

## **COUNTRY PERSPECTIVE SECTION**

### **CHANGING CULTURES: AN INTERNATIONAL STUDY OF MIGRANT ENTREPRENEURS**

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This is a comparative study about the assimilation and integration of migrant entrepreneurs of Chinese and Indian origins. The research is based on surveys of 320 entrepreneurs who migrated to Manchester and 885 entrepreneurs whose ancestors moved to Singapore. With the dramatic change in national cultures associated with such migration, the study sought to identify the emergence of differences over time in the business behaviour and adherence to traditional family values. The main finding of the study is that these migrant communities are willing to adapt in terms of their traditional family values and that their lack of integration into mainstream society should not be ascribed to their strict adherence to such values.

## **INTRODUCTION**

Some immigrant groups have been identified as particularly entrepreneurial in their adopted countries, so much so that in some countries offer a host of government-funded programs to encourage entrepreneurship by minorities (Robb, 2002). At the same time however, migrant groups, such as the Chinese community in the UK, can remain

socially excluded in their adopted country, an exclusion that has been ascribed to their attempts to integrate through market participation (Chau and Yu, 2001). The purpose of this study is to explore changes in the everyday behaviour of entrepreneurs who have migrated to another country with a national culture that is markedly different from that in their country of origin. The research is based on comparing data collected from 848 Chinese Singaporeans who operate businesses in Singapore and 123 migrants who operate businesses in Manchester, England. We also draw in places on similar data collected from 37 ethnic Indians operating businesses in Singapore and 197 Indian migrants who are operating businesses in Manchester. The study was concerned with both the business as well as the family values of the migrants and the findings indicate that while key aspects of the indigenous culture were preserved, these were used largely to differentiate the businesses. In other respects, the migrant entrepreneurs did show evidence of adapting their traditional family values to the cultural of their adopted country. We conclude that family values may be malleable and that the persistence of the traditional culture is seen as a requirement of the market.

## **BACKGROUND TO STUDY**

Hofstede states that national cultures can differ significantly between countries with culture playing an important part in determining entrepreneurs' behaviours and motivations (Davidsson and Wiklund, 1997; Jung, Ehrlich, Noble, and Baik, 2001). The individualistic and low uncertainty avoidance cultures prevailing in Western countries encourages personal achievement, risk taking, success orientation and innovativeness, and so is supportive of entrepreneurship. In contrast, the strong collectivist cultures of Eastern countries like Singapore place emphasis on uncertainty avoidance, so people brought up in such a culture will be less willing to accept challenges that have some possibility of failure in return for higher future returns. The perceived risks associated with giving up a job to start a new venture create a high level of stress and so the new venture is not seen as a worthy career option (de Pillis, 1998). Another study that investigated relationships between cultural values and entrepreneurs by Mueller and Thomas (2001), found that people in low uncertainty avoidance and individualistic cultures had higher innovativeness and differing change-orientation than those from collectivist and high uncertainty avoidance cultures.

A further national cultural dimension by Hofstede is that of time orientation. This concept has two parts, the first being long term orientation, which is a dynamic, future oriented culture with values such as; ordered relationships by status, thrift, perseverance and having a sense of shame, such as Singapore. The second part of this concept is short term orientation, which is a traditional and past oriented culture with values such as personal stability, protecting face and reciprocating gifts, such as found in the UK (Fang, 2003). This dimension can reflect how entrepreneurs act when they have their own business. An entrepreneur operating in a long term oriented culture may continue to run their business on less returns than a short term oriented entrepreneur would, because they tend to persevere with worse conditions and believe they will lose status by failing. Business failure could also be seriously detrimental to their personal standing in the community (Begley and Tan, 2001).

Alongside traditional cultural factors, the family itself can play an important role in an entrepreneurs' success. Sanders and Nee (1996) found in the previous 30 years there had been an increase in the number of family operated firms amongst foreign-born migrant populations. They argue in their study that entrepreneurial immigrants are more likely to be in the form of families. Collective interests and strong personal ties allow the family to pool together labour power and financial resources. Immigrant entrepreneurs were able to draw on their foreign earned social capital; being skills, knowledge, trust, family labour, finance and other such capital that has little value in the mainstream labour market, but is able to be used to start their own venture. They also found that immigrants started their new venture with substantial financial capital brought from home or obtained from family still living in their homeland. Given the predominance of family-operated small businesses among immigrant-owned businesses, the study of entrepreneurship among immigrant minorities would benefit from greater attention at looking at the family as a social basis for starting a new venture (Sanders and Nee, 1996).

It is clear from this review of the literature that national culture is likely to have a significant bearing on how small business founders and owners operate. One way to explore the strength of this effect is to study entrepreneurs under changing cultures. The following the following study was based on interviews of both Chinese and Indian entrepreneurs operating in Manchester, England, (an individualistic and low uncertainty avoidance society) and in Singapore, Asia, (a collectivist and high uncertainty avoidance society). This study examines the cultural aspects of entrepreneurial activity and explores possible relationships to attempt to

better explain the effect that changing national culture has on entrepreneurs both in terms of their business practices and the traditional family values associated with their cultures.

## **METHODOLOGY**

A structured interview questionnaire was administered to Chinese and Indian entrepreneurs in Manchester and to entrepreneurs of Chinese or Indian origin in Singapore. Entrepreneurs were defined as individuals who owned more than 50% of the business and were active managers. The domino method was used to identify interviewees: when the questionnaire had been administered to an entrepreneur, the interviewer asked them to refer them on to others who could take part in the study. In Manchester, the survey was administered to 123 Chinese and 197 Indian immigrant entrepreneurs; in Singapore the numbers were 848 and 37 respectively.

## **FINDINGS**

### **The Businesses**

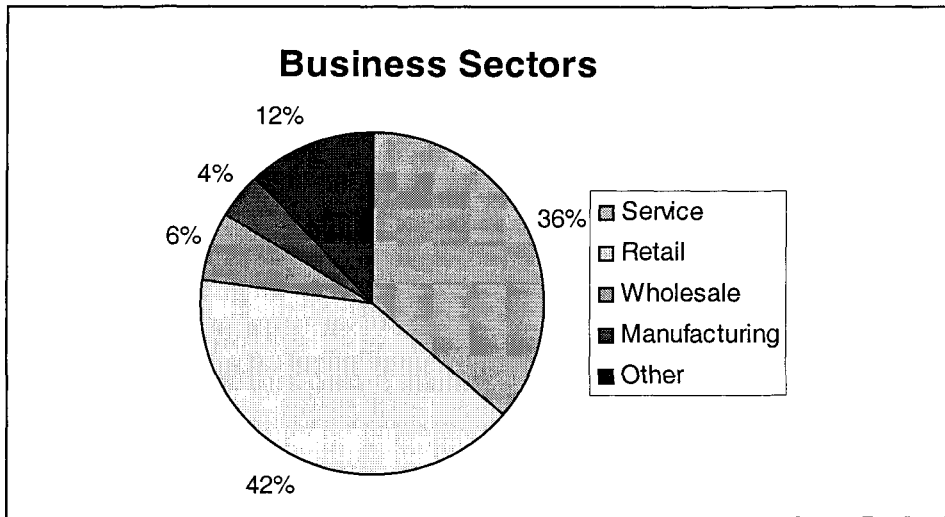
#### *Distribution of Businesses by Employment Size, Sector, and Age*

The distribution of the size of businesses involved in this survey is fairly representative of the normal distribution for businesses in these cultures: 86 % had less than 10 full-time employees and 99 % had under 100 full-time employees. This shows that the majority of the businesses surveyed were small and only 10 out of the total 1205 businesses surveyed had over 100 full-time employees. Both locations had very similar distributions when looked at separately, however the businesses in Manchester did tend to be a little smaller, with 91 % having under 10 employees compared to only 85 % of Singapore businesses. The largest business in the survey was located in Singapore with 5000 full time employees. This business was clearly an outlier in the data set and we omitted it from the some of the averages reported below as it distorted the calculated values.

Figure 1 shows the sector spread all the businesses in the study, in both Manchester and Singapore. The majority of businesses were in the service and retail sectors. Both locations were found to have similar proportions of businesses in the different sectors. This shows that these

entrepreneurs tend to operate in similar sectors, no matter what location they are in. In fact, of the entrepreneurs based in Manchester, 29% of the Chinese and 47% of those of Indian origin reported that their choice of trade had been influenced in some way by their father's background. However, significantly fewer of the Singapore entrepreneurs – 16% and 32% respectively – had been subject to any such influence.

Figure 1 Distribution by Sector



Almost 50% of firms were less than 10 years old. None of the Manchester-based businesses were started prior to 1960.

### *Plans to Expand*

An entrepreneur's plans for the future of their business can reflect their culture and values. It was found that 39 % of Chinese entrepreneurs in Singapore had no plans to expand their business in the future while only 23 % of Chinese entrepreneurs in Manchester had no plans for expansion (with 0.015 significance level). This trend was similar with Indian entrepreneurs, 44 % of entrepreneurs in Singapore did not want to expand while only 28 % of Indians in Manchester did not (with 0.046 significance level). This could reflect that fact that the Manchester businesses were on average slightly smaller than those in Singapore and that the UK-based businesses could continue to expand and retain a much higher proportion of family members as employees (compared to their counterparts in

Singapore.) It may also reflect the fifth dimension of Hofstede's framework. Time orientation can be a reflection of culture and it seems in this sample that those entrepreneurs in Manchester may have adopted the UK culture of short-term orientation, which is focused on personal stability and short-term advantages. This can be reflected in their plans to expand their business and being successful. The long-term orientation, which is common in Singapore, is focused on thrift and perseverance. So these entrepreneurs are more focused on keeping their business the way it is, persevering with their current objectives and having something they can pass onto their children in the future. They tend not to be concerned with taking risks, and investing money into uncertain actions such as expansion, which disagrees with their value of 'thrift'.

### *Employment of Family Members*

When examining cultures, it is vital to recognise the importance of the family within the business, especially when it comes to labour. In terms of family background, 34% of the Chinese entrepreneurs in Manchester had fathers who were also entrepreneurs, compared with only 20% of the entrepreneurs still based in Singapore. The following graphs show the percentage of relatives employed over the total employees, compared to the total number of full time employees. Figure 2 shows that in Singapore, the smaller the business, the more relatives are employed. Figure 3 also shows this, however it seems the entrepreneurs in Manchester hire proportionately more family members than those in Singapore. As a result, it indicates that those entrepreneurs who emigrated to Manchester were still able to access their immediate family and draw on this resource as their small businesses developed.

This may relate to the previous finding that Manchester businesses have fewer employees than those in Singapore. These migrant entrepreneurs may be reluctant or unable to hire from beyond their family and as a result have proportionately more family members as employees, compared to those entrepreneurs in Singapore. This is quite surprising as one would think that those entrepreneurs who emigrated to Manchester would have fewer family members available in that location to employ, compared to those in Singapore and therefore should have proportionately less family members as employees. Another explanation is that the family members in Manchester had fewer employment opportunities and so used the family business as an alternative. It may also be the case that the lower

Figure 2

Relatives Employed to Total Employees  
In Singapore

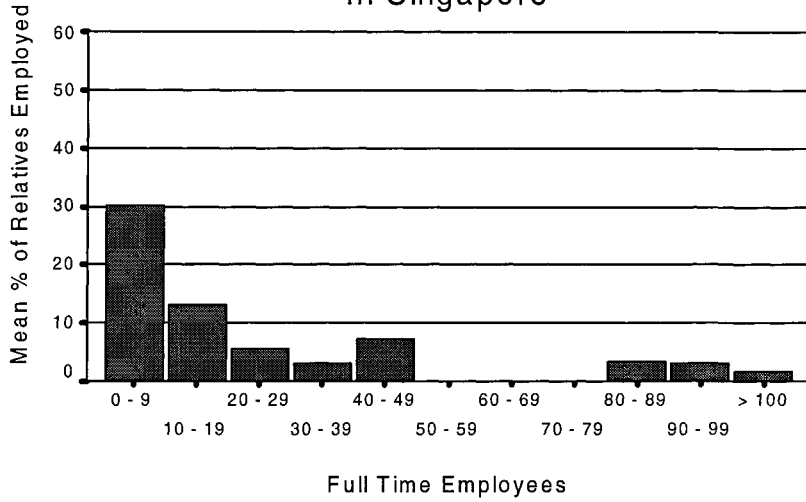
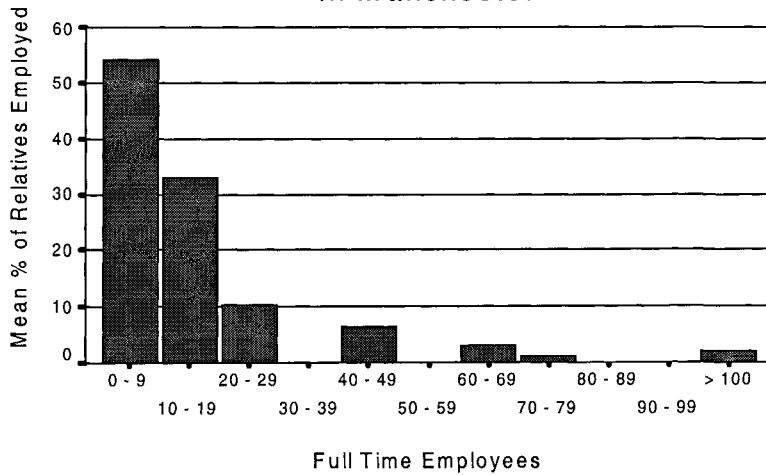


Figure 3

Relatives Employed to Total Employees  
In Manchester



prestige attached to entrepreneurship in Singapore means that in that location there are fewer family members willing to commit to the family business. This study found that entrepreneurs in Manchester were more likely to feel they would gain social status in their community by being an entrepreneur, than those in Singapore. Moreover, 83 % of Indians in Manchester said they felt they gained status by being an entrepreneur, while only 46 % of those in Singapore felt that they had.

### *Customer Mix*

There was a significant difference found in both Chinese and Indian entrepreneurs regarding the ethnicity their customers. Both groups based in Manchester had an understandably higher percentage of Western customers. It also may explain why Manchester entrepreneurs tended to charge fixed prices, as is the tradition in Western societies. It is interesting to note however that the high amount of customers with the same ethnicity as the entrepreneur. (See Table 2) This shows that the entrepreneurs, no matter where they are located, still tend to serve their own culture. These entrepreneurs may have set themselves up in small communities and therefore surround themselves with people of the same culture which therefore, forms the basis for their clientele.

Also fascinating is when one compares the high levels of the same ethnicity groups in Manchester to the actual population figures of these minority ethnic groups. Even though only 2.2 % of the people in Manchester are Chinese, 36 % of the Chinese entrepreneurs' customers are Chinese. This is similar with the Indian entrepreneurs with only 1.5 % of the Manchester population being Indian but 43 % of their customers are Indian. These data confirm strongly that a key competitive advantage of the migrant businesses remains their original cultural base. They operate in a alien culture but survive by attracting for the most part customers for whom the UK culture is also alien.

Table 2. Customer Mix of Chinese Entrepreneurs

<b>Customer Ethnicity</b>	<b>Manchester</b>	<b>Singapore</b>
<b>Chinese</b>	36 %	69 %
<b>Malay</b>	2 %	11 %
<b>Western</b>	46 %	9 %

Table 3. Customer Mix of Indian Entrepreneurs

<b>Customer Ethnicity</b>	<b>Manchester</b>	<b>Singapore</b>
<b>Chinese</b>	3 %	38 %
<b>Malay</b>	4 %	27 %
<b>Indian</b>	43 %	16 %
<b>Western</b>	33 %	11 %

*Hours Worked in the Business*

Factors involved in how an entrepreneur runs their business in the current day, are also important when looking at entrepreneurs, because this is where a person’s true cultural identity and work values can arise.

This study showed a significant difference between the weekly hours the groups of entrepreneurs worked. The Chinese in Manchester worked on average, four hours less a week than the Chinese in Singapore (see Table 4). This trend was also supported with the Indian groups, despite the smaller sample size.

Table 4. Average Hours Worked Per Week

<b>Ethnicity and Location</b>	<b>Hours worked per week on average</b>	<b>Significance Levels</b>
Chinese in Manchester	55.28 hours	0.025
Chinese in Singapore	59.48 hours	
Indians in Manchester	58.20 hours	0.043
Indians in Singapore	65.75 hours	

A possible explanation for the lower amount of hours worked by the entrepreneurs in Manchester could be that while these cultures may work above average hours per week in their own country, when they migrate to Manchester, they adapt the working conditions of their surrounding culture and therefore move towards a 40 hour week – which is more “typical” of

the Western culture. Note too, as we present later, that the Chinese in Manchester reported spending significantly more hours per week with their children than did the Chinese group in Singapore. So, other social pressures in the life of these busy individuals may be limiting the hours worked in the Manchester-based businesses. We now look at the data from the perspective of the individuals involved.

## The Individuals

### *Gender and Age*

The results in Table 5 show significant difference in the proportion of Chinese women entrepreneurs between Manchester and Singapore.

Table 5. Analysis By Gender

<b>Ethnicity and Location</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>	<b>Significance Level</b>
Chinese in Manchester	61 %	39 %	100 %	0.003
Chinese in Singapore	74 %	26 %	100 %	

This may be because there is more support for females to become entrepreneurs in Manchester and/or that there are fewer opportunities for conventional employment. In either case, these women are not restrained by their cultural roles and feel able free to start their own business. Literature has shown that women entrepreneurs account for approximately 30 % of the total entrepreneurs in the Western world (Verheul & Thurik, 2001). Therefore, the figures for the Chinese are more or less representative of the total average for the Western world; in both Manchester and Singapore. However, the Indian women in both locations were found to be underrepresented. This may illustrate the more subordinate role that Indian women assume within their culture, irrespective of their location. However, these results for the Indians were not significant.

In regards to the marital status of entrepreneurs, there were a greater percentage of single entrepreneurs in Manchester compared to Singapore. It was found that 35 % of Chinese entrepreneurs in Manchester were single, including higher percentages of divorcees and widows, compared to only 19 % in Singapore.

It was interesting to note among Chinese immigrant entrepreneurs in Manchester that the average age of individuals when they started their first business was 28. For the ethnic Chinese in Singapore, these people were on average aged 31 when they started their businesses. The difference might be explained by the fact that younger people are more willing to make the move to another country; they are not as set in their ways as older people can be and are more willing to take risks involved in migration.

### *Working in the Home*

Chinese entrepreneurs on average, do the following share of total household chores:

Table 6. Domestic Work By Chinese Entrepreneurs

	<u>Manchester</u>	<u>Singapore</u>
Cooking	32 %	15 %
Cleaning	27 %	18 %
Shopping	35 %	22 %
Childcare	28 %	18%

These findings were similar for the Indian entrepreneurs with respect to their shares of household work but only in regards to cooking (28% Manchester cf. 13% Singapore) and shopping (38% Manchester cf. 24% Singapore).

This shows that the entrepreneurs in Manchester are do more work in the home than their Singaporean counterparts. These differences may reflect how these ethnic groups are adapting to the culture in the UK and taking on a more Western style of chore-sharing within the home. This is instead of the more traditional perspective within their culture, where the female takes the subservient role, stays at home and minds the household, while the male supports the family. This may also be related to whether the entrepreneurs hire a home-help person to do domestic chores. There was indeed a significant difference in the use of domestic workers to do housework and look after children (see Table 7).

Table 7. Domestic Help per Week

<b>Ethnicity and Location</b>	<b>Domestic help days per week (average)</b>	<b>Significance Levels</b>
Indians in Manchester	2.36 days	0.00
Indians in Singapore	6.08 days	
Chinese in Manchester	3.33 days	0.00
Chinese in Singapore	6.38 days	

In Singapore it would be the norm to have a maid in the home most days of the week and possibly reside there. While this is not the norm in the UK, it is still the case that the UK-based entrepreneurs still had domestic help in the home on two or three days each week.

### *Children*

Entrepreneurs in Manchester were found to have their children approximately 4-5 years later than those in Singapore. This was prominent in both the Chinese and Indian groups. This may reflect the fact that those entrepreneurs who emigrated to Manchester and started their new venture were on average, younger than those who lived in Singapore and therefore, by natural processes, had their children later. But, it could also reflect the traditions in Singapore where people get married younger and have children younger and so those who migrate to Manchester may not feel the same pressure to do this. They may be more oriented on their business and becoming more successful (as shown in the discussion on expansion). Therefore, they have children later than those in Singapore, who tend to be more content with running their business the way it is, earning a living and subsequently, able to have children earlier.

Another significant difference was found between the amount of time the groups of entrepreneurs spent with their children. Traditionally, it is not common for the male or the dominant worker of the household in

Singapore to spend much time with their children and this was supported in the data. Chinese in Manchester spend on average, 51 hours a week with their children compared to only 32 hours from the Chinese in Singapore.

This may reflect the circumstances in the two locations with the entrepreneurs in Manchester working fewer hours in the business and with less domestic help in the home compared to those in Singapore. Hence those in Manchester had more time to spend with their children. However, the Chinese in Manchester only work on average 4 hours less than the Chinese in Singapore, yet they spend 19 hours more with their children. It would seem that the reduced quantum of domestic help available in Manchester is a more likely explanation of the greater amount of time that these migrant parents are having to spend with their children. There was no significant difference found between the Indians in the two locations.

Figure 4.

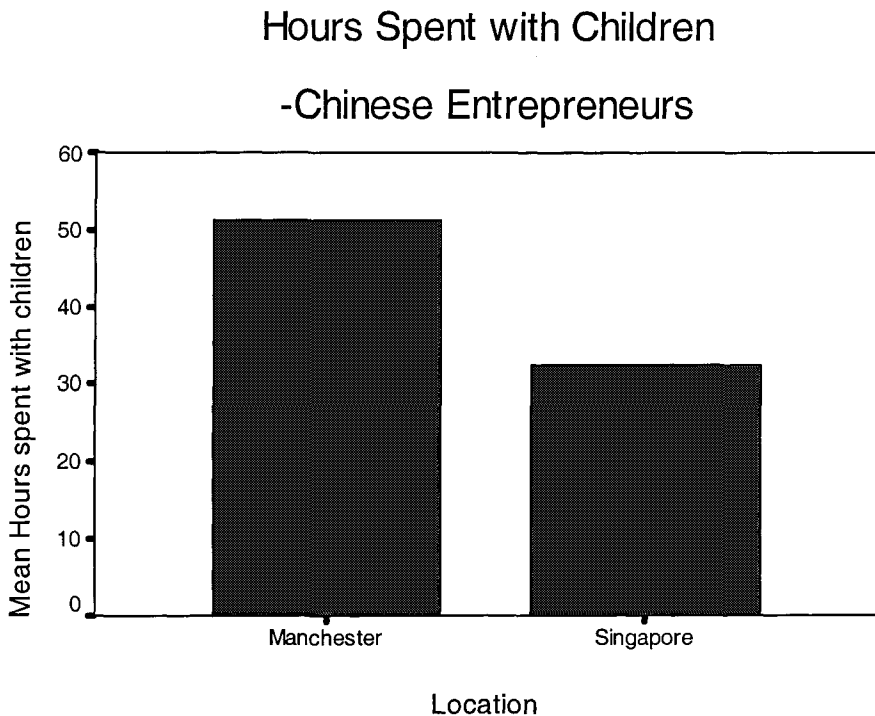
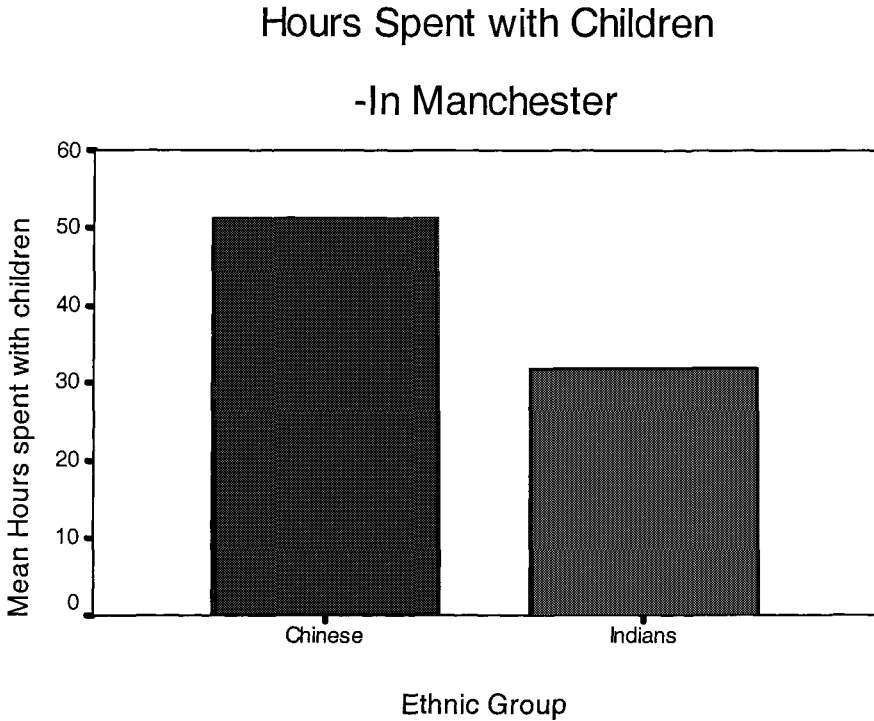


Figure 5.



It was also interesting to note, that when looking at the entrepreneurs located in Manchester, while the Chinese spent on average, 51 hours a week with their children, the Indians in Manchester only spent on average, 32 hours (See Figure 5). This could reflect the traditions of the Indian culture where they still do not spend much time with their children, even when within a Western culture and the Chinese may be more willing to adapt Western norms.

#### *Race, Religion and Marriage*

Another strong tradition in these cultures concerning children, is in regards to letting their children marry someone of another race and religion. The tradition of marrying someone from their own culture is strong in both these groups and so this is a helpful measure of how ethnic groups lose their own traditions as they adapt to other cultures when in a different

location. Consequently, it was interesting to find a significant difference between the two locations. Of the Chinese in Singapore, 52 % would not let their children marry someone of a different race while only 24 % of Chinese in Manchester would not. This difference was also significant in Indians but was in regards to religion. Of the Indians in Singapore, 72 % would not let their children marry someone of a different religion while only 59 % of Indians in Manchester would not.

This could be because the entrepreneurs who migrated to Manchester are starting to adapt Western norms and are not so strict on their own values. However, another possible explanation could be that because there are limited people of their own culture within Manchester, it may not be possible to have their children marry someone of the same culture. In Singapore there are only three or four main ethnic groups but in Manchester there are many varieties. Therefore, the entrepreneurs may not have much choice in picking their children's spouse. However, if those parents in Manchester are strict in having their child marry someone of the same race, they may refer back to their home country and their extended family to help find someone suitable.

In regards to the entrepreneurs' own spouses, the only significant result was in Chinese entrepreneurs, where 9 % of Chinese in Manchester married someone of a different race and only 2 % of Chinese in Singapore married someone of a different race. This may be related to the high number of single people immigrating to Manchester and therefore they are able to have a wider selection of people to choose their spouse from. Also, the difference may be because since these entrepreneurs in Manchester are likely to be living away from their immediate family, they feel less pressure to follow family tradition and feel more comfortable marrying someone of a different race.

### *Fear of Failing*

Another well-known Eastern tradition is the fear of failure. The Singapore Government has realised this recently and is currently attempting to deal with the Asian fear of failure by giving tax deductions for losses made by investors in start-ups. However, this study contrasts this by finding that 34 % of Chinese in Manchester feel that failure would bring shame to their family while only 15 % of Chinese in Singapore feel that way. This finding was supporting by the Indian groups, with 46 % of those in Manchester feeling failure would bring shame to their family and only 16 % of those in Singapore feeling the same way.

## **CONCLUSIONS**

We have tried here to profile the business and family life of two groups of Asian entrepreneurs, one of migrants to Manchester and the other established in Singapore. What we have found with respect to the migrant group is a strong linkages to the culture in which they grew up. The customer mix in Manchester remains very heavily weighted towards people of the same nationality and culture of the emigrant entrepreneurs. With almost 80% of these businesses in retail or the service sectors, the entrepreneurs in Manchester have quite clearly built their businesses to exploit their ethnic and cultural credibility with like people. The fact that these businesses also employ a high proportion of their own family members can be interpreted as a key resource that adds to the credibility of the businesses. Similarly, the influence of the fathers' trade background was also marked, and especially so amongst the migrant groups. These businesses remain ethnically-based when transplanted into a quite different culture and we attribute this to their use of a market-based route, viz., entrepreneurship, to integrate into British society.

While the businesses do appear to endure as essentially ethnic and build their credibility and competitive advantages accordingly, the UK location does appear to lead to some marked changes in what would be consider as important family values of the migrant entrepreneurs. Most especially, these individuals located in the UK are spending less time in the business but much more time on domestic duties and with their children. They have much less hired help with domestic work compared to their Singapore-based counterparts and the scarcity of such help in the UK explains at least in part why they have to spend more of their own time away from the business. On key issues of religion and marriage we have found evidence of an acceptance of the new culture, with less strict expectations among the UK immigrants that their children would marry within the same race or religion. The migrants have also come to have a much higher fear of failing compared to the Singapore counterparts, another clear indication of their assimilation of the UK's cultural attitude towards business failure. This suggests to us that, on changing cultures, these migrant communities are willing to change their own traditional family values and that their lack of integration into mainstream British society should not be ascribed to their strict adherence to traditional values.

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