The Role of Networks in Opportunity Identification: A Focus on African Transnational Entrepreneurs

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Abstract. There is a growing body of work which highlights the importance of Transnational Entrepreneurs (TEs) as catalysts for economic development in both their home and host countries. However, their opportunity identification predispositions are less understood. Thus, this study explores the nature and practices of TEs of African origin and it also focuses on how they identify viable business opportunities in their host countries. In addition, the study defines the role networks play in assisting them to achieve their business objectives. Through its application of social network constructs for data collection and analysis, this study contributes to the ongoing discourse on TEs. Specifically, it provides new insights into the way TEs of African origin living in the UK identify and exploit business opportunities. Its key findings indicate that the human capital of TEs (in particular their host country work experience), active search, and their use of family and kinship networks underpins the way they identify opportunities in a foreign country. However, perhaps the most remarkable finding of this study is that, while TEs employ both formal and informal network ties in their host countries, they seem to rely exclusively on their informal networks in their home countries.

Keywords: transnational entrepreneurs, opportunity identification, network ties, african entrepreneurs, migrant entrepreneurship.

1. Introduction

The growing literature on the increasing role Transnational Entrepreneurs (TEs) play as facilitators of cross-border entrepreneurship documents that through their entrepreneurial activities these individuals function as key agents of economic change and entrepreneurial growth (Brzozowski et al. 2014; Kim et al. 2018) in their home countries. Similarly, TEs establish businesses in their host countries as a way of integrating into their ‘new’ environments (Gruenhagen and Davidsson 2018; Kariv et al. 2009). We follow Drori et al. (2009) to define TEs as ‘social actors who enact networks, ideas, information and practices for the purpose of

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seeking or maintaining business opportunities within dual social fields, which in turn forces them to engage in varied strategies of action for promoting their entrepreneurial activities’ (p. 1001). A key distinction between TEs and migrant entrepreneurs is that TEs are embedded in at least two fields (Lin and Tao 2012; Ojo 2012; Urbano et al. 2011). TEs engage in business and network activities in at least their home and host countries. This cross-border network provides TEs with a rich social capital base for their businesses (Sommer and Gamper 2018). In contrast, migrant entrepreneurs are embedded in the host country. They integrate in a new country and cut off social and economic ties with their countries of origin (Brzozowski et al. 2019).

There is ample literature describing the role of TEs as facilitators of new business ventures in their home and host countries (e.g. Bagwell 2018; Elo and Hieta 2017; Nkumah 2018; Pruthi et al. 2018), but very little is documented about their specific ways of identifying business opportunities in both countries. Many of the available studies largely pay attention to the outcomes of TEs’ cross-border entrepreneurship such as the growth and economic performance of their transnational businesses (e.g. Brzozowski et al. 2014; Kariv et al. 2009; Neville et al. 2014), and their internationalisation trajectories (Jiang et al. 2016), and they overlook their antecedents (Urbano et al. 2011).

Against this backdrop, our study complements existing scholarly work on TEs by investigating the specific ways our purposively sampled TEs of African origin identify new business opportunities and the types of networks they engage during the opportunity identification phase. We are interested in how TEs identify business opportunities because we believe it is an integral part of any entrepreneurial journey (Ardichvili et al. 2003; Arenius and De Clercq 2005; Elo and Volovelsky 2017; Kim et al. 2018). In addition, the absence of market opportunities is known to have a profound effect on business creation (see for example; Ramos-Rodriguez et al. 2010), particularly for cross-border new venture creations (Kontinen and Ojala 2011a). In this study, we utilise the social network theoretical paradigm as a framework for analysing the processes that define the way TEs identify business opportunities in the UK as well as in their respective home countries. This provides us with an opportunity to provide fresh insights to the types of network ties that define their entrepreneurial activity.

Focusing onto TEs of African origin is predicated on the relationships between many African countries and the UK which date back to the colonial era. This has made the UK an attractive destination for many African migrants. In addition, a number of African countries are currently faced with several challenges including high unemployment, weak institutions, and poor institutional infrastructure among other issues. These challenges often act as ‘push factors’ (Riddle and Brinkerhoff 2011; Riddle et al. 2010) for African migrants to seek new livelihoods abroad. We align with the established literature by adhering to the notion that entrepreneurs’ opportunity identification is a process (DeTienne and Chandler 2007; Gaglio 2004; Ramos-Rodriguez et al.


2010) that is shaped by a variety of actions and actors. Thus, we show how African TEs tap into their networks as they identify viable business opportunities within their dual social fields.

This study contributes to the mainstream literature on migrant entrepreneurship in the following ways: first, we contribute to the growing literature on African TEs (e.g. Griffin-El and Olabisi 2019; Kloosterman et al. 2016; Nkrumah 2018; Ojo 2012; Ojo et al. 2013b; Rosique-Blasco et al. 2017) as we highlight the determinants of opportunity identification for these entrepreneurs in their home and host countries. Second, we find heterogeneity in the type of networks TEs engage with at home and abroad. We believe this heterogeneity is informed by TEs’ entrepreneurship motivations. With this study we respond to the call for further inquiry into the different framings of TEs’ social networks and its impact on TEs’ businesses (Kariv et al. 2009; Patel and Terjesen 2011).

The structure of the paper is as follows. Section 2 presents a review of relevant literature. This is then followed in Section 3 by a presentation of the context of this study, African transnational entrepreneurs in the UK. In Section 4, the data and methods employed in the study are presented. We then present our findings in relation to the data, as well as in relation to existing research in Section 5. Section 6 focuses on the discussion and conclusions of the study.

2. Literature Review

2.1. Transnationalism

In migration studies, transnationalism is generally associated with the movement of people and how they integrate into their new environments (Carling and Erdal 2014; Schiller et al. 1992; Waldinger 2017). However, in the business management and entrepreneurship literature, the concept is increasingly used to describe the activities of a unique type of migrants – transnational entrepreneurs. Much of this literature delineates transnationalism as a process by which migrants establish social fields that connect their home countries with their host nations. Such an exercise is achieved by establishing multiple ties and interactions that link people or institutions across the borders of nation-states (Schiller et al. 1992; Vertovec 1999). Clearly, the recognition of the intensity of cross-border activities, especially with regards to economic transactions that provide recently emergent, distinctive and, in some contexts, now normative, social structures and activities, makes transnationalism an attractive paradigm to use in understanding social actors of African origin in the UK. The above discussion about transnationalism allows us to understand how TEs define and identify opportunities within their dual social fields.
2.2. TEs, New Venture Identification, and Networks

The social network lens underpins this investigation and most importantly, allows us to offer further insights into the processes defining the way TEs identify opportunities. The literature acknowledges that TEs’ networks are of particular importance to their process of identifying business opportunities (Smans et al. 2014; Zhou et al. 2007). These networks provide access to information, resources, advice and the support TEs rely on for opportunity identification (Bagwell 2008; Cucculelli and Morettini 2012; Pruthi and Wright 2017). Ellis (2011) provides a useful distinction between different types of networks and highlights how they impact on business ventures. In this study, we classify network ties into two types: formal and informal ties (Ahuja 2000; Covello and Monro 1997; Ojala 2009). Formal network ties are related to relationships that are fostered through business engagements with other businesses, suppliers, and professional associations within a network. Informal network ties involve social relationships with family members (Kontinen and Ojala 2011a; Ojala 2009) and ethnic enclaves within a network (Light 2001; Kariv et al. 2009). Such informal network ties consisting of relationships with family and friends have been instrumental to the success of their cross-border business.

TEs are usually foreign-born entrepreneurs who are socially embedded in at least two countries (Drori et al. 2009; Urbano et al. 2011). Their investment and entrepreneurial activities in their home countries act as an important source of foreign direct investments and knowledge transfer (Elo and Volovelsky 2017; Nkongolo-Bakenda and Chrysostome 2013; Stoyanov et al. 2018b). Further, TEs’ investments in their home countries display a diverse range of business activities, extending from large-scale investments to small and medium enterprise (SME) type entrepreneurial activities. These investments include but are not limited to manufacturing investments, agricultural investments, exporting from their host to home countries and vice-versa (Riddle and Brinkerhoff 2011; Ojo 2012).

Similarly, TEs’ entrepreneurial pursuit in the host country may be indicative of their integration into a new institutional environment (Nkrunmah 2018). The motivations of TEs to engage in entrepreneurship within these social fields (i.e., their home and host countries) differ. On one hand, they are motivated by economic factors as they seek to establish a means of livelihood and economic sustenance in the host country. On the other hand, they pursue entrepreneurship in their home country for altruistic reasons. For example, they invest in their home countries to support extended families or to enhance their social value (Elo 2016; Pruthi et al. 2018; Rana and Elo 2017). Nonetheless, with regards to this dimension, other scholarly works have suggested that TEs maintain investments in their home countries as a ‘backup option’ in case they face difficulties abroad (Brzozowski et al. 2014; Pruthi et al. 2018). They are therefore generally different from ‘traditional migrant entrepreneurs’, who maintain a single country embeddedness, limiting their economic activities and social ties to their host
country (Brzozowski et al. 2019). Unlike traditional migrant entrepreneurs and as previously mentioned, TEs exhibit a dual embeddedness. They initiate entrepreneurial processes in at least two social environments (Pruthi and Wright 2017; Urbano et al. 2011), mobilising networks in their home and host countries for business activities (Sommer and Gamper 2018) while also maintaining dual cultural identities (Brzozowski et al. 2019).

Dual embeddedness creates costs and opportunities for TEs. Regarding dual embeddedness costs, TEs from developing countries in particular often face challenges associated with doing business in countries with weak institutional structures (De Silva 2015), poor infrastructure and weak legal systems (Aluko and Mswaka 2018; Siwale 2018). Those embedded in developing countries suffer from the ‘liabilities of foreignness’ (Pruthi and Wright 2017), where they face steep learning curves when they attempt to do business in their home countries, particularly if they have been away from the country for a long period of time (Riddle and Brinkerhoff 2011). In the host countries, TEs face costs associated with the ‘liabilities of foreignness and outsidership’ (Stoyanov et al. 2018a), liabilities resulting from a lack of market-specific business knowledge and access to mainstream business networks and markets (Johanson and Vahlne 2009) within the host country.

Dual embeddedness also creates opportunities for TEs. On the basis of their operations design, they are able to identify avenues to pursue new business ventures that may be unavailable to entrepreneurs located in a single geographical location (Dimitratos et al. 2016; Walther 2012). This resonates with Drori et al.’s (2009, p. 1001) contention that ‘the advantage of being embedded in two or more social environments, allows them [TEs] to maintain critical global relations that enhance their ability to creatively, dynamically, and logistically maximise their resources base’. In such situations, dual embeddedness becomes a source of cross-border competitive advantage for TEs. For example, being embedded in two or more country locations enables TEs to leverage their organisational resources across dual institutional environments, thereby improving their potential for achieving increased profitability relative to entrepreneurs operating in a single country (Patel and Conklin 2009; Ojo 2012).

On the basis of the foregoing discussion two key themes emerge. First, TEs’ entrepreneurial activities are impacted by the institutional settings of the host and the home country (Urbano et al. 2011). Sequeira et al. (2009) highlight the importance of TEs’ home and host embeddedness, arguing that their embeddedness impacts on the success of their transnational business. Second, TEs engage with their networks in order to identify viable business ventures. TEs utilise their networks to deal with the prevailing weak institutions in their home countries (Light, 2001). The networks TEs develop in their host countries often compensate for the liabilities of outsidership that they face (Stoyanov et al. 2018a).
3. Context: African TEs in the UK

Since our study focuses on TEs of African origin undertaking their entrepreneurial activities in the UK, understanding the context of African TEs and their activities in the UK allows us to locate our study within the broader discourse on migrant entrepreneurship. We argue that this approach will enable us to identify relevant factors that have catalysed the activities of African TEs in the country, both at the macro and micro levels. The former focuses largely on how the institutional environment in the UK, as the host country, has influenced the development of TEs’ activities (Shane and Venkataraman, 2000), while the latter looks at the individual thematic activities that TEs are involved in, as well as their ability to access relevant resources (Chen and Tan, 2009). In pursuit of this, this section of the study provides a brief literature background of African TEs in the UK.

Globalisation has ushered in a new era with respect to the mobility of entrepreneurs. Many individuals have taken advantage of this new global phenomenon by seeking opportunities and resources in markets outside their countries of origin (Bagwell 2015; Portes 2003). UK has traditionally attracted TEs from Africa largely because of its ties with former colonies (Aluko and Mswaka 2018). The Office of National Statistics (ONS) documents that at year-end 2018, over 1.3 million individuals of Sub-African origin live in the UK (ONS, 2019). London in particular has a very large number of ethnic minorities of African origin living in the city, a factor which has resulted in considerable TE activity across the city. Consequently, the city is often described as the epicentre of African TE activities in the UK (Ojo et al. 2013a; Ojo 2012), mainly because of the density of TE activities and the ability of these entrepreneurs to undertake dual business activities in the UK and their countries of origin. It is therefore not surprising that the UK, as a whole, has a rich history of transnational entrepreneurship activity. However, research on TEs of African origin in the UK has historically been subsumed under literature on Black Afro-Caribbean enterprises (Ojo 2012), and has therefore largely escaped robust academic scrutiny. Studies by Ojo et al. (2013a, 2013b) and Ojo (2012) attempt to provide more insight into this dimension by presenting an interesting ethology of TE activity among Nigerian communities in the country. In order to address this, Nwankwo (2013) provides a thematic overview of entrepreneurial activities undertaken by TEs of African origin in the UK. The study reveals how TE activities are both generating value in their countries of origin, while contributing to the UK’s economic development and cultural diversity. Their businesses include retailing, travel agencies, and restaurants offering exquisite African cuisines, food exports and the provision of legal services. The motivational factors behind the establishment of these businesses that often operate at a local level are primarily affected by two key issues. First, the presence of markets and networks that are aligned with specific ethnic communities, i.e. ethnic enclaves,
can influence the decisions of TEs to start a business (Griffin-El and Olabisi 2019). Ndofor and Priem (2011), as well as Jones and Volpe (2011), further argue that the development and growth of such markets is underpinned by a sense of social identification with products and services that are serving particular cultural needs. Second, it is evident that the prevailing institutional environment in the UK facilitates TE activity and dual embeddedness (Ojo et al. 2013a; Ojo, 2012). This particular factor has enabled TEs to undertake business activities that are associated with a bi-directional flow of value, i.e., between the host and home country (Rusinovic 2008). From the above contextual analysis and discussion of TE activity in the UK, we argue that the history of TE activity by entrepreneurs of African origin is directly and intricately linked to colonial ties. Given that we are examining transnational entrepreneurship through a network lens (Sommer and Gamper 2018), we further argue that the activity of TEs in the UK can be more fully understood through their network embeddedness and the role that both formal and informal networks have played in accelerating TE activity and perpetuating dual embeddedness in the country. We investigate how African TEs identify business opportunities in the home countries and in the UK, and the role networks play in the opportunity identification process.

4. Data and Method

Given the explorative nature of this study, and its theoretical underpinnings, we adopted a qualitative approach to gather and analyse our data (Guba and Lincoln 1994). We employed a case study research approach (Eisenhardt 1989; Yin 2013) utilising interviews (Kvale and Brinkmann, 2009) as narratives for knowledge construction (Dyer and Wilkins 1991) by analysing interactions between the interviewer and the interviewee. A case study method was selected because of its usefulness in detecting nuances in the ways that transnational entrepreneurs (Aliaga-Isla and Rialp 2013; Dimitratos et al. 2016; Vissak and Zhang 2014) identify business opportunities. In addition, this approach was deemed relevant because the study focuses on a real-life environment in which the phenomenon of opportunity identification takes place.

4.1. Case Selection and Analysis

Though we appropriated migrant firms through an African business network, our unit of analysis was at the entrepreneur level. This we believe responds to the existing call in the literature for additional focus on the social exchanges and network ties that occur at the individual level, particularly for small businesses (see for example: Kontinen and Ojala, 2011a; Smans et al. 2014). The informants interviewed for this study were firstly, foreign-born migrants (Sequeira et al.
2009) from Africa, who are primarily based in the UK and secondly, engaged in transitional business between the UK and their home country (Pruthi and Wright, 2017) whilst maintaining networks within these two countries (Drior et al. 2009).

As our main source of data, we draw upon 10 in-depth interviews (see Table 1 for an overview). The interviews were semi-structured and conducted face-to-face with entrepreneurs between January and August 2018. The aim of the study was explained to all respondents, and all assented to take part in the research. All respondents but one had left formal employment to create their own businesses. Our open-ended questions allowed for conversational and informal interactions and gave our respondents the freedom to expand on their responses. Confidentiality was assured to each respondent. The interviews lasted on average between 60 and 90 minutes, and the questions were focused on how TEs identify opportunities in the UK and in their respective home countries, as well as the role their cross-border networks played in their opportunity identification process. All the interviews were recorded electronically, after obtaining consent from the respondents.

4.2. Data Reduction and Analytical Approach

Our analysis process followed three stages of data analysis (see Figure 1 for a summary of our data reduction strategy). In the first instance, we read through the interview transcripts with the view to coding emerging patterns of their entrepreneurial activity in our dataset. The research team met regularly to review emergent first order concepts and to ensure the consistency in coding the key themes. Then a first order theme coding was developed by the authors based on direct quotes from our interview data. These categories reflected the narrative used by our interview participants (Corley and Gioia, 2004; Gioia et al. 2013). Using a second order coding format, which is consistent with Stoyanov et al. (2018b), we integrated our initial themes from the first-order categories into second-order themes highlighting patterns which allowed us to identify the TE’s opportunity identification process and the type of network involved. After this stage, we grouped our second-order themes into aggregate dimensions. Doing so, enabled us to derive findings organised around: forms of TEs, forms of network ties employed in the host country, and forms of network ties employed in the home country. Our data structure allows us to configure our data into a sensible visual aid, it also provides a graphic representation of how we progressed from raw data to terms and themes in conducting the analyses (Gioia et al. 2013).
5. Findings

In this section, we explore the key themes that emerged from our interview transcripts on how TEs identify viable business opportunities and the types of networks that aid their opportunity identification process. To provide robust and aggregated findings, we clustered our cases using relevant literature themes into two broad groups of TEs: opportunity-driven TEs (C3, D4, F6, G7, and I9) and necessity-driven TEs (A1, B2, E5, H8, and J10). We considered necessity-driven entrepreneurs as those individuals who were pushed into entrepreneurship (Darnihamedani and Hessels 2016) because all other options to secure employment in their host country were absent or unsatisfactory. With respect to opportunity-driven entrepreneurs we conceptualised them as individuals who chose to engage into entrepreneurship to exploit available as well as create new venture opportunities (Williams 2008; Williams and Round 2009). Our categorisation of TEs as either opportunity-driven or necessity-driven contributed to our understanding of the ways TEs search for opportunities and to explain the network ties they established in the process.
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Table 1: Overview of TE Respondents

<table>
<thead>
<tr>
<th>Case</th>
<th>Gender</th>
<th>Home Country</th>
<th>Highest Educational Qualification</th>
<th>Number of Employees</th>
<th>Reason for Coming to the UK</th>
<th>Year of Emigration</th>
<th>Host Country Business(es)</th>
<th>Year of first UK Business</th>
<th>Current Home Country Business(es)</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2</td>
<td>F</td>
<td>Malawi</td>
<td>Association of Chartered Certified Accountants (ACCA)</td>
<td>3</td>
<td>To join her family</td>
<td>2003</td>
<td>1. Runs a bakery business 2. Runs a beauty cosmetics business 3. Runs a salon business</td>
<td>2013</td>
<td>1. Has a shop in Malawi where she sells clothes imported from the UK and her beauty products</td>
</tr>
<tr>
<td>C3</td>
<td>M</td>
<td>Malawi</td>
<td>CIMA - Chartered Management Accountant</td>
<td>2</td>
<td>Educational Pursuit</td>
<td>2001</td>
<td>Telecommunications Business - broadband and telephone services provided</td>
<td>2017</td>
<td>Property Business</td>
</tr>
<tr>
<td>D4</td>
<td>M</td>
<td>Nigeria</td>
<td>Medical Doctor</td>
<td>8</td>
<td>To work in the UK</td>
<td>2010</td>
<td>1. Runs a UK car cleaning Company - with 2 locations in Manchester UK</td>
<td>2017</td>
<td>Owns 2 Grocery Stores in Eastern Nigeria</td>
</tr>
<tr>
<td>E5</td>
<td>M</td>
<td>Nigeria</td>
<td>MSc - Marketing</td>
<td>10</td>
<td>Educational Pursuit</td>
<td>2005</td>
<td>Runs a recruitment agency</td>
<td>2007</td>
<td>Exports Used cars to Nigeria</td>
</tr>
<tr>
<td>F6</td>
<td>M</td>
<td>Ghana</td>
<td>MBA</td>
<td>2</td>
<td>Educational Pursuit</td>
<td>2006</td>
<td>Runs a Project Management Consultancy Company</td>
<td>2016</td>
<td>Owns a Construction firm in Ghana</td>
</tr>
<tr>
<td>G7</td>
<td>F</td>
<td>Nigeria</td>
<td>MBA</td>
<td>3</td>
<td>Educational Pursuit</td>
<td>1993</td>
<td>Runs a global Lifestyle and events management company</td>
<td>2010</td>
<td>Runs a global Lifestyle and events management company</td>
</tr>
<tr>
<td>H8</td>
<td>M</td>
<td>Nigeria</td>
<td>High School Leaving Certificate</td>
<td>1</td>
<td>To seek better opportunities</td>
<td>2006</td>
<td>Runs a plumbing business</td>
<td>2014</td>
<td>Runs a plumbing business</td>
</tr>
<tr>
<td>I9</td>
<td>M</td>
<td>Zambia</td>
<td>MSc</td>
<td>1</td>
<td>Educational Pursuit</td>
<td>1999</td>
<td>Consultancy firm</td>
<td>2014</td>
<td>International Transport Company</td>
</tr>
<tr>
<td>J10</td>
<td>M</td>
<td>Malawi</td>
<td>MSc</td>
<td>2</td>
<td>Educational Pursuit</td>
<td>2003</td>
<td>Cleaning Company</td>
<td>2013</td>
<td>Transport Company</td>
</tr>
</tbody>
</table>

5.1. Opportunity Identification in the Host Country

We asked respondents about the steps they took to start their businesses in the UK and their motivation for doing so. We found that a key determinant of opportunity identification for both groups was their work experience in the UK (see Table 2). An understanding of their social experiences in the UK provided them the market intelligence (Kontinen and Ojala 2011b) they used to leverage their business ideas.

Representative excerpts for opportunity-driven TEs:

After 2 years I told the CEO that I had done enough for him, I wanted to move on to do some other things. We had implemented projects in 156 sites across Europe. I thought I could run my own business based on this experience. So, I decided to register my own company (Case F6).
I thought maybe I could start something where I can put people into hotels or give them the same service I provided when I worked at XYZ. Next, I embarked on a journey and came up with ‘XY’ company (Case G7).

Representative excerpt for necessity-driven TEs:

I struggled to get a job in the UK, I thought I had failed given my career background and educational qualification. I had to tell myself that I am happy even though I missed out on the kind of respect that accrue to university lecturers. So, when I was working at a college in Leeds, I had an idea that I can bring international students to the UK to come study (Case A1).

This finding is consistent with Shane’s (2000) argument that entrepreneurs discover viable business opportunities based on the information that they already possess. In this regard, work experience provided the TEs with adequate information regarding the workings of the industry which helped them identify potential business opportunities within the sector.

Furthermore, we found that active search by TEs (B2, C3, D4 and J10) was the second dominant medium through which TEs in our sample identified new business opportunities in the UK. We believe this result can be associated with the human capital and cognitive abilities (Westhead et al. 2009) of the respondents. In terms of opportunity identification, they searched for information predominantly online. This also emphasises the important role the Internet plays in the opportunity identification process in the host country. We asked our respondents how they identified the business opportunities they pursued in the UK, and they mentioned the following excerpts:

Representative excerpts for opportunity-driven TEs:

I was searching online for a license to start up a money transfer business so that my people can send money home. Then, I discovered that the money transfer license was just too expensive. In that process, I came across an information that I can have a telecoms business in the UK with just a little training (Case C3)

On one Dec 25th I was just online researching carwashes for sale and then I found that one was for sale. So, after Christmas, I rang them, we arranged to meet, then I started the process and then we bought the franchise (Case D4).

Representative excerpts for necessity-driven TEs:

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Opportunity Identification in the Host Country (UK)</th>
<th>UK Work Experience</th>
<th>Active Search</th>
<th>Family/Kinship Network</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Opportunity-driven TEs</td>
<td>F6, G7, I9</td>
<td>C3, D4</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Necessity-driven TEs</td>
<td>E5, H8</td>
<td>B2, J10</td>
<td>A1</td>
</tr>
</tbody>
</table>

Furthermore, we found that active search by TEs (B2, C3, D4 and J10) was the second dominant medium through which TEs in our sample identified new business opportunities in the UK. We believe this result can be associated with the human capital and cognitive abilities (Westhead et al. 2009) of the respondents. In terms of opportunity identification, they searched for information predominantly online. This also emphasises the important role the Internet plays in the opportunity identification process in the host country. We asked our respondents how they identified the business opportunities they pursued in the UK, and they mentioned the following excerpts:

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Representative excerpts for necessity-driven TEs:
Online! I spend a lot of time online. There are so many things online, there’s a big world out there. You just have to find the time. You know here in the UK broadband is free … [easily assessable] (Case B2).

I have two older daughters who needed tutoring support, and I supported them in chemistry, as they were struggling a lot. So after tutoring them, my children said, ‘Mum you could actually do this as a business’. Then, I started, but then it was just 2 or 3 students and at that time I did not think I was going to do it as a full-fledged business (Case A1).

On the basis of the statements above there is cogent evidence indicating that the opportunity identification process between necessity-driven and opportunity-driven TEs in the host country is heterogeneous. Migrant entrepreneurship literature emphasises the role co-ethnic networks play in the opportunity identification process (e.g. Smans et al. 2014). Further, this finding suggest that in addition to the co-ethnic networks TEs identify viable business opportunities in the host country through their past work experiences and through active search.

5.2. Network Ties Used in the Host Country

Table 3 depicts the network ties that our sampled TEs employed as they identified business opportunities in the UK. Both our opportunity-driven TEs and our necessity-driven TEs employed their formal and informal networks as they explored opportunities they had identified in the UK.

Representative excerpt for opportunity-driven TEs:

We have an online network with our targeted clients. When the clients are looking for
Project managers to do some work for them, they contact us through that platform (Case F6).

Representative excerpt for necessity-driven TEs:

I googled ‘how do you register a company’ then I took the information from google and I went to an accountant in Halifax and I said, look this is what I want to do. The accountant said yes we can help you to register it (Case E5).

TEs from both groups (i.e. opportunity or necessity driven) who identified their businesses via their UK work experiences were more inclined to use network ties outside the co-ethnic network. These TEs employed formal networks with past employees and clients, accountants and professional associations to exploit the opportunities they identified. In terms of the role that formal ties played, it
varied from information provision about setting up a business to disclosure of links to other potential clients.

<table>
<thead>
<tr>
<th>Table 3 Network Ties Tapped into by TEs in the Host Country (UK)</th>
<th>Formal Networks</th>
<th>Informal Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Opportunity-driven TEs</td>
<td>F6, G7, I9</td>
<td>C3, D4</td>
</tr>
<tr>
<td>2 Necessity-driven TEs</td>
<td>E5, H8, J10</td>
<td>A1, B2</td>
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Our findings also showed that other TEs employed informal networks, that is, co-ethnic network ties particularly family networks as they identified business opportunities in the UK. These TEs were predominantly entrepreneurs who had identified business opportunities in the UK either through active search or through their networks. We believe that many of these TEs heavily depended on the informal ties because their businesses were informally structured when they were formed. Hence, the TEs utilised their informal networks for access to resources like information and labour. Representative excerpts include the following:

Representative excerpt for opportunity-driven TEs:

My younger sister is the one that is actually running this site. I am the owner but she is the person managing it. Because I go to work every day, there is no way I’ll be managing it. She has an MSc in human resources, so she has the capacity to manage it (Case D4).

Representative excerpt for necessity-driven TEs:

It was that someone introduced me to Mary-Kay beauty products. Someone from Malawi. Because she did Mary-Kay business as well. So after I had sold all these products and had all the experiences with the make-up business that was when I embarked on this journey (Case B2).

However, not all TEs were successful with informal networks, leading some of the TEs to break-out (Ram and Hillin 1994) from these networks. When asked about their experiences when accessing their ethnic networks, some mentioned the following:

Representative excerpt for opportunity-driven TEs:

It is the Malawians that have told me that my prices are expensive. We cannot buy from you, why should we buy from you? So I am truly struggling at the moment to penetrate the Malawian community (Case C3).

Representative excerpt for necessity-driven TEs:
I did try but you know some of my diaspora networks. They were like: other tutors who are also as qualified as me were charging less. They were trying to undermine my work, they did not value the services I was providing and actually wanting to dictate the price that they were willing to pay (Case A1).

The statements above offer unique insights showing that TEs go beyond their co-ethnic base in order to facilitate their businesses in their host countries. In particular, they reveal that TEs that have prior work experience employ formal networks to search for new business opportunities and engage with potential customers.

5.3. Opportunity Identification in the Home Country

Table 4 illustrates how our respondents identified business opportunities in their respective home countries. UK work experience and family/kinship networks were key determinants for our TEs in the way they identified new business opportunities at home.

Representative excerpts for opportunity-driven TEs include:

My brother started by finding a shop and he told me that oh I found one shop somewhere and he paid for it but he did not have money to start off the whole business. He asked me to partner with him, and I said yes. Eventually I bought the stores. Today, we have two big stores (Case D4).

Representative excerpts for necessity-driven TEs include:

I got a teaching job at a college in Leeds, where they prepared international students for A-levels before entering university. It was from there that I got the idea of starting a business of bringing in international students from my home country, working as an intermediary agent (Case A1).

We argue therefore that the way in which our sampled TEs identified business opportunities in their home countries is related to their overall motivation for investing in Africa in the first place, as many of them invested in their home countries as a way of supporting extended family and the local community.

Representative excerpt:
I started my business out of humanitarian courses. I was half brought-up in that village, the distances we were walking just to have maize flour was a lot, so I wanted to help the people [the community] and my cousin, that was what made me start a business in Malawi (Case C3).

From the above we show the key drivers of new business opportunities identified by TEs in the home country. On the basis of the views expressed above we advance the notion that co-ethnic networks and work experience in the host country are dominant drivers that facilitate TEs’ identification of new business opportunities in their host nations. Some respondents (e.g. I9) identified a new business opportunity in the home country through family members at home. Other TEs engaged with co-ethnic networks in other countries who visit ‘home’ regularly to identify viable business ventures.

5.4. Network Ties Used in the Home Country

Our informants (both opportunity-driven and necessity-driven TEs) employed their informal networks in the way they identified business opportunities in their respective home countries (see Table 5). We found this observation particularly insightful for opportunity driven TEs who had UK work experience and had engaged with formal networks in the UK during their opportunity identification process.

Representative excerpts for opportunity-driven TEs:

My sister brought 50% of the capital, I brought 50% of the capital. She was equally actively involved in the day to day running of the business (D4).

My brothers wanted to go into transport business. So the idea was to try and kick start that business. I raised substantial amount of money and sent all to Zambia. So I sent money, they [family] tried chickens, different businesses, from farm produce and also they bought a van for the transport business (case I9).

Representative excerpts for necessity-driven TEs:

My mum is the manager of the shop. The shop is bigger than here and there are more people. We got workers and everything. But the products go there (H8).

I sent a coach with which I wanted to kick start a transport business. This was in 2006. The cost of the coach was £25000. But eventually it became apparent that the family member who was appointed wanted to run it his own way without involving me. Eventually I just decided to sell although it was sold at a loss. We ran the business for 4/5 months but it wasn’t profitable. I never saw that money anyway (J10).
The Role of Networks in Opportunity Identification

From the above it is unequivocal that all TEs but one in our sample engaged solely with family networks in their home countries. We see this finding as a key contribution to the literature. We believe that TEs utilising family networks is not unconnected to the initial motivation of doing business in the home country. All sampled TEs engaged in international entrepreneurship in the home country for altruistic reasons. They engaged in business at home to mainly support family members. Case I9 explains this more fully stressing that ‘To borrow my wife’s way of looking at it, ‘it is not a business, it is more like a social enterprise’. My wife’s way of phrasing, it helped me to move forward’ (Case I9). This motivation influenced the network they engaged with during the opportunity identification process in the home country. This finding is in line with current literature (Elo 2016; Pruthi et al. 2018; Rana and Elo 2017), which suggests that TEs do business in their home countries for reasons that may not necessarily be profit driven. This has implications for the types of businesses they establish in the home country (Siwale, 2018) and the nature of the networks that they engage with. Hence, we anticipate that this motivation has an impact on the types of networks that TEs employ in their home countries.

Some additional quotations on the use of network ties in both the host and the home countries can be found in Appendix 1.

6. Discussion and Conclusions

The purpose of this study was two-fold. First, we wanted to investigate the ways in which TEs identify business opportunities in their home and host countries. Second, we also sought to explore and identify the types of network ties that TEs rely on as they engage in the opportunity identification process. With this study we gain better understanding of the antecedents of TEs (Urbano et al. 2011).

With respect to opportunity identification in the home country, we find that UK work experience and family/kinship networks were the most dominant sources of opportunity identification in our TEs’ home countries. This is in line with the general migrant entrepreneurship literature (Smans et al. 2014) which has pointed to the importance of ethnic networks in the opportunity identification process by migrant entrepreneurs. In terms of the types of networks utilised, all our TEs utilised their informal networks with family and kinship ties in their home countries during the opportunity identification process. However, none of the TEs considered potential formal ties as they explored business opportunities in their home countries. We ascribe this result to two main reasons. The first is

<table>
<thead>
<tr>
<th>Table 5</th>
<th>Networks Tapped into by TEs in the Home Country</th>
<th>Formal Networks</th>
<th>Informal Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Opportunity-driven TEs</td>
<td>C3, D4, F6, G7, I9</td>
<td></td>
</tr>
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Some additional quotations on the use of network ties in both the host and the home countries can be found in Appendix 1.
related to their motivations for doing business in their home countries. All TEs in our sample pursued entrepreneurship in their home countries mainly for altruistic reasons, to give back to the local community or to support extended family members. This impacted on how they identified business opportunities at home and the network ties they engaged with during the opportunity identification process. Given their motivations, most TEs identified business opportunities through their family/kinship networks. In addition, all TEs engaged only with informal networks, i.e. family and ethnic networks in their respective home countries. This is significant as Pruthi et al. (2018) suggest that TEs’ motivations influence the business strategies they adopt in their home countries. Second, we anticipate that the socio-economic conditions faced by these African countries (Brzozowski et al. 2014), such as institutional voids (De Silva 2015), motivate TEs to utilise their informal networks to deal with weak institutions in their home countries. Pruthi and Wright (2017) suggest that the degree to which TEs require social networks is dependent on the institutional frameworks in the host and home countries of TEs. This finding is consistent with general TE literature which suggests a differentiation between the nature of network ties utilised by TEs (Kariv et al. 2009; Pruthi et al. 2018; Urbano et al. 2011). From our case analyses, we found that work experience in the host country and active search were predominant means by which our TEs identified viable business opportunities in the UK. This finding resonates with previous studies including Ramos-Rodriguez et al. (2010) who highlighted the importance of entrepreneur-specific resources in the opportunity identification process. They provide empirical evidence pointing to the fact that entrepreneurs’ intellectual capital—particularly university education and prior work experiences—influences the opportunity identification process. TEs’ intellectual capital affects their cognitive ability to process information from their environment in order to identify viable business opportunities. Hence, we assert that, in addition to the role of family networks in the opportunity identification process in the host country (Bagwell 2008), TEs’ human capital resources influence the ability to identify business opportunities. This finding is consistent with previous literature on opportunity identification (Kloosterman et al. 2016) which highlights the importance of human capital and its impact on the variety of business and employment opportunities available to migrants in the host country. In relation to the utilisation of networks, our findings show that opportunity-driven TEs (TEs with high intellectual capital in the host country) were more likely to engage with formal networks as they identified business opportunities. It would appear from this observation that TEs are less dependent on informal networks, such as family and kinship networks, when they already have established formal networks that they can draw from.

In conclusion, our findings suggest that TEs draw on their formal and informal networks differently as they interact with their dual social fields — their home and host countries. In particular, while TEs employ both formal and informal network ties in their host countries, they seem to rely exclusively on their informal networks in their home countries.
References:


Appendix 1: Additional Quotations

Network Ties Tapped into by TEs in the Host Country (UK)

<table>
<thead>
<tr>
<th></th>
<th>Formal Networks</th>
<th>Informal Networks</th>
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<tbody>
<tr>
<td><strong>Opportunity-driven TEs</strong></td>
<td>I am a member of a LinkedIn group for operations managers. Members come in with loads of ideas. We discuss things, issues they are facing. We share ideas, share opportunities (F6).</td>
<td>I have linked up with African churches. What I do with African churches is that if their church has got internet and telephone, I just say I will provide you my internet services for free. By just doing that alone people will just come to me (C3).</td>
</tr>
<tr>
<td><strong>Necessity-driven TEs</strong></td>
<td>I did tea parties. I put my tea parties flyers out on social media. So I had a good crowd at home maybe between 20/25 people came into my house (H8).</td>
<td>Last year there was a big event in Leeds organised by Zambian Network Of Christian Fellowship. So I asked if I could speak. I paid a fee to speak and there were about 400 Zambians there (B2).</td>
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</tbody>
</table>

Network Ties Tapped into by TEs in the Home Country

<table>
<thead>
<tr>
<th></th>
<th>Formal Networks</th>
<th>Informal Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunity driven TEs</strong></td>
<td>N/A</td>
<td>I sent money to my family, they [family] tried chicken business, different farm produce and also they bought a van to try and help out around the farm (I9).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>My younger sister is the one that is actually running this site. So I am the owner but she is the person managing it (D4).</td>
</tr>
<tr>
<td><strong>Necessity driven TEs</strong></td>
<td>N/A</td>
<td>My cousins were running my businesses from the village (E5).</td>
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</tbody>
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