Sacred Heart UNIVERSITY

New England Journal of Entrepreneurship

Volume 20 | Number 1 Article 2

5-1-2017

To Be or Not to Be an Ethnic Firm: An Analysis of Identity Strategies in Immigrant-owned Organizations

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Immigrant groups often pursue entrepreneurial endeavors in their new home country. Even though both immigrant entrepreneurship and organizational identity have received scholarly attention, there has been little systematic exploration of identity strategies pursued by immigrant-owned organizations. In this article, we develop a theoretical framework that draws on the concepts of liability of foreignness and social identity theory in the context of immigrant entrepreneurship. Our framework explores how immigrant entrepreneurs may negotiate identities for their firms through the development of specific identity strategies that confirm or underplay their national/ethnic identities in order to survive in their immediate environment. We develop a model that shows how these confirmations or underplaying strategies work both for firms that have an individualistic entrepreneurial orientation, as well as those with a collective/associative entrepreneurial orientation. We also suggest two contextual moderators to this relationship: (1) the image of the founder's country of origin, and (2) the presence of immigrant networks in the host country, which may alter the effectiveness of identity strategies in terms of organizational mortality outcomes.

Keywords: immigrant entrepreneurship; social identity; liability of foreignness; immigrant founder

Immigration, which influences the demographics, economies, and politics of countries, has emerged as a key issue in the world. In 2013, 13% of the U.S. population was from another country, consisting of approximately 25% first- or second-generation immigrants (Migration Policy Institute, 2015). Between 1993 and 2014, the immigrant population in UK more than doubled, from 3.8 million in 1993 to 8.3 million in 2014 (The Migrant Observatory, 2015). In spite of the ubiquity of immigration, even highly skilled immigrants face immense obstacles obtaining employment in new environments (Wald, 2004). Many immigrants often resort to self-employment or entrepreneurial activities to overcome the hurdles of gaining employment. In fact, immigrants have been an important driving force behind the growth of American cities (Light, 2002). They have also been overrepresented in the entrepreneurial sector in Australia (Collins, 2003) and Europe (Rath & Kloosterman, 2000), often seen as "a powerful economic force" (Baycan-Levent & Nijkamp, 2009). Despite the high rates of entrepreneurship among immigrant groups, firms started by immigrants also experience specific hurdles in the host country (Bates, 1997).

While most startups suffer from the liabilities of smallness and of newness (Stinchcombe, 1965), firms founded by immigrant entrepreneurs encounter additional challenges that emerge from the founders' newness to the country in which they operate. These challenges include the competitive disadvantage due to additional costs of operating in a foreign market (Hymer 1976; Kindleberger, 1969). We use the definition of immigrant entrepreneurship developed by Chaganti and coauthors, which is "self-employment efforts by individuals that voluntarily migrate to a different country and engage in business ownership" (Chaganti et al., 2007). The challenges faced by immigrant firms are similar to the disadvantages faced by foreign-owned firms due to their foreignness relative to domestic firms (Hymer, 1976; Kindleberger, 1969; Vernon, 1977; Zaheer, 1995). Zaheer (1995, p. 342) referred to this phenomenon as the "liability of foreignness," defining it as "the additional costs of doing business abroad that results in a competitive disadvantage for an MNE (multinational enterprise) subunit." These disadvantages can hinder the performance, and even the survival, of immigrant entrepreneurs' ventures, leading to their mortality. The literature has also shown that immigrant entrepreneurs undertake different strategies, which may affect firm performance (Ndofor & Priem, 2011); yet, we do not have a nuanced understanding of how social identity may influence the strategies of these ventures.

We use the lens of social identity theory (SIT) to explore how immigrant entrepreneurial firms deal with their foreign identities. For example, migrant firms may emphasize their ethnic identity (enclave businesses) or shed their ethnic identity the way Silicon Valley migrant

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ventures did (Zhou, 2004). Specifically, we seek to answer the questions of how foreign founders either emphasize or underplay their foreignness, and how that may relate to their chances of survival. We argue that immigrant firms use different identity strategies to overcome the liability of foreignness, aiming to increase their chances of persevering. Fauchart and Gruber (2011) have shown how founders' identities are crucial for determining the actions and behaviors of the firms, especially at the initial stages of the lifecycle of the firm. We argue, however, that this context for entrepreneurial action and entrepreneurial identity is extremely different when the founder is an immigrant. Therefore, we explore the various ways that this immigrant identity of entrepreneurs unfolds in their firms. Nonetheless, we understand that not all immigrant entrepreneurs have the same experiences or are received in similar ways in the host country (Turner, et al., 1987). The industry they operate in, as well as the networks they have in the home and host countries, could be some of the many factors that can impact the experiences of immigrant entrepreneurs' and the way they negotiate their foreign identities. As such, we also investigate how different contextual moderators could alter the impact of identity strategies on survival outcomes. This is important because these identity strategies determine the way the firms try to construct their narratives in society and establish a sense of legitimacy for their operations in the world. With rising levels of immigration, and entrepreneurship being one of the biggest areas of immigrant economic engagement, this has become a timely topic for policy makers and researchers alike (Collins, 2003; Light 2002; Aliaga-Isla & Rialp, 2013).

While immigrant entrepreneurship literature has long explored factors related to human and social capital (Aliaga-Isla & Rialp, 2013), there is little research on understanding how entrepreneurs use identity strategies in their ventures to mitigate the organizational morality issues related to liability of foreignness. Addressing Aliaga-Isla and Rialp's (2013) call for research to investigate theories from management to understand firm performance, we develop a conceptual model of how identity strategies are categorized to mitigate such organizational mortality and identify moderators to this relationship. By doing this, we contribute to the immigrant entrepreneurship literature by extending identity theory into this domain. We also contribute to the identity theory literature by developing a model in which individuals may develop identity strategies for ventures they have created.

Literature Review

Liability of Foreignness for Immigrant Firms

In the MNE literature, liability of foreignness is associated with a competitive disadvantage to an MNE subunit because of the costs of doing business abroad (Hymer, 1976; Kindleberger, 1969). These costs are broadly defined as all of the additional costs an organization operating in a market overseas incurs that a local organization would not incur. In this article, we focus on the firm's specific costs based on a particular founder's foreignness and lack of roots in a local environment, as well as the costs resulting from the host country environment. Such costs can include the lack of legitimacy of the foreign organization and economic nationalism, since these are the most salient issues for locally situated immigrant-owned organizations. Whatever its source, the liability of foreignness implies that immigrant organizations, similar to foreign subsidiaries, will be disadvantaged compared to local organizations; all else being equal, they are likely to have lower profitability and perhaps even a lower probability of survival than local organizations (Zaheer, 1995; Zaheer & Mosakowski, 1997; Mezias, 2002; Miller & Parkhe, 2002). Researchers have suggested that the liability of foreignness is likely to be particularly acute in a simple, market-seeking, horizontal MNE (Caves, 1982), which is a multinational whose subunits are essentially replicas of each other that manufacture or distribute goods and services in different markets around the world and compete on a local-for-local basis (Bartlett & Ghoshal, 1989). Immigrant firms usually approximate the performance of horizontal MNEs, as they are essentially simple stand-alone operations in each of the locations in which they operate (Zaheer, 1995). Due to the small size of operations in the initial stages of these organizations, compared to existing organizations, the liability of foreignness would be expected to be particularly acute in the simple market-seeking environments.

Recently, researchers studying emerging markets MNEs have postulated that these organizations face discrimination in developed host countries, which may be driven by negative perceptions, stereotypes, or beliefs (Ramachandran & Pant, 2010). The immigrant entrepreneurship literature also offers a similar take on challenges faced by immigrant entrepreneurial ventures. For example, immigrant entrepreneurs in Germany report more financial constraints than native German entrepreneurs report, and are less likely to receive bank financing because they lack long and established bank–customer relationships (Bruder et al., 2011). In the Netherlands, ventures founded by immigrants have poorer survival prospects and lower profitability (Baycan-Levent & Nijkamp, 2009). Furthermore, immigrant-founded ventures in Scotland have a shorter lifespan, such that fewer ventures make it into second-generation ownership (Dassler et al., 2007). In Denmark, immigrant entrepreneurs face income disadvantages compared to both employed immigrants and self-employed natives (Baycan-Levent & Nijkamp, 2009). These examples indicate that liability of foreignness is a real concern for immigrant-founded firms (Brenner, Louis, Menzies and Dionne, 2006).

How can immigrant ventures mitigate their liability of foreignness? The liability of foreignness literature offers two perspectives: (1) isomorphism, and (2) focus on firm-specific advantages (e.g., Dunning, 1977; Porter, 1990; Rosenzweig & Singh, 1991; Zaheer, 1995). The isomorphism perspective, from institutional theory, argues that conforming to local regulations or adapting products to local tastes and preferences can increase legitimacy and mitigate organizational mortality (Kostova & Zaheer, 1999). Firm-specific advantages, on the other hand, focus on the inherent capabilities that strategically differentiate a firm (Petersen & Pedersen, 2002). Immigrant entrepreneurship literature has traditionally focused on the ethnic- or firm-specific strategy, whereby migrant entrepreneurs start by catering to a market of coethnics, often expanding into non-coethnic markets (Kloosterman & Rath, 2001; Rath and Kloosterman, 2000). Immigrant firms are often clustered in industries that have lower entry barriers and do not require a high degree of human capital (Rath & Koosterman, 2000). Many immigrant firms, particularly those on the fringes of profitability, often rely on an ethnic kinship network to hire and acquire resources (Edwards & Ram, 2006), thus relying on firm-specific advantages. In fact, many such transnational entrepreneurs rely on resources in their home country, and leverage their skills and bilingual resources to exploit opportunities in their host country (Kloosterman & Rath, 2001; Zhou, 2004). Such a focus on ethnic strategies, however, is but one of the choices made by these ethnic entrepreneurs, and the research into liability of foreignness has not identified which perspective is a better solution for immigrant organizations (Miller & Eden, 2006).

We also know that immigrant entrepreneurship extends well beyond "traditional" ethnic businesses, as exemplified by the dominance of Indian and Chinese entrepreneurs in California's Silicon Valley, as well as by other immigrant entrepreneurs who often pursue a variety of strategies beyond simply ethnic ones (Anthias, 2007; Oliveira, 2007; Rath & Kloosterman, 2000). Oliveira (2007) argues that ethnic entrepreneurs may choose strategies based on personal resources and their ethnic group's resources in the context of the host country's labor, entrepreneurial market, and regulatory and political environment. For example, in Oliveira's (2007) analysis, Chinese immigrant entrepreneurs in Portugal relied on ethnic ties to recruit employees. On the other hand, Indian entrepreneurs in Portugal preferred hiring non-coethnic employees. We argue that immigrant entrepreneurs may find that confirming their national/ethnic identities is more advantageous when they can obtain the resources and capabilities from their ethnic group. They make that choice depending on whether the resources in ethnic networks can be mobilized within those ethnic networks (Anthias, 2007). Moreover, they make the decision whether they want to display themselves as a minority ethnic firm comprised of all minority employees, or as a mainstream firm that hires employees from the majority ethnic group. In fact, Anthias (2007, p. 799) states that the ethnicity of entrepreneurial ventures can be dynamic as "ethnic resources are used situationally, abandoned or recreated as in constructing new forms of ethnic authenticity or in switching ethnicity," indicating that immigrant employers may sometimes choose not to use an ethnic identity as they launch entrepreneurial endeavors, focusing instead on the strategy of isomorphism. We therefore posit through SIT that both competitive/ethnic firm advantages and isomorphic perspectives need to be considered as identity strategies to mitigate organizational mortality.

Social Identity Theory and Liability of Foreignness

In the literature on MNES, the liability of foreignness is associated with the costs of doing business abroad that result in a competitive disadvantage to an MNE subunit (Hymer, 1976; Kindleberger, 1969). These costs have been broadly defined as all additional costs an organization operating in a market overseas incurs that a local organization would not incur. In general, the liability of foreignness can arise from at least four sources that are not necessarily independent: (1) costs directly associated with spatial distance, such as the costs of travel, transportation, and coordination over distance and across time zones; (2) firm-specific costs based on a particular company's unfamiliarity with and lack of roots in a local environment; (3) costs from the host country environment, such as the lack of legitimacy of foreign organizations and economic nationalism; (4) costs from the home country environment, such as restrictions, quotas, or tariffs on sales imposed on U.S.-owned MNEs to certain countries. The relative importance of these costs and the choices made on how to deal with them vary from organization to organization.

Whatever its source, the liability of foreignness implies that foreign immigrant organizations will have lower profitability than local organizations, all else being equal, and perhaps even a lower probability of survival, leading to mortality. In the liability of foreignness literature, Zaheer (1995) and Zaheer and Mosakowski (1997) concluded that the exchange trading operations of foreign subsidiaries have a lower survival rate than those of domestic rivals. Miller and Parkhe (2002) also found that foreign subsidiaries perform more poorly than domestic firms, while Mezias (2002) concluded that foreign subsidiaries face more lawsuits than their domestic rivals. Researchers have suggested that the liability of foreignness is likely to be particularly acute in a simple, market-seeking, horizontal MNE (Caves, 1982).

Immigrant startups usually approximate horizontal MNEs, as they are essentially simple stand-alone operations in each of the locations in which they operate (Zaheer, 1995). Due to the small size of operations compared to existing organizations, the liability of foreignness would be expected to be particularly acute in the simple market-seeking environments. Thus, a key factor for these organizations will be overcoming their liability of foreignness. Competitive strategies that focus on firm-specific advantages and isomorphism have thus far been the most suggested solutions for improving performance for immigrant-owned organizations (e.g., Dunning, 1977; Porter, 1990; Rosenzweig & Singh, 1991; Zaheer, 1995). The isomorphism perspective, which is from institutional theory, argues that conforming to local regulations or adapting products to local tastes and preferences can increase legitimacy and mitigate organizational mortality (Kostova & Zaheer, 1999). Nevertheless, the research on liability of foreignness has not identified which perspective might be the best solution for immigrant organizations (Miller & Eden, 2006). We therefore posit through SIT that both competitive and isomorphic perspectives need to be considered to avert organizational mortality.

SIT maintains that individuals in societies or organizations categorize themselves into groups where similar others become members of a positively valued in-group, while dissimilar others are categorized as members of a less valued out-group (Duckitt & Mphuthing, 1998; Mummendey, et al., 1999; Sidanius, Pratto, & Mitchell, 1994). The SIT literature posits that members of the out-group work on their self-presentation in pursuit of enhancing their image and negotiating their group status. A large body of literature within identity theory focuses on issues of employee diversity in firms, and has shown how employees who do not form a part of the majority identity group (especially white and male in the context of Western firms) have to deal with their ethnic identities at work (Bell, 1990). Just as individuals deal with their ethnic and national identities in diverse workplaces, firms also engage in a variety of different practices to develop a coherent identity that provides them with a sense of self when dealing with multiple constituents (Brickson, 2000). Given that the identity of the founder is closely intertwined with the identity of the firm (Fauchart & Gruber, 2011; Shepherd & Haynie, 2009), immigrant-owned organizations can be perceived as belonging to the out-group category when compared to local firms. Hence, we contend that they will try to negotiate their social identity to overcome the liability of foreignness that can emerge from this out-group status. Studies have also shown how firms need to project their organizational identities strategically, especially when the identity is undervalued or threatened (Dutton & Dukerich, 1991; Elsbach & Kramer, 1996).

One of the major areas in which social identity theory informs scholars of organization is in trying to understand how the identity of the organization unfolds in the context of the business and its operations (Ashforth & Mael, 1996). Organizational identity has been defined as the perception of the organization's central, distinctive, and enduring qualities that are shared by its members (Brickson, 2007; Dutton & Dukerich, 1991; Pratt & Foreman, 2000). Scholars of organizational identity have used social identity theory to formulate the behavior of organizations, or portray the perceptions of stakeholders (Ashforth & Mael, 1996). It has emerged as a focal area of study within the literature of organization studies, in which scholars have attempted to show how the identity of the firm makes a difference in the firm's behaviors. The firm's behaviors under scrutiny are usually its orientation toward stakeholders (Brickson, 2007), diversification (Barney, 1998), and decision-making (Stimpert et al., 1998). It also has implications for firm strategies, since identity, which speaks of a "theory of being," and strategy, which speaks of the "theory of action," are heavily connected (Stimpert et al., 1998). Questions about which comes first—a cognition of the organization's identity that leads to actions, or a set of behaviors in the initial stages of the firm that creates the identity in retrospect—are difficult to answer. Firm identity offers an organization a sense of uniqueness, a competitive advantage, and may help during times of change and when dealing with complexity (Whetten & Godfrey, 1998). At the same time, organizational identity has emerged as a crucial aspect of the field of strategic management, but is still relatively understudied in the field of entrepreneurship. According to Clegg et al. (2007), newly emerging industries try to develop their specific unique identities in their search for legitimacy, which is an important factor for startups. Li et al. (2007) theorized that there are specific social expectations or social identity codes that are set for firms, and conforming to them generates social legitimacy for them.

The question then becomes, how do immigrant-owned firms come into these sets of norms and identity codes? Their liability of foreignness often comes with the challenge of overcoming the firm's foreign identity-related stereotypes (Waldinger, 1989), along with other challenges to establishing legitimacy of operations in a different country. The founders often need to make decisions that also reflect how they deal with their immigrant experiences and national stereotypes at the level of the firm. For example, some founders may decide to play up their firms' immigrant identity, thereby making different decisions than other immigrant entrepreneurs who underplay their national/immigrant identity and want to show the host nations that their firm is essentially a local firm (or identifies and is part of the country in which it is located). These identity strategies are aimed at gaining legitimacy and mitigating the liability of foreignness, and thereby increase chances of survival as foreign firms are disadvantaged compared to local ones in a way that could potentially lead to higher levels of mortality (Zaheer, 1995; Zaheer & Mosakowski, 1997; Mezias, 2002; Miller & Parkhe, 2002). In the next section, we develop a typology of strategies immigrant entrepreneurs undertake to survive and mitigate organizational mortality resulting from the liability of foreignness.

Identity Strategies for Negotiating Foreignness

At the organizational level, the identity orientation of a firm addresses the question of "who are we with respect to our stakeholders" (Brickson, 2007). Brickson further argues that identity conceptualization gives the organization a strategic bent that determines how a firm would react to the various actors in the environment. Organizations develop identity strategies to define what they are not (Elsbach & Bhattacharya, 2001), as well as what they are (Dutton & Dukerich, 1991). Furthermore, Elsbach and Kramer (1996) found that individuals within organizations, when faced with a negative identity of their organization, attempt to restore positive social identities by distancing themselves from this tarnished identity. Thus, we argue that immigrant firms take their founder's immigrant identity into account, and choose particular identity strategies when dealing with stakeholders.

SIT suggests that when individuals with minority social identities work in diverse contexts, they could either downplay their different social identities or play up their minority identities (Roberts, 2005). The literature on immigration has addressed this issue through larger policies of assimilation (which believes that immigrant groups could become like the majority and cede their culture over time) and multiculturalism (which emphasizes the need to maintain the cultural differences of the immigrant communities), thereby supporting the twin forces for confirming and underplaying one's foreignness (Zhou, 2004; Handlin, 1973; Glazer & Moynihan, 1970).

Besides negating or affirming ethnic identity, extant research also suggests that firms develop their identity to be oriented toward their stakeholders in an individualistic or collectivistic way (Brickson, 2007). For example, some firms develop their identity as individual, distinct organizations that are in competition with others, while others may define themselves as members of a larger social community, thereby working toward a legitimacy for the whole industry or group (Brickson, 2007). Based on these two broad categories—(1) a firm's individualistic or associative/collectivist orientation, and (2) immigrant founders' decisions to either underplay or confirm their foreign identity—we propose four different kinds of identity strategies that a firm can adopt to mitigate the liability of foreignness (see Figure 1).

Underplaying the Ethnic Identity with an Individual Identity Orientation. Immigrant firms who choose to underplay the ethnic identities of their founders, and who also operate as individual firms whose identity would be distinct from any specific group, tend to adopt a strategy of social recategorization. In general, social recategorization is the process by which individuals try to achieve social mobility by changing the social categories (groups) that they have been assigned (Tajfel, 1982). Individuals in firms often achieve this by hiding their identities (e.g., homosexual individuals try to pass

Figure 1. Identity Strategies of Immigrant Entrepreneurs

Identity Strategies for Mitigating Liability of Foreignness		
Identity orientations	Underplay	Confirm
Individual	**Recategorization strategy** Emphasize firm distinctiveness in competition with other firms, de-emphasize foreign/ethnic roots of founder. Example: Ralph Lauren	**Positive distinctiveness strategy** Emphasize firm distinctiveness in competition with other firms but based on the positive attributes of the firm's immigrant founder's ethnicity. Example: Tiffins
Collective	**Social creativity strategy** Work as a member of a collective, but one that is not based on the founder's ethnic roots. Example: Skyscape	**Social competition strategy** Work as a member of a collective based on the founder's ethnic identity. Example: restaurants in Chinatown, firms in The Indus Entrepreneur (TIE) group

as heterosexuals at work to avoid discrimination) or by trying to enact dominant identities (e.g., women who display masculine behaviors to combat gender stereotyping) (Roberts, 2005). Immigrant firms who adopt these strategies might downplay their foreignness or the founder's immigrant identity. They might try to pass themselves off as just another local firm. To achieve this, firms may try to hire employees from the dominant majority, who would provide a professional mainstream face to the organization. An example of this kind of recategorization strategy would be Ralph Lauren (founder of the Polo Ralph Lauren Company), who changed his Russian last name, and tried to capitalize on the character of the old English countryside to incorporate into the aristocratic American social class firm image (Agins, 2002). Another interesting example of underplaying identities is the case of eClinicalWorks—a well-known health care solutions company started by Indian founders who completely underplayed their immigrant identity by not discussing their founders' identities on their website and other publications.

Proposition 1a. Some immigrant entrepreneurial firms with an individual identity orientation will undertake a social categorization strategy by underplaying their foreign identity such that they may neutralize visible foreign identity markers to seem more like a local firm.

Underplaying the Ethnic Identity with Collective Identity Orientation. How immigrant firms often form groups for survival in foreign lands has been a popular topic of research as seen in the literature on immigrant social networks and enclaves (Peterson and Meckler, 2001). Not all immigrant firms, however, want to associate with other firms of the same ethnicity. Instead, some firms may underplay their immigrant identity and define their group membership by belonging to a burgeoning industry or some other specific cause (e.g., groups promoting community-based software, etc.), thereby forming a collective based on characteristics other than ethnicity; this is referred to as social creativity strategy. Social creativity strategy entails the process by which employees change the way they focus on specific identities that may be unrelated to their identities such as that of foreign origins. Thus, they emphasize other parts of their identities more by highlighting different aspects of their national identity that have more positive connotations. (Tajfel and Turner, 1986). This is evident in observations of minority individuals such as women. When negative stereotypes about women's work are prevalent, women tend to emphasize positive skills of their specific group, like friendliness or ability to network (Kanter, 1983). This example of changing the mode of evaluation from focusing on gender to other desirable characteristics is viewed positively by the majority other. Similarly, some immigrant firms that underplay the foreignness and ethnic identities of their founder try to emphasize other qualities that would make them a valuable member of other firms in the same industry. In the high-tech industry, there is a tendency for a collectivistic approach, with most firms emphasizing the technological prowess or educational affiliations or achievements of their founder and not the characteristics associated with the national origins of the founder (Insch & Miller, 2005). For instance, Apple's founder Steve Jobs' creative and technological prowess has always been showcased, but his Syrian heritage is rarely discussed and thus downplayed. Other examples include Genelab and Vivo Ventures, where they foreground the immigrant founders' specific qualifications but not their countries of origin. Similarly, Skyscape, a company started by immigrants, emphasizes the educational and technical qualifications of the founders and downplays their ethnic and national origins. All in all, these firms act as members of a larger community of firms engaged in high-tech businesses rather than individuals who are members of a specific ethnic community.

Proposition 1b. Immigrant entrepreneurial firms with a collective identity orientation may pursue a social creativity strategy by underplaying their foreign identity such that they adopt visible identity markers aligning them with a larger group that transcends ethnic boundaries.

Confirming the Ethnic Identity with an Individual Identity Orientation. Not all immigrant founders of enterprises want to downplay their national origins. In spite of existing costs of foreignness, as opposed to the above examples, certain immigrant firms decide to affirm their ethnic identities. These firms project the national and cultural orientations of the founder in their dealings with stakeholders. An example of is ethnic restaurants that compete on the virtue of authentic ethnic cuisine. Such restaurants promise an authentic dining and cultural experience through their menu, display of artifacts, and symbols from the founder's home country. Another example is seen among immigration lawyers, doctors, travel agents, and accountants who focus on specific ethnic groups. These firms employ individuals of specific ethnic nationalities as a part of the authentic presentation and as a way to network within the community for customers. Tiffins, an Australia-based food company, clearly follows this strategy by its bold use of colors and symbols that front the immigrant founder's roots. Similarly, Patel Brothers, a chain of U.S. grocery stores, prominently discusses its immigrant story on the company's website. We argue that these firms display a "restoring positive distinctiveness" strategy. Restoring positive distinctiveness is the process of confirming one's identity group memberships and trying to achieve positive value for it (Roberts, 2005). As such, playing on specific identity-related stereotypes and using them for strategic benefits is a strategy for restoring positive distinctiveness.

Proposition 2a. Some immigrant entrepreneurial firms with an individual identity orientation will undertake a strategy of restoring social distinctiveness by confirming their foreign identity to differentiate themselves to achieve positive value.

Confirming the Ethnic Identity with a Collective Identity Orientation. Immigrant groups commonly work in collectives whereby they form strong, cohesive communities in foreign lands to help members with employment networks and other resources. Within the literature of immigrant entrepreneurship, a number of studies on ethnic networks and enclaves provide examples of collectivist identity orientation that build membership around ethnic/national identities. These firms confirm their identities but also operate with a collective identity orientation in that they often compete with other ethnic groups and other dominant majority players. Such firms would have a collectivistic goal of the development of the entire immigrant group and often base it on a display of the stereotypes associated with group. Chattopadhyay et al. (2004) have explained this form of a collectivistic strategy as social competition strategy. An example is when minority or low-status individuals in firms try to improve the status of their entire group by competing with other groups (e.g., women fighting for equal pay at work) (French, 2001). In the case of immigrant entrepreneurs, this can be seen in the instance of organizations of immigrant South Asian technology entrepreneurs, such as TiE (The Indus Entrepreneur). This group is explicit in its mission of fostering entrepreneurship through mentoring and resources, and have been argued to develop "ethnic identities within the region and facilitate the professional networking and information exchange that aid success" (Saxenian, 1999, p. 10). Similar organizations, such as HACCI (Hellenic Australian Chamber of Commerce and Industry), are also found in other countries, catering to different immigrant groups. In the case of HACCI, the group was formed to provide support for Greek entrepreneurs in Australia. Such organizations are common in ethnic enclaves, such as Little Italy or Chinatown. Furthermore, there is little overlap in the memberships of such organizations across ethnic groups (Saxenian, 1999), indicating that immigrant identity is an important determinant of organizational membership. These examples show that immigrant entrepreneurs with a collective orientation may confirm their foreign identity and adopt a strategy of social competitiveness.

Proposition 2b. Some immigrant entrepreneurial firms with a collectivist identity orientation will undertake a social competitiveness strategy by confirming their foreign identity such that they may adopt visible identity markers to align themselves with other business of that ethnicity.

Contextual Moderators in the Relationship

In the above paragraphs, we identified key identity strategies stemming from the founders' national origins that immigrant firms may adopt to mitigate their liability of foreignness. Assuming that the chances of organizational mortality are affected by any of these identity strategies alone, however, would be naïve. Contextual factors may impact the effectiveness of these identity strategies such that there may be contextual moderators in this relationship between the choice of firm identity strategy and organizational mortality. In this article, we focus on three contextual moderators: (1) image of the founder's country of origin, (2) presence of immigrant networks in the host country, and (c) the industry. We focus on these moderators, as opposed to others, since there is substantial consensus in the literature to argue that they are some of the key factors affecting the survival of a new firm in some form or other (Armengot et al., 2010; Kariv et al., 2009; Moren et al., 2009; Mustafa and Chen, 2010).

Image of the Founder's Country of Origin. Extensive literature has examined how the firm's country of origin affects buyers' perception (see, for example, Wall & Heslop, 1986). Empirical evidence supports the fact that sometimes consumers stereotype for or against foreign products (e.g., Peterson & Jolibert, 1995; Thakor & Katsanis, 1997), and the country of origin can be perceived as a signal for product quality (Roth & Diamantopoulos, 2009). Porter succinctly captured the essence of country image in *The Competitive Advantage of Nations*, stating, "…country of origin seems to strongly condition success in international competition" (1990, p. 52). In the same vein, Kostova and Zaheer (1999) argued when host-country institutions lacked information about foreign-owned firms, they used stereotypes (positive or negative) and a different standard to judge them. Recent literature has argued that such country image perceptions have cognitive, affective, and conative attributes that are known to be informational cues to consumers as well as other institutions (Roth & Diamantopoulos, 2009). Such judgments can affect the survival and performance of new firms founded by immigrant entrepreneurs. For example, the positive reputation of European (especially German) toys in the United States might mean that an immigrant entrepreneur from Germany in the toy industry would benefit from his or her ethnic identity. On the other hand, Chinese entrepreneurs in the toy industry may be disadvantaged by their country's image due to recent negative press about lead paints in China. Empirically, we know that UK-based Pakistani businesses have not done as well as Indian businesses because of, in part, country image issues (Basu & Altinay, 2002).

Based on these studies, we expect an interactive effect between the choice of strategy and the image of the immigrant founder's country of origin. When the immigrant founder's country of origin has a positive image, identity strategy of confirming (either positive distinctiveness or social competition) will be more effective in mitigating mortality. On the other hand, when the immigrant entrepreneur's country of origin has a negative image, the identity strategy of underplaying ethnic identity will be more effective in warding off organizational mortality (either recategorization or social creativity). Therefore, in such cases, they are more likely to underplay their national identity and try to project different aspects of their identity to mitigate the liability of foreignness that stems from a poor founder country origin. This would, in turn, increase their chance of survival. Thus, we propose:

Proposition 3a. The relationship between choice of identity strategy and mortality will be moderated by the image of the founder's country of origin, such that confirming strategies will be more effective in mitigating mortality when the entrepreneur's country of origin has a positive image.

Proposition 3b. The relationship between choice of identity strategy and mortality will be moderated by the image of the founder's country of origin, such that underplaying strategies will be more effective in mitigating mortality when the entrepreneur's country of origin has a negative image.

Immigrant Networks. Liability of foreignness literature suggests that immigrant-owned organizations can offset some of the disadvantages they face in the host country by bringing firm-specific advantages or intangible assets with them (Caves 1982; Dunning, 1977). A key resource that can dispel this disadvantage comes from their networks, both in their home countries and in the immigrant communities they belong to in their host countries. For instance, foreign organizations have been found to depend more on imports than local organizations because they have more networks in foreign countries than local organizations do (Lipsey, 1993). Some immigrant-owned organizations form enclaves of ethnic communities from their home country for the purposes of having access to consumers and laborers who share common bonds (Portes & Jensen, 1989; Wilson & Portes, 1980). Social enclaves are defined as domains of less turbulence and more manageable social space that are created by members to defend themselves from external demands (McCann & Selsky, 1984). Such social networks are also found in non-enclave situations. For example, Saxenian states that Chinese and Indian immigrant technology entrepreneurs "created social and professional networks among themselves on the basis of shared language, culture, and educational and professional experiences" (1999, p. 27). Similarly, Cuban immigrants in Miami have set up networks to aid new startups (Peterson and Meckler, 2001), while Albanian entrepreneurs in Slovenia rely on a coethnic Albanian workforce (Vadnjal & Letonja, 2009). Such social networks are critical for new entrepreneurial ventures; they provide access to information, access to financial resources, and connections for the first suppliers or customers (Chung & Whalen, 2006; Bruderl et al., 1992). In all phases of entrepreneurial activity, firms rely on their social networks for support and for resources (Greve & Salaff, 2003). These networks, however, are not available to all groups of immigrants in all host countries to which they may migrate (Saxenian et al., 2002).

While social networks are important to all entrepreneurial ventures, the value of immigrant social networks may differ for firms that follow different identity strategies. Firms that adopt a confirmation strategy are more likely to rely on immigrant networks to mitigate organizational mortality when compared to those who employ assimilation/isomorphism strategies. Firms that underplay their ethnic origins may find drawing on resources from their immigrant networks to be less effective. For example, a firm that confirms its ethnic identity can effectively utilize its coethnic immigrant workforce, and such networks can be a resource that contributes to the firm's strategy. Similarly, Korean RCAs provide necessary financial support for Korean immigrant entrepreneurs, allowing them to enter industries that require greater capital. On the other hand, when immigrant entrepreneurs do not have access to ethnic networks, employing the identity confirmation strategy may be less effective. Therefore, we argue that immigrant organizations that are able to tap into social networks from their home country will have an advantage when they follow the identity strategy of confirming their ethnic identity. Thus, we propose:

Proposition 4. The relationship between choice of strategy and mortality will be moderated by immigrant networks; that is, if the immigrant firm has access to immigrant networks, confirming strategies will be more effective in mitigating mortality.

Industry

Industry characteristics differ across many dimensions, including industry life cycle, economies of scale, and capital intensity, among others. The impact of identity strategies on firm mortality will vary, as these strategies are contingent upon industry characteristics. In their new country, immigrant entrepreneurs may lack access to capital (Light and Bonacich, 1988), thus preventing them from entering capital-intensive industries with large economies of scale. For instance, Kushnirovich & Heilbrunn (2008) found that in Israel, the scope of funding for immigrant businesses is significantly smaller than that of non-immigrant businesses. They further revealed that immigrant entrepreneurs are more likely to finance their businesses from informal sources than non-immigrant entrepreneurs. Identity strategy that allows the immigrant firm to draw on funding from family and friends, and perhaps even the wider immigrant community, may have a better chance of survival. With a limited access to capital, a confirmation strategy would help mitigate liability of foreignness and increase chances of survival for immigrant firms that are in low capital-intensive industries that can be funded by small community network-based sources of money.

During the early stage of an industry's life cycle, when entry barriers and costs are still relatively lower (Agarwal et al., 2002), immigrant firms face fewer obstacles. As an industry enters maturity, barriers to entry increase. During the early stages, entrepreneurs can stress the uniqueness of a new product or service to a small group of customers, the "early adopters." These "early adopters" may be the immigrant community and their networks. During the growth and maturity stages of an industry, competition from late entrants will be apparent, and these new entrants will try to take over market shares from existing and more established products. Therefore, ethnic firms founded by immigrant entrepreneurs that cater to small, niche, unserved, or underserved markets have a greater chance of survival than in a mature industry. During the growth and maturity stages, an identity strategy that allows the immigrant firm to draw on its immigrant resources may have a better chance of survival, given the requirement for more resources and resourcefulness to compete in such markets. Overall, consistent with the mixed embeddedness approach (Kloosterman, 2010; Kloosterman & Rath, 2001; Tolciu, 2011), the effect of ethnic identity strategy on venture survival will be moderated by industry characteristics. Thus, we propose:

Proposition 5. The relationship between choice of strategy and mortality will be moderated by industry characteristics such that in industries with lower entry barriers, lower capital intensity and early stages of industry, confirmation strategy will be more successful in mitigating the organizational mortality.

Discussion

Entrepreneurship is essentially a context-dependent social process (Low & Abrahamson, 1997), and social and cultural dynamics are key aspects for understanding the phenomenon of entrepreneurship (Lounsbury & Glynn, 2001). Yet, the phenomenon of entrepreneurship in general, and migrant entrepreneurship in this particular context, involves an interplay of individual and opportunity structures (Kloosterman, 2010), as well as migrant group characteristics (Aldrich & Waldinger, 1990). The social identity of the venture, however, as it is situated in the social context as well as the opportunity structure, has been relatively understudied in the context of organization studies. Entrepreneurs draw on (1) who they are, (2) what they know, and (3) whom they know (Sarasvathy, 2001) in their entrepreneurial endeavors. These three factors also constitute the essence of identity in ventures founded by immigrants. Not surprisingly, immigrant entrepreneurial firms are conscious of their "identities" and use them as a strategy to mitigate the perils of liability of foreignness. Fauchart and Gruber (2011) show that the identity of the founder is crucial in determining how a firm is shaped and the actions it undertakes. We extend that literature to the topic of migrant entrepreneurship.

We do not claim, however, that the four proposed strategies (Figure 1) are the only strategies that immigrant entrepreneurial firms can adopt to mitigate the liability of foreignness and its consequences. In fact, our article attempts to conceptualize what could be different kinds of strategies that immigrant firms can employ to deal with their ethnicities. This theoretical ideal-type model captures the concomitant considerations in formation of identity strategies of firms started by immigrant entrepreneurs. The firms may choose to underplay, enhance/confirm, or emphasize their immigrant identity in order to reduce their liability of foreignness, promote the chances of survival, and reduce mortality. This model further proposes that the impact of these identity strategies will be moderated by several aspects, including the immigrants' country image in their host countries, in their networks, and in their social capital of immigrant entrepreneurs as well as time, industry, and life cycle position of the business.

This study offers a conceptual model of identity strategies of immigrant-owned entrepreneurial firms and empirical support to enhance understanding of the phenomenon of entrepreneurial identity strategies. The study can be tested in the context of many different immigrant communities that are involved in a diverse set of industries and enterprises. While a complete test of our model (especially with all the moderators) may pose significant challenges, multiple individual cases of immigrant firms can be created to help discover identity strategies, thereby developing an understanding of the motivations in making one specific identity choice over another. Moreover, the current model can be extended in several directions. Firm identities are not static; they change over time and in response to their environments. The dynamic nature of social identity strategies of immigrant organizations is evident among the Silicon Valley entrepreneurs. Saxenian (1999:11) succinctly points out that "most successful immigrant entrepreneurs in Silicon Valley today are those who have drawn on ethnic resources while simultaneously integrating into mainstream technology and business networks." Similarly, the identity strategies of immigrant enterprises can be important in determining strategic initiatives undertaken by the firm. For example, firms owned by immigrant entrepreneurs that confirm their identity may be better poised to be "born global" and develop early internationalization efforts between the country of origin and the host country. Exploring linkages between identity strategies and early globalization of startup firms is another avenue for further research. Furthermore, our model is ideal for profit -making firms, but testing it in the context of all organizations or nonprofits to check how the dynamic might differ could be worthwhile.

By pulling together diverse strands of literature from liability of foreignness and SIT, this article attempts to understand the identity strategy of immigrant entrepreneurial firms as a means for mitigating the liability of foreignness. Heeding the call of research by Rath and Kloosterman (2000), we bring the more theoretically grounded perspective of identity theory into the migrant entrepreneurship literature. Instead of viewing immigrant entrepreneurs as a *priori* ethnic beings, we argue that the identity strategies are formed to mitigate the liability of foreignness. We contribute to the perspective that such strategies are embedded in social, institutional, and opportunity structures.

Limitations of the Model

Our proposed model, like most analytical tools, has some limitations. The model tells only part of a story by focusing on just four identity strategies. Its usefulness will, therefore, be limited to firms that can broadly identify themselves with the proposed strategies. Firms founded by entrepreneurial teams from cross-cultural backgrounds may not find the model applicable to them. We only explored approaches adopted by immigrant firms to mitigate their liability of foreignness in new environments. While we focused on newly formed organizations, further studies should investigate the impact of organization size or life cycle stage on the identity strategies a firm selects to mitigate mortality and overall liability of foreignness.

Secondly, the proposed model focuses on mortality rather than other indicators of performance of the immigrant firm such as profitability or growth. It needs to examine whether these propositions would hold for firm performance, especially if a confirmation strategy can allow a firm to be a part of the mainstream in order to have greater market share growth. Finally, this model is based on the assumption of a sole proprietor/entrepreneur or a homogenous entrepreneurial team, at least on the basis of ethnicity. This assumption is too simplistic even for a sole proprietor/entrepreneur. Many entrepreneurs are conscious of the benefits of being *ambicultural*—the ability and willingness to blend the best of different cultures. Therefore, confirming or downplaying ethnic identity may not be an option for the ambicultural entrepreneur.

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