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# Entrepreneurial Discovery and Asian Entrepreneurship in the UK

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## Abstract

High-growth British Asian entrepreneurial success in the UK has been a phenomenon that has been well documented. A traditional approach to this phenomenon has been to see the success from the perspectives of resource acquisition and the industrial sectors the businesses are based in, and contextualized by the environment. In this chapter we argue that the lens of entrepreneurial discovery and opportunity recognition provides more telling insights into the nature of Asia entrepreneurship. Having unique access to high-growth Asian entrepreneurs, we report on a case analysis of eleven high-growth Asian entrepreneurs through the lens of entrepreneurial discovery. We conclude that the study of high-growth Asian entrepreneurship offers a new perspective on contextualizing entrepreneurial discovery, providing a greater understanding of this phenomenon.

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## 5.1 Introduction

The purpose of this chapter is to investigate the process of entrepreneurial discovery in the example of British Asian high-growth entrepreneurship in the UK. Asian entrepreneurs in the UK have attracted much attention from researchers, partly because of their profile and success with fast-growth entrepreneurial companies across a range of sectors (Dhaliwal and Gray 2008), but also because that success has often been achieved within an environment marked by limited resources, necessitating innovative approaches to entrepreneurial start-ups. This chapter utilizes material from eleven UK case-studies of high-profile, fast-growth Asian entrepreneurs by adopting the lens of entrepreneurial discovery and opportunity recognition as a theoretical framework to investigate factors that influenced the nature the exploitation of entrepreneurial opportunities by Asian entrepreneurs. We compare this to a more traditional approach to Asian entrepreneurship in the UK, found in the literature, which focuses on resource acquisition, sector, and environment.

It is arguable that the literature on Asian entrepreneurs has been divorced from a developing entrepreneurship literature that argues that the field of entrepreneurship research would be more fruitful by focusing on the process of exploiting entrepreneurial opportunities rather than the qualities and type of person who perform this function. This literature has developed from questions posed by Shane and Venkataram (2000) about the direction of entrepreneurship research and the validity of the field of study. They argued for a framework based upon the existence, discovery, and exploitation of entrepreneurial opportunities. The roots of such research lie in the Austrian School of economics and the recognition of how opportunities arise from uncertainties and asymmetric information held by individuals. This provides the basis for the existence of entrepreneurial opportunities that can be exploited by entrepreneurs if they have sufficient information (Hayek 1945). Kirzner (1997) has suggested that because of dynamic informational uncertainty in the entrepreneurial discovery process, the role of knowledge is key, and people hold different information about opportunities, which permits exploitation. This can be a speculative process, subject to dynamic competition, and with elements of surprise from unexpected outcomes.

Thus, the purpose of the chapter is to use the theoretical framework provided by this interpretation of entrepreneurial opportunity as a lens to provide new insights into how Asian entrepreneurs have exploited entrepreneurial opportunities. Previous approaches to high-growth Asian entrepreneurship in the UK have focused on their motives, characteristics, sectoral and contextual influences, and access to resources (see Ram and Jones 2007 for a review), rather than how they have reacted to and exploited entrepreneurial opportunities. We would argue that greater insight into the modern phenomenon of Asian entrepreneurial high-growth firms can be achieved with a different approach, contributing to our understanding of Asian entrepreneurship.

## 5.2 Literature Review

We draw on two sources of literature, the first being the still developing literature on entrepreneurial-opportunity recognition that has its basis in the Austrian School or an approach to entrepreneurial opportunities that arise out of imperfect and divergent knowledge, and the second being the established literature on Asian and immigrant entrepreneurs that suggests that entrepreneurial success is driven, on the one hand, by barriers to employment, and, on the other, by access to resources via the extended networks of the Asian or immigrant communities.

An Austrian perspective on entrepreneurial opportunities sees them as arising from asymmetric information held by different individuals. It is information about opportunities, rather than attributes of individuals, which determines who is able to exploit opportunities, and hence who becomes an entrepreneur. For example, Kirzner (1997), who embodies this approach, considers that the role of knowledge is key, with people holding different information about opportunities open to exploitation, although the discovery process is risky and subject to dynamic competition, which adds uncertainty to the outcome.

In the literature on opportunity recognition, one focus has been on start-ups and incubator-based businesses, often high tech, looking at how the owners of such start-ups and early stage businesses have exploited entrepreneurial opportunities (Shane 2000; Fosh and Ishikawa 2007). Eckhardt and Shane (2003) have suggested that entrepreneurial opportunities can provide the framework to explain the entrepreneurial process, and proceed to suggest a classification or typology of opportunities based on the source of change. Hence, the way in which entrepreneurial opportunities are exploited provides a rich ground for a better understanding of Asian entrepreneurship. Shane's influential paper (2000) proposes that opportunity discovery is a function of the distribution of information in society, and that entrepreneurs discover opportunities related to the information they already possess. Shane's key finding is that the source of entrepreneurship lies in differences in information about opportunities (Shane 2000).

How entrepreneurs overcome barriers to the recognition of entrepreneurial opportunities provides a further basis for investigation. For example, Hsieh et al. (2007) focus on how entrepreneurs organize to discover opportunities by relating opportunity discovery to problem-solving, and in overcoming barriers to information assimilation 'the entrepreneur's critical task is to efficiently govern the process of discovering opportunities' (p. 1255). They identify 'moral hazard' issues in the process of entrepreneurial decision-making about opportunities, including knowledge appropriation hazards (the extraction of value without payment poses a hazard to the entrepreneur's efforts to promote knowledge transfer or exchange), and a strategic-knowledge accumulation hazard (actors need collective action to solve complex problems, but act independently rather than collectively).

Pech and Cameron (2006) have illustrated to the importance to the entrepreneur of the 'informational cues' from opportunity-seeking and investigations. They propose an entrepreneurial decision-making model based upon information-

processing associated with opportunity recognition. In the process of identifying opportunities, entrepreneurs will act upon information received about market opportunities. The information will then be processed by individual entrepreneurs. How that information is processed may lead one person to act, but others not to, for having analysed the information, they have to muster the resources to act upon it:

entrepreneurs seek and diagnose opportunities and then access required resources needed to exploit that opportunity. (Pech and Cameron 2006, p. 63)

Schwartz et al. (2005) suggest that the opportunity recognition process changes over time and differs in different industry sectors, for example manufacturing or services; for example, technology-based sectors are likely to have a different process to the service industry.

An alternative approach to opportunity recognition has been identified by Fletcher (2006) who has argued that opportunity formation is relationally and communally instituted—that is, that the opportunity recognition process needs to be understood within the context of the social environment within which entrepreneurs operate. Fletcher argues that the literature on entrepreneurial discovery has failed to take account of the social and economic contexts in which the process is framed. Put another way, we need to factor in the reality of how social relations are constructed in order to understand the opportunity discovery process. This is an important distinction to which we will return in the discussion.

A further characteristic regarding the development of the literature on entrepreneurial discovery is that much of it turns on theories and concepts. It is arguable that the emphasis has been placed on conceptual developments regarding the importance of alertness to opportunities and the ability of entrepreneurs to draw upon resources such as prior experience and knowledge of the market (Casson 2005). Although these have been important developments, there has been less attention to empirical studies that draw upon the entrepreneurial discovery process as a conceptual framework. For example, as Fletcher remarks,

Empirical studies applying process understanding of opportunity recognition are still quite rare. (2006, p. 424)

Therefore, there is a research gap regarding the lack of the application of the theoretical and conceptual framework to empirical evidence. Here we seek to address that gap by drawing on evidence from high-growth Asian entrepreneurs in the UK. First, however, it is necessary to understand the social and economic context of Asian entrepreneurship by reviewing the literature and previous research in this area.

### **5.2.1 Asian Entrepreneurship**

The literature on the commercial and social behaviour and integration of migrant communities exists wherever large groups of people have converged through migration. Multi-ethnic communities in the US, South-East Asian migration to

Australia, and many other similar situations have prompted academic enquiry. Notwithstanding the economic and social importance of Asians in the UK, there has been little research that focuses on the nature of entrepreneurial discovery and exploitation.

Much of the academic literature that exists has been aimed at defining and explaining differences between small ethnic-minority firms and those of the general small-business community (Ram and Smallbone 2001). Three main perspectives have gradually emerged. Firstly, the *culturalist* perspective emphasizes cultural networks, dependence on family, and co-ethnic resources. This approach largely ignores the socio-economic context in which firms operate. Cultural characteristics contributing to the success of the first generation include thrift, hard work, and reliance on family labour (Waldinger et al. 1990; Werbner 1990). These gave Asian entrepreneurs a competitive edge over other businesses, but cultural factors may also restrict growth by creating excessive reliance on the local ethnic community as a market and on informal sources of finance (Ram 1994; Metcalf et al. 1996; Basu and Goswami 1999). Basu and Goswami (1999) analysed the relationship between long-term growth and four categories of variables: cultural factors, socio-economic factors, background characteristics, and expansion strategies. Working long hours, exploiting family labour, and serving co-ethnic populations are found to be simplistic explanations of a much more complex reality: undue reliance on family labour may hold back business growth. Excessive reliance on serving co-ethnic markets may stunt expansion; business growth appears to be related to the entrepreneur's educational attainment, prior business, or professional experience, and personal financial commitment in starting the business (growth is negatively related to reliance on bank finance at start-up). Ethnic businesses tend to be concentrated in low entry thresholds and low value-added activities, which often present limited opportunities for expansion.

Secondly, the *structural materialist* perspective stresses the role of external influences, structural constraints such as racial discrimination, and barriers to labour-market success in high levels of self-employment and enterprise. There has been much discussion about the use of formal and informal networks by the Asian business community in the UK (Ram and Jones 1998; Basu and Goswami 1999) and its dependence on both community and family for custom, labour, and decision-making. Many business people hope their children will to become well-educated professionals, with wider opportunities and choices and a better future (Dhaliwal 2000a). Conflict between generations arises as the decision forum, or boardroom, becomes the place of struggle between the older generation's entrepreneurial instincts and the new generation, with its aspirations and paper qualifications in management (Gidoomal 1997). The transition from one generation to the next leads to conflicts and tensions between the firm's founder and successor (Janjuha and Dickson 1998). Such businesses find it difficult to move from the growth stage to maturity. This would not be unusual in any family business, but the cultural dimensions add to the complexity of the barriers to change. Problems arise when a young entrepreneur wants to introduce a more professional approach into the family business and bring in outsiders whose suggestions often involve radical

changes in hallowed procedures. There is, however, evidence of sectoral shifts (Dhaliwal and Adcroft 2005). Asian businesses are moving away from the areas often associated with Asian entrepreneurship (for example, textiles and retailing) towards newer, more innovative activities.

First-generation Asians go first to their own networks for funding, secondly to Asian banks, and only as a last resort to British banks (Gidoomal 1997). Traditionally, the quality of service, efficiency, and specialist expertise were not important reasons for selecting Asian banks; the real hurdle was language. First-generation entrepreneurs had difficulty communicating the needs of their enterprise and were unfamiliar with the way things were done in the UK. Yet the principle that 'We're from the same village' gradually is no longer enough to run a business by. British banks found it difficult to understand or facilitate expansion. In turn, the first-generation Asians did not understand the UK as a marketplace and were impatient to achieve economic results. Recent evidence suggests that there is no significant difference between first- and second-generation minority ethnic businesses in their propensity to access external funding from formal sources at start-up. Many of the younger generation also have problems in accessing finance due to a breakdown of the 'family' business. Asian women in particular face cultural and family barriers, and do not enjoy easy access to family or community finance and support in the same way as the men (Dhaliwal 1998). In addition they tend to have fewer personal savings, and many ethnic-minority businesses are in deprived areas, thus affecting their credit rating and leaving them at a disadvantage.

Thirdly, the *mixed embeddedness* approach focuses on sector, location, markets, and institutional support as well as cultural influences (Kloosterman et al. 1999; Ram and Smallbone 2001). This approach recognizes the relative importance of the socio-economic and political environment compared to the ability of ethnic-minority entrepreneurs to access resources and markets. It is important to acknowledge the wider environment within which EMB owners operate, including the socio-economic environment and the important political institutions.

These three different approaches help to explain the complexity of Asian entrepreneurship, a multi-faceted phenomenon that requires a number of different perspectives to fully understand its heterogeneous nature. Although these approaches provide different insights into its full diversity, we would argue they do not provide a full explanation of modern *high-growth* Asian entrepreneurship.

The OECD have a standard definition of a high-growth firm: 'All enterprises with ten or more employees, with average annualized growth greater than 20 % per annum over a three year period'. This follows the definition of 'A business establishment which has achieved a minimum of 20 % sales growth each year'. So a three-to-five-year period is normal to define a high-growth firm with at least 20 % annualized growth rates.

This growth is aided by the importance of local social networks, and both formal and informal support play a role. The groups engaging most successfully with Asian entrepreneurs tended to be informal: peer groups, social/independent business support, other shopkeepers, and local established business people. Asians generally prefer to deal with informal contacts that are local and intimate. They

expect to be understood and are frustrated with bureaucracy. Family, friends, peers, places of worship, and established business people are key influences. Accountants from the same ethnic origin enjoy the trust of the businessperson and are often the first point of contact when any decisions have to be made. They tend to work outside their remit and are usually close family friends, often recommended by other more established business people. Other influences include the ethnic media, which is very powerful in terms of reach and is a major source of influence and information.

Asian entrepreneurs have received attention for their contribution to the UK economy (Dhaliwal and Amin 1995; Ram and Jones 1998). In order to fully understand this contribution, which may well be due to the relatively large numbers of high-growth Asian firms, we argue that it is necessary to include insights from an additional perspective, that of the entrepreneurial discovery literature. The contribution of Fletcher (2006) indicates a point of coherence between the different approaches. That entrepreneurial discovery needs to be understood within the social and cultural environment in which it is embedded. This gives us a platform for developing our research questions and propositions that guide the analysis and discussion.

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### 5.3 Research Questions and Propositions

Combining the literature on entrepreneurial opportunity recognition and the recognized approaches to ethnic-minority entrepreneurship provides with a rich base to develop research questions. This combination allows us to contextualize research questions as follows:

- RQ1 How have Asian entrepreneurs been influenced by their community and environment in their exploitation of entrepreneurial opportunities?
- RQ2 What are the important factors, associated with their community or environment, that have influenced the recognition of entrepreneurial opportunities?
- RQ3 What has been the role of technology in interacting with other factors in providing superior knowledge that has led to exploitation of opportunities?
- RQ4 To what extent have Asian entrepreneurs drawn on traditional, informal sources for resources such as finance, contacts, and family labour?
- RQ5 To what extent have Asian entrepreneurs utilized traditional networks and family contacts to gain access to global markets?

The equivalent propositions are narrower, as follows:

- P1 That the Asian community and environment have been a source of superior knowledge that has driven the discovery of entrepreneurial opportunities by Asian entrepreneurs.
- P2 Technology has interacted with other sources to provide the basis for some Asian entrepreneurs' superior knowledge.

- P3 Traditional (and family) networks have been used to access markets and resources.

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## 5.4 Research design

One of the authors has had unique access to Asian entrepreneurs over a five-year period by compiling profiles from telephone interviews for an ‘Asian Rich List’ (Dhaliwal 2003–2008). From this list, eleven of the top twenty Asian entrepreneurs in the UK (see Appendix 5.1) agreed to participate in face-to-face, qualitative, in-depth interviews. The interviews have been conducted over a period of time with several interviews conducted with each respondent. The interviews have all been conducted by one of the authors to achieve consistency utilizing her contacts and networks within the Asian community in the UK. Notes were taken at the interviews that were verified by the entrepreneurs. It is recognized in the literature on ethnic-minority entrepreneurs that a sympathetic approach needs to be taken, preferably by someone who has the trust of the ethnic communities (Ram and Jones 2007). Such a network can be closed and unreceptive to other approaches, and, in the present case, the research was undertaken by one of authors, who is well known in the Asian business community in the UK. Even within the Asian business community, the diversity of business owners is a known feature from previous research, as was highlighted the UK study. Thus, the interviews were conducted with an appropriate degree of flexibility to accommodate the full diversity of possible responses.

The interviews were recorded and summarized. The resulting case-studies—the sample case-studies considered here are described in Table 5.1—have been processed using the qualitative data analysis software package, QSR NVivo, to code data according to key themes such as advice, support, finance, social capital, motivation, networks, generational issues, and succession planning. This coding was based on known issues from the literature along with the quantitative analysis and the nature of the experiences of MEB owners themselves, allowing, in addition, the data to ‘tell its story’ about the opportunity discovery process and the roles of social and community resources, sectoral structure, family, networks, and environment and other organizational factors. The interviews provide a rich diversity of responses, distinctive to Asian entrepreneurs in the UK.

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## 5.5 Results

In this section we use the propositions as a framework to analyse the case material.

- P1 That the Asian community and environment have been a source of superior knowledge that has driven the discovery of entrepreneurial opportunities by Asian entrepreneurs



**Table 5.1** Case profiles

Case	Product/service	Established	Why started
Case A	Hotel chain	1982	Opportunity recognition of gap in market
Case B	Branded beer	1989	Knowledge that product could be superior to competition
Case D	Travel agency	1980	Family-financed, recognized Internet market, market knowledge from travel industry experience
Case K	Property and hotel	1979	Market opportunity from existing property
Case L	Pharmaceuticals	1971	Technical knowledge
Case N	Food technology	1971	Family business combined with technical knowledge
Case Pa	Metal manufacturing	1974	Superior technical knowledge and opportunity recognition
Case Pe	Design engineering	1976	Knowledge of industry opportunities
Case S	Fashion clothing manufacturer	1986	Family business with market knowledge
Case V	Pharmacy and health-care	1970	Market knowledge
Case W	Food technology	1986	Opportunity recognition for superior product

It can be seen from Table 5.1 that this was important in some role in at least ten of the eleven cases. A number of the cases illustrate the importance of superior knowledge for recognizing entrepreneurial opportunity. For example, the entrepreneur from Case K comments as follows:

I came up with the idea for XXXX when I was still a student.

He was not impressed with the existing product at the time he started:

I found them gassy, very fizzy and very bland, and thought maybe I could do better and do it differently—maybe I could change the market forever.

The entrepreneur from Case N had recognized an opportunity to market food to supermarkets, yet he needed to acquire knowledge of the food technology process, which was acquired by visiting the US:

In the US I had undertaken a lot of research and development into the Indian food industry and technology and learned the art of manufacturing Indian food in large quantities.

The entrepreneur from Case L was convinced that his product would be the best on the market, so he started his own company rather than selling it to the existing competition.

I could not sell my invention and I so strongly believed in it, there was nothing on the market that worked, I knew it was a winner.

The entrepreneur from Case K was also able to recognize opportunity, through having a resource that led to exploitation of an opportunity by renting his available, but empty, property:

I was running a business, and what businesses do is identify opportunities in a market or a set of circumstances and create something that allows them to take advantage of it.

He was able to exploit an opportunity by renting vacant properties to local authorities to house homeless people, although this inevitably led to some adverse PR; however, as he explained, there were benefits to both sides from his recognition and exploitation of the opportunity.

What was I supposed to do? Keep the rooms empty and keep the homeless on the street? Sure I made a lot of money, but I also helped a lot of people find a warm room and a roof over their heads.

The entrepreneur concerned with Case V found that an opportunity arose because of his knowledge and willingness to provide a service that could be completed quicker than the competition and from this exploit an opportunity. 'We wanted to do every job, no matter how large or small, to the best of our ability, and I used all my contacts in the industry calling in many favours', he asserts proudly, 'at that time I did not even know what to charge for the services we provided, I wanted to meet my commitment and we did. I was soon in great demand at many postgraduate teaching hospitals. I soon learnt to charge "proper" rates for the job. "Operating theatre project" fees barely covered the costs.'

The entrepreneur concerned with Case W was driven by a desire to challenge the existing standard of food products, utilizing her knowledge that she could provide a superior and high-quality product. She said that:

I wanted to challenge the food industry. I found supermarket food to be boring, tasteless, and poor value for money ... I am passionate about this.

Increasingly dissatisfied with the standard of Indian food, she decided to start her business on a small scale. From a small cottage industry, it grew into a major enterprise.

P2 Technology has interacted with other sources to provide the basis for some Asian entrepreneurs' superior knowledge

Technology is a source of superior knowledge that can drive the entrepreneurial discovery process. It has been the basis on which a number of entrepreneurs have exploited market opportunities, either with superior products or with improved processes for traditional products (as in food technology or clothing manufacturing). An example of the latter is provided by Case S, where a research and design team travel worldwide to research and buy new and innovative fabrics and trims made possible by a fully computerized order-processing system

The entrepreneurs concerned with Case V were able to develop an opportunity from a complementary product introduced as a form of diversification from their existing business; from this innovative health product they were able to take

advantage of new developments in markets and publicity for health-care products. However, as they admit they did not anticipate such growth, it arose from recognizing a need to improve existing products:

It was set up primarily to meet the needs of my own pharmacies and to supply other independents.

The entrepreneur concerned with Case L drew on technical knowledge of his product, knowing that it was technically superior to the competition's.

I contacted some large pharmaceutical companies, but they were reluctant to try anything new, they were not convinced about me or my product. They had their own in-house research and products which took priority ... I could not sell my invention and I so strongly believed in it, there was nothing on the market that worked, I knew it was a winner.

Undeterred by this lack of recognition, he was able to set up his own company to market and sell the product directly.

The entrepreneur concerned with Case N was eventually able to gain technical knowledge by undertaking additional research into the technology required for large-scale food manufacturing. He commented that after some initial setbacks:

Adversity brings opportunity

In the US he had undertaken a lot of research and development into the Indian food industry and technology and learnt the art of manufacturing Indian food in large quantities.

P3 Traditional (and family) networks have been used to access markets and resources

This proposition arises from a traditional approach to the sources of Asian entrepreneurship. It is supported by an analysis of some of the cases, although this applies to the expansion of existing businesses rather than start-ups. However, as shown in Table 5.1, in two of the eleven cases an existing family business provided a source of market knowledge that was to be the basis of the development and expansion of the business.

In Case N, the existing family business was not only important for the initial start up, but also important for providing networks into the Indian and UK markets. The entrepreneur was able to use the existing family business in the UK to export to India and was to use the community networks to a British Asian partner. Subsequently family contacts provided global networks that could be exploited to develop worldwide markets.

In Case V, the entrepreneur was able to bring his brother into the business to provide additional resources, as he comments:

I got him into the business. I needed financial discipline and I needed someone I could trust. He was my blood and my brother; trust was utmost.

His brother commented:

It was not difficult. For a time, I was a civil servant, but things did not happen quickly enough, so I took the opportunity to join my brother. As for architecture, I'm still building. Only now it's a growing business rather than libraries or shopping malls.

In some cases, family support was involved, but only in a minor role; in other cases it was less a case of family contacts than of existing networks and contacts. For example, the entrepreneur from Case Pa, was able to gain from a contact with an MP: 'I was fortunate in meeting the Labour MP Michael Foot at this time', he recalls, 'I was thinking of building a plant in his constituency in Wales'. He remembers Foot saying to him, "If treated right, the Welsh people are really wonderful". This led to his decision to build a factory in Wales with European grants, which formed the basis of a successful steel manufacturing company. This would not have been possible without political involvement.

The entrepreneur concerned with Case A was classically 'alert' to opportunities and was able to draw on the extended community and family links to spot a gap in the market for specialized hotels for aircrews—an opportunity for a successful business. As he commented:

I realized that British Airways booked several different hotels for their crew. I decided to build an airport hotel solely for crew.

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## 5.6 Discussion

The role of superior knowledge is evidently important, as would be expected from the literature. However, that case material provides additional insights into how superior knowledge leads to exploitation of opportunities. A number of key or 'trigger' factors contributed in a range of cases, and included the role of problem-solving, individual alertness to opportunities, and the role of informational cues.

The first key trigger of problem-solving, as suggested by Hsieh et al. (2007), provided the stimulus that led to the exploitation of opportunities in a number of cases. For example, the entrepreneur from Case K needed to solve a problem concerned with his property investment and management, which led to the opportunity to provide space for local council accommodation for the homeless.

The second key trigger involved the classic Kirznerian concept of individual alertness. Case V provides one example where the alertness of the entrepreneur led to a decision to exploit an opportunity available for a limited period that required a 'first mover' approach to provide a service before the competition. Having the first mover advantage gave him the chance to secure further work. Although the opportunity would have been available to competitor firms, it was a willingness to move that bred success here, even though it meant trading at low margins for a time.

The third key trigger is provided by the role of informational cues, as suggested by Pech and Cameron (2006). For example, the entrepreneurs from Case N and Case W both identified an opportunity from their existing knowledge, but took cues from the current market products that they considered to be inferior, which provided the stimulus that they could do better with their own products.

We also need to recognize that a combination of these factors could be involved in the process of opportunity recognition. For example, Case K provides one example where a combination of key factors had to be in place before the entrepreneurial opportunity was exploited. First were informational cues similar to cases N and W, which established a belief in a superior product; second came alertness to production opportunities; and then the problem-solving, to find a means to convert the product into something that would meet traditional UK market requirements, for example for a standard bottle sizes (which were different from those manufactured abroad). We will return to the role of a combination of factors in the conclusion.

One strand of the literature on opportunity recognition identifies technical knowledge as the source of the superior knowledge (for example, Shane 2000; Fosh and Ishikawa 2007) that can provide the trigger for opportunity recognition and exploitation. This was supported by at least four of the eleven case-studies. In two of the case-studies, a research and development phase was required to generate the technical knowledge; in the other two, it arose from an existing technical knowledge base. For example, the entrepreneur concerned with Case L had been able to develop a superior product, and when this was combined with experience gained from trading in the sector, it provided the trigger to exploit the opportunity.

Where a research and development programme was involved, as in two of the cases, not surprisingly a lengthy period of time was required before technical knowledge or superiority was achieved. This may just reflect the form of the technical knowledge rather than the product. For example, the entrepreneur from Case N was concerned to acquire technical knowledge of a production process (manufacturing food). Technical knowledge was acquired from research in the US, and this was later used to set up a manufacturing facility in the UK.

The third theme discussed in our findings focuses on the traditional role of extended family networks for identifying opportunities and providing resources. This has been a traditional strand in the literature on Asian entrepreneurs. True, while the role is more complex than is sometimes portrayed, the strength, importance, and complexity of such networks have been recognized in the literature (Ram and Jones 2007), and it was still an important key factor in at least four of our case-studies. The global importance and nature of such networks were illustrated by Case N, where the entrepreneur was able to use global family contacts at different stages to exploit worldwide market opportunities. In Case A, the more traditional view of the importance of family contacts proved to be important for the business start-up and for the entrepreneur's ability to exploit an opportunity.

However, it is clear that the role of family networks and extended contacts is bound up with the other two key themes, a combination of superior knowledge providing opportunity recognition and then the use of family networks, as demonstrated by the entrepreneur from Case A, for whom the recognition of an entrepreneurial opportunity came from knowledge of working in the airline industry. The role of extended family contacts was important for resource acquisition, which then enabled the business start-up.

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## 5.7 Summary and Conclusion

In this chapter, we have examined the role and sources of knowledge that can lead to the recognition of entrepreneurial opportunities, illustrated by case-studies of eleven Asian entrepreneurs in the UK. The chapter provides evidence of a 'research gap' in the discovery of entrepreneurial opportunities placed in economic and social context. Asian communities in the UK face a particular economic and social context that has influenced the entrepreneurial discovery process undergone by Asian entrepreneurs. The literature provides a theoretical framework for the analysis of the case evidence; however, we argue that this evidence can only be fully understood if we take account of the socio-economic reality in which the phenomenon of Asian entrepreneurship in the UK has developed.

The literature on Asian entrepreneurship in the UK draws upon a rich tradition that stresses the role of the Asian ethnic community in business development and opportunity-seeking. This tradition stresses on the one hand the role of the community in providing resources for Asian entrepreneurs, yet on the other hand it can claim that the community may restrict high-growth entrepreneurship by the limited extent of ethnic-based markets. Therefore, to understand the phenomenon of high-growth Asian entrepreneurship in the UK, it is necessary to take account of how the community has influenced the entrepreneurial discovery process. Whilst the role of the community has been important for acquiring resources, there has been less attention paid to market-seeking and opportunity discovery behaviour on the part of Asian entrepreneurs. We have argued that a better understanding of Asian entrepreneurship can be obtained when the process of entrepreneurial discovery is seen through the 'lens' of the social and community relationships that characterize Asian entrepreneurship. Although extended family contacts were important for some of the Asian entrepreneurs, we argue that the results support an Austrian School approach, in which differing and superior knowledge provide the basis for entrepreneurial discovery and the exploitation of opportunities.

However, in most, if not all, of the cases it was a mixture of the roles of superior and technical knowledge combined with family and extended contacts that provided both the identification of the opportunity and the means to solve problems and exploit such opportunities. Thus it is not possible to isolate one key driving factor, as is sometimes suggested in the literature, referring, for example, the role of technology in providing superior knowledge. Rather, what needs to be

recognized is the complexity that characterizes the nature of the opportunity recognition process, where it is embedded within the social nature of the entrepreneur's environment.

Our evidence supports Fletcher's argument (2006) that the opportunity recognition process needs to be understood as part of the social environment—that is, through the lens of social construction. It is only by taking account social and community relationships, and how they have affected opportunity discovery, that we can understand the process by which Asian entrepreneurs in the UK recognize opportunities.

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## **Appendix 5.1 Top Asian Entrepreneurs in the UK**

### **Case A**

The first hotel was opened at Heathrow airport. It was the first hotel in the UK purpose-built for airline crew and was successful due to the owner's persistence and determination in the face of setbacks. A sister hotel opened at Gatwick in 2002 and now the portfolio is nationwide. He even boasts Cliff Richard as a partner in one of his ventures. He owns fourteen major hotels nationally, and this figure is set to rise. He is currently worth an estimated £220 million.

### **Case B**

An unstoppable character who negotiates brewing in Bangalore and importing to the United Kingdom, who cold-calls on Indian restaurants and supermarkets with cases of the beer in his tiny Citroën, and who turns these unpropitious beginnings during a recession into a prize-winning, fast-growing company and a global brand with continuous penetration of new international markets is certainly a person who encapsulates the romance, challenge and triumphs of entrepreneurship. (Brunel University presentation of an honorary degree, July 2005)

The owner is one of the UK's best-known entrepreneurs. The company was started in 1989, when the owner was 27 years old and still had £20,000 of student debt. Since then it has gone from strength to strength. The lager is stocked in Indian restaurants across the country and is also now available in 6,000 bars, pubs, and clubs and more than 5,000 supermarkets. Headquartered in London, and with further offices in Mumbai and Cape Town, it now brews in five countries including the UK and India. The lager is now one of Britain's fastest growing beer brands, with a retail value turnover of £126 million, and exports to almost fifty countries worldwide.

## **Case D**

Ebookers.com travel was UK's first interactive Internet company. It later became one of Europe's most successful and well-known entrepreneurial companies. The owner, the son of an Indian diplomat, came to the UK in 1968 and holds a MA in Law from the University of Cambridge. After a spell at various companies, including IBM, he started his meteoric rise in business in 1980 with a small kiosk in Earls Court station in West London, selling cheap flights to budget travellers. This was followed in 1983 by Flightbookers plc, which grew into one of the UK's largest leisure travel agencies. In 1996, while heading Flightbookers plc., the owner was instrumental in the company's setting up of a fully interactive travel website and was to become chairman and chief executive officer of Ebookers.com in 1999. The company survived the effects of the tech-bubble collapse, the 11 September attacks, the war in Iraq, and SARS, and still survives. Ebookers.com was sold to Cedant in 2005.

## **Case K**

This is a case of adaptation and assimilation into a new country and the exploitation of a controversial niche market. The owner's journey has taken him from fish and chips to football. When he came to the UK he washed dishes, graduated to owning a takeaway, and then got into the hotel business. He could not find business customers and tourists to fill his hotels, so he put up the homeless and asylum seekers, and was paid handsomely by the government for doing so. Today, the company consists of several hotels and property, with interests in golf clubs, conference centres, restaurants, and leisure parks. The owner has a 500-acre Oxfordshire estate and a castle in Warwickshire, and is chairman of a regional football club that he brought back from the brink of bankruptcy.

## **Case L**

The owner founded Britain's first specialist vitamin supplement company in 1971. He came to Britain from India in 1956 and, after completing a postgraduate degree in Pharmacy at King's College, went to Bonn University where he obtained a doctorate with distinction in Medicinal Chemistry. He has since become a fellow of the Royal Pharmaceutical Society. After working in pharma-medical research for several years and obtaining some valuable patents, he founded the company. It is now a leading brand with national and international distribution. His company received the Queen's Award for Enterprise in International Trade in May 2003 and a SmithKline award for innovation in medical science in 2006. He is now worth in excess of £100 million.



## Case N

The owner has set the standard for entrepreneurship in the ethnic food market. With its products stocked in most of the UK's supermarket chains, his company has an annual total turnover in excess of £100 million and makes over 1.8 million ready meals every week, and is looking to internationalize with strong and growing export markets worldwide. He has created over 1,000 jobs in the UK. He is an avid follower and supporter of cricket, and his personal fortune is estimated to be in the region of £70 m.

## Case Pa

This steel magnate is an active member of the House of Lords, with an interest in social and education policy. He was born in India and attended first Punjab University and later MIT, from which he graduated with a Master's in Mechanical Engineering. He then returned to India to join the family business founded by his father. He came to the UK in the Sixties to seek medical assistance for his younger daughter who was seriously ill, and, following her death, he decided to remain in the UK, where he founded his steel company. The company is best known for its ability to acquire and turn around existing businesses. Today his interests include steel, engineering, materials testing, and hotels. His sons are now responsible for the day-to-day running of the group, but he still chairs the board. The company has seen phenomenal growth and is valued at an estimated \$1.5 billion.

## Case Pe

He started as a student in the UK and then joined the company that he was eventually to buy. His strength is hard work and saving the customer money. Noted as one of the Asian community's most generous philanthropists, he works hard to give back to the community. He built up the foundations of his global business from virtually nothing, and is worth an estimated £130 million.

## Case S

Both as a brand and as an individual, the owner has crossed over from the Asian community to the British fashion mainstream. Starting out as market traders, the family moved into retail and then clothes production, before going into fashion and design. His business has now grown from the core brand to include designer brands. Rarely out of the news, the owner's eclectic mix of businesses, from fashion to property to finance, are worth an estimated £120 million.

## Case V

Born into poverty in Kenya, the owner a teenager when he arrived in the UK with £5 in his pocket and a determination to succeed. To pay his way through university, he took any number of menial jobs before earning a place at the College of Pharmacy in Leicester. His brother, meanwhile, studied to be an architect. In the Seventies the owner opened his first pharmacy a small coastal town, and now, together with his brother, heads one of Britain's largest pharmaceutical companies, which employs over 700 people and is estimated to be worth £750 million.

## Case W

The owner was born and brought up India, and from a tender age helped in the kitchen, preparing special dishes for family occasions. She later married and moved to the UK. Increasingly dissatisfied with the quality of Indian products on the market, she decided to start a business using her own family recipes. The products were soon in great demand, and the business enjoyed a meteoric rise and now employs several hundred people. The owner is one of the best-known Asian businesswomen in the UK, and worth an estimated £70 million.

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