Immigrant Entrepreneurs in the USA: A Conceptual Discussion of the Demands of Immigration and Entrepreneurial Intentions

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Immigrant entrepreneurs in the USA

A conceptual discussion of the demands of immigration and entrepreneurial intentions

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Abstract

Purpose – Given the growing number of immigrant entrepreneurs in the USA, the purpose of this paper is to better understand the behaviors of this subgroup of entrepreneurs. Specifically, the paper aims to understand the unique challenges faced by immigrant entrepreneurs and how environmental challenges affect decisions to grow or abandon their ventures.

Design/methodology/approach – To make the theoretical arguments in this conceptual paper, the authors draw on the theory of planned behavior developed by Ajzen (1985), which suggests that a person’s behavior is predicted by their intention, and intentions are predicted by one’s attitudes, subjective norm and perceived behavioral control.

Findings – The paper provides theoretical insights on the effect of demands of immigration on the intentions of immigrant entrepreneurs to engage in three specific entrepreneurial behaviors: new venture formation, growth and abandonment. The authors propose that immigrant entrepreneurs deal with increased stress yet continue to maintain higher intentions to found new ventures compared to non-immigrants. Contrastingly, the authors also propose that the stress and obstacles immigrant entrepreneurs face reduce their intentions to grow their firms and increase their intentions to abandon their firms. The authors also explore entrepreneurial resilience as a possible moderating factor between stress and entrepreneurial intentions of immigrant entrepreneurs.

Research limitations/implications – First, the authors do not distinguish between immigrants from different nations or parts of the world or having different backgrounds. Second, the authors do not fully develop or incorporate the element of coping. Also, our paper is limited to behaviors of immigrant entrepreneurs with micro- and small-businesses.

Practical implications – Venture capitalists could benefit from empirical results of these propositions as funding decisions may need to include consideration of the proposed effects of stress and demands of immigration.

Originality/value – This paper meets an identified need to examine the effects of immigrant-specific issues such as the demands of immigration on the behaviors of this growing group of entrepreneurs.

Keywords Stress, Resilience, Growth, Entrepreneurial intentions, Abandonment, Immigrant entrepreneur

Paper type Conceptual paper

Introduction

Regardless of one’s perspective on the value of immigrants to the USA, the number of immigrants in the USA continues to rise. According to the US Census Bureau, the population of all immigrants in the USA is now over 40 million, and is the highest it has been in close to a century (Camarota and Zeigler, 2016). Relative to the general population, immigrants are twice as likely to found new ventures than non-immigrants (Vandor and Franke, 2016). In 2015, the Kauffman Foundation reported that over a quarter of new business ventures in the USA were founded by immigrants, compared to 13.3 percent in 1997. Immigrants clearly represent a sizeable portion of the total population and studies on
immigrant entrepreneurship suggest that immigrant entrepreneurs have been fostering economic development both directly through new venture creation and indirectly through coordination of information flows between their home and host countries, thereby promoting international trade and investment (Das et al., 2017; Saxenian, 2000). Additionally, immigrants bring fresh perspectives, energy and an enterprising spirit to the economy (Savino, 2014).

Given immigrants’ growing numbers and significance to the US economy, it is important to better understand the behaviors of this subgroup of entrepreneurs. More specifically, the actions and behaviors of entrepreneurs determine entrepreneurial outcomes (Sharma et al., 2003; Stevenson and Jarillo, 1990). Entrepreneurial behaviors are determined by a combination of the person and his/her environment (Muchinsky and Monahan, 1987). Venture creation and venture growth are two types of entrepreneurial behavior that have been studied in the existing literature (Javadian, 2014).

At the heart of entrepreneurship is venture creation (Shook et al., 2003), described as planning, organizing and establishing new organizations (Gartner, 1985). Venture creation generates value for both the entrepreneur and stakeholders of the venture they create (Williams and Shepherd, 2016). Following venture creation, venture growth has been identified as the next most important indicator of venture success (Baum et al., 2001; Low and MacMillan, 1988), and research has linked new venture growth to both job creation and regional development (Acs and Armington, 2006). Some have proposed that new ventures follow a “grow or exit” logic (Wennberg et al., 2016), by which new venture growth is considered appealing if the venture holds a promise of profitability.

In addition to the behaviors of venture creation and growth, many firms fail due to circumstances that may be within or beyond the control of the entrepreneur (Headd, 2003; Khelil and Helene, 2014) and, thus, venture abandonment is the third key behavior. Entrepreneurs may decide to abandon failing ventures when prospects of growth are low. While existing research on immigrant entrepreneurship clearly shows that immigrants’ venture-founding behavior is more prevalent than that of non-immigrants, less is known about why they found ventures, their intention to grow their businesses, or how and when they decide to abandon their ventures. Given that intention has been found to be the best predictor of behavior (Ajzen, 1991; Fishbein and Ajzen, 1977), researchers can study entrepreneurs’ intentions to better understand and predict their actual behaviors. Entrepreneurial intention signifies a person’s commitment to creating a new venture and shapes entrepreneurs’ decisions regarding venture creation, growth and closure by inspiring their goals and commitment (Bird, 1988; Zapkau et al., 2015). As an analogy, a person who decides to build a house has a higher likelihood of actually building the house than someone who has no such intention. Similarly, in entrepreneurship, intentions have been found to predict entrepreneurial behavior (Bird, 1988).

According to the theory of planned behavior, these intentions are impacted by the attitude, subjective norm and perceived behavioral control (PBC) of an entrepreneur (Ajzen, 1991; Kautonen et al., 2015; Krueger et al., 2000). Attitude refers to a person’s evaluation (favorable or unfavorable) of a proposed behavior, subjective norms encapsulates the views of some referent social groups (such as family and friends) concerning whether the person should engage in the behavior and PBC represents the person’s perception of how easy or difficult it is to perform the behavior (Ajzen, 1991; Fishbein and Ajzen, 1977). Furthermore, intention fully mediates the effects of attitude and subjective norms upon behavior, whereas PBC plays a double role in the theory of planned behavior (Kautonen et al., 2015). Specifically, when an individual has a very high degree of control over a behavior, intention fully mediates the effect of PBC, but when there are difficulties with control, PBC is also expected to have a partial mediating effect by serving as a proxy for actual behavioral control (Ajzen, 1985, 1991; Kautonen et al., 2015).
Like other behaviors, entrepreneurial behavior is a function both of the person and the environment with which they interact (Bird, 1989; Lewin, 1936). Entrepreneurial behaviors, therefore, involve interactions of the entrepreneur and the situations and contexts that surround them. From an entrepreneurship perspective, immigrants face unique challenges that native citizens do not. Among other things, immigrants encounter immigration stress (Falconier et al., 2013; Sternberg et al., 2016), demands of immigration (Aroian et al., 1998) and liability of newness (Das et al., 2017) which impact their lives and decisions in various ways. Since stress has been found to significantly predict physical and mental health, job satisfaction and the intention to quit one’s job (Leong et al., 1996), it is possible that immigrant entrepreneurs’ experiences of stress may differ from those of non-immigrants, and further, it is likely that their decisions, intentions and behaviors may also be impacted by these experiences.

To deal with the stressful conditions they face, entrepreneurs need certain resources and competencies. Resilience has been defined as a form of psychological capital (Luthans et al., 2006; Luthar et al., 2000) and competency (Morris et al., 2013) necessary for successful adaptation to the challenges encountered in entrepreneurship. Entrepreneurial resilience (Awotoye and Singh, 2017; Bullough and Renko, 2013) is conceived as resilience in specific entrepreneurial settings which enables entrepreneurs to positively adapt and recover from high-impact challenges that could lead to firm failure. We define entrepreneurial resilience as the ability of an entrepreneur to positively adapt and recover from any high-impact challenge that has the ability to result in any form of failure such as liquidation, bankruptcy or closure of the business. These high-impact challenges include factors that have been shown to cause firm failure, such as problems with venture capitalist relationships, major product recalls, intense competition and intellectual property theft (Bruno and Leidecker, 1988; Lussier, 1996). Immigrant entrepreneurs may benefit more from entrepreneurial resilience given the additional demands of immigration they have to manage.

In this paper, we contribute to the literature on entrepreneurial intentions by examining the effects of the stressful conditions immigrants face upon their decisions regarding entrepreneurial activities. We explore immigrant entrepreneurs by focusing on their intentions with respect to three entrepreneurial behaviors: venture creation, growth and abandonment. In addition, we consider the unique demands and stress that immigrants deal with, as well as the potential benefits of entrepreneurial resilience. Following the literature review in the next section, we develop five theoretical propositions. In our discussion section, we expand on the theoretical/practical implications and the limitations of this work, and propose future research directions. Finally, we offer some concluding thoughts.

**Literature review**

**Immigrant entrepreneurship**

We begin by discussing what we know so far about immigrant entrepreneurs. According to Castles et al. (2013), the movement of immigrants into many developed countries has become prevalent in the last few decades. The economic implications of such movement represent a challenge that these countries have had to deal with. In particular, immigrants have limited access to necessary resources such as human, social and financial capital (Bird and Wennberg, 2016), resulting in reduced opportunities and consequently lower labor participation than natives (Bates, 2011). This has been identified as a major cause of the high participation rate of immigrants in entrepreneurship in developed countries (Bird and Wennberg, 2016; Chaganti et al., 2008), since entrepreneurship offers immigrants an avenue for economic integration in their host countries.

Immigrants play a significant role in the economy of the host country primarily because they have potential to alter the employment statistics of the nation (Carbonell et al., 2014). Specifically, immigrant entrepreneurs are key players in determining the level and type of
market competition in the host country market and significantly contribute to GDP (Carbonell et al., 2014). Hence, immigrant entrepreneurship remains a vital subject of study in the entrepreneurship literature.

Literature examining immigrant entrepreneurship has also attempted to provide some explanations for why and how individual immigrants undertake entrepreneurial activities (Vinogradov and Jørgensen, 2017). Theories and perspectives such as the middleman minority theory (Bonacich, 1973; Wingfield and Taylor, 2016); selective migration (Audretsch et al., 2017); ethnic enclave viewpoint (Achidi and Priem, 2011; Aldrich and Waldinger, 1990; Zhang et al., 2016); social capital and use of ethnic resources (Sanders and Nee, 1996; Vinogradov and Jørgensen, 2017); and mixed embeddedness perspective (Kloosterman, 2010; Kloosterman et al., 2016) have been employed to explain immigrant entrepreneurship. Despite the increasing amount of research associated with these theories, there remains a gap in the literature regarding the effects of the stress associated with immigration upon the entrepreneurial behaviors and intentions of immigrant entrepreneurs.

The entrepreneurial environment, demands of immigration, and stress

Immigrants are defined as people who have come to settle in a country that is not originally theirs (Wickramagamage, 1992), or those who are foreign born (Wang and Liu, 2015). While the reasons for relocating differ from immigrant to immigrant, they tend to relocate to places that offer them some form of economic, political, religious or security advantage (Hagen-Zanker, 2008). Upon relocating, they encounter stressful and demanding situations, which require them to successfully adapt to be able to succeed.

For all entrepreneurs, the environment and context within which they operate have been described as uncertain, volatile, stressful, ambiguous and even lonely (Best, 2014; Morris et al., 2012). Entrepreneurs may be exposed to high-impact challenges such as unpredictable and rapidly changing environments, work overload, personal responsibility for others (Baron et al., 2016), product design/timing problems, inappropriate distribution strategies, unclear business definition, initial undercapitalization, problems with venture capitalist relationships, team discord, major personal issues, major product recall, changes in economic climate (recession), changes in political climate, intellectual property theft, intense competition (Altman, 1983; Lussier, 1996), risk, income and outcome uncertainty, intense work effort and long working hours (Uy et al., 2013), and other challenges which they may not encounter outside of their entrepreneurial settings.

The effects of these challenges upon the entrepreneur manifest as stress (Best, 2014). According to Best (2014), sources of stress for entrepreneurs include occupational demands, responsibility for others and environmental factors. These stressful events negatively impact both their performance and their contemplations regarding whether to do certain things regarding the business. Hence, when entrepreneurs feel stressed, it is likely that both their behaviors and their intentions will be affected.

For immigrant entrepreneurs, stress levels are likely to be heightened because of the additional challenges they face in adapting to a new society. Toward this end, Aroian et al. (1998) identified six dimensions of the demands of immigration that immigrants to the US face: loss, novelty, occupational adjustment, language barrier, discrimination and not feeling at home. Loss is defined as an unresolved attachment to things or people left behind in one’s home country. A second dimension, novelty, relates to one’s newness or unfamiliarity with the host country. Novelty could lead to inability to access necessary information for success in the host country. Occupational adjustment refers to difficulty finding employment or having to take on a lower status. Language barrier is defined as an immigrant’s subjective opinion regarding their proficiency in English language as spoken in the USA. The fifth dimension is discrimination, which could be blatant or subtle. For example, in the USA, it relates to the notion that immigrants do not belong in the USA and should not be granted
the same rights as American citizens. The last dimension, not feeling at home, captures the emotional stress associated with not feeling welcome or feeling like a stranger. Building on the work of Aroian et al. (1998), other researchers have linked each of these dimensions of immigration demands to immigration stress, positing that the demands of immigration result in stress (Falconier et al., 2013; Sternberg et al., 2016).

Entrepreneurial intentions and the theory of planned behavior

Bird (1988) defines entrepreneurial intentions as the states of mind of entrepreneurs which guide their attention, experiences and action toward a business concept, and also sets the form and direction of the organization right from inception. Entrepreneurial intentions shape the decisions of entrepreneurs regarding venture creation, growth and closure by inspiring entrepreneurs’ goals and commitment (Bird, 1988). To better understand the antecedents of intention, we turn to the theory of planned behavior, an extension of the theory of reasoned action that includes PBC (Ajzen, 1985).

The theory of planned behavior is one of the major theories in psychology that attempts the difficult task of explaining human behavior in specific contexts (Ajzen, 1991). Based on the theory of reasoned action, the theory of planned behavior assumes that human social behavior follows along lines of well-formulated plans (Ajzen, 1985). A person’s intention is the indirect result of their beliefs, or the direct result of their attitude, subjective norm or PBC (Ajzen, 1991, 2001). In the words of Krueger et al. (2000), “intentions in general depend on perceptions of personal attractiveness, social norms, and feasibility” (p. 412).

Krueger et al.’s (2000) empirical evaluation of competing models of intention provided support for the theory of planned behavior by upholding the argument that intention is the single best predictor of behavior. However, they also found that the effects of personal and situational factors upon intention are mediated by a person’s attitude and motivation to act. Ajzen (2005) defines attitude as a disposition to react positively or negatively to an object, person, institution or event. One’s attitude toward entrepreneurship therefore determines one’s entrepreneurial intentions. Another predictor of intentions is related to PBC, which refers to people’s opinion of the ease or difficulty of performing a behavior of interest (Ajzen, 1991). Subjective norms, which stem from the opinions of some important or referent others, also determines people’s intentions. While all three of these predictors are relevant, herein we focus more specifically on PBC, as stress may impact the entrepreneur’s feeling of control. In the following section, we develop specific propositions related to immigrant entrepreneurs and their intentions regarding venture creation, growth and abandonment.

Theoretical propositions

Demands of immigration and stress

According to Yakhnich (2008), immigration is a potentially stressful event which is likely to increase a person’s risk of negative psychological symptoms such as anxiety, depression, and psychosomatic complaints. Aroian et al. (1998) found that many immigrants have to deal with substantial changes in lifestyle and therefore experience comparatively greater emotional distress than the non-immigrants in their host countries. Immigration demands relating to loss (unresolved attachment to people or things back in the home country), discrimination and not feeling at home in the new country (Aroian et al., 1998) are stressors which can negatively impact an immigrant entrepreneur’s attitudes and PBC regarding business continuity. Immigration demands imply additional psychological difficulties on top of usual work stressors (Pung et al., 2017). Entrepreneurs who are immigrants are not exempt from the usual high-impact challenges that characterize entrepreneurship. In fact, the presence of immigration demands may heighten the effect of these challenges. Consequently, we argue that the addition of immigration demands increases the amount of
stress that immigrants must deal with relative to non-immigrants in the USA. More formally, we propose the following:

\[ P1. \] Immigrant entrepreneurs will experience higher levels of stress than non-immigrant entrepreneurs.

**Venture creation intention**

Antecedents of venture creation intention are related to personal attractiveness, social desirability and perception of control over the process (Krueger et al., 2000). A person who views new venture creation favorably will be more likely to create a venture than a person whose attitude toward it is negative (Liñán et al., 2011) because attitude predicts intentions. Such attitudes are based on beliefs, which could be developed as a result of experiences (Myers et al., 2013). Similarly, those who feel that they have some measure of control over the entrepreneurial process, or some support and validation from some important other, will be more likely to indicate intentions to create a venture relative to those who feel otherwise or lack necessary support. Consequently, one's attitude, social networks (Chen and He, 2011; Davidsson and Honig, 2003) and experiences (Zapkau et al., 2015) have the ability to influence one's intention to create a venture.

Attempting to extend Bird's (1988) model of entrepreneurial intention, Boyd and Vozikis (1994) posit that a person's self-efficacy reflects their perception of control, and hence impacts their intention to create a new venture. PBC describes the perception of how easy or difficult it is to do something, indicating both the individual's past experience and their anticipation of future challenges (Ajzen, 1987). This definition suggests that PBC may be impacted by factors such as stress and demands encountered in the past or present. Immigrants have been found to experience challenges resulting from immigration demands including loss, novelty, occupational adjustment, language accommodation, discrimination and not feeling at home (Aroian et al., 1998). Based on the theory of planned behavior, the resulting stress of immigration (Sternberg et al., 2016) would be expected to negatively impact immigrant entrepreneurs' PBC and subsequently, their entrepreneurial intentions.

As noted by Welte (2011), entrepreneurship behavior (or intention) is best understood when put in its appropriate context. Relative to non-immigrants, immigrants operate in a context characterized by the demands of immigration (Aroian et al., 1998). Demands of immigration that manifest as unresolved attachment to people or things in one's home country, difficulty finding a job, discrimination, language barriers, feelings of not being welcome and feelings of newness in a host country (Aroian et al., 1998) can impact an entrepreneur's beliefs and consequent attitude and perceived ability to control a situation. Thus, while immigrants may face higher levels of stress and significant challenges when adapting to the customs of their new country, many choose to establish firms that serve their ethnic communities. They are pushed into entrepreneurship out of necessity and the desire to help their community, or pulled into it as a result of its potential benefits such as increased wages and independence (Shinnar and Young, 2008), which they might not have been able to access in their home countries. Inability to get into paid employment could also drive immigrants’ decisions to found ventures. They may feel they have more control of their financial situation through entrepreneurship. Applications of the theory of planned behavior in entrepreneurship have also shown that intentions adequately predict actual behavior (Kautonen et al., 2015). This is consistent with existing research that shows that the actual venture creation rates of immigrants are higher than those of non-immigrants (Vandor and Franke, 2016), suggesting that their intentions could also be higher. Consequently, we propose the following:

\[ P2. \] Immigrants have higher venture creation intentions than non-immigrants.
Venture growth intention

Based on the theory of planned behavior, a person’s intention can be predicted by their attitude toward the behavior of interest, their subjective norm and their perception that they are in control (Ajzen, 1991; Kautonen et al., 2015). Growth intentions can be predicted by a person’s perception of their ability to control events and activities relating to growth. When entrepreneurs feel that they are capable of accessing the necessary resources to actualize and manage growth, they are likely to indicate growth intentions.

Morrison et al. (2003) identify an opportunistic approach as a characteristic of business owners who wish to grow their businesses. Among the factors that enhance growth, they consider market conditions, access to finance and perceived or actual competence of the owner to be relevant. Consequently, one can argue that the intention to grow a business involves factors that are both within and beyond the control of the manager, but clearly, the owner’s decision is central. Morrison et al. (2003) concluded that the eventual growth decisions are based on the fit among the intention, ability and opportunity available to the business owner. Along similar lines, Wiklund and Shepherd (2003) empirically assessed the relationship between the aspirations of business owners/managers to grow their business and the eventual growth of the business, finding a positive relationship between growth aspirations and actual growth. Venture growth intentions are vital both to entrepreneurs and the economy since the ratio of entrepreneurs with growth intentions in the population predicts economic growth better than general start-up rates or self-employment rates (Levie and Autio, 2013).

Evidence of venture growth intentions includes involvement of a firm in collaborative relationships (Dobbs and Hamilton, 2007) and activities related to firm expansion (Javadian, 2014). Predictors of venture growth intention also include characteristics of the entrepreneur, their firm and environmental factors (Kolvereid and Bullvag, 1996), regardless of immigration status.

The demands of immigration represent additional sources of stress for immigrant entrepreneurs. Given findings that one’s sense of personal control is impacted by high demands and overload (Griffin et al., 2002; Rosenfield, 1989), it is possible that immigrant entrepreneurs may wish to retain control by limiting their ventures to manageable sizes. Along similar lines, Ross and Mirowsky (2013) reported that “perceived control vs powerlessness is the cognitive imprint of structured inequality, disadvantage, and objective powerlessness, including socioeconomic status and its elements (educational attainment, work, and income); gender, age, neighborhoods, and race/ethnicity,” suggesting a link between one’s feeling of personal control and ethnicity. Given the challenges immigrants face accessing capital/resources, and the possibility of demands of immigration negatively impacting one’s sense of control, we posit that immigrants’ exposure to the demands of immigration will negatively impact their intentions to grow their business:

P3. Demands of immigration are negatively related to venture growth intentions.

Intention to abandon a venture

Business survival has been extensively studied (Mas-Verdú et al., 2015), as survival is often used as a measure of venture performance (Josefy et al., 2017; Van Praag, 2003; Wilson et al., 2013). Given factors such as the liability of smallness (Djupdal and Westhead, 2015; Hunt and Ortiz-Hunt, 2017) and newness (Djupdal and Westhead, 2015; Freeman et al., 1983; Kale and Arditi, 1998), and the high-impact challenges (Awotoye and Singh, 2017) that characterize entrepreneurial settings and affect the entrepreneur, the possibility of failure in entrepreneurship should not be viewed as an unexpected event. As stated earlier, entrepreneurial environments and contexts have been described as uncertain, volatile, stressful, ambiguous and lonely (Best, 2014; Morris et al., 2012); hence, the conclusion that
entrepreneurship is stressful (Morris et al., 2013). Baron et al. (2016) put it this way: “the environments in which they (entrepreneurs) work are often unpredictable and subject to rapid change, they face high levels of risk, their work loads are intense, they are responsible for their company and its employees, and they frequently operate under severe financial constraints” (Baron et al., 2016, p. 743).

While different entrepreneurs respond differently to these stressful circumstances, research has shown that entrepreneurs may have to trade their health for the wealth that could result from entrepreneurial behaviors (Cardon and Patel, 2015). This suggests that stress could result in a decision to abandon a venture. Such a decision would be preceded by the intention of the owner to abandon the business.

An entrepreneur’s intention to abandon the venture they created does not necessarily imply that the firm itself will be dissolved (DeTienne and Cardon, 2012). However, it suggests that the entrepreneur will no longer put in the time and resources necessary for the venture to survive and thrive. In addition to the stress that marks the entrepreneurial environment (Baron et al., 2016; Morris et al., 2012), demands of immigration represent an additional category of stress for immigrant entrepreneurs. Different effects of stress upon intentions have been reported. For instance, stress has been found to predict turnover intentions (Jensen, 2012; Podsakoff et al., 2007). Through direct (Allisey et al., 2014; Klassen and Chiu, 2011) and indirect effects (Elangovan, 2001), stress has also been found to predict intention to quit one’s job. We therefore argue that immigrant entrepreneurs who encounter the additional stress that results from immigration demands will be more likely to indicate intentions to abandon their businesses. Formally stated:

\[ P4. \text{ Demands of immigration are positively related to intention to abandon a venture.} \]

Entrepreneurial resilience and intention to abandon a venture

Given the demands of immigration and the heightened level of stress that immigrant entrepreneurs face, it is remarkable that immigrants are more likely to found new ventures (Vandor and Franke, 2016) and, conditional on location and industry, more able to remain in business relative to native entrepreneurs (Kerr and Kerr, 2016). We believe this may be related to an elevated level of resilience that immigrants may have when compared to their native citizen counterparts.

We defined entrepreneurial resilience earlier as the ability of an entrepreneur to positively adapt and recover from any high-impact challenge that has the ability to result in any form of failure such as liquidation, bankruptcy or closure of the business. This definition of entrepreneurial resilience captures the process of adapting to the high-impact challenges in entrepreneurship, which are analogous to the traumatic events that define the general construct of resilience. While general resilience is recovery from and adaptation to traumatic events that people face (Fletcher and Sarkar, 2013; Lee and Cranford, 2008; Luthar et al., 2000; Masten et al., 1990; Sinclair and Wallston, 2004), such as the death of a loved one, a major car accident, the occurrence of a natural disaster or other life-altering negative events, entrepreneurial resilience entails recovery and adaptation to the high-impact challenges that have the capacity to result in the failure of a firm in the form of liquidation, bankruptcy, or closure of the business.

The value of entrepreneurial resilience can be seen in a number of ways. First, while there are firms that do need to close down due to poorly recognized or exploited opportunities, there may be instances where pending failure of a firm centers on entrepreneurial resilience rather than opportunity recognition issues. In other words, a firm’s survival is largely dependent upon the willingness of the entrepreneur to take the steps necessary to recover and positively adapt to negative situations, given that the entrepreneur is the most important resource in entrepreneurship (Brush et al., 2001).
Another value of entrepreneurial resilience can be seen in the positive outcomes that result from it. Research has shown that resilience is positively related to continuous improvement in tough times (Chadwick and Raver, 2013); health of entrepreneurs and their firms (Virginie and Olivier, 2012); and firm success (Fisher et al., 2016). By acting as a form of psychological capital (Luthans et al., 2006), entrepreneurial resilience enables entrepreneurs to overcome hurdles that would otherwise have halted their entrepreneurial efforts (Bullough and Renko, 2013).

Entrepreneurial resilience thus influences the responses of entrepreneurs to unfavorable conditions faced in entrepreneurship, making a difference between keeping the doors open or quitting the venture. This seems to align with immigrant entrepreneurs, who may have to decide in the face of immigration demands whether to keep their businesses going. We therefore posit that entrepreneurial resilience will moderate the relationship between the demands of immigration and venture abandonment intentions:

P5. Entrepreneurial resilience moderates the positive relationship between demands of immigration and the intention to abandon a venture such that higher entrepreneurial resilience will result in lower intentions to abandon the business.

Discussion

For decades, research has consistently found that immigrants are more likely to found new ventures than native-born individuals in the USA. They are an important source of economic growth and activity and will continue to be so in the near future. While government statistics bear this out, more study is needed regarding the unique challenges immigrants must overcome in order to found ventures and succeed in entrepreneurship. In this paper, we first argued that immigrants are more likely to feel pressure and stress as a result of their need to adapt to a new environment. Then, recognizing this inherent obstacle to entrepreneurship and the fact that immigrants still found ventures at a higher rate than non-immigrants, we focused our conceptual research on the intentions of immigrant entrepreneurs. More specifically, we concentrated on the intentions of entrepreneurs to engage in three types of entrepreneurial behavior: new venture creation, venture growth activities and abandonment. As we discussed, human behavior is predicted by intentions, and understanding the intentions of immigrant entrepreneurs may shed new light on this important subgroup of entrepreneurs.

Based on our review of the literature, we proposed that immigrant entrepreneurs are more likely to have intentions to found new ventures, have lower intentions to grow their businesses, and have higher intentions to abandon their businesses. Given the higher levels of stress they encounter resulting from the demands of immigration, the latter two propositions related to venture growth and abandonment are consistent with the effects of stress. However, pursuing new venture creation – which is challenging in and of itself – would seem less likely for immigrants than non-immigrants, yet we know that immigrants are more likely to found ventures than non-immigrants. We argue that the knowledge of their own ethnic culture and population, combined with the challenges of integrating into a new society, often pushes immigrants into ethnic entrepreneurship. This type of entrepreneurship, which focuses on niche markets, results in smaller ventures with limited growth potential that can be abandoned relatively easily if necessary.

Decision making involves having an intention to carry out a decision, based on available information, experience, beliefs, perception of control and the influence or opinion of some important others (Ajzen, 1991, 2005). The decision to grow one’s business is impacted by some or all of these factors. By arguing that the demands of immigration pose additional challenges and stress to immigrant entrepreneurs, we posit that their intention to grow their businesses will be lower than those of non-immigrant entrepreneurs as immigrants may not
feel they have the capacity to manage and control such growth. They are more likely to have difficulties accessing the necessary resources required to initiate and sustain such growth.

Furthermore, immigrant entrepreneurs may indicate higher intentions to abandon their businesses as a result of the effects of the stress accompanying the demands of immigration. While research suggests that a person’s evaluation of what constitutes a stressful encounter is based on their cognitive appraisal of the encounter (Lazarus, 2000; Lazarus and Folkman, 1984), there is evidence in literature suggesting that stress predicts intentions to quit one’s job (Firth et al., 2004).

Resilience in entrepreneurship has been identified as an important factor for survival and success. It acts both as a psychological capital (Hmieleski and Carr, 2008) and a competency (Morris et al., 2013) that aids the entrepreneur in coping with the stressful conditions that accompany entrepreneurship. Given that the emotions of entrepreneurs significantly impact their ability to develop and grow their ventures (Baron, 2008; Cardon et al., 2012), research findings suggest that psychological capital may grant entrepreneurs the psychological resources required to meet the emotional challenges characteristic of the entrepreneurial process (Hmieleski and Carr, 2008). Entrepreneurial resilience is therefore beneficial in coping with the additional demands and stresses that immigrant entrepreneurs face on top of the other challenges that their native counterparts deal with. As noted by Hmieleski and Carr (2008), entrepreneurs often have only themselves to rely on at the moment to get their job done. Entrepreneurial resilience as a competency therefore plays a vital role in ensuring their ventures’ survival and success. Consequently, we argued that immigrant entrepreneurs who have greater entrepreneurial resilience will be better equipped to manage the challenges they encounter in entrepreneurship and indicate less intentions to abandon their ventures than those who have poorer entrepreneurial resilience.

While our propositions remain to be tested, we expect that they will hold true for most immigrant entrepreneurs. Entrepreneurship is a stressful endeavor because the entrepreneurial environment is filled with uncertainty and volatility. Additionally, it is impossible to know the outcomes of entrepreneurial endeavors a priori (Jenkins et al., 2014); hence, entrepreneurs have to make a lot of decisions without knowing for certain the outcomes of those decisions. However, by developing necessary capital and competencies, entrepreneurs will be more likely to succeed against the odds.

Conclusion
Implications for practice and theory development

Although this paper is conceptual in nature, it contributes to the discussion on immigrant entrepreneurs by highlighting the additional stressful conditions they have to face as a result of the demands of immigration, and projecting how these may impact their entrepreneurial intentions to act. This paper has implications for both research and practice. Studies on immigrant entrepreneurs should not neglect the context of immigration stress and the additional demands of immigration. Furthermore, policymakers need to factor in this contextual aspect of immigrant entrepreneurship rather than assume that all entrepreneurs face similar challenges. By doing so, they will be able to offer more tailor made and effective assistance to immigrant entrepreneurs and derive the possible benefits associated with their entrepreneurial activities.

Venture capitalists could also benefit from empirical results of these propositions as funding decisions may need to include consideration of the proposed effects of stress and demands of immigration. Based on our arguments that immigrant entrepreneurs may be unwilling to grow their businesses beyond a defined threshold and more likely to abandon their businesses, venture capitalists may choose to devise additional strategies to support immigrant entrepreneurs to minimize the risk of losses due to abandonment.
Limitations and future research directions
This conceptual paper has a number of limitations that we want to acknowledge.

First, we do not distinguish between immigrants from different nations or parts of the world or having different backgrounds. Immigrants who come from English-speaking countries are likely to find the transition to American culture easier to achieve. Those who are educated and/or who come from families with greater financial resources may also find the transition easier. Thus, not all immigrants are the same, but in this paper, we have treated them as a monolithic group.

Second, we do not fully develop or incorporate the element of coping. Resilience is one factor which allows one to cope with high-impact challenges; however, cognitive appraisal theory suggests that people evaluate if and how a particular encounter with their environment is relevant to their well-being (Folkman et al., 1986) to determine their ability to cope with such encounters. People and groups differ in their sensitivity and vulnerability to certain types of events, as well as in their interpretations and reactions (Lazarus and Folkman, 1984, p. 22). Consequently, different outcomes can also be expected when people react differently to the same stressor given their individual evaluations of the situation. The mere presence of a stressful encounter does not automatically result in stress. Rather, what matters is the person’s evaluation of the impact the stressor will have on them and their own ability to deal with the situation.

Also, our paper is limited to behaviors of immigrant entrepreneurs with micro and small businesses. Consequently, bankers and entrepreneurial support organizations will be more likely to benefit from the findings of this paper than venture capitalists. Finally, we also do not incorporate the motivations for entrepreneurship among immigrant entrepreneurs. Immigrant entrepreneurs who found ventures out of necessity may be more unwilling to abandon their ventures than opportunity entrepreneurs; hence, the proposed relationships may differ based on differences in opportunity recognition processes. Future research will need to consider these differences.

We recommend testing the propositions through empirical study. The nature of the propositions clearly calls for longitudinal study. Entrepreneurial behavior is a function of both the person and their environment; hence, it is necessary to observe the effects of immigration demands on immigrant entrepreneurs over a period of time to determine the effects of personal and environmental changes. Future research could also examine the effects of entrepreneurial ecosystems available to immigrant entrepreneurs upon their intentions. For instance, the availability of support centers such as incubators, university programs, small business development centers and loan assistance programs may independently influence immigrants’ intentions to start, grow or abandon a venture.

Concluding thoughts
As noted by Kerr and Kerr (2016), immigrant entrepreneurship is of central policy interest and deserves more critical examination. We have argued that even with increased stress, immigrants continue to maintain high levels of intention to found new ventures and engage in entrepreneurship. However, the demands of immigration will be more likely to inhibit growth intentions among immigrant entrepreneurs, and promote intentions to abandon their businesses. This is because the demands of immigration pose additional stress and limit immigrants’ perceptions of control over their entrepreneurial behaviors. We also argued for the moderating role of entrepreneurial resilience on the positive relationship between demands of immigration and intentions to quit their business.

The limitations notwithstanding, we believe our paper contributes to the understanding of the contextual factors that differentiate immigrant entrepreneurs from non-immigrant entrepreneurs. Through our discussion and the development of our research propositions, we offer specific differences that are in need of further research. Finding empirical support
for these differences can help us to better understand the needs of immigrant entrepreneurs, which is important as they represent a significant and growing percentage of all entrepreneurs in the USA.

References


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