

# Family and work in minority ethnic businesses

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First published in Great Britain in November 2003 by

The Policy Press  
Fourth Floor, Beacon House  
Queen's Road  
Bristol BS8 1QU  
UK

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[www.policypress.org.uk](http://www.policypress.org.uk)

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Published for the Joseph Rowntree Foundation by The Policy Press

ISBN 1 86134 548 8

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The **Joseph Rowntree Foundation** has supported this project as part of its programme of research and innovative development projects, which it hopes will be of value to policy makers, practitioners and service users. The facts presented and views expressed in this report are, however, those of the authors and not necessarily those of the Foundation.

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Cover design by Qube Design Associates, Bristol  
*Front cover:* photograph kindly supplied by Mr Chandra Bodapati  
Printed in Great Britain by Hobbs the Printers Ltd, Southampton

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# Acknowledgements

The authors would like to thank the Joseph Rowntree Foundation, which has supported this project as part of its programme of research. We are immensely grateful to Barbara Ballard, Principal Research Manager of the Joseph Rowntree Foundation and Dr Shirley Dex, Advisor to the Foundation's Work and Family Life programme, for their encouragement and support throughout the research and their invaluable comments on earlier drafts of this report.

We are also grateful to the members of the Project Advisory Group, in particular Andy Brennan, Director, British Bankers' Association; Professor David Storey, Director, Centre for Small and Medium Enterprise, University of Warwick; Lorraine Phillips, Member, Ethnic Minority Business Forum; Nigel Smith, Research Manager, Learning and Skills Council; and Subhash Thakrar, Partner, Blackstone Franks and Chairman, Asian Business Association; who took the trouble to attend our meetings and provided constructive advice throughout the research.

Last, but not least, we would like to extend our thanks to the entrepreneurs and their wives who willingly subjected themselves to our lengthy interviews and who also extended their generous hospitality to us.



# Introduction

Concerns are being expressed about the way work carries over into family life and may be causing problems for some families. While the Labour government has been generating policies to address these issues since it came to power in 1997, little has been done to examine or address the effects on family life of working in family businesses or of self-employment more generally. In part there has been an information gap about how family businesses and self-employment affect families. A similar information gap has existed about minority ethnic family businesses. This study aims to address this need for more information about the effects of running a family business alongside organising family life for a range of minority ethnic groups in Britain.

The interaction between family and business is a significant feature of entrepreneurship in the UK and in many countries. According to one estimate, three quarters of all businesses in the UK are family businesses (Cromie et al, 1999). Yet the study of the nature of family involvement in business and how it carries over into family life are neglected areas of research. Clearly there is diversity in family businesses to recognise. There are also dynamic elements as the business evolves over time, and the family involvement in it undergoes change. Moreover, it has long been recognised that minority ethnic groups have had higher incidences of self-employment and business ownership in Britain. Some studies of minority ethnic groups have alluded to the central role of family, for example, in Asian businesses (Werbner, 1990; Peach, 1996). Yet few studies have examined the diversity among family-owned minority ethnic businesses, the nature of the family's involvement, and its effects on family lives. Again, this study aims to address these gaps in research.

It is now widely recognised that there are increasing spillover effects of the workplace on family life and vice versa (Dex and Scheibl, 2002). The significant growth in women's participation in the labour force over the last 50 years has led to concerns about the need to juggle careers with motherhood. Modern technology, including e-mail and the Internet, has also blurred the division between work and home life. These spillover effects may be particularly acute in the case of family businesses but have yet to be considered by policy makers. The UK government has been trying to encourage employers to adopt family-friendly and more flexible working arrangements but does not have an evidence base on the nature of working arrangements and work-life balance issues in family-run minority ethnic businesses. At the same time, perceptions of these pressures might vary depending on individual circumstances, cultural background and expectations since research suggests there are differences in family formation and views on family life among different minority ethnic groups (Beishon et al, 1998).

Building on an earlier study of minority ethnic family businesses, this study interviewed 60 male minority ethnic entrepreneurs in the South East of England in 2001, and 19 family members, 17 of whom were the entrepreneurs' wives. The entrepreneurs came from five ethnic groups, approximately 12 people in each. They were interviewed about their family's involvement in the business and the effects of that involvement on family life. This study highlights the dynamic nature of the family-work interface over time, in line with stages in the business cycle and, alongside this, stages in the family cycle.

## Outline of the report

In this rest of this report we consider the context of family involvement in business (Chapter 2). Chapter 3 outlines the methodology of our study and a profile of the entrepreneurs interviewed by us. The chapters that follow examine the main findings regarding the family–work interface at business start-up (Chapter 4) and at the time of our interviews (Chapter 5). Finally, in Chapter 6, we present our conclusions and policy implications.

# The context and previous studies

Family businesses are common in both 'developed' and 'developing' countries. The estimates in Table 2.1, albeit based on varying definitions of a family business, highlight the significant role of the family in business around the world.

While most family businesses are micro or small businesses, many have succeeded in expanding into large, multinational and multigenerational businesses. For example, 37% of Fortune 500 companies are family-owned and 60% of all public companies in the US are family-controlled (Flintoff, 2002).

In the UK, participation by owners' families in small firms is found to be the norm rather than the exception (Rosa et al, 1994; Poutziouris and Chittendon, 1996). While family labour might be important in sectors like retailing regardless of ethnicity, it is especially important in the case of Asian businesses, given the strong and close-knit

family structures in Asian communities (Jones et al, 1994; Peach, 1996). According to some scholars, British Asian businesses survive by exploiting family labour, paying family employees low wages and making them work long hours (Ram, 1994). The same assertion is made in the case of Turkish businesses in the Netherlands (Kloosterman et al, 1999). Although family participation in business generally refers to labour participation, it frequently extends beyond the supply of labour.

Family finance plays a key role in enabling businesses to start up and grow. According to Sowell (1981), personal capital and capital from family and friends finance most business start-ups, regardless of ethnicity. In the UK, family loans account for around 15 to 20% of start-up finance among minority ethnic businesses, making it the second largest source of finance after bank loans (Curran and Blackburn, 1993; Metcalf et al, 1996; Focus Central London, 1999).

**Table 2.1: The significance of family businesses around the world**

Country/region	Share of family businesses	Source of information
Worldwide	65-80% of all businesses	Gersick et al (1997)
Australia	50% of all businesses	Getz and Carlson (2000)
Europe	Over 80% of all businesses	Flintoff (2002)
European Union	75-99% of all businesses 65% of GDP 65% of employment	Rose (1995) Rose (1995) Rose (1995)
UK	75% of all businesses	Cromie et al (1999)
US	80-90% of all businesses	Lansberg et al (1988); Aronoff (1995); Shanker and Astrachan (1996); Ward and Flintoff (2002)
India	70% of total sales and net profits of the biggest 250 private sector companies	<i>The Economist</i> (1996)

The utilisation of family finance is fairly similar across different minority ethnic groups in the UK (Jones et al, 1994; Bank of England, 1999). In the US, family borrowing among Asian immigrant entrepreneurs was found to be a larger source of finance than bank borrowing or the use of credit associations (Yoon, 1991; Bates, 1997).

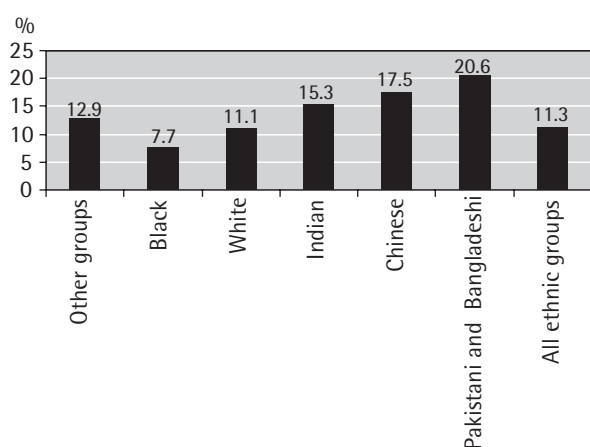
As Figure 2.1 shows, some ethnic groups have a higher propensity towards self-employment than others. In Great Britain, around one fifth of Pakistanis and Bangladeshis in employment were self-employed in 2000-01, compared with only one in ten White people and less than one in ten Black people. People of Chinese and Indian origin also display higher than average rates of self-employment. Business ownership data corroborate this differential pattern of self-employment. It is estimated that minority ethnic groups own one in five (21%) of London's private sector businesses, and Asians own a majority (51%) of these (London TEC, 1998). Most minority ethnic-owned businesses are small (with less than 10 employees) and operate as single proprietorships or partnerships. In London, 70% of minority ethnic businesses are single proprietorships or partnerships. Data also show that Asian-owned businesses outperform businesses owned by other groups. For instance, self-employed Indians and African Asians perform better than their White counterparts in the UK on several indicators – they earn more,

are more likely to own their own premises, to employ other people and own private limited companies (Modood et al, 1997; GLA, 2001; ONS, 2001). Self-employed Asians are twice as likely to employ other people than their British counterparts (Basu, 1998). Thus, minority ethnic groups, and Asians in particular, provide employment to others including family and co-ethnic community members who may otherwise face discrimination in the mainstream labour market.

The industry of this self-employed work undertaken varies by ethnic group. Overall, around one fifth of the self-employed in Britain work in the construction industry, and similar proportions work in distribution, hotels and restaurants and in banking, finance and insurance. However, two thirds of self-employed Chinese, over half of all self-employed Indians and two fifths of self-employed Pakistanis/Bangladeshis work in distribution, hotels and restaurants (ONS, 2002).

These trends highlight the significance of analysing the interaction between family and work in minority ethnic businesses in Britain and the need to compare the nature of this interaction among different ethnic groups. In view of the propensity of self-employed Asians to work in distribution, hotels and restaurants, we included businesses operating in these sectors in our analysis. At the same time, however, we also included businesses operating in 'newer' sectors such as information technology (IT) and professional services. Furthermore, we drew a distinction between retail and wholesale distribution in view of the difference in the nature and style of operation between these business sectors.

**Figure 2.1: Self-employment, by ethnic group (Great Britain) (2000-01)**



Notes: Self-employment = % of all in employment who were self-employed. 'Other groups' includes those of mixed origin; 'All ethnic groups' includes those who did not state their ethnic group.

Source: ONS (2002)

## Family and business

Economists traditionally see the firm as a black box and consider the realm of business to be divorced from that of society and family. This may partly explain why research on the interaction between the family and business is fragmented. One set of scholars grapple with the concept of family business, which continues to provoke debate about the relative merits of ownership, management and control, as criteria

for defining family businesses (see Basu, 2000 for a longer discussion on this controversy)<sup>1</sup>. Another set tries to compare the characteristics of family with non-family businesses but these studies are inconclusive (see Stoy Hayward, 1992; Binder Hamlyn, 1994; Cromie et al, 1995; Dunn, 1995; Bopaiah, 1998; Westhead and Cowling, 1998). A third set looks at specific issues like succession within the family business. Only a few studies appreciate the fact that family businesses may not be identical or homogeneous. Thus, Ward (1987) asserts that family businesses differ in terms of pursuing either a 'business-first' or a 'family-first' orientation. Using the same distinction, Dunn (1995) contends that 'business-first' firms are more likely to be growth-oriented. However, much more research needs to be done on the dynamics of the interaction between family and business and how that role may vary over time and by ethnicity. The latter is an important dimension since 'family' is a cultural concept that may vary across ethnic groups.

## Dimensions of a family business

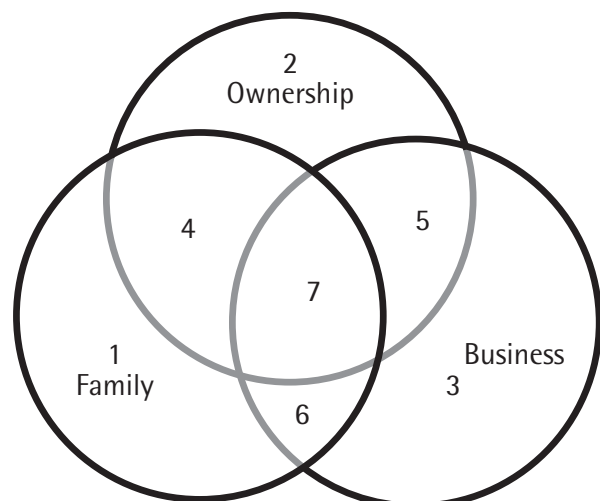
The human and organisational dynamics of family businesses are complex since the aims of both the family and the business need to be addressed. It is possible to distinguish, along the lines of Gersick et al (1997), between three overlapping subsystems of family, business and ownership that are relevant to a family business. An individual member of the family business system has only one unique location within the system, which may be exclusively in one of the three circles or subsystems or in one of the overlapping regions. Thus, a family member who has an ownership stake in the business and is employed in the business will be in the central region overlapping all three circles. On the other hand, a family member who is neither a shareholder nor an employee is located in the family circle but outside the other two circles, as shown in Figure 2.2.

The three-circle model is useful for understanding many of the interpersonal conflicts

and dilemmas within family businesses. According to Gersick et al (1997), a person's role or position within the three circles can affect their opinion on matters such as whether or not to suspend dividend payment, whether or not to employ relatives including the owner(s)' children and if so, how much to pay them. The family business system changes over time and as individuals move across boundaries within the system. Hence, Gersick et al (1997) provide a developmental model that describes the development in all three dimensions of a family business.

With regard to the ownership dimension, the model states that businesses generally move from being in the hands of a single, 'Controlling Owner' to becoming 'Sibling Partnerships' and finally 'Cousin Consortia'. On the family dimension, it identifies four stages of development. The first stage, 'Young Business Family', involves tackling the dilemmas of early adulthood and defining marital relationships that support the owner-manager. The second stage of 'Entering the Business' is 10 or 15 years later when families are concerned about the future careers of their children. In the third stage, families try and manage the challenges of different family members (for example, parents and children, older and younger siblings) 'Working Together' in the same business. The final stage of 'Passing the Baton' describes the difficult decisions to be made regarding succession and transition to the next generation.

Figure 2.2: The three-circle model of family business



Source: Gersick et al (1997, p 6)

<sup>1</sup> This study uses the owner's perception regarding whether or not the business is a family business (proposed by Westhead and Cowling, 1998), although in most cases the majority ownership or management control lies within a single family.

The business dimension of the model, drawing on the work of business life cycle theorists, outlines three stages of development. These are: start-up, expansion/formalisation and maturity.

While the three-circle model of family businesses is a useful starting point, it overlooks some of the complexities of the family–work interface. For example, it does not explore sufficiently the fact that individuals may have different degrees of stake or influence within the family business system, depending on their status within the family (the nature and closeness of their relationship to the founder), their ownership share in the business and their legitimate power derived from their formal position in the organisation. Nor does it explore the nature of support provided by key family members, like the owner's spouse, at start-up and at later stages of the business. Finally, it does not explore the spillover effects of the business on family life.

### Modes of family participation in business

It is possible to distinguish between three modes by which the family might participate in the business. These are by extending labour, finance and information to the business. Of these three modes, labour participation has received the most attention in research studies. This is probably because family labour participation is a typical feature of all small businesses, both mainstream (Baines and Wheelock, 1997; Baines et al, 2003; forthcoming) and minority ethnic-owned (Rafiq, 1992; Jones et al, 1994).

It is argued that the presence of family labour enables family loyalty and trust to be extended to the business, which results in lower monitoring costs and lower staff turnover rates. There is a convergence of interest between entrepreneurs and their family employees (Chami, 2000). Research on minority ethnic businesses indicates that family labour is both cheap and flexible since family members are prepared to work at wages below the market rate and for longer hours if need be (Waldinger et al, 1990; Werbner, 1990; Ram, 1994). This enables the minority ethnic business to lower costs and gain competitive advantage vis-à-vis rival firms. On the other hand, the employment of family members might encourage nepotism in selection

and promotion decisions and perpetuate conservative business practices (Donnelly, 1964; Daily and Dollinger, 1993; Westhead, 1997). A high degree of family involvement in business might constrain growth if business owners are reluctant to delegate responsibilities to non-family employees or invest in their training, as was found to be the case in both mainstream and minority ethnic businesses (Daily and Dollinger, 1993; Ram, 1994; Cromie et al, 1995; Basu, 1999). Succession conflicts and problems also beset many family businesses (Gersick et al, 1997). Thus, the literature suggests that family labour participation is likely to enhance the efficiency of the family business but may also impose some costs on the business. However, as Dyer and Handler (1994) observe, very little empirical research has been conducted to demonstrate a connection between the nature and degree of family involvement and business performance.

Relatively few studies have explored the wife's role in a family-owned business. Research on micro businesses in the business services sector in some regions of the UK identified a stereotypical gender division between husband and wife with the wife playing very much of a supportive, service role, whether as a co-owner, employee or unpaid helper (Baines and Wheelock, 1997, 1998a, 1998b; Chell and Baines, 1998). However, regular unpaid work on a daily basis by the spouse was found to be rare, and the wife was more likely to be a co-owner or paid employee in the business. In the case of Asian-owned clothing firms in the West Midlands, it was found that the input of female family members was often unpaid and insufficiently recognised (Ram and Holliday, 1993). Wives were said to play a dual role of contributing to the day-to-day running of the firm and remaining primarily responsible for bringing up the family. None of these studies examine the dynamics of the wife's role in business and how it might change as the business develops over time.

The role of family finance has been largely overlooked by existing research, although research is emerging on some sources of informal finance such as credit clubs and network or peer group lending (Bruderl and Preisendorfer, 1998; Wydick, 1999), intra-community lending among minority ethnic groups (Nesbitt and Neary, 2001) and on the factors affecting the family business' access to external finance (Kets de Vries, 1993; Kimhi, 1997; Bopaiah, 1998). However, very little

analysis exists on the factors determining family finance. A recent analysis of family lending in Asian-owned firms in the UK finds that while altruism among family members is sufficient to explain family finance, family lending can also occur if family members are selfish, since such lending may entitle them to ask for reciprocity, to 'call in the favour' at a later date (Basu and Parker, 2001).

A third mode by which the entrepreneur's immediate and extended family might support the business is by offering advice, information, experience, contacts, and access to markets and supplies (Dyer and Handler, 1994; Dunn and Holtz-Eakin, 2000). This may be encompassed in the notion of social capital, the idea that markets are interlinked with social networks that facilitate business transactions (Williamson, 1985; Powell, 1990). Social capital may be regarded as being composed of the number of people in an individual's network, their willingness to help and the resources they make available (Flap et al, 2000). However, measuring the size and impact of a social network is clearly difficult. While willingness might be related to the strength of ties between individuals (Flap et al, 2000), weak social ties may be more beneficial in accessing diverse resources (Granovetter, 1995). For minority ethnic entrepreneurs, Portes (1995) considers social capital to include solidarity among members of a minority ethnic group facing common adversities as well as mutual trust and reciprocity based on previous good deeds and cultural values that induce members to behave in ways other than those motivated by self-interest alone. There is some debate about whether social capital extends to cultural values or is primarily concerned with social relations.

## Work-life balance issues

The interaction between the family and business has obvious implications in terms of the challenges of managing the potentially conflicting interests and obligations of family and work. It is by now well known that both work and family life have been subject to changes and pressures in recent years (Dex, 1999). While paid work has become less secure and more stressful, there has been a greater fragmentation of families. Many more women have entered the workforce over the last 50 years in the UK as well as Western Europe and the US, leading to

mounting concerns about striking a balance between careers and motherhood (Dex and Joshi, 1999). Recent studies highlight the fact that working mothers as well as fathers with domestic responsibilities need access to family-friendly policies in the workplace (EOC, 2000; Hogarth et al, 2000; The Work Foundation, 2002). Furthermore, new technology improvements have made working from home easier.

It is in this context that governments and policy makers have been showing a growing interest in family-friendly working arrangements as a possible means to help employers and employees cope with the conflicting demands of work and family life, while trying to promote labour productivity. Such arrangements include part-time work (defined in government statistics as less than 30 hours a week), reduced hours or a compressed working week, flexitime (defined as allowing employees to choose within set limits the times they start and finish work), term-time working, job-sharing (dividing a full-time job among two employees) and home working. These arrangements enable mothers to combine work with bringing up young children and are more commonly found in organisations with a high proportion of female employees in the service sector (Fisher, 2000; Quarterly National Household Survey, 2001; Dex and Smith, 2002). Part-time work remains the most popular family-friendly working practice in the UK (Day Care Trust, 2000).

Research finds that flexible working arrangements have positive net benefits that exceed the costs (Dex and Scheibl, 2001, 2002). While the main benefits are improved employee morale, loyalty, better management-staff relations and higher productivity, there are costs of administering these arrangements, coping with employees' absences (Forth et al, 1999), and a possible adverse impact on career progression of part-time staff (Hogarth et al, 2000). The focus has been on paid work and its relationship with parenting and caring.

The existing literature on work/family conflict tends to address the case of paid employees rather than owner-managers, and assumes that the family and work domains are physically separate, the individuals involved in each domain are different and role expectations from the two domains are incompatible (Foley and Powell, 1997). These assumptions do not hold in a

family business where business partners might be marriage partners or related by birth. There is a high probability that work and family domains will be connected and that the same individuals will be involved in both spheres. Role expectations may not therefore be incompatible in such family ventures. Clearly, the experience of family business owner-managers is likely to differ from that of paid employees. UK policy makers have yet to adopt a wider view of work–life balance that encompasses the self-employed and the nature of work spillover effects in the case of family-run businesses. Nor have these issues been considered for minority ethnic businesses where perceptions might be different.

In the context of family businesses, Dyer (1992) describes several entrepreneurs who encounter work/family conflict, which, if handled inappropriately, can lead to the neglect of children, marital discord and divorce. Conflict can arise because of differences in goals (family development versus profit), relationships (personal versus professional), rules (informal versus formal), evaluation criteria (status in family versus performance) and succession basis (death versus retirement) followed by the family and business. Dyer observes that the demands of the business may be so high that the entrepreneur is unable to devote sufficient time and commitment to their family or communicate effectively with them. However, Dyer does not assess whether and how the nature of the family–work interface changes as the business develops over time.

This brief literature review suggests that the business as well as the family and ownership structure go through stages of development. It is likely therefore that the impact on business of the family, in terms of labour, finance and social support, will change over time. The present study also aims to examine the impact of the business on family life and how issues of work–life balance may change during the life cycle of a family business. In addition, we explore variations in the approach to work–life balance among different ethnic groups, an area that has been neglected by existing research.

# Methodology and sample profile

The research drew on two previous studies on South Asian entrepreneurs in the UK and a third study of Turkish-Cypriot and Turkish entrepreneurs in the UK. While the first study focused on Asian small businesses (see Basu, 1998), the second and much larger study investigated the entrepreneurial behaviour of medium- and large-sized businesses (with a minimum annual sales turnover of £2 million or a minimum of 10 employees; Basu, 1999; Basu and Goswami, 1999a, 1999b). These two studies enabled us to build up a database of around 900 Asian entrepreneurs in the UK, of whom 80 were interviewed for the first study in 1994 and 196 in the second study in 1996-98. The research on Turkish-Cypriot entrepreneurs was based on around 200 interviews with owners of micro, small- and medium-sized businesses in 2000-01 (Basu and Altinay, 2002).

The present research used this existing database to compile a list of 100 entrepreneurs. Most of them had been interviewed previously and regarded themselves as family business owners, who owned businesses that had either family

shareholders or family employees. Of the 100 entrepreneurs contacted, detailed face-to-face interviews were conducted in 2001 and the first quarter of 2002 with a sample of 60 entrepreneurs to examine the evolving role of the family in business. In addition, interviews were conducted with 19 other family members, all but two being the entrepreneur's wife, as indicated in Table 3.1.

The entrepreneurs were drawn from five different communities: Indian (13), Bangladeshi (11), Pakistani (12), East African Asian (12) and Turkish-Cypriot (12). The original intention was to include a White control group but this decision was reversed for several reasons. A review of the literature showed that we could draw on existing research on small family businesses (notably by Baines, Chell and Wheelock, referenced in the text) that examined many of the aspects we aimed to study albeit in the context of urban and rural micro businesses (less than 10 employees) that are relatively young and in the business services sector. A few other studies have also touched on similar issues but in

**Table 3.1: Composition of sample, by ethnic group and sector**

	Restaurant and hotel	Retail and property	Wholesale and import/export	IT/professional services	Total
Bangladeshi	3 (0)	3 (0)	2 (0)	3 (1) <sup>b</sup>	11 (1)
East African Asian	3 (0)	2 (1)	4 (3)	3 (1)	12 (5)
Indian	3 (1)	1 (1)	5 (0)	4 (2)	13 (4)
Pakistani	3 (0)	3 (0)	3 (1) <sup>a</sup>	3 (0)	12 (1)
Turkish-Cypriot	3 (2)	4 (3)	2 (1)	3 (2)	12 (8)
Total	15 (3)	13 (5)	16 (5)	16 (6)	60 (19)

Notes: Figures in parentheses refer to number of second family members interviewed. They are all wives except for <sup>a</sup> son and <sup>b</sup> daughter-in-law.

a narrower context (Ram and Holliday, 1993; Ram, 1994; Sanghera, 2002). Ram's work focused on Asian-owned small clothing businesses in the West Midlands while Sanghera studied 37 restaurants owned by different communities in Birmingham. We therefore used the extant research as a basis for comparison with our findings, despite some differences in size and sector. A further practical difficulty of finding a matched sample of White businesses (despite its attractiveness in theory) was that some of the respondents said that their main competitors remained other co-minority ethnic businesses. The fact that we aimed to compare differences among minority ethnic groups and that there is a dearth of research on minority ethnic businesses in this field made it less imperative to have a White control group and more attractive to include additional minority ethnic groups instead.

The research focused on entrepreneurs located in London and the South East. This was considered appropriate since it reflected the spatial concentration of the South Asian and Turkish-Cypriot communities in the UK<sup>2</sup>. In terms of sectoral distribution, our sample included businesses engaged in traditional sectors such as retail, catering and hotels, as well as emerging and knowledge-based sectors such as IT, professional services and international trade.

Of the 19 family members interviewed, 17 were owners' wives. Although we tried to interview more wives, we were unable to do so since the wife was not present on the premises at the time of our interview and the owner was reluctant to arrange for us to interview her. This was especially evident among the Bangladeshi and Pakistani respondents. The only Bangladeshi woman we interviewed was an active partner in the business and worked alongside her father-in-law (the firm's founder) and husband.

In terms of size, the sample was composed of 13 micro businesses (with less than 10 employees), 33 small businesses (10-49 employees) and 14 larger businesses (50 or more employees), in order to enable a comparison of family involvement by business size (see Figure 3.1). The disproportionate number of large businesses in the East African Asian and Indian samples

reflects both the size distribution of businesses in our database and national data on large-scale employers by ethnicity (Peach, 1996).

## Sample representation

It should be emphasised at the outset that we do not claim that our sample of 60 entrepreneurs is representative of the entire population of Bangladeshi, East African Asian, Indian, Pakistani and Turkish-Cypriot entrepreneurs in the UK. Since we aimed to compare the pattern of family-work interface not only among different ethnic communities but also among different sectors and business sizes, we selected and interviewed a stratified sample that included medium or large as well as micro and small businesses operating in traditional and newer sectors. The sample is also not large enough to stand up to rigorous statistical analysis. Hence, our analysis is partway between qualitative and quantitative in nature. It uses numbers to help identify relationships that could be tested in future larger-scale sample surveys. Currently, it is very difficult to carry out quantitative research in the minority ethnic business area, given the problems of identifying and constructing a population, choosing a random sample and gathering relevant data which can only be gleaned from detailed interview-based primary surveys. This study is, however, larger than most other studies of minority ethnic businesses based on detailed face-to-face interviews that investigate similar issues.

## Questionnaire topics

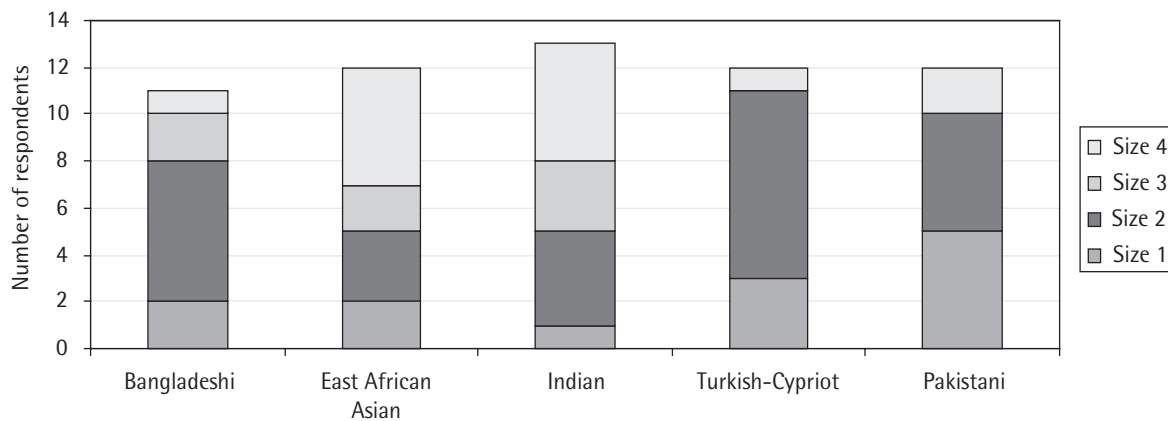
The survey interviews were conducted on the basis of a semi-structured questionnaire that included closed structured as well as open-ended questions. Each interview took around two hours to complete, depending on the ability and willingness of the respondent to cooperate. These were conducted at the respondent's business premises or residence or, in some cases, at both venues.

Respondents were asked questions on a wide range of issues relating to their business and family life (Table 3.2). Questions on family background tried to elicit the nature and size of the entrepreneur's family networks in the UK and self-employment links. The 'family' has been

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<sup>2</sup> The only exception is the Pakistani community, which has a larger concentration in the north of England.

Figure 3.1: Sample composition, by ethnic group and size



Notes: Size 1 = 0-9 employees; size 2 = 10-24 employees; size 3 = 25-49 employees; size 4 = 50 or more employees.

Source: Author's survey

defined in an inclusive manner, since in Asian communities the notion of the family generally extends beyond the immediate, nuclear family to include cousins, uncles, aunts, and relatives acquired through marriage. In order to understand entrepreneurs' perceptions regarding business and family, we asked them whether they agreed or disagreed with, or considered important or unimportant (on a 5-point Likert-type scale), a range of statements on issues listed in Table 3.2. These in-depth interviews were recorded and then transcribed. Responses received were coded into Excel and SPSS for purposes of analysis. Unless otherwise stated, it is the owner's interview data that are reported and the term 'respondent' refers to the owner.

## Sample characteristics

All the founder owners interviewed were male, although in one case the most likely successor was a woman (interestingly, the owner's daughter-in-law). Of the 60 owners, 37 were Muslim, which included all the Bangladeshis and Pakistanis, all but one of the Turkish-Cypriots, one Indian and 2 East African Asian respondents. Most of the remaining East African Asians were Hindu and one was a Jain. The Indian sample was mixed, with 7 Hindus, 4 Sikhs and 1 Zoroastrian. One Turkish-Cypriot owner said he was an atheist.

Of the 60 entrepreneurs, 55 were first-generation migrants while five were born in the UK. Most migrated to the UK as children or as young

adults, a majority before they were 20 years old. Nearly half migrated in the 1970s, two fifths migrated in the 1960s and the remaining few arrived in Britain in the 1980s and 1990s. However, there were some noticeable differences in the period of migration across the different ethnic groups. Thus, while most of the East African Asian, Pakistani and Turkish-Cypriot entrepreneurs arrived in the late 1960s and early 1970s, the Bangladeshis were slightly later migrants, mostly arriving in the mid-1970s. The Indian entrepreneurs were split between those who migrated in the late 1960s and early 1970s and two that arrived in the 1990s. Most owners were in their late forties or early fifties at the time of the interviews, with children at secondary school.

The reasons cited for migration were mainly non-economic. Around two thirds of all entrepreneurs said that they came either to study in Britain, to join their relatives, or for political reasons. Just under a third came in search of a better life, mostly to escape harsh economic conditions in their home country, but some came with the specific intent of establishing businesses in the UK. A few said that they came for a new challenge and were driven by a spirit of adventure.

On analysing the responses by ethnic group, economic motives for migration were relatively more important for the Bangladeshis, Turkish-Cypriots and Pakistanis compared with the other two groups. Almost all the East African Asian entrepreneurs said that they migrated for political

**Table 3.2: Questionnaire topics**

<b>Questionnaire sections</b>	<b>Questions focused on</b>
<i>Entrepreneur's personal background</i>	<ul style="list-style-type: none"> <li>• Country of origin</li> <li>• Religion</li> <li>• Year of arrival in the UK</li> <li>• Reasons for migration</li> <li>• Educational qualifications</li> <li>• Previous work experience</li> </ul>
<i>Family background</i>	<ul style="list-style-type: none"> <li>• Location of family members</li> <li>• Occupation of family members</li> </ul>
<i>Business entry characteristics</i>	<ul style="list-style-type: none"> <li>• Motives for business entry</li> <li>• Nature of business</li> <li>• Family involvement at start-up (in labour, capital and information)</li> <li>• Roles and responsibilities of family members</li> <li>• Ownership pattern</li> <li>• Employment and sales turnover</li> <li>• Working hours at start-up</li> </ul>
<i>Business characteristics today</i>	<ul style="list-style-type: none"> <li>• Current employment and sales turnover</li> <li>• Ownership pattern</li> <li>• Main aims of the business</li> <li>• Family involvement today and roles/responsibilities of family members</li> <li>• Involvement of professional managers</li> <li>• Division of work within the business</li> <li>• Nature of work practices</li> <li>• Entrepreneur's current working hours</li> </ul>
<i>Perceptions regarding family and business</i>	<ul style="list-style-type: none"> <li>• Role of family in business</li> <li>• Role of women and children</li> <li>• Relative importance of family and work</li> <li>• Factors influencing business performance</li> <li>• In what sense is/was business a family business</li> <li>• Benefits and drawbacks of working with family in business</li> <li>• Impact of the business on family life</li> </ul>
<i>The future</i>	<ul style="list-style-type: none"> <li>• Assessment of future business prospects</li> <li>• Main constraints on growth</li> <li>• Succession plans</li> </ul>

reasons. They were uncertain about their future in East Africa and many opted for British rather than Kenyan nationality in 1968. Ugandan Asians were expelled from Uganda in 1972. Some East African Asian respondents said that they came to Britain as students and were later joined by their families who fled persecution in East Africa. A few Turkish-Cypriots also cited political instability in North Cyprus as a reason for migration. Nearly half the Pakistani entrepreneurs cited family reasons – the desire to join relatives in the UK – as an important motive for migration. Indian entrepreneurs most

frequently cited business reasons for coming to the UK.

On examining the entrepreneurs' family background, based on their fathers' occupations (Table 3.3), many more of the East African Asian and Indian owners had fathers in business, compared with the other groups, and therefore benefited from an early exposure to business practices. This is consistent with the characteristics of the East African Asian population in the UK, most of whom belong to trading backgrounds, which is why they initially migrated from India to Africa. In contrast, most

**Table 3.3: Fathers' occupation, by ethnic origin**

Origin	Business	Professional	Other
Bangladeshi (n=11)	5	2	4
East African Asian (n=12)	9	2	1
Indian (n=13)	7	4	2
Pakistani (n=11)	4	3	4
Turkish-Cypriot (n=12)	3	2	7
<b>Total (n=59)</b>	<b>28</b>	<b>13</b>	<b>18</b>

Notes: 'Professional' includes lawyer, insurance broker, engineer, diplomat, barrister, military attaché. 'Other' includes carpenter, shoemaker, car cleaner, farmer and shepherd.

Turkish-Cypriot owners came from a rural background (which is consistent with the characteristics of their immigrant population since North Cyprus is primarily an agricultural economy) and did not have the same advantages as the African Asians.

In terms of educational qualifications, 38 (64%) of the 60 owners were graduates. This proportion was significantly higher among some groups like the Indians (85%) and East African Asians (75%) compared with others like the Turkish-Cypriots (25%), which reflects the national picture of relatively higher educational attainment among those of Indian origin in Britain<sup>3</sup>.

Most (51 of 60) entrepreneurs gained prior work experience before setting up their own business in Britain. A majority established their businesses in the early 1980s, almost 10 years after arriving in Britain. The highest proportion – 22 entrepreneurs – started out in retailing. This was primarily because of the low barriers to entry into that sector, in terms of human and financial capital requirements, but also because some had previous experience of running or working in similar businesses. Among the rest, 11 began by establishing their own café, restaurant or

takeaway, mainly catering to the needs of co-minority ethnic community members. Ten entrepreneurs established businesses relating to information technology (IT), 9 started in wholesaling or trade, 5 in professional services (accountancy, insurance, event management, insolvency, translation), 2 in property and 1 with a B&B establishment.

While a majority of these entrepreneurs continued to operate in the same line of business as at start-up, 15 had diversified into more than one business sector and 9 had moved out of their original business into a new sector by the time of the interview in 2001-02. Among those who started out in retail, 13 diversified into other sectors, mostly into wholesale trade. Since many operated in more than one sector, it has been somewhat difficult to categorise them by business sector. The difficulty is further compounded by the fact that IT can be fruitfully used in traditional service sectors, including retailing, as a means of improving delivery and advertising/promotion. We have therefore had to exercise our judgement in classifying businesses by sector, largely based on the entrepreneurs' own definition of their main line of business. On this basis, 16 entrepreneurs were engaged in wholesaling and international trade (although some of them continued to own retail outlets), 16 were in the IT-related or professional services sector, 15 were in the catering sector (11 restaurateurs and 4 hoteliers), 10 were primarily retailers and 3 were in the property business at the time of interview (see Table 3.1).

As Table 3.4 shows, a majority of the entrepreneurs started their business with three or more employees, including themselves and a family member. All but 5 employed more people in 2001 than at start-up (3 experienced no growth and 2 experienced a decline in employment since start-up). This growth was especially evident in the case of the East African Asian and Indian-owned businesses.

Just over half (34 of the 60 entrepreneurs) had been in business for at least 20 years in the UK at the time of our interview. Only one entrepreneur established his business four years before (in 1997) and another started five years before (1996). All, therefore, owned well-established businesses, given that most small businesses do not survive beyond 3-5 years.

<sup>3</sup> Twenty-five per cent of working-age Indians in Britain have above 'A' level qualifications, compared with 13% Pakistani, 8% Bangladeshi and 22% of White people (ONS, 2001). The low proportion of graduates among Turkish-Cypriots is also a sign of their cultural values and attitude towards education (Basu and Altinay, 2002).

Table 3.4: Average employment at start-up and in 2001, mean and median

Origin	Total employees at start	Family employees at start	Total employees in 2000-01	Family employees in 2000-01
Bangladeshi ( <i>n</i> =11)	3.7 3.0 <sup>a</sup>	1.5 2.0 <sup>a</sup>	14.1 15.0 <sup>a</sup>	2.5 2.0 <sup>a</sup>
East African Asian ( <i>n</i> =12)	4.2 4.0 <sup>a</sup>	2.9 2.0 <sup>a</sup>	109.5 28.5 <sup>a</sup>	4.8 4.0 <sup>a</sup>
Indian ( <i>n</i> =13)	5.8 4.0 <sup>a</sup>	2.0 2.0 <sup>a</sup>	112.2 38.0 <sup>a</sup>	3.0 2.5 <sup>a</sup>
Pakistani ( <i>n</i> =12)	3.5 2.5 <sup>a</sup>	2.9 2.0 <sup>a</sup>	35.8 9.5 <sup>a</sup>	3.4 3.0 <sup>a</sup>
Turkish-Cypriot ( <i>n</i> =12)	4.1 3.0 <sup>a</sup>	2.4 2.0 <sup>a</sup>	17.3 12.0 <sup>a</sup>	4.0 4.0 <sup>a</sup>
Total ( <i>n</i> =60)	4.3 3.0 <sup>a</sup>	2.4 2.0 <sup>a</sup>	58.5 14.0 <sup>a</sup>	3.5 3.0 <sup>a</sup>

Note: <sup>a</sup> Median values. Number of employees includes the entrepreneur himself.

# Business start-up

## Family labour participation

Of the 60 entrepreneurs, a large majority (47) benefited from family help at start-up. While family labour participation was thus a common feature at business start-up, it is possible to distinguish between several different models of family participation, as indicated in Table 4.1.

The most commonly identifiable form of business was a family venture involving non-family labour, where the founder recruited a family member and a non-family employee to help them start the business. ‘Mom & pop’ ventures run jointly by the husband and wife, where the wife was the only helper at the start, were also common, which was found to be common practice among business start-ups and non-minority small businesses studied in the UK (Baines and Wheelock, 1998a, 1998b; Chell and Baines, 1998; Baines et al, 2003: forthcoming) and in the US (Powell, 1990; Greene and Greene, 1994). Another frequently observed pattern was the joint family venture involving immediate and extended family and included intergenerational ventures between father and son or son-in-law and cousin partnerships. Sibling collaborations were also evident, in which the entrepreneur was

helped by their brother(s). Many ventures involving non-family employees had employees from the same ethnic background as the entrepreneur themselves.

The willingness to employ non-family members at start-up was much higher than that reported by Baines and Wheelock (1998a, 1998b), in which only a quarter of the owners (excluding mom & pop businesses) employed anyone at start-up. This difference may be partly a reflection of the ethnic ownership of these businesses and the immigrant ethnic culture of working together as a family and offering support to one’s co-ethnic community members. As a restaurateur-respondent said:

“There is no difference between my family and non-family employees because in my business everybody behaves like a family member ... we know each other for a long time ... we share common ethnic customs so [we] have very strong links.”

On asking the wives we interviewed why they agreed to work in the family business, most said that they did so because they felt it was simply an extension of the family. Only one woman

**Table 4.1: Patterns of family labour participation at start-up, by ethnic group**

Origin	Mom & pop venture	Siblings as only helpers	Joint family venture	Family venture with non-family labour	Non-family labour (no family help)	Sole operator (no help)
Bangladeshi ( <i>n</i> =11)	2	1	0	3	4	1
East African Asian ( <i>n</i> =12)	2	3	2	4	1	0
Indian ( <i>n</i> =13)	3	0	1	7	2	0
Pakistani ( <i>n</i> =12)	3	2	3	2	1	1
Turkish-Cypriot ( <i>n</i> =12)	0	1	4	4	0	3
Total ( <i>n</i> =60)	10	7	10	20	8	5

said that she had 'had to' join the business. To quote some wives:

"[The husband] decided to go for a career change. I just supported him."

"I wanted to help my husband because it was hard to find honest hard working people."

"I thought I should know the background of the business and understand what [the husband] was doing in the business."

"It was easier for me to work for our business instead of working for someone else."

The prevalence of extended family and sibling involvement at the start-up stage is contrary to the conventional view, which considers sibling partnerships to occur at a later stage in the development of the business (Gersick et al, 1997). The difference between our findings and the conventional view based on White majority businesses may be attributed to the fact that minority ethnic, particularly Asian-owned, businesses have a higher propensity towards employing extended family, given their strong and close-knit family structures.

In a majority of cases, the family members who helped out at the start received no formal remuneration for their services. While research indicates that informal employment is widespread in the small firm sector in general (Scott et al, 1989; Jones et al, 1994), we found that wives were more likely than siblings or cousins to be informal participants. Only a minority of wives participating at the start were treated as formal, paid employees, as discussed in the next section. This might have been motivated by a desire to save costs on tax or national insurance contributions, as suggested by Scott et al (1989), but our respondents did not offer these explanations. Some entrepreneurs said that it gave their wives flexibility. Others said that in cases where two or more brothers were involved in running the business, they wanted to ensure 'equal treatment' of all wives regardless of whether they helped in the business. The latter issue is explored further in the next chapter. The wives we interviewed felt that there was no reason for them to receive a separate salary since they saw no distinction between their husband's

earnings and their own. In contrast, of the 19 cases in which siblings helped at the start, in 9 cases they worked as formal, paid employees. This is perhaps understandable since the siblings (brothers in all cases) may have had their own families to support, and therefore, had to earn a living and choose between working for someone else or in their brother's business.

While family participation was evident in all five ethnic groups (see Table 4.1), it was most noticeable in the case of East African Asian owners, 11 out of 12 of whom recruited at least one other family member into their start-up business venture. It was least noticeable among the Bangladeshi-owned businesses, 5 of which did not involve any other family member at start-up and the remaining 6 had one other relative working in the business. These differences in family participation among ethnic groups may be explained by differences in their pattern of migration. While the East African Asian and Turkish-Cypriot entrepreneurs migrated with their families, a majority of Bangladeshi owners (7) initially migrated as single men.

## Contribution of wives

The family member most likely to help out in the business at start-up was the owner's spouse, who helped in 35 of the 60 start-ups. According to the entrepreneurs interviewed, spouses helped out in a majority of Indian (9), East African Asian (7), Pakistani (8) and Turkish-Cypriot (7) start-ups, compared with a minority of Bangladeshi start-ups (4 of 11).

On examining the role of the wife more closely, it is possible to distinguish between three, often overlapping, roles that she played at start-up. First, all the women had primary responsibility for running the home and caring for children. Second, many wives helped out in the business. Third, several worked outside the family business as paid employees. The latter was generally undertaken to ensure a steady stream of income in the early stages of the business, although in a few cases the wife was pursuing her own career as, for example, a professionally trained teacher or doctor. Thus, by playing these three roles, the wife could provide three forms of support at start-up: labour, financial and domestic or social support, all of which were crucial to sustaining the business at the start.

**Table 4.2: Wife's responsibilities at start-up**

Origin	Home maker exclusively	Double burden (help in business + home maker)	Double burden (working outside + home maker)	Triple burden (working outside + help in business + home maker)
Bangladeshi ( <i>n</i> =11)	3	1	4	3
East African Asian ( <i>n</i> =12)	1	4	4	3
Indian ( <i>n</i> =13)	1	5	3	4
Pakistani ( <i>n</i> =12)	1	6	3	2
Turkish-Cypriot ( <i>n</i> =11)	2	6	2	1
Total ( <i>n</i> =59)	8	22	16	13

Notes: *n*=59 since one Turkish-Cypriot owner was unmarried at business start-up. Information obtained from owners, corroborated by wives in 17 cases.

A majority of wives assumed the 'double burden' of managing the home and either undertaking paid employment or helping in the business at start-up (Table 4.2). Moreover, many women took on the 'triple burden' of managing the home, undertaking paid employment *and* helping in the business. If caring for young children is considered as an additional responsibility to managing the home, it could be asserted that a larger number of women carried a triple burden of responsibility and seven had the quadruple burden of being responsible for managing the home, children, helping in the business, and undertaking paid employment external to the family business. While researchers have alluded to the dual burden of responsibility borne by women in family businesses (Ram, 1994; Chell and Baines, 1998; Sanghera, 2002), the presence of the triple and quadruple burden has yet to be widely acknowledged in the literature<sup>4</sup>.

In terms of their direct contribution to the business, it is possible to identify varying degrees of participation by the entrepreneur's wife in the family business. Table 4.3 shows the wife's participation in ascending order from zero participation in the business to formal, full-time participation, where she was assigned a formal job title (for example, partner, secretary) and actively participated in the business. In our view, full-time formal participation represents the highest degree of participation, higher than full-

time informal participation, which in turn involves a higher degree of participation than part-time formal participation. The rating of these forms of participation is obviously a matter of judgement but is based on an analysis of responses received from owners and checked with their wives in 17 cases.

Many wives helped out informally, without being considered formal employees in the business (Table 4.3). This informal help was rendered either full-time (reflecting a high degree of participation, level 5) or occasionally, perhaps to replace absent employees (reflecting a lower degree of participation, level 1). Wives displayed a higher propensity to work on an informal rather than formal basis at start-up. There were relatively few cases in which the wife was assigned a formal job title and participated actively or on a part-time or occasional basis (levels 6, 4 and 2, respectively) in the business. The spouse participants generally assumed a 'backroom', supportive role, handling the paperwork, bookkeeping, administration and secretarial work.

Among the ethnic groups, fewer wives of Pakistani and Turkish-Cypriot owners took up external employment at business start-up (Table 4.2). In terms of their degree of participation, the wives in the Pakistani sample were the most actively involved at start-up but on an informal basis (Table 4.3). Indian owners' wives also tended to participate informally, usually on an occasional basis. Formal albeit occasional participation was more evident in the East African Asian businesses. The wives of Bangladeshi owners displayed a comparatively

<sup>4</sup> Finch (1983) refers to the triple burden of wives who contribute to their husbands' work, mainly based on a study of clergymen's wives.

**Table 4.3: Wife's participation in business at start-up, by ethnicity**

Origin	Degree of participation						
	0 No participation	1 Informal occasional	2 Formal occasional	3 Informal part-time	4 Formal part-time	5 Informal full-time	6 Formal full-time
Bangladeshi ( <i>n</i> =11)	7	1	1	0	0	1	1
East African Asian ( <i>n</i> =12)	5	1	3	1	1	1	0
Indian ( <i>n</i> =13)	4	5	0	0	0	3	1
Pakistani ( <i>n</i> =12)	4	2	0	0	0	6	0
Turkish-Cypriot ( <i>n</i> =11)	4	2	2	0	0	2	1
Total ( <i>n</i> =59)	24	11	6	1	1	13	3

lower propensity than other groups to help out at business start-up. Our evidence does not indicate any dichotomy between Muslim and non-Muslim businesses in terms of the wife's participation at start-up, unlike Sanghera's (2002) findings that owners' wives rarely have any direct or visible involvement in the case of Asian Muslim-owned businesses.

## Family finance and ownership

The most common sources of start-up capital were personal savings (38 respondents invested at least some of their own money into the business), bank loans (22 respondents) and family finance (19). Relatively few entrepreneurs secured finance from other sources such as friends (5), venture capitalists (2) or commercial credit (3). None mentioned obtaining government grants at start-up, which contrasts with the pattern found in a sample of mainstream small businesses owners in North East England for whom enterprise agency grants were a major source of start-up finances (Baines et al, 2003: forthcoming). In terms of ethnic origin, 7 out of 12 East African Asians secured family finance at start-up.

Of the 19 entrepreneurs who had the benefit of family finance, 13 obtained finance from their immediate family (father, mother or elder brother) and 5 from their extended family (uncle, cousin, father-in-law). In most cases (14), the finance was in the form of loans (from parents, parents-in-law, uncle or cousin). These were extended on an interest-free, unsecured basis, on the informal understanding that the money would be repaid at some future unspecified date.

There were no formal, written contracts between lenders and borrowers. In the remaining cases, the money was raised from an elder brother (4 cases) or a cousin (1), and these relatives became joint owners in the business.

The most frequent reason given for using family finance was that the entrepreneur had no knowledge of the British banking system. As one respondent said,

"It was very difficult to borrow money from British Banks because we did not have any credit history in this country."

It was much easier and cheaper to use family finance if the family had enough money and were prepared to lend it to the aspiring entrepreneur. Most importantly, problems of mistrust and risks of lending to unworthy individuals were overcome. To quote another respondent,

"We trust each other and we help each other; if I need money I borrow it from them [my relatives], if they need it I lend them."

This suggests the operation of a form of reciprocity between borrower and lender, as found by Basu and Parker (2001). In some cases, the entrepreneur borrowed funds from a relative and used these as a deposit to raise bank finance. In the words of an East African Asian entrepreneur,

"When I bought my first business, I took a loan from the bank on the strength of my mother's money placed as a deposit with the bank. The deposit was given as security for the five-year bank loan. So I

used our family money to start a family business owned jointly and equally by my brother and myself. It never occurred to me to do otherwise. I never actually repaid my mother's 'loan'. But the deposit grew over the years and at some point in time it ceased to be regarded as her money, and became the family's money."

In other cases, the amounts borrowed from relatives were small, between £5,000 and £10,000, to tide over initial cash flow difficulties. Normally, these sums of money were given in the form of interest-free loans and would not appear on the firm's balance sheet. As a respondent stated,

"I was helped in this way when I started up in business and I have helped several others in the same way. This is one reason why Asian small businesses rarely collapse."

It is possible to identify three main patterns of ownership structure at start-up: single owners, co-ownership with family members and co-ownership with non-family members.

These entrepreneurs displayed a higher propensity for family co-ownership than single proprietorship (Table 4.4), unlike the typical entrepreneur portrayed by theory (Gersick et al, 1997). Siblings were the most popular co-owners. Although only 6 respondents said that their wives were joint owners, the figure is believed to be higher. This is because it emerged that some of those who reported having started as sole owners used their wives' savings but did not perceive any distinction between their own savings and those of their wives.

Further analysis suggested that the likelihood of family co-ownership was related to the entrepreneur's family background and nature of business. Thus, East African Asian entrepreneurs had a higher propensity to establish businesses in joint ownership with their family, especially siblings, than other groups. This was consistent with their relatively strong commercial background and experience, as reflected by their fathers' occupation (Table 3.3).

In terms of business sector, 14 of the 22 retail businesses were started in joint ownership with family members, which is comparatively more feasible in low-technology sectors such as retailing. In contrast, 5 of the 7 businesses started with British partners were in IT and professional services. Such businesses would benefit from professionally qualified co-owners with specialist experience.

Comparatively more family co-owners (12 of 25) obtained family finance at start-up, compared with sole owners (4 of 20) and non-family co-owners (3 of 15). This indicated that family co-ownership was likely to co-exist with family financial support at start-up.

## Social support of family networks

The family was the most frequently used source of business advice at start-up (Table 4.5). Relatively few respondents approached banks for advice and, when they did, it was primarily to discuss the possibility of obtaining start-up finance. These responses suggest that aspiring entrepreneurs generally had greater trust in and respect for the advice and information given by their family and community members than by formal institutions.

**Table 4.4: Pattern of ownership structure at start-up**

Origin	Single owner	Sibling partnership	Wife partnership	Cousin partnership	Co-ethnic partnership	English partnership
Bangladeshi ( <i>n</i> =11)	4	2	2	0	3	0
East African Asian ( <i>n</i> =12)	3	7	1	1	0	0
Indian ( <i>n</i> =13)	4	3	1	1	1	3
Pakistani ( <i>n</i> =12)	6	2	0	1 <sup>a</sup>	2	1
Turkish-Cypriot ( <i>n</i> =12)	3	2	2	0	2	3
Total ( <i>n</i> =60)	20	16	6	3	8	7

Note: <sup>a</sup> Father-son co-ownership.

**Table 4.5: Sources of start-up advice (number of owners who used each source)**

Origin	Minority ethnic				
	Family	Co-ethnic friends	Banks	business association	Government
Bangladeshi ( <i>n</i> =11)	4	3	3	0	1
East African Asian ( <i>n</i> =12)	10	5	3	0	0
Indian ( <i>n</i> =13)	7	3	1	0	2
Pakistani ( <i>n</i> =12)	4	3	1	1	1
Turkish-Cypriot ( <i>n</i> =12)	4	2	1	0	0
Total ( <i>n</i> =60)	29	16	9	1	4

Among ethnic groups, East African Asian entrepreneurs demonstrated the highest propensity to use family advice. Only a minority of Bangladeshi, Pakistani and Turkish-Cypriot entrepreneurs used family advice. These differences might be related to the family background of these entrepreneurs. As already mentioned, while the East African Asians migrated together with their families, most Bangladeshis arrived as single men. The case of the Turkish-Cypriots is curious because most had relatives in the UK. On asking them why they did not seek their relatives' advice, most said that their relatives did not have business experience at the time, having migrated from Cyprus with a background in farming rather than in business or trade (unlike the East African Asians). Thus, although they migrated together with their families, their family members had no prior experience of business either in the home country or in the UK that they could share with each other. In contrast, some Indian owners said that they sought the advice of their fathers living in India.

Our findings suggest that family networks are likely to be a useful resource for entrepreneurial entry but only if the family has relevant business experience. The East African Asian entrepreneurs, as is characteristic of this community in general, all had experience of doing business around the world. It is reasonable therefore that this group showed the highest propensity to utilise their social networks for gathering information, compared with other groups.

Of those who sought family advice, 19 started businesses that were co-owned by family members, whereas 6 were sole proprietors and 4 were co-owned with non-family members. This suggests that those who established businesses

with their relatives were also most likely to approach family members for other non-financial forms of support. Entrepreneurs most often approached close family members such as their father, brother and wife, reinforcing the importance of trust between the entrepreneur and the source of advice.

Examined by sector, over half of those in retailing (13 out of 22) availed themselves of family advice at start-up, compared with only a small minority of those who started businesses in the IT sector. Again, this seemed to be related to the specialist experience (or lack of it, in the case of IT) of family members.

The evidence for reliance on family labour, capital and advice implied that entrepreneurs who started retail businesses were more likely than those in other sectors to seek all three modes of family support, probably because they had relatives who had relevant work experience in retailing.

Finally, in addition to the advisory and informational support offered by family members, the domestic support extended by the entrepreneur's wife in all the cases studied, in the form of managing the household and children, might also be regarded as a form of social capital that is frequently overlooked in the literature.

# Business development and changes since start-up

Most businesses surveyed recorded positive growth rates in sales since start-up, a majority achieving a growth rate in real terms (at 1990 prices) of 15% per annum. Only one business recorded a decline in sales and another recorded zero growth. Since the mean values were skewed due to very high growth rates recorded by an Indian restaurant, it seemed more appropriate to compare the median values of sales growth since start-up across groups, at constant prices.

A comparison by ethnic origin suggested that a majority of East African Asian, Indian and Pakistani businesses recorded higher than average growth rates for this sample of 20%, 19% and 18% per annum, respectively, whereas Bangladeshi and Turkish-Cypriot businesses recorded lower than average growth rates of 8% and 10% per annum, respectively. These figures are paralleled by trends in employment, which showed that Indian and East African Asian entrepreneurs employed far more people than other groups (Table 3.4). When examined by sector, those in wholesaling, international trade, IT and professional services performed better than average, a majority recording growth rates of between 16 and 18% per annum. On the other hand, a majority of restaurateurs recorded annual growth rates of 5% and retailers recorded a median sales growth of 13% per annum. These growth rates imply diversity in business performance across ethnic groups and sectors, but given the small sample being considered, we need to be cautious before making generalisations based on them.

It is worth noting that the best and worst performers in terms of sales growth in our sample were both restaurateurs. A comparison between them is instructive. The best performer

was an Indian entrepreneur who came to England in 1997 and established a restaurant with his younger brother in an up-market area of London. He had a degree in hospitality from a Canadian university and his brother had an MBA. He came from a business family background and also had experience of running his own restaurants in India before moving to England with the specific intent of starting his own business. His wife was an interior designer and designed the interior of his restaurant, which had a modern, inviting ambience as observed during our interview. The business was owned jointly by him (51%) and his brother (49%). The brothers frequently argued over business decisions and discussed the pros and cons before making a decision. Working together meant:

“We have four hands instead of two ... we trust each other, consult, delegate, divide the work [and] complement each other.”

Sales turnover increased because of an imaginative menu, consistency of product quality, cost control measures, determination and focus. The ordering process was computerised to improve efficiency. The restaurant's customers and employees were primarily non-Asian.

The worst performer was a Pakistani restaurateur who came to the UK in 1965 at the age of 14 “to earn some money”. He never completed secondary school but instead began to work for a minority co-ethnic owned restaurant in London. After working more than 20 years in restaurants owned by Pakistanis, he thought:

“If I can make money for somebody else then why not make some money for myself?”

He initially established a restaurant with a friend in 1986 but there were numerous problems between them, and so, in 1991, he decided to establish a restaurant on his own, owned jointly by himself and his wife. His wife did not work on the business premises but made sweets for the restaurant at home. His son worked part time in the business at the time of our interview but was not interested in joining the business after he graduated:

“We have a father–son relationship and [have] never had any disagreements [over business decisions].”

The restaurant was a typical ‘Indian’ restaurant with no unique characteristics in terms of the menu or décor. All the employees and most of its customers were Asian.

These two examples illustrate how the entrepreneur’s family background, personal background and experience and the dynamics of their family relationships can affect business performance in the same sector. Family participation was clearly beneficial in the first case but of no significant benefit in the second.

## Family labour participation

A majority of businesses had 14 or more employees at the time of interview (see Table 3.4, which indicates the mean and median levels of employment). The largest cluster (22 businesses) employed between 10 and 15 people. All but 3 entrepreneurs employed at least one family member and a vast majority (39 respondents) employed 2 or more family members. In fact, over half (34 owners), all of whom had experienced growth in total employment, had a larger number of family employees in their business in 2001 than they did at the start. This implied that, in general, the propensity to employ family members increased since start-up. The proportion of family to total employees declined but that was because growth in family employment did not keep pace with the growth in total employment, for obvious reasons.

We observed a higher propensity to involve family labour in these businesses among East African Asian and Turkish-Cypriot owners compared with other groups (Table 3.4). All East African Asian entrepreneurs had at least one

family member, in addition to themselves, working in the business at the time of interview. In the extreme case, an East African Asian pharmaceutical wholesaler had 12 family employees, including 5 brothers who jointly owned the business. In these quintessentially family businesses, it was no longer possible to identify one entrepreneur since all the brothers played a key role in making business-related decisions. This business began as a small convenience store run by the two eldest brothers, where the younger brothers helped out on Sundays. When the two youngest brothers qualified as pharmacists, the family bought two pharmacies and later diversified into pharmaceutical wholesaling, which was their main business in 2001.

Bangladeshi owners continued to have the lowest propensity to employ family members just as they did at start-up. Two of them had no family employees while the rest had between 1 and 3 family members (in addition to themselves) working in the business. This diversity in the involvement of family members may be related to the relative strength of family networks among the different groups of respondents, as shown in the analysis later in this chapter.

The structure of family participation differed from start-up in the sense that none of the entrepreneurs relied exclusively on family labour in 2001. This was as expected since most businesses experienced growth in employment since start-up. Another change was the involvement of children in the business. Thus, while all businesses employed non-family labour, participation by the entrepreneur’s immediate and extended family remained in evidence, as reflected in Table 5.1.

Among family members, spouses remained the most frequent contributors, followed by children and siblings. Cousins and extended family members also helped out in several businesses.

Spouse participation was especially dominant in Turkish-Cypriot and East African Asian businesses and least noticeable for Bangladeshis. The involvement of children was comparatively higher in the Indian, Pakistani and Turkish-Cypriot businesses. Only one Bangladeshi employed his children but this was because only 2 Bangladeshi respondents had children over the age of 18 years, compared with a majority of

**Table 5.1: Family labour participation in business in 2001**

Origin	Help from wife	Help from children	Help from siblings	Help from cousins	Family and non-family labour	No family help
Bangladeshi ( <i>n</i> =11)	5	1	3	1	9	2
East African Asian ( <i>n</i> =12)	8	4	9	1	12	0
Indian ( <i>n</i> =13)	7	7	6	3	13	0
Pakistani ( <i>n</i> =12)	7	6	3	3	10	2
Turkish-Cypriot ( <i>n</i> =12)	11	7	3	3	12	0
Total ( <i>n</i> =60)	38	25	24	11	56	4

parents in the other ethnic groups. Thus, children's participation clearly depends on the family life cycle of the business family. In the case of entrepreneurs who had children aged 18 years or over, these children helped out in the business in around half the cases. The involvement of siblings was most pronounced in East African Asian businesses, which once again highlighted their propensity to involve the wider family in business.

Further analysis discerned a link between the status (formal versus informal) of different family employees and the closeness of their kinship with the founder-owner, that is, whether or not they belonged to the latter's nuclear family. Thus, siblings and cousins were much more likely, compared with the entrepreneur's wife or children, to work as formal employees. Siblings worked as formal, full-time employees in 21 of the 24 cases where they helped out. Similarly, cousins were formal, paid employees in all the businesses they participate in. By contrast, the entrepreneurs' children participated as formal, full-time paid employees in only 11 of the 25 businesses they helped out in and spouses were

accorded formal employee status in 13 out of 38 cases. This is similar to the pattern of paid versus unpaid family employees observed at start-up. It suggests that members of the entrepreneur's nuclear family are much more likely, compared with extended family members, to work in the business on an informal basis.

## Roles of wives

Based on the three sets of roles for wives identified in the previous chapter, we found that a majority of wives continued to carry a double burden of responsibility in terms of being chiefly responsible for the home and family and either helping in the business or working outside the business. Some also carried a triple burden (Table 5.2).

A comparison of the wife's burden of responsibility at business start-up and at the time of interview in 2001 shows that, while the number carrying the triple burden of responsibility declined, the number of those carrying a double burden of responsibility

**Table 5.2: Wife's responsibilities at time of interview**

Origin	Home maker exclusively	Double burden (help in business + home maker)	Double burden (working outside + home maker)	Triple burden (working outside + help in business + home maker)
Bangladeshi ( <i>n</i> =11)	5 (↑)	2 (↑)	2 (↓)	2 (↓)
East African Asian ( <i>n</i> =12)	2 (↑)	8 (↑)	2 (↓)	0 (↓)
Indian ( <i>n</i> =12)	2 (↑)	7 (↑)	3 (0)	0 (↓)
Pakistani ( <i>n</i> =12)	5 (↑)	5 (↓)	1 (↓)	1 (↓)
Turkish-Cypriot ( <i>n</i> =12)	1 (↓)	10 (↑)	0 (↓)	1 (0)
Total ( <i>n</i> =59)	15 (↑)	32 (↑)	8 (↓)	4 (↓)

Notes: *n*=59 since one Indian owner is divorced. Symbols in parentheses indicate the direction of change in frequency of responses since business start-up. Information was obtained from owners and corroborated by wives in 17 cases.

remained high. However, the number of home makers increased and fewer women were undertaking external paid employment than at start-up. This suggests that the independent income they generated at the start of the business was no longer as crucial as it once was. It may also imply that some women opted to trade their careers in favour of helping out in the family business.

An analysis of the wives' nature and degree of participation suggests that formal, active (full-time) participation was more common in 2001 than it was at start-up (Table 5.3). Many more wives were assigned formal job titles (for example, company secretary, accounts manager, finance director) than at start-up. The assignment of formal job titles was motivated in part by legal or tax considerations, and in some cases (8 of 17), the wives when interviewed revealed that they were unaware that they were listed as formal employees of the business. However, the assignment of job titles also suggests that there was greater recognition of the wife's contribution to the business and a desire to make her contribution visible. The wives who continued to participate informally did not work actively in the business. Most of the women we interviewed seemed perfectly content to participate in the business on an informal basis whenever needed. To them, the family business was simply an extension of the family since its main goals were to raise the living standards and wealth of the family.

Among ethnic groups, Indian entrepreneurs' wives were more likely to work actively as formal, visible employees of the business. The

wives of Bangladeshi and Pakistani owners seemed least likely to help out in the business and those who did tended to offer informal, occasional help, which may explain why we found it difficult to interview them. Their participation was therefore usually invisible and more so when compared with the Indian and Turkish-Cypriot respondents' wives. This suggests differences across ethnic groups in the nature of the wife's participation, being either formal and visible or informal and invisible. But these differences were not strictly along religious (Muslim–non-Muslim) lines. Turkish-Cypriot Muslims seemed to be more open to women's participation in the family business than Bangladeshi or Pakistani Muslims.

The reasons for the wife undertaking 'unpaid work' may be more complex than one might imagine. As a respondent observed,

“My wife and my sister-in-law worked in the business [at the start] but not for money. My wife stopped working when the children arrived and by then we were established. She resumed working about 10 years ago by doing some bookkeeping and accounting work but she was not paid for her work. This is because it would have created a disparity between her and my sister-in-law since [the latter] didn't want to work in the business any longer. Since we live together as a joint family (mother, two brothers and their families), we believe that there is one common pot of money generated for the entire family by the business. This common pot has to be shared equally between our families. So if

**Table 5.3: Wife's participation in business, by ethnicity, according to their husband**

Origin	No participation	Informal occasional	Formal occasional	Informal part-time	Formal part-time	Informal full-time	Formal full-time
Bangladeshi ( <i>n</i> =11)	7 (0)	3 (↑)	0 (↓)	0 (0)	0 (0)	0 (↓)	1 (0)
East African Asian ( <i>n</i> =12)	4 (↓)	3 (↑)	0 (↓)	2 (↑)	0 (↓)	0 (↓)	3 (↑)
Indian ( <i>n</i> =12)	5 (↑)	0 (?)	1 (↑)	0 (0)	0 (0)	0 (↓)	6 (↑)
Pakistani ( <i>n</i> =12)	6 (↑)	5 (↑)	0 (0)	0 (0)	0 (0)	0 (↓)	1 (↑)
Turkish-Cypriot ( <i>n</i> =12)	1 (↓)	4 (↑)	2 (0)	2 (↑)	1 (↑)	0 (↓)	2 (↑)
Total ( <i>n</i> =59)	23 (↓)	15 (↑)	3 (↓)	4 (↑)	1 (0)	0 (↓)	13 (↑)

Notes: *n*=59 because one owner is divorced. Symbols in parentheses indicate direction of change in the frequency of responses between start-up and the time of interview. Based on owners' responses, since there were some differences between responses of owners and wives, as discussed in the text.

one of the brothers takes more out of the pot because his wife works in the business, this would result in discord within the family and we couldn't live together any more. This is perhaps one of the drawbacks of a family business. Some family members, my wife in our case, have to be willing to sacrifice or forgo a just, or any, remuneration for their effort. Instead, my wife has to view her work in the business as a form of social service."

In the above case, the wife was more reticent than her husband in giving us her response to undercurrents of friction within the family. She said that she had resumed working in the business because she "enjoyed the buzz".

In this study, we examined the wife's role at two points in time: start-up and at the time of interview in 2001. However, this obscures the possibility that her role evolved over time as family responsibilities changed. We therefore present a snapshot of the wives' roles in terms of the stage they were at on the family life cycle at the time of our interviews.

Women with young children under 5 years of age displayed a higher propensity than other groups to be exclusively home makers (Table 5.4), which is consistent with our finding that mothers were primarily responsible for childcare and that this responsibility was not equally shared with the fathers (the entrepreneurs). The one woman in this group who carried a triple burden of responsibility (as paid employee, helping in the business when necessary and fulfilling domestic

responsibilities) was a college teacher. Childcare was shared between the mother and two elder sisters who were in their late teens. There were other instances in which grandmothers played an important role in childcare of under-5s.

Many women with school-age children helped out in the business, often on a part-time or casual basis during school hours. Those with university-age children tended to work in the business or in paid employment. Of the two women with working-age children and who were exclusively home makers, one helped to look after her grandchildren to enable her daughter-in-law to work in the family business. Thus, our evidence suggests a link between the wife's role in the business and the stage she is at on the family life cycle, as noted in statistics on mothers' employment in general (Holtermann et al, 1999).

An analysis of the type of childcare used showed that childcare was in most cases (32 out of 54) the mother's responsibility. In cases where the mother worked, she relied on family members, mostly the grandmother (in 17 cases), to help with childcare. There were only five instances in which nannies or other forms of paid childcare were used. Thus, these immigrant families were more likely to rely on informal rather than formal systems of childcare regardless of ethnicity. This is similar to the findings reported in a sample of non-minority small business owners (Baines et al, 2003: forthcoming).

**Table 5.4: Family life cycle and role of the wife in 2001, according to business owners**

Stage of family life cycle	Home maker exclusively	Helping out in business part time or less but not working outside	Helping out in business full time but not working outside	Working outside in paid employment but not in business	Working outside and helping in business
No children (n=4)	1	1	1	1	0
Youngest child under 5 years (n=10)	5	2	1	1	1
Youngest child of school age (n=32)	7	10	9	5	1
Youngest child of university age (n=6)	0	3	1	0	2
Youngest child of working age (n=7)	2	3	1	1	0
Total (n=59)	15	19	13	8	4

Notes: n=59 because one owner is divorced. Information obtained from owners and checked with wives in 17 cases.

## Role of professional managers

Medium and larger businesses had a higher propensity to hire professional managers than micro or small businesses. This suggests that the professionalisation of management is linked to the stage of development or growth of the business. Most East African Asian (10 of 12) and Indian (11 of 13) entrepreneurs employed professional managers and also owned comparatively larger and faster growing businesses than other groups. As an Indian entrepreneur observed,

“There is a need for it [professional management]. You cannot run everything by yourself ... as the business grows you need more staff, then you can concentrate on developing the business.”

Even though most East African Asian entrepreneurs had strong family networks in the UK and employed family members in their business, they believed that family members were not always competent or qualified to do every managerial job. As one told us,

“Professional managers bring outside experience into the family business and help it to compete with the outside business world.”

Only 4 of 12 Turkish-Cypriot respondents recruited professional managers in their business, reflecting the lowest proportion among the ethnic groups. This was related to their indifference towards business growth. At least two respondents said they preferred the status quo to constant change and only three intended to expand their businesses. In the words of a Turkish-Cypriot businessman,

“My son can do everything and we do not need help ... we want to keep it in the family, unless we grow.”

There was also diversity across sectors, with hotels, IT and professional businesses displaying a much higher propensity to employ professional managers compared with restaurateurs and retailers.

## Delegation of responsibilities

We asked respondents about who dealt with different functions such as arranging long-term funds for the business, dealing with buyers, dealing with suppliers, accounting work, recruitment matters, office administration, inventory control and shop floor work. A distinction was drawn between those entrepreneurs who carried out these functions themselves, those who involved family members in carrying out these functions and those who delegated responsibilities to non-family members as well. This information was used to construct a delegation index to estimate the extent of delegation to non-family members.

We observed a significant positive association between the propensity to recruit professional managers and the propensity to delegate. This was logical since entrepreneurs who hired professional staff were likely to be inclined to assign them greater responsibilities. Delegation was more common in larger and faster growing businesses. For instance, 13 of the 14 entrepreneurs employing 50 or more people practised ‘high’ delegation (delegating 5 or more out of 8 specified business functions) to non-family members, compared with 6 of the 13 who employed less than 10 people. Indian respondents had a much higher propensity to delegate responsibilities to non-family members compared with Bangladeshi and Turkish-Cypriot respondents, which was consistent with their respective propensities to hire professional staff. Furthermore, entrepreneurs in IT and professional services (10 of 16), in wholesaling and international trade (10 of 16), and in hotels (4 of 4), were more likely to delegate business functions compared with those in retailing (4 of 10) and restaurants (5 of 11), which may be due to the fact that businesses in the latter two sectors did not require trained professionals as much as the former sectors.

## Family finance and ownership

While a majority of businesses (46 out of 60) were legally registered as limited companies at the time of interview, 37 businesses were co-owned by family members. This number was substantially larger than the number of cases of family co-ownership at start-up (25).

**Table 5.5: Pattern of ownership structure in 2001**

Origin	Single owner	Sibling partnership	Wife partnership	Cousin partnership	Non-family partnership
Bangladeshi ( <i>n</i> =11)	3	3	2	2 <sup>a</sup>	1
East African Asian ( <i>n</i> =12)	4	6	1	0	1
Indian ( <i>n</i> =13)	1	3	2	3	4
Pakistani ( <i>n</i> =12)	4	1	3	3 <sup>a</sup>	1
Turkish-Cypriot ( <i>n</i> =12)	3	3	4	1	1
Total ( <i>n</i> =60)	15	16	12	9	8

Note: <sup>a</sup> Includes a father-son partnership.

Siblings remained the most popular co-owners (Table 5.5). The increase in the number of family-owned businesses implied that in general the wider family's financial control over the business strengthened with business development. The trend was fairly similar across all ethnic groups.

Family employment was more prevalent in family-owned businesses (3 or more family members on average, including the owner) than in non-family co-owned businesses (2.5 family members on average), but family employment was equally evident in sole ownerships (3 family members, on average) as in family co-ownerships. While spouse participation was common regardless of ownership pattern, participation by children and siblings was more frequent in the case of family-owned businesses.

## Role of social networks

In order to assess the strength of family networks, we constructed an index based on whether the entrepreneur's parents, parents-in-law, siblings and cousins lived in the UK. The value of the index could vary from zero (no relatives in UK beyond immediate nuclear family) to 4 (relatives in all four categories live in the UK). Of the 60 respondents, 49 had at least some family members living in the UK and 37 of the 49 had relatives who were self-employed in the UK (Table 5.6).

Family networks were most extensive among the East African Asians and Turkish-Cypriots and weakest among Bangladeshi and Indian respondents, as reflected by their family network index values (Table 5.6). These variations in the

**Table 5.6: Family network index and the sharing of business ideas**

Origin	Family network index (mean and median values)		Number with self-employed relatives in UK	Number who share ideas frequently with family	Number who share ideas with co-ethnic friends in similar business	Number who share ideas with co-ethnic friends in different business	Number who share ideas with their professional staff
Bangladeshi ( <i>n</i> =11)	1.55	1.00 <sup>a</sup>	7	6	2	2	4
East African Asian ( <i>n</i> =12)	3.00	3.00 <sup>a</sup>	11	9	4	4	4
Indian ( <i>n</i> =13)	1.53	1.00 <sup>a</sup>	3	9	4	4	9
Pakistani ( <i>n</i> =12)	1.92	2.00 <sup>a</sup>	8	7	2	0	6
Turkish-Cypriot ( <i>n</i> =12)	2.67	3.00 <sup>a</sup>	8	9	0	0	4
Total ( <i>n</i> =60)	2.13	2.00 <sup>a</sup>	37	40	12	10	27

Notes: Family network = parents, in-laws, siblings, cousins. Value of index depends on number of sets of relatives living in the UK at the time of the interview. <sup>a</sup> Median values.

Share ideas frequently = 1; else = 0.

strength of extended family networks in the UK may be explained in part by the migration pattern of the different groups, discussed in the previous chapter.

In most cases, the entrepreneur's family network in the UK experienced an expansion since the time of business start-up. This was due to several reasons. First, 25 respondents had children aged 21 years or over at the time of our interviews. Some of these children were married and had families of their own. This enlarged the extended family ('in-laws') of the entrepreneur. In some cases, the respondents' relatives had moved to the UK in recent years to join their family members in a form of chain migration.

A majority of respondents with family-owned businesses had a family network index of 3.00, compared with 2.00 for single owners and 1.00 for those with non-family co-owners. This implied that family co-ownerships had a relatively larger network of immediate and extended family in the UK to draw on both for capital (co-ownership) and labour.

In general, respondents said that they were most likely to share their ideas with close family members (Table 5.6). Only 8 said that they never discussed business with their relatives. Many East African Asian, Pakistani and Turkish-Cypriot respondents benefited from having self-employed relatives in the UK. The propensity to share ideas with co-ethnic community members was higher among East African Asian and Indian respondents, which implied that they had community networks that they could draw upon for exchanging ideas. Around half the respondents said that they frequently shared business ideas with their professional staff, although this was more common in the case of the Indian respondents, probably because comparatively more of them hired professional staff.

Restaurateurs and those in wholesaling and international trade shared their ideas with close family members more frequently than those in other sectors. Owners of IT and professional businesses were comparatively less likely to exchange ideas within their family network and more likely to do so with professional staff. This is logical since in technologically advanced businesses, there are greater benefits to sharing ideas with those who have a similar knowledge

base. When examined by business size, owners of larger businesses (with 50 or more employees) were less likely to share ideas with their family than owners of smaller businesses. Thus, family networks remain an important source of information and ideas even after business start-up, although their importance varies somewhat across sectors and declines with business size.

# Perceptions on work and family life

## Working hours and family life

The entrepreneurs surveyed said they worked very long hours at start-up, way above the 40 hours of a standard working week. This is a common feature of all small business owners and self-employed people who tend to work longer hours than full-time employees (Storey, 1994; Bell and LaValle, 2003). At start-up, the Bangladeshi, Indian and East African Asian respondents worked over twice the average weekly working hours, a majority between 80 and 85 hours a week. All but one of the entrepreneurs in these three groups said that they always worked during weekends at start-up.

As might be expected, most respondents worked fewer hours at the time of interview than at start-up (Table 6.1). Interestingly, owners of larger businesses spent more time at work than those owning the smallest businesses. Thus, respondents employing 25-49 people usually worked 70 hours a week and those with 50+ employees usually worked 60 hours a week, whereas respondents with 0-9 employees worked

an average of 47 hours a week. In some ways this is contrary to expectations, since one would assume that a larger business owner would be able to delegate responsibilities and hence work fewer hours. However, it might be that getting others to work – deciding how to allocate responsibility, motivating employees and monitoring their performance – is itself a time-consuming activity. Moreover, as some of our respondents confirmed, successful entrepreneurs have to spend time on understanding the larger business picture by networking with existing and potential business partners at business-related social events and reading up on new developments in their industry. Our findings seem to be consistent with those of Bell and La Valle (2003) that self-employed fathers with employees work longer hours than those without employees.

There were no significant differences across ethnic groups. Restaurateurs and hoteliers worked the highest number of hours compared with other groups, which may be related to the nature of their business, but none reported an

**Table 6.1: Entrepreneurs' usual weekly working hours**

Origin	Weekly working hours at start-up (mean)	Weekly working hours in 2001/02 (mean)	Number who reported change in working hours since start-up		
			Decrease	Increase	No change
Bangladeshi ( <i>n</i> =11)	85.45	55.09	8	1	2
East African Asian ( <i>n</i> =12)	85.25	62.83	10	1	1
Indian ( <i>n</i> =13)	86.66	56.54	12	1	0
Pakistani ( <i>n</i> =11)	67.45	54.91	7	1	3
Turkish-Cypriot ( <i>n</i> =12)	73.33	55.25	9	1	2
Total ( <i>n</i> =59)	79.74	56.98	46	5	8

Note: *n*=59 since one respondent did not answer this question.

**Table 6.2: Entrepreneurs' perceptions regarding family life**

Origin	Number who were satisfied about time with family	Family meals per week (mean number)
Bangladeshi ( <i>n</i> =11)	8	3.7
East African Asian ( <i>n</i> =12)	5	6.7
Indian ( <i>n</i> =13)	7	4.1
Pakistani ( <i>n</i> =12)	5	4.1
Turkish-Cypriot ( <i>n</i> =12)	8	4.6
Total ( <i>n</i> =60)	33	4.6

increase in working hours over time. The five respondents who experienced an increase in their working hours were involved in rapidly expanding global businesses, four in IT and one in international trade.

Just over half of these male entrepreneurs said that they were satisfied with the amount of time they spent with their family (Table 6.2). However, there were some variations by ethnic group, sector and business size. For instance, two thirds of Bangladeshi and Turkish-Cypriot respondents felt satisfied with the balance between work and family life, compared with fewer East African Asian respondents. This was consistent with the relatively longer hours worked by the latter at the time of interview. A majority of those who were satisfied with their work-life balance worked around 50 hours a week, compared with a 60-hour working week for those who remained dissatisfied. When examined by sector, retailers were least satisfied with their work-life balance. This may be explained by the long opening hours of most minority ethnic-owned retail businesses and weekend opening when the rest of the family were at home. In terms of size, the owners of larger businesses were much less satisfied than owners of the smallest businesses with their work-life balance. This result is consistent with Ambrose's (1983) finding that time demands of the business left founders with less time to build family relationships. It implies that there may be a trade-off between business success and family life and points to the difficulties of being a successful entrepreneur while simultaneously devoting enough time to nurturing one's family.

Most respondents worked flexible hours at start-up depending on the needs of the business. They were prepared to allow some degree of flexibility even in cases where the business hours

were technically fixed. As an East African Asian shop owner said,

"If a customer knocked on our shop after closing time and I was still working in there, I would open up shop and serve that customer."

This reflects the attitude of owners to customers and the primacy given to business needs. A large majority of respondents (43 of 60) continued to work variable hours in 2001. Just under half of those (21 of 43) who worked variable hours were satisfied with their work-life balance compared with 11 of the 16 who worked fixed hours. Among the ethnic groups, most Turkish-Cypriots (9 of 12) tended to work a fixed number of hours per week. This may explain why they were relatively satisfied about the amount of time spent with their families.

## Working at or from home

Around 22 respondents started their businesses from home or lived on the same premises as their business premises. This was mainly in sectors like IT and international trade where such arrangements were feasible, but also in traditional sectors such as retailing and restaurants, where the owners lived above the business premises.

The propensity to work from home declined with business development. Only 3 respondents lived on the same site as their business in 2001. One was a Turkish-Cypriot retailer who lived above his business premises, the second was a Pakistani respondent who managed his property business from home, and the third a Bangladeshi who ran an import-export business with the head office located at home. While the Bangladeshi respondent had always worked from home (and

said that it helped him to participate in bringing up his 11-year-old son), the other two entrepreneurs chose to do so more recently. The Turkish-Cypriot respondent made the decision after his second marriage and his new wife's desire to help him in the business. All three respondents said that they preferred working from home since it enabled them to spend more time with their families. This suggests that the closer proximity between work and family need not necessarily have negative consequences on family life.

At business start-up, of the 38 entrepreneurs who did not operate from home, over half (21) said that they used to bring their work home with them. This trend was especially widespread among owners of IT and professional service businesses and was facilitated by the nature of their work. It was also more common among the East African Asian and Indian entrepreneurs than among other groups. At the time of our interviews, a majority (35 entrepreneurs) continued to bring their work home with them although far fewer had offices based at home. Of those who brought work home, half (17 of 35) were satisfied with their work-life balance compared with a larger majority of those who did not bring their work home (15 of 24) being satisfied with this balance.

All but 3 entrepreneurs said that they regularly worked during weekends at business start-up. At the time of interview, a majority of (45) respondents worked at least some weekends, although 14 said that they had discontinued this practice. Around half of those who worked during weekends were satisfied with their work-life balance compared with nearly two thirds of those who never worked at weekends (9 of 14).

Thus, the evidence relating to working at home and working weekends suggests that the division between work and family life was tenuous at business start-up. Then, the entrepreneur frequently dealt with business matters after normal office hours and in the physical domain of the family home. Business development was accompanied by a slightly better balance and clearer demarcation between work and family life. However, those who did not bring their work home or work at weekends were relatively more satisfied with their work-life balance.

## Importance of family and leisure

When asked to rate the importance of family, work, money, leisure and friends on a scale of 1 (unimportant) to 5 (very important), 58 of the 60 entrepreneurs rated family as important (rating of 4 or 5). Slightly fewer (50 respondents) rated work as important. A majority felt that money was important since it enabled people to improve their standard of living and take better care of the family. It is interesting to find that almost all the entrepreneurs interviewed, especially those of Indian and East African Asian origin, educated their children in private schools. While friends were considered important, many said that they did not have the time to socialise with their friends as much as they would have liked.

Leisure usually appeared at the bottom of the scale and only 19 respondents regarded the pursuit of leisure as important to them. In fact, some found it difficult to respond to the question about their leisure activities. This may be a reflection of the cultural values of the entrepreneurs. In Asian cultures, the pursuit of leisure is frowned upon whereas hard work is a great virtue. In fact, several respondents said that they regarded their business pursuits as a pleasurable activity. As an Indian respondent said,

“I wouldn't be doing it [running my own business] if I didn't enjoy it.”

Some of those who had adolescent children brought up in the UK said that their children were compelling them to pay more attention to the pursuit of leisure. This is supported by an analysis of the entrepreneur's position on the family life cycle and his attitude to leisure. Of the 19 entrepreneurs who said leisure was important, one had a child under the age of 5 years, 14 had school-age children, 2 had university-age children and 2 had working-age children. Many of these 19 respondents were successful entrepreneurs who had realised (reinforced by their teenage children) how severely they traded work for leisure in the early days and were trying to make amends for that. All 4 entrepreneurs without children and 9 of the 10 who had children under 5 years considered leisure to be unimportant.

## Attitude to family in business

Using factor analysis (details in the Appendix), it is possible to distinguish between four different types of family business entrepreneurs according to their main aims and goals at the time of our interviews. The first group of entrepreneurs were driven primarily by growth or survival ('business-first') goals, to maintain financial independence of the family firm, ensure business survival and ensure job security for employees. A second group of entrepreneurs were primarily driven by 'family-first' goals, to pass the business on to the next generation and to provide employment for family members. A third group was driven by economic or financial goals ('money-first'), to increase profitability and accumulate family wealth. The final group of family business owners were primarily driven by non-monetary ('lifestyle-first') goals, to achieve a comfortable lifestyle and a decent reputation. These four factors together explained 81% of the variance in the sample data. Their presence suggests that it is wrong to treat all family businesses as homogeneous in their aspirations and goals.

Table 6.3 indicates the diversity of aspirations both across and within ethnic groups. East African Asian and Indian respondents displayed a higher propensity towards a 'business-first' orientation compared with other groups. Turkish-Cypriots seemed most likely to be driven by family concerns. A comparatively larger number of Pakistani respondents were most

concerned about wealth accumulation. Bangladeshi respondents displayed a slightly higher concern for lifestyle than the other groups.

Further analysis suggested that the diversity in orientation was related to the nature of the entrepreneur's business, with owners of IT and professional service businesses displaying a higher propensity towards a 'business-first' orientation (9 of the 16 in this sector had this orientation) than other groups.

A comparatively higher proportion of large business owners had a 'business-first' orientation (Table 6.4), whereas a higher proportion of micro and smaller business owners had a 'money-first' orientation. This suggests that money is a more important motivator for those who have less of it. The 'business-first' respondents also recorded the highest growth rate in sales compared with the other three groups. This is consistent with Dunn's (1995) assertion that business-first firms have a higher propensity to be growth oriented.

On comparing the aspirations of these entrepreneurs with their position on the family life cycle in 2001, most of the small number of respondents who had working-age children had family-oriented concerns (Table 6.5). However, few of those in the early stages of the life cycle who had young children placed primary emphasis on family-first concerns such as employment of family members or succession to the next generation, perhaps because it was too

**Table 6.3: Aspirations of entrepreneurs, by ethnic origin**

Components/origin	Bangladeshi	East African Asian	Indian	Pakistani	Turkish-Cypriot
Business-first ( <i>n</i> =18)	3	6	6	2	1
Family-first ( <i>n</i> =14)	2	2	4	0	6
Money-first ( <i>n</i> =17)	2	2	1	8	4
Lifestyle-first ( <i>n</i> =10)	4	2	2	1	1
Total ( <i>n</i> =59)	11	12	13	11	12

**Table 6.4: Aspirations of entrepreneurs, by number of employees in business**

Components	0-9 employees	10-24 employees	25-49 employees	50+ employees
Business-first ( <i>n</i> =18)	4	5	3	6
Family-first ( <i>n</i> =14)	2	7	2	3
Money-first ( <i>n</i> =17)	5	9	0	3
Lifestyle-first ( <i>n</i> =10)	2	4	2	2
Total ( <i>n</i> =59)	13	25	7	14

**Table 6.5: Aspirations of entrepreneurs and the family life cycle**

Components	No children	Children under 5 years	School-age	University-age	Working-age
Business-first ( <i>n</i> =18)	0	4	13	1	0
Family-first ( <i>n</i> =14)	2	0	7	1	4
Money-first ( <i>n</i> =17)	1	3	10	2	1
Lifestyle-first ( <i>n</i> =10)	1	3	3	2	1
Total ( <i>n</i> =59)	4	10	33	6	6

Note: Figures indicate position on life cycle at time of interview. Age refers to age of youngest child.

early for them to contemplate such issues. Two respondents without any children had family-first goals probably because both had sibling and other family involvement in business. Family-first entrepreneurs tended to have more family members in business (most had 4 or more, including the owner) compared with the other groups.

The low propensity towards family-first goals among fathers of university-age children might be linked to the fact that members of the second generation had a higher propensity to be better educated than their parents. For instance, of the 28 respondents who had children old enough to be at university, 15 were themselves graduates but 21 had children who were graduates. Our interviews suggested that many of the children of these entrepreneurs aspired to secure employment in large multinational companies and financial institutions in the city of London rather than to work long hours in the family business. They seemed better disposed towards joining the family business if it was performing well. In 4 instances, the owners' children had returned to work in the family business after gaining a couple of years' experience of working in the mainstream corporate world. Two of these 4 cases were extremely successful Indian-owned businesses in hotels and catering/international trade, respectively. The remaining 2 businesses were smaller, one a Turkish-Cypriot-owned IT and insurance business and the other a Pakistani-owned international trading business.

## Decision-making practices

Nearly half the respondents claimed that family members never argued over business-related decisions. This is not the same as saying that there was no conflict or difference of opinion

among them, as noted elsewhere. Only four entrepreneurs said that they employed the majority voting rule to make business decisions. Others reported using discussion and negotiation to arrive at a collectively acceptable decision. Reasons for this lack of conflict might be that the organisational structure of most businesses tended to follow the family hierarchical structure based on seniority by age. Thus, in most cases, it emerged that the eldest family member or the founder of the business had the final say. In other words, business decisions were invariably made by acceding to the views of the most senior member. It implies that no one could question the founder's judgement, which has negative implications for corporate governance.

## Women in business

The attitude to women working in the business was mixed. A majority of the male entrepreneurs said that married women should be allowed to work in the business if they wished to do so and need not spend their time on domestic responsibilities (Table 6.6).

East African Asian, Turkish-Cypriot and Indian owners appeared to be more liberal in their views in this respect compared with Pakistani owners. There was slightly greater agreement among groups that mothers with young children should stay at home rather than work in the business. Once again, the responses suggested that Indian owners were more liberal in their attitude to working mothers than Pakistani owners who seemed the most conservative. The Turkish-Cypriots' response was somewhat ambiguous with most agreeing that mothers of young children should stay at home but also work in the business if they wanted to. Interestingly, all groups availed of their wife's

**Table 6.6: Number of owners who agreed<sup>a</sup> with the following statements:**

Origin	'Married women should spend their time looking after the home'	'Married women should work in the business if they want to'	'Mothers of young children should spend their time looking after children at home'	'Mothers of young children should work in the business if they want to'
Bangladeshi ( <i>n</i> =10)	3	6	6	4
East African Asian ( <i>n</i> =12)	1	10	6	4
Indian ( <i>n</i> =12)	1	7	3	6
Pakistani ( <i>n</i> =11)	5	5	8	2
Turkish-Cypriot ( <i>n</i> =12)	3	12	8	10
Total ( <i>n</i> =58)	13	40	31	26

Note: <sup>a</sup> Rating of 4 or 5 on a scale of 1 (strongly disagree) to 5 (strongly agree).

help at start-up and a majority continued to benefit from their wife's involvement in the business at the time of interview, although fewer Pakistani owners' wives had ever worked as formal employees in the business. Yet all the entrepreneurs acknowledged that their wives took primary responsibility for childcare when their children were young and continued to do so where applicable.

## Benefits of family in business

By far, the main benefit of working with family members, as noted by more than half the owners, is the existence of trust between family members. Trust was considered especially important in businesses such as retailing that operated largely on the basis of cash transactions. In the words of a retailer,

"It is knowing that someone reliable and trustworthy is going to fill the gap ... when I am out she [my wife] keeps an eye."

A number of respondents also acknowledged the fact that the family was a source of cheap labour,

"... which was initially beneficial because I could not afford to employ people."

Family members also tend to be flexible in their hours of work. Several respondents praised the commitment and loyalty of family employees and the fact that they offered social support as well as mental reassurance to the entrepreneur.

"Family members work very hard to a common goal."

"... it is guaranteed that the work will be done."

"[They] give me peace of mind when I'm away, something money cannot buy."

The family is willing to sacrifice in times of need, because of a common interest in the survival of the business. As an East African businessman recalled,

"When we were doing badly in the early 1980s, my brother and his family, who were then living separately, decided to sell their house and move back with us, and we've lived under the same roof since then."

Family members can therefore help to cut back business fixed costs, especially during a recession.

## Disadvantages of family in business

Most owners were slightly reluctant when asked about the drawbacks of working with family members and many (24 of the 60) said they could think of no drawbacks. Among the ethnic groups, the Turkish-Cypriots displayed the most reluctance, with 7 out of 12 saying that they could think of no downsides. Again, smaller business owners displayed greater reluctance compared to larger business owners.

The responses on drawbacks could be grouped into two main sets: impact of the family business on the family and impact on the business. In terms of the impact on the family, respondents identified two main disadvantages. First, they felt that it could create ambiguity in the division between work and family time, so that there is often “no cut off from work”. This might be reflected in less attention being paid to one’s family and children. Second, some respondents felt that working with family members could potentially cause conflict and misunderstanding among them:

“... when you argue with a family member, say your father, then you feel guilty.”

“... you cannot speak freely, you have to be gentle and careful, specially if it is your wife, [otherwise] they get upset easily.”

In terms of the impact on the business, it can be difficult for the entrepreneur to fire an incompetent employee if that employee is a family member:

“You know he is not good enough but you cannot get rid of him because he is family.”

It is also difficult to objectively evaluate family members’ ability and promote them on that basis. Finally, a few respondents felt that family involvement might hinder business growth, especially if family members were incompetent and unqualified, since the business would not benefit from an outsider’s objective views. The fact that family members (especially the second generation) often feel that they are in a more privileged position than other employees can also hinder business growth.

## Family-friendly practices

When asked, an overwhelming majority of these entrepreneurs said that they had not introduced any family-friendly working policies such as job-sharing, flexitime or working from home. However, further questioning revealed that while very few had formal policies of this nature, they were prepared to make allowances in specific cases. This suggests the operation of informal or pragmatic approaches to flexible working arrangements. Dex and Scheibl (2002) call this the ‘selective’ approach and identified the practice in many small UK businesses.

The most popular practice was flexible working hours (Table 6.7), that is, permitting employees, usually family members, to work variable hours rather than a strictly flexitime arrangement. In most cases, owners’ wives who worked in the business did so on a flexible or casual basis, often working only during the school term. In one case, the owner’s daughter-in-law worked full time but took time off every afternoon to pick up her children from school and drop them off at her mother-in-law’s home.

It emerged that 24 entrepreneurs had some form of job-sharing operating normally on an informal basis in their business. This practice was evident in traditional sectors such as retailing and restaurants as well as in modern sectors such as IT and professional services. In the case of retailing and restaurants, job-sharing operated mainly in the form of shop assistants and waiters working on a part-time basis or on certain days of the week. In 9 cases, some women employees, usually relatives of the entrepreneur, worked only during the school term. There were also instances of employees working from home, mainly in IT businesses where such an

**Table 6.7: Family-friendly practices**

	Job-sharing	Working from home	Flexible working hours	Term-time working	Compressed working week	At least one family-friendly practice
Bangladeshi ( <i>n</i> =11)	4	3	5	1	1	6
East African Asian ( <i>n</i> =12)	7	1	4	3	1	7
Indian ( <i>n</i> =13)	3	4	5	2	1	7
Pakistani ( <i>n</i> =12)	2	0	3	2	0	4
Turkish-Cypriot ( <i>n</i> =12)	8	0	10	1	0	11
Total ( <i>n</i> =60)	24	8	27	9	3	35

arrangement is more feasible than in most other sectors.

Owners employing 50 or more employees displayed a relatively higher propensity than smaller businesses to permit flexible work arrangements. Of the 14 large business owners, 11 practised at least one family-friendly arrangement, with 7 allowing job-sharing and 6 allowing term-time working, compared with 4 and none of the micro businesses, respectively, practising similar arrangements. However, the incidence of flexible working hours was observed across all sizes of business, albeit more pronounced in the case of larger businesses. Over half of all businesses with 50 or more employees had such arrangements, compared with less than half of all businesses in the other size groups.

In general, entrepreneurs tended to be much more lenient towards family members in permitting them flexible working hours. In some cases, they seemed to have consented to these arrangements reluctantly or under pressure rather than from a belief that such flexibility might improve employee morale and business performance. For example, one respondent was quite unhappy about the fact that his family members demanded flexible working hours to suit their family commitments. It was not surprising, therefore, to find that non-family employees did not generally benefit from similar arrangements. This was reinforced by our finding that a large majority of all respondents trusted family members much more than non-family employees and would therefore be less concerned about family members misusing the system of flexible working hours. It would be worth investigating whether this pattern of behaviour is specific to minority ethnic businesses or common among family businesses in general.

### Comparison of husbands' and wives' perceptions

On comparing husbands' and wives' aspirations in the 17 cases where both spouses were interviewed, we observed that the husbands displayed a relatively greater concern for business-oriented goals such as retaining the financial independence of the family business,

whereas their wives were most concerned about having a comfortable lifestyle. For instance, in the case of the Indian respondents, while a hotelier and two IT business owners said that their two main goals were to maintain the financial independence of the family firm and to ensure the survival of their businesses, their wives considered the main purpose of the business to be to accumulate family wealth and maintain a comfortable lifestyle and, in one case, to provide employment for family members. A similar divergence in concerns between husbands and wives was evident in the other interviews, although Turkish-Cypriot wives were relatively more concerned about the importance of accumulating family wealth while East African Asian wives placed comparatively greater emphasis on maintaining financial independence of the family firm. Of the 17 matched interviews, in only one case of a Turkish-Cypriot property business did the husband and wife agree that the two main aims of their business were to accumulate family wealth and preserve a comfortable lifestyle.

While the order of importance of family, work, money, leisure and friends was the same for husbands and wives seemed to place relatively greater weight on family life and less on work than their husbands.

When asked why they regarded their business as a family business, both husbands and wives emphasised the fact that the business was started and owned by the family. While the husbands highlighted the fact that family members made all major business decisions and controlled the business, the wives focused on the emotional implications of a family business:

“It is our business, I have a protective feeling for it and very high level of commitment.”

On comparing their views regarding the pros and cons of a family business, the husbands regarded trust among employees as the main advantage whereas wives placed greater emphasis on the flexible working hours of a family business. Among the wives interviewed, 14 said they had worked at business start-up, a majority for around 22 hours a week, and only 3 worked over 40 hours a week. Although most of the 12 wives who worked in the business at the time of our interview worked longer hours (around 39

hours a week) than at start-up, their working hours were flexible and revolved around family/childcare commitments. All of them felt that these flexible working arrangements had been crucial in enabling them to reconcile the competing demands of work and family life.

As regards the drawbacks of a family business, more husbands than wives mentioned the risk of neglecting children even though there were no discernible differences in their attitude towards women working in the family business (both groups generally agreed that married women should work in the business if they wanted to and that mothers of young children should spend their time looking after their children). The wives regarded the discussion of business issues at home “on the dining table”, or the lack of being able to separate work from family life, to be the main drawback.

# Conclusion and implications

This study has attempted to investigate the relationship between family and business in minority ethnic-owned businesses in the UK by interviewing owners of 60 businesses and 19 other family members, in most cases the entrepreneurs' wives.

Our study has highlighted the complex and shifting nature of the business/family interface in situations where the two are closely intertwined. Family involvement in business affected the style of management, financing and control of the business. It also affected family responsibilities and family life. The nature of the interface changed with the business life cycle, between start-up and business development. It also changed with the family life cycle, as the entrepreneur's children grew older. In addition, the characteristics and consequences of the interface varied by ethnic origin and by the type of business being considered, in terms of whether it was knowledge-based and high skilled or relatively low skilled.

The evidence suggests that family members played a crucial role at business start-up by offering labour, finance and social support. The latter included social networks that provided access to business information and also helped to fulfil domestic and childcare responsibilities. The high propensity of minority ethnic entrepreneurs to involve siblings and other family members at the start-up stage both for labour and co-ownership was contrary to the pattern commonly observed in White, majority businesses in which sibling partnerships occur at a later stage of business development. The custom of immediate family members working as unpaid, informal employees was considered perfectly acceptable since the family business was regarded as an extension of the family and

the earnings of the business benefited the entire family. The system of family finance highlights the importance of trust among family members and the operation of a form of reciprocity between borrower and lender. Trust was also relevant in allowing flexibility to family members in the workplace. Our analysis indicated a positive link between family co-ownership of the business and the likelihood of family support at start-up. Family networks were a useful source of information and advice but only if family members had relevant business experience.

Entrepreneurs' wives played a significant even if informal or invisible role at business start-up by providing labour support whenever required and financial support, if necessary, by securing paid employment to earn a regular stream of income for the family. They also indirectly supported the new venture by offering domestic support, looking after the home and children. Childcare was almost always the primary responsibility of the mother, helped when needed by the grandmother, and there were few instances of formal/paid childcare. Thus, many wives carried a triple if not quadruple burden of responsibility at business start-up.

While the importance of family labour support declined with business development, wider family control over the business seemed to strengthen over time. This suggests that although their day-to-day participation declined, family members remained influential in the business.

Our evidence suggests that family businesses can generate an imbalance between family life and work, in favour of the latter, especially at business start-up but also later in the business cycle, often 10 or more years later. Most

entrepreneurs continued to work well beyond 40 hours per week. Many brought their work home even if they no longer worked exclusively from home. The small number of entrepreneurs who worked from home also felt that this arrangement enabled them to keep in closer contact with their wives and children and achieve, therefore, a better balance between work and family life. Those who worked fixed hours, did not bring their work home and discontinued working during weekends were relatively more satisfied with their work–life balance. This implies that although working from home need not necessarily create a work–life imbalance, entrepreneurs might benefit from establishing a clearer demarcation between work time and family time.

Most entrepreneurs rated family as important and a majority were satisfied with the amount of time they spent with their family. This may be attributed at least partly to cultural values that applaud hard work, among the minority groups included in our study. It may also be related to the fact that they considered the business to be integral to the family. The owners of the larger businesses worked longer hours and were relatively less satisfied with the amount of time they spent with their family. This implies that there might be a trade-off between business success and family life, and the difficulties of being a successful entrepreneur while simultaneously devoting enough time to one's family.

We found that family business entrepreneurs are far from homogeneous in their overall aspirations and goals. It is possible to distinguish between 'business-first', 'family-first', 'money-first' and 'lifestyle-first' aspirations and to discern a possible link between the entrepreneur's aspirations and business performance since most owners of larger businesses had business-first goals.

Our analysis indicated an informal or pragmatic approach to family-friendly working practices of the sort seen in other studies of small businesses, not particularly minority ethnic family businesses. Although most entrepreneurs had not introduced any formal policies, they were prepared to make allowances in special cases. The most common practice was flexible working hours. These arrangements were generally available only to the entrepreneurs' family, particularly female

relatives, rather than other employees in the business. Flexible working arrangements enabled entrepreneurs' wives to successfully juggle the demands of the business and family life. Future research might investigate the benefits of introducing formal family-friendly policies into minority ethnic businesses and compare differences between first and subsequent generation businesses.

The main advantage of working with one's family in the business was the trust that existed between family members and the flexibility in working hours that benefited both the entrepreneur and other family members, particularly women. The disadvantages of family in business were the lack of a clear boundary between family and work, implying spillover effects, and the possibility of relatives being incompetent employees, implying detrimental effects on the business. In general, while the spillover effects of work on family life were considerable, the entrepreneurs as well as their wives did not begrudge them so much, probably because they felt they were doing it for the good of the family and because they could determine their own flexible working arrangements.

Among the five different ethnic groups studied, East African Asians displayed a higher propensity than other groups for involving their family members to provide labour, financial capital and information both at business start-up and after business development. Despite this close family involvement, most of them, along with the Indian respondents, displayed a high propensity to recruit professional managers and delegate responsibilities. This family/non-family balance was clearly beneficial to the business since these East African Asian entrepreneurs achieved the highest sales growth rate in our sample. However, the East African Asian entrepreneurs worked relatively long hours and were dissatisfied with the balance between work and family life.

While Turkish-Cypriot businessmen did not rely significantly on family resources at start-up, they displayed a higher propensity towards family participation at the time of interview, had extensive family networks in the UK and were reluctant to recruit professional managers. Their business performance was weaker than that of other groups except the Bangladeshis. But, like the Bangladeshis, they were relatively satisfied

with their work–life balance perhaps because they worked a fixed number of weekly hours and preferred not to expand their businesses.

There were discernible differences in the attitude towards women working in the business among the ethnic groups. Bangladeshi and Pakistani entrepreneurs were more conservative compared to others in their views of the responsibilities of wives and mothers of young children. These differences cannot be explained simply by religion since the Turkish-Cypriots are also Muslim but perhaps not as traditional as the Bangladeshis and Pakistanis. Nevertheless, all groups benefited from their wives' participation particularly at start-up. Since founders and their wives regarded the business as an extension of the family, it affected their attitude towards working in the business, which was viewed as a natural extension of familial obligations. This was generally a 'good thing' since it inculcated a deep sense of commitment to the business. However, it also meant that the family hierarchy was transferred to the business domain, which could be bad for corporate governance.

This study has provided a wide range of insights into the nature of the family–work interface in minority ethnic businesses and the implications both for the family and business. While it is difficult to arrive at definitive conclusions based on a relatively small sample survey, our analysis highlights many observable relationships in the data, which might inform future research and policy. These findings have implications for the owners of and participants in minority ethnic family-owned businesses, for policy makers and business support organisations and for consultants who work with them. It offers minority ethnic entrepreneurs, as well as those working with them, a valuable insight into the implications of involving family in business and the appropriate modes of participation as the business develops. At the same time, we hope that the study will create greater awareness among policy makers of the dynamics of family businesses and help them to create a policy framework for businesses generally in terms of the impact of family on business and of business on family life. It is hoped that this report would therefore be useful to minority ethnic businesses, family businesses more generally and business support organisations.

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# Appendix:

## Details of variables included in factor analysis

Rotated component matrix	Component			
	1	2	3	4
To maintain the financial independence of the family firm	0.846	2.306E-02	0-1.48	-3.679E-04
To increase profitability	1.646E-02	-2.634E-02	0.900	-7.780E-02
To accumulate family wealth	-0.268	0.176	0.791	0.274
To pass the business on to the next generation	0.237	0.849	0.250	-2.833E-02
To provide employment for family members	5.-53E-02	0.910	-0.104	0.118
To ensure the survival of the business	0.885	0.132	0.110	-0.107
To ensure that employees have secure jobs in the business	0.721	0.246	-0.325	0.277
To maintain a comfortable lifestyle	-4.221E-02	2.597E-02	0.117	0.937
To enhance the reputation of the business in the community	0.610	0.140	-7.103E-02	0.613

Note: Extraction method is principal component analysis and rotation method is varimax with kaiser normalisation. Rotation converged in six iterations.

### Total variance explained

Component	Initial Eigen values			Extraction sums of squared loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	3.028	33.643	33.643	3.028	33.643	33.643
2	1.196	21.287	54.931	1.916	21.287	54.931
3	1.241	13.794	68.725	1.241	13.794	68.725
4	1.113	12.367	81.091	1.113	12.367	81.091
5	0.466	5.177	86.268			
6	0.387	4.298	90.566			
7	0.350	3.893	94.459			
8	0.273	3.036	97.495			
9	0.225	2.505	100.000			

Note: Extraction method is principal component analysis.