Impact of culturally-linked leadership style on performance in South Asian ethnic minority SMEs in the UK

Research Proposal

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1.0.   Working Title

Impact of culturally-linked leadership style on performance in SouthAsian ethnic minority SMEs in the UK

2.0.   Research Rationale

Extant literature identifies the importance of increasing diversity and its impact in terms of how diversity in race, ethnicity and gender impacts the social identity of leaders (Coleman, 2012; Kay and Gorman, 2012; Chin and Sanchez-Hucles, 2007). More importantly, as Chin (2013) argues, understanding how such social identities impact employee and organisational performance is a key area of concern. Researchers also present a critical assessment of current leadership theories, which can be considered to be biased given the focus on an Anglo-Saxon, white and heterosexual male perspective (e.g. Klien, 2009; Heldman, 2014). Therefore, given that more women and ethnic minorities are becoming leaders, leadership studies need to extend beyond such narrow perspectives and become more heterogeneous, to understand the variations that may exist across different ethnicities, minorities and genders.

UK is a house of many ethnic minorities and cultural diversities resulting from immigration trends of the 20th Century (Sonfield, 2003). Studies revealed that ethnic minorities established businesses due to their skills and expertise in their field, beside this; achievement, opportunity and job satisfaction were also primary factors for founding businesses (Kroberg and Dean (1991). Bonacich (1973) argued that ethnic minorities commonly choose a particular business that provides a better alternative to unemployment. These Ethnic Minority SMEs are now an established feature of contemporary United Kingdom, where the minority communities have forayed in to various businesses such as retailing, catering, wholesaling manufacturing, and servicing businesses including consulting (European

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Commission, 2008). In general, Ethnic minority businesses (EMBs) contribute between £25 billion and £32 billion to the UK economy per year (Carter et al. 2013), which has been increasing significantly (Sonfield, 2014).

The focus of this research is on the SouthAsian ethnic minority SME in the UK. These businesses constitute 7% of the total business stocks of the UK, and that percentage is gradually increasing. UK-based ethnic minority businesses (EMBs) have witnessed several important changes in the past, such as business owners being more educated, and the environment becoming more conducive to the existence of their businesses. However, they have also experienced many potential financial, social and political threats. Studies suggest that family-owned firms account for two-thirds of all businesses (Crick and Chaudhry, 2013). Literature reveals that there is a reduced understanding of effective leadership style in SouthAsian ethnic minority SMEs in the UK. Efforts are undertaken by the UK government to enhance small business development, especially by minority ethnicities in the UK.

According to Ram and Jones (2008), given that EMBs are driven by cultural factors, most of the literature on this subject has discussed the use of stereotyping as the primary focus of research. For example, Dhaliwal (2006) contends that Asians can be more risk averse, with greater dependence on personal savings and family money. Similarly, Collins and Fakuossa (2015) also report that Asian businesses prefer an informal management style and are often less dependent on formal business plans and business operation protocols. On the other hand, researchers (Basu, 1998; Smallbone et al., 2005; Bagwell, 2008) also argue that research on ethnic minorities, especially Asian minority research in the UK, has been predominantly focused on 'push' and 'pull' factors, including discrimination escape and the setup of businesses as a cohesive family strategy.

However, Jones et al. (2012), in their examination of entrepreneurial growth of British Indians, reported that recent trends linked to growth extended beyond a family based business set-up to a more established practice with clear organisational structure and practices. Wang and Altinay (2013) also draw on information from Chinese and Turkish EMBs in the UK and contend that rather than family and co-ethnic advice, it is co-ethnic product, supply and focus on structured utilities and facilities which

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impact entrepreneurial growth. In light of such changes in business structure and format linked to leadership, it is important to address the impact of leadership on growth.

Therefore,the variations linked to socio-cultural contexts and the lived experience of leaders and their members strongly impact the nature of leadership (Bradbury, 2013), leader-member exchange (Rockshtul et al., 2012) and ultimately organisational performance (Chin, 2013). Furthermore, since extant literature also reports that lived experiences in terms of acculturation, discrimination and racism (e.g. Moran et al., 2011) as well as biculturalism (e.g. Chin, 2013) may impact leadership value, there is a need to extend beyond understanding the role of culture in leadership style towards determining how such diverse leadership styles impact performance. The focus of this research is on existing leadership styles in SouthAsian ethnic minority SMEs and their impact on the business growth. SouthAsian communities considered in this research include Pakistan, India, Nepal, Bhutan, Bangladesh, Sri Lanka and the Maldives.

3.0. Central Research Question

What is the relationship between the leadership styles of SouthAsian ethnic minority businesses and their impact on employee and organisational performance?

4.0. Objectives

- To identify and analyse the existing leadership styles in SouthAsian ethnic minority SMEs in the UK.
- To critically evaluate the effectiveness and efficiency of culturally-linked leadership styles in EMBs.
- To critically investigate the factors that propel entrepreneurs of these SMEs to adopt such leadership styles.
- To critically assess the impact that such leadership styles have on employee and organisational performance.

- To compare and contrast the effectiveness of culturally-linked leadership styles, and identify and suggest most suitable/effective leadership styles.

5.0. Research Methodology

Research Design

The research design encapsulates the various types and sub-types of research philosophy, research approach, research strategy and the research methods used in a study. Essentially, it is the blueprint of a research study (Bryman, 2012). Saunders et al. (2013) provided a model that best represents a research design. This model is known as the onion model, which will also be used for the current study. The study will primarily focus on obtaining both qualitative and quantitative data. Therefore, the current study will adopt a mixed method. Qualitative information is targeted as it will provide in-depth and accurate information. On the other hand, quantitative information is targeted as it is easier to carry out statistical analysis on such data. Furthermore, the findings obtained through analysis of quantitative data can be generalised to a larger population (Creswell, 2013). In the case of the current study, qualitative information will be gathered through the use of interviews, whereas quantitative information will be collected through questionnaire based surveys.

Data Collection

Data collection is a core aspect of any research study. It involves seeking and collecting relevant information that can be used for further analysis in a bid to find some answers to the research questions (Punch, 2013). Generally, data that is collected for research studies can be classified into two types, these being primary and secondary data. Primary data refers to data that is directly collected from live sources or respondents. Primary data is highly useful, as it provides the latest data on a particular phenomenon. The current study will gather primary data through the use of questionnaires and interviews. Secondary data refers to information that is

collected from established or published sources. The current study will collect secondary data from peer reviewed journals and online databases.

Research Sampling

The current study will adopt a random sampling approach as well as a purposive sampling approach to gather the relevant information. The study will use both interviews and questionnaires. Furthermore, the objective of the study is to determine the leadership style of South East Asian minorities who have set up and are running SMEs in the UK. Hence the researcher will target 100 SMEs in the UK. The researcher will randomly select 200 respondents who are working in SMEs for the questionnaire survey. In addition to this, 50 owners/managers of these SMEs will be selected for the interviews. The owners/managers will be selected through a purposive sampling method.

6.0. Literature Review

The important theories discussed in this research include the following.

Culturally Endorsed Implicit Leadership Theory

The implicit leadership theory helps identify how the individual traits or qualities of the individual impact their leadership style. Dorfman et al. (2004) contend that this theory should be extended to individuals from different cultures and that individuals from specific cultures have some shared values. Evidence for this research has been determined from the GLOBE study. The authors report that when cultures are considered to be those which value future orientations, the leadership style that is acceptable is one which can be considered as "participative, humane-oriented, team-oriented, and charismatic/value-based" (Dorfman et al., p. 331).

However, a great deal of work has been carried out on American, European, Middle Eastern and Asian (Chinese) communities by various scholars on the above six dimensions and culturally-linked leadership styles. Most of the research has been

done on large companies (Oh, 2004; Javidan, 2006), though an entrepreneurial leadership style can be present in any firm of any size, type or age (Renko et al., 2015). However, there is little understanding of culturally-linked leadership styles in South Asian ethnic minority SMEs in developed countries such asthe USA, Canada or Europe. However, ethnic minority businesses in the UK are the focus of current research due to economic and social interest (de Silva, 2008; Sonfield, 2014).

Leadership Categorisation Theory

Extant literature (Lord et al., 1982; Lord et al., 1984; Hogg et al., 2012) contends that there are possible differences between follower perceptions of leadership style. The authors differentiatebetween the employee perception of a Hispanic and a Euro-American leader. The authors contend that the categorisation of the individual as a leader is largely linked to behavioural predictions, which can be made with respect to the follower perception. Therefore, the assessment of leadership categorisation theory helps determine the leadership prototype (Greer et al., 2012). A leadership prototype is one where the major and minor aspects linked to the follower concept of a leader are understood and examined. Understanding the role of leadership prototypes is important in this research.

Ethnicity Match and Relational Demographics

According to extant literature (Avery et al., 2012; Kim et al., 2013), relational demographic theory can also be used as a factor which helps understand the impact that leadership ethnicity has on follower perception of leadership behaviour. The authors of this theory contend that a comparison of the demographic profile of individuals to others in the social group helps in the creation of bonds and their affective attitude. Therefore, as Wells and Aicher (2013) argue, the employee perception of affective attitude and behaviour regarding their leaders can impact their communication, cohesiveness and team performance. One can conclude that understanding the differences between leaders and followers with respect to their cultural similarity and differences can help identify the role of leadership style on employee performance and productivity.

7.0.   Ethics

The primary ethical concerns to be addressed in this research include the following.

Informed consent: All participants should be informed of the voluntary nature of their participation in the research and provided with information on the nature of the study.

Anonymity and confidentiality: All participants need to be informed that their identity will remain anonymous and that the data that they provide will be kept confidential.

Care should be taken to make sure that the study questions do not affect the respondents' dignity, ethnicity or race.

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Appendix I: Gnatt Chart

Year/ Month	Jan	Feb	Mar	Apr	May	June	July	Aug ust	Sep tem ber	Octo ber	Nove mber	Dece mber
First Year			A.1 Research Investigating		A.2 Research Proposal			C.1 Literature Review			A.3 Research Methodology	
Second Year	A.4 Building a Formwork			B.1 First Empirical Field Work			D.1 First Initial Analysis			E.1 Write the min Thesis		
Third Year	A.5 Reflect Research Question	B.2 Second Empirical Field Work		D.2 Data Analysis			C.2 Update Literature Review	E.1 Write the Thesis			E.2 Review	