

Length of Stay and Its Implication for Immigrant Businesses Establishment and Performance

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Abstract:

Length of stay, which is often discussed in migration studies, refers to the period an immigrant must have spent in the host country up to the moment he/she is surveyed for research purposes. Socio-cultural research suggests that length of stay plays undeniable role in the adaptation process of immigrants in their respective host countries. In business context, available anecdotal evidence points to the important role of length of stay in immigrant businesses' establishment and performance. Through a review of the existing works, this paper aims to provide insights on what role it plays in business establishment and performance. Our review reveals that besides being not properly addressed in the literature; length of stay is different than settlement intention. Evidences surrounding length of stay remain conceptual and anecdotal with parsimonious empirical investigation. For business establishment, shorter length of stay might be common among sojourners and internal oriented entrepreneurs and longer length of stay can facilitate involvement in the mainstream market. The impact on performance seems to depend on class resources factors

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and also on the level of integration in the host country socio-economic system (for transnational entrepreneurs).

Key words: immigrant, host country, length of stay, performance, self-employment

1. INTRODUCTION

While migration is a phenomenon that has been in existence since early human settlements, contemporary movement of people between locations seems to be triggered by various personal, economic, political and social purposes. In fact, the objective of the migration project often shapes and is shaped by the settlement intention of immigrants in a particular location. Besides, despite that the general understanding on migration phenomenon has reached considerable levels, the available research has only produced little insights with regards of some of the migration aspects. One such aspect that has been slightly considered is length of stay of immigrants and how it may shape business establishment and invigorate its performance.

Length of stay is also referred to as years of living and years of residence and it is often assumed to have a great impact on integration and adaptation of immigrants in their respective host societies. Along her discussion of economic integration of immigrant entrepreneurs, Kushnirovich (2015) provided a good statement that summarizes the role of length of stay “The years of exposure to the host country is a crucial element of immigrants’ socio-cultural integration. This is relevant for immigrant entrepreneurs even more than for salaried workers, since setting up and operating a business requires intensive contacts and communication with the native individual and organizational players. This communication requires adopting the social norms of the host country. Thus, socio-cultural integration of entrepreneurs can be described in terms of host country language skills and length of residence in

the host country, by which each parameter has an independent effect on the immigrants' income”

Thus far, the extent of knowledge produced in terms of length of stay and its relation to self-economic sustenance is still limited especially in the immigrant entrepreneurship field. Research on the latter phenomenon, which emerged decades ago, often sheds light on reasons of self-employment and variations in self-employment rates and also tries to assess performance of immigrant businesses and its determinants. As a result of the interconnection between migration and ethnicity, issues related to immigrant businesses are generally seen from ethnic (internal) and/or non-ethnic (external) perspectives.

Furthermore, comparison between different generations (a.k.a. generational continuity) of immigrants in a single host location has recently received considerable efforts and produced reliable conclusions. Evidence is pointing to first generation immigrant being often operating small businesses in ethnic surroundings while relying much on ethnic resources with much more performance problems. Despite that this comparison involves the “time” element; generational continuity is not stressed in this study because real attributes of length of stay are not applicable to the second generation. One such main attribute is the effect of newness in the host country.

The current research reviews and discusses the role length of stay of immigrants in the host country has on the establishment and performance of their businesses. By doing so, we aim to piece together the existing evidence on length of stay and immigrant entrepreneurship in one work. Hence, we also aim to contribute to the existing body of knowledge related to the field of immigrant entrepreneurship. The remainder of this paper sets the borders between length of stay and settlement intention at the very outset then it discusses the length of stay in relation with immigrants' business start-up and business performance separately.

2. LENGTH OF STAY AND SETTLEMENT INTENTION: DO THEY POINT TO THE SAME THING?

Both terms of “length of stay” and “settlement intention” are built around the “time”. This similarity has led to both terms being somehow related. For example, Van Tubergen (2005) argues that both concepts go together in same line. He contends that the higher the average length of stay, the longer the settlement intention of that group. Similar argument was reported by Ndoen et al. (1998) in their discussion of access to financing and length of stay. They assume that the higher the access to a capital institution by the immigrant entrepreneur in a specific destination, the higher his intention to stay there and the longer is his length of stay.

However, the two terms do generally differ in that length of stay refers to the length of the period spent in the host country up to the moment of the survey questioning the immigrant (see Ooka, 2001) Settlement intention refers to the length within which an immigrant intend to stay in the host country before returning to the home country or migrating onward to a third country. A general look into how they were used by researchers reveals that the two terms end-up having other dissimilarity. Length of stay is a backward consideration and more suitable for research that assesses the impact on the years spent in the host country on various forms of integration. Settlement intention is future oriented and is much suitable for research that relates to post migratory goals achievement.

In essence, future orientation of settlement intention makes it subject to change due to the unexpected situations that the immigrant may face in the host country or due to updates in the home country conditions and circumstances. Business environment in developed host countries, where most of immigrant entrepreneurship research is taking place, is appealing for the emergence of new immigrant business. For example, Hart and Acs (2010) assert that people who migrated

to the United States seeking opportunities to learn at the university have later on decided to create high impact and high-tech companies. It seems that the time spent as students has made those immigrants not only aware of the dynamism of the business system and the inherent opportunities, but their overall assessment of the business outcome seemed positive.

The opposite of this scenario is depicted in situations where immigrants who migrate with an intention of permanent settlement leave the host country to a different destination. On the other hand and from the opposite lenses, Saxenian (1999) gives good examples from the US context that explain settlement intention change which is motivated by factors related to the home country environment. According to him, the dynamism of emerging countries and regions across the world signify that it is no longer skilled immigrants are no longer opting for permanent stay in the United States as a mono option. Returnee entrepreneurship has resulted in an increasing “brain circulation,” instead of the traditional “brain drain” phenomena. Talented immigrants are increasingly returning to home to take advantage of available business opportunities in their original countries.

Furthermore, from the sociology perspective, settlement intention research advanced our understanding over migration phenomena in ethnic terms. For instance, it has been shown that intention settlement varies between ethnic groups and between individuals within a given ethnic group (De Vroome and Van Tubergen, 2014). Given this variation, the extent of immigrant’s adaptation and involvement in the host country socio-economic life and that of the following generations may vary accordingly. Immigrants who stay or intend to stay longer may have found a good job and have, therefore, integrated in the host country or they might be those who need more time to achieve their objectives of the migration project (De Vroome and Van Tubergen, 2014). Furthermore, migrants with permanent settlement intention may prefer to behave in ways

that are similar to natives and seek to develop external weak ties. Yet, according, much of what has been done in terms of settlement intention is biased towards whether immigrants prefer to stay temporarily or permanently in the host country (De Vroome and Van Tubergen, 2014). According to Di Belgiojoso (2016), lack of data remains one of the major reasons behind this bias. Notwithstanding, a detailed discussion of any of the two concepts (viz. length of stay and self-employment) requires direct or indirect inclusion of the other.

3. ESTABLISHMENT OF IMMIGRANT BUSINESSES

Due to discrimination in the labor market and the blocked mobility obstacles, immigrants do, in many cases, refer to self-employment as the only option for their survival (Chrysostome, 2010). Constant & Zimmermann (2004) adds that the need for self-employment among immigrants exacerbates during periods of high unemployment despite the lower chances of survival and success. This reality is one of the explanative reasons for higher rates of immigrant's self-employment compared to natives in many countries including the United States (Fairlie, 2012). The fact of being naturally more inclined towards risk-taking propensity compared to non-immigrants also adds to the high propensity of self-employment. In some other instances, immigrants move from wage employment to self-employment (Bayan-Levent and Kundak, 2009) to take advantages of existing viable and more profitable business opportunities.

The uniqueness of the conditions surrounding the migratory project together with immigrants' status have led to their businesses being remarkably different than their indigenous peers in terms of extent, size, characteristics and focus. Extensive evidence shows that immigrant entrepreneurs tend to start their own ventures within their co-ethnic enclave. According to Portes & Bach (1985), the ethnic enclave is a network of social and business relationships that are

geographically concentrated within an ethnic community. This internal orientation is dictated by cultural similarities as well as better access to locational ethnic resources.

As mentioned earlier, not much research has linked length of stay to self-employment among immigrants. This is because researchers overwhelmingly believed in personal characteristics and ethnic attributes as drivers of self-employment. Therefore while no direct research is linking the two concepts, indirect focus is barely found in the literature.

Building on the categorization developed by Tubergen (2005), two theoretical views may emanate explain length of stay and immigrant entrepreneurship. The first view is reflected in the works of Bonacich (1973) through her middleman perspective. Bonacich stresses that self-employment is an attractive (pull) phenomena whereby those immigrants (a.k.a sojourners) intend a short stay have higher odds of self-employment. Their businesses are labor intensive with much more investment in people than in capitals. The implication of short term orientation in terms of settlement requires early establishment of the business (in case the immigrant choose not to work in the labor market) and has implication on the limited size and the ethnic concentrated operations of the business due to lack of knowledge on the host market and capital which is in turn due to short length of stay.

The other group consists of immigrants with long or permanent settlement intention in the host country. This group is, according to Aldrich and Waldinger (1990), much attracted by self-employment due to the fact that self-employment being riskier is not suitable for sojourners. The findings of Tubergen (2005) himself were more in favor of the second view. He found that communities with higher proportion of immigrants with length of stay that passes 10 years have higher self-employment figures. In fact, longer length of stay allows better accumulation of tangible and intangible resources to start a business with high odds of success. The host country business

language remains one of the most advantageous aspects to be learnt as it helps in tapping mainstream market potentials.

In specific terms, Ndoen et al. (1998) discussed length of stay from locational perspective; that is how a migrant can choose a particular site to start his business. Their conclusion pointed to the length of stay along other factor as influencing the decision of choosing a particular location for a business. In a nutshell, one could contend that new arrivals tend to start within their ethnic community whereas immigrants with longer length of stay would straight away start their businesses in the mainstream market to target the majority endogenous population or from the ethnic enclave to a more promising mainstream location.

4. PERFORMANCE OF IMMIGRANT BUSINESSES

The number of studies that has assessed the link between length of stay and performance of immigrant/ethnic businesses are very limited. In fact one does hardly find academic works in business stream that look into such relationship. However, one major observation worth to be mentioned here is that length of stay is always assessed as an influencing variable together with other variables. Yet some scholars (see. Wang et al., 2014) recommend using it as control variable.

Scott et al. (2011) examined the effect of ethnic or a mainstream market orientation, mobilization of ethnic resources, and embeddedness in market exchange relationships on the success of Hispanic businesses in Indiana, US, and their finding have revealed a moderately strong correlation between length of stay and the objective indicators of success (market value, business assets, labor size and age of the firm) but not with subjective measures of success. Besides, Ooka (2001) found a relatively weak relation between length of stay of Chinese entrepreneurs in Canada and the level of their income attainment. This finding is explained by the fact that Chinese

immigrants tend to bring with them the skills and capital to start up the businesses upon their arrival in the host country. Unless a businesses, is completely external-oriented, class resources (human and financial resources) brought from the home country may diminish length of stay effect.

With particular reference to the relationship between financial funding and business sustainability, Ndoen et al. (1998) assume that the higher the access to a capital institution by the immigrant entrepreneur in a specific destination leads to longer length of stay. However, it might be argued in a reverse way; that is: the longer the length of stay of the immigrant entrepreneur in a particular country the better is his ability to explore and discover avenues that might facilitate or at least reveal financial sources. These sources could be discovered within the ethnic enclave but also from within the mainstream market.

Kariv et al'. (2009) and Brzozowski et al. (2014) provide further evidence of length of stay in the host country from the transnational involvement perspective. The results of the former study (Kariv et al', 2009) study, which has taken place in Canada, found that length of stay in the hosting country as playing an important role in businesses' performance, implying the relatively satisfactory adjustment of ethnic entrepreneurs in the hosting labor market. The insertion of labor market relates directly to two aspects; 1) the involvement of the owner in the labor market before starting his business with all the experience he may accumulate, and 2) the resources that might be generated such as recruiting co-workers in his business.

The latter study (Brzozowski et al., 2014) exploring the IT sector in Italy, reached conclusions similar to those advocated be Portes et al. (2002) in which they contend that longer stay in the host country reduces the likelihood of the involvement of immigrants entrepreneurs in transnational operations. The longer residence in Italy was found associated with smaller propensity of becoming transnational

entrepreneur. More precisely, Brzozowski et al. (2014) found that non-transnational immigrant entrepreneurs stay on average 11.8 years longer in Italy than their peer transnational entrepreneurs. Many reasons may give explanation to these interesting findings including among others; 1) the success of the business in the host country, 2) the integration of the immigrant entrepreneur and his family in the host country socio-economic system, and 3) unavailability of time for transnational involvement.

5. CONCLUSION

This paper has reviewed and discussed the implication of length of stay in immigrant entrepreneurship. Comparatively, research on migration issues has paid much attention on settlement intention than on length of stay. The two concepts are different though they both deal with the “time” effect. Regardless of the length of the period spent in the host country, immigrants come across various learning opportunities and face unfamiliar situations and behaviors. Understanding and adjusting to these situations seems to have important implication for the adaptation/integration of immigrants in the host country.

However, up to now assumptions on the role played by length of stay in immigrant business establishment and their performance remains conceptual and anecdotal. In addition, while not properly addressed in the literature, empirical investigation of length of stay and its consequences in immigrant entrepreneurship are very parsimonious. For business establishment, length of stay can be interpreted via market orientation of the business. Shorter length of stay might be common among sojourners and internal oriented entrepreneurs and longer length of stay can facilitate involvement in the mainstream market. The impact on performance seems to depend on class resources factors and

also on the level of integration in the host country socio-economic system (for transnational entrepreneurs) immigrants. Notwithstanding class resources vary among different ethnic groups (country of origins) and its impact on business is somehow influenced by settlement intention.

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