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# Refugees at the door: Initial funding partners and new venture performance in a changing emerging market

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## Abstract

**Research Summary:** Entrepreneurs must navigate complex environmental shifts that significantly impact firm survival. In this paper, we investigate how different firm-level logics influence new venture survival in Jordan during changing social and economic conditions, such as a refugee influx. Our study reveals that these shifting environmental dynamics can differentially alter the performance outcomes of firms based on their internal logics that drive venture strategy. This dynamic relationship underscores how varying firm-level logics can alter the impact of environmental changes on new venture performance. These findings provide guidance to entrepreneurs to be aware of their venture's underlying values and principles and consider how they may impact business decisions and outcomes in the face of changing circumstances.

**Managerial Summary:** This study examines the impact of the Syrian refugee crisis on new venture performance in Jordan, specifically investigating whether ventures' survival was affected by the source of their initial funding. The results show that ventures that received their initial funding from family were less

likely to survive than those that received their initial funding from banks when significant numbers of refugees entered Jordan. Our paper suggests that this difference may be due to how the guiding principles of firms shaped decisions around resource allocation and strategic adaptation. For entrepreneurs and investors, this suggests that the source of a venture's initial funding can be a hidden strength or vulnerability, depending on the social and economic disruptions it faces.

**KEYWORDS**
emerging markets, entrepreneurship, institutional theory

## 1 | INTRODUCTION

Scholars in the field of organizational theory have long recognized the significant role of institutional logics in shaping the strategic decisions and performance of new ventures (Lee et al., 2017; Raines et al., 2024). Institutional logics—the shared norms, beliefs and values within organizations—determine what is perceived as meaningful and appropriate for an organization to do (Thornton et al., 2012). Various logics such as family, market, community, and professions have been identified, each influencing organizational decisions differently (Battilana & Dorado, 2010; Tilleman et al., 2020; Wry & York, 2017).

While empirical work describes how changes in a venture's guiding logics alter organizational actions—such as through ties to funding partners carrying different logics (Pahnke et al., 2015) or through industry-level shifts in dominant logics (Thornton, 2004)—research has yet to examine how broader economic and social changes might differentially impact firms guided by different logics. Understanding this is crucial given that ventures operate in dynamic environments where technology, politics, social movement pressure, immigration, and family structures are constantly evolving (Aldrich & Cliff, 2003; Gaessler & Piezunka, 2023; Hiatt et al., 2009; Santangelo et al., 2025). Despite knowing how a venture's guiding logics impact its behavior and performance, research remains unclear on whether environmental changes can alter this relationship.

In this paper, we aim to address this limitation by exploring how environmental disruptions that directly affect the logic-driven strategies, practices, and processes ventures use to create value impact their competitiveness and performance. Specifically, we explore how ventures guided by market versus family logics perform when the environment is affected by dramatic inflows of refugees. We hypothesize that the arrival of Syrian refugees in Jordan, who have family ties with Jordanians, will differentially affect the performance of ventures guided by market and family logics. Specifically, we expect that businesses driven primarily by market values will respond differently to this influx than those driven primarily by familial norms and obligations. We use family versus bank funding as a proxy for the guiding logic of a firm due to the selection and imprinting effects, acknowledging that ventures may choose their initial funding partners based on preexisting logics or be imprinted and reinforced by the logic of their funding partners (Marquis & Tilcsik, 2013). We focus on these logics because they represent distinct institutional

backgrounds, comprise two of Weber's original orders (Oakes, 2003) and are the primary funding sources for new organizations worldwide (Aldrich & Ruef, 2020).

This study contributes to research at the intersection of institutional theory and entrepreneurship (Eesley & Lee, 2023; York et al., 2016; Eberhart, Eesley & Eisenhardt, 2017). Although previous research has demonstrated how some logics are more supportive of firm performance than others (Almandoz, 2014), it has not considered how those performance advantages could shift with changes in the environment. We show that the degree to which a changing environment is harmful or helpful for new organizations depends on the logic the firms carry and the degree to which the logic-driven strategies and practices of the venture are impacted by the environmental disruption. We also add to the institutional logics literature by highlighting the influence of family logics on firm strategy, practices, and performance, particularly in developing economies. Prior research on institutional logics has overlooked the significant influence of family logic on young firms (Lounsbury & Wang, 2020), despite family investors playing a crucial role in new ventures globally (Aldrich & Cliff, 2003; Li & Piezunka, 2020). This omission is particularly notable in Middle Eastern countries like Jordan, where the concept of family extends beyond the nuclear family, encompassing extended kinship ties and tribal affiliations rooted in Islamic traditions (Cuno & Desai, 2009). In contrast to European and North American societies, where family is often defined by immediate relatives and individualistic values (Hampden-Turner & Trompenaars, 1993), the collectivist nature of Middle Eastern societies emphasizes loyalty, obligation, and solidarity among extended family members. Consequently, family logics may play a more pervasive role in shaping business decisions and practices in societies where the family definition extends to tribes and clans (e.g., Africa, Middle East, and Southeast Asia), making it essential to consider the unique cultural context in which family firms operate.

## 2 | THEORY AND HYPOTHESES

### 2.1 | Institutional logics and entrepreneurship

A large stream of research has focused on the role of institutional logics in shaping entrepreneurship (Sine et al., 2022). This research has shown how logics operating at the field, community, and societal levels shape the entry of new ventures and their performance (Jain & Sharma, 2013; Marquis & Lounsbury, 2007; Zhao & Wry, 2016). More recently, research has shifted the focus from analyzing field-level logics to examining how the guiding logic of new ventures influences firm strategy and performance (Almandoz, 2012). The guiding logics of new ventures are particularly significant because new ventures are at a critical stage of development, during which institutional logics can shape an organization's strategy in ways that have long-lasting effects (Baron et al., 2001; Marquis & Qiao, 2023). For example, Almandoz (2014) found that the institutional logics brought by founders to local banks—whether financial or community-oriented—profoundly influence their risk-taking strategies, with financial logics driving riskier growth practices and community logics favoring more conservative approaches. This growing body of research underscores the critical role of the guiding logic of new ventures in shaping their strategic direction and long-term performance, highlighting how these foundational logics, brought by founders or early funders, influence entrepreneurial decision-making during the critical stages of development.

## 2.2 | Initial funding partner logic as an indicator of new venture guiding logic

A venture's funding partners often serve as carriers of institutional logics into the organization, influencing its guiding principles either through imprinting, and or reinforcing existing logics, or through the venture's deliberate selection of funders with similar logics. Like founding members, funding partners bring with them the norms, assumptions, values, and preferences associated with their institutional backgrounds (Almandoz, 2014; Scott, 2013; Wang et al., 2022). The rationale is that initial funders imprint their logics and associated practices and processes on firms at an impressionable stage of organizational development (Marquis & Qiao, 2023). The imprinting of logics has an enduring effect that shapes an organization's strategy over time (Baron et al., 2001; Marquis & Tilcsik, 2013). In one example, Pahnke et al. (2015) found that the logics of initial startup funders, such as venture capitalists, corporate investors, and government agencies, shape the guiding logics of new ventures by imprinting entrepreneurial firms with certain logics that influenced firm strategies and performance for nearly two decades after the investment. There is evidence that ventures intentionally select funding partners whose institutional logics align with their own strategic objectives.

Other research suggests that initial funding partner logic could be associated with a firm's logic through processes more closely related to selection. Fisher et al. (2016) propose that entrepreneurs are not passive recipients of funding but actively shape their ventures by selecting investors whose logics align with their desired identity and legitimacy. They suggest that ventures deliberately choose resource providers who support and validate their beliefs. This selective process helps ventures align their guiding logics with those of their investors, thereby enhancing legitimacy and facilitating access to necessary resources. Taken together, these studies suggest that the relationship between a venture's initial funding partners and its guiding institutional logic is shaped by both imprinting and selection processes. While funding partners can imprint ventures with their institutional logics, entrepreneurs also exercise agency in selecting partners who align with their pre-existing logics and strategic objectives; such selection may further embed the guiding logic, making it an even more powerful driver of future firm outcomes.

## 2.3 | Institutional logics and environmental changes

Although new ventures function within constantly shifting environments—where technology, politics, social movements, immigration, and family structures are in continual flux—it remains uncertain whether these environmental changes can modify the existing relationships between a firm's guiding logic and performance. We address this limitation and theorize that there exists an interactive performance effect between environmental changes and a firm's guiding logics, and the direction of this effect depends upon the nature of environmental change. Given that logics form the rationale behind venture strategies and their performance metrics and practices, if the nature of the environmental disruption directly affects the core practices and processes that create value and drive firm performance, then such environmental disruptions will make ventures less competitive, leading to poorer performance and a higher probability of failure.

For example, the Arab Spring revolution in Egypt seemed to more negatively affect firms guided by the state logic than firms guided by the family and religious logics because the former derived value from connections to government officials who were deposed in the coup d'état

(Korany & El-Mahdi, 2012). Although a firm can learn and attempt to alter its structure, practices, and strategy to better align with environmental disruptions, any changes will likely be bounded within the normatively endorsed modes of organizing linked to the guiding logic it carries. If the environment abruptly and radically changes, the organizational changes necessary to mitigate failure and enhance performance may extend well beyond the vision and strategies that the guiding logics would allow and forecast in a timely manner.

We specifically examine how environmental disruptions differentially affect ventures that received their initial funding from family members or from a bank because they are likely to be guided by family and market logics, respectively. We focus on these logics because they represent distinct institutional logics that comprise two of Weber's original orders (Oakes, 2003) and are the primary funding sources for new organizations worldwide (Aldrich & Ruef, 2020). Exploring how environmental disruptions differentially impact family and bank-funded firms is important because they represent distinct institutional norms and strategic priorities. Ventures funded by family likely carry a family logic and tend to emphasize relational ties, loyalty, and reciprocity, while bank-funded ventures may be more likely to carry a market logic and may prioritize efficiency, profit maximization, and formalized processes. A summary of the key characteristics of family and market logics is found in Table 1.

## 2.4 | Family logic: Loyalty, kinship, and reciprocity in organizational strategy

*Basis of norms*: Throughout history, the family logic has served vital roles, including child education, caregiving, and resource sharing based on consanguinity and unwavering loyalty (Popenoe, 1993). Family logic can foster strong in-group favoritism and intense collectivism, where one family member's success or failure reflects on the entire family (Barakat, 1993; Hein et al., 2010; Vinton, 1998). This collectivism drives family members to collaborate to support the family's well-being and reputation in the community. Moreover, senior family members are given deference and often receive formal leadership positions.

**TABLE 1** Market and family logics.

|  | Market logic | Family logic |
| --- | --- | --- |
| Basis of norms | | |
| Membership criteria | Education and skill | Consanguinity |
| Legitimacy | Share price | Unconditional loyalty |
| Authority structure | Meritocracy | Patriarchy |
| Basis of strategy | | |
| Interaction | Transactional | Relational |
| Strengths | Ability to find novel ways to commodify human activity | Garners high organizational commitment |
| Assumptions: How to succeed | Lower costs and increase revenues | Cultivate strong norms of connection, community, and continuity |
| Assumptions: Where to focus | Focus on pursuit of profit | Focus on family wellbeing |

*Basis of strategy*: Firms with a family logic prioritize building businesses that enhance family honor, emphasizing traditional industries with a long-term orientation for fulfilling family's physical and emotional needs (Miller et al., 2007). The strong collectivism of this logic fosters reciprocal help within the business and builds trust and loyalty between employers and employees (Cabrera-Suarez et al., 2001; Zahra, 2005) and nepotistic hiring (Li & Piezunka, 2020). Instead of conventional extrinsic compensation, these firms rely on altruism, familial collectivism, and loyalty norms for employee recruitment and retention (Dyer, 2006; Neckebrouck et al., 2018).

## 2.5 | Market logic: Transaction-based employment relations

*Basis of norms*: The market logic prioritizes self-interest, profit, and economic transactions over relationships (Thornton et al., 2012). Organizations with a market logic value education and skill in employee hiring, promotion, and retention. Interactions are transactional, focused on specific tasks, and reliant on extrinsic rewards (Vecchio et al., 2008). Legitimacy for the market logic comes from business profitability or investment success.

*Basis of strategy*: Profit-driven organizations tend to adopt a transactional approach to employment, focusing on merit and skill-based relationships that align with the market logic. This approach prioritizes the exploitation of human capital for financial gain, emphasizing external rewards and incentives to attract and retain top talent. However, this transactional approach can erode employee commitment and trust, fostering a workplace with lower organizational loyalty and citizenship, allowing easy contract termination (Almandoz, 2012; Eddleston et al., 2008; Friedland & Alford, 1991).

## 2.6 | Environmental disruption: Refugee immigration in Jordan

To test our theory, we examine a sample of privately owned businesses in Jordan, an ideal context due to the intense social and economic changes during our time frame. The Syrian refugee crisis, which began in 2011, resulted in over 600,000 displaced persons seeking refuge in Jordan (Nebehay, 2015). The crisis was specifically significant in Jordan because Jordanians feel a strong obligation to care for Syrians due to shared family ties across the two countries (Cunningham & Sarayah, 1993). This deep sense of community and mutual support specifically compelled Jordanians to assist Syrian refugees, who are often part of their extended tribal family. This refugee crisis would more likely impact ventures guided by family logic, as native Jordanian families feel a strong social obligation to support their kin, reinforcing the deep-seated norms of reciprocity and mutual aid. In Appendix B, we elaborate more on the unique makeup of tribal kinship networks in Jordan. Our study leverages this unique empirical context to explore how guiding logics influence new venture performance during environmental changes. We use illustrative quotes from in-person interviews we conducted with Jordanian entrepreneurs to illustrate the theoretical mechanisms.

## 2.7 | Social disruptions and initial family-funded ventures

Social disruptions within a society can result from revolutions (Hiatt et al., 2018), population and demographic shifts (Levie, 2006), natural disasters (Marquis & Tilcsik, 2013), and cultural

changes (Hiatt et al., 2009). We argue that such changes tend to be more disruptive to organizations guided by family logics than market logics due to two mechanisms—resource allocation and strategic adaptation—outlined below.

## 2.7.1 | Resource allocation

The family logic emphasizes above all else care for and obligation to other family members, resulting in family ventures often putting familial welfare obligations above profit-seeking (Haynes et al., 1999). Loyalty to family members is illustrated in this interview from an employee who worked for an initial family-funded venture: "After completing my master's degree, I initially planned to pursue a career in another technology business. But family obligations took precedence when our new shops opened, and I stepped in to help manage them." Similarly, another entrepreneur we interviewed said: "The refugee crisis has doubled my sales but tripled the number of mouths I have to feed." We therefore expect social disruptions from refugee immigration to more negatively affect ventures that carry a family logic such as those receive their initial funding from family members.

Because family tribes in Jordan span national borders with Syria (Bin Muhammad, 1999), refugee arrivals from Syria can impose specific relational strains on Jordan's familial relationship structure. A distant relative arriving from the same familial clan is not considered an unknown stranger to Jordanians but a family member in need of assistance. The arrival of refugee clan members can mean diverting family resources away from the business, and toward support of their forcibly displaced clan members. Oftentimes, this entails offering them jobs or compensating them with food and in-kind goods from the venture and household. As costs increase to care for family members, they are diverted away from the business, which can result in a reduction in competitiveness and decreased productivity compared with ventures not guided by a family logic.

The sense of responsibility to care for extended family members in need is illustrated in an interview with an urban textile manufacturer:

> My father was a refugee from Palestine, so he had many people help and support him at first, but he worked hard so we had enough to invest in the future. Because of that hard work, he and his brothers were able to lend me money…. It would only be right that I should do the same for the refugees who need help now.

The experience of this Jordanian entrepreneur illustrates how businesses initially funded by family often have blurred boundaries between the company's resources and interests and those of the family (Haynes et al., 1999). Because businesses guided by a family funding partner logic are more likely to shift resources to employ and aid clan members displaced from their homes, they are disadvantaged from social disruptions that arise from increased refugee arrivals (Yilmazer & Schrank, 2006). Ventures guided by a family logic typically rely on relational strategies rooted in kinship, which often serve as strengths by fostering strong internal cohesion, high organizational commitment and reciprocity. However, when the nature of an environmental disruption directly affects these logic-directed strategies, practices, and processes that generate value, such disruptions can transform these strengths into liabilities, making ventures less competitive and more likely to fail. In the case of refugee immigration, the arrival of extended family members intensifies the expectation for entrepreneurs to prioritize kinship ties and

consanguinity in their organizational practices. Entrepreneurs may feel compelled to offer employment or financial assistance to refugee family members, diverting resources from business operations to familial support, and straining the venture's financial capacity and operational efficiency.

### 2.7.2 | Strategic adaptation

Another mechanism contributing to the heightened vulnerability of family-funded ventures during social disruptions is their greater inflexibility in adjusting business strategy due to structural and normative commitments embedded in the family logic. Ventures guided by a family logic are typically organized around tradition, hierarchy, and long-term continuity (Miller et al., 2007). While these principles can foster internal cohesion and stability, they may simultaneously restrict a firm's ability to respond to external shocks. In family-run organizations, strategic flexibility can be constrained by norms regarding what is deemed appropriate, respectful, or loyal within the family.

A feature of family-logic ventures is an adherence to traditional authority structures. Senior family members typically occupy decision-making roles and may resist pivots that challenge established practices. This resistance to change is demonstrated in the literature that shows that family firms can be increasingly slow to change as they age (Neckebrouck et al., 2018). This rigidity could blind family-logic ventures to new sources of demand. For example, the refugee influx created a substantial new customer base with distinct needs and preferences. Yet, firms guided by a family logic may overlook or underexploit these opportunities due to slower adaptation, internal inertia, the prioritization of stability, and the continuation of tradition. This could also cause family-logic firms to fail to anticipate or respond to competitive threats posed by new refugee-founded ventures or other firms that responded more directly to the social changes, reducing their market share. In sum, traditional authority structures and resistance to change may cause ventures with a family logic to not pursue or even recognize new opportunities created by the refugee crisis. While such ventures may thrive in stable environments due to strong social cohesion and long-term orientation, their performance may suffer when rapid adaptation is required.

Consequently, we argue that these two mechanisms help explain why ventures guided by a family logic may face a heightened risk of failure in the aftermath of social disruption. When such disruptions directly impact the relational and kinship-based resource allocation through which these ventures typically create value, those foundational strengths can become liabilities. Moreover, commitments to tradition, hierarchy, and continuity often constrain strategic adaptation, making family-guided ventures slower to adapt, less responsive to new opportunities, and more susceptible to competition. The cumulative impact of intensified familial obligations, resource diversion, and resistance to change ultimately weakens their competitiveness and elevates their risk of failure during environmental disruptions, such as large-scale refugee influxes. Hence, we hypothesize:

> **Hypothesis 1.** Ventures will be more likely to fail from social environmental disruptions when they receive their initial funding from partners carrying family logics.

## 2.8 | Social disruptions and initial bank-funded ventures

So far, we have argued that when the nature of the environmental disruption directly affects the logic-directed strategies, practices, and processes that generate value, then such environmental disruptions will make those ventures less competitive and more likely to fail. However, ventures guided by logic-driven strategies orthogonal to (i.e., less affected by) the environmental disruption may reap benefits. As logics shape the opportunities that new ventures attend to and exploit (Cobb et al., 2016), logics can influence a venture's ability to capitalize on emerging opportunities in a disrupted environment. Specifically, the logic of a new venture can shape disruption perception and response behaviors, leading to both positive (e.g., innovation) and negative (e.g., inertia) performance outcomes (Wry & York, 2017; York et al., 2018).

### 2.8.1 | Strategic adaptation

Unlike ventures guided by a family logic that prioritize kinship and reciprocity in their organizational practices, ventures guided by a market logic take a more transactional approach to strategy and operations. Hence, ventures that carry a market logic—such as those initially funded by banks—may be more likely to interpret refugee inflows as opportunities for business expansion and increased profitability. Thus, the arrival of Syrian refugees introduces a significant influx of new consumers, effectively expanding the local market size and creating demand for a variety of goods and services. Entrepreneurs with a market logic may exploit these trends by expanding into new markets, tailoring products and services to meet the specific needs of the refugee population or capitalizing on the increased demand. Additionally, the organizational structure of firms carrying a market logic relies more on meritocracy, which may allow for ventures to quickly adjust strategies, such as sourcing labor or supplies, to capitalize on refugee-driven market change.

### 2.8.2 | Resource allocation

Ventures guided by a market logic may also be more likely to interpret refugee inflows as opportunities for profit and cheap labor; such entrepreneurs may exploit these trends by hiring desperate refugees at low wages while not supporting the refugees that do not work for the business. For instance, one business owner we interviewed explained that the refugees "are so desperate for any work that they will take only 5 or 6 dinars per day of very hard labor on the construction sites." He further stated that refugees allowed him to "bid lower on construction projects and make a profit" where before it wasn't profitable. Other entrepreneurs noted: "Why would I pay a Jordanian three times as much when the refugee works just as hard?" And "The Syrians have been an economic boon for our business."

Thus, we argue that ventures guided by a market logic may be better positioned to benefit from social disruptions through these two primary mechanisms. Because their resource allocation practices are more transactional than relational, they are less constrained by kinship-based obligations and more capable of reallocating resources in ways that enhance competitiveness. Additionally, their structural emphasis on meritocracy and responsiveness facilitates quicker strategic adaptation to shifting market conditions. Consequently, market-logic ventures, such as those initially financed by banks, may be more likely to identify and capitalize on emerging

opportunities, including access to lower-cost labor and expanding consumer demand stemming from refugee inflows. These advantages, in turn, may increase their prospects for survival and growth in disrupted environments. Hence, we hypothesize:

> **Hypothesis 2.** Ventures will be less likely to fail following social environmental disruptions when they receive their initial funding from partners carrying market logics.

## 3 │ METHODS

The data on new ventures come from a governmental organization called IRADA (Arabic for "Will"). IRADA is a government entity that provides free feasibility evaluations and basic business training to new ventures in Jordan through its 36 centers nationwide.[1] IRADA does not provide ventures with monetary resources. We focus specifically on registered businesses in our sample because they are most likely to be at risk of bank funding. IRADA was formed to help new firms overcome the liability of newness challenges and garner legitimacy through formal feasibility evaluations that the startup could then use to demonstrate its future viability and investment quality in their efforts to obtain capital, clients, and contracts. Similar to an organization like Dun and Bradstreet in the United States (Barber IV & Blake, 2024), new firms in Jordan are encouraged to connect with IRADA for mentoring and feasibility studies that facilitate access to capital and contracts. However, these data may not capture the full spectrum of new ventures in Jordan, as it is limited to firms that sought IRADA's support, potentially excluding businesses that either did not require such services or opted for alternative means of gaining legitimacy and capital. One of the strengths of IRADA's data is that it captures firms of all sizes, including household micro-ventures and both formal and informal businesses.

To explore the generalizability and potential bias in our sample, we compared our data to the Global Entrepreneurship Monitor (GEM), a popular source that uses random sampling to gather data on entrepreneurs in Jordan and other countries around the world. According to the GEM, 25% of new entrepreneurs in Jordan received funding from family, which is similar to the 20.26% that received family funding in the IRADA data. Additionally, the GEM reports 14% received bank funding, which is similar to the 10.84% reported in the IRADA data. Additionally, the GEM reports that females comprise 21.7% of early-stage entrepreneurs, closely aligning with our IRADA data, which show that 21.15% of new businesses are founded by women. These similarities suggest that the IRADA data are consistent with established entrepreneurship trends in Jordan. Descriptive information for our data is reported in Table 2.

To gain an understanding of the mechanisms affecting venture performance, we also conducted a series of interviews with business founders in Jordan, their family members, and employees from 2010 to 2014. They helped form our initial insights into the subject. Subsequently, we carried out targeted semi-structured interviews in 2014/15, 2015/16, and 2018/19, as well as between October and November 2020, with the assistance of IRADA staff. We conducted over 65 interviews with business founders in total, striving to include both currently operational and closed businesses to minimize survivor bias. The interviews covered initial funding sources and their impacts on the ventures, with questions designed to encourage in-

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[1]Our dataset does not include information on which firms opted for training; however, given that the training is free and integrated with the feasibility studies, we suspect that all firms participated.

**TABLE 2** Descriptive statistics.

|  | Mean | SD | Min | Max |
| --- | --- | --- | --- | --- |
| Female founder | 0.211 | 0.408 | 0 | 1 |
| Founder's age | 35.412 | 10.348 | 18 | 77 |
| Employees | 3.152 | 3.761 | 1 | 96 |
| Investment | 19,325.97 | 40,747.24 | 80 | 938,500 |
| Has loan | 0. 762 | 0. 425 | 0 | 1 |
| Income | 0.665 | 0.916 | 0 | 5 |
| Failure | 0.327 | 0.469 | 0 | 1 |
| Family funded | 0.203 | 0.402 | 0 | 1 |
| Bank funded | 0.108 | 0.311 | 0 | 1 |
| Other funding | 0.690 | 0.463 | 0 | 1 |

*Note*: This table shows summary statistics for the time frame we use for the refugee analysis from 2007 to 2011, which corresponds with 3173 observations. The data are at the firm level, and the year indicates the 2-year follow-up where the firms are either indicated as having survived or failed.

depth discussions while avoiding interviewer bias or leading questions. Several excerpts from these interviews are listed in Table A1 to illustrate the mechanisms.

## 3.1 | Dependent variable

*Venture failure*: We examine the failure rate of a venture's first 2 years. Entrepreneurship studies have shown that failure rates are highest within a business's first 2 years and decrease substantially after that infancy stage (Aldrich & Ruef, 2020).

## 3.2 | Independent variables

*Funding partner logic*: *Market logic.* Following prior research studying funding partner logics and new venture performance, we measure whether a new venture carries a particular funding partner logic by creating a binary variable noting the source of its initial funding. Accordingly, a venture was given a value of 1 if its initial funding comes from a bank or other formal market institution, and 0 otherwise.[2]

    *Funding partner logic*: *Family logic.* Following the previous rationale, we measure whether a new venture carries a family logic by noting whether the initial funding comes from family. Family funding is a binary variable; a value of 1 denotes that the initial funding was from a family source, and 0 otherwise. The control group is ventures that received their initial funding

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[2]An important limitation of our research design is that we cannot identify whether the funding event causes a change in a firm's logic or is merely indicative of the firm's prior logic. However, we assume that receiving funding from partners with a specific logic is likely an indicator of the firm's guiding logic, which may serve to emphasize and/or further inculcate the logic associated with the initial funder. Therefore, our analysis focuses specifically on the differences in performance to environmental changes between firms with different types of initial funding partners and does not explore the direct impact of the initial funding partner's logic.

from other types of sources such as government grants and non-governmental organizations. Only 0.46% of initial family funding events were structured as loans. In contrast, 90.4% of initial bank funding events and 96.25% of initial funding events from other types of sources such as government grants and non-governmental organizations were structured as loans. Because we focus on failure within 2 years of founding, however, initial funding partner is likely a reasonable proxy for the dominant logic shaping early firm behavior; for longer-term outcomes, it may be a less reliable indicator. A limitation of our dataset is that it only provides information on the initial and primary funding partner. This limits our ability to explore the likely possibility that firms receive funding from different sources and at different times.

## 3.3 | Control variables

In our models, we control for several variables that might affect a venture's survival. First, we control for founder gender, operationalized as a binary variable where 1 is female and 0 is male. We control for founder gender because previous research has noted potential differences in venture performance due to founder gender (Thébaud, 2015). Founder income consists of five categories: less than 200 Jordanian Dinars (JD) a month (1), 201 to 400 JD a month (2), 401 to 600 JD a month (3), 601 to 1000 JD a month (4), and more than 1000 JD a month (5). To control for financing structure, we include a dummy variable indicating whether the founder has a loan because prior research suggests the structure of initial funding influences new venture viability (De Bettignies & Brander, 2007). Additionally, we control for the number of employees and the amount of initial investment (Hiatt & Sine, 2014). We control for these factors because prior research suggests that the size of the initial team and the amount of initial investment influence new venture viability (Ruef, 2010). Furthermore, we control for the economic sector by creating dummy variables for manufacturing, commercial, and services sectors and agriculture/home businesses. The distribution of businesses across these sectors in our sample is as follows: 39.2% fall under the commercial sector, 39.1% in agriculture/home businesses, 14.4% in manufacturing, and 7.3% in services. We think that industry is specifically an important control because certain industries may have more or fewer opportunities to secure bank loans and other formal types of capital. We also use governate and year fixed effects. Importantly, for all models we show the results with and without fixed effects to show that our results are not specifically sensitive to any one specification.

## 3.4 | Research design

We leveraged an exogenous social disruption that impacted new ventures in Jordan during the time frame of our data. Specifically, we examined the impact of the entrance of Syrian refugees on firm failure rates using a difference in differences and triple differences approach. Beginning in 2011, Syrian refugees entered Jordan through official and informal border crossings until mid-2013 (Francis, 2015). Importantly, the number of refugees varied greatly across different geographic areas in Jordan. The main refugee camps, Za'atari and Azraq, were established both near Jordan's northern border with Syria and further inland. Neither location was selected for labor market access or economic conditions (Ledwith, 2014). In addition, outside of these camps, refugees primarily settled in northern Jordan and Amman, creating uneven distributions across regions. Accordingly, we used the 2015 Jordanian census data on the proportion of

Syrian households in each governorate to quantify the refugee influx, as used by Fallah et al. (2019). This method allows us to assess how the refugee presence differently influenced new venture survival across Jordan. In this analysis, we specifically examine firm failure rates in the years following the global financial crisis. This helps avoid confounding our estimates with the impact of the financial crisis. Additionally, by leveraging geographic variation in the proportion of refugees, we consider variations that are distinct from the financial crisis.

First, we begin with a difference-in-differences model in which we compare the propensity for failure of firms in governates where large numbers of refugees settled to the propensity for failure of firms in governates where small numbers of refugees settled. We then compared the impact of this shock between bank and family funded firms by conducting a split sample analysis and then using a triple differences (DDD) estimator, which allowed us to isolate the differing impact of the funding source on failure rates after an increase in refugees. The two models thus assumed the following forms:

$$y_{igy} = \alpha + \gamma \text{PostRefugee}_y + \theta \% \text{HH Syr}_g + \omega \Big( \text{PostRefugee}_y \times \% \text{HH Syr}_g \Big) + \delta CV_{igy} + \varepsilon_{iqy}, \quad (1)$$

$$\begin{aligned} y_{igy} = {} & \alpha + \beta \text{FamilyFunding}_{igy} + \gamma \text{PostRefugee}_y + \theta \% \text{HH Syr}_g \\ & + \lambda \Big( \text{FamilyFunding}_{igy} \times \text{PostRefugee}_y \Big) + \phi \Big( \text{FamilyFunding}_{igy} \times \% \text{HH Syr}_g \Big) \\ & + \omega \Big( \text{PostRefugee}_y \times \% \text{HH Syr}_g \Big) + \delta \Big( \text{FamilyFunding}_{igy} \times \text{PostRefugee}_y \times \% \text{HH Syr}_g \Big) \\ & + \delta CV_{igy} + \varepsilon_{iqy}. \end{aligned}$$

$$(2)$$

For both models, $y_{igy}$ is the dependent variable, representing an indicator that takes the value of one if a firm fails within 2 years of founding. CV is a vector of control variables, including firm level control variables and governate and year fixed effects. A key identifying assumption for our estimates is that the difference between the failure rates of firms would have remained constant from the pre to post periods and across regions where refugees entered. We discuss this assumption in more detail below and test the parallel trend assumption through an event study. In all models, we clustered standard errors at the governate level.

Our analysis specifically focuses on the treatment effect in 2011, the initial year when Syrian refugees began to arrive, as we expect the impact on local businesses to be most immediate during this period. By concentrating on this initial year, we also address potential biases that could arise from comparing the failure rates of existing businesses to those of new businesses founded after refugees had already begun settling in the area. This approach ensures that our findings more accurately reflect the impact of the refugee influx on failure rates, rather than differences in the conditions under which new firms were established, which could influence the types of firms founded and who founds them. Therefore, our analysis focuses on the treatment effect in 2011, including only businesses that were founded prior to the refugee crisis.

## 4 | RESULTS

In the difference in differences model (Model 1), which measures the impact of the increase in refugees on firm failure, the coefficient of interest is $\omega$. The results are presented in Figure 1 and Table 3. First, we present the general impact of the increase in refugees on firm failure in
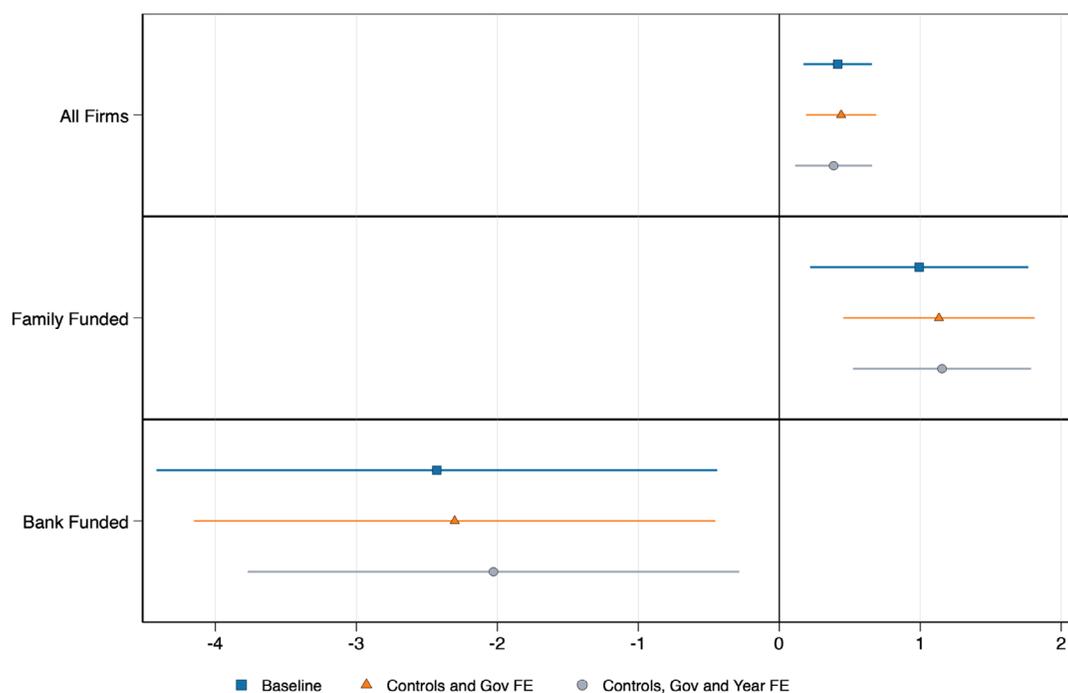
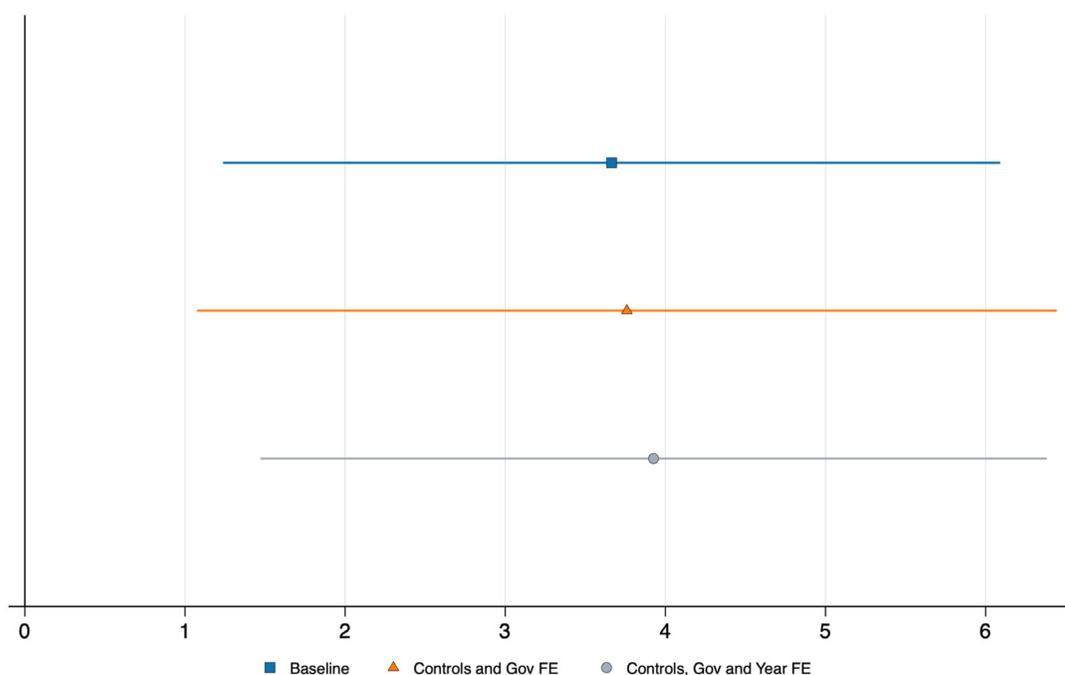**FIGURE 1** Difference in differences estimates of the impact of the Syrian refugee crisis on firm failure rates. This figure displays nine different models with different configurations of control variables, fixed effects and subsamples. All estimates are linear probability models with standard errors clustered at the governorate level. The outcome variable is venture failure. Lines indicate 95% confidence intervals. A positive coefficient indicates a greater likelihood of failure following the refugee crisis and a negative coefficient indicates a smaller likelihood of failure. Baseline estimates only include controls.

the top panel. We found that a percentage point increase in the share of Syrian households within a governate increased failure by around 0.38 percentage points ($p = .010$), suggesting that the refugee crisis did indeed lead to an increase in the rate of firm failure. The middle and bottom panels represent the family-funded and bank-funded samples, respectively. For firms funded by family, the increase in refugees led to a significant increase in failure, with a percentage point increase in Syrian households associated with a 1.15 percentage point increase in failure rates ($\beta = 1.15$, $p = .002$). In contrast, for firms funded by banks, the same increase in Syrian households was associated with a 2.03 percentage point decrease in failure rates ($\beta = -2.03$, $p = .027$). The increase in failure rates is also shown in Figure 3, which displays the dynamic difference in difference estimates. These estimates corroborate the results, suggesting that the refugee crisis had an immediate impact on venture failure but no observable pre-trend in differences in failure rates between regions with different levels of refugee intensity in the years prior to the refugee crisis.

We also replicate these findings with the DDD model, in which $\delta$ in Model 2 is the coefficient of interest that measures the differential effect of the refugee increase on firms that received their initial funding from family versus banks within the same region. For this analysis, we drop firms that did not receive their initial funding from family or banks for a more direct comparison. The results of this analysis appear in Figure 2 and Table A2. The results suggest that the increase in refugees led to a discernible increase in the likelihood of family-funded

**TABLE 3** Difference in differences estimates of the impact of the Syrian refugee crisis on firm failure rates.

| | Dependent variable = failure | | |
| --- | --- | --- | --- |
| | (1) | (2) | (3) |
| Panel A: All firms | | | |
| Percentage of HH Syr. × Post | 0.415** | 0.439** | 0.386** |
| | (.003) | (.003) | (.010) |
| Observations | 3173 | 3173 | 3173 |
| Panel B: Family funded | | | |
| Percentage of HH Syr. × Post | 0.993* | 1.133** | 1.155** |
| | (.017) | (.004) | (.002) |
| Observations | 643 | 643 | 643 |
| Panel C: bank funded | | | |
| Percentage of HH Syr. × Post | −2.429* | −2.303* | −2.028* |
| | (.021) | (.019) | (.027) |
| Observations | 344 | 344 | 344 |
| Individual controls | Yes | Yes | Yes |
| Year FE | No | Yes | Yes |
| Governorate FE | No | No | Yes |

*Note*: This figure displays nine different models with different configurations of control variables, fixed effects, and subsamples. All estimates are linear probability models with standard errors clustered at the governorate level. The outcome variable is venture failure. *p*-values are in parentheses. A positive coefficient indicates a greater likelihood of failure following the refugee crisis, and a negative coefficient indicates a smaller likelihood of failure.
*$p < .05$; **$p < .01$; ***$p < .001$.

firms failing, as compared to bank-funded firms. This differential effect is highlighted by the negative interaction term ($\delta = -3.93$, $p = .005$) which corresponds with a 3.93 percentage point decrease. This negative interaction term suggests that the increase in refugees led to an increase in the probability of family-funded firms failing compared to bank-funded firms, consistent with our hypothesis. Figure A1 displays the dynamic triple differences model. These estimates confirm the findings, indicating that the refugee crisis led to an immediate increase in failure rates for family-funded ventures compared to those funded by banks, with no observable pre-trend.

## 4.1 | Evaluating the parallel trends assumption

Our identification strategy is based on the assumption of parallel trends in the failure rates of firms across regions with varying levels of refugee influx. Specifically, we assume that, in the absence of the 2011 refugee influx in Jordan, the failure rates would have followed similar trajectories in both regions with high refugee concentrations and those with lower refugee presence during both the pre-intervention (before 2011) and post-intervention (after 2011) periods. This parallel-trends assumption enables us to isolate the causal effect of the refugee influx on firm failure rates.

**FIGURE 2** Triple difference estimates of the impact of the Syrian refugee crisis on firm failure rates comparing family funded firms to bank funded firms. This figure displays the triple differences coefficient from three different models with different configurations of control variables and fixed effects. All estimates are linear probability models with standard errors clustered at the governorate level. The outcome variable is venture failure. Lines indicate 95% confidence intervals. A positive coefficient indicates a greater likelihood of failure for family funded firms compared to bank funded firms following the refugee crisis and a negative coefficient indicates a smaller likelihood of failure.

A few aspects of our setting support this assumption. First, previous researchers in economics have used a similar identification strategy to estimate the impact of the Syrian refugee crisis on the labor market for Jordanians (Fallah et al., 2019). These researchers have shown evidence for the parallel-trends assumption in labor market outcomes and find that Syrians did not settle in localities where there were differential labor market trajectories preceding the crisis. For this reason, prior research argues that these areas where refugees entered were largely comparable and represented appropriate counterfactuals for those where they did not (Fallah et al., 2019). We nevertheless assess the plausibility of the common trends assumption in more detail by conducting several additional exercises, which we discuss below.

*Time-specific effects*: We examined whether the rates of failure of firms in governates where Syrians settled ran parallel to firms in governates where fewer refugees Syrians settled. To do so, we estimated the pre-trend differences in failure rates by including a dummy for the number of years to treatment for each observation, with 2010 (the year prior to when Syrian refugees began to enter) as the reference group. The coefficients of all the years-to-treatment dummies are small in magnitude and have large standard errors, indicating no discernible pre-trend differences in rates of failure of firms in governates where Syrians settled to firms in governates where fewer refugees Syrians settled (Figure 3 and Figure A1).
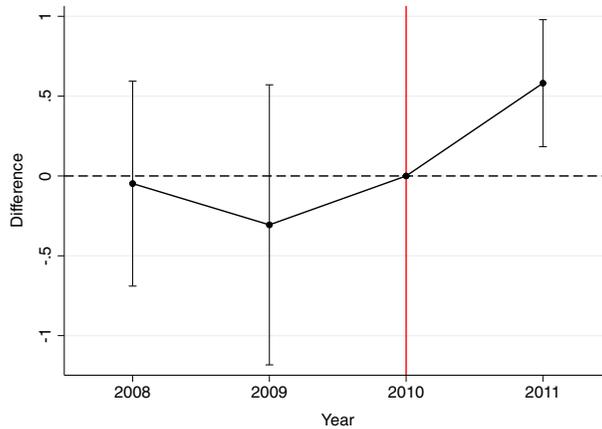
**FIGURE 3** Dynamic difference in difference estimates of the impact of the Syrian refugee crisis on firm failure rates. Each point represents the dynamic difference in difference estimates of the impact of the Syrian refugee crisis on firm failure rates. These represent the difference in the predicted probability that, in the indicated time period, a firm in a governorate with a high number of Syrian refugees versus a firm in a governorate with a low Syrian number of Syrian refugees would fail, relative to this difference in the reference time period which corresponds to the year preceding the Syrian refugee influx (2010). Bars indicate 95% confidence intervals. All estimates are linear probability models with standard errors clustered at the governorate level. Estimates include all controls and fixed effects.

*Placebo tests*: Next, we conducted a placebo test by re-estimating the treatment effect using randomly generated values for the proportion of Syrian households in each governorate that fall between the true minimum and maximum value. We then repeat our primary analyses with 1000 replications. This method allows us to test the validity of our results by employing a treatment that should, theoretically, produce no effect (Gubler et al., 2018; Ody-Brasier & Sharkey, 2019). The results of our placebo test, presented in Figure A2, show the estimates for the non-placebo treatment effect and a random sample of 250 of the placebo treatment effects. The non-placebo estimated effect, shown in red, is much greater in magnitude and more statistically significant than all the placebo regressions. Figure A3 shows the dynamic difference-in-differences model using randomly generated values.

*Other robustness checks*: We conducted several additional analyses to assess the robustness of our findings. First, we replicated our main difference-in-differences and triple-differences models using a binary treatment indicator. Specifically, we coded treatment as a dummy equal to 1 if a firm was located in a governorate in the top third of the national distribution of Syrian household share. The results, presented in Figures A4 and A5, are consistent with our main findings and suggest that our results are not sensitive to the functional form of the treatment variable. Second, we conducted a leave-one-governorate-out analysis to ensure that our results were not driven by any single region. For each iteration, we dropped one governorate from the sample and re-estimated the fully specified models from Figure 2. The estimates, shown in Figure A6, remain stable across specifications, suggesting that our results are not unduly influenced by any individual governorate. Table 4 summarizes these robustness checks.

**TABLE 4**   Summary of robustness checks.

| Robustness checks | | Findings |
| --- | --- | --- |
| (1) Exogeneity of refugee influx | Are trends in failure rates similar pre-treatment between high- and low-refugee regions? | Trends in failure are parallel in the pre-treatment period across regions with high and low refugee concentrations (Figures 3 and A1). |
| (2) Placebo test: Randomized refugee intensity and placebo timing | Do randomly generated refugee intensities produce null effects? Does assigning a false treatment year produce null results? | Placebo regressions using 250 randomized refugee intensity values produce null effects; estimated treatment effect is substantially larger (Figure A2). |
| (3) Matched sample analyses | Do results hold in matched samples to control for observable firm differences? | Effects persist when matching firms on founder demographics, sector, and firm size both across refugee exposure and funding source comparisons (Tables A4 and A5). |
| (4) Binary high-exposure indicator | Do results hold using a binary treatment variable for high refugee exposure? | Using a top-third cutoff for refugee exposure yields consistent results with primary DiD and triple differences specifications (Figures A4 and A5). |
| (5) Leave-one-governorate-out | Are results sensitive to any specific governorate? | Results remain stable across specifications that iteratively exclude each governorate (Figure A6). |

# 5 | EXAMING THE PROPOSED MECHANISMS

## 5.1 | Heterogeneity of the main treatment effect

We proposed that the differential impact of social disruptions on ventures guided by family versus market logics arises from the normative and structural dimensions of these logics, which shape how ventures respond to external shocks. Beyond the illustrative examples presented in the previous section, which highlight the mechanisms through which family and market logics influence venture performance during the Syrian refugee crisis, we cannot definitively state the sole mechanisms driving the observed differences in failure rates. It is unlikely, moreover, that the theorized mechanisms are the only factors contributing to these effects.

To provide additional evidence for these mechanisms, we explored industry-level heterogeneity to see how the effects of social disruptions vary across firms in more versus less labor-intensive industries. This distinction is important because labor-intensive industries rely heavily on workers, making them more affected by disruptions that involve labor. In these industries, family-funded ventures may be more likely to struggle because they often prioritize helping family members, which can take resources away from the business. In contrast, market-funded ventures may be able to adapt better by taking advantage of opportunities like refugee hiring workers at lower costs.

To examine how the effects of social disruptions differ across industries, we categorized firms into high labor-intensive and low labor-intensive groups based on their industry. High labor-intensive industries included manufacturing and agriculture/home businesses, as these

sectors typically require a substantial workforce for production and operations. Low labor-intensive industries included services and commercial sectors, where labor requirements are relatively lower. The overall distribution of firms in our sample reflects a similar share among high labor-intensive industries (53.5%) and low labor-intensive industries (46.5%). This distinction is also clear in our data on employment: firms in low labor-intensive industries had an average of 2.06 employees (standard deviation = 1.45, maximum = 20), whereas firms in high labor-intensive industries had an average of 4.08 employees (standard deviation = 4.75, maximum = 96). We replicate our main analyses by splitting the sample between high and low labor-intensive industries and find that the effects are stronger in high labor-intensive industries and null and smaller, indistinguishable from zero, in low labor-intensive industries. We present these results in Figures A7–A9. We also explored heterogeneity by founder gender and firm size (Table A3). The patterns are consistent with our proposed mechanisms: male-founded and larger family-funded firms, those more normatively obligated and structurally constrained, experience more negative effects due to the refugee crisis. All in all, these findings provide evidence consistent with our mechanisms and highlight important boundary conditions—namely, that the negative effects of social disruptions on family-guided ventures are most pronounced in labor-intensive sectors, for male founders, and in larger firms, clarifying when and for whom logics are most likely to shape responses to external shocks.

## 5.2 | Alternative explanations

One plausible alternative explanation is that the refugee arrivals are associated with war in neighboring countries. This war itself could be decreasing trade, and thus the observed refugee effect might be due to the war rather than the refugees themselves. The conflict in neighboring regions could disrupt trade routes, supply chains, and economic stability, which might independently affect business operations and labor markets. While the Syrian refugee crisis is indeed linked to the ongoing conflict in Syria and neighboring regions, our evidence suggests that the war's impact on trade is not the primary reason why family-funded firms are more likely to fail and bank-funded firms are less likely to fail after refugees enter Jordan. The general negative effect of the Syrian crisis does not of itself explain the differential effect of refugees on bank versus family-funded venture survival.

The Syrian refugee crisis led to a significant and uneven distribution of refugees across Jordan, primarily in the northern governorates and urban areas like Amman. This localized impact means that the immediate effects were more about local changes rather than broad economic disruptions caused by trade issues. Our analysis exploits this geographic variation to differentiate the impacts from the broad impact by using governorate measures for the proportion of Syrian households in each governorate. Also, the results of the placebo regressions reinforce that the effects observed in our study are not merely artifacts of random variation or trade disruptions, but rather reflect the local effects introduced by the refugee influx.

Another alternative explanation is that systematic differences in firm types across areas with varying refugee populations or funding sources, such as family versus banks, may influence failure rates. Although our event study models suggest that neither the intensity of the refugee crisis nor funding sources are significantly correlated with our outcome variable before the shock, we further examine this possibility through additional analyses. First, we matched firms using coarsened exact matching in governates with above median levels of refugees to those in areas with below median levels based on different configurations of age and gender of the founder,

number of employees, and sector, to show that the results are consistent when we use this matched sample (see Table A4). Next, we matched firms who received initial funding from family with those that received initial funding from a bank on different configurations of age and gender of the founder, number of employees, and sector. This analysis helps reduce the chances that our results are driven by systematic differences in the types of firms that received initial funding from a family source or from a bank. For example, firms may have systematically different rates of failure that correlate with employment size or founder gender. Even under these stricter matching procedures, these results are consistent with our main results (see Table A5). Table A6 shows that, while some baseline differences exist across governates with high and low refugee inflows, these are largely addressed through coarsened exact matching. Importantly, our DiD design relies on the assumption of parallel trends in failure, not identical baseline levels.

## 5.3 | Exploratory analysis: Economic disruptions and bank-funded ventures

Although our analyses support our core argument, they focus on a single type of environmental disruption, a refugee crisis. To examine whether our framework generalizes to other disruptions, we conducted an exploratory analysis of the 2008 financial crisis, detailed in Appendix C with results in Figures A10–A15. Unlike the refugee crisis, which altered the social environment for new ventures, the financial crisis primarily disrupted capital flows and intensified uncertainty in labor and investment markets. This distinction allows us to explore whether the interplay between a venture's guiding logic and environmental change holds in contexts marked by economic rather than social disruption.

The findings provide suggestive evidence that ventures initially funded by banks, reflecting a market logic, were less likely to fail after the crisis than before. We argue that this could be because firms following a market logic, which rely on financial compensation to retain workers, may have been more vulnerable to competition from high FDI, which dropped significantly after the financial crisis. In contrast, firms guided by a family logic may rely more on social or familial ties, which are less easily disrupted by market disruptions. This analysis is limited, however, due to the inability to directly measure the underlying mechanism, which we discuss in more detail in Appendix C. Nonetheless, this exploratory study provides a promising direction for future research: examining how firms' logic influences adaptation to a variety of different social and economic disruptions.

## 6 | DISCUSSION

We examine how environmental changes moderate the relationship between initial funding sources and venture performance. Our core theoretical insight is that environmental changes can have a differential impact on venture performance, contingent upon whether these disruptions diminish or enhance the effectiveness of the funding partner logic-driven strategies. Since the logics of initial funding partners either shape or reinforce venture priorities, strategy, processes, and practices, environmental disruptions that directly affect these value-creating practices and processes will erode venture competitiveness and harm performance. Conversely, initial funding-partner logics may benefit new ventures during environmental changes if the

disruptions do not negatively impact the effectiveness of the logic-driven strategies and practices. In such cases, ventures may capitalize on opportunities arising from the disruptions, leading to enhanced performance. Our theory highlights the contingent nature of the relationship between initial funding sources and venture performance in the face of environmental change.

The empirical findings support our arguments. Ventures initially funded by family members were more susceptible to social disruptions (refugee arrivals), exhibiting poorer performance compared to other ventures due to their relational employment practices. In contrast, ventures initially funded by banks enhanced their performance prospects relative to other ventures during the social disruption by hiring refugees at lower wages. Additional analyses revealed that ventures initially funded by banks were more affected by economic disruptions than other ventures, as the transactional nature of their employment practices may have hindered employee retention and recruitment amid high competition. Across all cases, the employment practices as indicated by the logics of funding partners seemed to influence venture survival in the altered environment.

This paper also contributes to research at the intersection of institutional theory and entrepreneurship in several ways. First, we extend research at the nexus of institutional logics and new venture strategy. Previous research showed that some organizational logics had a greater impact on new venture performance than others (Almandoz, 2012) and that environmental uncertainty can cause the practices of firms carrying different logics to converge (Cobb et al., 2016). Our results contribute to this research by demonstrating that the performance benefits of logics for new ventures change when environmental disruptions directly impact the strategies, processes, and practices associated with the venture's guiding logic (York et al., 2018).

Second, prior research examining the logics of young firms has notably overlooked the influence of the family logic (Lounsbury & Wang, 2020). This omission is significant, as family investors play a vital role in new ventures globally, and many private firms are family-run (Aldrich & Cliff, 2003; Li & Piezunka, 2020). Although scholars have acknowledged differences between family- and non-family-run firms (Berrone et al., 2010; Neckebrouck et al., 2018), the family logic has been consistently excluded from organizational studies, which may have significant implications for their conclusions. For example, Chen et al. (2024) found that firms innovated less in counties where the US opioid epidemic was high because of the incurred healthcare costs. This impact may have been more pronounced if the authors considered firms guided by a family logic. Such firms may have spent more resources to care for employees, many of whom could be family members. Additionally, Ballesteros and Gatignon (2019) in countries with underdeveloped institutions tend to avoid partnering with nonprofits for disaster relief. We propose that this tendency might be stronger for family-logic driven firms in cultures where family ties extend beyond the nuclear family to the broader clan. In such cases, we would expect these firms to prioritize supporting their extended family members affected by disasters. Indeed, it would be interesting to see to what extent their main effects were driven by firms guided by a family logic.

Third, our study context deviates from Western assumptions in the institutional logics perspective, revealing a distinct capitalism variant where family and religious logics hold greater significance. Unlike traditional Western views, which focus on nuclear families and Christian traditions, Jordan's context encompasses extended family structures due to tribal heritage and Islamic roots. This shift is substantial, as family and religious institutional orders in Jordan are intertwined and complementary (Thornton et al., 2012). Thus, the family institutional logic plays a more central role in Jordan's economy than in Western capitalism, where market

logic dominates business decisions and government regulations (Hall & Soskice, 2001). Consequently, social disruptions may have a greater impact on ventures guided by a family logic in Jordan compared to Western societies with different social structures and traditions. This context highlights an Islamic variety of capitalism that differs from other emerging market varieties, such as China, where the family logic may be dominant, but the religious logic is not. Future research could explore how an Islamic variety of capitalism acts as a contextual moderator in relationships between logics and organizational performance. We elaborate on the unique makeup of institutional logics in Jordan in Table A1 and Appendix B, "Jordanian institutional orders."

Our study has certain limitations. First, our study primarily explores how the logic of the initial funding partner influences firm performance. However, organizations can receive funding in multiple rounds from different sources, which may lead to hybrid or competing logics (Smith & Besharov, 2019). Our data were limited and only provided information on the initial funding partner. Subsequent research could use longitudinal data on multi-source funding to investigate how subsequent rounds of financing might interact with or moderate initial funding logics and shape venture performance. Future research could examine whether, and under what conditions, subsequent investments alter a venture's guiding logic. Second, because our setting is constrained to one country, we cannot observe variation in firms' responses to environmental change across different institutional environments. Although this limits generalizability, our findings offer valuable insights for contexts where the family logic is especially strong, such as Latin America, Africa, Europe, and Southeast Asia. Fourth, our analysis primarily explored how a funding partner's logic shapes firms' responses to social changes. Future research could extend our analysis to explore how other environmental disruptions affect firm performance. In addition, because firms may self-select into funding relationships, we cannot fully isolate the effects of funding sources. While our analysis cannot disentangle selection from imprinting, the findings highlight the central role of initial funder logic, whether adopted or preexisting, in shaping how firms respond to environmental change.

This study also offers valuable insights for entrepreneurs and policymakers. For entrepreneurs, it is essential to consider how their ventures' core values and principles affect firm outcomes when navigating shifting environmental conditions (Dimitriadis, 2021). Following what feels aligned with tradition may lead to poorer performance outcomes, depending on whether the shock is orthogonal to the logic-guided strategies. For policymakers, existing research has primarily focused on factors promoting entrepreneurship among refugees and economic migrants (Acosta & Marinoni, 2024; Amin et al., 2024; Farhoud et al., 2024; Kerr & Kerr, 2020; Tumen, 2016). Although studies have explored how immigration, including both refugees and economic migrants, affects domestic entrepreneurship, such as startup rates and performance, they have largely been confined to developed economies. However, a significant gap exists, as approximately (86%) of refugees are resettled in developing economies characterized by relatively weaker governance structures (Norton, 2016). Our research addresses this oversight, highlighting the importance of examining refugee impacts on native entrepreneurship in developing economies. This contributes to refining management theory, offering important implications for policy and practice.

## DATA AVAILABILITY STATEMENT

Data subject to third party restrictions.

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# APPENDIX A
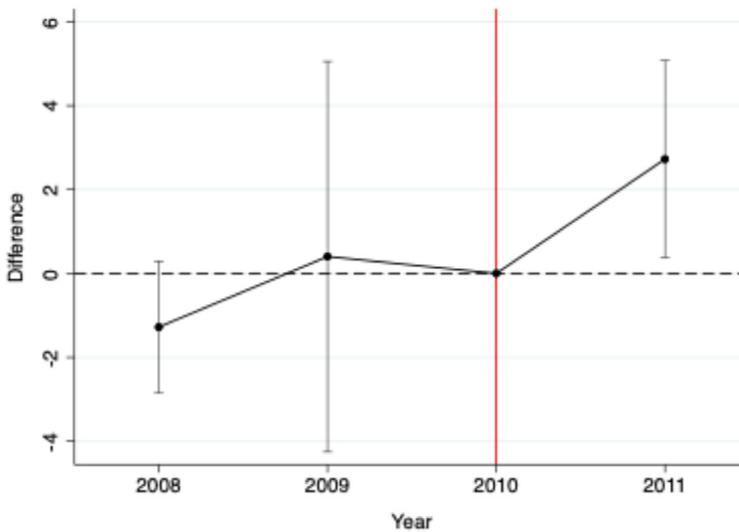


**FIGURE A1** Dynamic triple difference estimates of the impact of the Syrian refugee crisis on firm failure rates comparing family funded firms to bank funded firms. Each point represents the triple difference estimates of the impact of the Syrian refugee crisis on firm failure rates for firms that received their initial funding from family compared to those that received initial funding from banks. These are the triple difference estimates in each time period relative to this difference in the reference time period, which corresponds to the year preceding the Syrian refugee influx (2010). Bars indicate 95% confidence intervals. All estimates are linear probability models with standard errors clustered at the governorate level. Estimates include all controls and fixed effects.
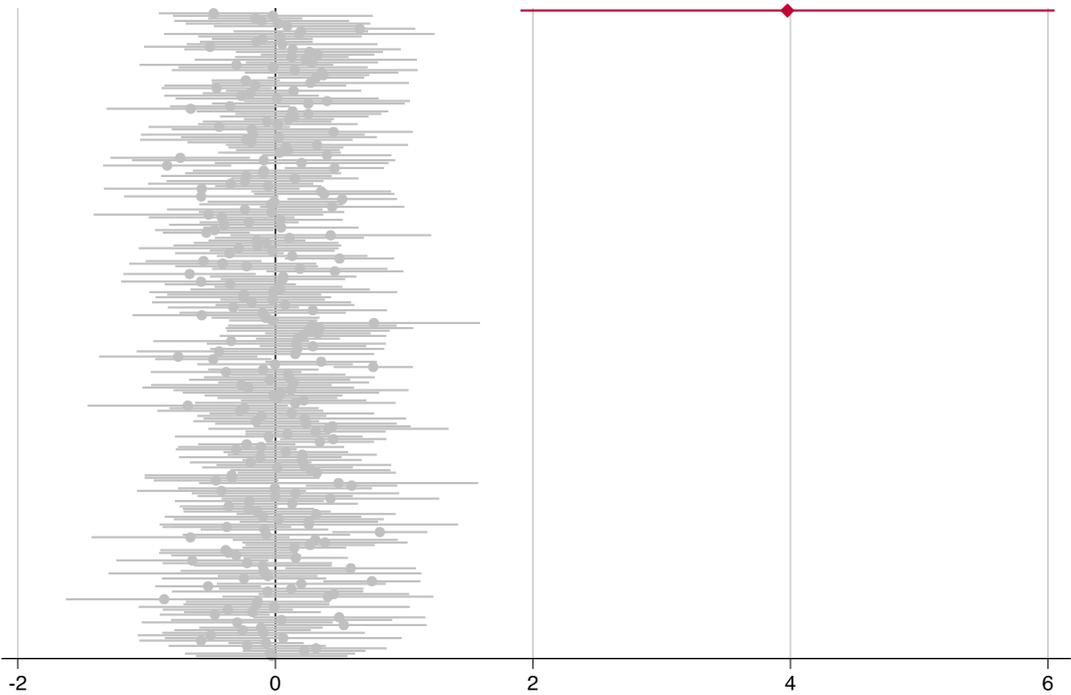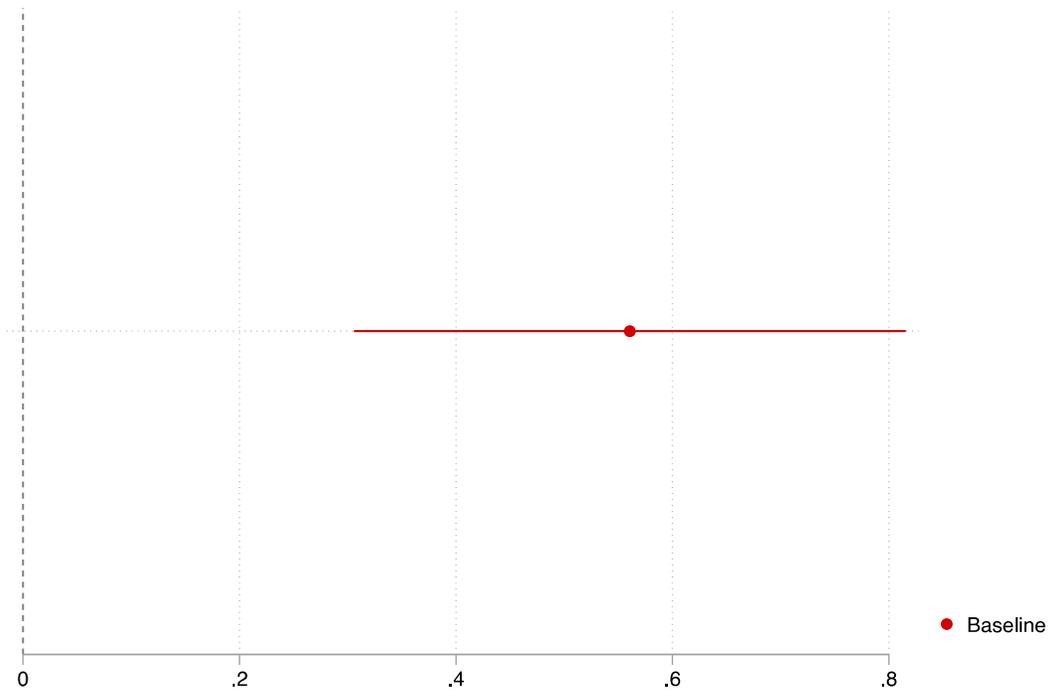
**FIGURE A2** Placebo triple difference estimates on firm failure comparing family funded firms to bank funded firms. This figure displays placebo regressions with a randomly generated value for the proportion of Syrian households in each governorate that fall between the minimum and maximum of the real value. The red diamond displays the triple differences coefficient from the fully saturated model in Figure 2. The gray circle displays the triple differences coefficient for 250 different placebo models with 250 different randomly generated values. All estimates are linear probability models with standard errors clustered at the governorate level and include controls, governorate and year fixed effects. The outcome variable is venture failure. Lines indicate 95% confidence intervals. A positive coefficient indicates a greater likelihood of failure for family-funded firms compared to bank-funded firms following the refugee crisis, and a negative coefficient indicates a smaller likelihood of failure.
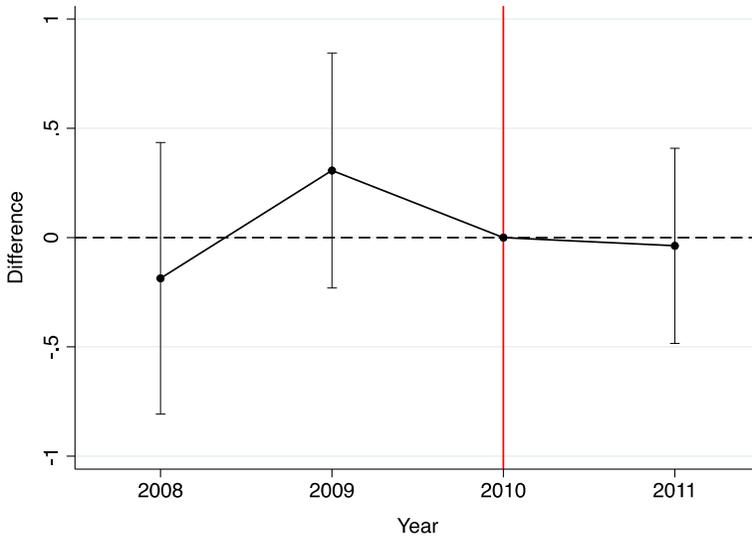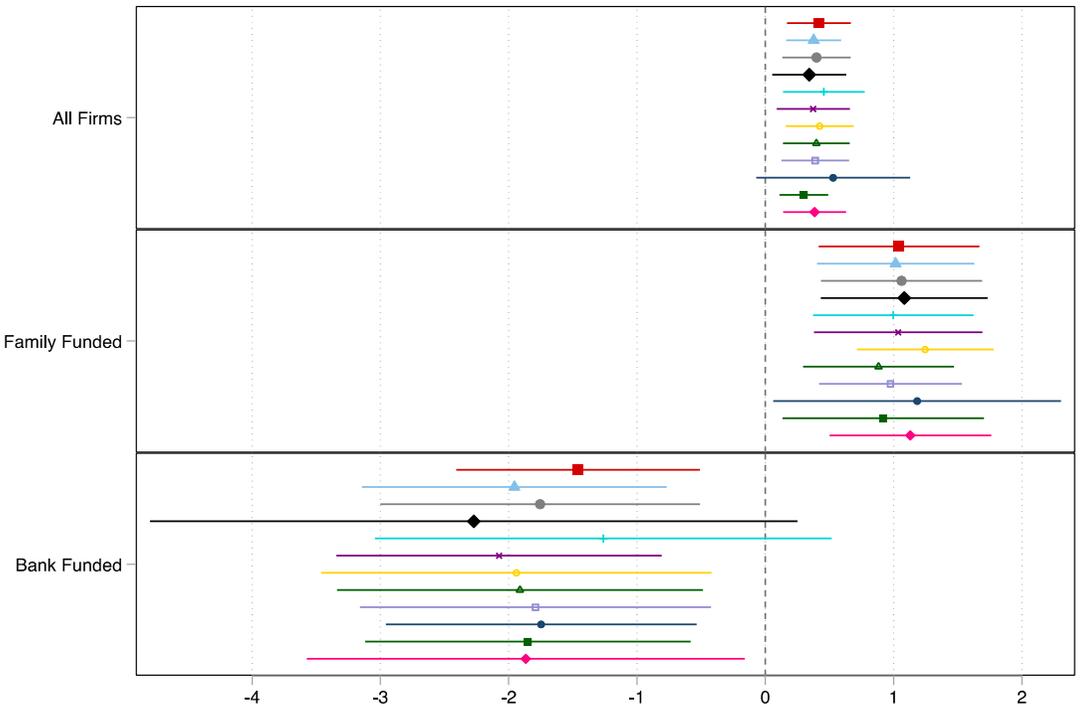
**FIGURE A3** Placebo dynamic difference in difference estimates on firm failure rates. Each point represents placebo dynamic difference in difference estimates of the impact of the Syrian refugee crisis on firm failure rates. A randomly generated value for the proportion of Syrian households in each governorate that falls between the true minimum and maximum replaced the real value. Bars indicate 95% confidence intervals. All estimates are linear probability models with standard errors clustered at the governorate level. Estimates include all controls and fixed effects.
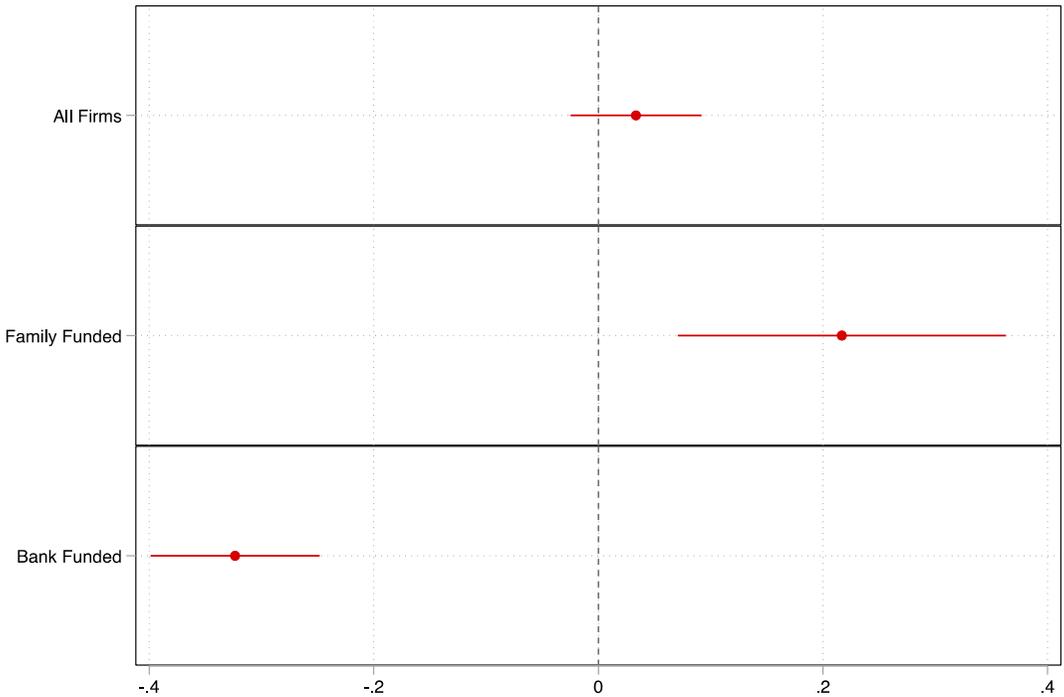


**FIGURE A4** Robustness check: DiD estimates of refugee crisis impact on firm failure using binary high-exposure indicator. This figure reproduces the fully specified models from Figure 2 but substitutes the treatment variable with a binary indicator equal to 1 when a firm is located in a governorate whose share of Syrian households falls in the top third of the national distribution (top 33%). Estimates are obtained from linear probability models with standard errors clustered at the governorate level. The dependent variable is venture failure, and whiskers denote 95% confidence intervals. Positive coefficients imply a higher likelihood of failure after the refugee influx, whereas negative coefficients imply a lower likelihood. The baseline specification includes only the control variables.

**FIGURE A5** Robustness check: Triple differences estimates of refugee crisis impact on firm failure using binary high-exposure indicator. This figure reproduces the fully specified models from Figure 2 but substitutes the treatment variable with a binary indicator equal to 1 when a firm is located in a governorate whose share of Syrian households falls in the top third of the national distribution (top 33%). Estimates are obtained from linear probability models with standard errors clustered at the governorate level. The dependent variable is venture failure, and whiskers denote 95% confidence intervals. Positive coefficients imply a higher likelihood of failure after the refugee influx, whereas negative coefficients imply a lower likelihood. The baseline specification includes only the control variables.

**FIGURE A6** Robustness check: Leave-one-governorate-out estimates of refugee crisis impact on firm failure. This figure presents a leave-one-governorate-out robustness check of the fully specified models in Figure 2. Each estimate, indicated by a different color and shape, omits a different governorate from the sample to assess sensitivity to influential regions. Models are linear probability models with standard errors clustered at the governorate level.
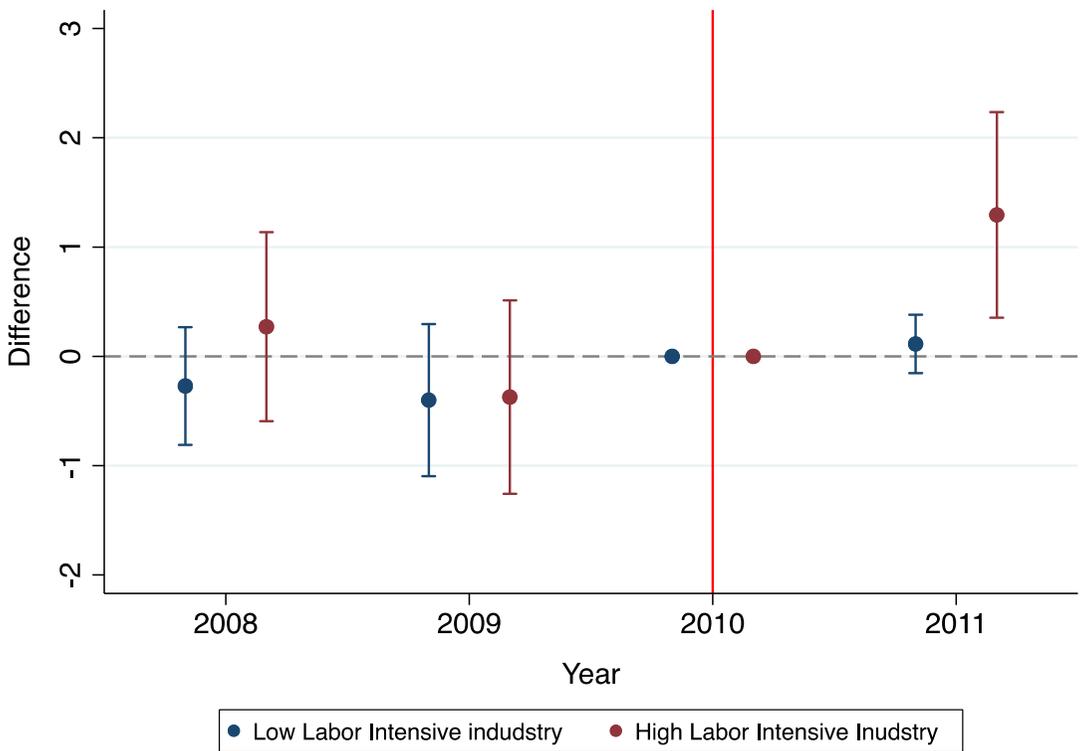
**FIGURE A7** Dynamic difference in difference estimates of the impact of the Syrian refugee crisis on firm failure rates comparing firms in more versus less labor-intensive industries. Each point represents the dynamic difference in difference estimates of the impact of the Syrian refugee crisis on firm failure rates. These represent the difference in the predicted probability that, in the indicated time period, a firm in a governorate with a high number of Syrian refugees versus a firm in a governorate with a low number of Syrian refugees would fail, relative to this difference in the reference time period which corresponds to the year preceding the Syrian refugee influx (2010). The blue coefficients represent the estimates for the low labor-intensive industries, which include services and commercial. The red coefficients represent the estimates for the high labor-intensive industries, which include manufacturing and agriculture/home business. Bars indicate 95% confidence intervals. All estimates are linear probability models with standard errors clustered at the governorate level. Estimates include all controls and fixed effects.

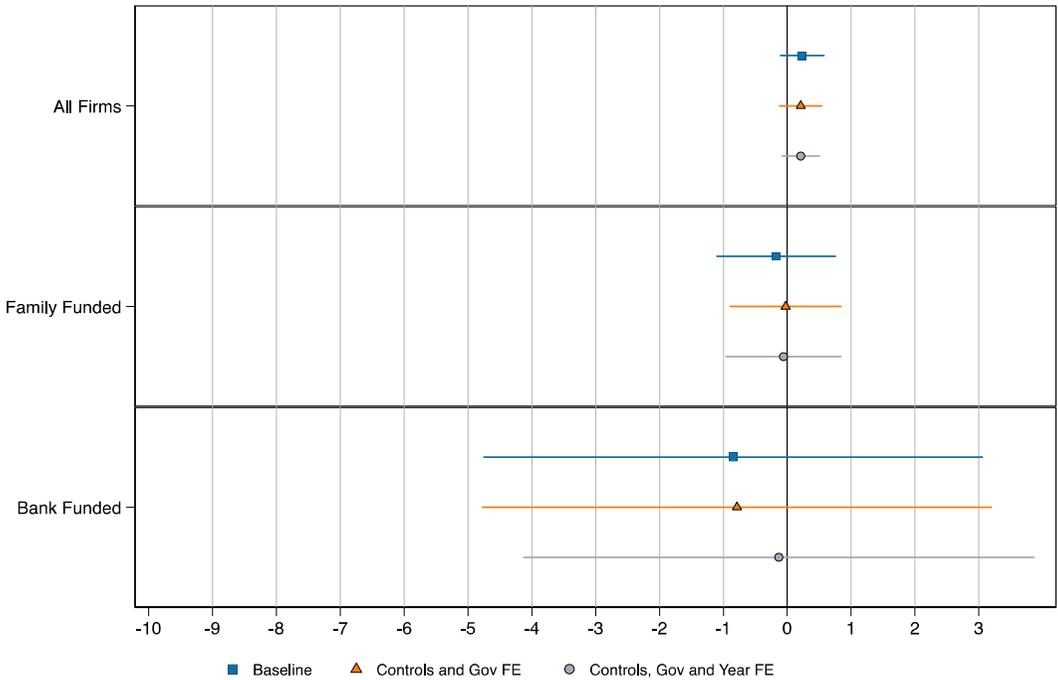## (a) High Labor Intensive Industry
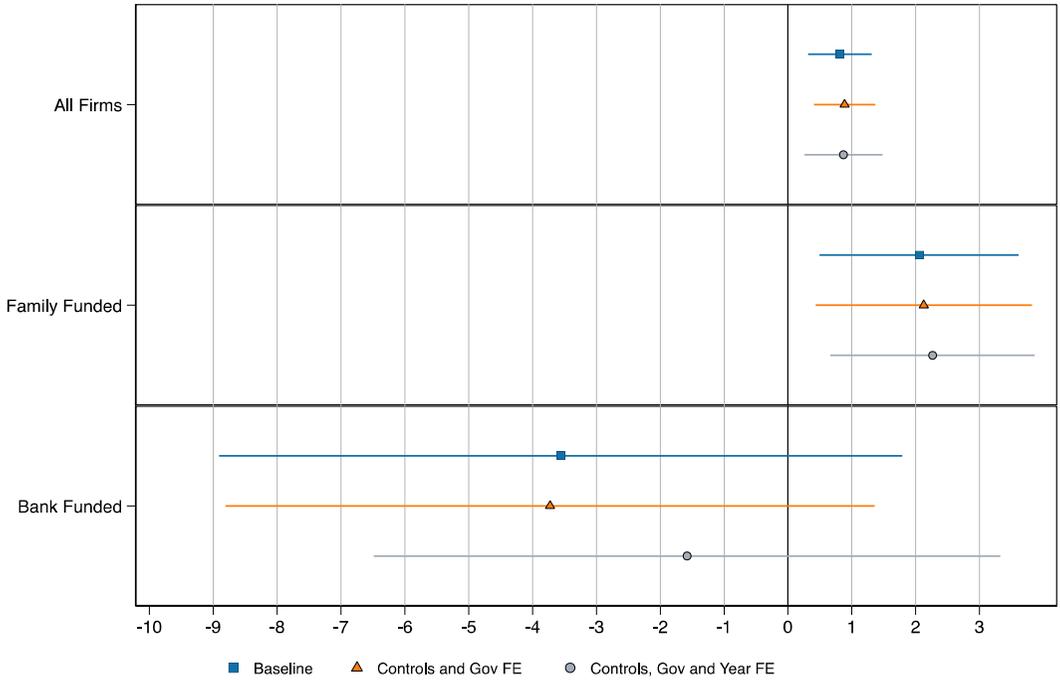


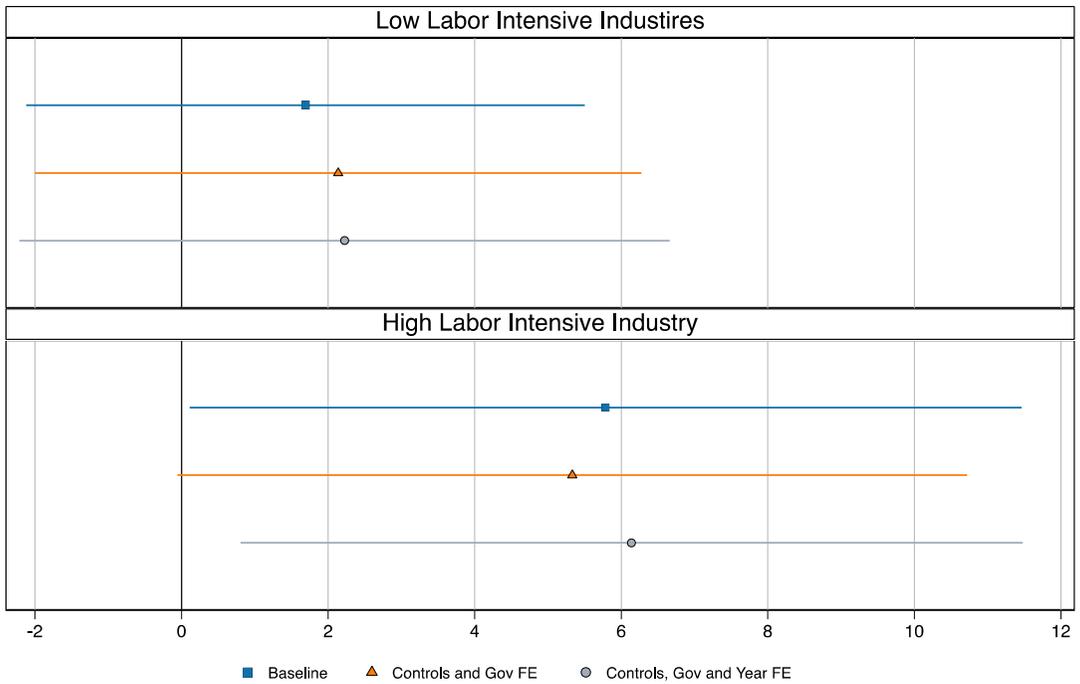## (b) Low Labor Intensive Industry



**FIGURE A8** Legend on next page.

**FIGURE A9** Triple difference estimates of the impact of the Syrian refugee crisis on firm failure rates comparing family funded firms to bank funded firms in more versus less labor-intensive industries. This figure displays the triple differences coefficient from three different models with different configurations of control variables and fixed effects. All estimates are linear probability models with standard errors clustered at the governorate level. The outcome variable is venture failure. Lines indicate 95% confidence intervals. A positive coefficient indicates a greater likelihood of failure for family funded firms compared to bank funded firms following the refugee crisis, and a negative coefficient indicates a smaller likelihood of failure. The low labor-intensive industries include services and commercial. The high labor-intensive industries include manufacturing and agriculture/home business.

**FIGURE A8** Difference in differences estimates of the impact of the Syrian refugee crisis on firm failure rates comparing firms in more versus less labor-intensive industries. All estimates are linear probability models with standard errors clustered at the governorate level. The outcome variable is venture failure. Lines indicate 95% confidence intervals. A positive coefficient indicates a greater likelihood of failure following the refugee crisis and a negative coefficient indicates a smaller likelihood of failure. (a) displays the estimates for the high labor-intensive industries, which include manufacturing and agriculture/home business. (b) represents the estimates for the low labor-intensive industries, which include services and commercial.
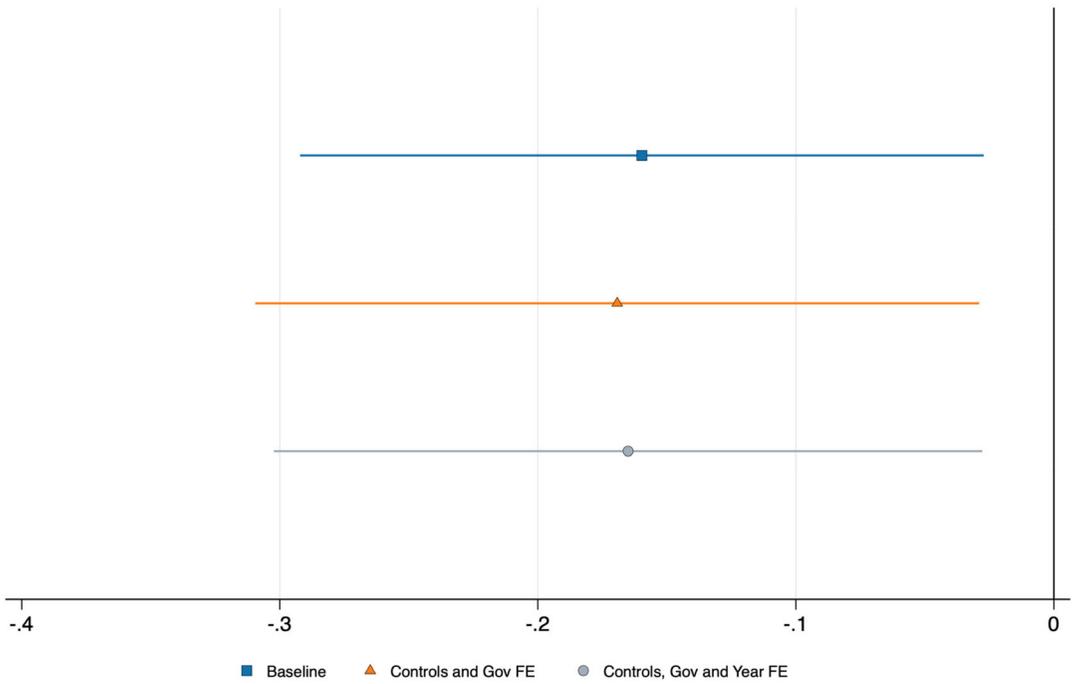
**FIGURE A10**  Difference-in-difference estimates of the financial crisis impact on failure rates of bank-funded versus non-bank-funded firms. This figure displays three different models with different configurations of control variables and fixed effects. All estimates are linear probability models with standard errors clustered at the governorate level. The outcome variable is venture failure. Lines indicate 95% confidence intervals. A positive coefficient indicates a greater likelihood of failure following the financial crisis, and a negative coefficient indicates a smaller likelihood of failure. Baseline estimates only include controls.
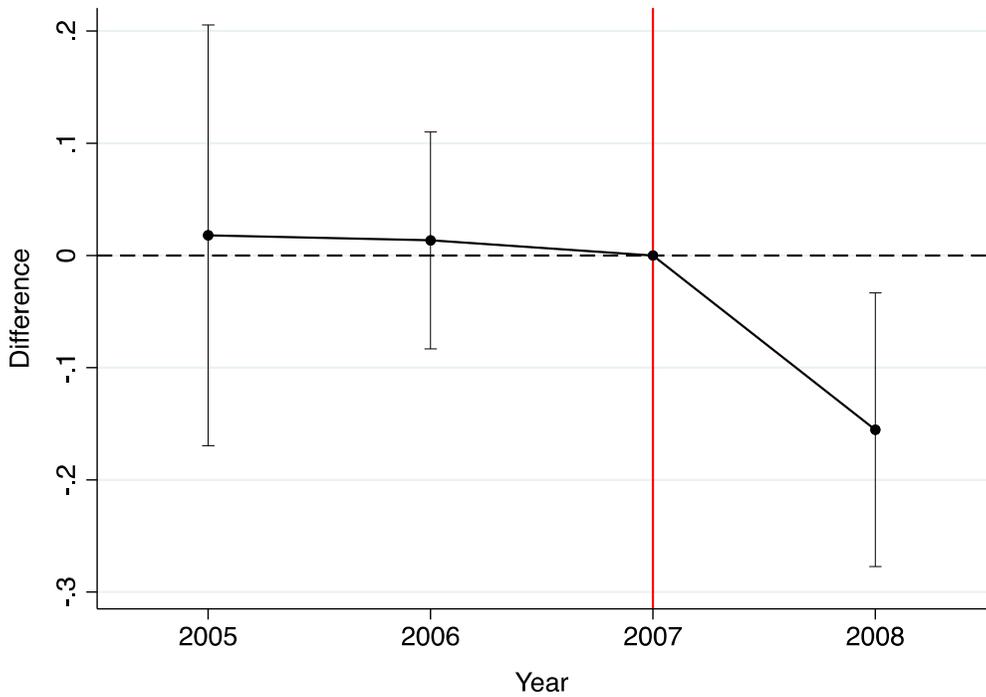
**FIGURE A11** Dynamic difference-in-difference estimates of the financial crisis impact on failure rates of bank-funded versus non-bank-funded firms. Each point represents the dynamic difference-in-difference estimates of the impact of the financial crisis on firm failure rates. These represent the difference in the predicted probability that, in the indicated time period, a firm funded by a bank versus a firm funded by other sources would fail, relative to this difference in the reference time period which corresponds to the year preceding the financial crisis (2007). Bars indicate 95% confidence intervals. All estimates are linear probability models with standard errors clustered at the governorate level. Estimates include all controls and fixed effects.
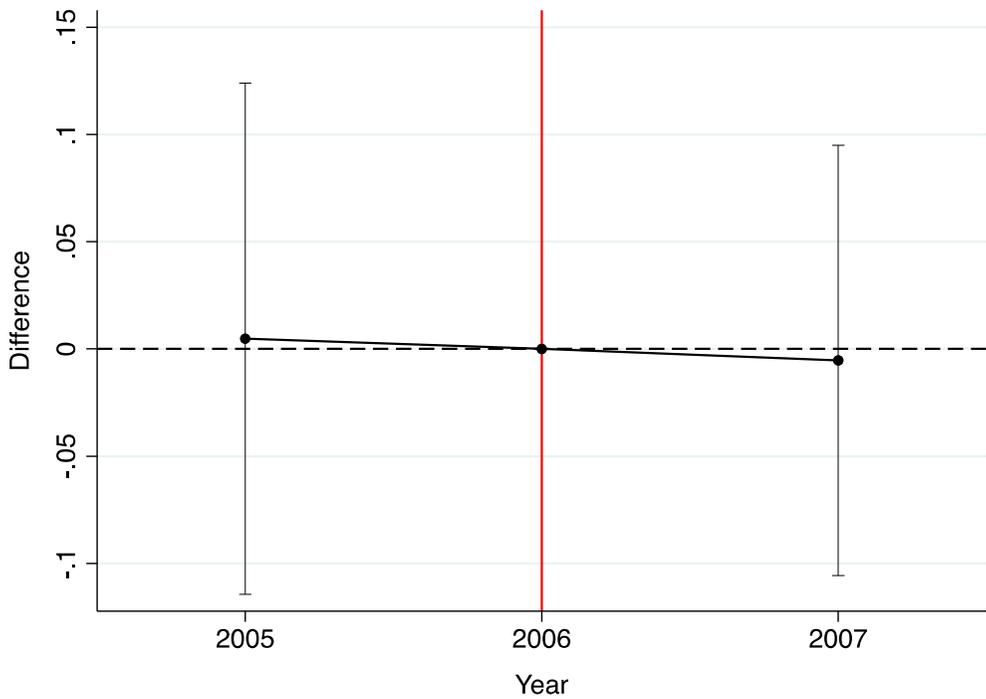
**FIGURE A12** Placebo difference-in-difference estimates of the financial crisis impact on failure rates of bank-funded versus non-bank-funded firms. This figure displays placebo regressions of the impact of the financial crisis on failure rates of bank funded firms by replacing the true treatment year of 2008 with a treatment year of 2007. This figure displays three different models with different configurations of control variables and fixed effects. All estimates are linear probability models with standard errors clustered at the governorate level. The outcome variable is venture failure. Lines indicate 95% confidence intervals. A positive coefficient indicates a greater likelihood of failure following the financial crisis, and a negative coefficient indicates a smaller likelihood of failure. Baseline estimates only include controls.
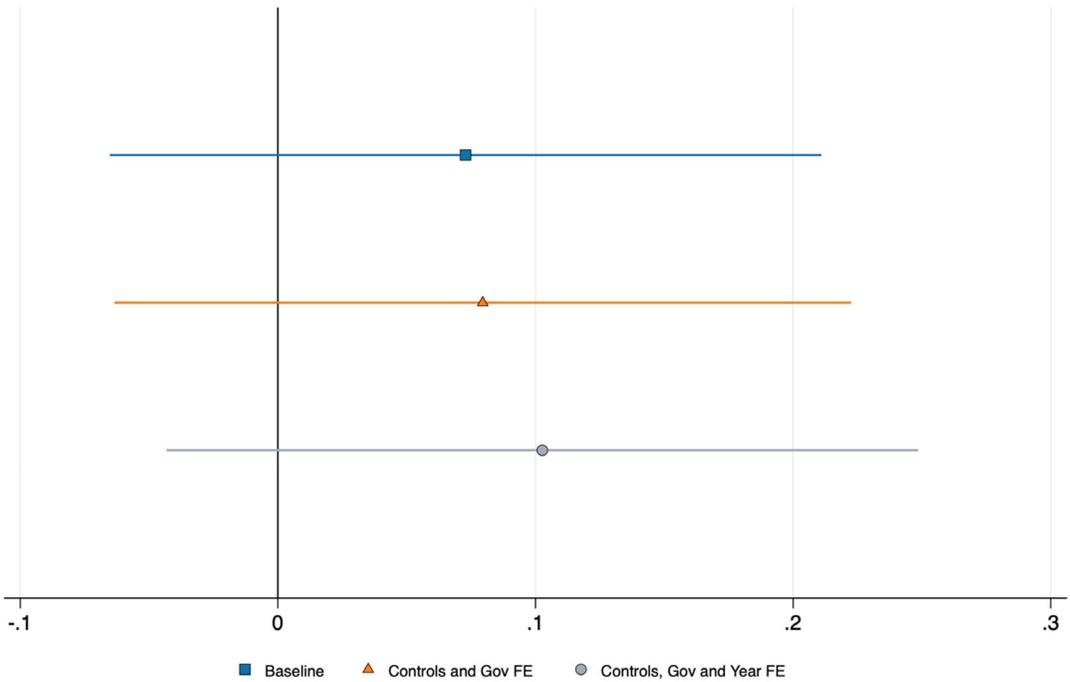
**FIGURE A13**   Placebo dynamic difference-in-difference estimates of the financial crisis impact on failure rates of bank-funded versus non-bank-funded firms. Each point represents placebo dynamic difference-in-difference estimates of the impact of the financial crisis on firm failure rates. This figure replicates Figure A7 but replaces the true treatment year of 2008 with a treatment year of 2007. Bars indicate 95% confidence intervals. All estimates are linear probability models with standard errors clustered at the governorate level. Estimates include all controls and fixed effects.
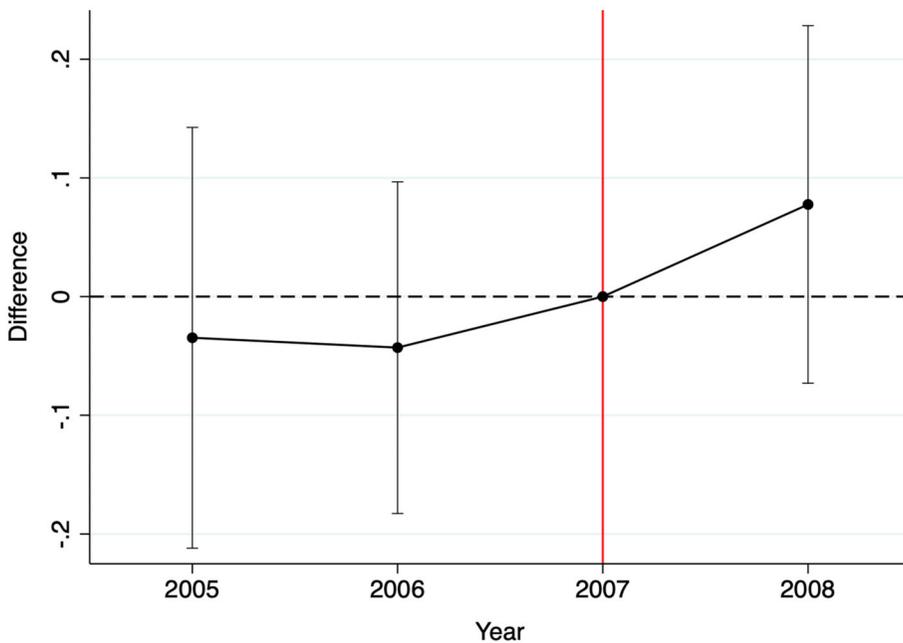
**FIGURE A14** Difference-in-difference estimates of the financial crisis impact on failure rates of family-funded versus non-family-funded firms. This figure displays three different models with different configurations of control variables and fixed effects. All estimates are linear probability models with standard errors clustered at the governorate level. The outcome variable is venture failure. Lines indicate 95% confidence intervals. A positive coefficient indicates a greater likelihood of failure following the financial crisis, and a negative coefficient indicates a smaller likelihood of failure. Baseline estimates only include controls.

**FIGURE A15** Dynamic difference-in-difference estimates of the financial crisis impact on failure rates of family-funded versus non-family-funded firms. Each point represents the dynamic difference-in-difference estimates of the impact of the financial crisis on firm failure rates. These represent the difference in the predicted probability that, in the indicated time period, a firm funded by a bank versus a firm funded by other sources would fail, relative to this difference in the reference time period, which corresponds to the year preceding the financial crisis (2007). Bars indicate 95% confidence intervals. All estimates are linear probability models with standard errors clustered at the governorate level. Estimates include all controls and fixed effects.

**TABLE A1** Interviews exemplifying the influence of initial-funding partner logics on new ventures in Jordan.

| Funding partner logic | Mechanisms |
|---|---|
| Family logic and social disruption (refugee influx) | ***Refugees present an obligation to initial family-funded ventures***<br><br>Entrepreneur interview: "The refugee crisis has doubled my sales but tripled the number of mouths I have to feed."<br><br>Entrepreneur interview: "Our farms and lands are much less productive than before because people are living on them now. But this is part of life, and we cannot turn away family that needs a place to live just because it is not profitable."<br><br>Employee interview: "We are always busy with projects that are not paying us because we must help out with the refugee problem."<br><br>Entrepreneur interview: "My father was a refugee from Palestine, so he had many people help and support him at first, but he worked hard so we had enough to invest in the future. Because of that hard work, he and his brothers were able to lend me money.... It would only be right that I should do the same for the refugees who need help now." |

**TABLE A1** (Continued)

| Funding partner logic | Mechanisms |
| --- | --- |
| | Entrepreneur interview: "When an individual fails, they have their family to help them, but if the family fails there is nothing left to fall back on. This can cause a lot of trouble for business though when there are too many people in the family relying on the survival of our family business." |
| Market logic and social disruption (refugee influx) | *Refugees present an opportunity for initial bank-funded ventures* |
| | Entrepreneur interview: "The influx of refugees from Syria has been a blessing in disguise for large farm operations like mine. They are willing to do very hard work in the fields for much cheaper wages than Jordanians. With them, my wealth becomes more plentiful." |
| | Entrepreneur interview: "I look at labor costs very closely. The refugee is willing to accept a meager payment of just 3 or 4 dinars per day for their grueling work in the fields. Jordanians ask for 10 dinars per day. Why would I pay a Jordanian three times as much when the refugee will work just as hard? The refugee worker is a big cost saving. Without these refugees willing to work for a few dinars, I would not be nearly as profitable." |
| | Entrepreneur interview: "In the construction business, labor is the biggest expense. Jordanian workers want at least 20 dinars per day, minimum. This is too much money for small company like mine. But when Syrian refugees started coming, everything changed. The refugee workers allowed me to bid lower on construction projects and make a profit when before I could not. Without these refugees willing to work for a few dinars, I could not compete against bigger companies. In a way, their crisis is an opportunity for small businesses like mine in Jordan." |
| Family logic and employee practices | *Family logic engenders loyal employer-employee relationship among initial family-funded ventures* |
| | Entrepreneur interview: "My family has been the driving force behind my business. Not only did they provide the initial funding to open my shop many years ago, but they were also the motivation for starting the business in the first place. I started this business so I could help support family in times like these when people need help or a job." |
| | Employee interview: "We have a combined family and business bank account, which is used to pay for all of our personal and business expenses. I get my food from the family-owned stores, live in a house built on family land using materials from our construction company, drive a car purchased by the family, and even have my furniture paid for by the family. Essentially, everything comes from one big pot." |
| | Employee interview: "I pursued a degree in information systems at a university abroad, outside of Jordan. After completing my studies, I had plans to start a technology company in Jordan. However, my family had other expectations. They insisted that I return home and take over the management of our family-owned strip mall, rather than pursue my entrepreneurial ambitions." |

**TABLE A1**  (Continued)

| Funding partner logic | Mechanisms |
|---|---|
| Market logic and employee practices | ***Market logic engenders transaction-based employer-employee relationship among initial bank-funded ventures*** |
| | Entrepreneur interview: "Our best teachers went to work for the foreign companies who were viewed as higher status. This really hurt our business; we had to close one of our schools." |
| | Entrepreneur interview: "It is very hard to get skilled employees in my business. Maybe only 1 from 50 applicants have qualities I need. Other companies also want the same small group of qualified people. This shortage of quality workers is a big problem for my small company." |
| | Entrepreneur interview: "The most challenging thing is putting together a talented team. I have the management talent, but I don't have the digital and coding talent. It was really hard to find people with the necessary skills to join my startup because they demanded a salary that was too high. Instead, they tend to go work for big companies like Amazon." |
| | Entrepreneur interview: "Access to cash isn't the biggest problem—it's access to talent. We have to compete for a high-quality workforce. It is really hard to find quality employees. Four out of 100 applicants are qualified." |
| | Entrepreneur interview: "As owner of small restaurant, biggest struggle is finding good cooks. Good cooks want high pay that I cannot afford. They prefer to work for big hotel chains instead of my small business. Is very hard to compete." |

**TABLE A2**  Triple differences estimates of the impact of the Syrian refugee crisis on firm failure rates between family and bank funded firms.

| | Dependent variable = failure | | |
|---|---|---|---|
| | (1) | (2) | (3) |
| Percentage of HH Syr. × Post × Family funded | 3.664** | 3.760* | 3.926** |
| | (.007) | (.010) | (.005) |
| Observations | 987 | 987 | 987 |
| Individual controls | Yes | Yes | Yes |
| Year FE | No | Yes | Yes |
| Governorate FE | No | No | Yes |

*Note*: This figure displays the triple differences coefficient from three different models with different configurations of control variables and fixed effects. All estimates are linear probability models with standard errors clustered at the governorate level. The outcome variable is venture failure. *p*-values are in parentheses. A positive coefficient indicates a greater likelihood of failure for family-funded firms compared to bank-funded firms following the refugee crisis, and a negative coefficient indicates a smaller likelihood of failure.

*$p < .05$; **$p < .01$; ***$p < .001$.

**TABLE A3** Heterogeneity in difference in differences estimates of the impact of the Syrian refugee crisis on firm failure rates.

| | Dependent variable = failure | | |
| --- | --- | --- | --- |
| | (1) | (2) | (3) |
| Panel A: Family funded | | | |
| Percentage of HH Syr. × Post × Female founder | −0.801* | | |
| | (.046) | | |
| Percentage of HH Syr. × Post × Log number of employees | | 1.443* | |
| | | (.048) | |
| Percentage of HH Syr. × Post × Industrial dummy | | | 5.816*** |
| | | | (.001) |
| Observations | 643 | 643 | 643 |
| Panel B: Bank funded | | | |
| Percentage of HH Syr. × Post × Female founder | −8.554 | | |
| | (.094) | | |
| Percentage of HH Syr. × Post × Log number of employees | | −3.677 | |
| | | (.403) | |
| Percentage of HH Syr. × Post × Industrial dummy | | | 1.792 |
| | | | (.149) |
| Observations | 344 | 344 | 344 |
| Individual controls | Yes | Yes | Yes |
| Year FE | Yes | Yes | Yes |
| Governorate FE | Yes | Yes | Yes |

*Note*: All estimates are linear probability models with standard errors clustered at the governorate level. The outcome variable is venture failure. *p*-values are in parentheses. A positive coefficient indicates a greater likelihood of failure following the refugee crisis, and a negative coefficient indicates a smaller likelihood of failure.
*$p < .05$; **$p < .01$; ***$p < .001$.

**TABLE A4** Difference in differences estimates of the impact of the Syrian refugee crisis on firm failure rates with coarsened exact matching.

| | (1) | (2) | (3) | (4) |
| --- | --- | --- | --- | --- |
| Panel A: All firms | | | | |
| Percentage of HH Syr. × Post | 0.311* | 0.415** | 0.514** | 0.350** |
| | (.040) | (.001) | (.001) | (.046) |
| Observations | 2868 | 2848 | 2808 | 2620 |
| Panel B: Family funded | | | | |
| Percentage of HH Syr. × Post | 1.001** | 0.829* | 1.102** | 1.12*** |
| | (.002) | (.034) | (.001) | (.000) |
| Observations | 594 | 592 | 581 | 521 |
| Panel C: Bank funded | | | | |

**TABLE A4** (Continued)

| | (1) | (2) | (3) | (4) |
|---|---|---|---|---|
| Percentage of HH Syr. × Post | −2.38** | −2.30** | −2.696** | −3.169** |
| | (.002) | (.003) | (.007) | (.001) |
| Observations | 313 | 298 | 292 | 276 |
| Matched on | | | | |
| Age | Yes | Yes | Yes | Yes |
| Gender | | Yes | Yes | Yes |
| Number of employees | | | Yes | Yes |
| Sector | | | | Yes |

*Note*: This figure displays 12 different models with different configurations of matching and subsamples. The matching is based on coarsened exact matching firms in governorates with above median levels of refugees to those in areas with below median levels. All estimates are linear probability models with standard errors clustered at the governorate level and include all controls from main analyses along with governorate and year fixed effects. The outcome variable is venture failure. *p*-values are in parentheses. A positive coefficient indicates a greater likelihood of failure following the refugee crisis, and a negative coefficient indicates a smaller likelihood of failure.
*$p < .05$; **$p < .01$; ***$p < .001$.

**TABLE A5** Triple differences estimates of the impact of the Syrian refugee crisis on firm failure rates with coarsened exact matching.

| | Dependent variable = failure | | | |
|---|---|---|---|---|
| | (1) | (2) | (3) | (4) |
| Percentage of HH Syr. × Post × Family funded | 3.671** | 4.395* | 3.317* | 3.909** |
| | (.003) | (.010) | (.020) | (.001) |
| Observations | 660 | 660 | 640 | 562 |
| Matched on | | | | |
| Age | Yes | Yes | Yes | Yes |
| Gender | | Yes | Yes | Yes |
| Number of employees | | | Yes | Yes |
| Sector | | | | Yes |

*Note*: This figure displays the triple differences coefficient from four different models with different configurations of matching. The matching is based on coarsened exact matching of firms that received initial funding from family with those that received initial funding from a bank. All estimates are linear probability models with standard errors clustered at the governorate level. The outcome variable is venture failure. *p*-values are in parentheses. A positive coefficient indicates a greater likelihood of failure for family-funded firms compared to bank-funded firms following the refugee crisis, and a negative coefficient indicates a smaller likelihood of failure.
*$p < .05$; **$p < .01$; ***$p < .001$.

**TABLE A6** Covariate balance.

| | Full | | | Matched (CEM) | | |
| --- | --- | --- | --- | --- | --- | --- |
| | Above median Syrian share | Below median Syrian share | *p*-value of difference | Above median Syrian share | Below median Syrian share | *p*-value of difference |
| Female founder | 0.210 | 0.213 | .885 | 0.183 | 0.183 | 1.000 |
| Founder's age | 35.550 | 35.300 | .598 | 35.050 | 35.060 | .984 |
| Employees | 3.534 | 2.792 | .001 | 2.895 | 2.678 | .010 |
| Investment | 21,311.880 | 17,453.160 | .008 | 17,436.340 | 16,172.860 | .292 |
| Has loan | 0.789 | 0.737 | .001 | 0.791 | 0.737 | .001 |
| Income | 0.621 | 0.706 | .009 | 0.615 | 0.700 | .018 |
| Family funded | 0.188 | 0.216 | .051 | 0.189 | 0.216 | .080 |
| Bank funded | 0.100 | 0.116 | .139 | 0.095 | 0.101 | .599 |
| Other funding | 0.712 | 0.668 | .007 | 0.717 | 0.683 | .061 |
| Observations | 1540 | 1633 | | 1310 | 1310 | |

*Note*: This table presents mean differences in characteristics between observations in governates above and below the median value for the share of Syrian households. Matching is conducted using Coarsened Exact Matching (CEM) in Stata, based on pre-treatment variables: age, number of employees, sector, and founder gender.

# APPENDIX B: JORDANIAN INSTITUTIONAL ORDERS

Within the context of Jordan, the family, religious, and community institutional orders take a particular form and often overlap and blend in ways that are distinct from other Western contexts where prior institutional scholarship has focused. Jordan's unique sociopolitical history and geopolitical context have shaped these orders with a focus on tribal kinship rather than the nuclear family, Islamic traditions instead of Christian, and a concept of community that blends family and religious institutional orders.

Jordan's rugged desert geography is known as the Badia, which is inhabited by pastoral nomadic tribes that have remained largely independent from foreign forms of governance and trade (Cunningham & Sarayah, 1993). Independence has been maintained through adherence to various norms of reciprocity between tribes and a willingness to broaden the concept of family beyond the household to include more distant kin found within the tribe that cross national borders. These tribal-based family values have been further reinforced by Islamic ideals of social solidarity and mutual assistance (Richards & Waterbury, 1996). As these institutional orders coevolved over time, the peoples of the Badia developed varieties of family and religious institutional orders that took shape in a kinship-based system governing most of social, economic, and political life. This system prioritizes relationships and social networks between both individuals and groups over formal state systems.

The kinship-based system also emerges in a system of resource allocation and distribution known throughout the region as *wasta*, which literally means "to employ a middleman, usually

a person of high social status and accepted rank to achieve one's ends" (Fathi, 1993, p. 61). More recently, wasta means influence or connection that serves as the mechanism of choice for Jordanians to solve local and community disputes. Although this system is strongest in the rural Badia regions of the country, it remains a prevalent feature of urban areas as well. For example, an urban shopkeeper interviewee informed us that despite being the descendent of city dwellers, he still works within a social system that is in large part derived from the tribal pastoral environment found in the Badia saying: "the Badia is where this country finds its roots and we all come from the Badia in a way" (interview, January 2018).

The family institutional order was further strengthened by the Ottoman *Mushi system*, which designated land as collectively owned by the family, ensuring that all members of the family and kin lived and worked together (Amandouny, 1994). The *Mushi* system combined with the *Wasta* system and significantly shaped both the family and market orders into their distinctly Jordanian form, emphasizing community solidarity and norms of reciprocity. Despite the presence of Western-style market and state institutional orders in the country, tribes have remained suspicious of the various Western-based governance systems and continue to manage resources through tribal interactions and kinship-based customs and norms (Braizat, 1998). This system of management has remained the foundation of the family institutional order within the Jordanian context, and it is undergirded by the religious institutional order rooted in the Islamic tradition. These orders continue to shape the behaviors of individuals and firms operating within Jordan.

## APPENDIX C: EXPLORATORY ANALYSIS: ECONOMIC DISRUPTIONS AND BANK-FUNDED VENTURES

We argue that a changing environment is harmful for new ventures to the degree that the strategies, priorities, and practices associated with the initial funding partner's logic are impacted by environmental disruption. To provide exploratory evidence for the generalizability of this relationship to other types of environmental disruptions, we further examine the 2008 financial crisis to demonstrate how an economic disruption to foreign direct investment (FDI) affects ventures guided by a market logic and receive initial funding from banks. Economic disruptions from foreign investment fluctuations have shaped Jordan's market competition, causing labor market imbalances (Durham, 2004). Increased foreign investment through multinational subsidiaries intensifies competition, driving up wages and demand for skilled employees (Feenstra & Hanson, 1997). New ventures receiving initial funding from bank funders may underperform compared to ventures guided by other logics when foreign investment is high because they will struggle to retain and attract skilled labor as multinational firms offer better incentives. This is because market logic prioritizes transactional interactions over relational ones, diminishing commitment and loyalty (Lui et al., 2009). In contrast, when FDI drops and competition over employees diminishes, bank-funded ventures' performance should improve more than that of other ventures.

This mechanism was illustrated by several interviews we conducted. For instance, a founder of a venture funded by a bank whom we interviewed expressed the difficulty of growing a new venture amid heightened foreign investment, causing increased competition for high quality employees:

> The most challenging thing is putting together a talented team. I have the management talent, but I do not have the digital and coding talent. It was really hard to find people with the necessary skills to join my startup because they demanded a salary that was too high. Instead, they tend to go work for big companies like Amazon.

Another entrepreneur who received initial funding from a bank shared a similar sentiment:

> Access to cash isn't the biggest problem—it's access to talent. We have to compete for a high-quality workforce. It is really hard to find quality employees. Four out of 100 applicants are qualified.

To address the endogeneity of FDI and its impact on firm failure rates, we exploited the 2008 global financial crisis as an exogenous shock. This crisis, triggered by the US housing market collapse, rapidly evolved into a worldwide banking crisis (FDIC, 2018), leading to a contraction in global economic activities and a reduction in available finance. As investors sought safer opportunities, they withdrew funds from foreign markets (FDIC, 2018). Jordan, which had previously experienced a surge in FDI due to its stable political climate and economic reforms, was severely impacted. The crisis reversed the country's efforts to attract international investors, resulting in a sharp decline in foreign investment (Ahid & Augustine, 2012). Consequently, we expect that following the financial crisis, bank-funded firms will be less likely to fail compared to firms funded through other sources, due to the decrease in foreign competition in Jordan.

To explore the possibility that the financial crisis had a differential impact on firms that received their initial funding from banks, we used a difference-in-differences model in which we compared the difference in the rate of failure among firms that received their initial funding from a bank to the rate of failure among firms that did not receive their initial funding from a bank before and after the financial crisis. Specifically, we estimated:

$$y_{imq} = \alpha + \beta \text{BankFunding}_{igy} + \gamma \text{PostCrisis}_y + \delta \left( \text{BankFunding}_{igy} \times \text{PostCrisis}_y \right) + \delta CV_{igy} + \varepsilon_{iqy}.$$

In this model, the coefficient of interest is $\delta$. The results are presented in Figure A10. We found that the financial crisis was associated with decreased failure for bank-funded firms by around 0.165 percentage points ($p = .023$). The decrease in failure rates is also shown in Figure A11, which displays the dynamic difference in difference estimates and is consistent with the main effect. We also conduct a placebo check where we use the year of 2007 as the placebo treatment date and drop 2008. Consistent with our expectation that there should be no treatment effect for this placebo treatment date, we find estimates close to zero and statistically indistinguishable from zero (Figures A12 and A13). Additionally, we replicated the main analysis, replacing the bank-funded indicator with a family-funded indicator. While the direction of the effect was reversed, the results were not statistically significant (see Figures A14 and A15).

Our qualitative interviews and consistent quantitative results suggest it is plausible that the financial crisis led to a lower rate of failure among bank-funded firms because it reduced foreign competition (Table A1). However, the financial crisis likely influenced various other factors that affect firm failure rates. For example, competition in the product market or restricted access to capital may also play a role in the differential impact between bank-funded firms and non-bank-funded firms that we cannot directly explore with our data. However, the additional

qualitative anecdotes and quantitative analysis provide insight into how a changing environment can harm ventures when the strategies, priorities, and practices derived from the initial funding partner's logic are impacted by environmental disruptions.

These exploratory findings seem consistent with our core hypothesis: The degree to which environmental disruptions intersect with a venture's logic-driven strategies determines whether they harm or help venture performance. Our difference-in-differences analysis suggests that bank-funded ventures performed worse prior to the financial crisis, when there was high foreign investment and greater labor competition relative to after the financial crisis, when these competitive pressures were decreased. This analysis complements the refugee crisis findings by illustrating how environmental disruptions differentially impact ventures guided by distinct logics.