

Shaping the castle according to the rocks in the path? Perceived discrimination, social differences, and subjective wellbeing as determinants of firm type among immigrant entrepreneurs

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Abstract This paper argues that transnational entrepreneurs are characterized in terms of their differing perceptions of the host society in comparison to conventional immigrant entrepreneurs. We focus on three aspects of individuals' perception of informal institutions which include (1) individuals' perception of discrimination based on first-person and third-person experience, (2) individuals' perception of social differences, and (3) subjective wellbeing. We find that among other immigrant entrepreneurs, transnational entrepreneurs are more likely to perceive social differences within the host society, to have been discriminated against, and experience dissatisfaction regarding opportunities and income.

Keywords Transnational entrepreneurship · Discrimination · Social differences · Subjective wellbeing

Summary Highlights

Contributions: This study analyzes an increasing, but still underdeveloped area of research, that of transnational entrepreneurship, under a well-developed theory of institutions to examine the influence of three aspects of informal institutions. This research explains why and how perceived discrimination, social differences, and subjective wellbeing may encourage immigrant entrepreneurs to act transnationally.

Research questions/purpose: The study aims to examine the relationship between certain types of immigrant entrepreneurs and three aspects of informal institutions,

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through the following research questions: To what extent does perceived first and third person discrimination encourage immigrant entrepreneurs to act transnationally? Do transnational entrepreneurs perceive greater social differences than their domestic immigrant counterparts? Does satisfaction with opportunities and current income encourage cross-national ventures?

Results/findings: Results validate our hypothesis regarding differences in the way transnational entrepreneurs perceive their country of settlement in comparison to other immigrant entrepreneurs. Such differences may encourage entrepreneurs to maintain business-related linkages, strengthening their ties with their countries of origin.

Limitations (if any): First, the data include only three Latino communities and one country (USA), hence caution should over-representativeness occur. Second, certain independent variables were measured using dummy variables which may mean that some elements underlying each construct were not covered. Third, other control variables that might influence the outcome variable are not included in the analysis.

Theoretical implication and recommendations: The results contribute to the study of transnational entrepreneurship by identifying three dimensions of informal institutions which may influence the emergence of this phenomenon. They also add to the literature by expanding some reasons that influence the likelihood of migrant entrepreneurs to act transnationally.

Practical implications and recommendations: This study provides a useful picture that helps to understand some informal institutional constraints between two groups of immigrant entrepreneurs (domestic-focused and transnationals).

Introduction

Gnyawali and Fogel (1994) suggest that entrepreneurial activity is influenced by five dimensions: (1) government policies and procedures, (2) social and economic conditions, (3) entrepreneurial and business skills, (4) financial assistance for new ventures, and (5) non-financial assistance. In this study, we build on the second dimension with a special focus on the influence of informal institutions in shaping transnational entrepreneurship. In most entrepreneurship research in general, institutions are conceptualized as independent variables that influence the degree to which entrepreneurial behavior occurs, the forms it assumes, and its relative degree of success (cf. Young et al. 2003). With regard to informal institutions—traditions, customs, societal norms, shared mental models, unwritten codes of conduct, ideologies, and templates (Baumol 1990; Denzau and North 1994; North 1990)—it has been suggested that social forces may shape transnational entrepreneurship, as entrepreneurs rely on social networks to cope with uncertainty, acquire legitimacy, and offset the absence of formal institutional support (Urbano et al. 2011).

In this study, the focus is on how the perception of discrimination, social differences, and subjective wellbeing can act as influencing factors in the cross-border business activities that immigrant entrepreneurs choose to pursue. These issues are anchored in

the cognitive dimension of institutions (Kostova 1997; Scott 1995) or informal institutions, according to North (1990)'s approach, which embrace social knowledge, shared beliefs, societal norms, shared cognitive schemas, and behavior among others. The goal of the article is to analyze how perceptions of some aspects of the host society generate differences in the business strategies of immigrant entrepreneurs (Casey and Hamilton 2014; Teixeira and Coimbra 2014). This research relied on data from the CIEP project using a subsample of 450 immigrant entrepreneurs living in the USA (Portes et al. 2002). These entrepreneurs come from three communities intentionally selected for the original purpose of the CIEP project; however, it is important to mention that, unlike other studies (e.g., Hammarstedt 2004), we do not address differences between communities. Hence, while an examination of the ethnic dimension may be interesting, it is beyond the scope of this study. Instead, we will address the specific role of three aspects within the informal institutional framework in the country of settlement as determinants of transnationalism.

The process of transnational entrepreneurship involves entrepreneurial activities that are carried out in a cross-national context and initiated by actors who are embedded in at least two different social and economic arenas (Portes et al. 2002). As a phenomenon, transnational entrepreneurship has been described as a "social realm of immigrants operating in complex, cross-national domains, with dual cultural, institutional, and economic features that facilitate various entrepreneurial strategies" (Drori et al. 2006, pp. 1). Based on the above, for the purpose of this study, we use the definition of transnational entrepreneurs as individuals who migrate from one country to another, maintaining business-related linkages with their countries of origin and current host countries and communities to engage simultaneously in two or more institutional environments (Drori et al. 2009; Yeung 2002).

The topic of transnational entrepreneurship appears socially relevant for two reasons. First, a significant number of immigrant entrepreneurs develop transnational business practices (Bagwell 2015; Portes et al. 2002; Chen and Tan 2008; Wang and Liu 2015). Second, with the increasing possibility and amount of cross-border movement and globalized communication, one may expect a growing number of immigrants to conduct entrepreneurial activities in various countries. In fact, research has shown that a significant proportion of immigrant entrepreneurs have become transnational (Chen and Tan 2008; Portes et al. 2002; Saxenian et al. 2002). However, as a relatively new research area, much effort has been devoted to documenting the existence and typology of transnational entrepreneurship (e.g., Lin and Tao 2012). Although networks have been theorized as a fundamental characteristic of transnationalism and the primary means of mobilizing resources for transnational practices (Guercini et al. 2017; Levitt and Jaworsky 2007; Vertovec 2003), there has been a lack of research into the role of informal institutions in encouraging immigrant entrepreneurs to pursue cross-border business activities. Moreover, little empirical research has explicitly linked the perception of the host society to specific venture-creation activities, such as transnational entrepreneurship.

Currently, considerable evidence has been provided within the literature regarding immigrant individuals, their host and home communities, their local and national governments, and, especially, their networks of social relationships (e.g., Kariv et al. 2009; Sequeira et al. 2009). For example, at the macrolevel, existing studies have identified the impact of the institutional context in the host and the home country from a governmental point of view as well as from a community perspective (Chen and Tan

2009; Portes 2003; Waldinger and Fitzgerald 2004). However, much less attention has focused on identifying the influence of informal institutions in determining the likelihood of acting transnationally. In this regard, we posit that transnational immigrant entrepreneurs may be strongly influenced by their perception of informal institutions which in comparison with conventional immigrant entrepreneurs.¹ Transnational entrepreneurs differs not only in the focus on the context of the country of immigration and conational ties, mobility paths, and links but also in the way they cognitively conceive social arrangements, norms, and customs in the host society (Bruton et al. 2010; Busenitz et al. 2000).

The remainder of this paper is organized as follows. The next section briefly provides the background of the institutional framework as a foundation, highlighting the cognitive dimensions of institutions for further development of hypotheses. Then the data and methodology used to test the hypotheses are described. Finally, the concluding section outlines implications for research and practice, in addition to the limitations of the study and suggestions for future research.

Theoretical background

We build on institutional theory to theorize about transnational entrepreneurship (Meyer and Rowan 1977; Nelson and Sampat 2001; Scott 1991). Central to institutional theory is the notion that institutions embody the macrolevel rules of the game, which mold social structures by encouraging human interactions (Welter 2011). These rules can establish behavior; indeed, a large body of research correlates individuals' behavior with a broader set of formal and informal institutions (see Bruton et al. 2010). Applied to the context of transnational entrepreneurship, these entrepreneurs have to deal with two countries (host and origin); thus, two set of rules have to be balanced simultaneously (Basu and Altinay 2002; Birman et al. 2002). When individuals migrate from their countries of origin to their country of settlement, they often face new rules of the game or institutional environments that are quite different from those in their countries of origin (Birman and Trickett 2001, Drori et al. 2009). Migration literature has observed that under adverse circumstances, immigrants may opt for self-employment in order to avoid racial discrimination in the host country's labor market, which forces them to accept low-paid jobs and blocks upward mobility (Jones et al. 1992; Ram 1994). It has been suggested that weak institutions underpin many of the structural challenges in developing countries, since institutional voids in emerging markets often serve as driving factors, encouraging and, in some cases, forcing individuals to leave their country of birth to seek refuge and opportunity in distant lands (Massey et al. 1999; Kariv et al. 2009).

Unique institutional structures guide firms' strategic activities and help determine the nature and amount of innovation that take place within a country's borders (Denicolai et al. 2015; Nelson 1993; Pinho 2016). It has been observed that cross-national differences in entrepreneurship can be explained by a set of institutions that guide and constrain private business behavior in every national economy. In this sense, institutions impact the scope

¹ Since most of entrepreneurial activity intrinsically tend to be restricted to the local market, this article refers to conventional immigrant entrepreneurs as the ones with a domestic-focused business.

and type of entrepreneurial activity locally (Baumol 1990). While it has been suggested that formal institutions shape but do not determine entrepreneurs' actions, the cognitive function of institutions—or informal institutions according to North's (1990, 2005) approach—which is related to the strictly cognitive aspects of culture, appears to be central to the existence of transnational entrepreneurship (Drori et al. 2006; Bourdieu 1990, Busenitz et al. 2000; Basu and Altinay 2002). The cognitive function refers to the information that institutions provide to the individual and their influence on the way people select, organize, and interpret information (Dequech 2003; Pinho 2016).

The idea of a cognitive function of institutions is embraced in Kostova (1997) and Scott (1995) who suggest that institutional environments are composed of three pillars. The first one is the regulatory dimension which deals with the laws, regulations, and government policies that provide support for new business. Second, the normative dimension measures the degree to which a country's residents admire entrepreneurial activity and value creative and innovative thinking (Busenitz et al. 2000), typically manifested in standards and commercial conventions. Third, the cognitive dimension consists in the beliefs about the expected standards of behavior that are specific to a culture. This cognitive pillar refers to the knowledge possessed by the people in a country influencing the perception they have of reality and the framework through which meaning or sense is made. In this sense, social knowledge and cognitive structures which are shared by the people in a given country manifest themselves, for instance, through the perception of discrimination, apathetic relationships, or dissatisfaction with current life standards.

In developing our model, we theorize on the mechanism that underlies the relationship between different perceptions of the host society and the likelihood of acting as a transnational entrepreneur. We contextualize the model by integrating a comparison between conventional immigrant entrepreneurs and transnational entrepreneurs (McDougall et al. 2003). Considering that each individual possesses a unique set of resources in terms of economic capital, cultural capital (education, experience), social capital, and symbolic capital (legitimacy), their capital holds them in unique position to behave differently (McDougall et al. 2003; Young et al. 2003). For some entrepreneurs, the resource holdings and related habitus provide competitive advantages for negotiating multiple institutional environments, placing them in unique positions to pursue transnational entrepreneurship (Vinogradov and Jørgensen 2016). In this sense, some entrepreneurs are able to access multiple, and often vastly different, institutional environments. While conventional immigrant entrepreneurs are exposed to new institutionalized beliefs, norms, and behaviors regarding business activities in their country of settlement, transnational entrepreneurs make strategic decisions about venture internationalization that allow them to distance themselves from institutional norms (Riddle et al. 2010; Yeung 2002). In this sense, transnational entrepreneurs are not simply passive adherents to institutional constraints, but actively mold them to suit their own unique initiatives (Drori et al. 2009). Unlike conventional entrepreneurship (who tend to be focused on the domestic market), transnational entrepreneurs have to cope and adapt to the institutional relations in both home and host countries. Hence, since transnational entrepreneurship works across several institutional environments; it is embedded in multiple sets of "rules of the game" in order to pursue cross-border activities. Consequently, transnational entrepreneurs are able to select the best institutional arrangements to work within, combining favorable sets of ownership patterns,

ease of start-up, established management practices, transparency, industrial relations, intellectual property rights protection, production costs, and resource availability (Drori et al. 2006; Patel and Conklin 2009).

Transnational entrepreneurship may require unique cognitive and cultural embeddedness (Dequech 2003; Zahra et al. 2005), particularly when pursuing international markets with unfamiliar sets of institutions and a potential lack of critical knowledge and networks. Along with conventional entrepreneurs who take advantage of information asymmetry (Shane and Venkataraman 2000), transnational entrepreneurs must also surmount the institutional constraints of two or more localities (Yeung 2002). As an extension to these arguments, this article delves into three aspects related to the new rules of the game that migrant entrepreneurs have to deal with, in order to determine their ventures strategically, by distinguishing conventional immigrant entrepreneurship from transnational entrepreneurship. Specifically, these aspects are perceived discrimination, social differences, and subjective wellbeing; which comprise some of the aspects of informal institutional framework, influencing the perception that immigrants have of the host society (Jasinskaja-Lahti et al. 2006).

These three aspects have been chosen for two reasons. The first reason points to the evidence in migration literature where it is noted that migrants often face a number of structural disadvantages. Indeed, the perception of having been discriminated against is one of the most common patterns observed among migrants (Becker 1993). Further, immigrants may suffer from social maladjustments, which can be observed in social acculturation, social embeddedness, among other issues related with “unfamiliarity” with the local conditions (Ram et al. 2017). Last, but not least, one of the main reasons people migrate from one place to another is, indeed, to increase their wellbeing (e.g., Bommess and Geddes 2000; Warin and Svaton 2008).

The second reason comes from the entrepreneurship literature, as extant empirical studies suggest that these three aspects also may play a key role in self-employment. For example, evidence suggests that subjective wellbeing and entrepreneurship may be positively related, as they are both related with autonomy, career satisfaction, and life-satisfaction, among others (e.g., Andersson 2008; Parasuraman et al. 1996; Naudé et al. 2014). Also, several studies suggest that social issues, such as social capital, including social ties and networks, among others, positively influence the pursuit of entrepreneurial opportunities. Additionally, there is evidence suggesting that discrimination among self-employed immigrants exists (e.g., Aldén and Hammarstedt 2016).

Consequently, while perceived discrimination, social differences, and subjective wellbeing are related with both migration and entrepreneurship, they also may have some influence on the features of migrant firms. In order to do so, using the lens of institutional theory, we develop hypotheses linking these three aspects with the likelihood of acting as a transnational entrepreneur.

Hypothesis development

Discrimination—first person

Discrimination occurs when one majority group treats a minority group in an inferior manner, even though the minority group has identical productive abilities (Arrow 1973;

Coyne et al. 2010; Phelps 1972). Studies on discrimination have observed that it can manifest itself in different forms, including employer, coworker, and consumer discrimination (e.g., Becker 1957, Nardinelli and Simon 1990). Within a context of discrimination, entrepreneurship can be a key mechanism through which to compensate this market imperfection, since the entrepreneur can wield great influence in overcoming consumer discrimination. Indeed, these inefficiencies created by discrimination may represent profit opportunities (Coyne et al. 2010). When entrepreneurs—as the catalysts of economic change and evolution—become aware of the inefficiencies associated with discrimination, they can act to profit from those opportunities. For example, entrepreneurs can effectively shift the costs and benefits of consumers who discriminate against a certain group.

However, the relation between entrepreneurship and discrimination can go beyond the role of entrepreneurs in reducing or compensating for certain forms of discrimination. For instance, discrimination can be analyzed as a social disadvantage that may play a role in self-employment, especially among immigrants. Indeed, it has been suggested that being a disadvantaged immigrant (i.e., discriminated individuals) may have a more significant influence on their business behavior patterns than the cultural influence of their background. In this regard, Min (1988) observed that one of the major reasons behind the decision to start a small business among immigrant business owners was disadvantage in gaining access to other occupations. Small business offers an alternative to low-paying, menial jobs in the secondary sector; consequently, immigrants turn to small business because they are disadvantaged in the general labor market.

It is important to note that not only entrepreneurial behavior may be affected by discrimination, but further decisions as well, such as the specific business strategy that entrepreneurs pursue. For instance, studies have observed that immigrants' personal experiences of discrimination induce them to find refuge in well-known environments and networks (e.g., Basu and Altinay 2002; Patel and Conklin 2009; Riddle and Brinkerhoff 2011). By increasing contact with the home country, individuals are able to find more containment which can compensate for the experience of being discriminated against in the host country. Empirical evidence has noted that when discrimination is perceived, cultural contact with the home country increases (e.g., Jasinskaja-Lahti et al. 2006). Consequently, it is likely that perceiving oneself as a target or victim of discrimination by members of a dominant group is a feature that may characterize transnational entrepreneurs. Hence,

Hypothesis 1a *Immigrants who perceive they have been discriminated against have a greater propensity to be transnational entrepreneurs.*

Discrimination—third person

Evidence suggests that social networks become more important for individuals who are immigrants (e.g., Patel and Conklin 2009; Riddle et al. 2010). Indeed, in the absence of sufficient economic resources, the implementation of long-distance ventures must depend on the maintenance of a strong web of social contacts. Studies have suggested that the larger or more difficult the attempted transnational project is, the stronger the social networks required to sustain it (Guarnizo et al. 2003). As such, social networks

are likely to facilitate the development of transnational entrepreneurial activities. Further, aspects like social embeddedness and role models are also positively related to the emergence of transnational entrepreneurship (Urbano et al. 2011). Concretely, it has been suggested that the stronger the ties between role models and immigrants, the more important their influence on the emergence of transnational entrepreneurship.

Living in a foreign country facilitates the emergence of stronger ties among conationals, where empathy and fellowship among individuals of the same ethnicity can influence decisions and perceptions of individuals (Basu and Altinay 2002; Chen and Tan 2009; Guarnizo et al. 2003). In this regard, studies on immigration and discrimination have observed that the effect of discrimination not only affects those who experience it in first-person but also influences conationals when they see it around them (Coyne et al. 2010; Jasinskaja-Lahti et al. 2006 Morawska 2004). For example, studies suggest that an immigrant's behavior is reinforced by experiences of other individuals of the same ethnic group (e.g., Birman et al. 2002; Birman and Trickett 2001). In this sense, immigrants are likely to possess a widely shared social knowledge regardless of the country of origin and the country of settlement. However, the reasons driving this phenomenon are complex and involve diverse motivations, including feelings of duty and obligation to contribute to the development of their social group, or empathy with their conational (Morawska 2004; Sequeira et al. 2009; Riddle and Brinkerhoff 2011). In this sense, the effect that ethnic support and social cohesion among immigrants has on transnational entrepreneurs, not only seeing themselves as victims of discrimination but also feeling empathy when perceiving discrimination against a conational may affect transnational entrepreneurs. Hence,

Hypothesis 1b *Immigrants who perceive that their conationals have been discriminated against have a greater propensity to be transnational entrepreneurs.*

Social differences

Immigrant's adaptation is affected not only by individual characteristics but also by their contexts of reception in the host country (Portes and Rumbaut 1996). According to Guarnizo et al. (2003), for all immigrants, a more negative context of reception should lead to the perpetuation of ties with the home countries. In this sense, social maladjustment may encourage individuals to generate and build stronger social ties with conationals. Accordingly, for immigrants involved in a context marked by downward occupational mobility, which leads to self-employment, the inclusion or maintenance of some cultural traditions can fulfill uncovered needs.

Social adaptation is often linked to socioeconomic status and mobility, which are frequently related to various quality of life indicators (Evans-Campbell et al. 2007; Franzini and Fernandez-Esquer 2006; Rumbaut 1991). The term socioeconomic status is typically assessed more in line with stratification, where income, education, occupation, and ownership of property are the most common variables used to measure it. The perception of social differences, however, attempts to capture a dynamic multidimensional process from the immigrant's eyes, where there is a joint effect of several variables involved beyond the concept of socioeconomic status

(Williams and Collins 1995). For instance, the perception of social differences underlies cultural aspects through cognitive processes that establish distant or close relationships, friendly or apathetic affinities, among others.

Considering that the process of incorporation into a new country becomes more difficult when immigrants perceive social differences between themselves and local individuals, it is likely that some entrepreneurs are encouraged to develop transnational ventures as a mechanism through which they can overcome the handicap created by their perceived socioeconomic or sociocultural differences in the host society (Sequeira et al. 2009). Indeed, it may be that (at least partially) transnational entrepreneurship emerges as a viable alternative to overcome these difficulties, thus acting as a catalyst of economic change and evolution (Portes et al. 2002). As Nelson (1993) suggests, unique institutional structures guide entrepreneurs and their firms' strategic activities by helping determine the firm's strategies within a country's borders. Every individual possesses a unique set of resources in terms of economic capital, cultural capital (education, experience), social capital, and symbolic capital (Kyle 1999), and these resources vary across time and place, impacting the type and scope of entrepreneurial activity (Baumol 1990; Vinogradov and Jørgensen 2016). Thus, we argue that immigrant entrepreneurs may be more likely to pursue transnational entrepreneurship and intermediation strategies if the contextual social environment is perceived as a constraint, in order to seek competitive advantages by negotiating multiple institutional environments (Terjesen and Elam 2009; Drori et al. 2009), placing them in unique positions to overcome these perceived adversities. Hence,

Hypothesis 2 *Immigrants who perceive the existence of social differences between locals and conationals have a greater propensity to be transnational entrepreneurs.*

Subjective wellbeing

Evidence suggests that subjective wellbeing, defined as the individual's assessment of his or her inner emotional or feeling state (Bradburn 1969; Campbell 1981; Dupuy 1978), is not the same for immigrants as for native populations (Beiser 1988; Lipson and Miller 1994; Lu 1995), suggesting that the migration experience itself is powerful enough to influence wellbeing. Concretely, the consequences of immigration and resettlement influence the psychological wellbeing through certain difficulties in adaptation, which can be seen, for example, in difficulties finding jobs. It has been observed that migrants are less likely to find employment, which in turn affects wellbeing, because they cannot fully integrate into the society (Aycan and Berry 1996). In this regard, there are several aspects that may justify why it is hard for immigrants to fully adapt to a new society with respect to employment, including the problem of recognition of occupational accreditation and education; difficulty in molding and/or validation of certain occupation-specific skills; technical language and communication skills; and lack of local work experience. Consequently, since migration affects employment structure, adaptation is complex and so wellbeing may be reduced.

Difficulties in gaining access to the labor market tend to encourage entrepreneurial activities. Transnational entrepreneurship, in particular, allows immigrants to perpetuate links with the home country that may facilitate attaining certain stability which in turn,

may ultimately avoid the reduction in wellbeing by making the adaptation process easier. Specifically, based on the link between adaptation, satisfaction, and employment conditions, the extent to which individuals are satisfied with their achievements across their life domains, should affect their level of psychological wellbeing (Campbell 1981; Campbell et al. 1976; Groenland 1990; Veenhoven 1991). Since the way individuals feel about their life often depends on employment status (Richmond 1974), among entrepreneurs (either transnational entrepreneurs or domestic immigrant entrepreneurs), their level of integration in the host country should influence their subjective wellbeing.

In this study, subjective wellbeing includes a sense of satisfaction with opportunities and current income. Satisfaction with opportunities is conceptualized as the immigrants' progress toward becoming full participants in society and adaptation in the host country. Satisfaction with current income emphasizes the sense of accomplishment with one's economic status, with respect to personal expectations.

Generally speaking, the primary motivation for migrating is to achieve a better life in the resettlement country (e.g., Aycan and Berry 1996), and satisfaction is influenced by actual achievement in the host society. The extent to which individuals are satisfied with various aspects of their lives after migration is influenced by comparisons with experiences in their homeland, what they expect to achieve in the resettlement society, and their actual achievements. Since the adaptation process in transnational entrepreneurship is more likely to be easier and shorter, it is expected that transnational entrepreneurs report a higher level of subjective wellbeing than domestic immigrant entrepreneurs. Hence,

Hypothesis 3a *Immigrants who perceive satisfaction with opportunities have a greater propensity to be transnational entrepreneurs.*

Hypothesis 3b *Immigrants who perceive satisfaction with current income have a greater propensity to be transnational entrepreneurs.*

Data and research methodology

The empirical section of this study centers its attention on the US market. The relevance of analyzing the USA remains on the fact that during the 1990s, while more than half the world's largest financial firms and the largest number of headquarters of transnational companies were in the USA, the lower levels of economy employed tens of thousands of migrants (primarily from Latin America, the Caribbean, and Asia), developing ethnic occupational niches (Morawska 2004). As a product of the internationalization of the USA's society, economy, and culture, migrant entrepreneurship has been contributing to the intensification of these features of the nation.

Further, as Morawska (2004) noted, since the 1970s, immigrant entrepreneurship has become part of the classic agenda in this field of research (Light and Gold 2000; Waldinger et al. 1999; Light and Rosenstein 1995), as a subject of sustained empirical and theoretical attention in American immigration and ethnic studies. Initially, these entrepreneurial activities were interpreted in terms of immigrants' ethnicization and assimilation. However, more recently, the focus has been put on studying immigrants' adaptation to their new environments and transnational entrepreneurship.

In order to test the prior hypotheses which point to distinctions among immigrant entrepreneurs in regard to different perceptions of the perceived discrimination, social relationship types, and subjective wellbeing, we perform a quantitative analysis based on one of the most constructive databases used to measure the phenomenon of transnational entrepreneurship.

Sample

This study draws upon a Comparative Immigrant Entrepreneurship Project (CIEP) database,² developed at the Center for Migration and Development, Princeton University. This project seeks to explore various aspects of transnationalism and transnational entrepreneurial activities, capturing information related to the economic and non-economic activities of these business owners, and the types of ties maintained with their countries of origin. This dataset is composed of individuals from three Latino immigrant communities in the USA: Colombians, Dominicans, and Salvadorans. These groups were intentionally selected for several reasons. First, they are all sizable immigrant groups, comprising three quarters of a million persons each in 1996 (U.S. Bureau of Labor Statistics 1999). Second, their contexts of exit and reception are sufficiently diverse to provide a basis for comparing different types of economic adaptation. Third, the ethnic diversity is representative of distinct institutional environments in which these entrepreneurs operate. The three representative groups had significantly different backgrounds, motivations, and geographic dispersions. For a more detailed description of the survey, please refer to Portes et al. (2002).

This database has been used in several studies of transnationalism, contributing to an exploration of different aspects of this type of venture. For instance, it has been used to explain whether transnational entrepreneurs attribute primary success to personal characteristics, social support, or quality of products and services (Sequeira et al. 2009). Another example is Patel and Conklin (2009) who studied how balanced network size and network scope in the respective institutional settings enhance the degree of transnational venture. Overall, CIEP data are exceptionally well suited for our purpose, because they not only provide academic reliability but also allow for a comparison of different types of immigrants' ventures, as transnational entrepreneurship and their conventional counterparts. This dataset is unique because it also includes perceptions of individuals who were in the process of starting and developing new business, thereby allowing us to relate individual perceptions of the country of resettlement with the actual economic adaptation.

The original database includes migrant from the three nationalities, regardless they were entrepreneurs or not. However, because the focus of this study is to compare among entrepreneurs only, the subsample selected is considering only conventional immigrant entrepreneurs or transnational entrepreneurs. Table 1 provides a summary of some of the main characteristics of each group. From a total of 450 individuals, 273 are categorized as transnational entrepreneurs. In regard to age, respondents range between 34 and 50 years old, and most of them possessed an educational level above secondary.

² <https://cmd.princeton.edu/publications/data-archives/ciep>.

Table 1 Characteristics of the sample of entrepreneurs

		Conventional immigrant entrepreneurs	Transnational entrepreneurs
Sample		177 (40%)	273 (60%)
Age		42	41
Years in USA		29	28
Employees		4	4
Gender	Male	66%	75%
	Female	34%	25%
Marital status	Single	13.3%	16.6%
	Married	68.5%	66.1%
	Divorced	14.4%	10.1%
	Widowed	2.2%	2.5%
	Free union	0.6%	1.8%
	Other	1.1%	2.5%
	Educational level	No education	3.9%
Primary school or less		12.2%	9.1%
Secondary or vocational not completed		13.9%	10.2%
Secondary or vocational completed		17.8%	14.5%
University not completed		18.9%	27.3%
Post-secondary technical school		8.9%	4.4%
University graduate		17.8%	18.9%
Postgraduate studies not completed		2.8%	4.4%
Postgraduate degree (Masters, Doctorate, etc.)		3.9%	9.5%

Measures

Transnational entrepreneurship The concept of transnationalism refers to the continuation of relations between immigrants and their places of origin, and how this back-and-forth traffic builds complex social fields that straddle national borders (Portes et al. 2002).

In order to measure this concept, each respondent reported several answers which identified TEs: (1) The success of my firm depends on regular contact with foreign countries and (2) The success of my firm depends on regular contact with (Colombia/Dominican Republic/El Salvador, according to respondent's country of origin) (0 = "no," 1 = "yes").

Discrimination Although we recognize that discrimination can take different forms (e.g., racial or sexual) and manifests itself in different contexts (e.g., labor market), for the purpose of this study, we used the broadest possible definition under the immigrant perspective. Consequently, there is no attempt to specify any particular manifestation of discrimination.

Hence, two questions are evaluated to capture the dimension of discrimination. One question is focused on first-person discrimination and the other on the third-person discrimination. Specifically, respondents were asked whether they had been discriminated against, and if they considered that their conationals had been discriminated

against. Dummy variables were created depending upon the responses to this variable (0 = “no,” 1 = “yes”).

Social differences Unlike socioeconomic status, which tends to be associated with the income inequality, and subjective social status, which is commonly used to reflect an individual’s social position, social differences address how immigrants perceive the acculturation and social adjustments within the host society. In other words, under the concept of social differences, we deal with the subjective qualification of types of social relationships.

Therefore, social differences were measured using two items, including “Relations between Americans and Colombians/Dominicans/Salvadorans are mostly distant” and “Relations between Americans and Colombians/Dominicans/Salvadorans are mostly cold”. These statements were completed on a 4-point scale from strongly agree to strongly disagree. The Cronbach’s alpha for entrepreneurial persistence in our data was .740.

Subjective wellbeing This concept refers to people’s evaluations, both affective and cognitive, of their lives. According to Diener (2000), the subjective component is essential as it grants each individual the right to decide whether his or her life is worthwhile. Broadly, this concept tries democratically to measure life-satisfaction.

To capture the degree of subjective wellbeing of entrepreneurs, two variables were used in the analysis. The first variable captures whether the transnational entrepreneur believes that they have had sufficient opportunities. A second variable determines satisfaction with present income. These variables are rated along a binary scale (0 = “no,” 1 = “yes”).

Control variables We control for location, sex, (log) age, marital status, years of education, and (log) years in the USA, which have been widely tested as significant predictors of entrepreneurial behavior (e.g., Hammarstedt 2001, 2004). For example, married men are more likely to engage in entrepreneurial activities, and gender has been the strongest predictor of ethnic entrepreneurship in past studies (Light and Gold 2000). Human capital, in the form of years of education, also plays a significant role in immigrant business success (Kariv et al. 2009; Landolt 2000; Vinogradov and Jørgensen 2016).

Results

The descriptive statistics and intercorrelations for the sample are given in Table 2. Specifically, the means and standard deviations are reported in Table 2, as well as the correlation coefficients which suggest that our models are not seriously distorted by multicollinearity.

The hypotheses were formally tested using a logit regression model (see Table 3). The logit regression model estimates the probability of an individual belonging to a certain group or not. Given the nature of the dependent variable, a logistic analysis was selected in favor of ordinary least squares regression analysis

Table 2 Means, standard deviations, and correlations

Variables	Mean	S. D.	1	2	3	4	5	6	7	8	9	10	11
1 Transnational entrepreneur	.60	.49											
2 Location	2.45	1.05	.062										
3 Sex	.72	.45	.095 ^{***}	-.019									
4 Age	41.78	8.76	-.054	-.091	.014								
5 Marital status	2.13	.89	.014	-.088	-.138 ^{***}	.141 ^{***}							
6 Degree	5.03	2.07	.126 ^{***}	-.178 ^{***}	.060	-.002	.031						
7 Years in US	3.32	.28	-.101 ^{**}	-.247 ^{***}	-.012	.397 ^{***}	.049	.125 ^{***}					
8 Discrimination	.54	.50	.134 ^{***}	.067	.080	-.168 ^{***}	-.011	.090	-.080				
9 Conational discer	.90	.68	-.031	.111 ^{**}	.024	-.029	.033	-.048	-.020	.042			
11 Social differences	.00	.97	-.152 ^{***}	.008	.042	.118 ^{**}	.005	.074	.159 ^{***}	-.182 ^{***}	-.049		
10 Satisfaction—opportunities	.69	.46	-.116 ^{**}	.049	-.064	.015	.012	.037	.179 ^{***}	-.207 ^{***}	.022	.206 ^{***}	
12 Satisfaction—income	.47	.50	.009	.001	-.039	-.009	.034	.037	-.147 ^{***}	.196 ^{***}	.022	-.298 ^{***}	-.179 ^{***}

* $p < 0.1$

** $p < 0.05$

*** $p < 0.01$

Table 3 Hierarchical logistic regression analysis (marginal effects are presented)

Variables	Model 1	Model 2	Model 3	Model 4
Location	0.031	0.039	0.046	0.046
Sex	0.096*	0.124*	0.131*	0.126*
Age	-0.042	-0.110	-0.118	-0.123
Marital status	0.019	0.014	0.010	0.014
Education	0.034***	0.030***	0.033***	0.033***
Years in USA	-0.168*	-0.167*	-0.113	-0.111
Discrimination		0.111***	0.088*	0.088*
Conational discr		-0.074	-0.097	-0.108
Social differences			-0.073***	-0.066***
Satisfaction opp				-0.102*
Satisfaction income				0.054*
Number of observations	450	402	399	395
-2 log likelihood	585.164	563.567	559.321	528.754
Cox & Snell R2	0.041	0.054	0.061	0.080
Nagelkerke R2	0.056	0.073	0.083	0.108

* $p < 0.1$ ** $p < 0.05$ *** $p < 0.01$

to test the hypotheses (Greene 2003). Moreover, logit models do not make assumptions about the statistical distribution of the variables (Greene 2003). In this empirical study, the use of a logit model allows us to analyze the effect of a certain level of the independent variables on the probability of the studied event being present (in this case, being a transnational entrepreneur).

In order to test the hypotheses, four models were run. Model 1 includes only the control variables. Model 2 contains the first-person and third-person discrimination along with the control variables. In the third model, the construct of perceived social differences is included. Finally, model 4 shows the full model, which includes all the variables analyzed in the study. The odds ratios are reported in the table. Similarly as other studies (e.g., Casey and Hamilton 2014; Teixeira and Coimbra 2014; Denicolai et al. 2015), the minimum significance level accepted to confirm hypothesis was established on the 10% (Wooldridge 2015).

Hypotheses 1a and 1b were tested with regard to model 2. Only one of the two individual questions considered has a significant coefficient with the expected sign. In particular, the effect of having experienced discrimination increases the likelihood of being a transnational entrepreneur (marginal effect is 0.111). However, perceiving that their conationals have been discriminated against does not necessarily contribute to acting as transnational entrepreneur.

Model 3 tries to verify Hypothesis 2. This model includes an additional variable measuring the individuals' perceptions of the social differences in the host society.

Hypothesis 2 is satisfactorily confirmed, since this variable has a significant and negative β coefficient, with a marginal effect of -0.073 .

Hypotheses 3a and 3b predicted that transnational entrepreneurs will report significantly higher levels of subjective wellbeing than domestic immigrant entrepreneurs. As shown in model 4 of Table 2, the relationship between satisfaction with opportunities and transnational entrepreneurship was significant and negative (marginal effect of -0.102), as well as the relationship between satisfaction with current income and transnational entrepreneurship (marginal effect of -0.054). These results do not support Hypotheses 3a and 3b. This reasoning was argued based on the fact that domestic-focused immigrant entrepreneurs may require more time in comparison with transnational entrepreneurs as the latter combine operational components of the business from the country of origin (i.e., maintaining ties), and the conventional immigrant entrepreneurs have to deal with a whole new set of cultural, institutional, and economic features (Portes et al. 2002; Morawska 2004). Nevertheless, results show that transnational entrepreneurs were more likely to expose dissatisfaction with both measures of subjective wellbeing (i.e., current income and opportunities).

The contribution of sociodemographic characteristics, such as gender and educational level, remains essentially the same with respect to both the sign and significance levels among the models. Thus, once the effect of these perceptions has been considered, men and individuals with a higher level of education exhibit a greater likelihood of being transnational entrepreneurs.

Discussion

The purpose of this paper was to study how certain aspects within the informal institutional framework may influence the features of firms of immigrant entrepreneurs. This is a contribution to the literature because scholars have mainly focused on the regulatory aspects of institutions, giving a secondary role to the normative and cognitive dimensions of the institutions. Furthermore, within the international entrepreneurship literature, this study contributes by emphasizing the drivers of transnationalism, rather than making a comparison among ethnic groups (Hammarstedt 2004). These findings also add to a contextual view of the effects of perceptions of immigrant entrepreneurs, extending our understanding of the mechanism through which the cognitive dimension of institutions influence firms' strategic development (Penrose 1959). In this respect, evidence has suggested that entrepreneurs rely more on subjective than objective variables, since decisions are not rigidly determined by external events (Arenius and Minniti 2005; Krueger and Brazeal 1994; Foss et al. 2008). Indeed, individuals hold different preferences, knowledge, creativity, and expectations. Thus, considering subjectivism implicitly gives rise to individual differences in entrepreneurial alertness and judgment, allowing a firm to create new competitive advantages (Foss et al. 2008; Kor et al. 2007). As a result, we contribute to a growing body of literature that addresses the general question of how individual-level variables can ultimately be reflected in firm-level variables, such as whether or not to act transnationally.

It has often been suggested that transnational entrepreneurship emerges due to certain conditions entrepreneurs face while operating in foreign countries (Portes et al. 2002).

Contrary to our hypothesis, the present findings indicate that transnational entrepreneurs report relatively less satisfaction in terms of income and opportunities in comparison with that reported by other entrepreneurs. These subjective measures of satisfaction are associated with the notion of subjective wellbeing, which in turn refers to individuals' overall satisfaction with their lives. One such factor is the satisfaction with opportunities, and results indicate that transnational entrepreneurs tend to consider they have not had enough opportunities. Although this finding seems contrary to widely held beliefs, it was predicted by the model proposed and tested in this research—a model based on institutional theory (Nelson and Sampat 2001, Scott 1991). However, Guarnizo et al. (2003) suggest that difficulties in adaptation can induce immigrants to be closely attached with their past, and thus it is positively associated with transnationalism. On the other hand, the study also offers evidence concerning the relationship between an individual's satisfaction with current income and acting as transnational entrepreneur. The present findings indicate that for transnational entrepreneurs, there is a negative relation of satisfaction with current income. Hence, subjective wellbeing has been found to be negatively related with transnational entrepreneurship.

To investigate the role of discrimination in generating the appearance of transnational entrepreneurship, we performed several analyses after controlling for other potential alternatives. As noted earlier, a significant and positive relationship for direct experiences of discrimination was observed. This may suggest that the influence of perceiving oneself as a target of discrimination not only encourages entrepreneurial activity (i.e., Min 1988) but also influences the specific features of the venture. Results also indicated that perceiving discrimination in a conational did not act as a significant driver of transnational entrepreneurship. This was tested to determine whether there may be an empathy effect behind the decision to be a transnational entrepreneur. Despite the importance of social networks and role models among immigrants, the effect of discrimination should be direct (i.e., first-person discrimination) not indirect (i.e., third-person discrimination) to encourage entrepreneurs to act transnationally. Future research could, however, add more clarity to this issue by including how network theory along with institutional theory contribute to broader understanding of the determinants of transnational entrepreneurship among entrepreneurs. Indeed, it is important to bear in mind that first-person and third-person discrimination was analyzed based on self-reported direct questions with a binary answer. Considering the complexity and different perspectives involved in the analysis of discrimination, this study merely provides some initial thoughts about its relationship with transnational entrepreneurship. It is, however, fertile territory for further research.

Support was obtained for the influence of the perceived social differences between locals and conationals. As predicted, transnational entrepreneurs tend to perceive more differences than other domestic immigrant entrepreneurs. Specifically, conventional immigrant entrepreneurs are more likely to perceive the context of reception as less adverse, in terms of social relationships, than transnational entrepreneurs. These differences may manifest themselves as more distant, non-friendly, and mostly cold relationships. Thus, social adaptation and acculturation of transnational entrepreneurs are, in comparative terms, lower. The reasoning behind this hypothesis underlies the extant evidence suggesting that entrepreneurs rationally shape their ventures based on the best combination of resources, which, for transnational entrepreneurs is to incorporate some elements of their country of origin and others from the host country into

their business (e.g., Morawska 2004). This finding is consistent with institutional theory, since immigrants who feel uncomfortable are more likely to maintain more close-knit relationships with their country of origin. In fact, the way immigrants perceive and interpret information from the surrounding environment provides useful elements from a migrant perspective about how they process social interaction within the host society.

In a similar vein, Urbano et al. (2011) noted that due to differences in the contexts of immigrants, a favorable perception of the opportunities in the host society is likely to facilitate the development of transnational entrepreneurial activities. Specifically, they suggest that immigrants' perceptions of the entrepreneurial climate in a host society tend to contribute to accelerating and increasing the participation of transnational entrepreneurial activities. It is important to note, however, that they suggest that opportunities do not encourage the emergence of transnational entrepreneurship, but rather its development.

Overall, applying this theory to transnational entrepreneurs suggests the possibility that as a group, they see their surrounding environment more adversely than their domestic immigrant counterparts. As a result, they then find strategic alternatives to deal with their country of origin, strengthening their ties. To the best of our knowledge, however, this relationship has not been totally investigated within the context of international entrepreneurship. The present study sheds light on how the perception of discrimination and apathetic social relationships contribute to the likelihood of immigrant entrepreneurs developing transnational enterprises. Further, our results suggest that immigrant entrepreneurs, given the absence of opportunities and dissatisfaction with current income, turn to cross-border business.

Conclusions

Transnational entrepreneurs make strategic decisions characterized by distancing themselves from the institutional norms of the host country, at least in comparative terms, unlike their domestic-focused immigrant counterparts (Terjesen and Elam 2009). Even so, local environments as well as the individual's perception of the host society relatively influence the decision to engage in a start-up activity (Zahra et al. 2005). Since institutional structures guide firms' strategic activities (Busenitz et al. 2000), understanding a country's institutional profile may help identify the obstacles entrepreneurs face and have to overcome before they can expand into new countries (Rondinelli and Kasarda 1992).

Institutional theory, as a mature approach, has provided great insight into entrepreneurship. While most institutions are studied as macrolevel variables, they can also appear as microlevel variables impacting individuals' behavior (Wicks 2001), suggesting that there are still new avenues for potential entrepreneurship research (Bruton et al. 2010). Hence, this study suggests that transnational entrepreneurship may also be triggered as a consequence of individual differences, in how some signals of the environment are perceived, specifically the cognitive dimension of institutions.

Transnational entrepreneurs represent a pattern of "brain circulation" as opposed to "brain drain" (Saxenian 2005), taking advantage of knowledge which spills over from different environments and deriving significant advantages from navigating multiple

cultural settings from their early life and their education and career experiences, which put them in particularly good positions to pursue direct and indirect internationalization strategies. In doing so, transnational entrepreneurship plays a key role in facilitating the recombination of ideas to generate innovations in their industries and their communities. Since entrepreneurs are driven not only by economic but also by psychological motives, state policies may shape the institutional infrastructure from transnationalism, although immigration policies in the host country and development strategies in the home country set the framework conditions for transnational entrepreneurship.

Our study provides evidence on how foreign entrepreneurs and local environmental conditions are interrelated, by putting special emphasis on three aspects within the informal institution spectrum: discrimination, perception of social differences, and subjective wellbeing. The insights derived suggest how a host society, as well as the individual's perception of it, influences the emergence of transnational entrepreneurship. In this sense, a number of important theoretical and practical implications are discussed, in order to provide useful paths for constructing and directing entrepreneurial activity. In essence, this study tries to highlight the role of certain determinants of transnational entrepreneurship, in order to emphasize the importance of a deeper exploration of this area of research.

Institutions structure incentives interactions and human exchange. They can serve as a push factor, by forcing individuals to leave their country of origin as they seek for refuge in other places (Riddle and Brinkerhoff 2011) or pull factor if they are individuals who are looking for more and better opportunities. While the reasons and motivational driving transnational entrepreneurs are complex, beneficial pecuniary and non-pecuniary emerge for the overall economy. This includes the fact that they contribute as a bridge keeping ties with the home countries. Further, successful transnational entrepreneurs may also act as role models stimulating others to follow these types of ventures, as an alternative for assimilation and economic adaptation (Portes et al. 2002).

Implications

The present findings appear to have important theoretical implications. As noted earlier, the results of this study underscore the value of analyzing the cognitive dimension of institutions to compare immigrant entrepreneurs, differentiating between transnational entrepreneurship and their domestic immigrant counterparts (Busenitz et al. 2000; Dequech 2003). Consistent with a large body of research, informal institutions play a key role in determining how entrepreneurs manage their ventures (e.g., Pinho 2016; Scott 1991; Urbano et al. 2011). The three aspects of informal institutions were chosen on the basis of evidence suggesting that they are relevant to tasks performed by entrepreneurs and their decisions, such as the way entrepreneurs strategically shape their ventures. Hence, this article provides fresh insights into an emerging debate relating to the emergence of transnational entrepreneurship.

Much of the current literature in transnational entrepreneurship tends to describe the benefits in terms of innovation, economic development, and competitiveness. Such literature put an emphasis on the competitive advantages based on unique features in the usability of resources and connections between different countries. While there is

little doubt around the benefits of increasing the rate of transnational firms, this article concerns around the drivers of the emergence of transnational entrepreneurship catch a central importance.

Normally, it is assumed that individuals become entrepreneurs because they have an initial interest in this activity and then choose to enter into entrepreneurship and from there, exit or remain. Beyond the fact that ethnic minorities have a greater propensity toward self-employment (Basu and Altinay 2002), the present study describes how the informal institution mechanism operates so as to produce different types of entrepreneurs. Concretely, based on research suggesting that a country's culture, values, beliefs, and norms affect the entrepreneurial orientation of its residents (e.g., Busenitz and Lau 1996; Knight 1997; Tiessen 1997) and following Jasinskaja-Lahti et al. (2006), the focus was on three specific aspects related to informal institutions: discrimination, social differences, and subjective wellbeing.

In term of practical implications, this study contributes by noting the importance of the surrounding environment in generating certain conditions and aligning entrepreneurs in their efforts to convert their ideas and vision into viable products or services (Gnyawali and Fogel 1994; Urbano et al. 2011). As noted briefly above, transnational entrepreneurship may emerge as a response to the features of the host society (Portes et al. 2002; Riddle and Brinkerhoff 2011). Thus, entrepreneurial framework conditions determine not only the population's attitude toward entrepreneurship but also the specific characteristics of the entrepreneurial activity itself, as well as entrepreneurs' expectations. This study confers evidence suggesting that the cognitive dimensions of institutions can act as a driver of transnational entrepreneurship (Acedo and Florin 2006). Countries without proper inclusion of immigrants can indirectly create a more plausible environment for developing transnational ventures. Although this study only centers the attention in the USA, it may be likely that among the whole migrant entrepreneurial activity, the rate of transnational entrepreneurship is comparatively higher on countries with higher difficulties perceived by immigrants.

The data analyzed provide evidence suggesting that while immigrant entrepreneurs differ in their perception of local discrimination, social differences, and satisfaction, their cross-bordering business decisions will be handled differently. In this sense, psychological capital (i.e., "who you are") appears to be a valuable personal asset for entrepreneurs (Jensen and Luthans 2006), confirming that entrepreneurs' perceptions often determine their responses to their external environments (Zahra et al. 2005; Pinho 2016). Certainly, even when acting as a complementary tool along with human capital (i.e., "what you know") and social capital (i.e., "who you know"), psychological capital—which embraces aspects like self-efficacy, optimism, hope, and resilience (Baron et al. 2016; Jensen and Luthans 2006)—provides individuals with the confidence to undertake challenging tasks, to persevere in performing them, to redirect their efforts when necessary, to make positive attributions about succeeding now and in the future, and to show resilience (Peterson et al. 2011).

Overall, the fact that these detrimental aspects of informal institutions (i.e., greater perceived discrimination, interpretation of apathetic social relationships between the host society and immigrants, and lower comparative levels of subjective wellbeing) are more related with transnational entrepreneurship should be

addressed. One possible explanation for these findings is that transnationalism emerges as a manifestation of resilience. Although it was not measured directly in this study, transnational entrepreneurs may be more likely to replace the “if only ...” type of thought for “even though ...” type of thought, by redirecting the business and linking the country of settlement with their country of origin. While this issue is certainly beyond the scope of this study, it would be interesting for future research to test the validity of this statement.

Limitations

Although the boundaries and scope of the research have been taken into account, it is evident that, as with every empirical study, there are some limitations. First, the correcting for the lack of different environments, not only in different areas from the USA, but in other countries could expand the reliability of our results. The nature of the sample used in this study is established only in three states within the USA and entrepreneurs are from only three countries: Colombia, Salvador, and Dominican Republic. Consequently, findings should be interpreted with caution.

Within the CIEP project, according to Portes et al. (2002), Colombian, Dominican, and Salvadoran immigrants were the target nationalities for several reasons. They are all sizable immigrant groups, they have been studied less than other immigrant populations, such as Mexicans, and their contexts of migration and reception are sufficiently diverse to provide a basis for comparing different types of economic adaptation.

While Dominicans and Colombians tend to emigrate in order to escape difficult conditions at home, such as drug-related violence (Patel and Conklin 2009); Salvadorans, in contrast, mostly represent a political emigration, since they came to the USA to escape a violent civil war at home. Regarding ties with their countries (Portes et al. 2002), Dominicans and Salvadorans tend to maintain close ties with their families and communities of origin, but Colombians' ties with the home country are comparatively weaker than those of other migration streams that originate in tightly knit rural areas (Portes et al. 2002).

It is likely that the results emerge as a consequence of the sample. Since they are individuals coming from countries less developed than the USA, the host country may be perceived in an especially positive light, causing immigrants to have over-expectations regarding the new environment and the likelihood of succeeding there by living the “American dream.”

An additional limitation involves the nature of the variables used in this study. For instance, the sense of discrimination was measured by only two questions with binary answers, and a similar situation occurs with subjective wellbeing. It should be noted, however, that even when results are theoretically feasible and in line with previous research, each concept has further dimensions which were not tested and so results potentially may differ. Similarly, it is important to note that social differences only deal with the relationship among nationals with immigrants, which is indeed only one feature of what may be considered social differences. This raises possible concerns with respect to implications; however, it seems unlikely that the present results are due to radically different effects.

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