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Exploring Alternative Strategic Management Paradigms in High-Growth Ethnic and Non-Ethnic Family Firms

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Abstract

The primary research question examined in this paper is whether ethnic and non-ethnic family firms in the United Kingdom differ in their strategy-making. The paper uses the typology of strategic decision making produced by Whittington (1993) to derive contrasting predictions of strategy-making by ethnic *versus* non-ethnic firms. Drawing on a questionnaire study of 76 high-growth family firms, and subsequent in-depth fieldwork with 40 of these, the findings show that the ethnic origin of the controlling family has a significant influence in determining the dominance of a particular strategy paradigm. However, successful high-growth family firms are not associated with any particular school of strategy. The influence of family bonding on strategy-making was greater in ethnic family firms than non-ethnic family firms. The advent of the second generation of South Asians in family firms, and closer integration of immigrant and host communities, has not altered these apparent differences. The findings challenge researchers on family firms to adopt a multiple perspective approach to strategy-making.

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1. Introduction

Research into family businesses is no longer in the nascent phase described by Litz (1997) a decade ago. There is a growing interest in this topic both within mainstream management and entrepreneurship journals (Sharma and Manikutty, 2005; Chrisman, Chua and Sharma, 2005). Although various empirical studies of family firms have explored issues relating to capitalisation, growth, and reliance on networks (Tsang, 2002; Gomez-Mejia, Nunez-Nickel, and Gutierrez, 2001; Mishra and McConaughy, 1999), there is a dearth of empirical studies exploring the strategic decision making processes of family firms (Kelly, Athanassiou, and Crittenden, 2000). This lacuna extends to research that investigates strategy-making in ethnic family firms. Ethnicity is of particular importance in family firms because of the widely recognised role that owners' values and aspirations play in making critical strategic decisions (*Cf.* Heck, 2004). What is true for family firms in general should in principle also hold for ethnic family firms: the owners of ethnic family firms also bring their values and aspirations to strategic decision making. But these values and aspirations may have arisen from different cultural mores, experiences and aspirations to their non-ethnic (*i.e.* indigenous Anglo-Saxon) counterparts. The question that inevitably rises is the degree to which these differing contexts for strategy influence the strategy processes and, consequently, the strategies that are enacted.

This paper explores these questions on several levels. First, a small sample study of managers from both ethnic and non-ethnic family-owned firms is used to identify and contrast some of the key dimensions of strategic decision making by each type. Second, using Whittington's (1993) typology of strategic decision making, hypotheses are derived concerning how ethnic family-owned firms may be expected to differ from their non-ethnic counterparts in strategic decision making. Third, these hypotheses are tested using a sample

of 76 family firms. A concluding discussion suggests future research on the topic of strategic decision making processes in ethnic family-owned firms.

2. Literature review

2.1 The Ethnic Dimension of Strategy in Family Firms

Family firms account for a substantial amount of economic activity in advanced industrial societies such as Britain (Westhead and Cowling, 1998), and the United States and Canada (Chua, Chrisman, and Steier, 2003). Notwithstanding their economic importance, there are relatively few studies of strategy formation in family firms compared with the voluminous research on strategic management in other types of businesses (Gomez-Mejia *et al.*, 2001; Wortman, 1994). The same can be said – with even more justification, since they form a subset of family firms as a whole – about the study of strategy-making in ethnically-owned family businesses.

Most of the research on so-called ‘ethnic entrepreneurship’ has focused on its origins and the factors that contribute to the success of ethnic entrepreneurs (Aldrich *et al.*, 1984). Werbner (1984 & 1990) provides an account of Manchester-based Pakistani entrepreneurs in the clothing industry, which attributes their commercial success to their Islamic cultural heritage, which it is argued places an emphasis on thrift, self-sacrifice, contentment, industriousness and self-reliance. Apart from family support, Werbner (1984) credits the wider ethnic community with operating a resource-mobilising mechanism, which provides the benefits of an in-group network of information, financial pooling, and relationships with customers and suppliers based on trust. In a survey of 78 small Asian-owned businesses in Britain, Basu (1998) likewise concludes that close family and community networks play an important role in providing informal sources of cheap finance and market information. More

recently, Ram *et al.* (2003) investigated the financial experiences of ethnic firms attempting to break into wider, more lucrative markets. Based on a survey and in-depth interviews, the authors found that ethnic firms continued to face difficulties in raising finance when expanding into new, wider markets. They also found that social capital deriving from family and community affiliations continues to play a crucial role alongside supporting institutions such as government agencies that provide advice and financial assistance to business.

Studies, such as those by Iyer and Shapiro (1999), argue that ethnic entrepreneurs are distinct in the degree to which they rely on ethnically-based networks, and on family and community resources in accessing business information for start-up and entry into new markets. Similarly, Greene (1997) found substantially different business creation processes used by ethnic, as opposed to non-ethnic businesses. Her findings are akin to Iyer and Shapiro's as she concludes that ethnic firms' main source of competitive advantage is their ability to tap into a community resource-pool for both tangible and intangible resources such as capital, training, functional advice and moral support. The behaviours that support such a communal strategic architecture may not originate, or be maintained deliberately, for business reasons; rather, they impose themselves upon the way the business is defined and operated. There is a substantial descriptive literature on what appear to be idiosyncratic practices (at least as seen from a Western perspective), of Chinese family firms (Siu and Liu, 2005).

Based on these studies, researchers have concluded that ethnically owned family firms are significantly different from non-ethnically owned family firms. This evidence may be compelling, but do these differences extend to strategy-making? There is some evidence to suggest that this is indeed the case, but it is very sparse. Jones (2001) argues that strategy-making by the entrepreneurs and executives that founded and then shaped the Hollywood movie industry were strongly influenced by their Jewish immigrant roots (see also Gabler

(1988)). Nam and Herbert (1999) report differences in the strategic-planning practices of Korean family businesses and non-ethnic family businesses based in the United States. In their study of overseas expansion by ethnic firms, Crick, Chaudhry and Batstone (2001) found that in some cases ethnicity had an effect on the pace and direction of overseas expansion. In particular, they contend that ethnic firms displayed a preference for an incremental approach to internationalisation. Tsui-Auch (2004) adds an interesting twist to the relationship between family firms and internationalisation with evidence that one Chinese family firm targeted the North American market so that future generations could establish a base in North America.

Although these studies provide evidence that strategy formation is different in ethnic as opposed to non-ethnic firms, they do not go far towards establishing how these differences can be identified in general. To begin the process of identifying the differences between strategy-making in ethnic *versus* non-ethnic family firms a focus group was assembled composed of seven directors. Four of the participants represented ethnic family firms and three represented non-ethnic family firms. All participants were recruited through support provided by a senior manager of a regional Business Link¹ located in the West Midlands region. All of the businesses were family-owned and managed, had an average turnover of £6.5 million and had experienced an average sales growth of 25% per annum over the previous three years. The focus group discussion was initiated with minimal *a priori* assumptions about key differences between ethnic and non-ethnic family firms. One of the authors initiated the discussion by explaining the objective of the discussion and reading out a short case example of how formal planning was viewed in family firms. He then asked participants to reflect on their individual experiences. This led to a rich discussion. During the group discussion, which lasted approximately 90 minutes, the first author also took notes and

¹ UK state-sponsored but quasi-independent business advice centres organised on a sub-regional basis.

tape-recorded the dialogue. The session was transcribed and entered into a spreadsheet containing a description of each participant and pseudonym, business details, ethnicity, and the comments posted. A systematic content analysis was initially performed to determine provisional codes by documenting the frequency of key words and terms. These related to the types of difference highlighted by the participant, or his/her comments on differences raised by another participant. Three of the authors had a series of meetings, using the spreadsheet as a basis to facilitate the interpretation of the differences highlighted by the participants with respect to ethnic and non-ethnic family firms – differences being identified by discontinuities between two ethnic and two non-ethnic participants. In total eight dimensions emerged. These were: (i) attitudes to growth; (ii) explicit commitment to formal planning; (iii) the role of family in decision-making processes; (iv) the role of religion in the business; (v) reliance on external directors; (vi) the role of women in the family business; (vii) the role of networking; and (viii) raising finance. Two dimensions were later incorporated elsewhere as it became clear that role of religion and role of finance were not distinctive dimensions as such, but were covered in other dimensions such as role of networks and the family. In the next section of this paper the strategic management literature is used in conjunction with this preliminary field-work to develop hypotheses about expected differences in strategy-making in ethnic and non-ethnic family firms.

3. A typology of strategy development

3.1 Paradigms

The literature on strategy has grown dramatically in volume and scope over the past several decades, producing in the process multiple perspectives of what *is* strategy and how it should be evaluated. This proliferation of theories and models has created uncertainty as to

what researchers should be looking for when they examine strategy. Authors such as Venkatraman and Camillus (1984), Mintzberg (1990), Mintzberg *et al.* (1998), and Whittington (1993) have addressed this problem by organising these perspectives into schools. The authors of these typologies argue in effect that scholars should abandon the view that there is only one version of what is strategy, and instead accept that there are multiple versions of what constitutes strategy, each with its own set of assumptions and related dimensions. Mintzberg *et al.* (1998) sum up this situation metaphorically in the Indian fable of six blind men seeking to study an elephant for the first time. Just as each blind man has a legitimate view of the elephant based on which part he is holding, so should strategy researchers accept the validity of different perspectives of strategy – and going one step further, learn to work with all of them.

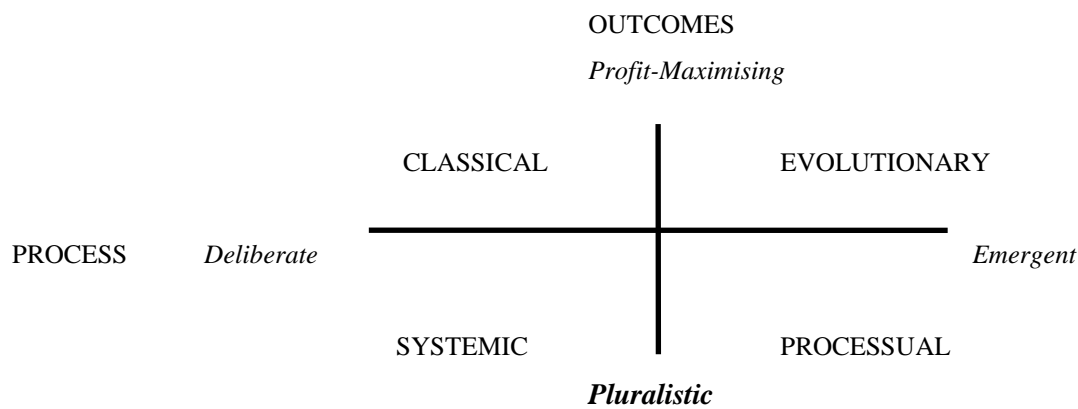
Accepting the validity of multiple perspectives suggests that the standard empirical approach of picking a single perspective when studying a population of firms that belong to a specific type, such as family firms, biases what is identified as strategy-making. By the same token, the potential contribution of such a study to enhance understanding of strategy more generally is limited to what it says about this perspective. Designing a study that is based on multiple perspectives on strategy should therefore increase the probability of making a more general contribution to understanding strategy, while at the same time meeting the need for pluralism that authors such as Van de Ven and Johnson (2006) regard as indispensable for the growth of research.

The first task of designing such a study requires the selection of a typology. The most widely recognised typology of strategy research is that of the ten ‘Schools’ described by Mintzberg (1990) and Mintzberg *et al.* (1998). Rouleau and Seguin (1995) argue that the ten schools overlap, and thus are not distinct. Lack of distinctiveness is in large part due to the attempt by Mintzberg (1990) and Mintzberg *et al.* (1998) to capture all relevant aspects of the

strategy. By contrast, the framework developed by Whittington (1993), on which this paper ultimately settles for its method, focuses primarily on two elements of strategic decision making research. The first is the process of strategic decision making, and the second is goals that drive the making of these strategic choices. Whittington further divides the process of strategic decision making into deliberate *versus* emergent, and differentiates the goals that drive firms into either the single goal of profit maximisation, or pluralistic goals (representing a wide variety of interests). Using these dimensions, Whittington organises strategy theories into four distinct types (see Figure 1): the *classical*, the *evolutionary*, the *processual*, and the *systemic*. Each type represents different assumptions about strategic decision making, as follows:

1. The classical school sees strategy as a formal and explicit planning process with profit maximisation as the main goal.
2. The evolutionary school sees strategy as a process dominated by efficiency with survival as the main goal.
3. The processual school sees strategy as an informal process that is shaped by retrospective sensemaking and is driven by multiple goals.
4. The systemic school sees strategy as constrained and shaped by the socio-economic systems in which it is embedded.

Figure 1



3.2 Theory and Hypothesis Development

In exploring differences in strategy-making between ethnic and non-ethnic family firms in terms of Whittington's (1993) framework, the first stage of the study involved the generation of testable hypotheses.

3.2.1 Classical school

Whittington (1993) credits the work of Chandler (1962), Ansoff (1965), Sloan (1963), and Porter (1980 & 1985) with establishing the classical school. Assuming managerial activity to be *rational*, these writers regarded profit maximisation as the principal – if not supreme – goal of business, to be achieved through *deliberate* planning. The environment surrounding the organisation is seen as dynamic, but nevertheless is regarded as essentially predictable and controllable. Creating a perfect environmental fit between opportunities and organisational resources is thus the main objective of the strategy process. Consequently, strategic planning involves setting clear objectives, undertaking environmental scanning (using prescribed tools and methods), and formulating and implementing strategies that yield above-average financial performance. This prescriptive process is believed by its adherents to have universal application.

The non-ethnic founder of a medium-sized food-and-drinks family firm that was part of the focus group exemplifies this approach. As he put it:

We have been doing medium-term planning since we decided to establish ourselves as a major niche player ten years ago ... yearly plans became normal practice for us ... We now pursue cost-efficiencies and return on our investments more vigorously than we did ten years ago ... Our gross profit margins have increased from 8% to 15% over the last three years.

By contrast, a South Asian founder of a medium-sized frozen food firm in the focus group expressed a sharply different attitude towards long-term planning:

There is no such thing as long-term planning. We have been successful primarily because of the day-to-day work we brothers put in every day. We are continuously discussing the future direction of our business...the diversification [into frozen food] did not come because we planned that way. We based our decision to invest in the sector because our close family friends who had invested in a manufacturing plant offered us a partnership in the venture. We had faith in the almighty and knew he was driving force behind our success in previous ventures.

The classical school was developed without reference to the cultural issues that affect management. The evidence of the focus group suggests that ethnic family firms will differ from non-ethnic family firms in their planning processes, with the former preferring less formal and explicit processes than the latter. This suggests the following hypothesis:

H1: Non-ethnic family firms are more likely to practice long term explicit planning processes than ethnic family firms.

3.2.2 Evolutionary school

Whittington (1993) groups the work of Hall and Hitch (1939), Alchian (1950), Hannan and Freeman (1988), Henderson (1989), and Williamson (1991) as representative of the evolutionary school. Evolutionists believe that because environmental changes are

unpredictable, firms pursue an adaptive strategy that is based on two imperatives. The first imperative is operational efficiency: management must pay constant attention to maintaining organisational fit with the environment, adjusting products and the resource mix as external circumstances change. The second imperative is survival: all decision making must be informed by the possibility of adverse environmental change that can pose a threat to the viability of the firm.

Since ethnic and non-ethnic family firms share the same environment, and are subject to the same economic and technological forces, no appreciable difference can be expected in their day-to-day management of operational efficiency. Their attitude to survival, however, is different, and this difference impacts how they conduct their strategic decision making.

In the case of non-ethnic firms, survival enters decision making primarily as a financial issue. Failure is therefore viewed as an economic rather than as a social or moral threat. For ethnic firms, in contrast, the social and moral consequences of economic failure are an important consideration in decision making. Many ethnic firms are imbued with a narrative of origin that looks back to economic hardship and social exclusion. The possibility of failure therefore carries with it the specter of once again being relegated to the margins of their adopted country; but in addition, the possibility of failure is seen as having negative consequences for the community at large. This sense of the hard road traveled, and the shared determination to succeed, is sharply conveyed by Gidoomal's (1997) description of the migration of South Asians who arrived in Britain after their expulsion from East Africa:

"Thousands were virtually penniless; but many, like my father arrived with something more valuable than capital. They arrived with a heritage of Asian community, with a wealth of contacts and associates; and most of all they arrived with a name (surname). Their riches lay in the bank of cultural and family and community networks on which they were able to draw, because their families were known in the community."

For ethnic entrepreneurs, success is not only about achieving prosperity, it is the road to status and respectability. Failure is therefore not only an economic loss; it is also a loss of reputation and status within their own community that is painful to contemplate. This is exemplified by one member of the focus group who reflected on what failure meant in the following way:

When me and my brother started, we only had one thing in our mind – that we had to survive our first year ... Now that we have been established for 30 years, we are more focused on sustaining our reputation as a family business. We are in clothing business, and although times are tough, we have decided to continue with the business by diversifying into other areas. We cannot associate failure with our surname. It's a small community, and everybody knows us. If you declare bankruptcy once, it's not just the negative credit ratings you bear; it is the stigma which your family name carries for the whole generation.

Based on the key dimensions of the evolutionary school, it would therefore be reasonable to expect to see the issue of firm survival to play a different role in strategy-making in ethnic firms as opposed to non-ethnic firms. Specifically, this suggests the following hypothesis:

H2: Ethnic family firms are more likely to be concerned with the implications of long-term survival of the business as a family business than non-ethnic family firms.

3.2.3 Processual school

According to Whittington (1993), the processual school emerged in the 1970s with writers such as Pettigrew (1973 & 1985) and Mintzberg (1973 & 1987). This school was greatly influenced by the earlier work of Cyert and March (1963) and Simon (1957 & 1979). Cyert and March (1963) did not believe that rational economic people or markets impose profit maximising on economic actors. Instead, they argued that economic actors 'satisfice' within a set of constraints, some external and some – for example, politics and conflict – internal to the organisation. Strategy might therefore not precede action, but emerge through retrospective sense-making of actions that meet these constraints. Mintzberg (1987) goes one step further, rejecting the logic of long-term planning. He characterises strategy as a *craft*, and argues that strategists need to retain a close awareness of the market if they are to adapt

quickly to the marketplace. Consequently, Whittington (1993) has argued that, according to processualists, ‘the idea of environmental scanning, portfolio analysis, and other techniques used to arrive at strategic decisions by classical theorists are inappropriate’.

The processual school begins with the premise that strategy formation is a cognitive process in the minds of various individual actors. The strategy that emerges is the sum of these individual efforts – both positive and disruptive. This puts the locus of strategy firmly inside the organisation. It also points to power and politics as crucial ingredients of the strategy-making process (Mintzberg, 1990).

Research suggests that power and politics play a constraining influence in ethnic family firms. For instance, ethnic family firm managers display a strong resistance to opening up the family firm to outside directors (Ram and Hillin, 1994), and are more likely to employ family or friends in senior positions because they belong to the same community, caste, and value system as that of the family and its patriarch (Ram, 1994). Dutta (1997) argues that this is one of the reasons Indian family businesses have traditionally been less active in the globalisation process than their non-ethnic counterparts.

The focus group in the present study supports the exclusionary role that ethnicity plays in the internal dynamics of top management in ethnic owned family firms. As one South Asian founder of a medium-sized frozen food firm explained:

We have a strong view of not appointing any outsiders from the industry. What we want to do, we will do it ourselves. We don’t need to dilute the family shareholdings.

In contrast to this, a non-ethnic business founder held more accommodating views regarding appointing outsiders to the board and gathering information from outsiders:

We are seriously considering appointing a non-executive director in the area. We think we need expert knowledge ... I try to talk to as many people as possible, and then make decisions

in the board. There are people in the family, friends, in the industry I respect, and get the ideas from. We are very friendly with many people in the business world and I take every opportunity to talk to them and see what is happening in their marketplace.

Based on the key dimensions of the processual school, it would be expected that the internal processes of ethnic owned family firms play a stronger role in shaping the decision making environment than would be the case for non-ethnic family-owned firms. This suggests the following hypothesis:

H3: Strategy-making in ethnic family firms is more likely to be driven by internal social processes than non-ethnic family firms.

3.2.4 Systemic school

According to Whittington (1993), the systemic approach emerged in the 1990s, with the work of Grannovetter (1985) and Marris (1964) constituting the key underpinning texts of this school. Systemic theorists agree with classicists about the importance of forward planning and working efficiently to achieve results. However, they disagree with classicists in the latter's assertion that the rationale underlying strategy is the same in every context.

For Whittington (1993), the systemic school conveys the message that managers are not isolated individuals interacting in purely economic contexts; rather, they are people who live in interwoven social systems. This means that personal economic behaviour is embedded in a network of social relations – including families, the state, professional and educational backgrounds, religion, and ethnicity. Systemic theorists believe that firms perform in accordance with the norms of the social and economic environment in which they operate. Thus, the cultural background of their managers is likely to profoundly influence how they interpret the efficacy of their decisions, whether they attribute outcomes to observable

business factors, or to forces such as fate, luck, or divine favour (Boyacigiller and Adler, 1991).

The focus group interviews provide support for this view. As one founder of an ethnic family firm observed:

We attribute our success over the years to Lord Ganesha [Indian deity] ... I just look back and thank the almighty for helping us making the right choices either when we were investing in properties or signing up for a franchise ... I recall how we started our company ... I met [Mr B] when my wife and I were travelling. Mr B and his wife were sitting in the same train compartment and we got talking ... We maintained contact and became good friends when he visited London the same year ... He offered us the opportunity to enter into partnership with his company, and market the products on their behalf in Europe ... I mean isn't this fate?

By contrast, the non-ethnic family-owned managers in the focus groups tended to attribute control to their own deliberate actions rather than the intervention of luck or divine favour. Consistent with the assumptions of the systemic school, this suggests that ethnic owned firms are more likely to interpret their strategy according to religious or causal narratives that perfuse their ethnic communities. This suggests the following hypothesis.

H4: Strategy-making in ethnic family firms is more likely to be influenced by specific cultural factors than in non-ethnic family firms.

4. Research methodology

4.1 Operationalisation of Dimensions

The focus group discussion elicited six dimensions. These were used to construct questions across the four schools of thought discussed above. These six dimensions were: (i) role of women; (ii) forming networks and alliances; (iii) attitudes to growth; (iv) explicit commitment to formal planning; (v) role of family in decision-making process; and (vi) reliance on external directors.

In order to deduce differences in strategy-making amongst the two groups, each of the six dimensions was first mapped onto the four schools of strategy. As each of the schools holds different assumptions about strategic decision making, some dimensions were found to be relevant while others were not (see Figure 2). Each of the relevant dimensions is interpreted in the context of four schools of strategy in Figure 3.

For instance, in the case of the classical school of thought, where the focus is on formal and explicit planning with profit maximisation as primary objective, only two of the six dimensions – attitude towards growth and explicit commitment to formal planning – were relevant. It does not explicitly take into account the role of family, women, networks or external directors. These two dimensions are explained in Figure 3: the classical school highlights firms as being guided by financial measures – such as return on capital or return on investment – when making growth and expansion decisions; moreover, formal explicit long-term planning conducted through rational analysis is central to maximising these returns.

In the case of the evolutionary school, only two out of the six dimensions are relevant: long term growth and explicit day-to-day efficiency planning. This is because evolutionists focus on survival and on the long-term perpetuation of the business. Business continuity from one generation to another is an important indicator of family businesses survival.

In case of the processual school, the importance of rational planning is downgraded, and satisficing by influential stakeholders, rather than profit maximisation, is central to the objectives of the business. Internal processes hence play a dominant role, and the role of family and women in the family business becomes more pronounced. Firms are also keen to learn from networks and may seek to establish alliances to pursue joint opportunities.

In case of the systemic school, rationales underlying strategy are the product of particular social contexts. Hence, family firms may differ according to the social and economic systems in which they are embedded. Aspirations to growth may be different; firms may benefit from community networks and may be more open to reliance upon external experts in some cultures than others. Furthermore, the role of family, and that of women, become more relevant to understanding differences in ethnic and non-ethnic family firms.

Figure 2

| | Classical | Evolutionary | Processual | Systemic |
|--|--|---------------------|-------------------------------|----------------------|
| Strategy | Formal | Efficient | Crafted | Embedded |
| Rationale | Profit maximisation | Survival | Organisational Cohesion | Local Context |
| Focus | Internal (planning) | External (markets) | Internal (politics/cognition) | External (societies) |
| Processes | Analytical | Darwinian | Bargaining/learning | Social |
| Dimensions | Relevance of focus group dimensions to four schools of strategy | | | |
| Attitudes to Growth | Relevant | Relevant | Relevant | Relevant |
| Explicit commitment to formal planning | Relevant | Relevant | Relevant | Not relevant |
| Role of family in the decision-making process | Not Relevant | Not Relevant | Relevant | Relevant |
| Role of women | Not Relevant | Not Relevant | Relevant | Relevant |
| Reliance on external directors | Not Relevant | Not Relevant | Not Relevant | Relevant |
| Forming networks and alliances | Not Relevant | Not Relevant | Relevant | Relevant |

Figure 3: Dimensions and Interpretation of Schools of Strategy

| | |
|--|--|
| Attitudes towards growth | <p>[Classical] – Firms are guided by financial measures such as return on capital or return on investment when making growth and expansion decisions. Likewise, firms apply purely financial criteria when deciding which markets to exit and which operations should be terminated.</p> <p>[Evolutionary] - Firms see growth as emerging from constant attention to cost and efficiency. They are likewise sensitive to any growth decisions that are risky, and that can potentially threaten the long-term viability of the firm,</p> <p>[Processualist] - Firms are conservative, with modest growth aspirations. They see incrementalism as the best way to grow, taking small steps to explore new products and new markets.</p> <p>[Systemic] - Growth objectives differ according to the cultural rules of the local society firms are embedded in. Whereas one set of family firms may promote growth initiatives that are driven by strong return, the other group may prefer conservative long-term approach with retaining family ownership as the overriding objective.</p> |
| Explicit commitment to formal planning | <p>[Classical] - Formal explicit long-term planning conducted through rational analysis is central to the success of the firm.</p> <p>[Evolutionary] – In order to be nimble, firms should evaluate their options regularly and adapt daily planning initiatives to strengthen cash flows.</p> <p>[Processualist] - Strategy cannot be planned; it emerges, through adaptation to the market and wider environment. Management may experiment with a number of options before settling on a particular direction. Managers can make sense of their strategy by reflecting on their routine set of activities or small steps taken over a longer term period.</p> |
| Role of family in the decision-making process | <p>[Processualist] – Firms involve family members at the management level as a way of achieving consensus and pre-empting conflict over strategic direction.</p> <p>[Systemic] – Firms rely heavily on the external legitimacy of the family, employing this legitimacy to recruit resources and reinforce commitments from customers and suppliers. Decision making is strongly influenced by the need to protect and increase this legitimacy.</p> |
| Role of women | <p>[Processualist] – Women play an important role in the dominant coalition of family firms, whether they have an official position or not. They are particularly important in the political processes that shape decision making, and more generally, they often take a leading role in mediating conflict and ensuring continuity during succession.</p> <p>[Systemic] – Women play an important role in the dominant coalition of family firms, but this role will be shaped by the cultural origins and community affiliation of key members of this coalition. In non-ethnic family firms women often use their share holdings and direct influence on husbands or sons to ensure that the influence of their immediate families is safeguarded. By contrast, the role of women in ethnic family firms is constrained by social conventions that dictate the extent to which their voice can be heard in formal business settings. These constraints, however, are often circumvented by the influence that women in non-ethnic firms exercise via the extended family and wider social networks.</p> |
| Reliance on external directors | <p>[Systemic] – In general, family firms are less open to the use of external directors than non-family firms. Their main concern when selecting external directors is to increase legitimacy while at the same time minimising potential conflict that may arise from introducing non-family members into strategic deliberations. For this reason, when family firms recruit external directors, they usually prefer external directors from their own communities and/or immediate geographical region.</p> |

| | |
|---------------------------------------|---|
| Forming networks and alliances | <p>[Processualist]- Networks and alliances are pursued incrementally, usually in response to specific business needs. Firms are reluctant to enter into alliances that may compromise basic decision making autonomy.</p> <p>[Systemic] – Firms see networks and alliances as central to their success. They pursue networking and alliances with a view to obtaining resources and securing their position against unexpected environmental turbulence. They also build networks as a way of gaining intelligence and developing mechanisms for cooperative action in the marketplace.</p> |
|---------------------------------------|---|

4.1 Sample

The four hypotheses were tested by collecting data from three industrial sectors, defined by the four-digit Standard Industrial Classification (SIC) codes: wholesale food and drinks (*fd* - UK SIC codes 5139, 5134, 5137), software consultancy and supply (*sc*- UK SIC code 7220), and outerwear clothing (*oc* - UK SIC code 1822). These sectors were chosen because both Anglo-Saxon and South Asian family firms are well represented (Basu, 1998; Metcalf, Madood and Virdee, 1996), and because the sectors are relatively mature, providing a stable setting for analysis. The high-growth family firms were chosen as a setting because these firms are more likely to have established strategic processes than micro- enterprises which dominate the ethnic family-owned business population in Britain, (as indeed they do the SME sector as a whole). A firm was considered to be a family firm, if: (a) members of the family business classed their business as a family firm, and (b) the family-owned the majority stake in the business, and (c) the family was involved actively in running the business. To identify high-growth firms, three growth measures were initially selected: sales turnover, return on capital, and total number of employees (Birley and Westhead, 1990). For this study, high-growth family firms were considered to be those that had achieved a continuous sales growth and return on capital employed growth of 25% over the previous three years. Other measures, such as number of employees, were not used in the final selection of the sample: sales and return on capital employed (ROCE) can equally rise as a result of increased efficiency in the use of labour (Hoy, McGougall and Dsouza, 1992).

4.2 Data collection

Data was collected through two research instruments: questionnaire and semi-structured interviews. The major data set used to test the hypotheses came from the questionnaire study. The questionnaire was designed and the survey implemented using a tailored design method (Dillman, 2000), which suggests various ways to encourage response. The measurement items on six dimensions were generated through review of the academic literature(s) covering family firms, ethnic entrepreneurs, and strategic management. The question items were measured on a five-point Likert scale ranging from 1 ('strongly disagree') to 5 ('strongly agree'). An academic expert panel was used to assess whether the content of the items tapped the conceptual domain of the focal constructs. This assessment yielded a set of fine-tuned questionnaire items that were used in early pre-tests with a convenience sample of ten medium-sized family firms (five ethnic and five non-ethnic family firms). Pre-testing led to a slight modification in the wording of a small number of questions.

The FAME database was the primary source used for identifying the sample. FAME is a national commercial database that contains information on approximately 270,000 public and private British companies. Regional directories maintained by local authorities and government support agencies (where available) were also used to supplement FAME. From these two data sources, a list of 301 high-growth family firms from three regions in the United Kingdom was compiled: West Midlands, London, and the South East. All 301 firms were sent a questionnaire and a covering letter. Two weeks later, another copy of the questionnaire and a covering letter were sent to non-respondents. A total of 76 questionnaires were returned from the 301 companies (response rate of 25.2%). Of the 76 respondents, 37 were owned by non-ethnics (*sector distribution: fd-28 firms, oc-6 firms, and sc-3 firms*) and 39 by South Asians (*sector distribution: fd-30 firms, oc-7 firms, and sc-2 firms*). The average

age of firms was 21.4 years, average turnover was £11.7 million, and the average number of employees was 45.

The UK Companies' Act of 1985 classifies a firm as being in the medium-sized category if it has a turnover of no more than £22.8 million and employs less than 250 individuals. The sample firms therefore fall well within the SME range. Respondents were compared with non-respondents in terms of age of firm, turnover, number of employees, and geographical spread and industrial distribution. No statistically significant differences emerged, suggesting that the respondents were representative of the defined population at the time of the survey.

Ten days after sending the second wave of questionnaires, respondents who had shown a willingness to participate in further study were contacted with a view to arranging interviews. Forty interviews were conducted over an 8 week period by the principle researcher. Each interview lasted about one hour (range: 45 minutes to 3 hours) and involved open-ended questions covering the dimensions in the questionnaire. The interview was typically concluded by a tour of the business premises. All interviewees spoke English fluently. Thus all interviews were conducted in English. These interviews were tape-recorded (or were recorded on paper if the respondents did not feel comfortable being tape-recorded). All the tapes and notes were transcribed immediately after the interviews.

5. Analysis of Results

To analyse the possible differences between ethnic and non-ethnic family firms in terms of the indicators used to proxy the four schools of thought (Hypotheses 1–4), a two-group multivariate analysis of variance (MANOVA) was employed. First the data set was examined to test that it satisfied the statistical assumptions underlying MANOVA, the first of which is a sufficient sample size. With 37 cases for each group, this exceeded the minimum sample size of twenty recommended by Hair *et al.* (1998). Another assumption when

conducting MANOVA is heterogeneity of variance. As there were 39 cases in one group, compared to 37 in the other, two cases of ethnic family firms were randomly deleted to yield equal sample sizes. However, such random deletion could result in decreasing the statistical power of MANOVA analysis. Thus, additional power analysis for MANOVA using Gpower was conducted to calculate the power level for the decreased sample size of 37 per group, to ensure that there was no drastic decrease. The power calculated was 0.9990, and this suggested that the decrease in the sample size as a result of the deletion of cases had not decreased the power below the recommended level of 0.80.

Four MANOVA models for testing group differences between ethnic and non-ethnic family firms, as hypothesised in the context of four schools, were estimated (Table 1–4). *Hotelling's T^2* was used to test the significance of the overall fit of these MANOVA models. This is regarded as a specialised test of the statistical significance of the difference in the means of two or more variables between two groups (Hair *et al.*, 1998). Other statistics such as *Pillai's Trace*, *Wilks Lambda* and *Roy's Largest Root* were also generated to examine the overall fit of MANOVA models. Tables 1–4 depict these results, conducted to test Hypotheses 1–4. Once the significant test of the multivariate analyses confirmed the presence of group difference on the dependent variables, a separate ANOVA was conducted on each of the dependent variables to determine which individual variables were contributing to the difference. Tables 1a to 4a show these results of the ANOVA tests conducted on individual variables for each hypothesis.

Finally, in the analysis of qualitative data gathered from interviews, the focus was on discerning how individual actors actually strategised. As is typical with interpretive research based on qualitative data (Locke, 2001), the procedure was to move iteratively both between different data sources, and between the data and themes generated around the six dimensions previously discussed. Transcription took place immediately after each interview, with data

inputted into a spreadsheet and Nvivo qualitative software, with a view to identification of those factors which came into play while the family firm owner-managers actually carried out their strategy processes. After identifying a theme, additional data were sought for comparison to determine the empirical support for the theme, as well as plausible interpretation of its meaning. For instance, one question of interest was to determine whether family involvement in decision making differed in ethnic and non-ethnic family firms. It emerged in the early interviews that family members who do not hold an official position in ethnic family firms (for example, family matriarchs) nevertheless played an important role in decision making. Through both a line-by-line reading of interview transcripts and conversation among the academic team, it emerged that seniority of family women was closely related to the extent of their involvement. Finally, the research team had a series of meetings to facilitate the interpretation of the data, and to agree on the examples that illustrated strategy-making and the dimensions which influenced the strategy process. By combining these data sources, it was possible to extract subtle nuances that would have been impossible to obtain from a questionnaire and thus to interpret strategy-making in family firms more fully.

Hypotheses 1 and 2 suggest that non-ethnic and ethnic family firms are likely to differ in their preference towards growth and commitment to practising planning. Results indicate that ethnic and non-ethnic families do not hold different perceptions for the planning dimension on either the classical school ($T^2 = 0.05$, $p > 0.05$) or the evolutionary school ($T^2=0.01$, $p>0.05$). The results of the follow-up analysis also showed no significant differences in terms of attitudes towards growth and commitment to planning.

Hypotheses 3 and 4 were confirmed. Hypothesis 3 postulated that strategy-making in ethnic family firms is more likely to be driven by internal processes than non-ethnic family firms; significant differences between the two groups were found ($T^2 = 0.468$, $p<0.001$).

Follow-up ANOVA analysis as presented in Table 3a suggested that these very significant differences emerged from difference between ethnic and non-ethnic family firms on the dimensions of growth ($F=4.11$, $p<0.001$), planning ($F=10.90$, $p<0.001$), role of family ($F=23.32$, $p<0.001$) and forming networks ($F=20.65$, $p<0.001$). Hypothesis 4 suggested that strategy-making in ethnic family firms is more likely to be influenced by specific cultural factors than in non-ethnic family firms. Significant differences between ethnic and non-ethnic family firms were found ($T^2 = 0.466$, $p<0.001$), thus confirming this hypothesis. The results of follow-up ANOVA analysis depicted in Table 4a suggest that these significant differences result from differences between the groups on the dimensions of growth ($F=19.84$, $p<0.001$), role of family ($F=23.31$, $p<0.001$), reliance on external directors ($F=4.70$, $p<0.05$) and forming networks ($F=3.39$, $p<0.05$).

Insert Tables 1-4

6. Discussion

6.1 Review of findings

The main purpose of this study is to identify how strategy formation differs in ethnic *versus* non-ethnic family firms. There were two main problems concerning research design. First, strategy formation by its nature is not a single, easily identified activity. Second, strategy is also a highly contested concept: there are widely divergent views in the strategy literature even about what constitute the key dimensions of strategy-making. The two problems are linked. Identifying the key dimensions of strategy formation depends on the theoretical perspective adopted by a particular scholar. Rather than choose one view of strategy at the expense of others, it was decided to analyse strategy in ethnic family firms

using different perspectives in parallel. To be systematic about the choice of perspectives, Whittington's (1993 & 2001) stylisation of strategy schools was adopted as being a typology that adequately balances diversity and distinctiveness of strategy perspectives. Underlying the design of the study was the working assumption that, since each school takes a different view of strategy-making, each will highlight different aspects of strategy-making in ethnic as opposed to non-ethnic firms. The analysis suggests that contrary to expectations there are no differences between ethnic and non-ethnic family firms when strategy-making is viewed from the perspective of the classical or the evolutionary schools. In contrast, there was support for differences between the approaches of ethnic and non-ethnic family firms when the processual and systemic schools are the dominant explanations of strategy.

Specifically, in the case of the classical school, the expectation was that there would be a difference in the approach to formal planning and firm performance by ethnic as opposed to non-ethnic family firms. No significant differences were found. Nor were there significant differences between ethnic and non-ethnic firms when survival is the key issue in strategy decision making – as suggested by the evolutionary school. In contrast, there was support for hypothesised differences derived from both the processual and systemic schools. This raises the question of what accounts for the observable differences in the case of these two schools while none can be detected in the case of the classical and evolutionary schools.

The explanations are arguably both general and specific. Both the classical and the evolutionary schools deal with strategy formation as a generic process that is relatively independent of the context. By contrast, the context of strategy-making is central to both the processual and systemic schools. Each of these schools, however, deals with the context in a distinctly different way. The processual school puts an emphasis on the internal context of strategy-making, while the systemic school sees external context as decisive. This can be examined in greater detail:

In the case of the processual school, the emphasis on internal context results in a view of strategy as a product of political and cultural processes that take place within the organisation. Hence, dimensions highlighting the role of family emerge as strong differentiators of strategy-making in ethnic *versus* non-ethnic family firms. This has a number of consequences. First, there is a lack of formality when it comes to strategic processes. This was evidenced vividly during the interviews. For example, one of the four brothers who manage an ethnic family firm had the following to say about decision making:

We don't have day-to-day meetings. However, we have a formal meeting after every six weeks. We have never had business plans. [And] even now we don't have any formal plans: We just think about the future according to our experience, and we move accordingly.

The lack of formality, however, is more apparent than real. In practice, decision making is governed by strong family-embedded norms, in particular norms that require family members to achieve consensus before taking action. This has important strategic consequences, as described by one ethnic family firm owner:

My second brother runs the cash-and-carry side of the business. Even though his is a separate line, he has equal say and influence in the business. When my elder brother was alive he used to lead by consensus. Now I try to do that. We three brothers sit down as a family and consult with each other, which happens during the daily routine or sometimes while at house dinner, during lunch, [or] in the car going back home.

The impact of family on strategy-making is not confined to top management team processes, but also embraces other family members who do not have an official position in the managerial hierarchy. This was especially true of the role of women in ethnic family firms. In many family firms women exercise strong political influence as mediators and enablers, maintaining channels of communication and ensuring that conflicts are amicably

resolved. One of the owners of an ethnic family firm that produced speciality clothing described the influence that his mother exercised in the following way:

In the early days it was better having mum in the business. She used to have good relationship with workers, majority of who were women immigrants from Indian subcontinent. She used to listen to their problems, and sometimes help them financially. When I used to walk on the shop floor it felt like a big family. As our business grew, we appointed production managers. She still comes everyday to the office...She is a stabilising force for our family. If it wasn't for her, both me and my brother would have gone our separate ways very early in the business.

In the case of the systemic school, the differences found between strategy-making in ethnic as opposed to non-ethnic family firms can be traced to the influence of external rather than internal context. The systemic school puts an emphasis on the social and cultural properties of external organisational context. Managers do not develop strategies in isolation as purely economic agents, but as social actors who operate in a wider cultural and social matrix. Family firms are embedded in a network of social relations that involve other families, the community, the professions, and even the organs of the state. There is less willingness to see economic and business life as distinct and separate spheres. Business decisions are therefore more likely to be constrained by the anticipated reactions of ethnic and business communities than by legal codes and financial conventions. Raj, the owner of an ethnic family business, expresses this outlook when discussing his assumption of control following the death of his father:

Things changed when my father expired, and I took the responsibility of the household ... I held a deep belief that somebody was looking after us. I set up this business with all my savings to ensure my brother did not struggle ... Deep down I believe both of us have a responsibility to make sure that we maintain respect for our family name in our community ... This is what you can interpret as my real return on capital.

An additional prediction of the systemic school which is born out by the data is that strategy-making in ethnic firms is more likely to be governed by the customs and mindset of the country of origin than by standard notions of rationality that might prevail in the adopted country. Thinking and analysis is often shaped by religious convictions, and by conceptions of cause and effect which emphasise the role of fate and the power of destiny. Ravi, one of four brothers owning an ethnic family firm, explains it thus:

Every morning, we do puja [prayers]. God's blessing and good luck are very important ... Our family strongly believes in teachings of Lord Krishna, who preached that one has control over doing his/her respective duty only, but no control or claim over the results. That principle applies in business too. Success in business emerges if it is in one's destiny. We attribute our success over the years to the almighty.

6.2 Limitations of this study

It is possible to determine four limitations to this study. First, to achieve a clear test of the influence of ethnic origin on the strategic choices of family firms, the sample was limited to high-growth firms in three industrial sectors in which ethnic firms were concentrated. It is possible that the characteristics of this industry sample limit the generalisability of the results to other settings. Secondly, the sample size was 76 family firms. If the response rate had been higher, this would have enabled the results to be analysed on a differential basis across the three sectors. Thirdly, questionnaires and in-depth interviews were used for data collection. Longitudinal research in studying the strategy-making of a selected number of family firms would have complemented the current study. Fourthly, much of the literature on Britain's South Asian communities and enterprises refers to sub-groups characterised in terms of religion, language, class and caste (Jones *et al.*, 1994). However, this study discounted these differences due to the commonalties these sub-groups share with respect to the social value systems governing their economic activities. Nevertheless, despite these limitations, the

present study contributes to extending the literature on SMEs and family firms, and has useful implications for managerial practice.

6.3 Contributions to the literature

Chua, Chrisman and Steir (2003) note that researchers are still searching for a robust and comprehensive theory of the family firm. Strategy is key to the emergence of such a theory. But with some exceptions (for example, Zahra *et al.*, 2004; Sirmon and Hitt, 2003; Chrisman *et al.*, 2003; Harris, Martinez and Ward, 1994; Carlock and Ward, 2001; Sharma, Chrisman and Chua, 1997) few studies have focused on studying strategy within family firms. And even within these studies, the ethnic dimension of family firm ownership is largely ignored (Heck, 2004).

This study offers an initial exploration of strategy-making in ethnic family firms with the intent of laying a foundation for a more thorough examination of this topic. The main contribution has been to reveal these differences through a comparative study of ethnic and non-ethnic family firms. Contrasting the two types of firms, strategy-making in ethnic family firms was observed to be more likely to benefit from close-knit family and community networks (Greene, 1997; Gidoomal, 1997), and that strategies are often shaped by a wish to create businesses that provide employment for family members. Moreover, the boards of ethnic family businesses were more likely to be composed of family or friends – due to their affiliation with the same community, caste, and value system as the family and its patriarch (Dutta, 1997). Members of top management in ethnic family firms were also more likely to regard success as being a result of predestination than as something they could ultimately control.

A further contribution of this paper is in its use of multiple theoretical perspectives. The use of multiple theoretical perspectives is increasingly urged in strategy research and this

paper lends support to the belief that this is certainly so in the study of family firms. First, because it expands understanding of strategy in family firms, and second because it builds links between research on family firms and management research more generally – thereby adding evidential support to Dyer's (2003) call for mainstream management researchers to include family as a variable.

6.4 Implications for managerial practice

Mintzberg *et al.* (1998) suggest that, when it comes to strategy-making, culture matters. Their attention, however, is directed primarily at the internal organisational cultural contexts which characterise corporations. This study also suggests that ethnicity matters: managerial approaches to strategy-making will vary when the family that owns the firm is rooted in a different ethnic group to that of the dominant national culture in which the family / firm operates. Although ethnic firms understand the language of rationality, and although they often profess a preference to form management structures and make investment decisions on the basis of careful analysis, they rarely do so. These differences have not been lessened by the advent of a second generation in family firms and closer integration of immigrant and host communities. In the sample, more than half of the ethnic family firms were being managed by members of the second generation. Family values and structures still influence decision-making in ethnic South Asian firms. It is therefore apparent that, in addition to family firms construing strategy in ways that are different from non-family businesses, the issue of *different* (ethnic) family structures influencing strategy must be taken into account – even in the more entrepreneurial, growth-oriented family firms. Just as it is misleading to lump together family and non-family firms (rather than noting the managerial differences between the two), it is apparent that managerial theory should pay more attention to the specific (ethnic) nature of the family itself.

6.5 Conclusions and Future Research

This paper reaffirms the importance of ethnicity as raised by Heck (2004) and applies new theoretical perspectives when studying strategy in family firms. Typological frameworks such as that of Whittington (1993) as used here can provide useful insights for researchers in exploring the complex nature of strategy within family firms. Most of the strategic management literature in the smaller enterprise domain is normative in nature: a representation of how and what managers should, or ought to think, decide and do. Using a multi-paradigmatic approach, as used here, can help to generate a better representation of the way managers actually strategise in their daily routines. Each of the four schools described here contains a set of assumptions about how firms make their strategies. If a given entrepreneur holds views about his or her own strategy processes, and if these views are consistent with the views held by scholars within any given school, the entrepreneur is likely to have greater affinity with the assumptions made by one school compared with others. Earlier studies have identified differences in strategy orientations on the basis of ethnic origin (Greene, 1997) and of the generation running the family business (Garcia-Alvarez and Lopez-Sintas, 2001). Future research could test if there are clearly defined groups of family firms which display a preference for a particular paradigm of strategy.

Ethnic firms in this research were defined as being those controlled by South Asian families. They were mainly controlled by Hindu and Sikh families who had emigrated from the Indian subcontinent, and are the dominant ethnic group in Britain. While documenting the ethnic entrepreneurship phenomenon in Britain, Metcalfe *et al.* (1996) have listed four subcategories of South Asians: Indians - Hindus and Sikhs, African Asians, Pakistanis, and Bangladeshis. Sub-groups also exist amongst these communities. Gidoomal (1997) reports more extensive networking ties among South Asians who emigrated from East Africa than

those who emigrated directly from the Indian sub-continent. Ram and Jones (1998) suggest that common attributes exist across South Asians in explaining their entrepreneurial success. It is also widely recognised that intangible resources such as informal community networks, knowledge, and culture are vital aspects of ethnic businesses (Janjuha-Jivraj, 2003; Greene, 1997). In this context, the findings can be generalised across various sub-groups. Future research could widen the focus by including other ethnic groups from the sub-continent. Family businesses are also known to vary across national cultures. Future studies could also compare strategy-making in ethnic family firms that operate within their national settings with those operating in international settings, and the development and prognosis for cross continental family business networks.

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Table 1–4 1: Multivariate and Univariate Tests for Dimensions in the context of Classical School: Difference between Ethnic and Non-Ethnic family firms

Multivariate Tests

| <i>Test</i> | <i>Value</i> | <i>F</i> | <i>Significance of F</i> |
|--------------------|--------------|----------|--------------------------|
| Pillai's Trace | 0.051 | 1.889 | 0.159 |
| Wilks' Lambda | 0.949 | 1.889 | 0.159 |
| Hotelling's Trace | 0.053 | 1.889 | 0.159 |
| Roy's Largest Root | 0.053 | 1.889 | 0.159 |

Table 1a: Univariate Tests

| <i>Dimension</i> | <i>Sum of Squares</i> | <i>Error Sum of Squares</i> | <i>MS Means</i> | <i>Error Means</i> | <i>F</i> |
|---------------------------------|-----------------------|-----------------------------|-----------------|--------------------|----------|
| Attitudes towards growth | 4.37 | 103.24 | 4.37 | 1.43 | 3.05* |
| Explicit commitment to planning | .21 | 90.0 | .21 | 1.25 | 0.17 |

*P<0.10; **P<0.05

Table 2: Multivariate and Univariate Tests for Dimensions in the context of Evolutionary School: Difference between Ethnic and Non-Ethnic family firms

Multivariate Tests

| <i>Test</i> | <i>Value</i> | <i>F</i> | <i>Significance of F</i> |
|--------------------|--------------|----------|--------------------------|
| Pillai's Trace | 0.012 | 0.434 | 0.649 |
| Wilks' Lambda | 0.988 | 0.434 | 0.649 |
| Hotelling's Trace | 0.012 | 0.434 | 0.649 |
| Roy's Largest Root | 0.012 | 0.434 | 0.649 |

Table 2a Univariate Test Results

| <i>Dimension</i> | <i>Sum of Squares</i> | <i>Error Sum of Squares</i> | <i>MS Means</i> | <i>Error Means</i> | <i>F</i> |
|---------------------------------|-----------------------|-----------------------------|-----------------|--------------------|----------|
| Attitudes towards Growth | .054 | 92.595 | 0.054 | 1.286 | 0.042 |
| Explicit commitment to planning | 0.86 | 104.649 | 0.865 | 1.453 | 0.595 |
| Role of Family | 0.21 | 67.24 | 0.21 | 0.93 | 0.23 |

*P<0.10; **P<0.05

Table 3: Multivariate and Univariate Tests for Dimensions in the context of Processual School: Difference between Ethnic and Non-Ethnic family firms

Multivariate Tests

| <i>Test</i> | <i>Value</i> | <i>F</i> | <i>Significance of F</i> |
|--------------------|--------------|----------|--------------------------|
| Pillai's Trace | .319 | 5.223 | 0.000 |
| Wilks' Lambda | .681 | 5.223 | 0.000 |
| Hotelling's Trace | .468 | 5.223 | 0.000 |
| Roy's Largest Root | .468 | 5.223 | 0.000 |

Table 3a

| <i>Dimension</i> | <i>Sum of Squares</i> | <i>Error Sum of Squares</i> | <i>MS Means</i> | <i>Error Means</i> | <i>F</i> |
|---------------------------------|-----------------------|-----------------------------|-----------------|--------------------|----------|
| Attitudes towards Growth | 3.45 | 60.48 | 3.45 | 0.84 | 4.11** |
| Explicit commitment to planning | 7.14 | 47.18 | 7.14 | 0.65 | 10.90** |
| Role of Family | 28.59 | 88.27 | 28.59 | 1.22 | 23.32** |
| Role of Women | 0.66 | 96.00 | 0.66 | 1.33 | 0.49 |
| Forming Networks | 22.71 | 79.18 | 22.71 | 1.10 | 20.65** |

*P<0.10; **P<0.05

Table 4: Multivariate and Univariate Tests for Dimensions in the context of Systemic School: Difference between Ethnic and Non-Ethnic family firms

Multivariate Tests

| <i>Test</i> | <i>Value</i> | <i>F</i> | <i>Significance of F</i> |
|--------------------|--------------|----------|--------------------------|
| Pillai's Trace | 0.318 | 6.335 | 0.000 |
| Wilks' Lambda | 0.682 | 6.335 | 0.000 |
| Hotelling's Trace | 0.466 | 6.335 | 0.000 |
| Roy's Largest Root | 0.466 | 6.335 | 0.000 |

Table 4a

| <i>Dimension</i> | <i>Sum of Squares</i> | <i>Error Sum of Squares</i> | <i>MS Means</i> | <i>Error Means</i> | <i>F</i> |
|---------------------------------|-----------------------|-----------------------------|-----------------|--------------------|----------|
| Attitudes towards Growth | 27.36 | 99.29 | 27.36 | 1.37 | 19.84** |
| Explicit commitment to planning | 3.04 | 121.51 | 3.04 | 1.68 | 1.80 |
| Role of Family | 23.83 | 73.62 | 23.83 | 1.02 | 23.31** |
| Reliance on External Directors | 7.14 | 109.40 | 7.14 | 1.52 | 4.70** |
| Role of Women | 0.12 | 96.00 | 0.12 | 1.33 | 0.15 |
| Forming Networks | 3.45 | 73.40 | 3.45 | 1.02 | 3.39* |

*P<0.10; **P<0.05