

# **The impact of Covid-19 on struggling ethnic minority entrepreneurs' business strategy:**

## **The case of Bangladeshi curry houses in the United Kingdom**

### **Abstract:**

**Purpose** – This paper outlines ways in which struggling ethnic minority entrepreneurial service ventures and their owners might respond to unforeseen economic and social shocks. Interviews with owners of Bangladeshi Curry Houses in the United Kingdom—whom historically have lower performance rates compared to other ethnic minority businesses in the country— reveal that the entrepreneurs' response strategies undertaken to survive and remain in the business despite the challenges faced from operating in a turbulence environment.

**Design/Method/Approach** – The authors conducted depth phone interviews with owners of Bangladeshi Curry Houses in London during January and February of 2021. The Gioia methodology was applied to the interview scripts to identify which crisis themes exist.

**Findings** – Despite no advanced educational training, Bangladeshi owners have applied all of the different crisis management techniques present in larger companies: retrenchment, persevering, innovation, and exit. Although the results show that government schemes aimed at helping small businesses have contributed significantly to their survival, concerns regarding the post-health crisis situation remain challenging and threatening for their growth and survivability.

**Originality/Value** – The results indicates that the ethnic minority owned SMEs are less likely to plan for the future operations; furthermore, they tend not to have formulated a strategy for dealing with an external shock hence affecting and threatening their performance and competitiveness in the marketplace.

**Keywords:** Covid-19, Ethnic minority firms, adaptive resilience strategies.

## 1. Introduction

Understanding management development, learning, and crisis decision making under situations of hardship within more vulnerable, smaller entrepreneurial ventures is an important responsibility within the scope and mission of international research on entrepreneurship. Over the past few years, both the Covid-19 pandemic itself and subsequent government marketplace restrictions aimed at combating the pandemic have impacted individuals and all types and sizes of businesses worldwide (Breier et al., 2021). For example, in the United Kingdom (UK), the government imposed operating restrictions on businesses trading in essential and non-essential goods and services (House of Commons, 2022). In an attempt to offset the restrictions for businesses, the government provided several financial packages, such as small business grants, Bounce Back Loans, local council discretionary loans, and a furlough scheme (Pope et al., 2020).

Despite those programmes, however, many businesses within the hospitality industry were hard hit by the ‘Tier 4’ (i.e., stay at home) restrictions. For example, the restrictions forced restaurants to abandon their reliance on traditional dine-in sitting and eating services as reported by many trade press reports (e.g., Khan, 2020). And despite the recent lifting of lockdown restrictions, several UK services industries, such as restaurants, have still been restricted on the number of patrons they can serve due to both social distancing requirements and the need to apply stringent hygiene measures. Furthermore, the impact of the shock might be more significant for smaller restaurant companies (Miklian and Hoelscher, 2022). Small and medium-sized (SME) restaurants face significant challenges because they are ‘constrained by limited accessibility to financial resources, time, and a lack of the managerial resources and expertise’ (Lai et al., 2016, p. 115). SME independent restaurants are considered to be more vulnerable to shocks and crisis (Crick et al., 2023), ‘being at the whim of changing market behaviours and client expectations’ (Vargo and Seville, 2011, p. 5619).

Moreover, within that SME restaurant group, ethnic minority owned, or managed ventures might be impacted even more due to certain vulnerabilities including liquidity and market constraints (Korede et al., 2021). Sithas and Surangi (2021) argue that the current pandemic has affected ethnic minority firms due to the lack of competencies and managerial practices possessed by the ethnic entrepreneurs. Smallbone et al. (2005, p. 43) note that ‘... businesses with ethnic minority owners are ‘different’ from the rest of the population, both in terms of their behavioural characteristics and in terms of the types of problems that they face’. For example, it has been noted ethnic minority businesses (EMBs) usually operate in ‘sectors of the economy where .... historic failure rates are high’ (Bank of England, 1999, p. 23).

Moreover, the recent pandemic has created broad socio-economic difficulties around the world, with a particular adverse effect on the most marginalised and ethnic minority individuals in the society (Dy and Jayawarna, 2020; House of Commons, 2022; Jones et al., 2023). Previous research in the field of ethnic minority entrepreneurship has examined success strategies that were adopted by ethnic minority businesses. For instance, Deakins et al. (1997) shows that diversification, access to mainstream markets, and innovation were among the success strategies adopted by ethnic minority firms. However, less is known about ‘the survival practices of ethnic minority-owned firms at a time of severe market disruption/crisis’ (Crick et al., 2023, p. 588). Thus, research is needed to fill in this gap in the literature as it is an underexamined topic in previous research (Saridakis et al., 2023; Welsh et al., 2021).

The purpose of this research study is to investigate the impact of the Covid-19 pandemic related restrictions on micro-to-small businesses owned by ethnic minorities. In doing so, we directly respond to recent calls for more research regarding the approaches used by ethnic minority firms to respond to a crisis; as Arslan et al. (2022, p. 451) puts it; ‘to date, the literature remained scant to focus on the survival strategies of ethnic minority entrepreneurs during Covid-19’. The central research questions of investigation are: ‘What is the effect of the Covid19 crisis on the decision making of the ethnic minority entrepreneurs’ and ‘What types of strategies do these small business owners adopt, if any, to deal with the crisis?’ We focus on the sample of Bangladeshi micro-to-small restaurants in the United Kingdom. First, we aim to understand their response strategies in order to withstand the economic and operational shock (i.e., Covid-19 crisis). Despite their economic importance, studies that examine micro or very small firms are relatively limited in the field of business and management (Arslan et al., 2020). It has been also argued that this segment of firms requires more attention by policy makers to promote regional growth and prosperity (Arslan et al., 2022; European Commission, 2015). Second, we aim to understand if Bangladeshi micro-to-small restaurants (i.e., Curry Houses), given their already disadvantages, were affected by the pandemic in a way not experienced by their counterparts<sup>1</sup> and to understand their specific response strategies, and their effectiveness, adopted to withstand the Covid-19 crisis. We argue that the ‘concept of adaptability becomes even more critical’ during the current pandemic (Otengei and Changha, 2021, p. 4). In fact, it is imperative to examine how micro-to-small firms were able to cope and adapt with this external shock. To this end, previous research in the field of entrepreneurship which is informed by ‘mixed embeddedness’ perspective emphasis on the purported ethnic resources that are

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<sup>1</sup> We would like to thank the anonymous reviewer for suggesting this for us.

leveraged through privileged insider connections to co-ethnic communities (Jones et al., 2023). Hence, understanding the strategies that were adopted by such firms, who highly rely on their co-ethnic social capital and network, will provide invaluable insights into how these firms were able to navigate the pandemic situation. To some extent, we aim to provide an answer to the following research question: *what made Bangladeshi restaurants survive during the Covid-19 pandemic?* By answering this question, we identify a set of strategies that have played a determinantal role for the survival of this specific ethnic minority group operating in this sector.

The paper is organised as follows. Section 2 presents the existing literature on the impact of a crisis on small firms and discusses different response and survival strategies. Section 3 discusses the data and methodology. Section 4 presents and discusses the results, and the final section concludes the paper.

## **2. Literature Review**

### **2.1. Ethnic Minority Owned Entrepreneurial Ventures**

It has long been argued that ethnic minority groups (EMBs) are more likely to face limited capabilities to compete with their counterparts in high-growth and tech sectors (Verver et al., 2019), and hence, they tend to enter sectors with low barriers and low economic returns, and that require low-skilled characteristics and high labour intensity, such as catering. This makes them in a moderately small position in the economic spectrum (Daniel et al., 2019; Verver et al., 2019). The low entry barriers into sectors in which EMBs tend to operate created limited market potential, aggressive competition among EMBs themselves, and hence, survival has become a struggle for most of them (Jones and Ram, 2012). It has been implied that although there are signs of markets and sector diversifications, EMBs continue to operate in disadvantaged areas that are marked by insular ethnic solidarity and limited localised markets (Carter et al., 2015). Moreover, it is widely acknowledged, from the ethnic enclave theory (Portes and Bach, 1985; Portes and Jensen, 1989; Wilson and Portes, 1980), and the mixed embeddedness (Kloosterman, 2010; Rath and Schutjens, 2019) perspective that ethnic minority ‘organize a variety of enterprises serving their own ethnic market and/or the general population’ (Portes, 1981, p. 291) and tend to concentrate their business activities in areas where there exist similar ethnic groups (Sithas and Surangi, 2021). Although this gives ethnic minority firms an advantage over their counterparts by serving their co-ethnic consumers and offering them co-ethnic products, this approach (i.e., the ethnic enclave) has been debated (Crick et al., 2001).

## **2.2. Crisis Response Strategies**

A crisis can be broadly defined as ‘a low-probability situation with significant consequences for the organization’, which results in a high degree of instability and the need to implement decisions as a matter of urgency (Cater and Beal, 2014, p. 65). It has been argued that entrepreneurship is not ‘business as usual’ when there is a crisis (Doern et al., 2019; Korede et al., 2021, p. 2). Hence, any crisis will have a significant negative impact on a company, perhaps threatening its value and its business goals (see, for example, Ferreira and Saridakis, 2017). In turn, this impacts on the survival of the company such that it may exit the market (Lerbinger, 2012). Extant studies imply that small companies are more vulnerable to external shocks and crises than other types of companies (Arslan et al., 2022; Cowling and Matthews, 2018; Kraus et al., 2020). Small companies are generally less likely to be prepared for the unexpected (Herbane, 2019); they suffer from fewer resources, financial constraints, limited information regarding potential risks (Alesch et al., 2001), and lower capabilities to ‘absorb new knowledge and technology’ (Harries et al., 2018, p. 714). Moreover, a crisis may impact the mental health and the well-being of small business owners, as it might cause ‘emotional and psychological stress’ (Alves et al., 2020, p. 3). In the context of ethnic minority firms, it has been suggested that these firms are considered to be more vulnerable to a crisis compared to their counterparts since they tend to concentrate their business activities in ‘labour-intensive’ sector such as catering (Korede et al., 2021).

Wenzel et al. (2020), in overview papers on companies’ responses to crises, identify four potential strategies that companies might take in response to crises; these strategies are retrenchment, persevering, innovating and exit. Since then, other scholars have begun to investigate to what extent each of the four are present in different sectors during the pandemic, such as airlines (Albers and Rundshagen, 2020), and in specific locations, such as SMEs in Ghana (Aidoo et al., 2021). Hence, being resilient and adopting resilience strategies becomes very important to firms if they are to survive during a crisis (Battisti and Deakins, 2017). The resilience concept (Holling, 1973) has been investigated in several fields in order to examine how firms can ‘adapt to change, and rebound after the disruption’ (Chowdhury et al., 2019, p. 1209). Firm’s resilience has been defined as ‘a function of an organization’s overall situation awareness, management of vulnerabilities, and adaptive capacity in a complex, dynamic and interconnected environment’ (McManus et al., 2008, p. 82). Resilience has been considered as critical to entrepreneurial crisis management (Doern et al., 2019). Not only is it concerned with the firm’s ability to stay in operation during a crisis but ‘the conceptual aspect of the term’

(Kuchertz et al., 2020, p. 3) also considers the accumulation and deployment of resources before and during the occurrence of the disruptive events.

Existing studies that investigate firm resilience fall into one of two strands of research (Lengnick-Hall et al., 2011). The first stream implies that resilience explains firms' ability to recover from a stressful and adverse crisis and return to where they were before the crisis (Sutcliffe and Vogus, 2003). The other stream moves away from the idea that firms simply return to their pre-crisis position and implies that firms' resilience enables firms to develop new competencies, explore new market opportunities, and flourish after the adverse event (Jamrog and McCann, 2006). Doern et al. (2019) suggest that entrepreneurship contributes to resilience on the macro-level in a number of ways. First, small firms are considered to be flexible and hence have the ability to react to external shocks. Moreover, since small firms have the ability to adapt quickly to changes in the environment; these changes can spark or even necessitate innovation. Hence, from this perspective, resilience has been considered to be 'selfadapting capabilities' (Cooke, 2011, p. 111). Moreover, Martinelli et al. (2018) examined resilience strategies for micro firms and found that dynamic capabilities such as leveraging, learning and knowledge supported micro firms to recovery after a crisis.

Previous research offers ample evidence that small and medium-sized firms face significant challenges compared to their large counterparts, such as access to finance, limited resources, and lack of managerial competencies (Chandler and McEvoy, 2000; Lai et al., 2016). Ethnic minority firms face the same challenges as other types of small firms, but with additional barriers that are not experienced by their non-ethnic counterparts. For example, it has been found that ethnic minority entrepreneurs have less access to financial institutions than white entrepreneurs (Cavalluzzo and Cavalluzzo, 1998) and hence, they mostly rely on their personal savings. Moreover, lack of education, language difficulties, lower managerial competencies, and higher discrimination are among the other barriers faced by ethnic minority firms which are not restricted to crisis times (e.g., Rahman et al., 2018; Sithas and Surangi, 2021). In addition, it has been argued, the ethnic minority firms that operate in the catering sector are more vulnerable than their counterparts. These businesses mostly rely on their communities for support (such as supply chains), family labour (Korede et al., 2021), catering to their own community, and are culturally embedded in their community serving their own people.

The concept of resilience and adaptability has become critical during the pandemic, especially in the catering sector, where the physical contact between restaurants and their customers is crucial (Otengei and Changha, 2021). Early studies that examined the adaptive strategies for ethnic businesses suggested that, for example, African ethnic restaurants were

able to quickly change their existing practices in order to adapt to the surrounding circumstance (e.g., Helfat and Peteraf, 2003). More recently, Otengei and Changha (2021) showed that African ethnic restaurants that were not able to adapt quickly and cope with the current pandemic, were not able to survive in the marketplace.

‘Adaptation occurs with respect to the external environment within which the entrepreneurial firm operates’ (Stoica and Schindehutte, 1999, p. 2). In small firms, adaptation refers to the entrepreneur’s capability and willingness to respond to the surrounding changes in order to stay competitive (Morris and Zahra, 2000). It has been argued that small firms exert more flexibility than their counterparts, and hence they can adapt to overcome challenges (Stoica and Schindehutte, 1999). How a firm respond to a crisis largely depends on how key decision makers in the firm perceive the extent of the crisis and its potential effect on the firm (Shama, 1993, p. 62). It is widely agreed that the effects of a crisis on a firm will be largely negative, however, it can often lead to a positive outcome since it will increase a firm’s adaptability to the surrounding environment and hence, increases its competencies and competitive advantages (Osiyevskyy et al., 2020). For instance, Bullough and Renko (2013) argue that while a crisis, such as a conflict, may decrease entrepreneurial intention, entrepreneurs might nevertheless be able to exploit the business opportunities that emerge from the resource voids created by the crisis (Osiyevskyy et al., 2020). Hence, the strategies implemented by SMEs in response to a crisis will depend to a great extent on how the crisis is perceived by the entrepreneurs (Bourletidis and Trintafyllopoulos, 2014). Strategy, by contrast, has been considered as a critical resource that enables firms to implement decisions and develop competencies and competitive advantages, especially during a crisis. The ResourceBased View theory (RBV), for instance, puts emphasis on resources that are valuable, rare, and difficult to imitate, and which can be used to achieve firms’ strategic goals (Barney, 1991; Omar et al., 2020).

Moreover, it has been argued that although small firm entrepreneurs are restricted in their resources, they can adopt different strategies to aid their survival and growth (Arslan et al., 2022). This can be explained from the bricolage concept in the entrepreneurship literature, which is considered to be an important strategy that enable entrepreneurs to overcome the scarcity of resources (Kwong et al., 2019). Hence, we can argue, that although ethnic minority firms are restricted with their current resources, due to the bricolage concept, it is expected that they will have a great ability in deploying different ways of their discarded resources to the use of their survival.

### *2.2.1. Retrenchment*

Retrenchment has been widely acknowledged as a typical strategic response to a crisis (Bruton et al., 2003). Generally, a retrenchment strategy is mostly applied when firms must reduce their expenses in order to stabilise their finances in difficult times. Theoretically, a retrenchment strategy is ‘meant to replenish the organisational resources to gain the value in performance’ (Ung et al., 2016, p. 395). Pearce and Robbins (1993, p. 614) suggest that this strategic response can include ‘reductions in costs, assets, products, product lines, and overhead’. Previous studies showed that this type of strategy plays a critical role for business recovery in the long-run (Wenzel et al., 2020).

A recent study by Aidoo et al. (2021) on African SMEs’ responses to Covid-19 argues that a retrenchment strategy aimed at reducing firms’ costs and thereby increasing their performance was an important strategy during this crisis. However, the results show that the association between retrenchment and firms’ performance is mediated by renewal of firms’ strategies. Strategic renewal refers to ‘the process that allows organizations to alter their path dependence by transforming their strategic intent and capabilities’ (Schmitt et al., 2018, p. 58). It has been suggested that a strategic renewal is critical to the survival of small firms that are constrained by limited resources (Aidoo et al., 2021). By responding to a crisis with strategic renewal, small firms will be able to steady the ‘slowdown’ of their operations during the interruption time and will adapt more effectively to change.

When it comes to ethnic minority SME owners, such as Bangladeshis, we argue that the culture of ethnic minority SME owners, such as Bangladeshis, can have an impact on business retrenchment during times of crisis, including the ability to make strategic decisions to reduce costs and weather financial challenges. The cultural factors can include familial and community values, pride in heritage, and traditional business practices, may influence the retrenchment strategies employed by Bangladeshi SME owners. For example, family and community values that emphasize collective well-being might result in Bangladeshi SME owners prioritizing the preservation of jobs for their employees and extended family members even during difficult times. This may result in retrenchment strategies that focus on cost-cutting measures that minimize the impact on their employees, such as reducing work hours, implementing temporary furloughs, or seeking financial assistance to retain staff. Furthermore, a sense of pride in heritage and traditional business practices may also influence Bangladeshi SME owners’ decision-making during retrenchment. For example, their cultural heritage might prioritize maintaining a positive reputation and upholding the honour of their business and community. This may lead to retrenchment strategies that prioritize preserving the business’s



integrity and reputation, such as avoiding layoffs or compromising on the quality of their products or services, even if it means absorbing higher costs. Also, Bangladeshi SME owners may prioritize maintaining relationships with their customers, even during challenging times, to ensure continued business in the future. This may result in retrenchment strategies that prioritize customer retention, such as offering discounts or promotions, rather than drastic costcutting measures that could damage customer relationships.

### 2.2.2. *Persevering*

Continuation with the business (i.e., *persevering*) is another response strategy that firms can adopt during a crisis. Perseverance has been referred to as the owner's perception of their capabilities to raise above an adverse situation (Stoltz, 1997). By adopting a perseverance strategy, firms will have the ability to maintain their status quo (Aidoo et al., 2021), and adapt to or even contain the difficulties and challenges spawned by the crisis (Wenzel, 2015). It has been suggested that in times of crisis, firms can sustain their business activities by adopting the persevering response strategy (Do et al., 2021). Previous research has showed that firms following this strategy during a crisis tend to perform better, in the short run, than the firms that adopted other response strategies (Aidoo et al., 2021). For example, Chakrabarti (2015) shows that a persevering strategy enabled Asian manufacturing firms to survive the economic crisis of 1997. A recent study by Aidoo et al. (2021) in the context of small firms found an association between a perseverance response strategy and African SMEs' performance during the Covid-19 pandemic, although this relationship was also mediated by renewal strategies. It has been argued that persevering can work effectively (Stieglitz et al., 2016) during uncertainty. According to Fabeil et al. (2020), entrepreneurs, for example, utilise multiple strategies to ensure continuation of their business, which can include shortening the supply chain and launching digitalised marketing approaches through mobile applications and social media.

We argue that the culture of ethnic minority SME owners, such as Bangladeshis, can have an impact on business perseverance during challenging times, influencing their ability to persist and overcome obstacles. Cultural factors, such as resilience, communal support, and a strong work ethic, may shape the perseverance strategies employed by Bangladeshi SME owners. For example, resilience, which is often ingrained in the culture of ethnic minority communities, may enable Bangladeshi SME owners to maintain a positive outlook and persevere despite setbacks. Cultural beliefs and values that emphasize perseverance in the face of adversity, such as 'do not give up and do not be downhearted' may influence the mindset and determination of Bangladeshi SME owners to withstand challenges and continue their business operations. Communal support might play a significant role in their business

perseverance. Bangladeshi communities, for example, often place high value on collective support and mutual aid, which can provide SME owners with a strong social network to rely on during difficult times. This can include support from extended family, friends, and community members who may offer practical help, emotional support, or access to resources and information. Last, a strong work ethic ingrained in many of these ethnic minority cultures, such as the Bangladeshis, may also impact business perseverance. Deontological norms and values that prioritize hard work, diligence, and determination may drive the Bangladeshi SME owners to strive for success even in the face of great adversity. As a result, they might engage in perseverance strategies that could involve putting in long hours, leveraging existing skills and resources, and seeking creative solutions to overcome obstacles and sustain their business operations.

### *2.2.3. Innovation*

Innovation is considered to be an effective response strategy. A renewal strategy that relies on adopting innovation has been defined as the ‘firm’s adaptation to changing environments and relate it to their ability to exploit existing competencies and build new capabilities’ (Schmitt et al., 2016, p. 1). The innovation literature generally implies that when firms are faced with a high level of uncertainty and risk, they are more likely to adopt more active strategies (Freel, 2005). Previous research showed that adopting digital technologies can enhance firms’ performance and productivity (Chan et al., 2018). Indeed, new technologies and digital transformation are transforming how SMEs generate and obtain value (Bharadwaj et al., 2013; Bouwman et al., 2019). According to Unruh and Kiron (2017), digital transformation refers to the processes that are understood to ‘restructure economies, institutions, and society on a system level’ (Bouwman et al., 2019, p. 1).

It has been noted from the RBV perspective that applying digital technology can be viewed as a firm’s capability (Papadopoulos et al., 2020). Hence, by adopting and applying new digital technologies to the business in the form of innovation, firms will have the ability to gain competitive advantages. However, it has been argued that during a difficult situation, such as a global crisis, firms might need a specific type of capability, namely a dynamic capability (Teece, 2007). Dynamic capabilities may increase organisation’s performance (Cepeda and Vera, 2007) and improve competitive advantage (Barreto, 2010; Chien and Tsai, 2012; Eisenhardt and Martin, 2000).

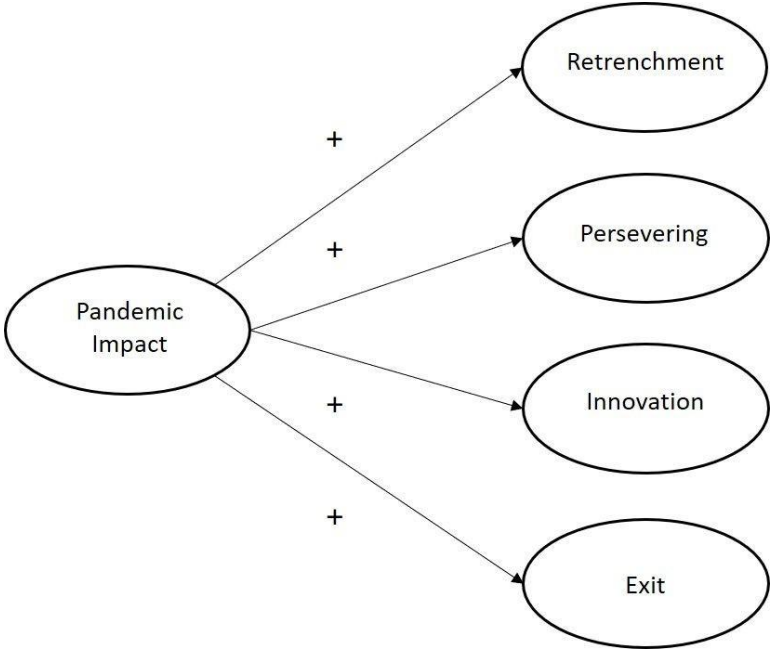
Innovation is necessary for entrepreneurship and this is especially the case for ethnic minority firms (Korede et al., 2021; Smallbone et al., 2003). However, it has also been implied that when innovation is carried out by EMBs, it comes in the format of imitation rather than in

the creation of novel innovations (Aldrich and Waldinger, 1990). Although ethnic minority firms acknowledge the advantages of applying technological innovation to their firms, such firms rarely do so in practice because of the perceived barriers (Altinay, 2010) such as resource constraints (Qureshi and York, 2008). Moreover, it has been argued, that since ethnic minority firms concentrate their business activities in the hospitality sector, they are strongly tied to their ethnic customers. Hence, the strong cultural influence may negatively affect firms' adaptation strategies, such as their ability to innovate. However, recently Korede et al. (2021) show that Curry Houses in Scotland have used innovative strategies in their business model, such as the usage of social media and delivery applications, to minimise the negative effect of the current pandemic.

**2.3. Research framework**

Based on previous literature in the entrepreneurship and strategy field, we follow recent emerging research (e.g., Kraus et al., 2020; Wenzel et al., 2020) in developing the following framework as shown in Figure 1. We anticipate that when firms will be faced by Covid-19 restrictions, such as supply chain shortages, labour shortages, operation and financial constraints, firms will adopt different types of strategies such as retrenchment, persevering and innovation, in order to survive the crisis, or will exist the market (Wenzel et al., 2020).

**Figure 1.** Conceptual Framework.



### **3. Method**

#### **3.1. Sample**

Given the topic focus on struggling ethnic minority entrepreneurial ventures, we chose British Bangladeshi owned restaurants as the sample. Bangladeshis comprise one of the UK's largest immigrant groups from overseas and they are also one of the youngest and most quickly growing communities in the UK (Mac an Ghaill and Haywood, 2005). At the same time, British Bangladeshis have the highest overall relative poverty rate of any ethnic group in the UK (Palmer and Kenway, 2007). They are mainly employed in occupations that are directly affected by social distancing rules and those that are directly impacted by UK lockdown rules (OECD, 2022) such as restaurants sector and non-essential businesses.

We call attention to two factors that make Bangladeshi Curry Houses an excellent sample for the research. First, it has been suggested that most of ethnic minority firms operate in the catering sector where 'cultural identity is of the utmost operational importance' (Ram et al., 2000, p. 498). We narrow our focus on Bangladeshi owners because previous research showed that there exist differences across ethnic firms and not just between ethnic firms and their counterparts. For example, according to Jones and Ram (2003), the entrepreneurial motivation between South Asians differ according to their origin. While Indian entrepreneurs are assumed to be pulled into entrepreneurship, Pakistanis and Bangladeshis are assumed to be pushed to entrepreneurship given their 'suffering from poor employment prospects and racism in the labour market' (Metcalf et al., 1996, p. 4). Moreover, it is suggested that other ethnic minority groups may 'equipped with more and better formal educational qualifications' and use English as their main language, and tend to focus on high growth, and tech sector (Haq, 2015, p. 507; Jones and Ram, 2003); hence, 'they should theoretically be more successful entrepreneurs than Pakistanis and Bangladeshis' (Haq, 2015, p. 507).

Moreover, it has been argued that 'entrepreneurial activity in the UK does vary by the ethnic minority group' (Wang and Altinay, 2010, p. 5) and therefore an examination of the origin of the ethnic group can enable an identification of firm's sources of competitive advantages (Ward, 1986). For example, while it is widely presumed that Indians and East Africans represent successful entrepreneurial stories, Bangladeshi entrepreneurs, however, are perceived as entrepreneurs that are still trying to breakout from their current disadvantages (Ram et al., 2000). Moreover, it has been argued that while Indian entrepreneurs focus their entrepreneurial activities on fast and growing businesses, Bangladeshi entrepreneurs, on the other hand, are 'predominantly in the catering and restaurant sector' (Haq, 2015, p. 507).

Second, it has long been assumed that EMBs operating in the catering sector, are somehow protected from outside competition ‘mainly because the entire post-modern ethos of dining out ... rests crucially on diversity, novelty, and choice’ (Ram et al., 2003, p. 665). However, although the Bangladeshi restaurant sector, and more specifically Curry Houses, has grown significantly during the past decades (Korede et al., 2021; Razzak et al., 2021), across the industry, more than two Curry Houses are exiting the market each week (Financial Times, 2016). Curry restaurants have been in a crisis long before the Covid-19 pandemic. For example, the vote from the United Kingdom to leave the EU, and the recent tightened immigration rules, have affected significant number of small firms and Curry Houses operated by the South Asian community in the UK, which are mostly run by Bangladeshi owners. This adds to their existing challenges such as a shortage of staff, specialised chef’s crisis, increase in prices, and changes in consumers tastes (Financial Times, 2016) with an increase and saturated market and ethnic minority businesses are ‘crowding one another out’ (Ram et al., 2003, p. 666). South Asian restaurants in the UK have established themselves as cheap and affordable places to eat out also attracting consumers ‘from pubs and nightclubs’ (AlJazeera, 2022) and their survival in the market depends to a great extent on long hours of work (Ram et al., 2003). Although Britain was once in love with Curry Houses, this is not the case anymore since consumers’ tastes and preferences have started to shift during the past few years. Apart from the fact that ‘around fifth of all British restaurants now serve various Asian cuisines’, consumers that grow up eating South Asian cuisine, that is rich in it is flavour and spices, are now also in favour of other Asian cuisines such as Korean and Vietnamese, hence increasing competition (Financial Times, 2016). Due to these significant challenges that Curry Houses are facing, it is important to examine how the current pandemic has affected their survival and growth prospects, while at the same time navigating their pre-existing challenges and market pressures.

### **3.2. Data Collection**

One of the researchers spoke with the president of the Bangladeshi Caterer’s Association. Most of the Bangladeshi businesses in the UK are based in Greater London. The researchers also benefitted suggestions from colleagues and owners about Bangladeshi restaurants, their business situation, and their willingness to participate in this research. We identified Bangladeshi Curry House restaurants from the Yellow Pages business directory; we contacted twenty of the owners for phone-based interviews. Ten of the owners agreed to participate. As seen in Table 1, nine out of ten participants were male, with an average age of 41 years old. Moreover, the majority of these Curry Houses are micro-sized firms (those employing up to 9 employees) with only four being classified as small-sized restaurants (employing between 10

and 49 employees). An important observation can be made about the entrepreneurs' characteristics: not one of the interviewed Bangladeshi owners has a university/college degree, the highest qualification being a diploma in Business (Level 5).

**Table 1.** Participant profiles ( $n=10$ ).

<b>Participant</b>	<b>Age</b>	<b>Gender</b>	<b>Education</b>	<b># Employees</b>
Matin	43	M	Higher national diploma in Business (Level 5)	
Anwara	35	F	Higher national diploma in Business (Level 7)	
Jamal	37	M	Higher national diploma in Business (Level 12)	
Junayed	48	M	Higher national diploma in Business (Level 15)	
Salam	32	M	Higher national diploma in Business (Level 8)	
Alam	33	M	Higher national diploma in Business (Level 9)	
Aman	49	M	Higher national diploma in Business (Level 15)	
Ali	39	M	Higher national diploma in Business (Level 18)	
Hasan	44	M	Higher national diploma in Business (Level 8)	
Monir	50	M	Higher national diploma in Business (Level 9)	

### 3.3. Data analysis

Data were analysed by using thematic analysis adopting the Gioia approach, which is a widely used method of analysing qualitative and interview data. Thematic analysis can be defined as 'a method for identifying, analysing and reporting patterns (themes) within data' (Braun and Clarke, 2006, p. 79). This approach is helpful for reducing the data through categorisation and summarising the key concepts with the examined data (Ayres, 2008). We followed previous literature (e.g., Arslan et al., 2022; Crick et al., 2023; Korede et al., 2021) in the field and applied the adapted Gioia Methodology (Gioia et al., 2013) to analyse the data. Rather than relying on computer software, we used manual coding; thus, we were able to familiarise ourselves thoroughly with the data. During the first stage of the analysis, we used an open coding system; this allowed us to generate the first-order codes. Thereafter, we examined the repeated first-order codes and developed the second-order themes that generated the aggregated dimension (Gioia et al., 2013). The guidelines proposed by Morrow (2005) for data 'trustworthiness' were followed, namely credibility, transferability, dependability, and

confirmability.<sup>2</sup> In this paper, we applied Gioia Methodology (Gioia et al., 2013) and maintained trustworthiness criteria accordingly. Second, we established a strong relationship between first order codes and second order codes (see Table A1, Table A2, Table A3 and Figure A1<sup>3</sup>). Finally, it reached the aggregated dimensions (e.g., three key themes). Henceforth, these processes demonstrate the credibility of our analysis.

#### 4. Results

Participants were first asked to explain what negative impact the pandemic had exerted on their businesses. Most participants reported that they had experienced a **downturn in their profits** compared to normal times. The owner of one restaurant, Anwara (F, 35yrs), who employs 7 employees, said that demand had decreased significantly, which had affected the business's profits.

A reduction in profits was reported by almost every participant in this research. However, a number of other barriers affected these ethnic minority restaurants, such as **shortage of staff, limited logistics and supply**, and **increase in the cost of operations**. For example, Matin (M, 43yrs) said, *'since the pandemic started the supply is less and also the price has gone up. But I cannot change the menu. My regular customers will not be satisfied, if I change the menu and its price'*. Previous studies regarding SMEs in crisis highlighted the negative impact of supply interruption on the ability of firms to survive and recover after the crisis. Another factor was identified by Monir (M, 50yrs) who explained that *'the business had suffered from staff shortages because employees did not want to risk their health by travelling*

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<sup>2</sup> Specifically, a range of criteria have been suggested within qualitative studies to provide trustworthiness in constructivist research. Authenticity is referred as intrinsic criteria by Lincoln (1995), which appears to be more relevant. Lincoln continues, authenticity criteria include fairness, catalytic authenticity, educative authenticity, ontological authenticity, and tactical authenticity. Building on trustworthiness and authenticity criteria, Patton (2002) identified dependability ('a systematic process systematically followed', p. 546) and triangulation ('capturing and respecting multiple perspectives', p. 546) as important components of quality. Additionally, Patton emphasised on the importance of dialogue among different perspectives. As constructivist/interpretivist paradigms accommodates overlap of worldviews like postmodern, ideological, and critical theories. Morrow (2005) proposed additional constructivist criteria as an attempt to expand notion of interpretivist/constructivist criteria. These include (a) the extent to which participant meanings are understood deeply and (b) the extent to which there is a mutual construction of meaning between and among researcher and participants, or coresearchers. Morrow (2005) continues to suggest understanding participant constructions of meaning depends on factors like context, culture, and rapport. Where Morrow et al. (2001) claims qualitative methods are particularly suited to examining individuals within their cultural frameworks. In addition, cross-cultural research or research with a population or an issue to which the investigator is an "outsider" demands preparation to enter the field in a credible manner.

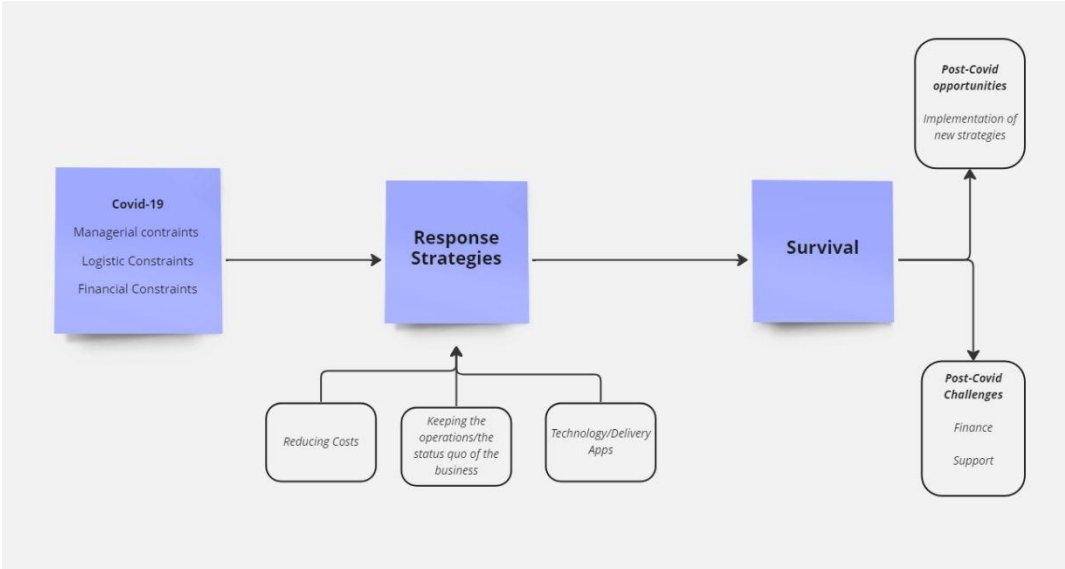
<sup>3</sup> Figure A1 illustrates the structure and ordering of the data from specific, first-order codes to second order codes and finally reached the aggregated dimensions, which consisted of negative impact, response strategies and post Covid-19.

to work. Hence, the business had to close a couple of times, resulting in significant losses and an increase in costs’.

Other **challenges** faced by these restaurants were caused by limits on the opening times of their restaurants and the significant difficulties of managing online delivery channels, since these were novel to most of the participant firms. As Aman (M, 49yrs) pointed out, ‘during the first lockdown we were not prepared and found it difficult to manage the business. Though there was a huge increase in take away order, for poor management we struggled badly. We could not capitalise on this opportunity’.

Figure 2 shows the results of the collected data. In summary, it can be implied that Covid-19 has negative impact on EMBs in terms of logistic constrains, managerial and financial constraints. In order to survive the pandemic, EMBs applied different turnaround strategies such as reducing their operating costs, maintaining the status quo of the business by offering their customers some value, and using technological apps to deliver their products. We did not find any exist case in our data. More details are contained in the following subsections.

**Figure 1. Study Findings.**





## 4.1. Response Strategies

During the next phase of the interview, participants were asked a series of questions related to their strategies for dealing with the pandemic. For instance, participants were asked, *'Could you explain your business strategy and situation while Covid-19 was emerging in the UK?' The Bangladeshi SME owners answers indicate that all four major types of strategic responses had occurred. Almost all participants implied that they had to be **flexible** in their daily operations in order to follow the government's rules and restrictions. For instance, all participants had to revert to a take-away only business model, and opening times were restricted. Moreover, when the hospitality sector was allowed to open again, all participants recounted how their restaurant's seating capacity had to be greatly reduced so they could abide by social distancing rules, which meant that their most lucrative revenue-creation channel was significantly constricted. The implementation of new hygiene measures was another burden. As a result, 'we have to adapt and flexible [in] our business strategy'* [Matin (M, 43yrs)].

### 4.1.1. Retrenchment

The results of the analysis imply that owners of Bangladeshi restaurants had taken the decision to reduce the cost of their operations as a retrenchment strategy in response to the crisis. For example, Monir (M, 50yrs) said, *'Staff hours were reduced from 2 shifts to 1 shift. But everyone was in the same understanding that we could not offer them full time jobs. But I was against reducing staff member, because everyone has a family to look after. So, I kept everyone in the business, but hours were reduced'*. Jamal (M, 37yrs), on the other hand, took the decision to reduce staff numbers by half.

### 4.1.2. Persevering

However, the participants in this research did not regard a retrenchment strategy as sufficient for saving their businesses. Most participants had to apply other types of strategy also, such as persevering, in order to retain their loyal patrons and attract new customers. As Aman (M, 49yrs) explained, *'we are also offering gift items with large orders like £50 and above. We have licenced bar in the restaurants, so we are offering alcoholic beverage as gift items with such large orders'*. Other restaurants applied other forms of persevering strategies, such as loyalty discounts and targeted discounts for, say, students.

### 4.1.3. Innovative Technology

The persevering strategy can also be linked to another type of strategy applied by the participant firms: innovative technology. Virtually all of them turned to technology, including mobile applications, as a way of facilitating online ordering and delivery. One firm went further still

and created a social media presence during the pandemic in order to communicate with its customers. Alam (M, 33yrs) explained that *'on FB we have a local discussion page, where we has more than 500 loyal customers, who supported with messages to keep the business running. Eventually the business survived. The discussion page is very helpful for suggestion from public/customers'*.

#### 4.1.4. Firm Survival

We were surprised to learn that all but one of the participant firms were able to survive the crisis and continue with their business. The firms that survived appear to have implemented a variety of the above-mentioned strategies, such as reducing their costs and offering discounts to their loyal customers. However, one participant firm had to close their restaurant because the owner could not afford the operational costs of the business. Ali (M, 39yrs) explained, *'I have not survived for the impact of Covid. May 2020 my restaurant was closed. We lost business and staff. Could not pay the basic expenses to keep the business open. And sadly had to decide the business to close down'*.

## 4.2. The Role of Government Aid

Participants were also asked to describe if they had sought any professional or non-professional support during the pandemic. The results show that a significant number of participants (8 out of 10 firms) received financial support from the government, which included furlough payments, Bounce Back Loans, and grants. Participants implied that without these kinds of financial support from the government, their businesses would not have survived. Moreover, some participants welcomed and participated in the government's 'eat-out-help-out' initiative. For instance, Aman (M, 37yrs) said, *'Eat out to help out was a blessing for us'*. However, it appeared that some participants were reluctant to join the initiative due to a lack of knowledge about how the scheme worked. For example, Hasan (M, 44yrs) indicated that he *'did not participate in "eat out to help out" because we were not very sure on how to offer and did not want to manipulate the system to benefit finically'*.

In terms of seeking advice and information during the pandemic, the analysis shows that some business owners had recourse to their direct networks (informal), such as community groups, restaurants in the same sector, and their clientele. For instance, Matin (M, 43yrs) recalled that they *'discussed with other partner and within the same industry'*. However, only one participant firm indicated that it sought advice from professional bodies; the other participants indicated that this would have been expensive for them and that they had preferred to seek advice, information, and guidance from the government websites.

### 4.3. Post-Covid Plans

The UK government has taken number of interventions during the Covid-19 pandemic to protect communities and businesses, including Tier restrictions to control and manage human movement. Hence, businesses and consumers had to adjust mode of operations following instructions specified for the Tier area. As many businesses were severely impacted by the pandemic and tier restrictions, the UK government also introduced support schemes in the forms of grants and loans and ‘eat out to help out’ for restaurant with dine-in feature.

Participants were asked to describe their plans post-Covid 19. The majority of participants stated that they would be focusing on investing more in online business, reducing their costs (such as by renting smaller premises), and maintaining a high standard of service to attract more customers. However, some participants expressed worries about the future. For example, the majority of participants were anxious that without the appropriate financial support from the government, their businesses would be unable to bounce back. For example, number of interview participants confirmed ‘the eat out to help out’ scheme was not accessible to them as they were operating only takeaway and online service. Whereas the government offered this scheme only to the dine-in restaurant (Matin, M. 43 yrs). Others expressed concerns about repayment of their government loans: *‘I am concern about repay bounce back loan, and other bills such as council tax, gas, electricity and others. As we are thinking the business will not come back like before’* [Anwara (F, 35yrs)]. Other anxieties were related to a reduction in demand and a shortage of qualified employees in the restaurant sector.

## 5. Discussion

This paper aimed to understand what is the effect of Covid-19 crisis on Bangladeshi micro-to-small restaurants in the UK and, what types of strategies these firms adopted, if any, to deal with the crisis. The Covid-19 pandemic has affected the hospitality sector (Kim and Lee, 2020) in a negative way. Restaurants that provided dine-in services were forced to shut down in order to restrict the spread of the virus. In order to survive, firms had to adapt to the ‘new normal’ to deal with the crisis. The current literature suggests that SMEs are ‘vulnerable to crisis events due to lower levels of preparedness, resource constraints, relatively weak market positions, and higher dependence on government and local agencies’ (Alves et al., 2020, p. 3). However, although smaller firms face barriers and challenges that are more significant than those faced by their large counterparts, it has been argued that SMEs are typically both resilient and nimble; they have the flexibility to respond to changes in the surrounding environment (Alves et al., 2020).

Our results show that Bangladeshi Curry Houses operating in London were negatively impacted by the Covid-19 crisis such as other firms in the sector on generally. Among the negative effects experienced by these firms were a lack of demand, breaks in supply, staff shortages, and the difficulties of operating and managing an online service. Our results are in line with prior literature that has studied the effect of a crisis on small firms. Previous studies, in general, support the notion that small firms are ‘the first and most important victims of a prolonged’ crisis (Bourletidis and Trintafyllopoulos, 2014, p. 641). For instance, it has been suggested that during the global financial crisis, small firms experienced significant downturns due to their liability of smallness, their limited resources, and their dependence on borrowing from financial institutions (e.g., Mulhern, 1996; Ozar et al., 2008). Moreover, the consumer market and supplier base of such firms are commensurately small (Nugent and Yhee, 2002), hence the argument that in times of a crisis, small firms are most likely to experience a shock in demand and supply. Previous studies regarding SMEs in crisis highlighted the negative impact of supply interruption on the ability of firms to survive and recover after the crisis. For example, Prasad et al. (2014) found that micro firms are less likely to mitigate disruption in the supply chain system, and Tokui et al. (2017) showed, in the context of the 2011 Great East Japan earthquake, that small firms were affected in a negative way due to a break in supply chain linkages. In addition, it has been implied that while small firms are generally considered to be nimbler than their larger counterparts, they are not invulnerable to shrinkage in demand for their products (Cowling et al., 2015). It has also been noted in the context of the previous SARS pandemic that disruption to the economy results in increasing uncertainty for small firms (Lee and Warner, 2006). Hence, firms needed to develop new strategies in order to adapt to a challenging new situation.

The demand issue was particularly important for Bangladeshi restaurants as prior to the pandemic, these firms rarely offered delivery and online services and were almost entirely reliant on their dine-in services. However, the results show that in order to maintain their restaurants’ operations, most participant firms had to implement some form of online ordering or takeaway service. This is in line with the findings reported by Korede et al. (2021). Digital technologies and social media platforms are becoming increasingly powerful tools that can be used by firms to increase their competitive advantages, communicate with their customers, and thereby innovate and enhance their performance (e.g., Benson et al., 2016; Chan et al., 2018; Papadopoulos et al., 2020).

However, applying these new technologies to their businesses was by no means easy for the owners of our sample of Bangladeshi restaurants, with some missing out on the

increased opportunities that online ordering offered. This can be linked to findings from previous literature in the entrepreneurship field have emphasised that the characteristics and competencies of the owner of a small firm will significantly affect the firm's success (e.g., Zontanos and Anderson, 2004). It has also been noted that the management skills, competencies, and characteristics of a firm will play a critical role in how it survives a crisis (Marshall et al., 2015). For instance, Beckinsale and Ram (2006) found that EMBs engage less in information and technology communication, including having a business website or offering an online-ordering facility, than non-EMB firms. Moreover, this ethnic minority group Bangladeshi is pushed into entrepreneurship out of necessity compared to other minority groups that embark to entrepreneurship to exploit market opportunities (Rafiq, 1992; Thompson et al., 2010). However, it has been noted that this gap is decreasing, which can be attributed to the new IT-literate generation that is managing the business (Allinson et al., 2004). These results can also be explained from the perspective of the educational characteristics of these Bangladeshi owners. Since the restaurant sector is characterised by low barriers to entry and has a preponderance of self-employed people from an ethnic minority background, it is perhaps unsurprising that our sample of Bangladeshi owners do not have a university education.

In addition, our results show that Bangladeshi restaurants were able to apply different turnaround strategies in order to deal with the pandemic. For instance, the results show that owners applied the retrenchment strategy (in terms of reducing staff numbers), perseverance strategy (in terms of offering discounts), and innovative strategies (implementing online orders and applications). In our study, the results showed that almost most participants have used a combination of these strategies, for example retrenchment accompanied by applying online deliveries or retrenchment and perseverance. This is to be expected, since it has been noted that retrenchment strategy, for example, is often implemented by firms in order to halt or reverse a decrease in financial performance (Barker and Mone, 1994). Some previous studies in the field of crisis management point towards the critical role played by such a strategy in a firm's longerterm recovery (e.g., Robbins and Pearce, 1992) although it has also been argued that this strategy might in fact contribute to a firm's underperformance (Barker and Duhaime, 1997).

The results show support for three of the four strategies outlined in prior literature regarding firms' turnaround strategies during times of crisis (e.g., Aidoo et al., 2021; Wenzel et al., 2020). For example, it has been suggested that applying the perseverance strategy is considered to be influential during a crisis (Stieglitz et al., 2016). Retrenchment, perseverance, and innovation are all considered to be characteristic of adaptive organisational

resilience. Previous empirical studies suggest that there is a positive association between adaptive resilience and firms' performance (e.g., Chowdhury et al., 2019; Prayag et al., 2018).

The results also show that Bangladeshi restaurants rely mostly on their close and informal networks as their source of advice and information. The role played by social networks in small firms has been extensively highlighted in previous studies. According to Ghauri et al. (2014, p. 580), being a part of a network allows owner-managers to 'exchange and combine their resources through various activities for their mutual benefits'. More specifically, research has found that small firms generally prefer an informal type of network, such as friends and family. It has been implied that 'these contacts are more likely to listen to entrepreneurs than formal networks, and to offer guidance and advice on business issues' (Idris and Saridakis, 2019, p. 613). This study finds evidence that Bangladeshi firms tend to rely on informal networks, with the majority of these small restaurants seeking advice and information from their partners and community members. Moreover, the behaviour and the dependence on this type of network can be explained from the co-ethnic network perspective in the ethnic minority entrepreneurship literature. It has been suggested that co-ethnic network provides ethnic minority firms with access to diverse information and resources (Wang and Altinay, 2010). In addition, this can be explained from the ethnic enclave perspective which implies that ethnic minority firms tend to interact in a 'system of co-ethnic social networks within a self-sustaining ethnic enclave' (Wang and Altinay, 2010, p. 6). However, although the concept of breaking out was deemed necessary to grow and survive for ethnic minority firms (Altinay, 2010), it can be suggested from the results, and can be explained from the ethnic enclave theory (Wilson and Portes, 1980), that Bangladeshi Curry Houses in the UK are still embedded in a complex system of 'co-ethnic social networks' (Wang and Altinay, 2010, p. 6). Hence, maintaining reputation and status quo is very important for these types of firms (e.g., see Arslan et al., 2022; Korede et al., 2021). This is a line with previous research which suggest that the strong socio-cultural context in which ethnic minority firms are routed in, influence their 'market and entrepreneurial orientation' (Cruz et al., 2020, p. 230).

Finally, the results show that government support during the pandemic was helpful to Bangladeshi firms, and that the various government support schemes affected their abilities to survive. However, the results also show that a significant number of these types of firms believe that additional support is required if they are to return to their pre-pandemic position in the market. As stated by Kitching et al. (2009, p. 53) a 'high level of uncertainty in the economy renders the development of an appropriate policy response particularly challenging'. Still, we encourage policy makers to carefully consider revising policies that make it easier for the

owners to hire more chefs and staff. One of the struggles of Bangladeshi entrepreneurs in hospitality is that they are often very hard pressed for labour. Research has found that the rising generation of ethnic minorities are more well- educated versus their parents' generation and have chosen to focus on employment in technology fields rather than go into family-owned businesses of their parents (McEvoy and Hafeez, 2009). Second, governments could offer community education programmes that help potential Bangladeshi entrepreneurs identify other fields of work that they can focus on. There is an oversupply of co-ethnic local competitors, which results in lowered retail prices from the competition and by extension lower profit. Third, we propose that successful Bangladeshi SME entrepreneurs are identified, and their images and likenesses are used as spokespeople on printed materials to help create role models of success to overcome the self-censorship that is common in ethnic minorities. Given the importance of co-ethnic networks, these spokespeople can become valuable influencers in helping Bangladeshi business owners learn about government programmes and additional relief grants.

Although previous research in the crisis management field has advanced our knowledge on how firms are affected by crisis and the outcome of crisis on firms (e.g., Baron et al., 2005; Pfarrer et al., 2008; Runyan, 2006), we know less 'about how much crises affect small business(es)' (Welsh et al., 2021, p. 721) and even less specifically about ethnic minority small businesses. Previous research and reports have showed that ethnic minority business and groups face difficult challenges because they tend to concentrate their business activities in low-skilled employments and industries (OECD, 2022). Given their vulnerability, it has been implied that the pandemic has directly impacted them more than their counterparts, because ethnic minority groups such as Bangladeshi tend to operate in sectors that were directly affected by Covid-19 restrictions in the UK (Platt and Warwick, 2020). Hence, in this research, we explored the impact of this crisis on ethnic minority small firms. On contrary to previous research that explored the impact of Covid-19 on the general segment of EMBs, we focused on minor and mainly overlooked segment of EMBs: Bangladeshi Curry Houses in the UK. We thus fill a gap in the previous literature by examining the survival and response strategies of ethnic minority firms in time of crisis; this has been noted to be under-researched in previous studies (Arslan et al., 2022; Crick et al., 2023). We found support for three of the four resilience strategies (i.e., perseverance, retrenchment, and innovation renewal). Our results are in line with previous research that has examined the effect of a crisis on small firms (e.g., Aidoo et al., 2021; Arslan et al., 2022; Chowdhury et al., 2019; Korede et al., 2021; Prayag et al., 2018; Wenzel et al., 2020).

Next, we focus on the implications of those results on the general concepts of resilience and strategy. The concepts of retrenchment, perseverance, and innovation have significant implications for research on resilience and strategy in the context of businesses, particularly in times of crisis. Understanding how these three concepts intersect and influence each other can provide valuable insights into the dynamics of resilience and strategy in the face of challenges, and inform research that examines the multifaceted nature of business responses to crises and their implications for long-term success. For example, must there be a trade-off between retrenchment and innovation? Retrenchment involves strategic cost-cutting measures and resource allocation. Innovation, on the other hand, involves creative problem-solving and adaptation to changing circumstances. Can the same organizations engage in both sets of activities during crises? Perseverance involves persistence, determination, and adaptability. Given that it is important in times of crises for ethnic minority SME owners, we wonder to what extent these SME owners with no advanced educational background, engage in what is called ‘dynamic capabilities’ related to sensing, seizing, and reconfiguring of their processes and their market offerings.

It has been argued that ethnic minority SME owners are different from their white counterparts, despite enduring similar struggles such as access to finance and limited resources (Bruder et al., 2011). Moreover, previous research has showed that there exist differences across different minority firms, and thus more research is needed to unpack these differences and the factors that influence performance and entrepreneurial activity (see Haq, 2015; Jones and Ram, 2003). Although in the past, it has been pointed out that ethnic minority restaurants are safe from competition from large firms since dinning out ‘rests crucially on diversity, novelty and choice (Ram et al., 2003, p. 665), evidence shows that the increased demand for authentic food by consumers resulted in a fierce price competition between curry houses and a saturated market (Ram et al., 2003) which will affect their survival during the pandemic. Hence, we focused on one of the least advantage South Asian groups and examine how they have adapted to the current pandemic and what strategies they have used to increase their survivability chances. The results show that Bangladeshi owners struggled with implementing technologies that were essential to the survival of food service businesses suggesting the importance of technological innovation and training. Third, we add to the previous literature that applies the RBV to study firms’ response strategies by emphasising the role of these practices on firms’ competitive advantages. By having the ability to apply different response and survival strategies, firms will have the ability to increase their absorptive capacity by learning, thereby further developing their competitive advantages. For instance, by applying persevering



strategies, Bangladeshi firms can safeguard themselves against crisis (Do et al., 2021), maintain their status quo (Aidoo et al., 2021) and work effectively during periods of uncertainty (Stieglitz et al., 2016).

## **6. Conclusion**

Addressing recent calls for research to examine the pandemic's impact on ethnic entrepreneurial ventures (e.g., Arslan et al., 2022; Crick et al., 2023; Welsh et al., 2021; Saridakis et al., 2023), this research article examined the impact of the pandemic on Bangladeshi restaurants' owners and investigated their resilience and response strategies. The results of interviews with Bangladeshi Curry House micro- and small-business owners in the UK indicate that they survived the challenges of the pandemic through retrenchment, perseverance, and innovation, but not through exit in most cases. Moreover, the results show that these ethnic minority firms are still highly embedded in their community, not just in terms of serving their co-ethnic consumers, but also by relying on their informal type of networks for information and advice.

In this research, we have advanced knowledge related to ethnic enclave theory and the mixed embeddedness perspective. First, we find that although the concept of the ethnic enclave has been debated in previous research and there have been more calls for ethnic minority firms to 'break out' to the mainstream markets, Bangladeshi entrepreneurs are still embedded in their cultural network which bounded by their co-ethnic community and consumers. Second, we advance knowledge on the third of the five paths of future research in mixed embeddedness outlined by Rath and Schutjens (2019, p. 585) to 'move beyond the start-up...toward conditions for firm survival and small business'. The mixed embeddedness concept suggests that the various contexts surrounding ethnic minority firms influence their success (Jones and Ram, 2023). Focused on context of survival, we find that community resilience is most important to the ethnic minority businesses. The social capital of ethnic minority businesses, such that of British Asian, has enabled small firms to survive (Jones et al., 1994; Ram et al., 2003). This contradicts the recommendation from prior ethnic enclave research regarding the need for ethnic minority firms to break-out from their co-ethnic network and diversify their businesses into mainstream market as an only secured strategy for their success and survival (Deakins et al., 1997; Saridakis et al., 2023). In contrast, the results of this research study indicate that Bangladeshi entrepreneurs operating in the restaurant sector often place high value on the collective support and mutual aid from their communities. Although this choice might limit their growth prospects, the strong social networks which they relied on during difficult times enabled them to weather the negative effect of the pandemic. Hence, we extend our knowledge

in the field of ethnic minority entrepreneurship and suggest that in times of crisis, cultural social capital is important in enabling firms to adopt, cope, and survive the crisis since maintaining reputation and status quo appeared to be at most importance for ethnic minority firms (e.g., Arslan et al., 2022, Cruz et al., 2020; Korede et al., 2021). In addition, we extend our knowledge on the concept of bricolage in the entrepreneurship field and show that although ethnic minority firms were restricted by their resources, knowledge and information, they had the ability to deploy different ways of their discarded resources in order to survive the effect of the pandemic.

In terms of implications for practice and policy, the results show that SMEs (specifically EMBs) appear less likely to plan for the future; furthermore, they tend not to have formulated a strategy for dealing with crises. These findings are consistent with previous literature that finds that SMEs tend to have neither a formal business plan nor a contingency plan (Yusuf and Saffu, 2005). We suggest that training sessions should be provided for these types of firms in order to help them to create formal business plans for their firms; this can equip them to cope with a future that remains uncertain. There is ample research showing that training has positive benefits on firms' performance. For instance, Idris et al. (2023) recently showed that formal and informal types of training for owner-managers are positively associated with the performance of small firms.

Moreover, since previous research has showed that EMBs are inadequately prepared for transferring their services to an online platform, there is now, more than ever, a need to coordinate and launch a specific and targeted technology training programme in collaboration with local councils, so that EMBs can be trained to use the internet, social media platforms, and online applications systems. The government has recently launched an initiative in collaboration with a number of English universities to help SMEs in England improve their leadership competencies. While this is a much-needed scheme, it is likely that EMBs may be reluctant to participate in it. This can be attributed to the fact that owners of EMBs may face significant language barriers. Furthermore, they may lack the skills necessary for participating in the course online, or they may not understand how they might benefit from such a programme. Hence, policy makers should be aware that EMBs in the catering sector would need to be targeted with a programme that collaborates with local councils, local universities, and community members to ensure that maximum benefit can be gained from a technology training programme.

There are, of course, limitations to our study that merit further discussion and analysis. Our sample was restricted to a set of Bangladeshi restaurant owners in the UK during the pandemic. While the depth of the interviews provides insights into how the Covid-19 pandemic

impacted on the business strategies of entrepreneurs in the Bangladeshi restaurant sector, it would be valuable for future research to gather data from more organizations. In addition, this research has also been limited in its geographical scope as data were collected only within Greater London; it is therefore important to examine different geographical locations across the UK and other countries to identify regional overlaps and discrepancies. Finally, this research has concentrated on Bangladeshi ethnic minority restaurants rather than on the wider EMBs in the UK. Hence, investigation into the specific strategies, cultural aspects, interplay between different approaches, and long-term impacts can contribute to a deeper understanding of the resilience and adaptability of these businesses and provide valuable insights for the hospitality industry and small businesses in the face of crises.

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**Table A1:** Theme 1 – Negative impact.

**Challenges:**

Very bad impact on the restaurant businesses, specially the first lockdown. It was hard to keep the business running. A lot of job loss, due to close down of the restaurant (Ali, M, 50 yrs).

Salam (M. 32 yrs): Difficult time. Takeaway did well but sitting or dine-in has impacted negatively. We reduced staff for example from 8 employees to 4 employees. That means half of the staff lost their job as we are not capable to pay them regularly.

**Logistics and supplies/staff:**

Currently, the raw material costs are higher than before. In general, some 30% to 50% cost has increased over the last one year, due to the Covid 19 and lockdown. For instance, our poultry supply comes from EU, but since the pandemic started the supply is less and also the price has gone up. However, I cannot change the menu price. As my regular customers will not be satisfied if I change the menu and its price (Monir, M, 50 yrs).

Hasan (M, 44 yrs): The difference is like as day and night. Before weekly sales was £6000 and now £2000 nearly that means our business is now half. Who did take way before, they are doing well? I am doing business since 1994 but only dine-in service. I am concerned after pandemic, rent, council tax, and bounce back loan instalment and how to pay them monthly.

**Loss of profits/increased cost:**

First lockdown was manageable but second one was very worst as we lost customers. Each year we are waiting for Eid sales and Christmas sales. Normally during Christmas time, weekly we sale about £7000 to £8000; however, now it is less than £2000. So, our business is gone (Jamal, M, 37 yrs).

Junayed (M, 48 yrs): Before business was good as we manage staff and raw materials suppliers accordingly. Moreover, the sales and profit were at satisfactory level. We can survive. However, now the situation is very worst as we shut all dine-in/sitting business due to government restriction.

Currently, we have no profit margin but rent, gas, electricity bills have to pay. Besides, raw material price has increased. Also, employee's isolation payment, which is double wages, while we have to apply government rules. (Jamal, M, 37 yrs).

**Table A2:** Theme 2 – Response strategies.

**Retrenchment:**

Matin (M, 43 yrs): I will continue my business, but I will do some changes such as rent for small premises that will reduce cost and prepared for e-commerce and online based business.

**Persevering:**

Ali (M, 39 yrs): We are offering 25-30% discounts to our customers, to keep them with us. We are also offering gift items with large orders like £50 and above. We have licenced bar in the restaurants, so we are offering alcoholic beverage as gift items with such large orders.

I would like to continue to support my staff as well as loyal customers, who are habituated to have our foods. During this critical situation, I got support from staff and customers. So, I owe them and continue my business (Monir, M, 50 yrs).

**Technology:**

Salam (M, 32 yrs): Before dine-in business was very good but now it is totally stopped. However, who started takeaway business earlier, they are doing well rather than new starter. Hence, now I focus only online order and home delivery as a part of new strategy and to survive during this hard time.

I am thinking online business and alternative such as small premises so that we can reduce cost that might help us to survive (Anwara, F, 35 yrs).

**Table A3:** Theme 3 – Post Covid-19.

**Theme 3: Post Covid-19**

**Implementing new strategies:**

Anwara (F, 35yrs) mentioned that: I am thinking online business and rent a small business premises so that we can reduce cost that might help us to survive in this sector. Reduced operational cost, but I don't want to reduce staff. Because everyone needs to pay bills and we are responsible as their employer to keep them employed (Hasan, M, 44 yrs).

We are offering 25-30% discounts to our customers, to keep them with us. We are also offering gift items with large orders like £50 and above. We have licenced bar in the restaurants, so we are offering alcoholic beverage as gift items with such large orders (Ali, M, 39 yrs).

Hasan (M, 44 yrs): In future I would focus on increasing customer numbers. And postcorona, restaurants can focus on take away sector. Use UBER, Deliveroo, just eat this kind of 3rd parties to have access to more customers. Furthermore, (I would like to) reduce operational cost, but I don't want to reduce staff. Because everyone needs to pay bills and we are responsible as their employer to keep them employed.

Matin (M, 43 yrs) stated for the changing plan that- Obviously, I will do short term and long term plan. Based on that plan, I will re-structure our business, goods and service and the service methods-both online and dine-in system. These will help to reduce deliver cost and profit margin will increase again like before.

**Anticipated Challenges:**

Alam (M, 33 yrs): Shortage of trained and qualified employee is a concern. Due to covid and government immigration policies there is a shortage of appropriate staff in this industry.

Jamal (M, 37 yrs): Before weekly sales was £6000 and now £2000. I am in business since 1994 but only dinning service. I am concerned after pandemic, the rent, council tax, and bounce back loan instalment, how to pay them monthly?

**Required support:**

Matin (M, 43 yrs): We receive some furlough supports from government that motivated us to stay rather than shut down. However, without any support from government, we cannot run the business accordingly. So, the post support is required to survive the business.

Hasan (M, 44 yrs): Govt supported with £13000 as grant, which was very helpful for the survival of the business. May be future support (financial) would be necessary.

Salam (M, 32 yrs): Without further support from Government, it will be harder to continue my business. However, I will try hard but if I am not capable then; finally, I will shut the business as a last option.



**Figure A1: Data Coding.**

