

Article

Immigrant Entrepreneurship in Sweden: The Liability of Newness

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Abstract: Immigrant entrepreneurs face many challenges in the various early phases of their companies' existence. These challenges are often referred to as "the liability of newness". While some of these challenges are common to all entrepreneurs, the immigrant entrepreneur has an additional set of challenges. This article describes those challenges in the immigrant entrepreneurial experience in the Swedish agri-food industry. A qualitative research design is used. Interviews were conducted with 25 immigrant entrepreneurs who planned a business, had started a business, or had exited a business. Various websites and tax reports provided secondary data. The research, which covered a two-year time frame, identifies the strategies and actions the immigrant entrepreneurs adopted and used to try to overcome those challenges. The following strategies and actions were identified: use of business support, virtual embeddedness, family and ethnic groups, entrepreneurial experience, and niche markets. The companies in which the entrepreneurs recognized the gravity of those challenges early in their life cycle were more likely to survive beyond the start-up phase. The article, which also reviews much of the current literature on immigrant entrepreneurship, has implications for business support advisory services and policymakers who are involved in the effort to achieve economic (and social-cultural) integration of immigrants into their host countries.

Keywords: immigrant entrepreneurs; liability of newness; survivability; niche market; virtual embeddedness; previous experience

1. Introduction

When new companies enter new markets, they face what scholars refer to as "the liability of newness". In the early phases of their existence, companies' success and even survival are at risk. New companies risk failure because nascent entrepreneurs face complex challenges in mobilizing sufficient resources, establishing legal recognition, creating awareness among potential customers, negotiating favorable terms with suppliers, and so on [1]. Because new companies are an important source of innovation, job growth, and value creation, investors, scholars, and policymakers need to understand why new companies succeed or fail. Companies that can manage or at least minimize the liability of newness are more likely to thrive. This ability is critical for their survival as well as being of interest to governments and societies [2].

As a result of the recent civil war in Syria, thousands of Syrian refugees migrated to EU countries. By 2018, 4.4% of the total EU population consisted of citizens from non-EU countries including Syria. The analysis of EU migration and immigrant entrepreneurship reveals clear differences among the EU countries [3]. For example, Sweden, which admitted an unexpectedly large number of immigrants [4], was the first EU country to grant immigrant refugees permanent residency because of the dire conditions in their home countries. However, in November of 2015, the Swedish Government tightened its immigration rules [5]. Under these rules, Sweden no longer recognized the professional skills and

education credentials of immigrants from Middle Eastern countries. As a result, these immigrants often became entrepreneurs rather than seeking employment in areas they had been trained in and educated for [6]. The law had serious employment implications for Syrian immigrants in Sweden, many of whom had entrepreneurial experience and a high rate of self-employment [7].

In 2019, the self-employment rate for male immigrants in Sweden was about 12 percent, compared to about 5 percent for female immigrants [8]. However, the number of male immigrants has dropped since 2010 and it was not until 2016 that the self-employment rate started to increase. The self-employment rate for female immigrants has also decreased over the years, and compared to the development of self-employment for male immigrants, the number of female entrepreneurs is still declining.

According to the Swedish Agency for Economic and Regional Growth (*Tillväxtverket*), immigrants have founded 20% of the new companies in Sweden. These companies are the immigrant entrepreneurs' main source of income [9]. According to the mixed embeddedness perspective [10], personal resources, the structural market context, competition, and the current political and economic environment facilitate or hinder immigrant entrepreneurship. In Sweden, several factors help explain the success/failure rate of immigrant entrepreneurship: for example, cultural differences, the labor market, and the lack of information on Swedish institutions [11]. Yet there is scant research on Swedish immigrant entrepreneurship, especially in the agri-food industry (an industry in which many immigrants have founded companies and the focus of this article). Research could advance our theoretical and practical knowledge of why immigrant entrepreneurs choose this industry and why they succeed or fail [12].

For companies founded by immigrant entrepreneurs, the liability of newness presents unique challenges that can threaten market entry and ultimately company success. For example, the race and ethnicity of immigrant entrepreneurs may create structural barriers that constrain the scope of their entrepreneurial activities [13], thereby limiting their performance, growth, and sustainability [14]. Immigrants' lack of relevant experience, resources, domestic language proficiency, and business relationships may create additional barriers. As a result, immigrant entrepreneurs are more likely to exit their companies in their earlier phases than their native-born counterparts [15]. In many OECD countries, the rate of survival for immigrant companies is far lower than that of native-owned companies. This is true even when investigation establishes that some immigrant entrepreneurs have a stronger entrepreneurial spirit than their native-born counterparts [16]. The liability of newness and its corollary, the liability of foreignness [17,18], help explain this survival difficulty for immigrant entrepreneurs.

The contextual circumstances of entrepreneurship influence the opportunities available for immigrant entrepreneurs [12]. The contexts for immigrant entrepreneurship include not only the social/cultural context of the immigrant community but also the political/economic context of the wider society [19]. As a consequence of many European countries' welcoming migration policies for war refugees and asylum seekers, their economic programs have often played a major role in promoting and supporting immigrant entrepreneurship [20]. Researchers have examined these programs in various settings and under various conditions. Some of this research presents models that highlight these contexts [21–23] in which immigrant entrepreneurship has a significant role in the economic development of local communities [24,25].

However, we still lack a comprehensive examination of the challenges that immigrant entrepreneurs face in their host countries [26]. One deficiency of the extant literature on immigrant entrepreneurship is the tendency of researchers to focus on “winners” or “survivors”. Thus, much of the immigrant entrepreneurship research describes how immigrant entrepreneurs operate their established companies; less attention has been paid to how they planned and founded their companies [1,27]. This lack of focus means that we do not know enough about the immigrant companies that never reached the flourishing phase [28]. The risk of failure is greatest in the pre-start-up and start-up phases [21].

Some research addresses the challenges that immigrant entrepreneurs and foreign companies face in host countries. For example, Venkataraman [29,30], who describes the “distinctive domain of

entrepreneurial research”, posits that social and political rules and the entrepreneur’s background dictate how talent is allocated to different aspects of entrepreneurship. Other researchers have examined how foreign companies in developed economies face the dual liability of newness and of foreignness [31] as they engage in the struggle for survival [32].

Nevertheless, research on the early phases of immigrant entrepreneurs is somewhat deficient because of a problem associated with the liability of newness. According to Aldrich and Yang [27], researchers who aim to test the liability of newness hypothesis encounter a statistical problem called “left truncation” that, in this context, occurs when the organizations studied are already established. This process of selecting organizations for research necessarily eliminates fragile organizations that do not survive the start-up phase. Therefore, in an effort to fill this gap, this article examines the challenges, specifically the liability of newness [27], that immigrant entrepreneurs face in the pre-start-up and start-up phases as well as the strategies they develop and the actions they take to manage the liability of newness. More specifically, what challenges do immigrant entrepreneurs perceive during the entrepreneurial process, and what strategies are applied to eliminate or overcome these challenges? Our specific focus is immigrant entrepreneurship in the agri-food industry [29,30,33,34].

2. The Liability of Newness: Challenges, Actions, and Strategies

2.1. *The Liability of Newness*

Nascent companies are characterized by a high rate of mortality because of the liability of newness [35,36]. Many new companies “fail and disappear” [37] because of their inability to compete effectively with established companies and because of their low levels of legitimacy [38,39]. Moreover, new companies often fail because of the entrepreneurs’ lack of managerial experience and financial expertise [40]. Various researchers have found that failure rates of new companies in the earliest life cycle phases are higher than identified by previous research [41]. Abatecola et al. and Wiklund et al. [35,42], for example, highlight the influence of newness on companies’ survivability.

In an essay published in 1965, Arthur Stinchcombe, an American economic sociologist, coined the term “the liability of newness” for his hypothesis that companies face the highest mortality rates in their earliest life cycle phases. Despite decades of research since Stinchcombe’s essay, many questions on the forms and causes of the failure of emergent companies remain. Although Stinchcombe painted a compelling and detailed picture of the severe challenges facing emergent companies, Aldrich and Yang [27] claim that Stinchcombe’s hypothesis has not been tested sufficiently because researchers have focused more on newly registered and established companies than on emergent companies. Their claim is that researchers have routinely omitted the early months of entrepreneurial founding and have failed to develop a theoretical framework that explains emergent companies’ risks. Barth et al. [43] develop this idea in their study of the entrepreneur’s “value intention” linked to business model innovation in the agri-food industry.

Thus, the research on established companies tends to ignore the fact that Stinchcombe’s liability of newness hypothesis was rooted in the founding process. To set the record straight, Aldrich and Yang [27] argue that Stinchcombe’s ideas should be properly tested in research on emergent companies that pays more attention to the difficult challenges (as well as the practical tasks) that are typical for new entrepreneurs.

2.2. *The Challenges Posed by the Liability of Newness*

The challenges posed by the liability of newness are two-fold: (1) creation of company legitimacy that enables access to resources such as financing, employees, raw materials, suppliers, a customer base, and government approval and support [34]; and (2) rapid assembly of these resources in order to build an organizational capability that helps entrepreneurs exploit opportunities. In the start-up phase, meeting these challenges with specific actions and focused strategies is essential when laying the foundation of company survival [41].

Many of these resources are external to new companies [44]. Often immigrant entrepreneurs do not know how to access these resources in their host countries. They may not understand government rules and regulations, local market forces, and consumer behavior. They may lack fluency in the host country language. They may lack established business networks [45]. Start-up capital is also a major problem when immigrants have no credit history or a financial institution relationship. This absence of a “track record” makes it difficult for immigrant entrepreneurs to convince potential stakeholders (e.g., investors, customers, and suppliers) to enter into business relationships with them.

In addition, many immigrant entrepreneurs have entrepreneurial motivations that differ from those of native-born entrepreneurs [28]. The reason is, in part, attributable to the challenges (e.g., licensing, language, and prejudices) they sometimes encounter when they seek work at companies and organizations. Immigrants, when confronted with these challenges, often adopt alternative and adaptive employment strategies. These strategies often lead to self-employment [29,30].

2.3. Research on the Challenges in Entrepreneurships

According to Drucker [46], there are three types of entrepreneurial/innovative opportunities: the recognition of inefficiencies in existing markets; the emergence of significant changes in social, political, demographic, and economic forces (largely outside the control of individual agents); and inventions and discoveries that produce new knowledge. Thus, the nexus of opportunity and the entrepreneur is critical to understanding entrepreneurship.

Venkataraman [29] examines the knowledge, cognitive, and behavioral differences among immigrant entrepreneurs. He claims a fundamental understanding of these differences is essential.

Mestres [16] presents evidence from several OECD (The Organisation for Economic Co-operation and Development) countries that shows immigrant entrepreneurs are more likely than native-born entrepreneurs to found new companies. They may even have skills and knowledge that native-born entrepreneurs lack and cannot imitate. Although immigrant entrepreneurs may use a greater variety of resources and strategies to develop their companies, Mestres finds they are also more likely to exit their companies early.

According to Chrysostome and Arcand [47], an immigrant entrepreneur’s survival strategy is self-employment. The likelihood of success in that endeavor can be explained from two perspectives. From a cultural perspective, success hinges on immigrants’ family and ethnic groups, their niche markets, their social and virtual embeddedness, and their pre-immigration entrepreneurship experience. From a neo-classical perspective, success hinges on the immigrants’ relevant education, work experience and commitment, and tolerance for risk. However, immigrants experience different barriers during their entrepreneurial activities, and they differ in the adaptive strategies that they have pursued [40,48].

2.4. Actions and Strategies

2.4.1. Family and Ethnic Groups

The immigrant entrepreneur’s family group can provide a competitive advantage [18,47,49]. Immigrants trust information derived from their social environment and rely on it in their decision to create a business [50]. Immigrants often turn to family members for resources (especially financial resources) when they start a business [51,52]. The liability of newness is reduced when immigrant entrepreneurs hire family members as employees whom they know they can trust [1]. Dibrell et al. [48] observe that family support for immigrant entrepreneurship is a kind of social support that companies financed by outside investors lack [53]. Researchers have found that family support is often essential for the survival of young immigrant entrepreneurship.

The immigrant entrepreneur’s ethnic group can provide market and other business information for start-ups [54]. Ethnic groups can help new companies gain a foothold in markets before they expand to other markets [54]. Like family member groups, ethnic groups provide valuable emotional support to immigrant entrepreneurs in environments that can be very challenging, even hostile [47].

2.4.2. Niche Markets

To overcome the liability of newness, immigrant entrepreneurs should watch for new business opportunities and be alert to their associated obstacles. According to Cruz et al. [55], ethnic companies are advised to focus on ethnic niche markets and exotic products as well as on mainstream customers' demands and preferences. Ethnic companies should also be attentive to changes in consumer habits and to developments related to food safety and biotechnology in their niche markets [56]. Customer orientation [57], for example, is critical to the success of small and medium-sized enterprises in the food industry.

Many immigrant entrepreneurs invest in "safe" businesses that do not require relevant education or special skills [45]. In such niche markets, the entry level is relatively low [58]. Typical examples include ethnic grocery stores, dairies, bakeries, and even small restaurants. Some immigrant entrepreneurs cultivate fruits and vegetables that are used only in ethnic dishes [59].

Niche market positioning is not without risk, however. Although the demand for locally produced food, value-added food products, and ethnic food is increasing in developed countries, immigrant entrepreneurs in the agri-food industry still face the liability of newness [60]. With their low levels of legitimacy, their small size, and their lack of financial resources, immigrant entrepreneurs in this industry may lack the capital and the flexibility to respond to entrepreneurial opportunities, trends, and innovations in their niche markets [61,62].

2.4.3. Virtual Embeddedness

Virtual embeddedness, as opposed to social embeddedness, is important for immigrant entrepreneurs that need more support than their social networks can provide. Virtual embeddedness—a term used to describe the connections of peoples and groups by electronic technologies in the commoditization of processes and in modes of provider access—can help overcome the liability of newness. It is claimed that virtual embeddedness can increase the likelihood of survival through the rapid and efficient creation of business relationships when social embeddedness is weak or even non-existent [63].

However, current conceptions of the liability of newness were developed prior to recent technological advancements that include the Internet, telecommunications, and powerful microprocessors—all of which disrupt markets and industries [64]. These technologies are fundamentally changing how companies emerge, organize, and compete [65]. Because the liability of newness is a serious threat to new companies' survival, Morse et al. [63] suggest the concept should be updated to reflect the technological environment in which contemporary new companies operate.

2.4.4. Entrepreneurial Experience

Entrepreneurial experience is a source of entrepreneurial learning that can support entrepreneurs as they plan and operate new companies. Various studies [66,67] have addressed how previous entrepreneurial experience shapes immigrant entrepreneurs' skills, preferences, and attitudes or influences their chance of success. Shepherd et al. [68] conclude that experienced entrepreneurs are likely more effective than novice entrepreneurs in overcoming the liability of newness in some areas although not in others. Politis [66] finds the factors that influence the entrepreneur's ability to manage the liability of newness are unrelated to previous entrepreneurial experience. Politis also finds a positive relationship between human capital-based characteristics and a company's survival chances [69]. Hosseininia et al. [57] conclude that certain characteristics of the entrepreneur, including work experience and education, have a significant impact on sustainable entrepreneurship. They find that Iranian small and medium-sized enterprises in the food industry are driven by the education and work experience of their entrepreneurs.

Other studies, which are country-specific, examine the relationship between the immigrant entrepreneurial experience and business survival in South Africa [70] and Australia [71]. A study

conducted in the United States found that minority entrepreneurs with prior entrepreneurial experience had better access to funds from financial institutions than minority entrepreneurs with little prior entrepreneurial experience [72]. A study conducted in Germany found that immigrant entrepreneurs with previous self-employment experience were less integrated in the market than the average entrepreneur [73]. However, another study from the United States found that prior entrepreneurial experience increased the chances of an entrepreneur starting a new business due to expertise in spotting opportunities [74].

2.4.5. Business Support

National and local governments play an important role in promoting and supporting immigrant entrepreneurs as they try to overcome the liability of newness. This support may be financial (e.g., loans and tax credits) or administrative (e.g., training and consulting). While immigrant entrepreneurs usually require both forms of assistance, the need for financial assistance is often most critical [75]. Typically, without a credit history or asset collateral, immigrant entrepreneurs have difficulty obtaining bank loans [72]. Therefore, they turn to family members and friends for start-up capital [14].

Business advisory and mentoring services also provide support for matters such as tax compliance, safety/health rules adherence, accounting, and employee laws.

3. Research Design and Methods

Our research design was inspired by Aldrich and Yang's [27] design ideas for testing the liability of newness among new ventures. They identify two areas that require closer examination: the initial start-up process and the start-up activities. However, most empirical studies of young companies examine time frames after the start-up phase. Administrative records detailing yearly data (after start-up) provide the evidence for these studies. As observed in the Introduction, the "left truncation" statistical problem identified by Aldrich and Yang necessarily eliminates fragile organizations that do not survive past the start-up phase.

To avoid the left truncation problem in our sample selection, we focused specifically on the start-up process and start-up activities of 25 planned and new immigrant entrepreneurship in Sweden (including those that failed during our two-year time frame). We collected primary data in interviews with the immigrant entrepreneurs and in observations of them in the workplace [76–78]. We assembled secondary data from various online sources. (See Table 1.)

Table 1. Data collection phases and sources.

	Summer 2018	Fall and Winter 2018	2019–2020
Purpose	Identify immigrant entrepreneurs who have planned a business, who have recently started a business, or who have exited a business in a short period of time (less than 2 years after registration).	Examine the challenges immigrant entrepreneurs face in the pre-start-up and start-up phases as well as the strategies/actions they develop and use to overcome the liability of newness.	Follow up on the entrepreneurial process in order to examine how the liability of newness affects immigrant entrepreneurs' business survival.
Data Sources	Secondary data from The Business Advisory Service, Business Funder, Immigrants' Integration Projects, websites, and social media.	Semi-structured interviews with 25 immigrant entrepreneurs.	Secondary data from websites, social media groups, and annual tax reports. Observations.

We obtained potential interview candidates through contacts with representatives from Swedish business incubators and consulting groups. We conducted semi-structured interviews with the immigrant entrepreneurs (hereafter, the participants) who planned to start a company or who had started a company. These interviews, which lasted from 45 min to 1.5 h, were conducted at the participants' workplaces [76]. Our secondary data sources were Facebook pages, social media websites [79], and annual tax report data. (See Table 1.)

We focused on immigrant entrepreneurs (war refugees and asylum seekers) who came to Sweden in and after 2012. In Sweden, national and local government policies have actively promoted and supported immigrant entrepreneurship.

We used snowball sampling as a purposeful sampling method to select the study's participants. The data were collected based on the context of the study and the research purpose. We began our search for participants by contacting representatives from Swedish business incubators, consulting groups, and nine projects aimed at facilitating and promoting entrepreneurship among new entrants in the agri-food industry. We chose these projects from a listing provided by the Swedish Agency for Economic and Regional Growth [80].

Because of the EU's General Data Protection Regulation (GDPR), we were not permitted to obtain personal information (names and contact data) about the participants from these sources. However, some project managers agreed to ask the immigrant entrepreneurs if they would like to participate in our study. We also identified potential participants from stories published in local newspapers and from postings on social media platforms such as Facebook and Instagram. In total, we assembled a group of 25 participants who were suitable for our research purpose.

We conducted semi-structured, in-depth interviews following a guide that allowed open-ended questions that departed from the guide as topics of interest arose. Each interview began with a short introduction about the purpose of the research followed by questions on the participants' background, education, family, previous work experience, and their work experience in the Swedish agri-food industry. The open-ended questions addressed external and internal challenges posed by the liability of newness for the immigrant entrepreneurs [27]. Other questions addressed the strategies/actions they adopted and used to overcome the liability of newness. All interviews were recorded and transcribed. We also took notes during the interviews. Initially, we intended to conduct the interviews in Swedish or English. In some cases, participants preferred to use Arabic in the interviews. These interviews were later translated to English for use in the study.

We categorized the 25 entrepreneurs into three entrepreneurial phases: start-up (i.e., pre-registration), official registration, and early exit. Ten entrepreneurs had not registered their companies, ten entrepreneurs had registered their companies, and five entrepreneurs (who had registered their companies in 2016 and 2017) had exited their businesses. (See Table 2.) We conducted our initial interviews with the entrepreneurs in 2018 and followed up with them in 2019 and 2020. Some of the ten entrepreneurs who were in the start-up phase in 2018 registered their companies in 2019 or 2020; others abandoned their businesses although a few planned to start another business at some point in the future.

All companies were in the agri-food industry—the industry in Europe that is reported to have most benefited from immigration [81]. These benefits include the introduction of new foods, the opening of new ethnic restaurants, and additions to the workforce.

Content analysis was used to interpret the interview data. Content analysis is the examination of interview transcripts to identify themes in respondents' answers. In this step, we used NVivo 11 (a software program) to categorize relevant words, opinions, and sentences in responses. For our study, the categories were the challenges and actions/strategies relevant to the participants' entrepreneurial companies. Frequently mentioned themes were identified as important data [82].

Table 2. The demographic characteristics of the immigrant entrepreneurs.

Im. Entr.	Age	Gender	Orig.	Marital Status	Nr. of Child.	Educ. Lev. ¹	Back-Ground	Entr. Exp.	Lang. ²	Type of Companies	2018	2019–2020
1	45	Woman	Syria	Married	6	Middle	Dairyman	Yes	Low	Dairy	Start-up phase	Flourishing ³
2	55	Man	Palest.	Married	5	High	Farmer	Yes	Middle	Farm		Flourishing ³
3	39	Man	Leban.	Married	2	High	Food prod.	Yes	High	Honey production		Flourishing ³
4	53	Woman	Syria	Married	7	Low	Farmer	Yes	Low	Farm		Flourishing ⁴
5	26	Man	Syria	Married	1	High	Dairyman	Yes	Middle	Dairy		Exiting
6	48	Man	Syria	Married	3	Low	Farmer	Yes	Low	Farm		Exiting
7	58	Man	Syria	Married	5	Low	Farmer	Yes	Low	Farm		Exiting
8	53	Man	Syria	Married	6	Low	Farmer	Yes	Low	Farm		Exiting
9	68	Man	Syria	Married	6	Middle	Farmer	Yes	Low	Farm		Struggling ⁵
10	58	Man	Syria	Married	4	High	Agri. Eng.	Yes	Middle	Grocery		Flourishing ⁴
11	39	Man	Syria	Married	4	High	Eng. teach	No	Middle	Farm	Reg. phase	Flourishing
12	37	Man	Syria	Married	4	Low	Farmer	Yes	Low	Farm		Struggling
13	33	Man	Palest.	Married	5	High	Elec. Eng.	No	Middle	Dairy		Flourishing
14	57	Man	Palest.	Married	4	High	Art Teach.	No	High	Dairy		Flourishing
15	36	Man	Syria	Married	7	Low	Farmer	Yes	Low	Mushroom production		Struggling
16	40	Woman	Syria	Married	4	Middle	Food prod.	Yes	Low	Restaurant		Flourishing
17	40	Man	Syria	Married	3	Middle	Trade	Yes	Low	Ice cream cafeteria		Flourishing
18	45	Woman	Syria	Married	2	Middle	Food prod.	Yes	Middle	Food truck		Struggling
19	53	Man	Syria	Married	4	Middle	Contractor	Yes	Low	Farm		Flourishing
20	55	Man	Syria	Married	6	Low	Farmer	Yes	Low	Farm		Flourishing
21	34	Man	Syria	Single	-	High	Account.	No	Low	Bakery	Exit. phase	Open new business in a different industry
22	51	Man	Syria	Married	3	Middle	Trade	Yes	Middle	Honey production		Exiting then opening again
23	43	Man	Syria	Married	4	Middle	Florist	Yes	Middle	Florist		Exiting and becoming an employee
24	42	Man	Syria	Married	-	High	Agri. Eng.	No	Middle	Farm		Employee
25	22	Man	Syria	Single	-	Middle	Student	No	Middle	Meat and chicken		Open new business in a different industry

¹ Education level: Low = fewer than 12 years of schooling; Middle = 12 years of schooling; High = university study. ² Language ability: Low = only first language; Middle = basic knowledge in Swedish language; High = fluent in Swedish and/or other languages. ³ Company registered 2019. ⁴ Company registered 2020. ⁵ Company not registered.

4. Results and Discussion

The sample in this study includes participants of different age, gender, marital status, education level, background, entrepreneurial experience, and language skills. We have evaluated demographic characteristics for all 25 immigrant entrepreneurs during the entrepreneurial process.

Those entrepreneurs with a low education level and low language skills could not survive in the host country although they have previous entrepreneurial experience with agri-food industry, while those entrepreneurs who have a high/middle education level with middle language skills could survive with or without previous entrepreneurial experience [66], which indicates that previous experience in agriculture and/or entrepreneurship are compensatory. Being familiar with the host country language is important to build business relationships [83].

Work experience or education level have an important effect on the survivability of the business, and thus on the entrepreneur's ability to manage the liability of newness [58]. However, some participants with a low education level or low language skill have not perceived challenges in the early stage of their entrepreneurial process.

Furthermore, entrepreneurs that exit the business tend to be younger, more educated and lack entrepreneurial experience compared to entrepreneurs in the start-up or registration phase. Educational qualifications from the country of origin do not necessarily have influence on entrepreneurial process [83] if it is not supported by other complementary personal characteristic or business training in the host country.

In general, no major differences can be identified in this cross-analysis of demographic characteristics. However, the perceived challenges during the entrepreneurial process apply to different sets of barriers. Following the methodology of previous studies [1,27,34,41], we used three categories to list the challenges (related to the liability of newness) that the immigrant entrepreneurs identified: Resources, Relationships, and Environment. (See Table 3)

4.1. Resources

Many participants in all three phases stated that their major challenge is their limited access to resources. These resources include start-up capital [14], a reliable workforce, information, and business relationships. The farmers also stated they needed more land to grow their crops. Without these resources, all participants stated that they are limited in their ability to grow their businesses.

Most participants identified the lack of financial resources as an especially acute challenge. Only a few participants were able to obtain bank loans for start-up capital. Other participants used their personal savings or loans from family and friends to start their businesses.

The participants said lack of information was an ongoing challenge despite the government's counseling and mentoring programs. Many participants said they do not know enough about the rules and regulations to understand what is allowed and what is not allowed. They also said they need more industry-specific knowledge and more support. The participants who identified these challenges had registered their companies. The participants in the pre-registration start-up phase, who were unaware of these challenges, were most concerned with their lack of financial resources.

To meet these resource challenges, the participants used public and private actions/strategies. For public business support, they applied for loans from banks, they attended government training programs, and they met with business advisory services. For private business support, they hired family members and friends as employees because they were generally unable to hire other employees. Family members and friends also provided market and other business information.

Employing family members and friends from the entrepreneur's ethnic group has certain advantages: employment service office support, flexible work relationships, increased ethnic solidarity, and greater access to niche markets. However, there are also disadvantages with this arrangement. Reliance on the family-friend workforce can lead to stress in relationships when working hours are long, when night shifts are required, or when work schedules are variable.

Table 3. Challenges posed by the liability of newness for immigrant entrepreneurs.

Nr	Challenges Posed by the Liability of Newness for Immigrant Entrepreneurs		
	Resources	Relationships	Environment
1	Start-up capital.		Legislative hurdles: laws, licenses, regulations, and government approvals. Special issues related to the environment and safety.
2			Weather.
3			Legislative hurdles: a new country with its laws, licenses, regulations and government approvals, especially in the food industry.
4	Start-up capital; land or location.		
5			Legislative hurdles: a new country with its laws, licenses, regulations and government approvals, especially in the food industry. Milk products in particular require special treatment.
6			Weather.
7			Weather.
8		Lack of relationships with suppliers and domestic markets.	Weather.
9	Start-up capital; land or location.	Lack of relationships with suppliers and native-born customers.	Special seeds for planting that are not available in Sweden. Government regulations related to planting. Only a few crops are productive (e.g., potatoes, rapeseed, beets).
10			Legislative hurdles: laws, licenses, regulations, and government approvals. Long working hours and work pressure.
11			Legislative hurdles: laws, licenses, regulations, and government approvals. New work environments.
12	Start-up capital; land or location. Poor knowledge of the markets.	Lack of relationships with suppliers needed for market trust.	
13	Lack of information needed to run a business; poor knowledge of business.	Lack of relationships with suppliers needed for raw materials. Lack of relationships with other relevant actors (e.g., when maintenance is needed for machinery or equipment).	Health issues.
14		Lack of trusting relationships with customers.	Legislative hurdles; a new country and food industry requirements, laws, licenses, regulations, and government approvals (e.g., sterilization and health issues).
15	Start-up capital; land or location.	Lack of relationships with suppliers.	Difficulty in processing raw materials; processing costs; market competition.
16	Source of employees.		The license applications take a long time to prepare and there are long approval delays. Long working hours and work pressure.
17	Start-up capital; land or location.	Lack of trusting relationships with customers. Lack of relationships with other relevant actors.	Health issues, technology issues, and other special requirements.
18		Lack of trusting relationships with customers.	Legislative hurdles: a new country and food industry requirements; laws, licenses, regulations, and government approvals. Unstable markets.
19	Start-up capital; land or location.		Long working hours and work pressure.
20	Start-up capital; land or location.	Lack of relationships with suppliers and native-born customers.	
21	Poor knowledge of the markets.	Lack of relationships with other relevant actors (e.g., maintenance needed for machinery or equipment).	Legislative hurdles: laws, licenses, regulations, and government approvals.
22	Start-up capital; land or location and employees.	Lack of supplier relationships for raw materials.	Weather; new market.
23		Lack of relationships with suppliers.	Weather. Crops have special seasons and require special care.
24	Start-up capital; land or location.		The Aquaponics System Project is not an economical project.
25	Information needed to run the business; poor knowledge of business.	Lack of information on the Swedish market. Swedish customers are unfamiliar with products and/or object to how animals are slaughtered.	Legislative hurdles: laws, licenses, regulations, and government approvals. Tax system and employee recruitment.

The participants were generally appreciative of the public support they received although they complained about the bank loan process which they found complicated and bureaucratic. They thought the various immigrant-entrepreneur support programs offered by the Swedish national government were useful. These programs included counseling, mentoring, training, networking, and various assistance with operational activities.

4.2. Relationships

The participants in the post-registration phase said they lacked traditional business relationships that could support and promote their activities. They recognized the importance of establishing credible relationships with customers, other businesses, and authorities in the local communities. In particular, they think a network of similar companies would provide support for immigrant entrepreneurs trying to start a business in a host country. Such networks could facilitate business interactions about ideas, solutions, technologies, problems, and interdependencies [84,85]. However, participants in the start-up phase had given little consideration to these challenges.

To meet these relationship challenges, participants in the post-registration phase used two strategies. First, they used family members and cultural networks as a substitute for traditional business relationships. However, they admitted that public networks are better business resources than these private networks because of the former's access to business information, financial institutions, customers, and government organizations.

Second, the participants used online marketing (via social media websites). As an alternative to social embeddedness, the participants used this technology to create an online presence—virtual embeddedness—for the marketing of products and networking with other business advisory entities. Virtual embeddedness helps the participants gain legitimacy in their markets. Participants in the exit phase generally realized the importance of virtual embeddedness too late to save their businesses.

4.3. Environment

The participants stated that the foreign environment of the host country poses a significant challenge to their businesses. Most participants in the start-up phase pointed specifically to the challenges of Sweden's legal and regulatory structure; participants in the registration phase were more concerned with resource access and business relationships. Despite the support that many national and local governments provide, immigrant entrepreneurs are often bewildered by the economic, political, and cultural environments of their host countries [86]. As a result, it is difficult for many immigrant entrepreneurs to adapt to a new environment with its rules, regulations, required licenses, and government approvals. As some researchers have observed [87,88], immigrant entrepreneurs require much assistance in learning how to do business in such environments. Some immigrant entrepreneurs find the struggle with host country laws and restrictions in the start-up phase too difficult. Therefore, they often abandon their business plan before they reach the registration phase despite their relevant experience and skills.

Immigrant entrepreneurs in the agri-food industry—such as farmers, grocery store owners, and restaurant owners—often cultivate and sell ethnic food intended for niche markets. These are the products they grew, consumed, and sold in their home countries. Unfamiliarity with the domestic markets creates an environmental challenge for immigrant entrepreneurs. Certain social and cultural barriers may also spring up around their ethnic products. Therefore, they recognize business success or failure depends in large measure on their ability to create and capture value in the wider marketplace. Their products must appeal to both ethnic customers and native-born customers.

Entrepreneurial experience is another factor that relates to the host country environment. Two questions arise. Is previous entrepreneurial experience relevant in the host country? Can previous entrepreneurial experience (including education and skills) be verified, especially if documentation is difficult to obtain or even unavailable? Even when such documentation exists, some researchers conclude that previous entrepreneurial experience from the immigrant entrepreneur's home country

may not be useful in the host country when the knowledge and skills acquired in the former environment do not match the knowledge and skills required in the new environment. In fact, three participants in our study—an artist, a teacher, and a mechanical engineer—with no entrepreneurial experience in the agri-food industry operated successful businesses.

To meet these environment challenges, the participants attended government training programs and local seminars that presented industry and marketing information on their local communities and that gave them training in entrepreneurship. Some participants added new products and foods that appealed to both ethnic and native-born customers.

5. Conclusions, Limitations, and Future Research

The promotion of immigrant entrepreneurship is a policy primarily intended to increase the economic integration of immigrants in their host countries. This research illuminates the challenges facing such entrepreneurs and the strategies they adopt and the actions they use to overcome the liability of newness as they plan, register, and launch their young companies. The research setting is the immigrant entrepreneurial community in the Swedish agri-food industry.

The major challenges for immigrant entrepreneurship are the lack of various financial and other support resources, the lack of business networks, insufficient government assistance, domestic customer resistance to ethnic products, and the difficulty in hiring employees. (See Table 4) The primary goal of this research was to learn how 25 immigrant entrepreneurs managed the liability of newness; how they perceived the challenges in the new economic, social, and political environment; and how they coped with these challenges.

Table 4. Actions/strategies immigrant entrepreneurs use to overcome the liability of newness.

Challenges		Actions and Strategies
Resources	Business Support	Public Support Instructional and formal business support. Loans from financial institutions; ALMI * or Swedbank. Governmental programs designed to promote immigrant entrepreneurship. Business Advisory Service. Counseling and monitoring programs.
		Private Support Financial support: savings, families, and friends. Emotional support: family and friends. Ethnic groups' support: information and knowledge.
Relationships	Virtual Embeddedness	Facebook groups and creation of special websites for marketing.
	Family and Ethnic Groups	Employees from family members or ethnic groups. Ethnic groups as a network. Ethnic groups as initial and potential customers.
Environment	Entrepreneurial Experience	Training programs for special industries, local seminars for entrepreneurial education.
	Niche Markets	Ethnic product targeting at ethnic groups. New products fit both native and ethnic customers.

* ALMI: a Swedish business developer.

The immigrant entrepreneurs in this research who recognized the challenges posed by the liability of newness in the start-up phase were better able to overcome these challenges. Their companies survived during the two-year time frame of our research. The entrepreneurs who failed to recognize the severity of those challenges or were unable to manage them effectively exited their companies. Some of these entrepreneurs took employee positions with other companies. A few entrepreneurs learned from this entrepreneurial experience and founded new companies. Thus, this research provides insights into the liability of newness for immigrant entrepreneurs. These insights may be of value to researchers who study immigrants' economic and business experiences.

This research can also guide policymakers who promote economic and social-cultural integration of immigrants in host countries. From a policymaker perspective, it is important to understand the conditions in the early phases of immigrant entrepreneurship when effective support systems can provide essential assistance to new entrepreneurs. For example, financial-legal support and

monitoring programs, as recommended in previous research [14], are critically important. Successful immigrant entrepreneurs can, and do, make significant economic, social, and cultural contributions to their host countries. With its focus on the reasons behind the low survivability rate of immigrant entrepreneurship, our research can be an information resource for policymakers as they address the liability of newness for immigrant entrepreneurs.

This research also focuses on the strategies and actions that immigrant entrepreneurs develop and take as they confront the liability of newness. Business advisory services for immigrants, as well as immigrants planning to open businesses, will find these strategies and actions of interest. For example, some participants in this study successfully marketed their products online by creating Facebook groups and websites. This use of virtual embeddedness helped them overcome the liability of newness [63] in the digital age in which companies must adapt to new technologies as they expand their customer and supplier networks. Furthermore, providing immigrants with financial and legal support and monitoring programs could be of value in overcoming the liability of newness as suggested in previous research [14].

Limitations and Suggestions for Future Research

Several limitations of this study provide opportunities for future research. First, this is an exploratory study based on a small sample. Thus, the findings are context-specific and not necessarily applicable to other groups or other geographic areas. The data set of this research, which identifies an array of challenges that immigrant entrepreneurs need to address, could be developed and tested with a larger group, especially by taking a longitudinal perspective. Second, this study focuses on immigrant entrepreneurs in Sweden who are mainly Syrian in origin (21 of the 25 participants). Research that uses a more heterogeneous sample of immigrants with different national origins could compare the effect of various demographic and socio-economic factors (including gender analysis) from the country of origin on immigrant entrepreneurship. A broader international research approach in which immigrant entrepreneurship is studied in various countries could also lead to analyses of national immigrant entrepreneurship policies. For example, we suggest a comparison of such policies in Sweden and Germany given that these two countries have admitted the largest percentage of asylum refugees to the EU in the 21st century.

We also propose that immigrant entrepreneurship research would benefit from a comparative, interdisciplinary approach. Researchers might compare the liability of newness and the liability of foreignness based on the immigrant entrepreneurial experience. Researchers might also investigate immigrant entrepreneurship (similarities and differences) in immigrant populations: for example, economic immigrants vs. forced immigrants in terms of motivations, ideas, mindsets, and risk tolerance.

Last, we propose more research be conducted aimed at achieving a deeper understanding of the “value intention” of the immigrant entrepreneur in the context of business model innovation in the agri-food industry [43].

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