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## Role of Personal Networks in the Growth of Entrepreneurial Ventures of Ethnic Minority Female Entrepreneurs

by

Asma Rauf  
Jay Mitra

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**CENTRE FOR ENTREPRENEURSHIP RESEARCH**  
Essex Business School  
University of Essex  
Elmer Approach  
Southend-on-Sea, Essex  
SS1 1LW, UK  
Tax: +44 1702 328387  
[www.essex.ac.uk/ebs/research/cer](http://www.essex.ac.uk/ebs/research/cer)  
General correspondence to [jmitra@essex.ac.uk](mailto:jmitra@essex.ac.uk)

### External Advisors:

Prof David Smallbone  
Prof Mathew Manimala  
Prof Gunnar Prause

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Asma Rauf

Professor Jay Mitra

*Corresponding author:*

Prof Jay Mitra  
Essex Business School  
University of Essex  
Elmer Approach, Southend-on-Sea  
Essex, SS1 1LW UK  
Tel: +44 1702 328390 (Mitra), Fax + 44 1702 328387  
Email: [jmitra@essex.ac.uk](mailto:jmitra@essex.ac.uk)

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## **Abstract**

**Objectives:** The main objective of the paper is to explore and explain the differences/similarities in personal networks of, and their use by, immigrant and British born Pakistani female entrepreneurs for business growth.

**Prior Work:** A broad range of studies has explored the social context of ethnic minority and immigrant entrepreneurship by assuming all minority entrepreneurs as a cohesive group without taking into account intergroup (geographical categorisation) and intra-group (generational) differences. These differences are explained by socio-economic and cultural factors such as family background and support, ethnicity, religion, education, and more importantly personal network (Metcalf et. al., 1996; Basu, 1998). The blend of culture and religion depicted in entrepreneurial practices of Pakistani entrepreneurs is an interesting but under-researched area. Our particular interest is to explore the scope, depth, variations and limitations of the personal networks of Pakistani female entrepreneurs in their effort to grow their business.

**Approach:** In order to explore the meaning and perceptions attached to relationships and the way they are being used for flourishing the entrepreneurial ventures, we use grounded theory to understand the individual entrepreneur's experiences of and with personal networks. In-depth interviews are carried out to generate data and the results around pertinent themes are produced using grounded theory methods.

**Results:** There are subtle differences in the way personal networks are formed and maintained by immigrant and British born Pakistani female entrepreneurs. Personal networks are a product of gender, culture and religion and they have a deep impact on the entrepreneurial practices and conceptions of growth.

**Implications:** The paper addresses gender and ethnicity factors affecting a hitherto under researched community of interest. The paper demonstrates how businesses growth is achieved by making use of personal networks by Pakistani female entrepreneurs of different generations, thus helping to clarify intergroup generational differences that can have implications for business decision making and relevant policies with which to support growing businesses.

**Value:** By generating an in depth understanding of the distinctive use of personal networks for growth of business by Pakistani female entrepreneurs the paper provides in depth knowledge and understanding of a particular ethnic minority group that will be of use to business owners (Pakistani female entrepreneurs), academic researchers and policy makers.

## Introduction

The importance of ethnic minority entrepreneurs and their entrepreneurial ventures to the host country's economy has drawn the attention of researchers and policy makers for some time now in the UK. Researchers have studied the backgrounds and motivations of and the influences on decisions made by minority entrepreneurs (Baycan-Levent, Masurel, and Nijkamp, 2006). The Global Entrepreneurship Monitor United Kingdom Report (GEM, 2004) notes that ethnic minority women are to a large extent 'more entrepreneurial than their white female counterparts'(Harding, 2004). These female entrepreneurs contribute to the family earnings by participating in the family business, or by establishing their own independent business. For such businesses the role of networks is crucial as many of them rely more on 'co-ethnic' support, for both financial and non-financial reasons. Network relations with family and friends have a major impact on entrepreneurial ventures of ethnic minority female entrepreneurs and they are often considered to be a primary source of help and support for the growth of their businesses (Birley, 1985; Zimmer and Aldrich, 1987).

The GEM, 2006 Report points to higher rates of entrepreneurial activity in the United Kingdom for South Asian and Black women entrepreneurs than their white female counterparts (Harding and Bosma, 2006). However, other studies have found that there are considerable differences in entrepreneurial endeavour and outcomes between and within the individual ethnic minority groups. Geographical categorisation (for example, South American, South Asian, African entrepreneurs), for statistical purposes hide large differences between the various ethnic minority communities. Other forms of categorisation such as religious groups (such as Bangladeshi and Pakistani women) ignore inter-group differences (Salway, 2007). Basu (1998) argues that the entrepreneurial activities of South Asian ethnic minority groups differ because of differences in cultural factors such as education, skills, and family background and social networking behaviour. Metcalf et al., (1996) attributed such difference to socio-economic and cultural factors such as family background and support, ethnicity, religion, education, and social network. Apart from intergroup differences there exist generational differences in the way ethnic businesses formed and maintained.

Concrete social and cultural differences between South Asian minority women belonging to different ethnic minority groups suggests that they should not be treated as a homogenous group for the purpose of policy development and research (Bastani, 2007; Batjargal, 2007; Kourilsky and Walstad, 1998). The peculiarity of the work and behaviour of people in communities is socially organised and there is, therefore, a need to explore the dynamics within and in-between different groups in order to understand the particular way of doing businesses and their responses to the impact of the external environment.. Exploring the social embeddedness of entrepreneurs in a society enables us to better understand the subtleties of:

- cultural affinities of and influences on different minority communities;
- the peculiarity of the gender dimension of ethnic minority and particularly Pakistani business communities;
- inter-generational differences based on ethnicity and gender within specific communities; and
- the motivations for self-employment and in particular growth-oriented entrepreneurial activities of especially Pakistani female entrepreneurs.

## **Social Embeddedness of Ethnic Minority Entrepreneurs in Social Context**

The embeddedness of entrepreneurs in the network of social relationships is of crucial importance not only for entrepreneurs in general but for ethnic minority entrepreneurs in particular. The social embeddedness framework asserts that the “study of economic activity must include the analysis of social context within which economic actions occur” (Granovetter, 1985; Uzzi, 1997, 1999). The implementation of this perspective has led researchers to focus on the role of social relations in shaping entrepreneurial activities and their outcomes. Research on ethnic minority entrepreneurs in particular addresses questions on how social networks shape the entrepreneurial activities and outcomes in host country and whether ethnic entrepreneurs necessarily need assistance from kinship or other networks to start and run their entrepreneurial ventures.

The social context is made up of individual and institutional actors, whose interactions form an ongoing network of relationships. Kristiansen (2004) sees networks as “a series of formal and informal ties between the central actor and other actors in a circle of acquaintances”. She argues that networks themselves may or may not be important but their importance lies in their function. According to Kristiansen (2004) a network acts as a “channel through which entrepreneurs obtain necessary resources for business start up, growth and success”. It depends on how the entrepreneur selects the network members and utilise them to the benefit of entrepreneurial venture.

### **Personal Network Construct in Entrepreneurship**

How networks are investigated and best analyzed depend upon the unit of analysis under consideration. Where the unit of analysis is the enterprise (for example, the small business), an enquiry into the formation or development of networks requires the proper study of organizational (or inter-organisational) networks. However, if the focus is on the individual entrepreneur, (the individual as the unit of analysis) studying personal networks is more appropriate. The focus of this paper is on the individual entrepreneur and, therefore, on personal networks.

Personal network studies investigate the network relationships of the entrepreneur from his/her individual point of view. The personal network approach to entrepreneurship considers the entrepreneurs as embedded and dependent actors (Aldrich and Zimmer, 1986). The individual entrepreneur is embedded in the network of social relations and uses the network for extracting resources and emotional support. Jack and Anderson (2002) note that an “ego network (personal network) is based on the perspective of an individual. If someone is asked to list all the people with whom they have relationships, this list would constitute the individual’s ego network”.

An individual entrepreneur’s perspective is an important consideration because the nature of social interaction depends mainly on his/her perspective and how he/she uses these relationships for the entrepreneurial venture. Selecting the entrepreneur as the protagonist can produce interesting results with regard to the entrepreneur’s perceived or actual relationships, with all network members (or ‘alters’ – to be referred to thus in the remainder of this paper). Analyzing these relationships can help to generate better understanding of how an entrepreneur chooses ‘alters’ and the relevance of network formation to the success and growth of entrepreneurial ventures.

## Impact of Ethnicity and Gender on Personal Networks

For minority businesses the role of networks is crucial as in the host country many of these businesses rely more on co-ethnic support, for both financial and non-financial reasons. There appears to be a dependence on co-ethnic labour, clients and suppliers. Iyer and Shapiro (1999) argue that immigrants start their entrepreneurial ventures because of the influence of ethnic ties and to serve their ethnic community. Ethnic minority females rely most on their ethnic network and extract most of financial and emotional support from family and close friends. Therefore, they start the business with the help of family and friends and with the expansion of business they extend their network to include outsiders. However, generalisations from such networking patterns and behaviour to cover all ethnic minority groups ignores the particular cultural networking behaviour of each group because networking practices may vary according to the different cultures of each group.

The 'gender' construct for specific ethnic groups is another factor impacting on the formation and maintenance of personal networks. Socially constructed gender roles play an important role in determining the network characteristics of men and women. Various studies have found a considerable number of differences as well as similarities in personal networks of male and female entrepreneurs and their counterparts. The size of personal networks, and the time spent on networking has been found to be the same (Aldrich, Reese and Dubini, 1989). The differences can be found in network composition, use of network, method of accessing the network and perception of relations in personal networks (Aldrich, Reese and Dubini; 1989 , Stackman and Pinder; 1999 , Verheul and Thurik; 2001 ). Hisrich and Brush (1986) concluded that females bring different experiences to business ownership such as family, marriage, gender role which forms the basis of accessing the networks. Moreover, unlike males, female perceive their spouse to be important advisors in business. Female experiences also results in dense networks where there are fewer but stronger ties.

Gender based differences in the networking method and network itself are attributed to the social context that assigns particular roles to men and women. Hodgetts and Hegar (2007) note that females are 'conservative' in their networking practices whereas, men are 'bolder' and make their choices confidently as compare to women. This is because women, in different societies, have been assigned different roles. According to Wellman and Wellman (1992) "women tend to be the kin-keepers in families: organizing family events and staying in touch with distant kin. Tasks associated with working in the home also tend to persist – even for women working outside of the home". Therefore, men and women's different roles within the labor force, family, and community both shape and reflect their social environments (Bastani, 2007; Lomnitz, 1982). Relations with kin and neighbors tend to be more important to women than to men and are of much practical and psychological importance. In the case of women, who rely mainly on the support from men (*Mahram*<sup>1</sup>) for obtaining resources from the environment, personal networks consist of family members (Bastani, 2007). When individuals are facing problems such as economic adversity or health related accidents, the family will be a major source of help (Reynold, 1991).

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<sup>1</sup> Men related by blood or law

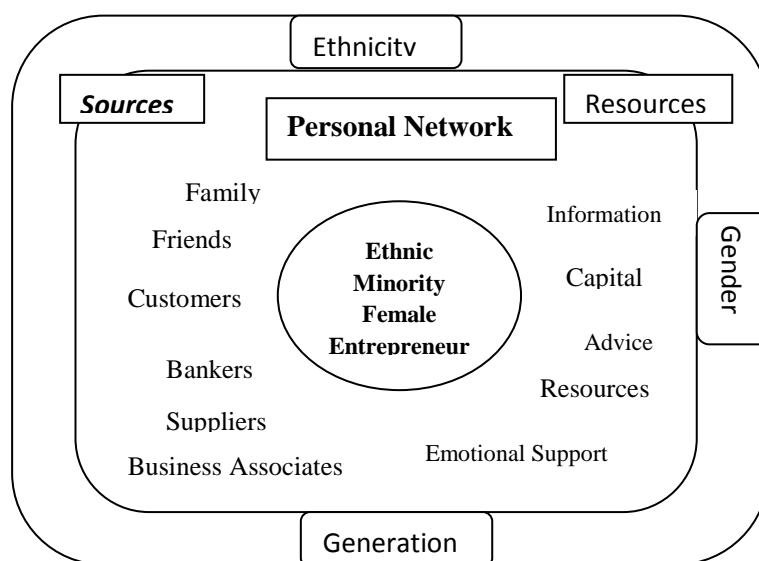
## Generational Differences in Personal Networks of Entrepreneurs

Different generations within an ethnic group exhibit profound differences in entrepreneurial intentions (Sullivan *et al.*, 2009), motivation (Levent *et al.*, 2003, Rusinovi, 2006), choice of business sector (Gersick *et al.*, 1997) and growth aspirations (McGregor and Tweed, 2002; Kourilsky and Walstad, 1998). It is because of the exposure to the host society's culture and the absence of barriers, such as those of language and education, that opportunity structure is open to younger generations as compare to their immigrant counterparts. Baycan-Levent and Nijkamp (2007) term second generation entrepreneurs as “voluntary entrepreneurs” because they have a vast array of opportunities, information and resources generated through their wider social network as compared to their immigrant counterparts who are described as, “forced entrepreneurs”, and who are generally bound to their ethnic network. There is a multitude of factors differentiating the networks of first and second generation entrepreneurs. Rusinovi's (2006) comparative study on first and second generation Dutch entrepreneurs revealed that first generation (immigrant) entrepreneurs mainly rely on informal networks to acquire resources as opposed to their second generation counterparts. Such comparative studies, though, clarify the differences in network structure but do not explain the underlying factors differentiating the network dynamics.

### Personal Network – The Product of Ethnicity, Gender and Generational Differences

The interaction of gender, ethnicity and generational differences in ethnic minority entrepreneurs has significant impact on their personal network formation and its use. Gender roles are constructed in different societies differently and they are passed on to next generations. Socially constructed gender roles are constructed and re-constructed (dynamic view), hence may vary in different generations. They include specific ‘sources’ such as family, friends, customers and institutions, and they use particular ‘resources’ including information, capital, advice and, quite importantly, emotional support.

**Figure – Impact of Interaction of Ethnicity, Gender and Generational Differences on Personal Network**



Source: Authors



Socially constructed gender role of female entrepreneurs in ethnic minority context has implications for their actions including their choice of personal network. Their network formation and use is subject to the social conventions and requirements of their traditional gender roles. Generally, ethnic minority entrepreneurs use the network of social relations in the host country to extract social and economic resources, to get the information about the new surroundings, and to assimilate and integrate in the host society. However, the composition of a personal network and its use varies across different ethnic minority group. The interaction of gender, ethnicity and generational differences does not always produce the same results in all contexts. These factors have an impact on each other. They are also affected by a multitude of external factors. These factors not only affect the formation of personal network but make it evolve over time.

### **Expansion of Personal Network and Venture Growth**

Ethnic minority entrepreneurs use the network of social relationships to extract resources, information and advice for their ventures and to integrate in the host society. With the passage of time they learn to live and move in the host society and feel confident in making new contacts in diverse communities. This temporal dimension in the expansion of social contacts is important because it is with time that immigrants settle in the host society and get integrated in the its normative framework., getting in touch with other communities and expanding their network of social relations. Generally their network composition is associated with the ethnic enclaves where they are engaged in strong ethnic networks. Though it is important that they have support from their ethnic community for starting the venture, the saturation of ethnic market prohibits expansion and growth of the business. Growth orientation requires ethnic entrepreneurs to invest outside the ethnic enclave and to join 'professional trade associations' and/or formal networks (Galbraith and Stiles, 2006).

Research in the field of ethnic entrepreneurship has focused on new venture creation paying less attention to growth aspects. Some studies have identified the factors that hamper the growth of minority businesses, such as dense networks (Kontos, 2004; Hoanga and Antoncic, 2003), lack of required skills and resources (Teixeira, Lo, and Truelove, 2007; Evans, 1989), operating in traditional sectors (Dhaliwal, 2000; Basu, 1998), and availability of finance (Dyer and Rose, 2007; Chaganti and Greene, 2002). Venture growth has been studied by considering the indicators or the outcomes of growth. Liao (2004) divides the wider literature on venture growth into 'macro-contextual predictors, including entry barriers, competition and environmental, cultural and contextual factors, and micro-behavioural predictors, such as demographics, firm age and personal attributes of the entrepreneurs. Research studies indicating and explaining the macro and micro factors affecting growth help to obtain an in-depth understanding of the impact of those factors and their relationship with the growth of the venture. However, they fail to offer an integrated view on how growth is conceptualised by the entrepreneur him/herself and how this conceptualisation is influenced by social and contextual factors.

Barringer et al. (1998) argue that growth orientation of entrepreneurs is driven by the desire to achieve independence. It is the desire to be independent that drives female entrepreneurs to grow their businesses. However, the growth and expansion of a business is dependent on the personal choice of the entrepreneur. Ethnic minority female entrepreneurs may choose not to expand the venture and entrepreneurial practices beyond a certain level. Chaganti and Greene (2000) assume that as ethnic minority and immigrant people become self employed because of constrained economic factors. They may, therefore, be content with attaining a satisfactory level of livelihood (earnings) and

prefer not to grow. They are likely to see their business as a source of 'social mobility' which enables them to join the mainstream market.

The growth and expansion of a business depends mainly on the entrepreneur's perception of her business and these perceptions are shaped by social beliefs and values, cultural restrictions, perceptions and for some, religious values. One of the important factors is the personal network of ethnic minority female entrepreneurs that is formed and maintained by female entrepreneurs, hence reflecting their choice and preferences of relationships. A personal network shapes the business outcomes including growth. Research studies show that ethnic minority women entrepreneurs rely mostly on informal, particularly kinship networks to get hold of ethnic community-based resources and to draw emotional and instrumental support from them (Light et. al., 1994; Basu, 1998; Iyer and Shapiro, 1999). With the growth of a network ethnic minority entrepreneurs find new sources of raw material, they sign contracts with new suppliers and they start catering for both minority and other customers (Stiles and Galbraith, 2003).

## **Background and Context of the Study**

The main context of the study is London, where 142,749 people of Pakistani origin live and work (DMG, 2005). Anwar's (1979) 'Myth of return' presented the expectation that Pakistanis in Britain are sojourners who do not intend to settle permanently in this country. However, when the British government threatened to restrict immigration in 1962, many decided to stay and were joined by their wives and children (Anwar, 1995). According to the 2001 census there was a 63% increase in the number of Pakistani migrants with a 65% increase in the number of Pakistani women in London only (DMG, 2005). These settlers in London took up different jobs and self employment for their survival and today the majority of Pakistani Londoners are self-employed with their family members helping them in their businesses (Dale, et al, 2002).

Dale (2002) refers to the introduction of social and cultural values that immigrant Pakistani families introduce to the host society on migration. However, in the host society context rules or conventions may not be easy to follow for a Pakistani Muslim immigrant. A day shift worker in the workplace may not get time to offer regular prayers in the prescribed timings. Such cultural issues may discourage Pakistani Muslims to join the labour market and they, therefore, opt for self employment where they have personal freedom and choice to exercise the religious practices (Roomi and Parrot, 2008; Dale, 2002; Dhaliwal, 2000). Religion has a deep impact on the overall life of followers. Business is equally affected by the rules, codes and conventions derived from religious beliefs. However, rules affecting men and women are not the same (Roomi and Parrot, 2008). For women there are special commandments of observing Purdah (veil) and male-female seclusion.

Pakistani females are part of the distinct cultural and religious group where the 'femaleness' is defined by the social and cultural values and set the boundaries for females (Dale, 2002). The traditional role of Pakistani females remains intact even after migration to a foreign country. They cling on to the traditional roles without necessarily being influenced by the host society's culture, quite unlike what 'assimilation theorists' propose. Pakistani society is based on strong cultural and religious values that do not encourage females to go out of home to earn an income (Goheer, 2003). However, empirical evidence is needed to see if change in this particular cultural context, due to migration, influences their socio-cultural values in terms of adopting the Western gender roles of the host society (UK), and furthermore if it has implications for taking up self-employment in the new context.

## **Methodology and Data Collection**

The study is carried out in London, the home of one fifth of all Pakistanis in England. Almost 70 per cent of Pakistanis in London live in Outer London, although the borough with the highest percentage of Pakistanis, Newham is in Inner London. Over 8% of the population are of Pakistani origin. They are one of the most active groups in economic sphere, with self-employment rates being 8% higher than the average population (ONS, 2010). The study involves contact with respondents who are Pakistani female entrepreneurs and the nature, scope and value of the relationships in their personal network. It focuses on the interpretation of respondents' perception of the relationships in the network. We, therefore, use a qualitative approach to understand and analyze the personal networks in order to make sense of the social experiences of Pakistani female entrepreneurs.

Research on sensitive issues and any special or vulnerable population are very challenging. Sieber and Stanley (1988) state that "socially sensitive research refers to studies in which there are potential social consequences or implications, either directly for the participants in the research or for the class of individuals represented by the research". Ethnic minorities in many cases are a socially vulnerable population and it is therefore very challenging to gain access to them and convince them to participate in the research.

In the absence of any database for ethnic minority female entrepreneurs and in particular for Pakistani female entrepreneurs, respondents were identified and contacted through personal visits to South Asian markets in London (such as Southall and Green Street markets) and by employing snowball sampling (referrals) techniques. Contact was also made with community and women welfare organizations, business development agencies, and London borough councils. We participated in social events in the Pakistani community to win the trust of the Pakistani female entrepreneurs, who were reluctant to talk about their experiences to the researchers, thereby, adopting a community-based quasi-ethnographic approach explore in depth the social environment of our respondents.

In-depth interviews were conducted with 40 Pakistani female entrepreneurs, including 21 immigrants and 19 second generation entrepreneurs, to elicit accounts of their lived experience regarding their personal networks in relation to their entrepreneurial ventures. Interviews were pre-scheduled and each interview session was 60-90 minutes long. These interviews were conducted at the business sites of the respondents. All interviews were digitally recorded with the explicit permission of the respondents.

## **Grounded Theory Analysis of Interview Data**

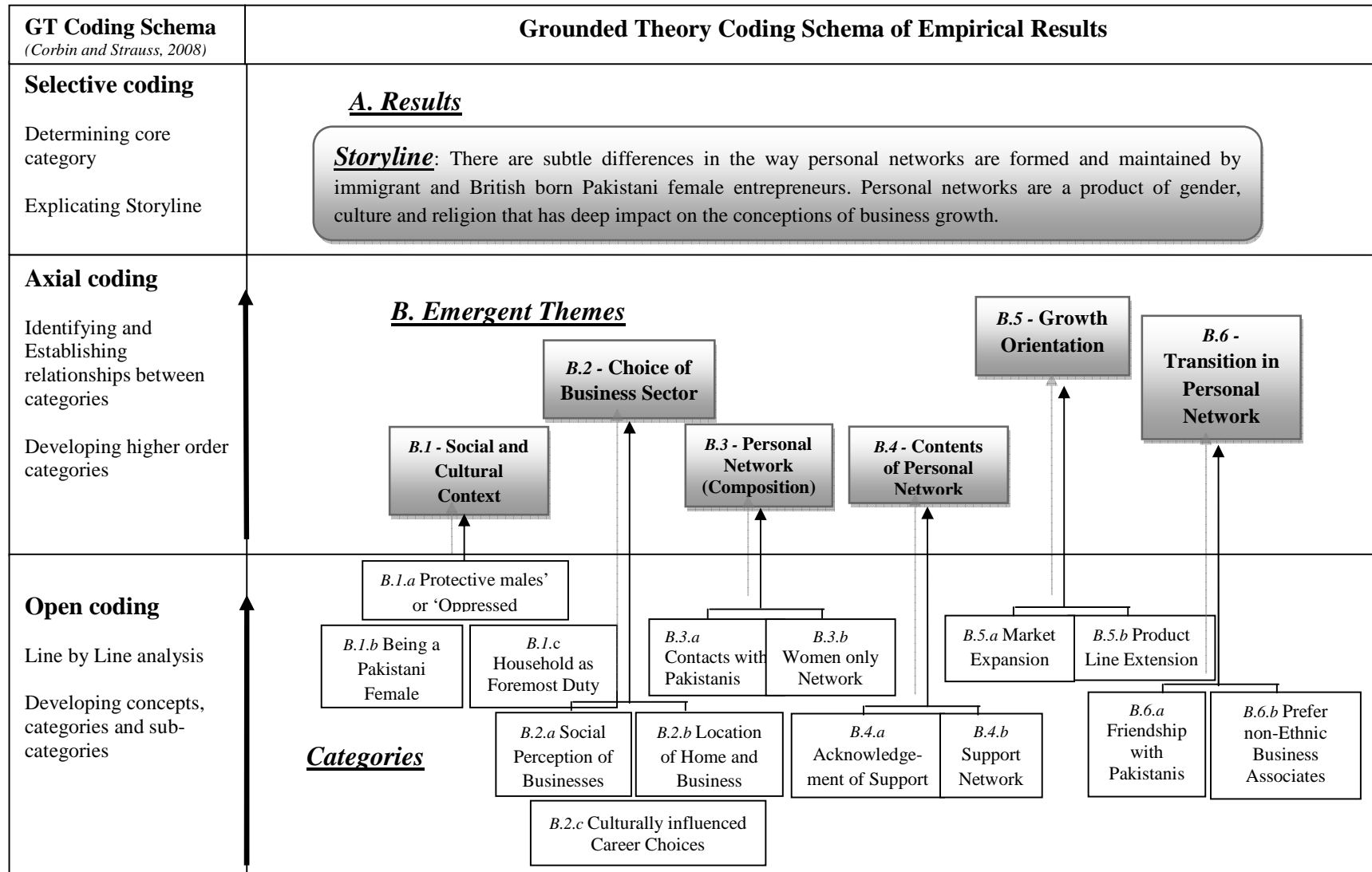
Data analysis starts right from the data collection stage in any type of qualitative research. The researcher, who is interviewing the respondents, interprets the respondents words, thinks of follow up questions and decides to use certain probes to get more detailed and in depth information. Grounded theory based data analysis techniques were used to constantly compare data to reveal the themes leading to interesting and emergent findings. Glaser and Strauss (1967) referred to grounded theory as, 'a general method of comparative analysis' (p 1). As the objective of the study was to present a comparative analysis of the personal networks of first and second generation Pakistani female entrepreneurs, grounded theory technique was best suited to achieving this objective.

Corbin and Strauss's (2008) grounded theory approach introduces structural sets of analytical steps which provide the researcher with systematic analytical techniques for

handling large quantities of raw data. Strauss and Corbin (1990, p. 57) developed a coding schema and defined coding as, "The operations by which data are broken down, conceptualised, and put back together in new ways". Their grounded theory framework includes three forms of coding – open, axial and selective; each representing different orders of in-depth enquiry. Open coding involves the analysis of the text (observations and interview transcripts) on a line-by-line basis or paragraph-by-paragraph basis, in order to identify the core codes or concepts. Then, researchers closely examine and compare these concepts to recognize the similarities and differences and grouping similar concepts to form categories. The second step is axial coding that represents the delineation of hypothetical relationships between categories and subcategories by organizing and reassembling data that was deconstructed during open coding. The final step is selective coding that involves selecting a core category and explicating its relationship with other categories in the form of a 'storyline'. The story is the narrative description of the phenomenon under investigation (Strauss and Corbin, 1990, p. 116). These coding steps do not necessarily take place in fixed stages; rather researchers move between one type of coding to another until new themes stop emerging.

Interview transcripts were deconstructed and conceptual labels (codes) were assigned to them. This included an extensive 'line-by-line' analysis so that no concept was missed out of the analysis. Initially 400 open codes were developed and these were grouped together in 6 higher order categories (see diagram on next page) based on common concepts. Each category, developed from the conceptual grouping of open codes, was validated against the coded text to ensure that the category is the true representative of the data. Using axial coding a relationship between 6 higher order categories emerged and finally through selective coding a core category, indicating the gist of the research, was selected around which all other categories were interweaved to present a broader picture. The following diagram identifies each of the structural sets in the analytical sets referred to above.

**Figure - Data Analysis Framework**



Source: Authors

## **A. An Overview of Results and the Storyline**

Grounded theory analysis of interview data of Pakistani female entrepreneurs has revealed interesting results. The diagram above presents the analysis stages with resultant emerging categories and storyline of the research. It shows that there are subtle differences in the *composition* of personal networks of immigrant and British born Pakistani female entrepreneurs. However, the *contents* of the personal networks of both generations are the same. Personal networks are a product of socially constructed gender roles of Pakistani females, their cultural norms and religious values. This unique composition of personal network has deep impact on the conceptions of business growth. Business growth is considered to be a personal choice that is subject to her gender role requirements shaped by cultural and religious values. Empirical results show that the transition in personal networks from ethnic to non-ethnic members is a feature of growth. However, this transition results from mis-trust on ethnic members.

## **B. Emergent Themes**

### **B.1. Social Context of Pakistani Female Entrepreneurs**

A typical immigrant Pakistani female entrepreneur is 30-50 years old, married with married children living with her husband and running her business for last 20-30 years. Many immigrant Pakistani females are highly educated whereas some are illiterate as well. They are all in the in the service sector with majority of them in personal services.

#### ***B.1.a Being a Pakistani female!***

Pakistani females adopt the distinct roles of a mother, sister, daughter and wife and these roles at times coincide with or are in conflict with their career aspirations. *However, these roles are constructed differently for British born Pakistani females and for immigrant Pakistanis.* Immigrant Pakistani female entrepreneurs described Pakistani males to be “*typical - very demanding*” who believe in the role of female specified by culture and do not encourage their career aspirations of females.

A Pakistani female are expected to stay at home and going out, let it be for a ob or for business, is not a socially desired act. This cultural norm has not changed even after migration to a developed country like UK and is passed on to next generations, who despite being disapproving of this custom cannot practically deviate from it. Though Pakistani women have the dual responsibility for household activities and work (if they join business/work), but there seem to be no negative sentiments attached to it; rather they argue in favour of the traditional role of Pakistani females.

#### ***B.1.b ‘Household is the Foremost Duty of a Pakistani Female’***

Running the household is the foremost duty of a Pakistani female and this is the area where she dominates over the male Pakistani. For some households it is a duty, but for others it is a ‘den of control and localised hegemony. The traditional role of the Pakistani female limits the sphere of immigrant Pakistani female entrepreneurs regarding the choice of business sectors, working hours outside home and their networking behaviour. Because of socially constructed gender roles Pakistani females are generally housewives acquiring skills in the traditional household chores which they translate into mini scale business ventures, for instance, food and clothing retail or wholesale, and beauty salons.

### **B.1.c 'Protective males' or 'Oppressed Females'!**

Pakistani society is considered to be a 'male dominated' society where females have very little say in affairs of life. Respondents were asked to reflect on this issue and in some cases discussion on these issues arose itself without being invited to talk on the issue of male domination. The notion of 'suppressing males' do not hold true as it is a matter of conceptualizing the position of Pakistani women. Western views, generally formed by comparing the Asian (Pakistani society norms) to Western societal norms, see Pakistani females as being part of a 'disadvantaged' community - suppressed and devoid of their rights. However, Pakistani female entrepreneurs view their male partners as 'protective males' and do not see themselves as 'oppressed females'. Pakistani females respect and follow their cultural norms' and the idea of 'protective males' is reflected in the co-ownership of entrepreneurial ventures where dealing with suppliers is normally taken care by *Mahrams* (related males) of the family.

## **B.2 Choice of Business Sector**

The choice of the sector also depends on the motives to start a business. Being less educated, and having limited knowledge of business, a typical housewife who wants to start a business for having a social life chooses products and services she is acquainted with such as clothing or food.. Well educated, ambitious females, experienced in the field, with knowledge and awareness of business, who want flexibility and good work life balance, or those who want to utilize their skills, knowledge and prior experience (may be in the relevant field) normally gravitate towards mainstream businesses. The choice of businesses has some distinct dimensions:

### **B.2.a Social perceptions of businesses**

Not all businesses hold a socially positive image in Pakistani culture. For instance, beauticians are called 'barbers (*nai*)' that is not considered a very respectable business no matter how much money it generates for the owner. One of the respondents shares her experience of joining the beauty business and the opposition she faced;

*"It(opposition) was from makeup artists, 'mehndi' artist, even magazines and even family hated me, not my brothers or sisters but a couple of relatives said, 'she needs to stop doing this, ....., she is going to ruin our name in the community, she has become NAI (hair dresser).....I was suppressed by quite close family members who tried to stop my business".*

(Interview No. 29)

In some instances joining such a business is strongly opposed and considered a stigma to the family.

### **B.2.b The location of home and business**

Location is also a concern because managing the household remains the most important duty of Pakistani females. This attachment to duty requires them to look for a business location that does not hinder performance of their basic responsibility. The household becomes the epicentre of all their choices including that of business.

### **B.2.c Family background**

The social background of the family is another critical factor influencing the choice of business. Pakistani females either have a family business background that helps them to gain appropriate levels of expertise and knowledge needed for a business. It also ensures that they receive the help of family members to address business problems.

This section gave a detailed account of the contextual factors that affect Pakistani female entrepreneurs and their entrepreneurial ventures. The following section discusses how they form and maintain their personal network in this context and how their personal network impacts on their entrepreneurial ventures.

### **B.3 Composition of Pakistani Female Entrepreneurs' Personal Networks**

The personal networks of the Pakistani female entrepreneurs are shaped by the above mentioned social context. There are differences in the way personal networks are formed by immigrant and first generation Pakistani female entrepreneurs.

#### **B.3.a Ethnic Network of Immigrant Pakistani Female Entrepreneurs**

Immigrant Pakistani female entrepreneurs are closely connected to their families (both nuclear and extended family) and have majority of ethnic ties in their network. Their friends and business associates are Pakistani and Muslims. There is a strong sense of connectedness with the native country (Pakistan) and Pakistanis in UK. Where this strong sense of belonging defines their ethnic network it also restricts their contacts with other communities in London. Religion along with ethnicity also plays an important role in shaping the personal network of Pakistani female entrepreneurs. In some cases it was an explicit consideration.

*"Yes I have many friends here. If I want to avoid them I can't (laughter). They are mostly Pakistani because our thinking is alike. Because same blood, same place so there are many commonalities. I have many Indian customers; I have very good relations with them as well. But there are that things we can't discuss because our religions are different so like there are many aspects that we cannot ignore when talking to other communities"*

(Interview No.2)

Interview data also shows that immigrant Pakistani female entrepreneurs have strong ethnic ties in their personal networks.

#### **B.3.b 'Women-only-Network' – Preference of Second Generation Pakistani Female Entrepreneurs**

Second generation Pakistani female entrepreneurs prefer to do business in 'women-only-environments'. Together with the choice of business their reliance on female friends, the help of sisters and advice from their mothers, shows their preference for gender specific networks. Their choice of 'women-only-environment' is the product of religious and cultural boundaries. One of the respondents narrates;

*"Being a Pakistani and a Muslim obviously we can't go out much and we can't work for somebody according to their rules, so what else could I do? I couldn't do a grocery shop or a food shop so what is the best business for the women? so that's why I got into this business and I started this privately and at the same time I am dealing with the women and being a Muslim we don't want to be talking to men. So that's why I chose this business"*

(Interview No. 18)



The preference of 'women-only-environment' becomes the basis for having the ventures in the traditional sector. Pakistani female entrepreneurs follow their religious and cultural values that do not allow contacting men (even for business purposes) and long sociable working hours. Pakistani female entrepreneurs have dense networks characterized by strong ties. They are strongly connected to family, friends and ethnic members. Data analysis reveal that Pakistani female entrepreneurs sustain dense networks only resulting in little or no growth of the businesses of immigrant Pakistani female entrepreneurs.

#### **B.4 Contents of Personal Network**

Economic exchange is an important feature of entrepreneurs' personal networks. As discussed in the above section about the use of network by entrepreneurs, there are some resources that Pakistani female entrepreneurs extract from their network. At times network formation is based solely on the benefit network members can provide for the business. These resources are called the 'content of exchange relationship' (Cook, 1992). Pakistani female entrepreneurs use their personal network mainly as a support network. The majority of respondents mentioned 'emotional support and encouragement' as the main form of assistance that they receive from their personal network. Apart from emotional support Pakistani female entrepreneurs use their personal network to obtain advice in business matters, especially for taking important decisions.

##### ***B.4.a I don't want anyone to help me!***

Network support comes in a variety of ways to Pakistani female entrepreneurs, ranging from emotional support to providing services and tangible resources for the business. However, they are hesitant to acknowledge that they have received any kind of support from their personal network. One of the reasons for not acknowledging the support from personal network can be the use the business as an expression of their independence and the association of business success with their personal success. One of the respondents narrated;

*"My brothers and sisters have their own settled lives, and I am doing business for my survival, what have they got to do with my business. And no one in family helped me, neither did I want anyone to help me"*

(Interview No. 31)

This depicts her pride in doing the business independently unlike all other females of her family. The tinge of independence, uniqueness but adherence to societal norms gives Pakistani females a highly prestigious position in their personal network.

#### **B.5 Transition in Personal Network and Venture Growth**

Due to its emergent and dynamic nature personal network grows over time. Empirical results show a transition in the personal networks of Pakistani female entrepreneurs over time. While the growth of their businesses help to expand their personal network their reliance on family and friends is not affected by such growth. Dense networks and strong mutate into porous networks with the emergence of a few weak ties. This trend was noticed for both immigrant and British born Pakistani female entrepreneurs.

During the start up phase Pakistani female entrepreneurs had family and friends, ethnic suppliers and customers in their personal network. However, growth phase of the business shows not only increase in the number of business associates but also a s shift in terms of

the ethnicity of business associates as well. One of the respondents started taking projects with the Pakistani community during start up phase but over eight years of business she is now working across communities. She narrates that;

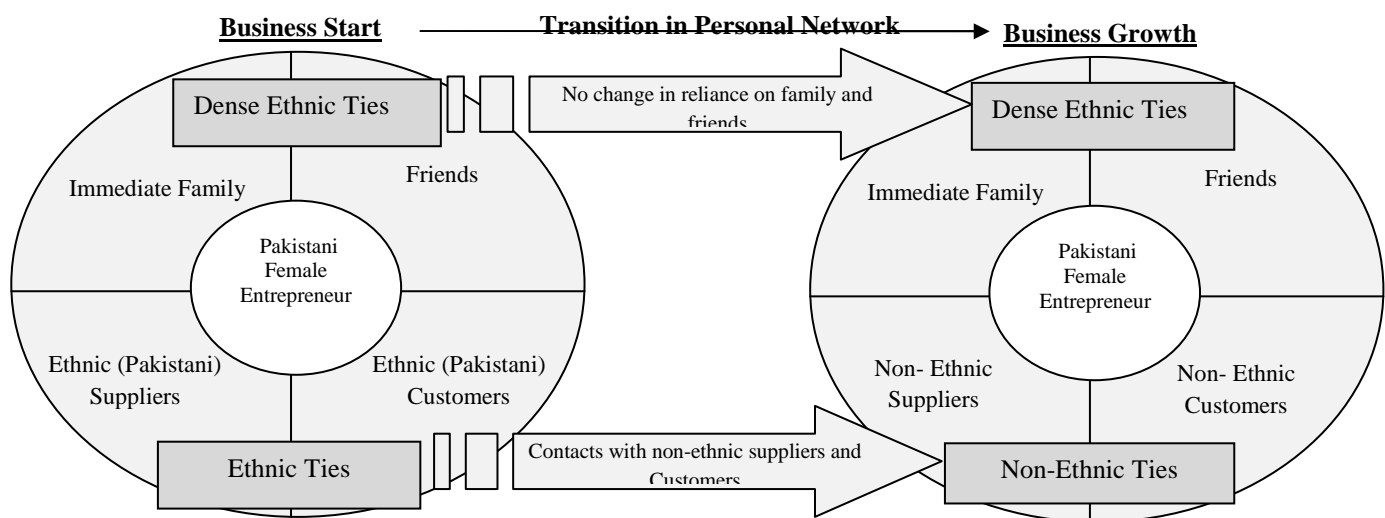
*(Now I take the projects) across communities but started with Pakistani community as people wanted them but we didn't just want to work with Pakistani community as you then got only work with Pakistani community and less scope for growth as Pakistani community is only 2% of British population. (Also apart from diversification of products) these issues or products are transferrable to a bigger market*

(Interview No.25)

Diversification of products across communities does not only show the growth of business but also depicts the growth of personal network. Similarly finding new sources of raw materials with the expansion of the business also indicates introducing new ties in the network. It seems that growth of the business is causing the expansion of personal network that in turn speeds up the growth process.

One of the significant elements in shaping the personal network of Pakistani female entrepreneurs is 'trust' that helps maintain close ethnic ties. Trust is a significant component of entrepreneurs' personal networks. It is the main ingredient in retaining family and friends as the major part of Pakistani female entrepreneurs' personal network, hence, the reason for maintaining a dense network. However, Pakistani female entrepreneurs expressed their preference to keep their business network separate from their social circles. Their unpleasant business experiences with fellow Pakistanis led them to reduce ethnic ties in network.

**Figure 2: From Ethnic to Non-Ethnic – A Transition Caused by Mistrust**



Source: Authors – from empirical results

The above diagram shows a transition in the personal network with the growth of the business. The first circle shows the composition of a personal network in the business start up phase. At this stage there is a heavy reliance on the kinship network, which provides support and encouragement, resources for the business and network members actively participate in the business. The social circle consists of ethnic (Pakistani) friends, whose role is not very significant in business. Pakistani female entrepreneurs deal with ethnic business associates in the start up phase because of their focus on ethnic products and

services. With the growth of business there are significant changes observed in the composition of personal network. Pakistani female entrepreneurs retain reliance on the kinship ties and continue with their ethnic social circles. However, there is a complete shift from ethnic to non-ethnic business associates. Pakistani female entrepreneurs mentioned 'mis-trust' as the basis of such a shift. Interview responses of Pakistani female entrepreneurs reveal a high degree of mistrust in ethnic (Pakistani) customers, suppliers and other Pakistani business associates. When probed in depth, they mentioned the stories of deception and dishonesty on the part of Pakistani suppliers;

*"With Pakistanis you deal in millions, they will deceive you and will never take complaints, they are dishonest people"*

(Interview No. 17)

They mentioned their preferred suppliers and customers to be non-ethnic (British and Indian Suppliers in England). Transition and expansion of network is generally considered to be omens of growth of the entrepreneurial ventures. The expansion of a business means an increase in the client base, increase in the sources of raw materials (suppliers) and an extended chain of business associates. At the same time they are all part of the personal network, indicating an expansion of the network of relations too. Empirical data shows a transition from ethnic to non-ethnic members in the personal network of Pakistani female entrepreneurs.

Starting the business with ethnic (Pakistani) supplier and extending it to non-ethnic suppliers over years show that with the growth of business Pakistani female entrepreneurs had to identify and use diversified sources of raw material and at the same time it also shows that with this diversification and extension in the number of suppliers their personal network has also grown. Apart from growing in number, 'diversity of ties' is also introduced in the personal network. Instead of ethnic customers and suppliers now Pakistani female entrepreneurs are linked with non-ethnic customers and suppliers (from other communities of London).

## Conclusion

This exploratory analysis allows us to draw a sketch of personal networks of Pakistani female entrepreneurs in London. It can be concluded that along with similarities there are significant differences between the personal network composition of immigrant and British born Pakistani female entrepreneurs. This has considerable impact on the choice of business sector, information and resource availability and growth prospects for their entrepreneurial ventures. The following diagram summarises all the empirical results showing the impact of ethnicity, gender and generational differences on the personal network of Pakistani female entrepreneurs and also depicts the impact of expansion of personal network on business.

**Figure 3 - Personal Networks in the Growth of Entrepreneurial Ventures**



Immigrant Pakistani entrepreneurs prefer to retain ethnic ties in their personal network as opposed to British born Pakistani female entrepreneurs who have non-ethnic ties in their network. However, the personal network of British born Pakistani female entrepreneurs is based on a strict adherence to religious values and traditional gender norms; hence their networks are 'women only networks' mostly consisting of Muslim females as shown in the upper half of the above diagram. The personal networks of immigrant Pakistani female entrepreneurs have more of an ethnic orientation rather than one based on gender or religion. For Pakistani female entrepreneurs growth can be termed as a personal choice because they are 'entrepreneurs by choice' and in trying to attain their desired status they cease to struggle despite having opportunities. However, British born Pakistani female entrepreneur have a stronger growth orientation because of the composition of their personal networks.. Although the literature shows that the expansion of personal network to include non-ethnic network members can be taken as indicator of growth, in this case the spread was triggered mainly by mistrust of co-ethnics. Growth marks a shift in the dependence on ethnic to non-ethnic business associates for both immigrant and British born Pakistani female entrepreneurs. Supporting or working with Pakistani female entrepreneurs needs to take in to consideration these nuances that distinguish immigrant and British born female entrepreneurs.

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