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Working Paper

The role of local embeddedness of transnational migrant start-ups in the COVID-19 crises: Examples from the Berlin start-up ecosystem

IAT Discussion Paper, No. 22/05

Provided in Cooperation with:
Institute for Work and Technology (IAT), Westfälische Hochschule, University of Applied Sciences

Suggested Citation: Terstriep, Judith; David, Alexandra; Ruthemeier, Alexander; Elo, Maria (2022) : The role of local embeddedness of transnational migrant start-ups in the COVID-19 crises: Examples from the Berlin start-up ecosystem, IAT Discussion Paper, No. 22/05, Institut Arbeit und Technik (IAT), Gelsenkirchen, https://doi.org/10.53190/dp/202205

This Version is available at:
https://hdl.handle.net/10419/261477

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The Role of Local Embeddedness of Transnational Migrant Start-ups in the COVID-19 Crises – Examples from the Berlin Start-up Ecosystem

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Terstriep, J., David, A., Ruthemeier, A. & Elo, M. (2022). The Role of Local Embeddedness of Transnational Start-ups in the COVID-19 Crisis – Examples from the Berlin ecosystems. *IAT Discussion Papers*, 2022/05. https://doi.org/10.53190/dp/202205

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The Role of Local Embeddedness of Transnational Migrant Start-ups in the COVID-19 Crisis – Examples from the Berlin ecosystem

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July 2022

Abstract

The COVID-19 pandemic has led to a changing environment for transnational migrant start-ups. These changes have posed many challenges concerning altering strategic behaviour and approaches to driving business. We explored transnational migrant start-ups' embeddedness in translocal entrepreneurial ecosystems by analysing data from 14 semi-structured interviews with start-ups from Berlin's knowledge-intensive business services sector. We argue that the success of transnational migrant start-ups during crises is largely dependent on embeddedness in the local entrepreneurial ecosystem. Thus, we expect entrepreneurs to utilise local networks, infrastructures and interactions to help them cope with the challenges at hand and to pave the way for translocal business activities. Our results indicate that structural embedding in local entrepreneurial ecosystems and a sense of belonging, especially during the business formation phase, play a vital role for transnational migrant start-ups.

Keywords: migrant entrepreneurship; migrant start-ups transnationalism; translocal embeddedness; COVID-19; crisis; entrepreneurial ecosystem

JEL classification: F63, O12, L26

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1 Introduction

(Migrant) start-up activities are an essential indicator of economic development, as they are instrumental in creatively combining research results into new products and business models and commercialising these innovations (Schäfer, 2021). At the same time, while shaping future economic activity, innovative start-ups can be viewed as vulnerable actors in an economy due to liabilities associated with their newness and small size. These peculiarities are likely to be exacerbated by the COVID-19 crisis (Kuckertz et al., 2020; OECD, 2020a). Distinct from earlier crises, such as the financial crisis of 2008, the exogenous shock caused by COVID-19 is of unprecedented order and entrepreneurs worldwide are forced to handle unexpected changes in almost any area of their business activities (Schepers, 2021; Kuckertz & Brändle, 2021; Brinks & Ibert, 2020a). As early data indicates, start-up activity is heavily disrupted by the pandemic and associated lockdowns (BDS, 2020; Calvino et al., 2020; Camino-Mogro, 2020; OECD, 2021). As newcomers, we expect migrant start-ups, as a subgroup of migrant entrepreneurs, to be hit even harder by the COVID-19 crisis, the latter being defined as businesses founded by people with a migration history (first and further generations; David et al., 2022).

Closely related to migrant entrepreneurs and start-up activities is the phenomenon of transnational entrepreneurship, a form of entrepreneurship often initiated by migrants (Protes et al., 2002). It builds a core topic in economic and migration sociology, economic geography, and economic entrepreneurship research (Ebner, 2020). Corresponding research strands assume that the globalisation of economic activities is not only driven by established multinational enterprises, with their global value chains and sales strategies, but also by small-scale transnational migrant entrepreneurs. According to Solano (2016), transnational migrant entrepreneurship (TME) refers to self-employed (im-)migrants who use their migration experience to create a business across borders. Santamaria-Alvarez et al. (2019) add to this definition, positing the creation of ideas, goods, and services through exploiting opportunities across national borders as characteristic features of TME. In TME literature, the transnationalism approach is an essential point of reference, elucidated by Vertovec (2009: 1):

'Today, transnationalism seems to be everywhere, at least in social sciences. That is, across numerous disciplines, there is a widespread interest in economic, social and political linkages between people, places and institutions crossing nation-state borders and spanning the world.'

Elo, Täube and Servais (2022: 9) address transnational diaspora entrepreneurship and '[…] perceive TDE as a category of entrepreneurial people of diverse heritage combinations who maintain distinct spatial linkages, economic-business operations and other emotional-material connections with two or more countries and who may span their lives across and among diverse locations.' In line with studies on 'ethnicity', 'diaspora', 'gender', and further (Aldrich & Waldinger, 1990; Zhou, 2004; Elo et al., 2019; Webster & Haandrikmann, 2020), 'transnationalism' offers an additional perspective on migrant entrepreneurship and migrant start-ups (Harima & Baron, 2020; Drori et al., 2009; Guarnizo, 2003). Scholars emphasise transnationalism as a 'trendy catch-all' (Pries, 2007) to place migrants' business activities in a global context

(Harima & Baron, 2020) and criticize its analytical power (Kivistö, 2001). Operating '[…] in the cross-border context of transnationalism', research on transnational entrepreneurs considers the duality of migrants' embeddedness in two or more socio-economic contexts (Drori et al., 2021: 619). Just as research on inner-city enclaves and the clustering of immigrant firm owners in local markets and niches (Waldinger et al., 1990; Kloosterman, 2014; Ram & Smallbone, 2003; Kloosterman et al., 1999; Ram & Sparrow, 1993), geographers refer to local opportunity structures and migrant entrepreneurship by characterising migrant entrepreneurial endeavours as part of urban economies (Räuchle & Schmiz, 2019). For instance, scholars discuss their potential and diaspora effects on urban development and ecosystem creation (David et al., 2021; Schmiz & Räuchle, 2020; Elo et al., 2019; Räuchle & Nuissl, 2019; Spigel & Bathelt, 2019).

Giving prominence to networks and ecosystems, scholars emphasised transnationalism and (transnational) mixed embeddedness as resources for the competitiveness and opportunity structures of migrant entrepreneurship in local entities (Ruthemeier, 2021; Bilecen & Lubbers, 2020; Sommer, 2020; Phuong & Harima, 2019; Bagwell, 2018; Kloosterman & Rath, 2018; David, 2015; Solano, 2016; Omrane, 2015; Schmiz, 2011; Sonderegger & Täube, 2010). In arguing that transnational migrant businesses could accelerate innovations (David & Terstriep, 2019; Harima, 2014), the focus was placed on migrant entrepreneurs' knowledge as an economic factor.

Attention was also given to the impact of TME on the evolution of ecosystems, discussing the regional opportunities for entrepreneurial environments (Schäfer & Henn, 2018). In addition, studies on TME and local embeddedness analysed the reciprocal impact of transnational migrant entrepreneurs and regional economies (Sandoz et al., 2021). For example, Brzozowski et al. (2014, 2017) and Sequeira et al. (2009) shed light on transnational entrepreneurs' embeddedness in their home country and its influence on their business activities. In the light of the COVID-19 pandemic and despite the digitalization of the economy, global lockdowns with local effects, changing customer demands, difficulties in travelling, and varying policy measures, including contact restrictions, are likely also to affect transnational migrant start-ups' access to resources and establishing global networks while their impact remains to be studied (OECD, 2020b; Bailey et al., 2020). Though many scholars have attempted to advance understanding of the economic effects occasioned by the COVID-19 pandemic on entrepreneurship (cf. Kuckertz & Brändle, 2021), evidence of the impact on transnational migrant start-ups is, as yet, scarce (Aman et al., 2021). A Web of Science title search resulted in only four matches for the search string COVID-19 AND *migrant entrepreneur*. There were no matches for COVID-19 AND migrant AND startup*. In contrast, there were 126 results for COVID-19 AND entrepreneur*.

Against this backdrop, we focus on transnational migrant start-ups (0-5 years) to investigate the role of embeddedness in the entrepreneurial ecosystem (EE) in the location of registration (Berlin) for business development in times of crisis. In doing so, this exploratory study responds to Kuckertz and Brändle's (2021) call to consider the specific context in which the entrepreneurs under investigation operate and their backgrounds. Reflecting on transnational migrant entrepreneurship and entrepreneurial ecosystems, we argue that embeddedness in the local ecosystem and access to local assets can help reduce crisis-related uncertainties and advance opportunity recognition in business formation and early stages of transnational migrant start-

ups. Consequently, the research question guiding our study is:

What is the role of embeddedness of transnational migrant start-ups in knowledge-intensive business services (KIBS) in the local EE in times of crisis?

Hence, the aim of our explorative study is threefold: First, by collecting data from transnational migrant start-ups, we strive to identify entrepreneurs' perceptions of the founding process during the COVID-19 pandemic. Second, given these specific challenges, we envisage providing insights into whether and how transnational migrant start-ups utilise their embeddedness in the local EE to mitigate adverse effects from the exogenous shock. Third, we aim to make suggestions for future research and contribute to theory development, emphasising the importance of embedding in local ecosystems in the early stages of business development.

In what follows, we start with a literature review to position our study in the scientific discourse on transnationalism, transnational migrant entrepreneurship and local embeddedness and to provide an overview of earlier indications as to what extent entrepreneurs are affected by the COVID-19 pandemic. Next, we introduce our qualitative research design and introduce our data collection procedure, including information on the contextual factors. In Section 4, we present our main results. Finally, the paper concludes in section 5 with a discussion of our findings. By linking results to current debates, we formulate suggestions for future research.

2 Revisiting embeddedness in transnational migrant entrepreneurship

2.1 Transnationalism & transnational migrant entrepreneurship

Next to political and socio-cultural processes, the concept of transnationalism centres on economic globalisation (Robinson, 1998), including entrepreneurial activities. Though transnationalism, in its narrow understanding, is challenging to separate from globalisation, both terms are not interchangeable (Tedeschi et al., 2022). While globalisation describes the interlinkages between countries and continents, transnationalism refers to individuals and civil society movements across borders (ibid.). In contrast to globalisation, transnationalism emphasises the creation of concrete interdependencies and linkages beyond a simple local/global dichotomy (Knecht, 2011). In the context of migration studies, Glick Schiller et al. (1992) point to transnationalism as the link of migrants between their home country (country of origin) and the receiving country. Distinguishing various categories of actions carried out across borders, Portes (2001: 185) refers to '[…] those [activities] conducted by non-institutional actors from civil society' (e.g. entrepreneurs). Regarding the exchange of resources, people, and relationships in transnational activities, Vertovec (2009) argues that these activities may broaden, deepen, and intensify societal transformation processes. The role of social networks in this liminality stage between two or more societies has explicitly been highlighted (Glick Schiller et al., 1992). In the economic context, transnationalism was mainly introduced by Portes (2001) and Guarnizo (2003), who elaborated on how transnational

entrepreneurs activate their cross-border networks to run entrepreneurial activities.

The rise of transnationalism in migrant entrepreneurship, at least since early 2000, signalled a change in the way of regarding and reconstructing migratory movements and replaced understandings of migration as a one-time process (Lundberg & Rehnfors, 2018; Bürkner, 2005; Portes et al., 2002; Castells, 2001; Pries, 2001a, b). Among others, the new concept of transnational social spaces (TSS) was introduced, linking geographical migration studies, transnationalism and migrant entrepreneurship in spatial science (Schmiz, 2011; Pries, 2001b). Pries (2007) refers to the ideal type of a TSS as a space that crosses national borders and stretches between different locations, regions, and countries without a specific core. He identifies TSS as 'pluri-local' spaces spanning different life places (Pries, 2001b). In parallel, Portes et al. (2002) describe the phenomenon of transnational entrepreneurs, referring to people whose company's success depends on activities abroad. Drori et al. (2009: 1001) define transnational migrant entrepreneurs as '[…] individuals that migrate from one country to another, concurrently maintaining business-related linkages with their former country of origin and currently adopted countries and communities. By travelling both physically and virtually, transnational entrepreneurs simultaneously engage in two or more socially embedded environments, allowing them to maintain global relations that enhance their ability to creatively, dynamically and logistically maximise their resource base.'

These theoretical strands can be retrieved in Guarnizo's (2003) definition, where he refers to TME as a particular form of migrant entrepreneurship which is marked by transnational economic activities. To better grasp TME, scholars distinguish between international entrepreneurship and TME (Harima & Baron, 2020) and offer microlevel conceptualisations (Elo et al., 2022; Sinkovics & Reuber, 2021). Arguing that international entrepreneurship research focuses on the firm level, TME deals with entrepreneurs' *dual embeddedness* and cognitive capacity (Quan et al., 2019). Being of cross-disciplinary nature, one stream of the concept of 'dual embeddedness' builds on Granovetter's (1985) idea of the embeddedness of entrepreneurial activities in social relations (Colic-Preisker & Deng, 2019; Ren & Liu, 2015). Here, 'dual embeddedness' refers to transnational entrepreneurs' embeddedness in two or more (multiple) cross-border networks, institutional and market contexts, and their interdependencies (Drori et al., 2021). In this regard, several studies were conducted on transnational migrant entrepreneurs' cross-border activities, new opportunity structures arising from transnationalism, and contexts enabling or hindering migrants' entrepreneurial activities (David & Terstriep, 2019; Santamaría-Alvarez et al., 2019; Lundberg & Rehnfors, 2018; Portes & Yiu, 2013). Recently, Bagwell (2018) combined the concept of transnationalism with mixed embeddedness (Klosterman et al., 1999) to the concept of transnational mixed embeddedness. The author emphasises the duality of embeddedness operating at the macro-level (institutional regimes in countries of origin and residence), meso-level (local, regional, national plus global markets) and micro-level (additional social capital from transnational networks to complement that which is available locally.), i.e., dynamics of opportunities through being embedded in multiple locations. In doing so, Bagwell (2018) offers further layers to the concept of TME, considering the bases of its additional resources and the multi-scalar dimension of its transnational business activities. Hence, rather than focusing on dual embeddedness, the current discussion emphasises mixed and multiple

embeddedness (Elo et al., 2018; Jones et al., 2014).

Despite the increasing interest in the subject and discourses on TME, scholars have not yet coalesced around a common definition. Thus, there is no established paradigm of TME but rather a considerable malleability in terms of conceptualisation and enactment. Counterintuitively, this fluidity of meaning and interpretation can also be seen as a strength of TME in terms of its flexibility in addressing the complexity of migrant entrepreneurship, migrant start-up activities and further facets in practice by interdisciplinary scholars. Against this backdrop, situated mainly in the debate on transnationalism (Brickell & Datta, 2011), the concept of 'translocality', as the territorialized notion of transnationalism, offers a promising avenue to answer our research question. It '[…] captures the diverse and contradictory effects of interconnectedness between places, institutions and actors' (Greiner & Sakdapolrak, 2013: 375). Or, as posited by Brickell and Datta (2011: 3), '[…] research on translocality largely refers to how social relationships across locales shape transnational migrant networks, economic exchanges.'

Analysing transnational migrant start-ups in a specific location (in our study: Berlin), the concept of translocality allows mediating entrepreneurial processes between the scope of global and local along with their various interconnections and interactions (Chacko, 2011). Acknowledging the 'primacy of place', translocality has the potential to invigorate local-to-local connections and place-to-place relationships. From a geographic perspective, 'translocal approaches' explain complex phenomena of social-spatial arrangements, including international migration, knowledge transfer and local development processes (Greiner & Sakdapolrak, 2013). In the following, 'local' and 'translocal' are used to distinguish transnational migrant start-ups' embeddedness in a specific respectively multiple local ecosystems while sticking to the established term of TME when describing the here analysed group of entrepreneurs.

2.2 Local embeddedness & transnational migrant entrepreneurship

Entrepreneurial literature suggests that business formation processes, i.e., start-up activities, are increasingly contextualised, influenced by social and institutional contexts, and originate from embeddedness in local networks (Audretsch & Belitski, 2021; Lassalle & Johnston, 2018; Malecki, 2018; Martynovich, 2017). Regarding TMEs, Bagwell (2018) points out that exploiting transnational opportunities depends on access to translocal *and* local social capital. Moreover, embeddedness in the host country is viewed as a key indicator in explaining migrant entrepreneurs' success (Quan et al., 2019). Hence, scholars ascribe the entrepreneurial ecosystem (EE) a decisive role in the entrepreneurial foundation process (O'Connor et al., 2018). Notwithstanding the burgeoning literature on EEs, definitions coalesce around Stam and Spigel's (2018: 407) understanding of EE as a '[…] set of interdependent actors and factors coordinated in such a way that they enable productive entrepreneurship within a particular territory' (cf. Donaldson, 2021). Scholars consider formal and informal institutions, infrastructures, and relations as relevant factors that highlight the specific characteristics of a particular location (Fredin & Lidén, 2020; Audretsch & Belitski, 2017; Spigel, 2017; Neck et al., 2004). In addition, the EE approach accounts for social structures and a culture that is designed to raise awareness of and assist entrepreneurial activity. These structures, for instance, inspire budding entrepreneurs to assess the risks of starting, funding, and growing high-risk ventures (Spigel &

Harrison, 2018; Spigel, 2015). Just as Bagwell (2018), from an EE perspective, Spigel and Harrison (2018) argued that it is not just the availability of location-specific assets such as skilled workforce, knowledge spillovers and further but start-ups' access to these assets which is considered crucial.

Next to the EE approach, the mixed embeddedness approach offers a different lens to capture the complex, dynamic interplay of the social, economic, spatial and institutional contextual factors centring on migrant entrepreneurship and opportunity structures (Kloosterman, 2010; Kloosterman et al., 1999). Here, networks are identified as the origin of resources for migrant entrepreneurs (Lassalle & Johnston, 2018; David, 2015). These can be context-specific and can involve transnational interconnections or local communities (Kloosterman & Rath, 2010). Scholars examined how local community networks provide opportunities for migrant entrepreneurs by allowing access to human capital and customer recruitment, knowledge exchange and financial support (Rutten, 2017; David, 2015; Jones & Ram, 2010; Kloosterman & Rath, 2001; Kloosterman, 2000). Furthermore, Jamaludin et al. (2020) study how local community networks help entrepreneurs to identify and choose opportunities. As posited by Boschma (2005), proximity is crucial for firms to achieve a competitive advantage in the form of knowledge creation and innovation. It may also facilitate, or even be displaced by, social or cultural factors (Lagendijk & Lorentzen, 2007; Lassalle & Johnston, 2018). Sharing a common set of norms, values, or language accelerates collaboration between individuals (Terstriep & Lüthje, 2018; Bathelt & Glücker, 2003). Entrepreneurs' actions and their sensing and seizing of opportunities are embedded in a multifaceted, interactive social process leading to the establishment of specific norms, values, and habits (Terstriep & Lüthje, 2018). In addition, the proximity concept suggests that mutual trust in the integrity and reliability of other local actors, that is, social proximity, encourages actors' readiness to engage in open exchange and interactions (ibid.).

Although cultural and cognitive proximity is said to compensate for the lack of geographical proximity, the latter remains crucially important for migrant entrepreneurs. This holds especially when they are newcomers with only loose network relations in the host country. The importance of geographical proximity is explicated in the following: '[…] social proximity and relational capital evolve in local [ecosystems] but have to be built in interactions with external partners. Therefore, a lack of spatial proximity typically limits firms' ability to interact repeatedly and thereby establish a foundation of social relationships for developing mutual trust and reciprocity' (Terstriep & Lüthje, 2018: 2173). Jamaludin et al. (2020) shed light on the prominence of geographical proximity among migrant entrepreneurs in local communities. They argue that proximity enables them to interact regularly, thus developing and strengthening their local social capital (ibid.). In addition, physical closeness plays a crucial role in inter-migrant knowledge exchange, providing insights into the opportunity structures and requirements to successfully participate in local markets (Lassalle & Johnston, 2018).

2.3 Local embeddedness in times of crisis

Indisputably, the COVID-19 pandemic cannot be compared to any other crisis we have seen in recent years (Korsgaard et al., 2020). What happens in one region mainly happens in other regions simultaneously or with a slight delay, leading to general uncertainty and a lack of

pioneering role models. Referring to Boin and Rhinard (2008), the COVID-19 pandemic has the character of a transboundary crisis (Brinks & Ibert, 2020b), i.e. a crisis that crosses geographical and functional (e.g. sectors, industries) boundaries. This leads to significant regional '[…] consequences for economies, wellbeing, transportation, everyday life […]' (Bailey et al., 2020: 1163). Although once advantages for entrepreneurial activities, well-tried factors, such as agglomeration or incidental interactions, might turn out differently in the context of crisis (ibid.). Following Boin and Hart's (2007) characterisation of a crisis as uncertain, urgent, and threatening, Brinks and Ibert (2020b) describe people's actions in the current crisis as conjuring up a paradigm from the past to understand present circumstances. Facing immediate and tangible consequences such as, for example, declining sales or mounting operational costs, Kuckertz et al. (2020: 2) posit that the COVID-19 crisis threatens the '[…] functioning and performance of a business.' Whereas the exogenous shock forced some start-ups to adapt their actions to the new situation, for others, the crisis generated new opportunities (ibid.).

Though several studies describe the effects of the ongoing crises on various types of entrepreneurs, including SMEs (Alonso, 2020; Bartik et al., 2020; Eggers, 2020; Fairlie, 2020; Giones et al., 2020; Morgan et al., 2020; Ratten, 2021; Schepers et al., 2021), Kuckertz et al. (2020) argue that start-ups particularly may struggle more with the pandemic. In the phase of formation and market entry, start-ups face a disruption of their core activities, including postponed products and service development. Furthermore, they are confronted with organisational challenges and the question of whether their products/services need to be adapted to serve markets in the crisis aftermath. It is harder for start-ups to receive help, as most public and state aid organisations tend to favour established entrepreneurs. Often, institutional aids are financially oriented and therefore seldom address mental support or mentoring. Innovative ideas generated by start-ups can be overlooked in a bid to protect established firms and sectors through policy measures (ibid.). In addition, Spigel and Ramli (2020) state that the COVID-19 crisis has placed firms under pressure due to the need for rapid and necessary changes in business practices alongside demands for new forms of a remote working culture that can affect personal wellbeing. Similarly, Giones et al. (2020) argue that while digital technology allows receiving informational support to be reasonably easy in situations of high uncertainty such as COVID-19, emotional support – as a buffer to alleviate the effect of stress – is less available.

Following Bennett and Nikolaev (2020), the socio-cultural aspect of the sense of belonging to a group of like-minded people in times of crisis reduces challenges associated with a lack of face-to-face emotional support. This sense of belonging is imposed by cohesion and more collective culture. Hence, start-ups in need of face-to-face exchange and support, which is lacking due to Corona-related limitations of personal contacts (Kim et al., 2008), rely even more on group membership. Although geographic proximity is not mandatory in the age of digitization, findings by Quan et al. (2019) suggest that start-ups largely depend on structural embeddedness in the host country, including social groups such as business networks and ethnic groups. In this regard, Korsgaard et al. (2020) claim that a 'local space' holds the resources and relationships entrepreneurs need to cope with the crisis. With reference to like-minded ethnic groups and business networks, Knight (2012: 350) touches on cultural proximity in times of crisis. He argues that '[c]ultural proximity is the ability for the individual or collectivity to recognise, and

eventually embody, representations of the past within the context of the present'. Hence, the author argues that cultural embeddedness might be helpful for collective crisis management as it eases communication and interactions among actors due to shared language, values, and norms (cf. Ceci & Masciarelli, 2021). Concerning migrant entrepreneurs, David et al. (2021) identified the extensive use of social and cultural local capital as a core asset in times of crisis. The scholars observed that perseverance and creativity not only help migrant start-ups to set up a business faster but possibly also to cope better with exogenous shocks and resulting uncertainty. From the angle of transnational migrant entrepreneurs, Vorobeva and Dana (2021) point to the heightened risk of being cut off from transnational business activities due to travel and contact restrictions.

It follows that, if hampered by external COVID-19-related factors, migrant start-ups endeavouring transnational entrepreneurial activities and translocal embeddedness will have to cope with significant changes in their business development process. In response to the modified framework conditions, entrepreneurs may, in the short term, identify opportunities by anchoring in the local EE and altering or updating their focus on local opportunity structures.

As the literature illustrates, entrepreneurial activities have a local dimension. Despite their dual embeddedness by translocality, during the current COVID-19 crisis, this is likely to be the case for transnational migrant entrepreneurs and particularly for the sub-group of transnational migrant start-ups analysed in this paper. Studies of entrepreneurial start-up activities indicate that local embedding is crucial in enabling cultural and cognitive proximity to evolve in local ecosystems and in allowing the establishment of social relationships. In this regard, the literature also refers to the physical closeness of like-minded groups in times of crisis, helping to better cope with unexpected occurrences. Drawing on recent findings in entrepreneurial studies of the effects of the COVID-19 pandemic on enterprises from different sectors, such as sport (Ratten, 2021), hospitality (Alonso et al., 2020), food (Apostolopoulos et al., 2021; Tajvidi & Tajvidi, 2020), KIBS (Miles et al., 2021) and creative industries (Khlystova et al., 2022) to name but a few, we extend the discussion by analysing the effects of the pandemic on transnational migrant start-ups as an increasing group of interest in migrant entrepreneurship studies. The following section will present in more detail the methodology used to examine the role of embeddedness in local EEs in crisis situations.

3 Research design

To understand what role the embeddedness of transnational migrant start-ups in the local EE in times of crisis play, we adopt an exploratory case study methodology which is best suited for studying complex, contemporary real-life phenomena where theoretical knowledge is scarce (Eisenhardt & Graebner, 2007; Ghauri et al., 2020; Yin, 2018). As shown in the preceding section, the literature on TME and EE is well elaborated, and research on entrepreneurship and the COVID-19 crisis exists. Nevertheless, there is little research exploring transnational migrant start-ups' perspectives on developing business activities during the crisis. Our research approach aims to extend existing theory by considering the specifics of transnational migrant start-ups embedding in the local EE. Case study research designs – single cases (e.g. Elo, 2016; Solano, 2016, 2020) or multiple cases (e.g. Harima & Baron, 2020; Lundberg & Rehnfors, 2018; Räuchle & Schmiz, 2018) – are well-established

in migrant entrepreneurship research. To fathom the topic in greater detail and to enhance the robustness of our findings, we decided to include multiple cases of transnational migrant start-ups (Eisenhardt & Graebner, 2007; Yin, 2018). Although case study research does not allow for empirical generalisation, our findings may be understood as suggestions for future research in other contexts and sectors. That is what Yin (2018: 79) referred to as 'analytical generalization' as opposed to 'statistical generalization' in quantitative studies.

The explorative qualitative research design enabled us to focus on entrepreneurs' perceptions and meaning to explore and understand the role of the embeddedness in the local EE in detail (Creswell, 2009). This proceeding showed to be particularly valuable for the exploration of the crisis situations, start-up behaviours and activities and the in-depth understanding of factors justifying the role of embeddedness in the local EE. Based on the literature review, we developed a semi-structured interview guideline which prompts the interviewees to assess their founding process in the Berlin ecosystem. We interviewed entrepreneurs and asked them their specific views on EE and about their experiences made during the COVID-19 pandemic. The guideline contains questions concerning individual and firm characteristics, questions regarding challenges faced by the founders, networking and cooperation, motivation to start a business, as well as specifics of Berlin as a business location with its associated infrastructures. The interview guidelines were tested in four pilot interviews.

3.1 Case selection

The city of Berlin was chosen as it is known for its vibrant entrepreneurial (start-up) ecosystem. According to the Global Startup Ecosystem Report 2020 (Gaulthier et al., 2021), Berlin is ranked 16 among the top 30 global ecosystems. The city has been deemed a high attractiveness for entrepreneurs from all over the world due to factors such as access to finance (VC and angel investors), its openness and networking (ibid.; Scheidgen, 2020; Baron & Harima, 2019; Hirschfeld & Gilde, 2020).

With 314 financing rounds in 2020, start-ups in Berlin recorded 42 per cent of all financing rounds counted in Germany, with a total volume of 3,059 million euros, of which 410 million euros and 84 deals went into the software and analytics sector (EY, 2021). Berlin's start-ups are also ranked first with regard to benefitting from e-commerce business financing (ibid.). Berlin, as a federal state, takes the lead in the German state ranking of start-up activities, with 198 out of 10,000 employable persons on average starting a business between 2017 and 2019 (Metzger, 2020). The Berlin ecosystem is considered highly dynamic (Baron & Harima, 2019) and is characterised by a strong presence of migrant entrepreneurs. In 2019, 38,210 newly founded enterprises were registered, of which 47 per cent were established by persons of foreign nationalities [2] (Berlin-Brandenburg Statistics Office, 2021). The Migrant Founders Monitor 2021[3] indicates that North Rhine-Westphalia and Berlin (26.5 and 21.2 per cent, respectively) attracted the majority of migrant start-up founders in

[2] A foreign national is a person who does not have German citizenship. According to the Federal Statistical Office (2019) Germany, a person has a migration background if they themselves or at least one of their parents do not have German citizenship by birth.

[3] The report is a special evaluation of the DSM 2020 (German Startup Monitor), which contains data on 354 start-ups whose founders have a migration background. The migration background was operationalized and recorded in the DSM 2020 according to the definition of the Federal Statistical Office. 43% of the founders with migration background are born in Germany (second generation) while 57% are born elsewhere (first generation).

Germany (Hirschfeld et al., 2021). In North Rhine-Westphalia, German-born founders with migration backgrounds characterise the ecosystem, whereas Berlin attracts people from abroad to set up a business (ibid.).

The present study is based on empirical data drawn from start-ups in KIBS (of which information and communication technologies and consulting services are part). The sector is especially appropriate to investigate transnational migrant start-ups' embeddedness in the local EE for several reasons. First, by providing customized, high-value services to their clients and being a source of innovation, KIBS fulfil a cross-sectoral function and fuel economic development in the knowledge-based economy (cf. Ciriaci & Palma, 2016; Wyrwich, 2013; Mueller & Doloreux, 2009; Strambach, 2008, 2010). Second, relying on knowledge as an input factor, localised knowledge exchanges and other non-market interactions are increasingly recognised as crucial explanations for the spatial concentration of KIBS (Zieba, 2021; Herstad, 2018; Zhao et al., 2010). In this respect, geographical proximity to markets, customers and suppliers and networking are likely to be decisive factors in KIBS start-ups' performances (Brunow et al., 2019). Hence, translocal embedding in EE would be expected to be vital for transnational migrant start-ups' successful business development. Third, KIBS is viewed as one of the most promising sectors for entrepreneurial start-up activities in modern economies (Kotsopoulos et al., 2022; Kekezi & Klaesson, 2020). Fourth, migrant founders are increasingly setting up businesses in knowledge-intensive sectors. Leicht et al. (2021), for example, report a structural shift of migrant start-up activities from trade/food and other basic services towards knowledge-intensive services for the German migrant economy.

3.2 Data collection

The primary data source was semi-structured interviews with transnational migrant start-ups in the KIBS sector. With the goal of extending TME literature, we followed a theoretical sampling strategy (Patton, 2015; Corbin & Strauss, 2008). This means that our study focuses on understanding, gaining insights, and developing explanations (theory) for transnational migrant start-ups' embeddedness in the local EE in crisis situations rather than achieving generalizability. Accordingly, and following the proceeding proposed by Eisenhardt (1989), we selected 14 cases (see Table 1).

The four authors have been involved in several research projects on migrant entrepreneurship and its translocal embeddedness in EEs in different sectors. In addition, one of the authors is a member of various venture capital networks in Berlin, inter alia the Earlybird Vision Lab, which focuses on supporting migrant entrepreneurs. These networks facilitated access to the specific target group of this study by introducing the authors to potential interviewees.

One participant 'actively' declined to participate on the grounds that he did not perceive his business as a transnational migrant start-up. Considering the objectives of this study, the authors' experiences in the field and the theoretical assumptions about TME and embeddedness in local EE, we discussed suitable cases to get answers to the research question. Following Patton (2015), this study selected information-rich cases of transnational migrant start-ups in the KIBS while striving for a maximum variation within the sample to disclose the range of differentiation regarding the role of embeddedness, cultural backgrounds, gender and business models. Despite these differences, the interviewees have the following characteristics in

common: Berlin as the place of business registration, KIBS as the sector and migration history.

All interview partners are first-generation migrants who either came to Berlin to study prior to founding their business or with the initial aim of establishing a business in Berlin. The sample includes 11 males (79%) and three female entrepreneurs (21%) from the knowledge-intensive business service sector, the female entrepreneurs being slightly more than the average gender distribution in the tech ecosystem (Gaulthier et al., 2021).

To mitigate the risk of a potential data collection bias, the following selection criteria were applied: First, five migrant entrepreneurs in an early stage of the start-up process (≤ 1 year in business) and three in the formation phase were selected to analyse how they sense and utilise the local EE for value creation. Five businesses which have been in the market for 1-3 years, and two businesses which have been on the market for more than three years, were chosen to capture changes in the meaning of the embeddedness in the local EE over time (see Table 1). Second, to advance understanding of whether and in what way the business model was adopted in response to the crisis, among the 14 cases, five cases with an international, five cases with a local and four cases with a mixed business model were selected. A business model, in its broadest sense, is considered to determine how a firm creates and captures value (Teece & Linden, 2017; Zott & Amit, 2010). Here the focus is on the markets the start-ups primarily serve. Finally, entrepreneurs from countries of origin with different cultures and economic standards and varying degrees of previous start-up experience were selected to reflect the heterogeneity of migrant entrepreneurs.

The interviews were remotely conducted via zoom[4] (Gray et al., 2020; Archibald et al., 2019) in English between November 2020 and February 2021 and lasted 45 to 60 minutes. All interviews were recorded, transcribed verbatim to circumvent misinterpretations, anonymised and coded with the help of a qualitative research analysis software package (MAXQDA). The transcribed interviews were coded case by case according to the themes and concepts derived from the literature review (section 2). This first round of within-case analysis included aspects such as motivation, business models, gender, country of origin and year of business formation. In the second coding round, these codings were linked to the broader theoretical concepts of transnationalism, translocal and local embeddedness in EEs, as well as cultural and cognitive proximity. In addition, secondary data presented in section 3.1 was used to contextualise the interview data.

Table 1. Sample

ID	Age of Founder	Gender	Country of origin	Age of start-up	Industry	Focus of business model		
						Internat.	Local	Mixed
I1	36	M	Russia	1-3 years	Real Estate Data Analytics		x	
I2	32	F	Colombia	≤ 1 year	E-commerce/Trade	x		
I3	37	M	Argentina	> 3 years	Digital Meeting Platform		x	
I4	35	M	Denmark	1-3 years	Insurance Technology		x	

[4] Due to the corona-related contact restrictions, it was not possible to conduct the interviews face to face.

ID	Age of Founder	Gender	Country of origin	Age of start-up	Industry	Focus of business model		
						Internat.	Local	Mixed
I5	43	M	Sweden	≤ 1 year	E-Bike Sharing	x		
I6	40	M	Ireland	≤ 1 year	Education Technology	x		
I7	32	M	Azerbaijan	≤ 1 year	Business Intelligence			x
I8	28	F	Greece	≤ 1 year	HR Tech			x
I9	33	M	Bulgaria	≤ 1 year	SaaS Legal Tech	x		
I10	33	M	India	in formation	Media & News App			x
I11	23	M	India	in formation	E-commerce		x	
I12	28	M	Pakistan	in formation	HR Tech	x		
I13	39	F	USA	> 3 years	Event Platform			x
I14	41	M	South Africa	1-3 years	Insurance Technology		x	

4 Why local embeddedness matters: Findings from Berlin's transnational migrant start-up scene

In the following, core aspects of the 14 interviews are summarised as they provide meaningful insights concerning the question of whether the embeddedness of transnational migrant start-ups in the local EE in Berlin plays a role in response to the challenges posed by the COVID-19 pandemic and its effects on business activities.

4.1 Networking & market development

For the transnational migrant start-ups in Berlin, the local EE is essential for building and maintaining networks. The majority of interviewees reported that the connectedness within the local network is a core advantage for their business activities. Connectedness allows like-minded entrepreneurs in the same sector or across sectors to come together and exchange information. One interviewee highlighted explicitly:

> *"It doesn't really matter where you work but where your network is. For us, it is mainly in Berlin, here everyone knows each other, we are like a big family" (I18).*

Regarding the local EE, another entrepreneur claimed that

> *"[...] through the start-up scene here in Berlin, I got to know investors and other founders, and yes, I think it helped to meet people and start interacting" (I8).*

The dense local network structure, as 12 entrepreneurs experienced, offers fast exchanges with potential customers for the proposed services and products. One interviewee said:

"I think the network in Berlin is very vivid and interlinked. In our network, we recommend each other to our customers when they need something we can't offer" (I2).

This seems to be neither dependent on the development stage of the start-up nor on the respective business model (see Table 2). Comparing Berlin to several Scandinavian countries, slower growth was observed there than in Berlin by two interviewees plus Scandinavian domestic markets are smaller compared to, for example, Germany.

Having established their businesses shortly before or during the COVID-19 crisis or being in the formation phase, nine interviewees claimed they made little use of their home country networks but had established, or strive to establish networks, in the host market. This also applied to two companies that are already more developed. One interviewee referred to existing contacts and emphasised that

"[w]hen you come to Berlin or even when you are about to move to Berlin, you are somehow already settled if you know some people. Thus, the pandemic did not hit us hard, as we came here and had friends and business directly from the start" (I3).

Another claimed:

"When the crisis hit the fan, I could rely on my network here (Berlin) and the typical German approach to solve problems" (I3).

Moreover, knowing each other in person showed to be beneficial in the crisis, as one interviewee highlighted:

"The network itself was not affected by the pandemic. We were not able to meet in person, yes, but we have been digital beforehand. We just switched to fully online for the time being" (I5).

Three interviewees also stated that starting from the local network, they would expand their business activities across Germany or into Europe. Such a network represents a significant regional internal market in the Berlin KIBS and was appreciated as significant by eight interviewees. Three of the five entrepreneurs with local business models claimed that Berlin's network and market size offers sufficient potential for their business models, allowing them to concentrate their business activities solely on Berlin's internal market. In addition, the local embeddedness is viewed as crucial when it comes to diaspora effects and meeting people of one's own ethnicity and cultural background – or as put by one interviewee:

"It was important that we could connect to other people from Colombia, and Berlin has quite a scene for Latin-Americans. It feels good for the simple reason that we approach life and business differently" (I2).

This suggests that cultural proximity emerges as an essential factor driving local embeddedness. Our interviews reveal that when confronted with the crisis, some entrepreneurs paused and reflected on their business models. As one interviewee posited:

"I do not know if I want to run the business as I did before. I was all over the places, but actually concentrating instead of crazy expanding might be the more sustainable way of doing business" (I13).

Start-ups also seem to have used the crisis for internal reassessment.

"Our strategy was not to react ad hoc but to first sit back and look at what the value

of our company is, or what actually makes us special as a company" (I1).

Regarding his transnational business activities, another interviewee emphasised that

"[t]he pandemic has brought it to the surface that markets are very different and that what we have learned in business school as the thread in the SWOT matrix is something you can neither anticipate nor change. I will choose my future business scope and area wisely after this experience" (I14).

4.2 Culture & sense of belonging

Irrespective of their stage of development and business model, all 14 entrepreneurs feel a strong sense of belonging to Berlin's EE, not least due to trusting relationships and interactions resulting from geographical proximity (see Table 2). One interviewee described this feeling of belonging as follows:

"For me, I settled during the pandemic. I will stay here and further grow up (laughs). I think everyone experienced the beauty of your Kiez and the local market presence" (I7).

This feeling remains unbroken, even if the interviewees themselves, their founding partner(s) or some of their employees are temporarily (due to the COVID-19 crisis) or permanently not located in Berlin. In this vein, I11 explained:

"You can work from everywhere. Be it from the office in Kreuzberg or the Arctic, but you are somehow always connected to your headquarters' location and spirit."

Working from home in the country of origin or holiday destinations is perceived as common practice, as is the transnationality of the teams. I5 elaborates:

"From my experience, it does not matter where the people work. It matters how they work. And this is nowadays even less related [to where you are located] than ever before." (text in brackets added by authors)

Two entrepreneurs consider themselves digital nomads, running their businesses in Berlin remotely without losing their employees' loyalty and the strong network relations in Berlin. I4 summarised:

"We are incorporated in Berlin, no one is actually sitting there, but everyone shares stories about their last visit and where we all should go if we ever meet. In the current situation, this helped us a lot."

Despite their distinct cultural backgrounds, five of the interviewees – all of whom are involved either in the formation or early start-up phases – perceived the interactions among the entrepreneurs with different cultural backgrounds as rather harmonised and homogeneous. One of the respondents even stated that among KIBS entrepreneurs in the Berlin start-up scene, *"[t]he way we deal with each other, creates a new and specific subculture*" (I3), which seven interviewees refer to as a specific local EE. However, four entrepreneurs in the early development stage and one mature start-up felt that the ecosystem is accessible and understandable only to the members of the community.

Here, cognitive proximity resulting from comparable educational biographies (although distinct in their nuances) and English as a working language accelerates the feeling of belonging. Irrespective of the specific business model, according to 11 interviewees, English is the

common working language. For five of these interviewees, this seems to be a characteristic of Berlin as a business location. I10 posits:

> *"I guess in no other German city, or maybe even in mainland Europe, there is such an international scene as in Berlin. This [the international scene] goes hand-in-hand with English as the only language being spoken" (text in brackets added by authors).*

Considering language skills, nine interviewees only speak German to a limited extent: Five of them admitted that speaking German is beneficial, while four do not see any necessity to use German. These findings essentially correspond to the Migrant Founders Monitor 2021, which indicates that English is the working language for 54 per cent of first-generation migrant founders (Hirschfeld et al., 2021). The diverse cultural backgrounds of the start-ups are described by five of the entrepreneurs as making the scene even more international and transnational in terms of business creation while feeling emotional and socially anchored in the local EE. I7 contemplates:

> *"The pre-dominant fact that basically everyone has a different background not only creates excitement, but it also gives you a common ground in being somewhat different".*

In this vein, nine interviewees describe the innovative potential of Berlin's EE as a mix of diversity resulting from different cultural backgrounds and interlinkage with 'German virtues' and the 'Berlin specifics'. I9 elaborated on this in the following:

> *"In some way, we are working according to certain German rules, or a specific mindset, but I also think that it is a very light version here [in Berlin], not to compare to a German 'Mittelstand', but rather fuelled with or inspired by all our different approaches to life".*

One interviewee even associated the interplay of these factors with the potential for disruptive innovations and explicated that

> *"[i]f you are putting all of these people and ideas together, you create an atmosphere for thinking big and unconventional. No one blames you for being too controversial; everyone strives for disruption. Innovation is just not enough (laughs)" (I2).*

4.3 (Support)Infrastructures, resources & bureaucracy

Concerning local infrastructures, five interviewees emphasised the tailored local support services, including state and emergency aid, during the COVID-19 crisis. Although not specific to Berlin, this aspect is also stressed in the Global Startup Ecosystem Report 2020, which refers to COVID-19 policy and in particular to the German 'Kurzarbeit' wage subsidy scheme, which '[…] allows businesses to prevent layoffs in times of economic downturn' (Gaulthier et al., 2021: 158). The openness and transparency of the support infrastructure and the help provided by infrastructure providers, including universities, venture capitalists and public authorities, are emphasised as an added value by three interviewees. The importance of local infrastructure, especially in the COVID-19 pandemic, is summarised by one interviewee as follows:

> *"I thought that it doesn't matter where to live and start my business. Now I know that political stability and a functioning health system are not only nice things to have but absolutely inevitable" (I6).*

Also, the access to public support schemes such as the bridging aid ('Überbrückungshilfe'), immediate coronavirus aid ('Corona-Soforthilfe'), the assistant package for small and micro-enterprises, including start-ups or the short-time work allowance ('Kurzarbeitergeld') were rated positive, as one interviewee put it:

"Kurzarbeit allowed us to circumvent layoffs in the crisis" (I3).

Accessing the local support system seems not to have been a major concern. One interviewee, for example, explained that

"the [Berlin] Senate had a helpline which worked, and most of the official work was done by our tax advisors anyhow. They know how to deal with all that matters" (I5; text in brackets added by the authors).

Another claimed:

"We were surprised how fast the entire start-up community, including local support services, switched to online offerings. We were able to deal with all our bureaucratic matters digitally. It was not always seamless, but it worked" (I1).

In addition, most of the interviewed entrepreneurs described the Berlin EE as being rich in talent and tech and these factors were highlighted by one interviewee:

"We wanted to have a physical office and chose Berlin because it has so many clients and other entrepreneurs. It is also attractive for talents. That's good if you want to grow and employ more people. Then Berlin is a place where you can recruit better" (I8).

For 13 respondents, the most important factors for choosing Berlin as the place to start up seem to be the large local network (see section 4.1) in combination with the market size and market dynamics. One entrepreneur states:

"Everything digital in Germany or even Europe happens in Berlin. It turns very fast [...]" (I13).

A further advantage of Berlin as a business location is said to be its geographical location. Also, the connection to Eastern Europe brings a broad range of choices for potential human resources, as two of the respondents argued.

"Attracting tech talent from just around the corner is a plus. I know many people travelling home on weekends in a few hours by train" (I12).

Regarding bureaucracy in entrepreneurial migration, five interviewees found it easier to acquire a Blue Card in Germany than a Green Card in the US. Compared to other cities in Germany and Europe, they noted that the bureaucratic structures in Berlin make it easier to set up a business.

"I can't really grasp the German bureaucracy, but at least I can get most of the [registration] forms in English" (I8; text in brackets added by the authors).

4.4 Atmosphere & living conditions

Being cosmopolitan, liberal, supportive, open, 'unusual and transcultural', most entrepreneurs describe Berlin as a cosmopolitan hotspot for business creation. As one interviewee puts it:

"You can be as you are, and even if you are the weirdest person on earth, in Berlin, you can still run your own thing, get funded and respected" (I7).

In comparison, the interviewees narrated that Munich is too conservative and is the location of too many industrial giants. However, the network structure and the logistics are assessed far better in Berlin than in other locations in Germany and Europe by 11 interviewees. I6 *stated:*

"I think once the airport opens, Berlin will be one of the best-centred spots in the world. Not everything is shiny, it has its patina, but the high frequencies get you easily from A to B."

Lower living and rental costs compared to other cities and countries (e.g. Scandinavia) were reported to be advantageous by five entrepreneurs. Table 2 exemplifies the distribution of the findings in the four categories.

Table 2. Selected findings

Findings	Age of start-up				Focus of business model		
	in formation	≤ 1 year	1-3 years	> 3 years	internat.	local	mixed
Networking & market development							
Connectedness with local network as a core advantage (12)	I10, I11, I12	I2, I5, I6, I7, I8	I1, I4, I14	I3	I2, I5, I6, I9, I12	I1, I3, I4, I11, I14	I7, I8
Exchange of information among like-minded (5)		I2, I6	I9	I3, I13	I2, I6, I9	I3	I13
Network allows fast exchange with customers (12)	I10, I11, I12	I2, I5, I7, I8	I1, I4, I14	I3, I13	I2, I5, I12	I1, I3, I4, I11, I14	I7, I8, I10 I13
Networks in new markets are given priority over networks in the country of origin (9)	I10, I12	I2, I5, I6, I7, I9	I4	I13	I2, I5, I6, I9, I12	I4	I7, I10, I13
Network as a large internal market (8)	I10, I11	I7	I1, I4, I14	I3, I13		I1, I3, I4, I11, I14	I7, I10, I13
Concentration of business activities solely on Berlin's internal market (3)	I11		I4, I14			I4, I11, I14	
Diaspora effects (7)	I11	I2, I6, I8	I1	I3, I13	I2, I6	I1, I3, I11	I8, I13
Culture & sense of belonging							
Strong sense of belonging (14)	I10, I11, I12	I2, I5, I6, I7, I8, I9	I1, I4, I14	I3, I13	I2, I5, I6, I9, I12	I1, I3, I4, I11, I14	I7, I8, I10, I13
Harmonised and homogenous interactions (5)	I10, I11	I2, I5, I7			I2, I5	I11	I7, I10
Ecosystem is only accessible and understandable for members of the community (5)	I11	I2, I5, I9		I3	I2, I5, I9	I3, I11	
Innovation potential resulting from diversity in cultures combined with German virtues and Berlin specifics (9)	I10, I11, I12	I7, I8	I1, I4, I14	I3	I12	I1, I3, I4, I11, I14	I7, I8, I10

continued (…)

Findings	Age of start-up				Focus of business model		
	in formation	≤ 1 year	1-3 years	> 3 years	internat.	local	mixed
(Support)Infrastructures, resources & bureaucracy							
Open and transparent configuration of the ecosystem and support infrastructures (3)	I11			I3, I13		I3, I11	I13
Talent and tech availability (13)	I10, I11, I12	I2, I5, I6, I7, I8, I9	I1, I4, I14	I13	I2, I5, I6, I9, I12	I1, I4, I11, I14	I7, I8, I10, I13
Easier team line-up (13)	I10, I11, I12	I2, I5, I6, I7, I8, I9	I1, I4, I14	I13	I2, I5, I6, I9, I12	I1, I4, I11, I14	I7, I8, I10, I13
Atmosphere & living conditions							
Positive atmosphere, cosmopolitanism, openness, liberality (11)	I10, I11, I12	I5, I6, I7, I8	I1, I4	I3, I13	I5, I6, I12	I1, I3, I4, I11	I7, I8, I10, I13
Better access to network structures and logistics (11)	I10, I11	I2, I6, I7, I8,	I1, I4, I14	I3, I13	I2, I6	I1, I3, I4, I11, I14	I7, I8, I10, I13

5 Discussion & conclusion

Transnationalism in migrant entrepreneurship has become a global phenomenon where translocal embeddedness in multiple settings is viewed as a core characteristic and competitive advantage of transnational migrant entrepreneurs. With the COVID-19 pandemic, society at large has changed, including economies and entrepreneurial activities. The exogenous shock forced entrepreneurs to adapt to the new situation and to sense new opportunities to ensure the performance and functioning of their businesses. Endeavouring transnational entrepreneurial activities and translocal embeddedness as a critical competitive factor, transnational migrant start-ups are expected to be particularly affected by the unprecedented situation.

Against this backdrop, the present study explored in more depth what role the embeddedness of transnational migrant start-ups from the KIBS sector in the local EE plays in times of crisis. Based on our research findings, we argue that in the COVID-19 crisis, cultural and cognitive proximity matters for transnational migrant start-ups in Berlin, even though their business models were oriented initially towards translocal activities. The interviews revealed that for transnational migrant start-ups from the KIBS sector, the embeddedness in the Berlin EE played a vital role in doing business. Although such embeddedness is always vital in the business formation and early business stages, the interview results show that during the COVID-19 pandemic, it is even more relevant. In accordance with Quan et al. (2019), our findings show that dense interactions with other entrepreneurs and network relationships made it possible to maintain and gain access to customers, exploit new markets and, in some cases, adapt future business scopes in a situation where '[k]ey partners, customers, and investors are themselves fully engaged in responding to the crisis, and the uncertainty as to how the crisis will

develop discourages any experimentation' (Kuckertz et al., 2020: 3). In line with earlier findings (Terstriep & Lüthje, 2018; David, 2015; Bathelt & Glücker, 2003), the sense of belonging, cognitive and cultural proximity accelerated these interactions, including inter-migrant knowledge exchange (Lassalle & Johnston, 2018).

As is the case in the study by Spigel and Ramli (2020), our findings show that the migrant start-ups managed to switch their entire business from analogue to remote very quickly to secure their business activities during the crisis. In fact, remote actions were reported to be helpful in ensuring smooth entrepreneurial activities and provided new opportunity structures. However, this has not made the interviewees' embeddedness in the local EE obsolete. On the contrary, transnational migrant start-ups actively connected to and utilised Berlin's EE to share knowledge, interconnect with like-minded actors, develop their markets and make introductions to investors with the aim of value generation in the COVID-19 pandemic. In this respect, our results correspond with those of Kuckertz et al. (2020), who find that start-ups 'rely heavily on the support of their entrepreneurial ecosystem to manage the crisis'.

The concept of transnational mixed embeddedness (Bagwell, 2018) suggests that migrant entrepreneurs make use of the networks in their country of origin and their country of residence. However, in our case, transnational migrant start-ups' reliance on home country networks was, in most cases, marginal. We follow Korsgaard et al. (2020: 698), who posit that the pandemic has made the importance of space 'visible in an unprecedented manner with the disruption of value chains, freeze on the mobility of labour and, to a lesser extent, goods and services and even social distancing measures.' Further, they state that '[…] local entrepreneurs and communities have come together in mutual support' (ibid.). This has become evident in our findings concerning access to public support measures such as 'Kurzarbeitergeld' and in the claimed intensive knowledge exchanges within the Berlin EE. In fact, and corresponding to Knight (2012), the interviews suggest collective crisis management of the entrepreneurs based on a sense of belonging, shared memories and narratives.

Although the COVID-19 pandemic is not over and the long-term effects on the transnational migrant start-ups will remain unclear for some time (Korsgaard et al., 2020), regarding enhancing theory, we propose that:

P1: *The role of embeddedness in translocal versus local EEs is subject to transnational migrant entrepreneurs' business development stage.*

P2: *For transnational migrant start-ups, embeddedness in the local EE is necessary to successfully drive their business development.*

P3: *In unprecedented situations such as the COVID-19 pandemic, the sense of belonging, access to knowledge exchange and networking with like-minded individuals facilitated by cultural and cognitive proximity entails joint crisis management.*

Being in flux, just as entrepreneurship in general, the definition of TME refers to a multifaceted phenomenon markedly shaped by individual characteristics of the entrepreneur, business characteristics such as sector, business development stage and business models, and EE characteristics, including support infrastructures and the broader political and entrepreneurial contexts. Against this background, it seems worth considering in future research under what circumstance the emphasis on dual embeddedness by translocality in TME literature provides the

ideal opportunity structures to successfully develop a business as a transnational migrant start-up when being registered in only one location. We add to this by proposing to also account for transnational migrant entrepreneurs' business stage when studying (dual) embeddedness in local EEs.

Nonetheless, as with all research, our findings come with limitations that could stimulate future research. First, our research was conducted with a limited number of entrepreneurs representing a specific local context, sector (KIBS), and business development stage (start-up entrepreneurs). Hence, to deepen our understanding, further studies on the role of embeddedness in local EEs of transnational migrant start-ups in general and in times of crisis are needed. These could be more context-specific, addressing the micro (individual), meso (firm-related) and macro (ecosystem) levels. Second, future research focusing on sectors other than KIBS would not only allow for comparative analyses but help to identify variations in the sector-specific meaning of local and translocal embeddedness also in times of crisis. Finally, in-depth research on TME and its role in entrepreneurial ecosystems should focus even more closely on future spatial dimensions, in particular, those regarding the 'primacy of place'.

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Acknowledgement

We are incredibly grateful to the 14 entrepreneurs who gave their time in the crisis to conduct the interviews with us.

IMPRESSUM

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Mail info@iat.eu
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ISSN electronic edition 2511-7254

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Zentrale wissenschaftliche Einrichtung der Westfälischen Hochschule in Kooperation mit der Ruhr-Universität Bochum

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