



1506  
UNIVERSITÀ  
DEGLI STUDI  
DI URBINO  
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ECONOMIA, SOCIETÀ', DIRITTO

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Curriculum

ECONOMIA E MANAGEMENT

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CICLO XXXII

TITOLO DELLA TESI

**IMMIGRANT ENTREPRENEURSHIP E SOCIAL EXCLUSION  
INSIGHTS FROM ITALY**

Settore Scientifico Disciplinare: **SECSP/07**

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ANNO ACCADEMICO 2018/2019

## ACKNOWLEDGMENTS

This thesis should not have been written without the help and the support of my supervisor, prof.ssa. Mara del Baldo. I am grateful to her for giving me the opportunity to write on this topic, for her continued support and confidence on me during these years, even during the most difficult moments. Without her patience, encouragement, guidance and support, this thesis would not have been completed.

I am grateful to my co-supervisor, prof.ssa. Maria Gabriella Baldarelli for the trust that had placed in me and for her precious advices.

The completion of this thesis involved many other people. A special thanks goes to the Library of Economics of Urbino University, to all the staff of the Doctoral School, to all professors and the technique staff of Department of Economics, Society and Law of Urbino University, who have helped me during these years.

I also would like to thank the Chambers of Commerce of Pavia and Pesaro Urbino, for supporting me with their data on Immigrant Enterprises.

A special thought goes to my lovely daughter Aurora, who encouraged and tolerate me during these three difficult years for both of us. You are the reason of my life. I love you so much.

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## INTRODUCTION

This study seeks to explore the phenomenon of immigrant entrepreneurship in Italy, with the main objective to explain the factors that influence the decision of immigrants to become entrepreneurs in the host country. The core issue driving this effort is the stated research problem: Are, - and if so how and to what extent, - immigrants decisions to become entrepreneurs related to the degree of social and economic integration in the host country? Are their decisions-driven by other factors, such as culture, attitudes to entrepreneurship, attitudes to take risks?

The reasons that led immigrants to undertake entrepreneurial activities had a strong impact on the development of immigrant entrepreneurship theories. Sociology, anthropology and, recently, labour economics and management studies have contributed to the development of theoretical frameworks addressing the effects of ethnicity and race on entrepreneurship. Much attention has been given to the question whether cultural or structural factors influence the business entry decision and therefore are responsible for the rise of immigrant entrepreneurship. The disadvantage theory and the cultural theory are the first two major theoretical constructs theories which have made the first attempts to analyze the phenomenon.

The disadvantage theory considers that racial exclusion and discrimination erects structural barriers to prevent immigrants from competing with the natives on equal basis in the mainstream economy. As a result, immigrants have two alternatives; to take jobs that natives do not desire anymore or to carve out market niches for themselves, meeting the potential demands for specific goods and services unmet by the mainstream economy (Bonacich, 1973; Zhou, 2004). According to Piore and Doeringer dualist theory of the labour market (Piore and Doeringer, 1971), social discrimination seems to confine immigrants into a particular workplace and consequently into a particular social context. This theory sees entrepreneurship not as a sign of success but as an alternative to unemployment.

The *cultural approach* focuses on the concept of ethnicity; cultural values and elements are the essential determinants of entrepreneurial activity. According to this approach, two distinct hypotheses are formulated. The first one adopts an extreme cultural perspective which argues that people

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belonging to specific ethnic groups have traits and cultural behaviour's that facilitate access to self-employment (Hofstede, 1980; 1991; 2001; Borjas, 1993; Masurel, 2004). The second tempered the cultural question by claiming that members of an ethnic group may use intangible and collective resources that support them in accessing self-employment (Portes, 1980; Lieberon, 1980; Waldinger, et al., 1990).

Under the umbrella of the cultural approach, scholars like Waldinger (Waldinger, et al. 1990, Waldinger, 1996) and Sassen (1991), started to develop the social embeddedness concept, which gives more importance to economic implications, and the fact that economic decisions are influenced by social networks.

On the other hand, the structural approach tends to emphasize the role of external factors that influence the creation and stabilization of immigrant entrepreneurship in the host environment. It relates to social, political and economic circumstances that may offer opportunities to immigrants to start their own businesses.

A further contribution comes from Rath, Klosterman and Van Der Leun with the mix embeddedness concept, a multidisciplinary approach that takes into account the fact that immigrant enterprises depends on both immigrants' skills and resources of immigrant entrepreneurs (human and social capital) as well as on the opportunity structure(s) that are created by the contextual conditions of the place where the business are located (Rath, et al., 1999; Rath and Klosterman 2001; Klosterman, 2010).

This study pays attention to the structural approach, and in particular, to the mixed embeddedness perspective, addressing both economic and socio-cultural factors. Brenner (2004) considered the territorial redistribution of power and economic processes as a continuing interplay between social and economic forces and related instituted processes. This links institutional contexts with societal reception.

The research topic for this thesis stems from a personal experience as a non EU immigrant in Italy. It aims to contribute to the literature on immigrant entrepreneurship in the Italian context, offer useful cognitive elements to improve immigration integration policies and support the development of immigrant enterprises aiming to reduce general barriers to productivity and growth.

The research design has been carried out in five steps. It began with the review of the literature on immigrant entrepreneurship, relevant to the purpose of this research, through a Structured Literature Review (SRL), which helped to better focus on the problem, identify gaps and raise research questions.

The empirical research was based on an explanatory mixed research method and covered a period of

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two years, from 2017 until July 2019. It started with the quantitative research phase, by firstly collecting secondary data (Vartanian, 2010) from the official sources: EUROSTAT, ISTAT, Italian National Chamber of Commerce; Pavia Chamber of Commerce, Pesaro-Urbino Chamber of Commerce. The data served to create a dataset of integration indicators (as suggested from CNEL report 2013) and immigrant entrepreneurship in Italy. Data refers to the year 2017. This choice was due to homogeneity reason as the majority of ISTAT available data, specifically those on immigration, are updated until 2017. The dataset was created at territorial disaggregate level (i.e. four levels: Italy as a whole, its geographic areas, all the regions and all the provinces). Three main dimensions were considered in order to measure the immigrant integration in the Italian context: territorial attractiveness, social dimension and economic dimension (Golini, et al., 2001; Cellini, and Fideli, 2002; CNEL, 2013). The outcome of interest was the measure of the growth of entrepreneurial activity of Extra EU immigrants in Italy and its relationship with the host country integration factors. Two multivariate regression models were separately estimated by the ordinary least squares (OLS) technique: regional model and provincial model.

Subsequently, the empirical research continued with the qualitative phase, following the constructive grounded theory (CGT) guidelines. The data gathered from Pavia and Pesaro - Urbino Chambers of Commerce served as a pool for the selection of interviews. It consisted in face-to-face semi structured interviews over two provinces (Pavia and Pesaro -Urbino) of 10 immigrant entrepreneurs (5 for each province), randomly selected. The outcome of interest was to allow people reflect on the phenomena of their immigration experience, immigrant identity, their settlement in Italy, their studies, work experience - previous and after immigration- their decision to become entrepreneurs, their company mission and vision. It ended up with the *Constructed Theory of Immigrant Entrepreneurship Development in the Italian context*.

The empirical research was finalized with the integration point of quantitative and qualitative research phases.

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## THESIS OUTLINE

This thesis is articulated in six chapters. The first chapter reviews the literature on immigrant entrepreneurship studies and its developments to date. It starts with the definition of the concept of “immigrant entrepreneurship” and the distinction between various terms and concepts and between entrepreneurs and self-employed people. It then describes the immigrant entrepreneurship phenomenon through different reference models and approaches.

The second chapter explains the method adopted in this study. It starts with a focus on the research problem and research questions of the study, as driven forces on choosing a mixed method approach. It continues with the research design of the study, its steps and its applications.

The third chapter summarizes the main trends, policies and empirical evidence regarding immigration in Europe in general and Italy in particular. First it provides a descriptive evidence on long-term immigration trends and current characteristics of the immigrant populations in various important World and European countries. Second, it describes the development and trends of Immigration in Italy, addressing attention on non EU immigrants. In addition it points out some integration and social exclusion factors. Subsequently, the chapter analyzes the role of immigrants in Italian economy, focusing on Immigrant Entrepreneurship. The demographic distribution and principal sectors of activities are pointed out. Evidence of the persistence of self employers and small medium size enterprises among immigrant entrepreneurs was found.

The fourth chapter describes the results of the quantitative methodology phase. It starts by giving an overview of the sample used in the quantitative research phase, and its validation by the literature framework perspective. It follows with the description of the two multivariate regression models: regional and provincial levels. Subsequently, the results of the models are described, findings are highlighted and discussed.

The fifth chapter describes the results of the qualitative research phase. It summarizes the CGT process and present its results, for each phase, until the definition of the emerged theory of *Immigrant Entrepreneurship development in the Italian context*. It lays on three major categories, emerged from the analysis of data derived from the experience of immigrant entrepreneurs and on researcher’s interpretation of the studied phenomenon.

The sixth chapter describes the integration point of the quantitative and qualitative research phase. It highlights the main findings, points out the limitations and future research perspectives.

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PART I

## CHAPTER I

### LITERATURE FRAMEWORK ON IMMIGRANT ENTREPRENEURSHIP EXPLANATORY MODELS

*The chapter reviews the literature on immigrant entrepreneurship studies and its developments to date, relevant to this research, gathered through a Structured Literature review (SRL) method. It starts with the definition of the concept of “immigrant entrepreneurship”, and the distinction between its various terms and concepts, as well as the distinction between entrepreneurs and self-employed people. Then it describes the immigrant entrepreneurship phenomenon through different reference models and approaches, namely from the cultural approach to the structural one - and its developments. A more in-depth look is given to the mixed embeddedness model, as a relevant approach to this study. It provides a useful basis to describe the particularities and attitudes of immigrant entrepreneurship in Italy.*

#### 1.1 Ethnic entrepreneurship and immigrant entrepreneurship: Concepts and definitions

The participation of immigrants in local labour market is one of the most discussed issues in literature, paying particular attention to immigrant workers as job seekers, and only in the last decades focusing on immigrant entrepreneurship as a particular phenomenon. It originated in the United States, where immigrants have been represented in small business activities since 1880 (Barret, 1996), with a relevant contribution to literature starting from 60's, (Zhou, 2004), firstly in sociology and anthropology areas and later it extended in other fields such economics and management. In Europe it has been developed starting by the late 80's, primarily in Anglo-Saxon regions, and subsequently, with the recent flows of immigrations in other European Countries, the preconditions for ethnic businesses

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started to evolve in line with these flows (Doen, et al., 1998; Light and Gold 2000; Rath, et al., 1999; Kloosterman and Rath, 2000; Kloosterman, 2003; 2010; 2014; 2018; Ambrosini, 2005; 2012; Dana et al., 1995; 2008; Krieger, 2011; Aliaga-Risla and Riapl, 2013; Arrighetti, 2014; Barberis, 2008; 2017; 2018; De Luca and Ambrosini, 2019).

The North American origin of studies on this phenomenon had a relevant impact on the theoretical reference models. First of all, it is worth noting a wide recourse to the idea of *ethnicity*. The undervaluation of regulation problems dictated by the American economic liberalism, the marginalization of small-medium enterprises, the optimism of background on the issue of social mobility of the self-made man constitute limits on the generalization of case studies, especially in relation to recent developments in immigrant entrepreneurship in Europe (Engelen 2001).

According to Waldinger:

“an ethnic business is a business whose proprietor(s) has a distinctive group attachment by virtue of self-definition or ascription by others” (Waldinger et al., 1990: 53)

They defined it as:

“a set of connections and regular patterns of interaction among people sharing common national background or migration experiences” (Waldinger et al., 1990: 53).

For Zhou ethnic entrepreneurship encompasses the process of starting and managing businesses, whose

“group membership is tied to a common cultural heritage and is known to out-group members as having such traits” (Zhou 2004: 1040).

In most cases it started as a demand for specific ethnic goods and services, which could only be fulfilled by co-ethnics with knowledge of tastes and buying preferences (Volery, 2007). Immigrants may take advantage of opportunity in an ethnic product (Waldinger et al., 1990).

The terms ethnic businesses, ethnic entrepreneurship, minority entrepreneurship, immigrant entrepreneurship, immigrant entrepreneur, ethnic economy, ethnic minority businesses, have been used interchangeably by researchers. However Butler and Greene (Butler and Greene, 1997) and Chaganti and Greene (Chaganti and Greene, 2002) noted important differences amongst them. They confirm that “immigrants” can be defined as recent achievements in a country, and their survival tools often depend on entering the business. They also state that immigrants can or may not be part of a network linking them with a common source and destination.

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Basu and Altinay ( Basu and Altinay, 2002) define minority entrepreneurs as business owners who do not belong to the majority of population. They explain that a minority is not necessary an immigrant and may not share the sense of group solidarity with the ethnic one, in terms of language, history and culture. Light and Gold treats the term "ethnic economy", defining it as:

“any ethnic or immigrant self-employed group, their co-ethnic employers and their unpaid family workers”  
(Light and Gold, 2000: 3).

Doen (Doen, et al., 1998) agreed that the term *ethnic* indicate principally the origin of immigrants and can be misused in certain contexts, for the fact that persons belonging to an ethnic group do actually come from the same country of origin but each person can come from different cultural backgrounds. For many authors the term *ethnic* is a very restrictive one, which is been understood as entrepreneurial activity based on serving ethnic goods and services only to specific ethnic groups, restricting it in the *ethnic market* (Waldinger et al, 1990). Waldinger (1998) states that immigrants have opportunities to not limit their offer in ethnic products or services, but to serve an open market with a variety of goods.

Volery introduces the term “immigrant entrepreneurs” that include only individuals who have immigrated in the few past decades, distinguished from “ethnic entrepreneurs” (Volery, 2007). The European Commission (EC) argues that:

"*Ethnic minority entrepreneurs* have been understood as entrepreneurs or potential entrepreneurs who are immigrants in the countries concerned. Immigrants are defined as persons who have been born abroad, irrespective of their nationality and whether they are considered ethnic minorities or not in the countries involved. *Immigrants* also includes the offspring of immigrants, the second generation or the native born children of the first generation" (European Union (EU) Commission, 5 March 2008:5).

It considers the term ethnic entrepreneurship only related to businesses of certain immigrant groups, functioning on closed basis with collaborators and clients from that specific group. Instead, the European Commission consider *immigrant entrepreneurship* the opposite of the meaning of *ethnic entrepreneurship*, including

“business runs by immigrants who are not closed to a specific group, but that can operate or not in an open market” (EU, 5 March 2008: 6).

This form of entrepreneurship is characterized by immigrant experiences and their business opportunities, and does not have any connotation that necessarily reflects dependence on ethnic recourses. However, the EU definition, postpone the definition of immigrants or ethnic groups to the

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internal regulations of the member states. As a consequence, data on ethnic minority or immigrant entrepreneurs may not reflect the same phenomenon cross-nationally the EU.

Immigrant-owned businesses can benefit from ethnic resources, without being an integral part of ethnic structures, but as independent subjects (Thomas and Ong, 2015).

The Italian legislation, as an EU member state, adopts the EU definition, but the individuation of *immigrant entrepreneur* or *foreign entrepreneur* is a little more complicated. First of all, the Italian legislation refers to the term *foreigner* and not to *immigrant*. As explained in Chapter III, for the Italian framework, rights and duties of foreigners that in one specific moment are inside the territory of the Italian state, are regulated with the Consolidated Immigration Act of 25/07/1998 n° 286, of 25/07/1998 and the following amendments. This regulatory framework refers to the term *foreigner*, intending as “*foreigners all citizens belonging to a state that is not part of the European Community, the state-less persons, refugees and asylum seekers*”. This classification also includes persons born in Italy from foreign parents, with foreign citizenship (parents who are citizens of a state outside EU).

On the other side, the Italian National Register of Enterprises, established at the Chambers of Commerce, does not make a clear classification or distinction of foreign business owners (entrepreneurs) and Italian ones, classifying them only according to the country of birth. As a result, from national registers we can have classified as foreign entrepreneurs, Italian citizens who are born abroad or foreigners who have gained the Italian citizenship. On the other hand, we can have foreign entrepreneurs classified as Italian one, for the fact that are born in Italy (second generation of immigrants). These limits persist in the current Italian literature framework on immigrant entrepreneurship (Ambrosini 2005, 2012; Arrighetti 2014), as well as in this research.

For the purposes of this research, the term *immigrant entrepreneurship* and *immigrant entrepreneur* are used, in accordance to the EU definition (EU, 2008), referred to all enterprises, those entrepreneurs are born outside Italy, classifying them in EU entrepreneurs all the persons who are born in an EU member state, and not EU entrepreneurs all the others.

As the previous literature in this field has used terms like *ethnic entrepreneurship*, *ethnic businesses*, *minority entrepreneurship*, *immigrant entrepreneurship*, *immigrant entrepreneurs*, *ethnic economy*, *ethnic minority businesses*, *ethnic minority entrepreneurship*, existing theories and studies on this phenomenon are applicable to the analysis of immigrant entrepreneurs and immigrant entrepreneurship carried out in this research. When used in this context, they do not relate to the above discussion and are purely the operational definitions used by the author and the particular study being discussed at that time.

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A further fundamental distinction to be taken into consideration is the dissimilarity between *entrepreneurship* and *self-employment*. The meaning of these two terms highly depends on the regulatory regime in each country, too. Codagnone (2003) 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. According to the International Labour Office (ILO):

“Those...who, working on their own account or with one or a few partners or in cooperative, hold the type of jobs defined as a “self-employment jobs.” i.e. jobs where the remuneration is directly dependent upon the profits derived from the goods and services produced. Self-employed workers include four sub-categories of employers, own-account workers, members of producers’ cooperatives, and contributing family workers” (ILO, 2014: 13).

They have adopted the Organization for Economic Co-operation and Development’s (OECD) definition of *self-employment* as:

“anyone who works for himself or herself but not for anyone else, except under arm’s length contract” (OECD, 2001: 23).

In other words, the *self-employed* term 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 definition of entrepreneurship has been widely debated in the literature. The lack of consensus on its definition may be attributed to the fact that the concept is multidisciplinary (Hebert & Link, 2009; Peneder, 2009) as it is linked to the fields of sociology, psychology, business management and economics. Hills (Hills, 1994) expound entrepreneurship as a process, indicating that it takes place in different environments and settings and which causes changes in the economic system through innovations brought about by individuals who generate or respond to economic opportunities to create value for both individuals and the society. Shane and Venkataraman (2000) define entrepreneurship as a process through which opportunities to create future goods and service are discovered, evaluated and exploited. In this context, the entrepreneur is defined as the individual who discovers, evaluates, and exploits opportunities.

These definition are just some of many definitions of entrepreneurship. None of them gives a comprehensive definition (Iakovleva, 2002), but innovation and risk-taking are the important features that are emphasized in most of them. As a consequence, relevant defining questions, such as whether an individual tries to start-up a new business or to be self-employed are used to identify entrepreneurship activities (Crothers, 2002). However, it should be noted that the terms *self-employed* or *entrepreneur* are used interchangeably by researchers in many studies, also due to the fact that national regulatory regimes and statistical registers do not distinguish between the two. For the same

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reasons, both terms are used in this research. The self-employed term is used only for individual firms, while the term immigrant entrepreneur is used both for individual firms (self-employed persons) and immigrants who own corporate enterprises.

## 1.2 Why immigrants become entrepreneurs? Structural versus Cultural approach

One of the major questions related to studies on immigrant entrepreneurship rests on defining the reasons and conditions that affect immigrants to become entrepreneurs. The first attempts at responding to this question were based on the cultural approach, focusing on the concept of *ethnicity*, where values and cultural elements are the 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.

According to this approach, two distinct hypotheses are made. The first one adopted an extreme cultural perspective which argues that people belonging to specific ethnic groups have traits and cultural behaviours that facilitate access to self-employment (Hofstede, 1980; 1991; 2001; Borjas, 1993; Masurel, 2004). In this case, immigrant attitudes and skills on entrepreneurship have been brought with them from their home country, or handed down by parents or community in an early age as a way of life. Family is the primary institution for grooming entrepreneurial skills (Borjas, 1993). Consequently, ethnic resources are regarded as fundamental to ethnic identity. Masurel added other characteristics as the devotion on the hard work, the sense of belonging, loyalty and high orientation to self-employment (Masurel, 2004). The second tempered the cultural question by claiming that members of an ethnic group may use intangible and collective resources that support them in accessing self-employment (Portes, 1980; Lieberman, 1980; Waldinger, et al., 1990). The main pivot of this line of studies is constituted by the theorization of the so-called *ethnic economy* which takes into consideration cultural traits of a group toward an entrepreneurial activity and sectorial specialization, through the use of human resources (employees, collaborators) and relationships (acquisition of information, supply relationships and customers), all internal to the belonging ethnic community.

Two essential theories are developed through this approach: *ethnic enclave* and *ethnic niche*. The first (*ethnic enclave*) refers to a small and much closed group defined as “a geographically district and a self supporting market generating a variety of inputs and outputs” (Portes, 1980). In his position, Portes

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affirm that the spatial concentration of an ethnic group allows the creation of one's own business. Being embedded in such an enclave facilitates economic development among its ethnic group members and determines collaborations based on solidarity and trust (Barberis, 2008). In short, it is a self-sufficient economy, which would stand alone on the endogenous resources of the reference community, since the resources of the group reduce costs and entry barriers into the markets, shaping socio-economic relationships with the resources of trust and confidence (Ambrosini, 2005).

Due to several critics on this theory, especially on the identification of a spatial position of the ethnic group, the *ethnic niche* theory was developed. Lieberman stated that the most radical ethnic groups tend to develop concentration in certain jobs and sectors (Lieberman, 1980). An *ethnic niche* shows that cultural characteristics act as a business strategy, which creates and maintains motivations and opportunities only for its members. In simpler terms, niches are based on the idea that cultural specifics lead to a segment or a specialized type of market or a business sector, excluding its non-members, and this process continues to develop from one generation to the other, until the niche is saturated. Arriving at the saturating point, new immigrants tend to create a new niche following the traces of the first one.

Under the umbrella of cultural approach, scholars like Waldinger et al (1990; 1996) and Sassen (1991), started to develop the social embeddedness concept, which gives more importance to economic implications, and the fact that economic decisions are influenced by social networks. A further contribution comes from Kloosterman and Rath (2000) with the mix embeddedness concept, who state that entrepreneurs are involved in various social networks from which they take advantage, and support their co-ethnics with access to information, capital and labour force. Despite the successive interventions, therefore, the cultural approach in explaining immigrant entrepreneurship presents some weaknesses and theoretical inconsistencies. They are considered as:

- potentially assimilative (the ethnic economy is seen as a first step towards inclusion in the mainstream market);
- reductionists, outlining general theories on particular cases (those of homogeneous groups and companies placed on restricted territorial areas), and in protected markets of which however, relationships with the economic system are not analyzed in their complex (Engelen, 2001);
- diversified theories, because they use ethnicity as an explanatory key, making a clear distinction of the *ethnic group* from the rest of society, without analyzing the interconnections (Barberis, 2008).

In conclusion, cultural approach tends to explain the entrepreneurial attitudes of immigrants based principally on cultural factors of the ethnic group or family in which they belong to, without taking into consideration the possible market transformations or the expanding of successful entrepreneurs in other markets and not limited to the ethnic one.

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On the other side, the structural approach tends to emphasize the role of external factors that influence the creation and stabilization of immigrant entrepreneurship in the host environment. It relates to social, political and economic circumstances that may offer opportunities to immigrants to start their own businesses. Many of studies developed under this approach (Ardagna and Luardi, 2008; Razin, 2002; Doen, et al., 1998) places the role of the immigrant self-employed in the context of transformations of post industrialism era: the disintegration of the mass production and the fragmentation of the demand for goods and services has opened the space for new entrepreneurs and increased the role of small businesses and networks linked together not necessarily by only economic factors. From this point of view, the contribution of Sassen (1991) is of a particular importance. It frames the role of self-employed immigrants in the evolution of urban economies, which requires forms of deregulated poor activity and labour-intensive as a necessary prerequisite for the creation of global networks. According to this perspective immigrant entrepreneurship would then be seen as self-employment rather than as entrepreneur. This approach does not consider the cultural traits of the ethnic group but takes in consideration the ethnic enclave with a higher level of competitiveness and law entry barriers. In this context, the immigrants enterprises would base their competitiveness.

"on the ability to keep low costs, first of all low labour costs based on long hours and low payments, on versatility and availability toward the clients" (Ambrosini 2005: 5).

According to Zhou (Zhou, 2004) the ethnic enclave possesses the potential to develop a distinct structure of economic opportunities as an effective alternative path to social mobility.

The market conditions and the entry barriers are the crucial factors of the structural approach, based on which immigrants can choose to be entrepreneurs or labours. Newly arrived immigrants prefer to become entrepreneurs in regions characterized by high job competition and low levels of financial and regulation barriers, and the contrary in other cases. Other important factors are the economic disadvantage and difficulties on finding a good job. As the immigrants encounter unfavourable situations such as job discrimination in the receiving region, they may tend to be orientated in the entrepreneur activities. This line of argument is in accord with the "block mobility" theory, according to which immigrants and the local-born workers do not encounter similar labour market circumstances (Piore and Doeringer, 1971; Light, 1972; 1987; 1998). The selection criteria, in an ideal reality, is based largely on education, merit, and transparent rules, but in practice we also have a hidden rule where ethnicity and nativity play an unfavorable role eliminating immigrants' opportunities to be accepted in the formal sector, forcing them into entrepreneurial activities (Doen, et

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al., 1998). This approach argues that the situation in the receiving society is a prime cause for immigrant's engagement in entrepreneurial activities (Cole, 1959).

The *disadvantage theory* considers that racial exclusion and discrimination erects structural barriers to prevent immigrants from competing with the natives on equal basis in the mainstream economy. As a result, immigrants have two alternatives: 1) to take jobs that natives do not desire anymore or 2) to carve out market niches for themselves, meeting the potential demands for specific goods and services unmet by the mainstream economy. Historically, anti-Semitism and legal exclusion of Jews from landownership and skilled-works guilds in Europe forced the Jews into the position of a middleman trading minority as peddlers, shopkeepers, and money lenders (Bonacich 1973, Zhou 2004). The structural perspective, under the disadvantage theory, considers the act of entrepreneurship among immigrants not as a sign of success, but a survival mechanism to avoid unemployment in the primary labour market. Accordingly, this theory assumes discrimination as a push motivation towards self-employment and entrepreneurship. This perspective highlights that inadequate host language skills, non-recognized education qualifications, legal restrictions, racism, or limited knowledge of local culture can lead to discrimination, which in turn creates impediments, barriers or inability to compete with natives in equal terms in the labour market. As a result, these structural barriers encourages immigrants to be pushed (rather than pulled) towards entrepreneurship (Clark and Drinkwater, 2000). By creating their own job, immigrant entrepreneurs may be able to avoid some of these discriminatory obstacles (Kloosterman and Rath, 2003; Phizacklea and Ram, 1995).

Aldrich, Waldinger and Ward in their study tried to explain cultural and structural approach through their *interactive model of opportunities* (Waldinger, et al., 1990). According to them, immigrant entrepreneurship can also be explained on the basis of conditions of access to the market and to property, the weight of competitors and public policies. Market competition and market accessibility are dependent on the types of clientele immigrants serve. However, they still refer to the cultural dimensions of ethnic groups, the so-called resources shared by immigrant groups. Such cultural factors include resources as traditions and social networks. According to the opportunity structure they affirm that immigrants have two possibilities; to serve ethnic communities inside the ethnic market, as a result of opportunities that emerges from the development of a new ethnic community. Such communities have particular demands that only co-ethnics themselves are able to satisfy. Therefore, there is a positive correlation between cultural differences and the potential niche market. The greater the cultural differences between ethnic groups and the host country, the greater the need for ethnic goods the greater the niche market potential will be.

On the second hand, immigrants have opportunities to serve market abandoned from native entrepreneurs, and to serve in this way an open market. In sum, the *ethnic groups* have their own given characteristics that the opportunity structure model allow to use in a selective way.

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A critical aspect to the *interactive model of opportunities* comes from Rath (2002), who considered that the proposed model is more a statistical classification of opportunities, rather than an explanation model. Bonacich and Light, affirmed that the model doesn't pay enough attention to the whole context of normative, institutional and policy frameworks of the host country on entrepreneurship, but confines these frameworks to be limited to the rules and regulations which are specific only to immigrants (Bonacich, 1993; Light et al 1993). Rath and Kloosterman (2000) further critique the model as placing immigrant entrepreneurs in a "prior categorization", assuming that immigrant entrepreneurs are different from native ones. The same critique has been raised by Oliveira (2007), who further comments that the model places the immigrant entrepreneurs as being different than the so-called mainstream entrepreneurs.

More recent empirical research suggests that immigrants seek self-employment in greater proportion than natives due to discrimination in the larger labour market and disadvantages associated with immigrant status, such as poor language proficiency and the depreciation of human capital (Mata and Pendakur, 1999). Razin (2002) suggests that these external factors, influence immigrant groups differently 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 opportunities encountered in the host society. According to the opportunity structure approach, it is of a particular importance the host countries welfare and policies. This aspect includes the country regulatory framework on entrepreneurship and immigration, such as licenses on opening a business, the regulation of professional activities, and the recognition of foreign degrees by the host country, the fiscal policy also as immigration framework and integration policies of the host country. Studies show that regulatory barriers are one of the primary determinants of entrepreneurship. Regulation determines the ease of entering a market, contract enforcement and access to capital (Ardagna and Luardi 2008).

The *access to capital* is another important factor affecting the decision of the immigrants whenever to become an entrepreneur or not. Strong regulation on credit access will influence negatively the possibility of immigrants to obtain have credit. Immigrants with low linguistic and professional skills will be more affected. Studies have shown that the start-up capital of the immigrant entrepreneurs is from their own savings or from their relatives or national friends (niche), and only a small number of them have access to a bank loan (Basu and Goswani, 1999).

*Labour market condition* and *entry barriers* are another important factor on immigrant decision on entrepreneurship, according to the structural approach. 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, as a safety measure. Aldrich and Waldinger (Waldinger, et al., 1990) pointed out

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that some industry authorities set high entry requirements to limit immigrants entering into sectors. Through the non-recognition of foreign qualifications and work experiences, together with limits on language performance, immigrant job seekers may encounter serious limits accessing the labour market, and see the entrepreneurship as the only alternative. So, according to Light (Light 1995), the decision of immigrants to become entrepreneurs is not always a voluntary decision, but it reflects an alternative to the impossibility to have access on labour market. On the other side, Aliaga-Isla & Rialp (2013) suggest that most immigrants possess limited knowledge of the host country, leading them to engage in entrepreneurship activities in marginal sectors.

### 1.3 The Mixed Embeddedness Approach

In order to explain the immigrant entrepreneurship phenomenon, nearly twenty years ago, Rath, Kloosterman and van der Leun have highlighted the *mixed embeddedness* model, a multidisciplinary approach which takes in consideration that immigrant enterprises depends on both immigrants' skills and resources (human and social capital) and opportunity structure(s), which are created by the contextual conditions of the place where the business are located (Rath, et al., 1999; Rath and Kloosterman, 2001).

However, this perspective can be traced back to four theoretical roots: firstly, in the Waldinger interactive model of opportunities (Waldinger et al., 1990), in a second time in Granovetter's (1985) adaption of the concept of embeddedness, following with Esping-Andersen's (1990) view of institutional frameworks, and finally Sassen's (1991) contribution regarding structural change in global cities. These theoretical precursors overlap and intercede with one another in terms of theoretical contributions, culminating with the conceptualization of the mixed embeddedness perspective.

According to Kloosterman, the phenomenon of immigrant entrepreneurship is theoretically placed

“at the intersection of changes in socio-cultural frameworks, on the one side, and transformation processes in (urban) economies and the institutional framework on the other” (Kloosterman et al, 1999: 8).

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According to them, immigrants cannot be considered only as ethnic groups, different from indigenous or mainstream counterparts. These differences must be proved and not taken for granted. Razen and Light (1998) both provided evidence for spatial variations among the same ethnic groups and variations between different ethnic groups in the same economic space. On the other side, the mixed embeddedness approach explicitly acknowledges that opportunity structures are not confined to the market economy, but are embedded in wider national institutional/regulatory and socio-cultural contexts. Opportunity structures in continental European welfare states are, for instance, notably different from those in Great Britain and the United States (Rath and Kloosterman, 2002). Beside, state policies and regulation frameworks shifts in opportunity structure can be driven even by technological developments, growth of urban population and shifts in global trade. The return of population growth in combination with fundamental transformation of the production system in advanced cities evidently shifted the opportunity structure for businesses and more specifically for small businesses. These opportunities thus emerged both for immigrant entrepreneurs with high and low levels of human capital, (Kloosterman, 2010; 2014; Aytar and Rath, 2012). On the other side, this approach is not just about structures, opportunities and culture, but also about agency and actors and how they are embedded in larger social structures (Kloosterman, 2018). According to this approach, the market structure and opportunities are seen as a set of rules and social relations, in which immigrants entrepreneurs are involved and have a particular role.

The mixed embeddedness approach highlights aspects that combine the dynamics of market supply with the global and local characteristics of the economy and the societies in which immigrants are placed. It is considered very successful in the European literature, but it lacks in empirical applications (Volery 2007; Rath and Kloosterman 2010). Razin (2002) criticizes the concept of (mixed) embeddedness and opportunity structures as becoming fuzzy concepts, making them difficult to verify. On the other hand, the theory was criticized as becoming too structural, underestimating aspects of ethnicity and culture. Another critique comes from Pütz who discussed that approaches to (immigrant) entrepreneurship, which focus too heavily upon opportunities,

“remain limited for the analysis of a more precise understanding of the origin and development context of entrepreneurial decision making or action” ( Pütz, 2003: 557).

Despite the limitations, recently this perspective has offered a number of theoretical frameworks, models, guidelines, which is smoothing much of the complexity. In order to explore and understand

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immigrant entrepreneurship through the mixed embeddedness perspective, three major components of this theory are described:

- The *opportunity structure*, as a product of socio-economic and institutional forces.
- The *market*, individuating the more appropriate market for immigrant entrepreneurs, including market rules and normative. Market accessibility is defined in relation to the level of human capital needed to start a business, while the financial variable and other entry barriers are held constant at this stage. Kloosterman (2006; 2010), 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.
- The *institutional embeddedness of the opportunity structure*, through the identification of several dimensions that affects the opportunity structure. This is an essential component in understanding both the number of immigrant entrepreneurs and their potential trajectories of involvement and integration (Kloosterman 2006; 2010).

### 1.3.1 The Opportunity Structure model

Kloosterman and Rath (2001) state that opportunity structures are specific at one given time and space, in which entrepreneurs are faced with, and embedded in, having a particular role. To explain this concept, Kloosterman (2010) provided an analytical framework model (figure 2.1), which presents different market typologies, divided in terms of accessibility and potential growth for immigrant entrepreneurs.

The opportunity of *accessibility* is based on individuals human capital and on market growth potential. In the opportunity structure, markets are seen as fundamental components. They have to be accessible for the entrepreneurs in order to operate in them. Markets are accessible if the entrepreneur has the right kind of resources/capitals (human, social e financial one). In the first phase, at the business start-up point, the majority of entrepreneurs, and in particular the immigrant entrepreneurs, doesn't have the necessary capital to start with (especially the financial one). These imply that these entrepreneurs have to start businesses which do not require a large sum of initial capital to invest. The only way they can differ from each other is for the human capital. So, this is the reason why the opportunity structure model implies the human capital and not the financial one, trying to explain if markets where these kinds of businesses operates, are considered to have success and to survive in long term bases or are destined to a structural decline. As Waldinger (1986; 1996) has demonstrated,

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opportunities for immigrant entrepreneurs do not occur only in expanding markets, but also in markets that shrink in long term base. In other words, socio-economic integration of immigrant entrepreneurs can crucially depend on the growth of a potential market. This growth potential can be measured by looking at the structural trends in the number of firms in a specific market. As the interest is not just in immigrant entrepreneurship but even in their integration with the society, the model includes the opportunity accessibility and the market growth potential. The relationship between the structure of opportunities or opportunity structure and the social embeddedness produces the below matrix that distinguishes between four types of markets and their growth potential (Figure 1.1).

**Figure 1.1**

***The Opportunity Structure model: Markets Split According to Accessibility and Growth Potential***

		<Growth Potential>	
		Stagnating	Expanding
<Human Capital>	High threshold		Post-industrial/high-skilled
	Low threshold	Vacancy-chain openings	Post-industrial/low-skilled

Source: Kloosterman “Mixed Embeddedness as a Conceptual Framework for Exploring Immigrant Entrepreneurship” (Kloosterman, 2010:5).

### 2.3.2 The Market

In the opportunity structure model (Figure 1.1), Kloosterman individuates four types of markets, distinguished by the level of the human capital. The first market, presented in 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. These market characteristics are less attractive to aspiring immigrant’s entrepreneurs as they would prefer to create an opening in more rewarding and expanding markets. Therefore, they usually leave this choice.

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The *vacancy-chain openings* represent the second market opportunity (lower left box). These kinds of markets are easily accessible and may be attractive to many aspiring immigrant entrepreneurs, characterized by low skills level, labour intensive production, low quality and high price competitiveness. In terms of growth potential, they are less promising, demand is stagnant and therefore profits are low. Despite this, business start-ups remains active through the market and compete with each other based on low fixed costs and price competitiveness. This is the best representative form of self-employment. The vacancy chain approach particularly emphasizes the replacement process between native entrepreneurs and new entrepreneur entrants. As Waldinger (1996) shows, immigrants have opportunities to serve market abandoned from native entrepreneurs, and as "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 type of market is presented by the *post-industrial/low skilled* market, represented in the lower-right box. This market hosts low-skilled entrepreneurs with a high growth potential in the long term. The market environment is considered dynamic and offers start-ups for people who do not require high-skills or large amounts of initial capital. However, in some cases licenses and a minimum educational qualifications are needed, that may representing some barriers for immigrants. 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, and are attractive to both, immigrant and native entrepreneurs.

The fourth market type is presented by *post-industrial/high skilled market* (the upper-right box). It represents the high-skilled entrepreneurs in terms of human capital and is characterized by a high potential growth, especially at the early phase of its product-life cycle. Usually involves innovative and dynamic high-tech sectors, as well as some professional services. The non-recognition of foreign qualifications and work experiences prior to immigration are serious barrier for entering in this market by the immigrant entrepreneurs.

The opportunity structure model highlights markets importance for explaining immigrant entrepreneurship phenomenon. Rath comments that:

"different markets, in short, offer to entrepreneurs different opportunities and obstacles, demand different skills, and lead to different outcomes in terms of business success or, at a higher level of agglomeration, an ethnic division of labour. This is why we need to get a clear picture of the market dynamics and the impact on immigrant entrepreneurship." (Rath, 2002:12).

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Despite the fact that the market concept is often approached in the previous literature, it is explained on the basis of ethnicity, oriented in terms of products offered and of the clientele they serve - ethnic markets vs. open markets - (Waldinger, et.al 1990; Waldinger, 1996; Ambrosini, 2005). An approach to growth and long-lasting in immigrant enterprises must go beyond this limited market scope and attempt to fully understand what a market entails for firm growth.

### 1.3.3 The 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. There are identified several dimensions that affect the opportunity structure, first the institutional framework. According to Kloosterman and Rath (2003), the impact of neo-liberal program with its emphasis on privatization and deregulation launched in many countries after 1980 has markedly changed the opportunity structure. From the demand site, in capitalist societies the demand for a particular good or service is one of the first's determinants that influence the decision to start up a business. As Waldinger (1986; 1996) showed, opportunities for immigrant entrepreneurs may occur in new markets, with the growing demand for ethnic products.

A further determinant is the state welfare regime. Different welfare regimes may create or block different economic opportunity structures such as types and sizes of economic sectors. An example may be the lower participation of immigrant work 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 with the direct intervention of the state in the labour market, like labour market regulations by specific norms and laws, as for example, the minimum wage level, the increase/decrease of the social benefits, job duties..., can have a considerable impact in the opportunity structure. The liberal model of Esping-Andersen is characterized by low state intervention. This translates into low wages and in growing opportunities for immigrant's entrepreneurs, especially in post industrial/low skill market (Figure 1). On the other hand, in contrast to the liberal model, in economies characterized by strongly regulated markets, opportunities tend to be scarce. These are

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mostly located in the vacancy chain market, which results in strong competition, low skills, high unemployment and a clear division between natives and immigrants.

The third dimension concerns norms on business regulation by the state. Interventions includes regulatory entry barriers such as permits, licenses, financial reporting, opening hours, location, size of location, skills and education requirements and so on. These elements can influence investments and business decisions and block or slow down access to specific markets.

The fourth dimension concerns heterogeneous networks of relationship between various socio-economic actors. Kloosterman (2006) shows that a multitude of actors are active in regulation processes, including local, regional, national or international governments, unions, non-profit organizations, voluntary organizations, civil society and everything in-between. Regulation can be manifested in thin or thick ways, and can have direct or indirect consequences upon opportunity structures. As mentioned above, Kloosterman (2010: 113) shows that:

“different types of capitalist economies generate types of opportunity structures” (Kloosterman, 2010: 113).

This fact generates different types of incentives to become an entrepreneur. For example, if child care is provided by the state in an efficient way, then the demand on private child care services is limited, and as consequence the business opportunities in this field are limited. On the other hand, if the state offers a limited supply of childcare services, then the opportunities for an entrepreneur to offer child care services are much less limited. Rath (2002) states that the “dynamics of markets is contingent on processes or regulation”, and therefore regulation and policy have implications for opportunity structures. Kloosterman (2010) shows that policy interventions can influence the emergence of entrepreneurial opportunities. Thus, the opportunity structure itself is also a product of socio-economic and institutional forces (Kloosterman 2006, 2010).

### 1.4 Conclusions and Research Directions

The cultural approach, which is based on the concept of the ethnic group, believes that the immigrant’s entrepreneurial skills are brought with them from their home region, and inherited from

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generation to generation. From this point of view, entrepreneurial skills are born with the individual immigrant. This thesis does not take in consideration the fact that some immigrants, of the same ethnic group, are more successful than others, the possible market transformations or the expanding of successful entrepreneurs in other markets and not limited to the ethnic one.

On the other side, in the structuralism view, entrepreneurship skills can be gained through training and experience and the decision of immigrants whether to become or not entrepreneurs are based on opportunities that they faced in the host country. An important contribution in this direction is given by Waldinger et al (1990) with their interactive model. However this thesis remains under the cultural gap, by the fact that they consider the ethnic groups, with their own given characteristics («predisposing factors»), placed in conditions where the opportunity structure model allow to use in a selective way. Other researchers criticize the fact that the model consider the immigrant entrepreneurs different from the native ones, based on cultural traits and ethnic characteristics (Rath and Kloosterman 2000; Oliviera 2007). Despite all the critiques and limits, this model has make and important contribution to the field of immigrant entrepreneurship, and worked as a starting point for the elaboration and development of the mixed embeddedness perspective.

The mixed embeddedness model tries to combine the dynamics of market supply with the global and local characteristics of the economy and the societies in which immigrants are placed, highlighting the influence of the human capital and not considering the ethnicity as a particular phenomenon. Kloosterman (2006; 2010) affirms that ethnic markets do not differ from native ones, although it would be easier for entrepreneurs in ethnic markets to start catering captive markets and it may take a longer time to reach the saturation point. The risk is that immigrant entrepreneurs may become trapped in the limited markets of co-ethnics, and have to find new solutions for surviving. This is called the *break-out strategy*, (Barett et al 2001; Engelen 2001), which is usually seen as difficult to immigrant entrepreneurs due to the hardness to accumulate financial and human capital. They could fit in a marginal point of the entrepreneurial segment, breaking in dangerous, dirty and tiring occupations with a very low capital and labour intensity that due to the global competition and economic evolution tends to not survive.

However, none of the above approaches take in considerations the impact of immigrant entrepreneurship in the host markets, if the multicultural level of immigrant companies may influence the growth an performance in terms of turnover, employment generation or growth, or any business model and strategy for growth and success suitable for immigrant firms.

The main challenge in explaining the immigrant entrepreneurship is to integrate all the issues related to the figure of immigrant entrepreneur, as structural factors, social environment, cultural and

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personal identity, in order to create a successful entrepreneurship model and strategy, that may help to answer how and to what extent knowledge and schemas of different socio-cultural environments enables immigrants to create or identify opportunities. By fulfilling these topics we may have the possibilities to understand the reasons behind immigrant tendency to start new ventures, and to fulfil an existing gap in literature (Dheer, 2018).

Drawing from the previous mentioned literature framework, the current research is focused on the study of the immigrant entrepreneurship phenomenon in Italy and aims to individuate and explain the factors that determine the development of immigrant entrepreneurship in the country.

The research will contribute to the literature on immigrant entrepreneurship (Aliaga-Isla and Rialp, 2013; Arrighetti, et al., 2014; Dheer, 2018) by exploring the following research topics:

- A. Trace the theoretical construct of the immigrant and immigrant entrepreneurship phenomena, drawing from existing international literature, highlighting its gaps.
- B. Depict a state of the art on immigrant entrepreneurship in Europe and in Italy, by answering the following questions:
  - What is the state of art of studies on immigrant entrepreneurship in the international literature?
  - What is the state of art of studies on immigrant entrepreneurship in the Italian context?
- C. To provide a picture of current issues related to immigration flows, in general, and immigrant entrepreneurs, in particular, in the Italian context, by answering the following questions:
  - What are the last trends affecting immigration and the immigrant entrepreneurship and its characteristics in Italy?
  - How do immigrant enterprises influence the local (Italian) market in terms of employment generation, innovation, competition and growth?
- D. To provide a picture of current issues related to immigration flows, in general, and immigrant entrepreneurs, in particular, in the Italian context, through the following questions:
  - What are the last trends affecting immigration and the immigrant entrepreneurship and their characteristics in Italy?
  - How immigrant enterprises influence the local (Italian) market in terms of employment generation, innovation, competition and growth?

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E. To explore factors relating to the host country that impacts on immigrant entrepreneurship by answering the following questions:

- Do different socio-cultural and socioeconomic environments influence aspiration and orientations of immigrants towards entrepreneurship?
- Do different socio-cultural and socioeconomic environments influence the development of immigrant entrepreneurship in the country?

F. To explore immigrant entrepreneurs' behaviours, by answering the following questions:

- What factors are pushing immigrants towards entrepreneurship?
- Do immigrant entrepreneurs use different strategies to overcome barriers and compete in the local market?
- How do immigrants rely on their human capital obtained in the country of origin to develop their knowledge and experience in Italy?

The following Tables 1.1 and 1.2 summarize in a schematic form the explained literature framework in immigrant entrepreneurship studies.

**Table 1.1**

*Some concepts and definitions of immigrant entrepreneurship*

Source	Concept	Definition
<b>Waldinger et al, (1990)</b>	Ethnic business	“an ethnic business is a business whose proprietor(s) has a distinctive group attachment by virtue of self-definition or ascription by others”. He defined it as “a set of connections and regular patterns of interaction among people sharing common national background or migration experiences”
<b>Doen et al, (1998)</b>	Ethnic Groups	<i>ethnic</i> indicate principally the origin of immigrants, and can be misused in certain contexts, because persons belonging to an ethnic group do actually come from the same country of origin but each person can come from different cultural backgrounds

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<b>Basu and Altinay (2002)</b>	Minority Entrepreneurs	Defined as business owners who do not belong to the majority of population. A minority is not necessary an immigrant and may not share the sense of group solidarity with the ethnic one, in terms of language, history, culture.
<b>Chaganti and Greene (2002)</b>	Immigrant Entrepreneurs	Confirm that “immigrants” can be defined as recent achievements in a country, and their survival tools often depend on entering the business. They also state that immigrants can or may not be part of a network linking them with a common source and destination.
<b>Light and Gold (2003)</b>	Ethnic Group Economy	“any ethnic or immigrant self-employed group, their co-ethnic employers and their unpaid family workers”
<b>Volery (2007)</b>	Immigrant Entrepreneurs	The term include only individuals who have immigrated in the few past decades, distinguished from “ethnic entrepreneurs”
<b>European Commission (5 March 2008:5)</b>	Immigrant vs Ethnic minority entrepreneurs	“ <i>Ethnic minority entrepreneurs</i> has been understood as entrepreneurs or potential entrepreneurs who are immigrants in the countries concerned. Immigrants are defined as persons who have been born abroad, irrespective of their nationality and whether they are considered ethnic minorities or not in the countries involved. <i>Immigrants</i> also includes the offspring of immigrants, the second generation or the native born children of the first generation”
<b>Klosterman et al (1998; 2000; 2003; 2010)</b>	Immigrant entrepreneurs	Immigrant entrepreneurs should not be considered only as ethnic groups, different from natives or mainstream counterparts.

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**Thomas and Ong (2015)**

Immigrant owned businesses

Immigrant-owned businesses can benefit from ethnic resources, without being an integral part of ethnic structures, but as independent subjects.

**Table 1.2**

Some different models and approaches in explaining the immigrant entrepreneurship phenomenon

Concepts	Source	Definition
<b>Cultural approach</b>		
<b>Extreme Cultural Approach</b>	Borjas (1993)  Masurel (2004)	People belonging to specific ethnic groups have traits and cultural behaviours that facilitate access to self-employment. Ethnic resources are regarded as fundamental to ethnic identity. In this case, immigrant attitudes and skills on entrepreneurship have been brought with them from their home country, or handed down by parents or community in an early age as a way of life.
<b>Ethnic Economy approach which developed:</b>  a) <b>Ethnic Enclave</b> b) <b>Ethnic Niche</b>		Takes into consideration cultural traits of a group toward an entrepreneurial and sectorial specialization, through the use of human resources (employees, collaborators) and relationships (acquisition of information, supply relationships and customers), all internal to the belonging ethnic community.
<b>Ethnic Enclave</b>	Portes (1980)  Ambrosini (2005)  Zhou (2004)	A small and very closed group defined as "a geographically district and a self supporting market generating a variety of inputs and outputs" (Portes 2005).  It is a self-sufficient economy, which would stand alone on the endogenous resources of the reference community, since the resources of the group reduce costs and entry barriers into the markets, shaping socio-economic relationships with the resources of trust and confidence (Ambrosini 2005).
		Ethnic niches shows that cultural

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<b>Ethnic Niche</b>	Lieberson (1980)	characteristics act as a business strategy, that creates and maintains motivations and opportunities only for its members, until the saturation point.
<b>Structural Approach – entry barriers as:</b> a) <b>Block Mobility Theory &amp; Disadvantage Theory</b> b) <b>The access to capital, Market regulations &amp; Entry Barriers</b>	Sasen (1991)	Higlhts the structural change in global cities, which may create a favourable environment for ethnic enterprises.
<b>Block Mobility Theory &amp; Disadvantage Theory</b>	Light (1972; 1987; 1995) Doen et al (1998) Cole (1959) Bonachich (1973) Clark and Drinkwater, (2000).	As the immigrants encounter unfavourable situations such as job discrimination in the receiving region, they may tend to be orientated in the entrepreneur activities as a safety measure, and not as voluntary choice.
<b>The Access to Capital, Market Regulations &amp; Entry Barriers</b>	Mata and Pendakur, (1999) Basu and Goswani, 1999) Ardagna and Luardi (2008) Razin (1969; 2002) Klosterman (2000)	Regulatory barriers are one of the primary determinants of entrepreneurship. Regulation determines the ease of entering a market, contract enforcement and access to capital.
<b>Interactive Model of Opportunities</b>	Waldinger et al (1990 1995)	A model that tried to explain cultural and structural approach. According to it, immigrant entrepreneurship can also be explained on the basis of conditions of access to the market and to property, the weight of competitors and public policies
<b>Mixed Embeddedness model</b>	Klosterman et al (1999; 2000; 2003; 2010)	A multidisciplinary approach which take in consideration that immigrant enterprises depends on both, migrants' skills and resources (human and social capital) and opportunity structure(s), which are created by the contextual conditions of the place where the business are located

CHAPTER II  
METHODOLOGY  
ISSUES AND EMPIRICAL APPLICATION

*This chapter explains the method adopted in this study. In order to better understand the used empirical process, it is important to understand what kind of research methods better suits the research problem and objectives. The aim of the study, as well as the research questions, were the driven force on choosing a mixed method approach. The research design starts with a Structured Literature Review (SRL) of immigrant entrepreneurship studies, in general, and in the Italian context, in particular. It follows with a quantitative research based on secondary data, in order to develop indices of social and economic integration on immigrants in the Italian context, and comparing them with the immigrant entrepreneurship trend, through a multivariate regression model. Then, the empirical research follows with the qualitative process step, which lies in the Constructed Grounded Theory (CTG). The empirical research during this phase focused on immigrant entrepreneurs interviews, and their analytical analysis.*

## 2.1 Introduction - Different methods of doing research

The definition of a correct methodological approach in studies on immigrant entrepreneurship still remain one of the main limits to the understanding and interpreting the complexity of the migratory processes, leading to a partial empirical knowledge of the phenomenon. The dominant approach in the research of immigration and immigrant entrepreneurship is the nationalist perspective, that has profoundly marked the way of how the field of immigration has been scientifically conceptualized and studied, fixing the phenomenon in time and space, rather than assuming it as a fluid, continuous and a dynamic process.

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An important change in this perspective is given in the context of qualitative studies on immigration, mainly through the analytic framework provided by trans-nationalism strands of research (Yalaz, and Zappata- Barrero, 2018; Long et al., 2014; Martiniello, 2017; Cappiali, 2016). It is now consolidated in the literature that a large gap between qualitative and quantitative studies is unproductive (Greene et al 1998; Greene 2007, 2015; Padgett, 2004; Johnson et al. 2007; Johnson & Christensen 2017), and a single method of inquiry cannot explain the immigration process and patterns in all its aspects. While many qualitative studies provide complex, profound but subjective and hardly representative research, on one hand, quantitative studies can generate rigorous, generalized results, but tend to be lacking in a sense of complexity and "intuitive appeal of real life", on the other. (Massey, 1987: 1504).

Defining and designing the research philosophy helps at better understanding of the research paradigm that will guide in this investigation. Understanding the philosophical issues helps to determine a research design that is effective to the study, the ways in which data about a phenomenon should be collected, analyzed and used (Lincoln & Guba, 1994).

A paradigm shapes the nature of inquiry and mainly refers to the researchers belief systems with regards to *ontology*, *epistemology* and *methodology*. The *ontology* deals with what the nature of knowledge is. The *epistemology* determines the relationship between the inquirer and the inquired/knowable, and the *methodology* describes the way to find out the knowledge (Guba, 1990). Before starting to conduct a research it is necessary to establish the appropriate paradigm of inquiry, together with an appropriate methodology, and not least, the methods of data gathering.

The two dominant research paradigms are the positivist and phenomenological paradigm. Positivist paradigm is mainly associated with large amount of numerical data that scientifically deal with a phenomenon that is detached from value and attached to the doctrine of mathematical proof (Collis & Hussey, 2003). Positivist researches focus on measuring and analyzing relationships between variables in a controlled, well-organized and structured environment (Guba and Lincoln, 1994; Henning, Van Rensburg and Smit, 2004). The philosophy of positivism is likely to adopt the philosophical stance of the natural scientists. The end product of the positivists' research are generalised theories, rules and laws. Researchers mostly use prevailing theories and develop hypotheses that are then tested to, either, be confirmed or rejected. The positivist approach, also known as quantitative research - is objectively measurable and is less susceptible to researchers' bias and lends itself to statistical analysis (Saunders, et. al. 2009). This particular methodology is mainly based on questionnaires and is largely concerned with either confirming or refuting hypotheses. The limits of this approach are that it does not take into account subjectivity, individual values and perception as well as the social meanings and interactions (Collis and Hussey, 2003).

## IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

The phenomenological paradigm, on the other hand, seeks to understand human behaviour from the perspective of the research participant's own frame of reference (Collis and Hussey, 2003). This method includes events in a real life context and investigates how people experience their reality (Guba and Lincoln, 1994; Denzin and Lincoln, 2005). Here the researcher assumes that the reality is socially constructed and that the world is what people perceive it to be. This approach stresses that there is no single reality, and mainly advocates a qualitative research methods with a view to understand and interpret the research area (Saunders, et al. 2009). It further helps in trying to make sense of or interpret people's perceptions, meanings and feelings. It is primarily associated with a small population sample and lends itself to the interview process where a high level of detail is sought by the researcher. In other words, interpretation is bound up with the "self interpretation" of the researcher ... with a danger of oversimplifying the explanation ... data may be less representative ... such as generalisation is still more open to doubt than it is with well conducted quantitative research" (Denscombe, 1998:221-222). It can be used effectively when there is a need for understanding of how things occur, a need for an interpretation, description and appraisals, so as to reveal the nature of events and gain insight on a phenomenon. (Collis & Hussey, 2003).

A good combination of these two research methods may be a solution, considering them as complementary, rather than as opposites. For a well founded research project, multi-methods and multi-site approaches often prove to be useful. If we construct a research proposal that builds in possibilities for pursuing data in several settings, we have the flexibility later on to use or develop methods that address emergent questions (Charmaz 2006). According to Creswell, (Creswell, 2002; 2003; 2017), there are three classical mixed methods: *convergent parallel mixed methods*, *explanatory sequential mixed method* and *exploratory design*. The first one, consists in collecting and merging both quantitative and qualitative data to then integrate the information in the interpretation of the overall results. Contradictions or incongruent findings are explained or further probed. An *explanatory method* design consists in collecting quantitative data and building on the results to explain them in more detail with a qualitative research. By contrast the third method lies on qualitative data first, aimed at discover a phenomenon and then uses quantitative data to find out the relationships within the qualitative ones (Tashakkori, and Teddlie, 2003). For instance, quantitative method assists qualitative method to justify findings and/or combine both quantitative and qualitative methods to give general information (Punch, 1998).

The adoption of both methods, qualitative and quantitative ones, could facilitate the researchers to communicate efficiently and effectively. By using the mixed method, researchers can make "the results more presentable to a hostile audience, e.g., using quantitative work to back up qualitative work" (Bergman, 2008:12).

Given the possibility of different research approaches, decisions about the choice of a research method

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are influenced mainly by three features: the research problem or the issue being studied; the personal experiences of the researcher; the audience to whom the study is addressed (Creswell, 2003:23).

## 2.1.2 Focusing the research problem

This study addresses the issue of immigrant entrepreneurship in Italy, with the main objective to explain the factors that influence the decision of immigrants to become entrepreneurs in the host country. The core issue driving this effort was the stated research problem: Are, - and if so how and to what extent, - immigrants decisions to become entrepreneurs related to the degree of social and economic integration in the host country? Are their decisions-driven by other factors, such as culture, attitudes to entrepreneurship, attitudes to take risks?

Findings from previous studies suggest that a positive attitude towards risk taking affects the start-up of ventures by immigrants (Peterson and Meckler, 2001). Hormiga and Bolívar-Cruz (2014), in their paper, argue that migration experience may make immigrants more tolerant to taking risks. On the other side, according to Piore and Doeringer *dualist theory of the labour market*, (Piore and Doeringer, 1971), social discrimination seems to confine immigrants into a particular workplace and consequently also into a particular social context. The *disadvantage theory* consider that racial exclusion and discrimination erects structural barriers to prevent immigrants from competing with the natives on equal basis in the mainstream economy. As a result, immigrants have two alternatives; to take jobs that natives do not desire anymore or to carve out market niches for themselves, meeting the potential demands for specific goods and services unmet by the mainstream economy (Bonacich, 1973; Zhou, 2004).

The main challenge in explaining the immigrant entrepreneurship phenomenon is to integrate all the issues related to the figure of the immigrant entrepreneur, that may help to answer how and to what extent knowledge and patterns of different socio-cultural and socio-economic environments enable immigrants to create or identify entrepreneurial opportunities.

The research aims to contribute to the literature on immigrant entrepreneurship, to offer useful cognitive elements to improve immigration integration policies, in general, and in particular, policies to support the development of immigrant enterprises aiming to reduce general barriers to productivity and growth. This can be done by addressing the following research topics:

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- G. Trace the theoretical construct of the immigrant and immigrant entrepreneurship phenomena, drawing from existing international literature, highlighting its gaps.
- H. Depict a state of the art on immigrant entrepreneurship in Europe and in Italy, by answering the following questions:
- What is the state of art of studies on immigrant entrepreneurship in the international literature?
  - What is the state of art of studies on immigrant entrepreneurship in the Italian context?
- I. To provide a picture of current issues related to immigration flows, in general, and immigrant entrepreneurs, in particular, in the Italian context, by answering the following questions:
- What are the last trends affecting immigration and the immigrant entrepreneurship and its characteristics in Italy?
  - How do immigrant enterprises influence the local (Italian) market in terms of employment generation, innovation, competition and growth?
- J. To provide a picture of current issues related to immigration flows, in general, and immigrant entrepreneurs, in particular, in the Italian context, through the following questions:
- What are the last trends affecting immigration and the immigrant entrepreneurship and their characteristics in Italy?
  - How immigrant enterprises influence the local (Italian) market in terms of employment generation, innovation, competition and growth?
- K. To explore factors relating to the host country that impacts on immigrant entrepreneurship by answering the following questions:
- Do different socio-cultural and socioeconomic environments influence aspiration and orientations of immigrants towards entrepreneurship?
  - Do different socio-cultural and socioeconomic environments influence the development of immigrant entrepreneurship in the country?

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L. To explore immigrant entrepreneurs' behaviours, by answering the following questions:

- What factors are pushing immigrants towards entrepreneurship?
- Do immigrant entrepreneurs use different strategies to overcome barriers and compete in the local market?
- How do immigrants rely on their human capital obtained in the country of origin to develop their knowledge and experience in Italy?
- What factors affect the choice of market sectors and the size of immigrant enterprises in Italy?

The aim of the study, - the understanding of the factors and the process -, the knowledge of quantitative statistical methods and qualitative ones used together with the interdisciplinary research domain of this study were the driven forces to choose the mixed method approach, namely the explanatory one. While there has been a strong appeal to bridge the qualitative and quantitative gap using multiple methods, the research conducted by Yalaz, and Zappata- Barrero (2018), found that this call has not yet been translated into practice in migration studies of Europe.

“Only 10% of QMR-E<sup>1</sup> articles combined qualitative and quantitative research tools. This ratio has been generally stable overtime”, Yalaz, and Zappata- Barrero, 2018: 12) .

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<sup>1</sup> With QMR-E Journals are grouped two leading peer-reviewed journals in the field of migration Research: *Journal of Ethnic and Migration Studies* (JEMS) and *Ethnic and Racial Studies*(ERS). (the note is of authors)

## 2.2 The research design of the study

### 2.2.1 Overview

According to Mouton (Mouton, 1996: 175) the research design serves to "plan, structure and execute" the research in order to maximise the "validity of the findings". It gives directions, from the underlying philosophical assumptions, to research design and data collection. Moreover Yin (Yin, 2003), states that:

“colloquially, a research design is an action plan for getting from here to there, where ‘here’ may be defined as the initial set of questions to be answered and ‘there’ is some set of (conclusions) answers” (Yin, 2003:19).

In other words, the research design shows how all of the major parts of the research study, work together in an attempt to address the research questions.

As mentioned above, for a better understanding of all aspects concerning the immigrant entrepreneurship in Italy, the study is conducted under the mixed method approach, combining both quantitative and qualitative methods of research, through an explanatory approach, namely, collecting quantitative data first and then builds on the results to explain them in more detail with a qualitative research.

The research design of this study is aligned in five steps:

- The first step consisted in a structured literature review (SRL) related to immigrant entrepreneurship in the international context, with a particular focus of the Italian one. The output of this phase is presented in Chapter 1.
- The second step consisted on tracing a framework of current development of immigration flows, in general, and of immigrant entrepreneurship, in particular, in the Italian context, through, firstly, analyzing the Italian legislation concerning immigrants and giving an exact definition of who is an *immigrant*, secondly, using secondary quantitative data (Vartanian, 2010), at micro and macro level, from the following official sources – United Nations (UN), EUROSTAT, ISTAT, Italian National Chamber of Commerce; Idos Centre for Immigration studies; Movimpresa; Pavia

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Chamber of Commerce, Pesaro-Urbino Chamber of Commerce, - analyse and elaborate them into a descriptive statistics. The output of this phase is presented in Chapter 3.

- The third step consisted, firstly, in the creation of a dataset of integration indicators and immigrant entrepreneurship in Italy. The data set was elaborated from the above mentioned sources, in four levels – 1)national level concerning Italy as a whole country, 2) geographic level, 3)the regional level, concerning all 20 Italian regions, and 4)the provincial level, concerning all the Italian provinces. The relationship between integration indicators and the immigrant entrepreneurship phenomenon is explained with the inferential statistic, through a multivariate regression model, in order to determine whether and how, socio-cultural and socioeconomic environments influence the opportunity structures of immigrant entrepreneurship in the country. The output of this phase is presented in Chapter 4.
- The fourth step is related to the qualitative research phase, and consisted in analysing the secondary micro data given from Pavia and Pesaro –Urbino Chambers of Commerce. The analyse helped to construct a sample of suitable candidates for interviews, aiming to access participants immigration and entrepreneurship experience. This is a common approach in exploratory studies, as it is suitable to access the “feelings” of the participants next to their experience (Patton, 1984). Semi structured interviews were conducted following the Constructive Grounded Theory, and the output of this phase is presented in Chapter 5.
- All the above mentioned steps, provide background for the integration point of the quantitative and qualitative research phases, taking advantage by the flexibility that a mixed method allows and the possibility of seeing the problem from outside and inside, that helps at a fully understanding of the opportunity structures of immigrant entrepreneurship in Italy. Chapter 6 represents the integration point of the quantitative and qualitative research steps, and conclusions the research, and address future developments.

### 2.2.2 Structured-Literature Review

Choosing an interesting research topic is the first challenge when starting a research project. Personal interests are motivating forces on the basis of which the subject feels he or she is able to face a task which, if successfully carried out, strengthens and stabilizes preferences (Tracey and Robbins, 2006; Pellerone, 2013). The research topic for this thesis stems from a personal experience as a non EU

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immigrant in Italy, with the hope to play a role in offering cognitive elements useful to improve immigration integration policies, in general, and in particular, policies that favour the development of immigrant enterprises and reduce barriers to productivity and growth.

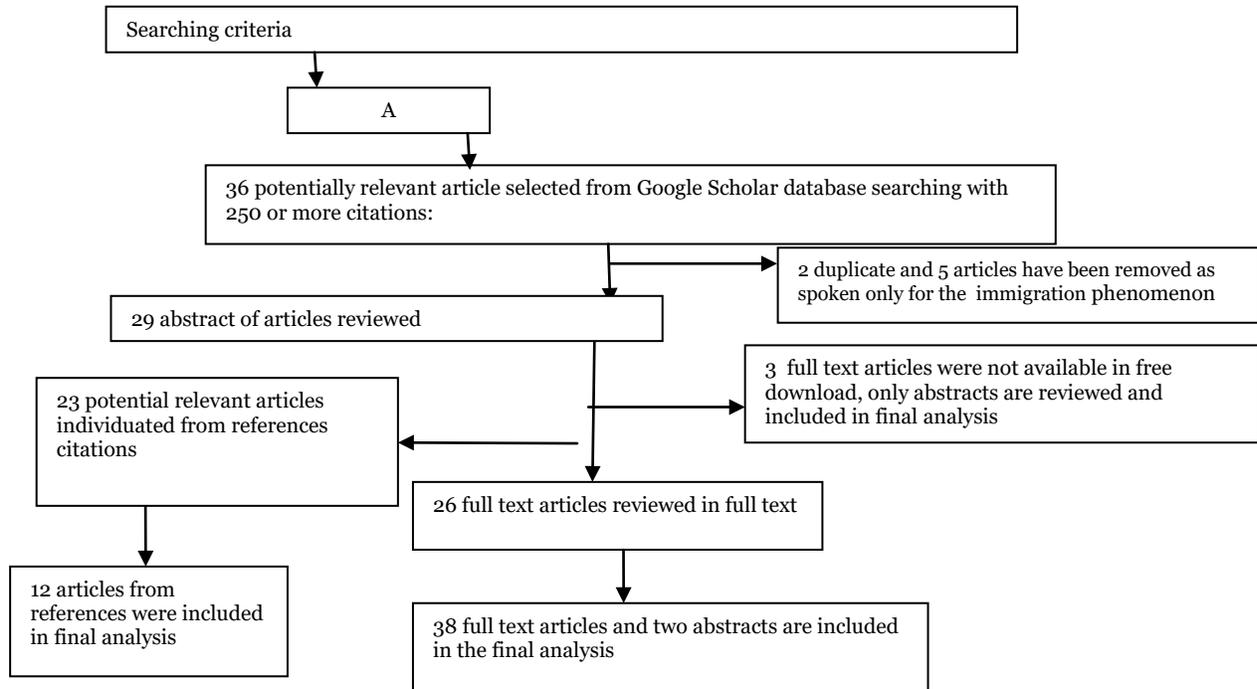
Despite the personal interest in this field of study, the topic was initially unfamiliar. The research started with the selection of literature for the review, in the form of a structured literature review (SRL). According to Massaro, Dumay & Guthrie:

“An SLR is a method for studying a corpus of scholarly literature, to develop insights, critical reflections, future research paths and research questions.”(Massaro, et al, 2016: 767).

The first attempt at literature research on the chosen topic, had the scope to become familiar with the topic in general, to individuate its first strands and its development until nowadays, and finally to better individuate the research questions and the key words for a second and more structured literature research. The first research attempt was in Google Scholar website, considering it maybe a little less professional than other scientific sites, like Scopus or Web of Sciences, but, however, is a search engine with a simpler access to all the authors. The research keywords were “*ethnic and/or immigrant entrepreneurship*”, “*foreign business owner and/or founder*”, “*minority entrepreneurship*”, appearing in titles, abstracts or keywords of scientific journal articles, books or conference proceedings, with no time constrain. The search terms were intentionally kept broad to increase the preliminary search’s scope. There was no exclusion of books or articles based on language, as well as only books and articles in English language are found. The research produced an elevated number of books and articles, but only the 36 more cited articles were firstly selected as potential for the review, with more than 250 citations each. This choice was made in order to individuate the more relevant authors of the selected field. For the selection of books and articles, book titles, paper titles, key words and abstracts have been reviewed to ensure that they discuss one or more of the two key arguments of the research topic. After this, 29 potential books and articles were identified at this stage, and 5 were discarded (two duplicates and 5 that treats only immigration phenomenon). Figure 2.1 shows the process of literature selection, at this early stage.

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**Figure 2.1** Flow Diagram for Literature Selection Process – first step of research



Source: author's elaboration

After this first research with the above mentioned parameters, 29 potential articles, with 250 or more citations were identified for the review. Duplicates (2 articles) and 5 Articles who treats only the immigration phenomenon, without addressing immigrant entrepreneurship, were discarded. Specifically, in this research we tried to be consistent with academic trends; this does not mean, in any case, that other publications do not contribute or are less relevant for academic arenas. Twenty-nine abstracts of articles were reviewed, and try to download the Pdf file. Three full text articles were not available in free download, only abstracts are reviewed and included in the final analyse.

According to Randolph (2009), electronic searches may lead to an insufficient amount of articles for a thematically-exhaustive review and as suggested by the author:

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“the most effective method may be to search the references of the articles that were found, determine which of those seem relevant, find those, read their references, and repeat the process until a point of saturation is reached – a point where no new relevant articles come to light” (Randolph 2009: 7).

The scope of this search was to find the roots, theories and the evolution of Immigrant entrepreneurship till nowadays. Namely, references of founded articles were searched, 12 potential articles were individuated, and helped to create the evolution through years. In sum, thirty-eight articles and two abstracts were reviewed in full text and included in the analyse at this step.

This research performance was the started point for the structured literature review. The retrieved books and articles covered a period of time from 1959 to 2019. In order to read, classify and analyse the content of the selected publications, a literature review protocol was developed. Table 2.1 schematically represents the final version, or a coding frame, of the formal reading protocol. Based on this protocol, a coding list is created and used for coding articles with NVivo 12 software.

**Table 2.1**  
*Literature Review Protocol*

<b>Article Impact</b>	<b>Belonging scientific discipline</b>	<b>Research Methodology</b>	<b>Article Content</b>	<b>Coding</b>	<b>Future research</b>
Author(s);	Macro	Applied method	Research objective;	List of words and Concepts used for coding	Identify Gaps; Develop future paths and address questions
Title;	domain (e.g.	Empirical/not Empirical research;	Theoretical framework;		
Journal;	SSD);	Qualitative/Quantitative research	Research results;		
Year/Nr/Impact	Discipline	Surveys/Case Studies	Audience		

Source: author’s elaboration

## IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

Books and articles have been selected on Google Scholar, without exclusions of scientific disciplines. In order to measure the impact, the number of citations was taken in consideration, including books and articles with a number of citations starting from 250 and more.

The number of citations helped in constructing a relevant literature review, based on the development of Immigrant Entrepreneurship theories, through the years. It was pointed out that four books and two articles had more than thousand citations, of well known authors of the field, like Waldinger, Zhou, Light, Bonachich, Portes, Klosterman.

This research performance had the following further scopes: to identify better the keywords of the field of study; to identify the scientific discipline which mostly treats the argument and understand the role of economics in general, and accounting in particular, at this field of study; to identify gaps, theories and address the right research questions.

The identification of other authors by the reference list of the above retrieved studies, as well as the keywords, helped to address the second step of the bibliography research. In particular it helped to have a complete overview of immigrant entrepreneurship developments until our days, and create a basis to the research of immigrant entrepreneurship in the Italian context.

According to the identification of the field of study, which mainly deals with the topic, on 38 books and articles included in the review at this step, 9 were books or book chapters, and the rest were scientific journal articles. From this last group, eight articles were published on journals of the sociology field, two of urban studies, three on journals of management studies (Small Business Economics and Journal of Small Business) and the remains belong to the category of ethnic, migration and racial studies. As we can notice, the accounting field is mostly unfamiliar at this topic, and the management field is also limited. Due to the development of the immigrant entrepreneurship phenomenon in the new era of globalisation and recent flows of immigration in all continents, particularly in Europe, this fact can be considered as a gap to be fulfilled. This thesis tries to partially fulfil this gap.

On the other side, this step of the research, helped to identify better the research questions and the right research model, as described in section 2.1.2.

The second step of SRI consisted in a second research, this time through Scopus, limited to the Italian context, in order to identify the development of the research in this topic in Italy, to highlight gaps and to address future research. According to Massaro, et al (2016):

## IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

“Researchers use SLRs to map and assess the existing intellectual territory to identify future research needs” (Massaro, et al, 2016: 769).

Thus, there is a need to critique existing knowledge before offering future research directions. The early step of this second research attempt, was to identify that to date there has been not other structured literature reviews on Immigrant and/or Ethnic Entrepreneurship, specifically for the Italian context, published in academic journals indexed in Scopus. Then the research was expanded on other structured literature reviews (SRL), with a specific focus on Immigrant and/or Ethnic Entrepreneurship in the international arena. From this second research three significant papers were individuated, (Dheer, 2018; Yalaz, and Zappata-Barrero, 2018; Aliaga-Isla, and Rialp, 2013), pointing out the necessity of more studies on immigrant entrepreneurship, especially in Italy. Aliaga-Risla and Rialp (2013) pointed out that,

“Immigrant entrepreneurship research in this region is dominated by studies of the Netherlands and Germany. Other studies in immigrant entrepreneurship conducted in other European countries have only a slight presence in journals with an impact factor” (Aliaga-Risla and Rialp, 2013:825).

Dheer, (2018), in his SRL on immigrant entrepreneurship using the Web of Science database, and published between 1980 and 2016, had found only two studies with a focus in Italy. Zappata-Barrero, (2018), in their qualitative research on immigrant entrepreneurship, confirmed this low trend regarding European countries, especially Italy, and recommended for more studies in the international arena with this topic in European countries, taking in consideration even the immigration trends during the last years. This study aims to take a step forward to fill this gap. Namely, the review process is conducted in eight different phases. After specifying the research questions, the search continued with the selection of the database for the literature review, the analyse of the research performance, the creation of the literature review protocol and its implementation, ending with conclusions and future directions.

The use of Scopus data base was considered for this step of the research. This database was selected based on its emphasis on providing relevant multidisciplinary research connected through linked content citation metrics from multiple sources. There were three keywords, and the research arena was limited to Italy:

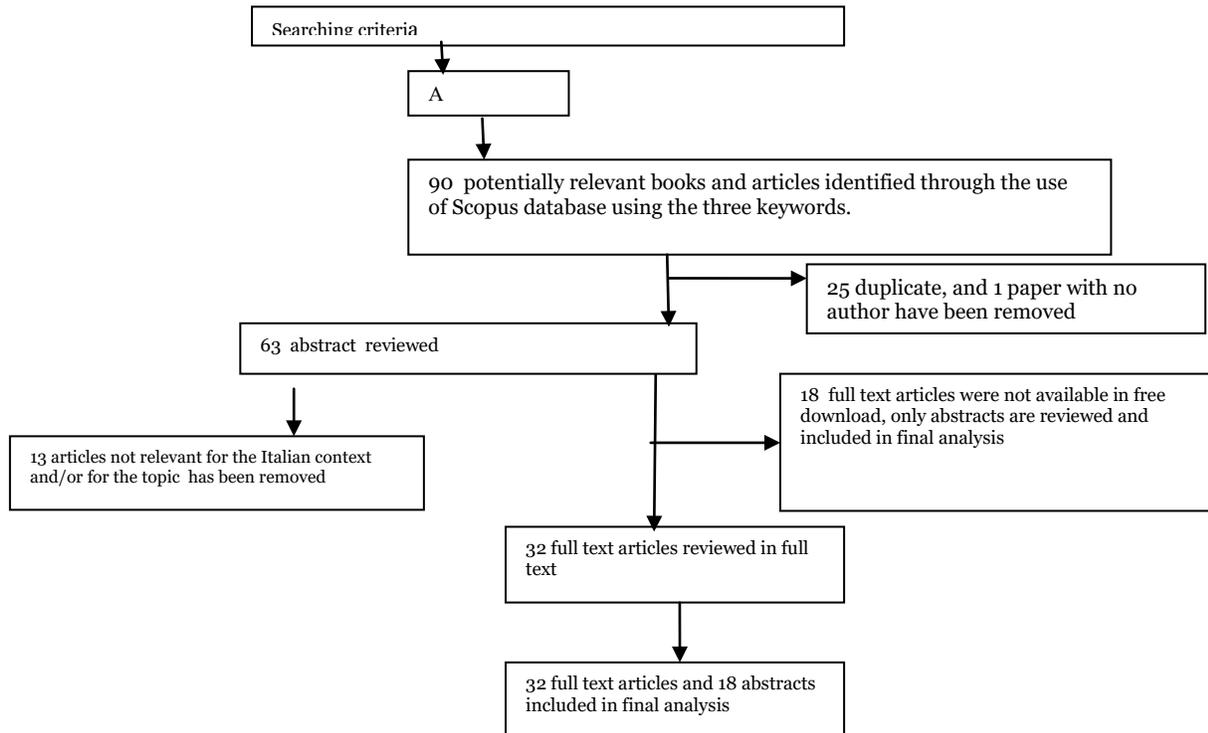
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Ethnic Entrepreneurship	Italy	- 12 results
Immigrant entrepreneurship	Italy	- 30 results
Immigrant Entrepreneurs	Italy	- 48 results

Despite the attention is on *immigrant entrepreneurship*, the term ethnic is taken in consideration too, as previous literature in the field has done. However, when used in this context, it is purely considered as the operational definitions used by the author and the particular study being discussed at that time. A more complete and detailed explanation about the argument is given in the literature review chapter.

For the selection of articles, paper titles, key words and abstracts have been reviewed to ensure that they discuss one or more of the three key arguments of the research topics. Editorials, commentaries, interviews, conference proceedings, book reviews and very short articles (4 pages or fewer) were excluded (Lockett, 2006), as well as articles not available in the electronic form (Jones, Coviello, and Tang, 2011). We decided to maintain books and books chapters founded in the electronic form, as they make a notable contribution in constructing the literature of immigrant entrepreneurship in Italy. There was no exclusion of articles based on language, as well as only articles in English and Italian language were found. Figure 2.2 shows the process of literature selection.

**Figure 2.2** Flow Diagram for Literature Selection Process

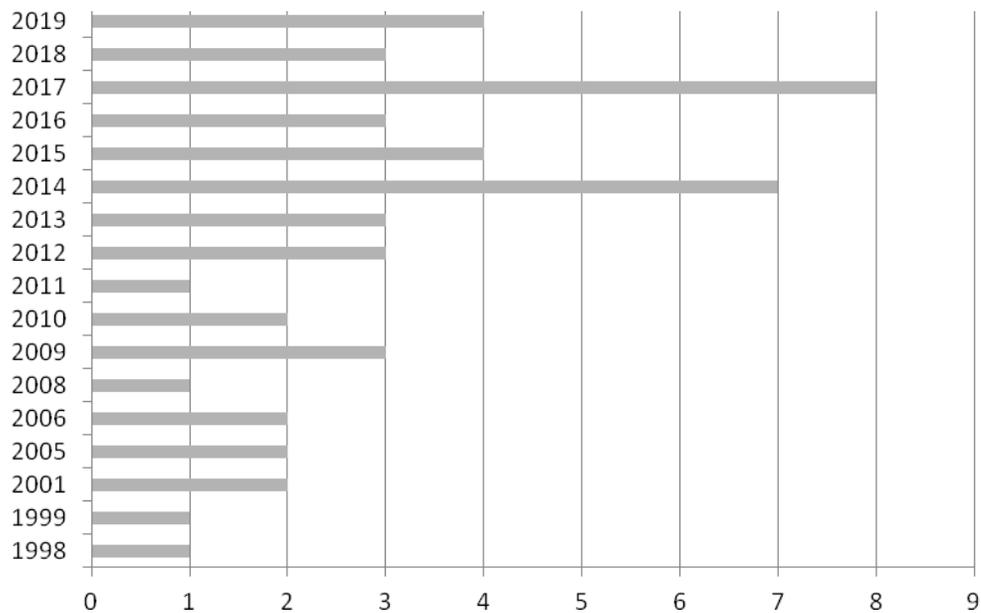


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After the first research with the above mentioned parameters, 90 potential articles for the review were identified. Duplicates, that results from the crossed research within the keywords (25 articles) and one article with no author were discarded. Specifically, we tried to be consistent with academic trends; this does not mean, in any case, that other publications do not contribute or are less relevant for academic arenas. Sixty four abstracts were reviewed, thirteen were discarded because treats argument not closely related to the topic, or which not concern the Italian context. For fifty articles or book chapters we try tried to download the pdf file, through the proxy of the University of Urbino library. 18 full text articles were not available in free download, therefore only abstracts were reviewed and included in the final analyse. In sum, 32 articles downloaded in full text and eighteen abstracts were included in the final analyse.

This search had no time – constrain. However it is only in the last fifteen years that we have a growing interest from researchers, policy makers and professionals on immigrant entrepreneurship studies in the Italian context. The retrieved articles cover a period of time from 1998 to 2019, peaking in 2014 (7 publications) and 2018 (8 publications) (Figure 2.3), in line with the growing interest on this field in the global arena, especially in Europe.

**Figure 2.3** Trends of publications in Scopus data-base through years



Source:

author's elaboration

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In order to read, classify and analyse the content of the selected publications, a literature review protocol was developed, as described in the abovementioned Table 2.1.

Articles have been selected drawing from internationally recognised academic journals cited in Scopus, covering different disciplines, considering valid for the study only scientific journal articles and a limited number of book chapters. In order to measure the *article impact*, the number of citations was considered—Table 2.2 at the end of this section, shows the list of authors, article title, year of publication, journals and -number of citations. However, the latter is not exhaustive for the fact that, as Dumay et.al (2014) outline:

“one problem with determining the impact from citations alone is that older articles can accumulate more citations than others” (Dumay, et., al., 2014: 270).

As we can notice, this is not always true, because articles published in the early years (1998; 1999; 2000), have less citations than some others. Three articles have the major number of citations, namely: Baycan-Levent, and Nijkamp, 2009 (60 citations); Mingione, 2009 (28 citations); Dei Ottati, 2014 (36 citations); Brzozowski et.al, 2014 (31 citations). On the other side, books and book chapters have the lowest citation number or no citation at all, independently from the year of publication. The language of downloaded articles or abstracts is English, so it cannot be said that there is a linguistic problem for citations.

Before starting the coding process, the articles were divided into core categories by their scientific domain. The scientific domain was defined by article research focus, journal research domain and author research field (Table 1.2).

After analyzing all articles by the above mentioned criteria, two main scientific domains were defined as follows:

- SSD – Social Sciences & Demography (31 articles)
- EMA – Economics, Econometrics, Management and Accounting (16 articles)
- Multidisciplinary – both SSD and EMA (3 articles)

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Classification of the selected publications according to their scientific domains is fundamental for one of the objectives of the present research, which aims to identify the state of art of the immigrant entrepreneurship research in Italy, and the role that the management field, and in particular, the accounting field, have on the topic. The research confirmed what previous studies pointed out (Dheer, 2018; Yalaz, and Zappata-Barrero, 2018; Aliaga-Isla, and Rialp, 2013). The immigrant entrepreneurship topic mainly concerns the social sciences and in particular the field of sociology, and it is only in the last 8 years that the management field is dealing with the subject. In particular, Aliaga-Isla, and Rialp, (2013), among others, pointed out that:

“The review also revealed a heavy reliance on sociological theories which, on one hand, have enriched the understanding of the topic but, on the other hand, in a certain way is troubling, considering the multidisciplinary character of immigrant entrepreneurship. As we suggested before in the objectives, the incorporation of theories and perspectives from management field would be interesting to study the performance of immigrant businesses” (Aliaga-Isla, and Rialp, 2013:837).

This thesis aims to contribute at filling this gap in the literature. However, like most studies, there are also limitations. As mentioned above, this structural literature review has finally relied on 50 articles, books and book chapters retrieved in Scopus database. As one of the aims of this study is to make an overview of the immigrant entrepreneurship developments and to identify future lines of research, some questions are addressed, i.e. what has been done in immigrant entrepreneurship research? and what are the trends that marked this phenomenon in research arenas? What are the theories that suits better the phenomenon in the Italian context? The application of this SRL helped to better respond and address to this issues. However, some omissions could exist. First, not all retrieved papers, books and book chapters were included as a whole in the study for the fact that are not available in free access. Second, in the Italian context, there exist a rich domestic literature framework that is not indexed in Scopus, neither included in the review. Third, not all aspects of the methodologies and the framework theories applied in the articles have been analysed. The analysis was mostly addressed to methods and theories that better suits the phenomenon in the Italian context.

On the other hand, as the last and essential part of any literature review, including an SLR, means to develop research paths and/or questions (Massarao, et.al., 2016), through this SRL it was possible to identify and address the subsequent phases of this study. The final analyse and the final product of this SRL is presented in the Literature review Chapter.

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**Table 2.2** *List of articles object of the review*

Authors	Title	Year of publication	Source	citation	Article Scientific domain
Knights, M., King, R.	The geography of Bangladeshi migration to Rome	1998	International Journal of Population Geography	12	SSD
di Friedberg, O.S.	Immigrant and entrepreneur: An inevitable choice? Moroccans in Milan [Immigre et entrepreneur: Un choix inevitable? Les Marocains a Milan]	1999	Studi Emigrazione	0	SSD
Schmoll, C.	Immigration and new productive margins in Naples metropolitan area [Immigration et nouvelles marges productives dans l'aire métropolitaine de Naples]	2001	Bulletin d'Association de Geographes Francais	3	SSD
Filippi, V.	Immigrants turning entrepreneurial: their presence and role in Veneto and Treviso [Quando gli immigrati diventano imprenditori: La realtà dell'artigianato in Veneto e a Treviso]	2001	Studi Emigrazione	0	SSD
Cologna, D.	Chinese immigrant entrepreneurs in Italy: Strengths and weaknesses of an ethnic enclave economy	2005	Asian Migrants and European Labour Markets: Patterns and Processes of Immigrant Labour Market Insertion in Europe	6	SSD
Ricci, A.	Italian emigrants in Romania. Document and testimony of a communicator [Emigranti italiani in Romania. Documenti e testimonianze di una comunità dimenticata]	2005	Studi Emigrazione	1	SSD
Loda, M.	Retail business in the historical centre of florence. Mass tourism and new immigrant entrepreneurs [Der einzelhandel im stadtzentrum florenz zwischen touristischem druck und ausländischer unternehmerschaft]	2006	BELGEO	1	SSD
Ambrosini, M., Boccagni, P.	Self-employment work and small enterprises as channels of integration for immigrants: The case of the Province of Trent [Lavoro	2006	Studi Emigrazione	0	SSD

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		autonomo e piccole imprese come canali di integrazione dal basso degli immigrati: Il caso della Provincia di Trento]				
Rovinello, M.		French businessmen in the nineteenth-century Mezzogiorno: Technical innovation, sociability, networks and negotiation of identities	2008	Journal of Modern Italian Studies	2	SSD
Baycan-Levent, T., Nijkamp, P.		Characteristics of migrant entrepreneurship in Europe	2009	Entrepreneurship and Regional Development	60	EMA
Mingione, E.		Family, welfare and districts: The local impact of new migrants in Italy	2009	European Urban and Regional Studies	28	SSD
Lapolla, G.M., Belluscio, S.J.		The grand Gennaro	2009	The Grand Gennaro (book)	1	SSD
Allasino, E., Ricucci, R.		Between knowing and doing: Eastern European killed immigrants in Torino [Tra il sapere e il fare: Immigrati qualificati dell'Europa dell'Est a Torino]	2010	Studi Emigrazione	1	SSD
Carbone, S.		Chinese entrepreneurial activity in Messina [L'imprenditoria Cinese a Messina]	2010	Studi Emigrazione	0	SSD
Santini, C., Rabino, S., Zanni, L.		Chinese immigrants socio-economic enclave in an Italian industrial district: The case of Prato	2011	World Review of Entrepreneurship, Management and Sustainable Development	13	EMA
Schmoll, C.		The making of a transnational marketplace. Naples and the impact of Mediterranean cross-border trade on regional economies	2012	Cambridge Journal of Regions, Economy and Society	9	EMA
Pechlaner, H., Bò, G.D., Volgger, M.		What makes tourism an attractive industry for new minority entrepreneurs: results from an exploratory qualitative study	2012	Tourism Review	8	SSD
Ribeiro, A., Rezaei, S., Dana, L.-P.		Gender and family in transnational entrepreneurship	2012	International Journal of Business and Globalisation	11	EMA
Dei Ottati, G.		Ethnic firms and industrial districts: An interpretation of the development of Chinese enterprises in Prato [Imprese di immigrati e distretto industriale: Un'interpretazione	2013	Stato e Mercato	6	SSD

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	dello sviluppo delle imprese cinesi a Prato]					
Donatiello, D.	The integration of immigrants into the middle class. Strategies and trajectories of Romanian workers in Turin [L'integrazione degli immigrati nel ceto medio. Traiettorie di lavoratori romeni a Torino]	2013	Stato e Mercato	0		SSD
Foreman-Peck, J., Zhou, P.	The strength and persistence of entrepreneurial cultures	2013	Journal of Evolutionary Economics	17		EMA
Dei Ottati, G.	A transnational fast fashion industrial district: An analysis of the Chinese businesses in Prato	2014	Cambridge Journal of Economics	36		EMA
Brzozowski, J., Cucculelli, M., Surdej, A.	Transnational ties and performance of immigrant entrepreneurs: the role of home-country conditions	2014	Entrepreneurship and Regional Development	31		EMA
Arrighetti, A., Bolzani, D., Lasagni, A.	Beyond the enclave? Break-outs into mainstream markets and multicultural hybridism in ethnic firms	2014	Entrepreneurship and Regional Development	17		EMA
Smans, M., Freeman, S., Thomas, J.	Immigrant entrepreneurs: The identification of foreign market opportunities	2014	International Migration	12		SSD
Lan, T., Zhu, S.	Chinese apparel value chains in Europe: Low-end fast fashion, regionalization, and transnational entrepreneurship in Prato, Italy	2014	Eurasian Geography and Economics	11		SSD/EMA
Wu, B., Liu, H.	Bringing class back in: Class consciousness and solidarity among Chinese migrant workers in Italy and the UK	2014	Ethnic and Racial Studies	9		SSD
Matricano, D., Sorrentino, M.	Ukrainian entrepreneurship in Italy: factors influencing the creation of ethnic ventures	2014	Journal of Innovation and Entrepreneurship	0		EMA
Ceccagno, A.	The Mobile Emplacement: Chinese Migrants in Italian Industrial Districts	2015	Journal of Ethnic and Migration Studies	13		SSD
Riva, E., Lucchini, M.	The Effect of the Country of Birth of the Owner on Business Survival. Evidence	2015	Journal of Ethnic and Migration Studies	8		SSD

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	from Milan Metropolitan Area, Italy					
Chen, C.	Made in Italy (by the Chinese): Migration and the rebirth of textiles and apparel	2015	Journal of Modern Italian Studies	3		SSD
Nanni, M.P.	Immigrant entrepreneurship in Italy during the economic crisis	2015	The Other Side of Italy: Immigration in a Changing Country	0		SSD
Solano, G.	Multifocal entrepreneurial practices: The case of Moroccan import/export businesses in Milan	2016	(book) International Journal of Entrepreneurship and Small Business	14		EMA
Pedrini, M., Bramanti, V., Cannatelli, B.	The impact of national culture and social capital on corporate social responsibility attitude among immigrants entrepreneurs	2016	Journal of Management and Governance	3		EMA
Szarucki, M., Brzozowski, J., Stankevičienė, J.	Determinants of self-employment among Polish and Romanian immigrants in Germany	2016	Journal of Business Economics and Management	7		EMA
Brzozowski, J., Cucculelli, M., Surdej, A.	The determinants of transnational entrepreneurship and transnational ties' dynamics among immigrant entrepreneurs in ICT sector in Italy	2017	International Migration	12		SSD
Ong, X., Freeman, S.	Understanding chinese immigrants in prato's industrial district: Benefits to local entrepreneurs	2017	Native and Immigrant Entrepreneurship: Lessons for Local Liabilities in Globalization from the Prato Case Study	1		SSD
Zhang, Y., Zhang, M.	(book chapter) The mechanism of sustained immigrant entrepreneurship: Wenzhounese immigrants in Italy	2017	Native and Immigrant Entrepreneurship: Lessons for Local Liabilities in Globalization from the Prato Case Study	1		SSD
Guercini, S., Ottati, G.D., Baldassar, L., Johanson, G.	(book chapter) Introduction	2017	Native and Immigrant Entrepreneurship: Lessons for Local Liabilities in Globalization from the Prato Case Study	0		
Becucci, S.	Ethnography of the fast fashion community: Chinese entrepreneurs in prato	2017	Native and Immigrant Entrepreneurship: Lessons for Local Liabilities in Globalization from the Prato Case Study	0		
Ceccagno, A.	(book chapter) City making and global labor regimes:	2017	City Making and Global Labor	13		SSD/EMA

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	Chinese immigrants and Italy's fast fashion industry		Regimes: Chinese Immigrants and Italy's Fast Fashion Industry			
Guercini, S., Milanese, M., Ottati, G.D.	Paths of evolution for the Chinese migrant entrepreneurship: a multiple case analysis in Italy	2017	(book) Journal of International Entrepreneurship	4		EMA
Barberis, E., Violante, A.	<u>Chinese immigration to Italy and economic relations with the homeland: A multiscalar perspective</u> (book chapter)	2017	Native and Immigrant Entrepreneurship: Lessons for Local Liabilities in Globalization from the Prato Case Study pp. 31-52	0		SSD
Bolzani, D., Boari, C.	Evaluations of export feasibility by immigrant and non-immigrant entrepreneurs in new technology-based firms	2018	Journal of International Entrepreneurship	3		EMA
Fauri, F., Tedeschi, P.	Labour migration in Europe volume I: Integration and entrepreneurship among migrant workers – A long-term view	2018	Labour Migration in Europe Volume I: Integration and Entrepreneurship among Migrant Workers - A Long-Term View	0		SSD
Brzozowski, J., Cucculelli, M., Surdej, A.	Exploring transnational entrepreneurship. Immigrant entrepreneurs and foreign-born returnees in the Italian ICT sector	2019	(book) Journal of Small Business and Entrepreneurship	1		EMA
Bolzani, D.	Internationalization Intentions in Domestic New Technology-Based Firms: A Comparison Between Immigrant and Non-immigrant Entrepreneurs	2019	Contributions to Management Science	0		EMA
De Luca, D., Ambrosini, M.	Female Immigrant Entrepreneurs: More Than a Family Strategy	2019	International Migration	0		SSD
Bettin, G., Bianchi, P., Nicoli, F., Ramaciotti, L., Rizzo, U.	Migration, ethnic concentration and firm entry: evidence from Italian regions	2019	Regional Studies	1		SSD

Source: author's elaboration

### 2.2.3 Processing and analysis of quantitative data – descriptive statistics

Data analysis is the process of developing answers to questions through data examination and interpretation. The basic steps in the analytic process consist of identifying issues, determining the availability of suitable data, deciding on which methods are appropriate for answering the research questions, applying the methods and evaluating, summarizing and communicating the results (Sharma, 2018).

The descriptive statistics is the process of developing answers to questions through the examination and interpretation of data. It involves examination of the data errors and describe the data by using summary statistics and graphical techniques. As data errors are often detected at this stage, the process of exploratory data analysis and data cleaning are typically iterative. The aim of this process is for the researcher to gain familiarity with, and to understand the data, in order to determine the approach to take, and methods to use in further statistical analysis.

One of the objectives of this research phase was, first of all, to give the right definition of the terms “migration” and “*immigrant*” according to the European reference framework, in general, and to the Italian one, in particular, in order to collect the right data. The current European legislation defines them according to the European Community (EC) Regulation No 862/2007 “On Migration and international protection”. For the Italian framework, rights and duties of immigrants, that in one specific moment resides in the territory of the Italian state, are regulated with the above mentioned EC regulation and the Consolidated Immigration Act of 25/07/1998 n° 286, U. G. 18/08/1998 and the following amendments. More detailed definition is given in Chapter 3.

The empirical research covered a period of two years, from 2017 until July 2019. In the first stage, the study focused on the collection of official statistical data (using secondary quantitative ones), at micro and macro level, mainly during 2017 and 2018 with a last revision in July 2019, from the following official sources:

- EUROSTAT;
- ISTAT;
- United Nations (UN)
- Idos Centre for Immigration studies;

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- Movimpresa;
- Italian National Chamber of Commerce;
- Pavia Chamber of Commerce;
- Pesaro-Urbino Chamber of Commerce;

With the term “secondary data” are intended data or information that are gathered by someone else (e.g., researchers, institutions, etc.) and for some other purpose than the one currently being considered (Cnossen, 1997; Vartanian, 2010). Before collecting such data, it is important to understand the process involved in data processing from the source who has gathered and elaborated the primary data. This can be done by reading and understanding the applied methodologies that the source had used to produce the data.

As stated above, for this research secondary data have been gathered from different sources, which use different techniques. Before collecting from each source, the data collection and the elaboration methodology was read and analysed. The data from EUROSTAT have been gathered through its official website, at a macro level. First of all, the website was studied to understand what kind of data it can offer, and then, identifying the necessary data to be used in this study, the applied methodology was read. Data collection consisted of demographic data on immigrants flows, surveys on immigrant integration and data on immigrant entrepreneurship, tied to three levels: Europe as a continent, the European Community and single countries.

The data from ISTAT, was also gathered on its official website at macro level. After checking the website and understand what kind of data were available at date, the data collection process began. The collected data consisted in available demographic data of residents, in Italy, divided into: Italians, the new Italians citizens, the citizens from EU countries and the citizens from other countries,. We considered four levels of analysis; Italy as a whole, geographic areas (northwest, northeast, centre, south and islands), individual regions and the level of individual provinces. Data cover a period of 20 years, until 2017. The decision to collect the data until 2017 was for a homogeneity reason, as the majority of ISTAT available data, specifically those on immigration, are until 2017. The data collection process continued with all the available secondary data of the workforce, specially of the employed people, for the above three levels too, in order to keep have as much as possible an homogeneity through data. Moreover, we gathered data on immigrant level of instruction and immigrant retribution level, on the above parameters.

Then the process continued with the collection of data on evidence of immigrant entrepreneurship

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in the country, with the above mentioned parameters, from the National Chamber of Commerce website, at four levels too: Italy at national level, geographic areas, regional level and provincial one. Data on immigrant entrepreneurship are gathered in comparison to the Italian and EU entrepreneurs, and divided in all economic sectors. The Italian Chamber of Commerce, classify the economic sectors of enterprises according to ATECO 2007, which is the national classification of economic sectors of enterprises. ATECO 2007 is based on NACE Rev (European nomenclature of economic activities). NACE is the European reference for the production and dissemination of statistical data related to economic activities.

Drawing from this first data elaboration, it emerged that from a methodological point of view, there may be minor inconsistencies in the immigrant enterprises data-base held from the Italian Chambers of Commerce, due to the fact that immigrant enterprises are classified based only on the country of birth of the enterprise founders and/or the administrators. The risk is that there may be Italian citizens who, for different reasons, were born abroad, as well as immigrants of the second or third generations who were born in Italy.

The data processing and further analysis, at this stage, were divided into two phases: (1) data management; (2) explanatory data analysis.

At the end of the collection process, during the data management process, the gathered information was centralized and entered into the computer. Data entry is a tiresome work, but it is necessary to accord to it some attention due to inevitable errors in reading and entering the information. The computerized data are then stored in tabular form in a Microsoft Excel spreadsheet.

The explanatory analysis is the process of developing answers to questions through the examination and interpretation of data. At this phase, comparative data elaborations, tables and graphs are constructed, through Microsoft Excel software, from multiple points of view: demographic, workforce, level of study, immigrant entrepreneurship developments.

A summary report describing all the above-mentioned statistical elaborations was constructed, and presented in the first paragraphs of the Chapter 3.

From the above mentioned research phase, two Italian provinces were selected for a further and more detailed statistical data on immigrant entrepreneurship, this time at micro level, namely the provinces of Pavia and Pesaro – Urbino. The selected provinces has recorded a significant increase of immigrant residents during 2017, and a growing trend of immigrant enterprises in their areas, while other provinces of the same two regions (respectively, Lombardy and Marche) have registered a

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different trend. These micro-level data served as a basis for further descriptive analysis of these provinces. On the other hand, they served as the basis for the construction of the sample for the qualitative analysis. The choice of these provinces was also driven from the relatively small size compared to other Italian provinces, especially the metropolitan ones, and their geographical position; North Italy, (Pavia) and Central Italy (Pesaro-Urbino). Another reason for the selection of the above mentioned provinces lays on the fact that, the first one (Pavia) is the province of residence of the researcher of this study, while second is the province where the researcher is doing her PhD studies. These factors contributed positively to the collection of data from the Chambers of Commerce of the two provinces, and the conduction of interviews, as the qualitative studies methods suggest (Sharmaz 2006).

According to the qualitative methodology, in case of limited sources and data, purposive sampling is the most indicated strategy, that helps in the identification and selection of information-rich cases for the most effective use of limited resources (Patton, 2002).

The next step was to contact the Chambers of Commerce of the abovementioned-provinces. For Pavia Chamber of Commerce was contacted the Head of Counter and Sanction services through an official request letter written by, the supervisor/tutor, Prof.ssa. Mara del Baldo. In response, it was possible to have the database of companies throughout the province, in electronic format, whose founders or administrators were not born in Italy. The database was formed by a list of enterprises, including both self employed persons and societies. The information comprise: the company name, founder and/or administrator name, the country of birth, year of birth, number of company members (if any), year of foundation, type of company (self employed person, societies and type of societies), company activity sector (according to ATECCO 2007), social capital of the foundation, company residence and founder and/or administrator residence. Was not possible to have accounting data of companies.

The same process was carried out for Pesaro –Urbino Chamber of Commerce. The contact person was the Curator (Head) of the Business Register. The same procedure was adopted to an Excel database-including the same parameters. The data base was sent electronically.

During the data management process, the databases were cleaned, filtered and processed according to entrepreneurs country of birth, types of companies, sector of activities, and so on.

During the explanatory phase, comparative data elaborations, tables and graphs have been constructed, through Microsoft Excel software, in order to provide an overview of immigrant entrepreneurship of the two above mentioned provinces, its developments and characteristics. The data

also served as a pool for the selection of interviews in the two provinces.

A summary report describing all the above-mentioned statistical elaborations was constructed, and presented in Chapter 3.

## 2.2.4 Processing and analysis of quantitative data

### 2.2.4 (a) Social exclusion – The choice of suitable indexes

One of the main objectives of this thesis was to explain the factors that influence the decision of immigrants to become entrepreneurs in the host country. The core issue driving this effort is the stated research problem: Are, - and if so how and to what extent, - immigrants decisions to become entrepreneurs related to the degree of social and economic integration in the host country, or their decision is driven by other factors, such as culture, attitudes to entrepreneurship, attitudes to take risks?

To answer this question, a system of integration indexes was constructed, analyzed and compared to immigrant entrepreneurship phenomenon through a multivariate logarithmic regression model (log-log) estimated by the Ordinary Least Squares (OLS) technique, referred to the secondary data collected on ISTAT official website, Chambers of Commerce and other official sources, as explained in the previous step.

Firstly, it was necessary to decide a reasonable list indicators on social exclusion/inclusion of immigrants that mostly suits the Italian context and reality, through a brief literature review on the topic.

Social exclusion is a broad and contestable term in literature, and giving a single definition of it is not so easy. The idea of “social exclusion” emerged in Europe in 1970’s, trying to avoid risks and social cohesion stability that began to affect labour markets, social policies, poverty and migration flows in the context of increasing global economic integration. It was rapidly adopted across Europe decentring discussion around poverty, capability and deprivation. Townsend (1979) argued that a proper

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understanding of poverty should not be limited to questions of subsistence, but should incorporate people's inability to participate in the customary life of society.

Even though the "social exclusion" concept is relatively new, Amartya Sen (2000) has pointed out that the historical roots of the concept of social exclusion go back as far as Aristotle. He pointed out that Adam Smith over 200 years ago in "*Wealth of Nations*", strongly believed that the wealth of nations was related to their level of physical capital, to the skills of the labour force, to the technology innovations and to the prevailing of moral values. He put the ideas of inclusion and exclusion as the topic of poverty analysis when he defined the nature of "necessity goods", as a base for a dignified life. However, this concept has been seriously re-considered only in the last few years.

During the 1940 and 1950s, the predominant economics model emphasised the accumulation of physical capital, in order to guarantee new investments (output ratio model – Harrod 1948), and only in 1960, the economic model focused towards the determinants of economic growth in the long term, considering in this analysis also the rate of technical progress.

In mid -60s emerged the theory of human capital led by Chicago economists Schultz and Becker. Just as the accumulation of physical capital, it was realized also that human capital in the form of education and skills can be accumulated and could result in higher output and earnings. Despite the limitations, this theory has become a crucial factor on determining the economic performance and the dynamics of poverty.

In the 90s a new theory began to spread in Europe, taking into account among other economic factors, informal relationships and ethics of society, reconsidering the Adam Smith's Theory of Moral Sentiments (1790). It was initiated by the International Labour Organisation (ILO), which appears to have taken a lead role in driving the concept out into aid and development policies in low income regions. Arguably, the concept resonated with ILO's traditional concerns with social cohesion, participation in the labour market, social justice, and social organisations (specifically trade unions). In 1994, the International Institute for Labour Studies (IILS), attached to ILO, launched a research programme that has as objective to "deconstruct" the usage of the term social exclusion in European policy debates and to fashion a social exclusion which is not Eurocentric but relevant globally, in a wide variety of country settings...(Gore & Figueiredo, 1997:3, in Mathieson et. al, 2008:7). The program was financed by United Nations Development program (UNDP) and was the ILO contribution to the Copenhagen World Summit on Social Development in 1995. It was in that period that it started to shift from poverty to broader concept of social exclusion.

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The social exclusion concept has been used in literature to describe: groups at risk of exclusion (Lenuar, 1974; Lee and Murie, 1999); what people are excluded from (Silver, 1994, Atkinson, 1998) ...; the states associated with exclusion (Gore, 1997; Estivill, 2003); the processes involved and levels at which they operate (Bhalla and Lapeyre, 1999; Sen, 2000); the actors involved (Atkinson, 1998; Burchard et.al., 1999; Burchard and Vizard, 2007).

It is seen as a multidimensional process. Mathieson et.al (2008) have seen it as a process, a way of describing inequalities, or as a state, a way of describing the excluded groups.

“Social exclusion as been seen as a process, a way of explaining power relationships underlying and producing inequalities - or as a state, a way of describing the most disadvantaged people or social groups, who are assumed to be ‘excluded’ from social systems and relationships. In most definitions this ‘state’ is seen to be associated with (extreme) poverty” (Mathieson et. al, 2008:15).

Curran (Curran et al., 2007) identify social exclusion as a lack of access to rights as a citizen and/or member of particular group, community, society or country.

Levitas et al. (2007:25) suggest that:

“Social exclusion is a complex and multi-dimensional process. It involves the lack of denial of resources, rights, goods and services, and the inability to participate in the normal relationships and activities, available to the majority of people in a society, whether in economic, social, cultural or political arenas. It affects both the quality of life of individuals and the equity and cohesion of society as a whole” (Levitas et al., 2007:25)

Sen (2000), among others distinguish between *active* and *passive* exclusion. Brought about by a deliberate policy to exclude some people from some opportunities. The political exclusion from voting rights keep immigrants outside the political process in a systematic way. It refers to almost all EU countries, including Italy. Sometimes an active exclusion can bring out other exclusionary consequences that were not part of the plan of exclusion but nevertheless are results of the directly aimed exclusion (Sen, 2000). The deprivation that come out through social processes, in which there is no deliberate attempt to exclude, can be seen as a passive kind of exclusion. Sen, in his definition of social exclusion, remarks the poverty and deprivation, and invite to underlay *who are the excluded?* And *from what are excluded* (Sen, 2000).

Burchardt et al.’s (1999) definition emphasises participation in the social life and key activities in the society in which they participate. They implies that social exclusion is relative, and a voluntary

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choice. Persons may not want to participate in the social life by their choice. However, if they are excluded not by their choice, this implies social exclusion. This type of definition implies that social exclusion is relative, applicable to individuals living in a particular society. It leaves open question of who should decide which activities may be regarded as 'key'. This is not only an empirical question, implying the existence of a measurable inclusion/exclusion threshold according to the degree of participation in a particular activity, but also a normative one, involving the choice of key activities (or dimensions of participation necessary for inclusion) at a specified time and place. During this research, the concept of social exclusion refers to the Burchardt and Vizard definition (1999; 2007).

It was after Copenhagen summit that the "social exclusion" concept began to gain common applicability and has been adopted by economist, social researchers, politicians, trying to quantify the "social exclusion" in order to adopt and monitor policies of poverty and inequality. We can mention the set of *harmonised indicators on poverty and social exclusion* that was adopted in Laeken in 2001 by the European Council and revised in 2006, the *Capability Framework* which had the objective to measure inequality developed by CASE (Burchardt and Vizard) in 2007. The United Nations Development Programme (UNDP) is a strong advocate of a human rights-based approach to address social exclusion. Their Human Developed Index (HDI) is a good example of it.

Regarding the social exclusion among immigrants in Europe, we can cite the following examples: "*The causes and dynamics of social exclusion among immigrants in Europe. Analysis of three cases: Denmark, Italy and Spain (VS/2001/0704)*". It was an EU project, which gives a photography conditions on the immigrants life in these countries, trying to explain reasons of their social exclusion, but without establishing a causal relationship between poverty and unemployment and/or social policies and other variables. The most recent developments of social inclusion process refers to the year 2016 where the EU commission launched the "*Action Plan on the integration of third country nationals*" (COM 2016, N. 377). It aims to reduce barriers of social inclusion among peoples of third countries across EU, in four directions: guarantee access in *education, labour market and training, access to basic services*, and guarantee and *active participation and social inclusion*. The Action Plan of 2016 reaffirms the *Common Basic Principles for Immigrant Integration Policy* adopted in 2004, who determined a common approach to the integration of third country nationals across the EU. Despite the fact that the EU commission agrees that the integration of immigrants into their respective host societies across EU, depends on the policies of the single EU host countries, it affirm that however they have in common at least three basic dimensions concerning the social, economic and cultural role migrants play in their new environment. A fourth important dimension, namely the role that migrants play in the host country political life, depends on whether the host government allows political participation or even grants voting rights. (EU Commission 2010). The action plan of 2016 aspire to take a step forward this last aspects as well.

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As stated in the previous sections, the immigration history of Italy as a host immigration country is relatively new. As a result, we have to point out that a serious reflection on the indicators for the integration of immigrants in the country, has started only recently. This is linked mainly to the brief experience of the Commission for immigration and integration policies, established at Ministry of Social Solidarity (at the time), to Turco-Napolitano law No.40 of 1998, which was followed by the Consolidated Immigration Act of 25/07/1998, and to the work of Golini, Stroza and Amato (Golini, et.al., 2001), who published a first immigrant integration indicators system. Golini et.al (2001) integration system was presented essentially as a study, an experimental prototype, aimed, above all, to highlight the role of limited sources of official data on immigration in an integration perspective. A more careful and advanced attempt at transformations that were affecting the immigration phenomenon, is provided by the National Council of Economics and Work (CNEL) report on the indices of immigrant integration, carried in collaboration with Caritas/Migrantes (CNEL, 2013). To date, the CNEL list of indicators is the only rational list of indicators system on the phenomenon in Italy, still feasible. The last publication of the CNEL report was in 2013. From then, different studies and reports have been produced but without specific integration indicators.

As the quantitative empirical study is based on secondary official data taken by ISTAT and the Italian National Chambers of Commerce, the CNEL list of indicators was taken as a started point to construct indices on the immigrant integration, as the available official make possible to refer to it. Like the previous reports on the topic (Golini, et.al., 2001; CNEL, 2013), the proposed model was articulated into a set of indicators referring to three conceptual dimensions, as follows:

- territorial dimension;
- social dimension
- economic dimension

A fourth important dimension, namely the role that migrants play in the host country political life, depends on whether the host government allows political participation or even grants voting rights. In Italy, the actual framework still does not permit this kind of participation.

The first dimension (territorial dimension) is related to the polarization or the territorial attractiveness. The second dimension (social dimension), measures the immigrant social integration, by a list of indicators used to check the access of immigrants to certain goods and services, as well as the achievement of a permanent residence permit. The third one (economic dimension) contains indicators related to the immigrant participation in the labour market and their average annual

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income. It is made up of descriptors of the characteristics of the foreign population referred to four levels: Italy as a whole country, geographic areas (northwest, northeast, centre, south and islands), regions and provinces. Indicators are constructed by aggregated<sup>2</sup> data, collected from official sources, as mentioned in section 2.2.3.

The knowledge of integration at a disaggregated territorial level is of fundamental interest for the governance of migratory phenomenon. As the sociologist Zygmunt Bauman states, in an age in which global and local are combined in the “*glocal*” neologism (Bauman and Boldoni, 2014), it is evident that the immigration management passes through the knowledge of the different territorial realities. Accordingly, the difficulties in describing and measuring the integration in a country like Italy, are intimately linked to at least two immediately detectable characteristics: the economic, cultural and social heterogeneity of its territories, to which corresponds a multi-level political-institutional structure and the multi-ethnic framework of foreign presences.

From here, the decision to aggregate the present research in four levels, as stated above: Italy, its geographic areas, individual regions and individual provinces.

The final result of the elaboration of the statistical indicators measured the three dimensions (territorial, social and economic), through the following aggregated data:

### **a. The Territorial Dimension**

***Territorial attractiveness index:*** it measures the capacity of the territory (regions and provinces) to attract and retain a larger number of immigrants, among the immigrants population residing in the country, proposing itself (or not) as an "attraction" of the foreign presence in Italy. It is measured as an aggregated index of the following data:

- the Incidence Indicator; calculated as the percentage of foreign residents on the total resident population (2017) – source ISTAT (aggregated data).
- The Density indicator: the average number of foreign residents per km<sup>2</sup>, (2017) - source: ISTAT (aggregated data).
- The Internal Migratory receptivity Indicator: calculated as the ratio between the number of foreigners who, during the year 2017, were registered in the local registry offices as

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<sup>2</sup> The term “aggregated data” refers to secondary data that are further processed by the researcher for the purposes of his research, in order to have new data, based on secondary ones.

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residents, coming from other Italian Municipalities, and the number of those who, during same year, were cancelled as residents, for enrol in other Italian Municipalities, multiplied by 100, (2017) - source: ISTAT<sup>3</sup>. (aggregated data).

- The Stability Indicator: calculated as the percentage of the minors among the resident foreign population, (2017) source: ISTAT (aggregated data).

### **b. The Social Dimension**

***Social inclusion index:*** it measures the access level of immigrants to some basic welfare goods and services (such as housing, income level and higher education) and their integration level through an adequate linguistic knowledge of the Italian and the achievement of certain legal statuses that guarantee and / or sanction a solid and mature insertion in the host society (such as stable residence indicator, the acquisition of citizenship by naturalization, mixed marriages, the fertility of foreign women). It is measured as an aggregate index of the following data:

- Indicator of accessibility to the real estate market: calculated as the ratio of the average of the annual rental price for a house of 50 square meter in the periphery of the metropolitan area on the average of the annual per capita salary of non UE employees, (2017), source: ISTAT (aggregated data). *Represents a Reverse correlation hypothesis with the social inclusion index.*
- Non professional high school education indicator: calculated as the percentage of high school students (classical, scientific, linguistic, artistic and socio-psycho-pedagogical) out of the total number of foreign students enrolled in upper secondary schools (net of those enrolled in technical, artistic and training institutes professional, etc.), during the 2016-2017 education year. Source: ISTAT (aggregated data). *Hypothesis of direct correlation with the social inclusion index; the higher this percentage is, the more immigrant students who pursue a higher education level is considered to be as are considered free - at least in principle - from the need to find immediately work to ensure economic support for themselves and to their families.*
- Mixed marriage rate: the number of marriages celebrated in Italy by the immigrants during the year 2017, on the total of marriages celebrated in Italy during the same years by

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<sup>3</sup> When the value is less than 100 it indicates a lower number of subscribers than the cancelled ones and denotes, therefore, a negative internal migratory balance.

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immigrants, multiplied per 100, (2017). Source: ISTAT (aggregated data). *Hypothesis of a direct correlation with social inclusion index*

- The Fertility rate indicator: the average number of children per foreign adult woman, possibly compared with the same rate relative to natives (2017). Source: ISTAT (aggregated data). *The closer the foreign fertility rate is to the general one, the more integration is considered. More are differences among the immigrants fertility rate to the general one, less integration is considered*
- The Stable residence indicator: calculated as the ratio of permanent residences permits (CE residence permits, unlimited), on the total of residence permits, (2017). Source: ISTAT
- The Naturalization indicator –the number of immigrants who have acquired the citizenship in the 2017. Source: ISTAT
- The Italian language knowledge ratio: is detected by the numbers of permanent residence permits, as, in order to have such residence permit, the immigrants must have a knowledge of the Italian language, certified by an exam, (2017). Source: ISTAT; MINT.

### c. The Economic Dimension

***Employment inclusion index:*** it measures the degree and quality of immigrants' participation in the local employment market, taking into consideration both strictly quantitative factors (impact on all workforces, employment balance), and qualitative features relative to the type of involvement and employment that is reserved for immigrants in the labour market (type of employment - part time or full time, duration of the working contracts), as follows:

- The Employment indicator: calculated as the ratio of full-time of extra UE employees, (the full time term corresponds to the annual amount of work hours actually declared, on an average of 100 born abroad employees), on the total Extra UE employees (full time + part time) in percentage. The closer it is to a hundred, the more full-time employees are, (2017). Source: ISTAT ( aggregated data).
- The Employment income ratio: calculated as the difference between gross remuneration per hour between not EU residents employees and Italian ones (2017). Source: ISTAT (aggregated data).
- The Employment stability: calculated as the difference between the number of unlimited working contracts of not EU residents to the total of employment contracts of not UE residents, in percentage. (2017). Source: ISTAT (aggregated data).

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The secondary data collection process, as stated in the previous section, allowed to manage and elaborate a data set, in a unique Microsoft Excel format worksheet, with all the variables that construct the different indicators, from which homogeneous indices are constructed. To detect the level of integration of immigrants, the indicators were elaborated on aggregate data, as explained above. The dataset was constructed at a territorial disaggregate level. As mentioned above, the data has been territorially aggregated in four levels, for all the twenty Italian regions and hundred and ten Italian provinces. In addition it contains the immigrant entrepreneurship trend, also aggregated in four territorial levels, for all the above mentioned regions and provinces. It includes:

- The number of immigrant enterprises;
- The growth ratio of immigrant enterprises;
- The balance of immigrant enterprises;
- Incidence of the immigrant enterprises on the total;

All the data refers to the year 2017. The first idea was to develop a time panel of the last twenty years. This was not possible, for two reasons; first of all, not all the data were available in all dimensions for the last twenty years. Second, from the statistical point of view, there were small data difference between years, due even to the relatively new immigration history of the country. The decision to collect the data for 2017 was for a homogeneity reason, as the majority of ISTAT available data, specifically those on immigration, are updated until 2017.

### 2.2.4 (b) The multivariate regression model

The other step was to determine the most adequate statistical model, based on the research questions and on the data collection. The multivariate regression model estimated by the ordinary least squares (OLS) technique was considered the most appropriate to the scope.

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Two models were estimated separately:

- over twenty Italian regions, indexed by  $i = 1, 2, \dots, 20$ ;
- over a hundred and ten Italian provinces, indexed by  $j = 1, 2, \dots, 110^4$ .

The outcome of interest was the measure of the entrepreneurial activity of Extra UE immigrants in Italy, and its relationship with the integration factors based on three dimensions at territorial level. From the above dataset, the ratio of immigrant enterprises to the total ones was constructed and a logarithmic transformation to approximate its growth was used. As stated above, the literature suggests three main dimensions that could explain the growth in this ratio including the attractiveness of the region/province, labor market indicators and social integration. Table 2.3 presents an overview of the available indicators for each of the three categories.

**Table 2.3** *Independent variables grouped in categories*

<b>Territorial Index (<math>X_1</math>)</b>	<b>Attractiveness</b>	<b>Social integration Index (<math>X_2</math>)</b>	<b>Labor market Index (<math>X_3</math>)</b>
Foreigners to total inhabitants		Share of permanent residence permits	Gross hourly wage of Italians
Share of foreign minors		Share of mixed marriages (Italian-foreigner)	Gross hourly wage of foreigners
Population density		Total citizenship acquisitions	Share of non-EU full time workers
Foreign minor population		Share of foreigner students enrolled in non-professional schools	Share of permanent working contracts
-		Average monthly expenditure for household	--

Source: author's elaboration

The description of the OLS method and its diagnoses follows the Wooldridge (2003; 2016) and Hansen (2018) guidelines. Since there are very specific and rare cases where the economic literature specifies the functional form (parametric) of the regression, or the conditional expectation, the

<sup>4</sup> The number of the Italian provinces is higher than the reality for the fact that ISTAT have collected data based on the legislation before and after 2017.

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relationship of interest was treated in the framework of a growth model. Let  $Y$  be the share of foreign enterprises in each region  $i$  or province  $j$ . Then the conditional expectation will be:

$$\mathbb{E}[\ln Y | x_1, x_2, x_3] = \beta_0 + \beta_1 \ln x_1 + \beta_2 \ln x_2 + \beta_3 \ln x_3 \quad (1)$$

$$\mathbb{E}[\epsilon | x_1, x_2, x_3] = 0$$

Let us denote for simplicity  $X = [x_1 \ x_2 \ x_3]'$ . Where  $x_i, i = 1, 2, 3$ , stays for the regressors containing information from each category in Table 4.1. Several assumptions are needed to get reliable estimates using the OLS estimator.

First, we can assume that the model is linear in parameters.

Second, it is evident that  $\mathbb{P}\{x_i = a\} = 0$  (i.e. the independent variables are constant) as all the regressors are continuous and there is sufficient variation in the sample to support this assumption.

Third, the regression assumption of  $\mathbb{E}[\epsilon | X] = 0$  implies (by Law of iterated expectations) that  $\mathbb{E}[\epsilon'X] = 0$ , and this ensures unbiasedness and consistency.

Although in practice it is a hard task to find a random sample, in our case the sample and the population match, so we will assume that the fourth assumption of random sampling holds.

Lastly, the error term is normally distributed  $\epsilon \sim \mathcal{N}(0, \sigma_\epsilon^2)$ , i.e. with zero expectation and constant variance  $\sigma_\epsilon^2$ . It is very rare that the noise (error) in the linear regression model is homoscedastic, and therefore this assumption is not realistic. Hence, it was necessary to perform a test that checks whether the last assumption holds and correct the standard errors accordingly.

The most important rule in any application of OLS states that “*everything is in the residuals*”. To address this concern, several diagnosis checks were employed.

First, we wanted to check whether  $\mathbb{E}[\epsilon'X] = 0$  holds. In economic terms we have asked whether any of the regressors included in the model are endogenous, or whether we have excluded important predictors of the enterprise ratio that should be in the model. Another way of interpreting this problem is whether the model’s functional form is correctly specified. A test for this issue is the Ramsey’s Regression Equation Specification Error Test (RESET).

Suppose that (1) is the restricted model, which we can write for simplicity as:

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$$\ln y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \epsilon$$

Then the unrestricted model would be:

$$\ln y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \delta_1 \hat{y}^2 + \delta_2 \hat{y}^3 + \epsilon$$

We want to test via the Ramsey's Reset test the hypothesis that the functional form is well specified.

$$\mathbb{H}_0: \delta_1 = \delta_2 = 0$$

Against

$$\mathbb{H}_a: \delta_1 \neq 0 \text{ and/or } \delta_2 \neq 0$$

This is an asymptotic Wald test or a finite sample  $F$  inference with  $n-k-3$  degrees of freedom, and if the  $F$  statistic is lower than the critical:  $\frac{(R_{ur}^2 - R_r^2)/q}{(1 - R_{ur}^2)/(n-k-3)} < F_{kr} = 3$ , then this means that the null hypothesis cannot be rejected, implying that the functional form is well specified. Note that “ $ur$ ” is the subscript for unrestricted and “ $r$ ” for the restricted

Further, we wanted to test whether the homoscedasticity or constant variance assumption holds, i.e.  $\mathbb{E}[\epsilon^2 | X] = 0$ . We had use the White test for heteroscedasticity as explained below.

Consider the following equation:

$$\hat{\epsilon}^2 = \delta_0 + \delta_1 \hat{y} + \delta_2 \hat{y}^2 + \epsilon$$

where  $\hat{\epsilon}^2$  are the squared residuals, and  $\delta_k, k = 0,1,2$  are the parameters of the predicted values of the dependent variable. Under the null hypothesis, the model is homoscedastic.

$$\mathbb{H}_0: \delta_1 = \delta_2 = 0$$

$$\mathbb{H}_a: \delta_1 \neq \delta_2$$

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The null hypothesis means that the independent variables cannot explain the  $\hat{\epsilon}^2$  term better than the intercept does. The statistics of the test is the Lagrange Multiplier  $LM = n \cdot R_{\hat{\epsilon}^2}^2$ . If the  $LM < F_{k,n-k-1}$ , we can not reject the null hypothesis and the model is homoskedastic<sup>5</sup>.

Multicollinearity is another problem of the multivariate linear regression. Allison (1999) suggests the Variance Influence Factor (VIF) statistic as the quotient of the variance in a multivariate regression by the variance of the same model with a single term. This test determines the severity of the multicollinearity problem of the OLS model by producing an index/statistic that measures the increase in the variance of one of the estimated parameters due to collinearity among regressors.

Lastly, the normality distribution of the error term was also tested. A check of this property would be to show that the histogram has a bell-shape, or is at least roughly bell-shaped. In addition to visual inspection, appropriate normality tests must also be carried out. A formal inference for normality is the Shapiro-Wilk W test. The null hypothesis of the normality tests is the normal distribution of the error term, so we are looking for test statistics with a high p-value.

The diagnostic checks, tests and the regression models were estimated with the help of STATA software. The results are shown in the Chapter 4.

### 2.2.5 The qualitative research phase – the interviews

As stated in the previous sections, this study was conducted under the mixed method approach, combining both quantitative and qualitative methods of research, through an explanatory approach.

The empirical qualitative approach follows the constructive grounded theory (CGT) guidelines. The Constructive Grounded Theory (CGT) is defined as:

"a set of systematic, yet flexible guidelines for collecting and analyzing qualitative data to construct theories *grounded* in the same data"... it's rigorous approach offers to the qualitative research a set of clear guidelines through which is constructed an explanatory structure that specify the relationship between concepts" (Charmaz, 2006:2-3).

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<sup>5</sup> Homoscedastic means having the same scatter. Given a set of data, it means that the points of the regression must have the same distance from the line.

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As one of the objectives of the study focused on immigrant entrepreneurs individuals' accounts of lived experience, in order to explore the figure of immigrant entrepreneurs, and their aspiration toward entrepreneurship, it is necessary to emphasise the meaning they attribute to those actions, their thoughts, beliefs, values and feelings. This can only be captured by face to face interviews, as Marshall and Rossman argue, (Marshall and Rossman, 1999). Thus, individual face to face interviews were conducted, in an *intensive interviewing* process method. Most essentially, an interview is a directed conversation (Lofland, 1984; 1995), while intensive interviewing permits an "*in-depth exploration*" of a particular topic or experience (Charmaz, 2006: 25). Therefore it represents a useful method for interpretive inquiry because stimulates the participant's interpretation on his/her life experience. According to Charmaz, knowledge is subjective and is constructed by both the participant's experiences and the researcher's own interpretations, (Charmaz, 2006; 2014).

"Intensive qualitative interviewing fits grounded theory methods particularly well. Grounded theory methods require that researchers take control of their data collection and analysis, and in turn these methods give to them researchers more analytic control", Charmaz, 2006: 28).

The purpose of interviews was to have people reflect on the phenomena of their immigration experience, immigrant identity, their settlement in Italy, their studies, work experience - previous and after immigration- their decision to become entrepreneurs, their company mission and vision. Through the intensive interviews, first hand subjective experiences were explored. The intention was to encourage the participants to recall their experiences and reintegrate them in their interviews. Participants had the opportunity to be open and to explore in depth their feelings and thoughts associated with their identity, immigrant status and professional occupation.

For the purpose, semi structured interviews were conducted. This approach was useful for the following reasons. Firstly, it allowed to encourage participants to provide a detailed account of their experiences in a flexible way. The flexibility offered participants the opportunity to express themselves and to give detailed explanations of unanticipated arguments. Secondly, it allowed the researcher to gather information on specific topics outlined in the interview guide. Thirdly, semi-structured interviews encouraged a two-way interaction between the researcher and the participants. They were based on the interview guide with open-ended questions and informal probing to facilitate a discussion of the issues related to the immigration and entrepreneur experience of the respondents. The interview

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guide was developed as a checklist of topics to be covered. This form allowed to have a comparability among respondents.

“Comparison study across all interviewees can be achieved when all participants are asked the same questions” (Bernard, and Ryan, 2016: 67).

The interview guide was structured in two parts: during the first one, the purpose was to explore issues related to the participants life, prior and after immigration, their settlement in Italy, their family, their work experience, the decision to become entrepreneurs, reasons for choosing their sector of activity, and if the initial funding for starting their own business was from banks or other financial institutions, or mainly from their own savings and/or loans from family and friends. During the second part, issues related to the specifics of entrepreneurial activity business were addressed, as follows: the role of the entrepreneur inside the activity, the company organization chart, employee recruitment channels, their commercial suppliers, their shareholders (employees and costumers), their contacts with local bureaucracy, the role that the chambers of commerce plays, (if any), the company long term and short term strategy, if they have a written document for the strategy, the relationship that have with banks and other financial institutions, their plans for the future<sup>6</sup>.

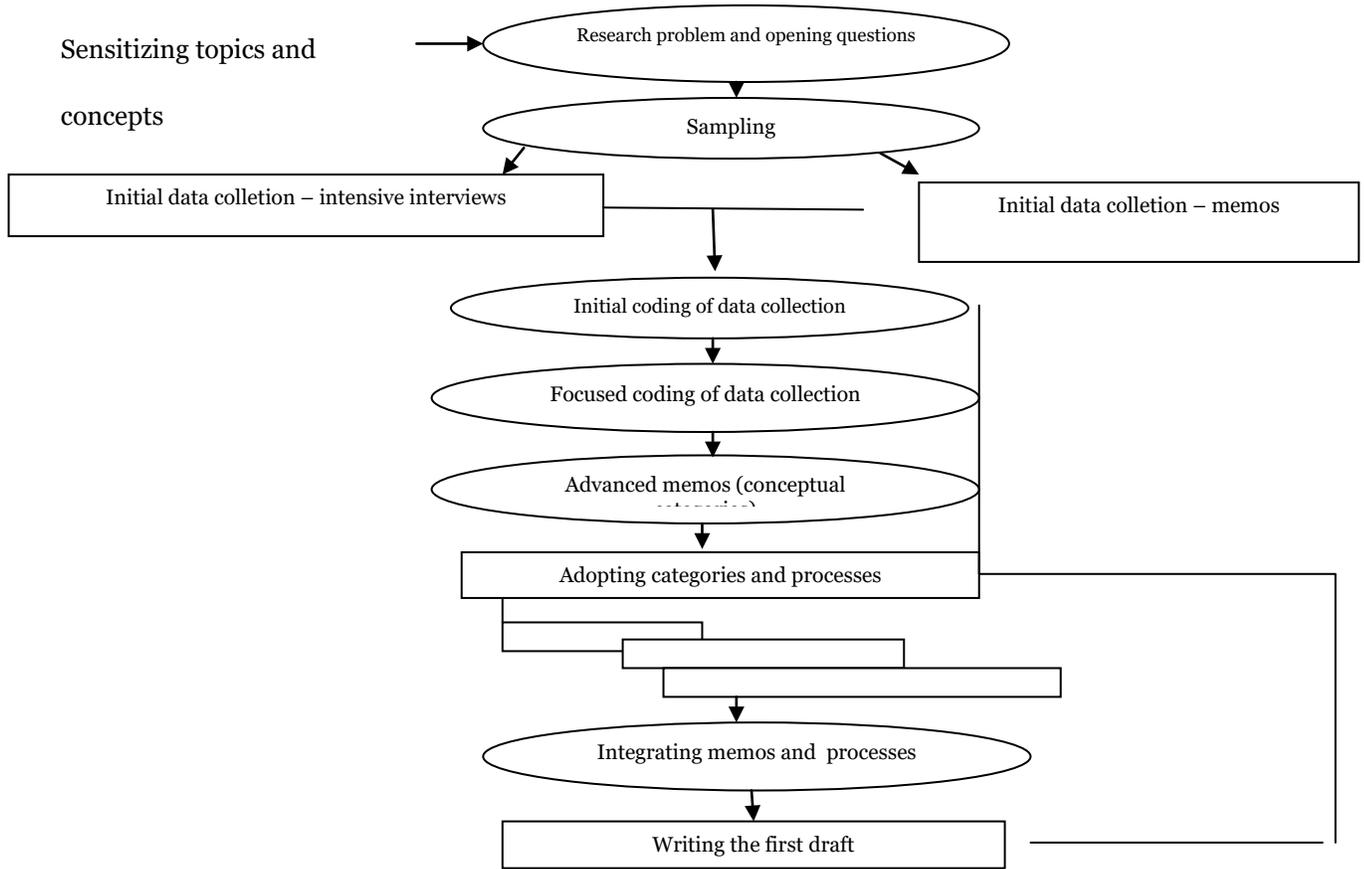
The process of the empirical research under the constructive GT approach is presented in Figure 2.4.

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<sup>6</sup> For more detailed information the Interview Guide is attached to annex 1.

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**Figure 2.4** *The constructed GT process*



Source: author's elaboration

## 2.2.5 (a) Sampling

In the quantitative research method, sampling predetermination is a necessary prerequisite. In the context of "qualitative" studies, which does not take into account the statistical populations and their representative sample, the choice of respondents must however be guided by adequate, explicit and shared criteria. The qualitative research process was focused in two Italian provinces, Pavia and Pesaro-Urbino.

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As specified in the previous section<sup>7</sup>, the choice of these two provinces was made because they present-significant and representative immigration patterns within their regions and are characterized by high rates of business start-ups by immigrant entrepreneurs; are comparative (small provinces of medium-large regions), and their geographical position helps to extend the study from north to central Italy.

As in other studies regarding immigrant entrepreneurs (e.g. Saxenian, 2002; Ndofor, and Priem, 2011), different strategies were used to identify and contact potential respondents. The research targeted immigrant entrepreneurs were between the ages of 20 and 65 years, first immigrants generation, who exercise their activity in provinces of Pavia and Pesaro - Urbino, including self-employed entrepreneurs and medium – large enterprises (societies and companies), from different sector activities and nationalities. The sample was selected from the micro data on the *immigrant entrepreneurs* (entrepreneurs who were born outside Italy), obtained from Pavia and Pesaro – Urbino Chambers of Commerce, as explained in section 2.2.3.

The purpose of sampling was to have companies of different sizes, from entrepreneurs with different nationalities and sectors of activity, in order to diversify the cases as much as possible. According to Seawright and Gerring classification, the cases maximally diversified, aimed at obtaining information concerning the significance of different conditions for a specific process and/or phenomenon and its result (Seawright and Gerring, 2008). To obtain the final list, an additional cleaning procedure was performed; all enterprises of entrepreneurs who were born in advanced economy countries were excluded. In this way, the research universe was limited to entrepreneurs who came from an under developed country or from a developing one. A random sampling technique was applied to obtain the provisional sample of respondents, having the above mentioned features. The contact was in person at the entrepreneurs business activity, asking for an appointment according to his/her time and comfort for the interview, after that the interview purpose was explained to them. If after three attempts interviews could not be completed with the entrepreneur who was initially selected, additional candidates were randomly chosen. Several obstacles were encountered during the attempts to contact the entrepreneurs. Most respondents often considered the interviews to be an inconvenience, or at times, an intrusion. These obstacles were greater with Chinese entrepreneurs, who have mostly shown distrust. The interviews continued until the saturation point was reached.

In total, ten entrepreneurs were interviewed, five from each province, between March and July 2019. Hence, three Chinese immigrant entrepreneurs, two from the bar and restaurant sector of activity and one from personal services sector of activity, were interviewed (two from Pavia province

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<sup>7</sup> Section 2.2.3 of the actual chapter

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and one from Pesaro-Urbino province), three Albanian immigrant entrepreneurs of medium-large companies (two from Pesaro-Urbino and one from Pavia provinces); two Albanian self immigrant entrepreneurs (one from each province), and one Turkish and one Ukrainian entrepreneurs from bar and restaurant activity sectors (the first from Pesaro-Urbino province and the second from Pavia province). The range age was from 23 to 47 years old.

All interviews were taken in the Italian language, for a homogeneity reason during the coding process. All interviewers felt comfortable with the Italian language.

Initially, the intention was to take only recorded interviews, but after some refusals related to the interview recording process, due to the non-comfortability of the interviewees with the recording, maybe because of a certain shyness or maybe to their distrust, both recorded (where possible) and non recorded, but in vivo written interviews, were taken.

In all cases, to the candidates was shortly explained the research project and the University to which the researcher is associated, the interview scope and its use for only study purposes, before the starting of the interview process. The anonymity was assured as well. The interviews were conducted through face to face, at a location convenient to the participant. They took approximately from forty to sixty minutes. Only one interview with a Chinese entrepreneur from Pesaro – Urbino province took about twenty minutes, and a certain distrust during it was shown. The process was strictly on voluntary basis and no monetary compensation was given. For each interview, written note memos were taken by the researcher, explaining the interview environment, its process and candidates feelings. Denscombe (1998) argues that written notes can record data from non-verbal communication.

After each interview, the researcher dealt with the interview notes immediately. An individual participants background information was summarised in English; the pieces of response were analysed and coded in English. The recorded interviews were coded on the record, with the use of NVivo 12 software.

Table 2.4 presents a picture of these entrepreneurs group with the demographic data of each participant including age, country of origin, education level, years of immigrating in Italy, occupation prior to immigration, occupation after immigration, business activity sector.

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**Table 2.4** *Description of Participants*

Participants	Age	Man or Female	Country of Origin	Years of Settlement in Italy	Reason of immigration	Education	Province of business activity	Occupation prior to immigration	Employment after Immigration	Business activity sector
Participant I	42	F	Albania	15	family reunification with her husband	Higher Degree in literature and Albanian language	Pesaro-Urbino	Marketing employee department of a national newspaper	Unemployed	tourism sector, travel agency
Participant II	46	F	Albania	22	family reunification with her husband	Higher Degree in Pedagogy	Pesaro-Urbino	English language teacher in middle school	Ceramic factory worker	Itinerant, retail sale of women's clothes
Participant III	47	M	Albania	28	Economic reasons	Professional veterinary diploma	Pesaro-Urbino	Student	Construction sector	Construction sector
Participant IV	41	F	China	22	Economic reasons	Tertiary education	Pesaro-Urbino	Unemployed	Housekeeper	Chinese Restaurant
Participant V	45	M	Turkey	15	Economic reasons	High school diploma	Pesaro-Urbino	Unemployed	Restaurant	Turkish fast food and restaurant
Participant VI	30	F	China	15	Family reunification with her father	High school diploma	Pavia	Student	Restaurant	Bar and Lotomaticca
Participant VI	38	F	Ukraine	16	Economic reasons	Tertiary education	Pavia	Unemployed	Housekeeper, Bar and Restaurant	Bar, Restaurant, Bread and Pastry production and retail
Participant VII	44	M	Albania	24	Economic reasons	High school diploma	Pavia	Student	Bar and Restaurant	Bar and Restaurant
Participant IX	40	M	Albania	20	Study reasons	High Degree in Economics and Commerce	Pavia	Student	Employed in an accounting and auditing firm	Wholesale of cosmetics products
Participant X	23	F	China	10	Family reunification with her father	Tertiary education and two years of professional training in hairdressing	Pavia	Student	Unemployed	Hairdressing

## 2.2.5 (b) Qualitative data analysis

Making qualitative analyzes of data means having to synthesize hundreds of pages of interviews, field notes, documents, literature in order to a theory. Qualitative **coding**, the process of defining what the data are about, is the first analytic step.

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“Coding means naming segments of data with a label that simultaneously categorizes, summarizes, and accounts for each piece of data” (Charmaz , 2006:43).

The aim of this process is to make an interpretative rendering of the qualitative data gathered. Our codes shows how we select, separate, and sort data to begin an analytic accounting of them. Making a qualitative coding means separating data segments, naming them in words and concise terms and proposing an analytical handle capable of developing abstract ideas to interpret each data segment.

“Coding is the like a bridge between data collection and constructing an emergent theory in order to explain that data” (Charmaz, 2006:45).

The analytical process of coding has consisted in three main phases, as described in the Table 2.5:

- a. An initial phase involving naming each word, line, or segment of data – initial coding;
- b. A focused, selective phase that uses the most significant or frequent initial codes to sort, synthesize, integrate, and organize large amounts of data – focused coding.
- c. Identification of concepts and processes and development of a grounded theory.

**Table 2.5** *Coding in the analytical process*

First Phase	Second Phase	Intermediate Phase	Third Phase
<p><b>Initial coding</b> – word by word coding of all single interviews</p> <p>(identification of main characteristics)</p>	<p><b>Focused Coding</b> - coding of concepts common to all interviews - comparison between interviews (identification of concepts and characteristics which are common to all participants, and those which are different)</p>	<p><b>Memo writing</b> – memos and advanced memos – a process between data gathering and report writing</p>	<p><b>Theoretical coding-</b> Integrating memos and processes</p> <p>(identification of key concepts , the development of the grounded theory and writing the report)</p>

Source: author’s elaboration

The analytical process was carried out using the NVivo 12 software.

“It is stressed that during the entire process of collection and analysis of data the researcher’s critical view is essential” (Charmaz, 2006:35).

During **the initial coding**, the goal was to keep open to all possible theoretical directions indicated

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by our readings of the data. During this phase, the coding process was made word by word and episode by episode of the interview. The purpose was to focus on those codes in order to identify and to develop the most salient categories in the data amount (interviews). Through this process we have a continuous interaction with our data, that can take us in unexplored areas and seeing the research topics from a different point of view or create new ones. During this process many problems occurred, as language problems, (grammatical and the different use of the Italian language by the foreigners entrepreneurs), the use of formal or informal language, distrust and other similar problems; *coding* process was the driven force in order to indicate problems related to our participants ways of language expressing and to make a correct analysis of data. During this phase, gaps in the gathered data could be verified. The advantage of grounded theory is that it allows us to know the gaps in our data from the earliest stages of the research in order to identify the sources of the necessary data and catch them. This is possible even from the simultaneous process of data collection and analyze, which helps us to deepen our research while the process is still ongoing.

**Focused coding** was the second phase of the GT analytical process. It was not a linear process, but was a process during which we moved in double directions between data, categories and concepts. Focused coding requires an active involvement in processes and the reading of data. In this way events, actions, and perspectives that had not previously emerged, found a space in the definition of categories. The main purpose of this process was to collect the concepts into categories and identify concepts at a higher level of abstraction, in addition to link the emerged categories and their properties together (Tarozzi, 2008). This process was more direct, selective and conceptual than the initial one, where data were coded word by word, and episode by episode. After establishing some analytical directions, during the focused coding the analytical analysis was concentrated in wider concepts and emerging categories, common to all interviews, in order to identify the similar characteristics between them, and to point out differences.

**Memo-writing** was a fundamental intermediate step between gathering data and drafting documents. This process allowed to critical analyse the data in the early steps of the research. They served to construct analytical notes to through light on arguments and codes. Memos, also served to highlight the body language and the emotion of participant during the interview process. They included diagrams, concept maps, graphs, that allowed to quickly visualize the links that exist between different categories, facilitating the reflection and understanding the phenomenon that the emerging theory is starting to perform. They were the key instruments that permitted to make comparisons between data and data, data and codes, categories, concepts, and to construct our ideas on the ongoing research.

The previous coding steps were designed to analyze and adjust data in order to start a third coding phase; the **theoretical coding**, during which the core category were indentified and were organized

at the highest level of stratification. After having identified the categories, their properties and the first relationships, the process evolved in linking the categories among themselves, highlighting relationships and hierarchies. In sum, seven core categories were identified and further analysed. The process ended with the Constructed Grounded Theory of Immigrant Entrepreneurship development in the Italian context. The analysis and the theory that emerged are described in Chapter 5.

### 2.2.5 (c) Problems and Limitations

One of the main limitations of the qualitative research, is the limited number of interviews. In particular, this study was based on (ten interviews). This was mainly, due to two factors: the unavailability of candidates to participate in the project and the limited resources of the researcher in the process (only one person who does all the steps of the research process). The shyness and the distrusts of candidates to participate in the project, was one of the main problems during the interview process, shown mainly by the Chinese entrepreneurs.

The limit size of the sample, does not allows research of this type to be generalist or representative of any immigrant entrepreneurs category in Italy. However, although the results from this qualitative study cannot be generalized, they provide the beginnings on which further knowledge can be built.

Findings are limited to the breadth and depth of the data analyzed and on the researcher personal interpretation of the results. While the CGT method employed offers some reliability, researchers using the same method may interpret the same results differently.

However, since the qualitative research was a step that followed the quantitative one, it allowed to analyze in depth the factors that influence immigrant entrepreneurship and to enrich them with the inclusion of social and institutional indicators. On the other side, this fact contributes to field the gap in the local literature, as pointed out by Arrighetti (Arrighetti, et. al., 2014).

## Appendix I

### *Semi structured interview guide (indicative)*

#### *Part One: Data on the entrepreneur*

1. What is your age?
2. What is your country of origin?
3. What is your education level?
4. Where did you get your studies?
  - Italy
  - Country of origin
  - Another country
5. How long have you been in Italy?
6. Why did you choose Italy?
7. With which project did you arrive in Italy?
8. Did you already have acquaintances in Italy? If yes:
  - Relatives:
  - Friends from the same city:
  - Friends from the same province:
  - Italian friends:
9. How is your family made up? Do you live together or near your family?
  - Family of origin
  - Family created by you
10. What kind of activity (work) did you do before arriving in Italy?
11. Is the type of work/works you have done in Italy the same as the one you are currently doing?  
If not, which one?
12. Did you have difficulties to find a job when just arrived in Italy? And after a few years, if you had to change jobs, did you have difficulties to find it?
13. Where did you learn the Italian language? Were you offered any Italian language course when you first arrived in Italy?

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14. Why did you decide to open your own business?
15. Did you attend any professional training course before opening your own business?
16. To start your business:
  - Have you applied for a loan? If yes, to whom: Bank, Financial, Friends, Relatives, Other;
  - Did you have any money brought with you from your country to invest in your business?
  - Did you had other activities that allowed you to invest the money you earned before?
  - Did you had access to any fund in order to encourage the business activities of immigrants?
  - Are you aware of the fact that such funds may exist?
17. How much was the initial capital that have invested in your activity?
18. Have you started the business by your own or in partnership? In the second case, how many and from which country of origin are your business partners?
19. For haw many years have this business activity? Have you tried any other business before this?
20. Have you encountered many bureaucratic difficulties to start this business? If yes, what kind of difficulties?
21. Why did you choose this business sector? Have you done any market research before deciding to open this business? If yes, how?
22. Do you live in the same neighbourhood where you work? Did you live in rent or the house/apartment is of your property?
23. Your clientele is composed by:
  - only Italians;
  - conational's;
  - other nationalities;
  - mixed.
22. Did you send money to your country? If, yes:
  - How often?
  - What amount?
  - Through: banks, money transfers, mail, personally, friends and relatives?

### *Part Two: Data on the business activity*

1. What is your official role in your business activity?
2. How many employees have in your business activity and what tasks do they perform?
3. Do you have any written organization chart of your company?
4. How do you higher your employees /collaborators? Which are your recruitment channels?
5. Your employees are:

## IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

- Family Members
  - Conational's
  - Other immigrants
  - Italians
6. What is the average age of your employees?
7. Who are your suppliers?
- Italians
  - Conational's/ other immigrants/outside Italy
  - Italians and other immigrants or outside Italy
8. What type of products do you trade? (only in the case of commercial activity);
9. Which are your main trading partners?
10. Do you have relations with other conational's who have your same activity in Italy or abroad?
11. Are you satisfied with your activity?
12. If you have any bureaucratic problems (residence permit, activity licenses, etc.), where do you ask for help or information?
- To a family member
  - To a compatriot
  - The Embassy
  - To the trade association
  - To the trade union / patronage
  - To Italian friends
  - Other specify
13. Do you know the role of the Chambers of Commerce? Have you ever had any contacts with them?
14. Do you know other companies / entrepreneurs present in the area build by non-Italian citizens?
15. If yes, which ones?
16. Is the activity of your company based on a specific strategy?
17. Do you have any written medium – long term business strategy?
18. Which are your medium-term and long-term goals?
19. Which do you think is your competitive advantage?
20. Do you undertake or have you ever thought of undertaking some form of customer loyalty? If, yes how?
22. How did you target your market, have you ever done any marketing campaign? If yes, what kind?
- Posters/leaflet
  - Advertising in local newspapers
  - Advertising in the multimedia?

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- Pipeline

23. Who keeps the accounting inside your company/business?

24. Have your turnovers / profits grown/decreased or remained stable over the years?

25. How much are your annual profits? Net, excluding taxes?

26. How much of your profits is reinvested in your company?

27. Do you consider your profits sufficient for a dignified life? In your family, is this activity the only source of income or is there something else? If yes, how much does the other source of income in life and daily expenses affect?

28. Where do you see yourself after 10 years?

29. Is there anything else you want to let me know?

PART II

## CHAPTER III

### IMMIGRATION IN EUROPE: FIGURES AND FACTS

*This chapter summarizes the main trends, policies and empirical evidence regarding immigration in Europe in general and Italy in particular. Present the third step of the research design of this study. It starts by providing descriptive evidence on long-term immigration trends and current characteristics of the immigrant populations in various important World and European countries. Then it describes the development and trends of Immigration in Italy, addressing attention on non EU immigrants. In addition it points out some integration and social exclusion factors. Subsequently, the chapter analyzes the role of immigrants in the Italian economy, focusing on Immigrant Entrepreneurship (IE). The demographic distribution and principal sectors of activities are individuated. Evidence of the persistence of self employers and small medium size enterprises among immigrant entrepreneurs are found.*

#### 3.1 European immigration flows – concepts and definitions

Immigration is a major socio-economic and political issue in Europe and in most of the developed world countries. Until the middle of the twentieth century, Europe was characterized by substantial immigration from the rest of the world. Between 1815 and 1930, about 50 million Europeans left their countries of origin to the United States, Canada, Australia, Brazil and Argentina (Ferenczi and Wilcox, 1929). Large rates of immigration, standing for decades above 5%, was a common phenomenon in all European countries - a size far superior to the most recent migratory flows.

The terms “*migrant*”, “*immigrant*”, “*international migrant*”, “*immigration*” are broad and have been used interchangeably by the researchers, institutions and legal frameworks. Thus, is difficult to provide a comprehensive exact definition of it.

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For the public opinion the term “immigrant” refers to persons which came from underdeveloped countries, most of the time persons of another race or religion, that have left their country of origin to *profit* by the host country. For them, an immigrant is a poor person. The public opinion does not consider an immigrant a Switzerland or a citizen from the United States, or a very rich or famous person (Ambrosini, 2015).

The United Nations (UN) consider:

“an international migrant as someone who changes his country of habitual residence, regardless of the reason for migration or legal status” (United Nations, 1998; IMF, 2009).

The concept of "habitual residence" incorporated by a time element plays a key role in the UN definition of international migrant. According to it, a distinction is made between temporary migration, covering movements with a duration of between three and 12 months, and long-term migration. The UN long term migrant definition is:

“Long-term migrant is a person who moves to a country other than that of his or her usual residence for a period of at least a year (12 months), so that the country of destination effectively becomes his or her new country of usual residence” (UN, 1998, par. 36).

The European Community (EC) distinguish between the terms “*migration/migrants*” and “*immigration*”. It defines them as follows:

“*Migration* refers to the number of *migrants*, people changing their residence to or from a given area (usually a country) during a given time period (usually one year). *Immigration* is the action by which a person establishes his or her usual residence in the territory of a Member State for a period that is, or is expected to be, of at least 12 months, having previously been usually resident in another Member State or a third country” (Regulation (EC) No 862/2007 on Migration and international protection).

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This study will refer to the EC definition of *immigration* and *immigrants*.

The European continent is characterized by a relatively long history of internal migratory flows. These flows have often occurred in response to the ongoing economic and geopolitical changes between European countries, as after the Second World War, when Germany received several million refugees from former Nazi Germany, while a large number of Finns and Poles had to move to the western sides of their country.

In the early 1950s, many European colonial powers (especially the United Kingdom and France, but also Belgium, the Netherlands and Portugal) by losing their colonies, have created large population movements from countries such as Africa, the Caribbean and South Asia towards the first ones. Countries without colonies, concentrated in northern and central Europe, have often faced the lack of workforce through the signing of bilateral agreements with other countries, under the form of *guest working* agreements. Over time, these “*guest*” workers remained in the host country, and established permanent residence. In this way, many European countries have turned into multi-ethnic societies.

At the beginning of the 1990s, with the fall of the “Iron Curtain” a new era of immigration took place, considered as the second era of immigration, especially from central and eastern Europe to the western one. The latest European Union (EU) enlargements, influenced immigration between EU countries, as many Poles move to Ireland and New England while Romanians and Bulgarians settled mainly in Italy and Spain.

From the 2000s to today, another immigration flow is occurring, in particular from Arab and African countries, on the basis of humanitarian refugees, following the political crisis and the instability of these countries.

According to data's from the UN Department for Economic and Social Affairs, (DESA) the number of international migrants (immigrants) has continued to grow in the last fifteen years: while in 2000 there were 173 million, in 2017 they are 258 million of people in the world living in a country other than their country of origin, and the female component is 48.2% (<https://www.un.org/development/desa/en/>). The latter allows us to underline that one of the characteristics of immigration of the new millennium consists precisely in the essentially equal role of gender in international flows. However, it is very probable that this data's does not take adequately account of irregular immigrants.

According to the European Migration Network (EMN), an EU network of migration and asylum experts established under Council Decision 2008/381/EC, there are two definitions of irregular

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migrant: in the global context and in the EU context.

According to the *global context*, the EMN has adopted the “Glossary on Migration”, 2<sup>nd</sup> ed. 2011, of the International Organization for Migration (IOM). It defines as irregular migrant:

“a person who, owing to irregular entry, breach of a condition of entry or the expiry of their legal basis for entering and residing, lacks legal status in a transit or host country. The definition covers inter alia those persons who have entered a transit or host country lawfully but have stayed for a longer period than authorized or subsequently taken up unauthorized employment - also called clandestine/undocumented migrant or migrant in an irregular situation” (IOM, 2011: 54).

According to the *EU context*, irregular migrant is defined:

“a third-country national present on the territory of a Schengen State who does not fulfil, or no longer fulfils, the conditions of entry as set out in the Regulation (EU) 2016/399 (Schengen Borders Code) or other conditions for entry, stay or residence in that EU Member State” (EC Directive 2008/115/EC, art. 3).

From the above definitions, derives three other useful terms for this study: *host country*, *third country* and *third country national*. The first refers to:

“The EU Member State/country in which a third-country national /non-national takes up residence” (EMN glossary<sup>8</sup>)

The second (i.e. *third country*) refers to:

“A country or territory other than one within the European Union” (IOM, 2011: 98).

The third (i.e. *third country national*) refers to:

“any person who is not a citizen of the Union within the meaning of Article 17(1) of the Treaty establishing the European Community, including stateless persons” (IOM, 2011: 98).

Hereinafter, reference will be made to the above definitions when used during this study.

In 2017, immigrants represent 3.4% of the entire world population, with a growth of 0.5% compared to 1990<sup>s</sup>. According to UN, more than 60% of worldwide immigrants live in Asia and Europe.

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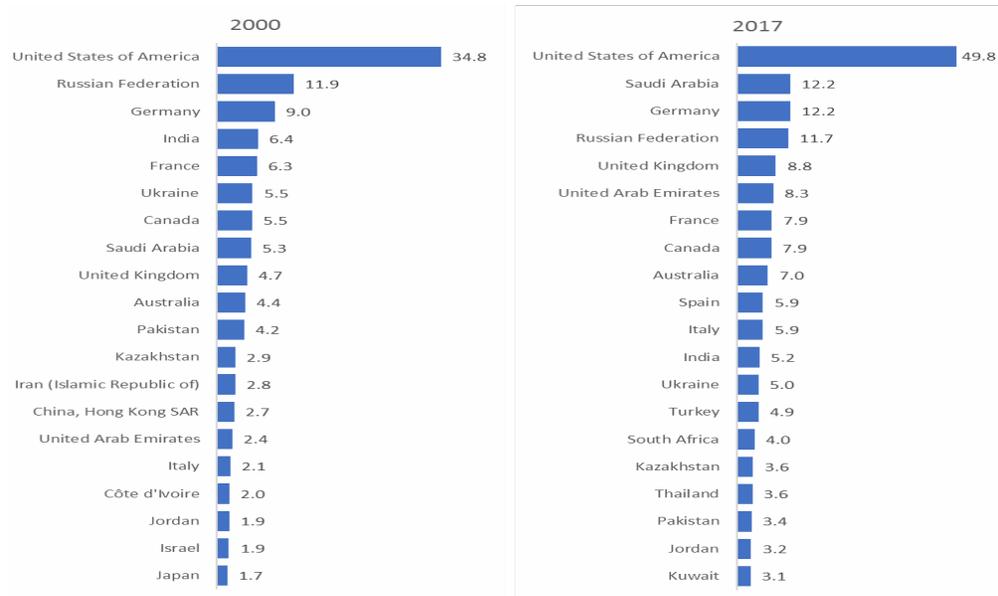
<sup>8</sup> [https://ec.europa.eu/home-affairs/what-we-do/networks/european\\_migration\\_network/glossary\\_search/host-country\\_en](https://ec.europa.eu/home-affairs/what-we-do/networks/european_migration_network/glossary_search/host-country_en).

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In 2017, nearly 80 million of immigrants were residing in Asia, compared to 78 million of Europe. Northern America hosted the third largest number of migrants (58 million), followed by Africa (25 million), Latin America and the Caribbean (10 million), and Oceania (8 million). They constitute about 10% of the total population in Europe, North America and Oceania.

In the World, there are only eleven countries that have the highest number of immigrants. Such countries in 1990 together reached 44.0% of the World immigrants and in 2015 they reached 53.8%. United States and Russian Federation hosted altogether a quarter of the total immigrants. In addition to the countries beyond ocean, such as Canada, Australia and the Arab ones (i.e. Saudi Arab and the United Arab Emirates), on the top of the eleven countries there are also European nations, like Germany, the United Kingdom, France; moreover, in the last years two further countries, have been added, namely, Spain and Italy. Figure 3.1 shows the immigrant trend of top ten World countries (<https://www.un.org/development/desa/population/migration/en/>).

**Figure 3. 1** *Twenty countries hosting the large numbers of international migrants, 2000 and 2017 (millions)*



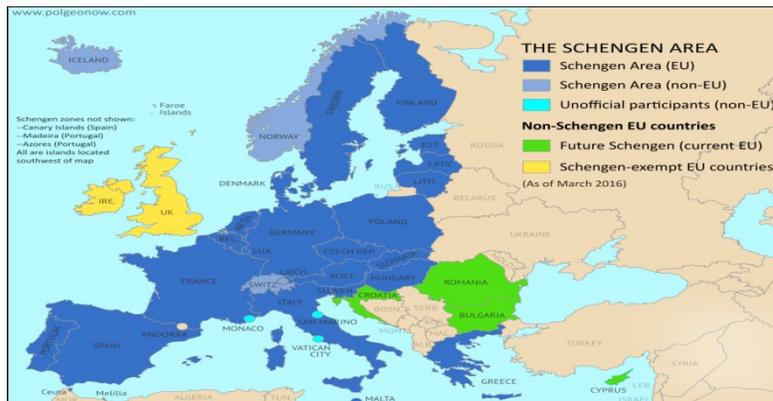
Source: United Nations (<https://www.un.org/development/desa/population/migration/en/2017a>).  
Notes: "China, Hong Kong SAR" refers to China, Hong Kong Special Administrative Region

## IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

There are two types of immigration that Europe is facing now days: The *internal immigration* - from countries inside Europe Union and Schengen agreement - and the *external immigration* - from European countries outside EU and other continents (extra-communities).

The regulatory framework of internal immigration between the different member states of the European Union is harmonized at European level and today it can effectively guarantee unlimited freedom of movement among their citizens. One of the basic principles of European integration is the free movement of EU citizens, established in the founding treaty of the European Economic Community in 1957. The steps towards this goal are gradually taken up and expanded in the geographical perspective with a subsequent phase of enlargement. Today's European citizens have the right to look for a job in another EU country, to work and reside without the need for a work permit, together with their families, on equal treatment basis. This is in order with the idea of a single European market, and has been definitely confirmed by Schengen agreement, signed in 1987 and gradually implemented. Currently there are 22 countries of EU that doesn't have border control inside the EU area (Figure 3.2), but maintain the control outside EU and with other EU countries that are not included in this area.

**Figure 3.2** Schengen Area



Source: <https://www.schengenvisa.info.com/schengen-visa-countries-list/2019>

Regarding to immigration outside the European Union (*external immigration*), although there are EU guidelines for its harmonization, it still remains under the jurisdiction of individual EU countries. Based on data drowned from EUROSTAT (2018), there were 38.2 million people born outside of the

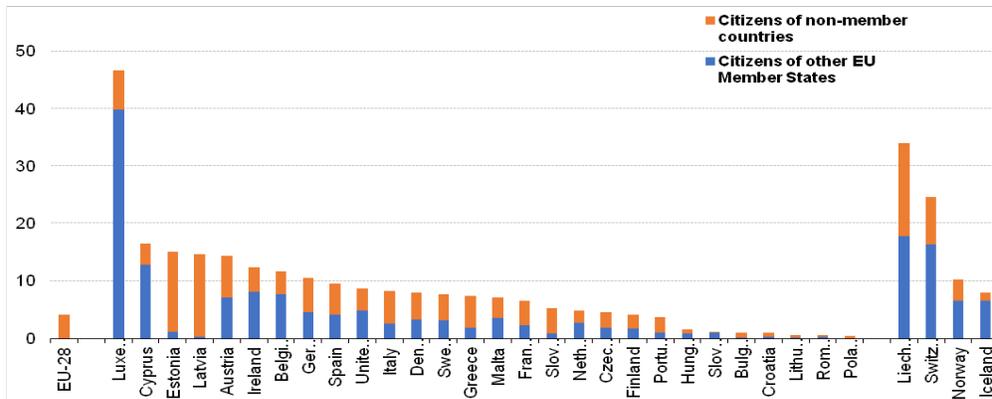
## IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

EU28<sup>9</sup> living in an EU Member State on January 2018, and 21.8 million persons who born in an EU Member State which differs from the one where they were resident. The number of persons born in other EU Member States is higher than the number born outside of the EU28 in Hungary, Ireland, Luxembourg, Slovakia and Cyprus.

On 1<sup>st</sup> January 2018, the number of people living in the EU28 who were citizens of non-member countries was 22.3 million, representing 4.4 % of the EU28 population. In addition, there were 17.6 million persons living in one of the EU Member States on 1<sup>st</sup> January 2018 with the citizenship of another EU Member State (EUROSTAT, 2018).

In absolute terms, the largest numbers of non EU nationals living in the EU Member States on 1<sup>st</sup> January 2018 were found in Germany (9.7 million persons), the United Kingdom (UK - 6.3 million), Italy (5.1 million), France (4.7 million) and Spain (4.6 million) (Figure 3.3). Non-nationals in these five Member States collectively represented 76 % of the total number of non-nationals living in all of the EU Member States, while the same five Member States had a 63 % share of the EU28's population

**Figure 3.3** Migrant population - EU and non EU citizens



Source: EUROSTAT 2018/[www.http://appsso.eurostat.ec.europa.eu](http://appsso.eurostat.ec.europa.eu)

According to UN data, by the end of 2017, the total number of refugees and asylum seekers in the world was estimated at 25.9 million, representing 10.1 per cent of all international migrants. The developing regions hosted 82.5 per cent of the world's refugees and asylum seekers. In 2017, Turkey

<sup>9</sup> The term EU28 refers to all 28 countries that are part of the European Union

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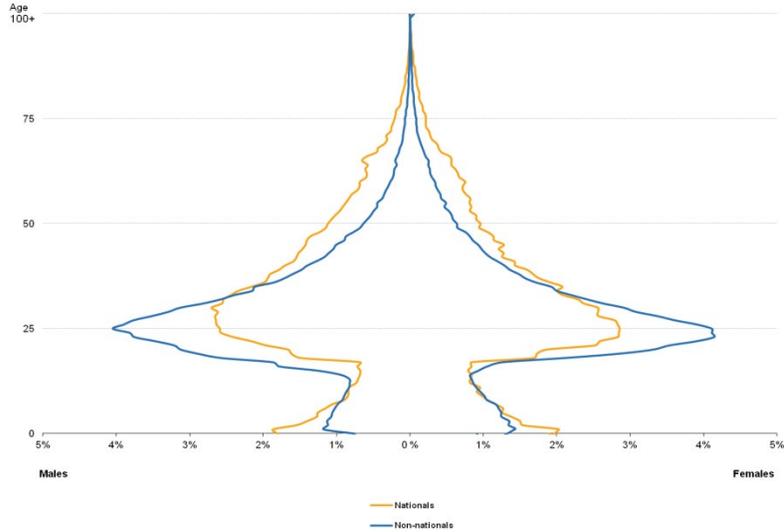
recorded the largest refugee population, hosting approximately 3.1 million refugees and asylum seekers. The country experienced the most significant increase in the refugee population since 2000 when it hosted just over 3 000 refugees. In 2017, the second largest country of asylum was Jordan, hosting around 2.9 million refugees, followed by the State of Palestine (2.2 million), Lebanon (1.6) and Pakistan (1.4 million). Germany (1.3 million), Uganda (1.2 million) and Ethiopia (792, 000), also hosted more than one million refugees and asylum seekers in the same year. Given that a large majority of refugees is hosted by developing countries, about 8%, and that many refugees reside in countries of first asylum for over a decade before the final decision arrived, there is an urgent need for sharing the burden and face the responsibility of hosting and caring for refugees more equitably.

Based on UN population projections (UN, 2019) Europe is undergoing a relatively rapid aging process and expected to face declining population growth over the next fifty years,: from 451,4 million of people that were in 2000, the number is expected to fall by about 15 million in 2050, due to low birth rates. Another problem regards the demographic aging. By 2050 it is estimated that the majority of population will be between 60–64 years old (males) and 65–69 years old (females). By 2050, half of the population will have an average age of 50 and the population with an average age of 65 will be more than double compared to the population under 15 years.

In West Asia and North Africa the population is expected to duplicate with respect to 2000, (from 587,3 million in 1,298 million in 2050), and more than half population will be lower than 50 years old. This picture may give us some thoughts on the "replacing immigration" process, which can be an important factor for economic survival of these countries. Immigration replacement is defined as the necessary immigration for a region to achieve a specific, demographic, economic or social objective (Marois, 2008). The immigrants in EU have a relatively young age, between 25-45 years (EUROSTAT, 2018). An analysis of the age structure of the population shows that, for the EU28, the foreign population was younger than the national population. The distribution by age of foreigners shows, compared with nationals, a greater proportion of relatively young age worker adults. On 1<sup>st</sup> January 2018, the median age of the national population in the EU28 was 44 years, while the median age of non-nationals living in the EU was 36 years (Figure 3.4).

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**Figure 3.4** Migrant population in EU by age (%)

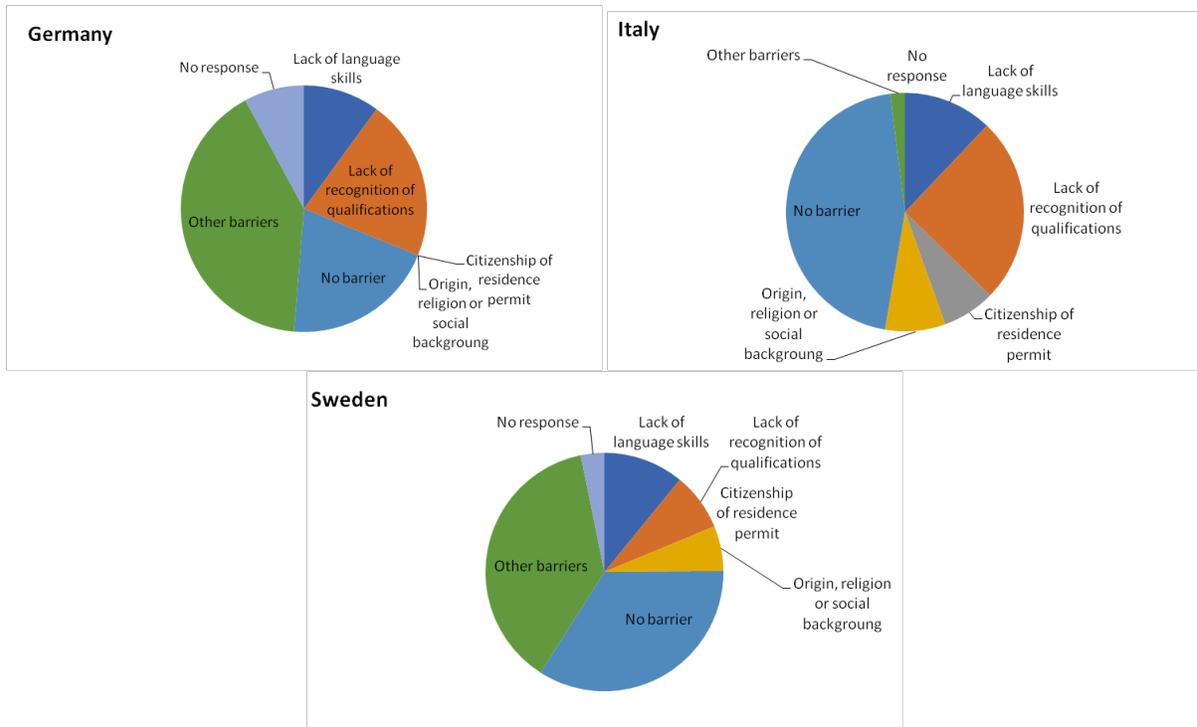


Source: EUROSTAT 2018/[www.http://appsso.eurostat.ec.europa.eu](http://appsso.eurostat.ec.europa.eu)

All these immigration flows raise some fundamental issues regarding the integration problems, the economic performance of immigrants in the host country, their social conditions, the impact on the economic performance and the conditions of living of the native population in the hosting countries. According to a survey lead by EUROSTAT (2017), there are problems of integration in almost all EU member states. Analyzing in particular three member states with different welfares (i.e. Germany, Italy and Sweden) have been identified seven barriers (indicators), which prevent the immigrants from finding a suitable job in the host country (Figure 3.5), as follows: *lack of languages skills, lack of recognition of qualifications, citizenship, origin, religion or social background, other barriers, no barrier* and the *non response data*.

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**Figure 3.5** Barrier to job enter from Immigrants to the host county (2016)



Source: author's elaboration of data from EUROSTAT (2018), <http://appsso.eurostat.ec.europa.eu/nui/show.do>

The lack of languages skills is nearly the same in the three examined countries, (i.e. 9,8% in Germany; 12,1% in Italy and 10,9 in Sweden). The lack of recognition of home countries qualifications is a meaningful data, with 25,2% in Italy, 20,6% in Germany and only 7,8% in Sweden. Of a particular interests is also the perception of immigrants regarding to discrimination, according to origin, religion, social background and citizenship in Italy and Sweden, while there are no information about this data for Germany. Despite this picture, 45.3% of interviewers did not perceive barriers of work entering in Italy, 34.1% in Sweden and only 19.6% in Germany, and there is also a greater percentage of the item " other barriers In Germany (39.8%), Sweden (37.7%) and only 2% in Italy. In sum, there are essential and qualitative occupational barriers among immigrants in the EU, even after long periods of permanent residence in the host countries and these barriers tend to be greater among non-EU immigrants.

## 3.2 Italian migratory context

### 3.2.1 Definition of the term *immigrant* in the Italian framework

During the last 40 years, Italy has taken a transformation process, moving from an immigrant country to an immigration hosting country. It started after the 1973-74 oil shock, when Britain, Germany, and France closed their borders. However, flows were partially diverted towards Southern Europe. Italy was considered to be a transit country. The first big flows date between 1984 - 1989, when approximately 700-800,000 people entered the country. At the beginning of the 1990s, with the fall of the “Iron Curtain” another important flow was registered, from Eastern Europe countries (i.e. Albania, Montenegro, Rumania, Slovenia, Croatia). From the 2000s to today, another immigration flow is occurring, in particular from African and Asian countries, on the basis of humanitarian refugees.

The relevant policies aimed at regulating the flows and the legal treatment of foreigners as potential immigrants started only in the late 1980s, with the law of 30 December 1986, n. 943. At the time immigrants were viewed as temporary foreign workers, therefore important competences were assigned to the Ministry of Foreign Affairs and Labour. Within the Italian legal framework, measures concerning immigration and those defining immigrants’ rights are usually included in the same provisions. In first place, that Italian framework use the term *foreigner* and not *immigrant*. Article 10 of the Constitution, paragraph 2 cite:

"The juridical condition of the foreigner is regulated by law in accordance with international norms and treaties" (Italian Constitution, Art. 10, par.2).

As it can be noted, it refers to the *foreigner* and not to the term *immigrant*. The same line was followed during the development of the Italian framework on the subject.

In 1990 was approved the law N. 39, of 28 February 1990, better known as “Martelli Law”. Among others, it confirmed the equal access to social rights but, as in the previous law of 1986, few funds were allocated for this purpose in the national budget. Prime Minister Giulio Andreotti, in his seventh government (April 1991 - April 1992) introduced a “Ministry for Italians Abroad and Immigration”. This political move was a response to the Albanian crisis, which led to considerable refugee flows. In any case this Ministry was a Ministry without portfolio and was always overwhelmed by more powerful competing Ministries and their departments. As a result, the apparently best solution of an *ad hoc* Ministry proved to be not very successful.

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In the following years only partial measures were adopted, until the law N. 40 of 6 March 1998, better known as “Turco – Napolitano Law”. It can be considered as the first reform regarding immigration and immigrants’ rights which was not conceived under emergency conditions as its intents were to treat immigration as a permanent phenomenon. This law has delegated to the Government of that time, to enact the Immigrant Consolidated Act.

In 25 July 1998 was approved the Legislative Decree n. 286, “The Consolidated Act (CA) of Provisions Concerning Immigration Regulations and Rules on the Status of Foreigners”. The CA of 1998 and the following amendments is still in force. It refers to the term foreigner, too. Article 1, paragraph 1 of CA, refers to the above mentioned Article 10, par.2 of the Constitution:

“The present consolidated act, implementing article 10, second paragraph, of the Constitution, applies, unless otherwise provided, to citizens of States not belonging to the European Union and stateless persons, hereinafter referred to as *foreigners*” (Art. 1, par.1 of CA).

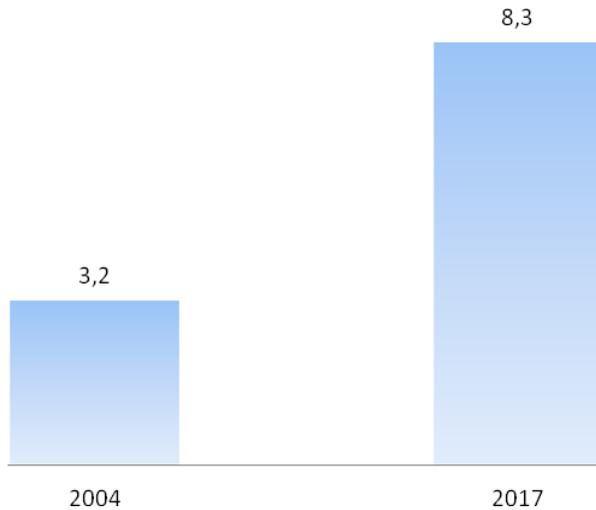
According to CA, with the term foreigners are intended: *citizens belonging to a state that is not part of the European Community, the state-less persons, refugees and asylum seekers*. It doesn’t consider as *foreigners*, and therefore *immigrants*, the EU citizens. (Art. 1, par. 2 of CA).

Hereinafter, in this study when referring to the term *immigrant*, it will include the definition of the *foreigner*, according to the Italian framework and vice versa.

### 3.2.2 Immigration flows: Figures and Facts

According to ISTAT (2018) on 1<sup>st</sup> January 2017, there were 5.047.028 million foreign non EU residents (immigrants) in Italy, representing 8,3% of total population, with a growth of +5,1% according to 2004 (Figure 3.6).

**Figure 3.6** *Foreign Resident Population in Italy*



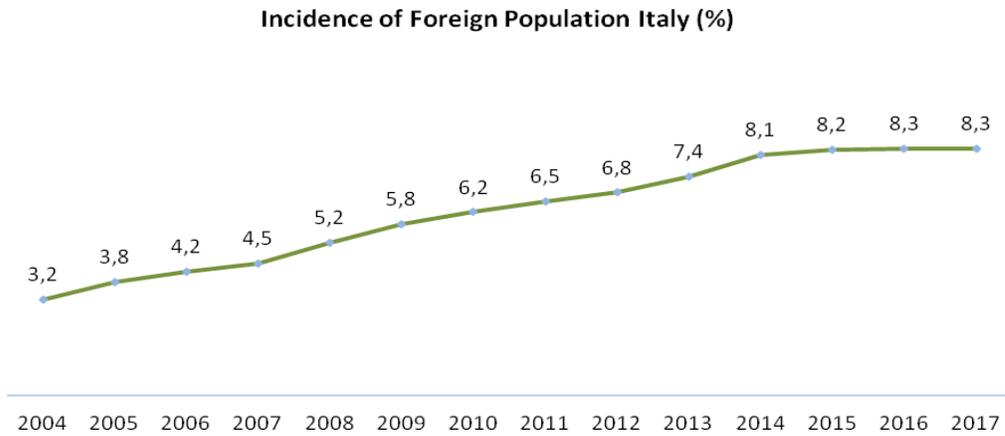
Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it>, values are in percentage).

The immigration process in Italy is relatively a young phenomenon, starting from the mid-Seventies and migration studies label it according to the Mediterranean migration model (Pugliese, 2002; Ambrosini, 2005). Such model applies to all Southern EU countries such as Italy, Greece, Spain and Portugal where immigration has been characterized by the following features: negative population growth; significant emigrant population abroad; higher unemployment rate compared to the European average; high demand on immigrant labour; large illegal employment phenomena; the constant employment of immigrants in both seasonal agricultural and service (especially domestic and assistance to persons) sectors; a highly segmented labour market; a large 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 by legislation; strong public opinion against immigrants; lack of immigrants as part of active society.

The immigration in Italy has rapidly grown during the last years and it expects to do so also in the coming years, in particular due to the growing number of family reunions and asylum seekers. Figure 3.7 shows the incidence of immigrants on the total population from 2004 to 2017.

# IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

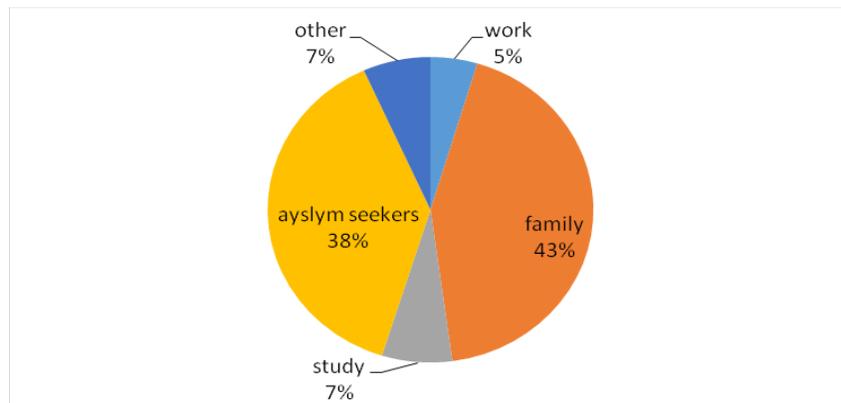
**Figure 3.7**



Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it>, values are in percentage).

The push factors of immigration in Italy are mainly due for economic reasons, with nearly 52% of the residence permits that are issued for working purposes. However the immigration structure is changing, and shares of family reunification permits are growing up, followed by the asylum seekers. According to ISTAT (2018) during 2017 were 38% of foreigners that have entered in Italy as asylum seekers, and 43% on family purposes (Figure 3.8).

**Figure 3.8** *Motives of Entrance of non Immigrants in Italy in 2017*

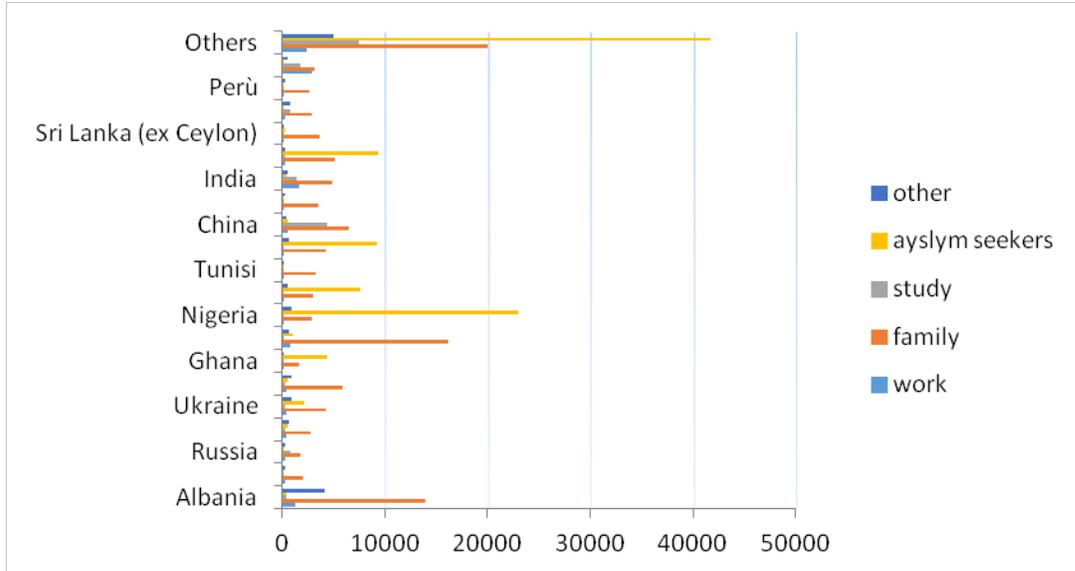


Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it>, values are in percentage).

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Regarding the nationalities, Albanian entrance during 2017 was mainly for family reasons, followed by Nigerian and Chinese. Nigerians are also in the first place regarding the entrance of asylum seekers, followed by Sri Lanka and other states, mainly from Africa (Figure 3.9).

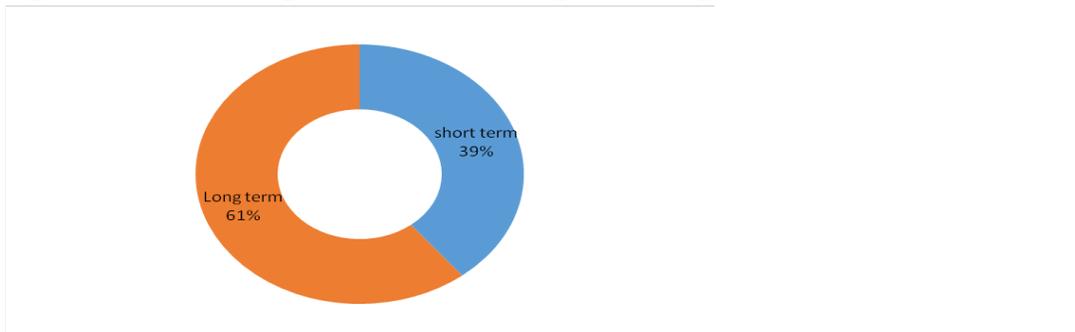
**Figure 3.9** *Motives of Entrance of non Immigrants in Italy by citizenship in 2017*



Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it> - values are in percentage).

Due to regulatory processes the residence permits have grown up through the years, and with a more stability; this is also confirmed by the fact that the number of permanent residence permits (EC residence permits) are higher than the short-term ones (Figure 3.10).

**Figure 3.10** *Residence permits on 1st<sup>o</sup> January 2017 - Italy*

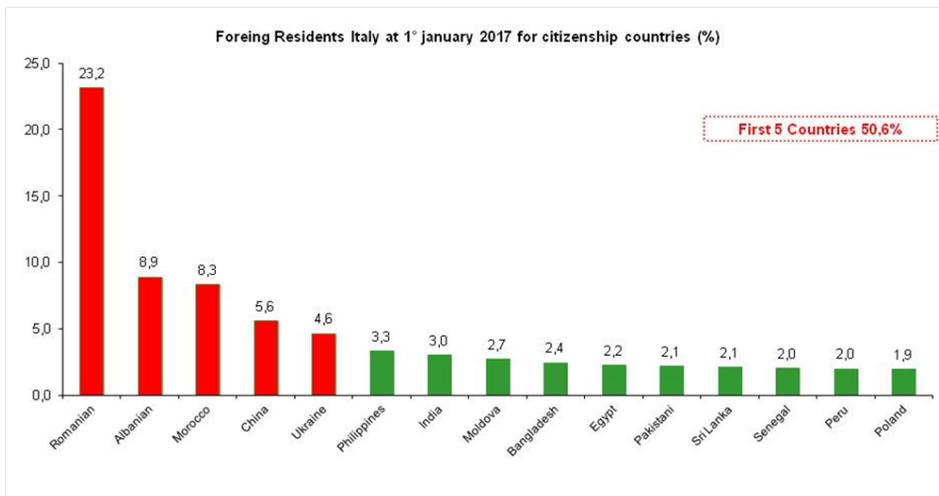


Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it> - values are in percentage).

## IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

According to UN (2019) data, there are nearly 198 different nationalities residing in Italy. The first five countries with the major number of foreign citizens are: Romania (EU), Morocco, Albania, China and Ukraine. They constitute 50.6% of the foreign population residing in the country (Figure 3.11).

**Figure 3.11** *Foreign Residents in Italy for citizenship (2017)*

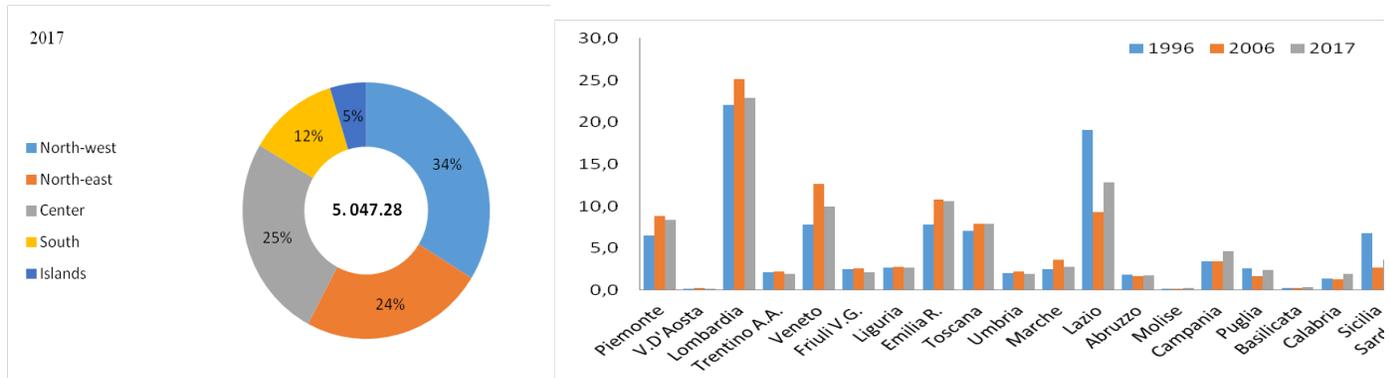


Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it> , values are in percentage)

Figure 3.12 shows the distribution of the foreign residents through the country. It can be seen that this distribution is not equal; the foreign residents are concentrated mostly in North Italy (58%), followed by Centre (25%) and South Italy (12%). More than half of foreign residents are concentrated in the northern regions and in a region of central Italy [(i.e. Lombardy (22,7%), Emilia-Romagna (10,5%), Veneto (9,6%) and Lazio (13,1%)]. This trend is always been the same over the years, with slight movements. The most important fact is the fall of foreign residents in the Lazio region: -6% from 1996 to 2017 with the most significant drop of -9.3% from 1996 to 2006. According to the other three regions we can see a slight fall from 2006 to 2017, specially in Lombardi and Veneto. In the rest of the other Regions the distribution of foreign residents were almost steady over the years.

# IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

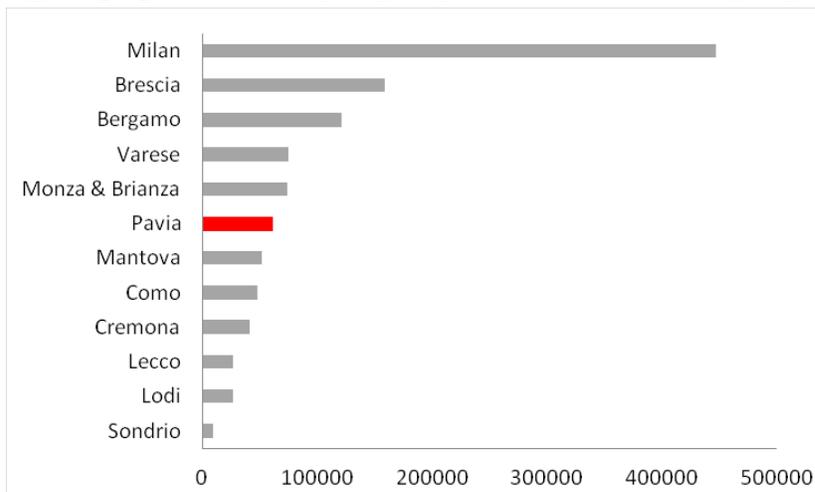
**Figure 3.12**  
*Foreign Residents according to territory*



Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it>, values are in percentage)

Regarding Lombardy region the trend of the flow of foreign residents in the last ten years has gone slightly down, decreasing by 0,8% during the 2017 (Figure 3.13). The only provinces that has registered an increase during the year are Pavia (+2.8%), Sondrio (+0.8%) and Milan (+0.1%). All the other provinces has registered a decrease, specially Bergamo (-3,3%).

**Figure 3.13** *Distribution of the foreign residents in Lombardy Region (2017)*

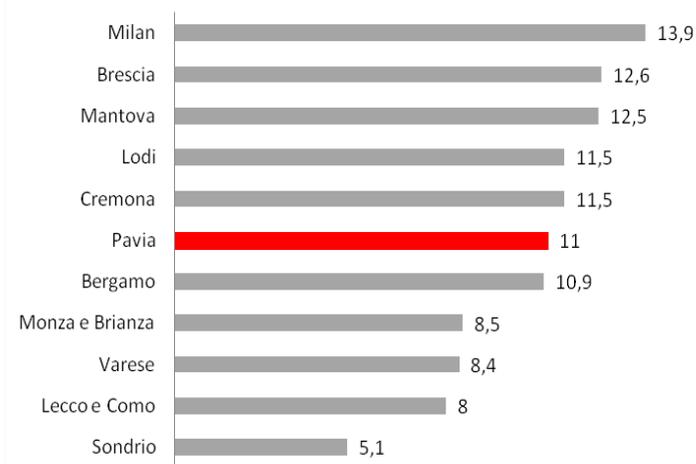


Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it>), absolute values

## IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

The incidence of the immigrants on the total population of the region is 11,4%, and Milan is the province with the large number of that incidence, about 13,9% (Figure 3.14).

**Figure 3.14** Incidence of the foreign residents on the local population: Lombardy Region (2017)



Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it> , values are in percentage)

A decrease in the number of foreign residents in 2017 was verified in almost all regions of central Italy, with the exception of Lazio. In the Marche region has been recorded a decrease of (-3%). The largest drop was recorded in the province of Macerata (-4,5), followed by Ancona (-3,5) and Pesaro and Urbino (-2,5) (ISTAT 2018). However, the later remain below the regional average. The incidence of the immigrants on the total population of the region is 8,98%, and Fermo is the province with the large number of that incidence, about 10,71%. Pesaro and Urbino is in line with the region (8,39) (Figure 3.15).

**Figure 3.15** Incidence of the foreign residents on the local population: Marche Region (2017)

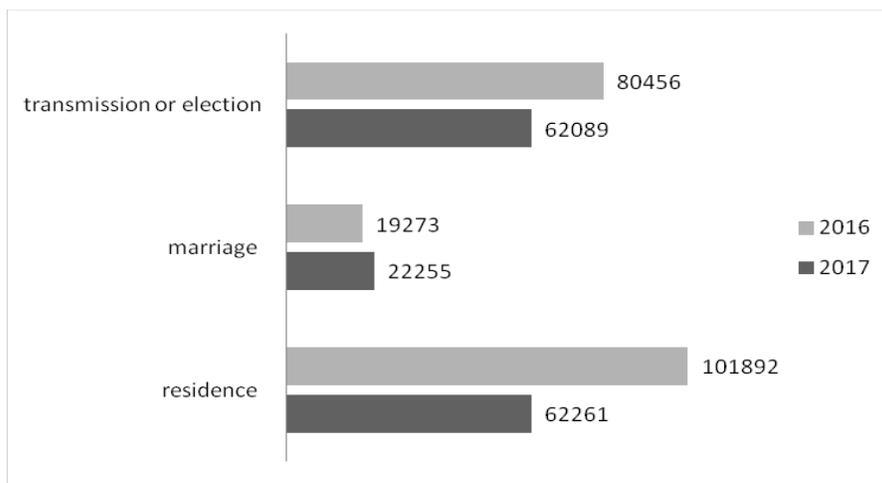


Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it> - values are in percentage)

### 3.2.3 Acquisition of Citizenships

In 2017, the acquisitions of Italian citizenship, after more than a decade of growth, decreased by 27,3% compared to the previous year, falling to 146 605 from 201 591 of 2016 (ISTAT 2018). The decrease concerned the acquisitions by residence (-39 631) and by parent transmission (-18 367). Acquisitions by marriage, on the other hand, grew in absolute and relative terms (+2 982) (Figure 3.16).

**Figure 3.16** *Acquisitions of citizenship (Italy 2017)*



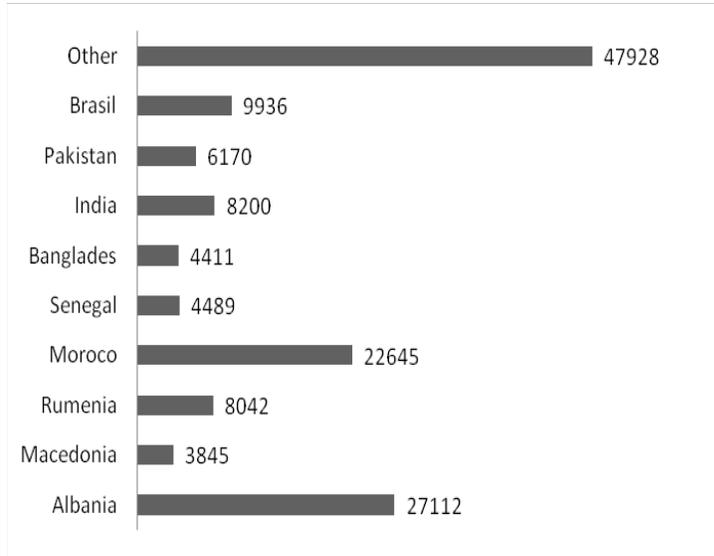
Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it>), absolute values

The acquisition of the citizenship was mostly for residence status (foreign citizens with more than 10 years of residence in the country and with good levels of income), 62 089 persons. Particularly relevant is the fact that most acquisitions of the citizenship affected minors: almost 37 % of those who became Italian citizens in 2017 was under 19 years old. Furthermore, a peak of acquisitions is observed at the age of 18, which in large part (over 75%) concerns foreigners born in Italy, who may request to become Italian citizens on the basis of current legislation, before of the completion of the 19<sup>th</sup> year. Also relevant are the acquisition for residence status of citizens aged between 20 -49 (25,5%) (ISTAT, 2018).

The acquisition of the citizenship concern mostly the Albanians (18,5%), followed by Moroccan (15,5%) (Figure 3.17).

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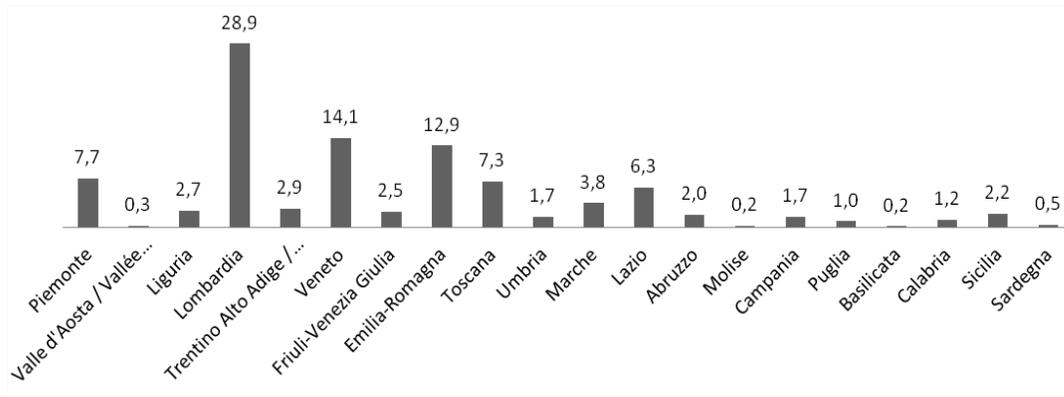
**Figure 3.17** *Acquisition of citizenships by nationalities (2017)*



Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it>)

According to regions, Lombardy is the Italian region with the large number of citizenship acquisition, about 28,9% during 2017, followed by Veneto (14,1%), Emilia-Romagna (12,9%). Piedmont, Tuscany, Lazio e Marche are in the interval 7,7 % - 3,8% (Figure 3.18).

**Figure 3.18** *Acquisition of citizenships by Regions (2017)*

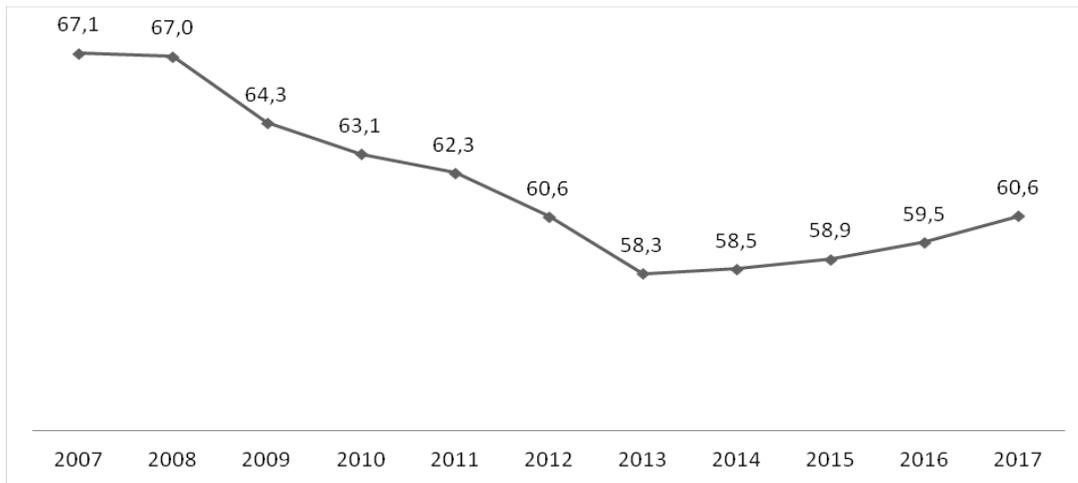


Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it>, values are in percentage)

### 3.2.3 Foreigners and the Italian Labour Market

Figure 3.19 shows the employment rate of the foreigners in the last decade. From 2007 to 2017 it has decreased by 6,5%. In 2013 it reached its minimum (58,3%) and from that year to 2017 it has registered a slightly increase, but without reaching the 2007 figures.

**Figure 3.19** *Foreigners employment rate in Italy*

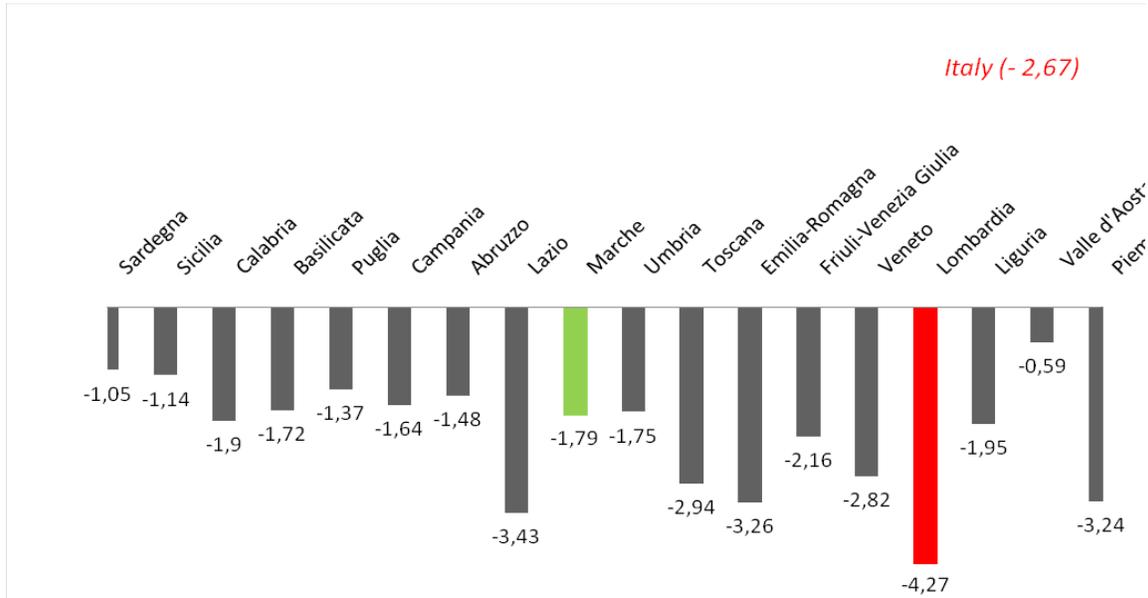


Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it>, values are in percentage)

Figure 3.20 shows the differences in wage/hour between foreigners and natives in the Italian regions. As it can be seen, there are differences in all regions. The most accentuated differences are in Lombardy (-4,27), Lazio (-3,43), Emilia-Romagna (-3,26) and Piedmont (-3,24). The other regions are closed or below to the Italian average (-2,67). In Valle D'Aosta and South Italian regions the differences are lower. These latter figures corresponds to the fact that in these areas the presence of foreign residents is lower than in other Italian regions.

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**Figure 3.20** Wage differences between foreigner and Italians (2017)



Source: author's elaboration of ISTAT (2018) data (<http://stra-dati.istat.it>)

### 3.3 The role of immigrant entrepreneurship in the Italian economy

European Commission consider entrepreneurship as a driver for job creation, competitiveness and growth. The “Entrepreneurship 2020” Action Plan is the Commission's answer to challenges brought by the gravest economic crisis in the last 50 years. It was originated in 2010 with a ten-year horizon that followed the Lisbon strategy (2000-2010).

“It aims to ease the creation of new businesses and to create a much more supportive environment for existing entrepreneurs to thrive and grow” (EC, 2012:3).

It is based on three pillars: the support of entrepreneurial education and training; the creation of an environment where entrepreneurs can grow; the development of targeted measures for senior, young people, migrants and unemployed people.

The support of entrepreneurship in Europe is thought to illustrate an inclusive character. Not only privileged citizens but also women, seniors, migrants and unemployed young people are welcome to

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become entrepreneurs.

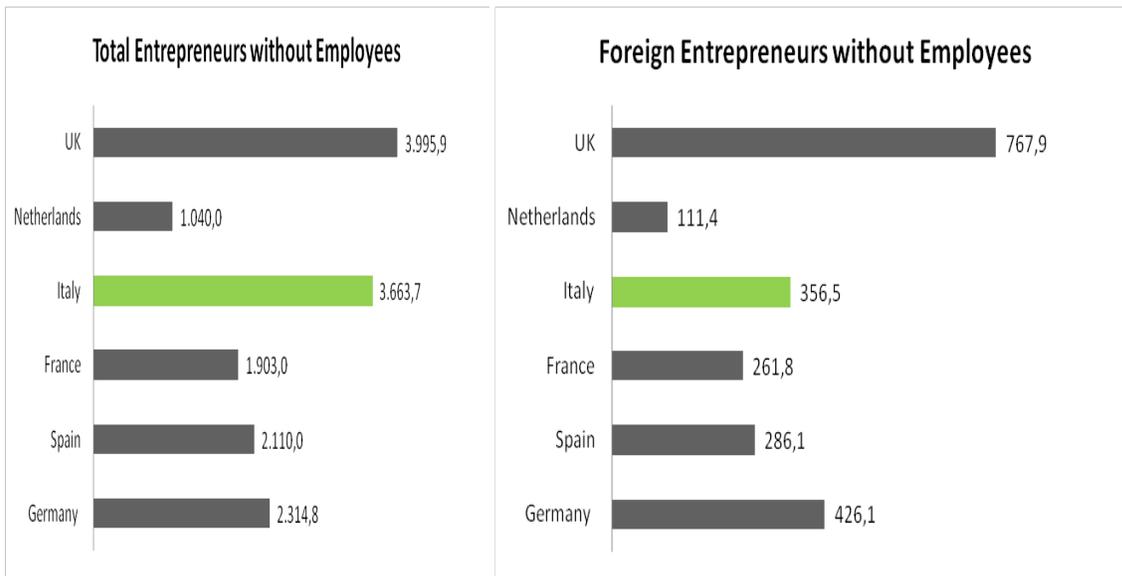
In 2016 European Commission announced the Action Plan on the integration of third country nationals (COM(2016) 377 final). It aims to provide:

“a common policy framework and supporting measures which should help EU countries as they further develop and strengthen their national integration policies for third country nationals. Ensuring that third country nationals can contribute economically and socially to their host communities is key to the future well-being, prosperity and cohesion of European societies. Supporting entrepreneurship, including through access to existing micro-credit assistance schemes, is also a vital channel to foster third country nationals’ contribution to economy and society as a whole. This action plan thus encourages EU countries to encourage entrepreneurship through tailored business training and mentoring and by opening up to third country nationals mainstream entrepreneurship support structures. It also informed that the Commission was identifying best practices to promote and support migrant entrepreneurship and would fund pilot projects for their dissemination” (CE COM(2016) 377 final, p. 4)

Immigrant entrepreneurship development has been for years under the attention of the European Commission. It is from the "Stockholm Program" (2010) that the European Commission invited the member States to facilitate the entry of foreign entrepreneurs, while with the European Agenda for the Integration of Third-Country Nationals (2011) the necessity to "reinforce the important entrepreneurial role of immigrants, their creativity and innovative ability" was underlined. But it was only with the two aforementioned Action Plans, - “Entrepreneurship 2020” and “on the integration of third country nationals” - , that immigrant entrepreneurship became part of EU policies, both in terms of policies aimed at attracting new entrepreneurs from abroad and as policies involved in the promotion of individual entrepreneurial activity of immigrants already established in the EU territory. Although the incentives of promotion and the entry procedures are still non harmonized, inside the EU is taking more and more place the idea of promoting immigrant entrepreneurship as a medium-long term development objective.

According to the Labour Force survey of EUROSTAT (EUROSTAT, 2018) , there are about 32,7 million of entrepreneurs and self employed persons in EU, and 6,7% of them are foreigners in 2018 (about 2,2 million with a slight prevalence of EU citizens). In this scenario, Italy is placed on the second place for entrepreneurship initiative, with about 15,5% of EU entrepreneurs and self employed persons. (Figure 3.21). Moreover, Italy is the third country with the major number of foreign self-employed entrepreneurs and the first one according to non EU immigrant entrepreneurs (73,2% of non EU entrepreneurs are based in Italy compared with an average of 47.8%).

**Figure 3.21** First 5 EU countries with major number of self-employed persons (2017)

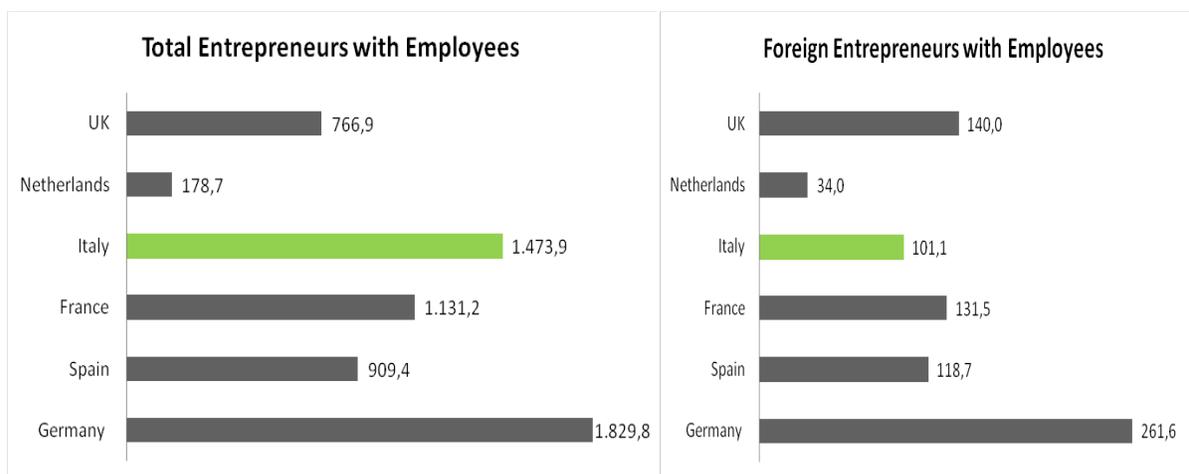


Source: author's elaboration of EUROSTAT (2018) data (<http://appsso.eurostat.ec.europa.eu/> - values are in thousands)

In the Figure 3.22 is showed the number of entrepreneurs with employees for the first 5 EU countries. It must be emphasized that according to Italy, the number of the foreign self-employed entrepreneurs (entrepreneurs without employees) is higher according to foreign entrepreneurs with employees. In the EU scenario Germany is better placed with 38,04% of entrepreneurs with employees, (about 11% above the community average of 27,45%), in the last place are Italy (22,09%) and Netherland. According to the percentage of entrepreneurs with employees without taking in consideration the nation of birth of entrepreneurs, Italy is placed in the second lace, with a share of about 29%, very near the EU average of 30%. The data suggest the need of a major sustainability and incentives for foreign entrepreneurs, so that they can grow not only quantitatively but even qualitatively, and not to afford entrepreneurship as a quick and immediate response to difficulties in employment, but as a studied choice.

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**Figure 3.22** First 5 EU countries with major number of entrepreneurs with employees(2017)



Source: author's elaboration of EUROSTAT (2018) data (<http://appsso.eurostat.ec.europa.eu/> - values are in thousands)

According to the national data of Italian Chamber of Commerce (Union Chamber) and Info Chambers, in Italy immigrant enterprises have been growing rapidly in recent years, reaching 588,000 units by the end of 2017 (Table 3.1). They represent 9.6% of total businesses, with a growth rate of around + 29% compared to 2011. On the other hand, the enterprises of natives are having a withdrawal, with a negative variation of -2.7% compared to 2011.

**Table 3.1** Trend of Italian Enterprises (2017)

		2011	2017	Variation%
National Enterprises	Citizens	5.656.045	5.502.982	-2,7
	Immigrant Enterprises	454.029	587.499	29%

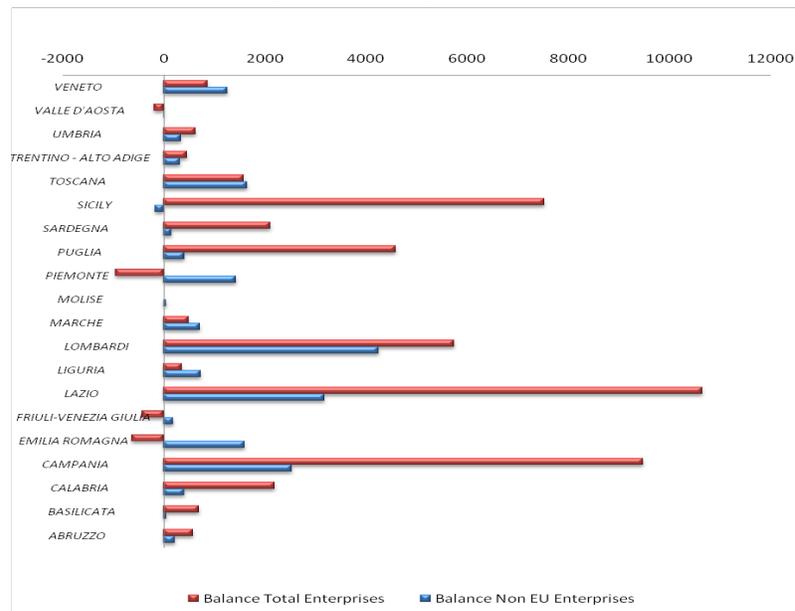
Source: author's elaboration of Italian Union Chamber data (2018) – - <http://www.camcom.gov.it>, absolute values

The number of immigrant enterprises has grown up with 19.197 units (42% annual balance of total enterprises), with a growth rate of +3.4% (against +0.75% of annual rate growth of total enterprises). The importance of this phenomenon came up while confronting the regional balance of the enterprises for 2017. In Tuscany, Veneto, Marche and Liguria the growth of total enterprises would be a negative one without the contribution of foreign enterprises. In some other regions, the growth is negative

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according to the balance of total enterprises, but is positive if we only consider foreign enterprises (i.e. Piedmont, Emilia-Romagna, Friuli, and Valle D'Aosta) (Figure 3.23).

**Figure 3.23** *Regional Balance of Enterprises in Italy (2017)*

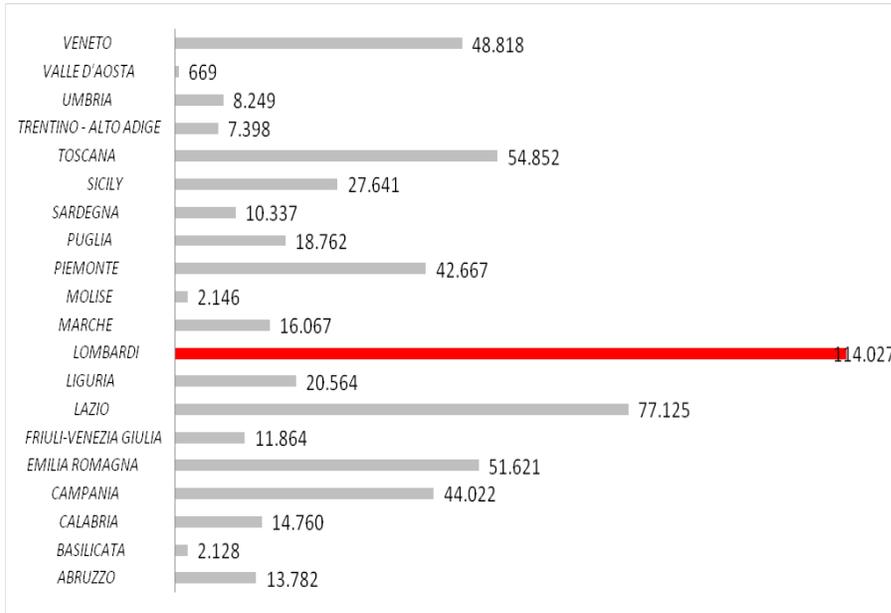


Source: author's elaboration of Italian Union Chamber data (2018) - <http://www.camcom.gov.it>. values in percentage

The most attractive region for immigrant enterprises, under the demographic point of view, is Lombardy (with about 114.000 units), followed by Lazio (about 77.000), and Tuscany. The province with major concentration of non EU enterprises is Prato (Tuscany) where about 27.8% of all enterprises is foreign – led (Figure 3.24).

## IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

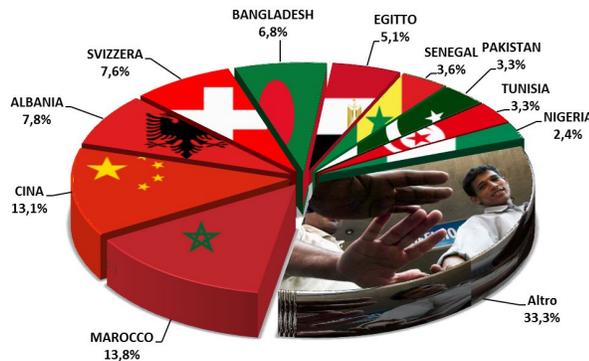
**Figure 3.24** Regional distribution of Immigrant Enterprises (2017)



Source: author's elaboration of Italian Union Chamber data (2018) <http://www.camcom.gov.it> – absolute values

Figure 3.25 show the nationalities with the major numbers of enterprises settled in Italy. The nationalities with major influences are Morocco (13.8%), China (13.1%) and Albania (7.8%). Among foreign enterprises settled in Italy, after Morocco and China. This is an interesting date because the percentage of foreign entrepreneurs do not follow the same trend with the percentage of foreign resident population; it is notable the fact that there are only few protagonist with the entrepreneur initiative.

**Figure 3.25** Nationalities with major number of enterprises (Non EU-2017)



Source: author's elaboration of Italian Union Chamber data (2018) <http://www.camcom.gov.it> – absolute values

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From the territory analysis it emerges that some nationalities have elected real entrepreneurial "homelands" in some Italian provinces: it is the case of Egyptians that concentrates in the province of Milan almost half (44.7%) of all their companies in Italy; Bangladesh's which have their 'headquarters' in Rome, where 42.5% of all their businesses are located. In addition, Rome hosts the largest Romanian business community (15% of the total number of companies headed by the towns of that country), while Naples attracts about 19% of Pakistani entrepreneurs. Milan is the capital of Chinese entrepreneurs, with the concentration of about 11% of their business (IDOS/[www.dossierimmigrazione.it/2017](http://www.dossierimmigrazione.it/2017)).

Table 3.2 shows the provincial ranking for growth rate in 2017 of immigrant's enterprises. In the first positions are: Naples (+9.6%), Macerate (+8.8%) and Trapani (+6.6%). In the last positions with a negative growth rate are Palermo (-11.2%) and Sassari (-1.1%). Bari and Pordenone have registered a steady state. However, the provinces with the major number of foreign citizens enterprises are: Rome (65 729 units), Milan (54 458 units), Torino (25 232). Naples is in fourth position with 22 674 units.

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**Table 3.2** The provincial ranking for growth rate of immigrant's enterprises (2017)

Province	Growth rate 2017	Balance	Total	%foreigners	Province	Growth rate 2017	Balance	Total	%foreigners
		2017	Enterprises on 31.12.2017	on total			2017	Enterprises on 31.12.2017	on total
NAPOLI	9,60%	1.982	22.674	7,70%	GORIZIA	3,20%	43	1.373	13,10%
MACERATA	8,80%	341	4.188	10,70%	AVELLINO	3,20%	83	2.674	6,00%
TERNI	6,60%	121	1.649	7,60%	CATANIA	3,20%	152	4.900	4,80%
TRAPANI	5,80%	121	2.203	4,70%	FROSINONE	3,20%	108	3.490	7,30%
AGRIGENTO	5,50%	173	3.232	8,00%	BERGAMO	3,20%	306	9.911	10,40%
CROTONE	5,30%	50	993	5,60%	VERONA	3,10%	330	10.901	11,30%
ORISTANO	5,20%	25	507	3,50%	FERRARA	3,10%	91	3.047	8,60%
TARANTO	5,10%	78	1.610	3,30%	PARMA	3,00%	147	5.101	11,10%
SONDRIO	5,00%	41	862	5,70%	CATANZARO	2,90%	104	3.704	10,90%
MONZA E BRIANZA	4,70%	319	7.117	9,60%	AREZZO	2,90%	112	4.009	10,60%
BENEVENTO	4,60%	70	1.587	4,50%	MASSA CARRARA	2,80%	70	2.446	10,80%
VENEZIA	4,50%	366	8.559	11,00%	RIMINI	2,80%	124	4.529	11,40%
BOLZANO	4,50%	173	4.024	6,90%	LA SPEZIA	2,80%	61	2.231	10,70%
FERMO	4,50%	83	1.869	8,80%	LUCCA	2,60%	109	4.298	10,00%
ROMA	4,40%	2.777	65.729	13,40%	TERRAMO	2,50%	107	4.471	12,40%
MILANO	4,30%	2.251	54.458	14,40%	TRIESTE	2,40%	61	2.585	16,00%
GROSSETO	4,30%	94	2.256	7,80%	LODI	2,40%	47	2.024	12,10%
ASTI	4,30%	94	2.260	9,50%	ISERNIA	2,40%	14	614	6,70%
MATERA	4,30%	34	832	3,80%	FORLI' - CESENA	2,30%	83	3.653	8,60%
VERBANIA	4,20%	42	1.032	7,90%	CUNEO	2,30%	91	4.017	5,90%
PISTOIA	4,20%	152	3.778	11,50%	ALESSANDRIA	2,30%	91	4.111	9,50%
LATINA	4,10%	172	4.312	7,40%	SIENA	2,30%	51	2.284	8,00%
BRINDISI	4,10%	60	1.519	4,10%	ENNA	2,20%	14	638	4,30%
TRENTO	4,00%	142	3.374	6,60%	ROVIGO	2,20%	53	2.495	9,10%
IMPERIA	3,90%	147	3.885	15,00%	RAGUSA	2,10%	51	2.464	6,80%
REGGIO CALABRIA	3,90%	179	4.765	9,10%	AOSTA	2,10%	14	669	5,30%
PRATO	3,90%	352	9.343	27,90%	VERCELLI	2,10%	32	1.570	9,70%
PAVIA	3,80%	190	5.062	10,70%	LECCE	2,10%	149	7.320	10,00%
NOVARA	3,80%	125	3.359	11,00%	VICENZA	2,00%	148	7.410	8,90%
TORINO	3,80%	925	25.232	11,30%	PADOVA	2,00%	177	8.989	9,10%
FOGGIA	3,80%	111	3.039	4,20%	VIBO VALENTIA	2,00%	14	727	5,40%
GENOVA	3,80%	409	11.211	13,00%	PIACENZA	2,00%	64	3.281	11,10%
VARESE	3,80%	264	7.184	10,20%	TREVISO	1,90%	172	9.185	10,30%
RAVENNA	3,70%	160	4.426	11,20%	PESARO E URBINO	1,90%	72	3.830	9,40%
CASERTA	3,60%	334	9.523	10,30%	CAMPOBASSO	1,90%	28	1.532	5,90%
ASCOLI PICENO	3,60%	65	1.867	7,50%	CREMONA	1,70%	55	3.221	11,00%
COMO	3,60%	158	4.517	9,40%	LIVORNO	1,70%	59	3.563	10,90%
L'AQUILA	3,60%	76	2.186	7,30%	PISA	1,60%	87	5.486	12,50%
MANTOVA	3,60%	160	4.519	11,10%	BIELLA	1,60%	17	1.086	6,00%
VITERBO	3,50%	88	2.588	6,80%	UDINE	1,50%	76	5.092	10,10%
MODENA	3,50%	284	8.344	11,40%	POTENZA	1,40%	18	1.296	3,40%
CAGLIARI	3,50%	154	4.571	6,50%	NUORO	1,30%	19	1.481	5,10%
REGGIO EMILIA	3,40%	268	7.979	14,50%	COSENZA	1,10%	48	4.571	6,70%
BRESCIA	3,40%	446	13.256	11,10%	SALERNO	0,70%	55	7.564	6,30%
ANCONA	3,40%	142	4.313	9,30%	CHIETI	0,50%	16	3.234	7,20%
BOLOGNA	3,40%	373	11.261	11,80%	PESCARA	0,40%	16	3.891	10,50%
PERUGIA	3,40%	219	6.600	9,00%	LECCO	0,30%	6	1.896	7,30%
RIETI	3,40%	33	1.006	6,60%	BELLUNO	0,10%	1	1.279	8,10%
SIRACUSA	3,40%	63	1.936	5,00%	PORDENONE	0,00%	1	2.814	10,70%
MESSINA	3,30%	124	3.840	6,30%	BARI	0,00%	-2	5.274	3,60%
SAVONA	3,30%	104	3.237	10,70%	SASSARI	-1,10%	-46	3.778	6,70%
FIRENZE	3,30%	551	17.389	15,80%	PALERMO	-11,20%	-906	7.192	7,40%
CALTANISSETTA	3,30%	39	1.236	4,90%	<b>ITALIA</b>	<b>3,40%</b>	<b>19.197</b>	<b>587.499</b>	<b>9,60%</b>

Fonte: Unioncamere-InfoCamere, Movimpresa

Source: Info Camere and Movimpresa 2017 (<https://www.infocamere.it/en/movimpresa>)

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Table 3.3 shows immigrant's enterprises by activity sectors, and their incidence on the total enterprises of the country. The sectors with the major number of foreign non EU enterprises are: retail (19% of the total sector enterprises), construction (21% of the total sector enterprises) and food service restaurants (11% of the total sector enterprises). However, the greatest incidence of the foreign enterprises is in the telecommunication services (with 3.627 units to 10.795 units of the total). In sum, immigrant entrepreneurship is increasingly addressed to the services sector (60.7%), followed by industry (30.8%) and construction (22,5%). The insertion of immigrant's enterprises in the agriculture sector (2.7%) is residual.

**Table 3.3** *Incidence of Foreign Born Enterprises on Total; Main Activities (2017)*

Main Activities	Total non EU Enterprises	Total Enterprises	% foreign on total
Retail	162.170	861.296	18,80%
Construction	132.376	823.584	21,20%
Restaurant	43.474	387.864	11,20%
Wholesale	35.834	512.407	7,00%
Other personal services	17.390	198.200	8,80%
Services for the Enterprises	16.149	78.690	20,50%
Clothing Industry	16.141	54.38	29,70%
Agriculture	14.666	729.996	2,00%
Services for paesage edifice	14.345	72.917	19,70%
Wholesale, Retail & Reparation of Vehicles	11.552	169.604	6,80%
Transport	9.134	129.776	7,00%
Metal Industry (no vehicles)	7.113	108.775	6,50%
Immobliare Services	5.802	286.281	2,00%

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Leather industry	5.225	24.960	20,90%
Professional services	4.039	64.867	6,20%
CIT	3.696	40.334	9,20%
Telecommunication	3.627	10.795	33,60%
Logistic	3.231	32.217	10,00%
Accommodation	3.120	56.826	5,50%
Other	82.971	1.190.672	7,00%
<b>Total</b>	<b>587.499</b>	<b>6.090.481</b>	<b>9,60%</b>

Source: Info Camere and Movimpresa 2017 (<https://www.infocamere.it/en/movimpresa>)

### 3.4 Discussion and some conclusive remarks

Immigration is becoming the most hot issue in now-days literature, with the various problems that this phenomenon involves: integration problems, the economic performance of immigrants in the host country, their social conditions. By making a general picture of the immigration situation in now days we can affirm that the numbers are growing up rapidly and that a need for more regulation and integration policies is required. This chapter is the result of the third step of the research of this study. It consisted on tracing a framework of current development of immigration flows, in general, and of immigrant entrepreneurship, in particular, in Europe and in the Italian context. Secondary data (Vartanian, 2010) are used, from the following official sources: United Nations (UN), EUROSTAT, ISTAT, Italian National Chamber of Commerce, Idos Centre for Immigration studies and Movimpresa.

The data showed that in 2017, immigrants represented the 3,4% of the entire world population, with a growth of 0,5% compared to 1990s. The flow of regular immigration, mostly due to economic reasons, is focused principally in developed countries while the uncontrolled immigration (refugees and asylum seekers) is concentrated in Asia. According to UN (2018), more than 60% of worldwide immigrants live in Asia and Europe. Five EU countries has a share of 63% of the total EU28's countries (i.e. Germany, UK, Italy, France, Spain).

Demographic aging is a serious problem that EU28 is facing nowadays. By 2050 it is estimated that the majority of native population will be between 60–64 years old (males) and 65–69 years old (females) (UN, 2018). On the other hand, In West Asia and North Africa the population is expected to duplicate with respect to 2000 and more than half population will be lower than 50 years old. According to EUROSTAT (2018), EU28 is characterized by migratory flows of young people, between 25-45 years old. This picture may give us some thoughts on the "replacing immigration" process, which can be an important factor for economic survival of these countries.

## IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

Socio-economic integration is becoming an important issue for European Community policy. The employment gap is one of the most widely used indicators of immigrants' integration in the labour market. A survey on the subject, conducted by EUROSTAT (2017) in the EU28 countries, has shown that there are essential and qualitative barriers between immigrants of those countries in accessing the labour market. These barriers persist even after long periods of permanent residence in the host countries and tend to be larger among non-EU immigrants. Several actions are taken from European Committee toward integration and social inclusions of immigrants, with a particular focus in immigrant entrepreneurship, as “Entrepreneurial 2020” action plan (2010) and the “Action plan on the integration of third country nationals” (COM(2016) 377 final).

Italy has a relatively young history as an immigration host country. However, the immigration flows in the country are growing rapidly. According to ISTAT (2018) on 1<sup>st</sup> January 2017, there were 5.047.028 million foreign non EU residents (immigrants) in Italy, representing 8,3% of total population, with a growth of +5,1% according to 2004, occupying the eleventh place in the world as regards to immigration flows. The push factors of immigration in Italy are mainly due for economic reasons, with nearly 52% of the residence permits that are issued for working purposes. Anyway, the immigration structure is changing and shares of family reunification permits are growing up, followed by the asylum seekers.

Regarding the labour market, in the last decade a reduction in the employment rate of foreign residents (non-EU) has been verified, peaking in 2013. Concerning the employee wages, gaps between immigrants and natives are verified in all Italian regions. The most accentuated differences are found in Lombardy, Lazio, Emilia-Romagna, and Piedmont, which are even the regions with a higher presence of non EU foreign residents.

The data on immigrant entrepreneurship places Italy in the second place among EU28 countries for entrepreneurship initiative and in the third place regarding the foreign self-employed entrepreneurs (EUROSTAT, 2018). However, the number of the foreign self-employed entrepreneurs (entrepreneurs without employees) is higher according to foreign entrepreneurs with employees. The data suggest the need of a major sustainability and incentives for foreign entrepreneurs, so that they can grow not only quantitatively but even qualitatively, and not to afford entrepreneurship as a quick and immediate response to difficulties in employment, but as a studied choice.

According to the national data of Italian Chamber of Commerce (Union Chamber) and Info Chambers, in Italy immigrant enterprises have been growing rapidly in recent years. They represent 9.6% of total businesses, with a growth of around +29% compared to 2011. On the other hand, the enterprises of natives are having a withdrawal, with a negative variation of -2.7% compared to 2011.

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The most attractive region for immigrant enterprises, under the demographic point of view, is Lombardy followed by Lazio and Tuscany. The province with major concentration of non EU enterprises is Prato (Tuscany) where about 27.8% of all enterprises is foreign – led.

The nationalities with major influences are Morocco (13.8%), China (13.1%) and Albania (7.8%). Among enterprises of EU nationals, in the first place is Romania.

The data showed that immigrant entrepreneurship is increasingly focused on the services sector (60.7%), followed by industry (30.8%) and construction (22,5%). The insertion of immigrant's enterprises in the agriculture sector (2.7%) is residual.

## CHAPTER IV

### FROM INTEGRATION TO ENTREPRENEURSHIP THE RESULTS OF THE MULTIVARIATE REGRESSION MODEL

*This chapter describes the results of the quantitative methodology phase. It starts by giving an overview of the sample used in the quantitative research phase, and its validation by the literature framework perspective. Then it follows with the description of the two multivariate regression models: regional and provincial levels. Subsequently, the results of the models are described, starting with the results that validate each model separately and the independent variables used. Finally, this section describes the findings and discusses the results of each model.*

#### 4.1 Introduction - Integration of Whom?

As stated in the above chapters, one of the main objectives of this thesis was to study the relationship between immigrant integration level and immigrant entrepreneurship, in order to explore factors relating to the host country that impact on the decision and the opportunities of immigrant entrepreneurship.

A satisfying compromise when identifying the right target groups relating to the integration policies and indicators is difficult to reach, not only because of the various types of immigrants or immigration phenomenon (second generation of immigrants, the naturalised immigrants, asylum seekers, irregular immigrants, and so on), or because the individual interests of researchers to the phenomenon are various, but also due to different concepts of integration that different countries have. The EU member states have their own migratory traditions and migration policies shaping a country's fundamental

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assumptions on the integration of foreigners. Some countries have long standing immigration traditions (i.e. France, United Kingdom), whereas others have only just recently become countries of immigration (i. e. Spain,-and Italy).

However, during the recent years, increasing efforts have been directed in all the countries affected by the migration phenomenon, both at the scientific and the institutional sphere, to the application of methodological approaches and empirical models aiming at measuring the integration processes of immigrants in their own countries. According to different normative frameworks and regulations, different countries make different integration policies, but whatever definition or concept of integration applied, the integration of immigrants into their respective host societies has at least three basic dimensions concerning the *social*, *economic* and *cultural* role migrants play in their new environment. A fourth important dimension, namely the role that migrants play in the host country political life, depends on whether the host government allows political participation or even grants voting rights. (EU Commission 2010).

As stated in the previous sections, this thesis concerns the phenomenon of immigration, in general, and immigrant entrepreneurship, in particular, in the Italian context. The Italian legislation framework distinguish two forms of immigration: The *internal migration* – movement of citizens from countries inside Europe Union - and the *external migration* – movement of citizens not EU countries (extra-communities). The regulatory framework of internal migration between the different member states of the European Union is harmonized at European level and today it can effectively guarantee unlimited freedom of movement, also as elevated rights and duties among their citizens. The regulatory framework of non-EU citizens depends from the single EU countries legislation framework. For the purposes of this thesis, particular attention is given to immigration from non-EU countries.

## 4.2 Sample overview

As literature suggests, three main dimensions are taken in consideration in order to measure the immigrant integration in the Italian context: territorial attractiveness, social dimension and economic dimension (Golini, et.al., 2001; Cellini, and Fideli, 2002; CNEL, 2013). A system of integration indicators calculated on integrated data was constructed based on the indices suggested from the last

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CNEL report, (CNEL, 2013). Table 4.1 presents a summary of the dimensions, indexes and their measurement as well as the official sources from which the secondary data were collected.

**Table 4.1** A system of immigrant integration indicators

DIMENSIONS	INDICATORS (polarity)	SOURCES
<b>TERRITORIAL ACTRACTIVINESS DIMENSION (X1)</b>	<b>Incidence of the foreign residents (+)</b>	
	<i>the ratio of foreign residents on the total population in a given territory</i>	ISTAT
	<b>Indicator of migratory receptivity (+/-)</b>	
	<i>internal balance of foreign citizens (change of residence of foreign citizens from one province to another within the territory of the state)</i>	ISTAT
	<b>Foreigners Resident Density (+)</b>	
	<i>the number of foreign residents per square km (density) compared with the Italian residents per square km</i>	
<b>SOCIAL DIMENSION (X2)</b>	<b>Stability Indicator (+)</b>	
	<i>The ratio of foreign minors residents among the total foreign population residents (population under 18 years old)</i>	ISTAT
	<b>Indicator of accessibility to the real estate market (-)</b>	
	<i>incidence (the ratio) of the average of the annual rental price for a 50 square meter house in the periphery of the metropolitan area on the average of the annual per capita salary of non-UE employees</i>	ISTAT
	<b>Mixed marriage rate (+)</b>	
	<i>number of marriages with Italian citizens on the total of foreign marriages celebrated in Italy</i>	ISTAT
	<b>Stable residence indicator (+)</b>	
	<i>Number of EU residence permits compared to total residence permits for non-EU citizens</i>	ISTAT
	<b>The Italian language knowledge ratio (+)</b>	
	<i>It is detected by the number of EU residence permits</i>	ISTAT MINT
	<b>Non professional high school education indicator in % (+)</b>	
	<i>the ratio of non professional high school students on the total number of foreigners enrolled in high schools</i>	ISTAT
<b>Fertility rate (-)</b>		
<i>the average number of children per foreign adult woman, possibly compared with the same rate relative to natives - the closer the foreign fertility rate is to the general one, the more integration is considered- the more the difference of fertility rate among foreigners and Italians, less integration is considered.</i>	ISTAT	
<b>Naturalization indicator of foreign citizens</b>		
<i>Number of foreign citizens who have acquired the Italian citizenship in 2017</i>	ISTAT MINT	
<b>ECONOMIC DIMENSION (X3)</b>	<b>Employment ratio indicator</b>	ISTAT ASIA
	<i>The ratio of full-time not UE employees on the total Extra UE employees (full time + Part Time) in%. The closer it is to a hundred, the more full-time employees are.</i>	
	<b>Employees income ratio</b>	
	<i>difference between gross remuneration per hour between not UE residents employees and Italian ones</i>	ISTAT
	<b>Work stability</b>	
<i>the ratio of permanent employment contracts on total not-UE worker contracts</i>	ISTAT	
<b>Legend</b>	MINT = Ministry of Internal Affairs; LAV = Ministry of Work; ANAG = Demographic Registry Office ; MIUR=Ministry of Education, University and Research; ISTAT= Institute of National Statistics;	

# IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

The data set was referred to four levels: Italy as a whole country, geographic areas (northwest, northeast, centre, south and islands), regions and provinces. The outcome of interest was the measure of the relationship of the host country integration factors and their influence in the entrepreneurial activity of Extra EU immigrants in Italy. For this purpose, in addition to the above mentioned data, the data set also describes the immigrant entrepreneurship trend, also for the four territorial levels. Data refer to the year 2017.

## 4.3 The Results

This section presents the results of the quantitative research used in this thesis. The multivariate regression models were separately estimated:

- over twenty Italian regions, indexed by  $i = 1, 2, \dots, 20$ ;
- over a hundred and ten Italian provinces, indexed by  $j = 1, 2, \dots, 110$ .

The outcome of interest was the measure of the growth of entrepreneurial activity of Extra EU immigrants in Italy, and its relationship with the integration factors based on three dimensions at territorial level. From the above dataset, the ratio of immigrant enterprises to the total ones was constructed and a logarithmic transformation to approximate its growth was used. In sum, a growth model was used to study the phenomenon in two levels: Regional and Provincial.

### 4.3.1 The regional model

The selection process of the regional model started with a saturated model, i.e., a model with a large dimensionality of independent variables. Then, the diagnostic tests and checks of the model (see section 2.2.4 (b)) has facilitate possible exclusions of the insignificant variables, without affecting the functional form tests. The circle of estimation and diagnosis tests is repeated several times on different model specifications, narrowing down the number of explanatory variables and keeping the desired

## IMMIGRANT ENTREPRENEURSHIP AND SOCIAL EXCLUSION INSIGHTS FROM ITALY

parsimonious principle, until the final model satisfies the assumptions and passes the selection tests. Further, the selection considers the economic implications of the model, i.e., the results should not be contradictory.

The regional model has the following specification:

$$\ln\left(\frac{Y^f}{Y^T}\right)_i = \alpha + \beta_1 \ln\left(\frac{N^f}{N^T}\right)_i + \gamma_1 \ln(fe^f - fe^l)_i + \gamma_2 \ln\left(\frac{M^{\text{mix}}}{M^T}\right)_i + \gamma_3 \ln\left(\frac{RP^u}{RP^T}\right)_i + \gamma_4 \ln\left(\frac{E^{HS}}{E^T}\right)_i + \delta_1 \ln(w^l - w^f)_i + \delta_2 \ln\left(\frac{L_{nEU}^{full}}{L_{nEU}^T}\right)_i + \delta_3 \ln\left(\frac{C^p}{C^T}\right)_i + \epsilon_i$$

Where:

- $\ln\left(\frac{Y^f}{Y^T}\right)_i$  is the growth of the share of immigrant enterprises in region  $i$ ;
- $\ln\left(\frac{N^f}{N^T}\right)_i$  is the growth of the share of foreigners in region  $i$ ;
- $\ln(fe^f - fe^l)_i$  is the growth of the fertility gap among foreigners and Italians in region  $i$ ;
- $\ln\left(\frac{M^{\text{mix}}}{M^T}\right)_i$  is the growth of the share of mixed marriages between Italians and foreigners in region  $i$ ;
- $\ln\left(\frac{RP^u}{RP^T}\right)_i$  is the growth of the share of permanent residence permits in region  $i$ ;
- $\ln\left(\frac{E^{HS}}{E^T}\right)_i$  is growth of the share of high-school enrollments in region  $i$ ;
- $\ln(w^l - w^f)_i$  represents the growth in the wage gap between the hourly pay rate of Italians and foreigners in region  $i$ ;
- $\ln\left(\frac{L_{nEU}^{full}}{L_{nEU}^T}\right)_i$  is the growth in the share of full-time non-EU employees in region  $i$ ;
- $\ln\left(\frac{C^p}{C^T}\right)_i$  is the growth in the share of permanent contracts among foreigners in region  $i$ .

The estimated parameters represent the elasticity between the dependent variable and the independent ones, in a given moment.

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Before interpreting the results and their implications, it is important to discuss the diagnoses of the model.

First, missing data is often an issue in econometric models, and the set of regions and provinces selected in this work are no exception. Several indicators, including the share of foreigners, the share of non-EU full time employed and the share of mixed-marriages are missing for Trentino Alto Adige (and both provinces of this region). A common method of handling missing data is by imputation. Allison (Allison, 2001) argues that in the case of multivariate analysis, if there are missing data on several predictors, it can be better to drop those cases (rather than do imputation). Little and Rubin (Little, and Rubin, 1987) suggest that if the cases for which the researcher faces missing data constitute less than 5 percent of the sample, then the researcher can drop them. At the regional level model, we report missing data only for Trentino Alto Adige, and since the 5 percent rule of thumb holds, then dropping this region from the observations set would still yield consistent estimates of the OLS model.

Second, imputation could be costly because taking the simple average of the variables at the province level to obtain the regional average weights each province equally, while the true values could weight each province by importance, number of inhabitants, density or surface, among others. Imputation is not a common practice when using cross-sectional data as the ones used in this study. Hence, the regional model includes 19 out of 20 regions.

Starting the diagnostic checks with the functional form specification test, the results of the Ramsey Reset test (Table 4.2) indicate that at the 5 percent level, we fail to reject the null hypothesis of no-omitted variables, meaning that the functional form of the model is correctly specified. The F-statistic is 4.04 and Prob > F=0.06.

**Table 4.2**  
*Ramsey Reset test for functional form – regional model*

---

```
. estat ovtest

Ramsey RESET test using powers of the fitted values of LR
Ho: model has no omitted variables
      F(3, 7) =      4.04
      Prob > F =    0.0584
```

---

Source: Author's elaboration

The check for multicollinearity is performed through VIF (Table 4.3) and the index equals 6.66, which means that multicollinearity is not a severe problem in the model, i.e. it is not inflating variances of estimated coefficients. However, VIF indicates a high correlation between the share of foreigners and the share of mixed marriages. This means that a higher share of foreigners is associated with a higher

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likelihood of a possible marriage between a foreigner and an Italian citizen, which is something that could be expected.

**Table 4.3**  
*Variance Influence Factor (VIF) – regional model*

---

```

. vif

```

Variable	VIF	1/VIF
lmarr	13.59	0.073599
fo	12.55	0.079682
fertility	5.57	0.179578
lnw	5.38	0.186016
lprof	5.12	0.195423
LRP	5.06	0.197613
lemp	4.28	0.233531
lper	1.76	0.568497
Mean VIF	6.66	

---

Source: Author's elaboration

Next, we formally test for the assumption of the constant variance. The Breusch-Pagan test suggests that at the 5 percent level, we fail to reject the null hypothesis under constant variance (Table 4.4). The test statistic has a Chi-square distribution (as LM follows a Chi-square distribution) and has a value of 3.33 and Prob>chi-square = 0.068.

**Table 4.4**  
*Breusch-Pagan test for heteroscedasticity – regional model*

---

```

. estat hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of LR

chi2(1)      =      3.33
Prob > chi2  =      0.0679

```

---

Source: Author's elaboration

Despite the homoscedastic environment, Hansen (Hansen, 2018) argues that in contemporary econometric research the use of robust standard errors is recommended. The relatively low number of observations is an additional reason towards the use of robust standard errors. As Wooldridge

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(Wooldridge, 2016) argues, the effect of multicollinearity and micro numerosity is similar; a low number of observations used in tests and regressions will yield to estimates with a higher variance. In addition, in statistics, as a rule of thumb, the alpha region of the statistical tests must increase when sample size is low. Hence, failure to reject the null hypothesis at 5 percent level, but not at 10 percent, is one more reason towards the use of robust standard errors, so we use robust standard errors to make statistical inference.

The Shapiro-Wilk W test of normality was carried out (Table 4.5) in our model the W statistic is 0.905 with a p-value of 0.06. Hence, at the 5 percent level we fail to reject the null hypothesis of residual normality.

**Table 4.5**  
*Shapiro-Wilk W test for normality of the residuals – regional model*

---

```

. swilk R

```

Shapiro-Wilk W test for normal data					
Variable	Obs	W	V	z	Prob>z
R	19	0.90466	2.177	1.562	0.05911

---

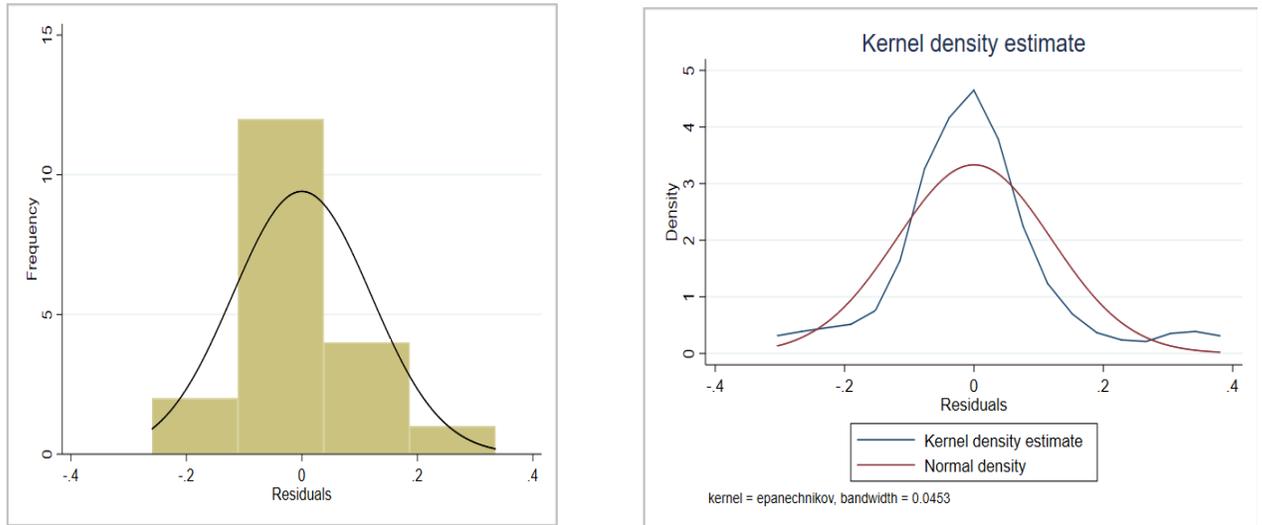
Source: Author's elaboration

Lastly, the histogram of residuals is roughly bell-shaped, indicating that residuals are probably normally distributed (Figure 4.1). The non-parametric estimation of the kernel density, is close to the normal distribution. Asymptotically (as the test below suggests) the densities would overlap.

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**Figure 4.1.**

*Histogram and Kernel density estimate of the residuals – regional model*



Source: Author's elaboration

Table 4.6 displays the results of the estimated regional model.

**Table 4.6**

*Estimated regional model*

Covariates	$\ln\left(\frac{y^f}{y^l}\right)_i$	S.E
<b>Attractiveness</b>		
$\ln\left(\frac{N^f}{N^l}\right)_i$	0.415	(2.39)**
<b>Social Integration</b>		
$\ln\left(\frac{M^{\text{mix}}}{M^l}\right)_i$	0.698	(0.57)
$\ln(fe^f - fe^l)_i$	0.745	(2.49)**

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$\ln\left(\frac{RP^u}{RP^T}\right)_i$	1.596	(2.46)**
$\ln\left(\frac{E^{HS}}{E^T}\right)_i$	0.780	(2.69)**
-----		
<b>Labor market</b>		
$\ln(w^I - w^f)_i$	0.577	(4.70)***
$\ln\left(\frac{L_{nEU}^{full}}{L_{nEU}^T}\right)_i$	15.915	(2.22)*
$\ln\left(\frac{C^p}{C^T}\right)_i$	0.493	(1.14)
-----		
Intercept	-85.732	(2.64)**
$R^2$	0.90	
$N$	19	

\*  $p < 0.1$ ; \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$   
Robust standard errors in parenthesis

Source: Author's elaboration

The most striking result is the high R-squared. It indicates that the variation or the growth in the predictors explains around 90 percent of the variation in the dependent variable. While one could suspect that the predictors include some form of the outcome variable, in this model, we claim that although it is uncommon to have high R-squares in models using cross-sectional data, it is common to get a high R-square *growth* models using cross-sectional data. To support this argument, in the seminal work of Mankiw, Romer and Weil (Mankiw, Romer, and Weil, 1992), the benchmark Solow Growth model R-squared is around 0.6. When the model accounts for further factors, not necessarily predicted by the theoretical model, the R-squared increases, which is one of the main characteristics of the R-square measure of goodness of fit.

The relative growth of immigrant entrepreneurship in a particular country is likely to vary with the necessary conditions required to start a business activity, and the dynamics of the input markets. In our growth model, we have controlled for Labor-Market conditions, Social Integration and Territory Attractiveness.

Regarding the Labor market conditions, the growth of non-EU full time employers was considered. It was pointed out that an upward trend in the relative growth of non-EU full-time employees - keeping

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constant the other independent variables of the regression - would increase the relative growth of immigrant entrepreneurs enterprises. This prediction is supported relatively well by the estimated model: an increase by 1 percent in the share of non-EU full time workers, increases the share of immigrant entrepreneurs by 15 percent, considering all the other predictors as constant. This result does not take in consideration the unemployment rate, which is not influenced. An explanation would be that in case of full time employment of family members, immigrant entrepreneurship would increase, as the entrepreneurs will be more inclined to take the risk, following greater guarantees in affording the daily life expenses offered by the employment of family members.

Further, we considered the wage differences between foreigners and Italians, in order to measure the wage discrimination between them. Micro evidence suggests that in some cases people cannot bare the discrimination and therefore might turn to self-employment (Piore and Doeringer, 1971; Bonacich, 1973; Zhou, 2004). In our model, the pay-gap elasticity is 0.6.

Social integration is another key determinant of the entrepreneurial activity of immigrants in the regional level. What most affect this result is the ratio of permanent resident permits in relation to total permits. A growth by 1% of this ratio, affects a growth of 1.5% of immigrant entrepreneurship. The higher this indicator is in a specific region, the more confident immigrants are to start commercial activities.

Fertility is another driving factor of the growth of foreign enterprises. Specifically, an increase of 1% of the fertility difference among foreigners and Italians, increases the share of foreign firms by 0.75 percent. Hence, the more fertile, relative to Italians, foreigners are, the higher is their business activity share. The more the difference of fertility rate among foreigners and Italians, and among foreigners and the Italian national fertility rate, less integration is considered.

Regarding mixed marriages, we would expect a positive and significant effect as mixed marriages would incentivize the foreign partner to start up a business as having an Italian partner would facilitate the entrepreneurial process. However, due to the elevated multicollinearity of this independent variable with the other (table R2, Appendix IV/A1), its results are not so reliable.

Regarding the territory attractiveness indicators, we found a significant elasticity between the growth of immigrant enterprises and the share of incidence of foreign residents. This result is logical, as immigrant enterprises grows when the foreign population grows. This scenario presents two possible solutions: (a) immigrant entrepreneurship would grow as a result of a growing demand for ethnic goods and services by other immigrants (Waldinger, et., al., 1990); (b) immigrant entrepreneurship would grow as a result of racial exclusion and discrimination that erects structural barriers to prevent immigrants from competing with the natives on equal basis in the mainstream economy. Consequently immigrants have two alternatives; to take jobs that natives do not desire

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anymore or to carve out market niches for themselves, meeting the potential demands for specific goods and services unmet by the mainstream economy (Bonacich, 1973; Clark and Drinkwater, 2000; Zhou, 2004).

### 4.3.2. Province model

In the model where our unit of analysis was the province, we lose information on several variables such as mixed-marriages, ratio of permanent contracts and the not professional high school education index. The variation of the other-variables in the provinces level might change, and hence several predictors used in the regional model lose significance. The province model is relatively more parsimonious, i.e., we employ less predictors. The model has the following specification:

$$\ln\left(\frac{Y^f}{Y^T}\right)_j = \alpha + \beta_1 \ln(\text{Minors}^f)_j + \gamma_1 \ln\left(\frac{RP^u}{RP^T}\right)_j + \gamma_2 \ln(\text{Exp})_j + \delta_1 \ln(w^I - w^f)_j + \delta_2 \ln\left(\frac{L_{nEU}^{full}}{L_{nEU}^T}\right)_j + \epsilon_i$$

Where:

- $\ln\left(\frac{Y^f}{Y^T}\right)_j$  is the growth of the share of immigrant enterprises in province  $j$ ;
- $\ln(\text{Minors}^f)_j$  is the log of foreign minors in province  $j$ ;
- $\ln(\text{Exp})_j$  is the growth in average monthly expenditure for foreign households in province  $j$ .
- $\ln\left(\frac{RP^u}{RP^T}\right)_j$  is the growth of the share of permanent residence permits in province  $j$ ;
- $\ln(w^I - w^f)_j$  represents the growth in the wage gap between the hourly pay rate of Italians and foreigners in province  $j$ ;
- $\ln\left(\frac{L_{nEU}^{full}}{L_{nEU}^T}\right)_j$  is the growth in the share of full-time non-EU employees in province  $j$ ;

Similar to the regional regression, we have firstly estimated the model and then presented the results. To consider the function validation we run the diagnoses and correct where appropriate, then

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interpret coefficients and their economic implications. It is important to mention that missing values impeded us from using 110 provinces when estimating the regression model. Accordingly: Barletta-Andria-Trani, Olbia-Tempio, Ogliastra, Medio Campidano, Carbonia-Iglesias, Provincia di Sud Sardegna, Barletta-Andria-Trani, Fermo and Monza e della Brianza. Hence, our regression is conducted on 100 provinces.

The diagnoses has started with the functional form tests, the results of the Ramsey Reset test (Table 4.7) indicate that the  $F$ -statistic is 1.69 and  $\text{Prob} > F=0.175$ . Hence, at any conventional significance level, we fail to reject the null hypothesis of no-omitted variables, meaning that the functional form of the model is correctly specified.

**Table 4.7**  
*Ramsey Reset test for functional form – province model*

---

```
. estat ovtest
```

Ramsey RESET test using powers of the fitted values of LR  
Ho: model has no omitted variables  
F(3, 91) = 1.69  
Prob > F = 0.1755

---

Source: Author's elaboration

The VIF statistic (Table 4.8) is 1.84, suggests that the model does not suffer from multicollinearity.

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**Table 4.8**  
*Variance Influence Factor (VIF) – province model*

---

```

. vif

```

Variable	VIF	1/VIF
lnmin	2.34	0.427109
lnw	1.91	0.522441
lRP	1.85	0.541366
lemp	1.39	0.718506
lflow	1.36	0.733687
Mean VIF	1.77	

---

Source: Author's elaboration

The results of the Breusch-Pagan test of heteroscedasticity (Table 4.9) show a Chi-square statistic of 2.49 and Prob>chi-square = 0.115. These results suggest that any significance level, we fail in rejecting the null hypothesis of constant variance of the error term, and thus our model is homoscedastic.

**Table 4.9**  
*Breusch-Pagan test for heteroscedasticity – province model*

---

```

. estat hettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of lR

chi2(1)      =      2.49
Prob > chi2   =      0.1145

```

---

Source: Author's elaboration

The Shapiro-Wilk W test (Table 4.10) for normality has W=0.976 with p-value=0.07, suggesting that at the 5 percent level, we fail in rejecting the null hypothesis of normally distributed error term.

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**Table 4.10**

*Shapiro-Wilk W test for normality of the residuals – province model*

```
. swilk R
```

Shapiro-Wilk W test for normal data

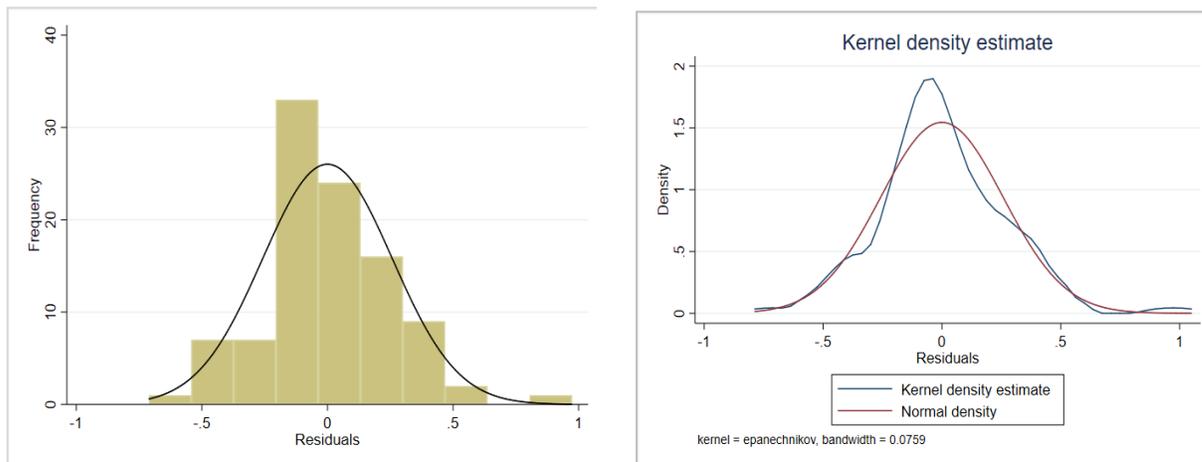
Variable	Obs	W	V	z	Prob>z
R	100	0.97656	1.935	1.465	0.07147

Source: Author’s elaboration

The histogram of residuals in Figure 4.2 is sufficiently bell-shaped to demonstrate normality. The non-parametric estimation of the kernel density, is close to the normal distribution. Asymptotically (as the test below suggests) the densities would overlap.

**Figure 4.2**

*Normality of residuals (2)- province model*



Source: Author’s elaboration

To better determinate the province level model several robustness checks were performed. First, we run different models that include the ratio of the foreigners to total inhabitants to increase the weight of factors that reflect the attractiveness of the province. The variable resulted insignificant, and did not

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affect the rest of the estimates. The same holds for fertility measures, i.e., fertility of Italians, foreigners and the difference among the two. Table 4.11 presents the estimated province model.

**Table 4.11**  
*Provincial model*

Covariates	$\ln\left(\frac{Y^f}{Y^T}\right)_j$	S.E
$\ln(\text{Minors}^f)_j$	0.109	(2.58)**
$\ln(\text{Exp})_j$	-1.000	(2.00)**
$\ln\left(\frac{RP^u}{RP^T}\right)_j$	0.426	(2.75)***
$\ln(w^I - w^f)_j$	0.242	(2.84)***
$\ln\left(\frac{L_{nEU}^{full}}{L_{nEU}^T}\right)_j$	4.114	(2.70)**
Intercept	-16.538	(2.32)**
$R^2$	0.54	-
$N$	100	-

\*  $p < 0.1$ ; \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$   
Robust standard errors in parenthesis

Source: Author's elaboration

An important observation is that the sign of the estimates that appear in both models is not affected by the aggregation of provinces, which is an indicator of the robustness of the results.

However, the share of immigrant enterprises is affected more by an increase in the share of permanent resident permits at the regional rather than the province level. The same is for the effects of the pay gap and full employment. A novelty in the province regression was the inclusion of accessibility to the real estate market index (household expenditure). The estimated elasticity reveals that an increase by 1 percent in the average of household expenditure of the  $j^{\text{th}}$  province reduces the share of foreign firms in that province by 1 percent. This could be explained by the financial constraints that families face before making investments. Therefore, families are likely to delay their investment opportunities, including start-ups. It is also possible that an average increase in expenditure affects start-up decisions of immigrants and nationals differently, as expenditure patterns are very likely to be different between them. Our results also show that an increase by 1 percent in the foreign minors of a province increases the share of foreign firms by 0.1 percent. The effect is not strong, but it is statistically significant. One possible explanation could be that with the increase of minors, childbearing costs increase, and emigrant parents foresee the entrepreneurship as a salvation, that

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enables them to look after as well as provide for them in order to ensure a better future. This may be the case of immigrant women, who found difficulties to enter or re-enter the labor market after becoming mothers, and are pushed toward entrepreneurship to afford living cost. Another explanation may be that when becoming parents, more flexibility is needed, and entrepreneurship may be a solution.

In conclusion, there exists a significant relationship between integration factors and the growth of immigrant entrepreneurship in the host country, both in regional and provincial level.

## CHAPTER V

### A GROUNDED THEORY OF IMMIGRANT ENTREPRENEURSHIP IN ITALY

*This chapter summarizes the CGT process and present its results, for each phase, until the definition of the emerged theory of Immigrant Entrepreneurship development in the Italian context. It lays on three major categories, emerged from data analysis derived from the immigrant entrepreneurs experience, and on researcher interpretation of the studied phenomenon.*

#### 5.1 What means making theory in the Grounded Theory?

Theorizing following the Grounded Theory (GT) method as not as simple as it may looks. There exists many definition of it (positivist approach; interpretative approach; objective approach), but, as the qualitative empirical research of this study has followed the constructive grounded theory approach, its definition of *theory*, which lays on the interpretative approach, is valued as more suitable. Charmaz (2006) defined it as:

"The theory places priority on the study phenomena and see both, data and analysis, as created from shared experiences and relationships with participants. The researcher study how, and why participants construct meanings and actions in specific situations", (Charmaz, 2006:130).

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This means that, if doing well, both the data and their analysis, complete each other and reflect what they produce. It is the researcher's job to analyze and interpret the results correctly. For the Grounded Theory perspective, in order to analyze and interpret correctly the results, it is necessary that the research starts without having preconception. However, it is impossible to think that a researcher who is studying a certain field of research has not previously consulted at least some of the inherent literature, as well as having already a theoretical background from his previous studies and researches. This fact is undoubtedly true in this current research, since the qualitative research phase as started after the quantitative one. The point, in fact, is not so much to avoid the preconceptions, rather than to be sure that they are solidly founded with arguments and evidences, always subject to in-depth investigations, revisions and refutations (Dey, 2007).

Making a valid and a solid grounded theory, means that it must fill four criteria (Glaser, and, Strauss, 1967; Glaser, 1978). It must:

- fit the data;
- be coherent with them;
- be relevant and work;
- be modifiable.

The first criterion is accomplished when the categories of the emergent theory fits with the data; this means that data should not be forced into preconceived or pre-existing categories, nor selected to justify a previously conceived theory, or systematized so as to allow the hypothesis to be verified. For a grounded theorist this means that this criterion occurs automatically if the researcher allows the data to highlight the categories, underlying the emerging theory.

The relevance criterion requires that the emerged theory must open new perspectives in the analyzed area and must challenge the consolidated knowledge on the topic (Tarozzi, 2008). It assumes that the emerged theory must be able to explain what happened and interpret it in a given context. This criterion is achievable when the attention is focused on the facts.

The modifiability criteria states that a theory emerged through the GT method finds its correctness in the ability to make the data work. This means that it must remain constantly modifiable, in order that the collection and analysis of new data can expand or reformulate the emerging categories, if necessary.

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According to the CGT method, data analysis starts already during their collection: these two moments lies and progress at the same time, passing back and forth, in order to review some aspects, observe some contexts, try to understand the phenomenon through a different point of view. The writing itself is the analysis. As specified in the Chapter II, the writing process has taken place during the interviews, with memos and transcripts, and has followed during the entire process. It has allowed to give order to the set of the collected data, to define the theoretical lines that have emerged, to check if there is a need for more data to be collected. The analysis has taken place through all this process, in a continuous way. The core categories of the whole emerged theory has become more solid through a careful drafting of the phenomenon.

"Theorizing means stopping, pondering, and rethinking anew. We stop the flow of studied experience and take it apart. To gain theoretical sensitivity, we look at the studied phenomenon from multiple vantage points, make comparisons, follow leads, and build on ideas" Charmaz, 2006: 134).

## 5.2 Raising theory from the data

### 5.2.1 Initial coding

Making theory according to the GT method means that first of all, it must fit with the data and be coherent with them. As explained in Chapter 2, the empirical research of this step, consisted in ten interviews addressed to immigrant entrepreneurs, operating in Pavia and Pesaro - Urbino provinces, randomly selected. The first phase of the analysis was based on the initial coding, or differently, a word by word coding. The purpose of this phase was to lay on those codes in order to identify and develop the most salient processes and categories that emerged from the interviews. Following the CGT guidelines, (Glaser, 1978; Charmaz, 2006, 2014), coding through gerunds fosters theoretical sensitivity. Gerunds make possible to focus the coding on actions which permit to understand sequences and to make questions. Coding for actions instead of terms, avoids the risk of being trapped in the descriptive form, and help to takes a closer look at the analytical analysis. During this stage a initial coding list was obtained. Figures 5.1 shows the flow diagram of nodes cluster at this phase. It represent a complex

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diagram, that may create confusion, but this first coding level has served to categorize some important characteristics of the participants, and to understand some similarities among them.

**Figure 5.1** Nodes Cluster – initial coding



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During the data collection, a form of distrust had emerged from the potential participants, who considered the interview as an intrusion at the time. However, among the participants who agreed to participate, only one entrepreneur showed openly a form of nervousness during the interview. Others have manifested a form of timidity, agreeing to give the interview but in a not recorded form. Women were more willing to give the interview than men. The sample includes different nationalities, but the Albanian one were more willing to participate than others, perhaps due to nationality of the interviewer. Major difficulties were found with regard to Chinese and Turkish entrepreneurs. The interviewed entrepreneurs were young, on average from 23 to 47 years old, in line with the immigration characteristics in the country. Table 5.1 represents the sample characteristics.

**Table 5.1** *Overview of participants sample*

Pseudonym	Age	Man/Female	Citizenship
Participant I	42	F	Albania
Participant II	46	F	Albania
Participant III	47	M	Albania
Participant IV	41	F	China
Participant V	45	M	Turkey
Participant VI	30	F	China
Participant VII	38	F	Ukraine
Participant VIII	44	M	Albania
Participant IX	40	M	Albania
Participant X	23	F	China

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The most qualified entrepreneurs were the Albanian one, while the others had only the obligatory education level. All the entrepreneurs were living in Italy from more than 15 years at the time of the interview (table 5.2). A longer stay in the host country contributes to obtaining a better knowledge of the territory.

**Table 5.2** Sample characteristics

<b>Pseudonym</b>	<b>Years of Settlement in Italy</b>	<b>Reason of immigration</b>	<b>Education</b>	<b>Marital Status</b>
Participant I	15	family reunification with her husband	Higher Degree in literature and Albanian language	Married
Participant II	22	family reunification with her husband	Higher Degree in Pedagogy	Married
Participant III	28	Economic reasons	Professional veterinary diploma	Married
Participant IV	22	Economic reasons	Tertiary education	Married
Participant V	15	Economic reasons	High school diploma	Married
Participant VI	12	Family reunification with her father	High school diploma	Married
Participant VII	16	Economic reasons	Tertiary education	Married
Participant VIII	24	Economic reasons	High school diploma	Married
Participant IX	20	Study reasons	High Degree in Economics and Commerce	Married
Participant X	10	Family reunification with her father	Tertiary education and two years of professional training in hairdressing	Married

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The immigration reasons are in line with the immigration phenomenon in Italy in general; young single men looking for job who, after stabilization, asked for family reunification with their wife and children from the home country. The phenomenon of the Ukrainian immigrants is characterized by immigration of young women, looking for job and a better life, which immigrate alone, leaving their family in their home country. Only one entrepreneur has migrated for study reasons. Marital status was pertinent to all interviewees. This feature found is in line with what other studies in immigrant entrepreneurship (Arrighetti, 2014; Zhang, 2010; Constant, and Zimmermann, 2006; Le, 2000; Li, 2000; Light, and Gold, 2000), whose findings pointed out that married people are more favoured to undertake entrepreneurial activity because they can obtain ethnic resources, such as investment fund and unpaid family labour (i.e., wife/husband, children), and this leads them to do business more easily.

During this first coding level the most similar nodes were merged in a single one, and nodes with the same characteristics were identified and grouped together, constructing a new node. This was the first step toward focused coding. During this phase, importance was given to a better understanding of the interviews and coding them by cases and processes. A line by line coding was obtained, ready for the second research step.

With this perspective in mind, the analysis process has been developed in three phases and in an intermediate one (memo writing), passing continuously back and forth through them (Table 2.5, Chapter 2).

### 5.2.2 Focused Coding

After having established some important analytic directions during the initial coding, in the focused coding process the data are more synthesized. This means that during this phase, the most significant and/or similar previous codes are used to examine large amounts of data. During this process, some previous codes are merged or grouped together where they have similar characteristics or explain the same process. A strong decision is required to identify the most significant codes of the initial phase and to group together those that describe a process or a category, labelling them in new more appropriate codes. This is not a linear process. In fact it is necessary to move in double directions between data, categories and concepts, in order to bring out unexpected ideas. During this process some first categories and subcategories are identified, in the logic sense of the data gathered. The initial coding was specific for each interview, while the focused coding process has considered all the

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interviews together. Table 5.3 synthetically represents this process step.

**Table 5.3**

*Individuation of some first categories*

Initial coding	Focused coding categories and sub categories
20 years in Italy	Many years in Italy
15 years in Italy	
16 years in Italy	
22 years in Italy	
24 years in Italy	
28 years in Italy	
10 years in Italy	Immigration for family reasons
In Italy for love, reunification with her husband	
Reunification with her husband	
Family reunification with her father	Immigration for economic reasons
In Italy for finding a job and a better life	
Economic reasons	
Economic reasons and a new life	Immigration for studies
In Italy as a student	
Albanian husband	Not mixed marriages
Albanian wife	
Chinese husband	
Turkish wife	
Italian husband	Mixed marriage
Knowledge of italian language before arriving	Necessity for language training
Not knowledge of italian language before arriving	Necessity for support when firstly arrived in the country
Not support when firstly arrived	
Make by ourself all practices for residence permits and other	
I found by myself, while searching for work, a training call from marche region	
I had to found by myself a house to live in order to have my first residence permit for study motivation	
Italian citizens from 5 years	Gaining of italian citizenship (naturalization)
Italian citizens from 10 years	
Italian citizens from 4 years	
Italian citizen but i am considered as albanian from all	Not having applied for the citizenship
Not italian citizenship yet	
Higher school degree in the country of origin	Education level
Higher school diploma (liceo)	
Diploma if professional higher school	
Obligatory study level	Unrecognized of home country studies
Difficulties on finding a job when arrived	
The studies in my country were not reconised	Years of business activity
12 years of activity	
20 years of activity	
3 years of activity	
4 years of activity	
5 years of activity	
13 years of activity	
Open the activity because i had loss my job	Unemployment as a major cause for open
Tried for two years to find a job when arrived, without results	
Because the instability of the job,	The Business activity
To offer an opportunity and work together with my wife, because she was unemployed	
For many years	
I have worked previously but only to my conational's activities	
I have make many jobs, but not a stable one	
Is better to have your own job when you are family, and have children	Flexible job hours as a solution when you become me
Self employment	Self-employment
Partnership companies, three partners	Mixed partnership (italian and co-nationals)
A specific duty within the company,	Divided tasks within the activity
Specified duty within the activity (I am responsible for the kitchen, my wife for the bar )	
Specific duty within the company	Responsible to all the business tasks
Self employment, no employees	

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Small activities, limited number of employees, Larger companies, Construction company	Mixed nationalities of employees Mixed nationalities of employees, prevalent the italia Only Albanian employees, but mixed entrepreneurs
Open the activity with my savings Open the activity with my husband savings My family and those of my husband had helped to raise the initial fund to open the activity Opened the activity by my savings and those of my father, and a small sum in bank, with the declarati my father incomes	The initial fund for open the activity is from  own savings and family
Live with my husband and my children Live with my wife/husband and our parents, because we have help from them	Living in a small family, the created one Living in larger family for the help they offer to raise children and to share the living expenses
Living in their property, by loan	Albanian entrepreneurs preferred loans for  houses
Living in rent, Chinese and Turkish entrepreneurs Living where works	Living where works
Doesn't send money to the home family Doesn't know other connational's or friends with the same activity Know co-national's and friends with the same activity but does not make business  with them	Not necessity to help the parents, No ethnic ties, open market
No collaboration with companies in the home country Limited collaboration with companies in the home country Suppliers co nationalities in the ethnic activities (Chinese restaurant, Turkish fast food) Chinese suppliers in the clothing sector; mixed clientele Ethnic business but mixed clientele, especially the Italian one No ethnic business, Italian clientele	Ethnic ties, but open market No ethnic ties, and served an open market Open market
Decision not to open an Albanian restaurant, afraid by not having clientele and may be  seeing not well	Afraid from prejudices from the locals if
Italian citizen but i am considered as Albanian from all Work in two in the family Feel the pressure of taxation	Always a foreigner for the host country perceptio Difficulties in the activity, low profits
No written strategy, because was not necessary, know days with the crisis is become necessity to mak strategies	No written business strategies, both, larger companies i small ones
I don't know about the strategy, is my partner in charge with that	Confuse strategy within marketing process No understanding of the business strategy necessity and
No written strategy but enlargement of the business activity to afford the crisis Working before opening the activity in the same sector No specific training experience, only work experience	Actions toward a business strategy and security Previous experience helps in the entrepreneurshi
One year specific training experience, found while searching for a job; job placement not workin No previous experience in the same activity sector, but made market sector analysis by myself for a	Necessity to more orientation by job placement offices i existent opportunities to immigrants Knowledge of the importance of market analysis in entrepreneurship
Open this kind of activity because my budget was limited	Limited budget pushed towards activities that require initial investments
For the accounting of the company is in charge the other partner and principally the professional acco Of course the professional accountant, we are not able For the accounting is in charge my wife and the professional accountant For the accounting of the company is in charge the professional accountant	The accounting is totally entrust to an outside  professional accountant
Affirm to not any collaboration with the chambers of commerce; it is in charge of the professional accountant  Doesn't know any oppportunity offered by the chambers of commerce	Don't know the role and any oppportunity offered by the chambers of commerce - with the bureaucracy is in charge the professional accountant, which does not inform for business opportunities
No marketing at all	Chinese entrepreneurs affirm to not make marketi
Marketing through social media Special regards toward the best clients Marketing thorough leaflets and catalogs	Different forms of marketing, specially a low budget

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Marketing through video projection in the construction sites	
Marketing by sending the daily menu by email	
The business owner is responsible for the business marketing	Marketing as seen as the owner's responsibility
Small percentage of profits is reinvested in the business activity	Objectives on enlarging the activity
20% of profits is reinvested	
(no one tells their profits amount; difficulties on getting the interview; preference of non recorded int	Shyness and distrust
Doesn't like that their children have the same activity	Satisfaction and passion for their work but not
The desire is that the children's can study and not make the same work	
Is to heavy work for the children	
Like my work but a don't like it for my children's	advise it for their children
Passion for the work	
Satisfied from the work	
The activity permits to have a good life	
Same activity in the long time	Expectations in the long time are to be in
	the
	same activity

Source: author's elaboration

As pointed out in the first column of the above table, the initial coding was more expansive and very specific to any single interview. During the focused coding process codes with the same significance have been merged. This allowed us to have a more clear situation of the project. On the other side, this process permits to make the first comparisons and mark the differences among the cases. Moreover, we benefited from a greater control of the cases, a summary of the amount of data collected, and obtained a first view of the whole project. For example, the various response relative to the question "From how many years have you been in Italy", have resulted in ten responses of entrepreneurs, and have been codified by seven initial codes: "10 years; 22 years; 15 years" and so on. During the focused coding process, these initial codes were grouped in the category "*many years in Italy*" (Table 5.3). This new coding level, a more focused one, makes a better picture of the situation of immigrant entrepreneurs sample, and it allows us to assess that all the interviewed entrepreneurs have been in Italy for a long time, more than 10 years each. So, during the focused coding, the first categories and subcategories have been grouped towards a more stratified level.

### 5.2.3 Theoretical Coding and Memo Writing

Theoretical coding is the highest stratification level of the coding processes. It aims to specify the main categories emerged from the focused coding and to identify their properties in order to make the analytical analysis coherent and comprehensible. Theoretical coding helps to identify categories and processes, and act as basis for the emerging grounded theory. Specifically, during this process various attempts of further code levels have occurred, which allowed to try out ideas and to see where they may

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lead.

Table 5.4 presents the highest stratification level of the theoretical coding attempts. It clearly present the passage from focused coding level to theoretical categories and subcategories. To continue with the example given in the previous section, it can be seen that the focused coding "*many years in Italy*" has become a subcategory of a larger one named "*good knowledge of the territory*". During the theoretical coding and memo writing processes, connecting the "*many years in Italy*" category, with the category "*years of doing business in the host country*", we obtained a first interpretation as follows: at the time of opening their own businesses the entrepreneurs had previously acquired a good knowledge of the host territory.

**Table 5.4** Individuation of Categories and Subcategories

<b>Focused Coding Categories and Sub categories</b>	<b>Higher stratification level categories - theoretical cod</b>
Many years in Italy	Good knowledge of the territory
Immigration for family reasons	New and better life. Not coming in Italy with the scope of open business
Immigration for Economic reasons	
Immigration for Studies	
Not mixed Marriages	Some integration aspects
Mixed Marriage	Integration aspects (positive and negative)
Necessity for language training	
Necessity for support when firstly arrived in the country	
Gaining of Italian citizenship (naturalization)	Integration aspects (positive and negative)
Not have applied for the citizenship	

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Education level	
Unrecognized of home country studies	Integration problems
Years of activity	
Unemployment as a major cause for open the activity	Being a foreigner contributes to unemployment
Flexible job hours as a solution when you become mother	
Self-employment	
Mixed partnership (Italian and co-nationals)	
Divided tasks within the activity	Managerial activities in the business and  specific  duty as an employer
Responsible to all the business tasks	Immigrant entrepreneurs as source of employment, and not m seen as a self employment alternative
Mixed nationalities of employees	
Mixed nationalities of employees, prevalent the Italian one	
Only Albanian employees, but mixed entrepreneurship	Specialization of Albanian employees in construction compar
The initial fund for open the activity is from savings, family and fri	Difficulties to take loans in bank to open the activity for the lac enough guaranties (the start up project is not enough for the fin institutions)
Living in a small family, the created one	Living by their only efforts
Living in larger family for the help they offer to raise the children a share the living expenses	More guaranty when living with parents
Living in property homes	See their self stabilized in the host country (integration)
<i>Living where works</i>	Knowledge of the local territory
Not necessity to help the parents, No ethnic ties, open market	Not close ties with the country of origin An open supply market
Ethnic ties, but open market	Ethnic supply market in ethnic offers but served an open mar
No ethnic ties, and served an open market	
Open market served market	
Afraid from prejudices from the locals if Always a foreigner for the host country perception	Locals prejudices

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Difficulties in the activity, low profits	Economic insecurity
No written business strategies, both, larger companies and the small	No importance to a written strategy
Confuse strategy within marketing process	Not good knowledge of strategies and it's opportunities
No understanding of the business strategy necessity and utility	Instinct of the entrepreneur without a accounting preparati
Actions toward a business strategy and security	Previous experience helps in the entrepreneurship
Previous experience helps in the entrepreneurship	Previous experience helps in the entrepreneurship
Necessity to more orientation by job placement offices to offer exist	Integration problems; necessity to more support from the host c
opportunities to immigrants	policies
Knowledge of the importance of market analysis in the entrepreneu	Low initial investments
Limited budget pushed towards activities that requires low initi	Limit participation of the entrepreneur in the accounting and tax
investments	they feel unprepared to this responsibility
The accounting is totally entrust to an outside professional	Limited knowledge of Institutions role. Total reliability of an e
Don't know the role and any opportunity offered by the Chamber	professional
Commerce - with the bureaucracy is in charge the professional accou	
which does not inform for business opportunities	
Chinese entrepreneurs affirm to not make marketing	Low budget for the marketing
Different forms of marketing, specially a low budget ones	
Marketing as seen as the owner's responsibility	Objectives in the long run
Objectives on enlarging the activity	
Shyness and distrust	Accentuated distrust from foreign entrepreneurs
Satisfaction and passion for their work but not advise it for their chi	Being in the same activity in the long run, but not suitable activi
Expectations in the long time are to be in	their children
the same	
activity	

Source: author's elaboration

Theoretical coding allows us to have a better view of the data and rise the first premises to the emerged CGT of the immigrant entrepreneurship data. This process is simultaneous and interchangeable with the memo writing, thus allowing comparisons and links between sub categories and categories. What is more important during this process is to always rely on the gathered data.

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Theoretical coding is used:

- to delineate the properties of a category;
- to check the impressions and interpretations of a category;
- to saturate the properties of a category;
- to distinguish between categories;
- to explain relationships between emerging categories;
- to identify differences in a process;

Together with the memo writing process, it pushes us to the emerged Grounded Theory. The identification of the core categories and their properties is very important at this point of the research. Seven core categories were individuated, concerning the immigrant entrepreneur personal characteristics, the managerial characteristics of their enterprises, and their market, as follows:

- No entrepreneurial aspiration before immigration to the host country;
- Feeling integrated;
- Why entrepreneurs;
- Good knowledge of the territory before becoming entrepreneurs;
- The role of the "family" in entrepreneurship;
- Immigrant enterprises - the belonging market (open market);
- Immigrant enterprises - business management;

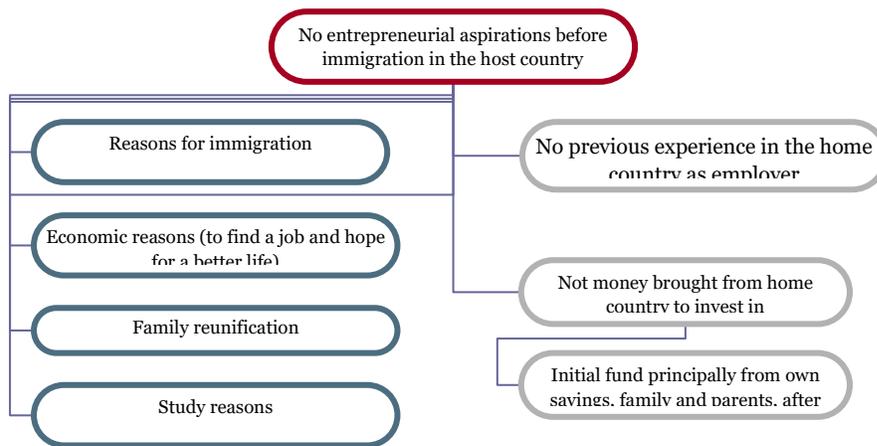
Their properties and relations with the other theoretical and focused codes are described with the help of the conceptual maps.

Figure 5.2 describes the construction of "*No entrepreneurial aspiration before immigration*" category. This category is constructed and defined by two focused codes categories and is integrated by a theoretical coding category as follows:

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- reasons for immigration;
- previous experience as entrepreneur in the home country,
- no money bring from home country to invest (theoretical coding category).

**Figure 5.2** *Constructing the "No entrepreneurial aspiration before immigration" category*



Source: author's elaboration

Drawing from the interviews three main reasons for immigration in the home country were found: (1) family reunification with the home family (father and mother previously settled in the host country) and family reunification as a consequence of marriage; (2) economic reasons; (3) study reasons. One interviewer answered to this question as follows:

"I came in Italy for love. I met my husband during his vacations at home, and after the marriage I followed him here" (Participant I).

Economic reasons was another of immigration factors. The participants came to the host country at a young age to find a job and with the hope for a better life. They have aspired to a permanent settlement in the host country from the beginning.

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Study reasons was another immigration factor. One of the main motives of undertaking the studies in the host country was the non recognition of home country degrees in the EU and the rest of the world. Doing the studies in the host country was an investment for the future.

As it can be seen, none of interviewed entrepreneurs arrived in the host country with the intention to invest and to open a business activity. In order to further analyze this fact, another focused code comes in help; entrepreneur's initial fund was from their own savings from the previous work in the host country, or from his/her families (who lived with them in the host country). So, no one has brought money from the home country to invest. By the other side, no one of the entrepreneurs had previous experience in the country of origin as an entrepreneur (Table 5.5). In conclusion, the entrepreneurs have decided to start their activities guided by the host country factors and opportunities.

**Table 5.5** *Occupation of immigrant entrepreneurs before and after immigration*

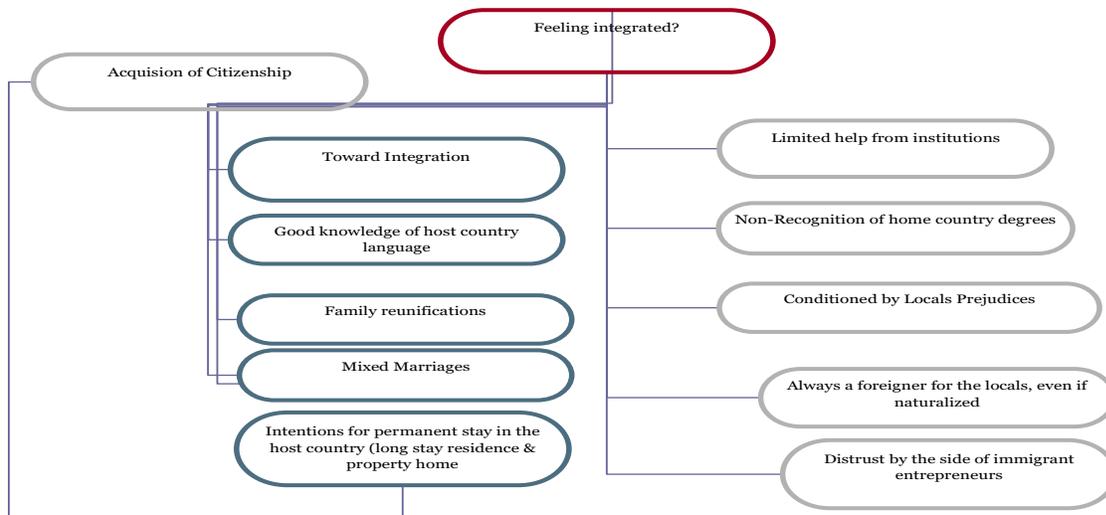
<b>Participants</b>	<b>Age</b>	<b>Man/ Female</b>	<b>Country of Origin</b>	<b>Province of business activity</b>	<b>Occupation prior to immigration</b>	<b>Employment after Immigration</b>	<b>Business activity sector</b>
Participant I	42	F	Albania	Pesaro-Urbino	Marketing employee department of a national newspaper	Unemployed	Tourism sector, travel agency
Participant II	46	F	Albania	Pesaro-Urbino	English language teacher in middle school	Ceramic factory worker	Itinerant, retail sale of women's clothes
Participant III	47	M	Albania	Pesaro-Urbino	Student	Construction sector	Construction sector
Participant IV	41	F	China	Pesaro-Urbino	Unemployed	Housekeeper	Chinese Restaurant
Participant V	45	M	Turkey	Pesaro-Urbino	Unemployed	Restaurant	Turkish fast food and restaurant
Participant VI	30	F	China	Pavia	Student	Restaurant	Bar and Lotomaticca
Participant VII	38	F	Ukraine	Pavia	Unemployed	Housekeeper, Bar and Restaurant	Bar, Restaurant, Bread and Pastry production and retail
Participant VIII	44	M	Albania	Pavia	Student	Bar and Restaurant	Bar and Restaurant

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Participant IX	40	M	Albania	Pavia	Student	Employed in an accounting and auditing firm	Wholesale of cosmetics products
Participant X	23	F	China	Pavia	Student	Unemployed	Hairdressing

Figure 5.3 explains some of immigrant integration factors, by both sides: legal status integration with the same rights and duties as other citizens, and social and cultural integration. It poses the dilemma of being integrated and feeling integrated in the host country.

**Figure 5.3** Constructing the “Feeling Integrated” category



Source: author’s elaboration

As integration factors are listed the following subcategories:

- Toward integration
- Factors that limits the integration

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Among integration factors one can mention: good knowledge of the host country language; the right to family reunification; mixed marriages; permanent residence in the host country (more than 10 years each); the raising and the education of their children in the host country; The integration process is finalized with the acquisition of the host country citizenship by the foreign entrepreneur. Five out of ten interviewers have acquired the citizenship of the host country both for themselves and their families, –while four have a permanent residence permit. One respondent refused to give any information in this regard.

Among the factors that limits the integration are: limited help from institutions (especially during the first years of settlement); the not recognitions of home country degrees and professions; local prejudices; the perception of always considered as a foreigner for the locals, even when are naturalized in Italian citizens; an accentuated distrust of the foreigners toward others. The first two questions are among factors that contributes to the integration in the host country. Among factors that responders have listed as limited aid or no aid at all from the hosting institutions of are: the lack of Italian language and Italian culture courses, the lack of help in finding a job, suitable to their skills and the lack of guidelines on the functioning of the labour market. An entrepreneur explained that before opening her activity she was looking for a job but no one was helping her. She found occasionally an announcement for a one-year training on tourism offered by EU and Marche Region, and applied. At the time she had been in Italy for only a year and she didn't know the territory well, and some help from the Institutions in explaining the opportunities was needed.

Participant II said that:

"I have an Albanian University degree in pedagogy, and before arriving in Italy I was an English teacher in a middle school. I came here because I fall in love with a man who was settled in Italy, and I married him (I am still married). It was difficult for me to accept that my University degree was not recognized here (was the year 1997), and so I begun looking for a job, any one. I have worked as housekeeper, baby sitting, and so on for 5 years, until I found a job as a worker in a ceramic factory. Seven years ago the factory closed its doors, and I was left home. I begun searching for a new job, without results and was there that I begun looking for an alternative as an entrepreneur. I make some researches and decided to open the actual activity, influenced even by our savings (mine and my husband's)".

A huge barrier for those who have invested years in their own country to study and practice a profession, to then move to a foreign is due to fact that their previous studies and titles are not valid

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and must reinvent a new life and identity. (Table 5.5).

According to the prejudices from the locals, this was a sensible argument to all the interviewers. An Albanian participant who has a bar-restaurant in the centre of a small city of Pavia province, said that his mother wanted for him to open an Albanian restaurant, but he refused because he was afraid to not work.

His words were:

"I have been in Italy for 24 years and have acquired Italian citizenship from 5 years. However, I am considered an Albanian by everyone. We live in a small town, and it is quite difficult to work like this, knowing that both my wife and I are Albanians. If we would make a traditional Albanian restaurant, I feared that no one would come as a client. We Albanians are frowned upon in these parts " (Participant VIII).

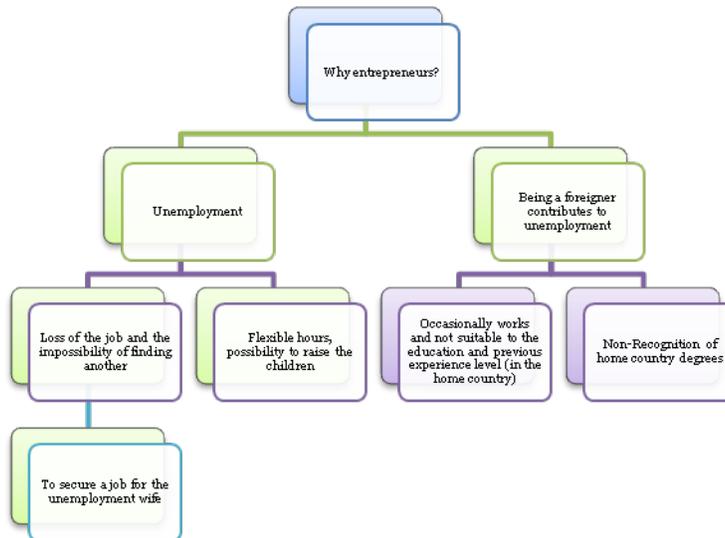
So, even if the foreigners spent all their efforts to integrate in the host country, they doesn't feel totally integrated. The local people prejudices played a significant role in this scenario.

In this group is included the "distrust" subcategory, because there have been many difficulties in contacting and interviewing foreign entrepreneurs. The latter have been found very closed in themselves and this distrust is interpreted as it has grown as a protective barrier to face difficulties in the host country. In conclusion, integration is a very complex issue, and different aspects should be considered: as a duty of immigrants in compiling and complying with the rules and regulations of the host country towards integration, on the one hand; as their right to be integrated into the host society and to be treated without differences, on the other hand.

Figure 5.4 points out the reasons that had led the immigrant entrepreneurs to open their business activities, that the sample of the foreign entrepreneurs gave.

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**Figure 5.4** Constructing the “Why entrepreneurs” category



Source: author's elaboration

Almost all participants affirmed that the unemployment condition, the job loose and the impossibility to find another, the occasional and unstable work, were the reasons that drove them toward entrepreneurship. Even who had a job, has opened the activity to give the possibility to their wife's to work. Participant IX said:

"I came in Italy for study reasons and now I work in an accounting society. I decided to open the activity, in parallel with my work, to give a job possibility to my wife. She came in Italy to live with me, and was looking for a job from three years without results. My sister proposed to us this possibility, wholesaling of cosmetic products, and we liked the idea".

Another entrepreneur said that she lost her job, and after two years of searching another employment one with no results, she decided to open her own activity (Participant II).

This argument was enriched with another category, that of *being a foreigner contributes to unemployment*. All the participants argues that as foreigners had more difficulties in finding a job; for the above mentioned reasons, the job offers were not suitable to their professional or study level. Participant I said:

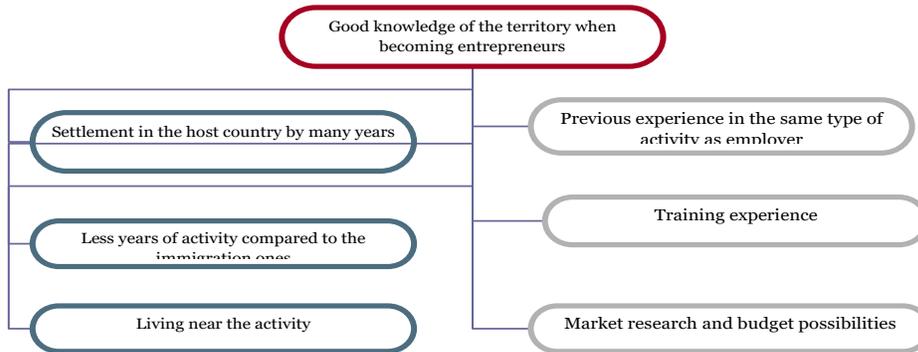
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"When I came in Italy, I knew the language very well, and also I had an Albanian university degree, and a previous experience in a market office of an important newspaper in my home country. I looked for more than one year for a job, with no results. The only job I was offered was to do house cleaning. I was young, only 27 years old with lot of dreams and hopes. After one year of training in the tourism sector, my husband helped me to buy a capital participation in a travel agency, and to work. I work here from 13 years now, and this is the first, and the only work I have made in Italy".

So, even if the foreigners are high skill workers, and have a good knowledge of the host country language and culture, for them it remains more difficult than the locals to find a job. This drives them to entrepreneurship. Only one interviewer said that has decided to open the activity and working with her husband for granting her more flexible hours, in order to raise up their two children.

Figure 5.5 points out the fact that when becoming entrepreneurs, the foreigners have already a good knowledge of the territory, gained from the many years of living in the host country, previous experience in the same type of activity, and a market research before opening their activity. Reading this figure in comparison to the precedents ones, one can observe that integration and exclusion factors, are faced by the foreigners continuously, and are not limited to their early years of settlement in the host country. Having a good knowledge of the territory, means at last, that they have made progress to be integrated in the host country, and still are forced into entrepreneurship for the lack of a suitable job, for them or their familiars.

**Figure 5.5** Constructing the “Good knowledge of the territory when becoming entrepreneurs” category



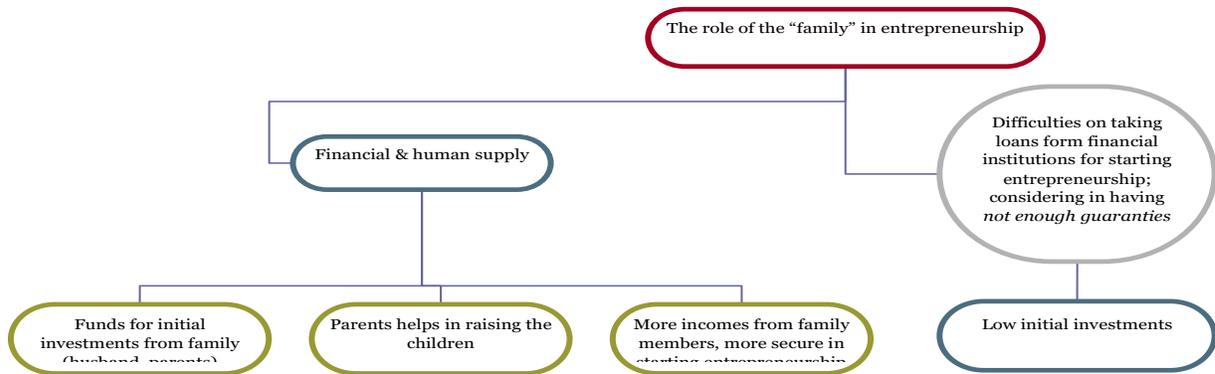
Source: author's elaboration

Figure 5.6 points out the role of the family in entrepreneurship. Family is described as a social, financial and human supply. It plays a decisive role to the entrepreneurship, as the investments funds for the opening of business activities came mainly from family savings. Moreover, parents help to raise up the children allowing young mothers to work and with their paid jobs, family ensures the necessary incomes to face the daily life, so the entrepreneurs can face the initial process of their activities. As mentioned in section 5.2, this finding is in line with previous studies in immigrant entrepreneurship (Arrighetti, 2014; Zhang, 2010; Constant, and Zimmermann, 2006; Le, 2000; Li, 2000). In other words, family acts as a push towards entrepreneurship.

On the other hand, the role of financial institutions in supporting immigrant entrepreneurship is mostly inexistent. The immigrant entrepreneurs usually failed to take the investment funds by loans because banks and other financial institutions in the host country refused to grant them, for the lack of guaranties. The start up project is not enough to make such guaranties. This fact forces the immigrant entrepreneurs to undertake business activities which requires low initial capital. Usually, these type of activities are the most competitive ones in the market, and gave low profits.

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**Figure 5.6** The role of the “family” in entrepreneurship



Source: author's elaboration

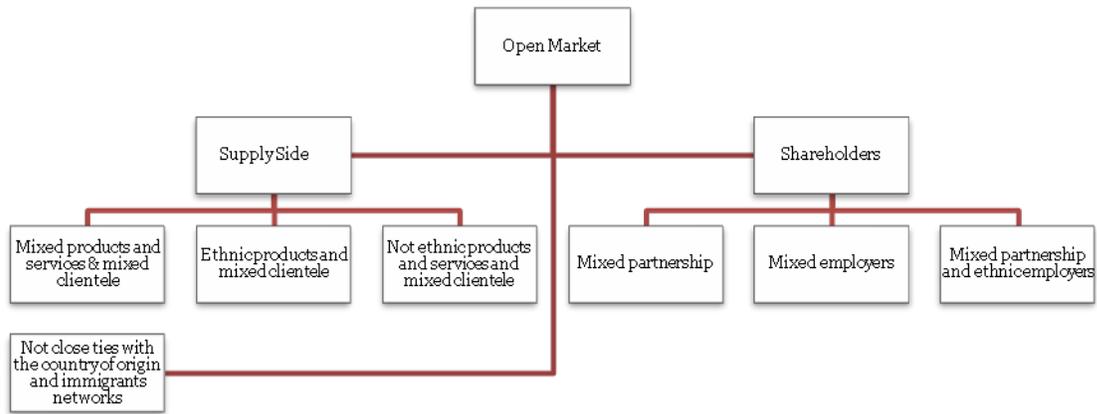
Figure 5.7 describes the type of the market that immigrant entrepreneurs entered. It is defined by two main factors: supply side and the shareholders side. In the supply side, emerged three types of products and services:

- Mixed products and services, ethnic and not ethnic ones, destined to a mixed clientele, with no ethnic aspects;
- Ethnic products (like Chinese restaurants) destined to a mixed clientele;
- Not ethnic products and services destined to a mixed clientele, mainly the local one.

By the shareholders side, the following types emerged:

- Mixed partnership (co nationals and Italians) and mixed employees (from different nations);
- Not mixed partnership but mixed employees;
- Mixed partnership but ethnic employees.

**Figure 5.7** Immigrant enterprises – the belonging market



Source: author's elaboration

Aligned with the fact that the respondents affirmed to not have close relations with their co-national networks, one can argue that they operate in an open market.

Figure 5.8 describes some aspects of management of immigrant enterprises. A limited participation of the entrepreneur in the accounting process is noted. Usually, this responsibility is delegated to an external professional. A Chinese entrepreneur, who manage a bar activity with her husband, a graduated in Economics and Management in Italy, said that:

"We are not able to take the accounting because we doesn't understand taxes".

Namely, they feel more secure to delegate this responsibility to a business consultant. In this way, working with local "experts" was a strategy used by immigrant entrepreneurs to overcome barriers against entering into entrepreneurship. This fact contributes to the limited relationships that the entrepreneurs established within institutions.

According to the management process, in case of societies and partnerships, entrepreneurs have

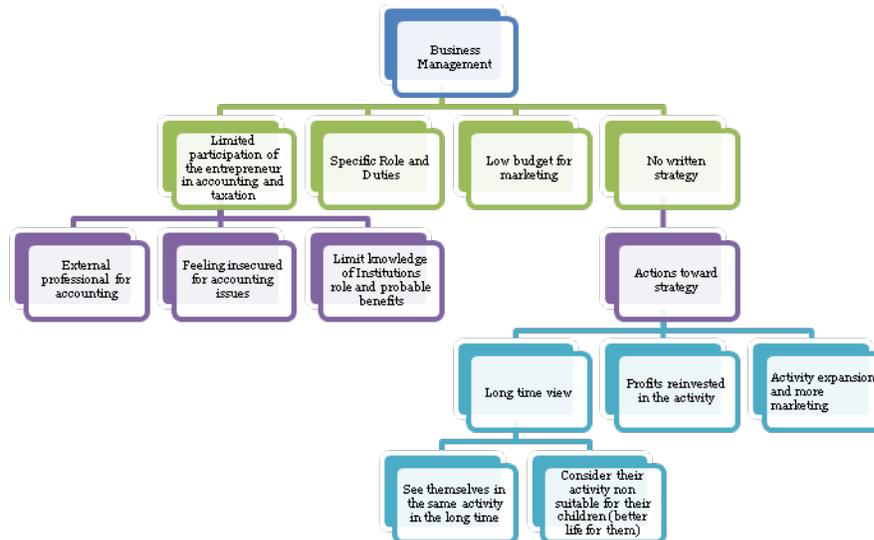
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specific duties inside the company. On the other hand, no one claimed to have a written strategy, neither short nor long term one. Mostly all the respondents interpret the strategy as a necessity in times of crisis. Participant VII said:

"When there was work, there was no need for strategies. Things were fine on their own."

However, to face the difficulties and the market competition, actions are taken from the entrepreneurs, as follows: a part of the profit is reinvested in marketing, making new investments in order to expand their business activities in new markets or new products/services. More importance is given to the marketing (exceptions are made by only the Chinese entrepreneurs, who do not consider to much the importance of marketing in their businesses), which is realized mainly by social networks, catalogues and videos exposed in their web sites and inside of their business activities.

**Figure 5.8** *Immigrant enterprises – Business Management*



Source: author's elaboration

### 5.2.3 Determining a CGT of Immigrant Entrepreneurship in Italy

As mentioned above, the Constructive GT (CGT) approach requires to the researcher to take a reflexive stance and:

"to search for multiple perspectives by analyzing the empirical data by means of general rather than very specific concepts; aim for understanding through interpretation" (Charmaz, 2005: 509).

According to this approach, data analysis begun with the data collection and keeps going, until the highest saturation of the categories is realized. The qualitative research phase has the objective to explore the figure of immigrant entrepreneurs, their aspiration towards entrepreneurship and factors that push them into entrepreneurship, by answering the following questions:

- What factors are pushing immigrants towards entrepreneurship?
- Do immigrant entrepreneurs use different strategies to overcome barriers and compete in the local market?
- How do immigrants rely on their human capital obtained in the country of origin to develop their knowledge and experience in Italy?
- What factors affect the choice of market sectors and the size of immigrant enterprises in Italy?

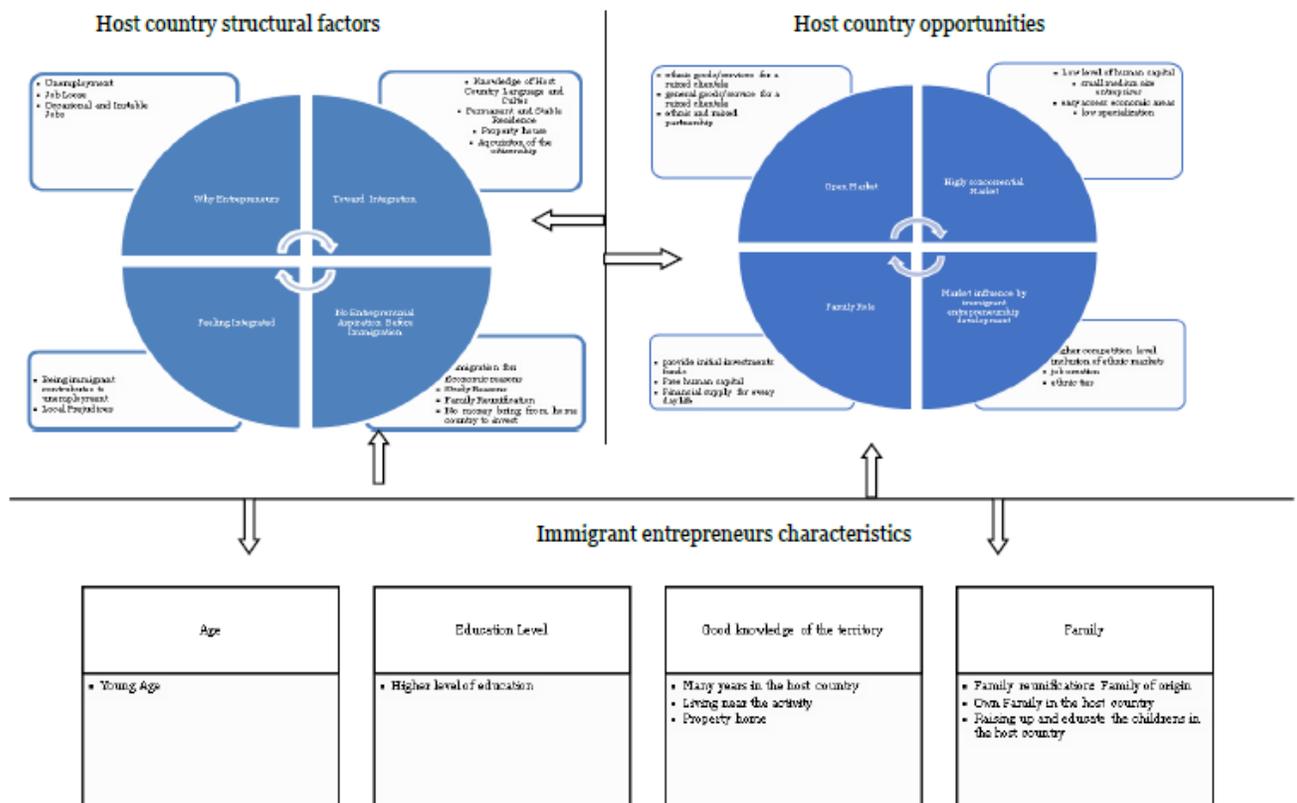
Following the CGT guidelines analysis, a three step process was developed. The theoretical coding process presents the highest level of coding saturation of the project. Seven core categories were individuated and analyzed (section 5.2.3). The process continues with a more focus to the emerged seven core categories, which were further analyzed from multiple perspectives transforming the specific concepts in more general ones, and interpreting them until the saturation point arrived. In this way, the whole emerged theory became more solid through an accurate elaboration of the studied

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phenomenon: each major categories revealed to have different proprieties but connect to the other categories, leading to that structure that, at the end of the path, brought out the grounded process and theory.

Starting from this perspective, at the centre of the emerged theory are the factors that influence the decision of immigrants to become entrepreneurs and the type of business and market where they operate, and their relation to the immigrant characteristics. All the main categories are interconnected and influence each other, generating in this way the theory of the *Immigrant Entrepreneurship development in the Italian context* (Figure 5.9).

**Figure 5.9** CGT Theory of Immigrant Entrepreneurship development in the Italian context



Source: author's elaboration

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The emerged theory is determined by three major categories:

- Structural factors;
- Opportunities;
- Immigrant entrepreneur characteristics;

Each of the aforementioned main categories have their own definitions and properties which resides in the categories and sub-categories that emerged from the analysis of the studied phenomenon through the CGT process.

The structural factors category defines the immigrant aspiration toward entrepreneurship and factors that influence their decision. The first upper quadrant of figure 5.9 shows its construction, explaining the connections between four core theoretical categories as follows:

- Why entrepreneurs;
- Toward integration;
- Feeling integrated;
- No entrepreneurship objectives before immigration.

Each category influences and is linked with the others. Together they help in identifying and defining the structural factors that push immigrants towards entrepreneurship. From the analysis emerged that no one of the participants had entrepreneurship objectives before immigration in the host country, and there were host country factors which pushed them toward entrepreneurship (Figure 5.2). Unemployment condition, the job loose and the impossibility to find another one, occasional and unstable jobs, were among those factors.

All the participants argued that for a foreigner is more difficult to enter in the labour market than for the locals for different reasons: the non recognitions of home country degrees, locals prejudices, host country norms and regulations which does not give to all the same rights (as for example, being a public employee is not possible for an extra EU immigrant).

This scenario links directly with social integration factors and try to measure if and to what extent the immigrants feels integrated in the host country. As specified in the previous section (Figure 5.3), integration is a very complex issue that influence the life of the immigrants, their opportunities and choices, and must be carried out in two directions: (a) by the immigrants, respecting the culture of the

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host country, applying its laws and regulations; (b) by the institutions and citizens of the host country, in giving to the immigrants the possibility to be integrated, respecting their culture and identity and not seeing them with prejudice simply because they are foreigners. The study shows that even when immigrants reach the highest level of integration (acquisition of the citizenship of the host country), prejudices still remain on the part of the locals.

Opportunities that immigrants have to become entrepreneurs are determined by the host country, but at the same time are influenced by the role of the families and ethnic ties, as well. The second upper quadrant of Figure 5.9 shows the construction of the opportunities category. It underlines the role of the immigrant enterprises and their influence in the host country market, specifying the reference market type and their growth strategies. It is determined by four core categories as well, which are linked between them in a circular form, influencing each others:

- Open Market;
- Highly competitive market;
- Family role;
- Market influence by the development of the immigrant entrepreneurship.

The study pointed out that the immigrant enterprises operate in an open market (Figure 5.7). This fact positively influences their development, since they are open to all consumers and are not limited to just the ethnic ones. However, together with the low initial investments, the reduced human capital, the low specialization level, and the limited relations with institutions and ethnic networks, confine the immigrant enterprises to small - medium size enterprises.

The family role is decisive in immigrant entrepreneurship development. Family is the main source of initial investments, as financial institutes most of the times refused to grant loans to immigrant entrepreneurs due to the lack of guaranties. This fact determines the low initial investment from the immigrant entrepreneurs. Family also guarantee free human capital, but often is a low skilled one.

More relations with ethnic networks, especially those with immigrants home countries, and a higher level of specialization could help immigrants to cope with the high level of market competition. Moreover, a long term vision could better direct the investments and support a growth strategy. The study points out that immigrants do not consider their business activities as suitable for their children, and aspire for them different choices, as highly skills employers (Figure 5.8).

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The immigrant entrepreneurs operate in the local market influencing it, by raising the competition level that results in lower prices for goods and services (as the case of the development of Chinese hair salons, which have lowered the prices of the whole reference market). In addition, they contribute in opening new market segments, based on ethnic products destined to all consumers and not to the only ethnic ones (as the case of Chinese restaurants or Turkish fast-foods). The competitive level in these market segments is lower, and remains so, until the entries of new immigrant entrepreneurs in the same segments. Immigrant entrepreneurship plays a job-generation role, addressed non only to their co-nationals, but open to the whole labour market. A more attention to their development is needed, as important actors that influence the country growth.

The research showed a limited participation of the entrepreneurs in the accounting process. Namely, they feel more secure to delegate this responsibility to a business consultant. In this way, working with local "experts" was a strategy used by immigrant entrepreneurs to overcome entering barriers. According to the management process, in case of societies and partnerships, entrepreneurs have specific duties inside the company. On the other hand, no one claimed to have a written strategy, neither short nor long term one. In order to face the difficulties and the market competition, actions are taken from the entrepreneurs, as follows: a part of the profit is reinvested in marketing, making new investments in order to expand their business activities in new markets or new products/services. More importance is given to the marketing which is realized mainly by social networks, catalogues and videos exposed in their web sites and inside of their business activities

The last part of the diagram shows that the characteristics of immigrant entrepreneurs contribute to entrepreneurship, in addition to structural factors and opportunities:

- Age;
- Knowledge of the territory;
- The role of the family;
- No immigration aspiration before immigration.

The study marks that the participants were young, with a range age from 23 to 47 years old, in line with the immigration characteristics in the country (Table 5.1). Almost all of them have been in the country from more than 10 years, and had a good knowledge of the territory when have decided to open their business activities. Beside this, all the entrepreneurs have opened their activities in the same

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location where they lives, and has chosen the activity sector based on previous experiences, previous training or a careful market research. As mentioned early, immigrant aspiration to entrepreneurship are driven by host country structural factors and opportunities, but even from their attitudes toward risk and by their family support.

In summary, what emerges is that integration and exclusion factors, are faced by immigrants continuously, and are not limited only to their early years of settlement in the host country. Having a good knowledge of the host country territory, applying its laws and regulations, means that at least, they have tried to made progress in order to be integrated in the host country, but often, are still forced into entrepreneurship due to the lack of a suitable job for them or for their families.

## CHAPTER VI

### CONCLUSIONS, DISCUSSIONS AND FUTURE RESEARCH

#### 6.1 Integration of quantitative and qualitative findings

The main objective of this study was to point out and explain the factors that determine the development of immigrant entrepreneurship in the Italian context. The core issue driving this effort was the stated research problem: Are, - and if so how and to what extent, - immigrants decisions to become entrepreneurs related to the degree of social and economic integration in the host country? Are their decisions-driven by other factors, such as culture, attitudes to entrepreneurship, attitudes to take risks?

For this purpose an explanatory mixed research method was used. Namely, the quantitative research was followed by a qualitative one. The former consisted in the measure of the growth of entrepreneurial activity of Extra UE immigrants in Italy, and its relationship with the integration factors based on three dimensions at territorial level (i.e. Territory Attractiveness, Social Integration and Labour-Market conditions) through two multivariate regression model estimated by the OLS technique (over 20 regions and 100 provinces). The qualitative research has been carried out in accordance to the CGT guidelines, and consisted in face to face semi structured interviews over two provinces (Pavia e Pesaro -Urbino) of 10 immigrant entrepreneurs (5 for each province), randomly selected. It ended up with the *Constructed Theory of Immigrant Entrepreneurship Development in the Italian context*.

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The results of the quantitative research have shown that the host country integration factors (Territory Attractiveness, Social Integration and Labour-Market conditions) are closely related with the immigrant entrepreneurship growth. Regarding the territory attractiveness indicator, we found a remarkable elasticity between the growth of immigrant enterprises and the incidence of foreign residents. This result is logical, as immigrant enterprises grows when the foreign population grows. This scenario presents two possible explanations: (a) immigrant entrepreneurship would grow as a result of a growing demand for ethnic goods and services by other immigrants (Waldinger, et., al., 1990); (b) immigrant entrepreneurship would grow as a result of racial exclusion and discrimination that erects structural barriers to prevent immigrants from competing with the natives on equal basis in the mainstream economy. In this regard the qualitative research has shown that the unemployment condition, the job loose and the impossibility to find another, the occasional and unstable work, were the reasons that drove immigrant entrepreneurs toward entrepreneurship. All the participants argued that for a foreigner is more difficult to enter the labour market than for different reasons: the non recognitions of home country degrees, locals prejudices, host country norms and regulations which do not give to all the same rights. This scenario links directly with social integration factors.

Regarding this last aspect, the relationship between the growth of immigrant enterprises and the social integration indicators were analysed. What most affected the results was the ratio of permanent resident permits in relation to total permits. The higher this indicator is in a specific region, the more confident immigrants are to start entrepreneurial activities. The same result was confirmed by the qualitative research.

Fertility was another driving factor of the growth of foreign enterprises. The more fertile, relative to Italians, foreigners are, the higher is their business activity share. The greater the difference between the fertility rate among foreigners and Italians, less integration is considered. The qualitative research has also pointed out that integration is a very complex issue that influences the life of the immigrants, their opportunities and choices. Even when immigrants reach the highest level of integration (acquisition of the citizenship of the host country), prejudices still remain on the part of the locals.

Regarding the relationship of immigrant entrepreneurs and the labour market conditions the quantitative research has marked that an upward trend in the relative growth of non-EU full-time employees would increase the relative growth of immigrant enterprises. An explanation would be that in case of full time employment of family members, immigrant entrepreneurship would increase, as the entrepreneurs will be more inclined to take the risk, following greater guarantees in affording the daily life expenses offered by the employment of family members. This explanation is supported by the qualitative research where family is described as a source of social, financial and human supply. It plays a decisive role in supporting entrepreneurship, because the provision of financial resources

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necessary to start business activities came from family savings. Moreover, parents help to raise up the children allowing young mothers to work and with their paid jobs, family ensures the necessary incomes to face the daily life, so the entrepreneurs can face the initial process of their activities. On the other side, the quantitative research pointed out an inverse relationship of immigrant entrepreneurship and the accessibility to the real estate market. A decrease of this accessibility in a particular area, reduces the growth of immigrant enterprises in that area. Therefore, families are likely to delay their investment opportunities, including start-ups, when there is an increase in household expenses.

### 6.2 Conclusions, discussions and recommendations

This study contributes to immigrant entrepreneurship literature by deepening the knowledge of the factors that push immigrants towards entrepreneurship and offers useful cognitive insights to improve immigration integration policies, and policies aimed to support the development of immigrant enterprises and reduce barriers to productivity and growth.

Immigrant entrepreneurship is a multi-faceted phenomenon and three approaches, - the structural approach, the cultural approach and the Mixed Embeddedness perspective-, addressing both economic and socio-cultural factors, have been used as a starting point to examine literature on this topic.

The research carried out with the mixed method has shown that immigrant entrepreneurship is guided by structural factors of the host country. At the same time it is influenced by the role of families, ethnic ties and personal characteristics. Accordingly attention has been paid to the mixed embeddedness approach, addressing both economic and socio-cultural factors.

The economic factors include the labour market condition, market accessibility, capital accessibility, competition and the impact of immigrant enterprises in their reference markets. The socio-cultural factors include integration factors as accessibility to real estate market, fertility rate indicator, permanent residence permit and acquisition of citizenship. The structural factors are followed by the immigrants characteristics such as migration experience, entrepreneurial experience, working experience, age, and education.

The study pointed out that the immigrant enterprises operates in an open market. This positively influences their development, since they are open to all consumers and are not limited to just the ethnic ones. Due to the lack of recognition of educational qualifications of the home country,

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immigrant enterprises focus on activities that require a low level of human capital. These factor, together with others, namely, the low initial investments, the low specialization level and the limited relations with institutions and ethnic networks, confine the immigrant enterprises to a small - medium size. More relations with ethnic networks, especially those with immigrants home countries, and a higher level of specialization could help immigrants to cope with the high level of market competition.

Immigrant enterprises influence the market by raising the competition level and contribute to the opening of new market segments, based on ethnic products and services. They also play an important role in the generation of new jobs. Therefore, we claim for the need to address attention to their development as they represent important actors capable to positively contribute to the growth of the hosting country.

The research showed a limited participation of the entrepreneurs in the accounting process. Namely, they feel more secure to delegate this responsibility to a business consultant. In this way, working with local "experts" is a strategy used by immigrant entrepreneurs to overcome entering barriers.

Regarding the business management process, there is a good division of roles and tasks within the company. Concerning the business strategy, we noted the total absence of a written strategy. More importance is given to the marketing which is realized mainly by social networks, catalogues and videos exposed in their web sites and within their business activities.

Moreover, a long term vision could better direct the investments and support a growth strategy. The study showed that immigrants have limited knowledge about the business strategy as an important tool for their development and also do not consider their business activities as suitable for their children, and aspire for them different choices.

The unemployment condition, the job loose and the impossibility to find another, the occasional and unstable work, due to social exclusion factors (i.e. the non recognitions of home country degrees, locals prejudices, host country norms and regulations which does not give to all the same rights), are among the reasons that drove immigrant entrepreneurs towards entrepreneurship. The study found that the prejudices and socio-economic exclusion are continuously faced by immigrants and are not limited to their first years of establishment in the host country.

Family plays a key role in immigrant entrepreneurship development because it represents the main source of start-up investments, being financial institutions less willing to finance immigrant enterprises; banks often refuse to grant loans to immigrant entrepreneurs due to the lack of guaranties.

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In addition, the role of the family is usually crucial not only for the process of business creation, but also in its further development and evolution.

In addition, findings pointed out a weak relationship between the set of immigrant enterprises and institutions, due to the limited resources devoted to integration and social inclusion of immigrants. The study highlighted that social exclusion factors, are continuously faced by immigrants and are not limited to their early years of settlement in the host country. Therefore, we argue that a well-structured, clear and specific regulatory framework on the integration of immigrants and, in particular, on immigrant entrepreneurship, in terms of facilitations in granting loans, incentives for start-ups, can positively contribute to create a solid socio-economic environment, both for immigrants and for native-run businesses.

Drawing from the state of the art of the immigrant entrepreneurship phenomenon, we underlined, the limited contribution of management and accounting studies in deepening this topic. Considering the development of this phenomenon in the new era of globalization and the growing of recent flows of immigration in all continents, particularly in Europe, we claim for the need to fulfil this gap through further studies. In this regard, this empirical research provide useful insights in pointing out some research path to cultivate in the future.

However, we are aware that this study is affected by limitations. First, the limited size of the sample used in the qualitative research step does not allows any generalization since it cannot be considered representative of any immigrant entrepreneurs category in Italy. Second, the results of this phase are limited to the extent and depth of the data analyzed and to the personal interpretation of the results by the researcher. While the adopted CGT method offers some reliability, researchers using the same method may interpret the same results differently.

The aforementioned limitation has been in part overcome through the adoption of a quantitative-based approach, since the qualitative research was a step that followed a quantitative. The latter allowed us to highlight the factors that influence immigrant entrepreneurship and enrich them with the inclusion of social and economic indicators. The quantitative analysis has its own limits too, since it is affected by the limited amount of available data from the official sources on the phenomenon. The data on immigrant entrepreneurship may present some minor inconsistencies due to the fact that in the data-base held from the Italian Chambers of Commerce, immigrant enterprises are classified based only on the country of birth of the enterprise founders and/or the administrators. The risk is that there may be Italian citizens who, for different reasons, were born abroad, as well as immigrants of the second or third generations who were born in Italy.

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However, the study contributes to field the gap in the local literature, as pointed out by Arrighetti, Bolzani e Lazagni, who have recommended the inclusion of social and institutional factors in the study of immigrant entrepreneurship in general and multicultural hybridism in particular (Arrighetti, et. al., 2014: 772).

Further comparative studies extended to other European countries, particularly those with different welfare frameworks, could help to understand in depth the phenomenon of immigrant entrepreneurship. Second, taking into the account the importance of previous failed entrepreneurial projects, additional studies could help to address current and future initiatives aimed to support immigrant entrepreneurship.

Finally, more accurate official data on immigration and entrepreneurship of immigrants in general, and their integration in particular, would contribute to a better analysis of the phenomenon.

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