsworth Bangladeshi Association</td>
<td>Punjabi community Centre</td>
<td>Jama Mosque and Madrassa</td>
</tr>
<tr>
<td>Handsworth Mosque and Islamic Centre</td>
<td>Ramgharia Sikh temple</td>
<td>Marasia Islamia Mosque</td>
</tr>
<tr>
<td>8 Sikh organisations</td>
<td>Urdu Forum (UK) Birmingham</td>
<td>Pakistani Community Centre</td>
</tr>
<tr>
<td>The Council of the Sikh Gurdwara</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Punjabi Language Development Board</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Birmingham city South Asian organisations (Garbaye, 1998)
purposes, and the majority therefore, did not expect support. The entrepreneurs stated that, ‘no support from community or temple (MYS Train and Recruit, 2005); No support from community or temple (TV Channel, 2005); No support from community and temples (HLP, 2005): ‘no help from religious places, not needed in my line of work’ (City Law, 2005). In conclusion these places provided very little in terms of visible support and only acted as places for gathering where information channels were active. Temples are junction points for social interaction and the exchange of information both social and business.

**Formal networks: Business Associations**

Since the 1930s government policies have been responsible for shaping and reshaping the West Midlands economy. The re-organisation of local government in 1974 also contributed to the transformation of the regional economy, leading to local authorities becoming responsible for local economic development. In 1981 the West Midlands County Council launched an economic and regeneration strategy (Mawson, 1983) with a primary objective to gain in-depth knowledge of the local economy to develop a strategic approach (OCED, 2004). Amongst others, one of the key tasks of this policy was to address business development at a local level. The years that followed witnessed the establishment of government funded organisations and business associations, including Business Link, established in 1993, that were intended to promote business support and education and the possibility of funding for enterprises. Advantage West Midlands was established in 1999, to provide support at a regional and local level. The overall aim of these organisations was to support local and regional enterprise development by increasing business start-ups, growth and expansion policies, training schemes for potential and actual entrepreneurs, as well as improving the general environment in which a firm is situated and embedded.

Business associations undertake a number of functions which include the provision of business advice and social opportunities. In the UK there are many different types of business associations and these can be classified into two sets: professional associations (PAs) and trade associations (TAs). TAs tend to be smaller in size with 45% having less than 100 members and 15% less than 20 members (Bennett, 1998). Professional associations are larger in size, with 40% consisting of
5000 members and 69% consisting of over 100 members. Firms and owners tend to be members of those associations which best serve their business needs. At a national level, mainstream business associations include the Confederation of British Industry (CBI), Institute of Directors (IoD), Federation of Small Businesses (FSB) and the Forum of Private Business (FPB). National level associations also work with regional and local level associations and amongst the most popular are the Chamber of Commerce. The role of business associations has not always been straightforward in relation to engaging ethnic minorities and often ‘outreach workers’ and grass-root organisations have proved more successful. The parties involved in these organisations are usually well known and trusted members of ethnic communities. Birmingham has a number of established business associations which cater for its diverse populations. In the case of South Asians this includes the Institute of Asian Businesses (IAB), the Asian Business Forum, and Birmingham Asian Business Association (BABA). Further segregation by South Asian groups exists and this includes the Bangladeshi Business Enterprise Council, Bangladeshi Business Association, Nazir Association and Pakistani Forum.

Seventy per cent of the sample were attached specifically to business related organisations (Table 7.4) and 56% of the sample engaged in South Asian business associations. The entrepreneur’s engagement in these associations ranged from being registered board members to general registered membership.

<table>
<thead>
<tr>
<th>Memberships</th>
<th>No. of firms</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Membership</td>
<td>9</td>
<td>30</td>
</tr>
<tr>
<td>Member of 1-2 associations</td>
<td>17</td>
<td>56.67</td>
</tr>
<tr>
<td>Member of 3-4 associations</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>Member of 5-6 associations</td>
<td>1</td>
<td>3.33</td>
</tr>
</tbody>
</table>

Source: Interviews (July - Sept 2005)

Over 56% of the entrepreneurs were attached to one or two business associations, 10% were attached to three to four associations and just over 3% to five to six business associations. Furthermore, 60% of the entrepreneurs in the sample were also attached to work related
organisations and associations that visibly or invisibly contributed to business activities via networking and general events.

When questioned about the reasons for becoming a member of various associations and organisations, the study identified a range of factors including opportunity seeking, networking, support and advice. The owner of Harborne IT noted:

Birmingham Chamber and IAB helped in networking. The most useful thing that I found was the Master Classes that they ran. Other support may be there but I haven’t actually approached them (Owner, Harborne IT, 2005).

Similarly, the owner of FL Finance ‘got help through the chamber in terms of doing the business course. The owner of Shar Accounts emphasised ‘we had a young Bangladeshi Optional Network funded by the Chamber, through that I did find clients and other accountants. Here the entrepreneur was attracted by networking opportunities in seeking out new clients.

For other entrepreneurs reasons for joining business associations had been to seek financial aid. The owner of Hagley Business Consultancy ‘received a grant from the Birmingham Chamber of Commerce to set-up a website’. The owner of Music Workshop ‘got £500 from the Chamber of Commerce [towards business], no support from IAB. Both of the above benefited from information available for obtaining finance through associations.

Information and advice received from business associations with regard to growth and expansion were beneficial for the owner of the Snack Business where she ‘received advice and help with grants to expand from Business Link. The Aston Reinvestment Trust ‘(ART) offered £40,000, there was too many conditions attached, it was not worth the hassle. Furthermore, support also came from her accountant who acted as an intermediary and signposted the owner to a mortgage consultant, who suggested she obtain capital by using her property to raise the remaining funds required to grow and expand her business. Similarly, the owner of PrintXpress noted that he:
Did approach Princes Trust, they gave useful advise but I didn't have the time to produce the required business plan. Since my business was running ok - I couldn't be bothered' (Owner, PrintXpress, 2005).

Although the owner had initially used personal funds to finance the business, rapid growth meant relocating to larger premises for which any additional support would be welcome. However, after approaching the Princes Trust he was deterred by the time required to complete the application and decided not to pursue this avenue of funding as the business was functioning reasonably well. He later relocated from home to a low cost business unit.

Networking with business associations led to the owner of the Tailoring Boutique to identify funding to support his business. He noted that:

> We had business advisors that helped us. They pushed us onto Princes Trust. We went to Princes Trust. It wasn’t that much it was a bit, it was only like £3,000 but that’s done as a grant which has to be paid back (Owner, Tailoring Boutique, 2005).

The owner although, not officially attached to a business association obtained advice and support through attendance at general networking events which took place at the Birmingham Chamber of Commerce. Through these he obtained a small amount of financial aid towards the business set up.

The owner of the Snack Business highlighted that, ‘Business Link gave me advice and help with grants to expand’. The owner of Music Workshop noted that:

> No support from IAB or other forums, although got £500 from the Chamber of Commerce. Support from associations varies because we are working quite a bit with the commercial not-for-profit sector so national funding comes in through major government initiative. There are two or three at the moment. There’s an initiative called creative partnerships and then the lottery funds various projects and then heritage fund various projects…. (Owner, Music Workshop, 2005).
A minority of the sample found business associations very little or no help at all. The owner of MYS Train and Recruit stated that, ‘you know what, the advisors there [business forums] they don’t know what they’re talking about’. Others stated that ‘no support from business forums, dad says they are a complete waste of time’ (Owner, Travelco).

In conclusion, a number of factors were identified in relation to networking and business associations. First, 70% of the sample was attached to business associations through either board membership or general membership. Second, 56% were attached specifically to South Asian business associations. One of the key reasons identified was that these environments provided opportunities for the entrepreneurs to acquire clients and financial information. Third, when respondents were signposted to specific funding associations, they found ‘too many strings’ attached’ to secure funding. Fourth, entrepreneurs found support such as non-repayable grants for websites, free business courses, and low cost equipment through the Chamber of Commerce useful. Advice on the preparation of business plans to retrieve bank loans was also identified as helpful. Most firms found business associations helpful. Membership of an association could come with status and many South Asian entrepreneurs ‘seemed’ to enjoy the status attached to being recognised as a member of specific organisations and this aspect filtered back to the co-ethnic community. It is clear that local networks, frequently facilitated through membership of associations, is an important element for Asian businesses. As well as local networks these generations have engaged in transnational entrepreneurial networks which are heavily tied into their ethnic and cultural backgrounds it is to this that the next section now turns.

7.4 Transnational networks

Entrepreneurs tend to be engaged in a number of entrepreneurial networks that were involved in producing, manufacturing or creating their goods and services. Often in relation to a small business these networks may be local, regional or national, however, in the case of co-ethnic networking they often extend access from national to cross border, leading to transnational networking. The past few decades have witnessed a rapid increase in this field. Firms located in developing countries are able to produce goods and services at a lower cost compared to western based firms. Entrepreneurs located in high cost countries take advantage of producers in low cost
locations. The Indian sub-continent has been one of the key players in the low cost production of goods and services; this includes the manufacture of light and heavy goods in North West India to the development of software in Bangalore (India) as well as call centres based in many of the commercial regions. Britain’s business enterprises have frequently benefited from establishing business networks in the Indian sub-continent. Amongst other British cities, Birmingham’s South Asian entrepreneurs are engaged in transnational networks (McEwan, et al., 2005) where many have drawn on their co-ethnic networks ‘back home’ and gained competitive advantage (Albrow, 1997) in establishing businesses. This has indeed been evident amongst Birmingham’s South Asian business economy, such as the East End Food suppliers, Badials (fashionware), Amans (fashionware) and many more suppliers of co-ethnic commodities. It is no secret that Asian businesses in Birmingham are entangled in a number of business networks crossing national boundaries in search of economic progression (McEwan, et al., 2005).

The study identified that approximately, 27% of the firms engaged in transnational networks in relation to their ventures (Table 7.5). The nature of the linkage mainly consisted of importing, exporting and parallel business operations. Links were further enhanced for those with strong family networks in the Indian sub-continent. Here the entrepreneurs ‘felt’ more at ease whilst making business contacts, as family (cross border) were frequently willing to act as intermediaries as they were much more familiar with the environment.

The firms were involved in various activities based around cross border connections ranging from the importation of raw materials, finished goods and services, to exporting goods and services manufactured or created in Birmingham. Transnational networks also demonstrated the establishment of parallel and portfolio ventures in other countries outside Britain, which often resulted from the entrepreneur’s desire to expand and grow their entrepreneurial activities.
### Table: 7.5: International business connections

<table>
<thead>
<tr>
<th></th>
<th>Import</th>
<th>Business operations</th>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tailoring Boutique</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>PrintXpress</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>HES IT</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>ST Media</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>SP Investments</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>MF IT Suppliers</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Snack Business</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>MSY Train &amp; Recruit</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Source: Author (Interviews July-Sept 2005)

The owners of Tailoring Boutique and Snack Business both had established connections in the Indian sub-continent to obtain specific materials for their products. In the case of the former, initial contact was established with a range of wholesalers in India and Pakistan, to import ‘ready-made’ fashion-wear to sell in the Birmingham based boutique. However, as his expertise become more specialised in relation to targeting the British/Asian market he decided to establish a manufacturing factory in Pakistan, where fashion-wear could be manufactured to his specification. The owner noted that:

> I got a factory in Pakistan where everything is done, we set up about two years ago [2003]. Yes we’ve got family acquaintances they made sure the stock levels are right. We go back every four months, I haven’t been there to see it myself, Moms been and we’ve got family friend. [The partner] is 50% owner and is trustworthy (Owner, Tailoring Boutique, 2005).

The business operated in two distinct ways: first, the partnership allows a wide range of ‘ready-made’ fashion-wear to be designed. Here the owner in Birmingham has provided information on specific designs that are likely to sell in Britain, and these products are added to the designs that are developed for South Asian countries. Fashion-wear is created in the factory and exported to Birmingham. Second, the owner, designs his own fashion-wear in addition to any customer specific orders, and these are faxed to the factory and produced for the Birmingham market. The ordering, manufacturing and delivery process is efficient and low cost as a result of low cost materials and labour in Pakistan. The key factor here is that the successful operation of the business is determined by the strength of networking ties of both the co-ethnic partner and the
family in Pakistan. The family members in Pakistan have played a key role in ensuring that the business runs efficiently and that any problems occurring are made aware of to the owners in Birmingham.

In the case of the Snack Business, the owner is engaged in mainly local and national networks in relation to ‘purchasing ingredients for business, although, a small amount of ingredients are imported from India’. In relation to transnational networks the business has established contacts with other countries to export their goods. These contacts were mainly grocery retailing stores, but the stock sent is currently very small.

Transnational networking was key for the owner of ST Media. Fresh daily news was obtained from India and the owner noted that:

> We have an agency in the Punjab. They are independent, we have copyright to the news. They can’t sell it to anyone else, we pay them. They do supply news to other people, but they can’t supply the same news (Owner, ST Media, 2005).

News in the Punjabi dialect is emailed to ST Media in Birmingham and edited by the spouse of the respondent to ‘make it politically correct’ before being merged with the English section and sent to the press room for publication. The successful function of the process rests on reliable cross border networks. The strength of the network rests not only on the formal business relationship, but is reinforced by the ‘sharing of a similar South Asian background’. The members of the agency in the Punjab (India) are connected through business activities, as well as factors such as geographical region, religious, language and South Asian grouping. Furthermore, business ties are maintained through good communication channels and ‘trust’ between the co-ethnic suppliers in the Punjab. In terms of suppliers, the agency in the Punjab acted as suppliers of the ‘raw South Asian news’ and ST Media acted as suppliers of the finished product. They supplied newspapers not only to readers in Britain, but also to other countries outside Britain.

The owners of MF IT Suppliers and SP Investments were also engaged in transnational networks in terms of their business/es. In the case of the former, the owner had a number of distinct
networks in relation to various sectors of his businesses. Amongst, which were his business venture in Bangalore (the heart of India’s technology hub), which the owner used to obtain cheaper products and services:

We also have an offshore development in [Bangalore] India, so people there are developing [software]. That is good for business because if I was to use a UK based development centre my overheads would be far, far greater, therefore, the customer pay more money for the piece of software. I get the [software] developed at one quarter of the price. I can charge double and still be cheaper than the competition (Owner, MF IT Suppliers, 2005).

The owner set up a parallel venture in Bangalore to ‘feed’ his business in Britain. As Bangalore is recognised as being the ‘Silicon Valley’ of India it attracts highly specialised IT individuals and an ideal location to establish a computer firm. Establishing good reliable networks was crucial for the firm as the owner of MF IT Suppliers only manages the business from his base in the UK and leaves all the daily functioning of the business to the managers employed at the Bangalore site. Again, ‘reliable’ networks require the development of clear communication channels. The Birmingham based business also developed software. However, a large component of its business function is to supply hardware and repair computers. Communication between the staff in Birmingham and staff in Bangalore is maintained through email and the internet as the need to work closer in ‘getting the right product’ was crucial for the business. The owner further stated:

I started to see that IT was getting harder, a lot of competition. Competition was increasing and margins in technology were dropping and yet we still had so much to learn about the technology. It was very hard because to be honest, its constantly changing and moving at a very fast rate and speed so I felt you know I can’t keep up with the technology and the rewards not there anymore so I diversified (Owner MF IT, 2005)

Therefore, in 2000 the owner also engaged in a parallel property portfolio venture which had initially consisted of a property rental business in the West Midlands region. This was his secondary venture, however, it did provide an opportunity to link with property developers both nationally and internationally. Therefore, when his IT firm started to face more and more
competition his attention turned to his property portfolios. Opportunity recognition through his networks led to the owner becoming involved in property development in Dubai\textsuperscript{31}. The owner noted that:

\begin{quote}
I’m not really an agent they are my tenants so I asked them to come here to open up this environment I’ve invested with them. I am working alongside them I suppose they are offering me a partnership deal. I have bought four properties in Dubai and am looking to build a full block (Owner MF IT, 2005).
\end{quote}

Although, the owner claims he is not an ‘agent’, during the interview (at the property agency) the author witnessed strong marketing for Dubai properties (stand up posters and leaflets marketing Dubai developments). The owner is clearly working closely with the property developers and has secured a number of properties that are still in the development stage, and at the same time, is marketing the properties in Britain. The firm also deals ‘with providing software and hardware support for both the property business in the UK and Dubai’. The strength of this network is determined by both parties benefiting. The owner of MF IT has an inside contact in Dubai, who is overlooking everything there, and, at the same time, the Dubai contact is having his properties marketed in Britain.

As a portfolio entrepreneur, the owner of SP Investments had been engaged in a number of networks both within and outside Britain. Having, built up his business enterprises from a single Bangladeshi restaurant the owner is currently involved in property development, property asset stripping, and property ventures in Bangladeshi (homeland of parents). He noted his business is ‘20% global, I would say 30% national and 50% local’. Although, the owner emphasised that ‘no community support’ had contributed towards the business, being connected to various South Asian and non-South Asian individuals through both business and social events provided recognition of opportunities. The owner stated that:

\begin{quote}
\textsuperscript{31}Dubai development: The Dubai boom occurred during 2006-2008. However, 2008 also witnessed a downturn of the property market in Dubai. At the time of the interview in 2005, property developers were very much aware of Dubai development opportunities, and therefore, the owner of MF IT invested in this sector before the boom.
\end{quote}
The local Bangladeshi and family networks led to wanting to give something back to the Bangladeshi community, which led to setting up ‘Project 22’, a theme park in Bangladesh. Through his business and Bangladeshi networks, I and one other UK based businessman, partnered up with four doctors in Bangladesh to set-up ‘Dream Land’ theme park, in Bangladesh, which catered for the less fortunate and disabled children as well as other charity organisations and mainstream paying customers. Such a venture was not possible without strong partnership networking which consisted of reliability and trust worthy partners in Bangladesh who dealt with the local operating of the business side. It was necessary to have partners who had local knowledge of the country and area as well as knowing employee requirements and staffing for the business to run effectively (Owner SP Investments, 2005).

The owner was a member of the Birmingham Chamber of Commerce, and, this combined with informal social events enabled networking with individuals who sometimes proved beneficial as they provided information and signposting for his business.

In conclusion, transnational networks have been important for the entrepreneurs who have business interests in cross border ventures. In addition to importing cheaper goods and services from low cost producing countries, many have taken advantage of establishing additional ventures cross border purely to ‘feed’ the business in Birmingham (Tailoring Boutique, MF IT both have firms based in the Indian sub-continent).

7.5 The case of South Asian Female Business Network Association (SAFBNA)
Much emphasis has been placed on women-owned businesses, and their contribution to the local, national and global economy (Jalbert, 2000; Minniti et al, 2005). The Global Summit of Women in 1998 stated that the growth of women’s economic activities can determine the success and failure of each country’s long-term economic ‘health’. However, there still remains a lack of systemic studies on female entrepreneurs (Mattis, 2000) and networking. Studies have emerged since the late 1980s that promote the ‘new or second-generation’ women as business owners, arguing that women in corporate careers were shifting their careers towards business ownership. Corporate knowledge which women gained during this time aided them in their business set-up and growth (Moore & Buttner 1997). In relation to South Asian women there is growing
recognition that succeeding generation of South Asian women are in procession of higher level education (Hussain, et al, 2001), and many are entering the professional careers and securing skills and training within their professions. The UK environment and changing cultural barriers a coupled with education and training, offers many opportunities for South Asian females, including the potential for entrepreneurial careers.

In the process of data gathering I was made aware of a proposal that had been put forward to set up Birmingham’s first South Asian female networking association that would support the development of potential female entrepreneurs and aid existing female entrepreneurs in relation to enterprise support. I was offered an opportunity to be part of a newly forming non-profit South Asian Female Business Networking Association (SAFBNA) based in the West Midlands (Table 7.6). Provisionally set up in spring 2004 and officially launched in September 2004, the association’s primary aim was to provide networking opportunities and business support and advice to South Asian female entrepreneurs.

**Reasons behind the formation of SAFBNA**

Being a multicultural city, Birmingham has a number of mainstream business associations offering business support and advice as well as networking opportunities. However, it was noted by a member of IAB that many South Asian female entrepreneurs due to cultural constraints or a lack confidence did not attend business networking events, therefore, these women often ‘missed out’ on business support, advice and networking opportunities.

A female board member for the IAB had become very much aware of this as she attempted to market the opportunities provided by IAB. After conducting further research into this field she identified that some South Asian women ‘felt awkward’ due to their lack of confidence in mingling with ‘distinguished’ looking mainstream entrepreneurs. Others commented on ‘how uneasy they became when having to talk openly with other men due to cultural constraints’ and others felt that their ‘cultural dress code’ did not fit in with the business image. Even amongst second and third generation South Asian female entrepreneurs, parents and/or family disliked mainstream business events that ‘went on late’ and were dominated by men. This was particularly
true for single females who could have their name tarnished by mingling with men at such events. The founder put a proposal forward to the Birmingham Chamber of Commerce and eventually secured funding from Business Link to establish a female networking business.

Table 7.6: Characteristics of the South Asian Female Business Networking Association (SAFBNA)

<table>
<thead>
<tr>
<th>Set up</th>
<th>Board members</th>
<th>Membership</th>
<th>Aims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisionally set up in spring 2004</td>
<td>12</td>
<td>83</td>
<td>Business networking</td>
</tr>
<tr>
<td></td>
<td>Bangladeshi, Indian, Pakistani,</td>
<td>Asian women across the West Midlands, although, all racial groups were welcome to the events</td>
<td>Business advice and support</td>
</tr>
<tr>
<td>Officially launched in September, 2004</td>
<td>8 of the board members had own business</td>
<td>All generations</td>
<td>Business related seminars</td>
</tr>
<tr>
<td></td>
<td>Second and third generations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author Field data, 2005

South Asian females from different South Asian backgrounds were offered positions on the 12 member board. These included 8 South Asian female entrepreneurs, one member from Pertemps (government funding agency), one South Asian female put forward by Business Link, one other member from the Bangladeshi community and the author (University of Birmingham). The overall racial backgrounds included Indian, Pakistani and Bangladeshi females from Birmingham.

Much of the work on the formation was conducted from spring to September, 2004. The official launch was in September, 2004 and was sponsored by the Birmingham Chamber of Commerce and Cadbury’s (a contact of one of the board members). Within a short time the board members were able to register 83 members for SAFBNA. Membership clientele was built up through
access at ‘grass root’ level, whereby, board members from SAFBNA approached their own communities. SAFBNA, over the following months ran a series of successful seminars, workshops specialist business training sessions as well as social networking events. In addition, members were signposted to various business information, support and advice channels.

_Tension within the ranks_

The founder notified board members that if they were offered business contracts from the Chamber of Commerce that would be for their own benefit they should turn them down as this would be perceived as a ‘conflict of interest’. However, the founder herself made a financial gain in the process of establishing the female business organisation, but, the board members were unaware of this. The association had been established as a company rather than a charity. One board member was offered a valuable training contract and she had to turn this down. She later became aware that the founder had gained from the association. This caused tension within the group, and ‘petty politics’ caused a split between group members. One member notified Business Link that *‘Sikh and Hindu board members were not giving Muslim board members a chance within the group’*. Fortunately, Business Link had their own staff member on the board who was a Bangladeshi Muslim, and she notified Business Link that this had not been the case. The founder left the organisation, and ‘rumours’ of ‘bringing it down’ were associated with her. Members who were registered for specific events, workshops and seminars claimed that they had been notified falsely that events were not running. The company ran for a few years and ceased as the board members walked out one-by-one as a result of low attendance at events.

In conclusion, this association was worthwhile and had growth potential however, due to tension within the group, it unfortunately ceased to exist. In terms of its aims many South Asian women benefited from the support provided and this to a large extent included women who previously had not attended business networking events and workshops and therefore, had missed out. If it had continued it would have been extremely beneficial for South Asian women who wanted to become entrepreneurs as it would have been amongst the first port of call for business support and advice. For existing South Asian female entrepreneurs it would have provided ongoing business support.
Gossip networks used by the author (during networking events and non business social events)

This study also used ‘gossip networks’ (by networking with particular individuals at business events). This gossip identified particular entrepreneurs who had been interviewed and had received support in relation to significant aspects of their businesses, but this support had not been mentioned during the interviews. Two of whom were owners of UKP Train & Recruit and TV Channel. In the case of the former, the owner received a government contract through a funding agency as a result of a co-ethnic friend working in the agency. All was above board since the owner was qualified for the contract. However, without her friend the contract may have not been easily accessed. This type of support demonstrates the strength of network ties. Similarly, the owner of TV Channel was funded by a co-ethnic who was a well established fast food entrepreneur. Here the ‘silent fund provider’ contributed financially towards the firm’s formation. Reasons behind both entrepreneurs failing to disclose this information may be that they wanted to be perceived as requiring no support, when in fact, these contracts were crucial in their business ventures. The Asian business gossip networks highlighted that the interviewees’ presented a particular account of their business activity during the interview.

7.6 Conclusion

Having explored theoretical aspects of network support found amongst South Asian entrepreneurs (chapter 2), this chapter provided insights into the nature of business support networks that second and third generation South Asian entrepreneurs were engaged in. The study identified three key types: social, financial and business. However, these were not necessarily segregated as entrepreneurs played on both informal and formal means to secure business support. These networks penetrated both the entrepreneur’s internal environment (family, informal co-ethnic support) and external (formal business associations and financial institutions found in the wider environment).

The empirical findings highlighted that Birmingham’s second and third generation South Asian entrepreneurs demonstrate diversity in their chose of networks. One of the key reasons behind this rested on the fact that many of these businesses were small and medium sized, and therefore, for survival purposes, growth and expansion entrepreneurs aimed to access as much support as possible.
From the internal environment entrepreneur’s core support came from the family unit. The family played a supporting role in firm formation and ongoing business operations. The strength of this network support was demonstrated by the fact that 40% (entrepreneurs) accessed direct financial support from family members, these included parents and siblings, and furthermore no interest was attached to the funds. Even in the cases where the entrepreneurs held professional and specialist training (dentistry, pharmacy, law and accountancy) and could easily access formal financial aid, family was approached for finance as the first port of call. Furthermore, the study identified that one third of the entrepreneurs’ utilised unwaged family labour in ongoing business operations. Substituting family members for employees meant that they not only saved on cost but avoided the legalities involved in hiring an ‘outsider’.

The family unit further was identified for providing indirect support, this was particularly true in the cases of home-based businesses, where entrepreneurs avoided extra overheads, as a result of residing with the family which were often parents and siblings (culturally living with parents after a certain age is not considered unusual as it is within the western culture, as sons are responsible for aging parents and daughters should remain at home ‘until married off’). Although, family was a strong tie in terms of providing support, it was a weak one in terms of providing information flows. However, the family came with unconditional attachments, such as loyalty, trust, and reliability which family members would not risk breaking; this was also one of the key reasons why many of the entrepreneurs preferred family partnership ventures than non-family (chapter 5).

An area where internal and external network support became blurred was in cases where social networks were concerned. The study identified that social South Asian networks often included co-ethnic community based networks. These were both informal such as places of social gathering (places of worship) or formal community-based organisations (cultural centres amongst the diverse South Asian backgrounds). Entrepreneurs in the study were engaged in both types, and found that in relation to their business, many of these did not provide direct support, however, they were important places for information flows which provided indirect benefits to
businesses through ‘word of mouth’ marketing and a place where information on particular persons could be accessed (for example lawyers, accountants, medical related services, IT software providers, good retailers etc), and furthermore, could also lead to potential client access for the business. The study demonstrated that co-ethnic and community support had certainly lessened compared to the experience of first generation South Asian entrepreneurs, however, support in relation to them had been more direct as a result of the size of South Asian groups in Britain (often immigrants tend to support each other due to barriers they face in the host country), and in the case of succeeding generations families have become more established in Britain and therefore co-ethnic support lessens in terms of ‘direct’. However, co-ethnicity is important in community-based organisations, as these places act as junction points where information can be exchanged, for whatever purposes including entrepreneurship.

Again, the area of financial networks amongst second and third generation entrepreneurs become blurred, as a high proportion of the entrepreneurs in the sample accessed this commodity from family. Financial networks include formal support channels such as financial institutions and informal channels here intermediaries such as accountants, lawyers, and suppliers provided support (Garmaise and Moskwitz, 2003) as well as business associations which are major components of the business networks. The study identified that entrepreneurs did utilise bank finance for business start up and for ongoing activities but this was often after borrowing from family. The entrepreneurs had ‘mixed feeling’ about the financial institutions. Some were deterred by high interest rates while others considered that these involved too much paperwork in securing a loan. There were a minority of entrepreneurs who preferred borrowing from financial institutions as this avoided possible future conflicts with family in relation to borrowed capital. In terms of intermediaries, accountants were important and took on many different roles as they provided support in addition to business accountancy.

The external environment provides opportunities to access different types of business support and the study identified that business networks were important for a high proportion of entrepreneurs. The entrepreneurs emphasised business associations proved beneficial in terms of opportunities such as networking, information about funding and workshops as well as accessing clients and
markets. Furthermore, the study made clear that being attached to a business association provided status and recognition in the co-ethnic community. Nevertheless, 30% found associations a waste of time as it did not serve their business means. In conclusion, business associations are important for the succeeding generations as they are access points where information on a range of business related matters can be found, and entrepreneurs will approach them if and when required.

Finally, 27% of the firms were engaged in transnational networks. This was purely for the purposes of importing, exporting and parallel ventures. Two of the firms had established separate businesses in the Indian sub-continent for production and service purposes. This benefited the businesses as production costs were kept low. In addition, firms were also established separately as multiple ventures, where entrepreneurs partnered with other entrepreneurs who resided in the country where the venture was established. This proved beneficial as the Birmingham based entrepreneurs could leave the responsibility of cross border business operation to their overseas business partners.

Overall the study identified a number of significant factors in relation to using networks in second and third generation entrepreneurship. First, the level of support varied between those who were novice entrepreneurs just starting out and those who had been in businesses over longer periods. Novice entrepreneurs relied very much on family network ties for both physical and financial aid this avoided being tied into formal contracts (with employee rights and financial institutional documentation). Family network support was crucial for survival and stability stages of the businesses. In some cases it continued even when a business became viable, purely because family was more ‘trusted’ then others relationship modes (co-ethnic and general partnership). For established entrepreneurs family aid was substituted by formal network support, whereby financial institutions became more preferred as this avoided any potential ‘conflicts’ with family networks that could occur. The strength of the family network was strongly demonstrated in cases where an individual was able to be formally registered as a business partner without any financial investment. What has lessen from first generation entrepreneurial networks is co-ethnic and community support. The study found that these networks were mostly used for information flows
in two ways, first for marketing the business and second, for obtaining information that would aid the business. Second formal network modes of support (business associations and intermediates) were accessed purely for purposes of obtaining additional support for the business. Third, setting up and operating businesses through transnational opportunity recognition played an important part with those entrepreneurs who took full advantage of co-ethnicity. The strength of such networks rested purely on a shared common background. Evidence from the study has suggested that they are engaged in strong ties, whereby they call on family support and weak ties where there is growing numbers of entrepreneurs accessing support from the wider business environment.

Therefore, in concluding the chapter we can emphasis that second and third generation South Asian entrepreneurs in Birmingham demonstrate engagement with many different types of business support networks and show both similarities to the first generation business networking concepts (family support and tapping in on co-ethnicity) and differences, where they tend to engage in external support provided by opportunities available in the wider business environment (diverse range of business associations, financial packages for business purposes and benefits of community based associations). What may differentiate South Asian entrepreneurs from the mainstream indigenous population of entrepreneurs is that they are connected to their ethnicity and will access support if possible from these avenues as well as access support from mainstream business support providers.
CHAPTER 8
SOUTH ASIAN BUSINESS OPERATIONS: TWO YEARS ON

8.1 Introduction
This chapter uses longitudinal research to explore the activities of 15 of the 30 firms that were interviewed. The initial interviews had been conducted during the summer of 2005 with the second set taking place two years later during the summer of 2007. At the time of the initial interviews, many of the firms in the study were relatively young, not only in terms of the firm age but the products and services they provided. Some were still experiencing ‘teething problems’. Implementing a longitudinal research strategy has provided an opportunity to explore how these firms have evolved over a two year period. The chapter is divided into four sections that explore: firm growth and expansion; changes to support networks; business competition and firm failure.

The first section explores firm growth and expansion with a particular focus on business strategies deployed by the entrepreneurs. It investigates the launch of any new products and services which may be an extension to the existing firm’s product or service range, as well as any parallel and/or multiple businesses which may have been established that have direct, indirect or no connection with the current firm. The second section explores any changes in support networks. The initial interviews in 2005 identified the role of family and the lack of interest in formal financial institutions, and therefore this section will focus on any changes in these areas. The third section focuses on business competition, both in terms of the owners’ competing business tactics and other competitors. The final section concludes with those firms that have failed or ceased to trade and the reasons behind this failure.

8.2 The longitudinal perspective
Qualitative longitudinal research is becoming increasing popular as a method to capture people’s experiences, identities and practices over time (Holland, 2007). This method allows the researcher to explore alterations in firm behaviour overtime. Furthermore, longitudinal research offers a realistic understanding of causality; in other words, how and why things happen as they do, how aspects of social, cultural and contextual processes interact to produce different individual outcomes and brings an additional dimension of time, process and change (Pettigrew,
1995). In relation to entrepreneurship, a longitudinal perspective enables the researcher to investigate how firms evolve over time.

8.3 Shaping and reshaping of firms over time

Firms change over time especially in response to economic, environmental or personal factors. Whatever the reasons, firms learn to adapt and readapt or alternatively fail or close (Figure 8.1). Positive impacts may result in growth, expansion and development of new products and services, as well as new outlets, while negative impacts may result in an economic ‘down turn’ for the firm or firm failure. The changing circumstances of the firm will have a direct impact on the role of the entrepreneur or vice versa, as well as any staff and supporting parties.

![Figure 8.1: Factors impacting on shaping and reshaping firms](image_url)

Figure 8.1: Factors impacting on shaping and reshaping firms
In the summer of 2005 thirty service sector South Asian firms were interviewed and from this figure fifteen were re-interviewed to obtain a longitudinal perspective. This number was assumed ample to gain a general insight into how firms may alter over a period of time. The selection process for re-selecting (for interviewing) was based on approaching a range of firms that would include specific characteristics (ie. finance, law, accounts, training, media etc). In cases where second interview approach was requested and turned down a firm with similar characteristics was then approached. The second set of interviews (2007) highlighted growth and expansion amongst eleven firms, and four firm failed or ceased.

8.4 Growth and expansion
A substantial body of work has focused on firm growth and expansion over the past 50 years. Penrose (1959) and Chandler (1962) explored western firm growth, Eatwell (1970) and Sawyer (1985) the determinants of growth in large corporate firms. Dobson and Gerrad (1989) and Reid (1993) focused on independent firms which were owner-managed, and on the growth of small firms that evolved and expanded over time (Ennis, 1999). The entrepreneurship literature in this field tends to focus on various contributory aspects towards firm growth that include life cycle (younger firms grow faster than older firms) and financial variables (Barkham, et al., 1996). Firm growth studies can provide insights into strategic behaviour and competitive process (Carpenter and Petersen, 2002) therefore, offering explanations to why and how firms grow and expand. Studies based on entrepreneurship motivation often refer to the ‘human element’ in the forming and operating a firm. This section explores second and third generation service sector firm growth and expansion, especially focusing on entrepreneurial behaviour (traits and strategies deployed) and how firms operated by British/Asian entrepreneurs may grow over time. For the purposes of this study growth and expansion will be defined as any entrepreneurial activities that have resulted in further introduction of products and services targeting new and existing markets and the set up of multiple ventures in relation to the existing business or new unrelated business/es.

The study identified that growth and expansion had occurred in 73% of the firms over the two year period. Characteristics of growth and/or expansion were evident via general growth, the launch of additional products and services, accessing new markets (Table 8.1). Furthermore, firm
growth was sometimes influenced by both external (economic policies or environmental impacts) and internal factors (those from inside the firm, such as the personal attributes of the owner, and family input).

The study identified that further product development and specific growth strategies had played a significant role over the two years period for Snack Business, PrintXpress and Tailoring Boutique, and the firms had deployed strategies intended to widen their markets. When questioned about how the business had evolved over the two year period, the owner of Snack Business emphasised that the name had changed to incorporate her mother and father’s name because she ‘wanted to keep the legacy of the founders’. Furthermore, the owner obtained a higher share of the firm: ‘I took over the business last year [2006] from my parents. Parents are in the business but I run the show, yes I’m only slightly more, I’m 60% [shareholder] now’. In addition to changes in the organisational structure and ownership, the owner redefined product manufacturing and the catering sectors. Some of the snack ranges were altered, and new varieties of Gujarati foods were developed for the menus for Asian weddings and other occasions. Over the two year period the owner has innovated and created further products. She noted that:

Yes, we’ve done many poppadoms, ready to eat mini poppadoms in cans, we do original, we do tikka masalla, and we do jalapeno. At the moment we don’t supply to any local source its not a product for local supermarkets or the corner shop, its more premium it’s a luxury item so we’re very selective in who we supply We’ve diversified tremendously we had products that we produced for mainly Indian/Asian market [this is the majority market]. That market was declining so we’ve had to diversify, we produce the same quality product and we package it in much more premium and really high top end product packaging and we are now retailing that in mainstream markets, and that is the luxury product. We are taking that product sort of more internationally, purely because we find through research that the UK is somewhat saturated with Indian products and the European market is just entering that market, so we thought because we are putting a brand new concept in to the market, the retail market, it would be better to position it to target people who don’t really know what it is and build the brand there, and then bring it into the UK. (Owner, Snack Business, 2007).
Table 8.1: Growth and expansion over two years from 2005 to 2007

<table>
<thead>
<tr>
<th>Company</th>
<th>Growth and expansion</th>
<th>Products and services in same business</th>
</tr>
</thead>
<tbody>
<tr>
<td>PropFinance</td>
<td>Increase in business led to second outlet set up to deal with the majority of property sales and rentals</td>
<td>Increase in business led to expanding the range of services offered from the same location.</td>
</tr>
<tr>
<td>ST Media</td>
<td>Growth led to restructuring</td>
<td>Religious issues led to printing of two separate papers, which cater for different markets.</td>
</tr>
<tr>
<td>Hape Accounts</td>
<td>Additional venture formed</td>
<td>Additional services.</td>
</tr>
<tr>
<td>Snack Business</td>
<td>Growth led to restructuring of business and product streaming</td>
<td>New up market product range, also extension into the catering and events sector.</td>
</tr>
<tr>
<td>PrintXpress</td>
<td>General growth led to relocation and employment of staff</td>
<td>Printing range extended to T-shirts for retailers, business cards, and wedding invitation cards.</td>
</tr>
<tr>
<td>Tailoring Boutique</td>
<td>Increase in business</td>
<td>Expanded product range, especially catering for the mainstream market (western wedding dresses), also supply accessories imported from China.</td>
</tr>
<tr>
<td>BC Training</td>
<td>Decline in business due to withdrawal of contracts by colleges in relation to government finance led to restructuring</td>
<td>Restructured business to cater for work-based courses which had proved successful.</td>
</tr>
<tr>
<td>Travelco</td>
<td>Restructured the firm to keep up with competitors</td>
<td>Expansion of product and services range (daily school runs, airport hire for crew, passengers, and general public. General hire for all types of events), have restructured the routes for national services in relation to national business. In negotiation stages to acquire a licence for the ticketing office/flight level.</td>
</tr>
<tr>
<td>SP Investments</td>
<td>Further firms established</td>
<td>Established joint venture in the Bangladeshi Water Park project. Increase in property ventures.</td>
</tr>
<tr>
<td>UKP Train &amp; Recruit</td>
<td>100% increase in business has led to restructure.</td>
<td>Focus a great deal on diversity training. (See profile later in the chapter).</td>
</tr>
<tr>
<td>HLP Law</td>
<td>100% increase in business.</td>
<td>Have purchased the neighbouring premises to the existing office. Plans for these are to establish an estate agency and undertake conveyance work. In relation to the existing business, services such as dealing with probates and wills are in progress.</td>
</tr>
</tbody>
</table>

Source: Interviews summer 2007
The key determinant of expansion and growth of the business was to bring the products into line with mainstream providers. Packaging for the mainstream markets was improved to represent a more ‘up market’ image and labels carried new full dietary counts (since many of the South Asian food packages only provided basic information). However, products intended for the local South Asian market remained in clear boxes (packaging) and maintained their profit targets. This firm had begun to segment its market by repositioning its products to meet the requirements of two distinct markets. When questioned about the current market position, the owner noted:

...yes existing market which is Asian, I would say that’s still the majority of our business, the diversification only took place in June [2007], and since then we had a flood on the premises, we haven’t done much, we gone out and promoted the products and we have our initial orders. We’ve not produced anything since the 20th July this year, its causing big problems but at the moment our customers are very sympathetic. All the businesses in this area were affected. The catering side hasn’t taken off as much as we wanted it to, its because we have been concentrating our efforts on the manufacturing, because we still need the manufacturing to keep going, we can’t afford for it to stop. On the catering side we are speaking with schools regarding menus, nothing’s taken off as such, it’s still initial stages. We do weddings and parties, but its sort of small scale. We are trying to bring Gurjati food into mainstream. [In terms of the business], 2% is global, local and regional 10% national 88%. Racial background is now 98% Asian, this time next year we should be 70% white and rest Asian [forecast for next year] (Owner, Snack Business, 2007).

Currently, the business is not producing products as the premises were flooded, however, the owner has utilised this time to maintain strong business relationships with retailers and has also engaged in talks with schools to provide Asian cuisine for the lunch menus. This is a viable sector as a result of some local schools consisting of high concentrations of ethnic/South Asian children. The owner is also ‘thinking about targeting the Punjabi market by offering Punjabi food’ (Birmingham has high concentrations of people from the Punjabi background), and expanding the Gurjarti cuisine.

---

32 Punjabi: Those from the Punjab region in Northwest India.
33 Gujarati: Those from the Gujarat region of India.
In conclusion, despite facing drawbacks due to environmental causes, the owner has maintained her business as a result of customer loyalty. Furthermore, the changes she made to the products were successful. This includes the development of new hybridised (fusion) products targeted at ‘up market’ customers. The owner concluded that ‘it’s a family business that was in the dumps, I’ve brought it to a new level’.

Similarly, the owner of PrintXpress increased the overall revenue of his firm through identifying a ‘growth gap’. This was triggered by being ‘alerted’ to an opportunity through his current customers. The firm provided printed promotional materials and menus for the fast food and restaurant markets’, however, he now expanded his services further to obtain more clients. He noted that:

Yes I’ve gone into ‘T’ Shirts, and I’ve gone in to hot foiling, basically it’s like credit card, it’s a business card. It’s printed on a special machine, these cards are expensive and people rarely want them, but there is a market out there for it and I’ve got the equipment to do that. The ‘T’-shirts are for mainly fish and chip shops, take-a-ways, you get the odd ones who might be in a football team. I just put their logo on, some come on a regular basis and some are one offs (Owner: PrintXpress, summer, 2007).

Since the first interview (2005), the owner of PrintXpress extended his printing services to include ‘T’-Shirt printing; this attracted different customers, especially, those from his current market, the fast food and the restaurant sectors. The operation here is to print company names and slogans on ‘T’-Shirts used as uniforms. This service has also been successfully marketed on the internet where it had provided ‘healthy’ revenues. Furthermore, the owner has extended his business to include ‘hot foiling’ of business cards. These have a credit card like appearance and are expensive to produce. However, the owner has purchased the specialist machinery for this service, and although it is a small market (mostly targeting more up market clients) he has received orders on occasions.

In addition, the firm diversified into the ‘wedding invitations’ market. This had been mentioned in the previous interview (2005) but had not taken off at the time. Again, this is another viable
sector in Britain. The Asian wedding services market has become highly profitable over the past five years. There is a large market in Britain for Asian wedding invitations (Asian weddings on average have 500 guests). The owner was easily able to access this market, as a result of being in the printing sector. He noted ‘I get a new album every year in March, with a range of invitation cards from India, cards cost as low as 2 to 3 pounds for 50’. The owner takes the orders from potential customers, then orders requested cards from India, and ones they have arrived they are personalised at his Birmingham based printing press (the turnaround time is very fast and therefore, enhances business progress). This sector of the business is also advertised on the internet, and has proved extremely successful however, it remains more seasonal (peak period is March to September) The two year period also saw additional staff members recruited, The owner has taken on two full-time staff both non-Asians, who work a 24 hour rota, therefore allowing the business operation to run at full capacity throughout the day and night. When questioned about the market, the owner noted that:

I would say 95% of all my clients are all internet-based, that’s why I haven’t got a shop front, 10% are varied and at least 85% would be English [here the owner is referring to mainstream market]. Nationally is 90%, local 5%, I’ve had a few jobs, one in France and Belgium (Owner, PrintXpress, 2007).

The two year period also saw changes in the Tailoring Boutique firm these included expansion in women’s fashion-wear collection as well as the introduction of menswear (Asian styles). In terms of women’s fashion, in addition to seasonal trends imported from the Indian subcontinent, the owner expanded on his creations of fashion-ware, adding ‘more styles, varied, manufacturing more British/Asian ranges, and we have also brought in menswear Asian fashion’. Here the owner had started to target the Asian male market. In aiming at the wedding suits market for men, the boutique now carries a range of sherwanis (South Asian suits for men), and kurtas (a traditional Asian shirt, without long collars) and the latter are extremely popular and are also sold in many of the high street stores in Britain. Further, product expansion was achieved by ‘importing fashion accessories from China, they were low cost and successful, but I stopped because of ongoing supplier problems, mostly communications channels were not clear, language was a problem’. Here the owner did achieve a rise in short-term revenue as a result of
importing fashion accessories at a lower cost. This ceased due to difficulties in placing orders, as he sometimes did not obtain the requested products. Currently ‘I am importing some of the accessories from India, they know what I want’. Furthermore, the firm is now advertising on the internet, as the owner emphasised that the ‘internet reaches a lot more people’. This type of advertising has provided not just national but global recognition, especially as Asian fashion-ware sites are becoming popular. Overall during the two year period the business did not experience rapid growth, the expansion of the product range added to a steady rise in profits.

Similarly, over the two year period, the owner (son of family business) of Travelco also implemented changes to capture a wider market. Here growth was obtained through a number of factors (Figure 8.2) that were intended to expand the firm’s presence by product and market expansion.

![Figure 8.2: Travelco changes since summer 2005](source: Interview data 2007)

- **Expansion of products**
  - Purchase of larger coaches to cater for rapid growth in the educational institutional market.
  - Purchase of varying capacity mini coaches
  - Purchase of new ranges of luxury cars for hiring

- **Expansion of services**
  - Secured contract to Heathrow Airport passenger depot
  - Growth in services for schools and colleges (Monday-Friday services)
  - Actual growth and expansion
  - Still in progress

Still in progress
Speaking with official channels regarding opening up an airline ticketing agency.

226
Larger modern coaches were purchased to cater for the growing school and college market. The owner noted that:

We’re getting that busy with Monday to Friday now with all the schools. We just noticed the problem is this other coach is at a wedding at the weekend it’s not usable on Monday morning, there is no way it can go on a school job. I got new vehicles. …yes I now do West Bromwich schools and Sandwell Academy and Hagley School (Travelco, 2007).

The owner’s decision to purchase further coaches rested on two factors. First, the school transport market had grown due to growth in demand from schools, and, second, the difficulties caused by the Asian wedding sector of the business, as coaches returned from weddings as late as 9.00 pm (the day before) and there was not enough time for cleaning and preparing the coaches for school runs. The owner has further purchased mini buses for schools and these are also hired for family outings. In addition, the owner expanded his car hire business. He stated that:

….our cars are at a totally different level now, yes they are all brand new everyone one of them. So everybody else is running like seven and eight years old models, mine’s are only a year and a half….I’ve got the newest latest in here. (owner, Travelco, 2007).

By having the latest vehicles the owner is targeting a specific market, and this is not difficult in Birmingham, as the car hire market is in great demand. This sector of the business also supports the hire of coaches for the wedding market, where the groom’s immediate family often hire luxury cars to transport them to and from the venue. The owner stated his company advertising was based around a:

Large fleet of vehicles that do not mean large prices. Mind blowing vehicles that will turn heads and create the “Wow” factor at weddings, corporate, events, airports, races, birthdays, evening out, VIP surprises, all occasions (Travelco, 2007).

Currently the vehicle fleet includes Bentleys, Hummers, Baby Bentleys and Limousines, as well as other models for general hire. A contract has been obtained from Heathrow International Airport to transfer passengers to and from the airport to various locations. A ‘pick up and drop
off point’ had been allocated to Travelco in the main coach depot at the airport and services are scheduled to start within a couple of weeks (end of July, 2007). Furthermore, the owner since 2005 has been involved in the process of setting up an airline ticketing agency as an additional business. Much of the documentation has already gone through the official channels. The owner confirmed that ‘ticketing will also be linked with the coach side, if airline passengers need to get to the airport’. If this business is established it will provide potential customers for the Travelco.

Changes have occurred with ST Media firm in the two year period. In addition to the firm changing its title, a second paper has been launched to target a new market. The owner of ST Media noted:

……EV [new second publication] is a by-product of something that happened in ST Media [publication], in the [ST Media] paper on the ‘Life style page we printed a column that says ‘how to trim your moustache’, bearing in mind 95% may cut their hair, hence, it was just bit of information. It was very badly received by a majority of [Sikhs], to the extent that we were getting lots and lots of letters, lots of emails. I wouldn’t say threats but you know people were very disappointed that ST Media could have done something like that…… so then we started doing research and from that, the product we needed was something for the further generations [succeeding generations of South Asians]. Last November we launched [EV], we originally started it as free publication because we believed that would allow us to market the product and that would possibly be the cheapest way to anything, we did the inner M25 dense population of London and then we sort of left out the middle part of the country and started at Leicester, Coventry, Birmingham and then stopped there. It’s been paid for thirteen weeks now, gone out as a paid title….. It’s doing really well. It’s totally in English and totally for a bigger Asian market for Hindus, Sikhs and Muslims (ST Media, 2007).

Although, the owner had confirmed in the previous interview (2005) that the paper did not have religious association, however, it did include the word ‘Sikh’ in the title, and therefore, the public perception of it may be religious. When an article on the Lifestyle page titled ‘how to trim your beard’ was printed, it caused an up roar amongst the Sikh Community (devote Sikh men maintain long hair). Although, it was targeted at the younger generations who the owner stated ‘want to keep it [beard] neat and tidy for the workplace and so on...’. It was badly received, triggering
the owner to ‘rethink the market for my paper’. She restructured the company and ST Media and EV became two sub sections under the umbrella organisation of the EM Group. The second paper was successfully launched and currently runs as a paid issue. The company is now targeting two separate markets; Punjabi Sikh readers and the wider South Asian community. This paper carries mainly South Asian articles with some British and global news, and has proved successful as it is ‘accessing more readers’.

This section highlighted how businesses grew and expanded over the two year period. In order to survive in competitor markets entrepreneurs aimed for growth and expansion in relation to their entrepreneurial activities. This was demonstrated through the introduction of new products aimed at both existing markets and new markets, as well as diversifying to capture new markets. Overall, the reasoning behind this was to ‘safe guard’ their business interest and avoid a loss to their entrepreneurial venture/es. Added to these strategies was the impact of their entrepreneurial behavioural characteristics, in some cases it even involved the role of their duality in seeking out opportunities as well as hybrid creations that were targeted to further their consumer markets. Prime examples included Snack Business and Tailoring Boutique where new products entered both existing markets and accessed new markets. The former with new packaging designed for up market consumers, as well as the creation of further flavours and the latter through the introduction of designs and fashion accessories including shoes, bags, and jewellery. In the case of ST Media, wider market access was achieved through an additional publication that targeted the South Asian community and included articles on Hinduism, Islam and Sikhism as well as mainstream news and intended to reach wider audience. It is worth noting that this analysis has identified that South Asian entrepreneurs deploy strategies to grow and expand but this does not make these businesses any different from other mainstream firms. The key difference is the way entrepreneurs play their ethnicity and duality to create or exploit business opportunities for entrepreneurship survival and growth.

8.4.1 Multiple ventures

There has been growing interest in entrepreneurship in relation to multiple ventures over the past few decades. The absence of literature in this field led to one of the first studies in this area
MacMillian (1986) an extremely successful entrepreneur set a challenge when he stated: ‘To really learn about entrepreneurship, let’s study habitual entrepreneurs’ (Carland et al., 2000). Amongst, his concluding remarks were that truly successful entrepreneurs not only established ventures, but learnt the ropes, identified their mistakes and tried again. Here founders have gained a ‘experience curve’ whereby, they have accumulated knowledge of what went right or wrong, analysed it and became more supposedly efficient in the start-up process then founders who did not have prior entrepreneurial experience. Later studies emphasized the impact of such entrepreneurs on global economies. Schollhammer (1991) and Ronsadt (1986) had identified the importance of habitual entrepreneurs in Southern California (Lechner, 2005). It was also argued that habitual entrepreneurs were much more successful than novice entrepreneurs (Lamont, 1972). However, further research failed to provide proof of this (Alsos and Kolveried 1998; Westhead and Wright 1998). There had been an increase in studies into multiple/parallel ventures (Wiklund and Shepherd, 2008; Paik 2008; Politis 2005; Carland, et al. 2000). However, there still remains a gap in the area of research on multiple ventures by succeeding generations of ethnic groups over a specific time period. Therefore, this section will explore multiple business set-ups by entrepreneurs over the two year period.

The study identified that approximately 50% of the (re-interviewed) firms demonstrated a set up of some type of multiple business venture/s (Table 8.2). PropFinance, and Hape Accountants have successfully established multiple/parallel businesses in partnership. These venture set-ups, by both the above firms have a direct connection with the first business. The owner of PropFinance has jointly set up an estate agency in another location while he himself remains at a first location and continues to operate the mortgage consultancy sector of the business. The owner stated that, ‘the partner runs the estate agency and I take care of the mortgages’. The set up of the estate agency provides potential business for the mortgage consultancy sector, therefore, ‘boosting’ business for PropFinance. Success of this venture was enhanced through the ‘reliable working relationship within the partnership’, and the potential business the additional venture generated (the partner was a co-ethnic member).

34 Habitual entrepreneurs: Habitual entrepreneurs, is a term referred to those who have founded purchased or inherited more than one venture (Westhead and Wright, 1998).
35 Novice entrepreneurs: First time business entrepreneurs, without any previous businesses.
### Table 8.2: Multiple business ventures from 2005 to 2007

<table>
<thead>
<tr>
<th>Reason for Decision</th>
<th>Subsequent Venture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prop Finance</strong></td>
<td>Set up partnership with a estate agency</td>
</tr>
<tr>
<td>Increase in revenue in current business and access different and wider market.</td>
<td></td>
</tr>
<tr>
<td><strong>ST Media</strong></td>
<td>Community interest company (social enterprise)</td>
</tr>
<tr>
<td>To give something back to the community.</td>
<td></td>
</tr>
<tr>
<td><strong>Hape Accountants</strong></td>
<td>1) Partnered with insurance brokers.</td>
</tr>
<tr>
<td>General expansion</td>
<td>2) Partner of Hape also set up joint venture with Banquet suite in the north.</td>
</tr>
<tr>
<td>1) Increase in property rental for students.</td>
<td></td>
</tr>
<tr>
<td>2) Increase general revenue</td>
<td></td>
</tr>
<tr>
<td><strong>Tailoring Boutique</strong></td>
<td>1) Property venture officially registered as a business.</td>
</tr>
<tr>
<td>2) Increase in revenue</td>
<td></td>
</tr>
<tr>
<td><strong>SP Investments</strong></td>
<td>2) Website venture targeted local Asian businesses.</td>
</tr>
<tr>
<td>General expansion</td>
<td>1) A water park project with shareholders in Bangladesh.</td>
</tr>
<tr>
<td>2) Set up an investment company, majority shareholder in G Four).</td>
<td></td>
</tr>
<tr>
<td><strong>UKP Consultancy</strong></td>
<td>1) Fashion and Beauty</td>
</tr>
<tr>
<td>Target a new market</td>
<td>2) Community interest company. (social enterprise)</td>
</tr>
</tbody>
</table>

Source: Interview summer 2007

The above entrepreneurs of the firms set up further ventures between the period of 2005-2007. In the case of Hape Accountants the owner stated:

.........about two years ago [this was after the initial interview in 2005] this chappy [PA] had been a client of ours for years, and he’d been a insurance broker for years, but he retired he’s 65……, and realised it wasn’t for him [yet] and came back. We provided him with a new office and he had a new client base. We formed a separate limited company called FT Insurance Services Ltd. It’s a brand new separate entity, VJ [partner of respondent] and PA are
directors, so [PA] is based upstairs, he has his own office, he has his own clients, he sells services to our clients, uses our support services here, admin, reception, and phone line......[he does] life insurance, commercial insurance, domestic insurance and travel insurance ......we have 50/50 partnership in that business (Respondent, Hape Accountancy, 2007).

Here, Hape Accountants formed a separate firm providing potential insurance services for clients of Hape Accountancy and the wider market. This multiple set up has been beneficial for the business as it has led to an overall rise in revenue. A further business venture was also sought by the partner (uncle of respondent), who become a 50% shareholder in a Banqueting venue in the north of England (this catered for all types of occasions, conferences, weddings venues etc). In both of the above businesses, successful operations were based, first on the partners taking on responsibility for their specialised fields, and second on the additional venture providing further business for the initial firm.

The two year period saw an additional venture established by the owner of Tailoring Boutique, whose previous hobby of property rental (previously unregistered) grew providing a ‘healthy’ profit and he formalised the business. The owner noted, ‘don’t need an office for this business [property] if I do there is space upstairs [on top of the boutique] for a property rental office’. Furthermore, the owner has over this period become involved in establishing a website for advertising local area Asian businesses and this activity has also been providing ongoing small scale revenue.

The owner of SP Investments had also been actively engaged in setting up further separate businesses. Between 2005 and 2007, he expanded his enterprise portfolio to include further businesses in the UK property investment market, and Dubai property investment market as well as partnered with investors to set up a water park resort in Bangladesh. In addition, the owner is engaged in ongoing talks to become involved in a Bangladeshi airline and a pharmaceutical company (Figure 8.3).
Previous global ventures were largely based in Bangladesh (homeland of parents) with the key venture being the establishment of a theme park, the ‘Dreamland project’. In terms of investments in Britain, the business is largely based around property and land investment. Since 2005 the owner noted that:

…we’re doing a Water Park now which is very similar to Dubai [waterpark]. Also, I’ve just been involved in an airline. The government split has been 51% government and 49% consortium… there are 12 consortiums that are looking to buy, I’m involved in one of the consortiums … Also bought off plan in Dubai (properties) and am working on some development stake at the moment but there’s me and my friend who bought it, a whole block really, majority of the block, it’s just a side venture (Owner, SP Investments, 2007).
Similar to the theme park project he had previously established with other investors, the owner has over the two year period become involved in a partnership deal with other investors to establish a water park resort in Bangladesh. The project is currently ongoing and is set up as a separate venture in partnership with other British and Bangladeshi entrepreneurs. In addition he has also taken advantage of structured finance offered to foreign investors to purchase properties and land in Dubai and this has been set up as a separate deal. Currently, two major ventures under negotiation include a consortium (there are 12 which hold 49% of a Bangladeshi airline, with 51% held by the Bangladeshi government) to launch a Bangladeshi airline and discussions ongoing regarding a pharmaceutical firm (the respondent was reluctant to talk about this in any depth during the interview). In Britain, there has been growth in his property business, where the owner through asset stripping properties has made high returns. This sector of his business is extremely profitable. When questioned about how he is coping with so many different ventures, the entrepreneur noted that: ‘I just have a few personal assistants who I deal directly with, they handle their tasks well’.

Since the previous interview, the owner of UKP Train & Recruit became involved in a community interest project and partnered up with the owner of ST Media to establish a social enterprise ‘Women of Cultures’. This was a non-for-profit organisation which obtained government funding, and its primary aim is to ‘support the welfare of the Asian community for young women and school aged girls’. Workshops are conducted both in schools and community places to convey support networks where young Asian women access support on a wide range of issues – more personal). The owner noted that this charity was to deal with, ‘things like honour marriages where girls are forced to marry against their will, or one case, where girls were blackmailed by others’. In terms of her other paid enterprises, the owner has also developed her PR Marketing company to include ‘Catwalk models’ for marketing purposes and various fashion marketing contracts. In relation to her joint property venture with her brother, the owner and her brother have achieved increasing returns on the rental market.
Entrepreneurs took up opportunities where they saw scope for separate businesses to be established and also formed sub ventures under umbrella organisations. The entrepreneurs from PropFinance and Hape Accountancy saw opportunities to expand their enterprise. They aimed to establish ventures which proved beneficial for their initial firm, and also provided them with an opportunity to enter a different market. The entrepreneurs from SP Investments, and UKP Train & Recruit established separate businesses under the umbrella organisation and again this was to expand their promotion in larger markets. One of the key factors which had become apparent throughout the interviews was that these entrepreneurs were very much aware of their expertise.
and experiences as well as their overall ‘worth’ in the world of business. They ‘cashed’ in on any opportunities, some by establishing multiple ventures alone or by joining partnership deals.

8.5 Changes in support networks
The interviews in 2005 identified that second and third generation South Asian entrepreneurs were still very much involved in networks where family and co-ethnics provided both direct and indirect support, although, in the case of the latter it was less important compared to the first generation. Support from family came as financial and labour, and support from co-ethnics came mostly as ‘favour exchange’ or doing work at discounted prices. Support had also come from business associations and South Asian community organisations, and in the case of the latter, it had been more indirect. Support from financial institutions, had been mixed, as some of the entrepreneurs preferred family finance because of the absence of interest, and others preferred financial institutions since borrowing from family caused issues over the long term. However, sometimes family borrowing is not enough for the purposes of growth and expansion and in such cases banks are relied on. This section will explore business networks and the changing levels of support ‘desired and required’ by the entrepreneurs.

8.5.1 Financial support
The 2005 interviews emphasised the lack of interest in using financial institutions to access finance for the business. However, 2007 identified that some of the entrepreneurs had altered their views about using formal means of finance and ‘the bank was first port of call’.

The owner of SP Investments noted:

Yes, they [the bank] are serving my purpose and I am serving theirs, don’t have problems, have structured finance with them. We use the bank a lot more due to being a lot bigger. In business you cannot just grow on your own money (Owner, SP Investments, 2007).

In the first interview (2005) the owner had emphasised the significance of using financial institutions as borrowing from family caused ‘issues’. Therefore, he was reluctant to obtain family finance and he approached financial institutions for initial funding. With the success of his business ventures he is aware of his worth and the way banks perceive successful businesses. He
emphasised that he now ‘use(s) banks for more facilities, if they offering, why not’. The owner of ST Media had received financial support from family and friends to establish her initial grocery business, and multiple grocery retail businesses thereafter, selling these previous ventures to establish her current ST Media firm. However, over the two year period the owner confirmed that ‘banks were used for launching the second paper and will be used to purchase the premises’ [currently they are renting]. HLP Law also shared similar views as ‘the bank has been very good to us, we have not used the loan and overdraft facility, however, there will be a stage that we will use them’. Others such as the owner of Travelco emphasised that, ‘I am not using bank finance, I have used structured finance from vehicle suppliers for new vehicles’. Such financial providers are linked to major financial institutions, however, the owner did not perceive these as banks (but his financial support had come from formal financial institutions). Similarly, the owner of FL Finance still preferred to be debt free, ‘for the restaurant, we re-mortgaged one of the properties’. Here the owner again, did not perceive the re-mortgage as debt, since it was his asset, however, this is still debt and therefore the level of financial support from formal institutions for him as an entrepreneur increased from the earlier interview. Others such as the owner of UKP Train & Recruit still had strong views and ‘would never take out a loan, I would do it myself’. The owner of the Snack Business emphasised ‘it comes to our attention that there are a lot of government grants available’. Here the availability of information in accessing government grants is attractive, and often if entrepreneurs can access this type of funding they may be deterred from approaching banks.

Overall, the evidence revealed a change in the attitude of the minority of entrepreneurs in relation to using financial institutions. Two of the key factors were: first, growth and expansion led to the desire to own their own business premises for which financial institutions were crucial and: second structured finance facilities were more attractive due to lower interest rates and the availability of this facility as it was obtained directly from suppliers. Furthermore, these made access to finance ‘quick and easy’. In comparison to the 2005 interviews support networks remained being utilised, however, for some of the entrepreneurs the level of ‘desired’ support had altered, whereby, entrepreneurs accessed more formal support from financial institutions as a result of them realising the worth of their entrepreneurial ventures from the bank’s perception.
However, this did mean that family financial support did lessen in relation to growth and expansion of the businesses.

8.5.2 Family and co-ethnic/community support

Unwaged human capital has often been associated with ethnic businesses. The 2005 interviews confirmed that family support was employed in both invisible and visible ways. In the two year period, despite the growth and expansion of businesses, almost 50% of the businesses continued to use free family labour in an invisible or visible manner. This was true for not just solo entrepreneurs but for those firms which had grown and expanded and employed additional staff.

This was very much evident in the PrintXpress firm. Increases in business had given rise to employing two full-time staff to operate the large scale press machines. However, reliance on parents remained ongoing. The owner noted that ‘parents helped with dealing with invoices and sorting copies’. Similarly, for Tailoring Boutique increases in customer sales led to profitable returns. To maximise profits, the owner did not employ further staff to deal with extra customers, but relied more on family members to ‘step in’ during peak periods.

The owner of the Snack Business continued to take advantage of unwaged family capital. The owner confirmed that ‘one sister, is now a qualified accountant and provides an unwaged book keeping service, the others [sisters] help, if and when required’. Furthermore, the owner now has a baby and ‘the mother-in-law looks after her (the baby) full-time while I’m here [at the firm]’. The owner also received ‘[informal] business support from an uncle who is an accountant [general business advice – without saying too much about Snack Business position]’. The respondent was reluctant to have the uncle as the firm’s accountant, as this would release too much personal information about the firm to members in the family networks.

The owner of the UKP Train & Recruit noted that her, ‘brother is an accountant and provides off the record support…….children are now teenagers but family still help [with them] if I’m out late’. The owner continues to rely on family support in relation to the children. Overall, the family continues to play a significant role providing both indirect and direct support.
8.6 Competition: How brutal can it get!

Competition is recognised for enhancing the efficiency of the economic system and is a major determinant of price (Whitcomb, 1999). With both perfect and imperfect competition playing a role in the economy, firms play on diverse strategies to target and maintain markets. Unless a business has complete monopoly, every business is prone to competition, and competitors will often use business tactics including undercutting profit margins to the provision of bonus offers to customers to stay ahead or maintain their position in the marketplace. This section will explore how competition was played out in relation to some of the businesses in the study. The study identified three factors that influenced competition: spatial, economic and ‘enchancements’ (Figure 8.5).

Figure 8.5: Geographies of competition
8.6.1 Competition in Birmingham based on South Asian firms

The study identified that 45% of the firms experienced some type of competition, ranging from spatial competition, where the firm was competing with other similar businesses in the same geographical area, to economic competition where competitors undercut price margins, especially in firms where the names of the companies were similar. And finally, an unusual type of competition ‘enchantments’ which some of the entrepreneurs claimed to have experienced as result of having a good status and a well established business. This type manifested itself as ‘jealously’ from co-ethnics who used ‘black magic’\(^{36}\). Black magic in various South Asian religions is acknowledged. In Hinduism there is the existence of sacred texts – the Vedas that discuss both white and black magic. In Islam, Muslim followers must believe in the existence of magic, but are not allowed to practice it (al-Qur’an 2:102). Whatever the nature of the competition the owners highlighted that it had an impact on themselves and the business.

**Spatial (geographical) competition**

Spatial competition was experienced by 20% of the re-interviewed firms. It was a problem for Travelco, as the competitor was a member of the owners’ extended family. In the previous interview (2005), the owner of Travelco noted: ‘we’ve got the same name [this being the surname of the family] which is also the business name, their’s end different….. there business is around the corner, customers get mixed up’. Geographically, both businesses are located on the same road, and this confused customers, as they often approach the competitor firm. This caused issues between the firms as well as family. In revisiting, the ‘competition’ question again the owner noted:

> I am losing a lot of work to them, but at the same time, people are coming back to us because they are happy, we’ve given a good service charging [are charging cheaper prices]……. [the extended family firm are] pretty much direct competitors….. it’s alright just told them when to keep their distance (Travelco, 2007)

---

\(^{36}\) Black Magic: Is a type of magic that draws on malevolent powers. It is used for deliberately causing harm in some way. Among the symptoms of Black Magic are blockage of a person wisdom and intelligence.
The competition still remains with the extended family members, however, the owner emphasised that ‘we have brand new vehicles’. The owner has also diversified the service and product range and through this he is continuing to compete (Figure 8.2). Similarly, in his parallel business (Skip Hire) competition also played a key role in the termination of the company. While Skip Hire was in operation, the owner and some of his collectors (staff) experienced threats from other skip business operators in the local area. The owner also confirmed that ‘often competitors would telephone the skip hire number printed on the side of his skips for removal’, resulting in problems between the firm and its clients. This was eventually overcome by the owner making an additional telephone call to the client to confirm removal of the skip. However, this was an additional expense for the firm. Prior to taking over the Skip Hire firm, the owner of Travelco had been aware of problems as the previous owner (for skip hire business) had been threatened at knifepoint when he had first set up the business. However, with the Skip Hire firm located yards from the Travelco depot the owner (of Travelco and Skip Hire) ‘felt’ that ‘he knew the area and the surrounding businesses and it was safe’, and therefore, was reluctant to be deterred by threats. As the business progressed it continued to experience ongoing problems from competitors although not always directly. The business eventually closed.

**Economic competition**

The owner of ST Media claimed that ‘launching a second newspaper with a name which was similar to another popular Asian newspaper was deliberate’. The owner (ST Media) deliberately launched a second newspaper with a similar name to a well known Asian newspaper. This confused some of the customers as some considered that the newspaper was an additional supplement to the original paper (other paper). The owner of ST Media stated that ‘50% of AEE [competitor paper] market came to us due to the name’. This strategy did work as it captured some of the market directly from the competitor. Further economic gain was made through placing the first and second newspapers on-line via subscription and, therefore, obtaining a larger share of the market. The e-paper also extended the geographical markets not just nationally but globally resulting in ST Media papers competing with international Asian papers.
Geographies of enchantment and competition

The third type of competition experienced by some of the entrepreneurs was of an unusual nature and took the form ‘magic’. A belief in magic is not just restricted to ‘preliterate societies, with supernatural explanations no less common in developed nations than developing nations. Studies on ‘witchcraft’ and magic have been undertaken in a number of disciplines especially in socio-cultural fields and on behaviour disturbance (Wintrob, 1973). In various nations the belief that people can master occult forces is a socio-cultural phenomenon, especially in African and Asian nations where it has been deeply rooted for generations, regardless of social strata or geographical settings. Magic can be used for good or bad ends, furthermore, ‘the use of witchcraft and magic in political power is quite common in some parts of the world (Khonert, 1996: p1349). There are a number of black magic ‘healers’ and ‘doers’ who are self-employed and are used by individuals to perform ‘healing’ or ‘ill wishing’. Globally this is a growing business, although being a taboo subject it is often discreetly advertised and approached.

Twenty per cent of entrepreneurs made reference to such forces in relation to competition with a further 13% acknowledging this type of ‘evil eye’ (bad luck through envy) in relation to their business. Entrepreneurs highlighted that this came from others being ‘jealous of one having established a successful business as this provided status and wealth for the individual’. This type of rivalry was encountered strongly by the owner of PropFinance, who having established his business in 1998 had become a ‘highly’ capable entrepreneur within his own community as well as the wider South Asian entrepreneurial community. In the previous interview (2005), the owner confirmed that ‘I have a mortgage consultant and three full time staff’, as well as the office housing an independent solicitor who covered the majority of the legal work related to the business, in addition to his own client work. Furthermore, that the business was functioning extremely well however, later in the interview (2005) he confirmed that ‘jealousy tends to run in the Asian community a lot’. Two years on some interesting and unorthodox results had arisen. The 2007 study identified that the owner had experienced difficulties in the effective functioning of the business, which he ‘felt’ was a result of the mortgage consultant wanting to take over his business. The owner of PropFinance noted that:
My mortgage consultant was stabbing me in the back and saying things to other clients. He walked out and I got him back he worked here for good few years. He started doing 'black magic' on me, all my money went, I felt strange things he put black magic in the room, my mortgages were coming in and not completed, he suggested we should be in one room, he wanted my business. I had trusted him. He had splashed black magic water on the walls. I hated coming to work. (PropFinance, 2007)

In 2006 the solicitor (who had previously share the premises at the time of the first interview) had set up his own office four doors from PropFinance and in January 2007, the mortgage consultant joined him as a business partner. PropFinance experienced direct competition since the area is predominately Pakistani/ Muslim and so is the competitor (the mortgage consultant) who has access to his own South Asian community. Later his administration assistant, who was also Pakistan/Muslim, joined the competitor’s business. The owner noted that ‘he [the competitor] was trying to take it all’. With the support of his family, both on a physical and emotional level, and the aid of his black magic healer, the owner is now in control of his business. He has since streamlined the business employed a personal assistant who is highly skilled in all administration duties and is qualified to deal with mortgage paper work and property portfolios. Both the mortgage sector and the property rental business are functioning well and the entrepreneur feels that he is at peace, with both his business and himself.

Black magic also had an impact on Asbestos IT, ‘Media Tech’ (initial business) did really well and I gained millions - had a fantastic life but I wasted a lot of money, I didn't value it. The owner felt that seeing him as a millionaire virtually overnight led to jealousy from the co-ethnics/community, and he feels that it was the use of ‘black magic’ on him as an entrepreneur which led to his business going down and recently his health. In the case of the Tailoring Boutique, the immediate family avoided aid from outsiders, ‘did everything ourselves, don’t ask others they put bad luck on you! Bad luck referred to enchantments and spells. He claimed that some people especially in co-ethnic communities ‘are not pleased to see others doing well’, and black magic was one of the ways to stop people doing well. He later stated that ‘black magic is destroying people lives and it cannot be traced, but god is there watching’.
In conclusion, the above sections have identified that second and third generation South Asian entrepreneurs in Birmingham face various types of competition, however, the key ones can be categorised under spatial (geographical), economic and ‘enchanted’. Entrepreneurs overcame competition difficulties by differentiating their products and services in some way to capture a large market share, so that their firm did not make a loss. Prime example was Travelco firm, whereby diversifying to include car hire and opening up coach services to include airport passenger transport. Furthermore, deliberate strategies were implemented to poach direct business from competitors, a prime example was ST Media whose second newspaper publication deliberately had a similar name to another long existing South Asian newspaper therefore, confusing readers to purchase their paper. And finally, competing by enchantments, this is indeed a new area in academia in relation to the study of entrepreneurship, however, black magic in many societies have been practiced for centuries, where spells are targeted to destroy people and their livelihoods. The study identified that some second and third generation South Asians have started to acknowledge this and it impacts of their business. However, this is a ‘taboo’ subject and difficult to investigate. Magic has been identified as a tool used by some firms against competitors. This is an interesting issue and requires further research.

8.7 Failed/closed firms

*The few truly ‘failed entrepreneurs’ seemingly disappear off the face of the economy, forever, leaving us, entrepreneurship scholars, without any traces to follow in our pursuit of understanding* (Sarasvathy, 2002, p7)

The literature on the success and failure of firms may be substantial in terms of firm performance. However, studies on the role of the entrepreneur in firm failure are limited. Entrepreneurs tend to be rooted in the entrepreneurial process through the establishment of a firm and its ongoing operation. Therefore, any decisions made by the entrepreneurs in relation to the firm are important to maintain adequate performance of the business. However, the entrepreneur’s traits and ethics may alter and in some cases may not be in line with the requirement of the business, therefore, triggering the business to fail. There is the tendency to base success and failure on a
number of factors ranging from motivational to calculated/uncalculated risks. Furthermore, the success and failure of an entrepreneur is not determined by the success or failure of firms. Entrepreneurs can use firms as instruments to increase the probabilities of their own success (Saravathy and Menon, 2002). According to Geroski (1995) ‘while entry is common survival is not’. Others such as Aldrich & Martinez (2001), Fichman & Levinthal, (1991) tend to agree that ‘most firms fail’ (Saravathy and Menon, 2002). Studies have also suggested that some firms can fail over time due to lack of human capital, skills, education, business acumen etc that are often necessary for the success of the business (Cressy, 2006). This study has explored reasons behind second and third generation South Asian firms failures, and although the sample is small (in relation to the longitudinal aspect), and not a representation South Asian firm failures in general, it does provide diverse reasons why some of these firms may fail.

The study identified that 27% of the firms failed/closed by the second interview in 2007 (Table 8.3). The reasons for firm failure/closure ranged from difficult market conditions (lack of business and competitors) to personal issues.

Table 8.3: Failed/terminated firms

<table>
<thead>
<tr>
<th>Failed/closed firms</th>
<th>Reasons behind failure/closure</th>
<th>Status of owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skip Hire (2005-2007)</td>
<td>Competitors became harmful</td>
<td>Returned full-time to family business (Travelco)</td>
</tr>
<tr>
<td>SAFBNA (2004-2007)</td>
<td>Friction between the founder and the board members</td>
<td>Founder left/ firm later closed</td>
</tr>
</tbody>
</table>

Source: Interviews, summer 2007

The study identified that failure/closure of firms were based on distinct reasons that can be categorised in two forms. First, lack of general business and whether it was worth continuing the
business. Second, the change in ethics of the entrepreneur in relation to the business. For the purposes of study, in the case of the former the emphasis is placed on the fact that the business venture failed and firm terminated and, in the case of the latter, we emphasis that the entrepreneur failed, as he/she failed to perform as a result of personal reasons. Keeping this in mind we explore these cases in turn.

The owner of MYS Train & Recruit claimed that the ‘business was functioning well and her decision to close was based on both personal and professional aspects’. The aspects included disapproval of attitude of various clients and provider companies and her personal aspects. She considered that ‘people have unrealistic expectations from the business world, placing people in companies was a lot of money [for the companies to pay], emotionally for me, it did not feel right’. The owner felt that although the rate charged for company replacements (outsourcing staff to client companies) was in line with the ‘going rate’ she personally agreed that it was not justified. The training sector was more successful. She noted that ‘I was writing and delivering, the programmes, training side was good’. The owner held a Health Training contract which had enabled her to access and deliver health based courses. As the demand for her services grew she had employed a full-time office assistant to deal with the office tasks. However, she stated that, ‘I made a loss due to employing someone and renting premises. Coupled with the downside of the recruitment, I didn’t really enjoy what I was doing on the recruitment side’, this led to uncertainty in relation to the business. During this stage in her life the owner was also regularly visiting a Naturopathic\textsuperscript{37} clinic in London due to personal health reasons and it was this which influenced her to close the firm and retrain. She noted that:

He [the Naturopathic practitioner] gave me some terrible advice, which turned my life around. I said to myself, why am I paying him? I will treat myself and turned to studying the course, and now I finishing, final year. I think I have finally found myself; I will go back to some of the companies I have worked with and offer them clinical programmes (MYS Train & Recruit, 2007).

\textsuperscript{37} Naturopathic Medicine: Naturopathic medicine is based on the belief that the human body has an innate healing ability. Naturopathic doctors teach their patients to use diet, exercise etc, in addition, any treatment is from the best of modern medical science coupled with traditional natural remedies.
The owner closed her business at the end of 2005, a few months after the first interview. This termination of business was based on three factors, first, lack of business in one sector of her firm (although the other sector provided ample return for business survival), second, the owner ethics in relation to the recruit and high rates changed, and third, personal aspects led to diversify her skills and training (later this gave rise to opportunity recognition in another business venture). In January 2009, a short telephone call with the respondent revealed that the owner had set up a clinic (new business) in Mosley and started her new occupation as a Nutritional Naturopathic Practitioner. The owner having ‘travelled’ in medical and health based networks (in previous business) utilised this asset in setting up her second venture. As an entrepreneur her previous business portfolio contributed to her obtaining clients for her new position as a Naturopathic Practitioner. She also revealed that one of her key strategies was to become a mobile practitioner.

The owner of Image Consultancy also experienced personal and professional issues which led to the closure of her business. The nature of the business was very much linked to ‘up market’ clientele. Only those with a certain level of disposable income tended to use Image Consultants. Although, the owner was the only consultant in the Midlands who provided both mainstream and ethnic fashion consultancy, she felt women wanted to utilise her services, but were not ready to pay market rates. The workshops which the owner delivered were successful but only represented a fraction of the business. Furthermore the owner noted that:

It was my own life style that had changed. I thought about the career path and my inner-self. Clients wanted to improve on an external level, I wanted to impact on a deeper level, my philosophy changed, what comes from the inside is more important. I was developing a more spiritual life style. I was not dressing a certain way, as an image consultant. I, as a person, changed, business was affected. The way I presented myself, has an outlook on the client. I became a vegetarian. (Image Consultant, 2007).

Two years on, the second interview identified the development of a situation whereby there was a direct conflict between the identity of the owner and the business interest. The nature of the business was no longer compatible with its owner. This stemmed from becoming more spiritual and ‘outer image became less important’. Being an image consultant for both the Asian and
mainstream market and dressing in a particular way conflicted with the dress code of devout Muslim (she became very religious). The owner lost interest in fashion and in the image business, therefore closing the business. The firm’s name remains registered although the owner has confirmed that she has no ‘wish’ to re-launch it and she is currently working as a personal assistant to a director of a creative arts organisation.

In relation to firm Skip Hire firm closure, at the time of the previous interview Skip Hire had only been operational for three months, in which period it had experienced a rapid increase in revenues resulting in annual profit. ‘So what went wrong (in addition to problems with competitors)’? The owner noted:

There were ‘fiddling problems’ of ‘hard cash’ by the skip collectors, and the regulations become tighter for rubbish collection……so much red tape. I also overlooked the coaches side [family business] (Skip Hire, 2007).

In the 2005 interview, the owner admitted that there was a stigma attached to any work involving ‘rubbish’ and this was rooted in the caste system with the association between the ‘untouchable’ caste and rubbish. At the time, he claimed that he needed a change from full-time Travelco business, and had to ‘achieve something himself’, and skip hiring was ‘cash rich’. It was clear in unspoken words that the waste business was not recognised as a status business in the co-ethnic/community and this influenced the closure of the business. Furthermore, the pressure of operating two businesses may have been ‘too much’.

In conclusion, the study highlighted that firms failed for various reasons, in these cases it had not been the lack of finance, skills, education and knowledge as some firm failure studies have often suggested, but failure was triggered by the disinterest in the entrepreneurial venture for personal reasons and ethical reasons. However, an interesting point was that all four firms had terminated within a three years of initial start up.
8.8 Conclusion

This chapter has explored South Asian entrepreneurship from a longitudinal perspective. Fifteen of the original thirty firms were re-interviewed to gain an insight into how second and third generation entrepreneurs operate their businesses over time and how business and personal aspects impact the firm. The chapter explored four key areas: growth and expansion, changes in support networks, business competition and failed/closed firms.

The study highlighted that second and third generation South Asian entrepreneurs in relation to their business ventures were constantly identifying and evaluating their businesses searching for higher sales and revenue, and in some cases to ‘safe guard’ their businesses they introduced new products and services to capture wider markets (therefore, if one section of the business was experiencing problems and loss, the others sections could compensate). Furthermore, some entrepreneurs set up multiple/parallel ventures in connection to their first venture or a separate entity, this was either in Britain or transnational (or both). Reasons behind multiple set ups included: entrepreneurs established a further business to ‘feed’ the activities of the initial business (examples included setting up a firm in a low cost producing country and supplying to UK firms and hence making a high returns or setting up a firm in the UK that had connecting services – examples here included Hape Accountant and Prop Finance). In addition to these reasons parallel businesses were also set up for personal reasons which often included extending the entrepreneurial profile (this also provided status).

Second, the study identified changes in support networks between the period 2005-2007. The initial analysis (2005) had highlighted that family support was one of the key components of South Asian firms. This still remains the case and was the case, even amongst those firms interviewed in 2007 which had experienced overall growth and employed further staff. However, the longitudinal perspective did identify a change in attitude towards using financial institutions (earlier analysis demonstrated lack of interest in financial institutions). Entrepreneurs clearly confirmed that financial institutions had become the ‘first port of call’, especially in terms of the purchase of business premises. Amongst, the reasons for this is that as these businesses have grown and expanded and entrepreneurs target bank finance because they have become aware of
the banks’ perception of the scope of their businesses and they make use of this. Therefore, in analysing it is worth noting that although family finance may be important at set up stages, ones the venture has stabilised and grown, the entrepreneur is more likely to use of back finance. However, there remains evidence that there are still a minority of the entrepreneurs who were identified as opposing to taking out large loans and paying interest when family was offering to help.

Third, the chapter identified various competition tactics and the following conclusions can be drawn. Competition is played out in three ways, spatial (geographic), economic, and enchantments. The first two involved poaching customers by using similar business names and being in geographical co-locations. The final type of competition was unorthodox whereby enchantments were used to harm entrepreneurs. Entrepreneurs claimed that ‘ill wishers’ use ‘black magic’ and ‘evil eye’ (bad luck) to bring harm to them and ‘takeover’ or ‘destroy’ the business. And indeed some of the entrepreneurs did believe that these practices were used in competition strategies by competitors to bring their businesses ‘down’. Such practices are not uncommon in South Asian culture, but as it is a ‘taboo’ subject they are discreetly covered. However, the evidence from the study does warrant future research to be directed to this area, and explore how ‘black magic’ is used as a tool deployed in entrepreneurial competition strategies.

The final section explored reasons behind those firms in the study which had failed or terminated. Previous studies have often suggested that firm failure is often the result of lack of finance, training, education and business knowledge as well as difficult market conditions. This study identified firms failed/terminated for distinct reasons, but overall failure was triggered by the disinterest in the entrepreneurial venture on part of the entrepreneur. In other words the owner’s ethics had altered. Prime examples included the owner of the image consultancy, who felt that she did not adhere to what the business presented - a sophisticated professional out look and in the case of the MYS Train & Recruit, the owner felt that the fees charged for company replacements were not justified and hence closed the business (her decision was also impacted by even more personal matters). Similarly in the case of the Skip Hire firm the underlying evidence suggested that the business not only experienced operational problems but was influenced by the
‘thought’ that ‘rubbish collecting’ was culturally considered ‘low caste’ (within the caste system) and was associated with no community status. In summary, the study has made clear, that in addition to general reasons behind firm failure, it is also worth exploring the role of ethics, ethnicity and culture.

Therefore, research on South Asian business community should focus on both the entrepreneur and their business activities. To focus just on the firm isolates that firm from the entrepreneur and other business activities and from those of his extended family. In a single research process the categories of the entrepreneur such as family and the firm become blurred. The longitudinal research has highlighted the changing nature of the relationships between the families, as entrepreneurs try to break-away from dependence on the family. It is apparent that South Asian entrepreneurs are drawing upon assistance provided by their extended family and friends but business activities are constrained and enabled by their place in the South Asian community. Furthermore, for some entrepreneurs, the process is complicated by ‘belief systems that are held in the South Asian community. Social status in the South Asian community comes from the family, but is further enhanced by owning and operating your own business. Belief system based on enchantments and various forms of ‘black magic’ has impacted on the business activity of some firms. Nevertheless, there is a danger that entrepreneurs identify ‘black magic’ as a form of post rationalisation of their own business failure. In summary the chapter provides a longitudinal perspective of South Asian business operations over a two year period in Birmingham. However, for future study it is recommended that a larger sample be used on a national level to gain further insight into ‘how South Asian service sector firms change over time’.
CHAPTER 9
CONCLUSION

9.1 Introduction
Since the 1970s, South Asian entrepreneurs have been recognised for the contribution they have made to the British economy (Aldrich, et al., 1981; Ram et al, 2000, Clark and Drinkwater, 2000; Ram and Smallbone, 2001). Many first generation immigrant businesses not only survived times of economic uncertainty, but through family networks and co-ethnic support systems grew into larger enterprises. Furthermore, business succession by subsequent generations of family members have both strengthened existing family businesses and have also led to the formation of new ventures. During the past few decades there has been growing interest in second and third generation South Asian entrepreneurs. Between 1998 and 2005, the growth rates of British Asian small and medium sized enterprises grew at three times compared to the national economy (Barclay Business Banking, 2006). Between 1992 and 2001 one in four British South Asians were self-employed and, as a proportion, this is almost twice as many compared to their white counterparts (Cuneo, 2001).

Research on second and third generation South Asian entrepreneurs remains underdeveloped. This thesis has begun to address this research gap by exploring the ways that second and third generation South Asians established and managed businesses in Britain. The focus of this research has been predominantly on service firms. This study has explored the business activities of a sample of second and third generation South Asian entrepreneurs based in Birmingham. A key finding is the identification of the key characteristics that define entrepreneurship as practiced by second and third generation South Asians. These include entrepreneurial characteristics; the impact of culture and identity on business activities and opportunities; serial/multiple entrepreneurship portfolios; business association support; and the impact of enchantments on entrepreneurship. This chapter provides an overview of some of the key findings.
9.2 Current status of South Asian entrepreneurship

Previous studies on ethnic entrepreneurship frequently treat ethnic minorities as a homogeneous group (Chavan, and Agarwal, 1998; Hardill and Raghuram, 2002), however, this is not to suggest that there are no studies that focus on a specific minority ethnic group (Barn, 2000; Ram, et al., 2000). A number of studies of various groups of immigrant entrepreneurs especially in developed countries have been undertaken (Kloosterman and Rath 2003). Many of the studies on ethnic entrepreneurship initially emerged from the field of sociology (Srinivasan, 1992; Saxenian, 1999). These included studies based around ‘structural’ perspectives in which discrimination in the workplace encouraged minority ethnics to consider self employment as an alternative to employment. In relation to South Asian entrepreneurship, theories and concepts were developed that suggested that an individual’s ‘culture’ played an important role in entrepreneurship. This included factors such as dedication to hard work and the existence of strong ethnic community links (Werbner, 1990; Ram and Jones, 1998). Research also identified the importance of contextual theories including ‘middleman minorities’ theory in which immigrant groups supplied commodities to the wider market (Bonacicah, 1973) and ‘ethnic enclave’ theories (Aldrich and Waldinger, 1990) in which immigrants supplied co-ethnic products to their own co-ethnic groups. Aldrich and Waldinger’s (1990) ‘interactive model’ suggested that understanding ethnic and immigrant entrepreneurial strategies required an approach that combined ethnic and social-cultural and politico-economic factors. This included an appreciation of ethnic and non-ethnic consumer markets and government policies which influenced the decision to establish a business (Aldrich and Waldinger, 1990). These studies were very much based on first generation immigrant entrepreneurship, and did very little to explore the business characteristics and activities of succeeding generations (the second and third generations) of South Asians who were detached from immigrant status and had partially integrated into British culture and society. Research undertaken on the succeeding generations has remained limited, as much of it focuses on those second generation entrepreneurs who have entered family businesses or those operating their firms in the retailing and manufacturing sectors (business sectors that the first generations were often concentrated in). Very few studies have explored South Asian entrepreneurs in the UK that have established service sector firms such as accountancy, pharmacy, law and media related, newspaper publishers and independent televising sectors.
In reviewing the firm formation literature in relation to entrepreneurial characteristics (focusing especially on ethnicity and entrepreneurship), previous studies identified that cultural and structural factors were the key drivers of entrepreneurship for first generation South Asian entrepreneurs. However, conditions prior to business formation were very different as they were immigrants in the host country. Succeeding generations of South Asian entrepreneurs are detached from immigrant status and the majority have been assimilated into British society and culture (as a result of their upbringing in Britain) as well as have certain levels of British education, knowledge and skills. Therefore, this raises questions regarding the personal characteristics of these generations and the impact this has on entrepreneurial decision making and behaviour. This raises the following questions: Are these entrepreneurs (individual entrepreneur) similar or different from their predecessors? Furthermore, it is important to bring-out the role of being dual-cultured (the Asians are assimilated into British society, therefore, take on dual identity) and the impact this has on entrepreneurial behaviour. Many British/Asian are demonstrating these traits in tastes of fashion, music and cuisines. Some firms are demonstrating innovation and creating hybrid commodities to cater for these tastes, furthermore, some of these products are opening up new markets for the firms. The above are important topics in understanding contemporary South Asian entrepreneurship, as the literatures on firm formation and, ethnicity and entrepreneurship make reference to various entrepreneurial characteristics in business entry. Furthermore, entrepreneurial behaviour is recognised for having an impact on a number of business operational aspects one of the key being how entrepreneurs play on specific strategies to access business markets (market opportunities).

Previous accounts of ethnic entrepreneurship highlight that first generation entrepreneurs frequently establish their businesses to supply the indigenous population (this had not been difficult since the majority of these generations set up in the grocery and retailing sectors). However, many took advantage of the growing South Asian population and targeted these small scale markets by supplying ethnic products to ethnic minorities. This in turn engaged them in making contacts with their country of origin (in the Indian subcontinent) to obtain ethnic products. Cross border business networks were established. The first generation of South Asians had targeted mainstream markets, as well as co-ethnics markets, but for the majority businesses
were confined to specific sectors (grocery, retailing and manufacturing). One of the important areas here is to investigate the diversity in businesses chosen by the second and third generations, many of these generations have broken-out of the traditional Asian sector business economy and moved to professional services (as well as non-professional) and business services enterprises. Many of the firms are specialist services (media related, technology, pharmacy, law etc) and require certain levels of qualifications. Many of these firms are facing competition from the wider markets, especially where large enterprises are able to obtain goods and services cheaper from low cost producing countries. Therefore, it is important to investigate how the second and third generations target markets, and the types of strategies they adopt for business survival, success and growth.

The literature review on business support networks highlighted that the first generation often relied on family and co-ethnic support networks especially in relation to finance and human support. In the case of the former it was often the result of facing barriers in obtaining finance from formal financial institutions (language barriers and immigrant status barriers). Since the majority of the succeeding generations are British by birth and have experienced the British educational system many are aware of business support channels and often have the knowledge and skills to access them. At the same time, they have access to family support as many are still connected closely to their cultural networks and aware that they can easily access this type of support unconditionally. The first generation relied heavily on co-ethnic support and this was often due some entrepreneurs not having family members present at the time of venture formation (single male entrepreneurs initially entered alone). Co-ethnic support was often based on kinship networks (often founded on caste, home village and type of South Asian background). The majority of the second and third generations tend to have family present in the locality, and therefore partnerships between co-ethnics or co-ethnic support is a topic that needs revisiting.

The identification of the above gaps has led to the formulation of the aims and objectives and the development of a framework that draws on four elements: The individual entrepreneur (here the thesis aimed to investigate the personal and business characteristics of the entrepreneur). This includes exploring prior motivational factors, the role of family members and business
connections; the networks element (here focus remains on formal and informal business support networks; the financial (here focus remains on finance deployed in entrepreneurship); market opportunities (here focus is on locating the product and service in the market). This area also includes the creation of any hybrid (fused) products and services created by the British/Asian entrepreneurs. These elements are further placed in the wider framework conditions (South Asian community, social status, extended family, religion and culture), as well as the micro economy and the legal system.

The literature review identified a number of questions and gaps in the field of South Asian entrepreneurship. The question that arises is: How do second and third generation entrepreneurs set up and operate their businesses? The aim of the thesis was to provide an understanding of second and third generation entrepreneurship in Birmingham’s service sector economy. This thesis identified intergenerational differences and similarities in Birmingham-based South Asian entrepreneurship that need to be explored more fully so that appropriate business support strategies can be developed to support second and third generation Asian enterprises, as well as to contribute to local economic development.

9.3 Methodology (Chapter 3)
To understand the operational dynamics and related geographies of second and third generation entrepreneurs working and living in Birmingham, the research explored 30 case studies of Birmingham based businesses. Fifteen of these 30 case studies involved longitudinal research over a 2 year period. The intention here was to gain an insight in to how South Asian firms altered over time. Data collection was obtained through qualitative face-to-face interviews. This enabled interactions to occur with the research subjects and provided an opportunity to explore entrepreneurial behaviour. Interviews were recorded and transcribed. An Excel spreadsheet was used to record themes and data was then thoroughly analysed. In order to explore the research questions core themes were identified. These were related to the drivers of second and third generation entrepreneurship (personal and motivational characteristics); markets and breaking out strategies (market opportunities) and networks (formal and informal). The analysis provided foundations for the empirical chapters (5, 6, 7, and 8).
Therefore, chapter 5 investigated the driving forces for firm formation (pre formation and formation aspects) and the deployment of business tactics used by second and third generation entrepreneurs. Chapter 6 investigated break-out strategies used to target new and expand existing markets. Chapter 7 explored the role of networks in business set up and operations. This chapter also included how some of the firms had been engaged in transnational networks. Finally chapter 8 focused on the longitudinal perspective to the study and investigated how firms changed over time, in this case over the two year period.

9.4 Knowledge contribution to South Asian entrepreneurship

The study has contributed knowledge to six key areas: understanding the driving forces of second and third generation entrepreneurship (entrepreneurial characteristics and family impact); the impact of culture and identity (this includes the role of duality and the creation of hybrid products and services and how these have been used to target new markets); serial entrepreneurial portfolios (multiple business ventures); business networks (formal business support associations); geographies of enchantment (unorthodox business competition) and finally although not a major contribution, but a one off ‘snap shot’ of how changes in the entrepreneurs motivations and behaviour can lead to changes in entrepreneurship over a given period (growth, expansion of the business and firm failure). These will now be explored in turn.

Entrepreneurial characteristics

An entrepreneur’s pre and post-entrepreneurship characteristics play an important role in the firm formation process and also in the subsequent development of a firm. This led to identifying various entrepreneurship driving forces that were important in setting up or entering a business (Chapter 5). Amongst, the key driving forces, the study identified the ‘family’. The family unit not only provides individuals with support but also influences their choices in a number of ways. In particular parents play an important role and this is demonstrated in two ways. First, parents encouraged/pressurised the individual (entrepreneur) to obtain certain levels of academic qualifications or training. These usually included degree level qualifications, where possible preference was also geared towards professional qualifications that provided status (for example, medicine related, law etc). These qualifications were perceived as providing better opportunities
in life (by parents). Therefore, the decision to become an entrepreneur was determined by family and by the entrepreneur becoming aware of the opportunity their training and qualifications provided.

Second, family support was evident in pre-formation, formation and operation. During these stages family members provided direct financial support for business start up and unwaged human capital in business operations. Deploying the family not only avoided extra costs, but also the legalities associated with employing new staff. Family culture instilled potential entrepreneurs and established entrepreneurs to think long-term and work hard as this had its ‘just rewards’ (Table 9.1).

Furthermore, the study identified a strong connection between having entrepreneurial parents and the individual (entrepreneur) entering entrepreneurship. This was particularly true for the entrepreneurs whose parents had been in business in Africa, before entering Britain. These entrepreneurs emphasised how they were inspired by their parents, as they witnessed at a young age the benefits entrepreneurship brought (for example, independency, wealth and status). However, the study found that the entrepreneurs, although had been inspired by an entrepreneurial background, the majority opted for diversity in their choice of business. Again, this stemmed from aspects such as the level of specialist skills and education these individuals held, that allowed them to target diverse entrepreneurship. Furthermore, these businesses also provided them with status.

Family was a strong element in joint ventures. Evidence from the study highlighted that joint ventures were often with family members. Reasons given by the entrepreneurs were that family members were associated with trust, loyalty, and reliability which these generations found crucial in joint partnerships. The strength of the family unit was also highlighted by the mere fact that some of the entrepreneurs in the sample became partners in the family firm without providing financial investment into the firm. Family support in South Asian communities is culturally embedded and, therefore, entrepreneurs took advantage of this resource or form of assistance during the firm formation process, and also to assist with business operations more generally. The
study re-enforced the notion that the family remains an important component of South Asian entrepreneurship. However, the succeeding generations have the added advantage of opportunities which come from having British qualifications, education and training, combined with family guidance and support.

The impact of culture and identity: Market opportunities, duality and hybrid products and services.

Many of the businesses operated by second and third generation entrepreneurs in the study show diversity in comparison to the earlier forms of South Asian businesses. They target specific markets to secure survival and success. A high proportion (63%) of the firms targeted South Asian markets at the start up stage, 23% targeted and captured mainstream markets and 10% targeted both co-ethnic and mainstream markets. Second and third generation entrepreneurs played on diverse strategies to target and capture markets. Entrepreneurs capitalised on their ethnicity to target co-ethnics markets and used this as a ‘survival tool’ for their firms, whereby it laid down strong foundations (business clientele) for the firm. A prime example is Shar Accountants, a Bangladeshi owned business which had set up and targeted the Bangladeshi business market. Where possible, entrepreneurs aiming for business growth and expansion extended their clientele to include mainstream markets.

Evidence from the study identified that a quarter of the sample operated within mainstream markets when they were first established. Furthermore, entrepreneurs emphasised that capturing mainstream markets was not always easy; targeting these markets meant that they had wider competition from the indigenous population and existing companies. Entrepreneurs who had managed to target mainstream markets had developed a business model based on product and service differentiation compared to other South Asian entrepreneurs. The success of this was based on the fact that products and services they supplied had been fairly new to the market at the time business start up. Here a prime example was the Asbestos IT firm which targeted large commercial firms by providing asbestos risk management software. The co-ethnic market for this service was non-existent as many of the ethnic businesses tend to be small scale and such services are too expensive. Currently there are very few firms nationally providing this service.
Only a small proportion of the sample (10%) had managed to access both co-ethnic and mainstream markets at start-up. The strategy deployed here again was product differentiation and market location in terms of the product/service and geographical location. What was interesting was that an astonishing 79% of the firms had been established to target and exploit co-ethnic markets but had managed to break-out into other markets by deploying specific strategies. Some of these strategies were based on playing of traits of duality (dual-culturalism).

The study highlighted how some entrepreneurs played on duality (dual identity) and the impact of this on entrepreneurial behaviour and decision making. One area where this was strongly evident was competing in existing markets and accessing new markets. This form of duality provides South Asians with distinctiveness as well as an entrepreneurial resource. This provides an advantage as it enables South Asians to access co-ethnic and mainstream networks. The study identified various distinct aspects (Table 9.1). These generations were engaged in both Asian and mainstream networks. They had a connection with their culture, and being within the wider mainstream community provided them to seek out business opportunities. The trait of duality was important amongst the entrepreneurs as it equipped them with the knowledge, ability and skills to implement strategies in relation to market opportunities. This was evident in the cases of entrepreneurs from the TV channel firm, and UKP Train & Recruit. The former targeted the British/Asian audience and the latter used duality to implement a training programme for Cadburys, the chocolate and confectionary manufacturer. The programme was designed to ‘educate’ the company about South Asian festive periods. Amongst the outcomes of this programme was the launch of Cadburys ‘Eid advert calendars’. Duality was also important for those entrepreneurs who sought and created opportunities by differentiating their products and services. Amongst others, this was strongly demonstrated by the owner of Snack Business who through her duality sought and created hybrid products; Asian snacks were fused with Western flavours, and serving suggestions extended to soft and alcoholic beverages, hence differentiating the product in the marketplace. Similarly, the Image Consultancy entrepreneur provided cross cultural fashion image services, that attracted both Asian and mainstream clients. In conclusion, culture, identity, duality, hybridity and opportunity play a significant role in second and third generation entrepreneurship.
Table 9.1: Culture, identity and opportunities amongst South Asian entrepreneurs

<table>
<thead>
<tr>
<th>Entrepreneurial influence and impact from:</th>
<th>Impact on entrepreneurship processes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td></td>
</tr>
<tr>
<td>Pressure placed by parents</td>
<td>Knowledge and skills used for entrepreneurship</td>
</tr>
<tr>
<td>Pressure to go into specific occupations</td>
<td>Specific professions and business opportunities – law, medicine, dentistry (Status related)</td>
</tr>
<tr>
<td><strong>Attitudes to work</strong></td>
<td></td>
</tr>
<tr>
<td>Work hard</td>
<td>Investing in own venture ‘pays off’ (Monetary aspect and status related).</td>
</tr>
<tr>
<td>Think long-term</td>
<td></td>
</tr>
<tr>
<td><strong>Reliance on family and friends</strong></td>
<td></td>
</tr>
<tr>
<td>Culturally expected and openly accepted.</td>
<td>Family support</td>
</tr>
<tr>
<td></td>
<td>Unwaged labour</td>
</tr>
<tr>
<td></td>
<td>Financial input</td>
</tr>
<tr>
<td></td>
<td>Gift exchange favours</td>
</tr>
<tr>
<td><strong>Opportunities of South Asian culture</strong></td>
<td></td>
</tr>
<tr>
<td>Retained beliefs and values.</td>
<td>Access South Asian resources.</td>
</tr>
<tr>
<td>Connected to SA community and networks.</td>
<td>Build up a co-ethnic clientele base.</td>
</tr>
<tr>
<td><strong>Opportunities in mainstream British culture</strong></td>
<td></td>
</tr>
<tr>
<td>Co-exist, and are aware of opportunities.</td>
<td>Mainstream ethnic commodities and markets (break-out).</td>
</tr>
<tr>
<td>Resulting in becoming dual-cultured (duality).</td>
<td>Individuals are in a position to access co-ethnic and mainstream channels of business support and markets.</td>
</tr>
<tr>
<td></td>
<td>Creating goods with hybrid characteristics (these goods and services may create or target new markets or expand existing markets).</td>
</tr>
</tbody>
</table>

Source: Author
Serial and transnational portfolios

The networks component of the framework is based on identifying the diverse networks that entrepreneurs were engaged in, of which some spawned opportunities for serial and multiple entrepreneurship ventures (chapter 5), both at home (Britain) and cross border (transnational).

The second and third generations demonstrated a strong connection with serial/multiple entrepreneurship and family members. The entrepreneurs capitalised on their family resources and networks in establishing a second and/or multiple ventures. The additional ventures often included partnerships with siblings rather than extended family members. The study highlighted that these set ups were based on trust and reliability, and that family serial/multiple venture partnerships tended to benefit from unconditional working relationships. The knowledge contribution here is that the study has re-enforced the family as a key element of serial and multiple partnership ventures, however, it has made clear that immediate family members are preferred in partnership rather than extended family members.

Second and third generation entrepreneurs only engaged in non-family serial/multiple ventures in situations where cross border business operations were evident. Entrepreneurs established cross border partnerships as a key component of their business activities which often relied on importing raw materials and services from South Asia. Furthermore, multiple ventures were established to further the entrepreneur’s business portfolio. Both aspects included financial factors; sourcing or producing goods in low cost manufacturing countries allowed a ‘healthy’ profit for the Birmingham-based business or, in the case of the latter, establishing transnational ventures led to an accumulation of assets for future investment purposes. The relationship was based on having someone to manage the overseas venture. This means that the legal responsibility is not only shared but the cross border partner is aware of the political and the economical climate of the country (the business is located in) and hence is able to provide efficient and effective business forecasts.
**Business support associations**

In connection to business networks the study identified that a high proportion (70%) of the entrepreneurs had been engaged in various types of business associations. Furthermore, 56% were members of specifically South Asian business associations. The study highlighted that business associations were perceived as attractive as they provided: opportunities for networking; sources of business information; funding streams; training and development workshops; as well as potential clients and markets. Furthermore, they provided recognition of high status (businessperson) in the South Asian community, as well as the wider society. The study identified that entrepreneurs were attracted to business associations and took advantage of ‘what benefits came their way’, however, entrepreneurs emphasised that business specific needs were not met, as support provided was general (for example basic workshops and IT training). The entrepreneurs further highlighted that although, there was a wide range of information on financial support, often the criteria to obtain this was ‘unrealistic’, and therefore, it was difficult for them to access this type of support. In conclusion second and third generation South Asian entrepreneurs’ access more mainstream support networks and are not as limited as first generation entrepreneurs to family and co-ethnic support. We can also conclude that these succeeding generations, draw on both strong and weak ties to support their businesses.

**Geographies of enchantments**

There is an important literature into the mindsets and motivational factors of entrepreneurs, but the entrepreneurship literature has often neglected less traditional factors such as how the integration of different belief systems impact entrepreneurial behaviour (King et al, 2010). The study highlighted a topic that may be perceived as unorthodox within the western capitalist system, however, entrepreneurs made reference to these belief systems. Entrepreneurs referred to enchantments and black magic with 20% of the sample highlighting ‘ill wishing and enchantments’ as impacting their business activities and 13% acknowledging these as being used by their competitors as a form of competition to bring them and their business/es down and in some cases causing their firms to fail. Here South Asian entrepreneurship is complicated by belief systems
based on ‘enchantedments and black magic’. It is very apparent that some entrepreneurs believed in ‘black magic and enchantments’ as a mechanism deployed against them by others. It is difficult to isolate the relationship between business failure and black magic and this may not be a causal relationship. Nevertheless, individuals appear to believe that they have been influenced by various forms of ‘ill wishing’ or black magic and to counter these threats black magic healers are employed. Healers, or providers of white magic, should be seen as a specialised form of South Asian business services, but they are also consumer services. The local Asian newspapers have many advertisements that highlight the special powers that can be provided by healers. Black magic and its relationship with competitiveness is an interesting topic and is an important issue in some ethnic groupings. It is also a topic that has never been explored by social scientists. There is a danger that entrepreneur’s identify black magic as a form of rationalisation to explain business problems or firm failure, but this rationalisation draws attentions to believe systems that are difficult to comprehend by individuals brought up in environments shaped by Christian and/or scientific rationality. This research has identified that even in a western capitalist society second and third generation entrepreneurs have made reference the use of black magic by others to harm them and their businesses. This area needs further research, however, magic is difficult to research given its ‘taboo’ status.

**Longitudinal perceptive: South Asian firms over time (chapter 8)**

A longitudinal study brings an additional dimension of time, process and change (Pettigrew, 1995), and can therefore, strengthen research. The initial interviews provided data that allowed a clear understanding of second and third generation South Asian entrepreneurship in Birmingham’s service economy, however, single cross section studies lack the dimension of any alteration to the subject under study over any given time period. In deploying a longitudinal perspective the study was able to obtain depth in understanding the subject.

Overtime and through time some businesses had grown and expanded (73%) while some had failed (4 of the 15 that were revisited). Features of growth and expansion were evident through the launch of additional products and services that were intended to
capture wider markets, and the targeting of existing products and services at new markets. Strategies deployed by the entrepreneurs included: diversification into other areas; innovation of new hybrid products and services and general growth and expansion achieved by the entrepreneurs. Changes to support networks were also identified (chapter 8); family support continued to be used; however, entrepreneurs had started to acquire more support from financial institutions. Entrepreneurs emphasised that amongst the reasons for this had been that they were more aware of the value of their business/es and, in turn, aware of how banks perceived their businesses - in many cases the banks perception was that these business activities were ‘safe’ lending opportunities. It is worth noting that the interviews were concluded prior to the economic downturn that commenced in 2007.

Entrepreneurs experienced changes in competition over the two year period and these fell into three categories: spatial, economic and ‘enchantments’. The former two involve poaching customers by price cutting or business being poached from local firms. The third type of competition came in the form of deploying ‘enchantment and black magic’. The study identified 27% of the firms had failed/closed over the two year period. The reasoning behind this was more about the personal traits of the entrepreneur rather than business problems. In the case of the Image Consultant and to some extent MYS Train & Recruit consultant, their attitudes and ethics towards their services altered as they no longer believed in their services. For the Skip Hire firm two factors had played an important role; first competition became physically violent and harmful and, second, the service offered was perceived as having a low status and, therefore, the entrepreneur was eventually deterred from pursuing this business activity. Knowledge contribution in this field is to how South Asian firms alter overtime, and the range of strategies they adopt in growing their businesses or extend their markets. Knowledge contribution in relation to firm failure is that when ethics of entrepreneurs alter (in connection to negative aspects) the influence of this impacts their entrepreneurial activities and can lead to closure of the business. From a methodological perceptive the study highlighted that single cross section studies are really limited and potentially provide misleading results, and therefore
to obtain reliable results study of firms and their progress should be investigated using longitudinal research.

Overall we can summarise that second and third generation South Asian entrepreneurs exhibited distinct features which contributes to their entrepreneurship (Figure 9.1). Key drivers were family (family inspiration, family guidance (gearing towards qualifications and specialist training) and family support systems), opportunities (these included access to market opportunities – targeting products and services in mainstream and co-ethnic markets; opportunities that duality provided, these further included the trait to seek out and create hybrid products and services). And finally, networks (family and business networks) were important for second and third generation entrepreneurs. Family networks provided finance and business resources as well as unwaged physical support. In terms of business networks, second and third generation entrepreneurs are attracted by business support and networking opportunities provided by businesses associations. Although, these are not always tailored for specific business needs, entrepreneurs remained part of these associations as they provide some support and information that may aid their firms. Finally, the study provided a one off ‘snap shot’ of how South Asian businesses may alter over a given time period. Here the entrepreneurs demonstrated that growth and expansion can be obtained from product and service differentiation and setting up multiple businesses. Furthermore, personal ethics can also impact on the firm and sometimes this can result in firm failure.
Figure 9.1: Second and third generation South Asian entrepreneurship

- Hybrid products are created for both British/Asian and mainstream market (this led to break out into new market)
- Family networks: provide, invisible and visible support (these included financial, physical and emotional support)
- Market opportunities
- Business associations: Entrepreneurs register in order to access business support and funding.
- Networks
- Second and third generation entrepreneur (Dual-cultured)
- Transnational links: Serial entrepreneurship (partnership and non-partnership)
- 1) Based on access to low cost materials.
- 2) To access additional markets
- Entrepreneurs play on traits of duality and ethnicity to access market opportunities

267
9.5 Critiques of the research process and further research

The study explores the dynamics of second and third generation entrepreneurship in Birmingham. The findings of the study have identified several important gaps for further research. These include a deeper investigation into duality and its impact on British/Asian entrepreneurship; the investigation of hybrid products and services in accessing new markets; business competition, especially the use of ‘black magic’ as a tool deployed by competitors; the role of transnational entrepreneurial links and the impact of this on the Birmingham economy; and finally further research on how second and third generation firms evolve over time.

From a methodological perspective future research would benefit from deploying a larger sample; undertaking a comparative study of succeeding generations in other western countries; further segregation in relation to the type of business, for example, medical-related firms or law firms only; and finally a comparative analysis of second and third generation male and female entrepreneurs.

9.6 Entrepreneurship policies and implications

There has been a long record of immigrant and ethnic group targeted policies in Britain (Barrett, et al., 2001). Vigorous South Asian colonisation of decaying inner city areas as early as the 1970s led to a vision of ethnic entrepreneurs as potential urban regenerators (Hall, 1977). This vision, coupled with other factors, including civil disturbance which occurred in many of the inner-city areas in the early 1980s led to government intervention. The government was dismayed by urban decline and ethnic unrest and attempted to deal with this by promoting a culture of small business enterprise (Thompson, 1991). The success stories of a large number of South Asian firms were contrasted with perceived or actual high levels of unemployment, criminality and welfare amongst the black population. An official report on the riots in Brixton and South London led to a suggestion regarding the promotion of self-employment amongst black people as one way of reducing economic problems and increasing social harmony (Scarman, 1982).
Since then the desire for urban order was combined with other general commitments by the national government that have been intended to promote individual economic self-reliance across ethnic and mainstream groups. This has led to a whole series of initiatives targeted at small and medium sized businesses. The decades that followed included the establishment of local agencies, often quangos or public-private partnerships, to aid business start ups and to provide ongoing support for operations. Four main bodies were established to provide enterprise support for businesses. First, Enterprise Agencies, these usually provided support for businesses with fewer than ten workers. These are ideal for ethnic entrepreneurship support; however, they have had little impact upon South Asians (Jones, et al., 1989, 1992). Second, Training and Enterprise Councils (TECs) - quangos which worked within their own geographically defined local labour markets. These are responsible for a number of government-financed programmes that encourage business formation and expansion. There is a dominance of TEC bodies representing larger businesses, and often small businesses appear to have little contact with these (Curran, 1993). Third, Business Links established in 1993, they provided ‘one-stop-shops’ for local business support. These tend to focus on growth-oriented firms employing 10-200 people. This makes them irrelevant for very small scale enterprises; local governments also expressed an interest in supporting ethnic firms. It has been suggested, however, that there tended to be a conflict between support for ethnic minority enterprises and other wider goals which included the economic regeneration of the inner cities. Here resources are required to be spent on environmental improvements, on training programmes as well as on links with larger employers. Fourth, British governments have also been involved with policies focused on urban regeneration and these included the Urban Programme, City Action teams, inner city Task Forces, Urban Development Corporations, City Challenge and the Single Regeneration Budget Challenge Fund – all have provided some degree of support for minority ethnic groups and their activities. Often ethnic minorities are unaware of the streams of support that are available (Oc and Tiesdell, 1999). The majority of South Asian businesses are small scale, owner managed and often owners do not have the time and knowledge to engage in seeking support as they are often occupied with the daily running and survival of their business/es.
Promoting entrepreneurship in South Asian service enterprise

UK government policies are based on a multi-strand approach\(^{38}\) that covers the majority of the areas of firm-related business support; however, there are those firms that may not fit the criteria for business support specific to their needs. This thesis has tried to shed light on various determinants of contemporary South Asian entrepreneurship. In comparison to the first generation of South Asians, the succeeding generations find themselves equipped with specific entrepreneurial traits, that many attempt to utilise in forming and operating their firms, both in the UK and cross boarder. Furthermore, the continual flux in the economic, political and social environments impact on the way entrepreneurs engage in entrepreneurial activities. The area of emerging evolutionary economic geography needs to look at the interface between ethnic groups in the changing entrepreneurship environment. My research highlights the dynamics of entrepreneurship in the ethnic context, and this is something that needs to be explored in future research. Future policies for ethnic minorities should not be uniform but multifaceted and tailor-made to take in to consideration that different generations of minority ethnics require different forms of business support. From the study, it is clear that despite similarities between the first generation (immigrants) and the succeeding generation (British/Asians), there are also differences including motivations and business strategies. Amongst, the key motivators is the level of educational attainment; particular sectors of the South Asian community are performing well above the national average and leaving education institutions with high levels of educational attainment (Indians), whilst other perform average or below average (Pakistan and Bangladeshi). For those who opt for entrepreneurship, these aspects may impact on their chosen venture. Government policies should take into account potential entrepreneurs and the ways in which these individuals may aim to access business support. British/Asian entrepreneurial activities can be stimulated through various policies: Enterprise policies; innovation policies; and community based entrepreneurship.

\(^{38}\) Multi-strand approach: There are three strands in the Government’s approach to small firms. The first, is the role of the Government to ensure that the small firms flourish in conditions of fair competition and to create space and incentives to the enterprise by minimising taxation regulations and red tape. Second, Government strongly supports and reinforces the change to more positive social attitudes towards the small business sector. Third, the Government helps to fill gaps in the supply side by providing commercial services for small firms, largely to improve their access to finance, information, professional advice and training. Wherever, possible the Government’s approach is provided in partnership with the private sector (Bridge et al, 2003).
policies. Many of the businesses in the study were affiliated with the Chamber of Commerce and a number of business associations on the understanding that any support would be welcome. Although, many of the entrepreneurs were grateful for whatever support they obtained there remained a significant gap in relation to those areas that they had no support, despite them emphasising their needs. Indeed current policies do provide business support, advice and training, but only at a general level, which does very little for British/Asian businesses. It is important for policy intervention to take two forms. First, to ensure that the wider framework conditions (tax, regulation, education and skills, etc) support entrepreneurship. Second, those policies intended to support entrepreneurial activity at a local level operate to remove barriers that constrain activity and also enable wealth and employment creation through various forms of entrepreneurial activity.

**Enterprise policies**

Small firms do not thrive and grow in a uniform manner (Marlow, 1992). Despite a number of policies to aid firm formation and growth, the study highlighted a lack of realistic support in relation to their needs and the needs of their businesses. Small firms (less then 10) found that it was difficult to obtain support in relation to furthering their business. Any support and advice offered was unrealistic for the purposes of their business. Therefore, government policies should take in account business specific needs and offer support schemes designed for different types of entrepreneurial activity

Furthermore, policies should aim to provide realistic advice and support with an informed knowledge of British/Asian business practices. Many Asian businesses have now outgrown the ethnic niche market and are alternatively aiming at targeting mainstream firms. Policy packages need to include more professional advice, advice on financial problems and on business growth. Survival is not enough and businesses should be encouraged to undertake strategic planning which will aid long-term benefits and therefore, contribute to regional development.

The study identified that some of the entrepreneurs had been engaged in transnational entrepreneurial ventures. Many of them took advantage of cross border ethnic
opportunities either through general import/export and/or serial entrepreneurship. The government should recognise the possibilities and potential economic growth to the UK and develop support systems that offer nascent or established entrepreneurs’ aid in exploiting transnational business operations where possible.

**Innovation policies**

Birmingham is a multicultural city with many different cultures and related different tastes in goods and services. Business policies should take into account innovation that enterprises may want to undergo to keep in the consumer markets (to cater for diverse tastes). The entrepreneurs in the study stressed a severe lack of innovation business support as they were unable to obtain funding to support the development of innovative products. Innovation policies need to take into account the specific needs of product development. Furthermore, there is much potential in investing in these ventures as the study identified that these products can penetrate wider markets (British/Asians deploy many different strategies to access markets and to seek out niches, especially creating markets). Innovation policies should recognise the potential for growth and expansion in this field and provide finance and business support for small and medium-sized enterprises.

**Socio-cultural and ethnic networks: Emerging polices**

Central government has funded local agencies to deal specifically with business advice for ethnic entrepreneurs (Black Business in Birmingham). These institutions have provided a useful consultancy resource for ethnic entrepreneurs, but the owners of small firms are often reluctant to approach such organisations due to capacity problems (single owners, no employees to cover business whilst they attend). The study highlighted community-based organisations played an indirect role in network support. South Asian communities are segregated by background, religion, language, and their geographical origins. South Asian communities establish separate community organisations that meet their needs. There are high concentrations of Indian, Bangladeshis, Pakistanis, but there is also further segregation in these groups. Government policies should target these diverse
groups through their community based organisations, and deliver programmes of support using these avenues.

Furthermore, business programmes are provided at further and higher educational institutions to encourage entrepreneurial careers and this type of activity should be extended to the community level. South Asian in Britain are often attached co-ethnic community associations (such as temples and social and cultural organisations). Education or business awareness programmes targeted at these ‘junction points’ would encourage entrepreneurial activity amongst younger generations. This would be extremely beneficial for South Asian communities that have not managed to ‘break-out’ of specific sectors (for example the Bangladeshi are still concentrated in the taxi and restaurant sectors). This would also be beneficial for women in these communities who do not always find it easy to access mainstream channels of information and business support. These packages should include developing the skills and capabilities required to start a business.

9.7 Conclusion

The purpose of this chapter was to draw conclusions regarding second and third generation South Asian entrepreneurs located in Birmingham, UK. This thesis has contributed knowledge and understanding of six areas of entrepreneurship:

1) Understanding the drivers behind second and third generation South Asian entrepreneurship.
2) Explored the impact of culture and identity, including market opportunities, duality and hybrid products and services
3) Identified the importance of serial entrepreneurial portfolios and multiple business ventures.
4) Explored the role played by business associations support.
5) Highlighted the influence of geographies of enchantments (deployment of unorthodox business strategies).
6) Changes to firms over time (the impact of entrepreneurial behaviour and motivations)

Second and third generation South Asian entrepreneurs established firms on the bases of drivers that were different to the first generation of South Asian entrepreneurs. Amongst these was the possession of academic credentials (and specialist training) which aided entrepreneurship and strong visible and invisible family support. The family provided support during the firm formation stage but also extended this support to the management and everyday operations of the businesses. The important point is that the family were established in the locality and could provide financial and other forms of assistance that were not available to the first generation. The majority of second and third generation entrepreneurs played on their duality to position their firms (products and services) in the marketplace. For some this duality led to innovative ideas and hence to the production of goods which took on a uniqueness of their own. Such goods provided market opportunities and firms were able to capitalise on creating new markets and accessing or widening existing markets. The majority of entrepreneurs took advantage of ethnicity in engaging in serial and transnational ventures often with links to their parent’s homeland or the Middle East. The chapter concluded by highlighting deficiencies in business support and suggested areas where support programmes can be improved or developed.
APPENDICES
APPENDIX 1

SOUTH ASIAN MIGRATION HISTORY

Background: The origins of South Asians and migration
Once labelled as the ‘Jewel in the Crown’ by the British Empire, the Indian sub-continent is home to many groups of South Asians, the Punjabi, Gujarati, Hindustani, Marathi, Tamils and many others. It is also home to many religions, including Hinduism, Sikhism, Islam, Christianity, Jainism, and Buddhism. Linguistically it contains many territorial dialects, although Hindi remains its official language. Geographically, the Indian sub-continent was a single nation, until the end of the ‘British Raj’ in 1947. That year witnessed the creation of West Pakistan and East Pakistan, a separation from India based on religion. In 1971, East Pakistan gained independence and became Bangladesh, and the term ‘Bangladeshi’ originated, referring to the people of this nation (Figure 1). Collectively the people of India, Pakistan and Bangladesh are identified as ‘South Asians’.

The Indian sub-continent has a varied landscape and climate, from barren deserts to ice-caped peaks, from tropical forests to terraced ‘paddy’ fields. The variations are not just in landscape but also in territorial identities. Divided into three countries, India is the largest of the countries in the sub-continent. Its population is diverse with territorial dialects and local dress code, customs and traditions. The country is divided into twenty-eight states and seven union territories (Heitsman and Worden, 1995). During the period of chain migration, the majority of the migration was from specific regions, one of the main areas being Punjab in the northwest. Punjab is one of the wealthiest states in India (Ballard, 1990), and is dominated socially and politically by the Sikhs. Its infrastructure; railways, roads, irrigation canals networks, as well as schools and basic healthcare were laid down by the British and further development occurred since independence in 1947. Punjab is recognised for its prosperity (Ballard, 1990), as is Gujarat in western India, which is renowned as one of India’s most industrialized states, and is home to some of the largest businesses in India (Pandit, 2007). Historically, the region experienced high levels of
emigration, especially from 1900 when a third of its population perished and the remaining emigrated to other parts of India and East Africa. The Gujarati have a long history of settlement in African states that ended in many migrating to Britain during the late 1960s and 1970s.

Figure 1: The Indian Subcontinent
Source: www.mapsofindia.com (2009)

Internal and external South Asian migration has been occurring for many centuries driven by political, economic and social factors. To date, internal migration has been from rural to urban areas in search of economic progression. Large, metropolitan and cosmopolitan cities such as Mumbai, Delhi, Calcutta and Chandigarh have not just attracted poor manual workers in search of employment but the middle-classes who desire upward social mobility.

External migration from the Indian sub-continent has followed distinctive phases based on economic, political and social factors. Traces of Indian movements go back to the invasion of India by the Mughals (Islamic imperial power) in 1526 (Richards, 1993), who
ruled most of India, extending as far south as the Kaveri basin. Mughals frequently took slaves back to their homeland - the Central Asian steppes (conquered by Genghis Khan) and the surrounding regions, some returned, while others remained. The Arabs renowned for taking manual labourers for work often employed Indians in the management of finance (Delf 1963). Such movements of Indians often led to those involved remaining outside the Indian subcontinent and eventually led to the establishment of small settlements. Major migration from the Indian subcontinent occurred in three principal phrases (Peach, 1994). The first two movements having direct outflows and the third overlapped the second phrase. The initial phase was the indenture migration movement between 1834 and 1920 this took place under the British imperial system, whereby labourers were taken to work for the British in African states. Workers were also taken to Malaya, and the Pacific Islands (half of Fiji’s current population originated as indentured labour from the Indian sub-continent). It was not just Britain who used workers from British India, the French and Dutch had also been engaged in this activity. The second phase of migration began after the Second World War, under the free market system. This system affected the United States, Canada, the Middle East, European nations and in particular the United Kingdom. The third phase involved secondary migration, here immigrants had settled in host countries that later became home but eventually political crises forced expulsion. Instead of returning to their native country, they emigrated elsewhere.

Emigration in these three phases had been from distinct areas of the Indian sub-continent. Many members of Britain’s Pakistani community emigrated from Mirpur, Attock, Peshwar and the villages of Rawalpindi (Figure 2), the Gujarat area of Pakistani province and Faisalabad (Shaw, 1988). The majority of the Indians emigrated from northwest India, the regions of Punjab and Hyrania.

---

39 Indenture System: A system in which workers from India and other parts of the world were employed by the Europeans to work on the land.
Emigrating to the African nations
The settlement of Asians in African states began in the 13th Century (Delf, 1963). Delf also suggested that from the earliest days Indians were masters of finance, and were the bankers, moneychangers and moneylenders. The Arabs had a strong hold on the eastern coastal areas of the Indian Sub-continent, and offered ‘tolerance’, patronage, and immunity in exchange for successful economic management. The strength of the linkage was such that by 1860, Indian merchants controlled almost all of Zansibari trade (Swinerton, et al., 1969).

Prior to the 18th century, Indians entering parts of Africa were mainly engaged in trade. They frequently entered as passenger Indians40 to conduct trading activities, and settled in trader communities only seen in marketplaces and counting houses (Tinker, 1977). They returned to India every few years, often maintaining wives and children back home. Even those who settled permanently with families regarded India as home. It was not until the mid 18th century, with the presence of British officials in India, that Indians were taken by the British as workers on their explorations in many of the African countries, where some eventually settled into small communities. The latter half of the 18th century and the beginning of the 19th century witnessed Indian entry into African nations as part of the Indenture System. Thirty-two thousand Punjabi (Sikh and Muslim) labourers were introduced in Africa to construct and operate the new East African Railway, under six year contracts (Tinker, 1977). This was not the only recruitment scheme, the ‘Kangani’ and Maistri systems where home returning Indians were commissioned as ‘middlemen’ to recruit labourers from their home districts had also been in operation and contributed towards the migration movement (Tinker, 1977: 48). Others emigrated to work on sugar plantations, cotton plantations and in coalmines. Some of the more educated emigrated to work as administrators, doctors, lawyers and market traders, entering as ‘free migrants’ to obtain better opportunities and settled into the existing Indian communities.

---

40 Passenger Indians: Those who came to Africa on their own initiative as passengers paying their own way. Although, they did settle down into Africa, they were still considered as outsiders.
The construction of large-scale irrigation systems in the Punjab region led to further emigration for men of which many were Punjabi-Sikhs whose manual expertise was no longer required for farming activities (Robinson, 1986). The Sikhs were not only recognised for their farming expertise, but for physical strength and build, and therefore, many were recruited into the Indian army, which often took them overseas. Amongst the common destinations were colonies of Africa where British administrators frequently requested Sikh soldiers due to their ability of combat fighting skills. Many of these soldiers were requested by British administrators in colonies of Africa. At home the Sikhs were peasant farmers and artisans and could easily pick up new trades and occupations on demand (Tinker, 1977), which made them opportunist where they went. As well as the Punjabi, the Gujarati were also recognised for their social and economic mobility. Acknowledged for their expertise in farming activities many of the Gujarati Patidars emigrated to east Africa in search of new opportunities. The Indenture system for Indians from India ended in 1916 (Tinker, 1977). By this period, Africa contained small communities of Indians working on the land and some continued to build small businesses providing Indian necessities to their own communities, and hence entered the first steps of entrepreneurial activities. Classed as ‘African Asians’ they pursued economic progression for themselves, although, most still worked on the land, some had started businesses, from petty traders to merchants involved in small scale manufacturing. However, the stigma of being sons of Coolies led to them been stereotyped by native Africans.

**Africanisation and Secondary migration (Twice migrants)**

The independence of three East African colonies, Kenya, Uganda and Tanzania, from British rule was the start of a new era for the Asians who had settled there (Robinson, 1986). The majority of Asians were third and fourth generation migrants brought to the African states by British colonial administrators regarding their ability to work on the land. Independence initially came with small changes and Asian residents were sceptical

---

41 African-Asians: South Asians who had originally come from the Indian subcontinent and settled permanently in the African Nations.

42 Coolie: A term used to refer to Asians who had come from the Indian subcontinent to work on the railways and other forms of manual work (A coolie in India refers to those who work as baggage carriers especially on railway platforms).
of the Africans regarding their ability to administer their newly independent states. The lack of confidence in the system led many Asians, particularly in Kenya, to transfer their wealth out of the country. Further Asian immigration to these areas declined rapidly and panic emigration began (Kuper, 1975). Although the Asians had been given a choice to adopt African citizenship, many were reluctant to do so, and the majority chose to maintain their British citizenship and this caused political unrest. The Asian population in Africa were seen as the comprador class that served the interests of the colonial British and that became the foundation of the ‘Africanisation Programme’, in which specific policies were set up to take control of the state. One of the first to adopt such policies was Kenya, where Africans were openly encouraged to gain entry to the Civil Service at the expense of Asians, and non-citizens were removed from public employment (Robinson, 1986).

Milton Obote\textsuperscript{43} followed Kenyanization, and Ugandanization commence in 1969, the impact of this on Asians was immediate. The official announcement of Asian expulsion from Uganda was made in August 1972. Having formed the middle-class entrepreneurial elite, most South Asians were reluctant to acquire African citizenship, which caused political tension. There were 77,400 Asians in Uganda during independence in 1962, which decreased to 50,000 over the period 1969 to 1971 (Brown and Foot, 1994). After staging a coup and gaining power in 1971, Idi Amin (political leader) accused the South Asians of being economically and socially exclusive, as he considered that they controlled the economy and did not intermarry. He notified the governments of Britain, Pakistan, Bangladesh and India that all nationals must return. In 1972, the first-plane load of expellees arrived in Britain. South Asians in Kenya and Tanzania experienced a similar process, but these were less extreme than the Uganda experience. By 1981 there were 155,000 South Asians of East African origin living in Britain (Peach \textit{et al}., 1988).

\textbf{Emigrating to Britain}

There are no records of the earliest South Asian settlements in Britain, however, their movements could possibility date back to the middle ages. However, during the 16\textsuperscript{th}

\textsuperscript{43} Milton Obote :Prime Minster of Uganda in 1963-71 (president, 1980-1985)
Century the Romani\textsuperscript{44} (Gypsies) were arriving in large numbers to parts of Western Europe resulting in small-scattered settlements (Visram, 1986; Fryer, 1984). Being part of a metropolitan society the Indian population entered as merchant seamen, domestic servants, politicians and social celebrities (Visram, 1986). The majority could be described as middle-class groups, with many doctors (Kondapi, 1949), students (Kanitkar, 1972) and international businessmen (Desai, 1963).

Notable changes had started in the 1800s. The East India Company played a crucial role in the link between Britain and India. Britain imported spices and silks from India, which led to the employment of Lascars\textsuperscript{45} on British ships and some eventually settled in Britain instead of returning home. This period in history also saw the recruitment of Indian nannies by the wealthy, most of who returned home, after termination of their employment, however, some remained indefinitely. The days of the British Raj also provided opportunities for wealthy Indians, especially in the field of academia. Some of the territorial Rajas\textsuperscript{46} and the extremely wealthy would take the opportunity for their sons to study in British institutions, most returning when study was completed while others permanently remaining.

The first half of the 20\textsuperscript{th} century saw the entry of two main groups of South Asians to Britain: the Jullunduris and the Mirpuris (Figure 2) (Ballard, 1990). Both groups were mainly from small peasant farming families and they shared linguistic and social communalities, however, there were major differences between them such as religion. The Mirpuris were mainly Muslim, and the Jullunduris were mostly Sikhs (Clarke, \textit{et al.}, 1990). The early pioneers came to Britain through various routes; groups of Jullundaris had come as peddlers during the 1930s (Ballard and Ballard, 1977) and Mirpuris as merchant seaman who had become stranded (Dahya, 1974). Drawn into industrial jobs during the war years, it was these associated groups who had been key players, in the

\textsuperscript{44} Romani: Although not normally included as South Asians, the Roma and Sinti (most in the UK are Sinti) are both believed to have orginated in part of what is now North India and Pakistan and to have begun travelling westward around 1000CE, though they have mixed with Southwest Asians and Europeans over the centuries.

\textsuperscript{45} Lascars: South Asian seamen.

\textsuperscript{46} Territorial Raja: Prior to and during the British rule, India consisted of a number of kings who ruled over various states of India.
migratory process. The post-war boom and labour shortages meant that many previous South Asian migrants acted as ‘bridgeheads’ for the vast inflow which followed. They worked in the heavy industrial sectors, and provided family and friends in India with information about life in Britain. The process contributed to the onset of chain migration where others back home were informed of the possibility of ‘making good money’ in Britain (Ballard, 1990).

Figure 2: The Punjab region
Source: South Asians overseas (Ballard 1990)
The latter part of the 1940s was a turning point in global history for the South Asians. It linked the end of WWII, the independence of India, the formation of Pakistan and the entry of India into the New Commonwealth. It was a period when many rebuilt their lives amongst these were the Indians and Pakistanis who decided to rebuild their lives outside the Indian sub-continent with many taking advantage of migration opportunities available to them.

**South Asians in Britain and wealth creation**

Migratory movements of South Asians (currently those known as Indian, Pakistani and Bangladeshi) to Britain have been evident since the 16th century, however, major mass movements occurred only in the post war years. Labour shortages after the Second World War resulted in Britain ‘opening’ its doors to citizens of Commonwealth countries (Tinker, 1977). Britain’s post war economic boom period between 1955 and 1962 was associated with the migration of 146,300 Indian and Pakistani workers to Britain (Robinson, 1980a). Britain’s labour problems and especially labour shortages provided migrants with opportunities to accumulate wealth and many migrants intended to accumulate as much wealth as possible and return home, but, for the majority ‘return remained a myth’ (Anwar, 1979). As news of a better way of life and wealth accumulation reached families back home in the Indian sub-continent more and more South Asian immigrants arrived and settled in towns and cities where work was often available in traditional manufacturing sectors. With such a rapid rise of immigrants from the Indian sub-continent and other ethnic groups from other countries, the British government imposed restrictions on unskilled labour migration and passed the Immigrants Act (1962). This act allowed only the entry of females and dependents. Numbers of South Asians rose again as a result of political expulsion of Africa-Asians, of whom some entered Britain. The second Commonwealth Immigration Act 1971 was passed, however ‘beating this ban’ led to even further increases of South Asians (Smith, 1977). This period also witnessed the migration of some British nationals to North America and Australia and this resulted in further labour shortages in the United Kingdom. These positions were frequently filled by immigrant workers (Layton-Henry, 1992).
APPENDIX 2

Semi-structured Interview Questions for Asian firms 2005

Section 1 – Personal details
- Name
- Age
- Where were you born (if abroad when entered the country)
- Marital Status
- Children
- Qualifications (educated in the UK or abroad)
- Membership of any organisations

Section 1a – Background –
- South Asian background and religion
- Where were your parent from.
- If not from the UK, when did they enter the UK
- Were they also in business
- Did they play a role in inspiring you to enter business.

Section 2 – Business background & Characteristics
- When was the business established.
- Please could you tell me what your firm does (brief history)
- Marketing – who does your business cater for (any particular groups, markets etc).
- Your role in the business (partnership, family member, etc)
- Any particular reason why the business was located in Birmingham/particular area of Birmingham (geographical history of the firm – was it first set up in another location and then relocated ?)
- Is this the only outlet if not where are the others located.
- Number of employees in the firm (full-time/part-time)
- How many of these are members of the family
- Do you have any particular recruitment procedures (i.e. particular groups catering for cultural needs)
Section 3 – Motivations
- Please could you give me three reasons that motivated you to become involved in business.
- What were your experiences of entering business in regards to being from a South Asian background.
- What did you hope to gain/have gained from running your own business?
  a. Were you looking for financial rewards or personal rewards?
  b. Which were more important to you?
  c. What personal rewards did you hope to gain from running your own business?

Section 4 - Previous experience
- Please could you tell me about any work experience/management experience that you have which has aided in running the business
- Other related experiences (is your qualification related to your business)
- Experience of being involved in other firms (past/parallel involvement)
- How have your experiences influenced your decision to set up and run your own business, if at all?

Section 5 – Support Networks
Did you receive any support from: -
- Friends, family, other contacts, such as business Accountants (are any of them in business also) – what type of support
- Financial support from whom (how much from institutions/ family/ friends/ other).
- What is the role of the bank in your business?
- Business forum support (what type of support –signposting etc).
- Other support –community/temple etc.

Section 5a – Networks – could you tell me about:-
- Your relationships with other firms that you are connected to.
- Why you have chosen to network with these particular firms.

Section 6– Factors that influenced the growth and sustainability of the firm (positive/negative)
- Were there any religious influences?
- Were there any cultural influences?
- Were there any financial influences?

Section 7 – Please tell me about:
➢ The market your business caters for –how and why it has evolved over time.
➢ Does your firm specialise in serving a particular industry or providing a particular type of expertise.
➢ What percentage of your business is to:-
   1. Local
   2. Regional
   3. National
   4. International
   5. Other

Section 8 – Does your business cater for a particular group:

➢ White
➢ Your ethnic community
➢ Other – please provide details.

Section 9 – Future of the business

➢ Please tell me about plans for future business.
➢ Would you expand and diversify your business in the future
➢ Where do you seen yourself in the future (5-10 years)

Have there been any unexpected changes in the firm and why.
What particular skills did the individuals bring to the firm.
Has your firm been faced with any significant constraints on growth in the past.
Is your partner in a different business.
Are there any advantages/disadvantages to your location
Do you have any other branches local/national/international
How is your recruitment conducted
Has any government initiatives aided or hindered your firm
APPENDIX 3

Semi-structured Interview Questions for Asian firms 2007

Purpose of the interview is to see what changes have taken place in the two years since the last interview.

Section 1 – Personal details

- Name
- Business name (any additional sub-businesses)
- Membership of any organisations, (any additional memberships, or terminated memberships give reason why for both)
- Qualifications – Have you undertaken any further qualifications in relation to existing business, or in relation to a new venture.
- Are you now married, and if so, is wife/husband help in the business (is she/he registered as a joint partner in the business)

Section 2 – Business

- Have there been any changes in the past 2 years regarding the business such as growth/expansion, diversification, decline, or termination etc. (please could you tell me about these)
- Two years ago you …….. (revisit previous interview facts that were ongoing)
- Have you in the past two years set-up a new business, serial, parallel business/es, takeovers or have started supplying new products/services. (If yes to any of these please emphasise, including what types of businesses and in what status).
- Have there been any spin-off business/es. (please tell me about these)
- Reasons for the change (openings/motivational factors).

Section 3 - Location

- Have you relocated in the past two years and if so why.
- Do you have any additional outlets in relation to this business or any additional businesses.
- If so what changes and why.

Section 4 - Staff

- Is your role in the business still the same if not, what is your new role and reasons for the change
- Employees in the business (any change: referring to staff turnover)
- Reasons for recruitment (who and why)
- Are they full-time, Part-time, contracted or any other
- Have any family members joined or left business (reasons why)

Section 5 - Changes

- Changes related to employment and growth development
- Turnover of new different types of expertise (regarding employees)
- New business relationships, delivery of products, services, partnerships.
Section 6 – Motivations

- Motivations relating to rewards (personal, financial)

Section 7 - Previous experience

- Please could you tell me about any work experience/management experience which has had an impact on you and your business.
- Experience of being involved in other firms (past/parallel involvement)

Section 8 – Support Networks

In the past two years have you received any support from:

- Friends family, other contacts, such as business Accountants (are any of them in business also) – what type of support
- Financial support from whom (how much from institutions/ family/ friends/ other).
- What is the role of the bank in your business.
- Business forum support (what type of support –signposting etc).
- Other support –community/temple etc.

Section 9 – Networks – could you tell me about :-

- Is your relationship with other firms (competitors/non competitors) the same or has any changed since the last interview.
- If you have chosen to network with new firms why

Section 10 – Factors that influenced the growth and stainability of the firm (positive/negative) within the past two years

- Were there any religious influences?
- Were there any cultural influences?
- Were there any financial influences?
- Other

Section 11 – Please tell me about:

- Does your business still cater for the same market as previously (2005). If not why what has changes and why it has changed.
- What percentage of your business is now:-
  1. Local
  2. Regional
  3. National
  4. International
  5. Other

Section 12 – Does your business cater for a particular group (have there been changes within these two years):

- White
- Your ethnic community
➢ Other – please provide details.

Section 13 – Future of the business

➢ Please tell me about plans for future business.
➢ Would you expand and diversify your business in the future
➢ Where do you see yourself in the future (5-10 years)

Additional questions

➢ How have you developed as a business person, in Birmingham and as a South Asian entrepreneur?
➢ How has your business evolved and has there been any ethnic impact (new opportunities from the South Asian community / niches/ tap-ins etc.
➢ Have there been any unexpected changes in the firm and why.
➢ Has your firm been faced with any significant constraints on growth in the past.
➢ Has any government initiatives aided or hindered your firm
BIBLIOGRAPHY


Campbell, M. and Daly, M. (1992) Self-employment into the 1990s *Employment Gazette* June 269-292


Faux, R. (1980) From Punjab to the Western Isles *The Times* 28th October


Harland, C. M. (1995) *Networks and globalisation - a review of research*. EPSRC


Islamia (1992) *National Muslim Newsletter* 19 Islamia Publications, Schools Trust


Networks and Ethnic Minority Entrepreneurs Paper Presented at the International Entrepreneurship: Researching New Frontiers Montreal Canada


Michael, D. N. (1985) with both feet planted firmly in mid-air: reflections on thinking about futures. *Futures*, 17, 94-103.


Parekh, B. (1997) South Asian in Britain History Today 47


Rana, B. K. (1999) *Combining work and family the experiences of British Asian women, men dual career couples* PhD Manchester Metropolitan University


Robinson, V. (1979) The segregation of Asians within British cities; Theory and Practice Oxford University


Tinker, H. (1977) *The Banyan Tree: Overseas Emigrants from India, Pakistan and Bangladesh*. London:


318


