Enabling social identity interaction: Bulgarian migrant entrepreneurs
building embeddedness to a transnational network

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Abstract

Bulgarian migrant entrepreneurs (MEs) approaching diaspora networks (i.e. ethnic spaces in host countries) provides a unique context for exploring the processes by which peripheral actors achieve embeddedness. The study considers how in-group social norms and expectations influence out-group candidates’ network standing.

The integration of the social identity perspective with embeddedness research allows identifying the sequence of intergroup actions and the circulation of identity signals between groups. Traditionally, the social identity perspective focuses on the act of constructing identity through positively stereotyping in-groups and negatively stereotyping out-groups. Nevertheless, an empirical study of 12 cases of Bulgarian MEs indicates that the circulation of identity signals that facilitate inter-group comparison can result in complementarity and brokerage. The study suggests the existence of a novel strategy (i.e., social circulation), to add to already known social identity strategies (i.e. social mobility, social creativity and social change). Contrary to previous ones, the new construct does not occur at the expense of either in-groups’ or out-groups’ identity. Thus, it adopts an integrative logic, currently missing from the social identity perspective.

Keywords: embeddedness; entrepreneurs; social circulation; identity
Introduction

Rapid globalisation and geopolitical conflicts made entrepreneurial migration (i.e. entrepreneurs switching countries) common (Storti, 2014). Nevertheless, accessing established networks’ repository of knowledge is difficult for MEs, as incumbents tend to cooperate with actors of the same or higher social level (McPherson et al., 2001). Yet, unembedded collaborators are occasionally cherished due to the potential of their resources (Mitchell and Singh, 1996). Thus, low-power actors can engage in social mobility (Rosenkopf et al., 2001). However, how access barriers are overcome remains an important question, demanding examination of actors’ tactics and the social situation (i.e. considering “what entrepreneurs do” and “what is done towards them”) (Goss, 2008:133). Making social situations the analytical starting point can reveal how different parties “interact, what sorts of symbols and discourses circulate within particular contexts, and what elements of interaction ritual are displayed” (Goss, 2008:133).

By addressing this, the paper responds to a number of complimentary calls within the management field. From broad to specific: a call for “actionability” within network research (Chauvet et al., 2011); reaching more depth in the exploration of networking behaviour (Forret and Dougherty, 2004; Treadway et al., 2010); revealing the strategies for entering network domains– an area that remains unclear (Davidsson and Honig, 2003).

To explore MEs’ embedding processes, the paper draws on the social identity perspective – regarded “useful in examining the processes by which collectives and individuals perceive and act towards their own and other significant groups” (Cascon-Pereira and Hallier, 2012:131). Social identity is defined as a system of shared cognition, language and behaviour, thus it can serve as an interpretative system (Cornelissen et al., 2007). This paper proposes that exchanging and interpreting identity cues can lead to identity bridging or embeddedness.
Moreover, according to Alvesson et al. (2008:5) “identity [...] become a popular frame from which to investigate a wide array of phenomena”, and adopting it can stimulate novel theoretical perspectives, while expanding our understanding of identity research. Nevertheless, despite the high potential that identity carries (Cornelissen, Haslam and Balmer, 2007), an approach that considers social identity differences as a facilitator for embeddedness has not yet gained prominence.

In line with Alvesson et al.’s suggestion (2008), the paper aims to bring value to both identity and embeddedness research by adopting an integrated perspective. Cross-fertilisation can add value (Brown et al., 2006), which led to “a number of conscious attempts to bridge various literatures” (Cornelissen et al., 2007:2). Moreover, there are calls for ”strengthening” the conceptualisations of identity research (Cornelissen et al., 2007:2; Cornelissen, 2002, 2005) and developing tools for “explore[ing] mechanisms and consequences of identification more systematically” (Cornelissen et al., 2007:2, Haslam, 2001; Van Dick, 2001). The developed identity conceptualisation in this study is well-positioned within that agenda.

Based on 63 semi-structured interviews from 12 cases of small Bulgarian London-based service-consulting companies, the paper explores the legitimation process that MEs undergo when attempting an entry in a socioeconomic network. The identified process is based on showcasing 1) similarities of culture, familiarity and shared values between the incumbents and network candidates; 2) similarities in industry, specialisation, experience, and/or education; 3) the candidate’s active knowledge orchestration (i.e. arranging knowledge capital from varied sources).

More importantly, the embedding process illuminates actors’ ability to relate to the network’s desired social identity elements. The paper reveals the sequence of identity work between in-groups (i.e. incumbents) and out-groups (i.e. candidates) (i.e., self-representation, reactivity, relatedness, reflexivity, integration, and proactiveness), and the logic of the
occurring identity circulation. The last, revealed implications for contributing back to social identity perspective, in an area suggested by Rink and Ellemers (2007:17), namely, considering that “social identity processes can also lead [...] to evaluate [...] differences in a positive way”.

Traditionally, the social identity perspective focuses on constructing identity through positively stereotyping in-groups and negatively stereotyping out-groups (Rao et al., 2000). This implicitly assumes the existence of persistent clash between groups. Nevertheless, both have access to diverse knowledge (Becerra-Fernandez and Sabherwal, 2008). Thus, the assumption that identity stereotyping creates an insurmountable divide runs counter to Nahapiet et al.’s (2005:3) suggestion that contemporary knowledge economy favours those who “seek to make cooperative relationships the norm in their organisations”. Following Nahapiet et al.’s (2005) call for ”a different way of thinking about social relationships and a new language and set of assumptions to guide management practice”, this paper takes a new look at the social identity perspective.

The data reveal that social identity differences can contribute to embeddedness. The paper argues that the circulation of identity signals that facilitate inter-group comparison can result in complementarity and brokerage (i.e. connecting unconnected actors). This suggests the existence of an underexplored social identity strategy, which is constructive in nature as it does not occur at the expense of neither in-groups’ nor out-groups’ identity. The integrative logic, which underpins the social circulation strategy introduced here, is characterised by integrating out-groups for enabling resource complementarity (i.e. synergy of assets) and increasing mutual value (i.e. creating value through mutual commitment).

The paper is structured as follows. First, a review of literature is provided. Second, the research setting and the employed methods are explained. Then, findings are presented and later discussed. Last, contributions are offered while noting limitations and future research recommendations.
Research Background

Embeddedness

Recent cross-country migration resulted in what Vertovec (2007) defines as ‘super diversity’, a phenomenon increasing UK’s demographic complexity and social landscape. Yet, “management studies rarely encompass such groups in their research agenda” (Ram et al., 2012:2) and often disregard migrants’ host country embedding practices (William and Ram, 2010).

Embeddedness is a social construct dependent on legitimation granted by incumbents upon evaluation of candidate’s suitability (i.e. commonly, the ability to add to a collective goal) (Pólos et al., 2002). Embeddedness is contingent on candidates’ ability to operate in an established system of social norms and expectations (Zuckerman, 1999; Hannan at al., 2007). Hence, embeddedness indicates tendency to adopt a particular socially expected behaviour (Hechter and Opp, 2005). However, ”although extant research has enhanced our understanding of the processes that grant or withdraw legitimacy, the conditions fostering audience convergence toward a common set of social codes […] remain underexplored” (Cattani et al., 2008:146). Furthermore, less attention is paid to how “the structure and dynamics of the audience […] might affect consensus formation” (Hannan at al., 2007:302).

Considering these issues is facilitated by transnational entrepreneurship (TE) literature, which identified that MEs often use diaspora networks to access social capital, i.e. advantageous resource stemming from the social structures (Burt, 1992). Diasporas are “embedded in actively interconnected co-ethnic networks extending far beyond the boundaries of their adopted country, bonded by constant exchange of money, goods, people and information” (Jones, Ram and Theodorakopoulos, 2010:565). Due to their transnational character, diasporas are naturally suited to bridge social capital (i.e. linking previously unconnected ties) (Burt, 1992). Seeing diasporas as bridges to host countries’ external political-economic environment
is a logic is introduced by Kloosterman et al.’s (1999) theory of mixed embeddedness. It suggests that MEs should not be seen simply in the context of their ethnic resources, but should be considered grounded in a wider external setting (Kloosterman and Rath, 2001).

MEs’ transnationalism is a “spatially enlarged source of social capital” (Jones et al., 2010:566). Given that transnationalism provides operational knowledge about the orchestration of ethnic resources (Stoyanov et al., 2016), host countries’ opportunity structures and politico-legal regulations, it can be regarded as a “competitive advantage” (Henry et al., 2002:124). Yet, this advantage is “not ethnic specific … but mediated by class relations” (Jones and Ram, 2007:440). The “double embeddedness” and agency that TEs realise by entering transnational diaspora networks is the source of their competitiveness, rather than some “cultural exceptionalism“(Jones and Ram, 2007:440). Thus, it is difficult to argue that ethnic minority and majority groups are different in their attempts to utilise networks for business, “but all users do not deploy identical social networks” (Light, 2004:26). ”Diasporic communities may be blessed with unusually dense and resilient networks” (Jones and Ram, 2007:445; Janjuha-Jivraj, 2003).

Although Granovetter (1985) presents all entrepreneurs as socially embedded, MEs’ access to diasporas should not be taken for granted (Jones et al., 2010). As stressed by Ram et al. (2008:432), an overly simplistic interpretation of MEs’ embeddedness can neglect the dynamic role of social capital and the process of its securing:

“Mixed embeddedness approach cannot stop at an analysis of how capital assets are deployed against a hostile structural environment. Logically, the interaction between agency and structure is more complex than this, with multiple feedbacks. In particular, we need to recognize that forms of capital are not purely inherent in the agents, a battery of resources under the agents’ ownership to be brought to bear on the structure, but properties which are in many respects conditioned by the structure itself.”
Thus, this study contributes by considering how knowledge is obtained/co-created through a dynamic embedding process that outlines the reflexive nature of identity regulation between insiders and outsiders, as informed by the diaspora structure. Identity regulation encompasses “the more or less intentional effects of social practices upon processes of identity construction and reconstruction” (Alvesson and Willmott, 2002:625).

The Role of Interaction for Symbolic Capital Circulation

Mutual interactions are a mechanism for shaping opinions (Cattani et al., 2008). Interactions with incumbents or embeddedness candidates form common attitudes in the first case (Larson, 1992) and emit signals revealing favoured characteristics and behaviour in the second (Cattani et al., 2008). Moreover, repeated interaction with incumbents establishes cues for others to advance the candidate’s roles (i.e. expected functions) (White, 2001). The evolution of one’s roles is an outcome of incumbents’ observations of the candidate’s repeated behaviour (Hannan et al., 2007).

Nevertheless, there is currently insufficient understanding of the relationship between interaction and embeddedness. While repeated interaction with incumbents can increase network association and role advancement, the different stages of association and their prerequisites, the realised outputs at each stage, and whether interaction lead to embeddedness remain unknown.

Social Identity Perspective

The social identity perspective suggests that norms are regarded not as external societal forces interfering with members’ individual attitudes, but as shared expression of social identity (Rao et al., 2000). Thus, norms and social influence are factors whose possession validates the receptiveness to incumbents’ views.

The explanatory potential of this perspective to embeddedness research is rooted in its consideration of how identity workers operate (these are actors who adopt and enhance social
identity, Alvesson and Willmott, 2002). Studying embeddedness through this lens allows unravelling how identity workers engage in categorisation and comparison of social codes for constructing their legitimacy. By engaging in these processes, candidates form perceptions and define others and themselves within the social context (Rao et al., 2000).

Research in this area explores identity construction between rival groups and how social identity of incumbents strengthens when in-groups are considered better than out-groups. However, in the opposite situation, incumbents’ social identity is at risk. Incumbents react by engaging in one or a combination of the following strategies: social mobility, social creativity and social change (Tajfel and Turner, 1979). The first denotes an exit from the deprived network and its substitution with a network of stronger identity. The second denotes the ability of incumbents to replace the basis of comparison with rival out-groups, allowing in-groups to preserve positive identity. The last refers to a direct competition with out-groups, the outcome of which determines the rivals’ status.

The focus of social identity perspective is on constructing identity through positively stereotyping in-groups and negatively stereotyping out-groups (Rao et al., 2000) – a rather biased perspective rooted in the assumption of constant rivalry. Less attention is paid to the possibility of using social identity differences for collaboration, rather than playing zero-sum games with out-groups (Rink and Ellemers, 2007).

As it stands, the perspective is sufficient if we can clearly categorise behaviour stemming from different social identity as correct or incorrect; thus, we can identify a deviant minority group and educate its members to adopt the prevailing social norm (e.g. governments convincing smokers to quit by teaching them the health consequences). However, same does not apply to knowledge stemming from different social identities as we cannot categorise it as correct or incorrect before considering multiple variables (e.g. geographic relevance).
Embedding foreign actors to a network allows transferring and absorbing diverse knowledge. Thus, the exchange of identity signals that facilitate inter-group comparison can initiate complementarity, brokerage, and network mergence. This suggests that there may be another strategy for achieving higher social identity, one that occurs at the expense of neither in-groups nor out-groups. This yet unexplored mutually constructive strategy for social identity could be based on circulation of identity signals during interactions that carry ‘a coherent sequence of relational, informational, and procedural actions and responses created, chosen, and carried out by the parties’, which ‘has an identifiable logic of exchange that can be located within the interaction’ (McGinn and Keros, 2002:445). The integrative logic pursued here (realised in the social circulation strategy) is characterised by collaboration between actors and involves integration of information and resources for increasing mutual value. Conversely, distributive logic, currently emphasised in the social identity perspective, is characterised by zero-sum game principles, including, competing over fixed resources (Raiffa, 1982). Identifying the logic and sequence of actions between in-groups and out-groups is likely to confirm or reject the existence of a new constructive social identity strategy. This is the task of this paper.

Methodological Approach

Field of Observation and Data

This is an exploratory qualitative study on 12 knowledge-intensive companies founded by Bulgarian MEs. The age of the businesses range from 2 to 10 years, and the number of employees from 5 to 27. Of the companies, all but two provide high value-added services (e.g., business and legal consulting, procurement, search engine optimisation, outsourcing). The remaining two are food and beverage retailers, included because they engage in logistics consulting (e.g., securing suppliers or consulting on distribution).
The exploration resulted in 63 semi-structured interviews. Interviews are a suitable source of information on individual and organisational sense making, thus, identity research benefits from adopting this data collection method (Alvesson et al., 2008). A semi-structured interview (60-90 minutes) was carried out with each owner (all males). Interviews were transcribed, coded, and analysed. Moreover, interviews with at least three employees of each company were conducted (40 interviews in total). The employees (all suggested by the owners) shared insight about the adopted organisational strategies.

Additionally, interviews with 11 independent informants were conducted (a consultant, an embassy official, other business owners and professionals) during social events organised by the Bulgarian Embassy and the Bulgarian Club – London.

All interviews were conducted in Bulgarian and translated into English by the author, who is Bulgarian. The author’s proficiency in both languages facilitated preserving data details and context. The author remained critically reflexive during the translation process. The interview outputs were constantly compared with participant observations and oral/life stories to assure reliability. The author remained self-reflective to diminish research bias stemming from own background.

Non-probability, theoretical sampling was used, drawing subjects from a list of over 130 companies operating in the UK, obtained from the Bulgarian Embassy. The approached entrepreneurs were filtered by a survey that identified transnational entrepreneurs and assured that selected cases were consulting companies located in the Greater London area. The reason for focusing on consulting service providers is this study’s focus on knowledge resources. The choice of the data context is justified by an important socio-political and economic event: Bulgaria’s accession to the European Union in 2007. London was selected as the geographical context of this study because, according to the UK Office for National Statistics (2011), London is home to 46% of all self-employed foreign-born workers in the country. Moreover, Bulgarian
entrepreneurs working in London number 4537, or 51.5% of the total of 8798 in the UK (Centre for Entrepreneurs & DueDil, 2014). Yet, it should be noted that the conclusions drawn from this study cannot be automatically deemed relevant to the wider community.

Participant observation was conducted during social events organised by the British-Bulgarian Chamber of Commerce, the Bulgarian Embassy, and business actors’ meetings, enabling the researcher to observe entrepreneurs’ social representation strategies. Attending social events led to 11 impromptu interviews, conducted for verifying the validity of the observations.

Participation in diasporic social events also enabled observing how entrepreneurs position themselves and initiate conversations – an indicator of their embeddedness strategies. The events took place in August and September 2011 and included two monthly meetings of the Bulgarian Club. This club has long-standing relationships with the Bulgarian Embassy and the Chamber of Commerce but is also open to employed business professionals. The research stages are illustrated in detail in Table 1.

Table 1. Research Design Stages

| Stage I: Pilot Firm study - Ethnographic study and interviews | A firm for a pilot study was selected from researchers’ personal network. The researcher attended meetings between the pilot study firm and other entrepreneurs at the companies’ offices and at social events. This ethnographic component informed the questionnaire development. The CEO and other employees helped with the formation of a questionnaire for the identification of other companies’ strategies and practices for gaining embeddedness. |
| Stage II: Identification of other case companies | After the emergence of the important role of the British-Bulgarian Chamber of Commerce from the pilot study, the director of this organisation was interviewed. The process of scheduling this interview involved prior interviews with two members of the |
| Stage III: Identification of case companies | Following the interview with the director of the British-Bulgarian Chamber of Commerce, a list of active companies was obtained. The London-based companies founded by Bulgarians were contacted via email and phone. |
| Stage IV: Dataset construction | Companies that fulfil the criteria: fall under the definition of TE (Drori et al., 2009), are considered SMEs, are located in the Greater London area, and engage in service consulting operations (self-declared) populated a dataset. |
| Stage V: Data Collection: Ethnography and interviews | Of the eligible participants, twelve agreed to contribute to the study. This resulted in participant observations, series of interviews with the founders and other company employees, over a period of two months. |
| Stage VI: Triangulation and Context Interviews | The researcher attended meetings of the studied entrepreneurs at social events organised by the Bulgarian Club in London and the Bulgarian Embassy in London. The observations were used as sources of input for the interviews and follow up discussions with the entrepreneurs by enabling the researcher to refer to specific social situations or observed social tactics. In addition, the observations at the social events enabled the incorporation of validation mechanisms and data crosschecking. Further context interviews for the purposes of triangulation were conducted with 11 independent informants. |
| Stage VII: Primary data coding | Coding of the data in NVivo against themes emerging from the data. |
Stage VIII: Data analysis and reduction

Categories, themes and aggregate dimensions were drawn from data.

Stage IX: Overall analysis and evaluation

Examining the explanatory power of the findings and the study’s capacity to fill the identified research gaps.

**Data Reduction**

All interviews and field notes are transcribed and analysed through discourse analysis. Discourse is an output of people’s social systems of meaning (i.e. how they understand and respond to issues), thus, the employed analysis is believed to illuminate the process of identity construction and its processual, relational and situational characteristics (Andersson, 2012). The employed methodology views identity as a fluid, yet, not a directionless process (Watson and Harris, 1999). Thus, while the studied MEs are all on the path of identifying with the diaspora social system, they have different degree of embeddedness and therefore, are on different stages of identity construction. Employing a discourse analysis allows elucidating the relevant processual model. The analysis is divided into three coding stages: *open, axial* and *selective coding*, which facilitates the examination of the data categories. Open coding enables the identification of the properties and the dimensions of the information nodes of interest. This approach reveals the first order themes in the data, which is later specified during the axial coding stage to construct an explicit set of phenomena under investigation.

**Analytical Approach**


Figure 1 illustrates these, as emerged from the data, along with the reflexivity of entrepreneurs’ “identity work” (i.e. processes related to “forming, repairing, maintaining,
strengthening or revising the constructions that are productive of a sense of coherence and distinctiveness”) (Sveningsson and Alvesson, 2003:1165).

“In identity work the actor uses discourse as a tool, while in identity regulation discourse ties people to social structures using roles, scripts, etc.” (Andersson, 2012:575). Figure 1 illustrates the data drawn from Bulgarian entrepreneurs at different stages of embeddedness. The observed identity process views the ‘inward self-reflection’ of the incumbents (which resulted in the identification of the network relevant identity regulations) and the ‘outward discourse engagement’ of unembedded actors (Watson, 2008).
Figure 1. Data Structure & Reduction

Identity Regulations

1. Culture understanding
2. Familiarity with codes of conduct
3. Sharing values
4. Absorbing organisational norms and values
5. Decreasing cultural distance
6. Signalling industry relatedness/experience
7. Signalling specialization
8. Signalling relevant experience
9. Signalling education
10. Absorbing organisational expectations
11. Efficiently managing of personal characteristics and experiences
12. Signalling reciprocity
13. Signalling activeness
14. Screening for identity threats and changes
15. Screening for identity enhancing opportunities

Identity Work

a) Self-representation
b) Reactiveness
c) Relatedness
d) Reflexivity
e) Integration
f) Proactiveness

Stages of Association

General Communication Circulation

Idea (information) Circulation

Knowledge/Resource Circulation

Informed by Corley & Gioia (2004)
Findings

The following sections show how actors establish multiple communication flows and what the conditions for this are.

General communication

The first milestone for candidates is realising general communication with incumbents. Accessing likeminded individuals allows attribution based on common interests. The exposure to the network helps candidates understand cause and outcome via small-talk communication. The basic communication constitutes a gradual element for revealing the contextual and organisational dynamics later used in strategizing for higher attribution to the social group. The discussion below proceeds with, first, the conditions for achieving general communication, and second, the processes necessary for the subsequent gradual enhancement of identity and relatedness.

Self-representation

General communication is realised upon displaying culture understanding, familiarity with codes of conduct and sharing values. Matching these attributes allows candidates to navigate the established social network without trespassing unwritten rules. Some awareness of norms and codes of conduct was already acquired through exposure to culture events (e.g. music/dance festivals, food tasting sessions etc.). Culture-related events are spaces for synchronising and adapting cultural belonging. Cultural belonging is not limited to the manifestation of ethnic background and country-specific ethos, but extends to collective ideas, customs and social behaviour. Thus, cultural events are the context for learning network groups’ norms.

As stated by Entrepreneur B, “cultural hubs host not only ethnic artists and musicians, but also many business oriented individuals”. This signifies possible cultural variations, despite
the collective national ethos. The latter could be viewed as a foundation for the emergence of sub-cultural units, i.e. communities of practice with extensions to collective norms.

Nevertheless, sub-cultural units operationalise the cultural dimensions in different way based on the in-group’s inclinations. As stated by Entrepreneur B, “although easy to take place, internal communication can be tricky”, thus, mastering the forms of expression and understanding the norms of operation go beyond the cultural dimensions. Network candidates need to continuously commit to the unspoken promise that norms will be followed. This demands that understanding and familiarity are internalised by candidates and their actions. Feeling the responsibility to avoid opportunism is a factor that facilitates communication. As mentioned by entrepreneur D, “information seeking should not be the major goal. The major goal should be getting along and respecting the others”. Failure to do so prevents candidates from realising information/knowledge exchange.

Entrepreneur A suggests that being accepted requires “a very long process of building some credibility and trustworthiness”. Thus, sharing values need to be witnessed by incumbents over a period of time before a resource exchange is promoted.

Demonstrating culture understanding, familiarity with codes of conduct and sharing values influences the way candidates are perceived by incumbents. The observed cases suggest that self-representation aligned with social expectations yields positive identity and allows candidates to reach desired relationships.

Reactivity (seeking of fit)

Once established, the general communication with incumbents transforms the embeddedness candidates. Communication instigates the transition from passive understanding of codes of conduct to seeking of fit. Initial attachment to the network is based on given characteristics (i.e. prior inner beliefs, given background and personal characteristics), as opposed to taken characteristics (i.e. action plan for the identification of the network’s
propensities and their operationalisation for achieving long-term objectives). The transition from one to the other is associated with increasing network relatedness by meeting expectations rather than matching own credentials to the social context.

The previous section, and entrepreneur A, highlight that communication over time enables exchange. Candidates’ actions over that period deserve attention. While matching own background to the desired group does require efforts, arguably, the pro-active absorption of organisational norms and values and the attempts to decrease cultural distance require even more. As Entrepreneur C notes, “passion and work experience in the sector” is what incumbents seek. Passion is the ability to be intrinsically motivated, proactive and independent in conducting an action/practice. Candidates’ “passion” needs to be channelled to a network’s preferred domain (e.g. reciprocity and activeness as seen later) to be recognised by incumbents. This implies that passion needs to be directed in order to be socially constructive. Realising the importance of signalled passion may lead to exaggerating or even simulating passion for meeting social expectations.

With regard to candidates’ awareness of organisational norms and values and their attempt to capitalise on this for decreasing cultural distance, Entrepreneur C states that “one’s capabilities, experience, potential are the tools needed for getting their [incumbents’] attention and most importantly convincing them that you might be useful at some point”. He calls these characteristics “tools”, which implies the role of candidates as orchestrators who develop and use these tools. Moreover, the expressions “getting [their attention]”, “making them [remember]”, and “making them [convinced]”, signify determination to decrease cultural distance through proactive seeking of fit rather than passive matching of own characteristics with network expectations.
Idea circulation

The second identified milestone for candidates is the ability to engage in idea circulation with incumbents. Reaching this stage requires showcasing enhanced identity by signalling network-valued characteristics.

The identity requirements identified in the interviews are the signalling of industry relatedness/experience, specialisation, relevant experience, and education. As stated by Entrepreneur D: “In case we cannot find a solution, we broaden the circle of people and ask for their ideas and suggestions. Depending on the issue, we might choose to discuss it with the broader community, with professionals, or people familiar with the industry”. Thus, a peripheral actor can engage in information circulation if that individual is part of the “broader community”, possesses a business professional orientation and is “familiar with the particular industry”.

Other entrepreneurs enrich this observation by stating specialisation as another complementary predictor of idea circulation. Entrepreneur H indicates that an incumbent “will not spend time on a person who does not understand any field [...] It does not necessarily have to be my field of business”. Specialisation is characterised by “possessing a general understanding, a sound one”, which will “motivate” incumbents to “go beyond small talk” (Entrepreneur H). The possession of specialisation or relevant expertise facilitates the emergence of what Entrepreneur H describes as “a win-win situation”, as it “increases the chances of finding the solution to a problem” when circulating information and ideas.

Incumbents share ideas with "a specific type of people” (Entrepreneur I), which suggests selectivity. In addition to having a specialisation, incumbents endorse candidates who signal relevant experience. Candidates with relevant experience are valued because “such people can hardly ever become clients, so we can better control our image and still share information”
(Entrepreneur I). In addition, education is recognised as a desirable characteristic that facilitates the transition of information and ideas:

“I enjoy communicating with educated people. They are more receptive of business ideas and have the capacity to analyse and provide constructive criticism. This makes communication more fruitful”. (Entrepreneur G)

The above statements illustrate that signalling the four characteristics (industry relatedness, specialisation, relevant experience, and education) is important for gaining access to core operations within the diaspora. This appears as a common stance among interviewed entrepreneurs, who as showed above, imply the importance of these factors for initiating collaborative practices.

To discover all conditions for operationalising ties, it is necessary to go beyond the “understanding of the organisational norms/values and decreasing cultural distance” identified in the “seeking of fit” stage. As noted earlier, embeddedness candidates need to undergo a transformational experience to fully realise the potential of idea circulation, which depends on their motivation to take initiative – a notion clearly stated by Entrepreneur F.

“We are a group of people who seek professional success. Yet, our current needs and aspirations are diverse because there are multiple routes and thus, multiple obstacles. Although everyone wants to achieve professional success, under the surface, there are more specific aspirations. I find it invaluable to know what others want to achieve because this will help me find my own function in the network rather than being lost”.

As suggested above, the candidates take initiative by “absorbing organisational expectations”, but also by realising “efficient management of personal characteristics and experiences”, an element introduced by Entrepreneur E.
“It is important for me to have information about everybody’s problems, this is the most interesting information. Knowing that, it becomes easier to show that I can help by highlighting relevant skills or experiences.”

The collaboration here is still at a basic level (i.e. *information circulation*). Although *information circulation* is a step for accessing knowledge-intensive communities of practice within the diaspora network, fulfilling the required personal characteristics alone (*industry relatedness/experience, specialisation, relevant experience* and *education*) does not guarantee marketable knowledge circulation. This suggests the existence of a black box – a condition for the operationalisation of ties. What is inside the black box appears to be a logical successor of the already outlined steps 1) gaining preliminary access to the diaspora, followed by 2) realising information circulation through satisfying initial requirements for network fit.

**Knowledge circulation**

The third milestone that embeddedness candidates strive to achieve relates to accessing knowledge resources from incumbents. The desire to reach this ultimate stage of *integration* is motivated by the aspiration to translate extracted entrepreneurial knowledge into economic benefits. Below are examined the conditions upon which embeddedness candidates are granted this highest relatedness.

Incumbents’ willingness to grant access to candidates originates from their ongoing need for information, knowledge, and opportunities that can sustain their businesses’ growth. Both novel and experienced TEs need to go beyond the comfort zone of the immediate network in order to attain the benefits typically associated with networks of weak ties. Entrepreneur F referred to the process of reaching out beyond the homophily range of a network with the phrase “the big fish is only caught in muddy waters”.
Although embracing some risk, incumbents rely on socially defined predictors for business aptness between partners. The already embedded Entrepreneur E suggests that *signalling reciprocity* is an essential element for a candidate’s integration.

“The problem is if you do not know where to seek knowledge. Many companies try to copy from their ‘neighbours’. This creates loss of individuality and does not shape owners as problem solvers. Such people are likely to continue copying everything. The more they copy, the worse image they build, and the more difficult it becomes to get real knowledge. Knowledge is using what you get, creatively, so that hard to imitate novelty is created. These are the partners I seek, the ones that have a record of building rather than exploiting”.

The entrepreneur exemplifies how collaboration based on “a record of building rather than exploiting” could initiate durable relationships. The resultant relational embeddedness can lead to substantial knowledge circulation, increased innovation and creativity prospects. As stated below, having an indication of candidates’ tendency to reciprocate allows predicting their future loyalty to the network.

“I feel substantial responsibility to meet expectations, so I expect others to feel the same. [...] It is risky when a company might disappear overnight. Yet, having high returns and valuable resources are not the only important aspects; proving to be a team player is as important”. (Entrepreneur L)

Entrepreneur L represents the importance of factors that enable knowledge circulation such as legitimacy (“team player”, “collaboration”), stability (“recommendations”, “history”, “[not] disappear overnight”), reciprocity (“responsibility to meet expectations”), efficiency (“having high returns”), asymmetry (“having [...] valuable resources”). This is illustrative of incumbents’ need for predictability in the flow of the desired cross-organisational contribution.
Entrepreneur C discusses in retrospect the organisational mechanisms within the network, as first viewed by a newly entering entrepreneur:

“Once attached to the environment all becomes easier. However, until then lots of time and efforts are required. When I first came, I was more excited to know these people than they were to know me. I did not want anything from them then, but they thought I have nothing to offer. Later, when they saw I have passion and work experience in the sector, they thought I could stay around. When they know you are here to stay, they start approaching you.

It is true for both groups. It is easier to rely on nationality to approach them but on a different, lower, level. Ethnicity is not enough. The only difference between the two groups is that being a Bulgarian postpones the time when you have to prove what is different about you. The time is less when Brits are approached. One’s capabilities, experience, potential are the tools needed for getting their attention and most importantly convincing them that you might be useful at some point. The more you communicate with them, the more desired you become. Once this is achieved neither the Brits nor the Bulgarians can afford to lose you; the flow is created, and the barriers are removed”. (Entrepreneur C)

The quote exemplifies how existing links within the diaspora are strengthened, from the perspective of an actor who was initially not strongly embedded. The entrepreneur shows understanding that ethnic affiliation is not enough for achieving high embeddedness. Yet, he differentiates the Bulgarian social circle from the British one, based on the former’s tendencies to defer evaluation of newcomers. He also demonstrates the importance of building links to business leaders in both groups, and how the circulation of ideas is attributed to the two social groups.
The actor’s strategic orientation for reaching embeddedness at the inter-organisational level is based on the awareness of the need to be perceived as indispensable. The phrases “flow is created” and “barriers are removed” suggest the entrepreneur’s attempts to occupy an intermediate position. The same is further confirmed below:

“I want to show British companies that we have a better success rate and a positive record of cooperation. I want to show we are better linked to financial, governmental, and industry organisations in Bulgaria, which increases our lobbying or negotiations potential”.

Interviewer: “You seem well-connected”.

“We have links, often indirect. It is easier to find the link after having somebody interested in it. First, it gives us motivation to seek the connection to the particular party. Second, it sends clear signals that we have secured a foreign client who can pay the bill or a partner who can provide support. It says a lot to others about our capabilities and position”. (Entrepreneur K)

These signals improve the social standing of entrepreneurs within communities. Having secured a “foreign client” or a supportive “partner”, the entrepreneur benefits from amplified trust and diaspora recognition.

TEs’ strategic orientation, as shown above, leads to aspirations and ultimately strategic actions as demonstrated below:

“Being active inside and outside the community increases trust and reputation. It is different from doing business the straightforward way; this is the right way”. (Entrepreneur A)

Entrepreneur C offers another quote that further illuminates the notion of activeness:

“The goal is building personal networks and can only later transform into business networks, when an opportunity is spotted. Whenever I go to such events, I try to sell
myself first with the contacts I have with British organisations, not with the services I offer”.

Proactiveness is viewed as being simultaneously “active inside and outside the community”. Acting as bridges between the two domains justifies incumbents’ anticipation that newcomers can reciprocate. The bridging action reoccurs within the explored cases.

Highlighting affiliation with foreign organisations is a tactic for increasing embeddedness due to incumbents’ expectation that members bring novel knowledge and opportunities into the diaspora.

Signalling reciprocity and activeness are identified as crucial for actors’ integration. Being proactive is another factor that enables knowledge circulation. Proactiveness relates to the identified integration categories (i.e. activeness and reciprocity) due to the shared social emphasis. Nevertheless, proactiveness focuses on self-initiated behaviour that is anticipatory in nature. Entrepreneur J states:

“Negative evaluation of our community is destructive. It makes people depart from their roots because they fear isolation from Brits. As a result, some people may try to hide their origin when doing business. Despite this, one cannot lose their origin by doing this, yet it is possible to lose belongingness and recognition.

I want to improve the image of Bulgarians. I do this thought having high personal and business ethics. This is my personal cause and the Bulgarians I know think this cause is worthy of their support. The national image affects everyone so I try to work against stereotypes as they threaten business activities. We need to find ways to be viewed positively”.

The quote suggests that proactiveness has wider network implications. An incumbent should commit to the diaspora’s long term goals in a proactive way, typically characterised by ‘screening for identity threats and changes’ and screening for identity enhancing opportunities.
Discussion

The motivation for developing this study is twofold. First, Portes and Sensenbrenner (1993:146) criticise that embeddedness research is “too instrumentalist about its effects” and vague in theory. By introducing the social identity perspective to embeddedness research, this paper shifts attention from the mere description of embeddedness-related benefits and focuses on the complexities of the embeddedness process.

Second, Cornelissen, Haslam and Balmer (2007:2) use the platform of the Special Issue on “Organizational and Corporate Identity” in the British Journal of Management to emphasise the need for “strengthening” identity conceptualisations by “exploring mechanisms and consequences of identification more systematically”. Parallel calls are made by Haslam (2001) and Van Dick (2001). Furthermore, others requested more research that recognises entrepreneurial identity as “dynamic and fluid rather than (relatively) fixed and unchanging feature”, as well as more insight on the “processes through which entrepreneurial identities are shaped and formed” (Leitch and Harrison, 2016:177). By illuminating the process of identity signals’ circulation between incumbents and candidates, the paper facilitates understanding the dialogic identity construction dynamics – referred by Leitch and Harrison as a ”major opportunity for research” (2016:182).

As noted earlier, by assuming constant rivalry between in- and out-groups, social identity perspective neglects the possibilities for positive-sum games with out-groups. Prat (1998) and Svenningsson and Alvesson (2003:1164) appeal for a more nuanced model of identity construction; the latter stating “despite the espoused interest in the issue of becoming identified, most authors do not go very far in that direction”. The paper addresses this gap while also adding to the relationship between identity construction and socialisation (Ibarra, 1999).

Identity Circulation
The paper adopts the metaphor “identity worker” (Alvesson and Willmott, 2002) to characterise network incumbents as active parties that forge organisational identity. Emphasis is placed on the interorganisational arrangements between insiders and outsiders “to render issues of social identity”. In doing so, the study scrutinises data that suggest that identity work can be triggered from outside the organization. The paper theorises on the interaction between in-groups and out-groups as a new medium for identity construction. The increasing discourse between the two sides enables the conduct of identity work with initially unembedded individuals. Focusing on discourse circulation as an enabler of identity construction and embeddedness brings this paper close to the interactionist approach “whereby agency and structure are linked in a meaningful way and […] agency is seen as a reflexive actor who can to some extent make his or her own choices”, a view that lies the foundations of the mixed embeddedness notion (Kloosterman, 2010:34). In a similar vein, the explored data follow the mixed embeddedness’ principle of revealing the interplay between unembedded entrepreneurs and the opportunity structure (the diaspora) in a comprehensive analytical manner (Kloosterman, 2010).

The agency perspective also finds way into identity construction literature, which recognises that “identities are comparatively open and achieved rather than given or closed. […] Roles are improvised rather than scripted” (Alvesson and Willmott, 2002:626). This is also noted by Entrepreneur E, who, along with others, stresses the importance of knowing incumbents’ problems in order to improvise his role within the network by highlighting relevant skills or experiences.

The interactionist approach suggested by recent identity research and stressed by the mixed embeddedness literature, establishes a common ground for cross-fertilisation. Thus, coupling mixed embeddedness and identity construction is a theoretically fruitful endeavour.
To do so, the paper utilises Alvesson and Willmott’s (2002) identity regulation model, which shows how “identity regulations” within an organisation and an individuals’ identity (i.e. self-identity) interact through an ongoing process of “identity work”. The key addition here is the suggestion that incumbents’ identity interacts with network outsiders through three levels of discourse (i.e. general communication, idea/information communication, and knowledge communication). The discourse activates identity work between in-groups and out-groups, which guides knowledge circulation between actors. The identified identity work processes are (a) self-representation, (b) reactiveness, (c) relatedness, (d) reflexivity, (e) integration, and (f) proactiveness (discussed below).

Network candidates are found to gain embeddedness by engaging in identity work in all these processes, under the three discursive legitimation stages. This paper introduces a refined look at the processes of constructing/altering identity – an area deemed worthy of “conceptual and empirical analysis” (Alvesson and Willmott, 2002:624). By analysing the specific sequence and nature of the identity work process, the paper addresses Storey et al.’s (2005:1049) remark that there is “little empirical analysis on this process in action” (2005:1049). This gap Watson (2008:126) calls “too surprising”.

The data suggest that the circulation of identity signals can be the foundation of a constructive social identity strategy (i.e., *social circulation*) – not occurring at the expense of either in-groups or out-groups’ identity. By identifying the sequence and content of identity circulation between groups, this paper offers evidence of the witnessed mutually beneficial integrative principles.

The identity work processes [(a) and (b)] that comprise the first stage of the legitimation process are based on similarities of culture, familiarity and shared values between the incumbents and candidates. The second stage of identity work [processes (c) and (d)] is based
on similarities in industry, specialisation, experience, and/or education. Access to both stages is secured through the entrepreneurs’ possessed characteristics.

The third stage of legitimation [characterised by identity work processes (e) and (f)], crucial for the actors’ embeddedness, requires active knowledge orchestration (i.e. the ability to connect knowledge capital from varied sources) (Stoyanov et al., 2016). The data provide evidence of the role of external social linkages for engaging in knowledge exchange with network incumbents and suggest the organisational actions undertaken by the candidates. Linking to members of other networks increases peripheral MEs’ prospects for attaining stronger ties in the diaspora. This is because they are often viewed by incumbents as potential bridges to external parties. Exploring the actors’ heterogeneity of linkages illuminates how legitimacy is formed and how it facilitates knowledge transfer. The ability to connect knowledge capital from decentralised sources is what underlies social capital bridging, as opposed to focusing on ties available within a centralised system (known as bonding social capital) (Burt, 1992).

Research suggests that ventures new to the market have low capacity to bridge social capital (McEvily and Zaheer, 1999). Even when companies understand the importance of linking social capital, bridging is likely to have only partial presence (compared to bonding) in their strategic activities due to the difficulty of relating to a diverse business network system (Davidsson and Honig, 2003).

The findings demonstrate that higher bridging capabilities suggest capacity to participate in centralised systems (e.g. networks of strong ties, regional institutions), a conclusion that highlights a substantial underexplored avenue through which embeddedness arises. The co-existence of strong ties and bridging ties, is seen as an ideal configuration (Burt, 1992), which is exceedingly rare. Unlike previous studies, which find or assume a mutually exclusive relationship between strong and bridging ties, this study suggests that, in the case of
TEs operating in a diaspora network, this ideal configuration, far from being rare, may actually be a dominant strategy.

A condition for the occurrence of *social capital bridging* is the availability of diverse actors; without these, the interactivity within the network would simply follow the *bonding social capital* model (Putnam, 2000). Bridging social capital opens opportunities for transcending uncritical group thinking and poor knowledge management, as well as optimising access to non-redundant knowledge (McEvily and Zaheer, 1999). Thus, it is easy to understand why bridging external parties emerges as a criterion for attaining network embeddedness under the observed *social circulation strategy*. The ability to connect knowledge from varied sources characterises TEs’ orchestration capability. By orchestrating the network through social capital bridging, candidates transform the diaspora into a meeting point of diverse actors.

**Conclusions & implications for theory and practice**

Most embeddedness literature is part of the social network theory – commonly held as descriptive, rather than analytical (Chauvet et al., 2011). The contribution of this study to embeddedness literature lies in overcoming this descriptiveness by studying embeddedness through the lens of the social identity perspective. This perspective allows scrutinising the link between network identity regulations and how actors engage in identity work for accessing the network. Examining embeddedness through a social identity lens illuminates how candidates categorise and compare social codes for construction of legitimacy. These processes help candidates define others and themselves within the new social context (Rao et al., 2000).

In addition to integrating the social identity perspective, this study also adds to theory by departing from the focus on identity construction between rival groups. Prior discussions were dominated by examples of social identity loss and gains between in/out-group members, with less attention on circulation of identity signals for inter-group comparison that can result in complementary activities, such as brokerage and network extension.
This study offers an alternative inter-organisational cooperation model (one unencumbered by social identity clashes), which is based on an integrative logic. The proposed logic entails a consideration of “the underlying social processes of [identity] exchange and combination”, whose importance is highlighted by Nahapiet et al. (2005:4). By identifying the levels of discourse between in-groups and out-groups, and the occurring socialisation, the paper confirms the existence of a new constructive identity strategy – social circulation. This strategy adds to the already known strategies (i.e. social mobility, creativity and change) by highlighting the integrative logic currently missing from the social identity perspective.

Most studies only concentrate on identifying the strength and quality of network ties as a prerequisite for good business performance. Apart from the descriptive merits of such studies, “research is not clear whether such structures and qualities are to be considered as taken for granted, as the result of institutional and cultural forces, or if managerial action can plan an active role in transforming networks” (Chauvet et al. 2011:328). The uniqueness of this paper lies in the exploration of managerial actions and strategies for network development and reconfiguration, which illuminate the agency of the studied entrepreneurs, conclusively rejecting passivity in network operations, thus responding to calls for in-depth exploration of networking behaviour (Forret and Dougherty, 2004; Treadway et al., 2010) and for “actionability” within network research (Chauvet et al., 2011). By exploring this avenue, the paper shifts attention to the importance of dynamism, i.e. network actions and processes, as opposed to actors’ (static) position. This stance is motivated by the notion that “position alone does not create the benefit, but the entrepreneurial approach of an actor […] to turn the position into an advantage does” (Dhanaraj and Parkhe, 2006:666).

**Limitations and Recommendation for Future Research**

While the study generates novel insights, some caveats are present. The validity of the findings for other diaspora settings is limited due to the small sample and the nature of the
employed methodology. The natural setting in which the fieldwork takes place impedes control over external variables, which might hinder replication. Future research may address this limitation by testing the findings and the relevance of the proposed characteristics, in different contexts. This will increase the reliability of the findings and may provide deeper insight into the relational mechanisms of joining a diaspora network and the cross-relational approaches of navigating within it.

Besides, data were collected before the ‘Brexit’ referendum. Thus, Brexit’s impact on the studied companies or their network opens room for speculation. It is possible that ‘Brexit’ causes MEs’ inability to design a high diversity network (due to decreased migration) and may diminish the potential benefits for diaspora members. Alternatively, it is possible that decreased migration improves the social standing of already embedded MEs, which could be perceived by British entrepreneurs as scarce but valuable sources of transnational knowledge. While, such scenarios need to be examined, it would be interesting for future research to explore any changes in network dynamics and particularly if decreased migration lowers diaspora identity regulations and eases identity work standards. Despite the uncertainty Brexit introduces, this major politico-economic event could be regarded as an opportunity for enhancing the richness of embeddedness theorisation by creating further insight on the stages of network association.
References


http://www.creatingourjobs.org/data/MigrantEntrepreneursWEB.pdf


