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Transnational vs. domestic immigrant entrepreneurs: a comparative literature analysis of the use of personal skills and social networks*

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Abstract
An increasing number of studies are analyzing the roles of personal skills and social contacts in transnational immigrant entrepreneurship. However, whether the findings from extant research on immigrant entrepreneurs with a transnational business (TIEs) are peculiar to this particular group or applicable to all immigrant entrepreneurs (DIEs) remains unclear. To fill this research gap, this article summarizes previous findings on the use of personal skills and social networks by reviewing previous literature. The findings of this review indicate that previous studies show fairly similar results, albeit with some differences. TIEs appear to have slightly better personal skills (e.g., linguistic skills), higher and more business-related levels of education and better work experience. Regarding social contacts, TIEs’ networks are more extended geographically, which is relevant because social contacts often provide key support (informational and working aid) for the internationalization of the business.

Keywords: personal skills; immigrant entrepreneurship; social networks; small business; transnational entrepreneurship

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Introduction

This paper addresses the topic of transnational entrepreneurship, which has emerged in recent years as one of the most promising areas of research in the studies on immigrants and their economic activities. Transnational entrepreneurship refers to cross-border entrepreneurial activities conducted by (foreign born) immigrant entrepreneurs (Drori et al., 2009).

The topic of transnational entrepreneurship appears socially relevant for two reasons. First, although statistical data on the number of immigrants involved in business connections abroad are not available, some previous studies have shown that a significant number of immigrant entrepreneurs develop transnational business practices (Bagwell, 2015; Portes et al., 2002; Tan, 2008; Wang & Liu, 2015). Second, with the increasing possibility and amount of cross-border movement and communication, one may expect that a growing number of immigrants will conduct entrepreneurial activities in various countries. For many immigrants, transnational entrepreneurship may represent a manner in which to avoid establishing low-profit businesses and contrasting the crisis in the country of immigration. Clarifying the specific features of immigrants’ transnational business activities is also important in allowing policy makers to better understand and eventually foster this phenomenon.

In the literature, there is an increasing corpus of research on the topic of transnational entrepreneurship. These studies are both theoretical (e.g., Chen & Tan, 2009; Drori et al., 2009) and empirical (e.g., Kariv et al., 2009; Patel & Terjesen, 2011; Portes et al., 2002). The empirical studies have analyzed, among other topics, the roles of personal skills and contacts in business practices. In this article, I use the term business practices; the articles considered have used various dependent variables such as identifying and exploiting opportunities, sector choice, internationalization choice, creation of the business, and business success. “Business practices” is a more generic term and includes all of these concepts.

However, it remains unclear whether findings from previous research on immigrant entrepreneurs with a transnational business (TIEs) are peculiar to this particular group or apply to all immigrant entrepreneurs.

To fill this research gap, this article summarizes previous findings on the use of personal skills and social contacts in business practices, distinguishing between transnational immigrant entrepreneurs (TIEs) and the general category of immigrant entrepreneurs (domestic immigrant entrepreneurs, DIEs). The literature review is a component of a larger research project on the topic of transnational immigrant entrepreneurship. The project compares the resources used in a business by domestic entrepreneurs and transnational entrepreneurs, focusing on Moroccan entrepreneurs in Amsterdam and Milan. The preliminary findings of the project are illustrated in Solano (2014 and 2015a), and they are included in the literature review.

The goal of the paper is to answer the following general question: Are TIEs different from DIEs in terms of personal skills and social contacts (and the use entrepreneurs make of these skills and contacts)? In particular, two topics are addressed: the use of personal skills in business and the use of social contacts. Two sub-questions arise from these two topics:

a. Which personal skills do TIEs use in business? Are these skills different from the skills employed by DIEs?
b. What is the role of social contacts in developing transnational businesses? Do TIEs and DIEs differ in terms of social network characteristics and the use of those characteristics?

Analyzing the extant literature, this article provides a starting point for clarifying some peculiarities of transnational entrepreneurship in relation to those entrepreneurs’ business practices.

The paper is organized into the following four sections: a theoretical framework on transnational entrepreneurship, the methodological approach, the review of the findings of previous studies on the topic, and the discussion of the primary differences between the two groups.

Theoretical framework and definitions

Because of the increasing ease of communication and long-distance movement, people can maintain social relations in distant places all over the world and easily access information in different contexts (Beck, 2000; Castells, 1996). Because of greater mobility and increased communication, migration paths have changed (Castles et al, 2014), as the notion of transnationalism suggests (Basch et al., 1994; Glick Schiller et al., 1992; Levitt & Jaworsky, 2007). Currently, the action of migrating is less definitive than in the past, and migrants can more easily maintain contacts with their country of origin without compromising their lives in the country
of immigration. In addition, because immigrants can move more easily and obtain information in different contexts, they are more likely to develop migration trajectories that unfold across different countries. In this new reality, a significant number of immigrant entrepreneurs have developed forms of *transnational entrepreneurship*, being involved in cross-border business connections (Bagwell, 2008, 2015; Portes *et al*., 2002; Saxenian *et al*., 2002; Tan, 2008).

Transnational immigrant entrepreneurship refers to cross-border entrepreneurial activities conducted by immigrant entrepreneurs. In so doing, they take advantage of their contacts and knowledge outside the country of immigration, developing connections and exchanges between different places and societies (Peraldi 2002). In particular, this type of business is conducted in close connection with (primarily) the immigrants’ country of origin (Brzozowski *et al*., 2014; Landolt *et al*., 1999; Landolt, 2001).

Transnational immigrant entrepreneurship differs from immigrant entrepreneurship (in general) in that instead of focusing only on the context of the country of immigration and on co-national ties there, it considers the possibility of different mobility paths and links. In particular, transnational immigrant entrepreneurship stresses the idea that immigrant entrepreneurs may operate beyond the co-national and immigrant group in the country of immigration, expanding their links to other groups and places. However, both fields have in common focusing on the entrepreneur and not only the business per se (Drori *et al*., 2009).

Therefore, it is possible to distinguish between *transnational immigrant entrepreneurs* (TIEs) and immigrant entrepreneurs in general, who can be called *domestic immigrant entrepreneurs* (DIEs).

*Transnational immigrant entrepreneurs* are immigrant entrepreneurs whose businesses span borders, involving business connections outside the country of immigration. Drori and colleagues (2009; 1001) stated that TIEs

> “are individuals who migrate from one country to another, concurrently maintaining business-related linkages with their former country of origin, and currently adopted countries and communities. By travelling both physically and virtually, [TIEs] simultaneously engage in two or more socially embedded environments, allowing them to maintain critical global relations that enhance their ability to creatively, dynamically, and logistically maximize their resource base”.

There are different types of transnational entrepreneurship (Ambrosini, 2012; Landolt *et al*., 1999; Solano, 2015a). Two are typical examples of transnational entrepreneurship in the literature: couriers who bring products or people from the country of origin of the immigrant entrepreneur and currently adopted countries and communities. By travelling both physically and virtually, [TIEs] simultaneously engage in two or more socially embedded environments, allowing them to maintain critical global relations that enhance their ability to creatively, dynamically, and logistically maximize their resource base.

There are different types of transnational entrepreneurship. Two are typical examples of transnational entrepreneurship: couriers who bring products or people from the country of origin (and vice versa) and import/export businesses. However, recent insights (Solano, 2015a) indicate the emergence of new forms of transnational businesses such as consultancies that help enterprises from the country of immigration to begin or expand their businesses in the immigrants’ country of origin. However, differences within transnational businesses are under-addressed in the extant research. The paper distinguishes transnational immigrant entrepreneurs from the category of *domestic immigrant entrepreneurs* (DIEs), which are immigrant entrepreneurs who develop a business related only to the country of immigration and who are primarily active in the domestic market.

**A comparison of TIEs and DIEs as a research approach**

To answer to the paper’s main question, I compare the literature on transnational immigrant entrepreneurs (TIEs) with the literature on domestic immigrant entrepreneurs (DIEs). This is particular important in order to highlight the peculiarities of TIEs in comparison to the whole category of immigrant entrepreneurs.

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1 The study by Portes and colleagues (2002) represents one of the most significant contributions on transnationalism, and, in particular, to TIEs. This research, developed within the CIEP (Comparative Immigrant Entrepreneurship Project), was carried out in various American cities and interviewed about 1200 immigrants (from Colombia, El Salvador and Dominican Republic). In general, the study has refuted the hypothesis that immigrants who are integrated into the destination country are those who implement transnational practices. Moreover, the research focused on some of the characteristics of transnational entrepreneurs: immigrants who establish a transnational business are not people who have recently arrived in the country of immigration, they are not the poorest immigrants and they are not people who have had previous business failures. Furthermore, the authors show that, given the above characteristics, the contexts of the country of origin and the country of arrival make a substantial difference in promoting or hindering the development of transnational commercial activities.
Two topics are considered: the use of personal skills and social contacts for business practices. Because several articles have examined previous studies on DIEs (see for example: Aliaga-Isla & Rialp, 2012; Kwok Bun & Jin Hui, 1995; Ma et al., 2013), only the primary features of immigrant entrepreneurship will be examined here. By contrast, because the literature on transnational entrepreneurship is quite unexplored, I will go into more detail in this area.

From a methodological point of view, I selected articles on immigrant entrepreneurship (in general) and transnational entrepreneurship combining different approaches (see Easterby-Smith et al., 2002). Furthermore, I did not introduce a temporal limit, articles (and books) published in any year were considered. Because the literature on immigrant entrepreneurs is vast and to condense the literature into an overview of the most significant papers, I began with review articles and chapters (Ambrosini, 2011; Aliaga-Isla & Rialp, 2012; Kwok Bun & Jin Hui, 1995; Ma et al., 2013; Zhou, 2004). In addition, I selected articles from the set of journals introduced by Ma and colleagues (2013). These journals represent the most well-regarded and relevant journals in the field. Finally, because the focus was on personal skills and social contacts, I selected further articles focusing on these topics using the Scopus database. Scopus is one of the largest databases of peer-reviewed literature and one of the most rigorous in the selection of journals. This threefold approach engendered a corpus of 44 articles/books (the most important are included in the references).

Because there are no previous literature reviews on the topic of transnational immigrant entrepreneurship, the keyword "transnational entrepreneurship" was used in the Scopus database. However, because the literature review is a portion of a larger project on the topic and is also based on the knowledge of the topic by the author, some particularly relevant articles published in journals and books that are not indexed in Scopus are included. These two manners of selection resulted in 58 items, the most important of which are included in the references. Finally, to avoid excessive variety, I decided to focus only on first-generation international immigrants - as people born in a country and migrated in another one. Therefore, besides Rusinovic’s (2008) study on first- and second-generations, only articles on this category of immigrants have been considered, and I avoided articles on internal and second-generation immigrants.

The results of previous studies

Personal skills

Domestic immigrant entrepreneurs

The literature on immigrant entrepreneurship in general (domestic entrepreneurs) has often underestimated the role of personal skills in business, focusing more on social support (Ambrosini, 2011; Ley, 2006). However, in recent years, scholars have increasingly focused on the role of personal skills in the entrepreneurial process, primarily education and previous work experience. In particular, extant research emphasizes the positive influence of personal skills on business practices (Carbonell et al., 2011; Chaganti & Greene, 2002; Froschauer, 2001; Halkias, 2015; Merger, 2001; Ley, 2006; Portes et al., 2002; Ram et al., 2003; Valdez, 2008). These studies illustrate that domestic immigrant entrepreneurs use the knowledge obtained in their education to better conduct their businesses. Their educational level and training courses help entrepreneurs to manage their businesses and achieve economic success (Valdez, 2008). In this regard, Bates (1994: 671) stated, “success and survival patterns of Asian immigrant firms derive from [...] the impressive educational credentials of the business owners”. Beckers and Blumberg (2013) stress that, among other factors, a certain degree of education is fundamental to taking advantage of available opportunities.

However, an Italian study (Chiesi & Zucchetti, 2003) has shown that the type of specialization and the field of the degree are less significant than a high educational level. In the majority of cases, the degree is not strictly related to the business but simply provides entrepreneurs with a forma mentis, a right way of thinking, that leads them to better performance. This is also consistent with Solano (2015a), whose research on Moroccan entrepreneurs in Milan and Amsterdam shows the importance of the educational level per se. Domestic
entrepreneurs report utilizing their degrees; however, only in a few cases have these domestic entrepreneurs directly connected their degrees to the business (e.g., management; economics).

The literature has also stressed the fundamental role of previous work experience. The majority of entrepreneurs had previous relevant work experience before they started their businesses; this work experience, primarily in the country of immigration, positively affects business practices (Basu, 2001; Brettell & Alstatt, 2007; Nee & Sanders, 2001). Domestic immigrant entrepreneurs take advantage of these experiences, which gives these entrepreneurs a better knowledge of the sector and provides key contacts already in place at the beginning of the business (suppliers and customers, for example). Similarly, DIEs benefit from previous experience as entrepreneurs, both in the country of origin and in the country of immigration (Raijman & Tienda, 2000; Solano, 2015a).

**Transnational immigrant entrepreneurs**

Previous studies clearly show that transnational entrepreneurs’ skills and experiences play an important role in business practices. First, there is a positive correlation between being TIEs and educational level. Portes and colleagues (2002) were the first to note that the number of years of formal education affects the possibility of developing a business. This influence was stronger for immigrant entrepreneurs with transnational businesses. In this regard, Solano (2015a) highlighted an important difference between DIEs and TIEs, showing that the field of the degrees of TIEs is generally more closely related to the business (e.g., economics, business, management or languages) than the fields of DIEs. Other authors (Kariv et al., 2009; Patel & Conklin, 2009) have confirmed that a high level of education is strongly related to the success of the activity.

Second, in addition to educational level, previous work and life experiences appear to be fundamental to business success (see for example: Ambrosini, 2012; Patel & Conklin, 2009; Solano, 2015a; Terjesen & Elam, 2009). As in the case of domestic entrepreneurs, TIEs’ work experience allows them to be familiar with the market and already have some key contacts when starting a business. However, because TIEs generally require a certain degree of knowledge and contacts not only in the country of immigration but also abroad, TIEs utilize work experience in the country of origin more than DIEs do. For example, through their work experience in the country of origin, TIEs can develop privileged links (i.e., with suppliers) that allow them to conduct transnational business practices.

Terjesen and Elam (2009) added that life experience in terms of travel and migration paths is important in business. These activities allow immigrants to develop a more flexible view of the world, which allows them to mobilize resources from all over the world.

Third, extant research illustrates the influence of language skills in transnational business practices (Light et al., 2002; Rusinovic, 2008; Solano, 2014, 2015a; Terjesen & Elam, 2009). These linguistic skills are fundamental in bridging localities and exploiting opportunities from all over the world. For example, Moroccan entrepreneurs with a transnational business utilize their command of Arabic in business contacts with North African and Arab countries (Solano, 2014). These skills and experience allow entrepreneurs to exploit available resources for the internationalization of their businesses, to manage multiple networks and to be nodes and bridges between different relational and institutional contexts (Chen & Tan, 2009; Drori et al., 2009; Riddle et al., 2010; Terjesen & Elam, 2009).

Answering research question a, the skills acquired by education and previous experience (primarily work-related) are essential to business practices for both TIEs and DIEs. However, TIEs appear to require these skills at a higher level (e.g., TIEs generally know more languages) than DIEs. Portes and colleagues (2002) showed that high levels of education and better work experience have positively affected immigrant entrepreneurs in general and, to a greater extent, transnational entrepreneurs. This occurs because TIEs must address different contexts, which render business practices more difficult and complex.

However, it is not clear from the literature whether TIEs’ skills (e.g., linguistic skills) are acquired before or during the entrepreneurial activity. Moreover, the extant literature does not showcase the dissimilarities between different types of TIEs such as import/export businesses and consultancies (see the “theoretical framework and definitions” section), businesses addressing only country of origin and businesses with links in other countries (in addition to the country of immigration and the country of origin).

**Social networks**
Domestic immigrant entrepreneurs

Considering domestic entrepreneurs, previous studies have emphasized the importance of social networks in business practices such as the start-up and management of a business (Altinay & Altinay, 2008; Anthias, Cederberg, 2009; Phan & Luk, 2007; Portes & Sensenbrenner, 1993; Wilson & Portes, 1980; Waldinger, 1986; Yang et al., 2010). Movement of capital and information and collaboration between companies appear to be favored by a certain degree of solidarity that is established within groups of co-nationals. Hence, previous studies stress that co-national networks can mobilize resources (cheap labor forces, access to credit, etc.) and information.

However, some authors (Bradley, 2004; Light & Gold, 2000; Nee et al., 1994; Portes & Sensenbrenner, 1993; Portes, 2014; Shinnar et al., 2011) have also highlighted the “dark side” of the co-national network, which could also be considered an “oppressive mobility trap” (Bradley, 2004: 547). These authors note that benefits are not cost-free because co-national networks entail a series of obligations, exchanges and reciprocal favors that may not be beneficial to business. For example, inclusion in a co-national network can hinder expansion into better and greater growth-potential markets, and the possibility of hiring people at a low cost can be counter-productive if the entrepreneur is seeking skilled or specialized staff. In this regard, Portes and Sensenbrenner (1993: 1339) noted that occasionally entrepreneurs’ networks “turn promising enterprises into welfare hotels, checking economic expansion”.

Furthermore, some studies (e.g., Bates, 1994; Chaganti & Greene, 2002; Kariv et al., 2009; Merger, 2001; Min & Bozorgmehr, 2000) have stressed that the use of co-national networks is essential only for those immigrants who have limited personal resources. The smallest and weakest businesses generally rely more on these networks. By contrast, the most ambitious, innovative, profitable and rewarding businesses are generally supported by personal resources.

Several articles (e.g., Basu, 2001; Flot-Fresnoza & Pecoud, 2007; Nee & Sanders, 2001; Wong, 1998) have also emphasized the importance of the (extended) family network in business practices: “Our experiences in the field suggest that the family is often the primary social organization supporting the establishment and operation of a small business” (Sanders & Nee, 1996: 235). The participation of the extended family plays a key role in the development of forms of entrepreneurship. The first manner of providing support is economic help: access to financial capital is often provided by forms of family loans. Family may also provide workers; many businesses are family-owned or employ family members, representing a motivated, flexible, and low cost (or free) workforce. Relatives can also provide relevant information. Some family members may have a long history of residence in the country of immigration and can provide information useful to the business (e.g., regarding the bureaucratic steps required to start the business or available opportunities). In addition to these relevant contributions and although the literature has not focused in depth on the negative influence of family, it is possible to extend the findings regarding co-nationals being mobility traps for family networks. These networks could also hinder better business practices.

Furthermore, entrepreneurs benefit from contacts with natives: immigrant entrepreneurs obtain advantages from social contacts with natives (Hagan, 1998; Kanas & Van Tubergen, 2009; Kanas et al., 2011; Nannestad et al., 2008; Solano, 2015b). The natives’ knowledge facilitates TIEs as new entrepreneurs because these contacts provide easier access to key pieces of information that are normally different from the information obtained from co-national networks. For example, these contacts can provide support in solving bureaucratic difficulties that newcomers frequently face or they can be aware of business opportunities not accessible to immigrants.

Transnational immigrant entrepreneurs

The literature regarding TIEs has largely focused on entrepreneurs’ social networks (social contacts) and the composition and the use of those networks, which appear to be the “engine” of transnational business: “Transnational entrepreneurs rely on physical and virtual social networks and structure these networks to bridge new opportunities and often position other actors as intermediaries” (Terjesen & Elam, 2009: 1115). Social networks help TIEs run their businesses, providing resources, reducing transaction costs, and managing or helping to conduct the business outside the country of immigration.

To develop transnational economic activities, the entrepreneur exploits the resources provided by social contacts located both in the country of origin and in the country of arrival (Cesari, 2002; Patel & Conklin,
In fact, TIEs generally rely on border-spanning (Landolt, 2001) and “globalized networks” (Chen & Tan, 2009; Tan, 2008) with both global and local connections. Hence, one of the primary characteristics of transnational entrepreneurs is to take advantage of geographically dispersed contacts. Comparing TIEs’ and DIEs’ social networks indicates that TIEs have more contacts (both working contacts and personal contacts) outside the country of immigration than do DIEs (Solano, 2015a).

In particular, a key feature for the internationalization of a business appears to be having some significant ties in the country of origin (Lever-Tracy & Ip, 1996; Portes et al., 2002; Sequeira et al., 2009). This feature has been partially contradicted by recent studies on the topic. In fact, both Bagwell (2015) and Solano (2014) emphasized that TIEs are linked with and generally rely on key contacts in both country of origin and other countries. In this regard, Bagwell (2015; 329) stated that these past studies “have focused primarily on entrepreneurs embedded in both home and host countries....In contrast, this study suggests that transnational entrepreneurship today is...often characterized by multi-polar (rather than bipolar) links.” However, the literature clearly shows that, compared with DIEs, TIEs generally rely less on people in the country of immigration and more on people in other countries.

Furthermore, previous studies have stressed the importance of having a relevant number of contacts outside the local context. For example, Portes et al. (2002) observed that as the frequency of contacts outside the city of residence (in the country of immigration) - network scope - increases, the possibility of being involved in transnational entrepreneurial activities increases. Simultaneously, Portes and colleagues (2002; 289) have observed that “the effect of network scope on domestic entrepreneurship is significant but negative: Each unit increase in the ratio of outside-to-local contacts reduces the probability of engaging in this form of economic adaptation. This result reinforces the view of domestic enterprise as an economic path engaged in by immigrants whose ties do not reach beyond the local community”.

Patel and Conklin (2009) showed that balancing social contacts (in terms of geographical position and social profile) in both country of immigration and country of origin plays a relevant role in allowing TIEs to be linked to several contexts and to exploit these multiple connections for their businesses.

Unfortunately, the majority of studies do not focus on when these contacts met (whether before or after the business was started). This would be particularly interesting because literature on business internationalization emphasizes the dynamic use of social networks (Agndal et al., 2008). The only author addressing this topic is Solano (2015), whose research shows the importance of pre-existing relationships for TIEs. In fact, what emerges is that respondents met nearly half of business contacts and the majority of people providing help before the business was begun.

Considering the group to which contacts belong, extant research highlights the importance of both co-national and non-co-national contacts (see, for example, Henn, 2013; Kariv et al, 2009; Kwak & Hiebert, 2010; Kyle, 1999; Wong & Ng, 2002). These contacts provide information, economic capital and a labor force. However, compared with DIEs, TIEs appear to rely less on co-nationals in the country of immigration (Solano, 2015a; Wong & Ng, 2002).

As in the case of DIEs, the primary contacts from which TIEs benefit are from the extended family (Bagwell, 2008; Henn, 2013; Mustafa & Chen, 2010; Rusinovic, 2008; Urbano et al., 2011). In particular, less close and more geographically distant relatives, namely “multi-local family members in different countries” (Wong, 2004: 134), frequently provide the help TIEs need to run the business. Mustafa and Chen (2010: 97) have shown that transnational entrepreneurs “are able to access resources and make use of contacts across borders...through transnational family and kinship networks that allow them to simultaneously engage in social and business activities in both countries”.

In general, the majority of previous research has emphasized the role of both strong ties (relatives and friends) and weak ties (Granovetter, 1973). For example, Patel and Terjesen (2011) showed that business performance and success are strictly connected to a high percentage of strong ties in the work-related network. These connections allow TIEs to be simultaneously engaged in entrepreneurial practices in different countries. However, other studies (Henn, 2012; Solano, 2015a; Kariv et al., 2009; Wong & Ng, 2002) have also stressed the importance of weak ties for business practices (e.g., finding relevant information, grant loans). Sometimes these contacts are people known before the business (acquaintances), and other times these are people who are met for business reasons.
The extant literature does not distinguish between TIEs with business connections exclusively with their
country of origin and the entrepreneurs with worldwide business links. Nor does the literature distinguish
between different types of entrepreneurs.
To answer the research question, one must examine the role of social networks, which is fundamental to both
categories of entrepreneurs. These networks allow entrepreneurs to mobilize resources such as economic or
labor resources or having access to information. In particular, both groups of entrepreneurs rely primarily (but
not exclusively) on co-national and family networks. However, these networks also entail a series of
obligations that could hinder entrepreneurial practices. This “negative effect” has been observed primarily with
regard to domestic immigrant entrepreneurs.

Discussion

The previous findings on domestic and transnational immigrant entrepreneurs lead to a discussion of
similarities and differences between these two groups of immigrant entrepreneurs.
In general, previous research shows fairly similar results although with some interesting differences.
First, as is true with DIEs, personal skills play an important role in transnational entrepreneurship. In fact, the
skills acquired by education and previous work experience are essential for both categories of entrepreneurs.
These skills provide great advantages to entrepreneurs in developing business practices. However, TIEs appear
to have slightly more skills (e.g., linguistic skills), higher and more business-related levels of education and
more relevant work experience. Portes and colleagues’ (2002) comparative research summarized the
differences between DIEs and TIEs perfectly: “Measures of socioeconomic background-education and
professional/executive experience have the positive effects anticipated by the same literature: Both increase
the probability of self-employment, but the effects are stronger on transnational enterprise than on domestic
enterprise” (Portes et al., 2002: 288).
In particular, in the case of DIEs, relevant past work experiences occur primarily in the country of immigration.
By contrast, the experiences in the country of origin also appear to be fundamental for TIEs. In fact, TIEs
benefit more from past experience in the country of origin because these experiences engender a deep
understanding for internationalizing the business there.
These personal skills provide TIEs with the ability to manage business relations and operate in multiple
contexts and institutional environments for their businesses.

Second, extant literature has emphasized the importance of social contacts for both TIEs and DIEs (Patel &
Conklin, 2009; Portes et al., 2002; Sequeira et al., 2009). However, previous studies on immigrant
entrepreneurship in general have shown that networks may also be traps for immigrant entrepreneurs. In
particular, domestic entrepreneurs who rely primarily on social contacts are generally the entrepreneurs with
limited personal resources and low-profit, precarious businesses. By contrast, in the literature on transnational
entrepreneurship, there is a greater consensus regarding the importance of social networks in fostering
transnational business practices. In this case, the exploitation of social contacts appears to complement the use
of personal skills.
Considering the composition of the support network, TIEs’ networks are more extended in geographical terms
than DIEs’. To conduct transnational business practices, immigrant entrepreneurs use resources from social
contacts, who are generally located in both the country of immigration and the country of origin. Hence, TIEs
rely on networks that span borders and comprise both local (e.g., in the city of immigration) and global (e.g.,
in the country of origin) contacts (Chen & Tan, 2009; Landolt, 2001; Tan, 2008). By contrast, DIEs’ contacts
are primarily located in the local context in which the DIEs develop their businesses (Portes et al., 2002;
Solano, 2015a).
Moreover, apart from family, immigrant entrepreneurs with a transnational business are less involved in co-
national networks in the country of immigration than DIEs.
Finally, the role of TIEs’ social networks appears more relevant: social contacts are fundamental to TIEs’
activities because those contacts often provide the help (working help or information) that allows TIEs to
develop business practices outside the country of immigration.
Literature on both groups stresses the role of the family in supporting immigrant entrepreneurs. In particular,
the help received by the extended family is fundamental to the business. In fact, immigrant entrepreneurs (both
TIEs and DIEs) often rely on other relatives (e.g., cousin, uncle and aunt) rather than closer relatives (parents
and siblings).
However, two primary differences separate the family networks of TIEs and DIEs. First, TIEs’ relatives are geographically more dispersed than DIEs’ relatives. Immigrant entrepreneurs with a transnational business are supported by relatives who are located in different places. Second, the help provided to DIEs by the family appears limited to economic support and occasional free or cheap labor. By contrast, a more composite and relevant role emerges in the literature on transnational entrepreneurship. TIEs rely on the family to develop the “other side” (abroad) of the business. These relatives actively participate in the business and are not simply mere labor or economic and informational (re)sources “to exploit”, as often occurs in the case of DIEs. Finally, as illustrated by the literature, social contacts compose individuals’ social capital (Adler & Kwon, 2002; Lin, 2001). Comparing TIEs and DIEs shows different uses of social capital. Recalling the distinction between bonding and bridging social capital (Putman, 2000), DIEs tend more toward bonding social capital; DIEs tend to take advantage of homogeneous contacts both in terms of social group (primarily co-nationals and family members) and geographical location (contacts are located only in the country of immigration). By contrast, TIEs appear to more often use a bridging social capital. TIEs link contacts who belong to different groups (both co-national and non-co-national persons, strong and weak ties) and who are located in different places (country of immigration, country of origin and also other countries).

Conclusions

This article illustrates the findings of previous studies on transnational entrepreneurship, an emergent field of analysis that combines the discourses of transnationalism and immigrant entrepreneurship. In particular, this paper compares the field of transnational entrepreneurship with the field of immigrant entrepreneurship in general, addressing the role of individual skills and social contacts in influencing business practices.

The present article provides two main contributions to the field of transnational entrepreneurship. The primary contribution is to represent initial attempts to illustrate previous findings on transnational immigrant entrepreneurship in a coherent manner. In fact, until now, there have been no articles that present an annotated summary of the extant literature.

The secondary contribution comprises delineating the peculiarities of transnational entrepreneurs. In fact, although there are an increasing number of studies on TIEs, only a few studies compare domestic immigrant entrepreneurs and transnational entrepreneurs (Portes et al., 2002; Solano, 2015a). Not clearly highlighting what distinguishes transnational entrepreneurs from the general category of immigrant entrepreneurs is a serious lack in the extant literature.

However, this paper also presents some limitations. First of all, the paper focuses only on personal skills and social contacts and does not address, for example, the roles of institutional and structural conditions (e.g., policies, laws, market conditions). Second, because this is a literature review, the paper only provides a partial answer to the central question of the article (Are TIEs different from DIEs in terms of personal skills and social networks and the uses TIEs and DIEs make of those skills and networks?).

The third critical point is that existing literature and, consequently, the present article tend to consider transnational entrepreneurship as a homogeneous set; however, this is not completely true (Sequeira et al., 2009). By contrast, dissimilarities within the group of transnational immigrant entrepreneurs may be as relevant as the differences between TIEs and DIEs.

To conclude, this literature review suggests a number of manners in which the analysis of transnational immigrant entrepreneurship could be further developed. First, to clarify the differences between immigrant entrepreneurs in general and TIEs, the comparison between TIEs and DIEs merits more attention and further study. Second, according to the literature on immigrant entrepreneurship (Kloosterman et al., 1999; Kloosterman & Rath, 2001; Waldinger et al., 1990), further studies on the combination of entrepreneurs’ personal skills and social contacts and structural and contextual factors (opportunity structure) are required to better understand the business practices of transnational entrepreneurs. Third, to understand whether TIEs’ entrepreneurial practices are homogeneous or differ according to the type of transnational business, it would be interesting to investigate the dissimilarities between TIEs in different sectors (goods-related and service sectors) and markets (ethnic and conventional).
Finally, other advancements could be accomplished by comparing TIEs with native entrepreneurs who have businesses that span borders. This extremely interesting topic falls outside the aim of the present paper but is worthy of further analysis.

REFERENCES


