Immigrant Entrepreneurs in the U.S.: Firm Performance Based on Entrepreneurial Competencies

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Abstract: Although immigrants represent a sizeable and growing portion of the total U.S. population and immigrant entrepreneurs play an important role in the U.S. economy, they remain relatively understudied within the literature. Existing research suggests that immigrants are more likely to start a business than non-immigrants in the U.S. and face unique challenges while doing so. This paper attempts to contribute to the existing literature by examining the impact of entrepreneurial competencies of immigrant entrepreneurs on their firms’ performance. Given that entrepreneurial success, performance, and growth depend heavily on entrepreneurial competencies, we develop a conceptual discussion and three propositions indicating that immigrant-owned firm performance is influenced by three specific competencies held by immigrant entrepreneurs: proficiency in the host country’s language, knowledge about the host country, and cultural intelligence. Following a review of the literature and the development of the propositions, we discuss implications, limitations, and future research directions for researchers and practitioners.

Keywords: immigrant entrepreneurs; entrepreneurial competencies; firm performance

1. Introduction

No matter what one’s personal or political views are on immigration, immigrants are significantly transforming the demographic characteristics of the U.S. (Camarota and Zeigler 2016), as well as the social and economic conditions in the country (Chaudhary 2015). According to the U.S. Census Bureau, over 40 million immigrants now live in the U.S. (U.S. Census Bureau 2020). One particularly important economic reality is that immigrants are more likely to pursue self-employment than native-born Americans (Kerr and Kerr 2020; Lofstrom and Wang 2019; Vandor and Franke 2016). In fact, immigrants are nearly twice as likely as native-born Americans to become entrepreneurs (Kauffman Foundation 2017; Vandor and Franke 2016). In a 2015 research report, it was reported that more than a quarter of all new businesses in the United States were established by immigrants, which was almost double the 1997 rate of 13.3 percent (Fairlie et al. 2015).

Immigrants constitute a significant and expanding segment of the overall population in the U.S. Research conducted on immigrant entrepreneurship indicates that these individuals have played a crucial role in driving economic progress, primarily through the establishment of new ventures and the facilitation of information exchange between their countries of origin and the host nation. Consequently, this has contributed to the promotion of international trade and investment (Das et al. 2017; Saxenian 2000). Furthermore, immigrants put forward novel viewpoints, dynamism, and a spirit of enterprise to the economy (Savino 2014). Given these facts, immigrant entrepreneurship is an important area for academic research (Dabić et al. 2020; Nazareno et al. 2018).

Despite their growing numbers, contributions, and significance to the U.S. economy, there remains a relative dearth of research on immigrant entrepreneurship in the U.S. (Kerr...
and Kerr 2020). A recent paper by Dabić et al. (2020) offers an excellent comprehensive review of the existing immigrant entrepreneurship literature, including a discussion of interdisciplinary approaches, theoretical frameworks, and methodologies used in research on the subject. What is clear from the literature is that immigrant entrepreneurs face extreme difficulties and barriers in host countries in establishing, operating, and maintaining their business (Al-Dajani et al. 2015; Bates and Robb 2013; Dabić et al. 2020). Awotoye and Singh (2018) discussed the psychological challenges immigrant entrepreneurs must overcome in their host countries, such as high stress levels related to language barriers and unfamiliarity with the customs and cultures. Additionally, immigrant entrepreneurs may experience social maladjustment and negative subjective wellbeing when they experience discrimination in host countries (Poblete 2018).

Entrepreneurial success, performance, and growth depend heavily on entrepreneurial competencies (Baron and Shane 2004; Churchill and Lewis 1983; Colombo and Grilli 2005; Low and MacMillan 1988; Man et al. 2002). Unfortunately, as Tittel and Terzidis (2020) argue, based on their comprehensive literature review on entrepreneurial competencies, there is little consensus on a definition. They compiled a list of 376 concepts in the entrepreneurship literature that make up entrepreneurial competencies. We take a broad view of entrepreneurial competencies and define them as the skills and behaviors needed to create, develop, and manage a new venture. This definition, while broad, largely encompasses the full range of competencies that Tittel and Terzidis (2020) identify in their comprehensive review of entrepreneurial competencies.

While research has examined the importance of entrepreneurial competencies (Man et al. 2002; Mitchelmore and Rowley 2010, 2013; Pécout 2004), there is relatively little research on the study of entrepreneurial competencies of ethnic minorities and immigrants, especially in the context of U.S. To address this gap in the literature, in this paper, we build on previous research and issues raised by Dabić et al. (2020), and focus our attention on the entrepreneurial competencies (Kyndt and Baert 2015; Tittel and Terzidis 2020) required of immigrant entrepreneurs. More specifically, we argue that for immigrant entrepreneurs, there are three unique entrepreneurial competencies that can help them successfully create, develop, and manage new ventures in the U.S and achieve superior firm performance. These include proficiency in the host country’s language, knowledge about the host country, and cultural intelligence.

Following our review and analysis of the existing literature, we develop three research propositions. Subsequently, we discuss the practical and theoretical implications of our propositions, as well as their limitations. Finally, we propose potential avenues for further research before providing a short conclusion.

2. Literature Review

2.1. Immigrant Entrepreneurship

According to the United Nations, “migrants” are people who have moved to a country other than their usual place of residence for 12 months or more (Castles and Miller 2009). The definition of “immigrant” refers to a person born abroad, while the descendants of immigrants are called “second generation” immigrants (Dabić et al. 2020). The study of immigrants has been triggered and conducted by scholars from a wide range of areas, including anthropology, economics, entrepreneurship, management, psychology, sociology, and public policy (Dana 2007). Generally, immigrant entrepreneurship refers to entrepreneurial activities carried out by immigrants. It belongs to business and sociology, covering international entrepreneurship and immigration research (Drori et al. 2009). As mentioned earlier, the field of study of immigrant entrepreneurship has gained significant importance in recent years, owing to its notable expansion of immigrants in the U.S, as well as their significant contributions to the local, regional, and national economies.

Immigration is playing an increasingly critical role in the American economy (Wadhwa and Salkever 2021). The current labor shortage, particularly with respect to lower wages and unskilled labor positions, could be addressed with the increased immigration. Further,
as a greater proportion of the American workforce undergoes the process of aging and transitions towards retirement, immigrants are essential to expanding the U.S. workforce to ensure the country’s global competitive advantage (Gest et al. 2021). Relative to their proportion in the population, the proportion of immigrants in the workforce is quite high, but compared with those born in the U.S., immigrants also have a higher propensity for entrepreneurship (Carbonell et al. 2014; Fairlie and Lofstrom 2015; Kerr and Kerr 2020). Among Fortune 500 companies, about 40 percent were founded by immigrant entrepreneurs (New American Economy Research Fund 2020). This percentage is much higher than the 13.2 percent of the immigrant community as a percentage of the U.S. population (Kosten 2018).

In the host country, immigrants are constrained by financial, human, and social capital resources. As a result, immigrants often have to face limited employment opportunities, making it difficult for immigrants to find jobs compared with the natives (Akresh 2006; Bates 2011). Moreover, immigrants will frequently suffer discrimination in the workplace (Carlsson and Rooth 2007). The scarcity of employment prospects available to immigrants serves as a prominent factor contributing to the elevated levels of entrepreneurial activity observed among immigrant populations in host countries (Chaganti et al. 2008; Li 2001).

The growing research interest in entrepreneurship by immigrants, as well as ethnic minorities, has increased in the past few decades (Dabi´c et al. 2020; Vinogradov and Jorgensen 2017; Xu et al. 2019). Some of the themes within the immigrant entrepreneurship literature include motives and entrepreneurial intentions (Kushnirovich et al. 2018; Volery 2007), marketing orientations toward co-ethnic customers vs. customers from outside their ethnic enclave (Cruz et al. 2020), competencies and identity building (Chrysostome 2010; Sui et al. 2015), ethnic networks and/or diasporas (Elo et al. 2018; Nkongolo-Bakenda and Chrysostome 2020), strategies and internationalization (Kloosterman 2010; Kloosterman and Rath 2001; Waldinger et al. 1990), resources (Baron et al. 2018; Jones et al. 2014), and intercultural relations (Chand and Ghorbani 2011; Hamilton et al. 2008; Portes and Sensenbrenner 1993). Despite the growing interest in research associated with immigrant entrepreneurs, there is still a gap in the literature regarding the relationship(s) between immigrant entrepreneurial competencies and their performance in entrepreneurship.

2.2. Entrepreneurial Competencies and Entrepreneurship Performance

Entrepreneurial competencies affect entrepreneurial outcomes (Hovne et al. 2014; Jensen et al. 2014) and develop from the basic attributes exhibited by individuals, encompassing skills, motivation, traits, and knowledge (Boyatzis 1982). Baum et al. (2001) and Brownell (2008) affirmed that entrepreneurial competencies are based on the individual characteristics such as the abilities/attributes, skills, positive attitudes, and knowledge needed to perform specific jobs.

Entrepreneurial competencies are associated with entrepreneurial performance, such as firm birth, survival, and growth (Baum et al. 2001; Bird 1995; Colombo and Grilli 2005). Similarly, empirical research suggests that the competencies possessed by entrepreneurs have a significant impact on the performance, expansion, and growth of their ventures (Bird 1995; Cooper et al. 1994; Lerner and Almor 2002). Additionally, research has shown that entrepreneurs’ entrepreneurial skills also contribute towards the profitability and growth of the businesses they founded (Chandler and Jansen 1992). According to Mitchelmore and Rowley (2010), the examination of an entrepreneur’s demographic, behavioral attributes, and abilities is frequently regarded as the primary determinants of entrepreneurial achievement in entrepreneurship research. While the significance of entrepreneurial capabilities for the survival, growth, and profitability of businesses is widely acknowledged, Brinckmann (2008) argues that the exploration of competencies in the entrepreneurship literature is still in its nascent phase.

Research has investigated the abilities and competencies of entrepreneurs; however, the number of studies remains limited and are often context-specific, calling into question the generalizability of the findings. For example, Pécout (2004) indicated that German-
Turkish entrepreneurs’ have the necessary skills and cultural competencies to survive in Berlin. In another example, Mitchelmore and Rowley (2013) found support for four competency clusters among women entrepreneurs in England and Wales, specifically focusing on personal and relationship skills, business management abilities, entrepreneurial aptitude, and human relations capabilities. The results may not translate to other countries or contexts.

As mentioned earlier, immigrants encounter a range of supplementary challenges, including underemployment and unemployment (Iyer and Shapiro 1999), which compel them to leverage their distinct assets in order to engage in entrepreneurial activities (Sequeira and Rasheed 2006). In addition, immigrant entrepreneurs have limited access to local financing opportunities, which directs them towards a lower end of the opportunity structure (Kloosterman et al. 1999). The significance of entrepreneurial competencies extends to all enterprises; however, it is especially crucial to foster an understanding of these competencies among immigrant entrepreneurs.

Immigrant-centered competencies often focus on elements specific to these groups, such as language (Sui et al. 2015), knowledge of the host country (Sriram et al. 2007), and intercultural intelligence (Pécout 2004) skills. Researchers have identified that these immigrant-focused competencies, in particular, can be crucial in making the choice between self-employment and salaried work in the host country (Dabić et al. 2020). Subsequently, these abilities influence the choice of business and target markets.

In the following section, we develop three research propositions based on immigrants’ competencies in language ability, knowledge about the host country, and cultural intelligence. We believe that these are important factors, and more specifically, that these competencies have significant impacts on firm performance for immigrant entrepreneurs.

3. Theoretical Propositions

3.1. Host Country Language Skills

With respect to immigrants and immigrant entrepreneurs, knowledge and competence in the host country’s language is critical. The importance of language in determining the preferred immigration destination has been identified as significant (Pedersen et al. 2008). Additionally, it has been observed that language proficiency has an effect on the earnings of immigrants (Dustmann and Van Soest 2002). The formation of new ventures among immigrants is typically attributed to their comparatively lower levels of success within the mainstream population. In this context, the significance of language skills becomes crucial in understanding the underlying factors contributing to the establishment of such ventures (Chand and Ghorbani 2011). Further, insufficient host country language skills often constrain immigrants’ entrepreneurial activities to co-ethnics or particular locations, which limits their integration into the host society (Drori et al. 2009; Light and Gold 2000).

Language skills are emphasized because these skills greatly influence entrepreneurs’ cross-cultural management, style, and skills, and shape corporate culture, as well as relate to potential international trade (Neville et al. 2014; Wang and Liu 2015; Xu et al. 2019). Issues with host country language skills are significant obstacles for immigrant entrepreneurs with respect to opportunity recognition, risk assessment, and other entrepreneurial activities (Azmat and Fujimoto 2016; Kolb et al. 2001; Vinogradov and Elam 2010). In contrast, if immigrant entrepreneurs have good host country language skills, they can be exceptional exporters (Morgan et al. 2018) and can also be active in international business (Sui et al. 2015). Hence, there is reason to expect an association between language skills and entrepreneurial performance.

Language is an important tool to establish a connection with others (Sui et al. 2015). For immigrants whose first language is not English who come to the U.S. at an older age to start a business, proficiency in English could be a big challenge. Such immigrants are usually required to take ESL (English as a Second Language) classes before commencing their regular studies—a requirement that non-immigrants do not have to meet. In international business, the lack of proficiency in speaking the host country’s language could result in
stress and health problems called language anxiety (Tenzer et al. 2017). Thus, it seems rational to infer that immigrants’ English language skills influence their entrepreneurial performance in the U.S.

Based on the discussion above, and consistent with Liu (2011) and Wang and Warn (2019) who argue that immigrant entrepreneurs’ language barriers constrain their ability to break into mainstream markets in the host society, we propose that language will significantly influence an immigrant entrepreneur’s venture performance. More formally, we propose the following:

**Proposition 1.** An immigrant entrepreneur’s host country language skills are positively related to their firm’s entrepreneurial performance.

### 3.2. Knowledge of the Host Country

All firms are impacted by their environment (Cooper 1993). The entrepreneur as the central driver of entrepreneurship must also interact with the environment. Part of this interaction involves the acquisition of knowledge, which then forms the basis of beliefs, attitudes, and entrepreneurial decisions and their consequent outcomes.

In previous studies on ethnic and minority entrepreneurship, researchers have emphasized that knowledge about the market is one of the most significant resources to impact decisions about immigrants’ new enterprises (Basu 1998; Deakins et al. 1997; Sriram et al. 2007). The importance of knowledge and its relationship to potential competitive advantage is unquestionable for both immigrant and native entrepreneurs. However, due to the geographic origin of immigrant entrepreneurs, generating and acquiring knowledge is significantly different for immigrants. For immigrant entrepreneurs, their knowledge about the host nation is not likely to be as strong as that of their native counterparts. The knowledge acquired by immigrants in their host nations is contingent upon their interactions with the residents, culture, and institutions within their new nation.

In his discussion of the costs of doing business abroad—referred to as the liability of foreignness—Zaheer (1995) identified different sources of such liability that firms may contend with when doing business abroad. These liabilities, which are likely to apply to immigrants who have to operate their businesses in a new host country, include (a) limited acquaintance with the local surroundings, (b) absence of legitimacy, and (c) restrictions imposed by the host nations. Since immigrant entrepreneurs are not as familiar with local practices as native entrepreneurs, they are again at a disadvantage.

The success of companies hinges upon the entrepreneurial expertise pertaining to business operations (Shrader et al. 2000). Immigrant entrepreneurs’ human capital and experience lose value in the host country (Friedberg 2000), which puts them at a disadvantage relative to native entrepreneurs. For example, in identifying business opportunities, this knowledge is a key source for identifying suitable business opportunities (Shane 2000). The lack of relevant knowledge about HR and labor market practices could make it difficult to manage employees (Fang et al. 2013). In addition, immigrants may not be familiar with the host country’s political environment, making it difficult for them to accurately predict political decisions, thereby affecting their business strategies (Maxwell 2010).

Finally, an immigrant with better knowledge of a host country’s culture and practices is more likely to interact with individuals outside of their immediate ethnic group. Their ability to build their network around weak ties can allow them to access resources, better understand broader markets, and integrate into society (Sequeira and Rasheed 2006). If an immigrant entrepreneur restricts himself to linking only with his ethnic community, it will be difficult for his firm to expand (Sequeira and Rasheed 2006). This is due to the fact that when immigrant entrepreneurs attempt to expand into new markets, they will find it challenging to make progress without previous knowledge and experience (Clydesdale 2008). A deeper understanding of the host country will provide broader growth potential for immigrant enterprises and, as Altinay and Altinay (2006) further point...
out, the social adaptability and integrability of the host country of immigrant entrepreneurs will significantly improve the market competitiveness of their companies.

Based on the arguments above, we propose the following:

**Proposition 2.** An immigrant entrepreneur’s general knowledge about the host country is positively related to their firm’s entrepreneurial performance.

### 3.3. Cultural Intelligence

Beyond having language skills and general knowledge of the host nation, cultural intelligence is another important factor that influences immigrant entrepreneurs’ firm performance. Cultural intelligence refers to operating and managing effectively under diverse cultural heritages (Ang et al. 2015a). It reflects an individual’s ability to acclimate and flourish in a new environment that is different from the one in which they were socialized (Brislin et al. 2006). Cultural intelligence, as discussed by Ang et al. (2015b), plays a crucial role in enabling individuals to engage effectively with others from diverse cultural backgrounds (Malik et al. 2014).

In general, immigrants often have a hard time adapting to the new host society. Similarly, the unique norms and customs brought by immigrants are often misunderstood by the locals. For non-natives (Berry 1976) and newcomers (Ward and Searle 1991), cultural distance poses increased adaptation difficulties. Cultural distance has led to the negative attitudes of local people towards immigrants, which has been well certified by some immigration literature and cross-cultural management literature (Brunner and Kuhn 2018).

Cultural intelligence consistently predicts psychological outcomes such as intercultural adjustment, behavioral outcomes such as idea sharing and the development of social networks with culturally different others, and performance outcomes such as task performance and cross-border leadership effectiveness (Leung et al. 2014). Cultural intelligence enables individuals to obtain a comprehensive understanding, acquire knowledge, and assimilate the host culture via direct experience (Ng et al. 2009). In addition, the presence of cultural intelligence characteristics is expected to enhance individuals’ ability to acknowledge the authenticity of diverse cultural perspectives (Tadmor et al. 2009) and cultivate their proficiency in discerning the appropriateness of employing specific cultural viewpoints in different situations (Hu et al. 2017). Therefore, cultural intelligence often results in favorable outcomes for individuals in new host countries.

Building on the discussion of the importance of cultural intelligence (Rahim et al. 2019), we posit that the performance of immigrant entrepreneurs’ firms will be impacted by the founding entrepreneur’s level of cultural intelligence. Cultural intelligence essentially represents an individual’s ability to adapt to various cultural contexts (Earley 2002). It allows the transfer of knowledge across cultural barriers (Chua et al. 2012) and helps the immigrant entrepreneur adapt to various cultural situations (Ang et al. 2007). A high cultural intelligence indicates that a person understands the similarities and differences in diverse cultural contexts, namely the customs, notions, principles, and views (Ng et al. 2009). Cultural intelligence is beneficial in business contexts. For example, a culturally intelligent manager makes better hiring, negotiation, and communication decisions in cross-cultural contexts (Imai and Gelfand 2010). Such a manager is also better able to motivate employees from different cultures (Elenkov and Manev 2009).

The ability to manage cross-cultural relationships enables people to increase their cultural intelligence. This can lead to greater access to information and resources, which may lead to opportunity identification and exploration (Korzilius et al. 2017) and positively influence their beliefs about their abilities and entrepreneurial activities (Chua 2018; Lorenz et al. 2018). This and the adaptability to host country culture discussed above results in our final formal proposition:

**Proposition 3.** An immigrant entrepreneur’s cultural intelligence is positively related to the entrepreneurial performance of their firms.
4. Discussion

Immigrants account for a large proportion of the total population in the U.S. and a significant percentage of entrepreneurs engaged in new venture creation. However, competition remains stiff, and immigrant entrepreneurs face extreme difficulties in establishing their businesses within new host countries (Teixeira et al. 2007). Given their importance to the broader U.S. economy, finding ways to mitigate these challenges is important. To this end, we explored the potential association between entrepreneurial competencies and firm performance among immigrant entrepreneurs. Based on the literature review, this paper proposed that immigrant entrepreneurial performance is related to three specific competencies: host country language skills, knowledge about the host country, and cultural intelligence.

We believe that our paper makes a significant contribution to the body of literature on immigrant entrepreneurship by looking through an entrepreneurial competency lens at the challenges many immigrant entrepreneurs face. By developing the three propositions based on prior research findings, we present new avenues of research that may help to unlock greater success among immigrant entrepreneurs in the U.S.

4.1. Implications for Practice

It is crucial to understand immigrant entrepreneurs’ performance from the standpoint of entrepreneurial competence because doing so helps entrepreneurs learn how to become better and inspires them to consider the potential effects of their abilities, knowledge, and actions. Identifying behaviors that reflect a possible causal relationship with entrepreneurial performance can enable entrepreneurs to recognize their needs and look for appropriate training or resources.

Enhancing competencies can be achieved via formal education and targeted training programs (Man and Lau 2005). The concepts developed and discussed in this paper can be used to establish tailored education programs, which can enhance firm performance (Garavan and McGuire 2001). The process of immigrants transitioning from their country of origin to their new host country entails various demographic, sociological, and personal ramifications. The provision of comprehensive training programs that encompass a range of professional and personal abilities is of paramount importance in facilitating the effective adaptation of immigrants to their new host culture. In fact, research suggests that downplaying contextual factors and providing pragmatic skills training such as language and vocational training can increase cultural intelligence and the economic mobility of immigrants (Smith 2017).

This paper discusses concepts that may be applicable for policymakers as they formulate specific rules and regulations in the market that facilitate new venture creation by immigrant entrepreneurs who already have a high potential for entrepreneurship. In order to enhance entrepreneurial competencies, it is imperative for immigrant business owners to engage in personal development. Furthermore, aspiring immigrant entrepreneurs have the opportunity to acquire job experience and relevant skills by collaborating with experienced entrepreneurs for a designated duration. This would enable aspiring entrepreneurs to acquire practical knowledge in various functional domains, including finance, strategic management, operational management, and marketing.

4.2. Implications for Entrepreneurship Education

As entrepreneurship education’s objective increasingly translates to creating actual entrepreneurs (Solomon 2007), delivering appropriate content and curricula is critical to achieving this objective. We believe our research presents a foundation for guiding the development of new entrepreneurship curricula focused on competencies. Scholars have discussed the importance of entrepreneurial competencies (Bejinaru et al. 2023; Hills 1988; Solomon et al. 2002), and our paper proposes and discusses three competencies that are particularly important for immigrant entrepreneurs. More specifically, by focusing attention on improving host country language skills, general knowledge about the host country,
and cultural intelligence as part of the entrepreneurship curricula, we believe immigrant entrepreneurs could improve the potential survival and success of their ventures.

Content for training programs and entrepreneurship education delivered to immigrants pursuing new venture creation would benefit from our discussion and new and more effective pedagogical approaches may be developed. Teaching broad language skills, including common slang terms, can help immigrant entrepreneurs improve communication, and role play and simulations can help them better understand the host country’s culture and customs. Further, these activities and case studies could be developed to help would-be immigrant entrepreneurs build confidence on how to interact with external stakeholders such as customers, suppliers, and bank loan officers. This can be invaluable as they pursue their entrepreneurial ambitions.

4.3. Implications for Researchers

We believe that the aging population and the labor shortage in the U.S. and across many developed nations will result in even greater economic migration. Understanding the economic importance of immigrants and immigrant entrepreneurs will become more important over the coming years. This paper contributes to the theoretical development on the subject. The recent literature in the field suggests the need to involve ethnic groups such as immigrant entrepreneurs to investigate the link between entrepreneurship and its performance (Bates 1990; Efendic et al. 2016; Waldinger et al. 1990). We responded to this suggestion by considering the proposed relationships in a specific context in the U.S. This research also complements the small though emerging body of literature that establishes the correlation between competencies and entrepreneurial performance. The competency model places emphasis on the engagement of entrepreneurs in many activities and responsibilities associated with entrepreneurial positions. By adopting this approach, it addresses the inherent ambiguity that exists between the characteristics associated with entrepreneurship and their impact on performance.

Further, developing the entrepreneur’s skills is considered essential among immigrant entrepreneurs, as is the operationalization of entrepreneurial competencies and connecting them to entrepreneurial performance. We believe our research makes a contribution to the theoretical underpinnings that can be used to study immigrant entrepreneurs. Research is now needed to test the propositions via the variables and scales that are developed and validated. In the coming years, we expect to test the propositions to extend the research beyond the conceptual stage.

4.4. Limitations and Future Research Directions

This research, despite its conceptual nature, makes a valuable contribution to the ongoing discourse around immigrant entrepreneurs. It achieves this by shedding light on the entrepreneurial competencies that have the potential to influence their entrepreneurial performance. However, we want to acknowledge a number of limitations. First, the paper does not discuss the types of businesses founded by immigrant entrepreneurs. Many immigrant entrepreneurs remain focused on their co-ethnics, and for these entrepreneurs, the propositions may not be as important. However, the expansion of these businesses is still likely to require interaction with banks, government agencies, and other institutions outside of their co-ethnic population.

Further, this paper did not distinguish between immigrants from different nations. As Efendic et al. (2016) indicated, a more refined categorization of immigrants may lead to differentiated outcomes. For instance, theories within the field of sociology and migration study have posited that the experiences of second-generation persons differ from those of first-generation immigrants. These disparities may have implications for the developmental trajectory of their entrepreneurial endeavors (Portes and Zhou 1993; Ram and Carter 2003). Also, different competencies between men and women as a subgroup of immigrant entrepreneurs would be intriguing to understand because there are noticeable differences in the management approaches employed by male and female entrepreneurs (McGregor
and Tweed 2001). Lastly, future studies may need to focus on the generalizability of the proposed relationships for different types of businesses that immigrants undertake. As noted in earlier studies, immigrants often engage in entrepreneurship or pursue professions that align with the prevailing cultural and societal norms of their countries of origin, rather than those of their host countries (Dabić et al. 2020). The style in running a business between various groups is likely to be influenced by their ethnic or racial heritage.

We believe that testing the propositions via empirical study could help researchers better understand the success factors for immigrant-owned ventures. The characteristics of the propositions imply a longitudinal approach in future research would be best. The development of entrepreneurship is influenced by both individual characteristics and external factors. Therefore, it is crucial to examine the impact of different competencies over a period of time in order to identify the shifts in human attributes and environmental conditions. In addition, according to Cheng et al. (2005), it has been posited that skills possess a dynamic nature rather than a static one, and that the abilities required by entrepreneurs may undergo alterations in response to the demands imposed by the industry. Further insights into the causal linkages between competencies and entrepreneurial performance could be gained through the use of longitudinal research.

We encourage other researchers to conduct longitudinal empirical studies which test the propositions developed in this paper, as well as others related to immigrant entrepreneurial firm performance. Much work remains to be completed, but we expect to continue our exploration of immigrant entrepreneurs with our own empirical study in the coming years.

5. Concluding Remarks

The economic prosperity of the U.S. is heavily reliant on the continued existence and expansion of enterprises owned by immigrants (Orrenius and Nicholson 2009). Given the significant contribution of immigrant entrepreneurs to the U.S. economy, the purpose of this paper was to discuss and provide possible research directions to better understand this group of entrepreneurs.

This research examined the potential effects of entrepreneurial competencies (specifically host-country language skills, general knowledge about the host country, and cultural intelligence) on the performance of immigrant entrepreneurship in the U.S. This paper makes a contribution by proposing theoretical relationships that influence immigrant entrepreneurs’ success via their entrepreneurial competencies. Further, the empirical validation of these propositions could help enhance the comprehension of key drivers of success for immigrant entrepreneurs. As we have discussed, given the growing percentage of the immigrant population and their heightened interest in new venture creation and entrepreneurship and the need for greater research on this subgroup, we believe much work consistent with the aim of this paper is needed.

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