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The impact of entrepreneurship education on succession in ethnic minority family firms

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Abstract

Purpose: This paper explores the role of enterprise education and ownership succession in ethnic minority family firms in the UK.

Design/methodology/approach: We have developed a complex conceptual model of ethnic minority graduates’ economic activities and the influence of enterprise education and entrepreneurial learning, in addition to an exemplar case study (which is illustrative, not analytical) of an ethnic minority graduate who returned to a family firm.

Findings: Current enterprise education provision is insufficiently customised, failing to take account of socio-cultural differences between minority and indigenous students. We, therefore, suggest that case studies based on co-ethnic role models should be more widely used – as well as a greater emphasis upon intrapreneurship within family firms.

Research limitations/implications: Focusing upon this rather broad – but, we would argue, necessarily so – ‘territory’ limits the scope of the paper. However, there are opportunities for more specific research into a number of sub-themes within the paper, as well as for further theoretical development and testing of the conceptual model.
**Practical implications:** Effective enterprise education and entrepreneurial learning is identified as a critical factor influencing whether or not an ethnic minority graduate starts a business or joins the family firm. It is argued that enterprise educators acting on these suggestions would have a significant impact on the future performance and survival of ethnic minority family firms.

**Originality/value:** Although prior literature has explored ownership succession, this paper is the first that relates the younger generation’s participation in enterprise education (and entrepreneurial learning) to this process.

**Key Words:** Family Firms, Ethnic Minority, Enterprise Education, Entrepreneurial Learning, Succession, Role Models

**Type:** Conceptual paper
1. INTRODUCTION

“Most ideas stay small,
It is not that these ideas are banal,
It is that they fail to gain social capital. (Price, 1976)”

(Gartner, 2008, p. 365)

Gartner’s lyrical rendering of Price is particularly apposite to black and minority ethnic (BME) family firms which have high levels of social capital: specifically “bonding” social capital between people of the same race or ethnicity (Putnam, 2000). Social capital – more specifically social networks including the family – has been identified as an essential element of conceptualising entrepreneurship and the family firm (Anderson et al., 2007; Casson and Della Giusta, 2007; Greve and Salaff, 2003) and the connective role of trust (e.g. Welter and Smallbone, 2007). Family firms are the predominant organisational form for ethnic minority, especially Indian, businesses (Fraser, 2007) and yet their future performance and survival may be threatened by a succession crisis. Thus, entrepreneurship capital, i.e. the elements of social capital that are “enabling” rather than “inhibiting” to effective entrepreneurship and business performance (Audretsch and Keilbach, 2004), is essential to such ethnic minority family firms. Entrepreneurial learning, which may involve conversion of career experience into ‘entrepreneurial knowledge’ through a transformational process (Politis, 2008) or, alternatively, through enterprise education or ‘new venture based learning’ (Gibson et al., 2009), can “enable” returning graduates to practice the knowledge that they have learned.
Accordingly, this paper aims to investigate enterprise education and ownership succession in ethnic minority family firms in the UK. This ‘territory’, although rather broad and hence potentially inhibiting the scope for detailed examination of each of the sub-themes within the paper, is important for a number of reasons. Primarily, whilst succession within ethnic minority family firms has been widely researched, little is known of the role of enterprise education and entrepreneurial learning (Leitch and Harrison, 2008; Politis, 2008) in imbuing the returning ethnic minority graduate with ‘entrepreneurial knowledge’ (Politis, 2008) that can be applied in the family firm context. Of secondary importance is the need to develop innovative pedagogies that can be tailored to students with diverse needs and from different socio-cultural backgrounds to the mainstream student body. Hence, this paper seeks to answer the following research question: *How can enterprise educators more effectively facilitate entrepreneurial learning for ethnic minority students who will thus be able to make a greater impact upon their return to the family firm?* The paper addresses the research question by building theory (a conceptual model), with enterprise education as the dependent variable and ethnic minority students/graduates (from family firm backgrounds) as the unit of analysis.

Ethnic minorities have a greater propensity to participate in higher education than the white population, but conversely experience higher levels of initial unemployment, are conspicuous by their absence from large firm recruitment intakes (Smetherham, 2005) and report poor levels of pay and job satisfaction (Connor *et al.*, 2004). They are also more likely to be over-educated or under-employed than whites (Alpin *et al.*, 1998; Nabi, 2003), although business start up can be used for “graduate career-making” (Nabi *et al.*, 2006). These factors may “push” BME graduates into starting a small business, or may
actually encourage them to join the family firm. In contrast, the alternative view expressed in some studies is that the younger generations of ethnic minorities have become better educated and have, therefore, in many cases either avoided starting a business or have moved into higher value, high technology sectors (Jones and Ram, 2003; McEvoy and Hafeez, 2006). This finding is also supported by Hussain and Martin (2005), who found that “New Asian Entrepreneurs” seek to engage in high value businesses in sectors distinct from the businesses of their parents.

Earlier studies explored entrepreneurial motivations and access to finance for BME graduate entrepreneurs (Hussain et al., 2007; Hussain et al., 2007; Scott et al., 2008). Heinonen and Hytti (2007) highlighted differences between graduates and non-graduates while analysing native Finnish and ethnic minority entrepreneurs. A more in-depth qualitative study has also examined internationalisation, the role of networks and higher education institution (HEI) entrepreneurship support for BME graduate entrepreneurs in the UK (Mascarenhas-Keyes, 2007a). However, to date no other research has been carried out that examines ethnic minority graduate entrepreneurs. Although there have been a number of studies of ethnic minority family firms – and ethnic minority business in general – which address, in most cases, the issue of succession (for example, Bachkaniwala et al., 2001; Basu, 2004; Basu and Altinay, 2002; Bhalla et al., 2006; Crick and Chaudhury, 2004; Dhaliwal, 2000; Dhaliwal and Kangis, 2006; Deakins et al., 2005; Janjuha-Jivraj, 2004; Janjuha-Jivraj and Woods, 2002a, 2002b; Metcalf et al., 1996; Ram and Jones, 2002), none has addressed the role of enterprise education. This paper is the first that relates the younger generation’s participation in enterprise education to the ownership succession process.
Research into graduate enterprise is long established (Dainow, 1986; Scott and Twomey, 1988), but firms started by graduates tend to be “small and unimaginative” (Rosa, 2003). A notable gap within the enterprise education literature is ethnic minority graduate entrepreneurship, which remains unacknowledged in a number of seminal reviews of the field (Dainow, 1986; Gorman et al., 1997; Hannon et al., 2004). There is evidence on how enterprise education shapes motivations, with a distinction between “desirability” and “feasibility” (Hannon et al., 2004, p. 8). In addition, first generation BME entrepreneurs were motivated by necessity due to unemployment, but around 85% of the younger generation was motivated by market opportunities and only 15% by necessity (National Employment Panel, 2005) and a major influence in starting a business is family background and familial role models (Tackey and Perryman, 1999).

The remainder of the paper is structured as follows. The second section explores successional issues in ethnic minority family firms, leading to the development of a conceptual model of ethnic minority graduates’ economic activities in the third section, which also examines the implications of current enterprise education provision. The fourth section presents an illustrative case study of a returning BME graduate making the family firm more enterprising, and the paper concludes with the fifth section. The broad theme of this paper makes its structure (and, indeed, its conceptual model) necessarily chaotic, but then there are fewer other activities that generate as much chaos as does entrepreneurship. We trust that its compelling theme compensates the reader for this chaos.
2. ETHNIC MINORITY FAMILY FIRMS AND SUCCESSION ISSUES

The traditional view of the ethnic minority business is one of “taxis and curry houses” and this stereotype is reinforced to some extent by established research (Ram and Jones, 2006). Dhaliwal and Adcroft (2005) observed that ethnic minorities were entering non-traditional sectors, such as information technology and pharmaceuticals, and, indeed, these were amongst some of the fastest-growing and most highly capitalised ethnic minority businesses. Other research confirms a shift away from traditional sectors amongst the younger, more educated South Asian entrepreneurs (Jones and Ram, 2003; McEvoy and Hafeez, 2006). Indeed, Mason et al. (2006) also described graduate entrepreneurs” sectors to be office-based, such as business services, as opposed to non-graduates being “located in a factory, workshop or business unit.” The UK Annual Small Business Survey ethnic booster study identified that 90.4% of ethnic minority businesses, compared to 69.9% of non-ethnic minority businesses, were in service industries (Whitehead et al., 2006). Finally, in a study based on Global Entrepreneurship Monitor (GEM) data, Levie et al. (2007) found that 15.6% of Asian and 29.5% of black owner-managers of new and established businesses were in the business services sector. Of Asian nascent entrepreneurs, 19.2% were in business services (and 12.7% in computer-related services), while 27% of black nascent entrepreneurs were in this sector, although there is still evidence of start-ups in retail and restaurants (Levie et al., 2007).

Family firm succession has been comprehensively documented (e.g. Birley, 2001; Dunemann and Barrett, 2004; Malinen, 2001, 2004; Martin et al., 2002; Miller et al., 2003; Mustafa and Chen, 2008; Pardo-del-Val, 2008; Shepherd and Zacharakis, 2000).
Conversely, the process is complicated for ethnic minority family firms. They tend to have been started by first generation immigrants in traditional, declining, and low-profit sectors. Such sectors are often unappealing for the second generation, UK-born children of ethnic minority family firms, which have become better educated and have, therefore, in many cases either avoided starting a business or have moved into higher value, high technology sectors (Jones and Ram, 2003; Hussain and Martin, 2005; McEvoy and Hafeez, 2006) – as Dhaliwal and Kangis (2006, p. 105) aptly describe: “entry into business by the second generation is a positive choice and not the last resort.” However, breakout from “inadequate” markets is an important and yet under-researched area (Ram et al., 2003; Ram and Jones, 2008, p. 366). The role of the returning ethnic minority graduate could be potentially pivotal within this process. In summary, Jones and Ram (2003, pp. 496-7) concluded that there:

“is a clear trend towards the acquisition of qualifications and into professional and white-collar work in the wider economy, rather than self-employment … In … [Metcalf et al., 1996; Ram et al., 2000] the respondents (who were mainly first-generation South Asians) had markedly different aspirations for their children: few wanted their children to take over the business. The onerous personal experience of self-employment persuaded many respondents to encourage their children into “professional” careers. Hence, high rates of South Asian self-employment are not necessarily a permanent feature of the small business population.”
By interviewing the children of the founders, Bachkaniwala *et al.* (2001) identified the important role of education, job opportunities, the future performance of the family firm and the possibility of selling the business as key determinants of whether these potential successors actually did succeed. In their study, they also profiled five cases in which only one child was “expected” to succeed the founder – for the others, jobs elsewhere were an acceptable option (Bachkaniwala *et al.*, 2001). Other studies have examined strategies for succession planning in South Asian firms, including the idea of a “good conversation” between generations in order to achieve effective business succession (Janjuha-Jivraj and Woods, 2002a, 2002b). Furthermore, it is critical to highlight the role of women – given that they are “silent contributors” within many BME owned family firms (Dhaliwal, 2000) and also since they are often not considered by founders (i.e. their fathers) to be appropriate successors more generally across the business population (Martin, 2001). It is, therefore, notable that Janjuha-Jivraj (2004) found that mothers in South Asian family firms were a “critical buffer between the generations” in the succession process.

Even if BME graduates do not wish to follow their parents into the family firm, as well as the professional route into employment, starting up a different business is still an option. On a cautionary note, Crick and Chaudhury (2004), in their study investigating whether there is an “Asian way” of doing business, found key generational differences in business start up in terms of risk and commitment (e.g. avoiding long hours), market saturation in traditional sectors such as food, and start up in professions or sectors in which “their ethnicity is not an issue”. Hence, even where the existing family business is not appealing to the BME graduate, there are other possibilities for starting a business but
which are different in type and nature compared to what their parents started. However, for many BME graduates from family firms, entrepreneurship is of little interest, as they initially enter the professions – or other paid employment – which they have attended university to achieve. Some may start a business (or re-enter the family firm) later. At the end of this section we explore these complexities through a conceptual model.

Several other authors have investigated the ethnic minority family business; for example, Basu (2004, p. 31) notes that “some family business owners have non-economic aspirations of ensuring family succession in the business or of enjoying a comfortable lifestyle by achieving a satisfactory level of income.” Basu and Altinay (2002) explored the relationship between ethnicity and culture which influences, for example, many Muslim women who work with their husbands in the family business. Bhalla et al. (2006) profile an Asian family firm, a food and drink wholesaler, in which a member of the second generation makes changes vital for the future success of the firm. The dichotomy between “continuity”, or maintaining the status quo, and “change” between generations of BME is especially pertinent (Mascarenhas-Keyes, 2007b).

As a consequence of the above discussion, Section Three introduces the conceptual model which links enterprise education and entrepreneurial learning to the ethnic minority family firm succession process and the return of the son or daughter.

FIGURE 1 ABOUT HERE
3. ENTERPRISE EDUCATION: INSUFFICIENTLY TAILORED?

Figure 1 is a complex conceptual model that has been developed by the authors to highlight the complicated and multi-stage economic activities that may occur during the lifetime of an ethnic minority graduate. The model is necessarily complex and difficult to grasp because of the different options open to graduates and the non-linearity of the processes involved. Initially, such a graduate may be employed or unemployed, become an opportunity entrepreneur, or join the family firm. Subsequently, the graduate may move to another activity, e.g. from unemployment to necessity entrepreneurship or join the family firm. Later, the failure of the family firm or their own new venture may lead them to undertake a transition to another economic activity. In some cases, they may be content not to change their activity. Clearly, enterprise education can be a major influence on these choices (although so can familial role models and other factors). As we explained earlier in the paper, entrepreneurial learning can be conceived of a complex transformative process in which career experience is converted into entrepreneurial knowledge (Politis, 2008). While traditionally the process of entrepreneurial learning has (with organizational learning) been conceived of as operating within the context of learning in an existing business or new venture (Leitch and Harrison, 2008), Gibson et al (2009) have argued that effective entrepreneurial learning can also occur within a university context where a student is involved concurrently in creating a new venture. Their thesis of ‘new venture based learning’ (Gibson et al, 2009) is particularly relevant to the children of ethnic minority family firms who may temporarily depart from the business – to attend university – before being re-inserted into the firm after graduation.
It has been suggested that many ethnic minority students who participate in enterprise education may be hampered from entering self-employment by a lack of institutional support, specifically from staff who may have a dearth of their own entrepreneurial experience in order to inspire students to consider starting up their own business (Mascarenhas-Keyes, 2007a). Indeed, this can be problematic even with students whose parents own a family firm, and hence here we investigate the efficacy of enterprise education provision for BME students. Hannon et al. (2006) found that, as Figure 2 illustrates, no current enterprise education provision – whether full programmes, courses or modules – at HEIs was targeted specifically at ethnic minority students (although 0.68% is aimed at international students). Surprisingly, given the interest in women’s entrepreneurship, only 0.34% of provision was aimed at female students. The only apparent model within UK HEIs for ethnic minority students is, therefore, one of inclusion with other students within courses aimed at students in one faculty only (or multiple faculties), undergraduate (UG), postgraduate (PG) or specific subject areas, most notably Science, Engineering and Technology (Hannon et al., 2006; Hannon, 2007). The inclusion model is not here being critiqued per se, but only if a “one-size-fits-all” approach is adopted that fails to sufficiently inspire ethnic minority students to consider self-employment or to join the family firm. It is clear that there is wide participation in such modules or programmes by BME students. For example, non-white students represented 33% of participants in enterprise education within English HEIs in 2007, rising to 57% for the East Midlands region, 44% for the East of England, 42% for the West Midlands, 36% in the South West (an area with a relatively small BME population) and yet only 29% for ethnically diverse London (NCGE, 2007). Since 11% of the UK
HE population comprised ethnic minority students in 2004 (Race for Opportunity and Hobsons, 2004), BME students are around three times over-represented in enterprise education. Clear self-selection mechanisms appear to be in operation here, as BME students show greater propensity to “opt in” to enterprise education because of an interest in the possibility of one day starting a business. However, whether this intention is realised may depend upon whether enterprise education is sufficiently tailored and on a host of other motivational factors.

FIGURE 2 ABOUT HERE

One possible deficiency of many enterprise education programmes is that they may not be “effective” (Henry et al., 2003) or may lack positive “educational impact” (Pittaway and Cope, 2007; Pittaway and Hannon, 2007) for BME students because they are insufficiently tailored, hence do not take account of cultural and ethnic differences between BME and white students. There is, though, a clear rationale for modifying the current methods of delivering enterprise education to BME students, i.e. the shortfall in enterprise educators’ capabilities to address the needs of ethnic minority students, a lack of specifically targeted modules for BME students and questions over entrepreneurial outcomes (Hannon, 2007; Mascarenhas-Keyes, 2007a). Bearing in mind our earlier observations about entrepreneurial (or new venture based) learning (Gibson et al, 2009; Leitch and Harrison, 2008; Politis, 2008), we would further contend that any adapted pedagogy should not only be sufficiently tailed for BME students but should also optimise their entrepreneurial learning.
3.1 A suggested way forward: “Co-ethnic Role Models”

We suggest the increased use of co-ethnic role models in order to inspire BME students to act upon their interest in business start up (or joining the family firm and thus making it more “enterprising”). Van Auken et al. (2006, p. 166) found that,

“The interaction and involvement an individual has in a business has the greatest impact on intentions. Specifically, direct role model-respondent interactions through positive discussions and involvement in a business have a significant impact on interest in starting a business. Negative interactions appear to discourage respondents from being interested in starting a business.”

Although Van Auken et al. (2006) are suggestive of a mentoring type relationship between role models and potential entrepreneurs, the difference between theirs and our approach is two-fold. First of all, our approach – whilst emphasising the importance of positive (rather than negative) role models – does not involve the active mentoring relationship, but rather the use of case studies as a means of promoting role models to students. Such role models are about inspiring ethnic minority students – rather than teaching them “how to” be entrepreneurs, which remains highly contested (Fiet, 2000; Henry et al., 2005a, b). Second, and which is not explored by Van Auken et al. (2006), role models are important to inspiring students because of their “co-ethnicity”. In other words, for many ethnic minority students within British universities, it is difficult to identify from a socio-cultural perspective with the typical role models who are presented by many enterprise educators – for example, Richard Branson and Alan Sugar in the UK.
However, we are suggesting the adoption of co-ethnic role models who will inspire students to consider entrepreneurship as a career choice. In particular, it would be important to have heterogeneity in the case studies. Since there was a lack of good case studies on entrepreneurial firms in the West Midlands region of the UK, as well as a dearth of co-ethnic role models for the very diverse student base within our universities, these case studies had genuine pedagogical potential to provide inspirational role models with a socio-cultural “fit” to our students. The case studies can be provided via Virtual Learning Environments (VLEs) and do not have to be provided on paper; see Smith (2007) and Carey et al. (2007) for a discussion of the use of learning technologies in enterprise education.

The case studies can be used for teaching by providing a set of questions along with each case study, as well as brief presentations. Students are advised to read the case study in advance of the teaching session. The case studies and supporting materials can also be provided electronically on the institution’s Virtual Learning Environment (VLE) for download and are then analysed and discussed in class. At the outset, the Lecturer should make a short presentation summarising the case study, although recognising that the student’s knowledge is merely being “refreshed”, i.e. they should already be familiar with the case study. Then the set of questions will be explained and the students may divide into groups for approximately 30 minutes to analyse the case study with the aid of the questions. After this group discussion, there could be an opportunity for feedback from each group in terms of their answers to the questions. A stimulating debate should, therefore, be achieved. There are a number of excellent textbooks covering the techniques behind writing case studies (for example, Leenders et al., 2002) as well as participative
learning and teaching with case studies (Erskine et al., 2003; Mauffette-Leenders et al., 2005) and anthologies of cases (e.g. Cooney and Moore, 2007). In addition to its pedagogical usage, the case study is, as we stated above, of particular relevance to research (see Yin, 2003) and more specifically to small business and entrepreneurship research (Perren and Ram, 2004). Cases developed for research purposes may be of particular use in the classroom; for example, the cases in Hussain et al. (2007), and two other case studies elsewhere: one highlighting altruistic behaviour in a family firm (Karra et al., 2006) and one of an ethnic minority family-owned food and drink wholesaler (Bhalla et al., 2004). Such cases could be included in the curriculum on a proportionate basis, i.e. if a Lecturer is using ten cases during a course and 30% of his or her students are from ethnic minority backgrounds, then at least three of the cases could be of firms owned by people of the same ethnic groups.

Effective entrepreneurship education, with positive educational outcomes, is critical (Henry et al., 2003; Pittaway and Cope, 2007; Pittaway and Hannon, 2007) and is hence incorporated into our conceptual model – Figure 1 – as a key influencer (although related to other factors) of whether or not an ethnic minority graduate starts a business or joins the family firm. Enterprise education is, after all, not just about new venture creation but also concerns intrapreneurship and being enterprising within an existing organisation, such as a family firm. Nonetheless, it is important to distinguish between entrepreneurs and small business-owners (Carland et al., 1984, Carland et al., 1988), although it is unclear whether enterprise educators appreciate the difference (Solomon, 2006). The following section illustrates an exemplar case study highlighting a positive role model of an ethnic minority graduate who returned to a family firm, and made the
firm more “enterprising”. This case study can be (and has been) used in the classroom to “inspire” students (Van Auken et al., 2006), as well as being a useful single case from a research perspective. Although the focus of the case study is on the firm, there is also a strong emphasis upon the individual (Mukesh, the founder’s son) to inspire students. This case study is not intended to be an analysis of the subject matter, but an example of how case studies can be used for teaching purposes and as role models.

4. AN EXEMPLAR CASE STUDY

Ashok and Mukesh Patel, “A.M. Information Technology”, West Midlands, UK
(The names of the company and its directors have been changed to preserve anonymity and confidentiality.)

Ashok Patel is an engineer by profession. His father was a leading entrepreneur with the family business located in Punjab, Northern India. Ashok completed his first degree in India and a Masters and PhD in the UK and worked in various bluechip companies. Ashok then moved into a textiles business in 1982 and in the late 1980s into engineering. The engineering firm grew to 40-50 employees and had a turnover of £6m. The clothing firm also had around 50 employees and was regarded as one of the top six SMEs quality-wise in its heyday.

Then about six years ago the family decided sell the engineering firm to a major American company. They were being affected on both sides of their business by the decline in the UK manufacturing sector and also by imports of textiles from China and
elsewhere in the developing world. Issues such as labour costs were also having a major impact. It also coincided with Ashok’s son, **Mukesh**, nearing the end of his undergraduate degree.

(i) **Background**

In October 1998 a new opportunity arose and Mukesh and Ashok set up A.M. Information Technology Ltd (A.M. being derived from their names) using the proceeds from the sale of their engineering firm. Mukesh went to Birmingham University where he studied manufacturing engineering and business and commerce. Mukesh completed his dissertation on the subject of the development of the company and graduated in 1999. He was a true student entrepreneur as the business, a partnership between his father and himself, was trading while he was still at university.

Mukesh had always been involved with the family business and so he knew the practice and theory of business and entrepreneurship. They set the company up from scratch and employed people in its first year – they found the key consultants through their network of contacts that would strategically drive the company forward. Mukesh describes his inspiration as his grandfather, who was one of the leading entrepreneurs in the Punjab in the 1960s and 1970s.

(ii) **The first steps**

Mukesh initially steered the company towards Enterprise Resource Planning (ERP), with contracts which were a minimum of £500,000 each. Naturally, his original customers were blue chip companies. His major competitor was the company that makes
and provides the software on which they were giving consultancy. It proved to be a difficult clientele to work with at first, as Mukesh found out that the big-salaried corporate executives had a very different mindset from what he was accustomed to. With the support of his father, Mukesh was able to build a good core team. Indeed, some of these people are still with A.M. Information Technology.

Mukesh explained that the company’s major client was acquired by a multinational company and so the company’s relationship with this client changed considerably. The market for mission critical consultancy thus inevitably changed – indeed, the market has been declining for some time. A.M. Information Technology have been in this market for one and a half years, though Mukesh notes that: “If there was any worse time to start an IT company it was 1998/99”.

(iii) A new market opportunity

Since then Mukesh has, as a result, had to move the company away from ERP as its core business, although it was a good experience and gave them an exposure at a high level. There has certainly been change in the ERP market, and since Y2K there has been a much broader market. In Mid 2000 Ashok and Mukesh agreed that it would be wise to move into value added expert services in the SME upward market, which Mukesh considers to have a “wider spectrum for clients who are currently ill-advised by our inexperienced competitors.”

Mukesh identified the need to develop products for the public and private sector. He and his team aim to identify opportunities where businesses at different levels have not been serviced, i.e. the gap between one-man-bands and corporates - which may
include the provision of poor solutions, or those that they cannot afford. Thus it has been critical to add value, demonstrate experience and provide IT in the clients’ companies.

Hence Mukesh feels that A.M. Information Technology has,

“moved to a new level as we do the same thing at a smaller scale, and provide web development such as intra- and extranet, portals and so on.”

Consequently, the same personnel who dealt with the bluechips have had to diversify their skillsets but, “as we developed, we maintained our position and expertise.”

(iv) Market understanding

Mukesh emphasised the importance of understanding clients’ businesses and delivering and providing solutions commensurate with those clients’ needs – where many competitors fail to do just that. It is to Mukesh, therefore, all about

“how to find out about the companies’ processes.”

Mukesh’s understanding of this new market has enabled the development of a range of solutions such as: web technologies including content management solutions, E-commerce solutions, database development and portals. Clients are in the private and public sector e.g. HEIs, government agencies, medium-sized service firms, manufacturers, clothing firms and the music industry.
In terms of competitors, these include any web developer and provider of similar IT services and consultancy that adheres to similar strict standards of quality and customer service. However, Mukesh believes that:

“if potential customers are naïve then you could include any web development company. But those clients who understand web development research their suppliers carefully.”

(vi) Staffing

Ashok and Mukesh have brought in new people as the focus of the company changed but, at the same time, they had changed what did not work. They have taken on key people to move the business forward and have, when necessary, recruited others. Finding the right people in the web industry is inevitably a major challenge for the company due to the gap between relatively inexperienced and highly experienced IT professionals.

(vi) Progress to date

Through the relatively short lifespan so far of A.M. Information Technology, the company has grown organically and they now employ 10 people, most of whom are consultants. Mukesh feels that they,

“now have exactly the right people and the most productive business.”
Ashok and Mukesh are responsible for sales and they also have a development team and administrative support. They have just taken on a senior Non-Executive Director (NED) to bring in outside expertise, who has 30 years of industrial management experience in the automotive sector and was for much of that time at the directorial level and spent much time “trouble-shooting overseas”. And they are about to take on another NED that Mukesh describes as “even more high profile.”

Ashok would be the first to admit that the critical event in the recent history of the family firm was Mukesh’s graduation coinciding with the decline of its “traditional” markets. Therefore, had Mukesh taken up paid employment or started his own business, the family firm would have failed.

5. CONCLUSION

As a starting point to this conclusion, we must highlight,

“a growing acceptance of the view that EMB [Ethnic Minority Business] activity emerges from the interaction of social, economic, and institutional processes rather than from an innate cultural propensity for entrepreneurship” (Ram and Jones, 2008, p. 367).
In this sense, it is understandable why, when in many cases parents formed a family firm because of necessity or to avoid unemployment, the highly-educated, professionalised ethnic minority graduate might choose paid employment rather than self-employment or the family firm. However, culture cannot totally be discounted (Basu and Altinay, 2002), but the socio-economic and institutional processes that Ram and Jones (2008) describe are highly important in the context of our study. Institutions, such as HEIs in the UK, clearly have a growing body of ethnic minority students, but this paper provides evidence that there may be a failure to tailor enterprise education pedagogy to be more specific and relevant to BME students. While there is good practice in enterprise education (Botham and Mason, 2007), we question whether such courses or modules provide solid and effective entrepreneurial outcomes (Hannon, 2007; Henry, Hill and Leitch, 2003; Pittaway and Cope, 2007; Pittaway and Hannon, 2007)? Specifically, are these outcomes effected for BME graduates who might have thought of starting a business or joining the family firm? These are questions that ought to be addressed by future in-depth qualitative research into BME students’ and graduates’ perceptions and further theoretical development and testing of the conceptual model. Such research would also enable us to explore the role of entrepreneurial learning or new venture based learning (Gibson et al, 2009; Leitch and Harrison, 2008; Politis, 2008) for the ethnic minority graduate. Our paper has made a major contribution to the literature: given the lack of institutional support and specific enterprise education provision for ethnic minority students, using co-ethnic role models would inspire BME students to act upon their interest in start up.
Our complex conceptual model (Figure 1) attempts to explain the complex, multi-staged and related economic activities that ethnic minority graduates undertake. The key point emerging from the model is that, for many graduates, it is unlikely that they will remain in stasis in one particular economic activity throughout their lifetime. Whether or not they engage in some form of enterprise (whether the family firm or their own new venture) – bearing in mind distinctions between entrepreneurs and small business-owners (Carland et al., 1984, Carland et al., 1988) – can be highly influenced by their experience of enterprise education, as well as a host of other factors, such as familial role models (Tackey and Perryman, 1999), motivations (Hannon et al., 2004) as well as unemployment-induced necessity or market opportunities (National Employment Panel, 2005).

It may be possible for HEIs to achieve more effective “entrepreneurial outcomes” (Hannon, 2007) by providing more tailored enterprise education for BME students. We might add that the growth of family business education in the United States (Sharma et al., 2007) does not appear to have been replicated in the UK; here the new venture started by the individual or non-family team dominates enterprise education, rather than intrapreneurship (being enterprising in existing businesses), which is far more appropriate to family firms. There is a growing critique of the lack of tailored business advice and support by UK public sector organisations (Dhaliwal, 2006; Dhaliwal and Adcroft, 2005; Oc and Tiesdall, 1999). A remarkably similar phenomenon may be occurring within the UK higher education sector in relation to BME enterprise education. The loss of entrepreneurship capital (Audretsch and Keilbach, 2004) in the form of the second generation, the potential successors in the family firm, can create a crisis that may not
allow the firm to survive. However, the perceived unattractiveness of the family firm could be addressed by the returning son or daughter adopting an “enterprising” approach, i.e. entrepreneurial marketing. Otherwise, many ethnic minority graduates may simply be eschewing entrepreneurship (or working in the family firm) in favour of a professional career. And yet, as our conceptual model illustrates, employment does not preclude participation in either activity in future – enterprise educators sowing the seeds more effectively today is thus of paramount importance to the performance and survival of family firms.

Most pertinent of all perhaps is the exemplar case study of Mukesh Patel, a third generation entrepreneur influenced by family role models. He was also heavily influenced by his educational experience which provided the knowledge for him to identify the opportunity within the IT sector. His dissertation was specifically on the subject of the development of the company and he was involved in the start up while he was at university. As the case study concludes,

“Ashok would be the first to admit that the critical event in the recent history of the family firm was Mukesh’s graduation coinciding with the decline of its “traditional” markets. Therefore, had Mukesh taken up paid employment or started his own business, the family firm would have failed.”
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Figure 1: A complex conceptual model of the economic activities of an ethnic minority graduate from a family firm, and the role of effective enterprise education and entrepreneurial learning.

Smiley face is suggestive of contentedness (or acceptance), i.e. no further change.
* Curved arrow: Not a change as such; simply makes the model less complex.
** Working in the family firm is by necessity when following unemployment.

Source: Developed by authors
Figure 2: Target participants for current programmes and modules at English HEIs, 2006 (%)

Aimed at any Enterprise
- Aimed at Social Enterprise
- Aimed at Creative Enterprise
- Aimed at Science/Tech/Engg
- Aimed at International Students
- Aimed at Ethnic Students
- Aimed at Female Students
- Aimed at FE Students
- Aimed at >1 Faculty Students
- Aimed at one faculty Students
- Aimed at any Students
- Aimed at PG Students
- Aimed at UG Students