

# **SUSTAINABILITY OF SINDHI TEXTILE FIRMS IN BISHOP STREET, PENANG, MALAYSIA**

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## **BACKGROUND TO THE COMMUNITY**

Sindhis originated from the Sind Province, located in today's Pakistan. The first Sindhi families arrived in Malaysia the 1800s. Many arrived via Singapore and Indonesia, as their businesses already had affiliations there. Records show that the earliest Sindhi business was set up in Beach Street (Penang) in 1860 by the Surtani family, now known by the surname Hassaram (later had a shop in Bishop Street).

Sindhis were mainly involved in the retail and wholesale of textiles and imported goods, and had a formidable network of business links throughout South East Asia as well as other countries because of their overseas Sindhi brethren

During the 1920s, more Sindhis migrated to Penang and opened businesses in Bishop Street. Prior to the partitioning of India in 1947, there were few Sindhi families in Penang. More came after partition, when Sindhi Hindus were left without a homeland. Many Sindhis left Sind – some stayed on in India, while many migrated to different parts of the world.

## **AIM OF THE STUDY**

The most often cited characteristic of family business is that many of them fail to be sustainable in the long run. Today, many Sindhi firms have moved out of Penang to Kuala Lumpur in search of better business prospects and many of the early businesses set up by the pioneer North Indians in Penang no longer exist. The research aimed at intensely exploring & understanding why the age-old Sindhi firms of Bishop Street no longer exist. For example, Green Silk Shop established in 1947 is finally saying its goodbye after 61 years as the current owner says "...it would be difficult for us to make a good margin of profit ...so we've decided to close it down," Those businesses situated within the inner city are moving or may even close as a result of the major reduction of economic activity. However, some Sindhi businesses have converted to cater to tourists and are situated along the beach i.e. the Batu Ferringhi stretch. For example, established in 1926, Parmanands has moved out of Bishop Street where it started its business to the tourism belt of Batu Ferringhi.

In addition, the repeal of the Rent Control Act has also brought with it dire consequences to the economic activity of the North Indians in the h / Bishop Street area.

Apart from lower profits and the repeal of the Rent Control Act what have been the reasons for the lack of sustainability of the Sindhi firms of Bishop Street, Penang?

### **THE RESEARCH SITE**

Bishop Street, or Lebuah Bishop, is a street in the inner city of George Town and within the core zone of the Unesco World Heritage Site. Insert picture of Bishop Street

On this street in the 150's-60's there were a number of Sindhi textile shops. These were Green Silk shop, Kay Silk Shop-later Kaka, Parmanands, Hassaram, Binwanis, Textile Hall, Nelson, Murli. They generally focussed on tailoring and the retail sale silks which they obtained from China, Japan. Initially they focussed on British clientele during the colonial era, then customers that came with the Royal Australian Air Force, then the GIs who came for rest and relaxation from Vietnam and in the 80's the focus was on local clients,

### **RESEARCH METHODOLOGY**

Interviews were held with 12 Sindhi respondents via emails and whats app. An open question was asked- "what causes Sindhi firms not to last beyond two or three generations?" The information derived from narrative based methods of data collection were then analysed and coded into the following categories discussed below.

#### **Reasons for lack of sustainability**

##### Children as Successors?

Succession planning is poor. Succession Planning has been reported to be a key challenge to Family business. Succession Attributes include managerial capabilities and business involvement of the heir. One respondent said that as a result of her father-in-law's insistence on his only son taking over the business, the son was not given a chance to further his education and today has no career and no business.

Generally, however, as a result of higher education opportunities provided, many young descendants of the early settlers have branched out into other professions e.g. doctors, lawyers and have chosen not to carry on the business of trading. As professionals they want more money to earn and to spend on leisure activities (which their parents may not approve of); and if they want to introduce new ideas to the business their parents may not approve of them. They don't want to be grounded says one respondent. They want more time for leisure and not work the long hours their fathers did.

Some sons have even left Malaysia and moved to Panama (e.g. Kaka). When his mother died and his father aged he suggested his father close down the business and move to Panama with him. In general, as the parents aged and the children were no longer in the same city or even country they tended to close down the business and move in with their adult children.

Those children still involved in trading have ventured into retail and wholesale of local goods and non-traditional lines of business. When there were only daughters they tended to get married and settled down in other countries with their husbands. Where there are no children as in the case of Nebhsons the owners close down the firm and retire to India to live their lives out. If there is a dependence on offspring and enterprising outsiders are not brought into the family business, then chances of sustainability are minimised.

### **Sibling Rivalry and Availability of family financial capital**

At times due to sibling rivalry the profits are shared out and so the capital of each business dwindles. Instead of profit being ploughed back into the business it is used to buy out one partner. With dwindling capital the business does not thrive. In other establishments the profit from the business is used to sustain the family and once again capital is not ploughed back into the business. One wife reported that women should not demand too much from their spouse if he was in a family business and said their family firm went into liquidation as her sister-in-law had insisted on the purchase of jewellery for herself and the husband had done this without the knowledge of his brother partner. In other words, it is important to have functional families as key input to family business success. In short, the nature of interpersonal relationship among family members must not be competitive and a closely knit family structure and open communication between family members is important.

### **First generation owners**

A number of respondents reported that their parents wanted to hold on to the business reigns till it was too late and suggested that they should start relinquishing the reigns at about 60-65. They complained that their fathers would not accept the ideas of the young who lived in the technological era and wanted to move on to online business.

### **Innovation and Adaption**

Sindhi textile firms focussed only on trading which has its limitations. There is no value added said one respondent. Today with internet there is no need for the middleman. Family Businesses did not innovate or move with time. The only one who shifted away from textile to children's clothes lasted longer until he aged and there was no one to take over the business. On the other hand, another owner-Parmanands adapted and physically shifted his business to a tourist area and focussed on tailoring.

### **Limited Capital Base**

The community was then not into politics and had limited access to government/ banks etc. Moreover some family businesses are reluctant to invest the profit into the business and use it

instead to purchase luxury goods which can identify them to others as successful businessmen.

### **SOME RECOMMENDATIONS**

1. Always check what the market wants. Don't stick to same product. Previously textiles and tailoring and now people buy ready made goods. So move on to ready made goods, food, electronics etc.
2. Be willing to get outsiders to work in the company and do not limit it only to family members as some of the latter may not be interested in family businesses and just stay on without interest.
3. Invest all profit back into company don't blow it into diamonds, gold, cars, etc.
4. Invest in strong family ties
5. Don't hold on to business till last minute. Train the young to take over.

Before concluding this paper, I would like to present the views of **Sindhi respondents in India** as to why Sindhi family businesses are not resilient. Their focus appears to be the needs of the young as can be seen in the responses I received.

Changing era -Post liberalisation, India has seen an unprecedented growth in a lot of sectors like technology, animation, insurance, health and wellness, travel and tourism, photography etc...with an array of professional courses and companies offering qualified and skilled youth heavy pay packages and highly attractive bonuses and performance based rewards, the traditional idea that one would only earn an handsome monthly income in their own business and not by working at a mere fixed salary under someone is dying out amongst the youth.

Generation 2 and 3 are more professional and ambitious and want jobs which are more structured and supportive for career goals. They have a much clearer career path and goal unlike the traditional pattern where as soon as one finished high school or just graduation, parents expected their children to join the family business. For example- the Surtani family in New Delhi is the Owner of various elite restaurants in South Delhi. (Clay oven, Kasba etc).With the demise of the father (owner) , the son still was totally disinterested in looking after his well renowned chain of restaurants. He was a exceptionally brilliant student who did his post-graduation from one of the most premier management institutes of India- IIM (Ahmadabad) and is currently working in a company in Delhi as Marketing head.

Youth wants to prove their credibility and self-worthiness- Even if they want to enter business, they want to start something of their own...the youth wants to build a name for themselves. They have the brains and the DNA. They have new ideas and want to push and expand frontiers. As a young person put it "I like to get my hands dirty, I like to build things.

I want to make my own mistakes, build my own team and see my own ideas come to light”. Youth is motivated by a deep desire to pursue their own dreams and create businesses from scratch leading to multiple opportunities for learning and showcasing their business building skills. Taking on a status quo in business may not be enough to satisfy their entrepreneurial spirit. They want to answer the existential question- “What is my contribution?” asks Nishchae Suri, Head of People & Change Advisory, KPMG in India.

For example- the father in the Manchandhani family has built a substantial name in the field of construction. But the son, again a graduate from the esteemed SRCC college of Delhi and with his masters in Economics, started working with CII (Configuration of Indian Industries) as a consultant for almost seven years and now has started his own Consultancy firm.

To gain experience and work objectively- working in another company gives the next generation valuable experience and it also helps them develop what we often call “non-family objectivity.” The youth feels by working elsewhere, they will get a more objective view of challenges that their own family firm is facing, which is really hard to achieve for those who have been in the business for a long time. Being a member of the family, one can sometimes lack objectivity and the risk is that one is led too much by the heart and not enough by the head. One needs to be analytical and objective to make right investments and decisions. For example- a family firm has various strategic business units dealing in different segments like Jewellery (one SBU), fabrics and designer clothing (another SBU) and handbags and shoes (third SBU). Now example a particular is underperforming despite major strategic changes and the other two SBU’s are outperforming but the son doesn’t want to close down that underperforming SBU as it was started by his late father and he has sentimental value attached. So you think with your heart and not your head...

Conflict in ways of working- the elder generation is generally very comfortable and complacent in their own old styles of management... the youth being innovative, creative and daring have their own ways and ideas of working and managing things. Therefore, a lot of times the 3rd generation doesn’t want any family dispute or conflict and prefer to work out of the family business. Difficult to separate home and work life- we are all just “human” and their work conflicts or disputes may get forwarded to their family time and family ties and relationships too suffer. Family politics can affect decisions at work and office politics/ disputes can affect healthy personal relations.

Financial Independence- what one often witnesses in family businesses that income earned is joint and family income. A lot of times since income is common, the elder generation doesn’t

understand or relate to youth's extravagant spending on foreign holidays, partying and clubbing habits, shopping of premium brands and splurging on beauty and wellness packages and spa. They believe money should be primarily reinvested as capital or one should buy assets like gold. The youth is modern and believe in working hard and spending hard, and this conflict of view can lead to serious problems. Therefore, another major reason is financial independence to live life the way they want to.

Nature, Scale, Scope and even location of business- sometimes in small scale businesses, the nature of business is such that the youth doesn't want to enter into that business. For example, the family is into the construction line and the children may be only daughters or docile sons and they feel that the construction line is not the right choice for them as it doesn't match their nature and skills. Or a small retail (sweet or fruit Shop)- the youth feels that they are not interested to continue the legacy of sitting in a sweet or fruit shop in the crowded and noisy markets of maybe Chandi Chowk, or Sadar Bazar of New Delhi. Though these are the most popular wholesale markets of Delhi, location, nature and scope of the business are main reasons for not joining them.

In summary for the Sindhi respondents in India the main issues that arise are the following-

“Taking on a status quo in business may not be enough to satisfy the entrepreneurial spirit of the young.

“Being outside the family business gives them non- family objectivity”

“With family business you tend to think with your heart not with your head, even if the business is losing.”

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