

# *Market orientation and strategic decisions on immigrant and ethnic small firms*

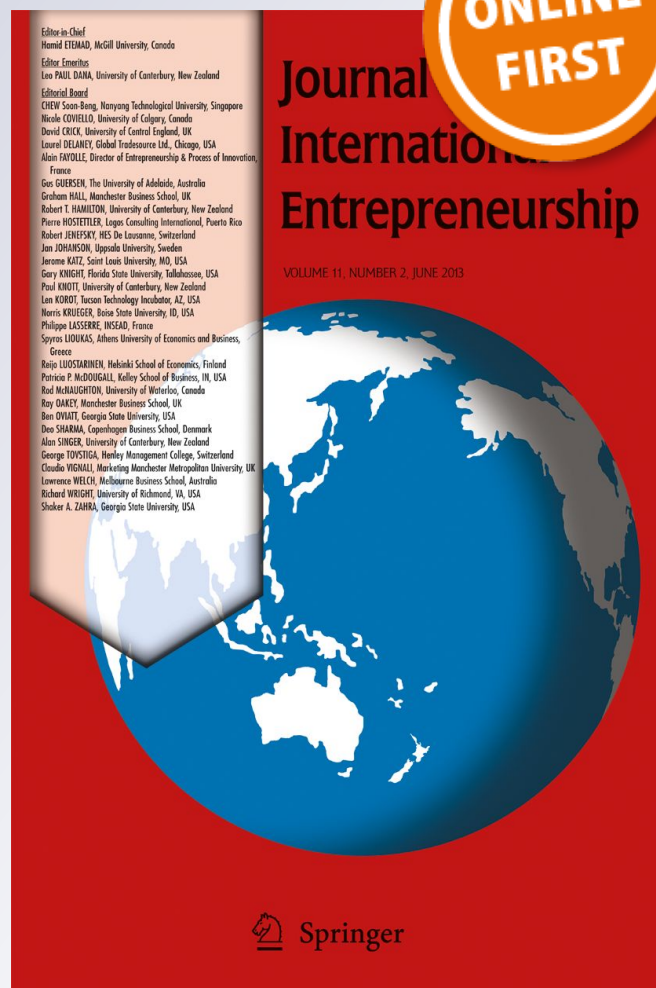
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## Market orientation and strategic decisions on immigrant and ethnic small firms

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### Abstract

Entrepreneurial orientation in small ethnic firms is embedded in a strong sociocultural environment, which influences their market orientation. For this reason, entrepreneurs choose between either focusing their businesses on their ethnic communities or attracting mainstream customers from outside their ethnic enclave. The article aims to contribute to the knowledge of ethnic and immigrant firms by taking a detailed look at their marketing orientation and strategic decisions. To perform this study, the researchers used a multi-method qualitative data collection, including the analysis of different entrepreneur cases, within several Brazilian communities overseas, which illustrate four different marketing orientations of ethnic entrepreneurs: (i) “focus on the ethnic niche market,” (ii) “focus on specific interests,” (iii) “focus on exotic products for the mainstream customer,” and (iv) “focus on highly competitive markets.” Authors draw a 2x2 matrix as an output of the research.

### Resumen

La orientación empresarial en las pequeñas empresas étnicas está integrada en un entorno sociocultural fuerte, lo que influye en su orientación al mercado. Por esta razón, los empresarios eligen entre enfocar sus negocios en sus comunidades étnicas o atraer clientes convencionales fuera de su enclave étnico. El artículo tiene como objetivo contribuir al conocimiento de las empresas étnicas e inmigrantes mediante una mirada detallada a su orientación de marketing y decisiones estratégicas. Para realizar este estudio, los investigadores utilizaron una recopilación de datos cualitativa de múltiples métodos, incluido el análisis de diferentes casos de emprendedores, en varias comunidades brasileñas en el extranjero, que ilustran cuatro orientaciones de marketing diferentes de empresarios étnicos: (i) 'enfoque en el nicho de mercado étnico', (ii) 'centrarse en intereses específicos', (iii) 'centrarse en productos exóticos para el cliente principal' y (iv) 'centrarse en mercados altamente competitivos'. Los autores proponen una matriz de 2x2 como resultado de la investigación.

**Keywords** Immigrant entrepreneurship · Strategic decision · Marketing opportunities · Ethnic enclave · Immigration

**Palabras clave** emprendimiento de inmigrantes · decisión estratégica · oportunidades de comercialización · enclave étnico · inmigración

## Summary highlights

*Contributions:* The article intends to explore a gap that rests precisely at the intersection between diaspora entrepreneurship studies and ethnic entrepreneurship. We examine immigrant entrepreneurs who did not necessarily experience “diasporic” trajectories but who immigrated in isolation. We also contribute to the field of ethnic and immigrant entrepreneurship studies by introducing management concepts into the discussions, especially related to business and marketing opportunities, analyzing potential relationships between (i) the level of affiliation of entrepreneurs to their ethnic communities and (ii) their market target choices—either ethnic or mainstream customers.

*Research questions/purpose:* (RQ1). Are immigrant (or ethnic) entrepreneurs influenced by affiliation to their ethnic communities when choosing their market orientation or making strategic decisions? (RQ2). Does immigrant or ethnic-owned firms’ choice of target audience (ethnic, co-ethnic, or local consumers) lead to different market orientations?

*Methods:* Data collection took 6 years and was inspired by ethnographic methods. Main strategies included participant observations, in-depth interviews, and Skype and video conferences. Analysis of data was conducted through an iterative process, in which the analysis framework and research questions were successively reoriented when confronted with empirical data.

*Information/data:* Interviews and field notes are derived from observation of ethnic entrepreneurs.

*Results/findings:* We generated a 2 x 2 matrix used in two dimensions: the affiliation of entrepreneurs with their ethnic communities and their target markets/consumers. By combining both dimensions, our matrix provides four types of foci for immigrant and ethnic small firms: focus on “ethnic niche markets,” focus on “specific interests or middlemen minorities,” focus on the “market of exotic products for the mainstream customers,” and focus on “highly competitive market.”

*Limitations:* Research limitations relate to the fact that the comparative study was conducted in one ethnic group. Method limitations encompass the subjectivity of in-depth interviews and possible bias of interviewers. We also recognize the challenges in the complex and multi-disciplinary nature of immigrant entrepreneurship, as well as the need for a multi-layered analysis.

*Theoretical implications and recommendations:* The paper brings insights to support future studies on immigrant and ethnic entrepreneurship as a building block for future comparative studies on other immigrant communities.

*Practical implications and recommendations:* Affiliation and target audience of firms contribute to marketing orientation and strategic decisions. In addition, they address aspects that go beyond its formal institutional aspects and of societal integration of businesses.

*Public policy recommendations:* The proposed matrix could be used as a base for immigrant policies regarding entrepreneurs most in need. The study might contribute to fields beyond entrepreneurship, such as migration studies, integration policies, and societal development.

## Introduction

According to the 2017 United Nations International Migration Report, the number of international migrants worldwide has increased significantly over the last two decades, reaching an all-time high of 258 million in 2017 up from 173 million in 2000. In this context, the USA accounts for the largest number of international migrants (50 million)—a number strongly influenced by Latin American migration (United Nations 2017). In particular, Brazilian immigrants, who represent an important contingent of Latin immigration to the USA, have experienced a type of *diaspora* as the result of economic or social causes, often accompanied by strong physical and social alienation (Sales 2003).

It is worth noting that migration figures include both (i) refugees—individuals who are forced by their circumstances to migrate (e.g., Gold 1992; Wauters and Lambrecht 2008; Bizri 2017)—and (ii) economic or social migrants (Rath and Kloosterman 2000; Zhou 2004; Drori et al. 2009). This paper focuses on the second type, the economic or social migrants who make up the diaspora.

Virtually all advanced nations host “disadvantaged racialized minorities” (Jones et al. 2000, p.37). Despite the difficulties these immigrants face, many succeed as expatriate entrepreneurs by running either ethnic or immigrant-owned businesses. According to Vandor and Franke (2016), this can be partially explained by how these entrepreneurs’ intercultural experiences promote particular abilities regarding the identification of promising business ideas and the creation of innovative solutions in their new habitats. Consequently, their business strategies are rooted in the specificities of their specific co-ethnic communities—within and across national boundaries (Drori et al. 2009; Min and Bozorgmehr 2000). These specificities can influence several aspects of the business, such as (i) its market orientation (e.g., targeting ethnic consumers or locals); (ii) its growth expectations (e.g., whether to remain small or expand internationally); and (iii) its survival strategies (e.g., whether to continue to cater to ethnic consumers within the enclave or expand to ethnic-friendly local consumers).

Many seminal works in sociology and entrepreneurship have discussed the relationship between ethnicity and entrepreneurship (Aldrich and Waldinger 1990), by focusing on ethnic characteristics of individual entrepreneurs and by identifying entrepreneurship with self-employment or business start-ups (e.g., Marlow 1992; Rath and Kloosterman 2000; Barkham et al. 2002; Davidsson and Honig 2003). However, multiple and interdisciplinary lenses can be employed to understand the phenomenon, which is naturally multi-layered and occurs at the intersection of migrant and diaspora entrepreneurship (Coviello and Yli-Renko 2016; Etemad 2017). In addition, it involves themes as diverse as geography and politics, international migration, international human resources, sociology, and human capital. According to Etemad (2018,

p. 116), recent work on ethnic or immigrant entrepreneurship has made an effort to create a bridge between some inherently difficult concepts in international entrepreneurship (IE) due to their international background and prior experiences (Elo 2016; Elo et al. 2018). Consequently, both migrant and diaspora entrepreneurs, bringing their experiential knowledge of their home markets, reflect higher resources and might be well suited to operate within IE contexts.

The strong sociocultural environment in which small ethnic firms are embedded influences their market and entrepreneurial orientations (Wang and Altinay 2012; Altinay 2009). Altinay (2009) showed that staying within the community—i.e., not being able to attract mainstream customers from outside their ethnic enclave or adequately respond to changing market conditions—might undermine the growth of ethnic firms. Nevertheless, these ethnic entrepreneurs interact not only with co-ethnic customers and competitors but also with mainstream firms. Hence, their market orientation is a result of the interplay between the changes in ethnic and mainstream business environments (Altinay and Altinay 2008; Jamal 2003).

The contribution of migrant and ethnic entrepreneurs to local economies is also of interest within the international entrepreneurship literature. Although the extant literature has explored many aspects of small ethnic and immigrant enterprises, the absence of a generalist model that seeks to identify possible market orientations for ethnic and immigrant entrepreneurs remains as a theoretical gap (see Elo 2016; Elo et al. 2018). This article aims to build on the initial efforts of (i) sociological work (e.g., Zhou 2004), which outlined a categorization of the market opportunities of the ethnic niche, and (ii) international business, such as the work of Wang and Altinay (2012), who analyzed specific cases of ethnic firms, despite the fact the authors did not arrive at a generalization. In addition, Young, Dimitratos, and Dana (2003) also argue that international entrepreneurship research tended to focus on network and resource-based perspectives.

The gap that the present article intends to explore rests precisely at the intersection between diaspora entrepreneurship studies and ethnic entrepreneurship. The paper examines aspects of immigrant entrepreneurs who did not necessarily experience “diasporic” trajectories but also who immigrated in isolation. Moreover, we contribute to the field of ethnic and immigrant entrepreneurship studies by introducing management concepts into the discussions related to business and marketing opportunities. Thus, this paper aims to fill a gap related to the examination of the potential relationships between (i) the level of affiliation of entrepreneurs (Schimmele and Wu 2015) to their ethnic communities and (ii) their market target choices—either ethnic or mainstream customers (e.g., Bonacich 1973). As a secondary objective of the research, we discuss the role of social and human capital of immigrants and its influence over market orientation or strategic decisions. The main research questions that guided this study are the following:

- *RQ1. Are immigrant (or ethnic) entrepreneurs influenced by affiliation to their ethnic communities when choosing their market orientation or making strategic decisions?*



- *RQ2. Does immigrant or ethnic-owned firms' choice of target audience (ethnic, co-ethnic, or local consumers) lead to different market orientations?*

In order to accomplish the objectives of the study, we conducted an extensive qualitative research encompassing in-depth interviews and observations of small firm immigrant entrepreneurs. Based on over 6 years of fieldwork data collection, the authors draw a tentative model to address the conceptual gaps within immigrant entrepreneurship theories, especially those linked to enclave economies and market decisions (Zhou 2004).

Brazilian entrepreneurs were chosen as the focus of the study because the growing phenomenon of Brazilian entrepreneurship overseas remains insufficiently studied. This study will also help refining the theory on ethnic entrepreneurship through comparative studies with other immigrant communities, as in Jones and Ram (2010).

Finally, with the aim of structuring the discussion and addressing the theoretical gap, we draw a 2 x 2 matrix (see Fig. 1), which includes (i) the degree of the entrepreneurs' affiliation with their ethnic communities and (ii) the type of target audience or market segments' orientation.

## Literature review

This section is divided into three major themes. First, we review the recent literature on international entrepreneurship and explore its intersection with ethnic firms' decisions and their market orientations. Second, we highlight the importance of the ethnic enclaves and their influence on the decisions of immigrant or ethnic firms. Third, we address the market orientation of ethnic firms by analyzing and comparing the literature on international entrepreneurship and on immigrant and ethnic entrepreneurship.

## International entrepreneurship and its intersections with immigrant environments

Zahra and George (2002) posit that international entrepreneurship enables the discovery and exploitation of opportunities that lie outside a firm's domestic markets. These firms, while interacting with new contexts, use creativity, innovation, and opportunity recognition. Nevertheless, the observation of several ethnic and immigrant firms' environment has raised a number of concerns, which are discussed in the recent literature of international entrepreneurship as follows.

The study of immigrant or ethnic entrepreneurs has evolved through two main literature strands. One focuses on international entrepreneurship, which studies the market phenomenon of globalization and its effects on transnational markets (e.g., Drori et al. 2009; Dimitratos et al. 2010). The other focuses on the factors of the micro-environment in which these entrepreneurs live, discussing their adaptation difficulties and the networks formed within their ethnic enclaves (e.g., Portes and Zhou 1992; Achidi-Ndofor and Priem 2011). According to Etemad (2018), there exists a multi-layeredness of theories and analytical challenges in the studies of migrants that stem not only from ambiguous terms and definitions but also from different national systems of assessment of migrant conditions. Moreover, this multi-layeredness limits the intersection of IE and immigrant

		Affiliation with their ethnic community	
		YES	NO
Target	Ethnic & Co-ethnic	Focus on ethnic niche market	Specific interest or Middlemen minorities
	Generic customer	Focus on the market of exotic products for the local consumer	Highly competitive market

Fig. 1 Market opportunities for immigrant entrepreneurs. Source: Own elaboration

entrepreneurship to a single type of diaspora entrepreneurs or diasporans (Elo 2016; Coviello and Yli-Renko 2016; Etemad 2018; Elo et al. 2018). According to Safran (1991), the definition of diasporans encompasses immigrants and their descendants who preserve a tight relationship to their countries of origin. Therefore, diasporans are “migrants who settle in one place, move on and regroup; they may also be dispersed, and they are in a continuous state of formation and reformation” (Cohen 2008, 142). Riddle et al. (2010), on the other hand, defines transnational diaspora entrepreneurs as migrants and their descendants who establish entrepreneurial activities that span the national business environments of both their countries of origin and countries of residence.

Riddle and Brinkerhoff (2011) highlight three gaps of management and marketing disciplines that have long focused on aspects of how migrants' acculturation affects their behavior in the host countries: the first gap regards the way exploration of opportunities take place; the second regards the influence of social capital and networks on firms' decisions; and the third regards the influence of the environment on the determination of strategies or market focus.

Regarding the first issue, Spence (2003) discussed, for instance, whether firms responded unconsciously to serendipitous opportunities or acted intuitively from a state of semi-preparedness in relation to their internationalization process. In addition, Hurmerinta-Peltomäki (2003) addresses the time dimension or speed of internationalization. However, a discussion of time-related differences between certain aspects of firms' internationalization behavior remains relatively scarce (McNaughton and Bell 1999).

Regarding the influence of networks and social capital, they are generally seen as a source of clients and sales for the business and a catalyst of the entrepreneurial process (Coviello and Munro 1997). In addition, networks may promote access to resources, in particular, knowledge (Bell 1995), human resources, or customers (Achidi-Ndofor and Priem 2011). However, entrepreneurs' human capital (Bourdieu 1986) on small immigrant firms' contexts is tied to their traditional knowledge, abilities, and ethnic culture, rather than to their formal education.

While seminal authors emphasized the sociological aspects of the phenomenon (Aliaga-Isla and Rialp 2013), others evidence the importance of immigrant support networks during business inception (Saxenian 2007) or social entrepreneurship (Elo and Volovelsky 2016). These social networks are based on connections with both consumers and inter-organizational alliances that influence the co-creation of opportunities through the articulation of business disputes (Brinkerhoff 2016). Another crucial aspect within the immigrant social networks is their degree of assimilation (Alba and



Nee 1997). Several scholars (Waldinger et al. 1990; Portes and Zhou 1992; Barrett et al. 1996; Rath and Kloosterman 2000; Cruz et al. 2017a) studied the general characteristics of ethnic entrepreneurship, including its social environment.

According to Achidi-Ndofor and Priem (2011), immigrant entrepreneurs who are socially identified with their ethnic communities are more likely to become ethnic enclave entrepreneurs, whether they are tied to their communities by tradition, prestige, or even chance. Therefore, it is not uncommon for them to engage in activities to improve their community status; they include fund-raising activities to build facilities and serve the community or helping a future competitor to establish in the enclave (Lee 1999). Concomitantly, immigrant entrepreneurs, while serving their ethnic communities, use their relationships to get access to key resources, such as suppliers and workers. Conversely, entrepreneurs who have hardly any identification with their ethnic groups will try to dissociate from their compatriots (Ellemers et al. 1997), and eventually despise them (Spears et al. 1997). According to Rusinovic (2008); second-generation ethnic entrepreneurs are more active in mainstream markets; hence these entrepreneurs move from one market to another by the strategic use of ethnicity.

More recently, Tata and Prasad (2015) presented an advanced understanding of how the overall social capital of family business owners influences business performance. Moreover, Tolciu (2011) establishes that the phenomenon of migrant entrepreneurship can be understood only when accounting for both external variables of the firm and internal limitations. The author evidences a bounded rationality approach, where entrepreneurial outcomes can be viewed as a matter of optimization under constraints. In addition, according to Riddle and Brinkerhoff (2011), in countries of settlement, diasporans confront institutional environments that often are significantly different from those in their countries of origin, causing the exposure to and adoption of institutional roles and relationships associated with a new cultural setting as “institutional acculturation.”

Extant literature in management and marketing explores how immigrants or co-ethnics acculturation affects entrepreneurial behaviors in the new setting (e.g., Alba and Nee 1997; Riddle and Brinkerhoff 2011). Consequently, institutional acculturation can inspire a diaspora entrepreneur to transform institutional arrangements in their countries of origin, generating dramatic change in society's role expectations of the government, suppliers, and buyers. Alternatively, the literature strand on immigrant entrepreneurship focuses on specific conditions arising from the exploitation of immigrant support networks (e.g., Portes and Zhou 1992; Zhou 2004). Moreover, it suggests that these types of businesses are not limited to the promotion of self-employment and the entrepreneurs' establishment in the host country, but they are also guided by sources of competitive advantage in the capacities of their entrepreneurs (Zolin and Schlosser 2013). These competitive advantages might encompass both (inner) characteristics of the entrepreneurs and their social relations.

Internal limitations of the enclaves might encompass the entrepreneur's capital stock (Bourdieu 1986), which is defined as their stock of knowledge, *habitus*, and social and personality attributes, including talents, skills, abilities, experience, intelligence, training, judgment, and wisdom. These resources, especially those related to entrepreneurs' cultural aspects, may represent a form of wealth that can be directed to accomplish the goals of the firm. Importantly, despite many immigrant entrepreneurs' relatively low

social and economic capital, starting up family businesses is a form of survival or self-employment (Aldrich and Waldinger 1990); others engage in the creation of new technology-based ventures, such as “Silicon-Valley-germinated” born global firms (Saxenian 2007; Tung 2008), created by scholar immigrant entrepreneurs or highly skilled individuals.

Our discussions take some of the points that the recent special issue of *JIE* has highlighted and those of Young et al. (2003). While merging different viewpoints, we try to use the perspectives taken by Coviello and Yli-Renko (2016) and Etemad (2017) to take into account this particular intersection of views and the multi-layeredness of the phenomenon.

To conclude, Etemad (2018) points out that entrepreneurially based internationalization (or EI) should favor decision-makers that have had experiences in multi-context and multi-embeddedness environments, such as immigrant or ethnic entrepreneurs that surpass traditional home-oriented managers. Therefore, according to Etemad (2018), they are more likely to mitigate the liabilities of foreignness (Zaheer 1995), newness (Bruderl and Schussler 1990), and outsidership (Johanson and Vahlne 2009); thereby, if they are able to overcome their liabilities, it will enable them to advance toward a more competitive global trajectory. Therefore, a discussion encompassing the individual, human level, beyond the entrepreneurship-firm level, should include actor and agency dimensions (Etemad 2018), broadening the basis of international entrepreneurship (IE) by relating it to migrants and diasporans and their transnational and international ventures (Elo et al. 2018).

### **Ethnic enclaves’ characteristics that might influence immigrant entrepreneur firms’ decisions**

This section focuses on seminal works published on immigrant entrepreneurship and ethnic enclaves. We show that some immigrants do not fall into the category of diaspora entrepreneur.

Two key features of ethnic enclaves are the “co-ethnicity” of entrepreneurs and their workers and the spatial concentration of ethnic businesses, encompassing a wide variety of activities.

Ethnic enclaves not only may reduce barriers to emigration but also increase economic opportunities, forming safety networks, which leverage resources for the establishment of immigrant firms (Drori et al. 2009). These firms generally start as small family businesses, owned and managed by members of a single ethnic family living in a host country (Waldinger et al. 1990). Although their own community’s cultural environment surrounds them, the economic, political, and sociocultural aspects of the host country affect those firms (Barrett et al. 1996). They benefit from the availability of often informal ethnic workers, who accept lower wages. Ethnic enclaves are also a channel for the dissemination of business practices and a source of access to information on key markets or to specific and reliable suppliers. In addition, ethnic communities can also assist entrepreneurs through unorthodox forms of credit (Light et al. 1993).

Interestingly, Portes and Zhou (1992) argue that ethnic entrepreneurship promotes an alternative form of economic mobility. When studying the Chinese and Dominican inhabitants of New York’s enclaves, as well as Cubans in Miami, the authors drew a

rich theoretical framework, showing that newcomers could have a rapid economic rise, with profits remitted to their country of origin, generating a new class of small international traders. This would challenge the postulate that the individuals' stock of capital (Bourdieu 1986) would be the sole determinant of immigrant economic mobility.

Recently, Williams and Krasniqi (2018) demonstrate that host networking (foreign spouse and foreign language fluency) exerts a positive effect on entrepreneurial activity of migrants, while co-ethnic networking is found not to be important. In addition, they evidenced that migration experience has a positive impact on the probability of venturing. Another crucial finding of their research was the "bounded trust" or solidarity among participants of the enclaves. According to Zhou (2004), enclaves are culturally integrated entities, which foster bonds of solidarity and trust among participants. If, on the one hand, discrimination by locals can lead to social alienation and feelings of exclusion among immigrants; on the other hand, it may generate greater awareness of their common national symbols and a feeling of mutual support, a kind of "protection network" reflected in the following areas: (i) as consumers, they favor items associated with their country of origin, both in terms of the utility of the good, and the symbolic representation (identity of its people); (ii) as workers, they prefer to work among themselves, speaking their own language, even if it sometimes it entails pecuniary losses, such as receiving lower wages; and (iii) as investors, they engage in "transnationalism" practices or opt to invest their capital in the ethnic community itself.

In addition, Zhou (2004) presented an approach regarding the opportunity structures for immigrant entrepreneurs based on three market foci: (i) Ethnic niche markets, which involve meeting specific tastes (food, clothing, etc.) of the ethnic community; (ii) opportunities within the mainstream market, for instance, filling demands not met by local entrepreneurs, in poor neighborhoods, such as pharmacies, grocery stores, or convenience stores; and (iii) selling exotic products to the mainstream customers. The three market foci are related to the role of the intermediaries or "middlemen minorities" (Bonacich 1973), performed historically by ethnic or immigrant entrepreneurs.

The circumstances and environmental conditions prevalent in ethnic enclaves are of some importance to the growth and development of new ethnic or immigrant ventures (Elo 2016; Elo et al. 2018). The resource-based view, shown in literature regarding internationalization and international entrepreneurship, points to another aspect that might be taken into account (Westhead et al. 2001), especially in those areas in which the ethnic market itself is still emerging (Mangematin et al. 2003).

Regarding the environment, Jones and Coviello (2002) discussed hostile versus benign environments toward internationalization, as opposed to the diasporan concept of Elo (2016). Nevertheless, international entrepreneurship literature was not able to address all possibilities or economic circumstances that account for differences in entrepreneurial start-up rates or differences in market orientation among countries (Reynolds et al. 2000). In addition, cultural differences between immigrants or co-ethnics may account for different rates of venturing (Baughn and Neupert 2003) or different choices regarding market orientation.

If we compare international new ventures (INVs) to ethnic firms, it is possible to spot some prominent differences. INVs' entrepreneurs generally have higher levels of previous international experience, are more aggressive in their strategies, operate in more channels

of distribution, and are more likely to compete based on differentiation, placing more emphasis on product innovation. On the other hand, ethnic firms are generally low-tech, low-innovation, family-owned businesses, with less aggressive market tactics, focusing on ethnic enclave distribution channels (see Dimitratos et al. 2010).

International entrepreneurship (IE) studies have focused on the competitive increasing globalized world (Jones and Dimitratos 2004), where small firms would struggle to survive, keeping a slower and more gradual growth and internationalization (Antoncic and Hisrich 2000). Although slow growth ethnic firms are created every day in various contexts, success is frequently associated with speed of entry. Therefore, market decisions in slow-paced immigrant or ethnic ventures might be influenced by other factors as shown in the next section.

### Market orientation of ethnic firms

Wang and Altinay (2012) argue that ethnic minority small businesses' (EMSBs) entrepreneurial orientations (EO), as well as its antecedents and consequences, remain under-researched. Nevertheless, according to Nathan and Lee (2013), there is a growing body of literature that has started to establish connections between diversity and economic performance of cities and regions of the world. According to the authors, product innovations are more likely to take place when there is diversity rather than homogeneity within top management teams. Diversity is particularly relevant both to reach international markets and to serve cosmopolitan consumers of major metropolises such as London, Paris, or New York. Nathan and Lee (2013) also point out to a positive relationship between migrant status and entrepreneurship behavior, suggesting that diversity is an economic asset, as well as a social benefit. Lin (2010) also proposes in her study that the national innovation capacity could be fostered by contemporary diasporic entrepreneurship (CDE).

For Wang and Altinay (2012), who investigated Chinese and Turkish firms on British soil, research on ethnic firms' market orientation should be based on ethnic entrepreneurship theory (e.g., Volery 2007) and on the social embeddedness approach (e.g., Kloosterman, and Rath 2001). They found that access to co-ethnic products and suppliers has a significant impact on firms' EO, which in turn has a significant positive effect on employment growth. They also reveal differences in performance based on ethnicity: Chinese-owned small firms presented higher levels of EO and pursue different paths to growth compared to Turkish-owned businesses. However, family and co-ethnic advice do not have a significant impact on firms' entrepreneurial orientation. In addition, as proposed by Altinay (2010), small firms owned by ethnic minorities are embedded in a strong sociocultural environment, including both co-ethnic and mainstream customers and competitors. As a result, their market orientations would be the outcome of the interplay between changes in both mainstream and ethnic business environments.

Ethnic minorities and immigrants are traditionally concentrated in trades that are either in decline or are labor intensive (Barrett et al. 2002). This fact creates harsh competitive pressures intensified by the growing presence of corporate rivals in many markets (Jones et al. 2000), such as the competition among local corporations or franchises of ethnic foods, regular supermarket chains selling ethnic goods, and ethnic "mom and pop" stores. Nevertheless, Ram et al. (2003) evidence changes in the pattern of ethnic minority businesses in the UK, where contemporary ethnic entrepreneurs are

breaking out from the limited range of generally marginal activities historically occupied by South Asian, African-Caribbean, and other immigrant-origin entrepreneurs. Moreover, despite problematic access to bank credit due to perceived racial discrimination, even in the case of well-succeeded entrepreneurs, the authors show how businesses are shifting from labor- to capital-intensive activities which require external financing.

In a general perspective, market orientation and business performance are strongly related (Matsuno et al. 2005). Although a market orientation approach (Agarwal et al. 2003) tends to lead to better internally coordinated firms that are superior in its customer-linking capabilities and market sensing, ethnic firms targeting co-ethnics might instead use an effectual approach (as in *effectuation*) to business, growing organically through their own ethnic resources, abilities, and expertise (Saravathy 2001), resulting in a market orientation that emerges naturally from the entrepreneurs' cultural background (Narver and Slater 1990).

As pointed out by Altinay (2009), market orientation is comprised of three key elements: customer orientation, competitor orientation, and inter-functional coordination (Narver and Slater 1990). First, customer orientation encompasses a continuous and proactive attitude toward meeting customers' requirements and feedbacks. Second, competitor orientation encompasses understanding both competitive short-term strengths and weaknesses and long-term capabilities and strategies of competitors (current and potential). Third, inter-functional coordination encompasses organizational learning, related to the sharing of information between departments, and to the development and implementation of business strategies (Deng and Dart 1994).

Management's risk-taking propensities, business mindsets, and cultural backgrounds play a significant role in shaping the market orientation of small firms (Jaworski and Kohli 1993), and this is no different with ethnic businesses. In addition, the greater the instability within the market and the greater the fierceness of competition, the stronger the link will be between market orientation and business performance.

Small ethnic businesses enjoy greater decision-making flexibility and proximity to its customers and markets, enabling them to make decisions more dynamically and implement strategies faster (McCartan-Quinn and Carson 2003), which may create a competitive advantage to them (Tzokas et al. 2001; Hogarth-Scott et al. 1996). However, a small firm is generally simplistic, internally oriented, using an effectual approach to business planning (Saravathy 2001), which could result in shorter-term vision (Pelham 2000). Not only have the internal capabilities of ethnic firms needed to be considered but also the influence of ethnicity on both ends of product/service provision: consumers and providers. Their ethnic affiliation and values relate to commonly shared features, involving a sense of common customs, food, clothing language, religion, and norms (Jamal 2003), which can affect business transactions between ethnic businesses and the co-ethnic as well as mainstream customers.

Reduced psychic distance (Johanson and Vahlne 2009) might influence both easiness and trust in business transactions (Jamal 2003; Altinay and Altinay 2008). Moreover, ethnic businesses constitute a platform for cultural exchange between the ethnic entrepreneurs and mainstream customers. They develop, for instance, strategies to identify niche markets and facilitate the consumption of ethnic products among mainstream customers, by offering ethnic products at competitive prices and educating and informing mainstream customers (Altinay 2009).

To conclude, Altinay (2009) also posits that the centralized structure of ethnic firms has implications for different dimensions of market orientation. Ethnic firms benefit from having a close and informal contact with their customers through owners' (or family members) involvement with business transactions. Previously, ethnic firms competed only against their co-ethnic peers for survival. Nowadays, mainstream retail sells ethnic products and, in addition, continuously attracts "second-generation immigrants" whose needs and wants are more aligned with those of the host country (Altinay and Altinay 2006).

## Method

### Data collection

A multi-talented research-team conducted both the data collection and the analysis. It encompassed one economist with a PhD in Anthropology (EA), one engineer with a PhD in Marketing/Consumer Behavior and Entrepreneurship (EM), as well as one business administrator with a PhD in Engineering (BAE).

Brazilian entrepreneurs were chosen as the focus of the study because the growing phenomenon of Brazilian entrepreneurship overseas remains insufficiently studied. Interviews were all conducted in participants' native language (Portuguese), which helped develop personal relationships and feelings of being part of the ethnic community and facilitated researchers' access to ethnic minority informants (Blackburn and Kovalainen 2009).

Data collection was inspired by ethnographic methods (Tilley 2001), spanning a period of 6 years. This long-drawn period of data collection enabled the research team to establish deeper connections with immigrant entrepreneurs, helping them to fully understand Brazilian diasporic immigrant entrepreneurs' patterns, behaviors, and meanings. The multi-method approach comprised the following strategies:

By including different methodology and data gathering techniques, researchers were able to combine them synergistically. Participant observations were totally related to in-depth interviews. Skype and video conferences were alternatives to in-depth interviews when the latter were not possible. Document analysis and confrontation with extant literature enabled authors to develop their own contributions to theory (Denzin and Lincoln 2011). In-depth interviews were based on McCracken's (1988) interview method to access the personal, private, or intimate side of the memory of immigrant entrepreneurs. During the prolonged span of time of immersion with participants and their entrepreneurship environment, the team was able to get closer to the immigrants' universe, gaining insights and perspectives that would have otherwise been difficult to achieve through a less extensive involvement.

The abductive approach (Dubois and Gadde 2002) taken by the research team was characterized by an iterative process in which the analysis framework and research questions were successively reoriented when confronted with empirical data. Thus, research evolved gradually as fieldwork and latent theory interacted continuously and cyclically, allowing relevant facts to take place within this interactive process. For instance, during that immersion period, viewpoints changed, allowing researchers to record their experiences and observe certain situations, such as behaviors and entrepreneurial decisions. Moreover, as they deepened their involvement in a semi-ethnographic fashion, their access to



informants near the core of the communities improved greatly and gradually became perceived as important “consultants” to entrepreneurial members of these Brazilian communities. In addition, this fact also brought a more critical view of the existing theories in the field of study. Documented interviews exceeded 120 hours of testimonies with 90 Brazilian entrepreneurs established in Florida, 3 in Israel, and 15 in Japan, as well as other professional advisors, lawyers, and accountants.

To mitigate social desirability, we utilized triangulation of information sources, confronting entrepreneurs’ discourses with different community stakeholders (lawyers, consultants, accountants, and community leaders). Personal bias among different researchers conducting face-to-face interviews was minimum because two of the researchers conducted most of the interviews. In addition, they promoted a debriefing session after every week of data collection.

### **Empirical strategy**

This study investigated the relationship between the level of affiliation of entrepreneurs toward their ethnic communities and their choice of market targets—either ethnic or mainstream customers. In order to investigate the phenomenon, we conducted an exploratory research approach employing mainly qualitative methods. A multiple case study design was conducted using in-depth interviews as the main method, complemented by ethnographic field observations (see Stake 2013; Marschan-Piekkari and Welch 2011). Researchers aimed at interviewing Brazilian entrepreneurs established overseas, exploring issues without becoming too structured within prior definitions, and/or forcing the data into a rigid pre-determined framework. We used an interpretivist approach to present the meanings that immigrant entrepreneurs ascribe to understand the environment and support decisions regarding their businesses. After collecting evidences by a multi-method approach, the researchers performed an analysis following a qualitative protocol of transcription of interviews, triangulation of sources, and analysis. At the end, the basis of the analysis is the recurrent confirmation of empirical evidences collected and connected by a categorization.

### **Analysis protocol**

The analysis procedure followed a qualitative approach (O’Donnell and Cummins 1999; Denzin and Lincoln 2011). The findings were organized in Table 1. After conducting a multi-method for data collection (see Table 2), we then extracted several quotes as examples of typical perceptions and behaviors of entrepreneurs (step 1). On step 2, we identified two macro themes that emerged from the quotes, namely, “perceptions of ethnic communities” and “business orientation.” On step 3, we split these two macro themes into two other subcategories. The first macro theme (“perceptions of ethnic communities”) was further split to reflect “positive” and “negative” perceptions of participants regarding their ethnic communities. In the second macro theme (“business orientation”), we identified the factors that pushed them to favor either their co-ethnics as main customers or locals. That analysis protocol helped organize a proposition of four different entrepreneur strategic choices, shown in Table 1.

**Table 1** Coding of categories: step by step

Quote examples	Macro themes	Feelings and perceptions	Final coding categories
Place where I feel safe	Perceptions of ethnic communities	Positive	Affiliated
It is easy to get a job			
I cook at home and sell door to door	Perceptions of ethnic communities	Positive	Safety
Church supports us			Safety
They speak my language			Support
We party on weekends	Perceptions of ethnic communities	Positive	Support
I did not come here to live with my compatriots, if so I would have stayed in my country			Inclusion
You have to be careful, because there are many smart people			Inclusion
Lack of leadership	Perceptions of ethnic communities	Negative	Revulsion
Co-ethnics are more organized			Not affiliated
There is a lot of lawyers who deceive you in the process of legalization			Mistrust
The consulate is not even there for us	Perceptions of ethnic communities	Negative	Helplessness
It is all naughty			Mistrust
Some promise but do not deliver			Mistrust
People miss the product "from home"	Business Orientation	Knowledge of the particularities or preference to meet the compatriots	Helplessness
The compatriots feel the lack of ethnic companies			Mistrust
The local market is much more competitive			Mistrust
	Business Orientation	Knowledge of the particularities or preference to meet the compatriots	Willingness to undertake
			Willingness to undertake
			Fear of the local market
	Business Orientation	Knowledge of the particularities or preference to meet the compatriots	Missing
			Focus on ethnic market
	Business Orientation	Knowledge of the particularities or preference to meet the compatriots	Target audience

**Table 1** (continued)

Quote examples	Macro themes	Feelings and perceptions	Final coding categories
I was desperate until I found a restaurant with food from my home country			
I can communicate better with customers from my own country			Comfort
Since I knew how to bake breads and pastries, I opened a bakery			Opportunity
I have a good understanding about meat, so I decided to open a steakhouse			Knowledge
I worked at a car dealership and learned the needs of Brazilians.			Knowledge
There is a lot of tourists here, products that are even more expensive than in local businesses are still cheaper than the ones in their home countries			Opportunity
I do not like working for compatriots because they do not want to pay a fair salary		Preference for the local consumer	Revulsion
The local market is much bigger and yields more profit			Focus on highly competitive markets
My local work experience was key to opening my business			Opportunity
Own elaboration			Knowledge

**Table 2** Multi-method data collection strategy

Phase	Strategy
1	Conducting participant observations of three immigrant communities in Florida, Orlando, Pompano Beach and Doral, including in-depth interviews with 90 entrepreneurs during four years (EA + BAE)
2	Triangulation with community stakeholders, such as lawyers, community leaders, and accountants (EA + BAE)
3	Contacts via Skype and e-mail with 15 Brazilian-Japanese ascent immigrants living in Japan (EM + BAE)
4	Video conferences with three Jewish-Brazilian entrepreneurs venturing in Israel (EM + BAE)
5	Document analysis of websites, fan pages, and netnography of three Facebook virtual communities—Brazilians in Sidney, Brazilians in Ibiza, and Brazilians in Japan (Kozinets 2002) (EM + BAE)
6	Confrontation with extant literature on Brazilian communities (e.g., Bloem 2015; Teixeira and Souza 2014; Teixeira 2014; Rocha et al. 2015) and on other ethnic groups such as Chinese, Mexicans, Dominicans (e.g., Portes and Zhou 1992), Portuguese (Teixeira 2001), and Turkish (Wang and Altinay 2012) EM + BAE)

Own elaboration

## Results and discussion

This section presents the evidences from the field study and discusses the market orientation of ethnic entrepreneurs. Table 1 allowed us to generate a 2 x 2 matrix encompassing the following dimensions:

- (i) Affiliation of entrepreneurs with their ethnic communities: Schimmele and Wu (2015) discuss the sense of affiliation of ethnic entrepreneurs according to generation.
- (ii) Definitions of their target audience or market segments: Grounded by the Bonacich (1973) approach on middleman minorities, we divided it into two categories, namely, mainstream and ethnic (or co-ethnic) customers.

For diaspora members who engage in entrepreneurship activities, identifying business opportunities is both a crucial step and a critical factor to achieve success. In addition, these authors define entrepreneurial opportunities as “a situation in which new goods or services can be introduced and sold at a higher price than their cost of production” (Nkongolo-Bakenda and Chrysostome 2013, p.49).

The discussion regarding immigrant and ethnic entrepreneurship is derived from seminal works (mainly from the 1990s), which set out the basis for theories on ethnic entrepreneurship (e.g., Portes and Zhou 1992; Waldinger et al. 1990; Barrett et al. 1996; Rath and Kloosterman 2000; Drori et al. 2009; Achidi-Ndofor and Priem 2011). The aforementioned seminal works, together with other studies on ethnic entrepreneurship itself, identity group affiliation as a crucial element (e.g., Bonacich 1973; Ellemers et al. 1997; Spears et al. 1997; Zhou 2004; Rusinovic 2008). Therefore, they give support to the dimension of analysis showcased in our

**Table 3** Focus on ethnic niche market

Examples	Entrepreneurial path or opportunities
Used car dealership—Pompano Beach Florida	After some time working at a car manufacturer dealership in Boston, MA, he was able to raise money to start his own business in Florida. The focus of his business is on catering the needs of Brazilians who arrive at the country and need to buy a car. In American car dealers, according to the entrepreneur, besides the language barriers for a newcomer, there is the difficulty of credit. Thus, he created an informal credit mechanism related to co-ethnic trust and sensibility to their financial needs—“because I know the reality of my customers, who are mostly Brazilian. My company is small, so, for me, if an American customer needs to buy a cheap car because he has no credit, or a card burst, I reject him because to me he's a risky guy!” He emphasizes the importance of the Brazilian network in the city to get new clients “forming a circle of trust.” In this sense, he believes that he has an advantage over American companies
Brazilian schools in Japan	Schools that cater to latecomers' third-/fourth-generation Brazilian-Japanese kids. These Japanese ascent immigrants sometimes bring their children at an age that they are not allowed to join the local schools

Own elaboration

matrix regarding the entrepreneurs' level of affiliation/cultural proximity to their ethnic community (Tables 3, 4, 5 and 6).

Several authors on market orientation were regarded as theoretical references for the market orientation dimensions. First, a group of authors that studied some aspects of

**Table 4** Specific interests or middleman minorities

Examples	Entrepreneurial path or opportunities
P.M.—An owner of one of the best-known “Brazilian stores” in Orlando	The store sells cosmetics, electronics and a selection of designer's clothing. It is noteworthy that a large portion of the company's employees is Brazilian—from salespersons to managers. According to many tourism blogs, the shop is an ‘obligatory’ stop for tourists. Since the beginning of his business, P.M. focused on the relationship with the travel agencies of Brazilian and Argentine ownership. Nowadays he owns an almost exclusive mall for tourist goods and services, where he rents out shops to other entrepreneurs who particularly want to target the full tour buses. The perceptive entrepreneur mapped most of the needs of the ethnic tourists
An international start-up developed by Jewish-Brazilian entrepreneurs	Their ethnic ties to Israel and expertise on information technology created a streaming service that promotes underground artists—singers and performers—of the north and northeast of Brazil. The firm presented a series of innovations combining technologies developed by Brazilian immigrants based in Israel. That emphasizes access to independent artists' songs and the absence of costs to the consumer, attracted by the possibility of downloading albums and videos, including the shows of their choice

Own elaboration

**Table 5** Focus on the market of exotic products for the mainstream customer

Examples	Entrepreneurial path or opportunities
Brazilian steakhouses	Teixeira (2001) Teixeira and Souza (2014) and Teixeira (2014) studied the rapid international expansion of the Brazilian steakhouses, analyzing the case of <i>Churrascaria Fogo de Chão</i> that entered several cities of the USA. Their success is due to their excellence beef quality and assortment, combined with its “experience-based marketing strategies,” such as the service environment, the atmosphere, the senses, the aromas, the lighting, the communication, the colors, the space arrangement, and the “theatrical metaphor of the waiters”
Martial Arts (capoeira and Brazilian jiu-jitsu)	The other well-succeeded example of internationalization of SMES is the Brazilian martial arts sector (Rocha et al. 2015) regarding the focus on the exotic products for the mainstream customer. According to Rocha et al. (2015), both Brazilian jiu-jitsu and capoeira (an African-based martial art) performed a “diasporic transnational” trajectory. The members of the Gracie family, jiu-jitsu masters, settled in originally in the 1970s in the USA to teach the Brazilian jiu-jitsu. After their sensational victories in the “Ultimate Fighting Championship” [UFC] during the last decades, its practice boosted in popularity among American customers (Nelson 2013)

Own elaboration

market orientation included measures of performance, antecedents, consequences, and the small firm context (e.g., Kara et al. 2005; Kirca et al. 2005). Second, a few authors that studied market orientation of small ethnic minority owned firms (e.g., Altinay and Altinay 2006, 2008; Altinay 2009) was specifically important to help answering the second research question (RQ2), concerned with the influence of both human and social capital in market decisions of small immigrant (or ethnic) firms. Additional works on social capital of immigrants were included as references of the analysis (e.g., Tolciu 2011; Tata and Prasad 2015).

**Table 6** Focus on highly competitive markets

Example	Entrepreneurial path or opportunities
Dry cleaning and cloth alteration	The example is about a couple who decided to immigrate to the USA because they were tired of working exhaustively in Brazil, not seeing the return for their efforts. They were able to get the American citizenship and decided to spend 2 months in the USA to walk around and establish contacts in order to find a place to work and live. After this experience, they returned to Brazil, sold everything they have, and left for their new life, following a “middle-class immigrant” trajectory. They sought to settle away from the Brazilian community for two reasons: (i) because of their disappointment history with Brazil and (ii) because they decided, “If they were going to America, they had to become Americans.” They stated as informal worker. After a while, she got an opportunity to buy a dry cleaners premise of an entrepreneur who decided to get out of business. She thought it was a great opportunity for them to buy that store. They decided to manage their new venture as follows splitting their tasks—he managed the dry cleaning business, and she managed the cloth alterations

Own elaboration



Thus, the 2 x 2 matrix used two dimensions: the affiliation of entrepreneurs with their ethnic communities (Zhou 2004) and their target markets/consumers. By combining both dimensions, our matrix provides four types of foci for immigrant and ethnic small firms: focus on “ethnic niche markets,” focus on “specific interests or middlemen minorities,” focus on the “market of exotic products for the mainstream customers,” and focus on “highly competitive market.” All the four quadrants of the matrix are discussed as follows.

In the following sections, we present the examples of entrepreneurs who pertain to the different quadrants of the matrix. The discussion is based additionally on the triangulation of the data with other authors of the immigrant entrepreneurship literature strand.

### **Focus on ethnic niche markets**

According to Bourdieu's (1986) theory of capitals, language limitations promote communication barriers. This is an important factor for ethnic affiliation among immigrants (Schimmele and Wu 2015). On the other hand, protected markets, such as the ones within the enclave environment, might reduce competition. In addition, ethnic firms are leveraged by their traditional knowledge and their “know-how” of servicing customers with the most suitable ethnic products (Altinay 2009). An important implication of these findings is that ethnic firms may focus on establishing themselves within the enclave, attending to specific ethnic demands (Portes and Zhou 1992). Achidi-Ndofor and Priem (2011) also reinforce that when immigrant entrepreneurs are socially identified with their ethnic communities, they are also more likely to become enclave entrepreneurs, tied to their communities by either tradition, prestige, or chance.

Consequently, this is a typical opportunity for entrepreneurs who have experienced irregularly administrative immigration trajectories (i.e., immigrated with a tourist visa or study visa and decided staying in the country or tried their luck of an entry without permission). However, such market choice is not unique to this type of immigrant entrepreneur. Entrepreneurs with regular trajectories (expatriate executives, citizens with dual citizenship, or migrants with scheduled marriages) could possibly choose to cater to the ethnic market due to a few reasons, as follows.

This opportunity becomes effective due to the affiliation of a less competitive environment due to the number of companies competing in the enclave—usually the level of competition is much smaller than that of the mainstream market. The types of firms that are part of this group are:

- A. Companies without a product or service with ethnic appeal but that use their “national” origin to entitle themselves to serve the immigrant community with a “special touch” or, in the case of this paper, the “Brazilian way”: Examples of those are supply companies and general services such as air-conditioning installations, car dealerships, print shops, accounting offices, opticians, tourism companies, etc. In this case, the important thing is to take advantage of a cultural identity, which leverages relationship and networking in order to serve the customers according to their “ethnic” expectations (Cruz et al. 2017b).

- B. Companies that use the ethnic appeal to offer goods and services abroad. The typical examples for Brazilian entrepreneurs are steakhouses, Brazilian fast-food franchises, and specialty bakeries: Here it is worth of note that in order to cater their goods and services the same way they are offered in their homeland, sometimes it requires certain adaptations to local inputs (seasonings or adapting recipes—less or more spicy for instance). Moreover, it might be the case of adapting to local regulations and import logistics requirements regarding typical ingredients of traditional recipes, for instance (Teixeira and Souza 2014; Teixeira 2001, 2014).
- C. Ethnic media companies: Local newspapers and magazines targeting the ethnic market niche were found in all Brazilian communities abroad. This business is also common in other ethnic communities. In this case, due to operating costs and the type of advertiser, it might be more sustainable when developed in larger ethnic communities.
- D. Activities of typical “middlemen minorities”: According to Bonacich (1973), they are immigrant entrepreneurs who, historically, concentrate on the following occupations—business agents, labor contractors, rent collectors, moneylenders, and merchants in general. Such agents served as intermediaries between producers and consumers. Zhou (2004) reinforces the definitions presented by Bonacich (1973), noting that they fill a status gap between the elites of local societies and the masses.

### **Focus on specific interests or middleman minorities**

Despite the large opportunities for attending to certain ethnic markets (e.g., Chinatowns), some entrepreneurs avoid their ethnic groups, trying to disassociate themselves from it, as suggested by Ellemers et al. (1997) and Spears et al. (1997). These entrepreneurs envision a different (and more competitive) market opportunity while using their ethnic competitive advantages (Porter 1989).

Seminal papers on middleman minorities (Bonacich 1973) inspired this category, which encompass entrepreneurs seeking to profit from ethnic markets, although with no community involvement. The Jewish diaspora in Eastern Europe and the Mediterranean countries is one of the finest examples of middleman minorities' transnational networks of trade. Another typical example of transnational middleman minority ethnicity is the Chinese diaspora in Southern Asia. More recently, they developed the same kind of networks of trade between Western countries' Chinatowns and important Asian trade hubs, such as Hong Kong, Guanzhou, and Taiwan (Elo and Volovelsky 2016).

Specific interests relate to certain activities that could be profitable, such as tourism, civil construction, trade, etc. For example, due to the emergence of popular tourist destinations worldwide, some ethnic entrepreneurs decide to open small guesthouses, restaurants, or shops catering to their co-ethnics. A typical example of this market orientation is Brazilian entrepreneurs in Orlando, where shop owners promote their trade regardless of their relationship with the local ethnic enclave, attending to the high concentration of Brazilian tourists (Liston 2014). One particular characteristic of all of these entrepreneurs is the use of

Portuguese language as justification to apply superior margins to specific products that symbolize the latest Brazilian fashion. It is worth of note that most of them are Brazilian nationals, while others are from different Latin American backgrounds. It is curious that North American businessmen do not venture in that specific niche of market.

It should be emphasized that, in this case, the focus is not on the immigrant community but on the tourist consumer, either of the same origin as the entrepreneur or similar (e.g., Latino). Examples of the Brazilian case are companies that sell “workout supplements” and “cellphones.”

Certainly, the city of Orlando is a top-of-mind destination with regard to this type of tourist business. Today, due to the existence of blogs, social media, and tourism web pages, one can previously browse these ethnic shops when planning their travels. Another strategic “advantage” presented by these companies concerns the availability of certain products. As they are constantly in touch with their target consumers, they can predict a high demand to certain goods (e.g., a certain Michael Kors purse that was shown in a Brazilian soap opera or the recently launched iPhone). One of the Brazilian preferred stores, for instance, acquired one full container of these iPhone handsets, while in the official stores, they were sold out and unavailable. Actually, these entrepreneurs decided to price those 35% higher than the regular Apple store. According to one of the clients interviewed, “for me it is worthwhile, because even if it is more expensive here, in Brazil it would still cost more than twice the price.”

### **Focus on the market of exotic products for the mainstream customer**

Ethnic networks provide employees, suppliers, knowledge, and customers (Barrett et al. 1996). Nevertheless, some entrepreneurs use their traditional knowledge and connections to improve profits while selling to the local market, which is called by Altinay (2009) “mainstream customers.”

This kind of entrepreneur might take advantage of a globalized trend for ethnic products (e.g., sushi bars, Argentine and Brazilian steakhouses, Mexican tacos, or Belgian and Swiss chocolates). Some may even try to develop a consumption culture in certain areas of the world, where there are no established incumbents.

In the Brazilian case, examples are the “all-you-can-eat steakhouses” known as *rodizio churrascarias*, the “açai berry” smoothies or ice creams, the Brazilian jiu-jitsu martial arts training, the Brazilian-style waxing and manicure services, and the typical Brazilian bikinis (e.g., Teixeira 2014; Rocha et al. 2015). In addition, the entrepreneurial opportunity is facilitated by a demand created from the very desire to get to know or to experience such novelties.

Moreover, certain immigrants try to persuade mainstream customers to incorporate these products or services into their daily lives (Wang and Altinay 2012). In the Brazilian communities’ case, a few products and services stand out, such as the teaching of *capoeira* (African-based martial arts) or lesser-known products such as *pastels* (fried pastry similar to giant spring rolls) and *pão de queijo* (manioc with cheese buns).

The exotic market opportunity is widely used by small immigrant or refugee groups arriving in Brazil. An enlightening case follows. Talal-Al Tinawi is a Syrian war refugee living in São Paulo and a former engineer who arrived in Brazil in 2013

(Azevedo 2015). On his daughter's birthday, he decided to throw a party with typical dishes, which ended up delighting his new Brazilian friends who soon started craving for more of those delicious Arabic dishes. After that, a friend of his made a fan page on *Facebook* to showcase his products, and then he started participating in fairs at the local mosque, the Immigration Museum, and at events of various refugees' organizations in town. A volunteer from a refugee aid organization suggested a Brazilian crowd-funding website as a means for raising capital in order for him to open his own restaurant. Thanks to that aid, he finally opened his restaurant in 2016 (Brandino 2016). In fact, there is a reasonably well-established Arabic community in Sao Paulo, and the locals are acquainted to Syrian–Lebanese-style foods. Nevertheless, it shows how a refugee entrepreneur might capture one's imagination when he tells the customer he is bringing the “real original recipe” from home, not to mention the appeal of being a “refugee success case.”

### Focus on highly competitive markets

Two factors influence the market orientation towards highly competitive markets: (i) the existence of a significant (or profitable) ethnic consumer community and (ii) the “complete” assimilation of immigrants by their local community (Alba and Nee 1997). That kind of firm could be framed as “just another company” on the market; hence, immigrant entrepreneurship literature hardly addresses that phenomenon.

However, according to Cruz et al. (2017a), a novelty was found among Brazilian communities of entrepreneurs—a certain “bounded mistrust” feeling. In addition, regarding the Brazilians, their market orientation relates to pre-established business relationships either with local suppliers and customers or to their lack of cultural affiliation.

In this context, the entrepreneur will be subject to the Porter's (1989) competitive forces without counting on the benefits provided by their ethnic enclave that could offset some of those forces. Therefore, although the market perspectives are much broader in this case, entrepreneurs are likely to face fiercer competition. Some diaspora or immigrant entrepreneurs, for instance, decide to open insurance offices, technology companies, restaurants without any ethnic appeal, dry cleaning services, or any kind of business. In this case, it is worth to note that these ventures are not targeted to any particular groups, as the ones previously mentioned on this section.

### Conclusion

This research contributes to the analysis and understanding of the entrepreneurial strategies of immigrants or diasporans in their host countries. The world faces a complex challenge upon the growth of immigration, which includes the flows of minds, ideas, goods, and people. Some of them are the immigrant entrepreneur minorities inserted in this context.

From the elaboration of an analytical matrix, structured from the “comings and goings” between fieldwork and theory, it was possible to articulate the affiliation of entrepreneurs with their ethnic communities and their target customers regarding each market niche. Given the economic and social relevance of this type of entrepreneurial activity, immigrant entrepreneurship

emerges as a way to connect and develop people, cultural groups, and markets. In addition, immigrant firms have beneficial effects regarding resocialization of immigrants, generating both economic and non-economic value, not only for the host nation but also for the local society. The current research promotes a link to other works related to the typology of diaspora entrepreneurship (e.g., Elo 2016) as well as immigrant entrepreneurship and business patterns of other less-studied ethnic groups, such as Koreans or Iranians (e.g., Min and Bozorgmehr 2000).

Nevertheless, the current debate still encompasses two main issues: (i) whether ethnic or class resources are more central to the establishment of immigrant/ethnic businesses and (ii) whether there is a causal connection between ethnic business and ethnic solidarity or bounded trust. We depart from these two points of Min and Bozorgmehr (2000) and discuss specificities within the same ethnicity—for instance, while Brazilians tend to rely more on ethnic resources, Korean businesses are on average smaller, more concentrated, and serve more co-ethnic and low-income minority customers (Min and Bozorgmehr 2000). Nevertheless, some Brazilians that have a different set of cultural and social capital, or even were former expatriates, might evidence patterns similar to those of Iranian immigrants (Min and Bozorgmehr 2000). This second group might develop larger businesses, more dispersed, and largely serve white customers. Also corroborating with Min and Bozorgmehr (2000), the Brazilians that cater to their co-ethnics, like the Koreans, have faced harsh intergroup competition, whereas Brazilians who chose to cater to non-co-ethnics, like the Iranians, have sidestepped it. Because of that, we conclude that middleman businesses who sell exotic products to locals or serve specific interests are the ones who strengthen their ethnic solidarity. However, even knowing that all types of immigrant/ethnic ventures may contribute to ethnic affiliation, some types of entrepreneurs are more attached to their groups than others.

Concerning practical implications, the work presents a guideline for future immigrant entrepreneurs that face market orientation as well as target business decisions. Moreover, it might help entrepreneurs in theoretical reflections regarding their activities.

One of the main theoretical contributions of the present article is to support the discussion on immigrant and ethnic entrepreneurship market orientation and target decisions. This is done by analyzing how immigrant entrepreneurs are influenced by their affiliation to ethnic communities and target choices, which stems from their social and cultural capital backgrounds. We introduce more elements to the discussion of the market orientation and strategic decisions on immigrant and ethnic small firms. This is in line with Elo et al. (2018), who called the attention for the numerous implications addressing the resource base. Moreover, they also highlighted the differences between migrants and diasporans as entrepreneurs in comparison to natives and locals. Nevertheless, further research on other contexts may provide novel dimensions for addressing the processes related to market orientation and strategic decisions of immigrant and ethnic small firms, linking it to IE theories.

Implications regarding policy-making encompass the contribution of the study to fields beyond entrepreneurship. Migration and integration policies as well as societal development and market opportunities (Brinkerhoff 2016) might benefit from the outputs of the study, following the example of Newland and Tanaka (2010). Notably, affiliation and target audience of firms may not only contribute to marketing orientation

and strategic decisions but also beyond to formal institutional aspects and other societal integration of businesses (Etemad 2018).

The limitations of this research relate to the fact that the comparative study was conducted in one ethnic group. Limitations of the method encompass the subjectivity of in-depth interviews and possible bias of interviewers. In addition, the qualitative methodological approach does not lend itself to generalizations. Moreover, Brazilian citizens descend from various ethnic backgrounds—Asian, Arabic, European, African, and Native American. That means that Brazil is both an immigrant-sending and immigrant-hosting nation comprised of a melting pot of ethnicities. In this way, the field of observation allows a more eclectic look at the phenomenon. Besides that, the paper brings insights to support future studies on immigrant and ethnic entrepreneurship as a building block for future comparative studies on other immigrant communities.

Corroborating Elo et al. (2018), we recognize the challenges in the complex and multi-disciplinary nature of immigrant entrepreneurship, as well as the need for a multi-layered analysis. Thus, we also consider that shifting from rigid frameworks to a broader and deeper understanding adds to the richness of the IE's body of knowledge, contributing to both theory and practice. In addition, evidently, there is room for improvement regarding definitions, and for addressing conceptual commonalities, while comparing different contexts in future studies. As suggestions for future studies, the authors invite a broader academic debate on the subject, involving the analysis of different immigrant groups, not yet reported in the academic literature. A particularly interesting avenue for further studies encompasses incorporating the “liabilities of outsidership and foreignness” of the Uppsala model (Johanson and Vahlne 2009) within the matrix analysis. Finally, the cases of successful immigrant entrepreneurs enlightened by the affiliation versus target matrix might be useful to the analysis of other ethnic enclaves' contexts, and the matrix can also be useful for longitudinal studies, capturing the possible evolution (or status change) between matrix quadrants.

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