How Immigrant Entrepreneurs’ Economic, Human and Social Capital Endowments Affect Venture Strategy and Performance

By

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All interested are welcome
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ABSTRACT

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We examine the question of how first- and second-generation immigrant entrepreneurs’ endowments of economic, human and social capital, together with their degrees of social identification with their ethnic community, affect their elemental strategic choice of venture product/market scope. Specifically, we argue that capital endowments and social identity will influence immigrant entrepreneurs’ decision to pursue a venture strategy focused either on their ethnic enclave or the dominant market. We then propose that this strategic choice affects venture performance indirectly, depending upon how well the entrepreneur’s capital endowment allows the chosen strategy to be executed. We test these ideas via a field study of 103 first- and second-generation immigrant-owned ventures in a U.S. Midwestern state. Our findings indicate that, while immigrant entrepreneurs’ capital endowments and social identity do affect venture strategy, it is the particular configuration of entrepreneurial capital and strategy that shapes venture performance.