

# Compassionate customer service in ethnic minority microbusinesses

## ABSTRACT

Business researchers and policymakers frequently overlook ethnic minority microbusinesses. Yet, together with small and medium-sized organizations, microbusinesses drive both local and national economies. Combining social capital theory with the resource-based view and building upon 43 in-depth interviews, this study proposes a model of ‘compassionate customer service’. In ethnic minority microbusinesses, coethnic culturally sensitive customer service is an important strategic resource for sustainable success, which high street chains lack. A key challenge for ongoing business survival and success is to ensure that future ethnic minority generations sustain coethnic compassionate customer service.

**Keywords:** customer service, ethnic minority, microbusinesses, resource-based view, social capital, survival and sustainability

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## 1. Introduction

This paper examines the phenomenon of ethnic minority microentrepreneurship. Business researchers and policymakers frequently overlook organizations with fewer than 10 employees, known as microbusinesses (European Commission, 2015). Yet globally, one employee in three works in this type of organization (OECD, 2019: 4). Recent studies in the UK have shown that ethnic minority small businesses are more innovative than their non-ethnic minority small business counterparts (FSB, 2020). This nascent and under-researched subfield has become increasingly salient in an environment of growing self-employment and startups following the global financial crisis (Kitching & Smallbone, 2012). The COVID-19 pandemic has reinforced the case for microentrepreneurship research (Bartik, Bertrand, Cullen et al., 2020) to support

local, regional, and national economic development (Shinnar & Zamantılı Nayır, 2019; Vershinina & Rodgers, 2020), employment, and recovery.

Specifically, our study focuses on the UK where there are 5,613,205 microbusinesses which represent over 95.7% of all private sector businesses and approximately 33% of private sector employment and 22% of turnover (BEIS, 2018). Debates about racial inequalities in society and kickstart schemes to support entrepreneurship and small businesses post Brexit strengthen the case to improve our understanding of ethnic minority microbusinesses and their value creation.

Extant studies on ethnic minority microentrepreneurship have focused on effective entrepreneurship policies (Ram & Smallbone, 2003) that are critical (Ram, Trehan, Rouse et al., 2012). Microbusinesses are economic engines of growth (Xu, Costa-Climent, Wang et al., 2020), helping to reduce inequalities locally (Bizri, 2017), regionally (Vershinina & Rodgers, 2020), and nationally (Shinnar & Zamantılı Nayır, 2019). The literature has considered support networks (Kitching, Smallbone, & Athayde, 2009), financial constraints (Bruder, Neuberger, & Rähke-Döppner, 2011; Ram & Smallbone, 2003), as well as barriers to entrepreneurial advancement such as gender (Carter, Mwaura, Ram et al., 2015).

Moreover, studies on ethnic minority small and medium-sized enterprises (SMEs) (Jones, Ram, & Villares-Varela, 2019)—employing 10–249 people (OECD, 2019)—typically examine large urban population centers rather than less accessible regions and groups (Dabić, Vlačić, Paul et al., 2020). These studies have focused on startups (Jones & Ram, 2013), business growth (Fadahunsi, Smallbone, & Supri, 2000), entrepreneurial orientation (Runyan & Covin, 2019), value co-creation (Gamble, Clinton, & Díaz-Moriana, 2020), and human resource management practices (Lai, Saridakis, & Johnstone, 2017).

Despite the growing interest in microlevel ethnic minority entrepreneurship (Vershinina & Rodgers, 2020), scholarship in this domain remains under-theorized (Dabić et al., 2020; Light & Dana, 2013). We seek to contribute to this emerging subfield of microentrepreneurship

(Fernandes, Mason, & Chakrabarti, 2019), specifically ethnic minority microbusinesses (Haq & Davies, 2020), by theorizing a customer service perspective. To understand the effects of customer service capabilities on ethnic minority microbusiness survival and success, we integrate Neneh's (2019) work on customer orientation in small firms with a resource-based view (RBV) (Barney, 1991). We propose a general model that explains the association between coethnic cultural and social capital, customer service, and sustainable success.

We frame customer service as an ethnically driven cultural resource by integrating Bourdieu's (1986) notion of cultural capital<sup>1</sup> with RBV (Barney, 1991). We contend that customer service capabilities are characterized strategically by uniqueness, rarity, social complexity, and causal ambiguity, which sustain long-term success (Hatch & Dyer, 2004). Moreover, customer service that is rooted in social capital (Nahapiet & Ghoshal, 1998) creates value through customer loyalty and repeat business (Gilboa, Seger-Guttmann, & Mimran, 2019).

Cultural capital has been explored in microbusinesses (Vershina & Rodgers, 2020), however, RBV studies focus on large organizations (Hoskisson, Gambeta, Green et al., 2018) not microbusinesses (Alonso & Bressan, 2016; Haq & Davies, 2020; Kelliher & Reinl, 2009). We, therefore, offer a novel conceptualization of how compassionate customer service (CCS), as a strategic resource derived from social capital, meets the valuable, rare, inimitable, and non-substitutable (VRIN) test for resources that contribute to sustainable success. Compassion is a state where an individual seeks to reduce another person's pain and suffering (Goetz, Keltner, & Simon-Thomas, 2010), with helping behaviors based on observing the other person's needs. We define CCS in ethnic minority microbusinesses as the service provided to customers that meets customers' needs within the framework of shared coethnic cultural, social, and religious value systems. Coethnic refers to a person of the same ethnicity (Yinger, 1985).

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<sup>1</sup> Table 1 defines cultural capital and other important concepts/themes.

First, in the conceptual development we present social and cultural forms of capital in customer service as sources of competitive advantage linked to RBV. Second, an analysis of semi-structured interviews with 43 microbusiness founder managers<sup>2</sup>, owner managers, and employee managers informs the proposed CCS model. We theorize CCS as a strategic resource for survival and sustainable success, which offers avenues for further research. This paper concludes with a summary of our key contributions.

## **2. Conceptual development**

### ***2.1. Ethnic minorities and microbusiness ownership***

Ethnic minority self-employment is explained by individual, ethnocultural, environmental, and host society factors (Dana, 1997). It is characterized by poor language skills, lack of labor market know-how and limited social embeddedness (Gurău, Dana, & Light, 2020). Despite the liabilities of ‘unfamiliarity, discrimination and relation’ (Gurău et al., 2020: 3), ethnic minority entrepreneurship flourishes in some communities (Basu, 2004; Clark & Drinkwater, 2010) where foreignness bestows distinctive and useful racial differences (Gurău et al., 2020). According to Dana (2009), eastern cultural value systems shape and facilitate entrepreneurship more than western cultural value systems. However, collectivistic societies strongly retain religious value systems, which may both facilitate and impede entrepreneurship (Hamilton, Dana & Benfell, 2008). For example, interest-based credit in Islam (Rafiq, 1992) and agriculture-based self-employment in Jainism (Iyer, 2004) are prohibited. Therefore, there is a risk associated with reifying and othering non-western entrepreneurship (Smith & Kaminishi, 2020). This reinforces the need to understand ethnic minority microbusinesses differently in their unique niche contexts (Dabić et al., 2020), which create various structural problems and opportunities.

### ***2.2. Intangible resources and sustainability***

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<sup>2</sup> A founder manager refers to a person who has founded the business. An owner manager belongs to the business family but is not the founder. An employee manager is an employee in the business with managerial responsibilities.

Scholars have argued since the 17<sup>th</sup> century that highly skilled and able people create value (Kiker, 1966) (see Table 1). However, the concept of sustainable business success and competitive advantage was born with Penrose's (1959) book *The Theory of the Growth of the Firm*. Extending Penrose's (1959) dynamic approach, Wernerfelt (1984) and Barney (1991) provide a static viewpoint of VRIN resources. They argue that heterogeneously distributed and imperfectly mobile resources play a greater role than other resources.

**Table 1.**

Definitions of key concepts.

Business success	Includes profit margins, business turnover, increased number of employees, customer or self-satisfaction, innovation, survival, and growth (Goldenberg & Kline, 1999).
Business survival	Continued existence of a business in that the longer the business survives, the more likely it is to succeed (Van Praag, 2003).
Competitive advantage (CA)	Above-average profits which a firm achieves through implementing a strategy that exploits strategic resources (Barney, 1991).
Cultural capital	Cultural capital represents occupational culture consisting of skills, knowledge, attitudes, values, beliefs and dispositions of a group of people that are specific to that group and are acquired through socialization and experience over time (Vershinina & Rodgers, 2020).
Entrepreneurs and entrepreneurship	'Entrepreneur' is derived from the French word 'entreprendre' which means 'between' and 'take' or 'go-between' (Filion, 2011) in English. Entrepreneurship is the field that studies entrepreneurs, entrepreneurial actors, entrepreneurial behaviors and entrepreneurial environments and events (Dana & Dana, 2005).
Ethnic minority	Commonly accepted social and cultural categories through which individuals differentiate themselves from the majority of the population in particular context (Aldrich & Waldinger, 1990).
Immigrant	A person who moves to a country other than his/her country of origin for an undefined period (Dabić et al., 2020).
Immigrant entrepreneurship	The entrepreneurial activities 'of recent migrants by the means of starting a business or engaging in self-employment' (Chand & Ghorbani, 2011: 594).
Microbusinesses	Businesses that employ fewer than 10 people, including non-employers, self-employed (BEIS, 2019) and freelancers (Kitching & Smallbone, 2012).
Resources	Assets that reside permanently or semi-permanently within a firm (Pearson, Carr, & Shaw, 2008) and enable the firm to achieve business goals (Barney, 1991).
Self-employment	A proxy for entrepreneurship or small/microbusiness ownership (Wang & Altinay, 2012), which contributes to employment and economic growth (Clark et al., 2017).
Small and medium-sized enterprises (SMEs)	Organizations that employ 50–249 people (BEIS, 2019), have a small market share, and are owned/operated independently by individuals (Granata, Lasch, Le Roy et al., 2018).
Small business	Businesses that employ 10–49 people (European Commission, 2015).
Social capital	Relationships, interdependencies, and connections between people based on mutual trust, confidence, respect, and reciprocity (Arregle, Hitt, Sirmon et al., 2007; Coleman, 1988).
Strategic resources	Valuable resources that are considered important drivers for business success, growth, and competitive advantage (Denicolai, Zucchella, & Strange, 2014).
Sustainable business success	Persistently high standards in operating a business (Berry, 1999) aiming to generate and sustain expected/above-expected value in the long-term (Aagaard, 2016).
Sustainable competitive advantage	It refers to a situation when a firm A's competitors find it increasingly difficult to duplicate strategic resources that firm A has and value-creating strategies that form A deploys and are unable to catch up with firm A in the long-term (Barney, 1991; Nason & Wiklund, 2018).

However, RBV has paid limited attention to SMEs, particularly to microbusinesses (Dabić et al., 2020; Liu & Yang, 2019). The argument that personalized customer service contributes to sustainable success (Clottey, Collier, & Stodnick, 2008) has also focused predominantly on large organizations. However, a relatively new research stream has emerged that highlights the role of customer service for small firm survival and sustainable success (Gilboa et al., 2019; Lee, Che-Ha, & Alwi, 2020). Our paper seeks to contribute to this nascent literature on customer service in the context ethnic minority microbusinesses (see Table 2).

**Table 2.**

Key findings from relevant extant research.

Reference, Design	Focus	Key finding(s)	Key further research required
Bizri (2017): a single case Syrian entrepreneur in Lebanon.	Role of social capital in refugee-entrepreneurial startups.	Multiple dimensions of social capital play a pivotal role in the success of refugee entrepreneurship.	More research is needed to investigate the role of social capital using different approaches in different contexts.
Cheng & Shiu (2019): 317 survey responses from SMEs in China.	The effectiveness of social media-based customer involvement.	Social media-based customer involvement positively impacts SME performance.	Research is needed to investigate the impact of cultural elements on customer relationship management in different contexts.
Dabić et al. (2020): Review of 514 academic articles published during 1991-2018.	Identify major themes, widely used theories, methods, and contexts in immigrant entrepreneurship.	Six themes identified: motives and entrepreneurial intentions; competencies and identity building; ethnic networks; strategies and internationalization; resources; and intercultural relations.	Multidisciplinary approaches are needed to advance immigrant entrepreneurship in unexplored regional/country contexts.
Kelliher & Reinl (2009): literature review (sample not mentioned).	The impact of a resource-based approach on micro-firm management.	Individual, group, and organizational capabilities play important roles in small and micro-firms.	Further exploration is required in resource-based management practices and micro-firm managerial development.
Lee et al. (2019): 406 survey responses from SMEs in South Korea.	The effect of organizational culture on entrepreneurial orientation.	Both individualistic and collectivistic organizational cultural dimensions are positively linked to entrepreneurial orientation.	Further research is needed to assess the influence of cultural dimensions on entrepreneurial orientation.
Lee et al. (2020): 400 survey responses from SMEs in Malaysia.	The effect of customer orientation on sustainability in SMEs.	Service customer orientation is significantly related to social sustainability.	More research is required to highlight the impact of customer relationship on small business sustainable success.
Light & Dana (2013): 25 semi-structured interviews with Alutiiq people in Alaska.	The influence of social capital on ethnic entrepreneurship.	Cultural capital and social capital together lead to high commercial entrepreneurship.	More research is required to explore the effect of social capital on entrepreneurship in different cultural contexts.
Runyan & Covin (2019): literature review (sample not mentioned).	The value of small business orientation and its impact on business operations.	There are multiple dimensions of small business orientation that drive managerial actions.	Further research is needed to investigate the impact of structural, cultural, or resource-related factors on small business orientation.
Shinnar & Zamanlı Nayır (2019): 22 semi-structured interviews	The motivations for, and paths to,	Immigrant entrepreneurs in the developing world may be different than in the developed world due to	The role of religious belief systems needs to be explored in business

with immigrant business owners in Istanbul.	entrepreneurship among immigrants.	contextual factors, including national cultures.	ownership and success in wider contexts.
Vershinina & Rodgers (2020): 47 semi-structured interviews with Eastern European entrepreneurs in the UK.	How men and women experience migrant entrepreneurial journeys in diaspora.	Symbolic capital plays an important role in entrepreneurship and gives individuals various degrees of power and legitimacy.	More research is needed to examine the role of symbolic capital amongst different ethnic groups and social classes.
The present study: 43 semi-structured interviews with South Asian ethnic minority microbusiness founders, owners, and employee managers in the retail fashion sector in West Yorkshire.	The importance of customer service for survival and sustainable success in ethnic minority microbusinesses.	Compassionate customer service is induced by coethnic, cultural value systems, and it is a VRIN resource that provides the basis for survival and sustainable success.	We invite further research in other contexts that can adopt diverse samples and methods to explore/examine how customer service becomes a source of survival and sustainable success.

### ***2.3. Customer service, survival, and sustainability***

Personalized customer service includes customer orientation (Neneh, 2019), centricity (Gummesson, 2008), consciousness (Grewal, Roggeveen, Sisodia et al., 2017), and interactions (Cheng & Shiu, 2019). It is underpinned by customer satisfaction and friendly relationships (Huang & Ha, 2020). Several studies have shown that successful entrepreneurs are customer-centric (Angel, Jenkins, & Stephens, 2018; Lee et al., 2020), build customer loyalty, and gain repeat business by focusing on existing customers (Ram, Jones, & Villares-Varela, 2017). Moreover, customer service providers in small businesses make important contributions to business success by paying close attention to customer satisfaction (Zozimo, Jack, & Hamilton, 2017).

### ***2.4. Culture and social capital theory***

By invoking Bourdieu's (1986) forms of capital and RBV (Barney, 1991; Wernerfelt, 1984), we explore the role of customer service as a strategic resource for ethnic minority microbusiness survival and sustainable success, i.e., cultural capital as it is called in RBV research. Capital represents assets that are utilized productively (Penrose, 1959). Behavioral norms and knowledge of culture gained through social learning provide cultural capital as a personal resource (Light & Gold, 2000). In turn, cultural capital becomes social capital when it builds mutual recognition (Bourdieu, 1986). Through mutual alignment, these two forms of capital enhance customer loyalty and compassion in organizational settings and can be

transferred from one generation to another as a personal resource. Light and Dana (2013) emphasize the importance of supportive cultural capital in the nexus between social capital and entrepreneurship.

While Bourdieu's (1986) conceptualization of absolute equality of opportunity is widely used, it is an ideal which conflicts with real-life situations (Portes, 1998). Moreover, Bourdieu's (1986) approach does not necessarily create positive value everywhere (Mocombe, 2015). The ability to convert one form of capital into another depends on the value of education which may depreciate over time and space (Vershina & Rodgers, 2020). Furthermore, while Bourdieu's (1986) conceptualization applies to group-level social networking (Sklaveniti & Steyaert, 2020), entrepreneurial experiences may be shaped by an individual's interactions with structures and agents (Aygören & Wilinska, 2013; Ramadani, Rexhepi, Gërguri-Rashiti et al., 2014). In addition, entrepreneurial activities depend on individual characteristics and value systems (Dana, 2009; Runyan & Covin, 2019) as well as individual creativity and commitment (Lee, Howe, & Kreiser, 2019). Nevertheless, a Bourdieusian approach is useful to examine the relational nature of entrepreneurship (Sahasranamam & Nandakumar, 2020; Vershinina & Rodgers, 2020).

In contrast, Coleman (1988) argues that social capital facilitates actors' actions within a social structure. Unlike Bourdieu (1986), Coleman (1988) implies that resources are obtained as a gift, which may be untrue in many contexts for two reasons. Social capital inhibits entrepreneurial activity if the necessary social freedom and physical mobility are absent (Lindvert et al., 2017), and not all cultures value entrepreneurship (Dana, 1995). That said, while all forms of social capital may not create value always and everywhere, social capital as such is also always valued as a strategic resource because its different forms are interchangeable. For example, structural, relational, and cognitive dimensions of social capital lead to intellectual capital, which in turn enables firms to create new value (Nahapiet & Ghoshal, 1998). Similarly, intellectual capital and social capital can be converted into each



other to generate new knowledge and value by combining and sharing resources in social networks (Nahapiet & Ghoshal, 1998).

### ***2.5. The resourced-based view (RBV)***

RBV is based on Penrose's (1959) belief that effective deployment of resources makes a difference. Wernerfelt (1984) and Barney (1991) maintain that resources have strategic importance only if few firms access them. RBV researchers make two assumptions: firms are not identical because they deploy resources and adopt different strategies over time depending on their history, even in the same industry, and resources are heterogeneously distributed and imperfectly mobile across firms (Hatch & Dyer, 2004). Firms may sustain success and gain competitive advantage by protecting and developing their VRIN resources (Nason & Wiklund, 2018), diversifying products, services, and strategies (Barney, 1991; Wernerfelt, 1984).

However, RBV may overlook resource creation at microlevel (Zubac, Hubbard, & Johnson, 2010). This leads to confusion as to whether it is the exploitation or the (re)combination of VRIN resources that is responsible for sustainable success and competitive advantage (Nason & Wiklund, 2018). That said, RBV helps to explain the importance of strategic resources for sustainable success and competitive advantage. Although the application of RBV in microbusinesses and customer service research is uncommon, we consider that customer service in microbusinesses is a VRIN resource and a source of sustainable success. Moreover, we contend that coethnic culture explains how entrepreneurs can deliver VRIN services.

## **3. Research design**

While conceptualizing the importance of CCS as a VRIN resource, we are mindful that previous case studies have contextualized immigrant capital as opportunity recognition (Sundararajan & Sundararajan, 2016). However, we propose a general model of CCS and provide more nuanced insights into ethnic minority microbusinesses than extant research affords.

### ***3.1. Sample selection***

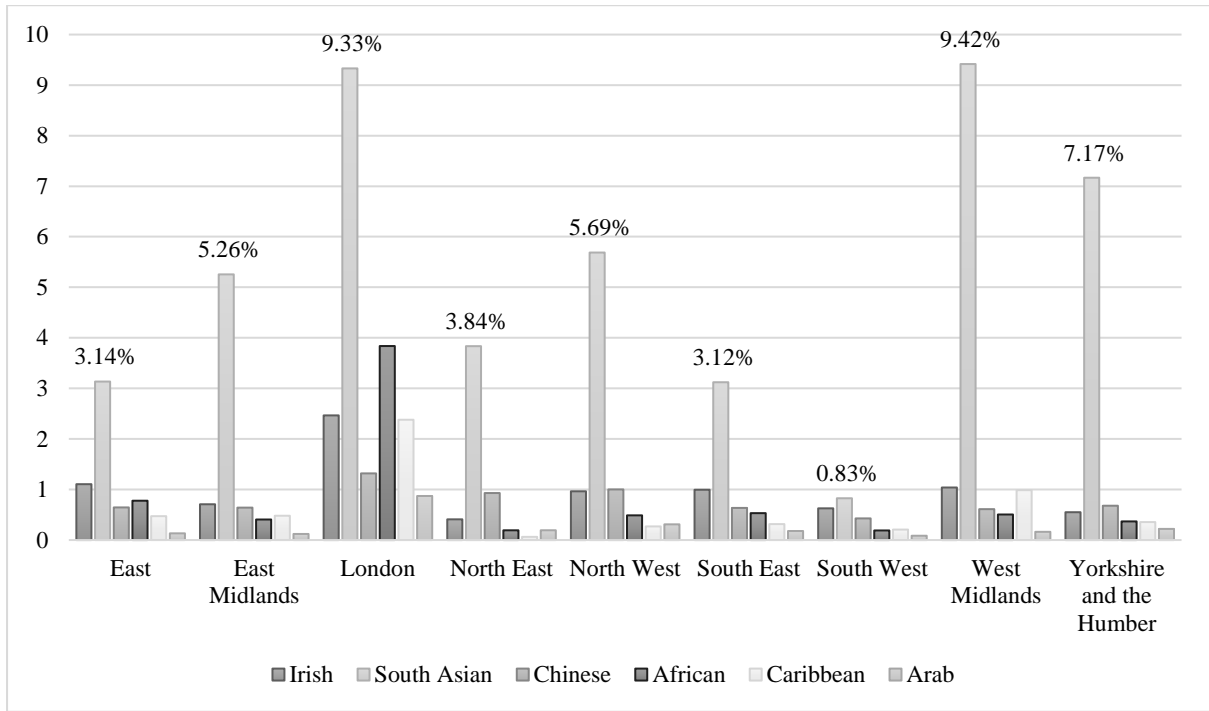
Our in-depth, inductive case study approach (Stake, 1995), with a small sample of participants (Dana & Dana, 2005), addresses a *how* question (Eisenhardt, 1989, 1991; Yin, 2014). We adopt a naturalistic, inductive, and non-quantitative approach to avoid measurement errors, and reduce the risk of asking the wrong questions and solving the wrong problem (Dana & Dana, 2005). We selected South Asian ethnic microbusiness founders, owners, and employee managers as information-rich relevant cases (McKeever, Anderson, & Jack, 2014) and knowledgeable agents (Dana & Dumez, 2015; Gioia, Corley, & Hamilton, 2013). We used purposeful sampling and a non-probability method (Bell, Bryman, & Harley, 2019) based on our perceptions of a participant's suitability (Angel et al., 2018) for our research. Clothing-related retail microbusinesses were identified from the pre-existing network (Angel et al., 2018) of one author who is a member of the sample ethnic minority community. All microbusinesses sampled in this study employed fewer than 10 people (including self-employed or non-employers); were owned/managed by South Asian ethnic minorities; located in West Yorkshire (see Fig. 1); had traded for over a year; and sold Asian fashion-related products including wedding garments.



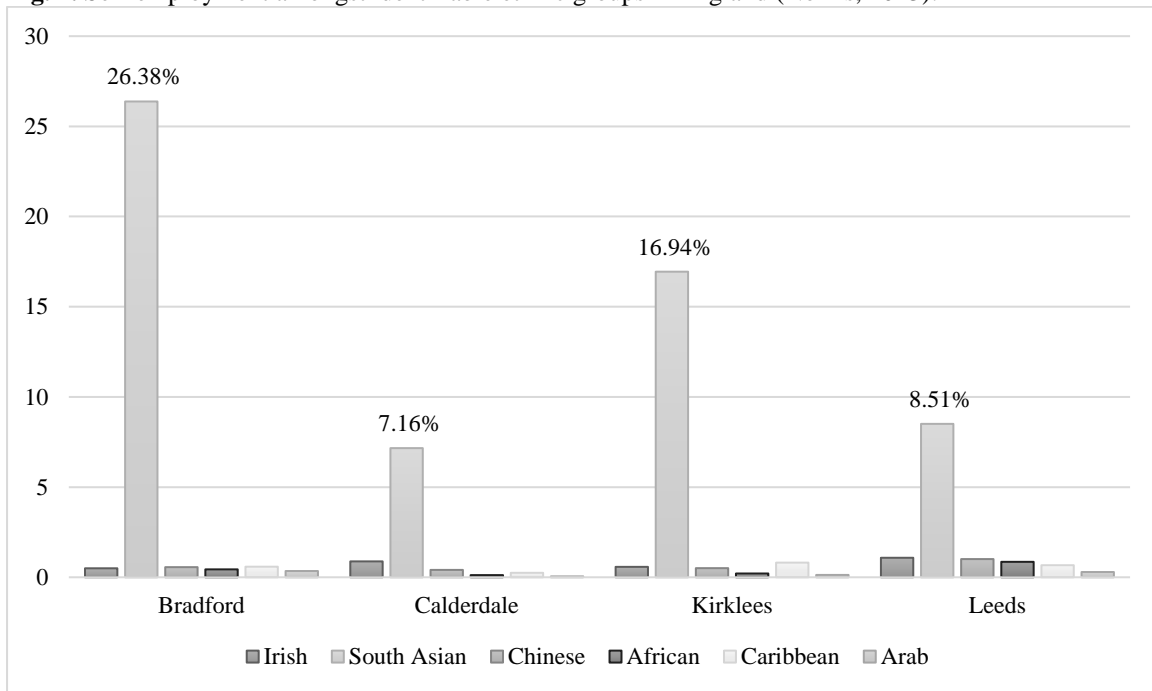
**Fig. 1.** Administrative map of England and zoomed-in map of West Yorkshire (Office for National Statistics, 2017).

South Asians have historically dominated the UK's ethnic minority population and entrepreneurship/small business ownership (McPherson, 2010) including in West Yorkshire (Haq, 2015; Rafiq, 1992). According to the UK's most recent census, over 3.078 million South Asians live in the UK, with 96% of these living in England (Nomis, 2013). Their dominance is more visible in Yorkshire and the Humber (4.97%) than in most other English regions outside the large urban population centers of London (12.1%), the West Midlands (8.89%), and the East Midlands (5.1%). In West Yorkshire, people of South Asian origin represent 24.89% of the total population in Bradford; 7.66% in Calderdale; 14.99% in Kirklees; and 5.73% in Leeds. Forecast predicts that the UK's South Asian ethnic minority population will increase to 8.54% of the total population by 2031 and to 12.81% by 2056 (Coleman, 2010).

The number of economically active South Asians who are aged 16 and over in the Yorkshire and Humber region (4.97%) is second only to London (11.73%) and the West Midlands (7.82%). Within West Yorkshire, 21.01% of South Asians aged 16 and over are economically active in Bradford, 12.63% in Kirklees, 6.29% in Calderdale and 4.99% in Leeds. Moreover, South Asian self-employment—a proxy for entrepreneurship (Wang & Altinay, 2012)—is far greater than for all other ethnic minority groups in the UK (Clark, Drinkwater, & Robinson, 2017). Their self-employment in the Yorkshire and the Humber region is second only to the West Midlands and London (see Fig. 2). Specifically, South Asian ethnic minority self-employment in Bradford, Calderdale, Kirklees, and Leeds far exceeds self-employment amongst other ethnic groups (see Fig. 3). Arguably, the above-average population growth (Rees, Wohland, & Norman, 2013) and a large coethnic consumer base means that South Asian ethnic minority businesses are perhaps less susceptible to the negative effects of Brexit (Lomax, Wohland, Rees et al., 2019). Our sample, therefore, provides an interesting case for research on ethnic minority microbusinesses.



**Fig. 2.** Self-employment amongst identifiable ethnic groups in England (Nomis, 2013).



**Fig. 3.** Self-employment amongst identifiable ethnic groups in West Yorkshire (Nomis, 2013).

### 3.2. Data collection

We conducted in-depth, semi-structured face-to-face interviews (Vershinina & Rodgers, 2020) (30–90 minutes) that were digitally recorded (Lent, 2020) and transcribed verbatim to explore customer service as a strategic resource (Boyce & Neale, 2006). Participants included 24 founder managers, eight owner managers and 11 employee managers (see Table 3). We

asked carefully constructed, open-ended questions (Groenland & Dana, 2019). Two pilot interviews helped to refine our interview guide and increased contextual validity of our study (Lindvert et al., 2017).

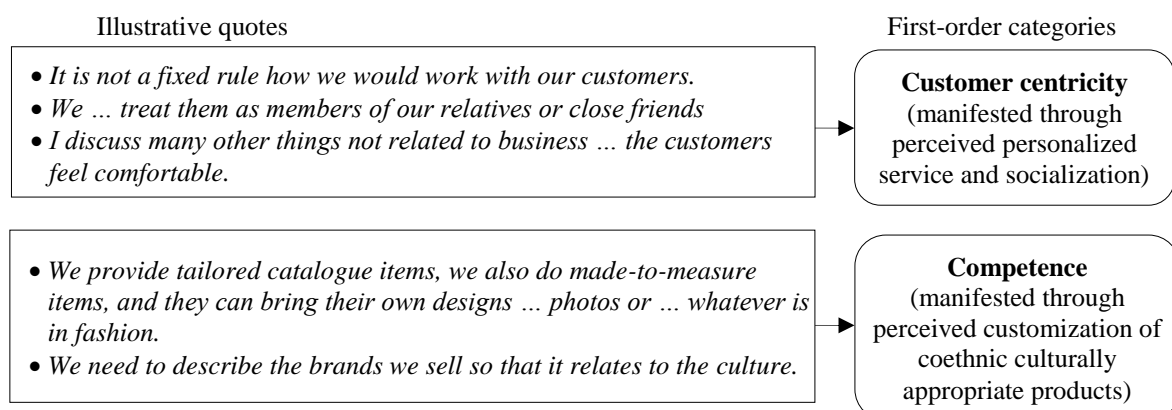
**Table 3.**

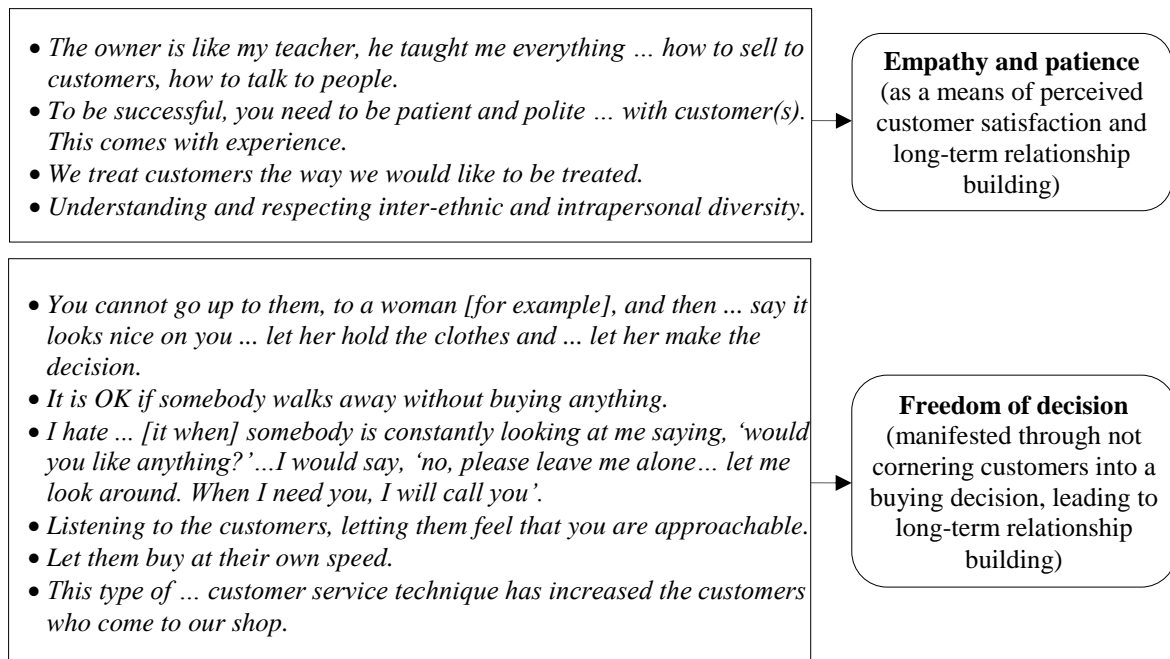
Demographic breakdown of participants (N = 43).

Gender	Male: 34, female: 9
Country of birth	South Asia: 23, UK: 19, Africa: 1
Ownership type	Family: 16, sole trader: 14, partnership: 9
Religion	Muslim: 38, Sikh: 4, Hindu: 1
Role	Founder manager: 24, owner manager: 8, employee manager: 11
Ethnic origin	Pakistani: 34, Indian: 9

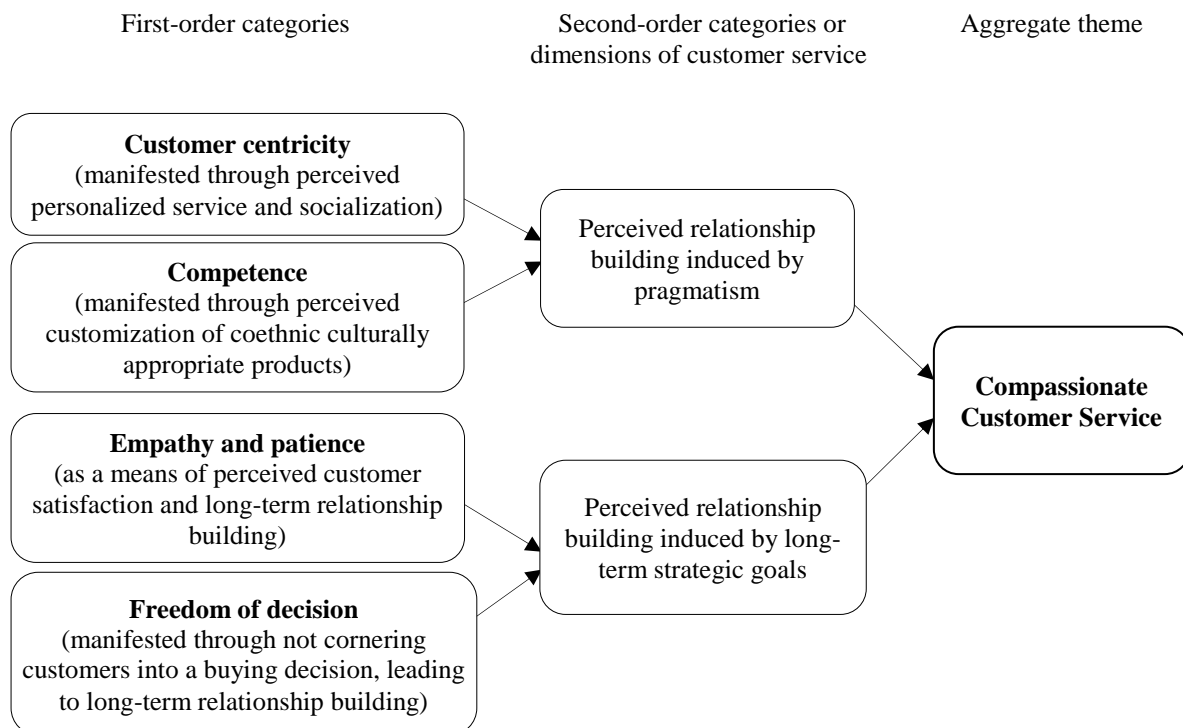
### 3.3. Data analysis

First, we coded the pilot interviews and then continued data collection and coding simultaneously (Angel et al., 2018). We used NVivo (Bazeley & Jackson, 2019) to generate categories and themes. Data collection and coding continued with comparisons between coders until we reached saturation (Angel et al., 2018) with the 36<sup>th</sup> interview. In the second phase, we revisited the nodes and (re)read the interview transcripts to refine and narrow the categories (Braun & Clarke, 2006). We analyzed eight more interviews from within the same sector and geographical area but these did not generate new codes. Following the Gioia method (Gioia et al., 2013) in the third phase, we reduced 10 categories to four (see Fig. 4). Two dimensions of customer service emerged (see Fig. 5): *perceived relationship building induced by pragmatism* and *perceived relationship building induced by long-term strategic goals* with an overarching theme of *compassionate customer service*.





**Fig. 4.** First-order categories



**Fig. 5.** Dimensions of customer service and the aggregate theme (CCS).

The research included an audit trail (Carcary, 2009), with a mentor's advice on coding (Morse, Barrett, Mayan et al., 2008), and respondent validation (Burnard, Gill, Stewart et al., 2008) to increase research trustworthiness (Houghton, Casey, Shaw et al., 2013).

## 4. Analysis

### 4.1. Relationship building induced by pragmatism

Participants claimed that in meeting their customers' needs pragmatically, they adopt a customer-conscious approach to understand each customer as a unique individual and to develop individualized relationships. They observed, *'if your customer service is really good... it creates success'* (Zahid<sup>3</sup>, employee manager). Highlighting the importance of pragmatism in customer service, Mubashar (owner manager) said, *'you cannot paint everything with the same brush.'* Umar (founder manager) explained that coethnic customers expect and appreciate a customized business culture: *'there is no one way to deal with two different customers, we need to take them particularly differently as they prefer to be treated that way.'* Tasleem (employee manager) acknowledged, *'there is a particular way to deal with the customers'* and Rajab (founder manager) added, *'all you need is the right attitude and customer-oriented behavior.'*

Trust is gained by *'discussing various topics such as the weather and sports'* so that customers *'feel comfortable and find common ground'* (Kuldeep, owner manager). Benevolence enhances customer centricity, *'you need to treat your customers as family members ... that's the only reason they will come back to you'* (Musa, owner manager). Benevolence is often reciprocated, *'sometimes the customers ... become very friendly and they behave like family members'* (Irem, employee manager). Benevolence leads to long-term loyalty, *'you have to be very, very friendly with customers, and you have to treat your customers like family ... they will be more comfortable in buying from you, that is perhaps the*

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<sup>3</sup> We use pseudonyms for all participants.

*reason ... their children, second and third generations ... are my regular customers'* (Rukhsana, founder manager).

Relationship building may entail financial sacrifices, *'it's our responsibility to ... make them happy ... such as giving them a discount ... even if we lose £4 or £5'* (Jafar, owner manager). This requires flexibility, *'you have to have at least two to three hours to serve one customer ... you can't just say this is a wedding lengha<sup>4</sup>; look at it ... you can't be casual about selling expensive bridal outfits'* (Rubi, owner manager). This capability is facilitated by a shared language, *'we have a lot of ... clients who are Asian in origin ... we need to provide them that extra language support'* (Shazia, owner manager). Saima (employee manager) explained, *'many of our staff are bilingual and multilingual. That enables us to speak to our customers in different dialects.'* Rukhsana (founder manager) asserted, *'I became successful through ... my language with my customers.'*

#### **4.2. Relationship building induced by long-term strategic goals**

Building relationships with customers as a long-term strategic goal requires mirroring buyers' cultural norms compassionately. Rubi (owner manager) explained, *'when you're dealing with someone, think of how you want someone to talk to you, and that's how you talk to them ... I always like to help them [customers] because if I were in that situation, I would like people to help me.'* Umar (founder manager) agreed, *'we treat customers like you want to be treated yourself.'*

Patience facilitates relationships, *'he [the founder] basically taught us how to deal with customers and how to be respectful to them ... everything has to be calm and we have experience of dealing with customers patiently'* (Kuldeep, owner manager). Patience also builds relationships, *'in this business, the most important thing is patience ... you need to ... show patience and maturity'* (Adil, owner manager). Additionally, patience supports a

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<sup>4</sup> A wedding *lengha* is typically an expensive and complex South Asian bridal garment.



deliberate strategy, *'to be successful, you need to be patient and polite ... with customers'* (Aslam, employee manager). Mansoor (owner manager) highlighted the outcome of patience, *'we just don't want customers to come to us once and then disappear. We want them to be our customers for their lifetime.'*

Relationship building means managers *'listen to the customers, let them feel that you are approachable and let them feel welcomed. At the same time, avoid using pressure and bullying techniques to make them buy. You help them to make the decision and you do not make the decision for them'* (Shazia, founder manager). It includes soft selling, *'even if somebody comes here to pass time and does not buy anything ... I still give them good service ... this type of ... customer service technique has increased the customers who come to our shop'* (Tasleem, employee manager).

According to Akhtar (founder manager), dealing with customers' concerns is a necessary long-term strategy. Umar (founder manager) agreed, *'My wife and I [owners of the business] ... like to deal with more problems than selling ... in return we get many more customers.'* Approaches to dealing with customers' concerns amicably and avoiding/resolving (potential) conflict were noted, *'[asking] the customers how they would sort it out if they were in your shoes'* (Musa, founder manager) with diversion tactics such as offering *'a cup of tea or maybe a glass of water'* (Usman, founder manager).

#### **4.3. Variations in the data**

We found two interesting but unexpected variations in the data. Rukhsana (founder manager) exemplified the first variation by noting that *'the young generation cannot tolerate customers ... they aren't patient, and this means that customers walk away ... the young generation today do not tolerate ... people in any way.'* This apparent generational disconnect, although a minority view, perhaps characterizes collectivism with older members categorizing younger people as the 'other' due to greater power distances and uncertainty avoidance (Hofstede, 1993) amongst immigrant networks. Younger generations of South Asians may be

frustrated by intensive approaches to customer service compared with more transactional western approaches (Cannon, Doney, Mullen et al., 2010).

Second, participants occasionally acknowledged, *‘I get many customer complaints about him [a manager] ... may be... he is serving three customers at a time. While the other two are waiting he can easily say to the other two, “please wait, I will be with you [soon]”, but instead ... he tends to ignore them’* (Khalida, owner manager). The occasional poor customer service is perhaps linked to resource limitations, resulting in inadequate training, poor planning, work pressures and employee disinterest (Wapshott & Mallett, 2015).

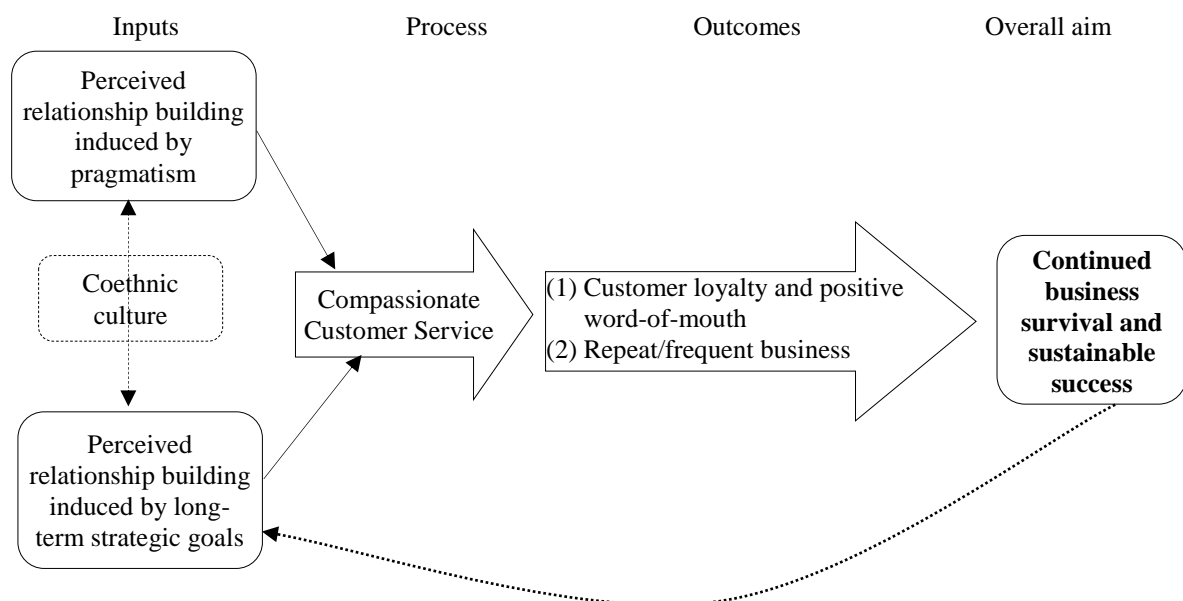
## **5. Discussion**

The businesses studied in this research sell South Asian attire, mainly wedding gowns, to coethnic customers. South Asian weddings are costly events that showcase customized products which are compatible with cultural and religious belief systems from the region of origin. Generally, mainstream western retail chains do not stock these products or provide services dedicated to South Asian customers. Our analysis shows that the coethnic vendors transfer South Asian business culture to the coethnic community in diaspora. Coethnic customers expect and appreciate this business culture even if it appears time-consuming and extravagant by western standards. Younger generations of employees in ethnic minority microbusinesses, however, are ostensibly impatient with this business culture. They are conflicted about whether to comply with their coethnic culture of intensive customer service even if no purchase is made or to follow more transactional, formal, and faster western customer service behaviors.

### **5.1. Theoretical implications**

First, our findings extend the notion that immigrants (and their families) are more entrepreneurial than home nationals in many developed economies (Dabić et al., 2020). Our findings also support the argument that ‘national culture is likely to have a significant bearing on how small business founders and owners operate’ (Hamilton et al., 2008: 91). South Asian

culture explicitly requires friendly and family-like customer service irrespective of potential commercial gains (Victor, Martin, & Zubair, 2012). Second, our findings suggest that South Asians privilege values of the family over an individual's own needs (Gupta & Pillai, 2002) in the context of microbusinesses. Third, like artisan entrepreneurship (Ramadani, Hisrich, Dana et al., 2019), customer service skills in ethnic minority microbusinesses are passed on informally between generations through hands-on experience over time (Light & Dana, 2013). Fourth, our study implicitly suggests that small businesses benefit when they focus on local, niche markets (Bamiatzi & Kirchmaier, 2014). Fifth, our findings suggest that compassion and patience drive microbusinesses success (Gilboa et al., 2019) and sustainability (Neneh, 2019). More specifically, personalized customer service creates enjoyable shopping experiences (Gremler & Gwinner, 2008), customer satisfaction, loyalty (Esmark & Noble, 2016), retention and repeat business (Altinay, Saunders, & Wang, 2014) as well as positive word-of-mouth recommendations (Gilboa et al., 2019). Sixth, our findings indicate that ethnic minority microbusinesses are socially embedded in coethnic communities (Ram et al., 2017), providing culturally sensitive services to coethnic minority customers that high street chains lack (Larivière, Bowen, Andreassen et al., 2017; van Tonder, Saunders, & Farquhar, 2020). Fig. 6 illustrates our novel CCS model.



**Fig. 6.** The contribution of CCS toward microbusiness survival and sustainable success.

We contribute to microbusiness literature by highlighting that inimitable and non-substitutable managerial capabilities (Lee et al., 2020) are rooted in sociocultural structures (Altinay et al., 2014) which are heterogeneously distributed across firms (Brzozowski, 2017). Our research also emphasizes coethnic culture as a strategic ethnic resource which facilitates the creation and application of social capital (Vershina & Rodgers, 2020) and entrepreneurial success (Dana, Gurau, Light et al., 2020).

### ***5.2. Policy and practice implications***

While coethnic communities provide a safety network (Dabić et al., 2020) for coethnic minority microbusinesses, non-European and non-British-born ethnic minorities in the UK are decreasing because of tighter immigration controls (D'Aoust, 2018; Kaufmann, 2017). Consequently, ethnic minority microbusiness owners and managers need to engage future generations, especially when earnings in these businesses are below industry average (Edwards & Ram, 2006).

### ***5.3. Future research***

Future studies may include diverse businesses and samples to explore the effects of gender (Woodhams & Lupton, 2009) and religion (Dana, 2009) on customer service in coethnic microbusinesses from employee and customer perspectives. Ethnographic, quantitative, and other methodologies can be adopted to test our model's theoretical and practical value (Gurău et al., 2020), especially in relation to youth entrepreneurship and different forms of capital.

## **6. Conclusions**

In summary, by responding to Dabić et al.'s (2020: 33) call for 'an intelligent combination of theories and concepts [for] a more meaningful and systematic' representation of immigrant entrepreneurship, we have combined social capital theory and resource-based view on sector and ethnic specific microbusiness research (Light & Dana, 2013). In addition, we have

presented a novel theoretical model of compassionate customer service to advance the burgeoning research on ethnic minority microbusinesses.

Moreover, this study has offered important and nuanced insights by highlighting how coethnic culture sustains customer rapport and trust, depending on generational differences. The study has advanced our understanding that social capital, driven by coethnic culture, enables ethnic minority microbusinesses to serve customers compassionately. Each individual customer is regarded as socially complex and causally ambiguous, a central tenet of RBV (Barney, 1991). Furthermore, our study has important implications for policymakers and practitioners, both in general and in terms of COVID-19 related policies, to support ethnic minority microbusinesses. Microbusinesses are often highly vulnerable (Dua, Jain, Mahajan et al., 2020) due to cultural sensitivities in an increasingly polarized society. This is particularly important for the struggling off-line retail sector, which demands specific strategies and policy interventions to make their survival sustainable (Sadiku-Dushi, Dana, & Ramadani, 2019). We invite further theorizing in ethnic minority microbusinesses. Finally, we welcome application of our model – compassionate customer service – in different contexts to explore how personalized coethnic customer service confers sustainable success.

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### **Highlights**

- Compassionate customer service sustains success of ethnic minority microbusinesses
- Ethnic minority microbusinesses are grounded in social fabric of coethnic communities
- Customer service skills are transferred informally in ethnic minority microbusinesses
- This transfer between generations occurs through hands-on experience over time
- Ethnic minority microbusinesses offer culturally sensitive services to customers