



journal homepage: www.elsevier.com/locate/emj

Exploring social responsibility of immigrant entrepreneurs: Do home country contextual factors play a role?

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KEYWORDS

Culture;
Immigrant entrepreneurs;
Level of socio-economic development;
Institutional environment;
Social responsibility

Summary Globalisation and technological advancement have blurred geographical boundaries resulting in increased immigrant entrepreneurship. Nevertheless, immigrant entrepreneurs face challenges resulting from different values, policies, institutional environment, culture, and perception of social responsibility (SR) in the new country. This paper focuses on one of these challenges, exploring whether the perceptions of social responsibility of immigrant entrepreneurs coming from less-developed countries are influenced by their home country contextual factors. It presents a contextual framework consisting of a number of propositions specifying the influence of home country contextual factors – culture, institutional environment, and level of socio-economic development – on shaping the perceptions of social responsibility of immigrant entrepreneurs. The paper further proposes that these factors are more likely to influence the social responsibility perceptions of mature-aged first-generation rather than young second-generation immigrant entrepreneurs.

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Introduction

Increasing globalisation, technological advancement and migration waves in the last few decades have made many advanced countries largely cosmopolitan with wide ranging and increasing number of immigrant businesses. The businesses provide to these economies an ever-broadening product range, 'which now not only includes such obvious items as Coca Cola, hamburgers and Levi's but also Thai food,

North African musical instruments and Indian saris' (Rath et al., 2002: 2). According to Vargas (2005), the recent upsurge in immigration is due to globalisation, ongoing wars, and political problems facing many countries and the immigrants therefore mostly migrate from less-developed countries to developed countries in the quest of a better and more stable future. With the increase in immigration, there has also been an increase in the number of immigrant entrepreneurs who pursue business project for different reasons that can be explained by both 'push' and 'pull' factors (Dana and Morris, 2007). While they are pushed into self-employ-

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ment due to market discrimination, skill shortcomings and communication barriers, their strong orientation towards vision, entrepreneurship and risk-taking pulls them towards self-employment (Dana and Morris, 2007).

Immigrant entrepreneurship creates both opportunities and challenges that have important implications for an economy. The opportunities created include employment, development of social capital, scope for better integration into the society, an increase in the range of goods and services available, expanding consumer choices and growth of certain sectors (Rath et al., 2002; Light and Gold, 2000). The challenges are relatively few but important. One of the main challenges comes from immigrant entrepreneurs' strongly differentiated social, institutional and cultural orientations and their exposure to a very different regulatory environment and socio-economic context (Drori et al., 2006). The home country contextual factors like culture, institutional environment, and level of socio-economic development at both individual and national level are substantially different and are likely to pose varied challenges for these entrepreneurs. While these challenges are faced by all immigrant entrepreneurs, they are likely to be greater for immigrant entrepreneurs coming from less-developed countries of South Asia and Africa who form a significant portion of immigrants in advanced economies. The entrepreneurs coming from these countries are used to operating in an environment where there are low standards for Corporate Social Responsibility (CSR), low public pressure and compliance with voluntary standards, and where codes of conduct and regulations are limited.

Immigrant entrepreneurship is increasingly becoming an area of interest, with the growth of immigrant businesses in Western countries (Dana, 2007; McDougall and Oviatt, 2000). However much of the research in this topic to date has focused on dealing with ethnic communities, factors influencing ethnic entrepreneurship, and the social and cultural impact of immigration (Dana, 2007; Rath and Kloosterman, 2000); very little attention has been paid to social responsibility of immigrant entrepreneurs. Evidence suggests that ethnic businesses are generally small businesses (Ram and Smallbone, 2001; Light and Gold, 2000). CSR as a topic has been extensively researched, however, most of the research has been associated with larger businesses and only recently has the focus shifted towards initiatives of small-scale businesses/entrepreneurs (Azmat and Samaratunge, 2009). The number of immigrant entrepreneurs is increasing at unprecedented rates, yet their social responsibility (SR) remains an under-researched area. Against this backdrop, this paper aims to fill this theoretical void by exploring the social responsibility of immigrant entrepreneurs and the probable influence of home country contextual factors – culture, institutional environment, and level of socio-economic development – on shaping their perceptions of SR. It also aims to investigate whether these factors have the same influence on different generations of immigrant entrepreneurs. This research studies immigrant entrepreneurs coming from less-developed countries and focuses specifically on immigrant entrepreneurship as explained later.

It is important to have an understanding of CSR to interpret socially responsible behaviour. Keeping that in mind, the paper starts by defining the key terms – immigrant

entrepreneurship and CSR – as considerable ambiguity and controversy remains in regard to their definitions. This is followed by an overview of existing literature on immigrant entrepreneurship and CSR. Although there has been extensive research on the topics of both immigrant entrepreneurship and CSR separately, limited research has been done on the issue of the social responsibility of immigrant entrepreneurs. As the literature on CSR and immigrant entrepreneurship is vast, only the literature that is related to and promotes the understanding of the social responsibility of immigrant entrepreneurs is discussed in this section. A contextual framework of social responsibility of immigrant entrepreneurs is then presented; this framework is based on propositions that take into account the different contextual factors of the home country, which include culture, institutional environment, and socio-economic development at both individual and national level. This is followed by conclusion, limitations and implications of the study.

Defining the key terms

This section defines the key terms – immigrant entrepreneurship and CSR – as these terms still draw controversy and ambiguity even after decades of research.

Immigrant entrepreneurship

Entrepreneurship is defined as the combining of novel ways to create something of value in a new way, and entrepreneurial orientation includes the basic dimensions of risk taking, innovativeness, and proactiveness (Nummela et al., 2004; Aldrich and Waldinger, 1990). Among various areas of entrepreneurship, international entrepreneurship (IE), ethnic entrepreneurship (EE) and transnational entrepreneurship (TE) have attracted increasing interest. McDougall and Oviatt (2000: 903) define IE as 'a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organisations'. According to Welch (2004) ideas about IE are conceptually rooted in the development of ideas about internationalisation. EE on the other hand has been defined as, 'a set of connections and regular patterns of interaction among people sharing common national background or migration experiences' (Waldinger et al., 1990: 3). IE is different from EE as it involves the pursuit of opportunities across borders or the comparison of entrepreneurial activities in multiple countries, and is argued to have a common heritage and a concern about similar issues with internationalisation, while the domain of ethnic entrepreneurship concerns the study of entrepreneurial initiatives of minorities and their struggles and contributions. Ethnic entrepreneurship is generally seen as similar to 'immigrant entrepreneurship' and the two terms are often used interchangeably; there is, however, a subtle difference between the two terms (Volery, 2007). 'Immigrants' include the individuals who have immigrated over the past few decades and exclude members of ethnic minority groups who have been living in the country for several centuries; the term 'ethnic' is a much broader concept and includes immigrants or minority groups (Volery, 2007).

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