African Immigrant Entrepreneurship in the UK: The Hidden Hand of Family Influence on Entrepreneurial Orientation

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Abstract

The importance of ethnic minority businesses (EMBs) has been lauded in the entrepreneurship discourse. Building on entrepreneurial orientation theory, this study seeks to understand family influence on the entrepreneurial processes, practices, and decision-making activities in a relatively under-explored social group. The methodological approach in this study involved in-
depth interviews with 10 entrepreneurs based in the United Kingdom. This study found strong social identity congruence behaviour of explored entrepreneurs from the point of how their entrepreneurial orientation is family-influence driven. For the entrepreneurs, the family is a central behaviour factor that exerts significantly on their entrepreneurial processes and decision making. As a result, actual judgement and decision making of entrepreneurs may not necessarily be driven by economic logic but largely by family control factors that even exert more significantly on entrepreneurial behaviour. This study contributes to the psychological and family control perspectives on entrepreneurship discourse. This study has two core limitations: it is based on the qualitative approach and explores only one social group. Future research in the form of quantitative studies that also examine other cultural enclaves would therefore help to enhance the causes and effects conclusions suggested in this study.

Key words
Ethnic Minority Businesses; Entrepreneurial Orientation; Family Influence; Social and Human Capital; Entrepreneurial Decision Making; Social Identity Congruence

How to cite this article

1. Introduction
Entrepreneurship literature has lauded the significant economic growth contribution of ethnic minority businesses (henceforth EMBs) (e.g. Ram & Jones, 2008; Hajro, Zikic, & Caprar, 2018). It is documented that migrant businesses contribute to inclusive and sustainable economic growth both in home and host communities (e.g. Hajro et al., 2018) and global migrants fill critical labour shortages, as well as create jobs as entrepreneurs (e.g. Hajro et al., 2018). The economic importance of migrants is further underlined by OECD (2016): they leverage their skills and competences to accelerate technological and human capital development of receiving nations. Understandably, policy makers are intensifying initiatives directed at EMBs (Ram & Jones, 2008; Nwankwo, Madichie, & Ekwulugo, 2011). Equally, EMBs discourse has not only intensified, but the need for further attention to be accorded to this form of entrepreneurship activity remains pronounced (e.g. Hagos, Izak, & Scott, 2019; Ram, Jones, & Villares-Varela, 2017; Opute et al., 2020; Nwankwo, Akunuri, & Madichie, 2010). Indeed, this study builds on and extends the theoretical notion in Opute et al. (2020). Opute et al. (2020) document that a reasonable number of participating entrepreneurs exhibited core features that connect to family business literature, a conclusion that understandably lacked elaboration, as that was beyond the scope of that research. Towards enhancing the understanding of family business, an entrepreneurship domain that has gained increasing attention over the last two decades given the accumulating body of
knowledge on the distinctiveness and behaviour of family enterprises and the impact of such behaviours (e.g. De Massis & Foss, 2018; Neckebrouck, Schulze, & Zellweger, 2018; Ratten et al., 2017), Opute et al. (2020) draw attention to the research gap in this domain. In response, this current study explores ethnic minority business, with a focus to illuminating family influence features in their entrepreneurial orientation, a critical research space, given that family differences shape entrepreneurial orientation and goals (Combs et al., 2017; Danes, 2014). To achieve the above-stated focus, this study, which embraces the meso-level connotation of family that involves families not just by blood but also through emotional and social connections (Hillebrand, 2019), takes a psychological perspective.

The importance of taking a psychological perspective in understanding entrepreneurial dynamics has been reiterated in the literature (e.g. Opute et al., 2020; Jiang et al., 2018; De Massis & Foss, 2018; Gagné, Sharma, & De Massis, 2014). In a 2019 Special Issue Call for Papers for Family Business Review, the Guest Editors (De Massis, Piccolo, Picone & Tang) underscored this pertinence, and emphasise that family business scholars should invoke psychological foundations in extending and enriching the current predictions about family related entrepreneurial behaviour. Inspired by the aforementioned theoretical notion and research advocacy in Opute et al. (2020), as well as the Journal of Family Business Management Special Issue Call (2019), this current study seeks to enhance the understanding of family role in entrepreneurial orientation. This study aims to contribute to the understanding of how family influence conditions the entrepreneurial processes of ethnic minority businesses. A key road-path to boosting the understanding of family businesses is to illuminate the characteristics of actual judgement and decision processes within the firm (De Bondt & Thaler, 1995).

Within the aforementioned contribution aim, this study seeks to understand how family harmony (e.g. Gagné et al., 2014; Holt et al., 2017) feeds into the entrepreneurial processes in ethnic minority businesses (and specifically African immigrant businesses), and addresses three major questions: What is the nature of family influence on the entrepreneurship start-up?, what role does family influence play in the forms and extent of capital that explored entrepreneurs utilise?, and what is the impact of family influence on the performance of explored entrepreneurs?.

Next, this paper is progressed thus: First, the theoretical framing of this study is presented, explaining family business and ethnic minority businesses and highlighting literature on how the forms of capital are sourced. In line with the psychological focus of this study, literature is also reviewed on culture and entrepreneurship. Following that, the methodological approach is explained. Thereafter, findings are presented and discussed. To conclude, the implications of the study are underlined, and future research directions flagged.

2. Theoretical framework

Focused on understanding entrepreneurial orientation, the theoretical framing of this paper is interwoven between the family business and ethnic minority businesses. This theoretical framing is grounded on the rationality that though fitting the categorisation as family businesses, this
study specifically takes the perspective of understanding the family features in the entrepreneurial orientation of ethnic minority businesses. Next, literature is reviewed on family business, ethnic minority businesses, and culture and entrepreneurship. In the theoretical framing of this research, we recognise that additional to financial capital (e.g. Opute et al., 2020; Iwu & Opute, 2019), non-financial resources (human and social capital) (e.g. Jayawarna, Rouse, & Kitching, 2013; Opute et al., 2020) significantly facilitate entrepreneurial processes.

2.1 Family Business

The pivotal role that family businesses play in both the stability and health of the global economy has been reiterated in entrepreneurship discourse (e.g. Ramadani et al., 2017; Hamrouni & Mnasser, 2013; Duh, Tominc, & Rebernik, 2009). Reinforcing the importance of family businesses to global economies, more recent literature (Khosa, 2020) documents that several studies conducted in varied countries underline the significance of family businesses to national economies. Venter and Farrington (2009) note that family businesses globally account for most employment and gross national product and estimate the contribution percentage in the non-communistic world to range from 45% to 70%. Thus, family businesses contribute significantly to national GDPs (see Table 1).

Given its importance to national economies, family business remains a key premise in entrepreneurship discourse (e.g. De Massis & Foss, 2018; Goel & Jones, 2016). During the past two decades, family business discourse has identified a plethora of factors that influence entrepreneurial initiatives (e.g. De Massis & Foss, 2018; Goel & Jones, 2016; Kotlar et al., 2018). Responding to research advocacy for a psychological perspective in the illumination of family influence on entrepreneurial processes (e.g. De Massis & Foss, 2018; Jiang et al., 2017; Opute et al., 2020), this study explores how family influence affects the entrepreneurial orientation of ethnic minority businesses. A central thread in the family business discourse is the longstanding notion that family control qualitatively shapes behaviours and phenomena (Gedajlovic et al., 2012; Jiang et al., 2017). Thus, entrepreneurship orientation would be shaped by family influence. Family influence shape businesses (Hoffman et al., 2006), from the point of how businesses are governed, structured, and managed. It is also noted that family influence would also shape entrepreneurial behaviour relating to the use of social capital (e.g. Moos, 2019; Timons & Spinelli, 2009), human capital (e.g. Dyer, 2014; Danes et al., 2009; Dawson, 2012) and financial capital (e.g. Athwal, 2017; Danes & Brewton, 2012).
Table 1

Family business’ contribution to national GDP in several countries

<table>
<thead>
<tr>
<th>Country</th>
<th>%</th>
<th>Country</th>
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<tbody>
<tr>
<td>Bahrain</td>
<td>28%</td>
<td>India</td>
<td>66%</td>
</tr>
<tr>
<td>Argentina</td>
<td>30%</td>
<td>Malaysia</td>
<td>67.2%</td>
</tr>
<tr>
<td>Finland</td>
<td>40-45%</td>
<td>UK</td>
<td>70%</td>
</tr>
<tr>
<td>S. Korea</td>
<td>48.2%</td>
<td>Peru</td>
<td>75%</td>
</tr>
<tr>
<td>Uruguay</td>
<td>50%</td>
<td>Philippines</td>
<td>76%</td>
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<tr>
<td>Venezuela</td>
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<tr>
<td>Singapore</td>
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</tr>
<tr>
<td>Belgium</td>
<td>55%</td>
<td>Dominican Rep.</td>
<td>80%</td>
</tr>
<tr>
<td>Germany</td>
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<tr>
<td>US</td>
<td>57%</td>
<td>Brazil</td>
<td>85%</td>
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<tr>
<td>France</td>
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<tr>
<td>Portugal</td>
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<tr>
<td>El Salvador</td>
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<tr>
<td>Colombia</td>
<td>60%</td>
<td>Mexico</td>
<td>90%</td>
</tr>
<tr>
<td>Costa Rica</td>
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<tr>
<td>Chile</td>
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<td></td>
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<tr>
<td>Spain</td>
<td>65%</td>
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<tr>
<td>China</td>
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Source: Adapted from Tharawat Magazine (2016)

2.2 Ethnic Minority Businesses

Waldinger, Howard and Ward (1990) observe that ethnic entrepreneurship involves a set of connections and regular patterns of interaction among people sharing a common national background or migration experiences. In the light of the reality that entrepreneurship is a critical aspect of economies, at local, state and national levels (Blanchett et al., 2019), the contributions that the cohort of ethnic minority businesses make in societies in which they operate, cannot be under-estimated. Expectedly therefore, ethnic minority businesses are gaining increasing importance for academics and policy makers (Decker et al., 2014; Hagos et al., 2019; Opute et al., 2020).

Nonetheless, while explanations abound in generic entrepreneurship literature on why individuals choose to start their own businesses (Verheul et al., 2010; Chan & Quah, 2012; Zwan
knowledge is limited on the factors that explain entrepreneurial orientation amongst ethnic minority businesses (e.g. Hagos et al., 2019; Opute et al., 2020).

Capital theories (human, social and financial) have been emphasised as relevant in the understanding of ethnic minority businesses (e.g. Hagos et al., 2019; Opute et al., 2020). Human capital - the set of skills and knowledge gained through the learning process of an individual to enhance productivity (Xu & Fletcher, 2017), is pivotal to business performance (Eresia-Eke, 2013; Opute et al., 2020). This importance of human capital in ethnic businesses has also been reiterated in recent literature on the cultural influences on entrepreneurial orientation of Igbo entrepreneurs in Nigeria (Igwe et al., 2018). Generally, higher levels of human capital are associated with business growth and higher earnings (Rauch & Rijsdijk, 2013; Parker, 2009). Reports about the levels of human capital within ethnic minority groups are however mixed (Neumeyer et al., 2019; Brown et al., 2019). In the EMBs discourse, it has been noted that entrepreneurs of ethnic minority descent tend to be disadvantaged in accessing education and training resources (Kasperova & Kitching, 2013). Consequently, Eresia-Eke and Okerue (2020) argue for substantial investment towards the acquisition of managerial skills to improve the coping ability of African immigrant entrepreneurs who also belong in the ethnic minority cohort. In this study, the focus is on understanding how EMBs process human capital decisions.

The importance of social networks to EMBs has also been noted in entrepreneurship discourse (e.g. Hagos et al., 2019; Opute et al., 2020; Katila & Wahlbeck, 2011). According to the social network viewpoint, the networking and social structure of societies and emergent value structure shape entrepreneurship. Networking and social capital are critical knowledge sources for entrepreneurs (e.g. Miao et al., 2017), therefore the networking practices of ethnic minority entrepreneurs will influence their start-up, as well as outcomes (success or failure) (e.g. Zillur et al, 2018; Hagos, 2015).

Equally, financial capital has been noted as a critical entrepreneurial orientation factor from the point of start-up decision, as well as decisions that determine entrepreneurship success or failure outcomes. Literature suggests that some social groups may be financially disadvantaged and as a result may not only depict low entrepreneurial start-up propensity but also exhibit poor entrepreneurial performance (e.g. Parker, 2004).

As a reminder, this paper takes a psychological purview to understand how family influence shapes entrepreneurial orientation of African immigrants in the UK, illuminating start-up implications, entrepreneurial decision making and judgment from the point of how social, human and financial capitals are used, and performance implications. In line with the theoretical premise of this paper, literature is reviewed next on entrepreneurial orientation theory, and culture and entrepreneurship.
2.3 Entrepreneurial Orientation Theory, Culture and Entrepreneurship

2.3.1 Entrepreneurial Orientation Theory

Across the entrepreneurship and broader management domains, entrepreneurial orientation has become a major construct (Wales, 2016). The importance of this topic is not only underscored by the accelerating research interest but also by the increasing advocacy for further illumination of the theory (e.g. Wales, 2016; Covin & Miller, 2014; Covin & Wales, 2012; Anderson et al., 2015; Wales et al., 2013). Though, generally viewed as a strategic posture, entrepreneurial orientation has been conceptualised differently (for a detailed review, see Covin and Wales, 2012, p.679) (Wales, 2016; Covin & Lumpkin, 2011). This study invokes the conceptualisation offered by Anderson et al. (2009) which contextualises entrepreneurial orientation to include a firm's decision-making practices, managerial philosophies and strategic behaviour that guide the entrepreneurship activity. According to Wales (2016), the three dimensions of entrepreneurial orientation that reflect the overarching strategic posture of a firm are innovativeness, pro-activeness and risk-taking, dimensions that emerged from Danny Miller's seminal work on firm's strategy making (Miller, 2011).

Entrepreneurial orientation theory has been conceived as a dispositional or behavioural construct (Covin & Lumpkin, 2011). According to Nwankwo and his colleagues (2011), ethnic minority businesses are far more diverse than generally assumed. Inspired by that substance, this study seeks to understand the entrepreneurial orientation of the ethnic enclave covered in this research. Premised in the psychological foundation, a behavioural construct of entrepreneurial orientation is the case here, and we specifically invoke entrepreneurial orientation conceptualisation that recognises the mixed-embeddedness and social network perspective that contextualises human, social and financial capital parameters for explaining entrepreneurial orientation in ethnic minority businesses (e.g. Ram, Theodorakopoulous, & Jones, 2008; Hagos et al., 2019; Opute et al., 2020). Leveraging the foundation that entrepreneurial orientation is manifested through entrepreneurial processes and behaviour (Ireland, Covin, & Kuratko, 2009), this study aims to understand entrepreneurial orientation from the point of how culture (family as a lens) feeds into decision making processes and judgement making regarding the use of the three core capital dimensions; human, social and financial.

2.3.2 Culture and Entrepreneurship

The fundamental role that culture plays in the understanding of behaviour has been underlined in various thematic discourse, for example management (Opute, 2012; Hofstede, 2011; Opute, 2014), marketing (e.g. Opute et al., 2013; Opute and Madichie, 2016; Opute and Madichie, 2017), and entrepreneurship (e.g. Hagos et al., 2019; Opute et al. 2020). Culture has been defined in many ways; Hofstede (2011: pp 3) defines culture as “the collective programming of the mind that distinguishes the members of one group or category of people from others”. Culture is the characteristics and knowledge of a particular group of people that value similar aspects of life. It is a way of life of a group of people usually accepted without thinking or questioning, and that
are passed along by communication and imitation from one generation to the next (Abedin & Brettel, 2011; Li & Karakowsky, 2001; Liu, 2010).

Conventional viewpoint describes culture to include norms, collective experiences, collective memory, traditions, language, religion, art, music, values, beliefs, symbols social history etc. (Hofstede, 2011; Opute et al., 2020). However, post conventional insight argues that the life journey that individuals pass through (e.g. patriotism, nationalism, and past war experience) significantly shape their behavior (e.g. Hagos, 2015; Opute 2017).

In further literature that views culture from the point of people’s orientations toward individualistic or collectivist inclination, it has been suggested that some cultures attach much importance to relationship and common good than individual success and achievement (Okhomina, 2010). Collective achievement is thus the focus, rather than the attainment of individual goals. These cultures place more importance on network and group benefit rather than the task to be performed or the deal to be completed (Hofstede, 2001; Hofstede, 2011; Brewer & Venaik, 2011). Indeed, some form of personal sacrifice may be necessary for the sake of the common good and an unrelenting quest of an objective, like the accumulation of wealth, is not held in esteem and is thus given low status (Mooij & Hofstede, 2011; Mooij, 2018). As a result of these cultures’ reluctance to commercialize family relationships and the tendency to personalize commercial relationships, the possibility and acceptability of personal advancement through entrepreneurship may be inhibited (Hagos 2015; Opute et al., 2020).

In ethnic minority entrepreneurship discourse, cultural has been lauded as underlying factor for understanding entrepreneurial orientation (e.g. Hofstede, 1994; Hagos et al., 2019; Opute et al., 2020; Patel & Thatcher, 2012). The cultural theory proposes that ethnic and immigrant communities are armed with culturally molded attributes such as membership of a strong ethnic community, frugality, taking of risk, compliance to social value patterns, camaraderie and faithfulness, and inclination towards self-employment (Urban, 2011; Wang & Altinay, 2010; Jones et al., 2012). These attributes afford an ethnic resource which can accelerate and foster entrepreneurship activities and performance (Ram & Jones, 2008).

The cultural perspective attempts to understand entrepreneurship activities from the point of social networks in social groups influence entrepreneurial behavior. It takes a Weberian slant to entrepreneurship, where capital growth and entrepreneurial behaviour is highly conditioned by social structure (Weber, 1958), for example, it has been argued that some peculiar value systems and religions drive entrepreneurial spirit (Patel & Thatcher, 2012). It is also suggested that some ethnic groups are gifted with intrinsic social establishment and ethnic resources that cultivate entrepreneurial endowment (Ibid). A case in point, the business achievement of South Asians in Britain, is largely credited to tight and close kinship and peer networks which produce social capital in terms of workforce, local clientele, and financial resource (Basu, 2011; Ram et al., 2008; Wang & Altinay, 2010). According to further literature, the extent of networking among ethnic minority entrepreneurs will influence their success or failure outcomes (e.g. Hagos et al., 2019; Hagos, 2015; Opute et al., 2020). Within this foundation, it is argued that when entrepreneurs network and interface with one another, they would generate relevant knowledge and resources e.g. new products, marketing strategies, marketing formation and even potential for new
suppliers and entering new markets. However, despite the social network benefits (e.g. employment of personnel, attainment of capital, flow of information, trust building etc.), strong bonds within social networks could also impact negatively on entrepreneurial orientation and growth of ethnic businesses (e.g. Hagos, 2015; Basu, 2011; Opute et al., 2020).

3. Method

It has been noted in family business literature that firms would depict qualitatively different behaviours due to family control (e.g. Jiang et al., 2017; Gedajlovic et al., 2012). Recognising that understanding how family differences influence business orientation and goals is of central importance (Combs et al., 2017; Danes, 2014), this study used a qualitative approach involving the use of in-depth interviews (lasting between 60 and 90 minutes) to understand the family influence on the entrepreneurial orientation of Eritrean EMBs in the UK. Following small business precedence (Pret et al., 2015), 10 entrepreneurs participated in this study. To select participants that fit the focus of this study, purposive sampling method was used (e.g. Saunders et al., 2012; Hack-Polay et al., 2020). Fifteen EMBs were invited to participate in this study but only five EMBs indicated their availability for participation. To achieve the sample of 10 entrepreneurs that participated in this study, a combination of convenience sampling (e.g. Saunders et al., 2012) and snowballing (e.g. Salganik & Heckathorn, 2004; Ramirez-Valles et al., 2005) techniques were used. For the former, five entrepreneurs that exhibited traces of family involvement in Opute et al. (2020) were identified while a further five entrepreneurs were selected using the snowballing approach. Convenience sampled participants were EMBs that have participated in previous researches conducted by one or two members of this research team, while the other five participants (snowballing-based sample) were suggested by the five participants that were convenience sampled. Participants were entrepreneurs engaged in entrepreneurial activities that included food stores (5), merchandising (3) and services (2), whose businesses have existed for a period ranging from 6 to 12 years.

Participating entrepreneurs were informed that their participation was voluntary, and they could withdraw their participation at any point in time, if they so wished. Also, they were informed that the data obtained from the interviews would be taken care of confidentially and would only be used for the purpose of this study. The participants were also assured that their identity or that of their businesses would be held confidential. Interview questions were focused at capturing the entrepreneurs' experience and attitudes from the point of their entrepreneurship start-ups, orientation dynamics - sourcing finance, human capital and social capital, and the performance outcomes of the entrepreneurial endeavours. Each interview carried out in this study was recorded and transcribed verbatim.

Inductive analysis was used in this study to gain a full sense of the data derived from the interviews (Bryman & Burgess, 1994; Thomas, 2006). Thorough reading of raw data was undertaken to obtain meaning from the data and organise them around concepts and themes (op. cit.). Towards ensuring that emergent findings match with the raw data, an iterative process (Smith & Osbourn, 2003) involving thorough reading of interview transcripts was undertaken,
moving backward and forward in the text (Auerbach & Silverstein, 2003), and memos were written and appropriate coding done (Smith & Osborn, 2003).

To identify the cues relating to the focus of this study, we carefully examined the interviewees' comments (Czarniawska, 1998) and notes were made to document striking issues (Smith et al., 2013). In the analysis we focused on bringing the respondents' stories “into a meaningful whole” (Czarniawska, 1998, p. 2) but also retaining the “individuality of each participant’s experiences” (Kakabadse et al., 2010, p. 289). Adhering to analytical guideline for enhancing understanding and explanation, cross-case analyses were carried out in this study (Miles & Huberman, 1994). So, we compared the interview memos and coding for each transcript against those of other interviews.

Aligning to methodological logic (Lincoln & Guba, 1985; Smith & Dunworth, 2003), several steps were taken in this study to address interpretive biases in qualitative research: interviews with entrepreneurs were audio recorded (e.g. Ayoko et al., 2012; Opute, 2014), verbatim comments from the interviewees were used to support the findings from this study; and feedbacks were obtained from the original informants to ensure uniformity of findings with the informants experiences (e.g. Iwu & Opute, 2019).

4. Findings and Discussion of Findings

4.1 Entrepreneur Start-Up

Empirically, this study found a substantial family influence on the actual entrepreneurial judgement and decision processes of participating Eritrean entrepreneurs from the point of start-up dynamics, accessing of financial, human, and social capital, and performance outcomes of the entrepreneurial uptakes. Thus, this study adds vigour to the notion that culture exerts fundamental influence on ethnic minority businesses (e.g. Opute et al., 2020; Hagos et al., 2019) and family businesses (e.g. Craig et al., 2014; Chrisman et al., 2012).

Insights from interviews show that a major impediment to the start-up plans of the participating entrepreneurs was obtaining loans from banks. Therefore, the only way out for them to fund their start-up and escape unemployment (driving factor for 8 participants) was to explore private funding options. Given their strong attachment to their Eritrean community, a tendency that is culture driven, obtaining non-collateral-based and interest-free loans from friends, relatives and people that fitted the Eritrean categorisation, was the preferred option as most of them would rarely confide in people beyond their cultural community.

“Yes, I borrowed money from my people so that I can start my business. ..... Yes, my people are my Eritrean brothers and sisters. I can always run to them when I’m in need.” (Interviewee 3)

“When I wanted to start my business, I made enquiries about obtaining a loan, but the conditions were beyond me, so I asked amongst the Eritrean people who I see as part of my family and they contributed money together and gave me as loan to start my business. It was very helpful to me.” (Interviewee 6)
“After searching for job for a long time, I started thinking of starting a business. Since I regularly attended the monthly meeting of the Eritrean community in the area I lived, I asked my brothers [Eritrean people] for advice on what nature of business I could start, and based on their advice, I started a food store. To start the business, I borrowed money from the Eritrean Association in the area I lived.” Yes, I would say my family, which includes my biological brother and my Eritrean brothers influenced not only my ability to start my business but also the nature of business. (Interviewee 10).

Unlike the other 9 participating entrepreneurs, interviewee 9 who was married to a European woman, funded his entrepreneurial start-up combining financial support from Eritrean contacts as well as from bank loan obtained for him by the parents of his wife in their own (parents of the wife’s) name. He explained his start-up thus:

“I started my business because I was convinced that I would earn more through the business to meet the needs of my family than taking a paid job. As a non-European, it would be very challenging, if not impossible for somebody with my financial standing, to obtain a loan from the bank. I am lucky that the parents of my wife (who are Europeans) obtained a loan in their name for me, and with that loan and the money I borrowed from my brothers in the Eritrean community I could start my business.”

### 4.2 Entrepreneurial Orientation (The Use of Financial, Human and Social Capital)

Except for interviewee 9, all participating entrepreneurs in this study reflected a major family influence in their entrepreneurial orientation. Embracing organisational and industrial sociology foundation (e.g. Adler & Kwon, 2002), entrepreneurship discourse directs attention to the importance of managerial networking and interpersonal relationships in enabling vital information exchange and leveraging resources and knowledge among ethnic minority businesses. Concurring to that importance, interviews were focused at understanding entrepreneurial judgment and decision making of participating EMBs from the point of accessing financial, human, and social capital and family influence.

For Eritrean EMBs that participated in this study, social identity - the family is a fundamental entrepreneurial judgment and decision-making factor on matters relating to sourcing of financial capital. Essentially, all but one of the entrepreneurs rely mainly on financial support (loans) from close family relations, friends, and people from the Eritrean community. Participating EMBs strongly value the importance of identifying with their social categorisation and display averse behaviour from the point of sourcing necessary finance from beyond their cultural enclave in their entrepreneurial activities.

“To put it very simply, I keep my matters in my family: so, if my business is struggling, I would ask my Eritrean people around me or ask my brothers and sisters (even those back in Eritrean), and if they cannot help themselves, they would recommend other Eritreans that I could turn to for help.” (Interviewee 5)
“I have never considered borrowing money from non-Eritreans or from the bank to finance my business. The reason is that if I have problems paying back my loans on time, my Eritrean people will show some understanding but not the bank or people who are not Eritreans.” (Interviewee 2)

“It is very difficult to trust people you don’t know. By people you don’t know I mean people who you may know physically and may be friendly to them, but you don’t know how they would behave in some certain situations, for example, when they are angry or when you own them money. If I need to generate more money to run my business, I go to my Eritrean people.” (Interviewee 7)

“In my Eritrean culture, it is very important that we share what we have amongst ourselves, so, we discuss our problems with one another. When I started my business, I did not think much about taking a loan from the bank, rather what I did was to discuss my plan with fellow Eritreans and through that I raised money to start my business. My business is a small one, and whenever I have need for extra money to keep my business going, I take loans from my Eritrean people.” (Interviewee 8).

Interviewee 9 does not source finance mainly from family members. To the contrary, he relies minimally on financial support from his family members (including friends and people in the Eritrean community) but strategically leverages his access to his parent-in-laws and their contacts to source funds to expand his business and also expand the reputation of his business across various cultural domains.

“Yes, I obtain loans from brothers and friends in the Eritrean community to support my business. But I don’t focus only on Eritreans when trying to source finance to support my business, as a matter of fact, a large part of the external funding that has enabled my business to expand was sourced through the parents of my wife and people in their network. It is my goal to continue to grow my business, so I will continue to use the financial support of the parents of my wife and their network as a major source of finance.” (Interviewee 9).

From the point of human capital, the data for this study suggest a major family influence on human capital decision making in the explored EMBs. In-house recruiting is prioritised by all participating entrepreneurs as this approach ties into their identity background. Thus, against the economic rationality of hiring the best qualified employees and leveraging the inherent image enhancing benefit of sourcing human capital beyond their cultural enclave, Eritrean entrepreneurs (9 out of 10 participating) hire mainly from their ethnic domain.

“Three people work with me in this business and they are all Eritreans. It is important for me to have Eritreans working with me because they are part of my family. When I started my business, it was my Eritrean people that helped me with loans. Do you think other people who are not Eritreans would listen to me when I ask them for loan?” (Interviewee 1).

“My business has existed for 7 years and only Eritreans work in my shop. I prefer to work with Eritreans because I know them, and I can trust them more than I will trust other people” (Interviewee 4)
“Yes, all the people who work with me are Eritreans. Eritrean people are my family. They feel what I feel, and they will also understand me when things are not working fine. For example, if business is not moving well and I am having financial problems, they will understand me” (Interviewee 6).

A plausible reason for this operational approach is their cultural principle that "what belongs in the family must remain in the family". Explaining this point, Interviewee 8 notes that his family back home in Eritrea expects him to see other Eritreans as part of his family, and he should consider them first. Explaining further he comments: as a nation, we are not a rich people, so we try to keep what we have in the family, therefore I would always hire an Eritrean, even if I had the opportunity to hire a non-Eritrean who may even help my business. The problem is they may help my business, but the person will also take what I should have given to my Eritrean brother or sister.

Based on the evidence from interview with interviewee 9, not all Eritrean entrepreneurs may display chronic social enclave identity congruence behaviour in utilising human capital. According to him, the drive for successful entrepreneurship, amongst other factors, make an open human capital sourcing approach essential. As a result, family factor may not be the primary entrepreneurship judgment and decision-making factor.

Yes, Eritrean people work for me, but I also hire people who are not Eritreans if I have the feeling that they are better suited for the task or if I feel hiring them would enable me gain access to other market segments. In the market, competition is high, so as an entrepreneur, I have to make decisions that would favour my business.” (Interviewee 9)

The fundamental role of the family on the mind construct of Eritreans and influence on the entrepreneurial orientation of Eritrean EMBS in the UK was also underlined in the social networking behaviour. From the interview evidence, participating entrepreneurs display a high tendency of within-cultural enclave behaviour driven largely by mistrust towards people who are not Eritrean. The direct consequence is that they tend to isolate from people who do not share the Eritrean identity. The entrepreneurial implication of that tendency is that participating entrepreneurs were opposed to leveraging network and social capital resource beyond their Eritrean cultural group, entrepreneurial judgement that they described as rational.

“I have lived in this country for over 15 years and I have contacts, both Eritreans and non-Eritreans. In my business activity, I try to be careful, the only people I get involved in doing my business are Eritrean people.” (Interviewee 6)

“To start my business, I got financial support from my Eritrean people. These people are my network and I seek help and support from them in running my business” (Interviewee 3)

“The Eritrean people see me as one of theirs, I feel safe with them and they are the network I need to support my business. They want me to succeed in my business, so they will give me advice and information that would help my business.” (Interviewee 1).
Further support for the cultural motivations for how they process their entrepreneurial decision making from the point of leveraging social capital and network is provided by interviewees 8 and 10.

“My parents always said to me - don't trust people you don't know. The people I would say I know are Eritreans. So, to answer your question, in doing my business, the people I network with are my Eritreans brothers and sister, because I can trust them.” (Interviewee 10)

“As I said earlier, my networks are mainly Eritreans, but that does not mean that I don't have contacts with non-Eritreans. I am not very sure that networking with people who are not Eritreans would help improve my business.” (Interviewee 8).

As was the case for financial and human capital, the cues obtained from interview with interviewee 9 contrasted the insight of a major social identity congruence behaviour (i.e. major family influence) on the leveraging of network and social capital from the other 9 entrepreneurs. In his response, he does not only remind of the economic rationality but also his bi-cultural family background:

“Yes, I also network with other people who are not Eritreans who can help my business plan. My wife is European, and her parents support my business and they also have networks that are vital to my business. So, it will be silly for me not to utilise such networks that would facilitate the success of my business. I am in two-worlds (meaning his family includes his Eritrean people as well as his wife and her relatives who are not Eritreans).” (Interviewee 9)

To gain a deeper understanding of the motivational cues behind their decision making, we asked participating entrepreneurs how they can economically justify such entrepreneurial behaviour that may economically harm their businesses. Interviewees offered a range of responses that reflect a conscious orientation where protecting cultural pride and family values supersedes economic gains:

“When I look back, I remember my journey, the struggle along the way, and how I have been able to start this business. All my efforts to get financial support from banks and the authorities failed, due to the so much called collateral security. At the annual come together of Eritreans, I shared my challenges with my brothers and sisters and through that I was able to source some money to enable me to start this business. They gave me loans without asking for collaterals. Do you now understand the reason why it makes sense to follow my family values in hiring my Eritrean brothers and sisters?” (Interviewee 5).

Resonance to the decision-making rationality captured in the comment of interviewee 5 above is found in the comments of Interviewees 7, 8 and 10 below:

“When I arrived the UK, I was all on my own, and the culture and ways of doing things were completely new to me. Life at that moment was very tough, and the Eritrean community was like home to me. I could always run to them to talk about my challenges and they always gave me helpful advice and sometimes money. My culture teaches us to stick together and this is a principle that every Eritrean family considers very important. Our past war experience has taught
us to trust more our Eritrean people than other people. So, I want to help my own Eritrean people, and also I trust them more, therefore the two people that work with me are Eritreans, and if there is future need, I will continue to hire Eritreans for my shop.” (Interviewee 7).

“Yes, I try to source my manpower from my ethnic community for the simple reason that my family teaches me to do that. ....... Yes, I know that hiring workers who are not Eritreans could benefit my business, but that is not guaranteed. Different people different culture, different ways of doing things, and different attitude. I like to keep things in the family, and also my Eritrean people would understand me better than people from other cultures, and when the going gets tough, I can always run to my Eritrean community and they would receive me and support me. So, when I want to hire workers, I check my Eritrean community.” (Interviewee 10).

“As I said earlier, my networks are mainly Eritreans, but that does not mean that I don’t have contacts with non-Eritreans. However, for the purpose of my business, I only make use of my networks in the Eritrean community, because I know that will help my business as much as networking with non-Eritreans would.” (Interviewee 8)

4.3 Performance of Explored Ethnic Minority Businesses

Majority of the explored entrepreneurs (6) can be described as failing and are barely breaking even. Performance was measured based on the monthly take-home of the entrepreneurs and support staffs after all monthly expenses had been settled. While the push factor motivated the entrepreneurial uptake of the explored entrepreneurs, as they aspired to be active and earn some money for their daily needs, their entrepreneurial drive lacked pep and strong push to maximise economic gains and grow their business. Instead, all but one entrepreneur found comfort in their little earnings which kept them barely afloat.

“From the point of making huge financial success, it would be right to say my business is not doing well, but I can take care of my family and I am helping other Eritreans and their families.” (Interviewee 8)

“Money cannot buy happiness. I am not making much money from my business, but I can afford the needs of my family. I don’t have much money, but I am happy that I am helping my Eritrean people.” (Interviewee 10).

“In my culture, a man is happy when his family is happy. My business is not making profit, but I have no debt. My Eritrean people support me, and I also support them and also my family back home.” (Interviewee 2)

Entrepreneurial decision making and judgement amongst participating entrepreneurs was not propelled by economic evaluations, but rather by deeply rooted family influence. Largely body in the UK but mind in their native country, participating entrepreneurs showcase their cultural values in their business orientation. Consequently, their decision making and judgement (for example from the point of utilising more skilled labour who may not be Eritreans, and utilising networks and social capital beyond their cultural domain) is dominantly family control based.
Being highly social identity congruent, the family (Eritrean people) is the focal point in their entrepreneurial activity. As a result, most of the participating entrepreneurs were satisfied with staying afloat and breaking even in their entrepreneurship activities. Thus, maximising profit was not a primary aim of most of the entrepreneurs, rather they derived more satisfaction is drawing closer to their family (Eritrean community) and sharing not only their joys together but also their struggles and challenges. These performance insights connect to prior knowledge that suggests that not all entrepreneurship activities may be driven by economic maximisation logic (Gagné et al., 2014). In an interesting insight, interviewee 7 underlines the importance of the affective attachment to the Eritrean social group, even if that has economic consequences for his business. According to him, he also does a part-time job to enable him meet up economically, as his business is not making profit, an outcome which he admits would likely be better if his business decisions were driven by economic and not socio-emotional logic.

One exception was found with regards to the entrepreneurial orientation of prioritisation of affective and socio-emotional endowment over economic gains. Explaining his entrepreneurial orientation, interviewee 9 does not only underline his profit maximisation focus but also the operational mechanics endorsed towards securing that target:

“I am Eritrean, and I love my Eritrean people and the culture, but I started this business so that I can earn money to take care of my immediate family (my wife, my two children and myself). So, of course making profit is my first goal and to ensure that I make profit, I have to make sure that I make the best decisions for my business. Yes, Eritrean people work for me, but I also hire people who are not Eritreans if I have the feeling that they are better suited for the task. Yes, I also network with other people who are not Eritreans who can help my business plan.”

Based on the overall evidence for interviewee 9, it would seem logical to believe that the relationship between family influence and entrepreneurial navigation pattern of Eritreans may not always be linear. Contingent on the intercultural dynamics that characterise the entrepreneur’s environment, family congruent behaviour may be replaced by cultural adaptation induced rationality.

5. Implications of the Study and Future Research Directions

5.1 Theoretical Implications

This study contributes to the psychological perspective on ethnic minority businesses in several ways. First, it contributes to the literature on how EMBs navigate the start-up and orientation processes challenges (e.g. Opute et al., 2020; Hagos et al., 2019). Given their inability to offer collateral required by banks nor gain financial support from citizens from their country of abode, majority of EMBs usually fund their start-up through financial support from people within their social enclave (e.g. Opute et al., 2020; Hagos et al., 2019).

According to a popular adage, you can take a girl out of the country, but not the country out of the girl. In many ways, the empirical insights from this study lend credence to that adage:
entrepreneurial orientation of participating entrepreneurs is significantly induced by their cultural DNA that is conditioned by family influence, an insight that reinforces family firms literature and identity role (e.g. Yoo et al., 2014). Analysed along existing literature, this study contributes to socioemotional wealth discourse relating to family businesses (e.g. Jiang et al., 2017; Berrone et al., 2012). Empirically, this study resonates with that foundation and notes that affective needs and socioemotional endowment rather than financial aspects may be the locus of some family businesses (or family-influence driven SMEs as in the case of this study). Elaborated further, these insights reinforce the notion that family differences shape entrepreneurial orientation and goals (e.g. Combs et al., 2017; Danes, 2014).

According to social-embeddedness notion, the economic behaviour of individuals does not occur in a vacuum, rather it is embedded within a system of social network (Granovetter, 1985). Thus, relationships or group membership is the basis for economic opportunity and sum-up to constitute an individual's social network of influence and support (Davidson and Honig, 2003; Yoo et al., 2014). Expectedly, thus, entrepreneurs would leverage the resources embedded in such relationships and networks (Le Breton-Miller & Miller, 2009; Opute et al., 2020). Participating entrepreneurs in this study are fundamentally family influence driven, display strong family attachment and bonding and identity congruent behaviour. Collective identity is therefore a significant entrepreneurial behaviour factor amongst the entrepreneurs as they have more confidence and trust in Eritreans than non-Eritreans. As a consequence, the leveraging of resources (financial, human and social) embedded in networks and relationships is only within social enclave (Eritrean), a finding that contributes to the social-embeddedness and economic behaviour notion (Le Breton-Miller & Miller, 2009; Yoo et al., 2014) as well as the notion of major cultural artefacts that significantly condition the mind construct of Eritreans (Opute et al., 2020; Hagos et al., 2019).

Indeed, this study offers insights that connect to the notion that family differences shape entrepreneurial orientation and goal (e.g. Combs et al., 2017; Danes, 2014). As a result, the culture that conditions the mindset would influence how entrepreneurs make entrepreneurial judgments and process decision making, and outcome prioritisation. Thus, family natured businesses are driven by family-related aspirations and goals (Holt et al., 2017)

The above conclusion may suggest that culture is stagnant. That may not always be the case; in other words, family influence and entrepreneurship orientation and goal may not always depict a linear pattern in the Eritrean community, as documented by the exceptional case of interviewee 9 whose entrepreneurial orientation and goal are not blindly driven by affective and emotional attachment to the Eritrean community. That insight lends support to the psychological notion that acculturation sets in when cross-cultural exchange takes place (e.g. Wanki, 2018; Opute et al. 2020), even in socio-cultural groups that may depict chronic social identity congruence behaviour. A plausible reason for such acculturation is that personal identity mediates social identity congruency (Wanki, 2018).

Extending further the findings from this study in line with broad performance literature, this study offers insight that lends support to Islamic context literature which suggests that some organisations may prioritise non-financial performance (welfare of customers) (e.g. Galdeano et
al., 2019; Aracil, 2019) over financial performance. Indeed, as noted by these scholars prioritising customers welfare ultimately boosts financial performance. Furthermore, explaining the performance findings in line with identity foundations, this study corroborates prior literature which has not only documented a high level of social identity congruence behaviour of the explored social community but also point to deeply rooted post-conventional cultural artefacts (e.g. Opute, 2017; Hagos et al., 2019; Opute et al., 2020).

The findings of participating entrepreneurs displaying strong affective and socio-emotional behaviour towards their Eritrean people even up to the point of sacrificing entrepreneurial profit connects to the Ubuntu notion - which reflects commonality of African societies (Lutz, 2009). The Ubuntu notion portrays a viewpoint of life and value system that is strongly inscribed in the African person and culture that contrast Western viewpoint (Abodohoui et al., 2020). As elaborated by Mbigi (1997), Ubuntu implies “I am because we are, and since we are, therefore, I am” (cited in Abodohoui et al., 2020, p.197). Battle (1996) notes that the Ubuntu foundation is borne out of the Xhosa expression “Umntungumuntu banyeabantu” which implies “that each individual’s humanity is ideally expressed in relationship with others” (Chinomona & Maziriri, 2015, p.24).

Finally, from the point of family business literature, it is important to note that the nature of EMBs explored in this study do not match explicitly the categorisation for family businesses, as the family actors in the explored EMBs are more of behind the scene. However, though not physically present, they exert immense influence that leads to entrepreneurial processes that prioritise socio-emotional wealth over economic wealth. Compared to prior literature on family business, similarities as well as contrasts are found. On the former, this study supports the notion that family influence would shape entrepreneurial orientation from the point of the use of social capital (e.g. Moos, 2019), human capital (e.g. Dyer, 2014; Dawson, 2012) and financial capital (e.g. Athwal, 2017; Danes & Brewton, 2012). This study, however, contrasts the entrepreneurial orientation logic which suggests that social networks can be leveraged by EMBs to source human, social and financial capital for entrepreneurship success (e.g. Zillur et al., 2018; Opute et al., 2020 - Nigerian Sample), as socio-emotional benefit outweighs economic benefit. Consequently, a further contrast from this study relates to the established notion of family business playing a significant role in steering economic growth (e.g. Ramadani et al., 2017). While family businesses may have the potentials to contribute to economic growth, achieving that would hinge largely on the cultural issues (including family) which condition their decision-making processes and judgement making in their entrepreneurship activities.

5.2 Future Research Directions

Situated within the family business and ethnic minority business literatures, this study contributes to knowledge in several ways, especially from the psychological viewpoint. In doing that, this study offers insights that not only enhance the understanding of the role that culture plays in the ways that ethnic minority businesses make their entrepreneurship orientation judgments and process decision making, albeit via hidden family influence, but also lays a
foundation to new directions relating to the culture discourse and entrepreneurship influence and other related domains. For example, the findings from this study add to the dynamism in the influence of culture on the behaviour of individuals. Indeed, this study shows that culture can exert deeply rooted impact on individuals such that their emotional attachment precedes economic logic in their entrepreneurial activities, a finding that does not only elaborate the preliminary evidence in prior research on this social enclave (e.g. Opute et al., 2020, Hagos et al., 2019) but also lends support to the belief that family differences shape business orientations and goals (Combs et al., 2017; Danes, 2014). Further research is required to illuminate this social group, high social identity congruence behaviour artefacts, and differentiators to this social identity congruency and entrepreneurial orientation implications. Within that target too, a more elaborate exploration of ethnic minority businesses in this social enclave is necessary towards a better understanding of the extent to which family influence shapes their entrepreneurial orientation and performance. Future research should aim to shed light on the extent to which the value system of sacrificing economic wealth for socio-emotional wealth is a core characteristic of this social enclave or not. In other words, future research should address the sample limitation of this study.

According to acculturation theory, the more individuals are exposed to cross-cultural interaction and engagement, the higher the propensity for social identity congruence dilution (e.g. Schwartz et al., 2010). Further literature however notes that acculturation capacity would hinge on the personal identity statuses (e.g. Schwartz et al., 2012; Wanki, 2018) as well as the post-conventional cultural features that condition individual’s mind-construct (e.g. Opute, 2017; Opute et al., 2020). The tendency to be culture stagnant has been mentioned as a core feature of the Eritrean social group in recent literature (e.g. Hagos et al., 2019; Opute et al., 2020), a viewpoint that may explain why family driven socio-emotional endowment significantly influences entrepreneurial judgement and decision making in the explored EMBs. Given the evidence from this study, we draw attention to the need for more research to explicate the acculturation intricacies relating to the Eritrean and other social groups not only from the entrepreneurial activity point but also other theoretical domains that connect to the psychological perspective. Within that focus, efforts should be made towards enhancing the discourse on acculturation modalities and impact on family businesses. Critical questions in this regard include: what acculturation channels would enable social identity congruency and entrepreneurship orientation impact in the explored social enclave?, and to what extent would their acculturation shape entrepreneurial judgement and decision making processing from the point of how financial, human and social capital would be leveraged?

Extending the acculturation point, we remind that the relationship between family influence and entrepreneurial orientation of Eritrean entrepreneurs may not always be linear. Consequently, despite being highly collectivism oriented and the high propensity to prioritise the good of their own Eritrean people over economic gains, some may acculturate and endorse economic logic of maximising profit. Emphasising the importance of a cultural perspective, we re-echo Mazzi (2011), and call for further research that facilitates the understanding of business performance of family firms, a research premise that is critically important given that this link is complex and
conditioned by several factors that are yet uncovered in previous research (Chrisman et al., 2012).

Finally, the EMBs explored in this study were relatively small (between 4 and 8 employees). Further studies that examine EMBs with larger employee and entrepreneurial capacity would contribute to enhancing the insights that have been captured in this study.

6. References


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