

# **Asians in the UK: gender, generations and enterprise**

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Summarised by  
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This paper was put together by **Spinder Dhaliwal PhD** and **Peter Kangis PhD**. Our work at **British Young Asian Entrepreneurs** heavily relies on the research carried out by various bodies and academics. This allows us to cater our approach to our members. We have cropped out key findings from the paper and inserted several paragraph on **voluntary and apprenticeship experience** that we carried out in 2015.

You can find the full paper in PDF form at:

<http://epubs.surrey.ac.uk/178669/3/Dhaliwal%5B1%5D.EOI,2.pdf>

## Summary of the finding

The first generations of Asian immigrants to the UK placed **great importance on economic necessity and on avoiding unemployment (push factors)**.

Evidence from the interviews suggested that the **second generation are placing greater importance on the opportunities that exist within the UK and on taking advantage of the links with the country of origin (pull factors)**.

This means that entry into business by the second generation is a positive choice and not the last resort. Despite these pull factor observations, **second generation Asians in this sample still embarked on businesses that require long hours of work, add low value, have a low growth potential and remain highly dependent on family networks and finances**.

Both the literature and the evidence collected **suggest a change from generation to generation. Second and subsequent generations of business owners are better integrated into the community and have been educated locally**.

Like other immigrants in the UK and elsewhere, there is some evidence that second generation Asians in the UK are moving away from enterprise and from what their parents stood for (Jacoby, 2000). They are better informed of Western business practices so that providers of support can be reached without concerns about distrust, closed doors and a lack of interest.

They are **gaining competitive advantage by capitalising on their linguistic skills, cultural knowledge and business contacts of migrants and ethnic communities**. Entry into business is out of choice, not the last resort (Ram, 1992; Dhaliwal & Amin, 1995; Ram & Jones, 1998; Dhaliwal, 2000a).

There is however, **concern, that the 'hard work' ethic is not being carried forward by the second generation** ('Making a Fortune... the Asian Way', BBC2 TV, 29 October 2003, 21.00-22.00 hrs).

**Asian males, on the whole, have a greater degree of support and encouragement from both the family and the community**. They tend to go into business to enjoy some independence and to be rewarded for their abilities and efforts. Many of the business issues they face are more indicative of the business activity undertaken than generational. **Issues linked to their cultural background play a large part in the business**, whatever it's nature, and have a bearing on decisions made.

Women who co-owned and/or operated with in their spouses business, the male is usually the visible or dominant decision maker. In the second, **women partly or wholly owned the business and had control of the operations and decision making**. Women perceive that they do not have easy **access to start up funds from banks and financial institutions** and thus have **to resort to relatives and family reserves or their own savings**. This can come down to the combination of lacking experience and demographics. The source of shortage in experience can be seen to the lack of family support, encouragement and even restriction.

The second and third generation are **least likely to take part in voluntary and apprenticeship** which is free or low paid, in return for experience and look for immediate return. This relates more to the male than female – who are more likely to part take in voluntary roles but not in the case for apprenticeship. This decision is heavily influenced by their family. On an individual level, **this is seen**

**to result in lack of exploration for various and vast new and existing market places on a global scale.** Via encouragement to being involved in new market place and learning new skills, we will be able to see a diverse business practice (Jason, 2015).

The expectation that **younger and second generation entrepreneur start-ups will be in higher value-added activities** (Ram & Smallbone, 2000), did not get support from this research sample. Likewise, the **evidence did not support the view that Asian women are necessarily at greater disadvantage than other women in the UK.** Were this to be the case, it would be worth **exploring more carefully the influence of culture and gender relationships in this particular set of immigrants.**

Men and women in the sample behaved differently towards enterprise. The **women received less support in general from the family and community and were often isolated in any decision making process.**

They had to **fight to be taken seriously and were often juggling work and home responsibilities.** The men were more concerned about actual 'business' issues of expansion, growth and dealing with competitors. This is in keeping with observations in other studies (Cromie, 1987; Brenner et al., 1989) but differs from the findings of Chaganti (1996) and Sonfield et al., (2001), among others.

If the **activities undertaken by the first generation are avoided by subsequent generation Asians,** who will take over when the older entrepreneurs go beyond working age?

In contrast, it should be remembered that **Asian entrepreneurs have made outstanding contributions to many sectors of the economy.** There are several senior consultants in medical areas, senior academics, local Councillors, Members of Parliament, members of the House of Lords and **more than a 28 handful on the list of the 100 wealthiest persons in the UK.**

Some of these are of the first generation, who have **found a way of working with their environment rather than sheltering from it.** Others are sons or daughters of the stereotype corner-shop owners who have **resisted low value-adding activities and achieved higher visible returns on their undoubted talent, intellectual assets and efforts.** Thus the **mixed embeddedness approach considering sector, location, markets and institutional support as well as cultural influences is significant.**

## Understanding generational difference on Asian entrepreneurs in the UK

The Asian British is made up of a number of smaller groups, each with different languages.

They earn an estimated £5 billion a year disposable income. **60 % are aged under 30, while 12 % represent the UK university student population (Shanmuganthan et al 2003).** They demonstrate a high savings rate and risk adverse tendencies.

They demonstrate a high savings rate and risk adverse tendencies. This market utilises more secure saving products. Family values are reportedly very important to these communities. There is a significant difference in average age and lifecycle from the indigenous community.

Asian families are on average younger, demonstrating high saving rates (e.g. for children's education) than white majority. Many younger Asians still live with their parents, contributing to the household income. Well-educated, more acculturated children tend to advise their less knowledgeable parents on financial savings products. This means that **marketers may need to target the younger generation to influence the older generation (Shanmuganthan et al 2003).**

The first generation aimed primarily for economic comfort and security for the family through maintaining culture and traditions reminiscent of 'back home', whilst at the same time aiming to take advantage of the opportunities that the UK presented. Some businesses were probably set up in order to keep the family members together and in employment. Furthermore, participants in business enjoyed the status of being 'business' people, which carried some weight in the community. This was particularly the case with East African Asians trying to recapture some of the self-esteem they lost when they were forced to leave their businesses behind, only to realise that they had become an unexpected minority in the UK.

The immigrant culture was heavily interwoven with rituals, traditions and religious beliefs and there was neither an immediate need nor necessarily the opportunity to integrate with the wider host population. Families closed-in rather than opening-out. Children were brought up to respect their elders, with emphasis on the importance of the family unit and the wider community network.

There was an **intense relationship between first generation entrepreneurs and their businesses.** The entrepreneur, in many cases, spent more time with the business than the family (Janjuha & Dickson, 1998), resulting in isolation from the rest of the world and the other happenings of life. This is why the abovementioned rituals provided a basic level of stability in what was a relatively unknown environment.

Members of the **second generation**, however, were brought up in the host country, often the only country they have known. Yet, they were influenced by two distinct cultures.

On the one hand their schools, media and peer groups promoted a quest for independence in the 'new' country. On the other hand at home, the prevailing culture was linked to that of their parents, fostering notions of duty, respect and, for women in particular, passivity. Stresses and problems may thus occur at the interface between the external and the internal world, between school or work and home, between personal aspirations and tradition. The **younger generation may feel more in tune with the wider population** in the new country than with the childhood experiences of their parents.

The older generation closed ranks, shielded from outsiders and relied heavily on advice from the community or co-ethnic professionals e.g. accountants and lawyers from the same Asian background. The elders sought to maintain a link between them, albeit cautious, but the youngsters were resistant and even hostile (Gidoomal, 1997).

Asian entrepreneurs have now moved away from some of the values and anchors of the first immigrant generation. They are **more sophisticated, more confident, more articulate and have fewer members in their extended family in the UK** than did their parents when they lived 'back home'. They are **aware of their value as economic units of labour** and realize their worth as graduates. Independence has greater attraction for them than the security of community interdependence (Dhaliwal 2001) .

## Difference between first and second generation

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The present study, however, reveals a greater degree of complexity for the second generation than the first generation model. Whilst the second generation is more integrated with the indigenous community, more educated and more IT literate, **they lack the family backing and 'free' labour that the first generations enjoyed.** There is **distancing between the first and the second generation**, the latter wanting to achieve success on their own terms, without the need to do things the way one's parents did them.

There is generally **less resistance to bringing-in outsiders to help**; marketing, knowledge workers and information technology are harnessed for their potential contribution to success, in contrast to the over-dependence on family labour of the previous generation.

It could be argued that the long hours spent by an extended family working in the family business were the consequence of the difficulties that they had to get integrated into the local community and to the ensuing, limited, external life. Culture, language, habits and taboos may concur to engender a feeling of differences or even risk, thus further helping to create a 'social curtain' between the first generation and its surroundings.

Even now, the **second and third generation tend to rely on family members as employees.** 'Employing people legally is a nightmare, there is so much paperwork to fill in, there are regulations for everything; I spend more time filling in forms than running the business sometimes I wish I did not have to employ anyone.'

It was easier coping with help from family or community contacts than employing people from outside, 'Employees must have regular breaks, lunch hours etc. The family members just juggled all this, it was never an issue.' **Employing people appeared to be the most stressful part of the business and a deterrent to expansion, 'The business has taken its toll'.** As a result of these pressures, many **young Asian entrepreneurs kept the business small and under their control.**

The **first generation moved into business due to push factors, possibly as the only way to achieve some financial stability.** The **second and third generations place greater importance on pull factors** (Chavan & Agrawal, 2000). Chavan and Agrawal have identified that Ethnic Minority Businesses are **starting to recognize the economic benefits and opportunities that lie in multiculturalism.**

They are **gaining competitive advantage by capitalising on their linguistic skills, cultural knowledge and business contacts of migrants and ethnic communities.** Entry into business is out of choice, not the last resort (Ram, 1992; Dhaliwal & Amin, 1995; Ram & Jones, 1998; Dhaliwal, 2000a).

However, several studies (notably Ram and Jones 1998, Blackburn 1994 and Srinivasan 1992,1995) have concluded that for many first generation Asian entrepreneurs the decision to enter business ownership was fuelled by pull factors. This choice is compounded by a **low take up of formal support such as government start up support for small businesses**. Despite all of these shortcomings in support structures and the resultant low take-up rates, ethnic minorities in the UK have, nevertheless, generally higher self-employment rates than the rest of the population (Barrett et al., 1996).

Although there is some disparity between the different groups, this move towards business start-up can be accounted for by both push and pull factors (Ram and Jones, 1998).

The push factors forcing individuals into entrepreneurship include **prejudice found in employment and frustration** at being overlooked for promotion. Pull factors include **cohesive family structures and strategies, the desire for a greater degree of independence and keeping the rewards of your own efforts** (Ram and Jones, 1998; Dhaliwal, 2000,2003).

Newer issues emerge though as many of the **younger generation have problems accessing finance due to a breakdown of the 'family' business** (Dhaliwal, 2001). **Asian women in particular face cultural and family barriers and do not enjoy easy access to family or community finance and support in the same way as the men**. In addition they tend to have less personal savings and many MEBs are in deprived areas, thus affecting their credit rating adversely (Shanmuganthan et al. , 2003).

## **New generation of South Asians in Business**

Multi-ethnic communities in the United States, South-East Asian migration to Australia, and many other similar situations have prompted academic enquiry and research. Much of the academic literature has been aimed at defining and explaining differences between ethnic minority small firms and those of the general small business community (Ram and Smallbone, 2001).

Notwithstanding the economic and social importance of Asians in the UK, there have been few **published studies on the way their activities change as successive generations interact with their environment**. This is the area where the present small scale exploratory work is aiming to contribute.

### **Firstly – Cultural**

**Culturalist perspective** emphasises cultural networks, dependence on family and co-ethnic resources. This approach largely ignores the socio-economic context in which the firms operate.

### **Secondly - Structural materialist**

**Structural materialist perspective** stresses the role of external influences, and structural constraints such as racial discrimination, and barriers to labour market success leading to high levels of self employment and enterprise.

### **Thirdly - Mixed embeddedness**

**Mixed embeddedness approach** focuses on sector, location, markets and institutional support as well as cultural influences (Kloosterman et al., 1999; Ram and Smallbone, 2001).

These explain the complexity of the subject and also help understand the assorted nature of the Asian business community

Cultural characteristics contributing to the success of **the first generation include thrift, hard work and reliance on family labour** (Waldinger et al, 1990; Werbner, 1990). These gave Asian entrepreneurs some competitive edge over other businesses, but cultural factors may also restrict growth by creating excessive reliance on the local ethnic community as a market and on informal sources of finance (Ram, 1994; Metcalf et al, 1996; Basu & Goswami, 1999).

**Basu and Goswami (1999)** analysed the relationship between long-term growth and four categories of variables: **cultural factors, socio-economic factors, background characteristics and expansion strategies**.

Working long hours, exploiting family labour and serving co-ethnic populations is a simplistic explanation of a much more complex reality. Undue reliance on family labour can and may **hold back business growth**. Excessive reliance on serving co-ethnic markets may **stunt expansion**. Business growth appears to be related to the **entrepreneur's educational attainment, prior business or professional experience and personal financial commitment in starting the business**.

The **second and the third generation** are however trying to move away and addition to this – showing the way to **work smarter and reduce these long hours**.

'I work 70 hours per week'. There was, however, an attempt to 'work smarter rather than harder', **'We are slowly working towards more efficient labour management where we can go out more'**.

Growth is negatively related to reliance on bank finance at start-up. **Minority ethnic businesses (MEBs) tend to be concentrated in low entry thresholds and low value-added activities**, which often present limited opportunities for expansion.

## Conflicts between the generations

There has been much discussion on the use of formal and informal networks by the Asian business community (Ram & Jones, 1998; Basu & Goswami, 1999) and its dependence on both community and family for custom, labour and decision making. Many **business people have aspirations for their children to become professionals and well educated, to have wider opportunities and choices and a better future** (Dhaliwal, 2000b).

**Examples of successful second generation Asian entrepreneurs** include Shami Ahmed from the Legendary Joe Bloggs Company. Ahmed extended his father's garment business taking it forward by developing a brand name and modernising its management with Western business practices.

Another example is the Suman Marriage Bureau where the business has developed from being a traditional matchmaker within the Asian community to an on-line service. The son of the founder came into the business and modernized it, having **realized that social traditions amongst young Asians** were changing.

**Conflict between generations** arises as the decision forum, or boardroom, becomes the place of **struggle between the older generation's entrepreneurial instinct and the new generation**, its aspirations and paper qualifications in management (Gidoomal, 1997).

The transition from one generation to the next leads to conflicts and tensions between the firm, founder and successor (Janjuha & Dickson, 1998). Such businesses find it difficult to move from the growth stage to maturity. This would not be unusual in a family business, but the **cultural dimensions add to the complexity of barriers to change**.

Problems arise when a **young entrepreneur wants to introduce a more professional approach** into the family business and bring outsiders whose suggestions often **involve radical changes in hallowed procedures**.

Traditionally, the quality of service, efficiency and specialist expertise were not important reasons were due to the hurdle of language. **First generation entrepreneurs had difficulty communicating the needs of their enterprise and were unfamiliar with the way things were done in the UK**.

Yet the principle that 'We're from the same village' gradually is no longer enough to run a business by. **British banks found it difficult to understand or facilitate expansion**. In turn, the first generation Asians did not **understand the UK as a market-place and were impatient to achieve economic results**. 'If you don't get the right support at the right time you miss the opportunity and these do not come back'. According to Shami Ahmed, 'Lenders in the UK could be more flexible. International banks understand you better because they are used to dealing with communities where trust and track record matters more than the specific figures on your bank balance.' (Gidoomal, 1997)

Recent evidence (Ram et al 2002) suggests that there is **no significant difference between first and second generation minority ethnic businesses** in their propensity to access external funding from formal sources at start up. Many of the younger generation also have problems in accessing finance

due to a breakdown of the 'family' business (Dhaliwal 2002). Many **black and minority ethnic businesses (BMEB's) are in deprived areas** thus affecting their credit rating and thus disadvantaging them.

## Female entrepreneurs

It's estimated that about **75% of the Asian entrepreneurs** are men, Asian women are not strongly represented in self-employment. Various studies (e.g. Metcalf, Modood & Virdee, 1996). Those interviewed openly reported that it was a male member of the family, such as their husband, father or brother who ran the business, thus **masking the extent of their true role** (Phizacklea, 1990; Ram, 1992; Ram & Jones, 1997).

One of the main reasons given in writings on the subject is that **many members of ethnic minorities go into self-employment** as a response to **'blocked upward mobility'** (Ram & Jones, 1998). This is **more pertinent to women** who, at times, may perceive that they are **facing the double disadvantage of both race and gender**. Motives for entry were the desire to avoid being confined at home and also to circumvent discrimination and the ensuing confinement to low status jobs (Aldrich et al, 1981).

In the issues confronting Asian women, their **families can help or hinder them**. In **'Silent Contributors - Asian Female Entrepreneurs and Women in Business'** (Dhaliwal, 13 1998; Dhaliwal, 2000a) family creation plays a crucial role for these women and is their first priority.

A contributing factor to going into entrepreneurship was that more time became available as the **children were growing up**. The women wanted to **utilize their skills** and have some worthwhile purpose in their lives.

'I hate having to make all the major decisions by myself. ' Difficulties arose when roles overlapped, **'Juggling my business and my children, I just don't have enough time'**.

There was also conflict between the roles traditionally assigned to Asian women and the need to succeed in the marketplace, **'Family is important to me and it was not easy to manage the children when they were young**, but as they grew they have been a great support to me and the business. Now that they are independent I have more time to devote to the business.'

Yet, these women **relied heavily on family members, normally the husband, for any key business decisions**. Their independence as businesswomen is with the tacit 'consent' of their families, particularly their husbands.

We can see, then that a **buoyant and vibrant Asian businesses community has emerged** over the last 20 years, often based upon and supported by strong family ties. Yet, this growth has occurred despite rather than because of either government support or finance from the mainstream banking sector. In part at least, this growth may have been **bolstered and sustained by the increasing involvement of women family members** in entrepreneurial activities.

The main challenges faced by the women were not being taken seriously by their own community and the people they deal with in their wider business activities. They were often juggling their work and business roles.

A **common problem faced by Asians** in starting up is that many business ideas and plans tend to be too ambitious or not clearly written. In addition the banks reluctance to talk to potential business customers until they have produced viable business plans deters many serious business

propositions. **Dhaliwal (2002)**, found that many of the **younger generation have problems is accessing finance due to a breakdown of the 'family' business.**

**Asian women in particular face cultural and family barriers** and do not enjoy easy access to family or community finance and support in the same way as the men. In addition they tend to have less personal savings and **many businesses are in deprived areas thus affecting their credit rating and disadvantaging them.**

Many women had **family members in business.** Even if the other members of the family were not in business **their role was important in moral and financial support.** The **greatest area of support was in childcare,** 'I live with my mother-in-law and she helps me look after the children.' Another woman was more concerned about juggling her roles, 'I find it difficult to build up the business and bring up my children, I am torn in two.'

Family help was a **mixed blessing,** particularly when they stopped facilitating and started interfering and hindering progress and creativity, 'I am very independent and like to go forward but every time I have new ideas and want to expand the family say No, why do you want to take risks? My mother really worries about me.' One respondent **facd hostility from her husband and family** when she located her first beauty salon, 'My husband said that it was not going to work out, the children needed me at home.'

## **British Bank Association Report**

British Bankers Association report (see Ram et al 2002) reveals a **high degree of satisfaction from Ethnic Minority Businesses** as a whole, the findings do suggest a **'communication gap'**.

The report found variations in practice by individual bank managers in 14 dealing with applications from Ethnic Minority applicants. There was no perceived advantage/disadvantage between centralised or localised decision-making as either approach could be influenced by the knowledge and practice of individual bank managers.

This variability between policy and practice affects the customer experience. Bank managers are entitled to exercise discretion when offering financial advice, recommend wealth management programs and mortgage products but the discrepancy between policy and practice has been attributed to individual discretionary judgement i.e. suggesting racial bias.

**The experience of the ethnic customer is therefore often a combination of racial stereotyping (intentionally or otherwise), poor communication and/or marketing efforts, lack of consistent community involvement and inexperienced/inconsistent staff rejecting business plans.**

**Lack of knowledge regarding specific ethnic communities/trading practices and service expectations can lead to stereotyping.** For example in applying for a small business loan an Asian ethnic business may access its **robust informal network to demonstrate equity requirements**. The **BBA Report confirms** while ethnic minority businesses (five groups) showed a higher propensity to have received some finance from family and friends, this was a strong feature in the Asian owned businesses but a less reliable resource in the African Caribbean community, as equivalent networks were less evident. However, **while ethnic consumers do have specific needs and service expectations, they do not want to be treated differently.**

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