RESEARCH ARTICLE

Exploring the Discrepancy between Marketing Focused on Racial and Ethnic Diversity and the Availability of Support for Immigrant Entrepreneurs in Economic Development

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ABSTRACT
This study investigates the complex relationship between the emphasis on racial and ethnic diversity in economic development marketing and the availability of grant or loan programmes for immigrant entrepreneurs. Utilizing a comprehensive survey conducted in collaboration with the International City/County Management Association and Cornell University, the research analyses responses from chief administrative officers across U.S municipalities. The study employs quantitative analysis to examine the correlation between diversity-focused marketing strategies and the existence of financial support mechanisms for immigrant entrepreneurs. Key findings reveal a statistically significant association between the emphasis on diversity in marketing and the presence of support programmes. However, the study highlights the discrepancy between marketing claims and actual support available to immigrant entrepreneurs. The policy implications suggest a need for authentic integration of diversity in both marketing and program implementation, emphasising the role of tangible support mechanisms. The findings underline the necessity of holistic and inclusive economic development strategies that align promotional efforts with practical support for immigrant entrepreneurs.

KEYWORDS

ARTICLE INFORMATION
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1. Introduction and Background
The intersection of racial and ethnic diversity in marketing and the provision of financial support mechanisms for immigrant entrepreneurs is a critical aspect of contemporary economic development. This article extends its exploration beyond the challenges, examining how these factors influence the opportunities available to immigrant entrepreneurs in the realm of financial accessibility and support. Immigrant entrepreneurs frequently encounter significant barriers in securing traditional bank loans, which often necessitates reliance on alternative funding sources such as personal networks, including family and friends (Altınay & Altınyay, 2008). This reliance underscores a broader issue of financial inclusion and the need for more accessible and inclusive financial support systems tailored to the unique needs of immigrant entrepreneurs.

In addition to these financial challenges, immigrant entrepreneurs also face ethnic and racial disparities in accessing loans from financial institutions, an issue that reveals the deeper societal and systemic biases that exist within financial systems (Altınay & Altınyay, 2008). This article will delve into the nuances of these complexities and their implications for economic development strategies.

Moreover, the role of home-country entrepreneurial ecosystems in supporting immigrant entrepreneurs is a critical aspect of this discussion. Many immigrant entrepreneurs receive significant funding or support from their countries of origin, which

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plays a vital role in their business establishment and growth (Tengeh & Nkem, 2017). This aspect of immigrant entrepreneurship highlights the importance of transnational financial networks and the need for economic development policies that recognise and leverage these networks.

Disparities in credit access based on gender and ethnicity further complicate the landscape of financial support for immigrant entrepreneurs (Vallejo & Keister, 2019). Women and entrepreneurs from migrant backgrounds often face greater obstacles in obtaining credit, pointing to the intersectional challenges within the financial system (Pavel & Pia, 2024). This article aims to set a comprehensive background for understanding how racial and ethnic diversity in economic development marketing correlates with the presence and effectiveness of financial support mechanisms for immigrant entrepreneurs.

The literature on the relationship between racial and ethnic diversity in economic development marketing and the support mechanisms available to immigrant entrepreneurs reveals a complex and multifaceted landscape. Kordestani et al. (2017) suggest that private loans could serve as a viable solution for financing immigrant entrepreneurs, indicating a potential area for policy intervention and support. In contrast, Sarkar et al. (2022) found no significant differences in credit amount and loan repayment between immigrant entrepreneurs and their national counterparts, suggesting that there are areas where the playing field is level (Pia, 2017).

The critical issue of access to traditional bank loans is a recurrent theme in the literature. Ostrovsky et al. (2018) note that immigrant entrepreneurs often face difficulties in obtaining bank loans, leading them to rely on personal networks for capital. Bewaji et al. (2015) provide empirical evidence that ethnic minority entrepreneurs face greater challenges in accessing loans from financial institutions, highlighting the systemic barriers within traditional financing channels.

The transnational aspect of immigrant entrepreneurship is further explored by Duan et al. (2021), who highlight the significant role of home-country support in funding immigrant ventures, indicating a diverse range of financial sources that these entrepreneurs depend upon.

Additionally, disparities in credit access based on gender and ethnicity are well-documented. Cozarenco & Szafarz (2014) highlight the disparate treatment faced by women in accessing credit, indicating structural differences in the financing options available to male and female entrepreneurs. Bruder et al. (2011) found that entrepreneurs with a migration background are more likely to receive smaller loan amounts than requested, underscoring the need for financial institutions to address these disparities.

The geographical dimension, particularly the immigrant geography of residence and workplace, is also a significant factor in determining the economic opportunities available to immigrant entrepreneurs (Wang, 2010). This spatial context plays a crucial role in the labour market segmentation process and the economic prospects of immigrant entrepreneurs (Abu Sayed et al., 2023).

Finally, the literature addresses the broader implications of wealth inequality and economic stratification within immigrant communities. Painter & Qian (2015) provide evidence of a pronounced white/no white wealth divide among immigrants, which has significant implications for the financial resources available to immigrant entrepreneurs. This wealth divide influences the ability of immigrant entrepreneurs to build capital and wealth for their businesses, highlighting the need for economic development policies that address these wealth disparities and barriers of integration (Pavel, 2023).

This comprehensive review underscores the multifaceted nature of the challenges and opportunities faced by immigrant entrepreneurs in accessing financing and the role of racial and ethnic diversity in shaping these dynamics.

2. Theoretical Framework:

The theory of Economic Integration looks at how different economies, or sectors within an economy, become integrated. It can offer insights into how immigrant entrepreneurs are becoming part of the larger economic fabric through support programs and how this integration contributes to overall economic development.

Immigrant entrepreneurs, when effectively supported, can significantly contribute to the economy. They often bring unique skills, innovative ideas, and diverse cultural perspectives that can stimulate economic growth. By integrating these entrepreneurs into the larger economic fabric, economies can benefit from increased innovation, job creation, and cultural diversity.
Support programs, such as grant or loan programmes tailored for immigrant entrepreneurs, play a crucial role in this integration process. They provide the necessary resources and guidance that help immigrant-owned businesses to establish, grow, and compete in the market.

2.1 Hypothesis:
H1: There is a significant relationship between the emphasis on racial and ethnic diversity in economic development marketing and the availability of grant or loan programs for immigrant entrepreneurs.

H2: The effectiveness of grant or loan programs for immigrant entrepreneurs is moderated by the extent to which racial and ethnic diversity is highlighted in economic development marketing. Higher visibility of diversity in marketing will correlate with greater success and utilization of these programs.

2.2 Research Question:
"How do local economic development marketing strategies, focused on racial and ethnic diversity, impact the support and integration programs for immigrant entrepreneurs?"

2.3 Variables:
a. Independent Variables:
Economic Development Strategies: This encompasses various strategies used by municipalities for economic development. It is a categorical variable that includes diversity-focused marketing campaigns. These strategies represent different approaches adopted by local governments to foster economic growth.

b. Dependent Variables:
Success and Integration of Immigrant Entrepreneurs: This is the primary outcome variable of the study, measuring the impact of economic development strategies on immigrant entrepreneurs. It is assessed through categorical sub-variables, which capture whether immigrant entrepreneurs are receiving adequate support (Yes, no, don’t know), availability of grant or loan programs for immigrant entrepreneurs, and other support mechanisms, and the extent of their integration into the local economic fabric.

3. Methodology:
3.1 Database
To elucidate the policies, programs, and activities pertaining to immigrant populations within local governments, a comprehensive survey was conducted through a collaborative effort between the International City/County Management Association (ICMA) and Cornell University. The primary focus was to garner insights from chief administrative officers across the United States, targeting municipalities with populations exceeding 10,000 and counties irrespective of population size. In the spring of 2018, the survey was disseminated, managing to engage a total of 1,201 local governments, which corresponds to an overall response rate of 17%. The results of this survey carry a margin of error of approximately 3%. It is important to note that not every respondent provided answers to all the questions in the survey.

3.2 Participants
The study sampled chief administrative officers from municipalities with a population of over 10,000 and counties of all sizes across the United States.

3.3 Procedure:
The survey focused on gathering information about regional and local economic development strategies, particularly regarding support for immigrant entrepreneurs. The questionnaire was crafted to collect data on the existence and extent of support programs, such as grant and loan facilities specifically designed for immigrant entrepreneurs. It also sought information on the nature of economic development marketing, with an emphasis on how racial and ethnic diversity is represented. Additionally, the survey included questions about the types of governance structures in place, the size of the business population within each municipality, and other pertinent variables that could influence the integration and success of immigrant entrepreneurs in the local economy.

1. Descriptive Statistics:
   • The analysis began by summarizing the data using descriptive statistics. This involved calculating frequencies for categorical variables such as the presence or absence of support programs for immigrant entrepreneurs and economic development marketing strategies.
2. **Chi-Square Test for Hypothesis Testing:**
   - To test hypotheses like the proposed association between the emphasis on diversity in economic development marketing and the presence of support programs (such as grants or loans for immigrant entrepreneurs), chi-square tests were utilized. For instance, to examine the validity of a hypothesis proposing a significant relationship between these two variables, the frequency of marketing emphasis on diversity in regions with and without support programs was compared.

3. **Logistic Regression Analysis:**
   - Logistic regression analysis was conducted to predict the likelihood of certain outcomes based on independent variables. This included assessing the likelihood of immigrant entrepreneurs successfully integrating into the economic fabric of a region based on factors like the presence of support programs and the emphasis on diversity in marketing.

This analysis was also crucial in examining more complex relationships, such as whether regions with more comprehensive support programs for immigrant entrepreneurs were more likely to report higher levels of economic integration and success for these entrepreneurs.

Through this structured approach, the analysis aimed to uncover the intricate dynamics between the support mechanisms for immigrant entrepreneurs and their subsequent integration and success in the economy. The combination of descriptive statistics, chi-square tests, and logistic regression provided a robust framework for testing the hypotheses and understanding the key factors influencing immigrant entrepreneur integration.

4. **Data Analysis and Findings:**

| Highlighting Racial and Ethnic Diversity in Economic Development Marketing | Grant or loan programs for immigrant entrepreneurs |
|---|---|---|---|---|
| | Yes | No | Don't Know | Total |
| Yes | 24 | 78 | 18 | 120 |
| No | 26 | 657 | 50 | 733 |
| Don't Know | 15 | 98 | 150 | 263 |
| Total | 65 | 833 | 218 | 1116 |

Source: The Author

**Pearson chi2(4) = 371.9684  Pr = 0.000**

**Fisher's exact = 0.000**

Table 1 shows a cross-tabulation of two categorical variables: whether economic development marketing highlights racial and ethnic diversity and whether there are grant or loan programs for immigrant entrepreneurs. The counts in each cell indicate the number of observations falling into each category.
The Pearson Chi-square statistic is 371.9684 with a p-value of 0.000 and Fisher's Exact Test = 0.000. These suggest that there is a statistically significant association between the two variables. The low p-value (below any conventional alpha level like 0.05 or 0.01) indicates that the observed distribution of counts is unlikely to have occurred by chance if there were no association between the two variables.

Heatmap (figure 1) that visually represents the tabulated data comparing the emphasis on racial and ethnic diversity in economic development marketing with the availability of grant or loan programs for immigrant entrepreneurs. The heatmap's colour intensity correlates with the number of responses, providing a clear visual representation of the distribution and relationship between these two aspects.
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Table 2: Multinomial Logistic Regression

<table>
<thead>
<tr>
<th>Grant or loan programs for immigrant entrepreneurs</th>
<th>Coef.</th>
<th>St.Err.</th>
<th>t-value</th>
<th>p-value</th>
<th>[95% Conf Interval]</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highlighting Racial and Ethnic Diversity in Economic Development Marketing</td>
<td>-0.591</td>
<td>0.246</td>
<td>-2.40</td>
<td>0.016</td>
<td>-1.074</td>
<td>-0.109</td>
</tr>
<tr>
<td>Constant</td>
<td>-1.401</td>
<td>0.479</td>
<td>-2.93</td>
<td>0.003</td>
<td>-2.34</td>
<td>-0.463</td>
</tr>
<tr>
<td>o</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>o</td>
<td>0</td>
<td>1.62</td>
<td>-12.79</td>
<td>0</td>
<td>1.752</td>
<td>2.386</td>
</tr>
<tr>
<td>BW</td>
<td>2.069</td>
<td>0.162</td>
<td>12.79</td>
<td>0</td>
<td>1.752</td>
<td>2.386</td>
</tr>
<tr>
<td>Constant</td>
<td>-6.131</td>
<td>0.406</td>
<td>-15.11</td>
<td>0</td>
<td>-6.927</td>
<td>-5.336</td>
</tr>
<tr>
<td>Mean dependent var</td>
<td>2.137</td>
<td>SD dependent var</td>
<td>0.485</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pseudo r-squared</td>
<td>0.134</td>
<td>Number of obs</td>
<td>1116</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chi-square</td>
<td>209.561</td>
<td>Prob &gt; chi2</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Akaike crit. (AIC)</td>
<td>1367.296</td>
<td>Bayesian crit. (BIC)</td>
<td>1387.366</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*** p<.01, ** p<.05, * p<.1

Source: The Author

The table displays the results of a multinomial logistic regression analysis used to understand the relationship between programmes for immigrant entrepreneurs that highlight racial and ethnic diversity in economic development marketing and some outcome variables with multiple categories. The regression coefficients indicate the change in the log odds of the dependent variable for a one-unit change in the predictor variable. For the variable "Highlighting Racial and Ethnic Diversity in Economic Development Marketing," the coefficient is statistically significant at the 0.05 level (p-value = 0.016), with a value of -0.591. This suggests that holding all else constant, a unit increase in this predictor decreases the log odds of the outcome variable by 0.591. The model's constant is also significantly different from zero at the 0.01 level in both scenarios presented, indicating that when all predictors are held at zero, the log odds of the outcome are significantly less than even, assuming the baseline category.

The second set of coefficients presented in the table for the same variable shows an extremely significant relationship (p-value < 0.01) with a much larger coefficient of -6.131, indicating a strong negative association with the dependent variable when compared to the reference category. The high t-value of 12.79 further corroborates the strength of this relationship.

The overall model fit is evaluated using several statistics. The pseudo R-squared value of 0.134 suggests a moderate fit of the model to the observed data, which is common for social science data. The chi-square statistic is highly significant (p-value = 0.0000), indicating that the model is a significant improvement over an intercept-only model. Model selection criteria such as AIC and BIC are presented, with lower values indicating a preferable model balance between fit and complexity. The number of observations in the analysis is 1,116, providing a robust sample size for the analysis.

In summary, the model indicates that programs emphasizing racial and ethnic diversity in marketing are significantly associated with the dependent variable, with the association being negative. The overall fit of the model is moderate to good, and the highly significant chi-square statistic suggests that the predictors, as a whole, provide a significant explanation for the variation in the outcome variable.
Figure 2 above illustrates the coefficients from the multinomial logistic regression analysis. Each bar represents the coefficient value for the variable "Highlighting Racial and Ethnic Diversity" in economic development marketing for two different categories of the outcome variable. The error bars denote the standard error for each coefficient estimate, providing a sense of the precision of these estimates. As shown, Category 1 has a smaller negative coefficient, while Category 2 has a much larger negative coefficient, both indicating a negative relationship with the outcome variable, with Category 2 being more strongly associated. The significance of these coefficients is supported by the p-values and confidence intervals provided in the regression output Table 2.

4.1 Policy Implications:
The regression analysis presents a nuanced picture of how marketing aimed at highlighting racial and ethnic diversity impacts the opportunity for grants or loans for immigrant entrepreneurs. The negative coefficients associated with these programmes suggest that contrary to their likely intent, such initiatives may actually correlate with a reduced likelihood of immigrant entrepreneurs receiving financial support.

This finding calls for an innovative policy review to ensure that the objectives of diversity programmes align with their outcomes. Policy designers might consider supplemental measures that could counteract any potential negative perceptions these programs may evoke. For instance, providing clear communication about the criteria and process for grant and loan applications could alleviate any misunderstandings that might discourage potential applicants.

Policymakers could also explore collaborative partnerships with immigrant business associations to co-create programmes that are more closely aligned with the needs and aspirations of immigrant entrepreneurs. Involving community leaders in the design and rollout of these programmes could enhance trust and ensure that the programmes resonate with their intended audience.

Additionally, the substantial negative association in one of the categories highlights the importance of contextual sensitivity in policy application. It may be beneficial to adopt a segmented approach to policy implementation, where different strategies are employed for different groups within the immigrant entrepreneur community based on their specific circumstances and challenges.

In light of these insights, an innovative policy response might include the development of a tiered support system where more tailored financial products and services are offered. These could range from microloans for small start-ups to larger grants for
more established businesses, with varying levels of emphasis on promoting diversity depending on the needs and preferences of the entrepreneurs.

While the goal of promoting diversity is important, the mechanisms by which it is encouraged must be critically evaluated and continuously refined. This means moving beyond one-size-fits-all solutions and towards a more dynamic, data-driven, and community-centric approach that truly enhances the opportunities for grants and loans to immigrant entrepreneurs.

4.2 Limitations:
The study, while insightful, has several limitations that should be considered when interpreting the results and drawing policy implications:

1. **Causality vs. Correlation:** The most significant limitation is the inability to infer causality from the results. The analysis indicates a statistical association between the emphasis on racial and ethnic diversity in economic development marketing and the presence of grant or loan programmes for immigrant entrepreneurs. However, this does not necessarily imply a cause-and-effect relationship. Other unmeasured factors could influence both variables.

2. **Cross-sectional Data:** The data used in the study is cross-sectional (collected at a single point in time), which limits the ability to understand changes over time. Trends and evolving dynamics in economic development and immigrant entrepreneurship cannot be captured through a cross-sectional lens.

3. **Generalizability:** The findings are context-specific and may not be generalizable to all regions or types of economic development programmes. Different areas may have unique socio-economic dynamics that influence the relationship between diversity marketing and support programmes.

4. **Measurement Limitations:** The study relies on the operational definitions of ‘highlighting racial and ethnic diversity’ and ‘grant or loan programmes for immigrant entrepreneurs’. These definitions might not capture the full complexity of the concepts. Additionally, as the data is self-reported, it might be subject to bias.

5. **Exclusion of Relevant Variables:** The study might have excluded variables that are relevant to understanding the relationship between diversity marketing and entrepreneurial support programmes. For instance, factors like the overall economic climate and regional policies could play a significant role.

6. **Limited Dependent Variable Range:** The categorical nature of the dependent variables in logistic regression limits the range of possible outcomes. This can oversimplify complex relationships.

7. **Pseudo R-squared Interpretation:** The Pseudo R-squared value provides an indication of the model fit but cannot be interpreted in the same way as a traditional R-squared in linear regression. It might not fully represent the explanatory power of the model.

8. **Sample Size and Selection Bias:** The sample size and how the sample was selected might influence the results.

Understanding these limitations is crucial for policymakers, researchers, and stakeholders when considering the application of the study’s findings to real-world scenarios. It also highlights areas where further research could be beneficial to deepen the understanding of these complex relationships.

4.3 Future Research Direction:
Building on the current study, future research directions can be outlined to address its limitations and expand our understanding of the relationship between racial and ethnic diversity in economic development marketing and support for immigrant entrepreneurs.

1. **Longitudinal Studies:** Conducting longitudinal research would allow for the examination of trends and changes over time. This approach can provide insights into the causal relationships and the dynamics of how economic development strategies and support mechanisms evolve.

2. **In-depth Qualitative Research:** Qualitative studies, such as interviews or focus groups with immigrant entrepreneurs, policymakers, and marketing professionals, can provide deeper insights into the motivations, perceptions, and challenges associated with economic development marketing and entrepreneurial support.

3. **Inclusion of Additional Variables:** Future research should consider including additional variables that might influence the relationship between diversity in marketing and entrepreneurial support. These could include economic factors, demographic characteristics, regional policy environments, and cultural attitudes towards immigration and entrepreneurship.

4. **Comparative Studies:** Comparing regions or programs with varying levels of diversity emphasis in marketing and support for immigrant entrepreneurs can shed light on best practices and more effective strategies.
5. **Experimental Designs**: Implementing experimental or quasi-experimental designs, such as policy interventions in controlled settings, can help establish causal links more convincingly than observational studies.

6. **Broader Range of Outcomes**: Exploring a broader range of outcome variables related to the success and challenges of immigrant entrepreneurs can provide a more comprehensive understanding. This could include business growth metrics, employment generation, or contribution to local economies.

7. **Interdisciplinary Approaches**: Employing interdisciplinary methods that combine economic, sociological, and psychological perspectives can offer a more holistic understanding of the issues at hand.

8. **Exploring Bias and Discrimination**: Further research could delve into how biases and discrimination affect both the marketing strategies and the effectiveness of entrepreneurial support programs.

By pursuing these future research directions, scholars and policymakers can gain a more nuanced understanding of the complex interplay between economic development marketing, support for immigrant entrepreneurs, and the broader societal context in which these activities occur. This can lead to more effective and inclusive economic development strategies.

5. **Conclusion:**

In conclusion, the study examining the relationship between the emphasis on racial and ethnic diversity in economic development marketing and the availability of grant or loan programmes for immigrant entrepreneurs provides valuable insights into the dynamics of diversity in economic development. However, it also highlights the complexities and nuances that exist within this area.

The limitations of the study, including its inability to establish causality, the potential for sample bias, and the limitations inherent in the data and methodology used, suggest caution in interpreting the findings. These limitations also provide a roadmap for future research. Longitudinal studies, qualitative research, inclusion of diverse geographical contexts, and exploring additional variables can offer a more comprehensive understanding of the issues at play.

Moreover, the study opens up several policy implications, emphasizing the need for policies that not only promote diversity in a marketing context but also ensure tangible support for immigrant entrepreneurs. This could include more targeted programmes, re-evaluation of marketing strategies, and a holistic approach to economic development that integrates diversity at all levels.

Overall, the study serves as an important step in understanding the role of diversity in economic development policy and the support of immigrant entrepreneurs. It provides a foundation for future research and policy-making, aiming to create more inclusive and effective economic development strategies that benefit diverse communities and contribute to broader economic growth.

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