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## Article

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# Understanding immigrant entrepreneurship: a home-country entrepreneurial ecosystem perspective

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## Abstract

**Purpose** – Given the importance of immigration and immigrant entrepreneurs in advanced economies, the authors take an entrepreneurial ecosystem perspective to study the home-country benefits possessed by immigrant entrepreneurs and how home-country entrepreneurial ecosystem factors affect immigrant entrepreneurial motivations, activities and outcomes.

**Design/methodology/approach** – This conceptual research paper follows McGaghie, Bordage and Shea's (2001) four-step new theory creation process, which suggests that new theories can be created through facts extraction from the extant literature.

**Findings** – The authors propose that although immigrant entrepreneurs are unable to take full benefit of the host-country entrepreneurial ecosystem due to blocked mobility, they do have capabilities to access and use their home-country entrepreneurial resources and opportunities. The authors further propose that home-country entrepreneurial capital can be systemically analyzed through the framework of the entrepreneurial ecosystem. The results imply that immigrant entrepreneurship as a social and economic phenomenon can be studied more holistically from both host- and home-country perspectives compared to the traditional research boundary of the host-country only.

**Research limitations/implications** – The research focuses on the identification of home-country effects on immigrant entrepreneurship through the lens of the entrepreneurial ecosystem. Testable propositions provide directions for future empirical research on the field of immigrant entrepreneurship from a home-country perspective. The research concludes that a holistic immigrant entrepreneurship study should consider dual (host- and home-country) entrepreneurial ecosystems.

**Practical implications** – Immigrant entrepreneurs benefit from both host- and home-country entrepreneurial ecosystems. This paper suggests co-effects of dual entrepreneurial ecosystems lead to a high rate of entrepreneurship and business success within some immigrant groups. Policymakers can increase economic activities by developing and deploying programs to encourage immigrants to embed in host- and home-country entrepreneurial ecosystems.

**Originality/value** – Based on the framework of the entrepreneurial ecosystem, this paper brings a novel perspective to examining home-country effects on immigrant entrepreneurship. It theoretically conceptualizes that immigrants have higher entrepreneurship rates than native-born populations because they have access to extra home-country entrepreneurial capital.

**Keywords** Immigrant entrepreneurship, Transactional entrepreneur, Venture creation business determinant, Entrepreneurial ecosystem, Immigrant business

**Paper type** Conceptual paper

## Introduction

There is general recognition among policymakers, researchers and society about the importance of immigrant entrepreneurship to socioeconomic development for both



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immigrants' host and home countries (Nkongolo-Bakenda and Chrysostome, 2020; IOM, 2018; Sundararajan and Sundararajan, 2015). In the United States, as Hart and Acs (2011) pointed out, policymakers and government have established various policies to attract foreign-born talent and high-tech entrepreneurs into the country. Similarly, the Organization for Economic Co-operation and Development (OECD) reported in 2010 that immigrant entrepreneurs give a distinct contribution to globalization and international business activities because they have an understanding of their host and home countries (OECD, 2010).

Reported by the United Nations International Migrant Report (UN, 2019), the number of international migrants worldwide has continued to grow rapidly in recent years, reaching 272 million in 2019 from 220 million in 2010 and 173 million in 2000. The contribution of immigrant entrepreneurship in global and regional economic development is acknowledged and reflected in the growing number of research papers published on this topic. Scholars have noticed that the number of research papers on immigrant entrepreneurship has increased dramatically since 2000 (Dabića *et al.*, 2020). By the authors' calculation, research papers on Google Scholar have increased 12 times from 2000 to 2001 to 2018–2019 when querying the phrase "Immigrant entrepreneurship". The number of publications has risen from 100 papers per year in 2000 to about 600 per year in 2017, and 1,222 in 2019. A large portion of the research papers have centered on how the socioeconomic and cultural environments of the host country affect immigrant entrepreneurship, and the effects of co-ethnic communities on immigrant entrepreneurship. Some scholars argue that home-country socioeconomic, political-cultural and other environmental factors impact immigrant entrepreneurship as well (Aliaga-Isla and Rialp, 2013; Nkongolo-Bakenda and Chrysostome, 2020).

Despite increasing research interest in the field from the host country, few studies have holistically explored the home-country effects on immigrant entrepreneurship (Bagwell, 2018; Brzozowski *et al.*, 2017). Studies are lacking on how the home-country socioeconomic political environment impacts immigrants engaging in entrepreneurship. Moreover, most existing studies select socioeconomic and political-cultural factors as independent and dependent research variables based on researchers' academic backgrounds and direct experiences. There is a lack of holistic and systematic immigrant entrepreneurship-determinant investigations which are based on a well-acknowledged theoretical framework such as the entrepreneurial ecosystem. Until now, most immigrant entrepreneurship antecedent studies have been at factor level, instead of system level. As Motoyama and Knowlton (2017) identified, the connections and interconnections amongst the entrepreneurial ecosystem factors, and how these factors affect businesses, are significant research gaps.

This research aims to fill gaps between immigrant entrepreneurship and home-country entrepreneurial ecosystem effects conceptually. The initial research questions are: (1) What are entrepreneurial ecosystem factors from an immigrant's home-country that affect immigrant entrepreneurship? (2) How do immigrant entrepreneurs benefit from home-country ecosystem factors? (3) Do all ecosystem factors (accessible market, funding and finance, governments and institutions, social culture, human capital and business support) from the home country affect the capability and outcomes of immigrant entrepreneurship?

The research creates a new conceptual framework which emphasizes home-country entrepreneurial ecosystem factor effects. The framework here developed will certainly extend immigrant entrepreneurship environment study from being host-country centered to an immigrant's home country. The paper highlights the importance of theoretical system factors for immigrant entrepreneurship studies over selecting factors by direct experience.

This investigation contributes to the immigrant entrepreneurship literature in two ways. Firstly, it provides a conceptual framework to investigate the immigrant entrepreneurship phenomenon by three approaches: (1) conceptualizing that the determinants of immigrant entrepreneurship can be split into host-country and home-country effects; (2) emphasizing the importance of home-country influential factors in resource assembly, opportunity seeking

and exploiting; (3) studying home-country entrepreneurial factors in the framework of an ecosystem which has been only exploited in a host-country-specific context. Secondly, the paper develops a set of testable propositions based on current literature. The propositions include one primary proposition and six secondary propositions.

The second section presents the literature review and theoretical background. The research methodology, the conceptual framework, the primary proposition and six secondary propositions of research are presented and discussed in the third section. Conclusions, implications, limitations and future research agenda are given in sections four and five.

### Literature review

The Small Business Administration (US) stated, “immigrant entrepreneurs are twice as likely to start a business as native-born citizens, and more importantly, immigrants are creating jobs in neighbourhoods where they are needed the most (Sundararajan and Sundararajan, 2015, p. 30).” In the United States, about 27.5% of entrepreneurs are immigrants despite being only 13% of the total population (Vandor and Franke, 2016). Due to the multifaceted nature of immigrant entrepreneurship, numerous theories, hypotheses, arguments and frameworks in the host-country context have been proposed to explain the phenomenon. The theories include middleman minority theory, the enclave economy hypothesis, the discrimination hypothesis, the interactive model or opportunity structure, the notion of mixed embedment and more. These concepts have focused on different characteristics of immigrant entrepreneurship from motivation to opportunity recognition and development to the process of new venture establishment.

More recently, more arguments have been developed to explain the phenomenon from transnational perspectives. These positions include brain circulation (Saxenian, 2010), knowledge spillover (Li *et al.*, 2018; OECD, 2010), cultural (ethnic) diversity, cross-border activities (McDougall and Oviat, 2000) or transnationalism (Drori *et al.*, 2009) and “social networks” or “transnational ties” (Brzozowski *et al.*, 2017; Sundararajan and Sundararajan, 2015). Saxenian’s work on “New Argonauts” received much attention from scholars and institutions for its academic and empirical contributions. Her symptomatic brain circulation standpoint expanded the boundary of immigrant entrepreneurship research from the host country only, to a transnational context.

Both traditional theories and recent arguments have centered on immigrant entrepreneurship in the host-country and transnational context (Aldrich and Waldinger, 1990; Saxenian, 2010). Fragmented evidence also shows the home-country impacts on immigrant entrepreneurship can be significant (Dabića *et al.*, 2020). These influences can be market accessibility (Chung and Tung, 2013), knowledge and technology spill out (Brzozowski *et al.*, 2017; Li *et al.*, 2018), the advantage of culture diversity, culture characteristics such as role model, family ties and religion (Urbano *et al.*, 2011). For example, 23% of Japanese immigrant entrepreneurs borrow start-up capital from their home country (Kushnirovich and Heilbrunn, 2008). Governmental and institutional policies in China and India are encouraging immigrants from these two countries to create cross-border businesses (Portes and Yiu, 2013; You and Zhou 2019); home-country political status affects immigrants’ business performance too (Brzozowski *et al.*, 2017). Scholars are seeking research findings devoted to home-country standpoints (Van Tubergen, 2005).

Scholars have been interested in the determinants of immigrant entrepreneurship since the discipline started (Brzozowski *et al.*, 2017; Sui *et al.*, 2015). Various studies show that immigrant entrepreneurship is influenced by personal attributes, the host country entrepreneurial environment, co-ethnic community characteristics and immigrants’ home-country factors (Brzozowski *et al.*, 2017; Wang and Liu, 2015; Van Tubergen, 2005). Host country key influential factors identified in the literature include financial support, labor

market, consumers, suppliers, professional services, social reception, regulation and political context. Personal dimension factors are savings attitude and amount of savings, education, work experience, age, legal status, language skills, migratory experience and ambitions. Other factors including gender, marital status, the purpose of migration, length of stay in a host country, risk-taking attitude and more are added to the list. From a community perspective, community size, entrepreneurial culture, willingness to share knowledge and acceptance of low paying jobs contribute to immigrant entrepreneurship (Li *et al.*, 2018). Researched home-country factors include finance, education, economic development, corruption status and government policies (You and Zhou, 2019; Van Tubergen, 2005). One particular home-country factor, social network and family ties, has been proven again and again to have positive impacts on immigrant entrepreneurship (Brzozowski *et al.*, 2017).

The latest instrument used to research the entrepreneurship phenomenon is the framework of the entrepreneurial ecosystem (Isenberg, 2011; Stam, 2015; WEF, 2014) which centers on the fact that new ventures emerge and grow not only because of talented and visionary individuals, but also because of the business environment by which entrepreneurs facilitate their activities to achieve success. Instead of the investigation being based on a single or a few factors, scholars have started researching the phenomenon as a system of interconnected socioeconomic and political-cultural elements. Scholars believe that the business environment enhances entrepreneurship by providing entrepreneurial opportunities and resources, hence creating high growth firms (Nicotra *et al.*, 2018). The entrepreneurial ecosystem has the potential to become an accepted framework to guide immigrant entrepreneurship study after being sufficiently examined. In fact, the framework and the social, economic, cultural and political factors used in existing immigrant entrepreneurship research are largely based on the direct experiences of researchers without providing theoretical and empirical evidence of cause and effect (Nicotra *et al.*, 2018). Scholars hope that the entrepreneurial ecosystem framework provides a standard framework to systematically and holistically conduct entrepreneurship research for all entrepreneurship disciplines regardless of geographic regions, which will result in comparable research findings. In addition, entrepreneurs are key actors within any specific entrepreneurial ecosystem to keep entrepreneurial culture and leadership, foster competition and provide talent network resources. The entrepreneurial ecosystem “represents a novel and cost-effective strategy for stimulating economic prosperity (Isenberg, 2011, p. 1).”

Entrepreneurial ecosystem refers to a system of socioeconomic, political and infrastructural components promoting the development of innovative businesses and enhancing performance (Stam, 2015). Several definitions of “entrepreneurial ecosystem” have been developed in the last decade (Mason and Brown, 2014; Isenberg, 2011). Although each definition has considered different entrepreneurial factors that dynamically interact with one another, the universal agreement is a functional entrepreneurial ecosystem provides capital (financial, knowledge, institutional, social and etc.) to enable entrepreneurs to discover, access, exploit and take advantage of market opportunities (Isenberg, 2011; Nicotra *et al.*, 2018; Stam, 2015). Recent studies have improved the elements of an ecosystem as holistically as possible by extending entrepreneurial ecosystem to cover extra dimensions such as cultural, market, human, research institute, government and institutional dimensions (Isenberg, 2011; Motoyama and Knowlton, 2017). Each dimension is weighted differently in a specific entrepreneurial ecosystem. The World Economic Forum (WEF) argues that funding, workforce and market are the most critical factors to a functional entrepreneurial ecosystem (WEF, 2014).

Empirical research shows that there is a high percentage of immigrant entrepreneurs engaging in cross-border business activities and operating their businesses in two environments (Bagwell, 2018; Drori *et al.*, 2009). Wang and Liu (2015) found immigrant entrepreneurs have a higher tendency to be involved in transnational economic activities

because of the established linkage with the home country. Therefore, they argue that immigrants involved in cross-border business activities are more likely to establish a business out of perceived opportunity rather than necessity. Immigrants acquire information by different techniques such as language, social media platforms, *guanxi* in Chinese communities and Internet trading sites (Duan *et al.*, 2020). Immigrant entrepreneurs can locate business opportunities by searching in places where native-born counterparts do not. These opportunities not only exist in the marketplace of ethnic products and services, but in the non-ethnic or mainstream market as well. Based on the resource-based view and opportunity structure theory, the differences in resources and opportunities cause disparities in entrepreneurial activities and business performances between immigrant entrepreneurs and their native-born peers.

Although entrepreneurial ecosystem emerged as a well-accepted framework within policymakers as an economic development strategy that creates a supportive environment to foster entrepreneurship, existing research on entrepreneurial ecosystem has been largely typological and theoretical, and how it influences the entrepreneurial activities has not yet been explored (Spigel and Harrison, 2017). Meanwhile, immigrant entrepreneurship research under the framework of entrepreneurial ecosystem is almost neglected despite both immigrant entrepreneurship and entrepreneurial ecosystem disciplines having gained worldwide acceptance among scholars in recent entrepreneurship studies (Von Bloh *et al.*, 2019). Furthermore, the entrepreneurial ecosystem framework can be equally applied at the city/regional, national and transnational contexts (Von Bloh *et al.*, 2019) or even the home-country context (Lassalle and Johnson, 2018). Meanwhile, research of entrepreneurial ecosystem effects has shifted from the local community or region to the country or even multi-country study.

This paper builds on these previous works and focuses on home-country entrepreneurial ecosystem factors and investigates how these factors impact immigrants' entrepreneurial capabilities. The provided conceptual framework illustrates how immigrants' home-country entrepreneurial ecosystem directly or indirectly influences immigrant entrepreneurship. Based on the framework and literature review, a range of propositions is illustrated.

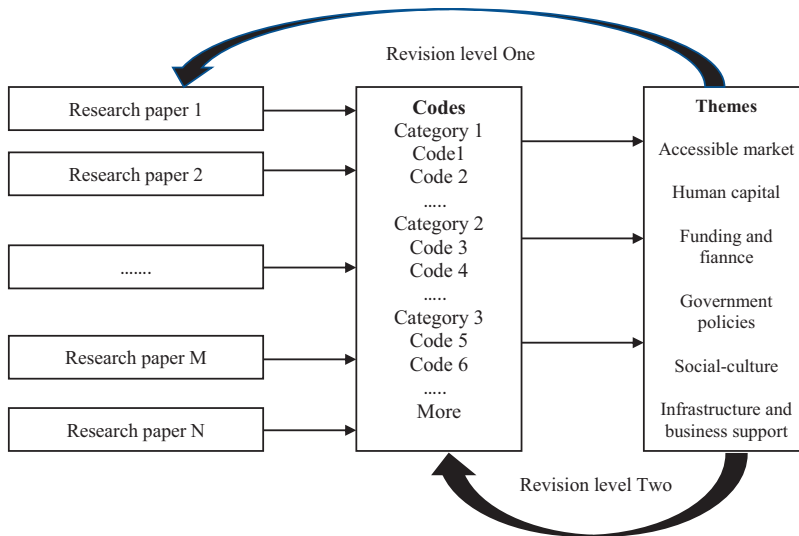
### **Analytical framework development**

#### *Method and process of analytical framework development*

This research followed McGaghie *et al.*'s (2001) four-step new theory creation process to build up the required conceptual framework. The steps are (1) choose the topic, (2) conduct a literature review, (3) isolate the critical variables and (4) generate the conceptual framework and research propositions. First, the topic is fixed on how home-country entrepreneurial ecosystem factors influence immigrant entrepreneurship. Second, the research utilized secondary data sources from current literature. The authors conducted a literature review against the ProQuest and Web of Science databases by querying keywords "immigrant entrepreneurship" and "home country" or "country of origin" to retrieve a literature dataset for the study. Third, by reading through the extracted papers, the fragmented evidence and knowledge were coded, and six themes were created (Figure 1). Finally, after two revision processes, the analytical frameworks and propositions were established.

#### *Proposed analytical framework*

Transnationalism theory states that immigrant entrepreneurs operate in dual business environments (Drori *et al.*, 2009). Although the domestic entrepreneurial ecosystem impacts entrepreneurship of immigrants and non-immigrants, immigrant entrepreneurship is influenced by dual entrepreneurial ecosystems from both host and home countries.

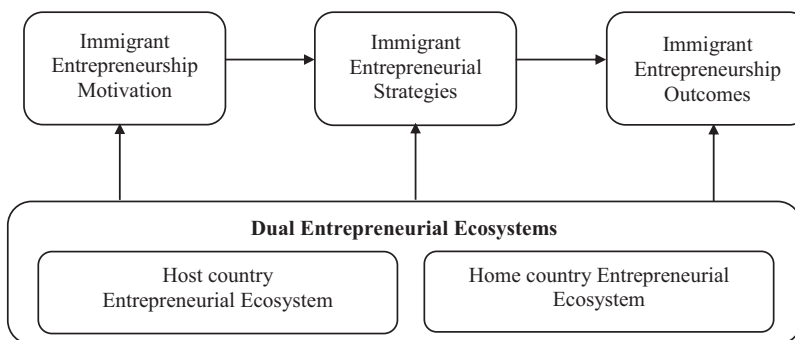


Source(s): Authors elaboration

**Figure 1.** Content analysis process for theoretical framework creation

Both host-country and home-country business environments dominate immigrant entrepreneurial motivation, activities and outcomes (Awotoye and Singh, 2018). The effects of dual entrepreneurial ecosystems can be conceptualized as a novel framework (Figure 2) for this study. The framework is supported by dual embeddedness theory and simultaneous embeddedness notions (You and Zhou, 2019; Moghaddam et al., 2018) from social cognitive perspectives. It also maintains consistency with the entrepreneurial ecosystem framework. These positions depict that immigrants are embedded within both host and home-country socioeconomic, cultural and institutional environments. Thus, home-country entrepreneurial opportunities and resources add one extra dimension to the immigrant entrepreneurial ecosystem compared to native-born entrepreneurs.

The framework illustrates that immigrant entrepreneurs operate in dual entrepreneurial ecosystems, and they are able to access and use entrepreneurial resources and opportunities from both host and home countries. Compared to native entrepreneurs, immigrant



Source(s): Authors elaboration

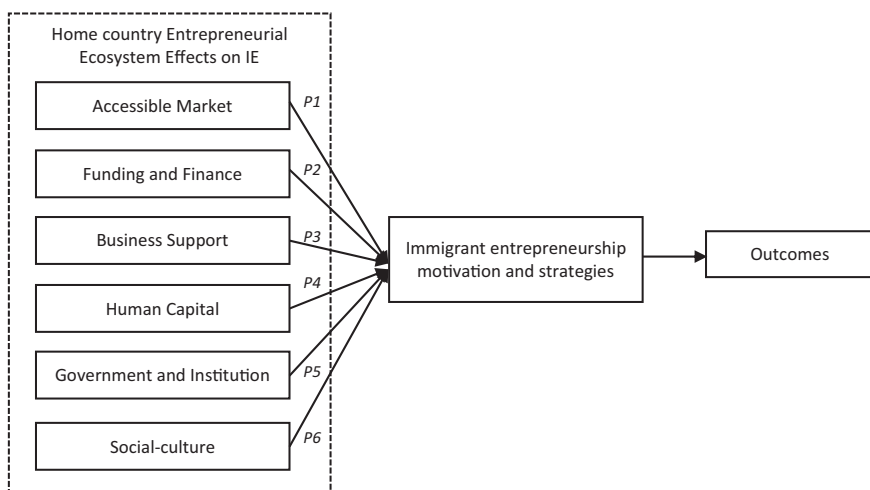
**Figure 2.** Dual entrepreneurial ecosystems for immigrant entrepreneurship

entrepreneurs possess extra ecosystem advantages from their home country. These differences between dual entrepreneurial ecosystems for immigrant entrepreneurs and domestic entrepreneurial ecosystem only for native-born peers initiate the disparity of venture creation intention and cause the dissimilarities of business performance. These heterogeneous and immobile resources attain potential opportunities that are sustainable and not imitable for specific immigrant groups. In other words, these extended resources and extra opportunities originating from the home-country ecosystem are capital or advantages existing in immigrant groups. It is very difficult for native-born entrepreneurs to obtain these capital unless they cooperate with immigrant entrepreneurs. Taking this into consideration, an overarching proposition is made to differentiate the entrepreneurial capabilities of immigrant entrepreneurs from those of their native-born peers:

*Primary Proposition.* Entrepreneurial ecosystem benefits from the home-country increase the capability of immigrant entrepreneurs to seek, assess and exploit extra opportunities in both host and home countries. Immigrant entrepreneurs are likely to seek home-country resources to pursue entrepreneurial opportunities, execute new-venture creation and improve business performance.

The proposed theoretical framework (Figure 3) demonstrates the relationship between immigrant entrepreneurship motivations, strategies and outcomes and the effects of home-country ecosystem. The framework was consistent with Brown *et al.*'s (2019) standpoint in which they argue that entrepreneurial ecosystem provides capital to entrepreneurs. The causal relationships of the framework among entrepreneurial ecosystem inputs, outputs and outcomes are inherited from Stam's (2015) theoretical outlines. Stam (2015, p. 1759) recognized that entrepreneurial ecosystem is "a set of interdependent actors and factors coordinated in such a way that they enable productive entrepreneurship." His framework, which is supported by scholars (Nicotra *et al.*, 2018), also illustrates that entrepreneurial strategies and activities are the outputs of an entrepreneurial ecosystem.

The entrepreneurial ecosystem approach for proposition creation is the first attempt in immigrant entrepreneurship study since entrepreneurial ecosystem has mainly been used to exploit entrepreneurial capabilities through a regional development perspective (Stam, 2015). However, there are scholars and organizations emphasizing that the primary concern of an



**Figure 3.**  
Analytic framework  
for home-country  
ecosystem effects on  
immigrant  
entrepreneurship

Source(s): Authors elaboration



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entrepreneurial ecosystem is the circumstances surrounding entrepreneurs, specifically the business environment and investment climate, its interacting actors and the evolving culture and attitudes (Isenberg, 2014; Mason and Brown, 2013). Other scholars (Brzozowski *et al.*, 2017; Drori *et al.*, 2009) argue that immigrant entrepreneurship is influenced by factors in both host- and home-country ecosystems, emphasizing that social and cultural proximity is as important as geographic closeness regarding entrepreneurial ecosystem effects (Lassalle and Johnston, 2018). Therefore, using the entrepreneurial ecosystem framework to guide this research is appropriate considering the aim of the research is to find out how the home-country business environment and its interacting factors influence immigrant entrepreneurship.

The term “entrepreneurial ecosystem” originates from another two concepts: “business ecosystem” and “innovation ecosystem”. Several definitions of “entrepreneurial ecosystem” were developed over the last two decades (Isenberg, 2014; Stam, 2015; WEF, 2014). Although each definition has a set of factors/pillars influencing entrepreneurship that dynamically interact with one another directly or indirectly to drive innovative ventures and business performance, the common agreement is that an entrepreneurial ecosystem offers socioeconomic resources that are available to entrepreneurs through accessible markets, finance, support, human capital, government and institutions and culture factors (Isenberg, 2014; Genome, 2019).

Entrepreneurial ecosystem assists entrepreneurs through providing capital in knowledge, finance, humans and culture (WEF, 2014). In an effective entrepreneurial ecosystem, entrepreneurs are able to interact with various factors to exchange resources among businesses, marketplaces, government agencies, financial institutions and labor markets in the most efficient manner. Entrepreneurial ecosystem factors affect entrepreneurs in entrepreneurial motivation, decision making, strategies and activities adoption and adaptation. Eventually, the ecosystem impacts the outcomes of immigrant entrepreneurship. Entrepreneurs not only need to have the capabilities to recognize business opportunities existing in an ecosystem but also the ability to assemble resources offered by the ecosystem (Mason and Brown, 2013).

## Propositions

### *Accessible market and immigrant entrepreneurship*

The traditional accessible market pillar of the entrepreneurial ecosystem framework consists of two clusters of components. The customer cluster includes elements such as early adopters for proof-of-concept, expertise in productizing, reference customers, first reviews and distribution channels. The networks cluster contains entrepreneurs’ networks, diaspora networks and multinational corporations (Isenberg, 2011). Some suggest that the final consumers, such as domestic and international corporations, small/medium companies and the government, should belong to this pillar (WEF, 2014). Immigrant entrepreneurship literature shows that accessible markets should include all those components in the host country, home country and international marketplaces.

Immigrants seem to grasp a relatively intimate knowledge of consumer needs in their home countries. The home-country marketplace offers them competitive advantages over native-born entrepreneurs (Pruthi *et al.*, 2018). The knowledge-based view has been successfully utilized to explain the early internationalization of small firms. Nkongolo-Bakenda and Chrysostome (2020) found that business founders take the best use of overseas market knowledge to develop structured internationalization strategies for their companies. Using the experiences from their home country as well as consistent communication with relatives and friends back at home, entrepreneurs obtain key insights for understanding foreign customers’ attitudes, preferences, consumption behaviors and other challenges

(Tata and Prasad, 2015). Connecting with the home country makes immigrant entrepreneurs relatively more aware of export-related entrepreneurial opportunities (Sui *et al.*, 2015). At the early stage of migration, immigrants may be compelled to access transnational opportunities by a simple lack of knowledge about the host-country markets (Constant and Zimmermann, 2006).

Srinivasan and Pyati's (2007) study revealed that the information environment of immigrants includes both local (host country) and transnational domains. When solidly established in this extended information environment, immigrant entrepreneurs may have a better overview of the appropriate information sources than native entrepreneurs. In comparison to natives, immigrants may possess a superior understanding of social knowledge capital, which are proven to be vital for attracting trust. For example, immigrant entrepreneurs have access to some of the online resources like online social networks from specific countries in their native language. This is less likely to help those individuals who are not fluent in the native language of their host country to overcome the obstacle of lack of business resources and information about opportunities. Therefore, immigrants are better equipped for dealing with information from their home country, hence increasing their entrepreneurial opportunities. They also have a deeper understanding of individuals and social groups involved, which enhances their human capital.

Naturally, immigrant entrepreneurs have easy access to a transnational market because of their dual-embeddedness and cross-border background. Terjesen and Elam (2009) used Bourdieu's theory of practice to examine how entrepreneurs enter home-country markets by utilizing their prior migration experiences and circumstances based on four case studies. They discovered that immigrant entrepreneurs use social, economic, cultural and symbolic capital to pursue different institutional environments at once. Additionally, entrepreneurs make important decisions about internationalizing while keeping cultural repertoires, social networks, legal and regulatory regimes and power relations in mind. Immigrant entrepreneurs are often able to internationalize directly. Because of this, they are often used as a middleman by local firms to reach immigrants' home-country markets (Chung and Tung, 2013). As such, immigrant entrepreneurs are beyond the many institutional environments that they exist in.

One characteristic of immigrant entrepreneurs is they are "born global" in the context of both home and host-country marketplaces (Nkongolo-Bakenda and Chrysostome, 2020). In conclusion, some evidence and research findings show that, in addition to the host-country marketplace, immigrant entrepreneurs possess an extra available market in their home country in comparison to their native peers, and they have capabilities to exploit that marketplace. Therefore, the first postulate is:

- P1.* The accessibility of the home-country market affects immigrants' entrepreneurial motivations, business strategies and firm performances in the host and home countries. Immigrant entrepreneurs are likely to access and use home-country resources and opportunities to take advantage of their transnational background.

#### *Funding and finance and immigrant entrepreneurship*

The funding and finance pillar of an entrepreneurial ecosystem includes access to debt, private equity, venture capital, government grants, angels, banks, microfinance institutions, public capital markets, financial institutions and government finance (Isenberg, 2011). It also consists of friend and family funding, finance and debt (WEF, 2014). In the context of IE, this study reveals that funding and finance, including personal savings prior to migration, borrowing from family and friends and investment from partnerships, can either come from domestic or the home country (Wang and Liu, 2015; Portes and Zhou, 1996).

The availability of funding and financing have been determinants of self-employment and business creation from different socio-cultural backgrounds (Antonites and Govindasamy, 2013; Genome, 2019). There are obvious differences between immigrant entrepreneurs and their native-born peers in terms of how they get funding to develop recognized opportunities. Research indicates that immigrants usually rely on informal channels (Zhang and Zhang, 2016) which include funding from the community, friends and family from both the home country and the host country.

Commercial banks and credit companies in the host country usually do not represent ethnic groups well (Chrysostome and Arcand, 2009). It is difficult for new immigrants to get support from government agents and gain start-up capital through formal financial institutions because their projects may not be considered trustworthy in the host country, even though the idea has been proven in their home country. So, sometimes immigrant entrepreneurs borrow from branches of home-country banks (Kushnirovich and Heilbrunn, 2008). These bank loans are regarded as funding from home-country capital sources. Such banks are more predisposed to make loans to these entrepreneurs, defer their credit history and take properties in their home country as security. Kushnirovich and Heilbrunn's (2008) survey shows that 9–24% of immigrant entrepreneurs received funding or financial support from their home country.

Studies conducted in Canada and the United States indicated that the predominant source of funding for start-up initiations for immigrant entrepreneurs was bootstrapping, such as personal funding, co-founders' investment, friends and family (Wang and Liu, 2015). These phenomena were also found in Australia, New Zealand and Italy (Zhang and Zhang, 2016; Wang and Warn, 2018). Therefore, based on the above findings, it is natural to propose:

- P2. The availability of home-country funding and finance among friends, family and institutions affects the capability of immigrant entrepreneurs to seek, access and exploit entrepreneurial opportunities in the host country and home country.

#### *Infrastructure, business support and immigrant entrepreneurship*

The business support pillar of an entrepreneurial ecosystem consists of three clusters of components. The professional support cluster includes legal/accounting services, business mentors and technical advisers, financial and investment banking services and credit rating agencies. The infrastructure cluster consists of telecommunication, transportation and logistics, energy supply, industry networks and incubators/accelerators. The last support cluster is non-government institutions that contain business plan contests, entrepreneurship promotions, conferences and entrepreneur-orientated associations (Isenberg, 2011; WEF, 2014). The literature review discovered that home-country cross-border business support capabilities are essential for immigrant entrepreneurs in innovation and venture creation, particularly in culture-related products and services (Pruthi *et al.*, 2018; Wang and Liu, 2015). In today's digital era, e-commerce platform infrastructures and business support capabilities are crucially supporting IE, particularly transnational businesses (Duan *et al.*, 2020).

To determine what obstacles they face on their path to success, Pitrus' (2015) investigation regarding the small businesses of Lebanese, Egyptian and Iraqi entrepreneurs in Australia indicates that losing sources of home-country support was one of key issues barring the progress of immigrant entrepreneurship in the Arabic community.

The concept of business support in immigrant entrepreneurship can be extended to include the commonness of email, the internet, WIFI telephone services, website platforms, cheap air travel, functional logistics and language translation Apps as well as on-site services capability. The development of social networks, diffusion of information and the creation of new markets are all significantly impacted by these factors that support immigrant

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entrepreneurship activities (Kerr and Kerr, 2019). Based on the above cases, the following proposition is made:

- P3. Functional business support from the immigrants' home country affects the capability of immigrant entrepreneurs to seek, access and exploit opportunities in their host country and home country.

### *Human capital and immigrant entrepreneurship*

The human capital pillar of an entrepreneurial ecosystem includes high schools, universities, labor supply, serial entrepreneurs, technical training institutes, community colleges, skills and entrepreneurship specific training (Isenberg, 2011). WEF (2014) suggested that management and technical talent, outsourcing availabilities and access to the immigrant workforce should be in this cluster. Regarding IE, literature shows that entrepreneurial and business experiences are all crucial factors within the human capital pillar. Others demonstrate that the combination of host-country education and home-country working experience increases immigrants' entrepreneurial capabilities and the performance of the transnational business (Brzozowski and Cucculelli, 2020). Holding a home-country passport is believed to be a type of capital (Constant and Zimmermann, 2006).

Human capital influences immigrant entrepreneurship motivation in immigrant groups (Nkongolo-Bakenda and Chrysostome, 2020). The importance of human capital for entrepreneurial success is to integrate socioeconomic and technical capabilities with entrepreneurial strategies. Human capital facilitates productive activity and makes possible the attainment of certain goals that would not be possible in its absence. Human capital is applied to immigrant businesses, as it brings together personal capabilities with the market, and social and institutional capital before and after migration, to enlarge entrepreneurial resources (Tata and Prasad, 2015).

Clustered home-country socioeconomic status and personal standing are crucial human capital. Brzozowski *et al.* (2017) found that income per capita, education level and percentage of young people in the home country's total population have a positive and statistically significant impact on immigrant entrepreneurship activities and transnational businesses in particular. They also indicated that the unemployment rate, or available labor in the home-country affects immigrant entrepreneurship negatively and significantly. Their results depict that the home-country macro-economic environment matters to immigrant entrepreneurs in their host country. In other words, immigrants' human capital in the home country influences immigrants' host-country entrepreneurial outcomes. Their findings are consistent with studies from Van Tubergen (2005) and Nkongolo-Bakenda and Chrysostome (2020).

The above results are not conclusive. Constant and Zimmermann's (2006) findings suggest that human capital within the home country does not affect immigrant entrepreneurs very much. The result shows that the choice to become an entrepreneur is highly affected by homeownership, intergenerational links and financial fears. Immigrants are attracted to entrepreneurship because it alleviates the fear of discrimination, and people in general often prefer it for the sake of higher income. Immigrants who are married but do not have young children are attracted to entrepreneurship, and those with foreign passports who live in an entire ethnic neighborhood are more likely to become self-employed. Immigrant entrepreneurs tend to earn more compared to employees, as they become more exposed to the host society, gain social standing and work more hours. When there are no other differences, self-employed native-born entrepreneurs and immigrants tend to earn similar amounts. They conclude that the human capital gained from the host country is superior to that gained from the home country.

Human capital from the home country affects immigrant entrepreneurship performance outcomes. Basu and Altinay (2002) reported that some immigrant firms rapidly achieved the

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highest export levels possible using their own human capital back at the home country. [Tata and Prasad's \(2015\)](#) findings showed immigrant businesses could significantly enhance their efficiency through the usage of their family position in the home country. The authors also found that the effects of human capital on family business are mediated by social network capital, which is, in turn, very likely to be affected by the availability of resources and information. It was also found that immigrants' human capital within ethnic communities does indeed moderate the relationship with immigrant communities, hence affecting the immigrant entrepreneurship outcomes. Thus, proposition four is:

- P4.* The human capital in their home country affects immigrants' capabilities to seek, access and exploit entrepreneurial opportunities in both the home and host countries.

#### *Government and institution policy and immigrant entrepreneurship*

Policy components of an entrepreneurial ecosystem include tax rates, tax incentives, ease of starting a business, research institutions, venture-friendly legislation, property rights, labor protection policies, regulations and the ability to handle crises and challenges ([Isenberg, 2011](#)). The literature review reveals that immigrant entrepreneurship influencing factors also include political conditions, innovative institutional capabilities and prototype functionalities.

Studies in Europe show that the home-country socio-political status affects immigrant entrepreneurship. The study from [Brzozowski et al. \(2017\)](#) showed home country institutional and socioeconomic characteristics affecting immigrants' firm performance in the information and communication technology (ICT) industry in the host country. Their results suggest that a high level of corruption prevents immigrant entrepreneurs from utilizing home-country ties. Moreover, when immigrant entrepreneurs maintain a strong tie with a home country where there is a high level of corruption, the companies' performance is low. Simply put, the perceived level of political status in the home country has negative effects on immigrants' entrepreneurial activities.

The above result is not inclusive. Home-country political conditions can also provide a push factor for immigrant entrepreneurship. [Shinnar and Nayir's \(2019\)](#) survey found that political suppression and instability in the home country might induce people to migrate and engage in entrepreneurship abroad in addition to socioeconomic motivations. These non-economic migrants are not as prepared as people who move mainly for economic reasons to participate as a salaried worker in the normal labor market. Hence, non-economic immigrants might find it less attractive to work in the normal labor market than economic immigrants.

During research of how global driving forces influence Chinese-owned nail salons in New York City, [You and Zhou \(2019\)](#) found that the firms are principally "shaped not only by local market conditions in the host country but also by multiple layers of socioeconomic and politico-institutional circumstances in the home country (p. 166)." The results also show that the Chinese government policies of entrepreneurship and overseas travelling as students or tourists, intertwined with US immigration policy, promote or hinder Chinese-owned service firms in COR. Their findings overthrow the traditional perception that immigrant enterprises, particularly those in the services sector, are largely local-society driven. These home-country influences on immigrant entrepreneurship were also reported by [Van Tubergen \(2005\)](#) and [Portes and Yiu \(2013\)](#).

Ethnic religion, which can be classified as institutional when considering the concept of a Church, is an ambiguous influential factor in immigrant entrepreneurship literature. [Ojo's \(2012\)](#) examination of British Africans with the goal of determining whether and how religion is connected to ethnic entrepreneurship and business ventures indicated that the establishment of entrepreneurial business in the African ethnic scene is encouraged and supported by African Pentecostal churches. African business ventures are often helped by

the social capital that their ethnic-religious community has access to. [Proposition 5a](#) is as follows:

*P5a.* Favorable policies, intentions and regulations from home-country governments and institutions affect the capability of immigrant entrepreneurs to seek, access and exploit opportunities in their host and home countries.

Free Trade Agreement (FTA) negotiators in New Zealand and elsewhere argue that FTAs have the potential to improve small firms' trading environments significantly by opening or easing access to foreign markets, not in the least through the removal of tariff and non-tariff barriers. For this potential opportunity to be recognized, entrepreneurs need to be willing and able to take up these new trading opportunities. Previous studies, however, have suggested that few entrepreneurs become exporters or expand their existing export activity as a result of FTAs ([Battisti et al., 2014](#)). When an FTA is signed between the host and home countries of immigrants, entrepreneurs potentially profit the most because they have the social connections to assemble resources in their home country and rapidly establish new ventures. An example of this is the FTA between New Zealand and China, which resulted in Chinese immigrants quickly setting up cross-border trading businesses in New Zealand ([Duan et al., 2020](#)). As such, the following proposition is made:

*P5b.* Favorable FTAs between immigrants' home and host countries affect the capability of immigrant entrepreneurs to seek, access and exploit transnational entrepreneurial opportunities.

#### *Social culture and immigrant entrepreneurship*

The culture pillar of an entrepreneurial ecosystem includes media, professional associations and social organizations that support a culture of entrepreneurship, international reputation, visible successes, tolerance of risk and mistake and failure, tradition of innovation and creativity and experimentation, social status of the entrepreneur, wealth-creation culture, ambition encouragement and role model and success story acceptance ([Isenberg, 2011](#); [WEF, 2014](#)). The immigrant entrepreneurship literature shows social culture means more than the list above. It also includes religion, family and relative ties with the home country such as the number of connections within socioeconomic networks, thrifty living and hard work ([Zhang and Zhang, 2016](#); [Nkongolo-Bakenda and Chrysostome, 2020](#); [Dabića et al., 2020](#)).

Social-cultural backgrounds influence the entire immigrant entrepreneurship process. Scholars have agreed that immigrants are in a uniquely suitable position to create opportunities by combining and adapting ideas, products and processes from different socio-cultural contexts ([Nkongolo-Bakenda and Chrysostome, 2020](#)). Scholars are interested in the mechanism of social culture influencing immigrant entrepreneurship ([Moghaddam et al., 2018](#)). By accessing their home-country social networks and other resources, immigrants play a key role in rapid international entrepreneurship and economic globalization ([IOM, 2018](#)). Their networks consist of immigrants and, particularly, transnational entrepreneurs beyond their home-country borders as well as the host country's boundaries. Scholars believe that social ties are one of the most important resources leading to the identification of business opportunities.

The examination by [Urbano et al. \(2011\)](#) about how socio-cultural factors impact transnational entrepreneurship showed that there are differences between the socio-cultural factors influencing venture creation and those that help venture growth. They found the role model and the perception might affect business creation while business growth is mainly influenced by transnational networks and how immigrants view the culture and opportunities of their host country.

[Antonites and Govindasamy's \(2013\)](#) investigation into the factors that affect Indian small businesses in Tshwane, the largest metropolitan area of South Africa, focused on how

immigrants' management skills, personal traits, entrepreneurial orientation and financing of successful and unsuccessful groups are different. The results showed that Indians have created and brought their unique culture to South Africa and that affects their entrepreneurial activities. The results suggest that successful and unsuccessful entrepreneurs do not display any differences in terms of management skill and financing. However, their personal traits, such as education, familial support, skill and knowledge, are found to be very influential and radically different. Similar findings were reported by [Basu and Altinay \(2002\)](#), [Brzozowski et al. \(2017\)](#) and [Nkongolo-Bakenda and Chrysostome \(2020\)](#).

Social ties facilitate knowledge acquisition and opportunity discovery. Evidence shows that immigrant entrepreneurs have more social network connections than non-entrepreneurs in general and, specifically, more network connections to their home-country society ([Urbano et al., 2011](#)). The "nodes and dots" entrepreneurs are connected with, which lead to opportunity recognition and business establishment, are from various cross-country networks. [Tata and Prasad's \(2015\)](#) findings showed the resource and information availability to a business are affected by relational social capital, whereas structural social capital affects resources alone. As such, it is justified to formulate the following proposition:

- P6.* Favorable entrepreneurial social cultures in the immigrants' home countries affect immigrants' entrepreneurial motivations and activities in the host and home countries.

## Discussion and implications

The current immigrant entrepreneurship literature has consistently regarded the home-country social embeddedness to be beneficial to immigrant entrepreneurs ([Bagwell, 2018](#); [You and Zhou, 2019](#)). Scholars agreed that immigrant entrepreneurs operate in "two worlds" ([Drori et al., 2009](#), p. 1004). Evidence shows that home-country socioeconomic, political-cultural business environments influence immigrant entrepreneurs ([Brzozowski et al., 2017](#)). This research theoretically tests the home-country effects on immigrant entrepreneurship with the approach of the entrepreneurial ecosystem. The study shows that the approach is effective in the examination of immigrant entrepreneurship, particularly in entrepreneurial capital analysis ([Nicotra et al., 2018](#)). The content analysis results show that all home-country ecosystem factors need to be taken into account when examining immigrant entrepreneurs. Notably, the results, which lead to six testable propositions for future empirical studies, should help understand why immigrants have a higher propensity for entrepreneurship, and success rate, as far as many scholars are concerned ([Kerr and Kerr, 2019](#)). Therefore, the study addresses significant research gaps, both theoretically and empirically, on the impact of dual entrepreneurial ecosystems for new immigrant ventures, especially from the home-country perspective. The theoretical contributions, practical implications, research limitations and future research directions are presented next.

### *Theoretical contribution and implication*

Scholars have recognized the importance of, and demanded theoretical models in, the discipline of immigrant entrepreneurship ([Moghaddam et al., 2018](#)). This paper theoretically studies the effects of home-country entrepreneurial ecosystem factors and their associated elements on immigrant entrepreneurs. The limitations notwithstanding, it fills knowledge gaps in immigrant entrepreneurship literature from a home-country perspective and expands the boundaries of immigrant entrepreneurship research from the host country to the home country in the context of transnationalization. The paper contributes to the understanding of the ecosystem factors that differentiate immigrant entrepreneurs from native-born entrepreneurs. Furthermore, the paper argues that, in comparison to native-born

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entrepreneurs, immigrant entrepreneurs benefit from the home-country entrepreneurial ecosystem in opportunity recognition, resource organization and venture creation. The argument of leveraging home-country ecosystem capital helps to explain why immigrants have a high rate of entrepreneurship and success (Kerr and Kerr, 2019) in addition to traditional host-country centered theories.

#### *Implications for practitioners and policymakers*

As noted by Kerr and Kerr (2019), immigrant entrepreneurship is of central policy attention and deserves more serious examination. For practical implications, the paper suggests that immigrant entrepreneurs should not solely focus on host-country business opportunities and entrepreneurial resources. The simultaneous embeddedness (You and Zhou, 2019) within the home-country entrepreneurial ecosystem enables them to interact with their home-country entrepreneurial capital. Furthermore, it is crucial for immigrant entrepreneurs to understand the advantages of dual entrepreneurial ecosystems in achieving their entrepreneurial success.

The entrepreneurship ecosystem as a policymaking strategy represents “a novel and cost-effective strategy for stimulating economic prosperity” (Isenberg, 2011, p. 1). The study also implies that policymakers need to take note of encouraging immigrants’ transnational ties when they develop immigrants-oriented programs. Governments can set up home-country oriented programs by targeting specific immigrant groups. These programs include, but are not limited to, training on explicit market knowledge, available financial information, government and institutional policies and capabilities of infrastructure for particular home countries. These not only allow economic activities within immigrant communities to flourish but increase transnational trade which benefits both host and home countries.

#### *Research limitations and future research directions*

Given this study develops a theoretically analytical framework and six propositions for immigrant entrepreneurship, this conceptual paper has a number of limitations. First, the paper did not distinguish immigrant groups from different nations, ethnicities, parts of the world or cultural background. Literature shows these backgrounds attribute to immigrant entrepreneurship (Moghaddam *et al.*, 2018; Aldrich and Waldinger, 1990). Second, the study left individual characteristics out of consideration. Evidence portrays that even in the same co-ethnic group, different generations, personal networks, individuals’ home-country ties (strong or weak), gender, age and other factors all affect entrepreneurs’ capabilities of obtaining and assembling existing resources (Li *et al.*, 2016; Lin and Tao, 2012). Third, the research adopted a well-acknowledged ecosystem framework from Isenberg (2011) due to developing a home-country-specific entrepreneurial ecosystem framework being out of the scope of this research. Meanwhile, since Isenberg’s (2011) substantial work, an ecosystem framework has evolved with some new components (Spigel and Harrison, 2017; Stam, 2015).

The research agenda is to test each ecosystem factor through empirical approaches to evaluate propositions developed by this study. Further tests on element levels of the entrepreneurial ecosystem are also required in order to fully understand home-country effects. Future research could also examine whether immigrant firms benefitting from dual ecosystems perform better over time, and compare them with firms relying on one ecosystem. Immigrant entrepreneurs who are entirely relying on a home-country entrepreneurial ecosystem will be an interesting topic: Colic-Peisker and Deng (2019) noticed the phenomenon in Australia. More importantly, it is valuable to research the mechanism of the home-country entrepreneurial ecosystem effects on immigrant entrepreneurship and their contribution to the host-country socioeconomic development and job creation, particularly in specific immigrant groups. Another area that needs attention is how host-country governments can



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encourage immigrant entrepreneurship by effectively accessing and exploiting immigrants' home-country opportunities and resources.

## Conclusion

This theoretical study develops the propositions by conceptualizing immigrant entrepreneurs embedded within dual entrepreneurial ecosystems. It addresses the research gap of the examination of home-country ecosystem effects on immigrant entrepreneurship development. Through content analysis on extant literature across entrepreneurial ecosystem components from a home-country perspective, the paper concludes that a spatial entrepreneurial ecosystem can be deployed in immigrant entrepreneurship research. After component classification against each ecosystem pillar, the research advances six propositions in connection with these pillars. Adding on traditional host-country disadvantage theories (Chrysostome and Arcand, 2009; Aldrich and Waldinger, 1990), the paper argues that the extra available resources and opportunities from immigrants' home countries raise entrepreneurship rates in immigrant communities.

Scholars, governments and organizations note that immigration and immigrant entrepreneurship is central to the future socioeconomic prosperity in many advanced countries and requires more theoretical and empirical research (Hart *et al.*, 2011; IOM, 2018; Australia Immigrant Council, 2016). This paper argues that immigrants have maintained high levels of motivation to engage in entrepreneurship and will continue to do so, due to the support of dual entrepreneurial ecosystems on the one hand. On the other hand, immigrant entrepreneurs are willing to take the ecosystem benefits from both host and home countries. However, the home-country effects are worth more investigation since traditional research has centered on the host country. The paper also argues that the dual entrepreneurial ecosystems framework could be a systemic approach for comprehensive immigrant entrepreneurship research. The authors believe the research contributes to understanding the ecosystem factors that differentiate immigrant entrepreneurs from their born-native counterparts. Through the development and discussion of the proposition, the paper offers specific research directions that are in need of further research. Future empirical studies regarding these propositions can help scholars and policymakers better understand the critical success factors of immigrant entrepreneurs, which is significantly important in a globalized world.

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