



Università degli Studi di Ferrara

Italy's new immigrant entrepreneurship: The paths of
development of this new phenomenon

Applied Economics and Economic Policy
Cycle XXIV

by
Haya Al Shawwa

Supervisor:
Professor Lucio Poma

2009-2012

TABLE OF CONTENTS

ABSTRACT	8
<i>Methodology.....</i>	9
INTRODUCTION	11
CHAPTER ONE: A THEORETICAL FRAMEWORK OF INTERNATIONAL MIGRATION.....	14
1.1. Migration and migrants: distinctions and definitions.....	14
1.2. Crucial transformations in international migration history	16
1.3. Patterns of international migration today.....	22
1.4. The Italian migratory context.....	27
CHAPTER TWO: INTERNATIONAL LITERATURE ON IMMIGRANT ENTREPRENEURSHIP.....	33
2.1. Ethnic entrepreneurship and immigrant entrepreneurship: <i>Concepts and definitions</i>	33
2.2. Transformation of the labor market: A shift towards entrepreneurship	36
2.3. Theoretical approaches of immigrant entrepreneurship: Structural vs. Cultural	38
<i>Cultural approach</i>	41
<i>Structural approach</i>	44
<i>Mixed embeddedness.....</i>	46
2.4. Models of immigrant entrepreneurship.....	47
<i>Mixed embeddedness model, Kloosterman. R.</i>	47
<i>Interactive model (Waldinger and associates, 1990).....</i>	56
<i>Towards a profit -seeking and operational model</i>	59
2.5. Types of immigrant enterprises and entrepreneurs	63
2.6. New lines of research of the multi-faceted phenomenon	66
CHAPTER THREE: IMMIGRANT ENTREPRENEURSHIP IN ITALY	71
3.1. The evolution of immigrant entrepreneurship in Italy: <i>Theoretical and Statistical overview</i>	71
<i>Immigrant entrepreneurs.....</i>	72
<i>Immigrant enterprises</i>	78
3.2. Economic impact arising from immigrant entrepreneurship	93

3.3. Immigrant entrepreneurship placement in the Italian business system	103
3.4. Immigrant entrepreneurship policy approaches in Italy	111
<i>CNA World-Dedalo: The Turin Model</i>	113
<i>CNA World services across the territory</i>	116
<i>Start it up Project</i>	118
<i>Financial and Banking Policies</i>	118
<i>Innovative Policies - Talea Summer School (2010-ongoing)</i>	124
<i>Italian Integration Portal</i>	124
<i>Good practices in the promotion of ethnic minority entrepreneurs</i>	126
CHAPTER FOUR: CHINESE ENTREPRENEURSHIP IN THE TEXTILE- CLOTHING INDUSTRY: RECENT TRENDS AND FUTURE CHALLENGES	131
4.1. China’s role in the TCF industry at global level.....	131
4.2. Introduction to the TCF industry in Italy	138
4.3. Case-study: <i>The evolution of Chinese textile, clothing and leather enterprises in the province of Ferrara</i>	140
<i>The sample and methodology</i>	140
<i>Enterprises</i>	140
<i>Employees</i>	144
<i>Natives and Immigrants: Italians and Chinese</i>	150
4.4. Empirical implication of theoretical models.....	169
CONCLUSIONS.....	175
REFERENCES.....	178
APPENDICES	187

Table of Figures

Figure 1 Total international migrants.....	23
Figure 2. The Demographic transition model (DTM), by the American demographer Warren Thompson, 2009.....	27
Figure 3. Trend of immigrants in Italy, 2002-2010 (absolute values and annual variations).....	28
Figure 4. Immigrants in Italy subdivided by gender (absolute values), 2002-2010	29
Figure 5. Trends of the age of immigrants in Italy (absolute values), 2002-2010.	30
Figure 6. Immigrants in Italy by country of origin (absolute values), 2002-2010	31
Figure 7. A typology of markets according to accessibility and growth potential, Kloosterman R.	48
Figure 8. Interactive model of ethnic entrepreneurship development	56
Figure 9. Factors that determine entrepreneurial migration.	61
Figure 10. Number of immigrant entrepreneurs in Italy, 2000-2008.....	73
Figure 11. Number of non EU entrepreneurs by sector of activity, 2000-2008, followed by percentage values.	73
Figure 12. Percentages of non EU entrepreneurs by sector of activity, 2000-2008.	74
Figure 13. Non EU immigrant entrepreneurs by age	74
Figure 14. Foreign and Italian population (15-64 years) by educational attainment and gender year 2009 (percentage composition.	76
Figure 15. Foreign and Italian population (15-64) by educational level and geographic location, year 2009.....	77
Figure 16. Sole proprietorships with an immigrant non EU owner , 2000-2009.....	79
Figure 17. % share of immigrant-owned enterprises of total, 2001-2010.	80
Figure 18. Percentage variations in the number of individual enterprises (foreign and Italian).	81
Figure 19. % of non EU nationality of sole proprietorships, 2010.	81
Figure 20. % of sole proprietorships immigrant-owned enterprises by Region 2000/2005/2008/2009.....	83
Figure 21. % variations in the number of immigrant-owned individual businesses in the Italian regions.	84
Figure 22. Economic sectors of immigrant enterprises (2000/2005/2009).....	88
Figure 23. % of women immigrant entrepreneurs/total (2010).....	90
Figure 24. absolute and % female immigrant-owned enterprises of total.....	90
Figure 25. Remittances of immigrants (€ thousand), 2001-2008.....	95
Figure 26. % Distribution of total remittances by major regions, 2001 / 2008.....	96
Figure 27. Remittances (€thousand) by main destination states, 2001-2008.	97
Figure 28. % share of added-value from immigrant work subdivided by economical activity, 2005/2008.....	98
Figure 29. Territorial and Relational Distribution	106
Figure 30. Territorial and Relational Distribution of an immigrant enterprise.....	110

Figure 31. Estimate of the foreigners irregularly present in Italy (in thousands) and principal provisions of regularization	112
Figure 32. Participants' gender and country of origin at the CNA World-Dedalo program	116
Figure 33. EU-27 top 10 textile suppliers, 2004-2008	135
Figure 34. EU-27 top clothing suppliers, 2004-2008.....	135
Figure 35. % of EU-27 imports from top 3 countries, 2008.	136
Figure 36. The “new” supply chain in the textile and clothing sector under commercial terms.	137
Figure 37. Distribution of TFC enterprises in Italy, 2006.	138
Figure 38. Total textile enterprises in the province of Ferrara, absolute values, 2000-2009.	141
Figure 39. Total enterprises in the Emilia-Romagna region, absolute values, 2000-2009.....	141
Figure 40. % variations in the total number of enterprises in the textile-clothing sector in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.....	142
Figure 41. % variations in the total number of enterprises in the footwear sector in the province of Ferrara and Emilia-Romagna region, (2000=100),2000-2009.....	143
Figure 42. % variations in the total number of enterprises in the laundry –ironing sector in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.....	144
Figure 43. Total number of employees in the province of Ferrara, absolute values, 2000-2009....	145
Figure 44. Total number of employees in the Emilia-Romagna region, absolute values, 2000-2009.	146
Figure 45. % variations in the total number of employees in the textile-clothing sector in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.....	146
Figure 46. % variations in the total number of employees in the footwear sector in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.....	147
Figure 47. % variations in the total number of employees in the laundry-ironing sector in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.....	147
Figure 48. % variations in the total number of workers in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.	148
Figure 49. % variations in the total number of employees in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.	148
Figure 50. % variations in the total number of apprentices in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.	149
Figure 51. Average number of employees in the province of Ferrara and Emilia-Romagna region, 2003-2009.....	149
Figure 52. Absolute and percentage values of Chinese/Italian owned enterprises in the province of Ferrara. (data up to date).	150
Figure 53. Territorial distribution of Chinese textile enterprises in the province of Ferrara. (data up to date).....	151
Figure 54. Territorial distribution of Italian textile enterprises in the province of Ferrara. (data up to date).....	152
Figure 55. Shares of ATECO codes/economic activities of total industry (Native and Chinese) ..	153
Figure 56. Chinese/Italian-owned enterprises subdivided by ATECO code economic activity	155

Figure 57. Geographical distribution of Chinese-owned enterprises in ATECO 14.1 in the province of Ferrara. (data up to date)	156
Figure 58. Geographical distribution of Italian-owned enterprises in ATECO 14.1 in the province of Ferrara. (data up to date)	157
Figure 59. Geographical distribution of Chinese-owned enterprises in ATECO 14.3 in the province of Ferrara. (data up to date)	158
Figure 60. Geographical distribution of Italian-owned enterprises in ATECO 14.3 in the province of Ferrara. (data up to date)	158
Figure 61. Geographical distribution of Chinese-owned enterprises in ATECO 14.19.1 in the province of Ferrara. (data up to date)	159
Figure 62. Geographical distribution of Italian-owned enterprises in ATECO 14.19.1 in the province of Ferrara. (data up to date)	159
Figure 63. Geographical distribution of Chinese-owned enterprises in ATECO 14.39 in the province of Ferrara. (data up to date)	160
Figure 64. Geographical distribution of Italian-owned enterprises in ATECO 14.39 in the province of Ferrara. (data up to date)	160
Figure 65. Chinese/Italian-owned multi-activity enterprises.....	161
Figure 66. Chinese vs. Italian new openings (%), 2000-2004/2005-2010.....	161
Figure 67. Chinese new openings(%) by economic activity (ATECO code), 2000-2004/2005-2010.	162
Figure 68. Italian new openings(%) by economic activity (ATECO code), 2000-2004/2005-2010.	163
Figure 69. Geographical distribution of Chinese openings (%), 2000-2004/2005-2010.	164
Figure 70. Geographical distribution of Italian openings (%), 2000-2004/2005-2010.....	164
Figure 71. Average number of self-employed/employees at Chinese/Italian-owned enterprises, 2000-2004/2005-2010.	165
Figure 72. % Self-employed at Chinese/Italian-owned openings, 2000-2004/2005-2010.	166
Figure 73. % Employees at Chinese/Italian-owned openings, 2000-2004/2005-2010.	166
Figure 74. Openings/Closures of Chinese/Italian-owned (absolute and percentage values), 2005-2010.	167
Figure 75. Chinese/Italian-owned enterprise closure percentages, 2005-2010.....	167
Figure 76. Chinese closures (%) by geographical area, 2005-2010.	168
Figure 77. Italian closures (%) by geographical area, 2005-2010.....	168

Tables

Table 1. Immigrant population by continent	23
Table 2. Top ten countries that host immigrants 2005/2010	25
Table 3. Top three migrant sending countries	26
Table 4. % of immigrants' age subdivided by 0-14, 15-64, over 65.....	30
Table 5. % Economic activity rate, employment rate, unemployment rate (EU/Italy/ immigrant population, year 2008.	78
Table 6. % Variations immigrant enterprises by country of birth, 2004-2008, 2007-2008. (excluding Romania).....	82
Table 7. Rate of immigrant entrepreneurship (no. of immigrant sole proprietorships/total immigrant population); and rate of native entrepreneurship (no. of total sole proprietorships/ total population), year 2009.	85
Table 8. Percentage variations in individual registered enterprises, 2008-2007.	88
Table 9. Immigrant-owned start-ups, closures, balance, 2004-2009.....	91
Table 10. Percentages of start-ups and closures, 2009.....	92
Tabella 11. Remittances variations 2008-2001; 2008-2007.....	96
Table 12. Internal revenue of immigrants (estimation 2007, € million) and immigrants contribution to the Italian economy and labor market (2007).	100
Table 13. Socio-economic summary of immigration in Italy.....	101
Table 14. Estimate of revenue and expenditure, 2008.....	102
Table 15. Good Practices in the Promotion of Ethnic Minority Entrepreneurs”, published by the European Commission in 2008.	128
Table 16. Principal exporters of textiles: % global export, 1980-2008	132
Table 17. Principal exporters of clothing: % global export, 1980-2008.....	133
Table 18. Balance between EU-27 imports and exports, 2004-2008.....	134
Table 19. Economic activities of Chinese enterprises in the province of Ferrara. (data up to date)	154

ABSTRACT

This study explores the evolution of the phenomenon of new immigrant entrepreneurship, tracing its paths of development, in order to develop new lines of analysis, reflections, and hypothesis of relevant policies and procedures in the light of future trends.

Over the last years, Italy and many other European countries have witnessed a profound evolution in the migration process, and a relentless growth of immigrant entrepreneurial initiatives, together with the economic transformations that have affected the world of employment and economic development opportunities.

Until today, most academic research focused on the traditional term "migrant worker". This work intends to explore a different line of research: to study that portion of immigrants who choose to run their own businesses, becoming owners of small and medium enterprises (SMEs). It furthermore aims to understand the dynamics and characteristics of these enterprises, how they differ from native ones, analyzing the socio-economic relations that they create with the other economic players in the territory.

This dissertation commences with a theoretical framework of international migration, which is followed by a focus on the Italian migratory background, aimed at understanding the roots and basis for this entrepreneurial leap.

The following chapter provides an in-depth theoretical analysis of the "immigrant/ethnic entrepreneurship" phenomenon. It begins with a close examination of various definitions and distinctions, stating in particular the difference between "ethnic entrepreneurship" and "immigrant entrepreneurship". The following section focuses on the crucial transformations that occurred in the manufacturing sector and labor market history, particularly from the seventies until today, with the emergence of the post-Fordist system. It seeks to explain the reasons that motivated immigrants towards this entrepreneurial shift. This chapter is moreover enriched with an analysis of different theoretical approaches, which are mainly of a cultural and/or structural nature.

The third chapter explores the dynamics of this phenomenon in Italy, theoretically and statistically. Non-trivial figures emerge that confirm the relevance of this new event, and that highlights the existence of a close link between immigrant entrepreneurship and

economic development, but on the other side show how this is backed up by “specific” policy interventions which are rather weak.

The final chapter focuses on the case study that carefully analyzes the evolution of business conduct of Chinese entrepreneurs in the textile, clothing and leather industry in the province of Ferrara, with the intent to connect the findings of this study with the theoretical approaches explored in chapter II.

The main results clearly show that this case-study can be explained under the *mixed embeddedness model*, where the determinant elements of this phenomenon are a result of a blend of both cultural and structural factors. Moreover, findings give evidence to an initial phase of an “ethnic niche”. Further elements are explored such the employment context, the economic activities that take place, and all these dynamics intertwined and analyzed together within the territory. Furthermore, a significant fact emerges, the economic and financial crisis that hit the economy in late 2008, has affected to a similar extent both enterprises, Chinese-run and Italian-run ones. However, responses and reactions to such crisis were decisively different. Chinese-owned have shown a greater level of dynamism and flexibility, combined with a greater degree of market expansion.

One of the main findings of this study provide evidence that this new phenomenon is playing a key role in the economy’s demand and supply. Public intervention is still considered weak in the time where future challenges and potentials of such businesses are expected to grow further.

Keywords: immigrant entrepreneurship, ethnic, immigration, cultural, structural, environment, territory, local, development, ethnic niche, enclave, gender, orientation, identity, networks

Methodology

At a methodological level, this research has primarily adopted a *quantitative* approach: the data were first collected and then reprocessed mainly from the following sources: Caritas/Migrantes Immigration Statistics Dossier, Ethnoland Foundation, Osservatorio Imprese Artigiane, Ente Bilaterale Emilia-Romagna (EBER), Chamber of Commerce of Ferrara. The second approach is *qualitative*, conducted through numerous interviews with

various official members of the National Council of Economy and Labor of Rome, and the trade unions Filctem-Cgil¹ (Italian Federation of Chemical, Textiles, Energy and Manufacturing Workers - General Confederation of Italian Workers).

¹ Filctem-Cgil is born from the fusion of Filcem and Filtea. The CGIL-Filctem works in important sectors of industry and crafts (chemical-pharmaceutical, textile-clothing and footwear, rubber-plastic, glass, leather, ceramics and tiles, industrial laundries and displays), energy (oil, gas transmission, mining) and services of high technological relevance (electricity, water, gas).

INTRODUCTION

Despite the profound world economic and financial crises, uncertainty and rising unemployment that hit most advanced economies in the end of 2008, creating structural fractures on both economic and social sides, advanced economies' numbers of "immigrant" entrepreneurship initiatives continue to rise. Entrepreneurship becomes a crucial component in an economy, as it reduces unemployment and poverty. It is an engine for economic development, promotes capital development and creates wealth in a country.

The study of entrepreneurship roots back to the work of Richard Cantillon at the end of the 17th century, but was ignored theoretically until the early 20th century. The French-Irish economist Cantillon was the first to introduce and analyze the term entrepreneur, which derives from the French word "entreprendre", meaning to "undertake". He defined an entrepreneur as "as a person who undertakes a job" (1755). He also considered entrepreneurs as risk-takers, in the sense that they purchase goods at certain prices in the present to sell at uncertain prices in the future. Cantillon's contribution had considerable influence on the early development of political economy, including works of Adam Smith, Alfred Marshall and Frank Knight. In 1776, Adam Smith elaborated on Cantillon's work and viewed an entrepreneur as a person who acts as an agent in transforming demand into supply, adding entrepreneurship through organization, as a fourth factor of production.

The more modern interpretation of entrepreneurship comes from Joseph Schumpeter's contributions in 1934, who defined an entrepreneur as an innovator, who implemented such change through generating new or improved goods, new technologies, opening of a new market; and thus, increasing efficiency and productivity. As for Alfred Marshall (1936), the process of entrepreneurship or business development is incremental or evolutionary . It evolves from sole proprietorship to a public company.

Such significant contributions from various scholars provide a starting-point in understanding who can an "immigrant" entrepreneur be, and to what extent can he/she match to the nature of an entrepreneur according to the definitions above.

This dissertation studies this precise phenomenon under the fact that these entrepreneurs are considered as a "new" event in a country such as Italy, that has a smaller immigration history compared to other European states. Numbers of these individuals are continuously

growing, and international migration and entrepreneurship are constantly becoming two strongly linked terms, thereby there is no immigrant entrepreneurship without international migration. International migration is an immense area of research from social, economic and political sides. It also rises many debates and questions related to immigrants' inclusion in the society, and other related topics such as welfare, employment, health, etc.. However, such action can be misguided not only because research results confirm immigrants' high contribution to filling workforce gaps created by advanced economies' aging native-born workers, but also because immigrants can be seen as a new resource in the economy and more recently, registering higher levels in entrepreneurial activities that can make them both actors of development, and promoters of new employment opportunities.

Chapter I

CHAPTER ONE: A THEORETICAL FRAMEWORK OF INTERNATIONAL MIGRATION

1.1. Migration and migrants: distinctions and definitions

Migrants and migration face many difficulties with definitions, mainly because many countries have entirely different concepts of who is a migrant.

Starting by the term *migrant*². Migrants are split into two big macro groups: *international migrants group* and *non-migrants group*. International migrants group include students and trainees; migrant workers; migrants for family reunification or formation; migrants having free establishment or movement; migrants for settlement (employment-based, family-based, entrepreneurs and investors, retirees); refugees; asylum seekers; and other humanitarian all fall into this category, while, non-migrant group include individuals who can be border workers; in transit; visitors (tourists, business travelers); diplomatic and consular personnel; and military personnel.

A further classification has been made in relation to duration of stay, which noted two main categories as well: *long-term migrant* and *short-term migrant*. A long-term migrant is generally defined as a person who moves to a country other than that of his or her usual residence country for a period of at least a year, so that the country of destination effectively becomes his or her new country of usual residence. From the perspective of the country of departure the person will be a long-term emigrant, and from that of the country of arrival the person will be a long-term immigrant. This same definition applies to the term *international migrant* or *international migrant stock*, except that the latter involves a set of persons and not the individual level. On the other hand, a short-term migrant is a person who moves into a country other than that of his or her usual residence for a period of at least 3 months but less than a year, excluding cases where the movement to that country is for purposes of recreation, holiday, friends and relatives visiting, business, medical treatment or religious pilgrimage.

² Definitions in this section are according to the United Nations Statistics Division.

If we now turn to the other concept of *migration*, according to the definition by the UN Convention on the Rights of Migrants and the United Nations Educational, Scientific and Cultural Organization (UNESCO), it is the crossing of the boundary of a political or administrative unit for a certain minimum period of time³. It includes the movement of all types of migrants (*see definitions above*). Different types of migration include: *Internal migration* and *external migration*. Internal migration refers to the movements that take place within the local, regional or national boundaries, or a move from one area (a province, district or municipality) to another within one country. Rural to urban migrations are more common in developing countries as industrialization takes effect (urbanization). On the other hand, urban to rural migration is more common in developed countries due to a higher cost of urban living (suburbanization). This type can be distinguished from external migration movements, which can be international or inter-continental. International migration is a territorial relocation of people between nation-states; and inter-continental migration is territorial relocation of people among continents.

Due to many difficulties faced in finding a unique definition between countries, most countries now rely on a widespread categorization of international migrants in their migration policies and statistics. Dominant forms of migration can be distinguished according to six main types of migration: *labor migration*, includes both short and long term migrants. These types have been explained above. Examples on short term migrants can be guest workers, overseas contract workers, seasonal workers and students⁴; *migration of highly skilled and business migrants*, which is the migration of people who possess qualifications and skills such as managers, executives, professionals, or similar, and who move within the internal labor markets of trans-national corporations and international organizations; *irregular migration* (or undocumented / illegal migration) is the migration of people who enter a country illegally without the required documents and permits, or stay after the expiration date of their visa or permit of stay; *forced migration* includes refugees, asylum seekers and also people forced to move due to external factors, such as environmental

³ Definition also according to Boyle et al. 1998.

⁴ Students are also considered a potential high-skilled work force if they choose to enter the host economy's market during or after their studies. This would eventually lead to document conversion from a short-term migrant into a long-term migrant.

catastrophes, development projects, conflicts, violence, violation of personal rights, natural or manmade disasters; *family-linked migration* are people sharing family ties joining people who have already entered an immigration country under one of the above mentioned categories. Finally, *return migration* refers to the migration of people who return to their countries of origin or place of residence after a period of at least one year in another country, return migration can be voluntary or the result of an expulsion.

1.2. Crucial transformations in international migration history

Tracing back the crucial steps and main structural transformations that created international migration's history, several changing historical circumstances have increased the salience and visibility over the past decades. Six main periods demonstrate how this ancient phenomenon commenced and how it is still evolving in today's global economy.

The first *mercantile period*, or *New World colonization* stage, from about 1500 to 1800, world migration began by flows out of Europe and embedded from colonization processes and economic growth under mercantile capitalism. In this period, a large number of Europeans went to reside in the Americas, Africa, Asia, and Oceania (Tinker 1995; Lucassen 1995; Altman 1995; Heffernan 1995). European emigrants were mainly working in the agriculture sector, a smaller number of entrepreneurs and craftsmen, founders of pre-industrial technologies such as raw-material plantation production for Europe. This small number of entrepreneurs had deeply influenced the demographic history of the Americas. Plantations they built required large amounts of cheap labor. The most significant source of labor was the forced migration of African "slaves" (Curtain 1996; Palmer 1992). Over three hundred years, millions of the latter were imported into the Americas and, jointly with the European colonists, they profoundly changed the ethnic composition of the New World.

The *second phase* starting from mid 19th century, referred to as either *industrial, liberal* or "*great migration*" stage followed. Along with the spreading impact of the industrial revolution, and a gradual downsizing of the "slave trading" phenomenon, immigrants became of vital importance for the growth of the colonies and the new national entities which had risen. This period represents the first stage of economic globalization,

characterized by enormous flows of capital, raw materials, and goods in and out between Europe, the Americas, Asia, and the Pacific. This growth in global economy was linked to the high emigration flows of migrants from Europe and transoceanic countries to North America and Australia, which resulted in structural transformations that surpassed successive European nations as they industrialized and were integrated into the global trading regime. This emigration stemmed from rapid industrialization and development in Europe and the spread of capitalism to former colonies in the New World (Hatton and Williamson 1998). The United States by itself received around 60% of Europe's emigrants and another 25% of those scattered among Argentina, Australia, Canada, and New Zealand (Massey 1988).

Massey demonstrates the relationship between industrialization and emigration and finds a significant positive association between the onset of industrialization and the initiation of large-scale international movement. This period was characterized by economic liberalism that had abolished all of the obstacles of mercantilism, including control over population movements, as passports were not required for travel between countries. Therefore, people could begin to work in a new country without seeking a permit to do so (Marrus, 1985; Holborn, 1938).

The *third period* starts by the sudden hinder of these extensive emigration flows from Europe with the outbreak of World War I, and continued to the close of World War II. This led in several decades of limited migration period (Massey 1995). During World War I, an introduction of a control system commenced, and the passport suddenly became an instrument for control at the borders. The 1920s were characterized by the rise of economic nationalism in both Europe and the Americas. Restrictions were consecutively placed on trade, investment, and immigration to control international movements of goods, capital, and labor.

Later on, a complete crash down occurred in 1929. The commencement of the Great Depression stopped almost the entire international movement, except for a small amount of return migration. Due to massive unemployment of these decades, demands were raised for protection of the domestic employment against foreign competition.

The *fourth period*, usually referred to as *Fordist* or *neo-liberal*, a period of reconstruction of damaged economies by the numerous conflicts that have occurred. This period began following World War II and lasted until the first oil crisis of the early 1970s, a period known as the “three glorious decades”, and represented by a remarkable stage of full employment. All throughout this period many economic, political and historical events and initiatives took place to promote the re-opening and liberalization of trade. Unilateral negotiations under GATT 1947, have created an international forum to encourage free trade between Member States, reducing tariffs on goods by creating a common mechanism for resolving trade disputes. Furthermore, the establishment of the European Community in 1957 together with Bretton Woods Agreements in 1944, established a system of fixed exchange rates, regulating prices, thereby reducing uncertainty in financial markets and encouraging investment. It furthermore contributed to the creation of a liberal economic climate and institutional harmonization. By this period Argentina had already formed the core of a well-defined international migratory system along with Brazil and Uruguay. These states experienced speedy industrialization during the first era of globalization, and hosted massive migrant inflows from Europe, mainly from Italy, Spain and Portugal (Ferenci 1929; Germani 1966).

The initial part of this period was characterized by the early stages of the labor migrations to Northwestern Europe. Workers left countries that were relatively intensive in labor in southern Europe such as Italy, Spain, Portugal, and Greece to northwestern states that had become intensive in capital but scarce in labor as Germany, France, Belgium, the Netherlands, Sweden (Martin and Miller, 1980; Schierup, 1995).

During this phase and up to the end of the 1950s, Italy alone had stood for circa half of the volume of the labor migrations north. This period also continued to experience dramatic increases in African emigrant population to Europe along with the massive immigration flows that continued from ex-colonies. European agriculture in this period began to decline as urbanization increased, thus losing competition, and so the countryside was abandoned by many. Rapid economic growth, tight labor markets and high demand for workers that was impossible to fill from domestic sources (Kindleberger. 1967) had caused a massive

labor shortage in the Western European countries, resulting a high demand for a labor force, which attracted guest workers; mainly single young men.

This period was marked by relatively liberal immigration control and free immigration, which often resulted in the direct recruitment of foreign work force. The assumption was that the labor force immigration would be “temporary” or “guest workers” and that immigrants would soon return to their home.

In “old” immigration countries, migration flows were mainly regulated by labor demand and supply. When there was less work in the host country, migrants could go back to their home country, and return once again when there was new work. These “old”⁵ countries of immigration, particularly from the mid-fifties to the mid-sixties, recruited foreign labor force for post-war reconstruction and to relieve the population deficit. Such migration inflows declined steadily and that from the mid-sixties immigration phenomenon became global in scope and constituted a sharp structural split with the past. The number and diversity of both source and receiving countries has grown as the global supply of immigrants moved from Europe to developing countries of the Third World (Castles and Miller 1993), Therefore, a shift from the European exportation to the importation of labor. A real migratory transition process took place in those years. In this phase, European countries commenced to adopt different strategies aimed to control migration inflows and a real Mediterranean immigration model was enforced, and which differed from the former models. Labor migration was then stopped with the first oil crisis in 1973 and the economic recession. Since then, immigration has been mainly for family reunion and marriage motives, and political reasons such as asylum seekers.

The *following period* stretches from the period following the oil crisis 1973 to the 90s. A period characterized by strict immigration control, exclusively family reuniting and political refugees were permitted . The “temporary” period of workers has brought to an end, and large number of “guests” chose to settle permanently in Europe. Labor force immigration has ceased in all of Western Europe, but this has not stopped the increasing numbers of illegal foreigners and a certain number of seasonal workers, therefore, many of these guest workers who went to Western countries had to make a choice whether to stay or leave for

⁵ Especially Germany, France, Belgium and Norway

good the country where they were working and sending remittances. This caused a stream of family-reunion migration towards the Western countries. A smaller group however decided to return, forming a smaller stream in the reverse direction. In response, countries adopted more restrictive admissions policies after the mid-seventies. The state of recession and economic downturn that was found in industrialized advanced economies have contributed to the collapse of the Bretton Woods system with the adoption of floating exchange rates that has resulted in inflation in many countries. The situation started to improve gradually and in 1995 the WTO stated an overall objective of the abolition or reduction of tariff barriers to international trade at the end of Uruguay Round. This period had furthermore experienced the collapse of USSR and the dissolution of the Union of Soviet Socialist Republics in 1991, which led to a dramatic increase in migration flows between countries of Eastern Europe and former Soviet Union.

On the other hand side, after the rapid rise of oil prices in 1973 several less developed but capital-rich oil-exporting nations in the Persian Gulf had also begun to sponsor immense labor migration as well (Birks and Sinclair 1980; Abella 1995). By the 1980s, international migration spread into Asia, not only to Japan but also to the newly industrialized countries (NIC⁶) or so-called *Asian Tigers* who had joined the ranks of wealthy and industrialized nations and had become intensive in capital and poor in labor (Hugo, 1995). The period after 1985 was characterized, from the search for employment to the search for asylum. Significant increase of refugee migration from the Third World was witnessed particularly from Asia. Illegal migration during this period was introduced and considered a new element in the history of international migration.

The sixth and *final phase* of international migration, starting from the end of the 90's, constitutes a second era of globalization. The world's economies show a general tendency to the liberalization of trade policies, encouraged by the increase in the number of regional integration agreements and consolidation of international institutions. This period is also characterized by the return of extensive cross-national flows of capital, commodities, raw materials, information, finance, trade and technology. Both the globalization of markets and the increase in the volume of international migration have been the basis of the

⁶ NICs refer to South Korea, Taiwan, Hong Kong, Singapore, Malaysia, and Thailand.

structural transformation and incorporation into the global market. Furthermore, in 2003, the Association of Southeast Asian Nations (ASEAN) and China agreed to work more rapidly regarding trade agreements. Japan also signed an agreement in which committed to reduce tariff and non-tariff barriers with these same ASEAN members. Additionally, the Summit of November 2004, was aimed to begin negotiations for a free trade agreement between ASEAN countries and Australia and New Zealand with the objective to reduce significant trade barriers by 2016.

the Persian Gulf migratory system particularly stands out in this period, a very different system compared to traditional ones such as the Australian, American or Canadian immigration structures. This new system that especially commenced after the worldwide recession and oil shock, outlining a new post-industrial migration. A noteworthy event that is taking place especially in a time when capitalist economies are facing a recession. However, countries in this region have highly benefited from such increase in oil prices by the OPEC cartel, and in turn has contributed to sustained economic growth. Thus, GCC⁷ Countries experienced a reconstruction phase characterized by being transformed to a capital-rich area, as what occurred previously in Europe. In this period, these countries started to import foreign workers from neighboring countries of the MENA⁸ region, especially from Egypt, Jordan, Lebanon, Syria and Yemen to fill in the work force gaps. GCC countries have emerged as new destination countries for immigration: in only 15 years, foreign population increased from 2 to 8 million in 1999 (Zlotnik, 1999). Policy makers in these nations required to recruit “guest” workers, placing restrictions and policies to keep them temporary. However, immigrants represent today a permanent structural element of the socio-economic system in the region and records highest levels of immigration rates, with an absolute majority of foreign-born in the economically active population.

A further crucial event in this current period is the European Union’s enlargement that took place in 2004, which is also considered one event that has high impacts on international migration This process of expanding the EU to include ten New Member

⁷ GCC countries are Saudi Arabia, Bahrain, United Arab Emirates, Kuwait, Oman and Qatar.

⁸ The term MENA is the abbreviation for "Middle East and North Africa".

States (NMS) predominantly from Central and Eastern Europe is resulting in constant notably increasing numbers of migrants into the EU-15. The EU has been further enlarged once again in 2007 to the current E-27 nations, allowing migration flows increase even more.

Migratory flow are undergoing constant change. New countries of immigration are emerging and others are vanishing. The recent financial and economic crisis that hit most advanced economies in 2008 produced strong structural effects. In a report published by the Migration Policy Institute (MPI) in 2009 stated that “the global financial and economic crisis that followed the collapse of the investment house Lehman Brothers in September 2008, can be viewed as having a deeper and “more global” effect on the movement of people around the world than any other economic downturn in the post-World War II era of migration”⁹. Contents in this paper continue and state that despite the fact that such crisis indisputably affected profoundly the global economy and turned it into an employment crisis, some countries in the globe have not been affected. In fact, we see that the actual Persian Gulf migratory system not been affected, conversely, the European migratory system has undergone the worst economic crises ever.

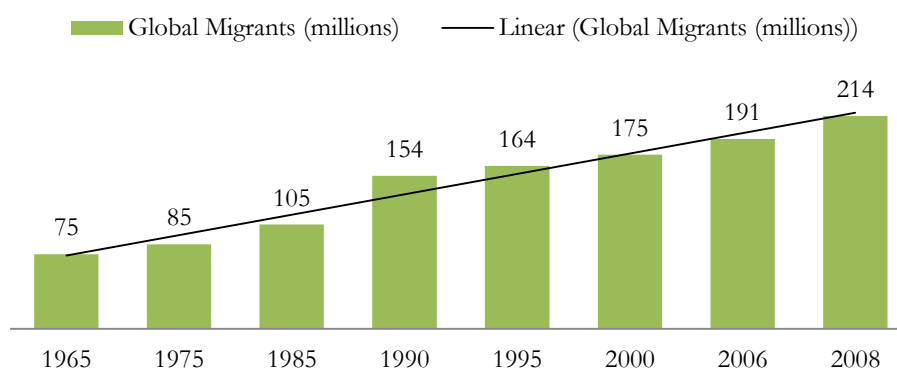
1.3. Patterns of international migration today

Nowadays, migration is widely distributed across more countries. Worldwide, there was an estimated 175 million immigrants in year 2000. This figure increased to an estimate of 214 million in 2008 (UN Population Division). The figure below shows an upward trend in total international migration from 1965 up to 2008. It clearly gives evidence that international migration is on a non-stop increasing trend resulting a 185% increase in almost 40 years. This can be explained as a result of world globalization in terms of nations’ economies, trade and investment, open borders for an easier flow of goods. Theoretically, this must also lead to an easier movement of people across borders, but according to various scholars, people are still not able to move as freely as commodities, as there are still

⁹ Michael Fix, Demetrios G. Papademetriou, Jeanne Batalova, Aaron Terrazas, Serena Yi-Ying Lin, and Michelle Mittelstadt. 2009. Migration and the Global Recession, Migration Policy Institute.

additional restrictions being put up on people’s movements in many countries. If this holds true, inflow migrations would be even higher than those registered.

Figure 1 Total international migrants



Source: Personal elaboration of data gathered from UN Population Division data

The percentage of migrants as a share of the total population has remained stable, increasing from 2.3% in 1965, to 2.9% in 1990, to current 3.1%. In other words, this means that one of every thirty-three persons in the world nowadays is a migrant, whereas in 2000 one out of every thirty-five persons was a migrant. It is also worthy for note that almost 50% of migrants worldwide are women (2008). The majority of the latter are engaged in “temporary” labor migration in the Middle East, East Asia and Southeast Asia as main destinations.

If we look at recent regional dynamics, we see that migratory flows are going through intense changes in mainly six regions. The table shows the numbers of immigrants and their percentages of the area’s population in years 2005 and 2010.

Table 1. Immigrant population by continent

Geographic Area	<i>Immigrants (million)</i>		<i>Percentage of the Area’s Population</i>	
	2005	2010	2005	2010
Europe	64.1	69.8	8.8%	9.5%
Asia	53.3	61.3	1.4%	1.5%
North America	38.4	50.0	13.5%	14.2%
Africa	17.1	19.3	1.9%	1.9%
Latin America	6.7	7.5	1.2%	1.3%

Oceania	5.0	6.0	15.2%	16.8%
---------	-----	-----	-------	-------

Source: Personal elaboration of data gathered from United Nations, Trends in Migrant Stock: The 2008 Revision, data in digital form.

Asia as shown in the table above is one of the largest continents that host the largest number of immigrants in absolute numbers after Europe. Due to *Asia's* high population, immigrants make up only 2% of its total population (2010). Working immigrants mainly have temporary type of work contracts, migrations in such area are characterized by very large intra-regional flows particularly in China and India. Population in *Asia* is expected to rise by 40% to reach 3.08 billion in 2050. Without emigration it would rise to 3.12 billion. (World Migration 2008, IOM). If we consider the Middle East area itself, it is the most important region up to date for temporary contractual workers, mostly from *Asia*. This area experiences a recent type of south-south migration. According to the United Nations' Trends in Total Migrant Stock: The 2008 Revision, the percentage of immigrants as a share of the total population is extremely high. In Qatar, 87%, United Arab Emirates (70%), Jordan (46%), Singapore (41%), and Saudi Arabia (28%).

If we now look at immigration figures in *Europe*, immigrants make up almost 10% of its population (2010). In the absence of international migration, population in developed countries aged between 20 and 64 are expected to decline by 23 per cent by 2050. (World Migration 2008, IOM). Furthermore, *Europe* has recently registered a 7% increase in temporary work permits admitted to foreigners entering countries of the Organization for Economic Co-operation and Development (OECD) since 2000. *North America* has the highest percentage of foreign-born of total population among all continents. i.e. 14% of *North America's* population are immigrants. *The Americas* are characterized by strong south-north migratory flows from areas such as Latin America and the Caribbean to the United States and Canada, and recent increasing flows to *Europe*. Both the United States and Canada are the major areas receiving "permanent" type of workers but are also facing growing demand for temporary workers. The United States in particular receives enormous inflows for family unification motives, due to their provision of many favoring immigration policies in this direction. *Oceania*, and mainly Australia and New Zealand are the two main areas that receive an enormous bulk of migrations inflows. As seen in the table, migrants

make up 17% of its population (2010). Some small island nations are increasingly interested in labor migration.

Finally, migrants in *Africa* are increasing in absolute numbers but have maintained a stable incidence of 2% of total population in 2005 and 2010. Africa is characterized by major migrations within African countries. Southern Africa, the Maghreb and West Africa are the sub-regions most affected by labor mobility in the area. According to the World Migration 2008 report published by IOM, the African population is expected to triple in absolute numbers (from 408 million in 2005 to 1.12 billion in 2050), without emigration it would rise to 1.4 billion.

The table below shows that United States hosts most of today's migrants, and at the same time is experiencing continuous increases, followed by the Russian Federation and Germany that both face stable increases in migrant population. New destination countries for migrants are emerging, such as Ireland, Italy, Norway and Portugal.

Table 2. Top ten countries that host immigrants 2005/2010

Country	International Migrations (millions)	
	<i>2005</i>	<i>2010</i>
United States	38.4	42.8
Russian Federation	12.1	12.3
Germany	10.1	10.8
Saudi Arabia	6.4	7.3
Canada	6.1	7.2
France	6.5	6.7
United Kingdom	5.4	6.5
Spain	4.8	6.4
India	5.7	5.4
Ukraine	6.8	5.3

Source: Personal elaboration of data gathered from United Nations, Trends in Migrant Stock: The 2008 Revision.

If we now look at the three top migrant sending countries worldwide, we can see that the world's main emigrants are persons or a set of persons coming from China, India and The Philippines.

Table 3. Top three migrant sending countries

Country	Estimates Diaspora (millions)
China	35.0
India	20.0
The Philippines	7.0

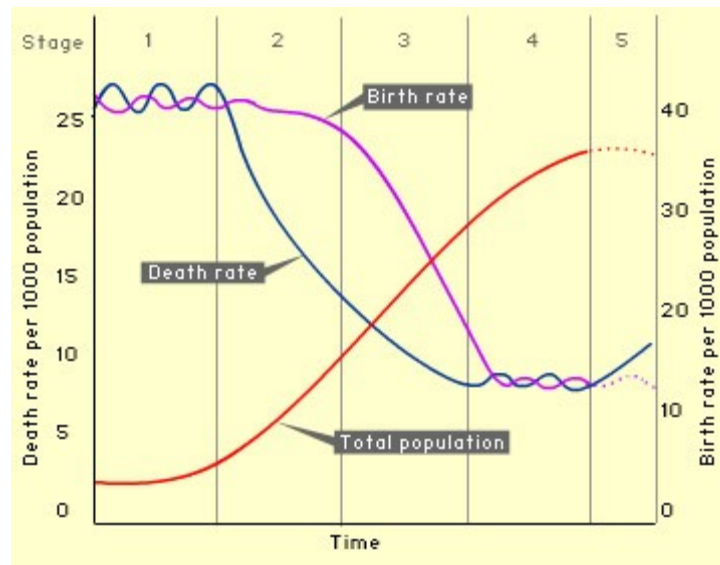
Source: World Migration, 2005: Costs and Benefits of International Migration.

Figures in this table along with IOM's 2008 estimates that the population in India and China are projected to increase in the coming decades to account for 40% of the global workforce, make us easily predict that the developing world can easily become the main source of workers in working age in developed countries. This, especially that developed countries are characterized in falling birth rates and hence an ageing population. The theory based on the demographic transition model (DT), i.e. an interpretation of demographic history developed in 1929 by the American demographer Warren Thompson can make us comprehend better these potential "new" migration inflows from developing countries such as India and China, who are located in stage 2 or 3 in the figure below. His theory explains that developed countries (DC's) are located in the third demographic phase (see figure below) which are characterized by negative population growth rates, therefore, producing a rapidly ageing population¹⁰. Therefore, a greater mobility of people and increase on demand on immigrant workforce occurs. This is receiving increasing attention of the European Union in the last few years.

This phenomenon of ageing population is also expected to increase in Japan and not only Europe. According to the UN population projections, both are undergoing a relatively rapid ageing process and expected to face declining population growth over the next fifty years. This could give us some reflections about the process of "replacement migration" that can be as an important survival boat for these countries' economies. Replacement migration is defined as the migration needed for a region to achieve a particular objective, demographic, economic or social, (Guillaume Marois, 2008).

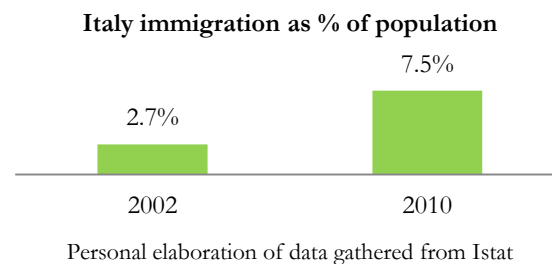
¹⁰ Ageing population occurs when the median age of a country or region rises. This happens because of rising life expectancy or declining birth rates.

Figure 2. The Demographic transition model (DTM), by the American demographer Warren Thompson, 2009



1.4. The Italian migratory context

Over the past three decades, Italy has undergone a foremost transformation, shifting from an emigrant nation, (according to AIRE - Registry of Italians residing abroad, there are currently 4.1 million Italians still living abroad, of which 48% are women) to an immigrant destination country.

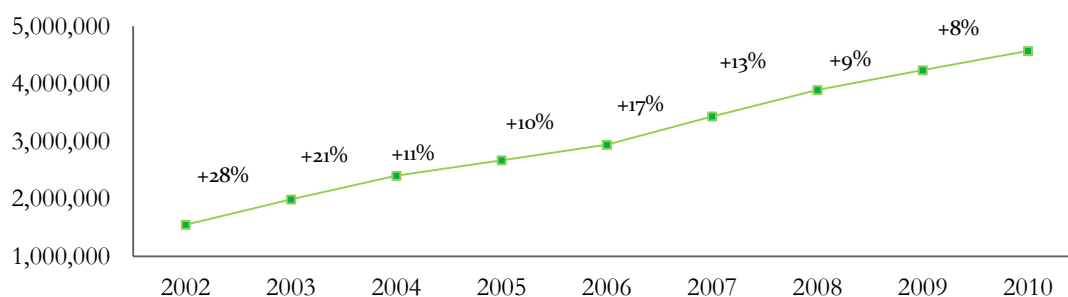


Immigration in Italy is a quite recent phenomenon, as its colonial history was also very short, thus, immigration patterns differ from other traditional immigration countries. From 1970 until today, immigrants have increased, and the growth rate is on the rise. Immigrants are estimated to 4 million units and make about 8% of the population (Istat, 2010), which is close to the EU average which accounts for 9.5% in this same year.

Generally, international immigration studies have labeled the Italian migration experience using the *Mediterranean immigration model*. This model applies to all southern EU countries such as, Spain, Greece and Portugal, where immigration, starting from the beginning of the seventies, has gradually replaced emigration, and is characterized as follows: negative population growth; significant emigrant population abroad; higher unemployment rate compared to the European average; high demand on immigrant labor; trafficking of labor which leads to illegality; the constant employment of immigrants in both seasonal agricultural and service (especially domestic and assistance to persons) sectors; a highly segmented labor market; the presence of irregular immigration; the absence of initial immigration regulation and the subsequent adoption of prudent migration policies; reduced access of immigrants to social integration measures even when provided for by legislation; strong public opinion against immigrants' sense of being part of the society; and immigrants obtain small support from EU migration policies. One exceptional element of the Italian model compared to the Mediterranean one is that immigrants in Italy take part of the industrial production system.

Immigrants in Italy are distributed unevenly on the territory, most are gathered in the Centre-North (85%). With reference to year 2007 (Istat), an estimate percentage of almost 20% of total immigrants live in Lombardy region. Followed by Veneto and Piedmont regions 12% each, Lazio (11%), Emilia-Romagna (10%), Tuscany (9%), While each of the remaining fourteen regions host less than 4%.

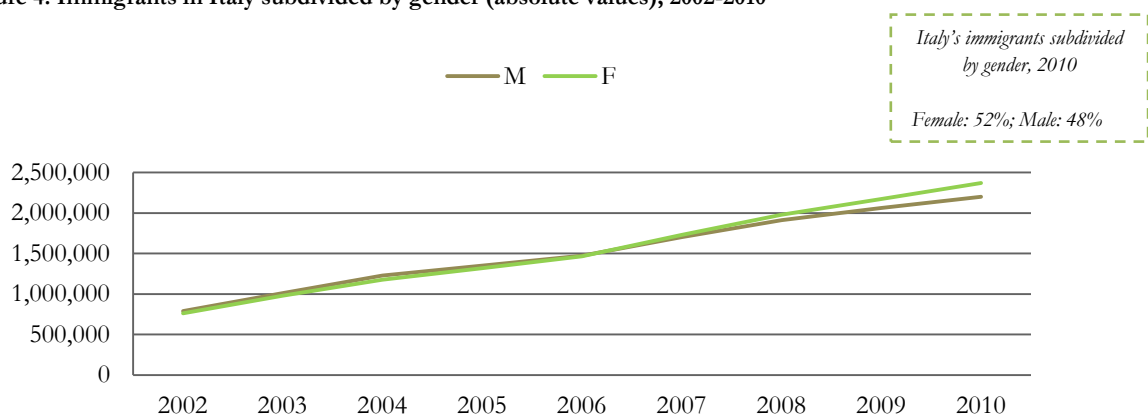
Figure 3. Trend of immigrants in Italy, 2002-2010 (absolute values and annual variations)



Source: Personal elaboration of data gathered from Istat.

Female immigrants represent slightly more than half of the total immigrant population. More precisely, their shares exceed that of males in both absolute and relative terms. Reasons explaining such figures can be mainly due to changes in markets, professions, higher mobility levels, gender-specialization differences¹¹, one example of the latter can be the textile-clothing industry in Italy, a “specific” line of business that mainly attracts females. One other example on the Italian scale can be the popularity and rise in the profession as caregivers, a high demanded profession that mainly employs women.

Figure 4. Immigrants in Italy subdivided by gender (absolute values), 2002-2010



Source: Personal elaboration of data gathered from Istat.

The push factors¹² of immigration in Italy is mainly due to economic motives. Permits for work purposes account for circa 60% of total. However, the migratory structure is changing in recent years, and shares of family reunification permits are increasing maintaining constant percentages for permits for work motives. If we examine that share of immigrants who hold work permits (60% stated above), permits in Italy distinguishes between “self-employed¹³” and “employees”.

According to Istat, the levels of self-employed increased significantly by four percentage points, from 9% to 13% between 1999 and 2007, making the share of employee type of work to drop from 91% to 87%. These figures show how immigrants play significant roles

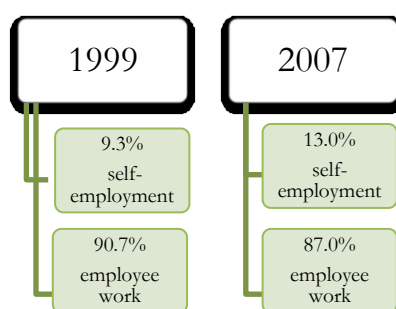
¹¹ See explanation in section 2.6. New lines of research of the multi-faceted phenomenon, Chapter II.

¹² The push factors in international migration involve a force or a series of reasons which acts to drive people away from a place. Push factors are the opposite of pull factors, and which involves those factors that draws immigrants to relocate to a new location.

¹³ The term self-employed differs from the term entrepreneurship. In Italy, according to Istat source, this percentage includes immigrant entrepreneurs and immigrant self-employed. However the former is more present .

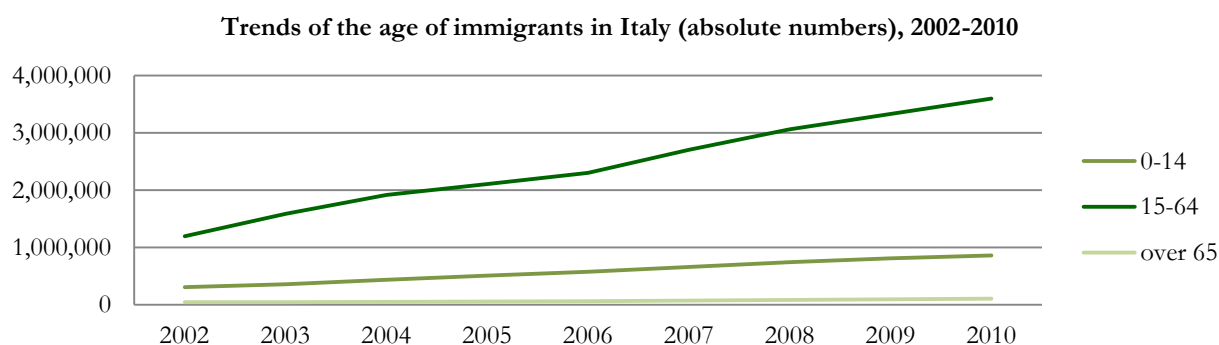
as both employees¹⁴ and in self-employment. Italy's immigrant population is mostly young. Almost 80% of total immigrants is in the active work force age, followed by very young population (0-14), that represents an average of 19% of total immigrants, and finally by old people aged over 65 that are increasing slowly and steadily in absolute terms but still represent a small share of about 2% of the total immigrant population.

Work permits subdivided by work motive in Italy



Source: Personal elaboration of data gathered from Istat.

Figure 5. Trends of the age of immigrants in Italy (absolute values), 2002-2010.



Source: Personal elaboration of data gathered from Istat.

Table 4. % of immigrants' age subdivided by 0-14, 15-64, over 65.

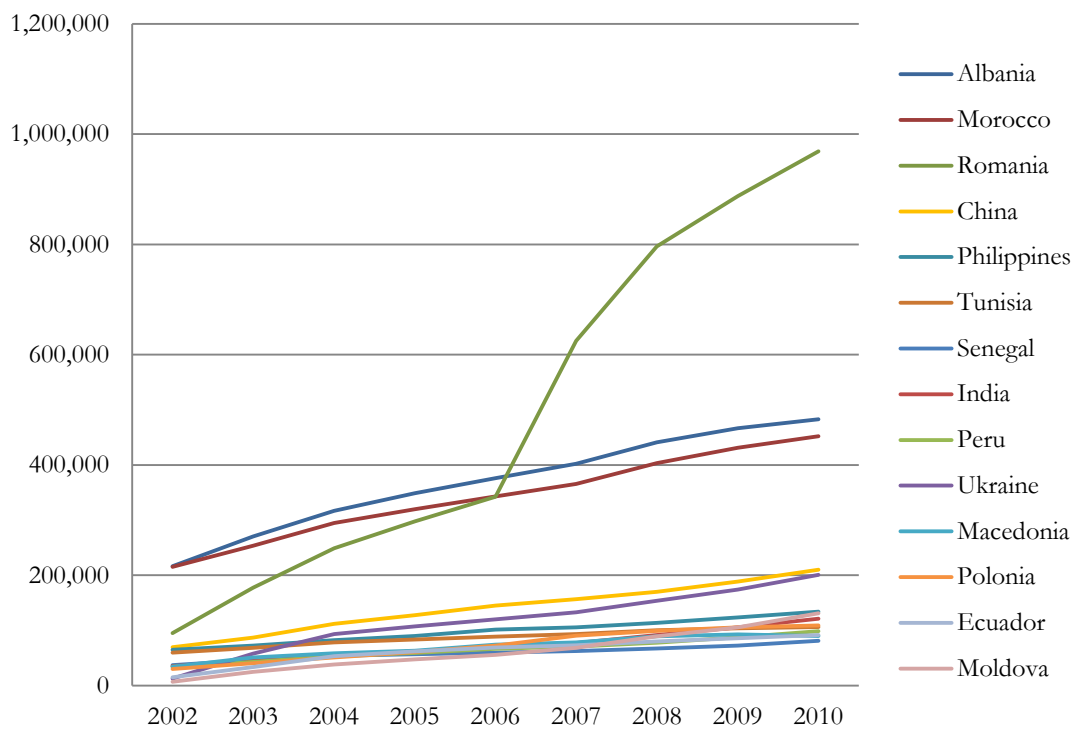
	2002	2003	2004	2005	2006	2007	2008	2009	2010
0-14	19.9%	18.1%	18.2%	19.1%	19.6%	19.2%	19.1%	19.1%	18.9%
15-64	77.3%	79.7%	79.7%	78.8%	78.3%	78.7%	78.7%	78.6%	78.8%
over 65	2.7%	2.3%	2.1%	2.1%	2.1%	2.0%	2.1%	2.3%	2.3%

Source: Personal elaboration of data gathered from Istat.

¹⁴ Chapter 3 includes more details especially on value-added by sector carried out by “employee” type of work.

Until 2006, Italy's immigrants mostly came from Albania, followed by Morocco and Romania. Source countries altered clearly in the last few years, making Romania the top country of origin of most immigrants. Romania's membership into the European Union raising the number of its members to 27 must have played a key role for such change. If we look at percentage changes, Romanian population increased by almost 920% between 2002 and 2010, and immigrants from Ukraine and Moldova are also among the top nationalities that had undergone even higher levels of percentage increases.

Figure 6. Immigrants in Italy by country of origin (absolute values), 2002-2010



Source: Personal elaboration of data gathered from Istat.

Chapter II

CHAPTER TWO: INTERNATIONAL LITERATURE ON IMMIGRANT ENTREPRENEURSHIP

2.1. Ethnic entrepreneurship and immigrant entrepreneurship: *Concepts and definitions*

The significant increase in the number of foreigners who own businesses have led to the emergence of new concepts referred to as *ethnic entrepreneurship*, *immigrant entrepreneurship*, *ethnic group* or *ethnic minority group* and *ethnic economy*. In recent years, these notions have become an essential topic of research in social sciences, economics, management, geography and management. Researchers had to deal with important variations between different groups of immigrants and moved beyond the individual approach by looking for explanations on the level of groups (Waldinger, 1986, Light and Rosenstein, 1995). Starting with the term *Ethnic entrepreneurship*, according to Waldinger (1990), it can be defined as “a set of connections and regular patterns of interaction among people sharing common national background or migration experiences”. However, many studies in this area use the notion *ethnic group* and various definitions have been suggested. One definition is that of Yinger (1985), who states that an ethnic group is a “segment of a larger society whose members are thought, by themselves or others, to have common origin and to share segments of a common culture and to who, in addition, participate in shared activities in which the common origin and culture are significant ingredients”.

An alternative term to ethnic is *immigrant entrepreneurs*. In Volery’s handbook of research on ethnic minority entrepreneurship, he pointed out the difference between *ethnic* and *immigrant*, as the latter, would only include the individuals who have actually immigrated over the past few decades, and as a result of migration flows find themselves living and working in a country other than their own. This definition excludes members of ethnic minority groups who have been living in the country for several centuries, such as the massive immigration from former colonies. As for the part of Butler and Green (1997), they define *immigrant entrepreneurs* as people who start their own business just after their arrival through the use of their individual connections with former immigrants and non-immigrants with a common origin. However, *ethnic* does includes both immigrant or

minority groups. In 2000, Light and Gold introduced and defined the term *ethnic economy* as “any ethnic or immigrant’s self-employed group, its employers, their co-ethnic employees, and their unpaid family workers”. Other definitions come from the U.S. Department of Commerce (1997) that use the term *minority entrepreneurs* to define foreign business owners who form a minority of the majority population.

Light and Gold (2000) furthermore introduced the concepts of *ethnic ownership economy* and *ethnic controlled economy*. They distinguished between these two terms, as the former refers to an ethnic economy that is based on property right and ownership, and the latter, an ethnic economy whose basis is de facto control based on numbers, clustering, and organization. Precisely, they consider an ethnic ownership economy to be consisted of small and medium-sized enterprises owned by ethnic or immigrant entrepreneurs and their co-ethnic workers, while ethnic control economy refers to industries, occupations, and organization of the general labor market in which co-ethnic are employees and not owners who exert economic power, which often results from their clustering, numerical prevalence, organization, government mandates, or all four. Some authors believe that the ethnic-controlled economy gives migrants the possibility to secure more and better jobs in the mainstream economy, reduce unemployment and improve working conditions.

However many definitions arise which may show some complexity in finding an appropriate definition. In fact, in a paper entitled “Ethnic Entrepreneurship and Migration”, published by L. nDoen, Gorter, Nijkamp and Rietveld, these authors mention that the notion ethnic entrepreneurs is quite confusing because the term ethnicity is generally used to indicate the geographic origin of migrants. They state that ethnicity can be defined as cultural traits of particular groups who share common customs, behavior and common world view. Thus, this notion is misplaced in certain contexts, due to it of being a very generic term. This is also because persons belonging to an ethnic group do actually come from the same country of origin but each person can come from a different cultural background. They also cite that ethnic entrepreneurs were introduced in Europe as a single ethnic group, but they actually represent different cultural traits.

One further perplexity in definitions comes from a recent paper entitled Immigrant Entrepreneurs (ISFOL, 2006). Authors of this paper took into account not only the

individuals who run the business, but also the product or business line. They considered the use of the term *ethnic* inappropriate because it is usually considered as a synonym for “exotic” that may refer only to an ethnic product line coming from the country of origin of immigrants. This can demonstrate some limits, for example, can we consider ethnic an immigrant-owned pizzeria when pizza is baked by an Egyptian? According to this paper, the term ethnic should be investigated and studied carefully and not given for granted. For this reason, they prefer the term “immigrant” over ethnic¹⁵.

Further recent literature comes from a paper published by the European Commission – Enterprise and Industry, entitled “Supporting Entrepreneurial Diversity in Europe - Ethnic Minority Entrepreneurship/ Migrant Entrepreneurship” (2008). They consider the term ethnic entrepreneurship mainly related to businesses connected to a certain immigrant group, functioning on a closed basis and dependant on a certain community including workers, suppliers and clients. On the other hand, they consider immigrant entrepreneurship mainly including businesses that target non-ethnic clients and that operate in an open economy. This form of entrepreneurship is characterized by immigration experience, and does not have any connotation that necessarily reflects dependence on ethnic recourses.

In sum, after studying carefully past and recent definitions by various scholars, I have chose to adopt mainly the term *immigrant* over *ethnic* in this study due to two reasons: first, as defined by several authors, the term *immigrant* reflects a “new” phenomenon and refers to the early stages in the process of entrepreneurship, which is the main sample of analysis in this research: second, immigrant entrepreneurs nowadays are of various type. This dissertation classifies nine different types of immigrant enterprises¹⁶ of which an ethnic enterprise refers to only one among many types. Therefore, chapter III and IV adopted the term “*immigrant*”, whenever referring to an enterprise, entrepreneur or entrepreneurship in general. The term *ethnic* will nevertheless be used when referring to traditional ethnic products or in the case of ethnic groups, i.e. people sharing the same ethnic background.

¹⁵ For a broader explanation see types of immigrant enterprises, Chapter II.

¹⁶ For a broader explanation see types of immigrant enterprises, Chapter II.

One further fundamental distinction to be taken into consideration is the dissimilarity between *entrepreneurship* and *self-employment*. The meaning of these two terms highly depend on the regulatory regime in each country. Codagnone (2003) reported difficulties that researchers face in finding an appropriate definition for entrepreneur and points out that authors in most cases state that entrepreneurs and self-employed have common characteristics, although not all self-employed can be understood as a form of entrepreneurship. *Self-employed* refers to a person who works for himself/herself rather than being an employee of another person or enterprise, and draws a certain income from a business that he/she operates personally. The more someone wants to earn, the more work and effort an entrepreneur should achieve. Doctors and lawyers also fall into this category. On the other side, an *entrepreneur* is a person who manages a business with a number of employees, or is someone who carries out a task with a certain degree of autonomy in the market, and who builds an “economic system” by generating income and employment. A further distinction between these two terms is found in the report entitled *Nurturing immigrant entrepreneurship* published by European Microfinance Network (2006), and refers to self-employed¹⁷ as someone who is not working for an employer but finding work for oneself or having one’s own business. While, an entrepreneur is a person who sets up a business or businesses, someone who organizes, manages, and assumes the risks of a business or enterprise. This research adopts the latter definition, i.e. immigrant entrepreneurs who are owners of SMEs. However, it is worthy to note that the term self-employed will be nevertheless used often in this work due to many studies and statistic registers that do not distinguish between the two and consider entrepreneurs as self-employed.

2.2. Transformation of the labor market: A shift towards entrepreneurship

¹⁷ Another definition for “self-employed” is found in the EU Labor Force Survey, which refers to self-employed if one or more of the following conditions are met: (i) Machinery or equipment of significant value, in which the person has invested money, is used by him or his employees in conducting his business, an office, store, farm or other place of business (ii) There has been some advertisement of the business or profession by listing the business in the telephone book, displaying a sign, distributing cards or leaflets, etc.

Until recent years, labor migration has dominated literature in this field of study and only little attention has been given to entrepreneurial migration. In some countries, immigrant entrepreneurship is not a “new” phenomenon, as it forms a solid part of any migration, most historically observed in the United States, where the foreign-born have been overrepresented in small businesses since 1880 (Barret et al., 1996). This long history of immigrant entrepreneurship also explains why research in this subject has its roots there. Since the seventies, the increase in business ownership has been especially noteworthy among ethnic groups in the United States (Light, 1972; Light and Bonacich, 1998; Waldinger, 1990). This is due to the fact that the majority of migrants are job seekers. A decade after, this phenomenon became evident in Europe. In history, as seen in Chapter I, immigration was initially considered temporary, fulfilling jobs that required low skills, and which could easily be replaced by a succession of sojourners (Waldinger et al., 1990). However, numerous authors cited varied motivations of the commencement of this entrepreneurial phenomenon, and pointed out that there have been three changing historical circumstances behind this increase over the past decades. Firstly, immense movements from former colonies, southern Europe and North Africa has led to significant migration flows. Secondly, since the Industrial Revolution and until the seventies, demand on migrant employee workforce in Northern European countries increased, therefore large numbers of migrants moved and started working in the manufacturing industrial sector. Such movements were primarily due to economic motivations and characterized by their high reliance on technical and low skills in performing their jobs. Thirdly, since the seventies until today, the ongoing market transformation resulting from the emergence of new post-Fordist system plays a decisive role. This system mainly includes the flow of new information technologies, small-batch production, specialized products and jobs, economies of scope, the rise of the service and white-collar workers, and the feminization of the workplace. OECD documents show that, from the start of the eighties, such economic re-structuring and expansion of the market led to a crucial transformation of the labor market and a shift to entrepreneurship in small businesses rather than large ones. This also led to a drastic reduction in the demand for unskilled labor workforce resulting in an unemployment crises, which also resulted in changes in migration policies and to the

gradual closure of borders. Oliveria and Rath (2008) similarly described this event as a structural shift away from unskillful labor, which decreased the number of unskilled jobs available and therefore immigrants became more likely to start their own businesses in Europe. Consequently, processes of production segmentation initiated and stated the development of the tertiary sector which experienced exceeding employment levels over the industry sector in many countries, therefore, such events assisted in the opening of new spaces for immigrant entrepreneurial initiatives, and the opportunity structure for these businesses has become more favorable as Europe's industrial structure had led to a rebirth of small and medium-sized enterprises (Blaschke et al., 1990).

Nowadays patterns of migration are changing continuously in many advanced economies and immigrant entrepreneurial activities are on the rise. The following sections explain the main determinants that impact the entry decision of these entrepreneurs, explained through various models and approaches in immigrant entrepreneurship literature.

2.3. Theoretical approaches of immigrant entrepreneurship: Structural vs. Cultural

Research into ethnicity and entrepreneurship can be traced back to classic works such as those of Weber (1930), Sombart (1914) and Simmel (1950). They introduced the concept of the stranger as a trader. This is also combined with the social structure of societies and religious values. This influenced subsequent literature in this area of research, focusing on the business entry decision, which until today, has a strong impact on the development of new theories in immigrant entrepreneurship. *Middleman theory* and *enclave theory* and are among primary explanatory theories. The term middleman minorities, as defined by Hubert Blalock (1967), refers to minority entrepreneurs who mediate between the dominant and subordinate groups. Their customers are typically members of marginalized racial groups that are segregated from the majority group. Similarly, in Bonacich's article "A Theory of Middleman Minorities" (1973), uses the term minority groups serving an intermediary position between majority group and other segregated minority groups. She furthermore finds quite a few similarities among different middleman groups for example Indians, Japanese, Armenians, Chinese and Jews in selected professions for example, bankers,

brokers, restaurateurs, launderers, and barbers. The key characteristic in common was that the tendency of these middleman minorities to be sojourners, which means people who have the intention to return to their country of origin. For this reason, their migration is described to be economically driven, and therefore characterized with strong in-group ties and little incentive to integrate with the host country. Middleman minorities furthermore tend towards businesses in which assets are accumulated and liquidated rapidly, minimizing labor costs especially through their reliance on family members and fellow co-ethnics. All these elements permit entrepreneurs to establish dominant economic positions. On the other side, this success of such minorities may lead to conflicts and threats in the destination country, at that point their success creates a paradox¹⁸. This means that middleman minorities' intentions may convert and choose to transit from being sojourners to settlers. Boncacich refers that this conversion increases their level of integration in the host country. Her theory also states that culture and blocked access to opportunity structures may represent important determinants in their formation. Blocked access is traditionally characterized as a result of discrimination, hostility, social and political exclusion in host country of immigration, which as a result, minority groups will to engage themselves in entrepreneurial activities which offers them social recognition in the host country. For example, some believe that because of anti-Asian sentiment due to segregation laws during the nineteenth century that hindered Chinese immigrants from learning English and from becoming citizens, Chinese have formed and clustered themselves into ethnic enclaves. Chinese enclaves. Recent developments regarding middleman minorities theory according to Kalupahana, David J. (1999), states that the term generally describes the experience of certain immigrant groups in history. He also mentions that nowadays it is more open to debate, and that many middleman minorities in the United States have settled while others are transnational migrants, maintaining ties in the countries of origin and destination. New terms emerge due to the diverse experiences among immigration groups. For example, ethnic enclave describes a geographic setting where ethnic groups are concentrated (Portes and Rumbaut, 1990). This term takes account of economic, social, cultural, and language issues connected with ethnic

¹⁸ Kalupahana, David J. 1999. *The Philosophy of the Middle Way*. Motilal Banarsidass.

concentrations. The main distinction between ethnic enclave and middleman minorities regards the ethnic background of the clientele and the residence of immigrant entrepreneurs. Middleman minorities share neither an ethnicity nor a residential area with their clientele. They normally live outside of the neighborhoods where their segregated minority clientele live. In contrast, immigrant entrepreneurs in ethnic enclaves share an ethnicity and residential area with their clientele. Thus, they are members of the neighborhoods where their businesses reside” (Kalupahana, David J. 1999). Despite the continued changing nature of immigration, the term middleman minority endures and is highly used in literature.

Another initial theory on ethnic entrepreneurship stemmed from sociology, the *disadvantage theory*. This theory suggests that most immigrants have significant disadvantages hampering them upon arrival but which at the same time steer their behavior (Fregetto, 2004). Or in other words, these disadvantages can be seen as a “survival strategy” or “economic lifeboat”, as a last alternative channel to unemployment (Hakim, 1988; Portes and Rumbaut, 1990; Light and Roach, 1996). This theory views entrepreneurship as the only door for employment and not a sign of success. Supporters of this theory argue that the lack of human capital as language skills, education, experience, mobility, poverty, discrimination and perhaps limited knowledge of the culture of the dominant group prevents them from working as employees. This theory is also shared by Palidda (1992), who suggests that ethnic businesses are an obvious reaction to blocked opportunities in the labor market.

Borjas (2006) furthermore shares his theory on immigrant entrepreneurship, and specifies that some economic success of the immigrant can be an instrument to guarantee the success of a immigrant’s children. Several authors believe that this theory concerns low-skilled immigrants, as they are more forced into entrepreneurial businesses compared to skilled ones due to their inability to meet the requirements set by enterprises, which may require experience in the business rather than the acquisition of high academic qualifications.

On the other hand, a further recent theory comes from Baptiste and Ambrosini (1994). They identify two lines of analysis: the first approach, considers immigrant

entrepreneurship activities as a way to perform a social mobility path to emancipate themselves from temporary or socially stigmatized forms of work. The second approach highlights the changes occurred in the labor market that led to a growing demand on self-employed work that induced from the enlargement of sub-contracting and labor market segmentation.

However, all these theories are based on cultural or/and structural factors that influence the business entry decision and therefore responsible for the rise of ethnic entrepreneurship. These two approaches are the root and starting point of past and recent theories.

Cultural approach

The cultural approach has built a central and one of the oldest theories in immigrant entrepreneurship literature, focusing on the concept of “ethnicity”. This approach expresses values and cultural elements as essential determinants of entrepreneurial activity. One of the most important contributions come from Light and Bonacich (1988). They claim that *class* and *ethnic resources* explain entrepreneurship. Class resources are linked to the ethnic group and include material and tangible goods such as property, wealth, education, work experience and also bourgeois values, attitudes and knowledge. Ethnic resources are intangible factors such as trust, cultural values, information channels, skills, leadership potential and solidarity, and social capital that is often emerged from networks and social structures.

Other culturalists state that ethnic resources include entrepreneurial skills that each immigrant, or groups of immigrants bring with them from their home region, and that have been gained from an early age forming an ethnic identity. These intangible skills are gained tacitly from parents to offspring within the community, and have been taught to them as a way of life. They are then passed from one generation to another and kept secret within the group, that become eventually their own property. The family is the primary institution for grooming entrepreneurial skills (Borjas, 1993). Recently, Masurel (2004) adds other features

such as immigrants' being equipped with high devotion to hard work, strong sense of belonging and loyalty¹⁹, acceptance of risk, and high orientation towards self-employment. Two essential terms are developed within this approach. The first is *ethnic enclave*, which is the most radical term in literature. It refers to a closed system integrated horizontally and vertically, and defined by several scholars as a spatial concentration of residents, businesses, vendors and buyers, workers and employers belonging to the same ethnic group forming a market, and a separate and autonomous community. Alejandro Portes defined it as a geographically distinct, and a self-supporting economy generating a variety of inputs and outputs itself (Alejandro Portes). In Portes's position, he states that the spatial concentration of an ethnic group allows it to create its own enterprise. Being embedded in such an enclave speeds economic progress among its ethnic group members and establishes ties that are based on solidarity and trust, which allow the owners to give better deals to their co-ethnic employees compared to those that they can find elsewhere. The first generation encourages the second and the second encourages the third and so forth, in order to reinforce the ethnic enclave in the receiving region (Zoomers, 1986; Okpara, 1986). However, Roger Waldinger's proved limitation to Porter's ethnic enclave concept, specifying that the notion of self-sufficiency was a non-starter from the beginning, in the sense that if largest cities are far from being independent how can ethnic enclaves be in a better position? He also states limits on the spatial concentration concept, as immigrant entrepreneurs exist where co-ethnic customers are found or not. He strongly stresses that immigrant economies are not found all over the economy, but people belonging to specific groups have cultural behaviors that facilitate their entrepreneurial path in specific and specialized business lines where they benefit from competitive advantage. It is here where the second term so-called *ethnic niche* has been introduced. In Lieberman's book "A piece of the Pie", 1980, stated that most radical and ethnic groups tend to develop concentration in certain jobs. Ethnic niches show that cultural characteristics act as a principal of social organization which creates and maintains mechanisms, motivation and opportunities for its

¹⁹ Several studies refer it to an intra-cluster ethnic loyalty, while highly intensive communication behaviors within the ethnic community offers potential competitive advantages for ethnic enterprises (Donthu and Cherian, 1994; Dyer and Ross, 2000).

members only. In simpler words, niches are based on the idea that cultural specificities lead a group to conquest a segment or a specialized type of market or business line, by not including its non-members, providing employment opportunities to its members, and consolidating itself through the in-group standards resorting to collective and intangible resources that could support them in starting up an enterprise. It also allows to consider the concentration of group members in a certain profession, branch, or enterprise. Therefore, an ethnic niche's goal is to protect a particular line of business or so-called niche from others. The niche becomes the center for ethnic businesses at their destination and easily becomes saturated with fellow immigrants. This process is usually started by older immigrants that became pioneers in a certain line of business, while the younger generations follow the path of their predecessors until the entire niche is fully controlled. At that point, the niche becomes a symbol of an ethnic group. When the niche is totally saturated, new immigrants tend to build a new niche, which is usually similar to the line of business of previous immigrants.

Recently, several scholars such as Sassen (1991) and Waldinger (1996) have moved away from the focus on the solely ethnic and cultural endowment and started to pay attention to the *social embeddedness* of immigrant entrepreneurs. Social embeddedness is a part of the cultural approach, but gives more importance to economic implications, and that economic behaviors are influenced by social networks. According to Chiesi and Zuchetti (2003), social embeddedness results from the ability to maximize social resources available to such groups, for example, internal cohesion within a certain group. A further contribution comes from Kloosterman and Rath (2000), who state that entrepreneurs are embedded in various social networks²⁰ which they take advantage from to manipulate for economic goals. Ethnic social networks are known to reduce economic risks concerning the creation of new immigrant businesses, and to support their co-ethnics on the access to information, capital and labor. However, this approach considers social capital as an important precondition, but no guarantee for economic success. In fact, social networks between workers may be strong, while the degree of embeddedness in economically significant

²⁰ Networks can be defined as 'set of interpersonal ties that link migrants, former migrants, and non-migrants in origin and destination areas through the bonds of kinship, friendship, and shared community origin' (Massey, 1988).

networks of suppliers and financial institutions weak. Furthermore, Jones and Ram (1998) state that even the strongest community support can only help improve and not guarantee the survival of the enterprises when faced with harsh conditions of the market. However, supporters of the social embeddedness model also believes that immigrants who lack financial capital are nevertheless able of start a business by relying on their social capital.

In sum, Culturalists believe that cultural factors are the only determinants in explaining the phenomenon of immigrant entrepreneurship. However, it received critics and showed some weaknesses and inconsistencies. One critic comes from Marsurel (2002) who considers that this approach may present a serious limitation in the case of a successful entrepreneur who seeks to expand and grow breaking out from the ethnic market²¹, and serving a more general audience. A further critic on this approach is particularly for it not paying attention to possible market transformations, as they do not analyze relations with the economic system in its complex (Engelen, 2001). In the most radical case, Basu and Goswami found that some individual cultural features of immigrants may act as a barrier and hinder growth.

The cultural approach takes an evident and significant role in understanding the phenomenon of immigrant entrepreneurship, but we argue only one side of the story. Businesses also need a concrete time and place contexts, therefore demand side theories emphasize the importance of the external factors and opportunity structures which immigrant businesses encounter at destination.

Structural approach

The core of structural approaches regards mostly demand theories, that tend to emphasize the role of external factors that influence the creation and stabilization of immigrant entrepreneurship in the host environment. Main structural factors include the *legal-institutional framework, access to capital, general markets' economic situation and entry barriers, competition, international markets situation, discrimination*. Razin (2002) suggests that these

²¹ See types of immigrant enterprises in section 2.5.

external factors, consequently influence immigrant groups differently and in offering them different range of opportunities. This is because entrepreneurial skills within a certain ethnic group may highly differ from that of another group. This approach states that the immigrants' choice depends on the structure of opportunity encountered in the host society. The concept of opportunity structure regards social, political and economic circumstances that offer the opportunities for migrants to start businesses. This approach argues that the situation in the receiving society is a prime cause for immigrants engagement in entrepreneurial activities (Cole, 1959).

Theories in this section move from an cultural view towards more general economic, sociological or geographical perspectives. Firstly, the *political-institutional framework*, includes the regulation of professional activities, law, rules and regulations, inclusion models and migratory policies at destination. Each of these may influence (positively or negatively) an immigrant's decision to become an entrepreneur. For example, hard and long bureaucratic issues, or unfamiliarity with the country's laws and regulations affect an immigrant's business decision negatively and therefore, would not start-up a business. According to Ardagna and Luardi (2008), regulatory barriers is one of the primary determinants of entrepreneurship. Regulation determines ease of entering a market, contract enforcement and access to capital. Secondly, *access to capital*. Strong regulation on access to credit may highly influence an immigrant's decision in the host country. Immigrants with low linguistic skills and culture of the dominant group are those who are mainly affected. However, several studies have shown that most immigrant entrepreneurs accumulate most of their start-up capital through their own savings, some through loans from relatives or within the ethnic community, whilst only a small number may acquire a bank loan (Basu and Goswani, 1999). Thirdly, the *general markets' economic situation and entry barriers*, this structural factor is a main determinant in the structural approach that immigrants normally encounter at destination. If the structure provides a high access to markets and employment levels, this means that it would be more probable for an immigrant to open an activity of his own. Fourthly, *competition*, the level of competition may highly influence an immigrant's business decision. Newly arrived immigrants prefer to become entrepreneurs in regions characterized by high job competition and low levels of financial and regulation barriers, in

order to avoid conflict with native people. This is contrary to markets with low competition, as immigrants prefer to work as employees for an enterprise rather than entering into the entrepreneurial world. Fifth factor is the *international markets situation*, according to Dijst and Van Kampen (1991), economic policies which rely on the import of raw materials hold back the development of SMEs, which employ many people, including immigrants. The collapse of these enterprises pushes immigrants into entrepreneurial activities. This has been used in dependency theory, which blames the structure of the international arrangement as the main opposition to the domestic economy of developing nations. Final factor is *discrimination* or *hostility*, which is a variable that immigrants may encounter at destination. Hostility is proved to reduce immigrants' business opportunities. It also reduces their motivation to relocate if they are considering relocation to a certain destination. Discrimination or hostility may be manifested in forms boycott, physical destruction, vandalism, and arson (L. nDoen, Gorter, nijkamp, Rietveld). These scholars also explain that only in the case of an ethnic niche, cultural hostility does not always lead for immigrants to leave. This is because it can act as a huge compartment protecting and isolating immigrants from potential conflict with local people in the destination country. Structural factors play a crucial role in explaining ethnic entrepreneurship. In fact this approach gained more support among various scholars compared to the cultural approach.

Mixed embeddedness

This approach is multidisciplinary that integrates and gives space to further development to join dynamics of supply side or so-called ethnic resources, with emphasized factors of the demand side analysis such as the opportunity structure, that include local and global characteristics in societies in which immigrants settle down. It therefore shows how the combination of both exert a strong influence on the creation and existence of immigrant businesses.

The economic environment differs on a national scale, offering different opportunities from one region to another. In fact, Boissevain, (1990), Razen and Light (1998) both provided evidence for spatial variations among same ethnic groups and variations between

different ethnic groups in the same economic space. Therefore, opportunities should be analyzed individually on each of the national, regional and local levels.

This model is based on three assumptions: a) opportunities should be accessible to entrepreneurs and not blocked by elevated entry barriers or government regulations, b) opportunities should be recognized by potential entrepreneurs, and characterized by sufficient returns, c) an entrepreneur must be able to take hold of an opportunity in a tangible way. Furthermore, the aspiring entrepreneur has to have the right kind of resources which could be financial, human, social capital and possibly also ethnic capital. The lack of financial resources is usually considered a difficulty that face immigrant entrepreneurs, therefore, they usually set up small-dimensional businesses and not in lines of mass-production or distribution. Such small start-ups can vary in relation to formalities required. While, the opportunity structure should include the right type of consumers or a sufficient large market of households, and the regulatory environment favoring the commencement of such a business.

This approach is considered a successful one in European literature, but empirical application is still considered its main weakness and is still in an experimental phase.

2.4. Models of immigrant entrepreneurship

Mixed embeddedness model, Kloosterman. R.²²

Simple model of opportunity structure

In one of Kloosterman's work, he firstly explores the mixed embeddedness model starting with a simple model of the opportunity structure, he consequently links the opportunity structure with social embeddedness, and then focuses on the institutional embeddedness of the opportunity structure.

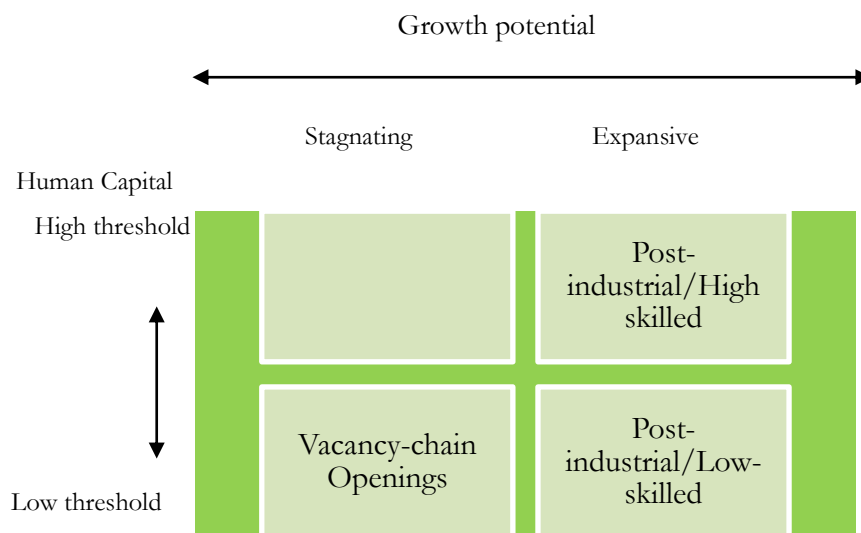
Commencing with the simple model of opportunity structure, opportunities in this model are essentially linked to markets, therefore, a concrete time-and place so-called a market

²² This section has been benefited greatly from Robert Kloosterman's work on Mixed Embeddedness as a Conceptual Framework for Exploring Immigrant Entrepreneurship.

should exist, which is however crucial for both native or immigrant businesses. In order to have such demand, an entrepreneur should have the right type of resources which in this simple model refers to as human capital needed to start an activity. Other resources such as social and ethnic capital variables have been excluded. Accessibility of markets is defined in relation to the level of human capital needed to start a business. The financial variable and barriers are held constant. Kloosterman suggests that both low and high-skilled immigrants are increasing in many advanced economies, therefore both types should be explored carefully to better understand this phenomenon.

This link between the structure of opportunities or opportunity structure and the social embeddedness produces a matrix that distinguishes between four types of markets. Markets are distinguished by the level of human capital needed and type of growth potential, i.e. whether a market tends to grow in a stagnating or expansive type of market. Waldinger (1986) found that immigrant businesses do not only occur in markets that structurally expand, but also in markets that shrink in the long-term.

Figure 7. A typology of markets according to accessibility and growth potential, Kloosterman R.



Source: Kloosterman R. "Mixed Embeddedness as a Conceptual Framework for Exploring Immigrant Entrepreneurship"

The *first case*, the upper left box, stands for businesses that require a high level of human capital, but are located in markets that are stagnating or in decline. Characteristics of this market are less attractive to aspiring immigrants as they would prefer to create an opening in more rewarding and expanding markets. Therefore, they usually leave this choice.

The *vacancy-chain openings* represent the *second case* (lower left box). These markets are easily accessible and attractive to many aspiring immigrant entrepreneurs. Businesses tend to be small-dimensional that do not require high levels of skills, production is labor intensive and value-added is low. In terms of growth potential, they are less promising, demand is stagnant and therefore profits are low. Despite this inactive demand, business start-ups remain active through the so-called vacancy chain process. This occurs as many established incumbent entrepreneurs leave the market leaving room for new entrants, often to immigrant newcomers who tend to continuously seek fortune in this type of market until it reaches near or past the saturation point. These stagnated markets tend to undergo price competition and less focused on quality. Failure rate is also relatively high. Examples of such markets can be small-dimensional retail businesses such as bakeries, groceries and small take away restaurants.

Therefore, the vacancy chain approach particularly emphasizes the replacement process between native entrepreneurs and new entrepreneur entrants. Similarly, as stated by Waldinger (1996), “entrepreneurs in shaky enterprises and those settled in less profitable segments of the market tend to shrink, so they will reproduce through the employment of new entrepreneurial forces that, once achieved sufficient levels of welfare, they tend to move to another market sector”.

The *third case*, the *post-industrial/low skilled*. This is showed in the lower-right box. This market hosts low-skilled thresholds and growth potential is high in the long-term. The market environment is considered dynamic and offers start-ups for innovative people who do not require high-skills nor large outlays of capital. Such markets can be found in personal service sectors such as housecleaning, pet-care activities, or in markets that are in their earlier phases of their product-life cycle, or in markets that were previously monopolized by the state but now under the process towards privatization. Both immigrant and native entrepreneurs are attracted to these types of markets. In some cases,

entrance barriers for immigrants are applied such as requiring a minimum educational qualification to try to close-off this market and create protected niches (Waldinger, 1996). The *fourth case* and last market type is the *post industrial/high skilled* as shown in the upper-right box. This market requires high-skilled thresholds in terms of human capital and characterized by a large potential growth at the early phase of its product-life cycle. This type of market usually involves innovative and dynamic high-tech sectors where Schumpeterian aspiring entrepreneurs can make high fortunes within a short period of time. Steve Jobs and Bill Gates are prime examples of this type of market. Several scholars such as Saxenian found that more and more immigrants coming from non OECD countries such as China and India are not only starting businesses in high-tech sectors, but are also competing with incumbents found in OECD states. Further examples of these markets can be consultancy, law and advertising enterprises. Both highly educated first-generation and especially second-generation immigrants may be expected to these markets. Kloosterman furthermore explains the position of “immigrant markets” in this model and states that they can be found in each of the four types of markets identified above. This is because they are subject to the same general conditions of market accessibility and growth potential. However, ethnic markets are considered “special cases” in all four types. They are special because they may at least offer a temporarily protected niche for immigrants. This is not the case in the long-run because either the entrepreneur will try to escape the limits of an ethnic market or an ethnic market will collapse by the dynamics of the specific ethnic group as for example, dispersal or shifts in taste towards mainstream. The four types of markets can be determined based on two dimensions: structural characteristics of markets or the general market opportunities so-called *meso-level*, while ethnic markets can only be identified by looking at nature of the individual enterprise, individual entrepreneurs, and the composition of the consumer population so-called *micro-level*. The following section explores the role of combining the meso-level and micro-level together.

Linking together Opportunity structure & Social embeddedness

Linking together the opportunity structure (meso level) and social embeddedness (micro level) is the second step of the equation. In the previous section, we have seen the relationship between the opportunity structure and specific resources of individual entrepreneurs taking into consideration the level of human capital, and hypothesis of four expected paths of economic incorporation of entrepreneurs for each type of business or market. This model has been enriched by linking this simple model of opportunity structure explained above with social embeddedness. The assumption of this model is that entrepreneurial competitive strategy follows the structure of the market. The matrix here includes the same type of markets explained above, therefore, the *vacancy-chain openings*; *post industrial/low skilled openings*; and *post-industrial/high skilled openings*; except for the fourth market, which is characterized by high-skilled thresholds and low growth potential as it has been left out because it is a rather an unlikely case.

If we take the first case, the *vacancy-chain openings*, characterized by low-skilled individuals with relatively modest resources, and growing in stagnating markets where competition tends to be mainly on prices and not quality. The survival of such businesses may highly depend on reducing labor costs, high reliance on family members, and reducing wages due to their limited financial and human capital resources. In many cases these openings may resort to informal and probably illegal methods of production and strategies, such as employing beneath legal minimum wage. This is the structural characteristic of these businesses according to Kloosterman and Rath (1998). Therefore, such informal production requires a special strong social embeddedness in the ethnic community such as trust. Social capital tends to be strongly related with ethnic capital, and also on the type of clientele they serve. If customers in this market are co-ethnics, this means we are referring to the special case of an “ethnic market”. Chances for success are usually low due to high competition, whereas in the case of an ethnic market, the pool of potential entrants is more limited as they only come from the same ethnic group. However, according to Waldinger (1996), “if certain groups at some point are able to block particular opportunities by controlling information access and vacancies office spaces, in this way other groups may kept out leading for *niches*²³ to be created”. This process requires both a high level of

²³ See Types of immigrant enterprises, section 2.5, Chapter II.

cohesion and identity within the group, and market opportunities that can be easily monitored and controlled. If not, competition will remain strong and prospects poor. Kloosterman states that ethnic markets do not differ from native ones, although it would be easier for entrepreneurs in ethnic markets to start catering captive markets²⁴ and it may take a longer time to reach the saturation point. However, captivity works in a way that after some time immigrant entrepreneurs may become trapped in the limited markets of co-ethnics. Barrett, Jhones and McEnvoy (2001) and Engelen (2001) state that the only way for survival is by breaking-out to other more growing markets. This is so-called *break-out strategy*, a solution which is usually seen as difficult to these entrepreneurs due to the hardness to accumulate financial and human capital. Furthermore, social capital and in particular ethnic capital is strongly directed towards reducing labor costs, which makes them probably not ready on moving towards new types of markets. The same can be said about their strong social ties that enable informal production which will be no more needed, as there will be a need for connections that transfer information regarding other potential possible markets. As stated by Waldinger (1995), at this stage, specific forms of strong embeddedness may slow down successful incorporation at a certain stage.

Secondly the *post/low-skilled openings*, these businesses are characterized by high market accessibility, high market demand and high potential growth. Entrepreneurs in these markets are especially in the front line of economic transformation catering more affluent customers than vacancy-chain businesses. Informal ways such as reducing labor and wage costs are not necessary as markets tend to expand. Strong social embeddedness in an ethnic community is not needed as well due to the different composition of consumers. Thus, being embedded in heterogeneous social networks within more affluent native people is more advantageous. This assists in understanding tastes, new consumption and habits of the clientele. This also involves a greater chance for upward mobility than that found in the vacancy-chain businesses.

Thirdly, *post-industrial/high-skilled openings*, these markets are characterized by a strong potential growth, and that involves highly-skilled individuals. Competition here is on

²⁴ In immigrant entrepreneurship, captive markets means the co-ethnic clientele of an ethnic market.

unique qualities of products often in high-tech sectors. This market is influenced by the increasing numbers of skilled entrepreneurs, whether they gain their skills from their country of origin or host country. This creates a pool of skilled and mobile individuals. If immigrant entrepreneurs secure a residence permit and acknowledgment of their educational qualification, this makes them have a very similar position as highly-skilled indigenous entrepreneurs. The only difference may be if they are embedded in homogenous ethnic networks which makes them in this case similar to lesser skilled co-ethnics, whom are less connected externally with the growing markets. However, this may not be an obstacle if they are well connected at a transnational level, for example, the Chinese entrepreneurs in the Silicon Valley (Saxenian, 1999; Taylor and Leonard, 2002), who are located close to significant consumer markets without strong local connections but highly embedded in their region of origin and rely on suppliers located there.

Kloosterman furthermore states that even if educational qualifications are insufficiently acknowledged, this may lead to self-employment choice anyway, and chances for successful economic incorporation is high. “Many of these highly skilled immigrants with their portable skills are part of the global elite migrants who flock to innovative places where their specific talents can be used best” (Storper, 1997).

Institutional embeddedness of the opportunity structure

The final stage of Kloosterman’s mixed embeddedness model includes the institutional embeddedness of the opportunity structure, which tends to be a very complex issue. Several dimensions within the institutional framework are identified which may affect the opportunity structure. According to Kloosterman and Rath (2003), the impact of neo-liberal program with its emphasis on privatization and deregulation²⁵ launched in many countries after 1980 has markedly changed the opportunity structure.

The first dimension considers *ways of provision*. In capitalist society, demand for a particular good or service is the first determinant in order to start up a business. A further

²⁵ Deregulation refers to the removal of government controls from an industry or sector, to allow for a free and efficient marketplace.

determinant is the different welfare regimes that may create or block different economic opportunity structures such as types and sizes of economic sectors. An example may be low participation of female labor due to institutional obstacles. Kloosterman states that “the distribution of the ways of provision clearly affects the opportunity structure more explicitly by impacting on the number of businesses in the post-industrial services/low skilled segment”.

The second dimension is linked to *direct state intervention in the labor market*. This includes labor market regulations, for example, minimum wage and social benefits, which can have a considerable impact on the opportunity structure. The liberal model of Esping-Andersen is characterized by low state intervention. This results in strong low-wage and abundant opportunities for immigrant entrepreneurs in general and particularly in post-industrial/low skilled businesses such as in personal services. Furthermore, immigrants here can also easily find work as employees, only those who are sure that they can earn more as self-employed are drawn into entrepreneurship. On the other hand, in contrast to the liberal model, many advanced economies are strongly regulated market economies, and their welfare regimes create different impacts, which results in a lower case of low-wage work and opportunities tend to be scarce. Most of these opportunities are found in the vacancy-chain businesses, which results in competition, high unemployment and a sharp division between indigenous and foreign population. Immigrants are over-represented and encounter exclusion and long-term unemployment, which push them towards entrepreneurship in vacancy-chain businesses, while unemployed workers encounter exclusion.

The third dimension concerns *state intervention aimed at regulating businesses*. This includes regulatory barriers such as permits, regulations or government interventions. These elements may impact the running of businesses and the slowing down access to all types or to only specific lines of industry. Examples can be stipulating opening hours, range of products, location, size, skills and education requirements, etc. These can all form obstacles to individuals willing to make breaking-out strategies to other more promising and expanding markets, especially in terms of regulatory barriers.

Fourth dimension concerns *heterogeneous networks* of relationship between various economic actors. The relationship between enterprises can vary from fierce competition to close

collaboration. Relationship between managers and workers can also vary from adversarial to cooperative. Whitley (2000) defines business systems as the “distinctive patterns of economic organization that vary in their degree and mode of authoritative coordination of economic activities, and in their organization of, and interconnections between owners, managers, experts, and other employees”. He furthermore states that “Even if norms and values are reproduced by families and ethnic communities, the significance of these informal social organizations for systems of economic organization remains dependent on the structures and policies of states and political economies more generally”. Whitley analyzed these relationships individually and collectively identifying six so-called business systems: *the fragmented business*, the *coordinated-industrial districts business system*, the *compartmentalized business system*, the *collaborative business system*, the *state-organized business system* and *highly coordinated business system*. Each of these systems has its own network of relationships, and furthermore impacts opportunity structures by affecting the minimum efficient scale²⁶. He assumes that before starting an activity, every aspiring immigrant entrepreneur negotiates this structure. The main form of organization is made up of fragmented and small enterprises. In *fragmented businesses system*, small enterprises are foremost, and characterized by strong adversarial competition and short-term employment relations. The opportunity structure in this business system is more open to newcomers. While if compared to the *coordinated-industrial districts business system*, one example can be Italy’s famous districts²⁷, this system is also characterized by high numbers of small enterprises sharing very close ties, and already embedded in the local networks, which therefore allow the creation of external economies of scale. Consequently, this increases the viability of such enterprises. This business system displays inter-enterprise integration of inputs and outputs and dependence on worker commitment (Whitley, 2000). Oppositely, the so-called *compartmentalized business system* which are dominated by very large enterprises, who have the power to raise the threshold of new enterprises, therefore may choose to diminish that part of the opportunity structure open to new entrants.

²⁶ The minimum efficient scale is the smallest amount of output or production an enterprise can produce while still taking full advantage of economies of scale with regards to supplies and costs. In classical economics, the minimum efficient scale is defined as the lowest production point such that its long run average costs are minimized.

²⁷ One of Italy’s most famous districts is the Prato District, specialized in the Textile-Clothing industry.

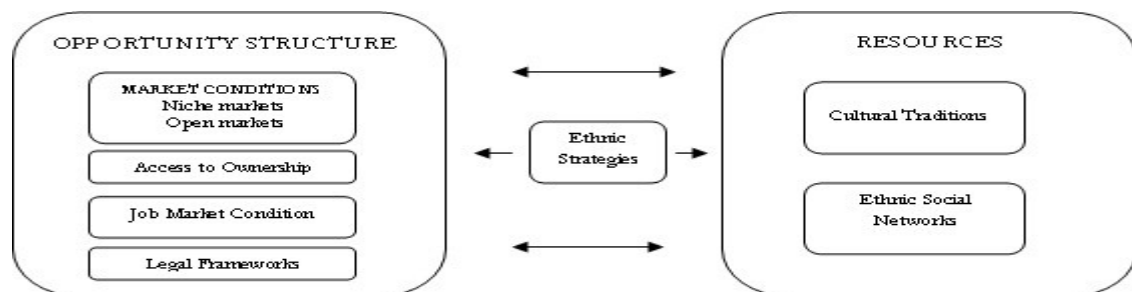
Business systems also assist to determine the relative distribution of the types of business openings, they may limit the opening of further post-industrial/high-skilled and post industrial/low-skilled openings through their reliance on integration of activities.

Finally, Whitley considers the institutional structure of a national nature, as the dimensions explained above made reference to national variations. Therefore, it can be also used for international comparisons and national shifts in time. He also recognizes the possibility of co-existence of different business systems in one country but on the other hand, minimized the possibility business systems change through time due to path dependency. However, various authors suggest that sub-national difference in opportunity structures, for example between cities, must be explained mainly making reference to varied urban socio-economic trajectories that are found inside the institutional framework at national level (Razin and Langlois, 1996; Razin and Light, 1998; Kloosterman and Vane der Leun, 2003).

Interactive model (Waldinger and associates, 1990)

A further contribution on this phenomenon is the interaction model developed by Waldinger (1990). This model has also mixed embeddedness attributes, that attempts to blend together the culturalist and structuralist approaches. This model, which is more of a classification than an explanatory model, is aimed to assist in the understanding of how these two dimensions steer the strategies that an immigrant entrepreneur has to implement to be able to create a workable business in the host country. These strategies are considered as products of group characteristics and the surrounding opportunity structures. (Rath and Kloosterman, 2000).

Figure 8. Interactive model of ethnic entrepreneurship development



Source: Thierry Volery “Ethnic entrepreneurship” adapted from Putz (2003) and Waldinger et al. (1990)

This model emphasizes that the success of an ethnic enterprise depends on a complex interaction between opportunity structures and group resources, that therefore, guide immigrant entrepreneurs towards the establishment of an enterprise. The concept of opportunity structure, means that immigrant entrepreneurship is explained based on the conditions of market access and ownership, the load of competitors and public policy (Aldrich, Waldinger, 1990). One critical aspect is the market conditions, with a main focus on both, market competition and market accessibility. These two elements are dependent on the types of clientele immigrants serve.

In general, opportunities emerge from the development of a new ethnic community. Such communities have particular demands that only co-ethnics themselves are able of satisfying. Therefore, there is a positive correlation between cultural differences and the potential niche market²⁸. The greater the cultural differences between ethnic groups and the host country, the greater the need for ethnic goods and the bigger the niche market potential. But the size of niche markets is not related to opportunities available in the market, no matter how big they are, opportunities are still considered limited. Whereas, access to open markets, which are usually occupied by native entrepreneurs is often characterized by high levels of entry barriers. However, not all industries in advanced economies are characterized by mass production or inaccessible know-how. Various markets can offer opportunities that immigrants can successfully pursue. due to insufficient returns or tough working conditions.

The other dimension of this model is the cultural side, so-called resources shared by immigrant groups. Such cultural factors include resources such as traditions and social networks. The explanation of cultural traditions is based on the assumption that self-employment of certain groups is the result of their specific cultural predisposition (Putz, 2003). This dimension includes all cultural-resource factors explained previously, including family, kinship ties and ethnic networks. As a result of constant interactions between the two sides *ethnic strategies* act as solutions to specific problems that ethnic entrepreneurs may encounter. Such problems include the gathering of information, capital, training, human resources, skills, suppliers, competition, and political attacks (Boissevain, 1990).

²⁸ See section 2.5 Types of immigrant enterprises, Chapter II.

Volery and Schaper (2004) further merge the interactive model with the entrepreneurial process under the mixed embeddedness model framework, and attempts to identify the factors that influence immigrant entrepreneurship by identifying two fundamental aspects: i.) the individual is from a different ethnic group, and ii.) that this individual is an entrepreneur. This means that the entrepreneurship dimension exists independently of a potential entrepreneur's cultural background and influences the pursuit of entrepreneurial opportunities. Even persons coming from the same country of origin have differences which affect the way they are aware and follow opportunities. This also means that the entrepreneurship dimension is influenced by the factors present in the ethnic cultural dimension. These authors pointed out four elements that influence the entrepreneurial process, and on which people can be differentiated: a) particular psychological characteristics, such as the need for achievement and propensity to take risk, that is an attribute of the classic entrepreneur; b), information and knowledge that they possess which is unavailable to others can inspire an individual to search opportunities. Networks and social relations play essential roles in gathering information and access to resources; c) creative processing, i.e. the ability to analyze an opportunity and transform it into a commercial exploitable idea which requires special skills and creativity; d) the ability of an entrepreneur in being a quick problem solver and decision maker. The ability of the entrepreneur to develop simplifying strategies so-called cognitive heuristics process. These aspects impact the entrepreneurial process, which according to this model consists of three phases: a) recognizing, b) evaluating, c) exploiting of opportunities.

On the other hand, the ethnic dimension takes into account here only factors related to immigrant entrepreneurs. The impact of the ethnic dimension on the entrepreneurship dimension can extremely vary. This depends on various factors such as the degree of cultural differences between host and home country, discrimination, progression of social integration of the ethnic group, experience gained in the host country, gender, age, and education level. The Ethnic dimension tends to dwindle to a level where it is no more significant in the cases of high educated and very integrated individuals.

*Towards a profit-seeking and operational model*²⁹

This model has been built to furthermore explain the choice of business location decision by immigrant entrepreneurs “before” migration. This model is essentially based on the structural approach, but combines economic and social-cultural factors to explain and predict the choice of migrants’ decisions to engage in entrepreneurial activities at a particular destination.

Classical location theory in economics tries to explain how enterprises make their choice among a number of possibilities of an optimum location where individuals can obtain maximum profit. (However, the relocation theory is frequently used to explain enterprises mobility in the international context). Scholars suggest that the location theory of enterprises can be also used in explaining entrepreneurial migration. The optimum location in this context gives the best opportunity for increased sales and lower costs. This by determining the minimum costs of production, delivery and transport. The optimum location is essential for the enterprise to penetrate and dominate the market (Gough, 1984). The main assumptions of this theory are rational behavior, complete information and a static situation. However, rational behavior depends on perfect knowledge and optimizing behavior. Complete information includes information on how to find raw materials, market condition or how to find low-priced products. These are the conditions that enterprises look to have to choose a location minimizing costs and maximizing sales. Numerous scholars contributed on this theory into neoclassical economic theory, making factors such as demand density of consumers, degree of competition, transportation cost and access to market as determinants of optimum location choice. Therefore, an individual makes an optimum decision in choosing a location based on maximizing profits and minimizing transport costs. This assumption shows some weaknesses due to several studies and findings that identify a number of local, social, institutional and cultural factors that limit to explain the earlier assumption that maximum profit is the major target of every entrepreneur. In fact, in a study carried out by Keeble (1976), found that business continuity with a satisfying income is also their concern, and not necessary the profit

²⁹ This part has been greatly benefited from Doen, M.L., Nijkamp, P., Rietveld, P., Gorter, C (1999), “Ethnic entrepreneurship and migration: a survey from developing countries”, Spellbound Publications.

maximization target. One other limit is that ethnic entrepreneurs do not have complete knowledge, which makes the level of business uncertainty higher. This is usually reduced through ethnic networks which act as sources of information. Behaviorists also criticize the neoclassical limit to explain ethnic niches established in host country.

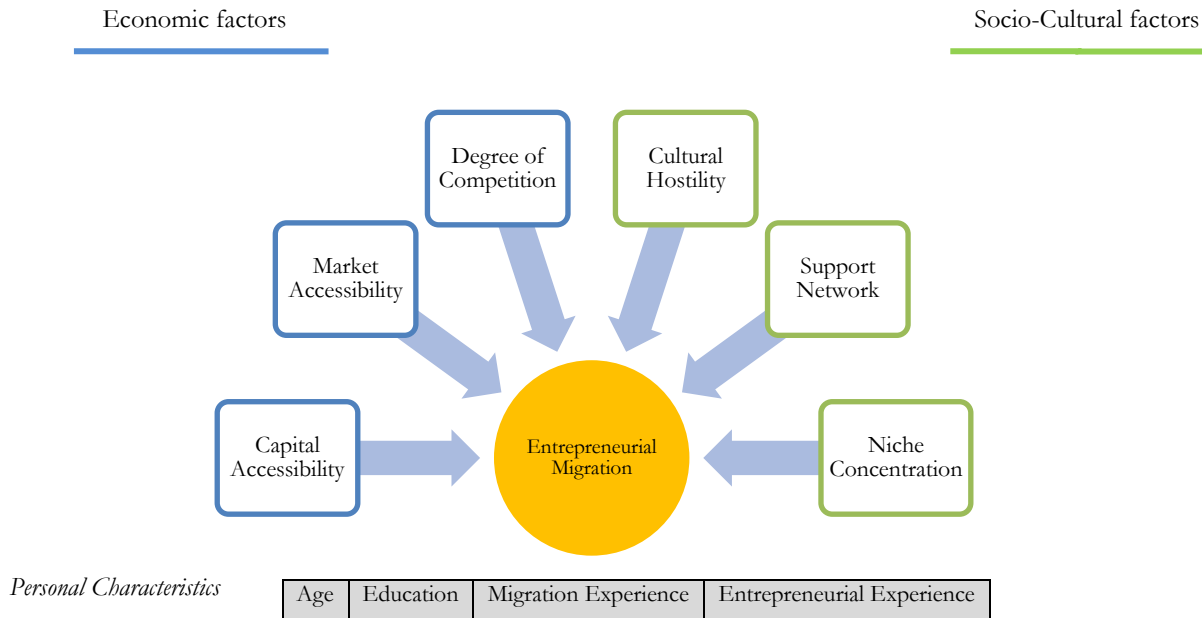
This model suggests that the most favorable destination of an ethnic entrepreneur depends on the “favorable” conditions that a certain region offers in order to establish an enterprise. This indicates that there are entrepreneurs who do not give priority to profit making at the early stage of migration, but instead interested in expected profit in the long-run. This is primarily measured by the degree of competition at the host country. Competition is a crucial aspect in this model because high competition results in small profit margin. Therefore, immigrant entrepreneurs search for less competition due to higher expected profits. Strong capital positions of entrepreneurs usually protect enterprises and makes competitors drive away from the market, this happens usually through price competition. In the case of an entrepreneur with modest capital, he/she can secure a market position by building a network with co-ethnics and usually individuals from a similar cultural background.

In sum, this model considers factors such as market competition, market and capital accessibility, niche concentration, cultural hostility and support networks as determinants that influence immigrant entrepreneurs decision before relocation.

This model has been further integrated into the so-called *operational Model* to analyze the second step of this process. Additional elements have been introduced, and are those that affect the “intention to stay” of these entrepreneurs once they are settled in the destination country. Main determinants are *education, age, entrepreneurial experience* and *migration experience*. Intention to stay refers to the migrant’s desire to settle in one particular location after calculating socio-economic costs and benefits. Another important term is the “length of stay”, which refers to the number of years an immigrant lives in a region. This also depends on the level of security of their established businesses. The lower the security level, the greater migrants consider other potential locations.

The figure below shows the relation of each variable to the dependent variable, highlighting the relation between each variable with the “intention to stay”.

Figure 9. Factors that determine entrepreneurial migration.



First of all, the *degree of competition* refers to the awareness of the immigrant about the ratio of entrepreneurs to consumers in a given product line. Competition may occur within or outside the product niche. As previously explained, entrepreneurs usually avoid high levels of competition due to low profits. Therefore, the relation between degree of competition and intention to stay is negative; the lower the degree of competition at a particular place, the higher the intention to stay. Second, *market accessibility*. This refers to the migrants' perception and degree of accessibility to market or consumers. The degree of accessibility is dependent on the local state regulation regarding access to strategic locations. Market accessibility has a positive relation with the intention to stay. The higher the degree of access to a particular market, the higher the intention to stay. Third, *niche concentration*. Market niche refers to the line of product controlled by a particular group at the present location. The concentration is measured by the concentration of people from a certain ethnic group in a given line of product. The niche concentration is stronger when more people from a particular group are engaged in the sale of a particular product. Therefore, the niche concentration variable has a positive relation to intention to stay. The higher the degree of concentration, the higher is the length of stay. Fourth, *capital accessibility*. This

refers to the awareness of immigrants of the chances to obtain and access credit at current destination country. This is crucial factor for future expansion of businesses. Access to capital varies from one area to another due to different regulatory and bureaucratic systems. This variable has a positive relation to the intention to stay. Fifth, *cultural hostility*. This refers to the social response towards immigrants in the host country. Examples can be such as boycott acts or discrimination. The intensity of cultural hostility has a negative impact to the intention to stay. The higher the intensity of hostility, the lower the intention to stay. Sixth, *support network*. These networks refer to the relations that immigrants establish with relatives, family or friends in the host country. As previously explained, such variable has a positive impact on the intention to stay, the larger the networks, the stronger the support from the network, the stronger the intensity to stay. *Education* is the seventh element. Educated immigrants with a professional background may have a superior ability to assess locations they prefer and have less propensity towards repeat migration. They often prefer to stay at a specific place for a period of time before moving once again. In contrast, less educated immigrants often undergo repeat migrations than the educated ones (Davanzo, 1983). Education has a positive relation to the intention to stay. The following variable is *age*. Age refers to the age of migrants at the time the survey was carried out. Migration research constantly shows a strong relation between age and migration (Miller, 1997). Younger migrants tend to experience repeat migrations, while older ones are usually linked with their wives, children and family, making them less mobile, therefore reduces the possibility for repeat migrations. Age variable has a positive correlation to the intention to stay. Ninth is *entrepreneurial experience*. Experience means the length of time migrants have engaged in entrepreneurial activities at the time the survey was conducted. Experienced immigrants have a better perception about social and economic circumstances and so are less likely to go through repeat migrations as younger ones or with those with less entrepreneurial experience. Entrepreneurial experience variable has a positive correlation to the intention to stay. Finally, *migration experience*. Migration experience refers to the frequency of moves before migrants finally stay at the current receiving country. It could be also defined as the number of voyages made by migrants from one place to another after the age of eighteen. Migrants with multiple moves are expected to move more than

those with less migration experience (Massey, 1993). Persons from families with migration experience may be also more likely to move than families with no migration experience. This variable has a negative relation to the intention to stay.

2.5. Types of immigrant enterprises and entrepreneurs

Immigrant enterprises can be of various types. According to in-depth readings and a personal contribution from myself, immigrant enterprises can be classified into eight types in relation to the product line and type of consumers.

The first type is, the *ethnic enclave*, as broadly explained previously, this type of market has its own economy that indicates the most radical form among all types of enterprises. It serves only members of a specific immigrant group, and mainly offers traditional ethnic products. Products sold in this type of market highly involve the clothing and food sectors. A famous example can be Chinatown in North America. The second type of immigrant enterprises is the *ethnic enterprise*. These businesses are run by ethnic groups and born where already established co-ethnic communities exist, and which have specific demands on certain goods and services that are linked to the country of origin, and which are not present in the “normal” market. These markets mostly arise from the articulation of ethnic demand as a consequence of the migration of large numbers of co-ethnic groups. Traditional products and services in the food sector is one of the most frequent and familiar examples. Other sold products can be perfumes, videotapes and audiocassettes, etc.. Waldinger (1990) states that large concentrations of an ethnic group in receiving regions increase the demand of an ethnic product. These markets mainly serve the population of a certain ethnic group. However, some immigrants and especially the young generation may view this in a different context, and may be considered more open about satisfying and serving the demand of ethnic groups by other ethnic groups. For example, most Indonesian restaurants in the Netherlands are run by the Indonesian Chinese. Ethnic markets tend to be captive. They attract co-ethnic clientele in the first phase of their business cycle, however, at a second stage, these same entrepreneurs may will to expand by widening their consumer base

moving away out of the ethnic market through so-called *beak-out strategies*. At this point, an ethnic enterprise will no longer have an ethnic market characteristic.

The third type is the *open enterprise*, Waldinger suggests that migrants may cater the general audience beyond their ethnic backgrounds. Open enterprises are located in competitive markets, and serve the high demand of a heterogeneous type of consumers. Popular businesses can be from ethnic products, restaurants, to labor intensive sectors such as cleaning, transport, services, construction. The entry to this type of enterprise in the market is considered easy due to reduced presence of regulatory, financial and technological barriers.

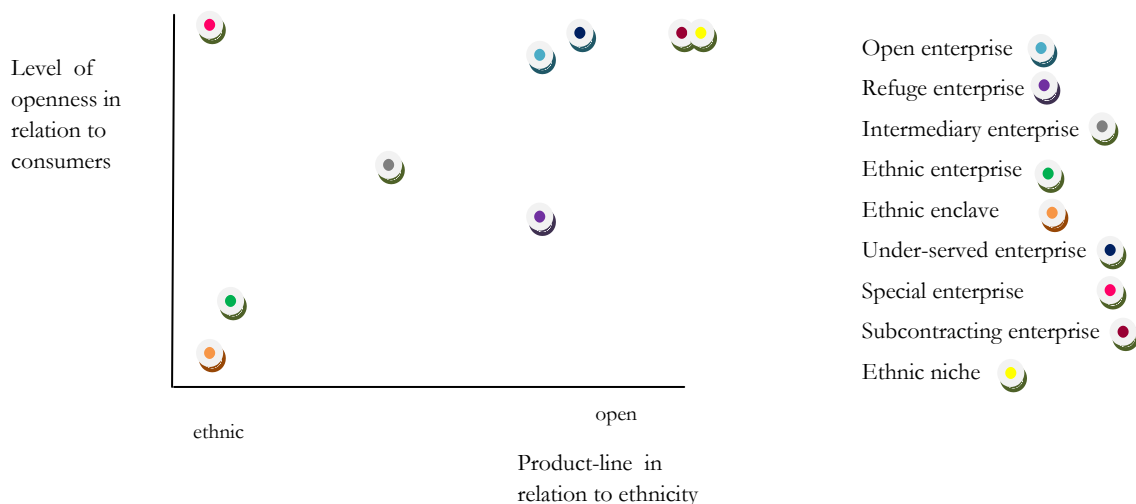
The fourth type is the *intermediary enterprise*, that are businesses that offer non typical ethnic goods and services to the immigrant community, who requires intermediation of fiduciary relations. Such relations usually take place between compatriots. Some examples of this type of enterprise are: travel agencies, legal activities, financial and communication services, medical and counseling professionals (Ambrosini (2001; 2005)).

Fifth, the *refuge enterprise* is characterized by having a not-easy identified type of product line and market. In general, they are considered ethnic and open enterprises, and that arise out of the difficulty of immigrants to enter regularly in the market, as a result of excessive rigid rules regarding the conditions in which they are willing to work in. Thus, this is an informal type of activity where illegal trade, street vending of counterfeit goods, peddlers and pitchmen may emerge (Ambrosini (2001; 2005)). They tend to serve a general audience. Sixth, *under-served enterprise*, these enterprises are considered those markets abandoned by previous entrepreneurs (Waldinger, 1990). Previous entrepreneurs may have moved to other sectors and thus leave space for new immigrant entrants. In this situation, immigrants grasp the opportunities where demand still exists and not yet filled by natives. Entrepreneurs move towards markets without restricting themselves to a specific products line or audience. Seventh, *special enterprise*, these enterprises work on very refined and original ethnic products, which usually attracts wealthy native individuals only, examples can be Persian carpets, or luxury ethnic products. Eighth, the *niche enterprise*, as previously noted, this type of markets defends a certain segment or sector of the market. It concerns specialization in a certain product-line unrelated to ethnicity, and caters a public clientele.

One example can be the case of Chinese textile enterprises in Prato. *Subcontracting enterprise* is a type of market that is very similar to an ethnic niche. It is the case of subcontracting enterprises that specialize in a certain industry, and competition is mainly on prices and not quality. They are transformed into a niche when their numbers reach to the peak. A high presence of such enterprises may usually indicate an initial start of an ethnic niche formation.

These markets can be seen in the figure below, distributed according to the two variables: i.) the level of openness (y-axis), in terms of consumer type. For example, enterprises who serve a general audience are located at a point far from the origin, while enterprises that cater a certain ethnic group is found at a point closer to the origin; ii.) product-line (x-axis), which refers to the type of product or service, i.e. whether the product line is ethnic, and so related to the country of origin or general, found in the normal market. Enterprises that trade in ethnic products and services are located at a closer point to the origin, and those who trade in normal goods and services are located at a far point from the origin.

Types of immigrant enterprises in relation to level of openness and product-line.



Source: Personal elaboration.

If we now look at the characteristics of immigrant entrepreneurs who run these types of businesses stated above, differences may arise at an individual or group level concerning

different ethnic groups. An integrative contribution has been made on the level of skills these entrepreneurs possess.

The first type so-called *home know-how entrepreneur*, these entrepreneurs are high-skilled, they acquired their skills from their country of origin, and of which brought along with them to the destination. These characteristics include know-how, high education level, learning skills, managerial, entrepreneurial skills, and probably some *special* cultural-entrepreneurial skills; b) *Know-how at destination entrepreneur*, these entrepreneurs are ambitious and grasp their skills from the host country to guide them in their entrepreneurial path. In this case, the receiving country provides them training, managerial and entrepreneurial skills in order to run a business. c) *smart-brand entrepreneur*, these entrepreneurs are not necessarily to be skilled to run a business, therefore, they possess a medium to low level of skills. They may take advantage of their country of origin as in image or brand to promote their activities at destination. This type may also includes some *special* cultural-entrepreneurial skills they possess; d) *smart-open entrepreneur*, these entrepreneurs are very similar to smart-brand entrepreneurs, but do not take advantage of their home country as a brand and decide to run a business in markets where demand exists. This type may also includes some *special* cultural-entrepreneurial skills they possess.

2.6. New lines of research of the multi-faceted phenomenon

Authors recently are paying attention in the study of further new elements on immigrant entrepreneurship literature. Elements such as: motivation and orientation of young and old generation entrepreneurs; motivation and orientation of ethnic female entrepreneurs; nationality-based differences, gender-based differences; break-out strategies; and contribution to Schumpeterian level of entrepreneurship.

First, *motivation and orientation of first /second generations*. Older or first-generation migrants tend to be more oriented-*internally* towards traditional sectors serving the needs of their own ethnic groups. The term *internal* denotes to producing and selling of traditional products and services in a limited ethnic market with a focus of clients from their own ethnic group. This is mainly due to the more push factors that older generations may face

in their migration life-cycle, and can be considered more as “forced entrepreneurs” into this type of orientation than younger ones. Motivations can be due to some reasons such as discrimination, problems related to the recognition of their education diplomas and obtaining status. This type of orientation is highly characterized by intangible factors such as mutual trust between parties. This internal orientation and mutual trust within the ethnic network provides on the one hand, rotating credits, a protected market and a proper labor force (Basu, 1998; Deakins et al., 1997; Deakins 1999; Kloosterman et al. 1998; Lee et al., 1997). On the other hand, second generations³⁰ tend to have a higher degree of market openness, more ambitious, and looks for external opportunities outside the traditional market borders. This can hold true due to their easier inclusion and integration into the host society due to less linguistic problems, and easier recognition of diplomas or degrees, especially if obtained from the host country. Second, *motivation and orientation of ethnic female entrepreneurs*. The differences in motivations and orientations are not only related to older and younger generations, but also among genders. Ethnic female entrepreneurs are classified under young generation ethnic entrepreneurs due to their recent evolution that occurred at a second stage. It is worth to note that nowadays the share of women entrepreneurs exceeds the male gender. Social networks play a major role in motivating females just as their male counterparts towards entrepreneurship. Third, *country-based differences*³¹, we can find some immigrant entrepreneurs of a specific ethnic group working in certain sectors of activity. In some industries, because of their specific skills, knowledge or social capital immigrant businesses can be at a comparative advantage (Waldinger et al., 1990). At a very general point of view, this explains why certain countries are more entrepreneurial than others. Fourth, *gender-based differences*³², the gender-based differences in entrepreneurship is found in educational background, work experience and skills, business goals and management styles and personal value systems (Brush, 1992, Fagenson, 1993, Verheul et al. 2001). Female entrepreneurship is particularly characterized by having a higher education level and a stronger orientation towards the service sector. Some studies

³⁰ Second generation immigrants are defined as persons who were born in the host country or immigrant to the host country at an age younger than six years old.

³¹ The case-study in this dissertation (chapter 4) gives a crucial example on this aspect.

³² The case-study in this dissertation (chapter 4) gives a crucial example on this aspect.

show that certain immigrant groups are more entrepreneurial in their behaviors than other immigrant groups. If different cultures or genders are more prone to entrepreneurship, we might be expecting that certain nationalities or genders to have higher entrepreneurship rates. Therefore, it could even be the case of the propensity of one gender of a particular immigrant group to be more entrepreneurial over the other gender of the same immigrant group, and even more specifically, it could be also the case that the propensity of one gender of a particular immigrant group to be more entrepreneurial than the other gender of the same immigrant group in a “specific” line of business, so-called *gender-specialization differences*. Fifth, the *break-out strategy* is an important issue that highly characterize younger generations. It is the strategy to get away from the situation in which own ethnic groups dominate such factors such as capital, clients and employees (Baycan-Levent et al. 2004). In simple words, this means a strategy to escape from internal orientation or from serving an ethnic market to an externally oriented market. According to Aldrich et al, 1983; Mohl, 1985; Waldinger 1990, if ethnic business remains limited to the ethnic market, their potential for growth is sharply restricted. In ethnic literature, it is mostly considered that an internal orientation may offer a more protected market, but will never lead to market expansion. An external orientation requires more skills, diversified communication channels and access to government policy support measures. Sixth, *contribution to Schumpeterian level of entrepreneurship*. We can explain this factor by rising a question such as to what extent are immigrant entrepreneurs innovative? In one of Hunt’s findings (2008), she measured the extent to which skilled immigrants increase innovation in the United States, and found that that a one percent point increase in the share of immigrant college graduates in the population increases patents per capita by 6%, therefore, more skilled immigrants increase the number of patents. Similarly, Kerr and Lincoln (2008) found that increasing the number of temporary type of visas granted to skilled Chinese and Indian migrants in the United States, increased the number of patents granted to immigrants, whilst there was no evidence this reduced the number of patents granted to native born innovators. At the European level, research is still weak on this field. An interesting finding would be to analyze the role of immigrant entrepreneurs among high growth firms³³ in the

³³ A high-growth firm as defined by the OECD is an enterprise, which experiences average annualized growth rate of at

OECD. Such businesses are considered a determinant that stimulates entrepreneurship and job creating. If immigrants are often founders of high-growth businesses, immigrant entrepreneurship can be an important source of job creation for both immigrants and natives.

least 20% a year, over a three-year period. Considering only enterprises with more than 10 employees.

Chapter III

CHAPTER THREE: IMMIGRANT ENTREPRENEURSHIP IN ITALY

3.1. The evolution of immigrant entrepreneurship in Italy: *Theoretical and Statistical overview*

The phenomenon of immigrant entrepreneurship has become especially visible in Italy since the nineties, and even more following the process of the European Union (EU) expansion through the accession of new member states in 2004 and then once again in 2007 making them grow to twenty-seven member states. Italy's immigrant entrepreneurial initiatives are growing at a very strong pace and the population is becoming aware of it only recently. The profound restructuring of the productions' de-concentration and de-verticalization systems, disintegration of the large factory, and the fragmentation of the demand and services had all played a crucial role in the establishment of these newcomer businesses, and represents one of the structural aspects of the changing migratory processes that are also undergoing continuous developments in today's global economy.

Immigrant entrepreneurship is a challenge that is faced with courage, decision to emigrate and determination to succeed. As mentioned in the previous chapter, factors that turn an immigrant into an entrepreneur or in other words, factors that influence the establishment of an immigrant enterprise can be of a cultural and/or structural nature.

At a theoretical level, some scholars supported the *disadvantage theory* in explaining this phenomenon in Italy. This theory as explained in chapter II, which considers that the lack of other employment alternatives is the main factor that influences migrants' decision into entrepreneurship. However, this theory showed to have some weaknesses. According to a study conducted by Codagnone, (2003), there is no strict correlation between the rate of unemployment and the rate of self-employment³⁴. This supports the idea that immigrants do not undertake autonomous work merely because they cannot find alternative types of occupation, and to avoid difficulties in entering the labor market.

Some concrete answers coming from research work about understanding the motives behind immigrant entrepreneurship are found in a recent article entitled

³⁴ Self-employment refers here to self-employed and entrepreneurs.

“Immigrati Imprenditori” published by Fondazione Ethnoland in 2009, which affirms that immigrant entrepreneurs choose “self-employment³⁵” because they want to earn more. If compared to employee type of work, immigrants’ salary on average is about 60% of what natives’ earn. In fact, as shown from social security records, self-employment offers higher benefits and gives more free time dedicated for personal interests and family.

According to various studies, one other recent theory rises, which is that most of these immigrants started their employment life as employees and at a consequent stage often switched jobs and chose to become entrepreneurs. Many of Italy’s immigrant entrepreneurs gained their work experience from their countries of origin working as artisans, small entrepreneurs or freelancers, thus making more valuable their acquired skills and therefore propensity to become entrepreneurs. However, this phenomenon is new and complex too, and amount of research produced at a local level is still considerably small. Immigrants come from different cultural backgrounds, and at the same time, face the *opportunity structure* in different ways. The following sections are dedicated to explain characteristics of such a phenomenon.

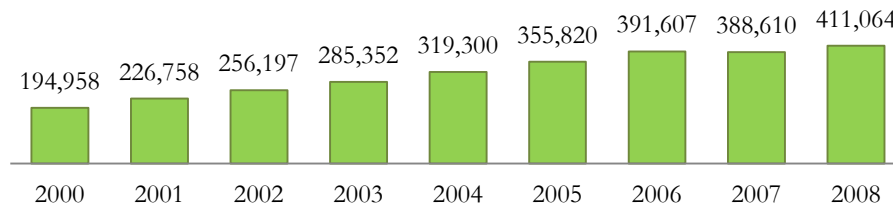
Immigrant entrepreneurs

Immigrant entrepreneurs are constantly growing. They increased from 195 to 411 thousand between 2000 and 2008, recording a 111 percent increase. According to local statistic registers, these entrepreneurs can be from sole proprietors to independent contractors, freelancers, managers or consultants. In our analysis, they can also be new international immigrants that had undergone a recent migration, or employees who switched jobs from being employees to become entrepreneurs, or the younger generation of already established pioneer immigrants entrepreneurs. According to Hout and Rosen findings (1999), the human capital necessary to become a successful entrepreneur is inherited from parents. They found having a father who owned an enterprise considerably increases the probability of being an entrepreneur.

³⁵ Many studies use the term self-employment and not entrepreneurship. However, in many cases, and in the case of Italy, they exhibit the same meanings as statistic local registers include entrepreneurs under the self-employed category.

This is consistent with Fairlie and Robb's (2007) report entitled 'the Characteristics of Business Owners Survey' that found that business owners are more expected to have family members who are business owners.

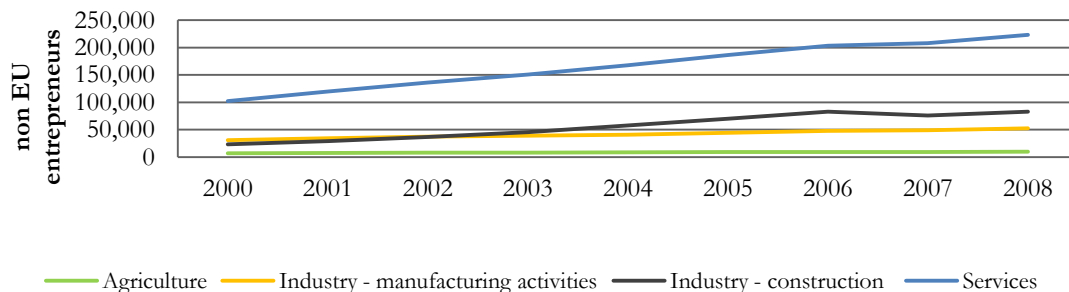
Figure 10. Number of immigrant entrepreneurs in Italy, 2000-2008.



Source: Personal elaboration of data gathered from Unioncamere. Movimprese.

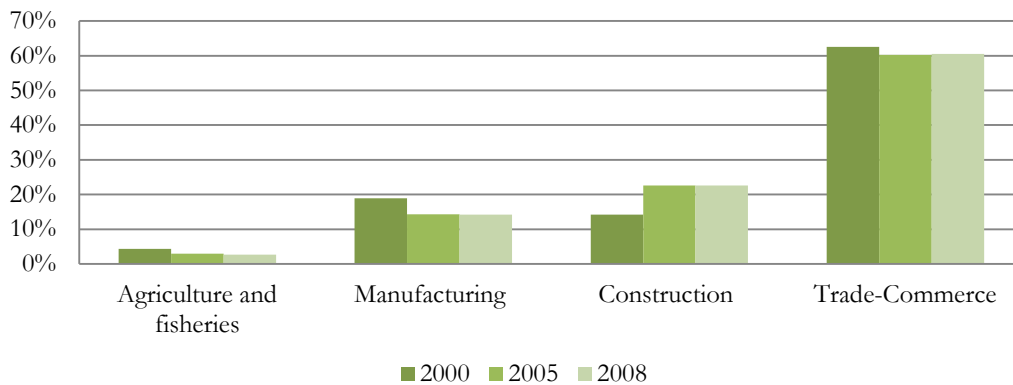
These entrepreneurs are mostly present in the service sector, with a share of almost 60% of total sectors between 2000 and 2008. The industry sector also hosts a consistent share: the construction sector itself absorbed about 20%, and lately is facing percent increases in their share from 14% in 2000 to 23% in 2008; while the opposite was found in the manufacturing sector, as its share dropped from 19% to 14% in these same years analyzed. While, the agriculture sector shows unsurprising results, as it lost some of its share, declining from 4% to 3%. However, if we look at absolute numbers, the situation is similar, as the presence of immigrant entrepreneurs is highest in the service sector, followed by construction, manufacturing and finally agriculture.

Figure 11. Number of non EU entrepreneurs by sector of activity, 2000-2008, followed by percentage values.



Source: Personal elaboration of data gathered from Unioncamere. Movimprese.

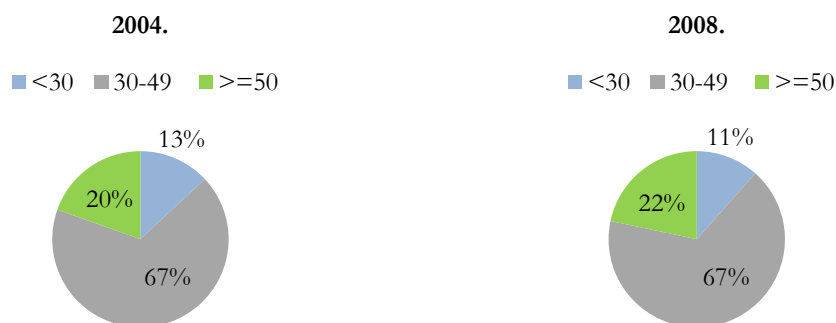
Figure 12. Percentages of non EU entrepreneurs by sector of activity, 2000-2008.



Source: Personal elaboration of data gathered from Unioncamere. Movimprese.

The following figures prove what have been stated in previous chapters. Immigrant entrepreneurs are young adults. 67% of total immigrants are aged between 30 and 49 years old making them the dominant group. The share of older entrepreneurs aged 50 years old or over increased by two percentage points, from 20% to 22% between 2004 and 2008, making the share of young entrepreneurs drop. This can explain some new changes in the entrepreneurial path of the young generation, especially that immigrant entrepreneurs tend to be *young* or *young adults* throughout history. This small change towards a slow-down in *young* entrepreneurial initiatives may indicate some new cultural and/or structural factors that are changing and influencing their entrepreneurial path.

Figure 13. Non EU immigrant entrepreneurs by age



Source: Personal elaboration of data gathered from Unioncamere. Movimprese

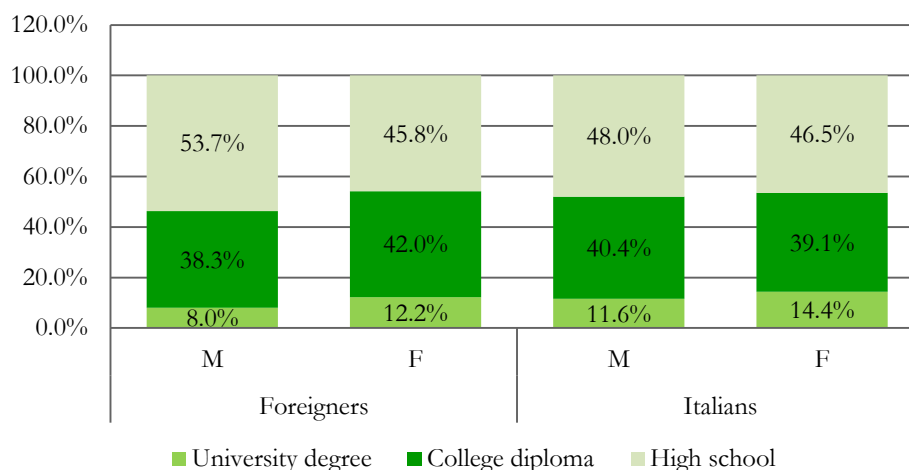
If we analyze the age group across economic activities, the young adult entrepreneurs aged between thirty and forty-nine years old dominate all sectors of activity. Higher shares of older entrepreneurs compared to the young ones are recorded in the agriculture sector, while the opposite is found in the construction sector. These entrepreneurs are mainly business partners or owners, taking a share of about 80% of total agriculture entrepreneurs, 65% of total manufacturing entrepreneurs, 85% of total construction entrepreneurs, and 70% of services entrepreneurs (elaboration on Istat figures 2008). The remaining percentages of each of these shares are roles as managers, independent contractors, consultants, freelancers, where higher shares of these are also found in the manufacturing and service sectors if compared to the agriculture and construction sectors. However, this structure have not witnessed any considerable changes in its composition between 2004 and 2008. Furthermore, immigrants in these sectors of activity are concentrated in few nationalities. Especially after the EU enlargement in 2004 and again in 2007, this favored increasing business flows or new entrepreneurs³⁶ coming from other European countries. This event had a special effect across all sectors of activity. Excluding the new EU member states, the agricultural sector is mainly dominated by entrepreneurs from Central and South America, and North Africa. The service sector has a significant entrepreneurial population from North Africa. The manufacturing sector, Chinese entrepreneurs are dominant. Finally, the construction sector is mainly consisted of Albanian, North African, and Romanian entrepreneurs.

If we look at further characteristics of such individuals, such as the level of education, this can tell us more about their potential contribution to the national economy in terms of skills. Several surveys and research works highlighted that the level of education of such entrepreneurs is above that of immigrant “employees”. Researchers found in various studies found that immigrant entrepreneurs have a medium-low socio-cultural profile, but a medium-high level of education. Marriage and friendship relations with an Italian citizen has shown to be a stabilization indicator. If we consider the immigrant population between

³⁶ New migrations flows lead to new immigrants, therefore, new entrepreneurs. In the case of Italy, many entrepreneurs started their employment life as an employee and then switched work to become an entrepreneur.

15 and 64 years, we can see that the educational level is overall high. Immigrant adults have similar education levels to natives, despite a younger age structure. This shows that immigrants coming from their countries of origin are mainly educated. This also confirms the theory that most of these entrepreneurs can be more classified under one, two or all three types of entrepreneurs³⁷: the *home know-how entrepreneur*, who refer to entrepreneurs who came to the receiving country already possessing a high education level and entrepreneurial skills, or the *smart-brand entrepreneur* who are not necessary to be over educated to run a business, but smart and have the right entrepreneurial skills such as taking advantage of their country of origin as in image or brand to promote their businesses; or *smart-open entrepreneur* who are similar to the latter but work in an open economy and in the product line where demand exists. The table below shows that major differences between the national population and the immigrant one emerge in relation to gender: immigrant women have similar education levels to Italian female population, men show quite marked differences. Immigrant men possess a higher share of high school education, similar college diploma education and lower share as university graduates compared to native men.

Figure 14. Foreign and Italian population (15-64 years) by educational attainment and gender year 2009 (percentage composition).

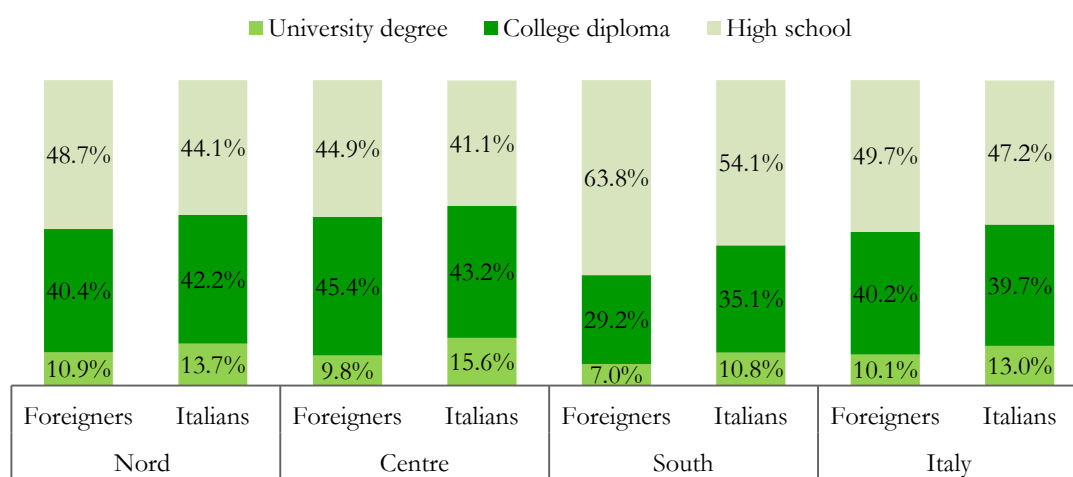


Source: Personal elaboration of data gathered from Istat.

³⁷ See section 2.5. Types of immigrant entrepreneurs, section 2.5. in chapter II.

The educational level varies also across geographical and regional areas. The average level of educational attainment of immigrants is higher in the Centre and North. The gap becomes more evident in the South, where about 65% of immigrants hold a high school educational level. In general, the educational level similarity between the two can be seen again in the figure below. We can see that about half of immigrants hold a high school diploma (49.7 percent, compared to 47.2 percent, Italian level). The share of college diploma graduates are also similar (40.2 and 39.7 percent respectively), while about one immigrant every 10 has a university degree (versus 13.0 percent, Italian level).

Figure 15. Foreign and Italian population (15-64) by educational level and geographic location, year 2009.



Source: Personal elaboration of data gathered from Istat.

If compared to the results of year 2005, a decrease of immigrant high school level is shown together with a progressive increase of a middle level of education or a college diploma, while those with university degrees remain slightly the same. It is worthy of note that shares of immigrant students may shape a significant component in the economy, as they represent a potential high-skilled labor force which could undertake more “innovative” entrepreneurial activities in the future.

Further indicators about these entrepreneurs are necessary to explore for example, the economic activity rate³⁸, employment and unemployment rates. It is interesting to emphasize the fact that immigrant economic activity rate is higher than the native rate (73.3 compared to 62.3). They also exceed the EU-27 rate as seen in the table below. This rate refers to the ratio between the *active* population and the working population that includes both employed and unemployed. This shows that immigrants tend to work more than natives, as the latter may be more towards a different style of living, that may include for example, individuals seeking work, students, housewives, wealthy individuals, etc. If we look at the occupation structure. Positive results emerge too regarding the immigrant workforces' employment and unemployment rates if compared to the EU level, but not the case if compared to Italian levels.

Table 5. % Economic activity rate, employment rate, unemployment rate (EU/Italy/ immigrant population, year 2008.

	<i>Economic activity rate (15-64)</i>		<i>Employment rate (15-64)</i>		<i>Unemployment rate (year 2006)</i>	
	<i>Immigrant</i>	<i>National</i>	<i>Immigrant</i>	<i>National</i>	<i>Immigrant</i>	<i>National</i>
<i>Italy</i>	73.3	62.3	67.1	58.1	8.5	6.7
<i>EU-27</i>	71.7	70.9	62.9	66.2	12.3	6.7

Source: Eurostat, Labour Force Survey

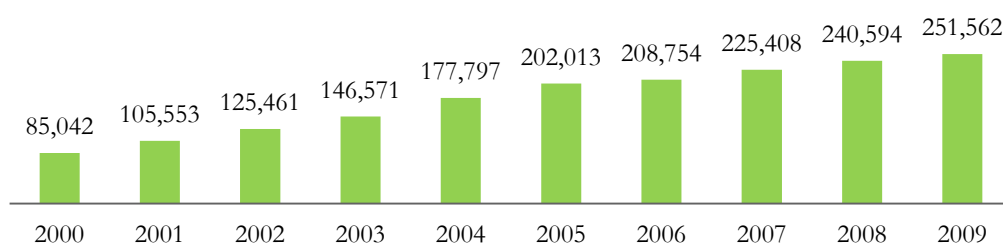
Immigrant enterprises

Most of Italy's immigrant enterprises take the legal form as sole proprietorships. Such enterprises take about 80% of total immigrant-run businesses. Other types of enterprises that engage and employ other persons including natives such as partnerships, corporations and social co-operatives are also increasing over the last years. One famous example stated in a report entitled "Immigrati Imprenditori" published by Ethnoland Foundation, (2009) can be the textile laboratory owned by Chinese Lin in Prato, which manages six clothing brands and recently opened a branch in Shanghai employing few hundred workers

³⁸ Economic activity rate = Workforce aged between 15 and 65/population between 15 and 65 (Eurostat definition);
Economic activity rate = workforce / population 15 or above (Istat definition).

including natives also, and currently working on the promotion of Italian exports in China. Moreover, another example of an immigrant-run social cooperative can be definitely “Ghanacoop”, that has various institutional partners such as Ghana Nationals Association, Arcadia Social Cooperative, Emil Banca, and stakeholders such as the Emilia-Romagna Region, Province of Modena, Municipality of Modena, Confcooperative Modena Association, Cisl Modena Association, IOM International organization for Migrations. This co-operative is an example of an organization that employs from the start a certain number of persons, and that managed to create work not only in Italy but also in Ghana. According to Istat, (2005), 15% of total immigrant businesses are partnerships, and 5% are corporations. Unfortunately, due to insufficient detailed data concerning these types of businesses and their employment framework, a further analysis about their contribution to the national economy have not been able to carry out. Nonetheless, this study analyzes that consistent share of sole proprietorships that represent a share of 80% of total immigrant businesses. These businesses do not only represent the highest share among all legal forms, but are progressively increasing as well. In 2001 they accounted for 3% of total sole proprietorships, while in 2010, this increased to almost 9%. In absolute values, they increased from almost 85,000 to 250,000, recording a 196 percent increase between 2000 and 2009 (Unioncamere).

Figure 16. Sole proprietorships with an immigrant non EU owner³⁹, 2000-2009.



Source: Personal elaboration of data gathered from Unioncamere-InfoCamere, Movimprese.

³⁹ Starting from 2007, owners born in Romania and Bulgaria have been excluded.

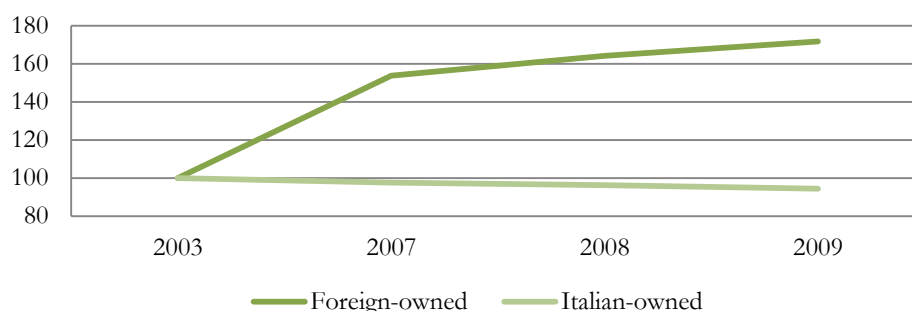
Figure 17. % share of immigrant-owned enterprises of total, 2001-2010.



Source: Personal elaboration of data gathered from Istat.

This figure can make us reflect the fact that these businesses are owned by more than four hundred entrepreneurs (as seen in figure no.10), with working positions as owners, managers, or partners. This reveals that these enterprises tend to re-structure themselves into in partnerships. This research also reveals an important element, which is at the time these immigrant-owned enterprises witnessed (and still witnessing) evident growth, on the other side, national-owned enterprises have been characterized by some decline in the same time span analyzed. This can be clearly observed in the figure below. As a result of these two opposite tendencies, the number of national enterprises reduced by 4 percentage points, while immigrant businesses registered an increase by eighteen percentage points during 2007 and 2009. Many elements can lead to such pattern. Cultural factors may play a crucial role, as immigrant entrepreneurs can be considered as more motivated or determined than natives. Especially that they have passed through a migration process experience with a certain economic goal in mind, therefore, their *way of doing business* may be different. Structural factors may play less of a role since native enterprises are hosted in a more friendly or easier structural environment only when compared to the immigrant enterprise in terms of access to information, regulatory framework, less entry barriers, less difficulties in access to credit, etc.

Figure 18. Percentage variations in the number of individual enterprises (foreign and Italian).

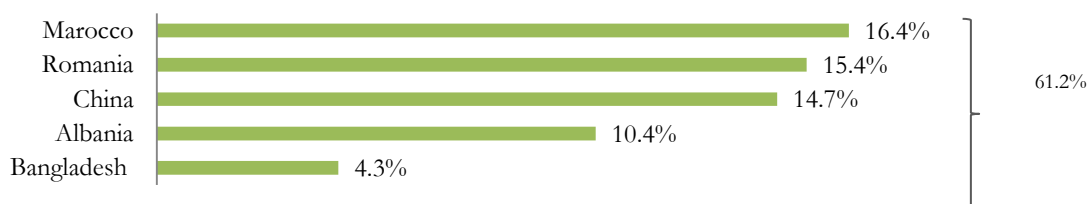


Source: Personal elaboration of data gathered from Unioncamere-InfoCamere, Movimprese.

According to Ethnoland Foundation, this phenomenon is very recent: only 15% of total current operating enterprises were registered before year 2000, while 85% have been registered from 2000 onwards. This means that an average of 140,000 enterprises have been created at a rate of 20,000 each year.

If we consider the country of origin of these enterprises, the most part of them are owned by Moroccans followed by Romanians, Chinese, Albanians, that in absolute terms, are all increasing constantly.

Figure 19. % of non EU nationality of sole proprietorships, 2010.



Source: CNA

The following table calculates percentage increases in these businesses, excluding Romanian enterprises since Unioncamere databases currently do not include them after their accession into the EU. However, Fondazione Ethnoland calculated their variation change between 2003 and 2008, which registered one of the highest increases among all nationalities, equivalent to a 61% increase. However, the case of Moroccan enterprises is

also interesting especially that they are still the dominant group in absolute terms, but new entrepreneur entrants coming from other nationalities are increasing at a higher speed, such as Bangladesh, Albanian and Chinese.

Table 6. % Variations immigrant enterprises by country of birth, 2004-2008, 2007-2008. (excluding Romania)

<i>State of birth</i>	<i>Var % 2004-2008</i>	<i>Var % 2007-2008</i>
<i>Morocco</i>	48.2	6.7
<i>China</i>	68.1	8.8
<i>Albania</i>	95.1	11.7
<i>Tunisia</i>	49.5	6.0
<i>Egypt</i>	55.5	8.3
<i>Bangladesh</i>	104.4	14.0

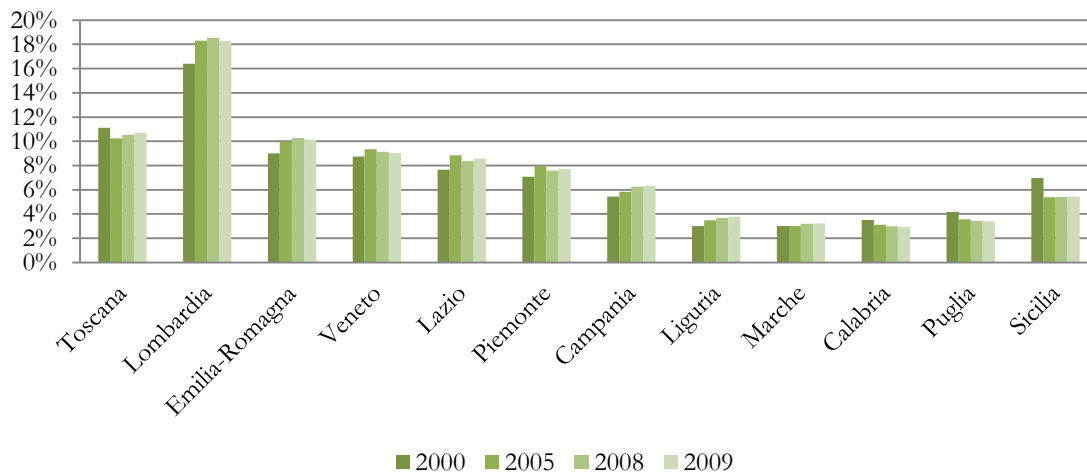
Source: Personal elaboration of data gathered from Unioncamere-InfoCamere, Movimprese.

Most of these immigrant-owned businesses are numerous in territories where the immigrant population is more consistent. Lombardy region itself hosts almost 20% of total businesses, 11% in Tuscany, 10% in Emilia-Romagna and Veneto and Lazio 9% each. These shares maintained their stability since year 2000. It can be clearly seen how the North is a main destination for them, and hosts more than 70% of total enterprises scattered all around Italy. These figures show that immigrant entrepreneurs are located in areas where there are also high levels of immigrant consumers. This could indicate certain markets established such as *ethnic*⁴⁰ or *intermediary*⁴¹ markets. The case of an open market and other types are nevertheless very probable since many entrepreneurs are currently choosing to cater a general audience.

⁴⁰ See types of immigrant enterprises in chapter II.

⁴¹ See types of immigrant enterprises in chapter II.

Figure 20. % of sole proprietorships immigrant-owned enterprises by Region 2000/2005/2008/2009.

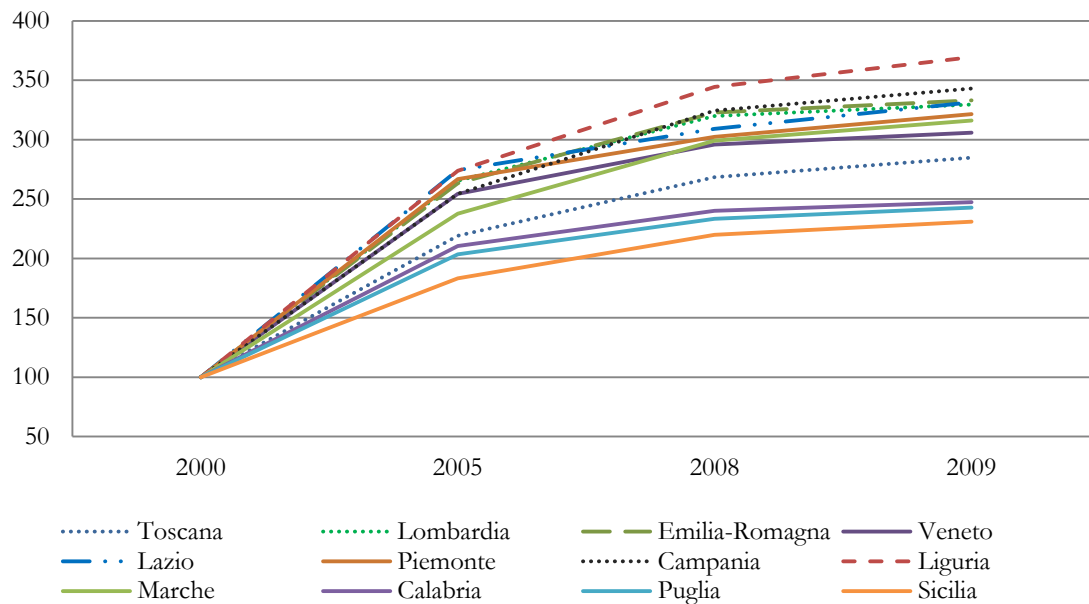


Source: Personal elaboration of data gathered from Unioncamere-InfoCamere, Movimprese.

Immigrant businesses increased in all regions, but less in representative regions. Highest percentage increases were in Liguria, recording more than 250% percent increase between 2000 and 2009, followed by Campania, Emilia-Romagna, Lazio, Lombardy, Piedmont. If considered the variation change only between 2008 and 2009, highest were found in Liguria and Lazio (+7% each), and Tuscany and Piedmont (+6%).

These figures can indicate that new immigrant entrepreneurs are choosing new cities to settle down and run their businesses. These new start-ups may be owned by newcomer immigrants coming directly from their countries of origin, or by older immigrants who are already within national borders. This could also be highly the case of immigrants who were previously working as employees but chose to switch paths and become entrepreneurs.

Figure 21. % variations in the number of immigrant-owned individual businesses in the Italian regions.



Source: Personal elaboration of data gathered from Unioncamere-InfoCamere, Movimprese.

The figure above confirms again this theory. New regions of immigrant entrepreneurship are rising, this could be also a result that reflects a sort of saturation of the phenomenon in most representative immigration regions. This could make us think of the existence of an “ethnic market”⁴² or an “intermediary market”⁴³. This does not exclude other types of markets such as an “ethnic niche”⁴⁴, where Tuscany is a region example that hosts the famous Chinese niche in the textile district of Prato. From the results above we can see that a saturation point in Tuscany has not been reached yet, as numbers of entrepreneurs are still increasing in the very last years.

The rate of immigrant entrepreneurship⁴⁵ is another important indicator. Personal findings found that Tuscany region is the region that has the highest share of immigrant sole proprietorships of total sole proprietorships in the region. 12% of total enterprises in the

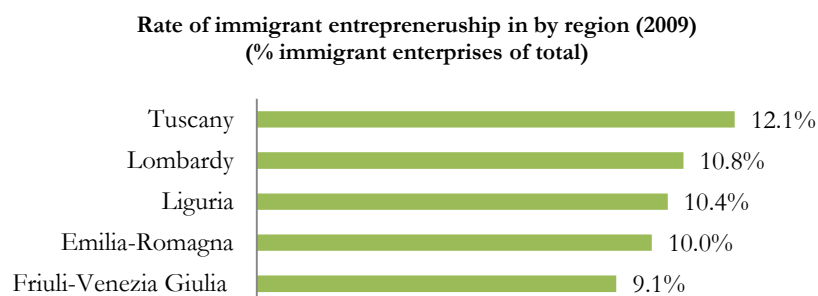
⁴² See section 2.5. Types of immigrant enterprises, chapter II.

⁴³ See section 2.5. Types of immigrant enterprises, chapter II.

⁴⁴ See section 2.5. Types of immigrant enterprises, chapter II.

⁴⁵ The rate of immigrant entrepreneurship is calculated by ratio of immigrant owners/tot. enterprises.

Tuscany are immigrant-owned. 11% in Lombardy, 10% in each Liguria and Emilia-Romagna, and 9% in Friuli Venezia Giulia (according to registers of the Chambers of Commerce, year 2010).



However, if we look at the main cities of this phenomenon, Milan, Rome and Turin which together with Prato have the most elevated shares of immigrant initiatives, which however shows once again a high level of immigrant concentration in certain cities. If we calculate the same rate of immigrant entrepreneurship, but as a percentage over total immigrant population in each region considered, extraordinary results emerge among immigrant entrepreneurs in regions in the south of Italy, as they exceeded the entrepreneurship rate of natives. For example, in Sardinia, 16% of total immigrants are entrepreneurs, a percentage which is higher than that of natives, equivalent to 6%. It is important to make reference here that numbers of immigrant population in these regions tend to be small in absolute terms, but these indicators show that a big part of these immigrants have a high propensity towards entrepreneurship and are settled purely for work motives. On the other side, if we look at regions characterized with highest presence of immigration in absolute terms, such as Liguria, Lombardy, Tuscany and Friuli-Venezia Giulia, they all also record extremely high rates of immigrant entrepreneurs as a percentage of the total immigrant population.

Table 7. Rate of immigrant entrepreneurship (no. of immigrant sole proprietorships/total immigrant population); and rate of native entrepreneurship (no. of total sole proprietorships/ total population), year 2009.

	<i>Immigrant</i>	<i>native</i>	<i>Spread</i>
<i>Piedmont</i>	5.1%	6.1%	-1%
<i>Valle D'Aosta</i>	4.1%	6.0%	-1.9%
<i>Lombardy</i>	4.7%	4.3%	0.4%
<i>Liguria</i>	8.3%	5.6%	2.7%

<i>Trentino-Alto Adige</i>	4.2%	6.5%	-2.3%
<i>Veneto</i>	4.7%	5.6%	0.9%
<i>Friuli-Venezia Giulia</i>	5.7%	5.1%	0.6%
<i>Emilia-Romagna</i>	5.5%	5.8%	-0.3%
<i>Tuscany</i>	7.9%	6.0%	1.9%
<i>Umbria</i>	3.8%	5.9%	-2.1%
<i>Marche</i>	5.8%	6.8%	1.0%
<i>Lazio</i>	4.3%	4.7%	-0.4%
<i>Campania</i>	10.8%	5.3%	5.5%
<i>Abruzzo</i>	8.5%	7.1%	1.4%
<i>Molise</i>	12.1%	8.0%	4.1%
<i>Puglia</i>	10.2%	6.4%	3.8%
<i>Basilicata</i>	8.3%	7.5%	0.8%
<i>Calabria</i>	11.2%	6.2%	5%
<i>Sicilia</i>	10.8%	6.2%	4.6%
<i>Sardegna</i>	15.8%	6.4%	9.4%
Italy	5.9%	5.6%	0.3%

Source: Personal elaboration of data gathered from Istat, Unioncamere-InfoCamere, Movimprese

Conversely, the native rate of immigrant entrepreneurship in Piedmont, Emilia-Romagna, Veneto and Lazio slightly exceeds the immigrant's entrepreneurial rate. This rate can highly vary also within the same region, as there are many provinces with a high level of entrepreneurship and others where this phenomenon is not present.

If we look at the international level, the immigrant entrepreneurship rate has also grown more rapidly than autochthonous entrepreneurship even in many European countries in recent decades, such as Germany, France, United Kingdom and Holland. In the case of Holland, growth has been extremely marked, and entrepreneurs among immigrants have gone from 3.3% in 1986 to 7.4% in 1997, reaching 12.2% in 2000. The case of Canada is even more surprising and within the time span from 1961 to 1991, from 10% to 11% for Canadian citizens and from 9% to 19% for immigrants (Rath; 2000; Ambrosini 2001).

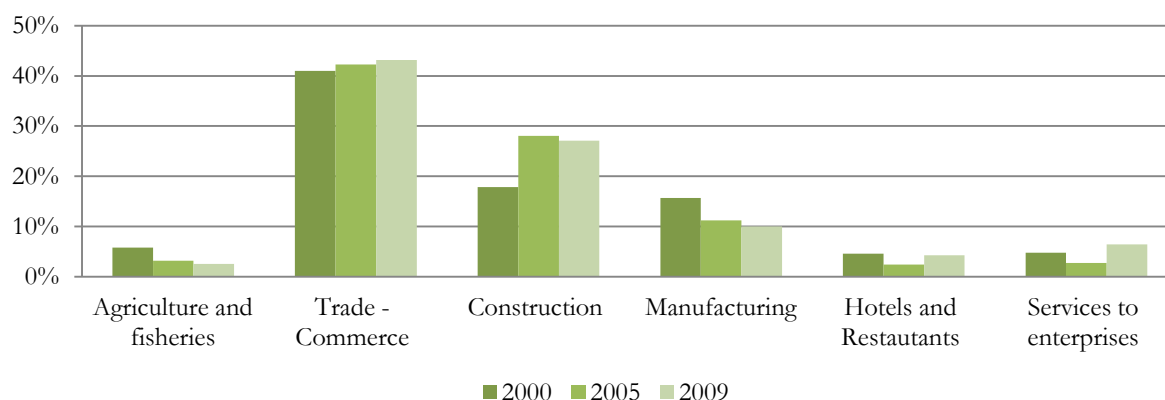
If we now look at the main sectors of activity that involve these entrepreneurs, we find that they are mostly engaged in trade and commerce. It is the sector of activity that represents about 40% of total immigrant businesses (2009). Such high immigrant percentage presence may confirm the development of the tertiary sector that explains the entrepreneurship path immigrants chose to undertake in the post-fordist context, which

includes the production systems' de-concentration and de-verticalisation, disintegration of the large factory, fragmentation of the demand of goods and services, flexibility of production and the labor process which all led to open new space for these new entrepreneurs and empower the role of small enterprises. Therefore, This sector involves a wide range of immigrant businesses in clothing, crafts, sport items, cosmetics, food industry, phone and money transfer centers, retail, laundry services, confectionery business, cleaning services, house sector, pharmaceutical, travel agencies, blacksmith shops. Less popular activities are found in graphic design, translations agencies, intercultural mediation centers, and cultural associations. But, immigrant enterprises are of various types, that include not only the traditionally sale of ethnic products to ethnic groups, but also open and intermediary products and services to a general public, as they have shown recently to have a higher degree of openness towards new destinations where fellow immigrant groups are less present, therefore, markets that were perhaps less popular may now be expected to fall into this category in the near future. If we consider the industry sector⁴⁶, construction is the second main sub-economic sector of immigrant investors, and records about 28% of total activities (2009). These businesses mainly involve manual plasterwork, painting, varnishing, finishing of buildings, and installation of plants. The second sub-economic sector of industry is the manufacturing activities and takes third position, its weight on other sectors is going through a decline, and takes up to about 11% (2009). Remaining sectors such as agriculture occupies a small share which is also declining throughout the years, and a fluctuating share that is increasing lately involves other sectors such as hotels and restaurants, and services to enterprises, showing once again a higher degree of dynamism and openness of these entrepreneurs.

The following figure shows the shares of immigrant enterprises within each economic activity.

⁴⁶ Statistical science distinguishes between industry in a strict sense (excluding construction) and construction. The industry in the narrow or strict sense mainly refers to manufacturing, but also to extraction, mining, production and distribution of different sources of energy.

Figure 22. Economic sectors of immigrant enterprises (2000/2005/2009)



Source: Personal elaboration of data gathered from Unioncamere-InfoCamere, Movimprese

If we compare variations of registered immigrant-run businesses to total enterprises between 2008-2007, we find that the main immigrant entrepreneurial sectors (construction, trade and manufacturing activities) all showed positive percent increases, while the opposite occurred regarding national variations in trade and manufacturing sectors, with exception of construction. Overall, total registered immigrant businesses increased by 7%, on the other side, total businesses witnessed a negative event of a 1% decrease. Factors explained in Figure. No. 18 may explain some of the motivations behind these results.

Table 8. Percentage variations in individual registered enterprises, 2008-2007.

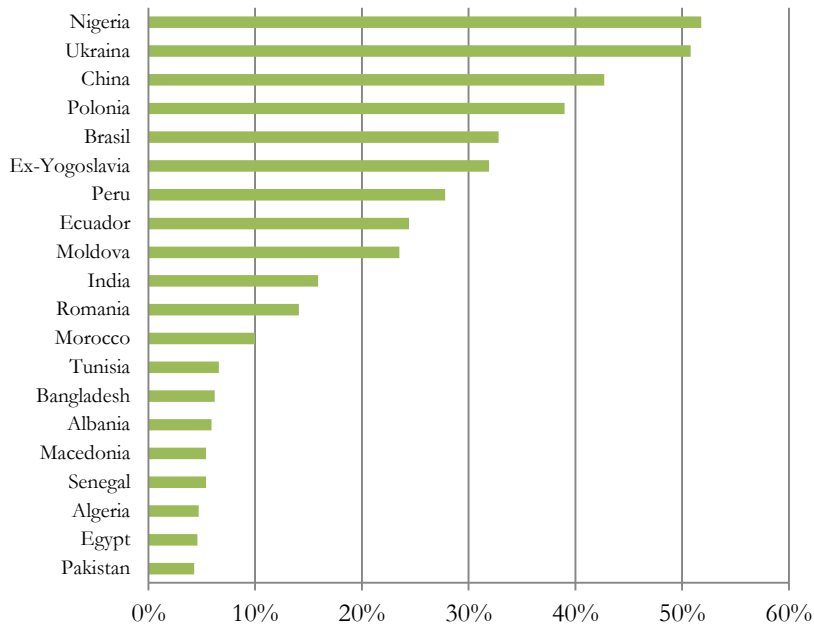
<i>Economic activity</i>	<i>Immigrant</i>	<i>Total (native+immigrant)</i>
<i>Construction</i>	8,9%	1,2%
<i>Trade – Commerce</i>	5,0%	-1,3%
<i>Manufacturing activities</i>	7,9%	-1,9%
<i>Real estate, rent, IT, research</i>	14,1%	2,5%
<i>Hotels and Restaurants</i>	11,9%	0,2%
<i>Other public, social and personal services</i>	9,7%	0,6%
<i>Agriculture, hunting and forestry</i>	4,8%	-2,6%
<i>Financial intermediation</i>	4,6%	0,6%
<i>Health and other social services</i>	1,7%	2,5%

<i>Education</i>	0,4%	-3,1%
<i>Fishing and related services</i>	-1,6%	0,4%
<i>Extraction of minerals</i>	-25,0%	-7,0%
<i>Transport, storage and communication</i>	-1,3%	-3,5%
<i>Unclassified enterprises</i>	13,3%	16,2%
<i>Total registered enterprises 31 dec</i>	6,7%	-0,9%

Source: Unioncamere-InfoCamere, Movimprese

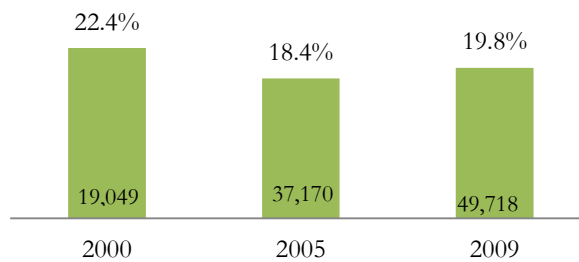
If we break down each production sector by country of origin, a sort of an “ethnic specialization” map can be drawn. Africans and Asians represent the commerce sector, Slavs the construction sector, and the Chinese both manufacturing and commerce, which shows the versatility of this ethnic group. The main sectors of activity of the first twenty entrepreneurial nationalities, i.e. the percentage of a nationality as a share of the total population of the same nationality present in the country shows as follows: i) the construction sector: 78% of total Romanians work in this sector, Albania 83%; Egypt 54%; Tunisia, 67%; Ex Yugoslavia 66%; Macedonia 84%; Moldova 69%; Poland 54%; Ukraine 41%; Brazil 54%; Ecuador 37%; ii) the trade-commerce sector: 70% of all Moroccans work in this sector of activity; Bangladesh 70%; Senegal 89%; Pakistan 54%; Nigeria 75%; India 39%; Algeria 57%; iii) the manufacturing sector: China 43%; iv.) transport sector: Peru 24%. If we consider the gender component in these sectors, the *gender-based differences* stated in Chapter II which explains the propensity of a certain gender towards entrepreneurship rises. Female entrepreneurship plays a crucial role in the national economy. Such initiatives increased from almost 19 thousand businesses to almost fifty-thousand between 2000 and 2009. The propensity towards female entrepreneurship depends on the prevalence and preponderance of women in certain migration flows, and on specific cultural and structural factors such as self-determination, courage, market opportunities etc.. The figures below show their consistent shares as a share of total immigrant businesses. Shares record some declines throughout the years due to increasing total immigrant inflows, but their absolute values are on the rise. Slav and South American countries, China and Nigeria represented highest shares among all nationalities in 2010.

Figure 23. % of women immigrant entrepreneurs/total (2010).



Source: Personal elaboration of data gathered from Unioncamere-InfoCamere, Movimprese

Figure 24. absolute and % female immigrant-owned enterprises of total



Source: Personal elaboration of data gathered from Unioncamere-InfoCamere, Movimprese

The female entrepreneurial gender in Italy is mainly present in the service sector (about 60% as a share of total immigrant enterprises in this sector in 2005), which includes trade, intermediary and financial services, communication, hotel and restaurants, social, and public services. Followed by the manufacturing sector, which represents about 30% of total immigrant enterprises of the sector, while on the contrary, the constructions sector remains

predominantly male-driven and occupies an almost nil presence of the female gender. This makes us reflect back on the *gender-based differences* explained previously, which shows the propensity of a certain gender towards specific activities or sectors, and sometimes more entrepreneurial than immigrants of the other gender of the same ethnic group.

Finalizing this section, an overall overview on the demography of these businesses is important especially to measure the level of vitality occurring throughout recent years, which may help to build some future predictions. So far we have seen that immigrant initiatives are increasing dramatically, but if we look at annual start-ups and closures, some new data emerges. We can see in the table below that less numbers of businesses have been registered between 2004 and 2008, along with higher numbers of businesses that shut down. However, a further interesting finding arises, despite such declines together with increases in closures, we can still observe a positive balance, and especially if compared to the national level, survival rate of immigrant initiatives is higher, as the national level experienced a negative balance in those same years analyzed. If we look at percentages of new start-ups and those that requested cancellation from the Chambers registers in year 2009, highest start-up shares occurred in the wholesale and retail trade sector (almost 40%), followed by the construction sector (27% of total start-ups), and manufacturing sector 11%. Whereas main closures affected these same sectors in a similar way: 35% in wholesale and retail trade activity; 31% in construction and 15% in manufacturing activities.

Table 9. Immigrant-owned start-ups, closures, balance, 2004-2009.

	<i>Start-ups</i>	<i>Closures</i>	<i>Balance</i>
2004	43.918	12.935	+30.983
2007	37.531	21.053	+16.478
2008	36.694	21.615	+15.079
2009	37.645	26.849	+10.796

Source: Personal elaboration of data gathered from Unioncamere-InfoCamere, Movimprese

Table 10. Percentages of start-ups and closures, 2009

<i>Economic Activities</i>	<i>Start-ups</i>	<i>Closures</i>
<i>Agriculture, forestry, fisheries</i>	1.5%	1.3%
<i>Extraction of minerals from mines and quarries</i>	0.0%	0.0%
<i>Manufacturing activities</i>	11.4%	14.8%
<i>Electricity supply, gas, steam, air-conditioning, water; sewerage</i>	0.0%	0.0%
<i>Construction</i>	26.6%	30.6%
<i>Wholesale and Retail Trade</i>	39.3%	34.9%
<i>Transport and warehouse storage</i>	1.0%	2.5%
<i>Accommodation and restaurant services</i>	6.0%	4.7%
<i>Services for enterprises</i>	7.8%	7.5%
<i>Insurance and financial services</i>	0.5%	0.7%
<i>Education</i>	0.1%	0.1%
<i>Health and other social services</i>	0.1%	0.1%
<i>Social services (for persons with disabilities)</i>	3.0%	2.1%
<i>Unclassified companies</i>	2.7%	0.8%

Source: Personal elaboration of data gathered from Unioncamere-InfoCamere, Movimprese

The economic and financial crisis event in 2008 must have played a decisive role in the slowing-down of openings and increasing rate of closures. However, according to a review entitled “The global economic crisis and migrant workers: Impact and response” (Ibrahim Awad, 2009), what emerges is a differentiated impact of the crisis on “migrant workers”. Awad makes reference to migrant workers in his report, but we could slightly interpret this term into our case of immigrant entrepreneurs as he refers to the general market condition. He stated that the impact of such crisis depends on the economies of the destination countries, and on the specific sectors of activity. As expected, most affected immigrant-owned businesses were those located in countries most severely affected by the crisis. In countries where construction had been the engine of growth in recent years such as Spain and the United States, immigrant businesses in this sector have paid the highest price in terms of loss of employment. But in other countries, in East and South-East Asia, the engine of growth has been in the manufacturing industry, and where demand remained high. Coupled with the segmentation of labor markets, this has resulted in job creation even in sectors that are severely hit globally, such as construction.

3.2. Economic impact arising from immigrant entrepreneurship

Beyond the numerical consistence of migratory flows, a reference to several further variables is essential in order to better define the economic dimensions of immigration: the ability to produce income, the propensity to save, to consume and the transfer of the consequent financial resources towards the country of origin through the so-called remittances. These indicators are essential to measure the success of immigrants' inclusion in the host country's production system. Analysis and research is still weak on this, since society has only begun recently to pay attention to such fundamental aspects of this phenomenon and to develop some precise statistical data. For this same reason, data in this section makes reference to both working immigrants who are employees and entrepreneurs as a general immigrant workforce.

According to a survey conducted in 2011 by Leone Moressa Foundation based on works carried out by the Bank of Italy in 2009, researchers found that immigrant families produce an average income of about 17,4 thousand euro per year which does not allow them to cover their expenses, and consequently, impossibility to save, since their consumption is about 17,7 thousand euro. If compared to native figures, Italian families generate an annual income of about 33 thousand euro, of which their consumption is about 24 thousand euro, making them able to save. Out of these income levels, the human poverty index for each has been calculated. This index shows how many people live below the poverty line. This same survey finds that 38% of immigrant families live below the poverty line, compared to 12% of Italian families. Furthermore, the net income composition (after income tax and social contributions) of immigrant households in Italy mainly comes from employee type of work, which represents 90%, followed by 8% from self-employment⁴⁷ and 6% from capital income⁴⁸. The negative net balance between income and expenditure is due to remittances that immigrants transfer to countries of origin, which therefore reduce their amount of income available. More on these remittances will be studied in the following section. On the other hand, one quarter of natives' income comes from pensions or other

⁴⁷ Self-employment includes self-employment and immigrant entrepreneurship.

⁴⁸ Capital income are stock dividends, interests, rent or any sort of capital gains, as well as income an owner gets from a business they own but not from the work they do there.

types of transfers equivalent to 26%, and from capital income 22%, while income from employee type of work only accounts to 40%. These data may tell us that immigrants have a smaller level towards capital gain that results from investments in capital assets, such as stocks, bonds or real estate, however, due to insufficient data at present, further future percentages and variation changes throughout the coming years will provide a better context to enable to state an affirmation of the situation.

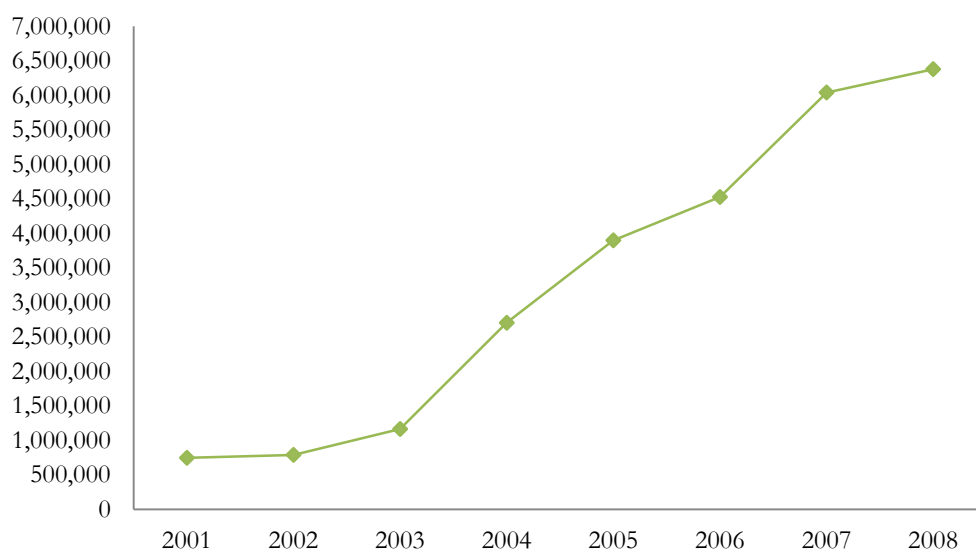
If we now look at the level of consumption of immigrant households and that of natives, findings show that the behavior of both families do not differ to a large extent. Almost all consumption goes to non-durable goods: 95% for immigrant families against 93% of Italian ones. The remaining expenditure are to durable goods: 5.1% immigrants, 6.9% Italians. On the other side, almost all of the immigrant families who manage to save money, deposit their funds in bank current accounts, which represented 79.6% of all cases, and only very few invest in bonds 1.3%; government bonds only 0.1%, and in other forms of investment 1.3%. Italian families on the other side, almost 90% deposit their money in banks, showing a greater variety of investments: 12% invest in bonds or mutual fund shares, 10% in government bonds, and almost 20% invested in other forms such as stocks, investment management and loans to cooperatives. The survey also analyzed the forms of debt between the two and some similarity rise again. They find that 15% of immigrant families go into debt to buy consumer goods, while 11% for the purchase of property. For Italian families, the values were very similar: 13% for consumer goods, 13% for property. Furthermore, almost 79% of the immigrant families pay rent and only 11.3% have their own house, while the remaining 9.6% are free riders⁴⁹. If compared to the Italian level, most families own the house where they live (72%), and 18% live in rental properties. Final variable studied was the ownership of other property, and 14% of immigrants were found to own other homes, even in the country of origin, but the remaining 75% does not own any property, while native families who do not own any property were accounted to 25.4%.

⁴⁹ In economics, a free-rider is someone who consumes a resource without paying for it, or pays less than the full cost. The free rider problem is the question of how to limit free riding or its negative effects. Free riding is usually considered to be an economic problem only when it leads to the non-production or under-production of a public good and thus to Pareto inefficiency, or when it leads to the excessive use of a common property resource.

Turning back to the level of income, the study of remittances is another crucial element to be studied separately and jointly with the other variables. Every migration is the manifestation and result of relations between two societies and cultures, as emigration gives rise to immigration and immigrants are also emigrants. These financial flows, in fact, take a significant economic value and, at the same time, may establish concrete channels and relations that link immigrants and their communities of origin, therefore it observes two sets of determinants, from the side of emigration and the side of immigration.

Remittances in Italy travel on an upward trend, increasing from about more than five hundred thousand in 2001 to more than six million in 2008. This indicates a very high level of immigrant inclusion in the national economic structure.

Figure 25. Remittances of immigrants (€ thousand), 2001-2008.



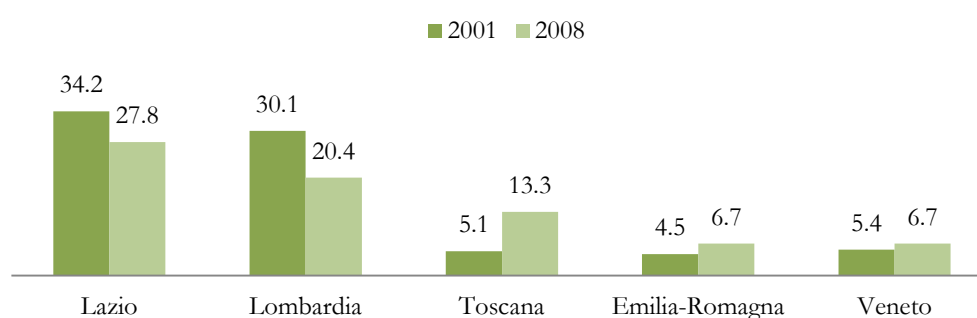
Source: Personal elaboration of data gathered from ISMU, Ufficio Italiano dei Cambi e Banca d'Italia

Remittances are mainly sent by working immigrants⁵⁰ who work in Lazio and Lombardy regions, that are regions characterized with highest presence of immigrant presence. These regions take almost 50%-60% of total remittances, such shares however are declining over

⁵⁰ Figures and values include both immigrant employees and immigrant entrepreneurs.

the years leaving space for remittance increases in new remittance-sending regions such as Tuscany, Emilia-Romagna and Veneto, where the number of immigrant enterprises are also undergoing constant percentage increases as seen in the previous section. Tuscany recorded an eight percent increase, and Emilia-Romagna and Veneto (+2%) each. We can see here once again that there has been a shift of new start-ups towards new regions, which can consequently means new sources of remittances.

Figure 26. % Distribution of total remittances by major regions, 2001 / 2008.



Source: Personal elaboration of data gathered from ISMU, Ufficio Italiano dei Cambi e Banca d'Italia

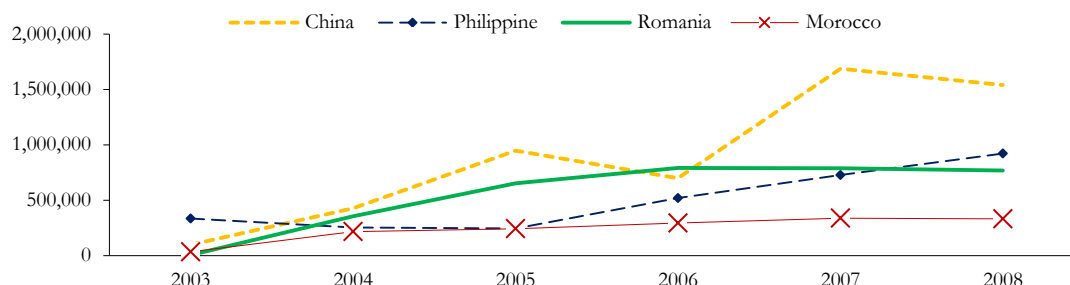
These transfers of funds are mainly transferred to China as seen in the figures below, even if it has been characterized by an unsteady trend throughout the years. This is followed by the Philippines which is moving on a constant upward trend exceeding Romania which have been experiencing some fluctuations since 2006. Other countries with positive percent increases between 2008 and 2007 are Senegal and Bangladesh, and which means that they are the new emerging countries of immigrant workforce.

Tabella 11. Remittances variations 2008-2001; 2008-2007.

	<i>Var. % 2008-2001</i>	<i>Var. % 2008-2007</i>
<i>China</i>	<i>1713.8</i>	<i>-8.7</i>
<i>Philippines</i>	<i>289.5</i>	<i>26.7</i>
<i>Romania</i>	<i>12504.3</i>	<i>-2.7</i>
<i>Morocco</i>	<i>767.8</i>	<i>-1.9</i>
<i>Senegal</i>	<i>2087.1</i>	<i>4.2</i>
<i>Bangladesh</i>	<i>74151.0</i>	<i>26.1</i>

Source: Personal elaboration of data gathered from ISMU, Ufficio Italiano dei Cambi e Banca d'Italia

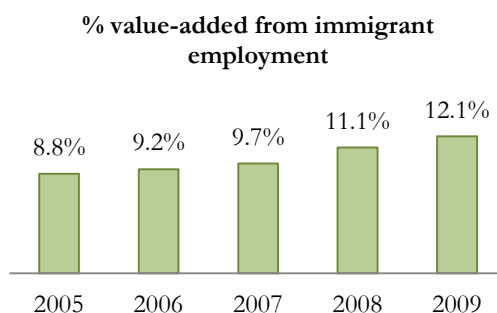
Figure 27. Remittances (€thousand) by main destination states, 2001-2008.



Source: Personal elaboration of data gathered from ISMU, Ufficio Italiano dei Cambi e Banca d'Italia

A further central economic element to observe in this section is the value-added that immigrant population produces. This indicates their financial performance and contribution to the national economic system.

According to Unioncamere, immigrant work did not only represent almost 9%⁵¹ of the Gross Domestic Product GDP in 2005, but reached to 11.1%⁵² in 2008. Positive economic results from immigration are also at an EU level. A recent study by Caixa Catalunya shows the major contribution of immigration to the European Union's GDP.



Source: Personal elaboration of data gathered from Unioncamere

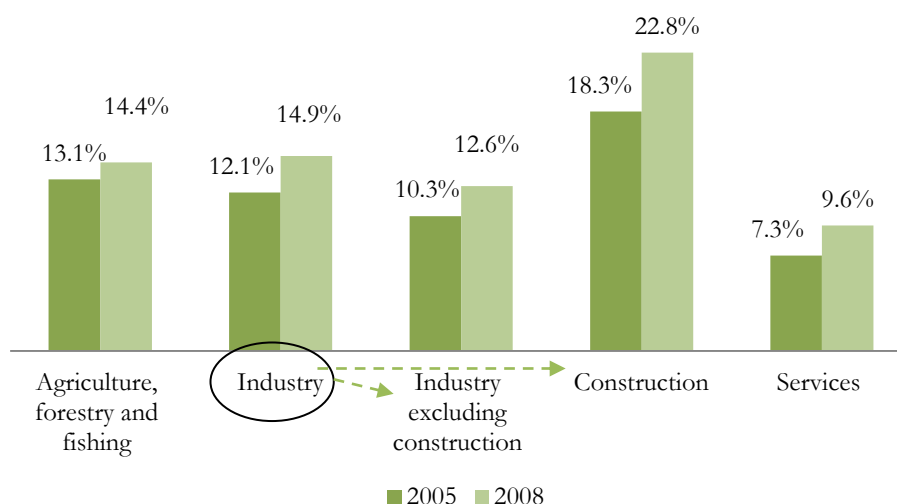
⁵¹ These incidences make reference to foreign employment which include both types: entrepreneurs and employees.

⁵² These incidences make reference to foreign employment which include both types: entrepreneurs and employees.

Its authors calculate that, without the demographic impact of immigration, GDP per capita in the EU-15 would have decreased by 0.23% per year instead of increasing by 1.79% per year between 1995 and 2005.

If we look now into the three main sectors of activity where immigrants are mostly present, results find that they produce significant and increasing shares of value-added in all three. Their major contribution is found in the industry sector⁵³ and specifically in construction, which takes an average of circa 20% of total value-added they produced. This is followed by the manufacturing industry sector that produced about 15%, and finally by the agriculture sector 14% of the total value-added in 2008.

Figure 28. % share of added-value from immigrant work subdivided by economical activity, 2005/2008.



Source: Personal elaboration of data gathered from Unioncamere-Istituto Guglielmo Tagliacarne

According to some personal contributions and research works published by Fondazione Ethnoland and Dossier Statistico CARITAS/MIGRANTES, benefits arising from immigrant entrepreneurship can be summarized according to five indicators, which are the

⁵³ Statistical science distinguishes between industry in a strict sense (excluding construction) and construction. The industry in the narrow or strict sense mainly refers to manufacturing, but also to extraction, mining, production and distribution of different sources of energy.

level of employment, the economic level or value-added, the financial level, the social security level, and support towards immigrants' countries of origin.

Firstly, the *level of employment* it induces. This is usually the case of partnerships and social co-operatives that guarantee employment not only to their owners, but also to other individuals in the economy, including natives as well. Additionally, this highly depends on the type of enterprise involved. Unfortunately as previously stated, there is no available data regarding the employment framework of these types of businesses. However, according to Fondazione Ethnoland, 6% of total permanent contracts in the province of Milan has been carried out by the seventeen thousand immigrant-owned enterprises (2007). Secondly, the *economic level or value-added*. As shown in previous section, the economic benefits from immigrant work contributes to about one tenth of the Gross Domestic Product in 2008, corresponding to more than 157 billion. In many regions, the wealth produced by immigrants exceeded €10 billion a year: €31.6 billion in Lombardy, €15.4 billion in Lazio, €14 billion in Veneto, €12 billion in Emilia-Romagna and €10 billion in Piedmont. While, the contribution of immigrants in small regions such as Valle d'Aosta, Basilicata, Molise and Sardinia was below €1 billion.

Thirdly, the *financial level*, which includes tax revenues or so-called personal income IRPEF payments. The estimated tax revenues of immigrants in 2006, amounted to approximately €4 billion, which rose to €5.5 billion in 2007, of which Lombardy region itself received more than €1.2 billion; Veneto, Emilia-Romagna, Lazio half a billion euro; Piedmont 400 million euro; and Tuscany, Molise, Valle d'Aosta 15 million euro. Some more recent results come from a survey conducted by the Foundation Leone Moressa that elaborated on data of the Ministry of Finance in 2010, and found that tax revenues continue to rise reaching almost € 6 billion, accounting for 4.1% as a share of total national revenue. This means that each person pays an amount of €2,810 (2009), since working immigrants are about 2.1 million. The working team in this report also calculated who actually pays the income tax, and found that 65% of immigrants pay income tax against 76% Italian level. This means that immigrants benefit more reductions than natives, mainly due to the lower amount of income they earn. Most of immigrant taxpayers are located in Lombardy (20.9%), Veneto (12.0%) and Emilia Romagna (11.2%). On the other side, the two regions in which the

weight of immigrant contribution of the total paid income tax were the highest was in Trentino Alto Adige and Friuli Venezia Giulia, accounting for 7.1% and 6.3% of total revenue respectively, (in both regions 1 out of 10 individuals who pay income tax is an immigrant), followed by Veneto and Emilia Romagna (9% each) and Liguria (8%).

Fourthly, the *social security level* or so-called National Social Security Institute (INPS) contributions. Immigrants provide annually a sum of 5 billion euro as social security contribution. This is interesting because they are also known to be minimal recipients of pension benefits considering their young age. According to this report, they described this fact as “immigrants: an essential resource and financially convenient for the Italian economy”.

Fifthly, *support towards their countries of origin*. Further benefits arising from immigrant entrepreneurship can be through their support to their countries of origin. In 2007, the Bank of Italy showed that a sum of 251 billion dollars have been saved by immigrants in emerging countries and 6 billion came from Italy.

The following tables shows a summary of immigrant contributions to the national economy in year 2007, followed by a current socio-economic summary of immigration in Italy under an overall view.

Table 12. Internal revenue of immigrants (estimation 2007, € million) and immigrants contribution to the Italian economy and labor market (2007).

<i>Internal revenue of immigrants (estimation 2007, € million)</i>	
5,300	IRPEF payments by 2 million employees (Inail archive)
238	Regional additional benefit/earn
68	Municipal additional benefit/earn
297	Self-employment tax
0,297	Sum paid by 165,000 immigrant entrepreneurs (Unioncamere reviewed by Cna)
0,225	Sum paid by 135,000 for property buying/selling concerning immigrants (property scenarios)
5,887	Total

Immigrants contribution to the Italian economy and labor market (2007).

Economic Activity Rate

<i>Immigrants</i>	73.2%
<i>Italians</i>	61.9%
Employment Rate	
<i>Immigrants</i>	67.1%
<i>Italians</i>	58.1%
Unemployment Rate	
<i>Immigrants</i>	8.3%
<i>Italians</i>	5.9%
<i>Immigrant women</i>	12.7%
Immigrants Union member (Cgil, Cisl, uil, Ugl)	814,311
Remittances sent from Italy (€ thousands)	6,044,060

Source: Fondazione Ethnoland e Dossier Statistico Immigrazione Caritas/Migrantes.

Table 13. Socio-economic summary of immigration in Italy.

<i>Indicator</i>	<i>Year</i>	<i>Value</i>
Foreign residents	01/01/2011	4,570,317
% women	01/01/2011	51.8%
% men	01/01/2011	21.7%
% underage	01/01/2011	21.7%
% foreign born	2009	13.6%
Immigrant entrepreneurs	2010	628,221
% rate of immigrant entrepreneurship ⁵⁴	2010	13.7%
% rate of entrepreneurship ⁵⁵		
Employed	2010	2,081,282
Unemployed	2010	274,121
Unemployment rate ⁵⁶	2010	11.6%
Remittances	2010	€ billion 6.3
Salary declaration	2009	€ billion 40
Declared average income	2009	€ 12.51
Number of taxpayers	2009	3,260,019
Need for employment ⁵⁷	2011	16.30%
Employee monthly salary ⁵⁸	2010	€ 987
1° region by employment attractiveness index	2010	Lombardy
% of families unable to sustain costs	2008	58.8%

Source: Fondazione Leone Moressa

⁵⁴ Immigrant entrepreneurs/total foreign residents*100.

⁵⁵Immigrant entrepreneurs/total entrepreneurs*100.

⁵⁶ Foreign unemployed /foreign workforce*100.

⁵⁷ New foreign hiring/ total new hiring*100.

⁵⁸ Net pay of foreign employees excluding any additional or irregularly collected pay every month (values in €).

Integration of immigrants into the Italian community unquestionably involves costs and expenses. In fact this is the other side of the equation. Costs are usually measured in terms of services. For example, health, schooling, and social services provided by Municipalities and Ministry of the Interior and Justice expenditures. According to data reported by Fondazione Ethnoland proved that the presence of working immigrants have an overall positive effect on the Italian economy. This is simply because the total revenue generated by immigrants is higher than the costs required to finance their services. In fact, the costs paid by varied Municipalities amounted to approximately €136 million (Istat, 2005), and if we assume that immigrants represent 20% of all municipality service users, then costs would rise up to €700 million, which is at a level that is correspondent not even to one-fifth of the total the total revenue generated by immigrants.

Table 14. Estimate of revenue and expenditure, 2008.

Estimate of Revenue and Expenditure, year 2008

10,827	Total Revenue, € billion
7.501	Social contributions
6.500	- <i>employees</i>
0.744	- <i>self-employment</i>
0.257	- <i>para-subordinate</i>
1.000	Tax revenues (IRPEF)
0.100	Fees for permit stays
9.950	Total Expenditure, € billion
2.800	Health
2.400	- <i>foreign residents</i>
2.800	School fees
0.450	Municipality social costs
0.400	Housing costs
0.200	<i>Public housing</i>
0.200	<i>Social Fund for rent</i>
2.000	Ministry of Justice expenses (courts and prison)
0.500	Interior Ministry expenses (expulsion and reception centers)
1.000	Social welfare spending
0.400	- <i>Family treatments</i>

3.3. Immigrant entrepreneurship placement in the Italian business system

According to a contribution by Poma. L. in a work entitled “Oltre il distretto: Imprese e istituzioni nella nuova competizione territoriale” (2003), he defines the so-called *territorial or vertical economic space* as “a specific “place” or geographical, economic, social context governed by a system that shares values, norms, language, regulations, and that allows to incentive and reproduce a system of relations between enterprises, and that can involve other local entities also. This productive and innovative interdependence among enterprises, once expatriated from its context ceases to exist and reproduce”. While, *horizontal or relational economic space* is “a universal context, untied to any particular geographical, economic and social area, governed by a system of relations between enterprises, based on a codified foundation, formal contracts, standardized communication language, and that reproduces through expansion”. The relational system structure defines here the identity of these elements. This innovative and productive interdependence between enterprises is independent of the territory of which enterprises are located, and are jeopardized in terms of external equilibrium, only if some powerful modifications are made within the structure of relations. Therefore, this economic space is the area where productive externalities are generated, and where economic players meet to enable further development through cooperation between enterprises, public and private, and through the diffusion of innovation and knowledge.

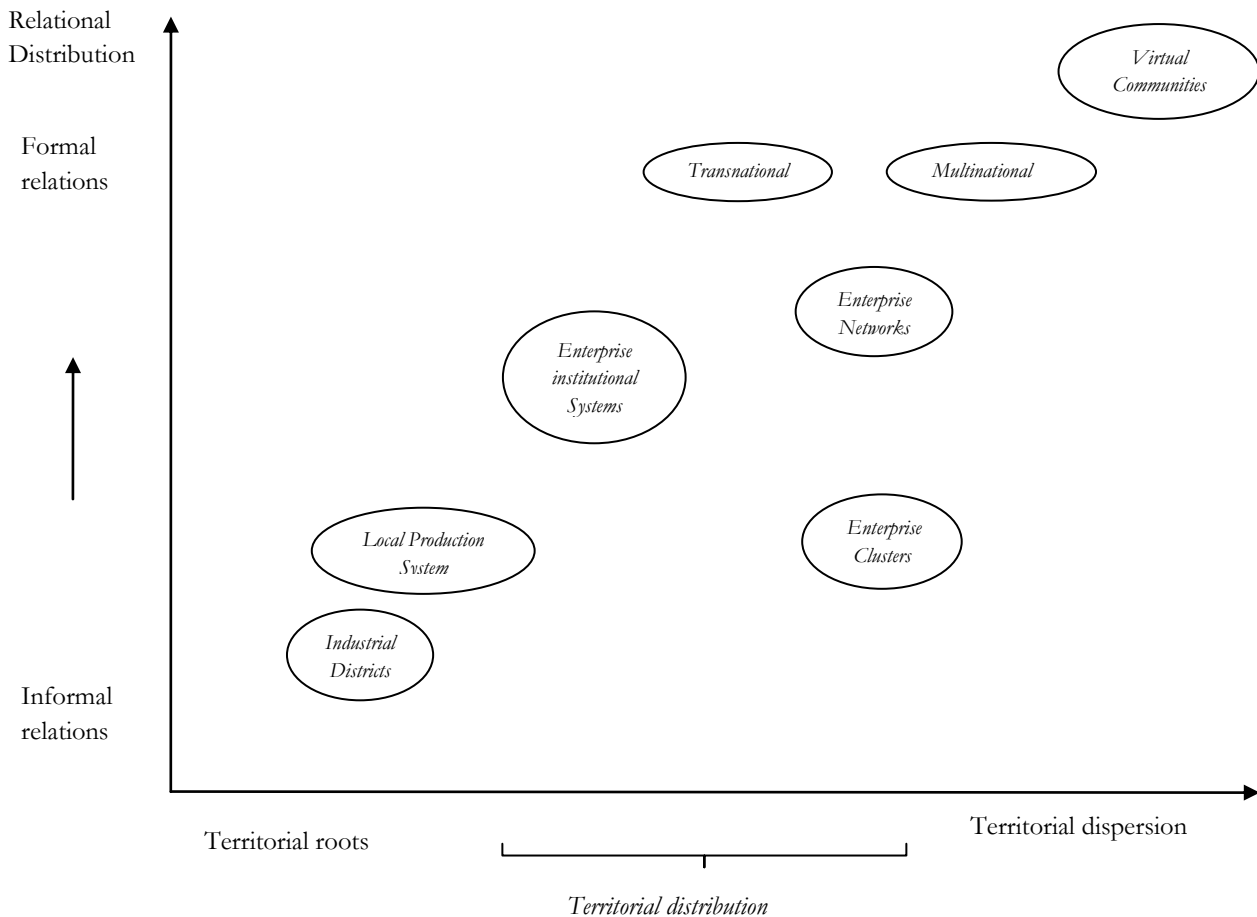
Poma. L. elaborated the figure below which explains this economic space: the *territorial or vertical economic space* which is represented by the x-axis. Proximity to the origin indicates the enterprises’ maximum level of closeness and being dependent of its belonging territory. Therefore, exit costs of enterprises are considered very high. As we move away from the origin, the greater is the enterprise’ degree of independence from its belonging territory. A very far point away from the origin means that the enterprise or enterprise system are totally disconnected from their territory, and completely mobile, and the territory does not

have any sort of effect on the way they do business. On the other side, the *horizontal or relational economic space* y-axis indicates the relational distribution. The proximity to the origin indicates that informal relationships dominate among enterprises. This does not mean that there is a total absence of formal relations between enterprises, but rather that informal relations play a decisive role in strategic production decisions, and in the dynamics of innovation. Going gradually away from the point of origin reports that the system is becoming increasingly formalized and codified. Its most extreme far point indicate that only increased formal relationships affects strategies and the way these enterprises exert their business.

This figure gives the opportunity to better understand the Italian socio-economic system and at a second stage, we will try to see where exactly can we place the “immigrant enterprises” into the figure, the latter can be considered as a “new” economic players in the this system. In order to do that, a brief explanation on other the economic players shown in the figure is essential. *The industrial district* is one important element in the history of Italian economy. It is the most entrenched territorial system among all. The term was used by Alfred Marshall in his book *The Principles of Economics*, and by Becattini, (1991) who defined as a socioeconomic entity, where manufacturers, services, local institutions, government, unions, etc. live and cooperate together. It is characterized by the presence of a large number of small dimensional enterprises, specialized in different aspects of the production process of the same industry that is vertically integrated, and concentrated into a confined space, and producing production externalities benefited from their proximity. The industrial district is well known for its “industrial atmosphere”, which is described as an atmosphere that children “breath in the air” from a very young age, grasping industrial skills and learning abilities from their parents unconsciously, which therefore leads to the concept of “tacit knowledge”, that can be defined as secrets of manufacturing and instinctively skills that are transmitted through an informal language. Furthermore, relations are often linked by family ties, and face to face relationships. While social sanctions for improper or opportunistic economic behavior is high. The innovation process is not codified, therefore, it proceeds by numerous trials, errors and continuous improvements that in a short time are absorbed and formed into new standards of production. Informal

relationships reach their peak in the district, therefore, lies very close to the point of origin. The *local production system*, is a more open system compared to the industrial district and the level of specialization is lower, therefore, production can involve many different types of products, and as a result, exit costs are less if enterprises plan to leave the market. This type of system is characterized by having strong relations between productive and socio-institutional systems, therefore, part of these relations must be codified which makes it located in a higher position than that of industrial districts. The *cyberspace* or *virtual communities*, are completely disconnected from the territory since they can do business on the web, codification instruments are extremely high to enable the transfer of ideas, programs, etc. The *multinational enterprise* are characterized by a high degree of geographical dispersion and a very high formalized language for communication. The *transnational enterprise*, is very similar to the multinational enterprise, the only difference relies in the fact that some subsidiaries go through very intense relations with other local actors which makes them embedded within the territory of which they are located. If they choose to exit, this would cost them machinery and relational loss. Enterprise network is another economic player, and are of two types: clusters and networks. *Clusters* are aggregations of local enterprises that interact for production purposes. Relations are mainly informal, similar but not to the extent of industrial districts and enterprises are less connected to the territory, as they can move from one cluster of a certain territory to another of a different territory; while *enterprise networks* have the same territorial dispersion level clusters, but levels of formalities are higher and more codified due to their distance from their components within the network. Finally are the *enterprise institutional systems*, which represent the most crucial player according to this model. It combines enterprises with institutional actors and together they produce knowledge. Institutional bodies here do not act as externalities anymore but become direct agents for the production of knowledge which is at the heart of the production system today. In fact, they are located in the middle way between the two extremes to maximize the production.

Figure 29. Territorial and Relational Distribution



Source: Poma, L. "Oltre il distretto: Imprese e istituzioni nella nuova competizione territoriale", 2003. Franco Angeli, 2004.

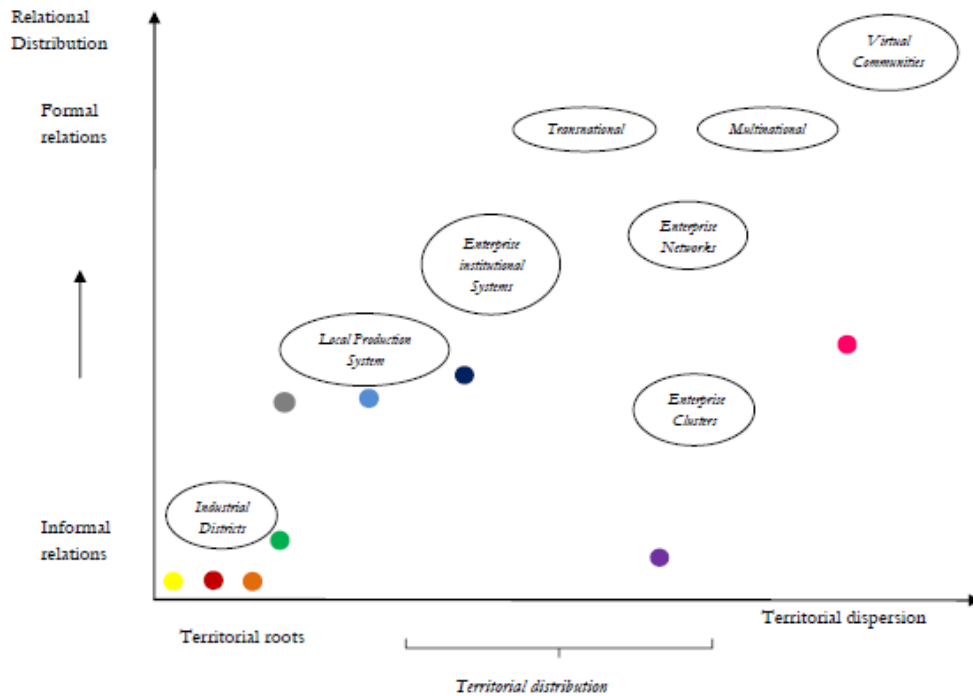
If we now try to apply the case of immigrant enterprises into this economic space, it would be first essential to keep in mind that immigrant enterprises are not the same. As explained in chapter II, immigrant enterprises can be of different types. For example *ethnic enclave*, *ethnic enterprise*, *open enterprise*, *intermediary enterprise*, *refuge enterprise*, and *under-served enterprise*, *special enterprise and ethnic niche*, and *subcontracting enterprise*. These enterprises differentiate according to the markets, product-line and clientele they serve. the territorial and relational distributions on both x-axis and y-axis will maintain the exact meaning adopted above. All other variables should kept constant.

If we now start by considering the first most radical type of enterprise, so-called *ethnic enclave*, according to Borjas, the family is the primary institution for grooming entrepreneurial skills in ethnic enclaves (Borjas, 1993), therefore, this confirms that entrepreneurial skills of doing business are passed from parents to children tacitly. On the other side, if we look at the territorial variable, enclaves in this case, share a higher territorial degree compared to the industrial district, which makes their exit costs higher if they choose to leave the market. However, an ethnic enclave has many similarities to an industrial district, but it operates in a closed economy, therefore in the figure below, I have placed this type of market closer to the point of origin than the industrial district in terms of relational and territorial distribution. Secondly, *ethnic enterprise*, these enterprises are characterized by serving an increasing demand by a certain ethnic group of certain “ethnic” products. This is considered a more open market than an enclave, but certainly not an open enterprise. It is very connected to the territory where it is located since its pool of consumers are located within the same geographical area, and relations tend to be strongly informal. This type of enterprise does not share any of the characteristics of the economic players above, therefore, I placed it in the space between an enclave and open enterprise. Thirdly, *open enterprises*, this type of enterprise is characterized by being located in competitive markets, and serve a high demand of a heterogeneous type of consumers. Such enterprises also work in very different product-lines which does not imply specialization in production, therefore, their exit costs will be less than those of an industrial district. Therefore, we can say that this type of enterprise can share characteristics of the *local production system* in the figure above. They however have a slightly smaller degree towards more informal relations, since they do not codify the amount of economic and socio-institutional relations that are codified in the local production system, also probably due to obstacles they face in dealing with institutions. Therefore, the open enterprise is placed in the same territorial dispersion space of local production systems, but closer to the point of origin in relational terms. Fourthly, *intermediary enterprise*, these enterprises usually offer a varied type of goods and services to an immigrant community, who requires intermediation of fiduciary relations. Some examples of this type of enterprise can be travel agencies, legal activities, financial and communication services, etc. Relations established here usually take

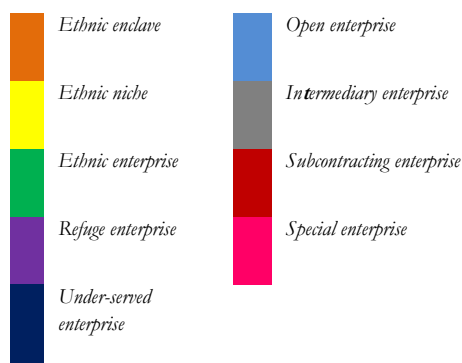
place between fellow immigrants, however, these enterprises require a certain level of economic and institutional embeddedness in the territory. Therefore, some relations should be codified. However, they are also strongly connected to the territory that hosts them. Therefore, they take the same territorial dispersion level of an ethnic market, and the same relational distribution of an open enterprise, and at the same time, a similar level in the amount of codified relations found in the local production system, which is probably due to more difficult obstacles they may encounter with the institutional opportunity structure. Fifthly, *refuge enterprise*, this type of market is not easy to identify. These businesses encounter very difficult bureaucratic issues and usually enter the market irregularly or illegally. They do not share any of the characteristics of the territorial actors indicated above, but among immigrant types of enterprises, they can have characteristics of an ethnic enterprise in terms of low formal relations, as they have a smaller ability to formalize relations due to higher regulatory obstacles they face, while their belonging to the territory is not strong, as they move towards a point far from the origin since they are flexible to relocate to areas where demand exist with small exit costs. Sixthly, the *under-served enterprise*, these enterprises. These markets are usually those abandoned by previous native entrepreneurs due to its potential growth in stagnating markets, which therefore open space to new immigrant entrants, who choose to work openly in any business-line and to a public audience. Examples on these enterprises can be in cleaning services. They require a certain level of relations with institutions, and are less connected to the territory, therefore, this type of business can be placed at a higher relational point and less specialized compared to open enterprises. Seventhly, *special enterprise*, these enterprises offer refined original ethnic products, which can be considered sometimes luxury or stylish to mainly natives. This category is not connected to the territory and requires a medium level of relation codification. Eighthly, *ethnic niche*, ethnic niche shares to very similar extent characteristics of the *industrial district* in relational and territorial terms. In fact, niches are characterized by having that same “industrial atmosphere” that industrial districts have. Knowledge of the business is passed from one generation to another, from parents to children. It is extremely connected to the territory as it is also in an ethnic enclave, but involves high specialization of a certain business line. This type of market is located at the

closest point to the origin among all types of immigrant enterprises. Finally, the *subcontracting enterprise*, these enterprises can be part of an ethnic niche, therefore share its same characteristics, or can be a sign of an ethnic niche creation if numbers of subcontracting enterprises continue to increase. These enterprises are very specialized on a specific business line, and serve a general public. They are highly connected to the territory that hosts them, and relations are extremely informal, therefore, they are located in the area very close to the ethnic niche in relational terms, but slightly less specialized than the latter since a proper ethnic niche has not been established yet.

Figure 30. Territorial and Relational Distribution of an immigrant enterprise



Territorial distribution



Source: Personal elaboration of data gathered from Poma, L. "Oltre il distretto: Imprese e istituzioni nella nuova competizione territoriale", 2003. Franco Angeli, 2003.

3.4. Immigrant entrepreneurship policy approaches in Italy

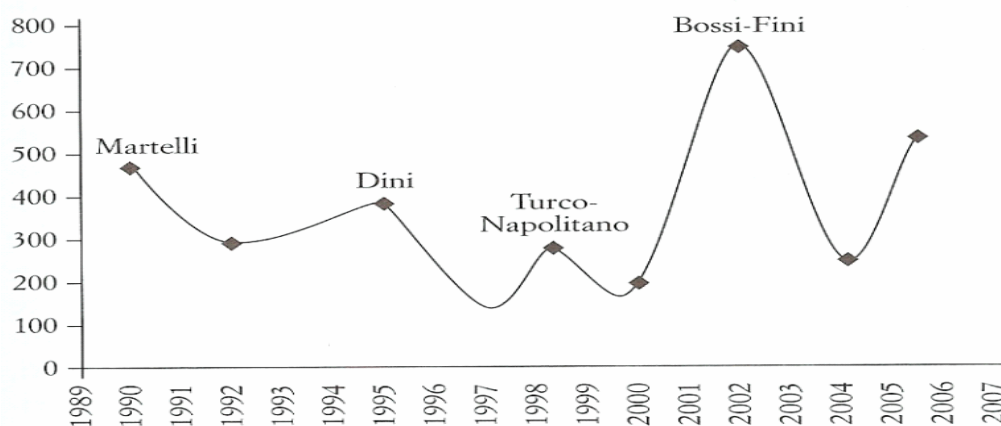
This section is dedicated to explore how institutions, trade associations and public entities are responding to this new phenomenon. The main question to be posed here is what is their role and what has been done?

The national bureaucracy and regulatory framework have a strong effect on immigrant entrepreneurship. It has been described as an irrational and unpredictable bureaucracy (Magatti and Quassoli 1999). It was only starting from 1998, with the so-called *Turco-Napolitano Law* (after the names of the then Centre-Left Government Ministers of Social Affairs and of the Interior), that non EU-immigrants were allowed to engage themselves in independent enterprise activity. The prior law resulted in a state of emergency which required an urgent modification. In fact, it did not stop the rise of immigrant enterprises, but the rise of illegality. This law was very restricted, and limited access to some immigrants regarding informal and subordinate activities. Furthermore, many Italian manufacturing SMEs in various provinces outsourced components of their production to immigrant-owned enterprises benefiting from illegal business work. Sub-contracting to immigrant businesses has been also widespread in the building industry. These immigrants faced strong legal regulatory barriers and also the surrounding competitive environment, since operating a small business is a considerably important historical tradition that characterizes the native population. Therefore, all this resulted in even a higher rate of illegality among immigrants (see figure below). However, the situation slightly changed, and been considered an unfair competition by some legal Italian traders, that requested a law modification by the local government and tax police. Therefore, the first formal recognition of immigration for employment motives came only in a law of 1986. After three years, another law commonly known *Martelli law* in 1990 went into effect, with the purpose of regulating immigration organically, introducing entrance models, and strictly closing the country to further immigration. The law was an attempt to control and monitor immigration, however, some scholars state that a “reasonable model of integration” has been introduced. (Zincone, 2001b). The following law was the *Dini decree* in 1995, the rate

of irregularity appeared less but still high. This law however increased the level of regularization of immigrants who were already present within national borders.

The 21st century started with the *Bossi-Fini law* of 2002, which did not only not show any further developments on immigrant entrepreneurship, but completely ignored this type of activity, and to obtain a visa to open an enterprise was similar to winning a lottery. As seen in the figure below, high restrictions and barriers strongly influenced immigration and increased illegality compared to the other laws. However, a *flows decree* started on an annual base, and is still ongoing nowadays. In this flows decree, the government sets each year a limited number of non-EU citizens who can enter the country and undertake independent enterprise activities. Recently, the application for this procedure is made on-line, which is why it is called the “click-day”. The word “day” is used because the governments sets a specific date for receiving applications. This decree allows the entrance of a limited number of: aspiring new non-EU immigrants into the country, those who are already based in the country, and those who will to convert their permit stay they possess into a self-employed permit. This procedure is not always simple. Not only for the limited number of places available, but also in terms of time, given that the “click-day” is set on a specific date. Furthermore, immigrants usually face other types of obstacles such as long bureaucratic work, recognition of foreign education degrees, language barriers, etc.

Figure 31. Estimate of the foreigners irregularly present in Italy (in thousands) and principal provisions of regularization



Source: Blangiardo G. C. & Molina S. (2006) p.73 / De Bartolo G. , " Immigration in Italy: the Great Emergency". Contributo a PAA-Population Association of America, New York, 29-31 March 2007.

Following the evident role immigrants are currently playing especially in the tertiary sector, increased attention has been given by central and local institutions, trade unions together with a some involvement of immigrant associations in providing support to immigrant entrepreneurs. This usually includes assistance in accessing credit on reasonable terms; dealing with administrative and regulatory requirements; management skills; and business support. Since immigrant entrepreneurship is considerably new to Italy, the policies and initiatives here explored are very recent and some are still about to start.

*CNA World-Dedalo: The Turin Model*⁵⁹

The CNA World-Dedalo project based in Turin, has become a model example at national level. It has also been classified as a good practice at European level in the report entitled “Entrepreneurial diversity in a United Europe, Ethnic Minority entrepreneurship/migrant entrepreneurship”, published by the European Commission in 2008.

This program is ongoing since 2000, and its success has led to a CNA National World long-term program with twenty-five similar projects running all over Italy.

The project is coordinated by the Turin CNA office, with the support of Turin Chamber of Commerce and Sanpaolo Bank. The role of the latter is considered limited to a certain extent as it does not support the project financially. Its role is in providing advice to immigrant entrepreneurs seeking financial support during training programs. This can also include offering immigrants to make use of a well-developed network of Italian banks, and advice on micro-credit, and mandatory and optional types of insurance.

The project’s annual budget amounts to € 120,000, of which around €50,000 is financed by the Turin Chamber of Commerce, set annually based on the project’s evaluation. The remaining €70,000, is financed by CNA Turin itself. This commencement of this project was after a marked increase in demand for these services, the CNA office in Turin organized the first business training program in 2000. A program in cooperation with an NGO “Associazione Alma Terra”, that focused on issues related to business management and dealing with legal requirements. It was targeted and open to female immigrants only,

⁵⁹ This section has benefited greatly from the final report “Entrepreneurial diversity in a United Europe, Ethnic Minority entrepreneurship/migrant entrepreneurship”, Examination and evaluation of Good Practices in the Promotion of Ethnic Minority Entrepreneurs, published by the European Commission,2008.

but its success has eventually led to the start of the Progetto Dedalo program, a service that targeted immigrants in general, irrespective of gender or nationality. The Progetto Dedalo in turn, finally developed into the contemporary CNA World-Dedalo project.

CNA World-Dedalo's main objectives are to foster ethnic minority entrepreneurship; provide information about entrepreneurship opportunities; improve immigrants' business management skills; enhance immigrants' access to finance and micro-credit; support immigrants in dealing with legal requirements; support employers (Italian entrepreneurs and craftsmen in general) that employ foreign personnel in dealing with legal requirements. Therefore, the program is mainly divided into two main parts: i.) counseling and support and general immigration services for immigrants, entrepreneurs and employers; ii.) a training program for both starting and already operating immigrant entrepreneurs.

The project organizes four training rounds, and each course consists of six meetings with an average participation of 15 immigrants per round. It covers key topics on laws and norms on foreign residency and immigrant entrepreneurship; enterprises in Italy, the institutional context; fiscal implications, taxes, credit institutions and financial instruments; insurances and contracts; and Italian business language. However, this training program is not mandatory, and participants can only rely on counseling services if they wish so. Such policy has been adopted because immigrants differ from one another in the amount of support needed to start up a business. Whereas some immigrants may need both a training program and counseling services. This can be also explained why the average annual number of start-ups (about 118 start-ups per year) is more than twice as high as the annual number of participants (see figures below).

In terms of accessibility to the program, it is easily accessible, free of charge and does not have any selection policy. Participants do not face linguistic or logistic problems because CNA trainers speak various languages, and the program is actively promoted across the city. Furthermore, multilingual brochures about the program are available at strategic locations such as the Chamber of Commerce, the Immigration Office, the police headquarters, the NGO Caritas, and even in mosques. Moreover, participants increase their awareness of the project since it also receives attention in the press through weekly articles in famous local newspapers. The CNA offices chose to be positioned in strategic locations

to make it easier to be reached by immigrants. In fact, one of these office is very close to the Turin's main immigration office, which also strengthens a closer collaboration between the two in serving immigrants.

The project produced immense results. Since its foundation in 2000, CNA World-Dedalo assisted a total number of 472 start-ups. 60% of these involved businesses in the construction sector, and consequently the service sector. This high percentage of start-ups in the former was also observed among indigenous entrepreneurs in the region. The two-year survival rate for the businesses started between 2000 and 2004 was estimated 85%. The table below shows the summary of total number of assisted start-up, trainees and interested individuals.

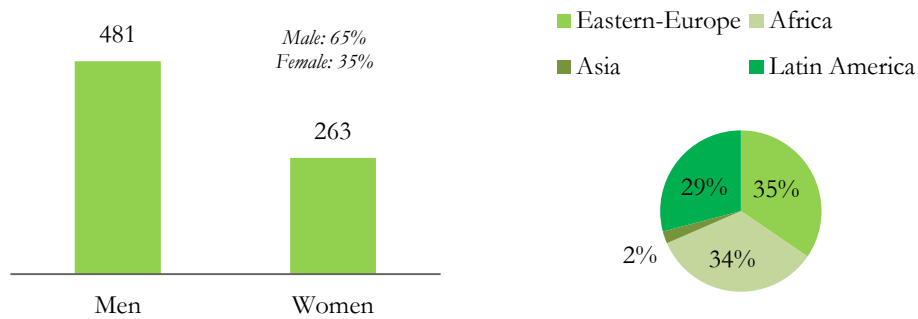
	<i>Start-ups</i>	<i>Trainees</i>	<i>Interested⁶⁰</i>
<i>2000-2004</i>	118		744
<i>2005</i>	122	60	360
<i>2006</i>	130	60	360.
<i>2007 (until July)</i>	102	30	N.A.
<i>Total</i>	472	120	

Source: "Entrepreneurial diversity in a United Europe, Ethnic Minority entrepreneurship/migrant entrepreneurship", Examination and evaluation of Good Practices in the Promotion of Ethnic Minority Entrepreneurs, published by the European Commission, 2008.

Moreover, results show that the program attracted more male (65%) than female immigrants (35%). The majority of them come from countries outside the EU, in particular Moroccans, Peruvians and Romanians (although currently a EU member state). Percentages by continent are seen in the figure below.

⁶⁰ Not all immigrants that expressed their interest in CNA's counseling or information services also started a business. According to CNA's estimates, each year around 360 immigrants express interest in the program or make use of its counseling services.

Figure 32. Participants' gender and country of origin at the CNA World-Dedalo program



Source: "Entrepreneurial diversity in a United Europe, Ethnic Minority entrepreneurship/migrant entrepreneurship", Examination and evaluation of Good Practices in the Promotion of Ethnic Minority Entrepreneurs, published by the European Commission, 2008.

This ongoing program has shown to be of extreme relevance to immigrant entrepreneurs, immigrant workers and employers who employ foreign staff. It also increases awareness of immigrants of their social rights and opportunities to start a business, respecting their culture and traditions, and promoting their role in the labor market. Additionally, the program gave evidence to operate in an effective, efficient, and innovative way regarding its defined financial plan, and in the bundling of general immigrant services such as work permits with business training activities. The model is a very successful one, which can be seen that from the fact that it has been replicable in other provinces.

CNA World services across the territory

Following the Turin Model, the next "CNA World" service has been established in Ferrara's CNA office in 2005, and since then scattered in many cities over the Italian territory. Such offices work under the vision that immigration is a resource and an answer to face salient problems of enterprises, labor shortages, and the extinction between high skilled, qualified professionals, and artisans. It furthermore views immigration as a point of strength towards economic development if well-governed by institutions. Therefore, the CNA World services intend to offer concrete solutions and quality to enterprises, along with experience and professionalism, and serves as a point of connection and integration between immigrant enterprises, workers and institutions.

Part of the services they offer are identical to the CNA World Turin office. In fact, they are aimed at: i.) supporting immigrant entrepreneurs who are willing to set up a business, offering service guidance, information on renewals, advice and assistance in dealing with administrative formalities; ii.) assisting Italian employers who employ foreigners; iii.) providing assistance and advice to non EU citizens concerning immigration formalities such as residence permits for work purposes, and issues concerning family reunification.

Some of the provincial CNA World offices who are particularly sensitive to this topic, have hired qualified multilingual staff, which enabled them to fully play the role as *cultural mediators*, which can be sometimes also requested by natives when they may deal with particular complicated cases. In fact, cultural mediation does not only take into consideration the enterprises involved, but also family issues, social services, health and welfare that are essential elements to the life of these people. In addition to cultural mediators, some CNA offices have designated managerial roles to some immigrant entrepreneurs in provincial directorates. This has been considered an exceptional step towards a multiethnic society.

The Bologna CNA office is among the most dynamic ones. In addition to the standard services mentioned above, this office provides assistance to immigrants by a) evaluating general technical and professional requirements to run a business; b.) advice on the probability of success of a business idea; c) assists in the recognition of educational and professional degrees obtained from foreign countries of origin; d) advice on the most appropriate enterprise legal form; e) provides advice on geo-marketing⁶¹, and advice on credit and fiscal issues. Their marketing instruments also include the availability of leaflets and booklets in different languages, aimed to inform immigrants about the various stages of the entrepreneurial path, Italian regulations and the most appropriate strategies for a good enterprise management.

According to a report entitled “Foreign entrepreneurship in Italy in figures” (CNA, 2011), stated that entrepreneurial associations play a key role in fostering the development of immigrant initiatives, as they associate more than 12 thousand immigrant-owned

⁶¹ geo-marketing includes advice on the best and most appropriate geographical area to develop a specific economic activity.

enterprises, which is about 5% of total. This report also highlights that such enterprises mainly seek the Confederation concerning questions related to services, advice to help them fully exploit market opportunities, and to increase their quality of service.

Start it up Project

The *Start it up* project is a very new initiative financed and promoted by the Ministry of Labor, in collaboration with Unioncamere. This project will start in 2012 as an experimental initiative involving ten Chambers of Commerce. It is aimed to assist a limited number of aspiring non EU immigrants entrepreneurs, irrespective of gender (employed or unemployed) and in possession of a valid permit stay, who seek to start a business, and look at “doing business” as a real possibility for economic and social integration. This program mainly provides services in training activities; orientation and guidance in the choice of a business idea; evaluation of entrepreneurial skills; info-educational seminars on entrepreneurship to deepen the knowledge of participants on key issues such as enterprise legal forms, administrative requirements, target markets, financial and economic aspects; and assistance in the creation of a business plan that supports future entrepreneurs to acquire basic managerial abilities.

Furthermore, various institutions and socio-economic partnerships have been entitled to provide their complete assistance to immigrants who want to start-up a new economic activity; and to increase their awareness of the banking credit system through the promotion of microcredit instruments. The services of this program are provided at each of the Chamber of Commerce of each project partner city that are Ancona, Bari, Bergamo, Catania, Milan, Rome, Turin, Udine, Verona, Vicenza, and which have been identified according to their regional funding resources, and to their high concentration of regular immigrants.

Financial and Banking Policies

Immigrants usually face problems in creating relationships with banks, and especially in their ability to obtain credit and loans. Banks tend to grant credit based on the duration of the permit stay of an immigrant, and the maximum time for loan repayment may not go beyond its expiry date. This makes it very difficult especially to immigrants that need to periodically renew their permit each year, where it will be very unlikely for them to obtain a

consistent loan which allows them to potentially start a business. For these reasons, many immigrants often choose to seek informal paths such as receiving loans from relatives or friends.

Banks' openness towards immigrants allows immigrants to obtain a better knowledge of the banking system and establish not only short-term relationships which usually concerns credit for consumption, but also long-term relations in the case of an entrepreneurial start-up project. This can certainly facilitate their integration. Problems that banks and immigrant clientele face are usually of a linguistic and/or cultural nature, due to misunderstandings and perhaps different cultural attitudes towards institutions. This problem may also lead to a negative answer on behalf of the bank in granting a loan.

On the other hand, banks may consider it risky offering services to immigrants. For example, the risk of not repaying loans with interest is one of the highest threats that banks argue about. Additionally, banks may fear an event of default, or that an immigrant may choose to leave the country or forced to do so, combined with the inability of recovering losses, also due to how bureaucratic issues in Italy move very slowly. All these elements may block a banks' openness towards immigrant banking.

From the other side, immigrants usually demand financial and banking services. In this context, the supply of migrant banking may be considered an important initiative for further economic development 'if managed properly'. The numbers of bank accounts possessed by immigrant clients are increasing but still limited. According to Unioncamere (2011), one out of four entrepreneurs does not have a relationship with a bank. This may be due to their inability in channeling with banks, difficult bureaucratic and administrative procedures, lack of trust or high cost of services compared to other possible means for obtaining finance such as using informal channels.

Among various proposals for the development of credit is the microcredit field. The experience of Grameen Bank in Bangladesh (Bank of the Villages) shows a successful Asian model example, The Grameen's *peer monitoring* strategy is principally responsible for the promising results of the bank's financial performance. This is provided by the fact that members of the peer group are jointly liable for repayment of loans, and by the fact that they cannot have access to credit until the debts of the group are fulfilled. The denial of

access to further credit can be an effective incentive device, as stressed out in study carried out by Stiglitz and Weiss (1983). According to another article by Stiglitz entitled "Peer Monitoring and Credit Markets" (1990), demonstrates that peer monitoring has a cost. "It transfers risk from the bank, which is in a better position to bear risk, to the cosigner, but this leads to an improvement in borrowers' welfare". This technique therefore requires a reciprocal monitor-control, which would be also capable of limiting damage to banks.

However, this Asian model have proved to be hardly replicated at a European level. The spread of microcredit in an advanced economy such as Italy is linked to local initiatives that at this time lack coordination and technical support at an institutional level. According to Muhammad Yunus, Nobel Peace Prize 2006 and founder of Grameen Bank recently stated that he abandoned the idea of opening a Grameen Bank in Italy after witnessing the complexity of the Italian law that requires a lot of money and time, therefore, the best solution in his opinion would be opening smaller institutions to help the poor.

However, micro-credit is developing in Italy and many banks and governmental institutions are paying particular attention. For example, the Tuscany Authority has recently launched a facilitated micro-credit program that provides free guarantees to banks (up to 80% of the total amount) for loans up to a maximum of €4000 per family to deal with temporary economic difficult situations. The beneficiary families will be able to repay the loan in small installments up to a maximum of 5 years at a facilitated interest rate. The Authority has furthermore established a special fund of €1.2 million to guarantee loans given by banks. This microcredit program has been particularly aimed at "non-bankable" families but who demonstrate a commitment to fulfill repayment.

On the other hand, various initiatives have been launched by various banks themselves. A big share of banks across the territory are gradually offering more services to immigrants who possess a permit stay. Most of these services include the possibility to open a bank account and remittance services at low costs. However, in addition to these services, some banks have a wider range of accessible products and services to immigrants. Some examples are the following:

Extrabanca di Milano

Extrabanca of Milan is the first bank in Italy that serves mainly immigrants and the businesses they manage. The bank can be considered a bank model example at national level, as it is achieving continuous promising results, that also led to the opening of a new branch in Brescia and others expected in Rome, Turin and Bergamo. It is aimed to understand and meet banking needs among immigrants in order to accelerate the development of multicultural businesses.

Among main shareholders of the bank are significant institutional bodies such as Assicurazioni Generali and Cariplo Foundation, and remaining shareholders are medium-large private enterprises situated in northern-central Italy, and who are active in various sectors such as mechanics, textile, food and construction industries. This bank adopted an innovative policy, as it is 'not just a bank' with economic targets only. It is primarily an enterprise that offers services aimed at promoting the process of social integration and trying to create dialogue between cultures from all over the world. The bank's complete commitment and loyalty to its clients has been simply seen through its opening days six days a week, working continuous hours, and occasionally open even on Sundays. Furthermore, the bank adopts rather an innovative recruitment policy, which requires an academic degree, the will to work in a multi-cultural environment, the knowledge of foreign languages and the culture of the respective countries. Such requirements have been carefully studied by the bank in order to understand, interpret and exploit the culture differences, and specific needs of these communities. In fact, 55% of the bank's employees are multi-ethnic. The main services offered include opening a bank account; access to credit; remittance sending; small, medium and large loans; holiday finances; mortgage for buying a house in the country of origin or in Italy; and loans to first applicants who never applied for a loan before.

Extrabanca can be considered a good example at national level, as it hosts more than 904 thousand immigrant clients (2008), or about 23% of the total foreign population resident in Italy. According to the bank's Vice President Otto Bitjoka, the first non-EU banker from a Cameroon origin in the history of Italian credit, stated that the innovative contribution of the institution was to provide multilingual staff, who speak eleven languages and who are able to communicate with different groups, making it easier to understand even those who

do not have high Italian language skills, and especially if compared to a standard bank, on average, they only speak two languages.

Banche di credito cooperative

Over four-hundred Italian Cooperative Credit Banks (BCC) designed various products for immigrants. Such products and services are mostly developed at branches located in areas where immigrant communities are mostly present, such as in Lombardy and Emilia Romagna regions. Many branches in Emilia have adopted a bank account package, called “Radici”, which offers mortgages to first-time applicants, leasing for small entrepreneurs, friendly money bank transfers to send remittances at trivial costs. Furthermore, each branch offering these services has a teller who acts as a "cultural mediator" and able to provide information about permit stays, and bureaucratic paperwork relating business start-ups. At the central level, the Group Leader of Iccrea Holding is working on a migrant banking product, that will be offered in all branches based on synergies and economies of scale of a large system such as that of Credito Cooperativo. The model aims to look at possible cooperation between North and South in a more innovative way. One example is the MicroFinance project in Campesina, Ecuador, developed by the Banks of Credito Cooperativo, in close coordination with the respective Federations and Federcasse, according to the traditional bottom-up approach, which is typical of the cooperative system. This project has attracted interest and tangible recognition among various organizations, which allowed the BCC banks to gain more power to internationalize, as they were traditionally focused only on the interests at local level.

Furthermore, the first leasing product at national level called “Etico Leasing” was launched in 2003, and aimed to support fair agreements and environmentally sustainable developments designed to promote projects of ethical content and individuals who have an ethical interest. This product was distributed to BCC conventional entities, and addressed to natives, to immigrants as private consumers and to business immigrants who seek to start or develop a business in Italy.

Gruppo SanPaolo IMI - especially the “Turin S. Paolo branch”

The Group has been a promoter of "migrant banking" activities including the creation of four "multiethnic" Points especially dedicated to immigrants. The first multiethnic point was created in 2004 in the branch of Turin. It is noteworthy to restate here the importance of this branch in the CNA World-Dedalo model (explained in the previous section). It is aimed to promote awareness of banking services among immigrant entrepreneurs, through training courses, informative materials, forms and modules available in immigrants' native languages. The success of this service has also led to the opening of three hundred new bank accounts by immigrants coming from over fifteen different countries outside Europe, and to the contribution of approximately 4.2 million of new funding, which led to a replication of this initiative in the opening of new multiethnic points at branches in Padua, Naples and Pescara. Furthermore, the Turin S. Paolo, supported by the European Commission Directorate-General for Justice, and in cooperation with San Paolo IMI and San Paolo Banco di Napoli and with some immigrant associations and social entities, have developed further important initiatives such as the "Social Microcredit for Immigrant Women" program. Such initiative has been promoted at national level, and highly linked to employment and micro-enterprise projects. It focused on increasing capacity to provide microloans and related services such as training and mentoring to better support immigrant women in creating and developing their own businesses.

The Sanpaolo IMI Group favors cooperation with financial institutions of major countries of origin of Italy's immigrants, in fact, the Group has signed a Protocol of Agreement with the Banque Marocaine du Commerce Exterieur (BMCE) and the Banque Internationale Arabe de Tunisie (BIAT), to promote a system of preferential trade flows to and from these countries under the application of special fees and commissions. The Group has also concluded agreements with banks in Bulgaria, Mali, Peru, Romania and with ICICI Bank. The latter, a leading Indian bank serving more than 10 million customers in India.

Banca Intesa

Banca Intesa is the first Italian bank that launched a multi-lingual telephone service. Since 2005, the service runs in the four most widely spoken languages in the world, Chinese, English, French, Spanish and Arabic. It also attempts to meet the needs and demands of

immigrants living and working in Italy, where they can seek detailed information about products and services, and advice on their financial needs. They developed an innovative product called “Atipico mortgage”, which allows the immigrant to skip even up to 18 installments over the life of the loan during periods of unemployment.

Innovative Policies - Talea Summer School (2010-ongoing)

Talea Summer School is an initiative carried out by Ethnoland Foundation, and is so far on its third edition. It is addressed to talented skilled immigrants who seek leadership. Such initiative is born from the awareness of the presence of young brilliant foreigners who are invisible to the eyes of the Italian labor market, and from the importance of blending cultures together under the approach of diversity management. Participants of this program should be open to innovation, possess excellent academic attainments, and enrolled as professional members at local registers. The methodology adopted starts with an eighty hour full immersion classroom work on subjects such as *Charisma and Style of Leadership, Self Marketing, Team Building, Job kit Tutorship, Diversity Management and Politics and Society*.

The Ethnoland Foundation as expressed by its president Otto Bitjoka, the same entrepreneur who is also vice president of Extrabanca (bank model example shown in the previous section), is aimed at achieving the integration of as he call them the "new Italians", by promoting co-development and development projects in Italy and in countries of origin of immigrants. It furthermore aims at cultural pluralism at national level, through actions and projects developed *on the field* through the organization of general debates, training courses, studies on emerging targets and habits, and cooperation with other foundations in Italy and abroad. This Foundation is the first that works for the so-called "new Italians" and promoted by the "new Italians" themselves.

Italian Integration Portal

The Italian Integration Portal is a very recent on-line service that gives direct access to immigrants, professionals, employers, enterprises, workers, families and all socio-economic players dealing with integration policies such as Ministries, Regions, Local Authorities, private and tertiary sectors. It is aimed to act as an enormous on-line database that provides orientation and guidance on services that can facilitate the integration of immigrant citizens in Italy. This happens through an institutional, interactive and updated mapping of the

services offered throughout the country by the public-private network working on integration. Services are distinguished according to the principal axes of the National Plan for Integration. This includes learning of the Italian language, work, access to housing and essential services, underage and second generations, intercultural mediation; and the establishment of a national focal point for integration policies, fostering the connection and exchange of information between public (central and local) and private Administrations and third sector bodies working in this field.

This project co-funded by the European Fund for the Integration of third-country nationals, and coordinated by the Ministry of Labour and Social Policies, which benefits of the support of its technical agencies Isfol and Italia Lavoro, as well as of the contribution of Ministry of the Interior, Ministry of Education, University and Research, and Ministry of International Cooperation and Integration. To guarantee the full implementation of services, the General Directorate of Immigration and Integration Policies has entitled Regions and local administrations as partners. The goal is to promote the access of immigrants, and to facilitate their integration into the society. Services are classified by target, territory and type of service: Italian Language, Employment, Housing, Essential Services, Minors and second generations and Intercultural mediation. Up to date, portal users can access information concerning approximately 8,000 services, offered by either associations or organizations listed in the national register of the Ministry of Labor, and Social Policies or other entities working for the social integration of immigrants. Moreover, the portal highlights the most important innovations in terms of legislation, institutional initiatives and activities undertaken at supranational, national, regional and local levels.

The documentation section is also expected to be enriched with studies performed by six accredited research institutes specialized in this sector of research. Thus, to enable a specific network of contacts, and a constant flow of information on services available. This service is predicted to highly benefit researchers, and who study the phenomenon of immigration, as a section will be dedicated to statistics, publications and studies.

In the coming months, ANCI and municipalities are designed to provide the mapping of social integration interventions implemented at local level, as they are tasked to test the portal in some local contexts, such as Rome and Milan as major metropolitan cities, and

Prato due to the presence of a considerable Chinese community. Associations listed in the Register of Associations that carry out actions to assist immigrants have been charged with this same task as well. The portal is expected to be enriched by a free telephone help desk managed by Formez, who will be tasked to respond to all requests in various languages. The services offered by this Portal are also targeted to promote a communication campaign that includes the organization of targeted events and the production of information documents.

Good practices in the promotion of ethnic minority entrepreneurs

According to the report entitled “Examination and evaluation of Good Practices in the Promotion of Ethnic Minority Entrepreneurs”, published by the European Commission in 2008, the aim was to identify and examine specific measures and support schemes promoting entrepreneurship amongst immigrants, and to select a number of good practices amongst them. The second aim was to identify professional organizations representing economic interests of such entrepreneurs. The authors identified 146 policy measures in the 32 countries involved in the project, most of which were located in the Northwestern European countries, especially the United Kingdom, Germany, Belgium, and the Netherlands. The main results of this research is that approximately half of the measures or support schemes focus exclusively on immigrants; the rest focus on a general public, including immigrants.

A brief summary of the practices stated as “good examples” are the following: i) *Belgium: Rainbow economy project, 2005-2007*: An NGO-project that targets and promotes entrepreneurship among asylum seekers and other newcomer immigrants, providing them space to make use of their entrepreneurial skills acquired from their home countries and exploit them in the context of Brussels; ii.) *Finland: NYP Business Services, 2001-ongoing*: NYP is part of the Business Development Unit of the municipality’s Economic and Planning Centre, City, Helsinki and offers tailor made services to start-up and run own-businesses in Helsinki. At first NYP only served young entrepreneurs, later it commenced offering services to both native and immigrant entrepreneurs in general; iii.) *France: Cre’Action, 2002-2007*. Cre’Action, is a regionally initiated project in the Nord-Pas de Calais, an

economically depressed area. It is implemented by an NGO and aims at promoting entrepreneurship amongst unemployed immigrant young persons with a Northwest African background; iv.) *Germany: Q.net, 2005-2007*: Q. net is a Semi-public project that operates in the city of Bremen. This project is targeted at increasing and improving the chances of immigrants on the labor market. This is through improving their professional training, and seeking to increase the number of business start-ups and reduce the number of failures. The project focuses on immigrants' participation in adult education programs; v.) *Germany: Unternehmer ohne Grenzen (Entrepreneurs without borders), 2001-ongoing*: A bottom-up initiative, as immigrant entrepreneurs themselves came up with the idea to found an institution to support "potential" entrepreneurs with a migratory background. It is currently run by a semi-public organization in the city of Hamburg, second city, which has one of the largest immigrant communities in the country. It provides services to immigrant entrepreneurs and representing their economic interest in the local business circles; VI.) *Hungary: Széchenyi Entrepreneurial Program, 2003-ongoing*: A national policy initiative that aims to encourage the social and economic integration of Roma in Hungary, by improving their market position as well as the competitiveness of small and medium sized enterprises. The program attempts to achieve this by partly financing the investment needs of both Roma entrepreneurs and for native entrepreneurs employing Roma; VII.) *Italy: CNA World-Dedalo 2000-ongoing, World-Dedalo*⁶²; is implemented by a semi-public organization in the region of Turin. It aims to assist immigrants to start-ups and run their businesses. This program became a role model at national level, which led to further 25 similar projects running all across Italy; VIII.) *Netherlands: Kansenzones (Enterprise Zones), 2005-2008*: A local policy project in the city of Rotterdam, part of a national urban policy, which aims to strengthen entrepreneurship and economic development of socioeconomically depressed city districts by improving the investment climate, and by doing so improve the living and working conditions in these areas. This program is targeted at both natives and immigrants; ix.) *Netherlands: Kleurrijk Ondernemen (Colourful Entrepreneurship), 2002-2009*, : A local public policy initiated by the Province of North-Holland and the Municipality of Zaanstad that aims to strengthen the local economic structure, and to stimulate employment (to both natives and

⁶² See the CNA World-Dedalo: The Turin Model in the previous section.

immigrants) by providing support to starting entrepreneurs, especially immigrants and women; x.) Spain: *Lanzadera de Empresas, 2005-ongoing* : Lanzadera is a project, run by a non-profit organization in Madrid, which is a tool to facilitate access to business creation. It aims to promote self-employment among socially excluded groups by supporting them to launch new businesses. It offers financial-administrative support to immigrants and natives to test their business idea in real conditions without having to constitute an enterprise or to resign from their job; xi.) *United Kingdom: Ethnic Minority Business Service (EMBS), 1987-ongoing*: EMBS is a local program that has recently been integrated into a larger ‘Business Bolton Support Unit’. This semi-public organization provides a one stop shop for business advice and support to Black and Minority Ethnic communities. It is targeted to both natives and immigrants. The program covers all aspects of business, from help with start-up finance to ongoing support for more mature businesses; xii.) *United Kingdom: East London Small Business Centre (ELSBC), 1987-onging*: The ELSBC was set up in 1987 in response to the emergence of community tensions and the rise of radical political forces in the East of London. ELSBC is a longstanding private organization established also to increase the social wealth and mobility in the area through the stimulation and support of micro-enterprises and small businesses to both natives and immigrants. One of its successful projects was the nationally funded Incubator Support Program that targeted to nurture start-ups, mainly in fashion and art sectors.

Table 15. Good Practices in the Promotion of Ethnic Minority Entrepreneurs”, published by the European Commission in 2008.

	<i>Budget period</i>	<i>Budget</i>	<i>Participants</i>	<i>Start-ups</i>	<i>Start-up Survival rate</i>
Belgium Raimbow Economy	2005-2007	620,380	38	9	n.a.
Finland NYP Business Services	2006	540,000	980	430	80%
France Cre'Action	2002-2007	1,143,400	223	25	n.a.
Germany Q. net	2005-2007	700,000	(<i>applicants</i>) 436	148	100%
Unternehmer ohne Grenzen	2005	280,000	391	150	73%
Hungary Szechenyi Entrepreneurial Programme	2006	957,000	600	74	n.a.
Italy, CNA World-Dedalo	2006	120,000	360 (<i>interested</i>)	(<i>grants</i>) 130	85%
Netherlands, Kleurrijk ondernemen	2002-2007	385,015	774	304	n.a.
			(<i>applicants</i>)	(<i>grants</i>)	

Spain, Lanzadera	2005-2006	54,000	59	43	90%
United Kingdom, Ethnic Minority Business Service	2006	350,000	260	45	n.a.
United Kingdom, East London Small Business Centre	2006	1,800,000		146	90%
Netherlands, Kansenzones	2005-2008	48,000,000	4665	406	80%

Source: “Entrepreneurial diversity in a United Europe, Ethnic Minority entrepreneurship/migrant entrepreneurship”, Examination and evaluation of Good Practices in the Promotion of Ethnic Minority Entrepreneurs, published by the European Commission, 2008.

Chapter IV

CHAPTER FOUR: CHINESE ENTREPRENEURSHIP IN THE TEXTILE-CLOTHING INDUSTRY: RECENT TRENDS AND FUTURE CHALLENGES

4.1. China's role in the TCF⁶³ industry at global level

Immigrant entrepreneurship today is becoming a more “specialized” phenomenon. Specific ethnic groups can give life to certain economic sectors, and even more precisely, sometimes a certain gender within an ethnic group. In fact this proves the new *country-based differences, and gender-specialization differences* explained in chapter II. At a global level, the textile and clothing industry highly involves Chinese female entrepreneurs. Since the last decade, China is playing a key role in this activity. It is now classified as one of the top ten textile suppliers in the world. Reasons behind this are of a cultural and structural nature. *Cultural factors*, as in some industries, because of immigrants’ specific skills, knowledge or social capital their businesses can be at a comparative advantage (Waldinger et al., 1990). They benefit from their networks with suppliers, customers, and other parties that can be found in their mother country or other countries (Rath, 2006). *Structural factors*, this industry had been affected by recent principle evolutions at global level. Consequently, this influenced organizational strategies and modalities of many advanced economies, which experienced on the other side a fall in their number of local enterprises and employment levels, losing their high share respect to other sectors in the last years. This has also been influenced by global production systems, new regulations in international trade, liberalization of international trade and unquestionably to the new type of competition as new entrants and competitors are operating in the market, with the logic of *low cost* work. All these factors impacted strongly the entire organization of the supply chain. The power of the market and the management of the entire supply chain has gradually moved towards distribution channels. This sector is considered very complex involving different product types that each go through different dynamics. Especially between 1995 and 2005, the sector was affected by a complete market liberalization, following the Agreement on Textiles and

⁶³ Textile, Clothing and Footwear industry

Clothing that provided a gradual dismantling of the quotas that existed under the Multi-Fibre Agreement (MFA).

During this period, textile and clothing exports from China to the West grew by 100%, which led to an agreement to limit China's exports to the EU until the end of 2008, this included certain textile and clothing items⁶⁴, and allowing at the same time a reasonable growth in Chinese exports. The purpose of this bilateral agreement was to enable the European TCF industry to adapt gradually to the new competitive situation. These dynamics represented the first negative aspect facing the European economy. Other structural factors are the displacement in third market, thus, a reduction in European exports in favor of an increase in those of developing countries; and the stagnation of prices. This can be a result of the growth of large commercial enterprises for example superstores and specialized chains, whose power of market allows to benefit from the liberalization of clothing imports and reconfiguring their value chains on a global scale, and benefiting from displacement from local production to low-cost imports. Such environment has also led to a poor trend in private consumption, generated in part by the increased competition, and partly to the stagnation of prices. Different analysis on consumer behavior considers the success behind low-cost large commercial chains is especially because of the change in consumer tastes, since they are becoming more open to buy different types or brands, and perhaps prefer to purchase items when they are on sale instead of buying at full prices.

In the table below we can see how the share of EU-27 exports of total world trade in textile products has decreased from 36% in 2000 to 32% in 2008 (WTO figures). However, the EU still maintains the leading position in world trade in textiles. Contrarily is the case for the clothing sector, the EU increased its share in global exports, but has been accelerated by China that holds a dominant position in 2008.

Table 16. Principal exporters of textiles: % global export, 1980-2008

Country	1980	1990	2000	2008
EU-27			36.1	32.1

⁶⁴ The Agreement involved 10 categories of products.

<i>Extra EU-27 exports</i>			9.9	9.7
China	4.6	6.9	10.3	26.1
United States	6.8	4.8	7.0	5.0
Korea	4.0	5.8	8.1	4.1
India	2.4	2.1	3.5	4.1
Turkey	0.6	1.4	2.3	3.8
Taipei	3.2	5.9	7.6	3.7
Japan	9.3	5.6	4.5	2.9
Pakistan	1.6	2.6	2.9	2.9
United Arab Emirates	0.1	0.0	2.0	2.3

Source: WTO International Trade Statistics, 2009

Table 17. Principal exporters of clothing: % global export, 1980-2008

Country	1980	1990	2000	2008
China	4.0	8.9	18.2	33.2
EU-27			28.4	31.1
<i>Extra EU-27 exports</i>			6.6	7.7
Turkey	0.3	3.1	3.3	3.8
Bangladesh	0.0	0.6	2.6	3.0
India	1.7	2.3	3.0	3.0
Vietnam			0.9	2.5
Indonesia	0.2	1.5	2.4	1.7
Mexico	0.0	0.5	4.4	1.4
United States	3.1	2.4	4.4	1.2
Thailand	0.7	2.6	1.9	1.2

Source: WTO International Trade Statistics, 2009

The TCF sector in EU-27 counts about 250,000 enterprises, which is equivalent to 12% of the entire manufacturing industry, and generates a business volume of €240 billion, which represents 4% of the value added, and 8% of European manufacturing employment. The employees of the sector are about 3.2 million and as previously stated, it's the only sector that employs mainly women (65% of employees are women). However, if we look at the dynamics of this industry, the TCF industry recorded a 40% reduction of its value-added in the last decade, and a 40% reduction in its employment level. More specifically, textiles registered -46%, footwear -60% while clothing -1,3%. This highly affected Italy, Spain,

France and Portugal since they host more than 50% of the total European enterprises and employees. In relative terms, the decline in the number of enterprises and employment did not vary much among European countries, while in absolute terms, the impact was much stronger for countries where the sector still plays a significant role.

In the table above, we can see how imports in the EU-27 have increased significantly between 2004-2008 compared to its exports that experienced a sort of stability, such trend caused a worsening of the trade balance in all three sectors.

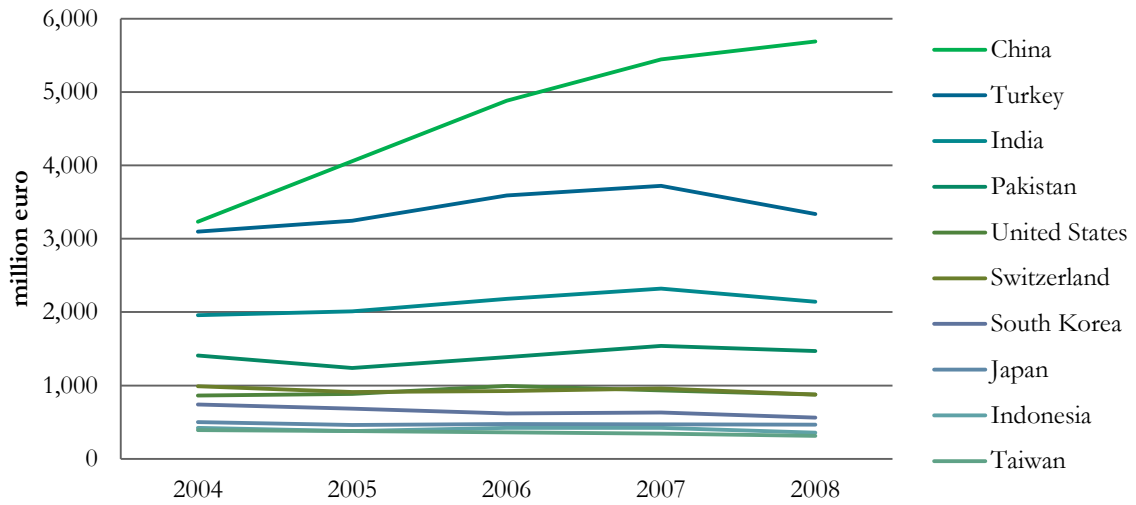
Table 18. Balance between EU-27 imports and exports, 2004-2008

	2004	2005	2006	2007	2008
Textiles	114	-643	-1,840	-2,796	-2,500
Clothing	-33,666	-37,381	-42,619	-43,620	-44,528
Foot wear	-4,447	-5,925	-6,817	-7,003	-7,223

Source: Personal elaboration of data gathered from Eurostat

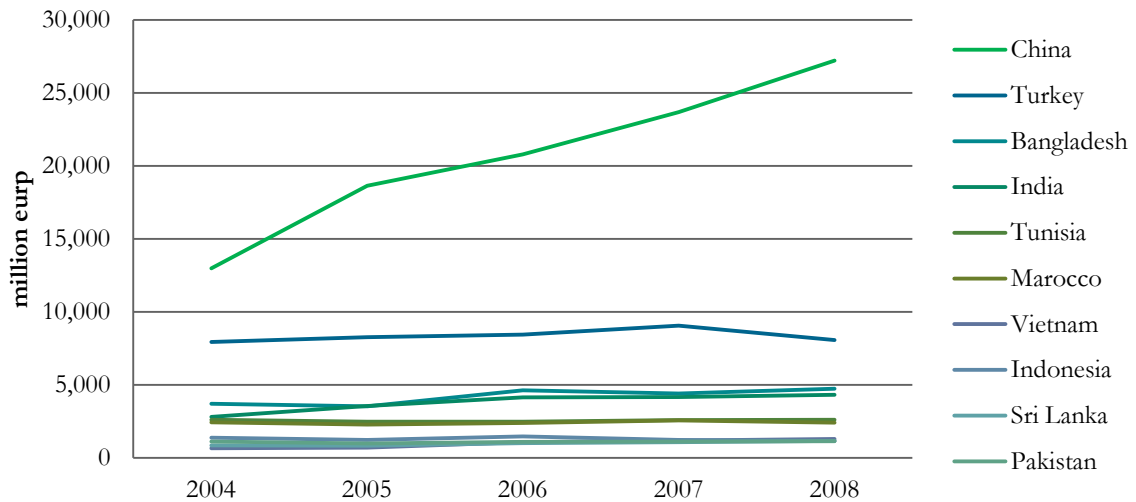
On the other side, we can see how other *low cost* producing countries located outside the EU, such as China, India and Bangladesh have increased the presence of their exported textiles and clothing products into the EU-27. Such event has been also present in other countries such as the United States. The US's share of its imports from China doubled, this could be explained or correlated to the rapid decrease in import prices. It has been estimated that in the last ten years, the average price of imports of textiles and clothing dropped to over 25%. In fact, China today is the first leading supplier of textiles and clothing as shown in the figures below.

Figure 33. EU-27 top 10 textile suppliers, 2004-2008



Source: Personal elaboration of data gathered from Eurostat

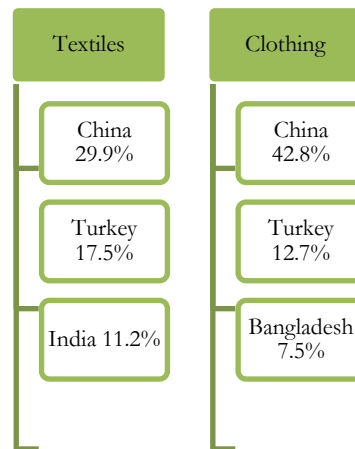
Figure 34. EU-27 top clothing suppliers, 2004-2008



Source: Personal elaboration of data gathered from Eurostat

The figure below shows the percentage values of Europe’s imports in 2008. We can see that almost 43% of the EU’s imports in the clothing sector came from China, and almost 30% concerning the textiles sector.

Figure 35. % of EU-27 imports from top 3 countries, 2008.



Source: Personal elaboration of data gathered from Eurostat

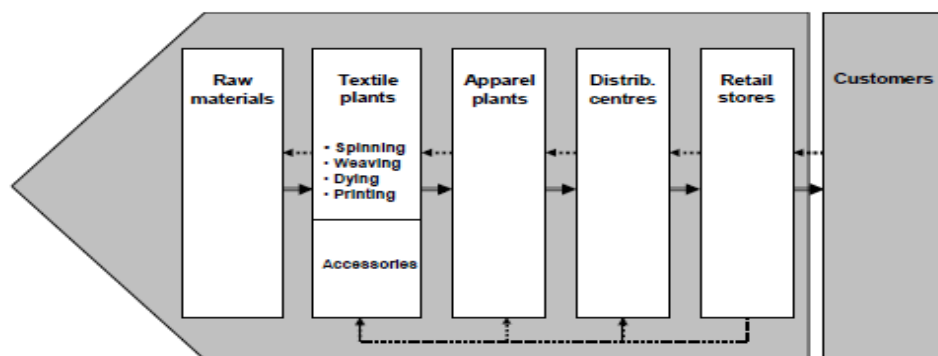
We can see how such structural changes particularly benefited China, which is characterized by high labor productivity that offsets wages. China has also a high degree of vertical integration of production of clothing, thus allowing lower time and costs of assembling intermediate products. In addition, it is capable to satisfy the current global demand of large commercial enterprises, superstores who adopt the so-called “lean retailing”⁶⁵ organizational model, located in the United States and Europe, by achieving full production in large quantities in a short time. This organization of production model is assisted by major technological innovations, in particular bar code which allows the continuous collection of data concerning sales, and that favors constant monitoring of sold products in various shops and chains, which allow a faster supply of products, and a more precise prediction of sales. This organizational model is also used in products “ready to wear” or so-called “Pronto Moda”, characterized by medium-low quality, assisted by an increasing vertical integration of production and distribution of products. These large commercial chains have indeed a significant market power not only in the face of competitors, but also in the supply chain.

In production terms, the supply chain in the textile and clothing sector begins with the first phase, processing of raw materials, then to production and processing of materials such as

⁶⁵ Lean retailing aims to have continuous and rapid supply of goods for sale, reducing inventories to the minimum, in a context of rapid changes in consumer choices and tastes.

spinning, weaving, dyeing or printing, then to the construction phase and then ending in the distribution phase and then sale. However, this chain takes a different direction when viewed under commercial terms. It is a demand pull or driven by consumer demands, considering a lean retailing system, the purchasing decisions by consumers are constantly monitored and this information goes directly to the commercial centers and producers and manufacturers. Distribution centers are increasing and replacing traditional warehouses and wholesalers.

Figure 36. The supply chain in the textile and clothing sector under commercial terms.



Source: Hildegunn Kyvik Nordås, “The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing”, 2004.

Unlike the distribution phase, the production phase is not affected by significant technological innovations in recent years, this phase remains highly labor intensive in production, particularly in the phase of packaging and for this reason production has gradually shifted to countries with lower costs of labor. At the same time, entry barriers (mainly in the clothing sector) are low as investments in capital in these phases are very small, and in many producing countries, work is performed at home by the employee.

As previously stated, China has not only a very high share of intermediate goods produced within its national boundaries, but also a very high index of vertical specialization of exports. This is due to the existence of a consistent internal domestic market, making them able to carry out almost all processing phases of the products they export. As far as Italy is concerned, this is true for the clothing sector but not for the textile. The textile sector is

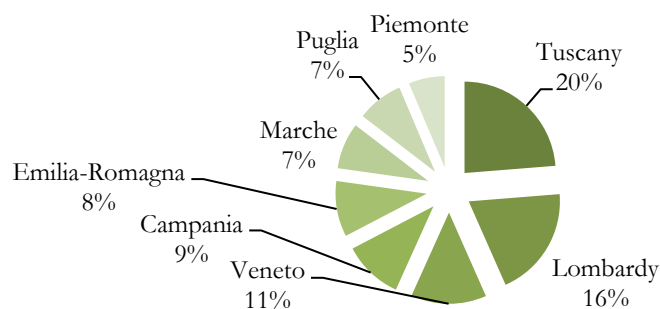
more capital intensive, it has a greater presence of skilled and specialized labor, higher production time and therefore less flexible and more difficult to change or modify production during the season to adapt to consumer tastes.

4.2. Introduction to the TCF industry in Italy

Although Italy has been highly affected negatively by global events in recent years, it is still Europe’s main TCF producer in terms of value-added and employment, generating more than half of total turnover and more than 25% of employment. Italy has undergone an intense restructuring process in all phases that affected the entire supply chain, as large specialized chains are increasing gradually since the nineties. Since then, the share of large surfaces such as big chains have become significantly important. These forms of distribution take up about one third of all sales of clothing (Ricchetti, 2006). Another example can be the current high presence of factory outlets.⁶⁶

The figure below shows the distribution of TCF enterprises in Italy. We can observe an uneven geographical distribution. TCF enterprises are mostly concentrated in Tuscany, which hosts 20% of total active enterprises, (Prato city specifically takes an enormous share), followed by Lombardy region (16%), Veneto (11%), Campania (9%), Emilia-Romagna (8%), Marche (7%), Puglia (7%) and Piedmont (5%).

Figure 37. Distribution of TFC enterprises in Italy, 2006.



Source: Personal elaboration of data gathered from Osservatorio Sistema Moda/Istituto Tagliacarne su dati Infocamere.

⁶⁶ Outlets carry out activities such as direct sale by the manufacturer to the clients, and tend to minimize the quantities of unsold goods at the end of the season.

The regions that have highest levels in terms of employment and value of exports are concentrated in Lombardy, Veneto, Emilia-Romagna and Tuscany. These four regions employ over 60% of workers in Italian knitwear and packaging and represents almost 80% of exports (Bigarelli, 2002). Each of these regions has profoundly different and unique structural characteristics differentiating one from another. According to a study entitled “Trasformazione o declino? Evoluzione e sviluppo del tessile-abbigliamento-calzaturiero in Emilia-Romagna”, (2010), the author distinguishes four types of TCF models. In particular, Veneto and Tuscany regions represent two radical different models with dissimilarity in production. Here below briefly summarizes the sector’s presence and structure in the Italian context.

First, the *Veneto TCF model*, hosts integrated medium and large final enterprises that make medium-high quality products, in medium-long time series, sold through franchising chain stores or retail stores. Production in this model is carried out by both local subcontractors and foreign enterprises, and most part of the subcontractors are strongly dependent on a main principle.

Second, the *Tuscany TCF model*, characterized by the presence of small enterprises, not integrated with each other, realizing low-medium quality products, and sold to wholesalers or retailers. Final enterprises decentralize production primarily to local subcontractors that are not highly dependent on a single principal. From these two models we can see that they are very distinguishable and radically different.

Third, the *Emilia-Romagna TCF model*, consists of small enterprises that are disintegrated and have many types of clients (similar to Tuscany’s ones), but the quality of products on average is higher than that found in Tuscany. This model has also a higher level of decentralization of production outside the region, especially in Centre and South regions.

Finally, the *Lombardy TCF model* is characterized by a high level of decentralization of production outside the region (same as in Emilia-Romagna TCF Model) but more similar to the Veneto TCF model in terms of final enterprises that are more integrated and specialized with medium-long series.

4.3. Case-study: *The evolution of Chinese textile, clothing and leather enterprises in the province of Ferrara*

The sample and methodology

This section adopted two samples of analysis. The first sample adopted in the parts 4.4 and 4.5 of this case-study refers to the total number of enterprises in the textile-clothing; footwear; and laundry-ironing sectors that have at least one employee. Both enterprises and employment aspects were analyzed at regional and provincial level. It is important to note that many enterprises in this sector of activity that do not have any employees can make up a substantial share of the economy. For this reason, the third part (4.6) of this case-study includes a second sample of analysis of 315 enterprises (49 Chinese-owned), 265 Italian-owned), which are the total number of enterprises in the textile-clothing; footwear; and laundry-ironing sectors in the province of Ferrara of all dimensions, and from which enabled the study of the “new” phenomenon of Chinese entrepreneurship.

The study is aimed to analyze the main cultural and structural elements that characterize the changes in the socio-economic system and that changed its equilibriums. This is carried out by firstly analyzing dynamics of the system as a whole, and then focusing on the group or individual level, where in this case the specific so-called *gender-specialization differences* rise, which refers to understanding the propensity of female Chinese females towards this specific type of economic activity.

Data in this case-study has been provided in collaboration with Ferrara trade unions Filctem-Cgil⁶⁷, and through various interviews and data provision especially from the Chamber of Commerce of Ferrara. Data was first extracted and then processed.

Enterprises⁶⁸

The following two figures show the number of small-dimensional enterprises with at least one employee in the textile and clothing, footwear and laundry-ironing sectors in the

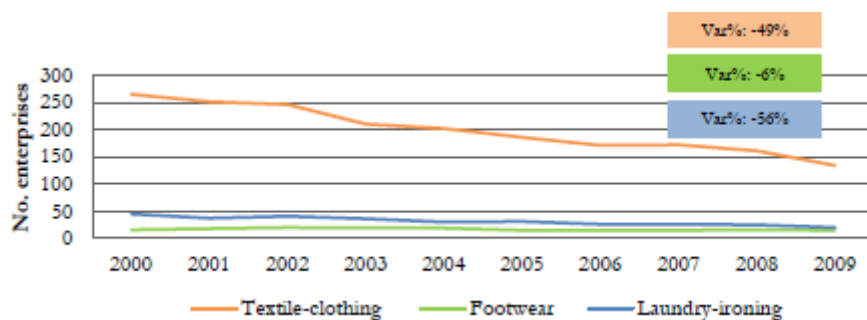
⁶⁷ Filctem-Cgil⁶⁷ (Italian Federation of Chemical, Textiles, Energy and Manufacturing Workers - General Confederation of Italian Workers, (Filctem-CGIL).

⁶⁸ Enterprises with at least one employee.

province of Ferrara and in Emilia-Romagna region. Data in this section makes reference to all enterprises, therefore Chinese-owned and Italian-owned included.

At the provincial level as shown in the figure below, the number of enterprises halved between 2000 and 2009. While, enterprises in the footwear sector maintained a steady trend with an average of 17 enterprises over the years taken into consideration.

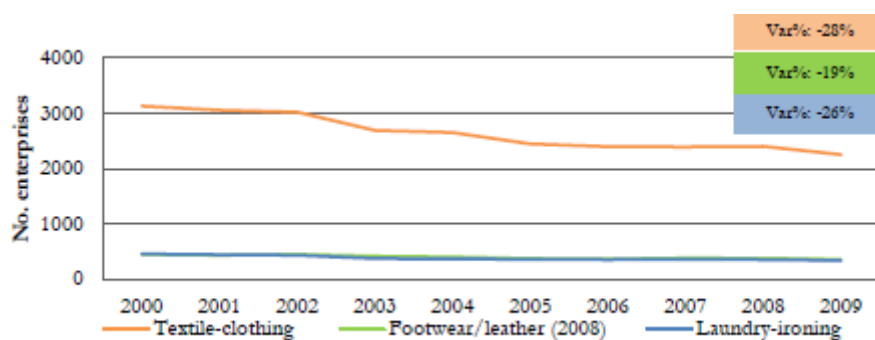
Figure 38. Total textile enterprises in the province of Ferrara, absolute values, 2000-2009.



Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

The following figure shows the regional values, which recorded a similar fall in all three sectors. Textile and clothing sector was the most affected, going from 3131 to 2253, representing a 28% decrease between 2000 and 2009. While the other two sectors both faced a decline but in a steady way.

Figure 39. Total enterprises in the Emilia-Romagna region, absolute values, 2000-2009.



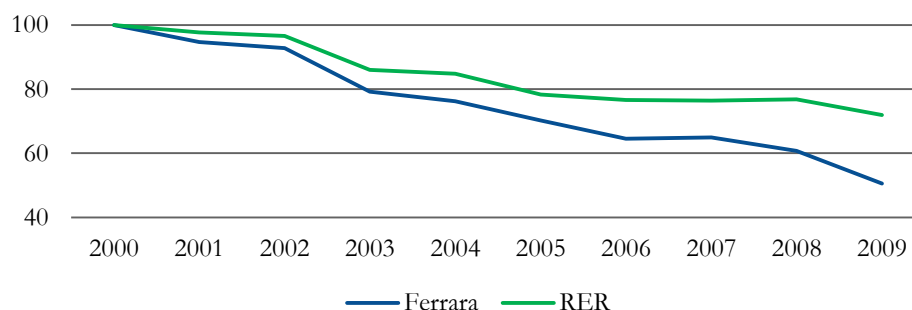
Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

We can clearly see from these figures above that the enterprises located in the province of Ferrara have suffered more than those located in the region in the two sectors: textiles-clothing and laundry-ironing. Some explanations for this result may be that this data make reference only to enterprises with employees, considering that many work as owner and employee at the same time, and in that case if those are included as well, results would differ; a second explanation may be the differences in the structure of enterprises, i.e., enterprises in the province of Ferrara are less structured than those located in the region. This may also be the case of many subcontracting enterprises in the province, that in an economic crisis, are the first ones to be affected.

The following three figures show in detail the percentage changes in each sector, both at provincial and regional levels.

Starting with the percentage changes that occurred in the textile-clothing sector in the province of Ferrara we note that the years between 2002 and 2003 and between 2008 and 2009 are those that registered a sharp drop in the number of enterprises, with variations of -15% and -17%. However, if we observe the green line, which represents the number of enterprises in the region, the most significant changes occurred were less severe than those that happened at the provincial level, and that were also recorded during the same period: between 2002 and 2003 of -11%, and between 2008 and 2009 of -6%. A further decline of 8% was observed between 2004 and 2005.

Figure 40. % variations in the total number of enterprises in the textile-clothing sector in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.

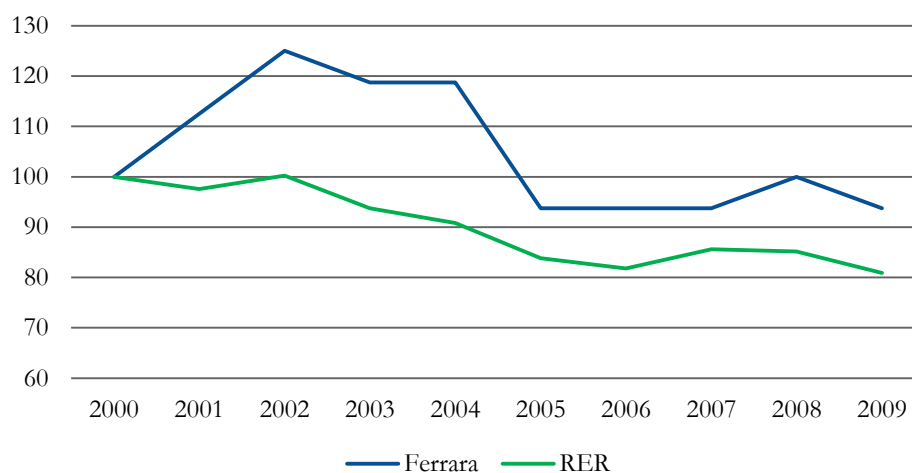


Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

The following figure illustrates dynamics occurring in the footwear sector. The variations of the blue line that represents the province, oscillate in a more evident way compared to the green line that represents the region. There was a significant 25% increase between 2000 and 2002, followed by a period of stability between 2003 and 2004. A sharp drop occurred in the following year, between 2004 and 2005, equivalent to -21%. The situation slightly improved in 2007, but returned to decline between 2008 and 2009.

The percentage variations occurring at regional level were smaller than those at provincial level, the highest variation occurred between 2004 and 2005, equaled to -8%.

Figure 41. % variations in the total number of enterprises in the footwear sector in the province of Ferrara and Emilia-Romagna region, (2000=100),2000-2009.

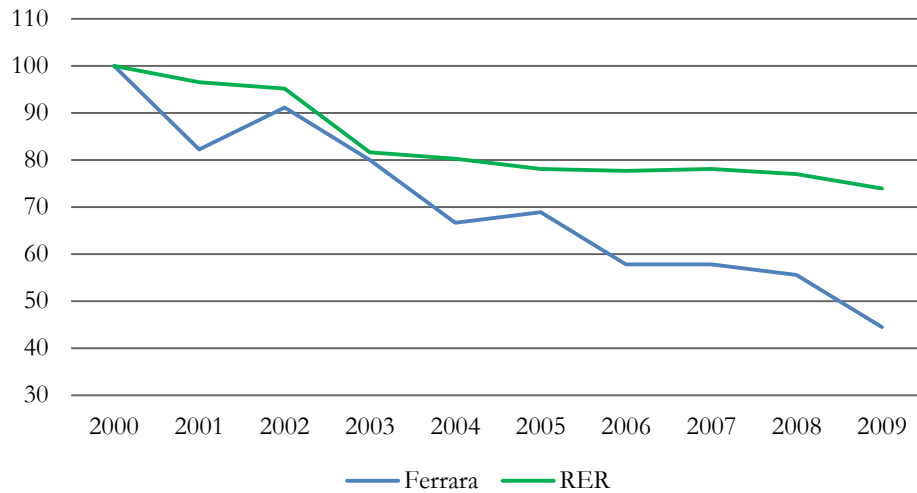


Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

If we look at the laundry-ironing sector in the figure below, variations in the province were characterized by continuous changes in the years analyzed. There have been four phases of great change in enterprises' shares. The first phase between 2000 and 2001, which led to a 18% decline, followed by the two periods between 2003 and 2004, and 2005 and 2006, recording a 17% and 16% decrease respectively. The main increase was recorded in the fourth and final phase, which coincides with the economic and financial crisis in the end of 2008, which has further contributed to the aggravation of the situation, and that led to an acute decline of 20%. Whilst, the year between 2002 and 2003 was the one that reported

the highest percentage decrease in the Emilia-Romagna region (-14%), compared to the province of Ferrara which recorded in the same year a decrease by 12%.

Figure 42. % variations in the total number of enterprises in the laundry –ironing sector in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.



Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

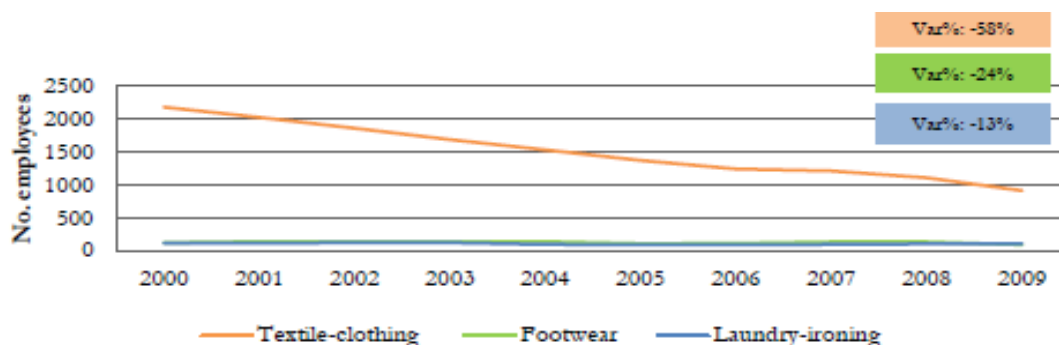
Employees

The following figures illustrate the employment framework of these small-dimensional enterprises analyzed in the section above (4.3). Figures in this section first explore absolute values, and then annual percentage changes of the numbers of employees in the province of Ferrara and in Emilia-Romagna region over the years analyzed.

Figure no. 43 shows the total number of employees in the Province of Ferrara in the three sectors: textiles-clothing, footwear, laundry-ironing. The sharpest decline in the number of employees occurred in the textile-clothing sector, which dropped from 2181 to 912 employees between 2000 and 2009. In percentage terms, this is represented by a decline by 58%. In addition, enterprises in the footwear and laundry- ironing sectors also registered a decrease in the number of their employees. In the footwear sector, from 122 to 93 employees, and in laundry-ironing from 118 to 103 employees.

Comparing this data with declines happened in the number of enterprises in the province of Ferrara over the three sectors (see Figure no. 38), we can see how each sector suffered the economic and financial crisis differently. Taking into account the textile-clothing sector, the decline in the number of enterprises was by 49%, while the number of employees in this sector witnessed a stronger decrease by 58%. This figure shows us that this crisis has shut down the more structured and large-dimensional enterprises. In contrast, if we look at the laundry-ironing line, we see a decline by 56% in the number of their enterprises, while the percentage drop in the number of employees was less strong (-13%), in this case, we can say that the crisis has restructured the system in this sector by closing smaller enterprises over the more structured ones.

Figure 43. Total number of employees in the province of Ferrara, absolute values, 2000-2009.

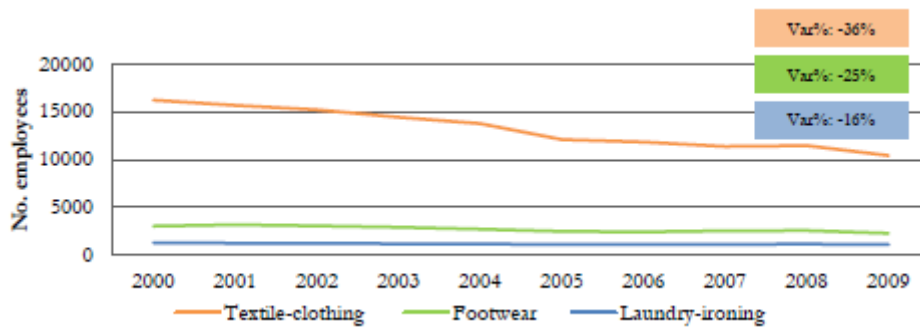


Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

Figure no. 44 shows the regional figures of the total number of employees, which was characterized by a continuous decline throughout the years analyzed. If we compare this data with the provincial context we note that regional figures are more positive concerning the number of employees in the textile-clothing sector. This is represented by a decrease of 36% between 2000 and 2009, compared to a 58% decrease in the province. In contrast, the provincial data for the other two sectors are more positive than those registered at the regional level, i.e., variations decreases in the laundry-ironing and footwear sectors recorded 24% and 13% (at provincial level), compared to 25% and 16% (at regional level). If we compare this data with percentage decreases that resulted in the number of enterprises in the region in the different sectors (see Figure no.39), we can see how the

crisis has affected the different sectors in the same way as it did in the province of Ferrara, but less strongly.

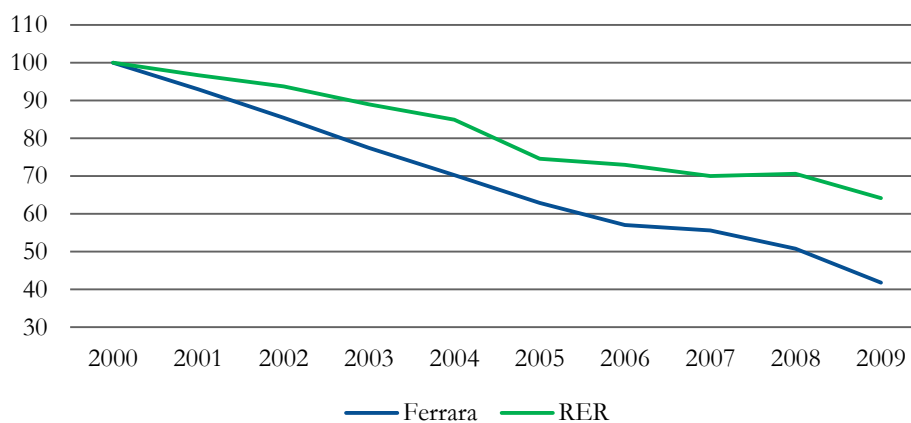
Figure 44. Total number of employees in the Emilia-Romagna region, absolute values, 2000-2009.



Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

If we now calculate the annual percentage changes in the number of employees within the three sectors. At provincial level, the textiles-clothing sector registered strongest declines between 2004 and 2005 (-11%), and between 2008 and 2009 (-18%). While the Emilia-Romagna variations are more stable and controlled compared to the provincial levels. The strongest decline was registered between 2004 and 2005 and was by 12%, if we look at provincial data, its variation registered a more positive percentage for that year specifically.

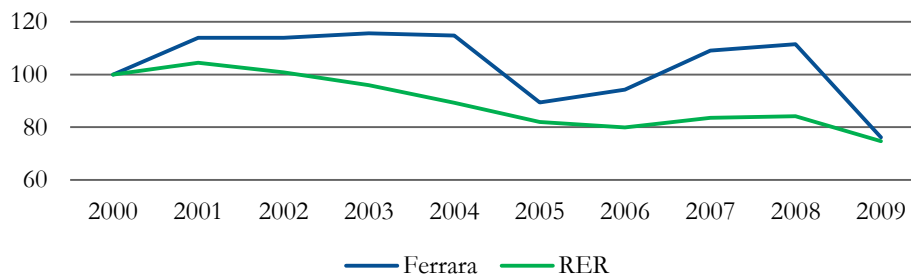
Figure 45. % variations in the total number of employees in the textile-clothing sector in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.



Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

The footwear sector shows some interesting dynamics at the provincial level. The employment framework tends to be very positive until 2004. But followed by a sharp decline by 22% between 2004 and 2005. The situation improves extremely well between 2006 and 2008, registering an increase by +18%.

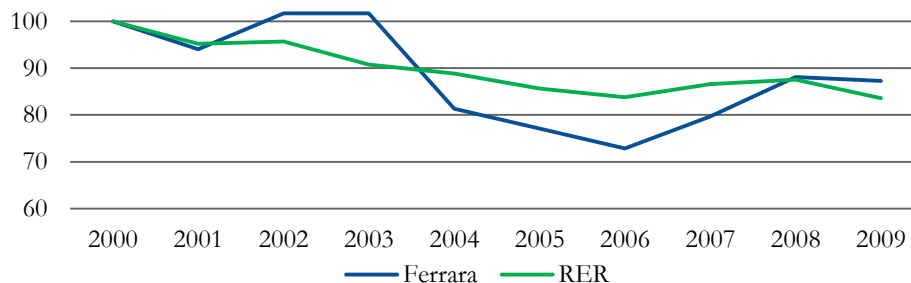
Figure 46. % variations in the total number of employees in the footwear sector in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.



Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

This figure shows particularly interesting information with respect to the regional level. Despite the two periods characterized by a negative percentage change for the province of Ferrara, that are the years between 2003 and 2004 (-20%), and another period in the years between 2004 and 2006 (-10%), the provincial level registers very positive data between 2008 and 2009, which was characterized by a decrease of only 1%, compared to the Emilia-Romagna, which has decreased by 5%.

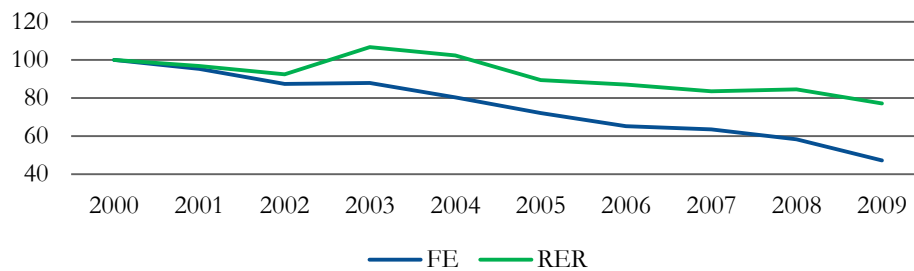
Figure 47. % variations in the total number of employees in the laundry-ironing sector in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.



Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

If we now specifically look at the employment context in the sector of textiles and clothing. Employment can be divided into three parts: i.) workers, ii.) employees, iii.) apprentices. We can see from this figure below that the percentage changes in the number of workers in the province of Ferrara is constantly decreasing, which represents a decrease by 53% between 2000 and 2009, while the regional data recorded a 23% decline.

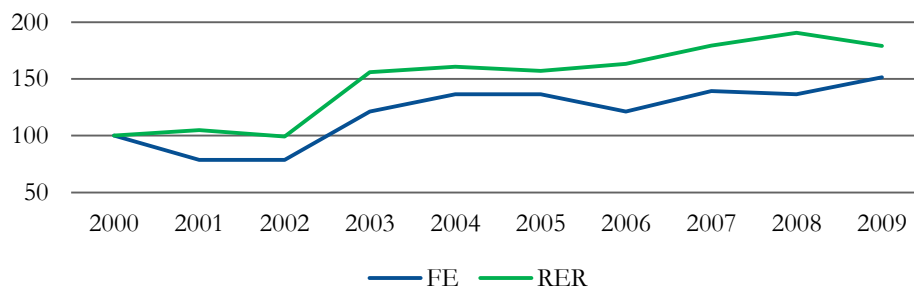
Figure 48. % variations in the total number of workers in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.



Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

In contrast, data on the number of employees (see Figure 49) are more positive. The year of great significance for the level of employment at both provincial and regional levels was between 2002 and 2003: increases by 54% of employees in the province, and by 57% in the region. Provincial data recorded positive values also for the periods between 2006 and 2007 and between 2008 and 2009.

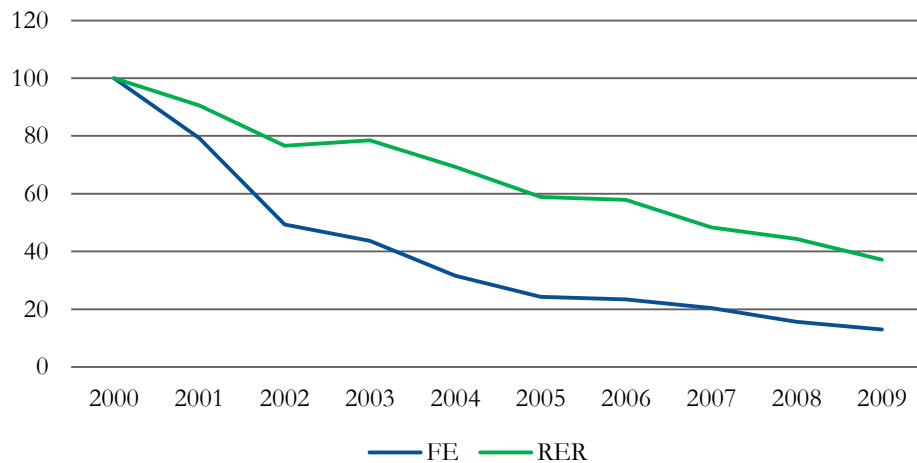
Figure 49. % variations in the total number of employees in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.



Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

The share of apprentices fell on the two levels, registering a decrease by 87% in the province, and 63% in the region between 2000 and 2009.

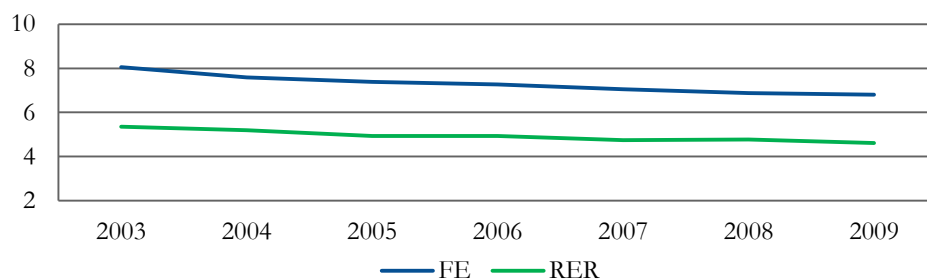
Figure 50. % variations in the total number of apprentices in the province of Ferrara and Emilia-Romagna region, (2000=100), 2000-2009.



Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

This figure below shows the average number of employees in the textile-clothing sector between 2003 and 2009. We note a slight decrease by one unit, from 8 to 7 employees in the province, while the regional average has remained stable, equal to 5 employees. It is important to note that the provincial average is not only higher than the regional one, but also very positive in employment terms.

Figure 51. Average number of employees in the province of Ferrara and Emilia-Romagna region, 2003-2009.



Source: Personal elaboration of data gathered from Ente Bilaterale Emilia-Romagna E.B.E.R.

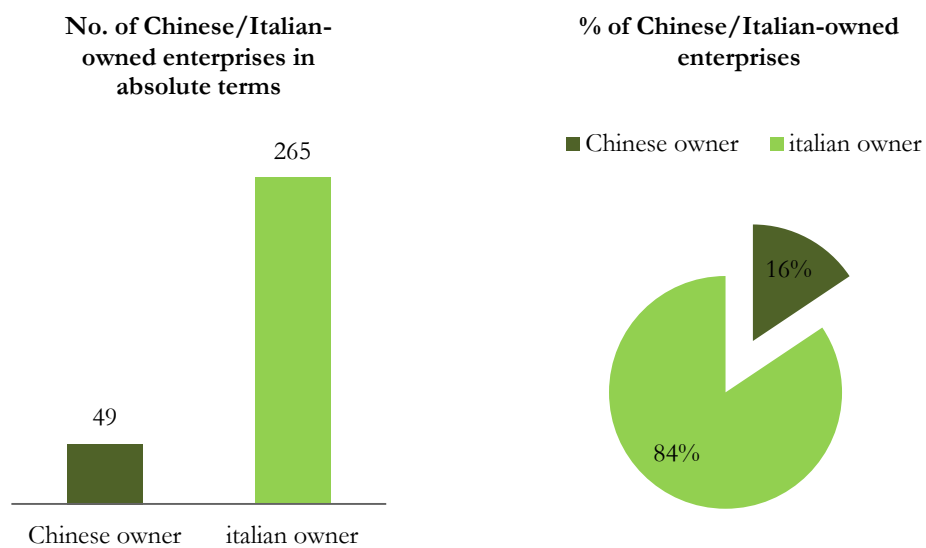
Natives and Immigrants: Italians and Chinese

In this part we will analyze the data provided by the Chamber of Commerce regarding the ATECO code⁶⁹ divisions: textile industry (ATECO code: 13⁷⁰), manufacturing of clothing, leather and fur (ATECO code: 14⁷¹), and manufacturing of leather and related products (ATECO code: 15⁷²).

The number of enterprises and geographic distribution

The total number of enterprises in the economic activities indicated above is shown in the two figures below. Italian-owned enterprises amount to 265, i.e., the 84% of total enterprises. While, Chinese-owned enterprises amount to 49, accounting for 16% of the total number of enterprises in the province of Ferrara.

Figure 52. Absolute and percentage values of Chinese/Italian owned enterprises in the province of Ferrara. (data up to date).



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

⁶⁹ See Appendix 1 to this dissertation

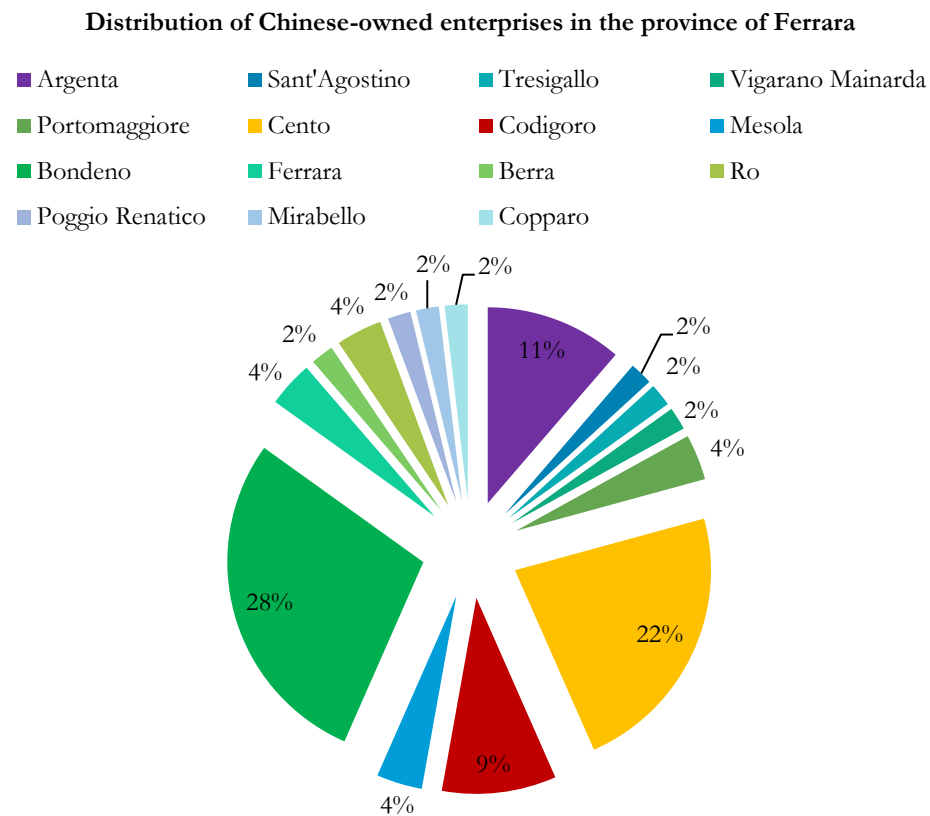
⁷⁰ ATECO Code 13: Textile manufacturing

⁷¹ ATECO Code 14: Manufacturing of clothing, leather and fur

⁷² ATECO Code 15: Manufacturing of leather and related products

The next two figures illustrate the geographic and territorial distribution of Chinese-owned and native-owned enterprises. We note that the top five geographical areas where most of the Chinese-owned enterprises are present are in Bondeno (29%), followed by Cento (27%), Argenta and Codicote (8% each), Mesola and Portomaggiore (4% each).

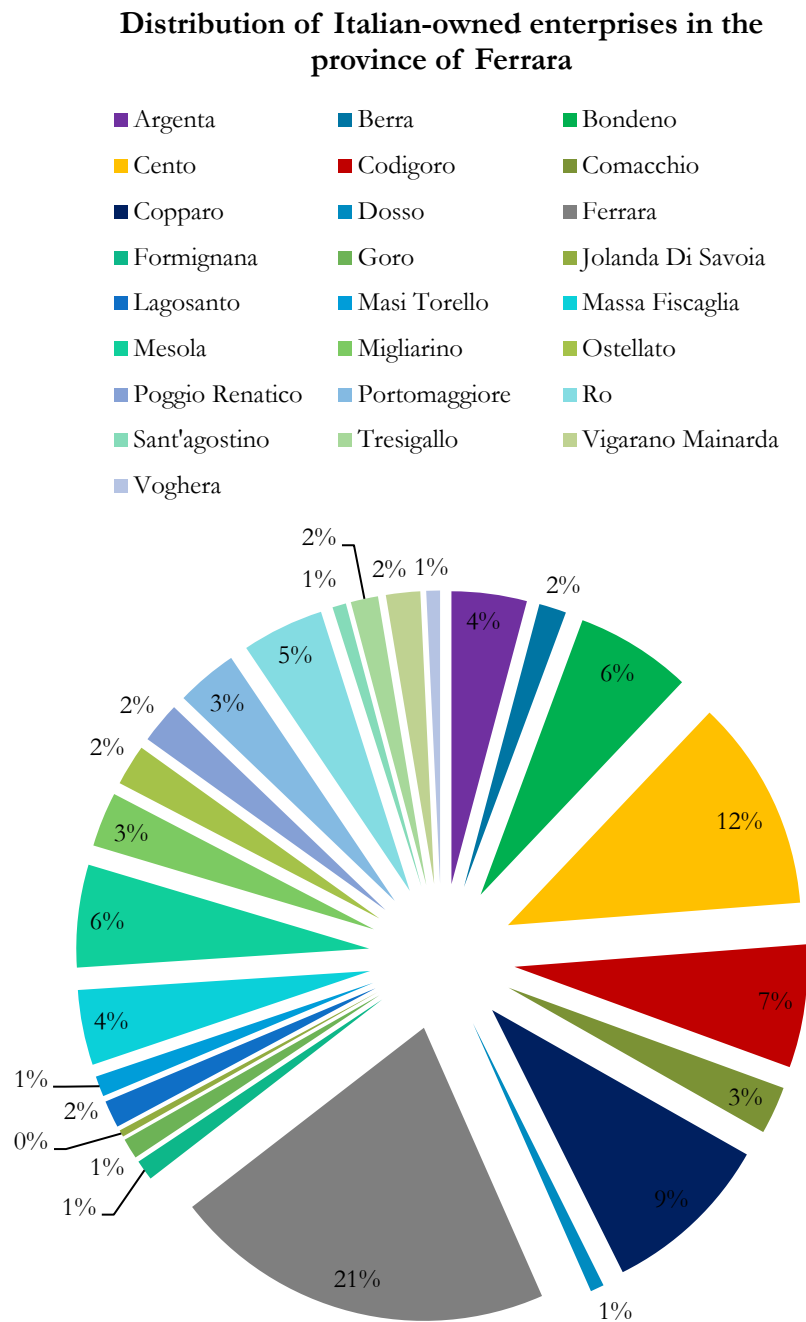
Figure 53. Territorial distribution of Chinese textile enterprises in the province of Ferrara. (data up to date).



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

On the other side, the figure below shows how Italian-owned enterprises are distributed more evenly throughout the territory. 21% of these enterprises are located in Ferrara, 11% Cento, 9% in Copparo, 7% Codigoro and 6% Bondeno.

Figure 54. Territorial distribution of Italian textile enterprises in the province of Ferrara. (data up to date).

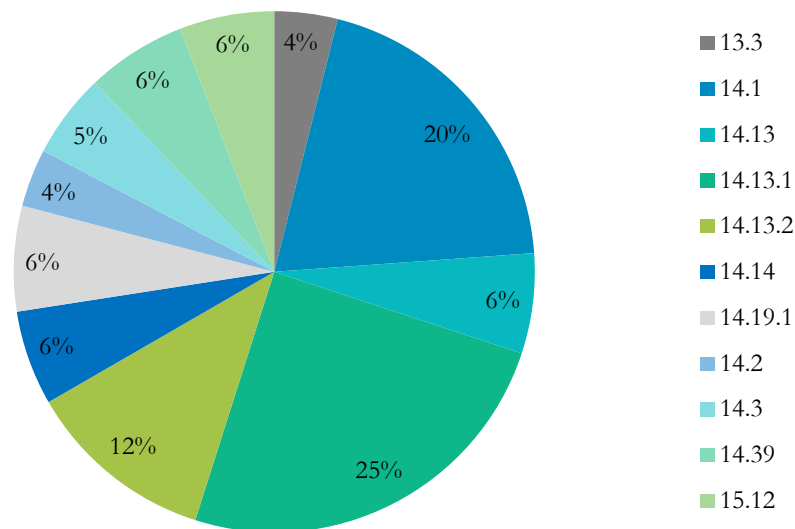


Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

The economic activity⁷³ of enterprises

The next figure shows the incidence of the different economic activities of the textile industry in general. We note that the economic activity “Packaging of outerwear in a series” (ATECO code 14.13.1) holds the highest share of activities of whole industry, which is equivalent to 25%, followed by the economic activity “Manufacture of clothing (excluding fur)” (ATECO code 14.1), accounting for 20%, followed by “Tailoring and packaging tailored outerwear (ATECO code 14.13.2).

Figure 55. Shares of ATECO codes⁷⁴/economic activities of total industry (Native and Chinese)



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

Focusing now on our sample, i.e., the 49 Chinese-owned enterprises, the next table gives us a summary on the activities that these enterprises are engaged with. In the column "of which" shows the number of enterprises that are included in the column "No. of enterprises", and that are engaged with more than one economic activity than those

⁷³ See Appendix 1 to this dissertation

⁷⁴ See Appendix 1 to this dissertation

reported in the column "ATECO Code". In the column "other activities" the list of the additional activities of such enterprises are reported.

It clearly stands out that the most part of these enterprises (equivalent to 22), are engaged in the economic activity "manufacture of clothing excluding fur" (ATECO code 14.1). The second type of activity involved is "Manufacture of other outerwear" (ATECO code 14.13).

Table 19. Economic activities of Chinese enterprises in the province of Ferrara. (data up to date)

<i>economic activity description (ATECO codes)</i>	No. of enterprises	of which	other activities involved
13.3: <i>Textile finishing</i>	1		
14.1: <i>Manufacturing of clothing excluding fur</i>	22	1 enterprise	14.19.1
		1 enterprise	47.82 / 47.89
14.3: <i>Manufacturing of knitted items</i>	1		
14.11: <i>Manufacturing of leather clothes</i>	1	1 enterprise	14.13
14.13: <i>Manufacture of other outerwear</i>	9	1 enterprise	14.14
		1 enterprise	14.39
		1 enterprise	46.9
14.13.1: <i>Packaging of outerwear in a series</i>	3		
14.13.2: <i>Tailoring and packaging tailored outerwear</i>	2	1 enterprise	47.82.01 / 47.82.02 / 47.89.09
14.19.1: <i>Various packaging and clothing accessories</i>	3	1 enterprise	15.12.09
14.39: <i>Manufacturing of other knitted items</i>	4	1 enterprise	46.42.1 / 46.42.4 / 46.49.1 / 46.49.9
15.12: <i>Manufacturing of travel items , handbags and similar, saddlery and harness</i>	3	1 enterprise	46.49

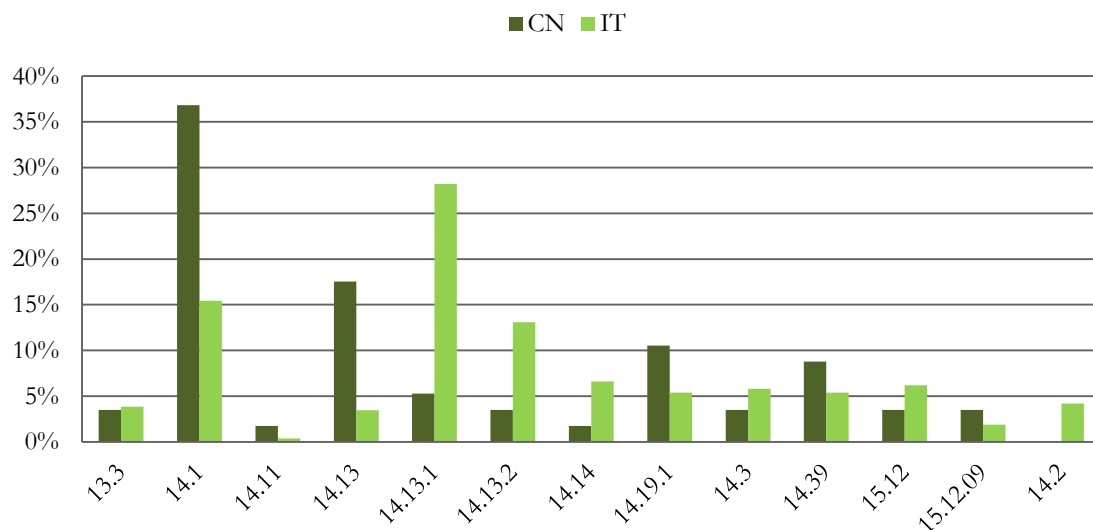
Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

This next figure shows the two types of enterprises analyzed, subdivided by ATECO code. Observing the economic activities of which Chinese-owned enterprises exceed those carried out by the Italian-owned ones, we can see this situation occur in the following economic activities: manufacturing of clothing excluding fur (code ATECO 14.1), 37% vs. 15%; manufacture of other outerwear (ATECO code 14.13), 18 % vs. 3%; manufacturing of

leather clothes (*ATECO code 14.11*), 2% vs. 0%; various packaging and clothing accessories (*code ATECO 14.19.1*), 11% vs. 5%, Manufacturing of other knitted items (*ATECO code 14:39*), 9% vs. 5%

In contrast, the economic activities that are mainly carried out by the native-owned enterprises compared to the Chinese ones are the following: packaging of outerwear in a series (*ATECO code 14.13.1*), 28% versus 5%; tailoring and packaging tailored outerwear (*ATECO code 14.13.2*), 13% vs. 4%, manufacturing of underwear (*ATECO code 14.14*), 7% versus 2%, manufacturing of travel items , handbags and similar, saddlery and harness (*ATECO code 15.12*), 6% vs. 4%; manufacturing of knitted items (*code ATECO 14.3*), 6% vs. 4%, and manufacturing of fur (*ATECO code 14.2*), 4% vs. zero.

Figure 56. Chinese/Italian-owned enterprises subdivided by ATECO code⁷⁵ economic activity



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

Geographic distribution of the economic activities of enterprises

The next figures show the geographical distribution of Chinese and Italian-owned enterprises subdivided by ATECO code. Only economic activities-ATECO codes of

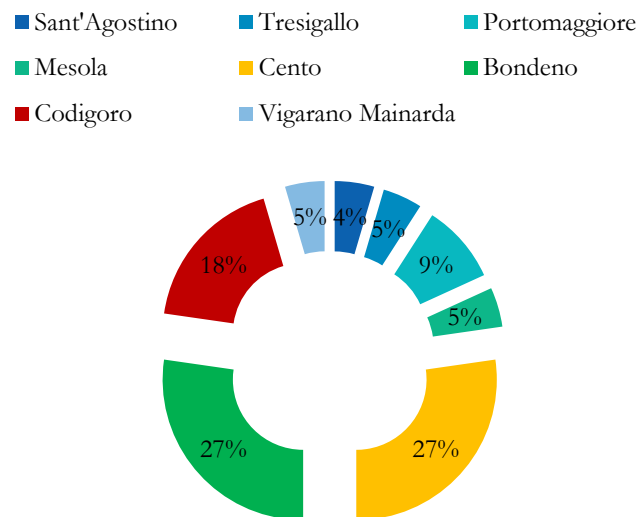
⁷⁵ See Appendix 1 to this dissertation

Chinese-owned enterprises that represent a higher share in the activities involved compared to those carried out by Italian-owned enterprises are reported in this section.

The geographical distribution – ATECO Code 14.1 (manufacturing of clothes (excluding fur))

As shown in the figure above, 37% of the Chinese-owned enterprises carry out this economic activity, while only 15% of the Italian-owned enterprises. Figure. No. 56 shows that Chinese-owned enterprises that exercise this type of activity are more prevalent in Cento and Bondeno (27% each), and Codigoro (18%). We note here and in all subsequent figures that Chinese-owned enterprises have a very strong level of territorial concentration.

Figure 57. Geographical distribution of Chinese-owned enterprises in ATECO 14.1⁷⁶ in the province of Ferrara. (data up to date)

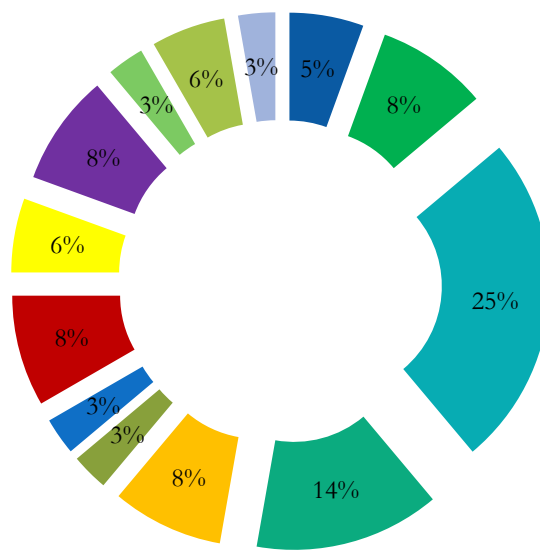
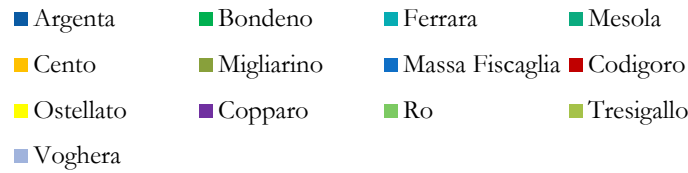


Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

Whilst, Italian-owned enterprises which perform this same activity in manufacturing of clothes are more concentrated in Ferrara (25%) and Mesola (14%). The remaining number of enterprises are evenly distributed throughout the territory.

⁷⁶ See Appendix 1 to this dissertation

Figure 58. Geographical distribution of Italian-owned enterprises in ATECO 14.1⁷⁷ in the province of Ferrara. (data up to date)



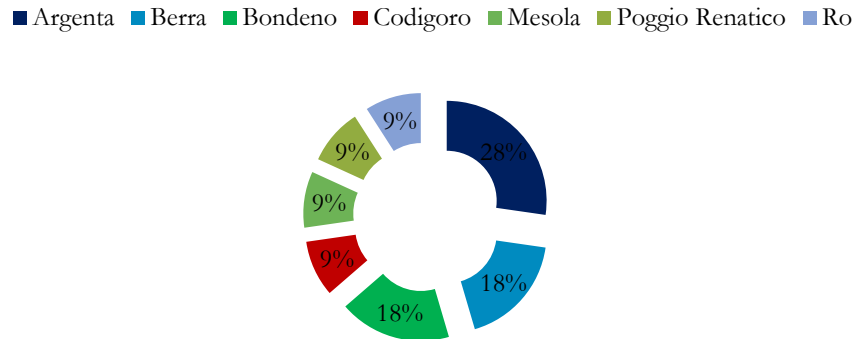
Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

The geographical distribution - ATECO Code 14.13 (manufacturing of outerwear in a series)

18% of the activity in other outerwear manufacturing is carried out by Chinese-owned enterprises, while only 3% by Italian-owned businesses. This immigrant share is located in Argenta (28%), followed by Bondeno and Berra (18% each).

⁷⁷ See Appendix 1 to this dissertation

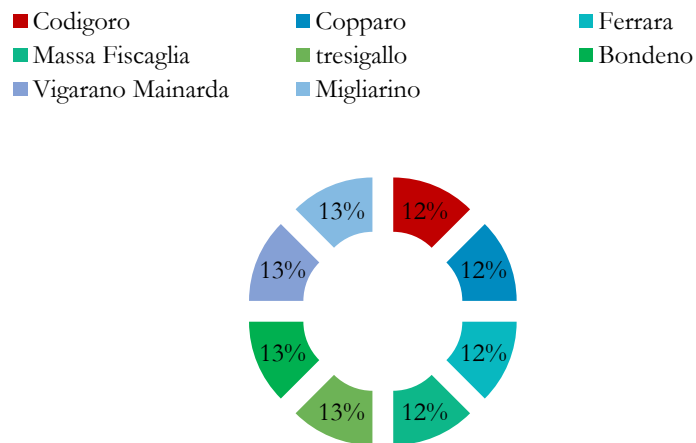
Figure 59. Geographical distribution of Chinese-owned enterprises in ATECO 14.3⁷⁸ in the province of Ferrara. (data up to date)



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

We can clearly observe in the following figure how again we can see that the distribution of Italian-owned enterprises are distributed in a much more homogeneous way than the Chinese-owned businesses in this sector of activity as seen in the previous figure.

Figure 60. Geographical distribution of Italian-owned enterprises in ATECO 14.3⁷⁹ in the province of Ferrara. (data up to date)



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

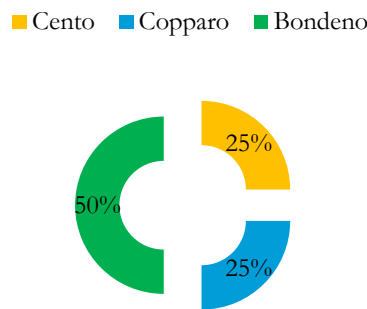
⁷⁸ See Appendix 1 to this dissertation

⁷⁹ See Appendix 1 to this dissertation

The geographical distribution - ATECO Code 14.19.1 (various manufacturing and clothing accessories)

The activity of various manufacturing and clothing accessories is carried out by 11% of Chinese-owned enterprises, and 5% of Italian-owned ones. Half of the immigrant enterprises is located in Bondeno, while the rest between Copparo (25%) and Cento (25%).

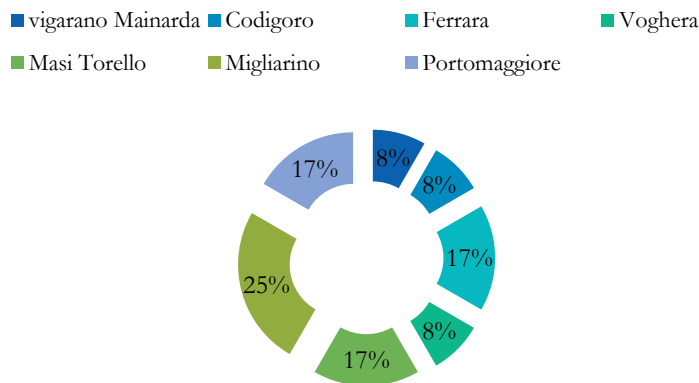
Figure 61. Geographical distribution of Chinese-owned enterprises in ATECO 14.19.1⁸⁰ in the province of Ferrara. (data up to date)



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

On the other hand, 25% of enterprises with an Italian owner is present in Migliarino, followed by Ferrara, Portomaggiore and Masi Torello accounting for 17% each.

Figure 62. Geographical distribution of Italian-owned enterprises in ATECO 14.19.1⁸¹ in the province of Ferrara. (data up to date)



⁸⁰ See Appendix 1 to this dissertation

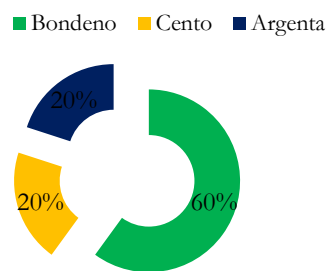
⁸¹ See Appendix 1 to this dissertation

Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

The geographical distribution - ATECO Code 14.39 (manufacture of other knitted items)

The share of Chinese-owned enterprises that carry out the activity of manufacturing of other knitted items is equal to 9%, and those with Italian ownership equal to 5%. 60% of the Chinese-owned are situated in Bondeno, and the remainder is divided between Argenta and Cento (20% each).

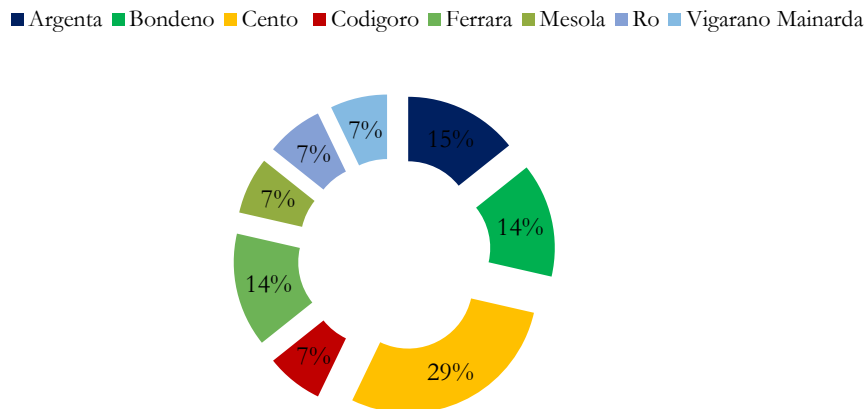
Figure 63. Geographical distribution of Chinese-owned enterprises in ATECO 14.39⁸² in the province of Ferrara. (data up to date)



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

In contrast, Italian-owned enterprises are mainly located in Cento (29%), followed by Argenta (15%), Mesola and Ferrara (14% each).

Figure 64. Geographical distribution of Italian-owned enterprises in ATECO 14.39⁸³ in the province of Ferrara. (data up to date)



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

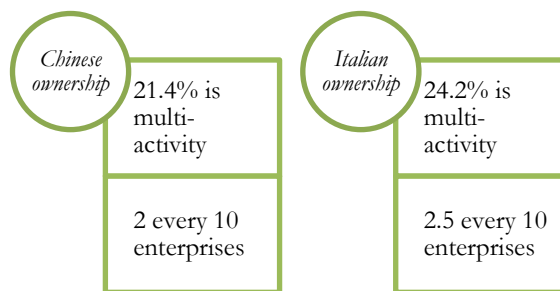
⁸² See Appendix 1 to this dissertation

⁸³ See Appendix 1 to this dissertation

Multi-activity enterprises

Multi-activity enterprises are those that carry out more than one economic activity. As shown in the figure below, 21% of Chinese-owned enterprises performs at least two economic activities, while this share is equivalent to 24% concerning the Italian level. In other words, 2 every 10 enterprises are multi-activity in the context of Chinese-owned, while 2.5 every 10 enterprises with Italian ownership.

Figure 65. Chinese/Italian-owned multi-activity enterprises.



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

Comparison between the situations of 2000-2004/2005-2010

Comparing the situation of 2000-2004 with that of 2005-2010, we can see big changes in the dynamics of this new phenomenon. This is shown in the following figure (Figure 66), which shows the percentage of new openings in the two enterprise groups in two periods of time. We can clearly see that between 2000 and 2004, 20% of the new openings were owned by Chinese. This percentage rises to 47% in the following years, making 53% the total openings belonging to Italian owners.

Figure 66. Chinese vs. Italian new openings (%), 2000-2004/2005-2010.

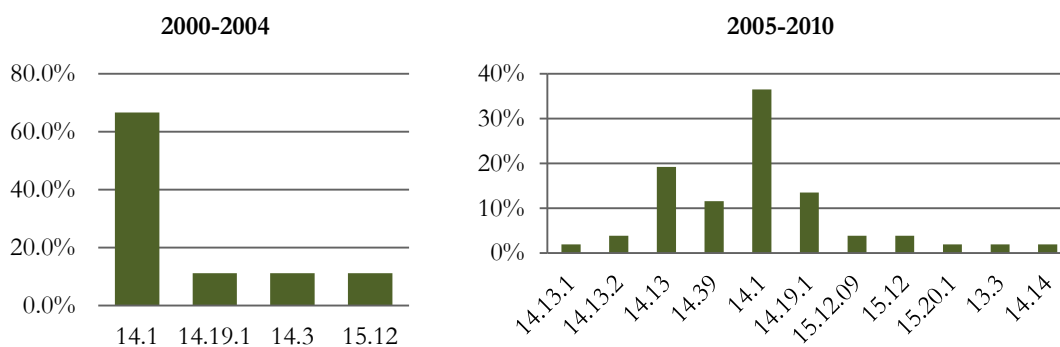


Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

The following figures show the new openings of Italian and Chinese by type of activity in the years analyzed.

If we look at the openings by Chinese entrepreneurs, we note that there was a decrease as it occurred as well in the case of Italian-owned enterprises, in the manufacturing of clothing excluding fur items (*ATECO code 14.1*), from 67% to 37%. In addition, the manufacturing of travel items, handbags, and similar, saddlery and leather (*ATECO code 15.12*) which reported a decline from 11% to 4%. In contrast, there was an increase in the activity of various manufacturing and clothing accessories (*ATECO code 14.19.1*), from 11% to 14%, furthermore, the openings in all other economic activities increased, even those that were not present in the first period of time analyzed (between 2000 and 2004), as in particular the following activities: manufacturing of other knitted items (*ATECO code 14.39*); underwear manufacturing (*ATECO code 14.14*) which now account for 2% of the total new openings. It is worthy to note that these two types of activity undergo percentage decreases among the Italian-owned enterprise openings.

Figure 67. Chinese new openings(%) by economic activity (ATECO code⁸⁴), 2000-2004/2005-2010.



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

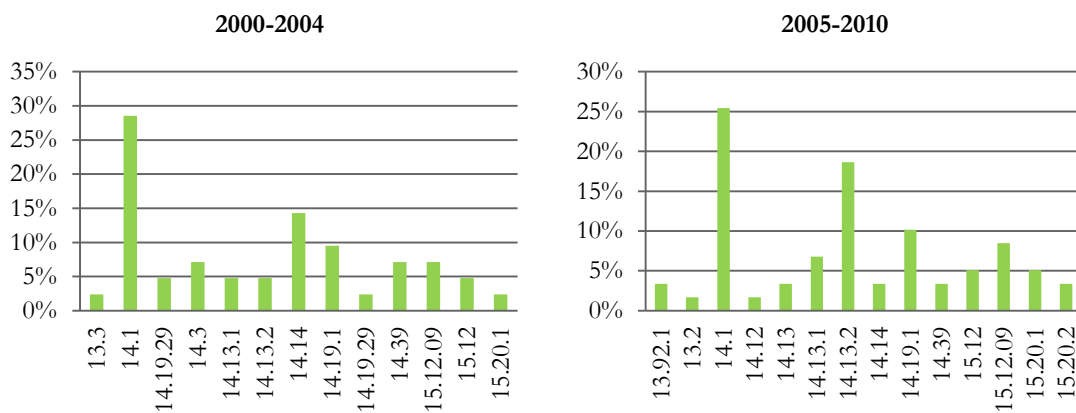
The following figure illustrates dynamics of Italian owned enterprises, and shows that there was a drop of eleven percentage points in the share of openings in the economic activity of underwear manufacturing (*ATECO code 14.14*) from 14% between 2000 and 2004 to 3% between 2005 and 2010. Other reductions were noted in the economic manufacturing of

⁸⁴ See Appendix 1 to this dissertation

clothing excluding fur (*ATECO code 14.1*), from 29% to 25%, and manufacturing of other knitted items (*ATECO code 14.39*) from 7% to 3%.

Yet a sharp increase by 14 percentage points has been recorded in the activity of Tailoring and manufacturing tailored outerwear (*ATECO code 14.13.2*), i.e., from 5% to 19%. Further increases have been registered in the activity of footwear manufacturing (*ATECO code 15.20.1*), from 2% to 5%, and the activity of manufacturing of outerwear in series (*ATECO code 14.13.1*), from 5% to 7%.

Figure 68. Italian new openings(%) by economic activity (ATECO code⁸⁵), 2000-2004/2005-2010.



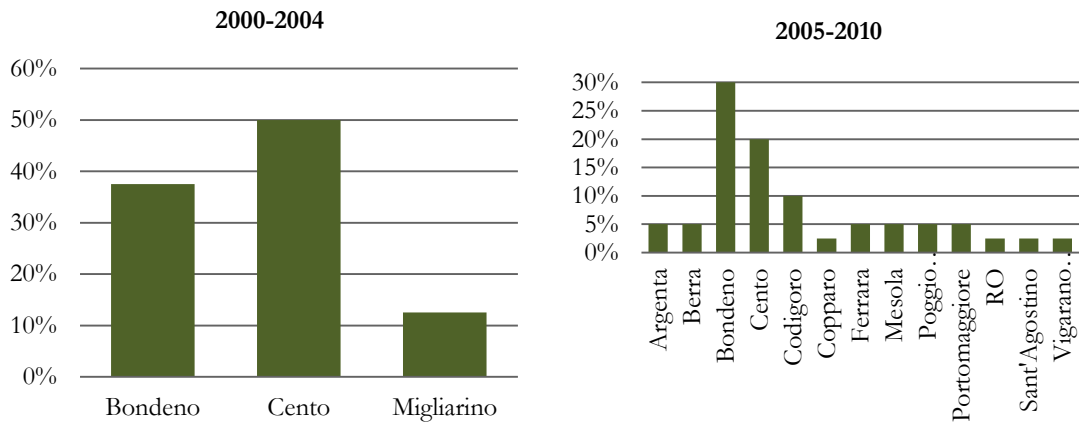
Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

This data confirms that the enterprises open between 2005 and 2010 are much more diverse than those opened in previous years. This confirms a very high level of dynamism among Chinese-owned enterprises.

The following figures provide a detailed look at the geographic distribution of these openings before and after., we can see that Chinese openings are becoming slightly more evenly distributed throughout the territory. Although Bondeno and Cento strongly remain the two major destinations for their new openings, but their shares have fallen over the years between 2000 and 2004. A particularly interesting area for both Chinese and natives is Codigoro which hosts a share of 10% of new Chinese enterprises, and at the same time, witnesses a sharp increase by 11 percent in natives' new openings.(Figure 70).

⁸⁵ See Appendix 1 to this dissertation

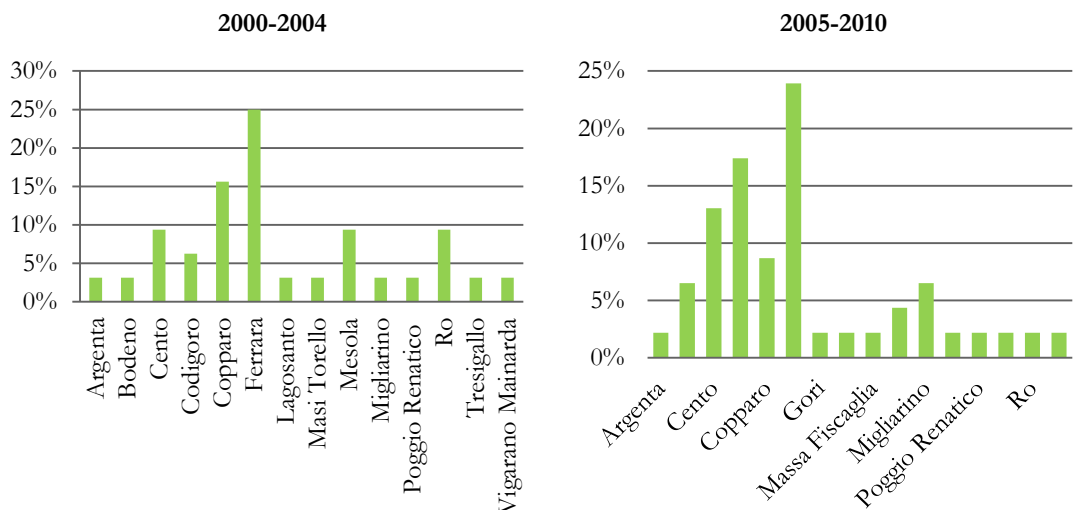
Figure 69. Geographical distribution of Chinese openings (%), 2000-2004/2005-2010.



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

The following figure reflects the reality of Italian-owned enterprises, a strong increase is observed in the share of enterprises open in Codigoro, an increase of 11 percentage points, from 6% to 17%. Other increases were recorded in Bondeno and Cento, which recorded an increase of 4% each. Areas that recorded decreases in the proportion of new openings are Copparo (8%), Ro (7%), Mesola (5%), and Ferrara (1%).

Figure 70. Geographical distribution of Italian openings (%), 2000-2004/2005-2010.



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

Looking now at the employment side, it is important to emphasize that this data may be inaccurate due to the fact that many enterprises do not declare their number of employees and self employed.

We can clearly see a stable trend in the average number of self-employed⁸⁶ and employees regarding the Chinese-owned enterprises. The average of self-employed moved from 1.5 to 1.2 between 2000-2004 and 2005-2010. While, 1.3 and 1.2 were the averages registered for enterprises with an Italian denomination in the two periods analyzed. Furthermore, a drop of about one unit in the number of employees has been recorded in Chinese-owned enterprises, while a strong increase by 4 units in Italian-owned enterprises.

Figure 71. Average number of self-employed/employees at Chinese/Italian-owned enterprises, 2000-2004/2005-2010.

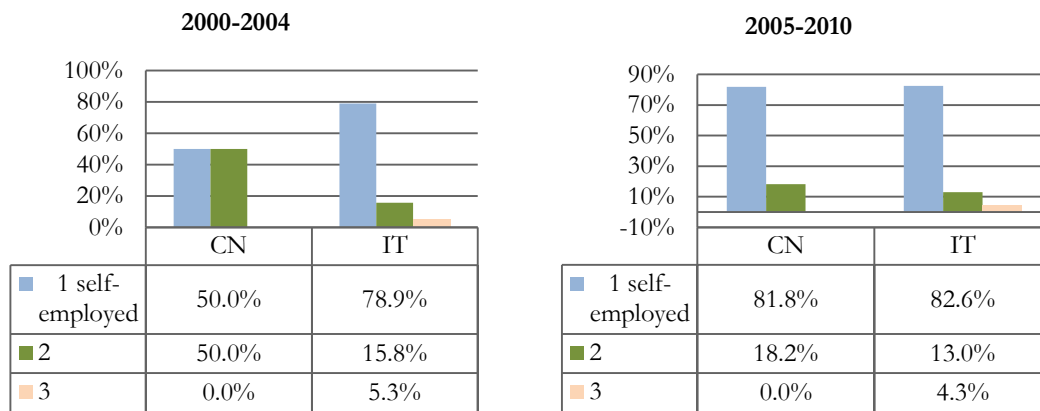


Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

Enterprises with one self-employed increased from 50% between 2000 and 2004 to 82% between 2005 and 2010 in Chinese openings. While those with two self-employed decreased from 50% to 18%. This data is very important because they make us reflect that such enterprises are becoming smaller, but at the same time are also extending and diversifying their economic activities (see Figure no. 67). While, the Italian context takes a more homogeneous form: the self-employed individuals increased from 79% to 83%, two self-employed decreased from 16% to 13%, and three self-employed decreased from 5% to 4%.

⁸⁶ Self-employed refers to entrepreneurs as defined in chapter II and III.

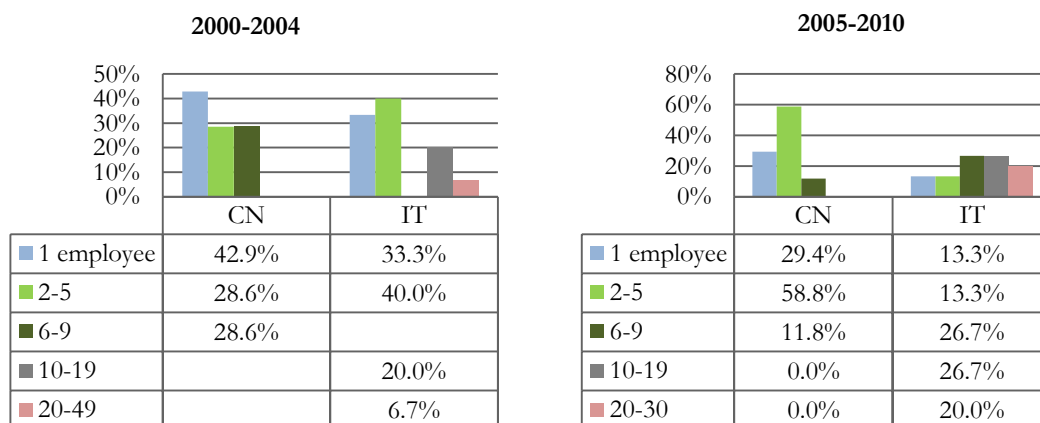
Figure 72. % Self-employed at Chinese/Italian-owned openings, 2000-2004/2005-2010.



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

A particularly interesting data reveals that there was a decrease in the share of individual employees in Chinese openings. A decrease from 43% between 2000 and 2004 to 29% between 2005 and 2010. While, the share of employees between 2-5 increased from 29% to 59%. The Italian context differs than the Chinese one: the share of individual employees decreased from 33% to 13%, and the share of employees between 2-5 fell from 40% to 13%; other two dimensions emerge, which are not present among the Chinese openings, are ten to nineteen employees and twenty to thirty employees.

Figure 73. % Employees at Chinese/Italian-owned openings, 2000-2004/2005-2010.



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

Openings vs. Closures, 2005-2010.

In the figure below we can see that among all openings between 2005 and 2010, 53% were Italian-owned enterprises, and 47% Chinese-owned. As for the closures, 23% of the total closures were Chinese-owned enterprises, leaving the remaining 77% of the closures, Italian-owned. The following figure is even more important, which shows how the economic and financial crisis has hit and affected these enterprises. we can clearly see how the crisis has hit both the Chinese-run and Italian-run enterprises in a similar way. This can be seen by the percentage closure i.e., 42% of total Italian-run enterprises has closed, and the percentage closures in the Chinese context was equal to 38%. In contrast, the response or the way these two types of enterprises reacted was different. Chinese enterprises proved to be more dynamic, as the data shown in previous sections proves that are expanding and diversifying their economic activities. In fact they are currently engaged even in many new economic activities that in previous years were absent.

Figure 74. Openings/Closures of Chinese/Italian-owned (absolute and percentage values), 2005-2010.

Ownership	Openings 2005-2010	Closures 2005-2010	Openings absolute values 2005-2010	Closures absolute values 2005-2010	Balance 2005-2010
Italian	53%	77%	46	234	-188
Chinese	47%	23%	40	70	-30

Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

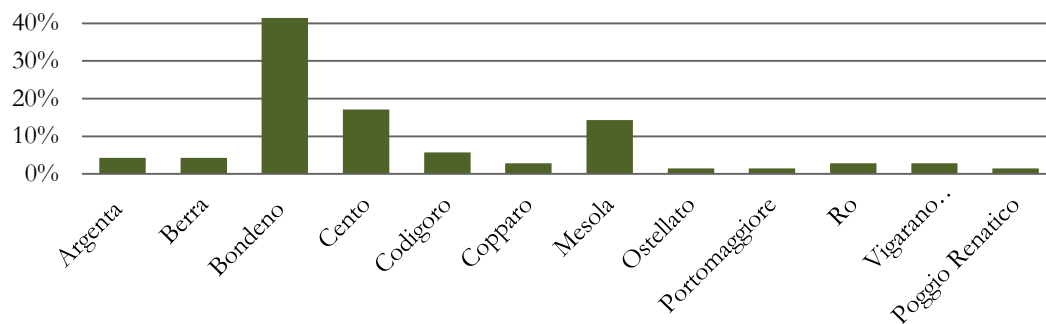
Figure 75. Chinese/Italian-owned enterprise closure percentages, 2005-2010.



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

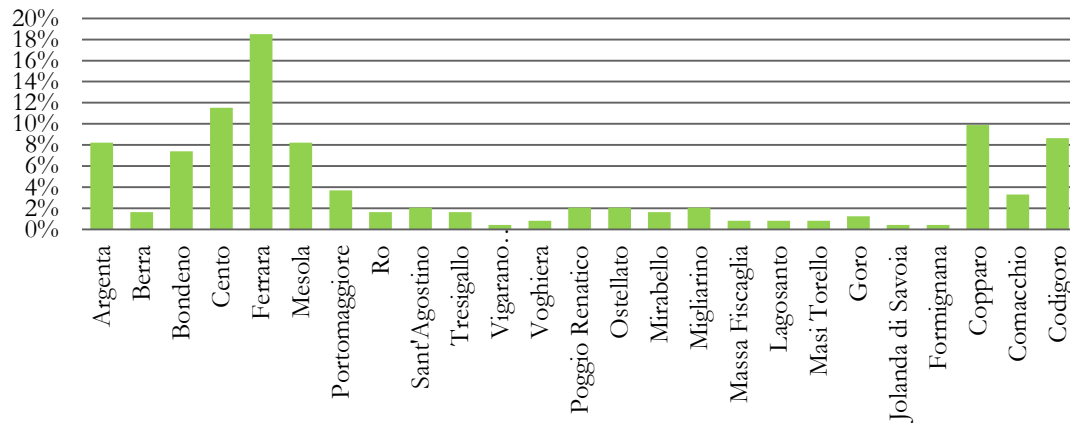
The last two figures show the geographical distribution of closures of both types of enterprises between 2005 and 2010. The highest proportion of closures was recorded in Ferrara (19%), followed by Cento (12%), Copparo (10%), Codigoro (9%), Argenta, Mesola (8% each). Whilst, the Chinese closures have been recorded in Bondeno (40%), followed by Cento (17%) and Mesola (14%)

Figure 76. Chinese closures (%) by geographical area, 2005-2010.



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

Figure 77. Italian closures (%) by geographical area, 2005-2010.



Source: Personal elaboration of data gathered from Chamber of Commerce Ferrara.

4.4. Empirical implication of theoretical models

Even if the nature of this specific case study is quite complex, we can state that the Chinese entrepreneurship model can adopt the *mixed embeddedness* approach. The involvement of Chinese entrepreneurs in this specific product line can tell us right on the spot that we are dealing with an *ethnic niche* or with a certain number of *subcontracting enterprises*. The second question is to investigate which of the two is it? As previously explained, an ethnic niche can be defined as a set of economic activities of which immigrants coming from specific ethnic groups are highly concentrated in a specific territory, and specialized in a certain product line. While, a subcontracting enterprise can be a part of this established ethnic niche, or become a part of it in the case a niche is still about to be established. Therefore, the precise question to be answered is at which point of development is Chinese entrepreneurship in the Province of Ferrara?

If we start by the cultural side of the mixed embeddedness Chinese model, we can say that Chinese entrepreneurs are evidently backed up by strong tangible and intangible resources. Tangible such as work experience, skills and capital to start up a business, and intangible such as strong cultural heritage, traditions, family values, trust, loyalty and networks. Furthermore, this Chinese phenomenon can also be explained in the light of Ouchi's theory (1980; 1981), who defined an organizational form called the *clan*. This form states that the application of principles such as high levels of involvement and participation create a sense of ownership and responsibility, which gives a greater commitment to an organization and a superior capacity to operate under conditions of greater autonomy. In fact, various studies indicate that Chinese are characterized by a high level of flexibility, and commitment, availability 24/7 on work site, adaptation, and desire for autonomy⁸⁷.

Chinese-owned businesses in the province of Ferrara and Italy in general mainly come from the Province of Zhejiang, a main province for textiles manufacturing. According to the Chinese Perspective, this province is the fourth largest economy and the third largest exporter in China. It is not only the wealthiest province in terms of GDP per capita in both urban and rural areas among all provinces, but also the most entrepreneurial. This is a

⁸⁷ Further cultural characteristics on Chinese entrepreneurship can be seen in Appendix 2.

result of the adoption of the so-called Zhejiang model, which is a business-friendly policy that favors entrepreneurial activities, therefore, this province witnessed the creation of thousands of SMEs. Manufacturing in this area is characterized by a significant competitive advantage, with the logic of low labor and high volumes of production. This seems to be to grab some of the reality of these Chinese-owned businesses analyzed who come from this same Chinese province, but located elsewhere. With some data collected through interviews with members of Filctem-CGIL⁸⁸, reveals that most of these entrepreneurs grasped their skills from China, and more specifically from Zhejiang. This reconfirms the fact that Chinese entrepreneurs come to the country with their skills in their pockets and ready to do business. Most of them attended educational courses since a young age, or worked for a Chinese enterprise as an employee. In this case we can classify them as *smart-open entrepreneurs*, which means that they are not necessary to be very highly skilled, but smart enough to run a business in markets where demand exists.

Networks play more than a crucial role to Chinese entrepreneurs not only in Italy, but worldwide as well. According to Zhou (1996), immigrant entrepreneurship is transnational. They take roles as intermediaries between the country of origin and country of destination. These networks of personal relationships and business relations are important for gathering information, finding links to suppliers, subcontractors, clients, and other networks that can be found in their mother country or other countries. Main targets for this is to benefit from their social capital and networks to reduce transaction costs, and might be useful for them to build links outside an ethnic niche, thus improving chances of upward (Rath, 2006). Networks is also one essential element that created of the already established Chinese ethnic niche in the industrial district of Prato. This fundamental example would unquestionably further help us look at the cultural side of this phenomenon. This area became the ideal place for Chinese, probably due to the strong presence of small enterprises which is recognized to attract labor (Zanfrini, 2001, Santini, 2011). Chinese immigrants are increasing significantly, and Chinese enterprises accounted for the 31% of

⁸⁸ Filctem-Cgil is born from the fusion of Filcem and Filtea. The CGIL-Filctem works in important sectors of industry and crafts (chemical-pharmaceutical, textile-clothing and footwear, rubber-plastic, glass, leather, ceramics and tiles, industrial laundries and displays), energy (oil, gas transmission, mining) and services of high technological relevance (electricity, water, gas)

the total manufacturing enterprises (ASEL, 2006). The case of Prato represents an essential aspect of analysis here not only because Chinese enterprises are specialized in the same product line as those located in the province of Ferrara, but also for the fact that it represents an actual ethnic niche, which is a given data. If we look back at the theory on ethnic niches⁸⁹, we find that when immigrants have full control of an ethnic niche, and after it becomes a symbol of that group and totally saturated, new immigrants tend to build a new niche, which is usually similar to the line of business of previous immigrants of that group. Therefore, this theory could give us some new reflections on the question previously posed “at which stage of economic activity are Chinese-owned businesses in the province of Ferrara today?”.

Further data on cultural aspects of Chinese enterprises come from a very recent research paper carried out by Santini, Rabino and Zanni, entitled “Chinese immigrants socio-economic enclave in an Italian industrial district: it is an Italian industrial district: the case of Prato” (2011), which gives valuable information located in the area. A first of a type survey was carried out, enriched with interviews by a native Chinese to minimize distrust, as Chinese are very reluctant to provide and share information about how they do business. (Redding, 1990, Lee and Tsang, 2001). Main results of this study revealed that because of Chinese’s strong cultural background, they find that i.) they follow different paths than the Italian enterprises in Prato, ii.) they do not like change, as they tend to keep unchanged their networks of suppliers, buyers or types of markets, iii.) they prefer to acquire competencies and skills through learning on the job rather than attending professional courses developed by local institutions, iv.) most of the entrepreneurs specified that they had their first entrepreneurial experience in Italy, 54% worked as employees at Chinese businesses and 38% worked in family-run businesses; v.) none of them came to Prato seeking for work, vi.) 72% are strongly convinced that the next generation will be involved in family businesses and will remain in Italy; vii.) they experienced the negative effects of the crisis, but suffered less compared to Italian enterprises, since their capital investments were not connected to the regional and national economy; viii.) they consider not only the Made in Italy not making a significant role in the Chinese market, but also textile and

⁸⁹ See chapter cultural approach, chapter II.

clothing products produced in Italy with non-Italian textiles. Most of them said that Chinese products are extremely important for the Chinese market. 98% said that their main goal market is the international market (98%) or the Italian market (88%); ix) most of them consider that language is not a barrier or an opportunity.

One further cultural aspect about the Chinese culture is the *laoban* term. Laoban or “bosses” are entrepreneurs or independent owner-managers of small and medium-dimensional enterprises. According to Ichiro Numazaki’s work (1997) entitled “The Laoban-led development of business enterprises in Taiwan: An analysis of the Chinese entrepreneurship”, he considers a laoban a Schumpeterian entrepreneur, and states that he/she may not be a technological innovator but definitely an organizational innovator. This is by being able to reallocate capital from dying industries to rapidly expanding ones, and to open up new markets and secure new suppliers of resources through complex subcontracting networks, creating in this way flexible production. Secrets specified in this paper explains that the success of a laoban comes from their skillfully use of personal networks or *guanxi*⁹⁰. In Chinese society, guanxi means a relationship based on a certain shared commonality such as kinship ties, the same surname, same place of origin, same year of birth, same school background, and so forth (Ichiro Numazaki; 1997). The wide network of guanxi is also the base when forming a partnership, as prospective partners are usually drawn from this wide network such as family and lineage, friends and village folks, and so forth (Numazaki 1992, 1993). The most common type are partnerships among family members such as brothers and cousins. But guanxi is also mobilized to find suitable partners.

The other side of the mixed embeddedness model refers to the structural factors that can be political and economic that assisted Chinese entrepreneurship. If we apply the various models explored in chapter II on our case study, we can state that the main structural factor behind this entrepreneurial level is the *global market change effect*. It was not by chance that this chapter commenced with an introduction of the textile-clothing industry at a global level. As previously noted, this was highly due to principle evolutions happening at a global level, such as the gradual elimination to a complete multilateral liberalization of

⁹⁰ For further explanation see Appendix 2 to this dissertation.

quotas in 2005, as specified in the Agreement on Textiles and Clothing that existed under the multi-Fibre Agreement (MFA). This adds to other factors such as China's high vertical specialization, making them able to carry out almost all processing phases of the products they export; and China's adaptation to the new supply chain, and to satisfy the current global demand of large commercial lean retailing stores by achieving full production in large volumes and in a short time. Furthermore, the tougher global competition is forcing continuous laoban to internationalize business activities.

On the other hand, other essential structural factors such as the legal framework and the local general market condition affected both Chinese and Italian-run businesses. Firstly, *legal framework*, out of local rigid regulations and rules, a significant problem faced and sometimes evident to the eyes of the economy is the rise of unauthorized Chinese businesses and its impact on labor markets and national population statistics. The problem aggravates even more since the local government is aware of such occurrence. Secondly, *local general market condition*, the Chinese-owned enterprises did suffer the financial crisis just as natives but slightly less, in fact, our case study reveals that 38% of total Chinese-run businesses has closed between 2005 and 2010. If we compare this percentage at Italian level, we find that 42% of total Italian-owned enterprises has closed.

On the other hand, if we look at structural factors that did not seem to affect Chinese-owned businesses neither positively nor negatively is access to capital and discrimination . Firstly, *access to credit*, most Chinese entrepreneurs often get their capital for start-ups from family links and networks, and therefore not connected to the national economic system⁹¹. Secondly, *discrimination*, this case is an interesting one since discrimination can represent a strong factor that negatively affects immigrant entrepreneurship and therefore, their intention to stay. But, this theory holds untrue in a case of a niche concentration. Data reveals that Chinese entrepreneurs are constantly increasing and there are no signs of cultural hostility such as boycott acts or similar.

⁹¹ This conclusion has been drawn after an interview with a member from Fictem-CGIL, and also based on the results of Santini, Rabino, Zanni's survey on Chinese immigrants socio-economic enclave in an Italian industrial district: the case of Prato.

We can finally attempt to answer the question previously posed and draw a conclusion that the case of Chinese entrepreneurship in the province of Ferrara can be at its initial phase for an ethnic niche creation.

CONCLUSIONS

Immigrant entrepreneurship is clearly a multi-faceted phenomenon rooted from international migration. It does not prove to be any simpler than the latter in terms of further research needed on cultural, social, economic and political sides. Immigrant entrepreneurship varies among immigrant groups due to asymmetries in resources and structure of opportunities they encounter at arrival. The complexity reaches its peak when these two combine. Main structural changes influencing immigrant entrepreneurship in a certain location are changes in international or local market conditions, legal framework, capital accessibility, and degree of competition. The structure of these opportunities also differ at global, national, regional and local levels which gives the necessity to analyze each one of them separately. The other crucial elements that come into this scene, and that proved to highly affect the entrepreneurial path of some immigrant groups more than others, is unquestionably the cultural side of the story. Some immigrant groups who share common cultural traits can have tangible or intangible resources that facilitate their propensity to become entrepreneurs.

This dissertation has contributed to immigrant entrepreneurship literature and identified nine types of immigrant markets, in relation to type of consumers and product line involved. The *ethnic enclave*, *ethnic enterprise*, *open enterprise*, *intermediary enterprise*, *refuge enterprise*, *under-served enterprise*, *special enterprise*, *niche enterprise* and *subcontracting enterprise*. Each of these markets differ from the other proving once again that we are dealing with a many-sided phenomenon.

New lines of research show that not only certain immigrant groups can be more entrepreneurial in their behaviors than other immigrant groups, but if different cultures or genders are more prone to entrepreneurship, we might be expecting that certain nationalities, or immigrant groups, or genders to have higher rates of entrepreneurship. Constant changes in terms of demand and supply may also affect the *orientation* of these groups, by making future younger generations more *externally* orientated than older ones, by breaking-out the limits of traditional markets.

Main conclusions deriving from the case study is that Chinese immigrant entrepreneurship model relies in that economic space between the concentration of *subcontracting enterprises* and an *ethnic niche*. It can also be interpreted as an initial starting point for an ethnic niche formation. The key word here is the concept of “specialization”. Meaning that Chinese group members are concentrated in a specific location, and with a specific product line target, which they defend from outsiders. This model can be certainly explained under the *mixed embeddedness model*, as it highly relies on the combination of cultural heritage and social capital at a transnational level, together with structural elements that changed their role in local and international markets.

Further statistical finding of this study highly demonstrates how this relevant phenomenon in economic and financial terms is governed in a rather weak institutional context. The role of local governments and institutions of main regions of new immigrant entrepreneurship is crucial. Even if this dissertation showcased various exemplary models such as that of the *CNA World-Dedalo* in Turin, and *ExtraBanca di Milano*, and a very innovative type of policy that is the *Talea summer school* in Milan, the regulatory framework and policies in Italy are still considered limited and unclear in nature. It has been described as an irrational and unpredictable bureaucracy (Magatti and Quassoli 1999). Thus, this situation may form many types of barriers, leading to lower rates of integration, and therefore, hinder economic growth. For this reason, this phenomenon requires more consideration in terms of creating an environment that assists these new entrepreneurs in local development; and making them also act as connective elements for the construction of efficient and competitive enterprise strategies. In order to create such milieu for these entrepreneurs, “specific” tools are required. Therefore, having well-structured, clear and specific laws on immigrant entrepreneurship, together with an intensification of policies that must be diversified and “specifically” targeted, all assist in creating a solid socio-economic environment as a whole, for both immigrant and native-run businesses.

Additional recommendations can certainly be addressed also at an international level, through strengthening and starting new socio-economic relations between immigrant entrepreneurs and their countries of origin, through the promotion of industrial policies,

supporting the exchange of knowledge, technology and partnerships between the host and source countries.

REFERENCES

Abowd J.M., Freeman R.B. (1991) 'Immigration, Trade and the Labor Market', NBER, University of Chicago Press, Chicago.

Adams R. (2003 b) "International Migration, Remittances and Poverty in Developing Countries", World Bank Policy Research Working Paper No.3179

Borjas G.J. (1987) 'Self-Selection and the Earnings of Immigrants', American Economic Review, 77, pp.531-553.

Borjas G.J. (1995 a) 'Immigration and Welfare, 1970-1990', Research in Labor Economics, XIV, pp.251-280

Borjas, G.J. (1995 b) 'The Economic Benefits from Immigration', Journal of Economic Perspectives, 9, pp.3-22

B. Lindsay Lowell (2007), 'Trends in International Migration Flows and Stocks, 1975-2005', OECD Social, Employment and Migration working paper no. 58.

Ceccagno, A., (2003) 'New Chinese immigrants in Italy', International Migration, Vol 41, No. 3, pp. 198-213.

Castles, S. 2000, 'International Migration at the Beginning of the Twenty-first Century: Global Trends and Issues', in: International Social Science Journal, Vol. 52

Cesareo V. (2007), 'Immigrants Regularization Processes in Italy. Analysis of an Emblematic Case', Polimettrica/Fondazione ISMU.

Colombo A., Sciortino G (2004), 'Gli immigrati in Italia', il Mulino.

Doen, M.L., Nijkamp, P, Rietveld, P., Gorter. C (1999), 'Ethnic entrepreneurship and migration: a survey from developing countries', Spellbound Publications.

Donati, P. (2008), 'Oltre il multiculturalismo. La ragione relazionale per un mondo commune', Laterza.

Barberis, E. (2008), 'Imprenditori immigrati. Tra inserimento sociale e partecipazione allo sviluppo', Ediesse.

Bellandi, M. (1996) 'Innovation and change in the Marshallian industrial district', European Planning Studies, Vol. 4, No. 3

Borjas G.J. (1999b) 'The Economic Analysis of Immigration', in O.C. Ashenfelter e D. Card, Handbook of Labor Economics, 3A, 28, North Holland, Amsterdam

Borjas G.J., Freeman R. (1992) 'Immigration and the Workforce', NBER, University of Chicago Press, Chicago

CCMI, 'The future of the textile, clothing and footwear sectors in Europe', European Economic and Social Committee , 2008.

Denison D. R., 'Organizational Culture and Organizational Effectiveness: A Theory and Some Preliminary Empirical Evidence', School of Business Administration, University of Michigan, 1989.

De Bartolo G. , 'Immigration in Italy: the Great Emergency'. Contributo a PAA-Population Association of America, New York, 29-31 marzo 2007.

Directorate General Enterprise and Industry of the European Commission, Report (2008), 'Entrepreneurial Diversity in a Unified Europe: Ethnic Minority Entrepreneurship / Migrant Entrepreneurship'.

Faini R., Venturini A. (1993) "Trade, Aid and Migration, Some Basic Policy Issues", European Economic Review, 37, pp.435-442

Fondazione Ethnoland (2009), 'Immigrati Imprenditori. Analisi del fenomeno. Analisi, storie e prospettive', Idos.

Freddi D. (2010), 'Trasformazione o declino? Evoluzione e sviluppo del tessile-abbigliamento-calzaturiero in Emilia-Romagna', IRES Emilia-Romagna.

Friedberg R.M., Hunt J. (1995) 'The Impact of Immigrants on Host Country Wages, Employment and Growth', Journal of Economic Perspectives, 9, pp.23-44

Guardia N. D., Pichelmann K. (2006), 'Labour Migration Patterns in Europe: Recent Trends, Future Challenges', European Commission, Directorate-General for Economic and Financial Affairs.

Hildegunn Kyvik Nordås, 'The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing', 2004.

Hunt J., 'How Much Does Immigration Boost Innovation?', Forschungsinstitut zur Zukunft der Arbeit Institute for the Study of Labor, 2009.

Ichiro Numazaki, 'The Laoban-led development of business enterprises in Taiwan: An analysis of the Chinese entrepreneurship', The Developing Economies, XXXV-4 (December 1997).

Italian National Contact Point within EMN - IDOS. (2004) 'The impact of immigration on Italy's society', European Migration Network EMN.

Joseph E. Stiglitz, 'Peer Monitoring and Credit Markets', World Bank Economic Review, 1990: Vol. 4, No. 3, pp. 351-66.

Kloosterman R. (with Joanne van der Leun and Jan Rath), (1999), 'Mixed embeddedness, migrant entrepreneurship and informal economic activities', International Journal of Urban and Regional Research, 23:2: 253-67.

Kloosterman, R.. (2010) 'Matching opportunities with resources: A framework for analyzing (migrant) entrepreneurship from a mixed embeddedness perspective', Entrepreneurship and Regional Development: An International Journal, pages 25-45.

Kloosterman, R. and Rath, J. (1999) 'Mix Embeddedness, (in)formal economic activities and immigrant, business in the Netherlands', International Journal of Urban and Regional Research, Vol. 23, No. 21, pp.253–267.

Kloosterman, R. and Rath, J. (2003) Immigrant Entrepreneurship, Venturing Abroad in the Age of Globalization, University of New York Press, NY.

L. Adida C. (2006), 'Beyond the Immigrant Ethnic Economy: A Network Theory of Socio-economic Wellbeing', Stanford University.

Laj S, Corossacz V.R., (2006), 'Imprenditori immigrati: Il Dibattito Scientifico e le Evidenze Empiriche dell'Indagine ISFOL', Monografie sul Mercato del lavoro e le politiche per l'impiego – Isfol – Istituto per lo sviluppo delle formazione professionale dei lavoratori.

Léo-Paul Dana (2007), 'Handbook of Research on Ethnic Minority Entrepreneurship: a Co-evolutionary View on Resource Management: Entrepreneurship, Ethnic Entrepreneurship, Ethnic Minorities, Minority Business Enterprises', Edward Elgar.

Massey D.S. (2003), 'Patterns and Processes of International Migration in the 21st Century', Conference on Migration in Dynamic Perspective, South Africa.

McEvoy D., 'International perspectives on Ethnic Minority Enterprise: The Work of the EU Fourth Framework Network on Immigrant Businesses', Liverpool John Moores University, DTI Conference Centre London, 1st May 2001

Migration and Remittances Factbook (2011), The International Bank for Reconstruction and Development / The World Bank.

Mosca F. (2010), 'Italiani e Stranieri nelle imprese ferraresi – relazioni e configurazioni sociali', Provincia di Ferrara.

Nikolova, Viktoriya and Bargar, Michael S. (2010) "Determinants of Self-Employment in the United States," Undergraduate Economic Review: Vol. 6: Iss. 1, Article 2.

OECD (2010), 'Entrepreneurship Migrants', Report by the OECD Working Party on SMEs and Entrepreneurship. OECD.

Oliveira, C.R. (2007) 'Understanding the diversity of immigrant entrepreneurial strategies', in Dana, L.P. (Ed.): Handbook of Research on Ethnic Minority Entrepreneurship: A Co-evolutionary View of Resource Management, Cheltenham, U Edward Elgar, Cheltenham, United Kingdom.

Poma. L. 'Oltre il distretto: Imprese e istituzioni nella nuova competizione territoriale', 2003. Franco Angeli, 2003.

Portes, A. and DeWind, J. (2004) 'A cross Atlantic dialogue: the progress of research and theory in the study of international migration', *International Migration Review*, Vol. 38, No. 3, pp.828–851.

Portes, A. and Manning, R.D. (1986) 'The immigrant enclave: theory and empirical examples', in Olzak, S. and Nagel, J. (Eds.): *Competitive Ethnic Relations*.

Rath J, Kloosterman R. (2000), 'Outsiders' business; A critical review of research on immigrant entrepreneurship', *International Migration Review* 2000, 34(3): 657-681.

Rath J. (2006), 'Immigrant Entrepreneurship: Creating New Opportunities', UN Symposium on International Migration and Development, Turin, June 30, 2006).

Rath. J. 'Immigrant entrepreneurs in advanced economies: mixed embeddedness further explored', *Journal of Ethnic and Migration Studies*, 2001, 27 (2).

Rath, J. (2002) *Unravelling the Rag Trade: Immigrant Entrepreneurship in Seven World Cities*, Beg, Oxford.

Rath, J. (2006) 'International symposium on international migration and development', UN/POP/MIG/SYMP/2006, 16 June 2006, pp.1–10.

Rostow W.W (1960), 'The Stages of Economic Growth: A Non-Communist Manifesto, London,' Cambridge University Press.

Rystad G. (1992), "Immigration History and the Future of International Migration", *International Migration Review*, Vol. 26, No. 4 (Winter, 1992), pp. 1168-1199.

Stark O., (1991) 'The Migration of Labour, Cambridge', MA: Basil Backwell.

UN (2002), International Migration Report, Department of Economics and Social Affairs, New York, pp.1-74.

Stark O. Bloom D. (1985), 'The new economics of labour migration', American Economic Review, No.75, pp.173-178.

Stark O. (1991) The Migration of Labor, Basil Blackwell, Cambridge

Stark O. (1984) "Rural-to-urban Migration in LDCs: a Relative Deprivation Approach", Economic Development and Cultural Change, 32, pp.475-486

Stark O., Taylor J.E. (1991) "Migration Incentives, Migration Types: The Role of Relative Deprivation", The Economic Journal, 101, pp.1163-1178

Valdez Z (2002), 'Ethnic Entrepreneurship: Ethnicity and the Economy in Enterprise', The Center for Comparative Immigration Studies CCIS, University of California, San Diego.

Waldinger, R.R., Aldrich, R., Ward, R. and Associated (1990) Ethnic Entrepreneurs: Immigrant Business in Industrial Societies, Sage, Newbury Park.

Waldinger R., 'Networks and niches: the continuing significance of ethnic connections', Cambridge University Press, pp. 342-362, 2005.

Waldinger, R., Aldrich, A. and Ward, R. (2000) 'Ethnic entrepreneurs', in Swedberg, R. (Ed.): Entrepreneurship, Oxford University Press.

Zolbert, A. (1989) 'The next waves: migration theory for a changing world', International Migration Review, Vol. 23, pp.403-430.

ADDITIONAL STATISTICAL SOURCES

Chamber of Commerce of Ferrara, <http://www.fe.camcom.it/>

Consiglio Nazionale dell'Economia e del Lavoro (2010), VII Rapporto - Indici di integrazione degli immigrati in Italia”.

Consiglio Nazionale dell'Economia e del Lavoro 'CNEL' www.cnel.it/

Eurostat, <http://europa.eu.int/comm/eurostat>

International Labour Organization 'ILO' www.ilo.org

International Organization for Migration 'IOM', <http://www.iom.int/>

IOM (2003), World Migration 2003, Vol. 2, IOM World Migration Report Series, Geneva.

Istat, www.istat.it

IOM (2005), World Migration 2005: Costs and Benefits of International Migrations, IOM, Ginevra.

Infocamere, www.infocamere.it/

Ministero del Lavoro e delle Politiche Sociali, www.lavoro.gov.it/

Organisation for Economic Co-operation and Development 'OECD', www.oecd.org

Osservatorio sul Sistema Moda, 2006. Italian Textile Fashion.

Rapporto immigrazione (2010), in CARITAS/MIGRANTES, Dossier Statistico 2010, XX Rapporto, Roma, Idos.

Rapporto Unioncamere (2005), Centro Studi Unioncamere, pages 15-18.

Rapporto Unioncamere (2006), Centro Studi Unioncamere.

Rapporto Unioncamere (2007), Centro Studi Unioncamere, pages 31-36.

Rapporto Unioncamere (2008), Centro Studi Unioncamere.

Rapporto Unioncamere (2009), Centro Studi Unioncamere, pages 211-229.

Rapporto Unioncamere (2010), Centro Studi Unioncamere, pages 315-341.

Rapporto immigrazione (2008), in CARITAS/MIGRANTES, Dossier Statistico 2008, XVIII Rapporto, Roma, Idos.

Rapporto Immigrazione (2007), in CARITAS/MIGRANTES, Immigrazione. Dossier statistico 2007. XVII Rapporto, Roma, Idos.

Rapporto Immigrazione (2006), in CARITAS/MIGRANTES, Immigrazione. Dossier statistico 2006. XVI Rapporto, Roma, Idos.

Rapporto immigrazione (2009), in CARITAS/MIGRANTES, Dossier Statistico 2009, XIX Rapporto, Roma, Idos

United Nations, www.un.org

United Nations Development Program, www.undp.org

United Nations Educational, Scientific and Cultural Organization, www.unesco.org

World Bank 'WB', www.worldbank.org

APPENDICES

Appendix 1

The following information was extracted and translated into English from TAVOLA DI
RACCORDO ATECO 2007

The following information makes reference only to ATECO CODES 13, 14, 15

ATECO CODE TABLES 2007

13 TEXTILE INDUSTRY

13.1 PREPARATION AND SPINNING OF TEXTILE

13.10 Preparation and spinning of textile fibers

13.2 WEAVING

13.20 Weaving

13.3 TEXTILE FINISHING

13.30 Finishing of textiles, wearing apparel and similar activities

13.30.0 Finishing of textiles

13.9 OTHER TEXTILE INDUSTRIES

13.91 Manufacture of knitted fabrics

13.92 Manufacture of textile articles (excluding
clothing items)

13.92.1 Manufacture of bedding, linens, tableware and decoration

13.92.2 Manufacture of textile materials nca

13.93 Manufacture of carpets and rugs

13.93.0 Manufacture of carpets and rugs

13.94 Manufacture of cordage, rope, twine and netting

13.94.0 Manufacture of cordage, rope, twine and netting

13.95 Manufacture of nonwovens and articles thereof (excluding clothing)

13.95.0 Manufacture of nonwovens and articles thereof (excluding
clothing)

13.96 Manufacture of industrial and technical textiles

13.96.1 Manufacture of tapes, labels and trimmings of textile fibers

13.96.2 Manufacture of other industrial and technical textiles

13.99 Manufacture of other textiles nca

13.99.1 Manufacture of embroidery

13.99.2 Manufacture of tulle and laces

13.99.9 Manufacture of felt and other textile articles

14 MANUFACTURE OF CLOTHING

MANUFACTURE OF LEATHER AND FUR

14.1 MANUFACTURE OF CLOTHING (EXCLUDING FUR)

14.11 Manufacture of leather

14.12 Manufacture of workwear

14.12.0 Manufacture of uniforms and other workwear

14.13 Manufacture of other outerwear

14.13.1 Manufacturing of outerwear in a series

14.13.2 Tailoring and manufacturing tailored outerwear

14.14 Manufacture of underwear
14.14.0 Manufacture of shirts, T-shirts, lingerie and other underwear
14.19 Manufacture of other articles of clothing and accessories
14.19.1 Various manufacturing and clothing accessories
14.19.2 sports clothing or special clothing
14.2 MANUFACTURE OF FUR
14.20 Manufacture of articles of fur
14.20.0 Manufacture of articles of fur
14.3 MANUFACTURE OF ARTICLES OF KNITWEAR
14.31 Manufacture of knitted and crocheted hosiery
14.31.0 Manufacture of knitted and crocheted hosiery
14.39 Manufacture of other knitwear
14.39.0 Manufacture of knitted and crocheted pullovers, cardigans and similar articles
15 MANUFACTURE OF LEATHER AND RELATED PRODUCTS
15.1 TANNING AND DRESSING OF LEATHER
 MANUFACTURE OF LUGGAGE, HANDBAGS
 SADDLERY AND HARNESS; DRESSING AND DYEING
15.11 Tanning and dressing of leather; dressing and dyeing of fur
15.11.0 Tanning and dressing of leather; dressing and dyeing of fur 15.12 Manufacture of travel items,
handbags and similar, saddlery and harness
15.12.0 Manufacture of travel items, handbags and similar, saddlery and harness
15.2 MANUFACTURE OF FOOTWEAR
15.20 Manufacture of footwear
15.20.1 Manufacture of footwear

Appendix 2

The following information was extracted from Appendix of the World Review of Entrepreneurship Management and Sustainable Development Vol 7 No1 (2011) Research paper entitled “Chinese immigrants socio-economic enclave in an Italian industrial district: the case of Prato” by Rabino Samuel Santini Cristina Zanni Lorenzo

Exhibit 1

Chinese entrepreneurs’ characteristics, main evidence from previous researches

Chinese entrepreneurs’ characteristics

Chinese cultural heritage	Strong influence of Confucianism	Seow Wah (2001), Lee and Tan (2001)
	Chinese entrepreneurs are influenced by their cultural heritage	Zapalska and Edwards (2001), Stromback and Malhotra (1994), Kirby and Fan (1995)
	Confucianism affects guanxi	Yeung and Tung (1996)
	Is the ‘Chineseness’ that make Chinese people become entrepreneurs	Krug and Laszlo (2000), Fukuyama (1995), Redding (1990)
	Chinese culture is only partially responsible for leading to entrepreneurship; culture can also become a barrier in entrepreneurial behavior	Liao and Sohmen (2001), Whyte (1996)
Strong commitment to family	Family is the essential social unit; business and industrial enterprises are still perceived as an extension of the family system. Family is the first source of capital in start ups	Zapalska and Edwards (2001), Collins (1998, 2002)
Commitment to work	Work is perceived as more important than Leisure	Zapalska and Edwards (2001)

Skills, know how and education	<p>Work is a way to contribute to something worthwhile</p> <p>Entrepreneurs are multiskilled: those Chinese that become entrepreneurs in Italy were accustomed to all sorts of work in China</p> <p>Chinese entrepreneurs from different birthplaces, classes, cultural and religion groups behave differently</p> <p>Knowing the hosting country's language reduces blocked mobility for Chinese</p> <p>Chinese educated in foreign countries tend to start up new business, rather than starting from self employment and then becoming entrepreneurs</p>	<p>Lee and Chan (1998)</p> <p>Ceccagno (2003)</p> <p>Collins (2002)</p> <p>Collins (2002)</p> <p>Liao Sohmen (2001)</p> <p>Lee and Chan (1998)</p>
Desire for autonomy and independence		
Networking and social relations	<p>Network plays a key role in ensuring success for Chinese firms.</p> <p>Guanxi is seen as an extension of family relationships.</p> <p>Relationships among members of the <i>guanxi</i> are regulated by a set of rules.</p> <p>Strong networks among Chinese entrepreneurs in different countries.</p> <p>Networks are easy to create because of <i>guanxi</i>.</p>	<p>Tsang (1998), Yeung and Tung (1996), Lee and Tsang (2001) Bian (2001), King (1985)</p> <p>Batjargal et al. (2002)</p> <p>Butler et al. (2000), Kraar (1994)</p>
Behaviour in decision making	<p>Opportunistic behaviour</p> <p>Risk taking attitude</p> <p>Organisational Collectivism</p> <p>Profit Orientation</p> <p>Reluctance to change</p> <p>Reluctance to take existing business:</p> <p>Chinese entrepreneurs prefer starting new businesses</p>	<p>Seow Wah (2001), Ceccagno (2003)</p> <p>Seow Wah (2001) Zapalska and Edwards (2001) Zapalska and Edwards (2001), Ceccagno (2003) Holt (1997) Collins (2002)</p>

Chinese firms' characteristics

Performances	Uncertainty about the data released by Chinese entrepreneurs who tend to keep their business low profile and do not release information about earnings	Redding (1990) (in Lee and Tsang, 2001)
Growth Capitalisation and capital	Chinese firms tend to remain small Chinese family firms tend to be undercapitalised. There is a strong capital mobility within <i>jiu</i>	Seow Wah (2001) Wong (1993)
Organisation	Decision making power is concentrated in entrepreneur's hands	Wong (1993)