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Merging Competencies, Valuing Diversity: The Multicultural Enterprise as an Emerging Model

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**MERGING COMPETENCIES,
VALUING DIVERSITY:**

**THE MULTICULTURAL
ENTERPRISE
AS AN EMERGING
MODEL**



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FOREWORD

For many years, the International Organization for Migration (IOM) has supported migrant entrepreneurship as an inherent aspect of the link between migration, integration and development. IOM's approach to this relation is based on the evidence that migration and development affect each other at a micro, intermediate and macro level, and that migration can be a driver, a consequence or an intrinsic aspect of development, simultaneously or as the case may be.

This approach recognizes both the capacity to act (agency) and the aspirations of migrants on the one hand, and the structural conditions that influence the impact of migration on development and vice versa on the other hand. At the same time, it enhances the role of migrants and of the private sector as key stakeholders in partnerships aimed at achieving the sustainable development goals set out in Agenda 2030.

More recently, IOM has started a new exploration of the phenomenon of migrant entrepreneurship, and decided to pay more attention to the particular category of multicultural enterprises as a manifestation of a process of growth, exchange and integration in the host country. In fact, the multicultural enterprise is a mirror of Italy becoming increasingly varied and diversified. At the same time, multicultural enterprises show that the potential of migration to contribute to development does not depend only on the competencies and resources of migrant entrepreneurs, but also on the existence of structural conditions that are favourable to the social participation and involvement of migrant entrepreneurs in transnational processes for the benefit of all the societies involved. Multicultural enterprises are the result of these elements, and, in turn, they create the conditions for the trio migration-integration-development to emerge.



Therefore, having noted an evolutionary trend in the economic and social relations and dynamics in Italy, and thanks to the continued support from the Italian Cooperation, IOM commissioned this study with the aim of shedding light on a phenomenon that is still being neglected although it is clearly of value.

I hope that this paper will encourage new debate on support measures for businesses owned by migrant entrepreneurs, and guide the formulation of specific policies that respond to the particular needs of migrant-owned enterprises. Collaboration with the private sector is indeed essential for migration and cultural plurality in business environments to be considered as an opportunity for growth and development.



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INTRODUCTION

In 2015, the adoption of Agenda 2030 marked a new global understanding and a shared action plan for sustainable development based on five dimensions regarding people, planet, prosperity, peace and partnerships. In 2019, with only 10 years left to achieve the Sustainable Development Goals (SDGs), the decade of action was proclaimed to leave no one behind. In addition to actions at global and national level, actions in the private sector were identified as being essential to facilitating the structural changes needed to achieve the goals of Agenda 2030.

Agenda 2030 highlights the importance of establishing solid economic foundations (sustained, inclusive and sustainable economic growth) to promote prosperity, which in turn is interlinked with the other dimensions of sustainable development. Partner countries have undertaken to build dynamic, sustainable, innovative and people-focused economies. In particular, SDG 8 highlights the importance of entrepreneurship, creativity, innovation and business growth (micro, small and medium-sized enterprises) to achieve these goals. Sustainable development has also been outlined in terms of intercultural dialogue, with the awareness that cultural diversity is not only a resource, but also a driver of sustainable development.

In this context, IOM has been supporting foreign entrepreneurship for many years. This study explores multicultural entrepreneurship as an intrinsic element to the link between migration, integration and development, while considering the diversity of the foreign entrepreneurial landscape.

For a long time, debate and research in Italy have examined migrant entrepreneurship while considering it mainly as an alternative means for foreigners to integrate into the labour market.

Foreign enterprises have also been considered as places where the mechanism of migration networks is revealed, namely compatriots are involved in the business, and where the cultural identity of the migrant population is strengthened. The creation of a market niche that buys and sells ethnic products mainly for the foreign community makes the existence of a cultural nucleus within the host culture more visible both from an economic and a social point of view. This way of analysing foreign entrepreneurship by contrasting it with native entrepreneurship is linked, among other things, to the rigid method of conducting statistical surveys, which creates a dichotomy between Italian and foreign companies.

However, the migrant entrepreneurship landscape in Italy is much more complex, and the current approach to this phenomenon is now beginning to show its limits when it comes to grasping the variety of migrant entrepreneurship. In fact, in recent years, research has been focused on analysing foreign companies as a universal solution to economic and social marginalization of migrants; as a consequence, it has been distracted from observing that migrant enterprises have progressively transformed from closed cultural nuclei into meeting places and laboratories where innovative experimentation is carried out, and where linguistic, cultural, commercial and social barriers are overcome, while openly communicating with native enterprises.

While in foreign scientific literature there are many studies on so-called cultural hybridism and on the benefits that mindful management can derive from cultural diversity in a company, unfortunately, Italian scientific literature lacks such studies. The fact that scarce attention is given to this issue is also reflected in the diversity management policies adopted by Italian companies, which mostly focus on leveraging diversity in terms of gender or age.

Nevertheless, multicultural enterprises can be regarded both as a means to integration and as a result of an increase in the capacity for individual and collective action; multicultural enterprises can contribute to the achievement of the SDGs set out in Agenda 2030 both in the economic field (such as reducing poverty or finding a respectable job) and in the



social field (as regards participation, inclusion and partnership). Moreover, in such type of enterprise, opportunities may arise to make migrants who so wish agents of social change within the society they live in.

In 2017, the study *Imprenditoria straniera in Italia: differenze nei modelli organizzativi e nelle performance*¹ highlighted the particular managerial and economic characteristics of hybrid or multicultural companies. Such companies were different from foreign and Italian companies, and they presented themselves as a new meeting place between cultures and markets, as a breeding ground for innovative solutions with promising economic performance. In this purely quantitative study, the sociological dynamics underlying the creation and development of multicultural enterprises remained unexplored: what motivates a foreign entrepreneur to enter into a partnership with an Italian entrepreneur, and vice versa? What difficulties does such type of enterprise encounter and what advantages does it have?

Therefore, with the study *Merging Competencies, Valuing Diversity: The Multicultural Enterprise as an Emerging Model*, commissioned from the University of Parma by the Coordination Office for the Mediterranean of the International Organization for Migration (IOM), it was decided to investigate these and other aspects of a sociological and economic nature, by conducting structured interviews with a sample of 40 entrepreneurs and employees of multicultural enterprises in Italy.

Starting from a theoretical overview of the phenomenon and of the fundamental role played by social capital in such entrepreneurial activities, this study presents a range of multicultural enterprise experiences, by alternating explanatory sections with extracts from interviews. In this view, various topics, ranging from perceived advantages to obstacles encountered in everyday business,

1 Intesa S. Paolo Studies and Research Department, *Imprenditoria straniera in Italia: differenze nei modelli organizzativi e nelle performance*, 2017.

are addressed with the entrepreneurs interviewed, while different stages of business development are analysed.

In its conclusion, the study presents recommendations on how to adjust support actions to the specific needs of multicultural enterprises.

Finally, this qualitative examination of multicultural entrepreneurship raises a new point: there is variety among multicultural enterprises; in fact, not all multicultural enterprises are multicultural for strategic or value reasons, while other enterprises are not even aware of being multicultural. Still others could embark on a path to leveraging cultural diversity, but they do not have the means to do so.

To conclude by quoting Taylor Cox, being multicultural requires more than just including diversity, as there is a difference between containing diversity and leveraging it, which essentially depends on being aware of the limits of a varied organization. Multicultural organizations are organizations that have not only become aware of these limits but have also managed to overcome them.²

2 Cox T., *Cultural Diversity in Organizations: Theory, Research and Practice*, 1994.

1. MIGRANT ENTREPRENEURSHIP AND MULTICULTURAL ENTERPRISES

by Daniela Gnarini and Renata Semenza





1.1 THEORETICAL OVERVIEW

The issue of multicultural enterprises is part of the wider socioeconomic debate on migrant entrepreneurship, and it enriches the knowledge acquired so far with new significant aspects. The objective of the first chapter of this paper is to introduce and to conceptualize the issue of multicultural entrepreneurship within the main trends in socioeconomic literature on immigration with particular focus on the structure of entrepreneurial opportunities in the Italian context and the resources of immigrant entrepreneurs. Gender and class specificities, as well as the composition of social capital are taken into account.

Empirical literature depicts migrant entrepreneurship as a complex and varied phenomenon – particularly relevant for the economies of both Organisation for Economic Co-operation and Development countries and developing countries (Light and Sanchez, 1987). In recent decades, a series of changes have occurred that have had a profound influence on the diversification of migrant entrepreneurship. For example, migratory flows have started to involve southern European countries on an increasing scale since the early 1980s. Moreover, the profound changes in the structure of the labour market have led to a profound transformation of large cities, not only in Europe, whereby urban spaces have been transformed into dynamic centres consisting of localized industrial networks. These changes have created more favourable opportunities for enterprises run by immigrants, which tend to integrate more and more tightly into the urban economy (Volery, 2007).

Debate on migrant entrepreneurship is very broad and, in summary, it can be said that during the twentieth century essentially two theoretical constructs were most frequently used in its analysis of the phenomenon: cultural theories and disadvantage theories.

As regards the first approach, studies on self-employment of migrants highlighted the importance of culture as a factor influencing propensity for entrepreneurship, while pointing out that some groups of migrants were more likely to start their own business thanks to certain reference values, beliefs, bonds and rules more typical of some communities (Bonacich, 1975; Light, 1984) than others.

The second theoretical framework is connected with disadvantage theories, according to which migrants entering the labour market are pushed to the margins of the economy and thus only find low-skilled jobs or have to apply for unemployment due to a series of obstacles, including poor knowledge of the language of the host country, a low level of education and qualification, and the consequence of discriminatory behaviour on ethnic, religious or racial grounds (Bonacich, 1973; Kim, 1981). For these reasons, self-employment may be the only alternative for migrant workers to improve their social position.

However, both theoretical perspectives have their limits, as migrant entrepreneurship has become more complex and varied in the last decades than before (for more details see Waldinger et al., 1990; Kloosterman, 2000). In particular, as regards cultural theories, it should be underlined that sociocultural values play a limited role in the study of companies managed by migrants, as the creation and operation of such companies cannot be understood solely on the basis of the values that guide or belong to a certain group. In fact, forms of enterprise, end markets and entrepreneurial results are extremely diverse even within the same national groups (Werbner, 1999:549).

The increasing diversification of migrant entrepreneurship also seems to disprove disadvantage theories. First, it should be highlighted that, although the desire to find an alternative solution to the difficulties encountered in the employment market – through self-employment – is often the main reason why migrants start their own business, it is not the only one. Indeed, it should be taken into consideration that there are other relevant aspects that make entrepreneurship an attractive option and not the only alternative (Clark and Drinkwater, 2000). Moreover, while according to the disadvantage theory,

enterprises managed by immigrants tend to remain in a marginal position in the labour market and to have a simple, uniform structure closely connected with networks within communities of compatriots, entrepreneurial experiences migrants go through have proven to be extremely heterogeneous and varied. In fact, many migrant-owned enterprises manage to adopt complex organizational models and to seize new and various opportunities for growing and establishing themselves in the mainstream market (Aldrich and Waldinger, 1990; Ndofor and Priem, 2011), while operating in increasingly diversified sectors and targeting native consumers by providing products and services that are not necessarily connected with their culture of origin (Chaganti et al., 2008; Arrighetti et al., 2012).

The following chapters analyse the consequences of the transformation process of migrant entrepreneurship and of its evolution towards **multicultural entrepreneurship**, namely enterprises that include native staff or staff from countries other than the entrepreneurs' countries of origin in their business structure (as shareholders, partners or employees). Indeed, the fact that increasingly more immigrant entrepreneurs are starting a business in the mainstream market has highlighted the need to expand the information bases and to broaden managerial and professional competencies beyond cultural communities of origin, a process that also takes place by involving shareholders/partners and employees from other countries in the company (Arrighetti et al., 2014). Finally, the implications in terms of policies capable of effectively supporting and orienting this spontaneous market phenomenon in the best way possible are specifically analysed.





1.2 THE ITALIAN CONTEXT

The influence of context, environment and local society on migrant entrepreneurship is beginning to emerge in the debate on ethnic enclaves,³ according to which migrants tend to assemble in well-determined, specific urban districts that offer more and better opportunities for business development, by creating co-ethnic networks, interconnections and informal communication (Light, 1972).

Progressively, migrant entrepreneurship has diversified its activities and entered the mainstream market, thus going beyond enclaves and involving both low-skill and high-skill businesses alike in this process. The former are a consequence of the globalization process, as they meet the demand for personal and production services and are therefore often characterized by low added value (Arrighetti et al., 2014); the latter, which are connected with migration flows of workers with university-level or professional qualifications, enter the mainstream market by meeting the growing demand for technical, financial, legal and administrative services.

Another school of thought, which focuses on the context in which enterprises operate, is based on the notion of **mixed embeddedness** (Kloosterman and Rath, 2001). According to this idea, networks of immigrant entrepreneurs should be considered within the social, economic and political context that characterizes the countries and areas where migrants start their businesses.

The importance of the institutional contexts (incentives, rules, regulations) in which migrant entrepreneurs operate and which can represent opportunities or constraints is highlighted in this perspective. It is a well-known fact that the

3 In this paper, the term “ethnic/co-ethnic” is used to refer solely to cultural traits that are common to individuals and groups of people.

structure of opportunities can be different not only from host country to host country, but also within each individual host country. This aspect seems to be particularly relevant in Italy, which, as is well known, is characterized by considerable differences at local level and by different context conditions in which migrant entrepreneurs operate. Suffice it to mention regional industrial districts, such as those in Emilia-Romagna, Tuscany or Veneto, and different urban environments and districts (Giaccone, 2014).

Finally, the legislative framework of the host country should be mentioned as one of the context factors that influence migrant entrepreneurship. In this sense, it should be pointed out that until 1997, Italian corporate law imposed limits on migrant entrepreneurship by setting reciprocity terms for the self-employment of foreign citizens with third countries (Castagnone, 2008). According to such reciprocity terms, a foreign citizen could start a business in Italy only if Italian citizens were allowed to start businesses in the country of origin of the foreign citizen concerned. Such reciprocity terms were removed by Italian consolidated immigration act (decree law 286/1998), thus favouring the development of migrant entrepreneurship. This aspect is important, as, before 1997, many immigrant entrepreneurs wanting to start a business could only do so with Italian partners, while, **from 1997, starting a business with Italian partners became an opportunity.**





1.3 RESOURCES OF IMMIGRANT ENTREPRENEURS: SOCIAL AND GENDER SPECIFICITIES

For the sake of completeness and with a view to conducting an analysis that can better show the dynamics and complexity of the factors that play an important role in characterizing migrant entrepreneurship, three further aspects should be mentioned:

1. In light of these considerations about the Italian economic fabric within which migrant entrepreneurship and multicultural enterprises have shown a good level of dynamism, it is necessary to take into account the need – as highlighted by Shinnie et al. (2019) – to integrate the **mixed embeddedness** theory with intersectional theories, according to which subjectivity is built through the intersection of ethnicity, social class and gender; in order to develop a dynamic theoretical framework between **economic, social and cultural resources**, and the **opportunities** for migrant entrepreneurs offered by the context.
2. The general interpretative framework can be enriched by adding a **gender perspective**. Migrant women play an important role both in the economy of the host country, by participating in the labour market, and in the development of their countries of origin, to which they contribute by remitting money back home with the aim of strengthening the human capital of their family members (especially children and younger generations) and of those belonging to their own social networks (Semenza, 2017). The contribution from female migration is also important in terms of entrepreneurship, although the results of this study do not allow this aspect to be addressed adequately. In fact, the number of enterprises owned by

migrant women has increased in proportion to the total number of foreign-owned enterprises, reaching about 24 per cent in 2018 (Unioncamere, 2019). Several authors have highlighted the increasing participation of women in the business and commercial sector in their host countries (for example, Schmoll, 2004). Despite this evidence, in studies on migrant entrepreneurship (for example, Light, 1984; Waldinger et al., 1990; Portes and Zhou, 1992; Kloosterman et al., 1999) the specificities of female entrepreneurship and gender differences as a whole are not examined in detail. For example, it would be necessary to consider the fact that immigrant women entrepreneurs, as well as women more in general, **face greater disadvantages than men when accessing investment capital**, are often excluded from male entrepreneurial networks, have to balance work and family, and mainly operate in risky and poorly paid market niches (Gold, 2014). At the same time, there are many examples of women accessing relevant entrepreneurial resources and women's networks, which are rich in highly demanded competencies. There is also considerable variety among immigrant female entrepreneurs, ranging from profiles that can be defined as "traditional family businesses" (González-González et al., 2011) to profiles connected with new-generation woman-owned businesses, which can be defined as "new femininity", (Budgeon, 2014), namely businesses driven by values of women's independence and empowerment.

3. The third aspect that should be examined is the **social stratification** that characterizes the phenomenon of foreign entrepreneurship, with reference to Bourdieu's forms of capital and to the issue of social classes (Cederberg and Villares-Varela, 2019), which has been particularly underestimated by studies on migration and entrepreneurship. Bourdieu's conceptualization (1987) shows that individuals are endowed with different forms and amounts of economic, cultural, social and symbolic capital, which are unequally distributed among individuals and could be combined, transferred

and converted. This notion of “forms of capital” is particularly useful for studies on migration and for understanding how individuals with a low economic capital can still start their own business and keep it going by relying on **other forms of capital, such as their own networks**, to obtain benefits (Cederberg and Villares-Varela, 2019). From this perspective, the various forms of capital play an important role in defining the trajectories of migrant entrepreneurship.

The following paragraph deals with the importance of combining different forms of capital, and then it examines more closely the characteristics of multicultural enterprises, while focussing on networks and the opportunity to adopt a perspective that goes beyond co-ethnic links. In fact, often such links are not isolated, but are combined within composite networks made up of Italians and migrants of other nationalities, thus creating multicultural enterprises.



1.4 BEYOND COMMUNITY NETWORKS

Within the framework presented so far, this paragraph examines the role of social capital as one of the most relevant aspects of this analysis from an interpretative point of view. Coleman (1988:98) defines social capital as a variety of entities consisting of certain aspects of social structures and facilitating the actions of individuals and groups within such structures. Moreover, social capital is available to each individual and it is used in all relationships with other people, and it therefore plays a fundamental role in starting a business and keeping it going (for further details, see Aldrich and Zimmer, 1985).

Although social capital can take different complex forms, it is even more important for businesses owned by migrants and cultural minority groups, since networks, bonds and connections are of central importance for foreign self-employed workers (Portes and Sensebrenner, 1993). Scientific literature on migrant entrepreneurship has often underlined the value of “bonding social capital” (Putnam, 2000) with reference to resources and solidarity mobilization in social networks within families or groups of compatriots, which are characterized by strong bonds, namely relationships with a high level of emotional commitment where people tend to meet or contact each other often and which are characterized by mutual trust (Granovetter, 1973). This type of social capital plays an important role, particularly in the initial stages of an enterprise (Sanders and Nee, 1996).

However, negative aspects of using social capital within migrant communities have also been highlighted (for example, see Deakins et al., 2007; Portes and Sensebrenner, 1993). In fact, these studies argue that communities with a strong internal network can be closed and isolated from the rest of the population.

In addition, the dual role of social capital both as a resource and as an obstacle should be highlighted. Bonds forged, and advice and information obtained through social networks may be inadequate and not as reliable as those obtained from professional sources.

Nevertheless, when analysing multicultural enterprises, the **“bridging social capital”**, namely social links between groups and with external actors, is of particular importance (Putnam, 2000). This type of social capital is **based on weak bonds** that are essential for obtaining a more complete range of information and able to strengthen networks and relations between different groups (Davidsson and Honig, 2003).

As discussed later in this paper, the results of this study introduce a partially different perspective on the use of social capital and networks, which are traditionally marked by the clear dichotomy between strong bonds (friends, family) and weak bonds (acquaintances). In fact, empirical evidence highlights a model where relationships are originally weak but long-lasting, are strengthened over time, and, above all, are **mainly established in the working environment**. Bonds forged during previous work experiences are the true social capital of multicultural entrepreneurs, and this aspect is confirmed by all the interviews conducted. Initially, such bonds, which are forged with colleagues, are weak, but in the long term, although they remain working relationships, they are strengthened, thus becoming the fundamental resource for starting a business.



1.5 TOWARDS A CONCEPTUALIZATION OF MULTICULTURAL ENTERPRISES

Within the literature review conducted so far, a further step should be taken in order to approach the issue of multicultural enterprises. As mentioned earlier, many studies have considered the social capital of migrant entrepreneurs by analysing mainly the set of networks, relationships and bonds with individuals or entrepreneurs from the same region or the same national context of origin. However, the literature has also shown that while some entrepreneurs create and leverage such types of networks (because they choose to do so or because they have no alternatives), others prefer to rely on bonds with individuals who do not belong to their ethnic group (Tolciu, 2011; Sanders and Nee, 1999). As mentioned in the previous paragraphs, the social capital of migrant entrepreneurs is highly varied, and in some cases, it can be crucial for business growth and development.

Moreover, in the literature examining migrant entrepreneurship in the Italian context, there are several studies that analyse the role of the social capital of migrant entrepreneurs. Many authors mainly focus on the role of co-ethnic networks (for example, Marra, 2011; Giaccone, 2014). Several scholars emphasize the role of different types of bonds and focus not only on strong bonds, but also on weak bonds, which go beyond compatriot groups (Barberis, 2011; Rinaldini, 2011). As mentioned above, this research introduces a partially new interpretation of the concept of weak bonds, which can be summarized as the idea of a consolidated social working capital: this perspective is also useful for explaining the transition from monocultural entrepreneurship to multicultural entrepreneurship.

Therefore, it is necessary to examine bonds that go beyond co-ethnic communities, because, while networks within such communities are particularly useful when starting a business, they can also set tight limits when it comes

to keep a business going and expanding it. On the other hand, mixed national networks represent substantial resources for migrant entrepreneurs (Chiesi and Zucchetti, 2003), and they also are an important indicator of social and economic integration of migrants (Barberis, 2008).

In this regard, several studies have pointed out that entrepreneurial strategies addressing mainstream markets beyond ethnic economy have become increasingly important in recent decades (Waldinger et al., 1990), with profound implications in terms of both the economic development of minority groups and the local economy where such groups have settled, as well as in terms of contribution to integration (Arrighetti et al., 2014). However, the debate has focused little on how the implementation of breaking-out strategies is facilitated by such enterprises developing increasingly complex organizational models. Such organizational choices are in line with the fact that improving social and economic status and independence is increasingly important for immigrant entrepreneurs, who can achieve progress by entering the mainstream market and attracting non-co-ethnic consumers.

Entrepreneurs who decide to start their business in the **mainstream market** need several resources in terms of management competencies, market information and technological know-how, for which the ethnic community of origin does not play a key role. As a consequence, their companies begin to include native staff or staff from outside the entrepreneurs' communities of origin, and thus become multicultural businesses.

The concept of **“multicultural hybridism”** thus emerges, which offers a different point of view from the traditional perspective of ethnic exceptionalism (Arrighetti et al., 2014).

Multicultural hybridism refers to the integration and merging of minority cultures into the mixed embedded multicultural context (Shinnie et al., 2014); the latter should not be analysed from a static point of view – which considers culture as the determining factor behind migrant entrepreneurship – but

should be considered as a dynamic measurement that allows to examine the multiple facets of enterprises started by migrants and native partners or partners from a different cultural community.

The definition of multicultural enterprise underlines the transition from the distinction between migrant-owned and native-owned enterprises to the integration of migrant enterprises into multicultural societies through a hybridization and organizational diversity process (Arrighetti et al., 2014).

In conclusion, this research aims to shed light on the set of factors that facilitate and hinder the creation and strengthening of multicultural enterprises on the assumption that multiculturalism is not necessarily a culturally oriented entrepreneurial choice or preference based on particular social and cultural openness. **Multicultural enterprises are also the mirror of diversified, global societies**, as well as of the profound changes in the labour market, where there are entire sectors where most workers are of mixed nationalities. The natural evolution of migrant enterprise, which is diversifying, growing in size, entering the mainstream market, defining new partnerships, and innovating technologically, inevitably pushes it towards a labour market that has become multicultural by its nature.



2. MULTICULTURAL ENTERPRISES IN ITALY: OBJECTIVES AND METHODOLOGY OF THE SURVEY

by Andrea Lasagni





2.1 DEFINITION, RESEARCH OBJECTIVES AND METHODOLOGICAL ASPECTS

The definition of multicultural enterprise adopted in this study is based on the following parameters: (a) a multicultural enterprise is a partnership or a corporation the majority of ownership interests in which is held by foreign entrepreneurs (immigrant entrepreneurs – not born in Italy, except for those born in Organisation for Economic Co-operation and Development countries); (b) there are members of at least two nationalities in the board of directors; (c) the workforce (employees, contractors, and so forth) includes people of nationalities different from the nationalities of the enterprise owners; (d) medium-large and large enterprises were not included in this study.

This study has three main objectives:

- a) to analyse **how multicultural enterprises come to be**: the first objective of the research concerns the motivations behind the choice of starting (or expanding) a business with one or more partners of a different nationality;
- b) to examine the **evolution of multicultural enterprises**: to analyse the difficulties and any advantages in managing a multicultural enterprise;
- c) to identify any (possible) **specific policies aimed at supporting multicultural enterprises**: to examine the opinions of multicultural entrepreneurs on any (possible) support measures that could be provided by the State and by other public and private institutions.

To achieve these objectives, a qualitative methodology was adopted and implemented through a systematic collection of interviews with multicultural entrepreneurs. After carrying out the pre-tests, an outline for the interviews and focus groups was drawn up (for more details, see Annex 1) with the aim of collecting information on: (a) economic and sociological factors that facilitate the creation of multicultural enterprises; (b) the main economic and sociological factors that discourage the creation of multicultural enterprises; (c) factors common to entrepreneurs who run multicultural enterprises; (d) the main environmental factors that facilitate the creation of multicultural enterprises.

All interviews and focus groups were recorded in an audio format (then faithfully transcribed) and were conducted in Italian with managers (partners and owners) of multicultural enterprises.





2.2 RESULTS OF THE INTERVIEWS WITH MULTICULTURAL ENTERPRISES: A DESCRIPTIVE ANALYSIS

Overall, 40 multicultural entrepreneurs participated in the survey, although dialogues could be held with other actors in this context during the sessions (interviews or focus groups) in some cases, such as the Italian National Confederation of the Craft Sector and Small and Medium-Sized Enterprises and the Centro Studi e Ricerche Intesa Sanpaolo.

As shown in Table 1, the multicultural entrepreneurs interviewed operate in some metropolitan areas in Northern Italy (Milan, Turin, Bologna), as well as in Florence and Rome. However, information could also be collected from actors operating in many provinces of Northern Italy, such as Bergamo, Brescia, Padua, Parma, Reggio Emilia and Modena. As concerns geographic distribution, the location of multicultural enterprises in Central-Northern Italy also reflects, to some extent, that the **immigrant population is larger and older in these areas**. At the same time, there are few multicultural enterprises located in Central-Southern Italy (Rome and Palermo), a very small sample that is not particularly representative.

The survey included people of many different nationalities working in multicultural enterprises (Table 2). In particular, it should be highlighted that many other countries of origins were included in addition to those of the communities that are most active in the field of migrant entrepreneurship (for example Albania, Romania and Morocco). In fact, the survey included people not only from the African countries from where historically most immigrants in Italy come from, such as Tunisia, Algeria and Egypt, but also many people from East Asian countries (Pakistan, India, the Islamic Republic of Iran and Iraq).

One last aspect shown in Table 2 is worth mentioning: there are no immigrant entrepreneurs of Chinese origin. Due to the unique aspects of Chinese entrepreneurship in Italy, research has been mainly focused on Prato and Lombardy. A common feature of such studies is that they highlight the evolution that has led enterprises managed by Chinese entrepreneurs to employ Italian workers or workers of other nationalities. In Italy, there are very few, if not hardly any cases of companies run by Chinese partners together with partners of other nationalities.

Table 1 - Distribution of interviews with multicultural enterprises by province

Province	No. of interviews/enterprises
Bergamo	4
Bologna	3
Brescia	3
Florence	1
Milan	7
Modena	2
Padua	3
Palermo	1
Parma	4
Reggio Emilia	4
Rome	1
Turin	7
Total	40

The distribution of interviews conducted with multicultural enterprises by trade class (Table 3) shows some interesting characteristics. First, the fact that these small enterprises operate primarily in the service sector is a common feature not only of Italian entrepreneurship, but also of migrant entrepreneurship. However, it should be highlighted that, in a significant part of the cases, the management methods of multicultural enterprises as regards services sold appeared to be relatively sophisticated and characterized by innovative aspects which are often not included in the strategies adopted by small and medium-sized enterprises (SMEs) managed by Italians or immigrants. Moreover, as is highlighted in Chapter 5 (The Evolution of Multicultural Enterprises: Perceived Advantages, Obstacles Encountered and Multicultural Competencies), the results obtained in terms of performance by some multicultural entrepreneurs operating in the service sector are definitely significant and partially contrast with the dynamics of the reference sector.

Table 2 - Distribution of interviews conducted with multicultural enterprises by nationality/country of origin of the interviewees

Nationality/origin	No. of interviews/enterprises
Afghanistan	2
Albania	4
Algeria	1
Argentina	2
Burundi	2
Brazil	1
Burkina Faso	1
Egypt	2
India	1



Nationality/origin	No. of interviews/enterprises
Iran (Islamic Republic of)	1
Iraq	1
Italy*	13
Morocco	4
Pakistan	1
Romania	1
Serbia	1
Tunisia	1
Turkey	1
Total	40

* Note: Italian partners/shareholders in multicultural enterprises.

Finally, it is worth highlighting that some multicultural service companies are sometimes managed through forms of association or cooperation, with multiculturalism providing interesting elements in terms of the creativity of business choices.

Secondly, Table 3 shows that multicultural enterprises have a non-marginal presence in the manufacturing sector, with some businesses operating in the clothing and fashion industry being characterized by interesting creative aspects (see Chapter 5).

Table 3 - Distribution of interviews conducted with multicultural enterprises by sector/trade class

Sector/trade class	No. of interviews/enterprises
Manufacturing/production and sale of goods	
Tailoring/dressmaking/fashion/clothing	4
Mechanics/oil hydraulics	7
Services	
Marketing and processing of food products	2
Auto repair, fuel distribution and retail trade	2
Water purification plants	1
Plant engineering and asbestos recycling	1
Import and wholesale trade	1
Information technology and software production (applications)	2
Logistics/transport services	5
Cleaning services	1
Catering services	9
Various (cultural and social) services	5
Total	40

The multicultural enterprises interviewed are not young enterprises (Table 4). Most of them were founded after the mid-1990s; it is interesting to link this aspect with the results of the interviews, which show that the immigrant entrepreneurs interviewed have been in Italy for many years or are even second-generation immigrants.

Table 4 - Distribution of interviews with multicultural enterprises by year of foundation

Year of foundation	No. of interviews/enterprises
Before 1995	7
From 1995 to 2010	14
From 2010 to 2015	8
After 2015	11
Total	40

The objective of the study on multicultural enterprises was to analyse small businesses, as such businesses can encounter significant management difficulties, while the advantage of a multicultural strategic approach can have a significant value for them. In this sense and considering that it was not possible to precisely segment the sample of interviewees beforehand based on the size of their companies, Table 5 shows that the percentage of very small enterprises (microenterprises in terms of number of employees) is actually high: about 37 per cent. However, it is a significant fact that structured multicultural enterprises, namely organized enterprises with more than 49 employees, were also interviewed.

Table 5 - Distribution of interviews with multicultural enterprises by size (no. of employees)

Size (no. of employees)	No. of interviews/enterprises
Micro enterprises (up to 9 employees)	15
Small enterprises (10 to 49 employees)	18
Medium-sized enterprises (from 49 to 250 employees)	7
Total	40

3. STRATEGY AND IDENTITY OF MULTICULTURAL ENTERPRISES

by Alessandro Arrighetti



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Although the scope of the survey was intentionally limited and a reduced number of variables was used for case selection, the heterogeneity of the surveyed multicultural enterprises appears higher than expected. The enterprises differ not only in business sector, size and the market segments in which they operate, but also in the way in which they interpret multiculturalism and the influence multiculturalism has had on their development. Multiculturalism is currently seen as a phenomenon largely exogenous to enterprises resulting from the opening of the global market, the different regulations governing trade, and the consequent involvement of individuals from different countries and cultures in the management of enterprises. For most observers, the main challenge facing multicultural enterprises involves the system of rules and values that organizations need to adopt in order to ensure that their business behaviour is aligned with a common model and that they implement a communication system that strengthens their internal cohesion (Brett et al., 2009; Glinkowska, 2016). The underlying idea is that multiculturalism has different nuances and emphases in each individual organizational context, but essentially it is a unitary phenomenon that requires uniform standards of conduct, management solutions and means of communication.

However, this paper proposes the hypothesis that multicultural enterprises are widely heterogeneous in terms of strategies pursued and identity values promoted. In other words, multiculturalism clearly differentiates from monocultural enterprises managed by native or migrant entrepreneurs, but not so much as to limit the options available when it comes to making operational choices in companies that are interested in starting a multicultural experience. It follows that **there is no evidence of a best way to multiculturalism**, nor a single way of being multicultural: on the contrary,

the information collected shows that companies tend to be multicultural in many different ways.

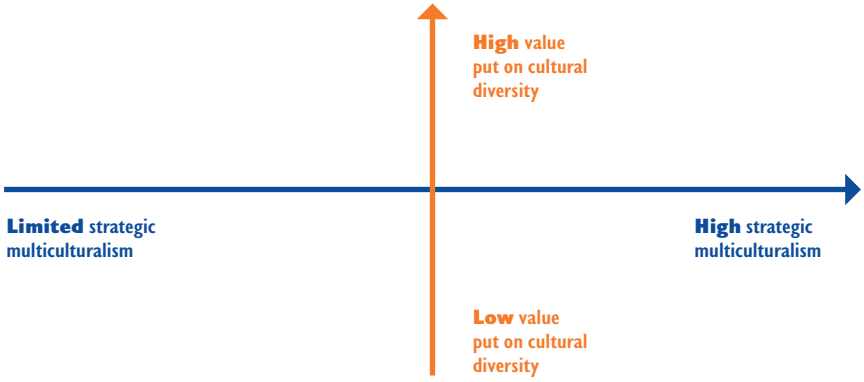
This survey seems to show that the variety of multiculturalism is connected with two series of factors that affect both the initial organizational configuration and the evolution of a company over time. Basically, the multicultural character of an enterprise is based on factors that can be arranged along two axes (see Figure 1): the first axis (horizontal axis) concerns the **strategic importance** given by the management/the owners of the company to multiculturalism. Not all multicultural enterprises place the same strategic value on multiculturalism: for some companies, multiculturalism is the focus for development; for others, multiculturalism is a character imposed by exogenous factors, accepted as inevitable, often passively.

The evidence collected also shows that there are marked differences between companies as regards another variable, namely the **identity value** placed in multiculturalism (vertical axis). Multiculturalism as a value is high when, regardless of the economic and strategic component, cultural diversity in an enterprise is considered in itself an objective to be achieved, a cohesion factor for the organization and a significant identity element. However, in some of the companies examined, this variable appears to be weak or of marginal importance. In fact, in some circumstances, strong strategic multiculturalism is associated with a low identity value placed in the variety of nationalities and cultures in the organization, and vice versa.





Figure 1 - Position of multicultural enterprises





3.1 MULTICULTURALISM AS A STRATEGY

On the right-hand side of the horizontal axis in Figure 1, there are companies that consciously assign a central role to the variety of nationalities in their development strategy. Multiculturalism is expected to offer economic and organizational advantages at different levels, but leveraging the cultural diversity of the human capital appears to be particularly relevant. Especially with reference to accessing foreign markets, adopting multiculturalism seems to contribute to **reducing information costs** regarding the characteristics and trends of local markets, as well as sector dynamics. It also makes it easier for enterprises to adhere to rules that govern trade between countries, and it seems to be useful for enhancing the knowledge of the negotiation styles and the personal contact methods that are characteristic of a certain nation.

*Our company provides services that connect different countries, which means different mindsets, different languages, different laws and different types of work organization. Choosing to have staff able to think in two different ways allows us to reduce risk factors. For example: the staff need to know the regulations of both countries and how such regulations are put into practice, they need to know the relevant institutions, but above all they need to make them talk to each other. There are only three native Italians in our company, and they have been working with us since the company was set up. The others are second-generation immigrants who have acquired Italian citizenship. Those who are native ***⁴ have been living in Italy for many years or are second-generation immigrants who have not yet acquired Italian citizenship. Having native Italians in our company was particularly important in the start-up stages*

4 Data hidden to protect interviewees' privacy.

*of the business, especially because it facilitated customer relationships, especially as far as language issues were concerned. As regards staff selection over the years, we have always tended to hire those who know how to think together as both *** and as Italians and who, therefore, speak both languages (in addition to English). (INTERVIEW-10).*

My sales marketing team deals with the whole world. However, there is a risk that my Italian employees see countries in a one-way manner. Someone from a different culture should always be included in a sales marketing team. If I want to sell something in Colombia or in the Plurinational State of Bolivia, a South American employee can better understand the right approach to use and explain it to their colleagues. Also, Italian employees tend to get used to things a bit. If I hire a foreigner, on the contrary, they have a different way of approaching work that can often lead to innovation. (INTERVIEW-5).

Very often, multiculturalism is seen as a **response to the needs of the globalized world**: within a company, it reflects the variety of cultures in society, and at the same time it is a tool for facilitating economic (and non-economic) interaction with distant actors and markets. It is a necessary approach, in particular for smaller enterprises, which need to have sufficiently varied in-house competencies to avoid being disadvantaged when trading in foreign markets and hiring workforce.

95 per cent of the Italian entrepreneurial landscape is made up small and medium-sized enterprises. Only in recent years, people have understood that businesses need to enter foreign markets to develop fully. Now, some entrepreneurs are starting to understand that they need to have someone in the company who understands other cultures, or to have their Italian employees train, so that they can understand other cultures. Not many entrepreneurs do so, as many are still reluctant. But this is a process from which there is no turning back. This needs to be overcome. (INTERVIEW-5).

For me, it is necessary to have employees from different cultures, and I am happy to see that other entrepreneurs think the same. Thirty years ago, when I started my company, I had already noticed that the world was moving towards multi-ethnic entrepreneurship, even before the population itself became multi-ethnic. If we look at Italy from the outside, we realize that we are lagging behind in this regard. Whether we want it or not, multi-ethnicity is going to happen, with or without our consent. (...) Once you understand this, you will understand how useful multi-ethnicity is in a company. (INTERVIEW-21).

In addition to reducing costs of information and barriers that slow down or limit international trades, strategic multiculturalism is a lever for innovation and for the identification of market segments for **products/services of a hybrid nature** that combine cross-cultural competencies in an original way. The products/services offered are the result of a design that is intentionally based on the combination of different cultures.

The project started with the idea of bringing modest fashion to Italy, a type of versatile fashion that was appropriate not only for Muslim women, but also for all women that did not want to wear showy clothing. However, we thought of producing modest clothing with typical features of Italian design. An Italian designer and an Italian brand. When some Italian friends saw our collection, they said “How beautiful! I would buy this long skirt!”. The idea itself was very multicultural, in fact, in the photos of the presentation of the collection – and this is very important – there are models with a headscarf, models without a headscarf and models that play with a headscarf. We talk to all women, but we meet the needs of certain women, because mainstream fashion goes in the opposite direction. We have worked to promote the idea that women wearing headscarves have a personality too, they have the capacity for relationships and actually want to establish relationships. There are a lot of young women who have graduated or are about to graduate and want to start working. When they present themselves for a job interview, they need to be properly dressed to be trustworthy. They

should not wear a tunic dress to a job interview, but at the same time they do not need to betray their own principles. We were targeting women of a certain cultural and social level who wanted to be socially included. That is why we very much liked the idea also on a social level, because we made clothing into a means to emancipate these emerging women. (INTERVIEW-26).

Some companies choose to be multicultural because they need to complete or integrate their in-house competencies with other knowledge from employees from a different culture. In this sense, being able to leverage complementary knowledge and experience represents a significant incentive for starting a company based on a mix of different nationalities and cultures.

I believe that different mindsets and ways of looking at a company are particularly beneficial to business management. Moreover, having an Italian employee is particularly beneficial, especially from a linguistic point of view. In fact, our business relationships with Italians are managed by our Italian employee, who helps us in this regard. (INTERVIEW-14).

In my case, I wanted to have something of my own to manage. (...) I had the opportunity to combine competencies in the Italian and the Balkan market. Putting them together to develop a joint business. I take care of the sales and of maintaining contacts with the foreign countries I come from. Obviously, my mindset is more similar to theirs, and so I can better understand their needs and how to approach problems. I think that our formula is successful, because it allows us to acquire a greater knowledge of the markets, the countries, the local mindsets and the places where we work with our partners and sell our products and services. (INTERVIEW-20).

While in some cases multiculturalism is a primary ingredient of a company's strategy, **in others it has less strategic relevance** (limited strategic multiculturalism). There is noticeable variety in the nationalities of the shareholders/partners and employees, but it is not intentionally sought

after. On the contrary, it arises from factors that are exogenous to the company and that, to a large extent, are linked to the local labour market and the characteristics of labour supply. The company employs workers of different nationalities because labour supply – due to the competencies required and the willingness to accept specific work contracts and working conditions – is essentially (or to a significant extent) made up of migrants of different nationalities and, to a very limited extent, of native workers. In this context, co-ethnic components, which are often taken into account in the choices made by foreign microenterprises, have marginal importance. Migrant-run enterprises become multicultural, essentially because labour supply is in itself multi-ethnic in some sectors.

Moreover, in the case of small and medium-sized to large enterprises, family members and members of community networks willing to work may be too few to meet demand. Therefore, workers of nationalities different from those of the company owners are employed through weak bonds. Workers have different levels of qualification, but in most cases their qualification appears to be very low, in fact Italians usually refuse the relevant job offers. Often, manual jobs are offered, and generally the company has more bargaining power than the workers.

Companies that manufacture standardized goods or provide standardized services where no culturally derived variants are introduced are often characterized by limited **strategic multiculturalism**. Production is intended for the local market and only rarely for export. It depends on certain technological constraints (mechanics, plants), established practices (construction sector) and contract schemes set (cleaning, logistics). In these circumstances, the variety of cultures and experiences is not perceived as an advantage or a lever, but as an initial inhomogeneous element that should be overcome by aligning individual and group behaviour to the needs of the organization and the company hierarchy.

My trade (mechanics) is unique, because if you want to work for me you have to do what you have to do, no matter where you come from.



(...) In my company, division of roles is important. Cultural factors do not come into play. (INTERVIEW-1).

With this approach, what matters are the competencies acquired, as well as work attitude and orientation.

Many times, people coming from North Africa are looked at with suspicion. However, where one comes from does not matter to me because, for example, I am currently working with a client from San Polo who has two Moroccan employees who are very good, in fact, many times I learn from them about mechanics. In my opinion, the wrong person can be Albanian, Italian or Argentinean. (INTERVIEW-1).

In companies with a low level of strategic multiculturalism, the management tends to aim to **reduce diversity in the individual conduct of employees**. In these contexts, cultural diversity is seen as a source of entropy. It only offers few organizational advantages and therefore leads to increased costs and non-uniform conduct that can only be made uniform by imposing a uniform and strict conduct protocol.

In the company where I work, there are women wearing headscarves and women not wearing headscarves and they come from the same country. There are believers, non-believers, Catholics, Muslims, all sorts of people, but, as I said, what guides us are the rules. As I say to everyone, when we are at work, we must communicate with each other, when we are outside, if we are not friends, each of us goes their own way. But when we are at work, we must communicate with each other and work together. Everyone must observe the in-house rules, because they are our guide. There are rules, when someone is employed, they come to me, regardless what country they come from, and I let them read the rules. That is why all our employees must be able to speak Italian. (INTERVIEW-9).

Even if having a multicultural workforce is not part of a company's strategy enhancement plan, it indirectly represents a competitive advantage in terms of the flexibility of the services provided.

If you have urgent work to do, you can ask foreigners to work on Sundays. You call them and they will come. Do not bother to ask Italians, they will not come. Not even those who are hungry. It has already happened. I also work on Sundays, Italians do not. Foreigners come to work on Sundays and are happy to do so. (INTERVIEW-7).





3.2 MULTICULTURALISM AS A VALUE

While the first axis represents the relevance of strategic multiculturalism, as mentioned above, the second axis represents **multiculturalism as the identity value** of the enterprise and the entrepreneurial project. The value component of multiculturalism does not remove any constraints regarding the economic sustainability of the company. Nevertheless, when it is pursued, it acts as an additional cohesion factor and a guide to the implementation of the strategic and planning choices that the management team needs to make. Multiculturalism as a value also has a considerable impact on the organization and the governance structure and often also on the configuration of the product/service offered.

I have an Italian partner, employees from Senegal and Mali, and some trainees from Pakistan and Bangladesh. In other pizzerias, I also worked with people from different countries. I have always liked working with people from all over the world, because it is easier to understand each other, to understand people and the way they behave. Meeting other people from other cultures is an opportunity. When I started my business, I had the idea of combining two different cultures, two different worlds, and I thought it would be nice to have mixed people work with me as well. It is an integration project that gives people the opportunity to get together and to get to know each other. In general, I think this is a good thing, because, for me, seeing these young people who, despite their different backgrounds, work together, and look like brothers and sisters, and laugh and chat together is the most beautiful thing about my job. (INTERVIEW-22).

In Africa, people usually go to the tailor's or dressmaker's to get tailor-made clothing. In fact, in all reception centres there are small areas with sewing machines, and many young people who come here have

great tailoring or dressmaking skills, but then they always end up doing low-level, unskilled jobs. At the same time, tailoring and dressmaking are important traditional crafts in Italy, but they are facing serious problems as regards generational transition. Few young Italians want to be tailors or dressmakers. So, we thought: migrants offer an opportunity to somehow restore relationships with these crafts, and also to boost this sector. We wanted to bridge the gap between generations through a training project aimed in particular at migrants interested in learning from our craftspeople. So, we thought that somehow, through this project, we could bring two worlds together. On the one side, migrants coming from these cultures where there are many different crafts, and on the other side, Italian tailors and dressmakers, who know the basic rules of Western and European fashion. Through this combination of skills and know-how, one can achieve integration. Basically, we are trying to increase the value of our pieces of clothing by selecting high-quality fabrics produced in Africa (for example, 100 per cent natural, strong cotton) that we get in various ways and that we craft with special care. In the end, each piece of clothing is beautiful in its own way and it is unique, as it cannot be reproduced and is not mass-produced. Finally, each piece of clothing is also more durable, as opposed to the fast-paced consumption typical of fast fashion. Each of our pieces of clothing has a label with a description of our project, the name of the person who crafted it, how many hours it took to craft, and where the tailor or dressmaker comes from. In short, we are trying to increase the value of every handcrafted piece of clothing. (INTERVIEW-28).

In other cases, the variety in cultures and nationalities in a company is not perceived as distinctive value or an objective. In these cases, a central role is played by the professionalism with which tasks are carried out and by the ability to adapt to clients' requests, while both the entrepreneurs' origins and the multicultural context in which the company operates are less important.

For seven years I worked alone. Then I hired a young woman who worked with me for 10 years, and then I hired another one. Now, I work with two



employees, an Albanian and a Moroccan. I always hired young women based on what they could do, not where they came from. It all depends on what people are like. I also worked with Italians, but I was not happy with them, although only because I did not like how they worked and how they dealt with clients. Where people come from does not make any difference to me. (...) What I look at is their ability to work and to meet our clients' requests. (INTERVIEW-27).

In conclusion, the analysis of the above cases shows that multiculturalism is connected with very different experiences, organizational models and business strategies. Therefore, the hypothesis proposed at the beginning of the paragraph, namely that **multicultural enterprises** have some common elements, as well as **some important differentiating factors**, seems to have been confirmed.

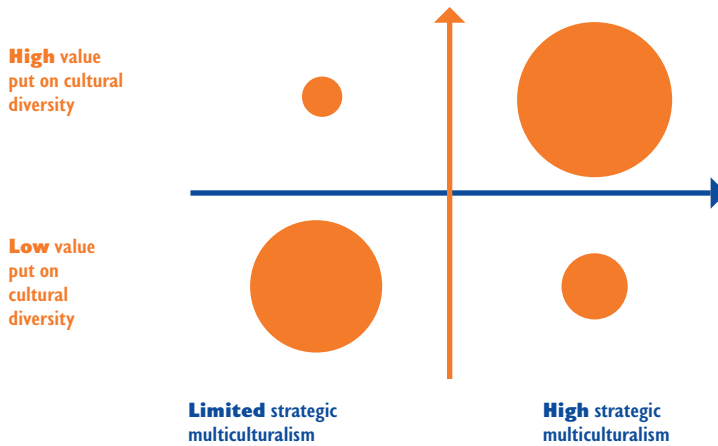
A possible interpretation of this heterogeneity is based on the influence exerted on a company by the choices made in terms of multicultural strategy and of the value put on cultural diversity. The empirical analysis revealed a wide variety of combinations of the two variables; however, a positive correlation seems to prevail between a high (low) level of multiculturalism considered as a strategy for enhancing internal resources and strengthening identity, and high (low) exposure to international trade and low (high) standardization of products and services offered on the market. In other words, **the more marked the innovative character of the products** (also in the context of traditional manufacturing) and/or the stronger the propensity for export, **the higher the level of multiculturalism on a strategic, economic and value level**. On the contrary, the more the product/service meets conventional standards, and the larger the manual and the medium-low qualification component of the work required, the less significant is strategic or identity multiculturalism.

This correlation seems to be reflected in the polarization of the distribution of the cases examined. As can be seen in Figure 2, by examining the placement of the cases studied on the axes representing strategic and



identity multiculturalism, two main clusters can be noticed – with a rough approximation – which match the correlation illustrated above and which include the vast majority of the companies examined.

Figure 2 - Distribution of multicultural enterprises



As a preliminary consideration, the polarization of the conduct described above can be explained by a series of factors that influence the choices of entrepreneurs (individually or as teams). The most relevant of these factors seem to be:

- a) **The business sector and the competencies acquired.** The experience gained at work as an employee and/or the competencies acquired during formal education impose limitations to the sectors in which a new business can be started. This obviously applies to both native and migrant entrepreneurs. The fact that the options available when it comes to choosing the sector in which the new business should operate are limited has an impact on the multicultural model adopted. In some sectors, multicultural models can be tested by overcoming relatively modest difficulties; in others, there is little option. As mentioned above, in sectors such as mechanics, construction, logistics, plant engineering and cleaning services – just to name a few – developing innovative multiculturalism-based projects is very difficult. The products or services provided need to meet compliance requirements, which reduce opportunities for innovation connected with multicultural strategies. On the other hand, in other sectors, such as catering, fashion, tailoring and some personal services, there are more viable alternatives, and **leveraging multicultural solutions creates opportunities for product differentiation or identity recognition**. For this reason, the business sector has a significant impact on how widespread multicultural strategies are, and on the value put on cultural diversity.

- b) **The characteristics of the local labour market.** In some areas and in some professions, labour supply mainly consists of migrant workers. Whether the company assumes a multicultural character in such circumstances is not a matter of the entrepreneur's choice, but it depends on variables exogenous to the enterprise. It

follows that the company is likely to have a low degree of strategic multiculturalism and at the same that it puts limited value on cultural variety (lower left quadrant): in these circumstances, multiculturalism is a need and not an explicit choice. In professions with a higher bargaining power, and in areas where native labour supply is higher, choosing to adopt multiculturalism is inevitably connected with a project where the cultural variety strategy offers clear advantages in terms of product quality, or where cultural variety is a factor that distinguishes a company from its competitors.

- c) **The size of the business project.** Businesses that are started small and are designed to remain small are run by entrepreneurs who can choose to adopt multicultural solutions, but do not tend to base the development strategy of their company on leveraging multiculturalism. Instead, they place greater importance on the quality of performance, reliability and adaptability to clients'/ customers' requests, elements that do not have multicultural roots. On the contrary, **larger and more complex businesses** can use **multiculturalism to enhance the company's identity** and as a means of convergence able to contain centrifugal elements, which are typical of more complex organizations, as well as to facilitate the coordination of the company in order to achieve shared objectives.
- d) **The extent of experience gained in associations.** Being part of social networks, and especially gaining experience of different types of migrants' associations represent important differentiating factors. Those who are members of such associations often perceive their migration as a collective and not only individual experience. This change of perspective leads them to think of entrepreneurial projects as an opportunity to involve diasporas instead of single individuals, and migrants instead of people belonging to the same culture. In this view, migration is an episode that becomes multicultural in itself by taking actively part in migrants' associations. Entrepreneurs with significant experiences with associations tend to promote

activities that go beyond their culture of origin, and to put a higher value and strategic importance on multiculturalism. On the other contrary, those who have gone through a process of integration into the host society only with their family or a few members of their community of origin, are significantly less likely to undertake strategic multiculturalism activities.




4. THE START-UP PROCESS OF A MULTICULTURAL ENTERPRISE AND THE MOTIVATIONS BEHIND IT

by Alessandro Arrighetti



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As highlighted above, not all the companies examined place the same emphasis on multicultural strategies or apply multicultural strategies with the same intensity. In short, being multicultural does not always mean basing decision-making processes on multiculturalism and adopting multiculturalism as a criterion for making business choices and investments. In some cases, businesses are multicultural from the start-up stage, and multiculturality characterizes them from the very beginning; in other cases, multiculturality is acquired, and importance is placed on it after a process of learning and understanding the potential of diversity. In yet other cases, it inevitably follows from the characteristics of labour supply and from the business activities carried out. In the latter case, cultural and language variety is considered rather as an element that should be limited to the management and operational level than as a factor to leverage in order to strengthen and expand the business.

I was also a cultural mediator for many years, including for IOM in Rome. In 1992, I formed the cooperative El Karama (Dignity) with some friends. We started by doing the most common and simple things, cleaning, because we did not need any capital, just a bucket and a cloth. That is how we started, and we were lucky enough to find customers. We worked as porters and cleaners, and our business grew. We were interviewed by The Times and by Italy's national public broadcasting company RAI. We became a sensation: we were the first foreigners who hired Italians. (INTERVIEW-9).

In other circumstances, the entrepreneurial project leverages the multicultural characteristics of the corporate structure, which becomes a strategy for innovating products and strengthening group identity.

*I am from ***.⁵ My partner is Italian, and I have known him since 2009. I have always had a feeling for the city where I live, I used to go out with guys from Bologna, I used to go to the stadium with them, behind the goal. After two more years as an assistant pizza maker, I learned to run the pizzeria myself during the snowfall in 2009–2010, when my employer slipped and broke his femur. He could not work for two months and I had to take over the pizzeria, including its management. During those two months, I learned how to manage the restaurant also from an administrative point of view. Then, I got a pizzeria license by issuing bills of exchange. I wanted to combine food from two countries, Italy and Afghanistan, with pizzas. (INTERVIEW-22).*

5 Data hidden to protect interviewees' privacy.





4.1 SENIORITY, INTEGRATION AND WORK EXPERIENCE

In general, multicultural enterprises are started by individuals with a high migration seniority (or by second-generation migrants), who have relevant work experience and often a well-defined professional profile. Without exception, entrepreneurs who started or joined multicultural enterprises had been in Italy for at least five years before doing so. Often, multicultural enterprises are started based on longstanding friendship or professional collaboration. Having worked together, understanding each other on a human and personal level, and sharing a common goal are the initial components underlying the decision to set up a partnership. In some circumstances, the decision is made after making experience in associations.

We (referring to his non-co-ethnic partner) are partners because we have worked together for 13 years. It is only normal that when you work together for a long time and the company grows, you say: "I trust you, you trust me, let's move on." For entrepreneurs, there is no such thing as certainty. For entrepreneurs, there is trust. First trust and the optimism necessary to move on, then accounting. (INTERVIEW-3).

We asked our friends if anyone was interested in starting a business. Eight of us were interested: four young Italian men, three young women of Eritrean origin and a young woman of Iranian origin. (...) We had similar backgrounds, and so we worked together well, because we had so much in common. The fact that we were friends before starting the business helped us a lot. (INTERVIEW-11).

We had always worked and cooperated well. We had a good professional and personal relationship. So, I was able to convince him to start a business together. (INTERVIEW-20).

The founding partners of our company were members of an association for the protection of immigrants' interests that was open to anyone. We discussed and exchanged ideas. I liked the idea of forming a cooperative: Emilia is the cradle of cooperatives. I found the sociocultural environment to be favourable. I am talking about the 1990s. (INTERVIEW-9).

Except for projects developed within associations or derived from experiences made as members of associations, starting a multicultural enterprise does not depend on the extent of the social networks created by entrepreneurs, nor on the strength of relationships with the community of origin. Entrepreneurs who run multicultural enterprises seem to be well-integrated into the host society. However, it might seem that the level of social capital does not play a decisive role in designing a multicultural enterprise and, in particular, in choosing the right partners. What matters more are elements that are less often dealt with in debates on entrepreneurship, namely social **networks based on the work experience** of individuals and on connections with (chosen) friends. Such connections are mostly limited to the work context and do not explicitly involve either the community of origin or the family circle. The community of origin does not have a negative impact on such activities, nor does it represent an obstacle. It simply seems to play a much less relevant role in terms of facilitating the establishment of the enterprise, access to credit, and reputation capital than the ordinary representation of migrant enterprises tends to highlight (see also section 4.4).



4.2 COMPLEMENTARITY AND SHARING BUSINESS OBJECTIVES

A strong incentive to start a multicultural business (or to make an existing business become multicultural) is the possibility of leveraging complementary competencies and resources. This is particularly true when a partner or employee from a different culture has technical know-how, administrative skills, access to information, contacts with foreign markets, dialogue skills (overcoming language barriers and other difficulties), and knowledge of negotiating styles that other partners do not have. The **search for complementarity of resources** is a well-known element of the evolution of migrant enterprises and a characteristic of the growing operational complexity of activities promoted by foreigners, especially in contexts that involve going beyond ethnic markets and entering mainstream markets (Engelen, 2001; Kloosterman, 2010; Kloosterman et al., 2016). This study also confirms this aspect.

Positive contributions mainly come from knowledge. In Italy, we tend to have the same set of knowledge, but those who come from another world know other things well. They may be less knowledgeable about some aspects of the Italian culture, but they have a whole set of knowledge that can bring great advantages in this sense. In our case, people have gained knowledge of culinary products, sometimes also of travelling, languages and culture, precisely because they come from a family of foreign origin that has passed it on to them. (INTERVIEW-11).

Moreover, migrant partners share with partners from different cultures the same entrepreneurial spirit and objectives that are the basis of the project to set up a company and that often derive from a shared migration experience.

My partner used to work with me. He had his workers and I subcontracted the work. In him, I saw things that I needed. He had a way of managing,

a way of seeing things that I lacked. In Egypt, he was an architect, and when he arrived in Italy in 2012, he had difficulty speaking Italian. But he had something that I did not have: true grit. So, we seized the opportunity, both he and I. Let us say he compensates for some of my limitations and I compensate for some of his. (INTERVIEW-8).

Businesses are started as companies or partnerships because doing business as an individual entrepreneur is something hard to do. Usually, businesses are started with close friends or highly trusted people. Multiculturalism can be a fundamental strategy of the project or a relatively minor aspect of it. In any case, the decisive factors are complementarity between individuals (competencies, abilities, diverse knowledge) and shared objectives.

My partner is as essential as I am. He is better at selling, while I am better at managing, advertising and PC maintenance. Being able to sell is of central importance, as is knowing how to buy goods. Listening to customers and knowing how to deal with the public. If someone is true when they are not at work, they have to be true when they are at work, a salesperson does not have to push you to buy. (INTERVIEW-34).



4.3 TRANSNATIONALISM AND ACCESS TO FOREIGN MARKETS

It has long been highlighted that migration not only contributes to the host society in terms of labour resources, entrepreneurial spirit and knowledge, but also in terms of connections with the markets of the countries of origin, while also improving international economic integration. In this transnational perspective, migrant entrepreneurs are bridges between two countries that facilitate transactions and trade flows of both. There is much evidence available in this regard (Portes, 2001; Portes et al., 2002; Vertovec, 2009). Further evidence is provided by contribution from Arrighetti et al. (2017), which shows that compared to other migrant enterprises, multicultural enterprises are characterized by a **higher propensity to interact with foreign markets** (compared to the country of residence).

We export to many countries but especially to Africa and, in particular, to Burkina Faso, which is where I come from. We import from other countries, mainly technology from the EU, the United States and China. We got together to sell on the Italian market, while exporting to Burkina Faso was my idea. I run the company in Burkina Faso. In addition to being a manager, I am also a trainer: in the company, we run training courses to get refrigerator technician licences according to EU regulations. You need this license to purchase the products necessary but also to install refrigerators. Then, I also started running training courses in Burkina Faso. Since May 2018, we have had an office in Burkina Faso where we run training courses (over 300 people trained to date) on refrigeration. (INTERVIEW-29).

The company was set up five years ago in Italy. We deal with wholesale trade of raw materials from Bangladesh, such as rice, ethnic food and soft drinks. We sell our products in several provinces, such as Genoa, Monfalcone, Padua and Rome. We also sell outside Italy and especially in France. We import mainly Asian food, but not only. Our food also comes from Costa Rica, Mexico and Africa. (INTERVIEW-14).





4.4 THE ROLE OF THE COMMUNITIES

Much emphasis has been placed on the role that communities to which migrant entrepreneurs belong play in starting and developing businesses. On the one hand, belonging to a specific cultural group has been shown to be a means to receive financial support and information, and to get in contact with suppliers, and on the other hand, the community of origin creates demand for services and products, and it is a protected market. According to the evidence emerged from this survey, cultural influence and ties do not play such a decisive role in multicultural enterprises. In fact, studies on breaking out (Engelen, 2001) show that functional links with the community of origin tend to become weaker. As opposed to traditional migrant enterprises, families continue to play an important role, but communities do not fulfil the primary tasks highlighted in previous studies.

We have never been interested in having clients of our own nationality. In fact, I am happier when we get Italian clients. We are interested in doing a good job, not in the nationality of our clients or the people we work with. We have always been with our people, we have grown up together and we have always lived in a certain way, but I also like working with other people from other cultures. 70 to 80 per cent of our clients are Italian, while about 15 per cent have many different nationalities: Pakistanis, Indians, Chinese and people from Eastern Europe. We do not just sell food, we have created a restaurant for everyone. We sell Indian food, but we also make pizzas. (INTERVIEW-13).

At first, we thought a lot about this, about connecting with the communities we belong to. We are Syrians, and there are few of us, so our community of reference in Turin would have been the Moroccan community. But it is precisely by analysing this community that we realized that it would have not supported our project financially. (INTERVIEW-26).



4.5 SUPPORT FROM INSTITUTIONS AND THE ROLE OF CREDIT

Most of the companies examined in their start-up stage did not apply for bank loans. Company founders often used their own savings and started with minimal investment. Not having anything to use as collateral for a bank loan certainly has an impact on the initial configuration of the company. If the company is successful and its business volume grows, there are more opportunities to receive bank loans, but just like most small Italian companies, multicultural companies tend to finance themselves. In general, multicultural businesses **have good relationships with banks** and have no major difficulties in this regard. Having an Italian partner further facilitates relationships with financial institutions.

In other cases, especially in start-ups with innovative projects that have a markedly multicultural content both on strategic and value level, access to professional advice and financial support is of primary importance.

We started with the idea of working for the Italian market, and so we contacted a service provider in Turin called Mettersi In Proprio (starting your own business). It is part of a project launched by the region to support start-ups: they examine your idea, and if the result is positive, in addition to financial support, they also provide you with a tutor who guides you. When we submitted our idea, they liked it. At first, it took us a while to explain it, because it was something new. They told us that since it was an innovative idea it could be included in a project called Torino Social Innovation for start-ups introducing innovations on a social level. Our start-up was partly financed by some banks at a very, very, very low interest rate, with the Region acting as surety, and partly through a grant. (INTERVIEW-26).

We were lucky. I found an ex-fashion school at a vocational school that had closed down. So, we got industrial machinery on a free loan. And that helped us a lot. Then, once we started our tailoring and dressmaking workshop, we participated in a call for sustainable economy projects set up by women. For now, we manage to get by thanks to the support from these organizations and institutions. Thanks to them, we were able to get by the first months. It seems to us that various bodies, associations and people are expressing solidarity and giving us attention. (INTERVIEW-28).

We started working on it a little bit and, at the same time, we started looking for the funds we needed to start our business, and we found a call for proposals from the Chamber of Commerce of Milan called Start-Up, a fund that would give us a little financial help, but above all it provided us with a training course supported by the Chamber of Commerce on how to develop a business plan. (INTERVIEW-11).

In summary, it can be seen that, also as regards businesses which, over time, become financially sustainable, projects with a high multicultural value often need support from public bodies in the start-up stage.


We already had experience in running a shop, the new aspect was management. In this regard, we struggled a lot, because it changes so often and we needed time to learn. Bureaucratic aspects are complicated even for accountants. (INTERVIEW-34).

5. THE EVOLUTION OF MULTICULTURAL ENTERPRISES: PERCEIVED ADVANTAGES, OBSTACLES ENCOUNTERED AND MULTICULTURAL COMPETENCIES

by Daniela Gnarini



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The previous chapter examined the characteristics of multicultural enterprises and of their managers, as well as the strategies adopted in the start-up stage. This chapter analyses the evolution of multicultural enterprises in terms of advantages, difficulties perceived and specific aspects of their management. First, it should be highlighted that most of the businesses examined in this study have achieved positive results and have **recorded a growth in several management aspects**, such as the number of employees, turnover, the acquisition of additional companies; this is true for enterprises regardless of their size, namely from micro to medium-large enterprises.

In 1999, we had 10 employees, now we have 30. (INTERVIEW-5).

In 2001, my uncles started a restaurant bar, at first in a small place. Then, when their business got off the ground, (...) they started another one. Things started to go well. (...) I arrived in 2002, then my cousins arrived too, and, with time, the family grew bigger. Then, we started other restaurants. (...) Now, we have six restaurants in various areas of Lombardy and Veneto, (...) and we have also bought a meat production company to reduce costs. (INTERVIEW-13).

Although the general trend undoubtedly highlights that there is mostly a growth in performance in many respects, not all of the companies examined have been able to achieve positive results; some have encountered economic and financial difficulties, and experienced a decrease in turnover and an increase in debt; one of the companies examined has filed for bankruptcy.



5.1 ADVANTAGES: COMPLEMENTARITY, INNOVATION AND ACCESS TO FOREIGN MARKETS

As highlighted in the previous chapter, the complementarity of resources represents a fundamental element when it comes to starting a multicultural enterprise, and the partners' work and traveling experiences, and their knowledge of languages and cultures from countries far away from Italy can create added value for the businesses examined in this study. This aspect is also central in the subsequent business stages, namely company management and business growth, **as different knowledge and competencies combined** with the different approaches and mindsets of the partners and of the employees **enrich multicultural companies as regards multiple aspects of business management**: in terms of strategy, innovation, personnel management, problem solving, assistance in the management of bureaucratic paperwork and business relationships, and, in the case of companies that are based on multiculturalism as a value, also in terms of marketing and presenting the company to customers.

I am in charge of sales and managing relationships with foreign countries. Obviously, I have got a similar mindset, and so I can better understand how to approach problems. (...) On the other hand, to manage administrative relationships and relationships with banks, you need someone who knows the country where the company is based. (INTERVIEW-20).

[My partner] does not have the same work skills as me, but he has got a personnel management technique (...), a corporate vision that I did not

have. (...) He has got qualities that I do not have, while I have got others that he does not have. (INTERVIEW-8).

The Indian school of astronomy is well known and highly regarded in Europe and Asia. Therefore, having an Indian partner with considerable technical expertise has been a great advantage in terms of business relationships since the beginning. (...) On the other hand, having an Italian entrepreneur with us immediately facilitated relationships with bureaucracy, as well as the management of accounting practices. Tasks are partly divided between partners: the Italian partner mainly takes care of management and relationships with banks, while the Indian partner mainly deals with Asian markets and customers. Both directly deal with technical and design aspects. (INTERVIEW-23).

During this survey, it repeatedly emerged that multicultural enterprises play a very important role in the integration process, as migrants work closely with Italians or people of other nationalities.

To work, you have to integrate, get to know your neighbours. Multiculturalism helps integration. (...) The young people who came to us when they were 18 are now 26, they work together, they are always in contact with the public, they are learning Italian faster, they know people of different nationalities and they are integrating faster. (INTERVIEW-6).

The previous chapter examined the role of transnational multicultural enterprises, through which entrepreneurs operate while connecting their country of origin with their host country. These companies employ people from both countries, who often speak both languages and are able to understand different mindsets and regulations. The flexibility and open-mindedness of the staff, who are able to operate in both countries where the company conducts its business, are essential to solving the problems that often arise in operating in two countries with different regulations, for

dealing with institutions, and for offering services as customized as possible and adapted to the needs of the two countries involved.

*We know what both our ***⁶ and Italian customers want, and we know how our *** and Italian suppliers work. Flexibility is not only about service provision, but also about the mindset of the staff who are tasked with providing the service. We are an open and international company, we only hire open and international people. (INTERVIEW-10).*

As far as access to foreign markets is concerned, it should also be highlighted that strategies to access foreign markets are developed by many multicultural enterprises that do not necessarily have a transnational nature, and that consider export as a way to grow, and to stem the negative effects of the economic crisis.

I work overseas 70 per cent of the time. In recent weeks, I have been to a trade fair in Germany and then to one in Nigeria. In Nigeria, there were only three Italian companies including us, because we [Italians] do not go to certain countries. I go, because in Nigeria there are opportunities, I sell my products and get paid in advance. (INTERVIEW-5).

For multicultural companies operating on foreign markets, the competitive advantage is represented by having staff from the countries with which they decide to establish business relationships.

You have to be open to others. If you just want a business relationship and you want to take your Italian experience to them, you slow everything down and lose many opportunities. (...) You have to know their culture first, then the person you are talking to, and only then you can think about

6 Data hidden to protect interviewee's privacy.



business. Doing it the other way around does not work. (...) If you want to develop international relationships you have to be open to others. (...) In the last few years, there has been exchange of information and results from analyses between foreign companies and us, and our knowledge of each other greatly improved. This is also the result of many mistakes that were made in the past, when many entrepreneurs went to a country with nothing but a cheque to acquire a company, and then came back with nothing but the cheque. There has been development that has taken some time, about 10-12 years. (...) (INTERVIEW-4).



5.2 OBSTACLES ENCOUNTERED: PERSONNEL MANAGEMENT, LANGUAGE BARRIERS AND BUREAUCRACY

The most difficult issues faced by multicultural enterprises emerged during the survey.

One of the most relevant management problems, which have already been highlighted in the debate on migrant enterprises (for example, Bates, 1997; De Freitas, 1991; Light, 1979), is the fact of **not sharing a common language**. Many multicultural enterprises are faced not only with linguistic difficulties (some strategies to overcome such difficulties are shown in Paragraph 5.3), but also with more general communication problems deriving from different habits and regarding non-verbal communication.

Communication is a problem between people from different cultures, above all, it is a matter of language. (...) For example, if I have to communicate something, I will have to gather everyone together and talk to everyone, to avoid any misunderstanding. One should improve non-verbal communication, because sometimes even just a smile or a glance can be seen as an insult, it is all about culture code. This happens also because we work in a closed environment, in a shed, (...) we practically have to live together. (...) When you are with a foreigner, you cannot take anything for granted, you will have to speak correctly without using the conditional, you will have to be very clear. (INTERVIEW-9).

We found that there were some small problems with interpersonal relationships, such as dealing with clients or colleagues while using tones of voice and polite forms in a different way from native speakers, which created difficulties in relationships, as those who had an Italian or European education or cultural background expected a different way of

approaching people. (...) For example, basic politeness, such as ways of greeting people. We have typical ways of interacting with each other, like certain standard greetings. When someone uses more intimate, formal or various greeting expressions, people tend to react with suspicion and think “Why is that person being so kind to me?” when in fact it is just that person’s way of interacting. The opposite also happens: some workers do not think they should say “hello” when they arrive in the morning or “goodbye” when they leave in the evening. Those born and raised in Italy may perceive this as being rude, but to other people this may just be a matter of habits. (...) We sometimes take this for granted, but not all foreigners know our habits. We have always known certain things or tend to learn them more easily, while for a foreigner it is much more difficult. (INTERVIEW-11).

As far as relationships between employees are concerned, the study repeatedly highlighted prejudice among workers, especially in such cases where people of foreign origin held higher positions.

People with higher levels of education tend to oppose multiculturalism. For example, my brother is a super engineer, he has a PhD in robotics. Some Italian engineers do not like an African explaining things to them. There is a cultural component. In this case, the ability of the entrepreneur to cope with these aspects is relevant. (...) However, at least at the beginning, Italians find it difficult to accept that their superior is a foreigner, but the motto of our company is: “We’re not a company, we’re a team”. (INTERVIEW-21).

The latter issue, which concerns the complex relations between the various company components, is also discussed in the next paragraph with reference to gender issues and, in particular, to problems concerning relationships between men and women in multicultural enterprises.

However, multicultural enterprises are faced not only with language and/ or relationships difficulties. In fact, problems related to the organization of

work often arise, in particular as regards aspects such as holidays, religion, family reunification and the different mindsets of workers.

Honestly, it is (...) difficult (...) to manage [the staff] because everyone has a different mindset and different needs. [These needs are] to do with culture, things like holidays, religion, age or problems with children that may be somewhere else, and so on. In my opinion, these problems can all be solved, but often it is necessary to say to employees: "You can't call me today and tell me that you're going on holiday tomorrow, because it doesn't work like that here". (...) In my opinion, foreign employees are poorly informed about how things work in Italy. (...) When I try to inform an employee, they rightly reply: "I've got a problem, I've got to go see my son". It is the right thing to do indeed, but if ten employees all have the same problem, that is a problem for me. Usually, Italian employees can take two weeks off in the summer, foreigners may ask to take 30 to 40 days off. I know when they leave, but I do not know when they come back, and that is a big problem. (INTERVIEW-8).

*However, belonging to two different cultures also causes critical problems, especially as regards the organization of work and the meaning given to it. For example: our ****⁷ employees hardly understand why our Italian employees, and more in general Italians, tend to work less hard near Christmas. On the other hand, our Italian employees do not understand why our *** employees are less accurate when dealing with time management, especially when it comes to the delivery of goods. *** employees say: "I'll deliver the goods in five days, more or less", and then Italians expect the goods to be delivered in five days, but they are not, and so they start negotiating with our *** employees, and you realize that they perceive time differently. (...) Even the meaning of urgency is entirely different in the two cultures (and when it comes to transport*

7 Data hidden to protect interviewee's privacy.

and delivery this is an important issue), but having staff who know both ways of thinking really helps solve problems. (INTERVIEW-10).

In addition to linguistic and cultural problems, a particularly important management problem arises from interacting with bureaucracy. Not only multicultural companies, but, more generally, enterprises in Italy are faced with such difficulty. Nevertheless, the bureaucracy system has a particularly negative impact on the development of multicultural enterprises and enterprises that introduce considerable innovations in terms of products, organization and ownership structure. Bureaucracy represents an obstacle both in the start-up and in later stages, due to the complex, elaborate and constantly changing regulations, which become even more difficult to understand when companies develop relationships with foreign markets.

At first, it was difficult to understand what they asked us to do, what we were supposed to do. For example, the Municipality where I live had some difficulties with the fact that a kebab shop was not started by an individual, but by a corporation like in our case. The Municipality did not know how to classify our business, since usually kebab shops were started by foreign individuals, which is a commonly used format, there are 300 kebab shops in this city, all with the same characteristics. Instead, our kebab shop was intended to be run by a corporation set up by Italian citizens. It should be an easy thing to do, but they did not know how to handle our case. The Municipality did not know how to classify our business, because, at the beginning, it was not a restaurant, because there were no seats, and therefore certain types of constraints did not apply to our case. (...) For a month, we tried to understand what we had to do to pay taxes, or to occupy public space. Nobody knew anything, nobody knew how things were done, the Municipality gave us problems, the local health authority (ASL in Italian) gave us problems, the financial police gave us problems, everybody gave us problems. (INTERVIEW-11).

*Over the years, the main problem we have encountered is the variability of Italian legislation and the many ways in which Italian laws can be interpreted, as well as the bureaucracy arising from it. This becomes an even bigger problem when it comes to interacting with clients/suppliers from other countries, because it has a direct impact on our work and it is difficult to explain to others. Often our *** colleagues from our parent company do not understand the procedures required by Italian regulations, and the times and necessary steps involved. Often, regulatory and/or bureaucratic aspects prevent our business from moving on, it is like a brake. (INTERVIEW-10).*





5.3 MANAGEMENT OF MULTICULTURAL ENTERPRISES

As highlighted in the previous chapter, language represents a barrier to the communication between employees of multicultural enterprises. During this survey, different strategies to address or alleviate this problem emerged, while taking into account that multicultural enterprises operate in the mainstream market and therefore often employees also have to deal with customers, suppliers, colleagues and superiors who only speak Italian. Therefore, several entrepreneurs have decided to only use Italian in the workplace, in order to encourage their employees to speak the language of their host country. However, it was pointed out by interviewees that this strategy is limited by the age of the employees, as it is more effective with younger people.

I have gone so far (...) as to forbid my employees [from speaking Arabic]. (...) There is a strong reason behind my choice. When some guys came to work for me three or four years ago, they did not even know the basics of Italian, and they brought me some sheets of paper and asked me to read them to them, some were about their own personal matters. They were good guys, but they could not go on like this, they had to learn Italian. For me, this is a fundamental aspect, (...) you have to be able to speak Italian and understand what people say. (INTERVIEW-8).

I have three Albanian employees and I press them to speak only in Italian, including to me, since our other colleagues do not speak (...) Albanian. (...) That is necessary, especially if you work with the public. But (...) there are no problems with young people, young people understand spoken Italian, they adapt. Some of my fellow country people feel offended, they say: "Are you crazy? Why are you speaking to me in Italian?". That is why I cannot have employees who are older than a certain age. (...) Young people integrate and learn faster. (INTERVIEW-6).

Strategies for selecting personnel are based on the same logic: several companies employ only people who know Italian well, or, in the case of transnational companies examined in the previous paragraphs, only people who know the language of both countries where the company operates are made partners.

Since we run a restaurant, where contact with the public is fundamental, we have always employed people who speak Italian well. This has certainly limited integration, as the people we hire are already accustomed to life in Italy. (INTERVIEW-11).

At first, we thought that English could be a lingua franca for the staff, but then it became evident that, for example, writing e-mails in English took too long and caused a lot of misunderstanding. This is why we set the knowledge of Italian and Turkish as a necessary requirement: both when talking to colleagues and when communicating with customers and suppliers. (INTERVIEW-10).

However, this study shows that foreigners have a set of competencies that could be useful to them provided they have adequate language skills. This emphasizes the necessity to increase foreigners' attendances at Italian language courses.

If there were incentive programmes or programmes organized directly by public bodies, companies could then leverage the competencies of these people. This is a bit difficult at the moment. For example, in our case, some people who apply for a job have a good curriculum vitae, but they are turned down because they do not have good language skills and they might have difficulties dealing with the public. If there were some training courses, these people could be more competitive and considered for employment by our company. So, it is also a matter of policies, how resources are used, and who can benefit from them. Often companies cannot afford to give language training. First, I do not have the means. Second, I do not have the financial resources and the time to do so. I increasingly realize that these people are wasted resources, because they do not have the necessary language skills,

so they remain unemployed. They have work skills that cannot be put into practice, because language creates a major barrier, which cancels out all their other skills, and therefore they are stuck. If someone helped them, all their resources would enrich our community. But this is not the case, because there are not adequate resources to train everyone. Some people are trained and others are not. (INTERVIEW-11).

The survey often addressed the issue of vocational training, both for entrepreneurs and employees. While entrepreneurs are clearly aware of the importance of vocational training, they are also aware of the problems with it in terms of lack of time to provide courses to employees, difficulties in organizing such courses, and demand for higher quality courses, including courses on safety at work.

Training staff is very important, and the money you spend on training is actually an investment with high return. (INTERVIEW-1).

For me, [the major problem is] training. We 'have got little time to train young men and women. Training employees translates (...) into teaching them how to do things in the short time they have. Training takes weeks, sometimes months. (...) We do not do [any training]. (...) Those who start working are taught by a specialized employee. It may not be me, but it is some other guy that I trust. Plus, you have to keep up with clients' needs. You train while you work. When you have the chance to train before work, you do so, but most of the time (...) new employees who come to us learn by working. (INTERVIEW-3).

As far as in-house roles and division of work are concerned, this survey shows that there are no fixed or well-defined patterns, but they vary according to the business sector. Nevertheless, it should be noted that, in several cases, Italian partners or partners who are more fluent in Italian manage relationships with Italian clients and banks, and deal with administrative and bureaucratic issues. Moreover, as pointed out in Paragraph 5.1, in transnational and foreign-market-oriented enterprises, customer relationships are managed

by partners (or employees) coming from that particular area of origin and able to understand the relevant language, mindset and needs.

[My partner] manages the staff, I manage relationships with customers, banks and everything else. It was [a] spontaneous [decision]. It was easier for me, because I spoke the language and knew a lot of people. Then, to tell you the truth, lately he too has made some progress, in the sense that he also talks to clients, he has his own clients, he manages his clients. I would like to get to a point where we divide work on a 50–50 basis. (INTERVIEW-8).

The **gender issue** also deserves further investigation. Even within multicultural enterprises, female entrepreneurs suffer more disadvantages than their male colleagues.

Female entrepreneurs encounter many more obstacles in starting a business than men, regardless of their educational background or where they start from. In fact, when talking about multiculturalism tout court, we should also talk about the conditions in which women arrive here. (...) Women who decide to start a business certainly have some experience behind them, but just think about applying for a loan for the initial investment, certainly men have higher chances than women, (...) If a woman has her own considerable financial resources, she certainly comes from a privileged environment, and that is usually not the case. There certainly is a gender issue. Women in the younger age group, who are 20–30 years old, and come from certain countries do not have any business idea, because they are too busy raising their children and doing family chores. (...) When we talk about multicultural enterprises run by women aged between 20 and 30, with education and cultural knowledge, I think we talk about second generations. But if we are talking about first generations, (...) women aged between 25 and 35 are certainly not engaged in entrepreneurship. Definitely not. If they work, they work with their husbands. I see many of them working at their husbands' stalls or shops, and they work to help their husbands. (INTERVIEW-26).

The relationship between man and woman at work can be a bit complicated. Some of our employees come from faraway countries and do not have a cultural of gender equality, and so they are a bit conditioned, even though in a completely unconscious way. They find it hard to accept women in higher or management positions, but not out of malice, just because of their cultural background. (...) Our task is to help them change that perspective altogether, because I do understand that those who have always seen things in a certain way have difficulties getting used to equality, which is essential for us. (INTERVIEW-32).

These two testimonies show how widespread the issue is in multicultural enterprises. On the one hand, they highlight the disadvantaged position of women when starting a business. On the other hand, they point out that some male immigrants do not have a culture of gender equality and therefore they find it difficult to accept women in a higher or management position.



5.4 CUSTOMER PERCEPTION

As regards customer perception of entrepreneurs' multicultural experience, several interviewees pointed out that there is **much prejudice**, especially in the initial stages of the business.

When I went from employee to entrepreneur (...) [my ex-boss] sent his clients to me. Those clients had known me for years, several accepted, others did not and quit. We lost five clients, who clearly told me they did not want work with a foreign company. The terms and conditions would have been the same as before, but (...) they did not want foreigners. (...) Anyway, we then found other clients. (INTERVIEW-7).

Not being of Italian origin still creates some barriers. Many times, when I need to talk to someone, I prefer meeting them rather than talking on the phone, because my Italian is still not perfect, and you can hear my accent. I work much better when I can talk to someone directly. Still today, that is my limitation. In fact, that is a problem, I think that lately discrimination has worsened, because of today's politics. (...) In my subjective view, the situation is getting worse than it was ten years ago. Not so much at work, but it is still a disadvantage. I waste more time than my Italian partner, I always have to meet people, I cannot make agreements over the phone. It is a waste of time. (INTERVIEW-20).

As far as market strategies are concerned, it should be pointed out that companies for which multiculturalism is a value use this aspect in their communication to clients. However, there is also a risk that clients perceive it in a wrong way.

Our business attracts many people from different backgrounds, cultures, origins and social classes, because kebab is a widely popular food, so

people from more or less every social class like it. Thanks to the changes we put into practice, we have been able to attract many different people, who were a bit hesitant at first, from Italians to second-generation people, first-generation immigrants, tourists and foreign people, especially from the Middle East, who come to us because there are not many places with food from their countries. (...) Customers know that our business has certain values. When customers share our values and agree with them, they will come back. That is part of how we create the values conveyed by our brand, in every aspect of the company. (...) This also includes our decision to use ingredients from nations that have conflicting relationships with each other, such as the Palestinian territories, Israel and the Islamic Republic of Iran, even though this aspect has caused some diplomatic problems with some customers. (INTERVIEW-11).



5.5 RELATIONSHIPS WITH UNIVERSITIES, ENTREPRENEUR ASSOCIATIONS AND FINANCIAL INSTITUTIONS

Some of the multicultural enterprises examined in this study work with universities to recruit young students and researchers from different parts of the world.

I have managed to start collaborating with the Polytechnic University of Turin, which has started collaborating with small and medium-sized enterprises and puts me in touch with engineers looking for jobs. I have met a young man who is doing his PhD in engineering, I fund his scholarship, and he works in my company. (...) I do not only collaborate with the Polytechnic University, I also work with the business administration school, which puts me in touch with young men and women who then do internships in our company. Those who are good stay and work with us. (INTERVIEW-5).

Highly qualified and multicultural personnel are recruited through these collaborations, for the reasons shown in Paragraph 5.1. As far as entrepreneur associations are concerned, according to some of the multicultural companies interviewed, their support was crucial in the start-up and in the following stages. However, other multicultural companies did not report relationships with entrepreneur associations as being important.

The first year, I did not even manage to cover expenses, I was knocked out for three months because I did not understand anything, because it is difficult anyway. My business got off the ground thanks to the Italian national confederation of artisans and small and medium-sized enterprises. I also tried before, I tried to start a shop, but then I understood that I was getting nowhere, and I started again from scratch. (INTERVIEW-8).

As far as the General Confederation of Italian Industry is concerned, only recently it has started to assist small and medium-sized enterprises in Piedmont. We work quite well with the Association of Small Enterprises, which is increasingly supporting companies that operate on foreign markets. They also offer courses on how to deal with the issue of foreigners in a company. (INTERVIEW-5).

Nevertheless, as opposed to the experiences mentioned above, in other cases, companies do not trust associations representing the interests of entrepreneurs, and so they prefer working with individual professionals.

As far as relationships with financial institutions are concerned, as seen in the previous chapter, on the one hand, several companies have never encountered any difficulty, while on the other hand, some companies have had more difficult relationships, especially during the start-up stage. Moreover, in some cases, a lack of support to companies operating in foreign markets was reported.

When I started my company in France, I asked the bank for a loan, which they did not give me, because they could not. I had to open an account with a French bank. Now you can do it. Ten years ago, you could not. (INTERVIEW-4).

I wanted a loan in the Islamic Republic of Iran. I could not get it from my bank, and I had to apply to another institution. (INTERVIEW-5).

Given that many multicultural companies operate in foreign markets, this aspect represents a barrier, as many of them have to open new bank accounts abroad without being able to rely on their bank.




6. RECOMMENDATIONS FOR SUPPORT INTERVENTIONS FOR MULTICULTURAL ENTERPRISES

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Multicultural enterprises can be considered – at least in part – as a subset of the complex phenomenon of migrant entrepreneurship. It is therefore useful to examine the overall design of support initiatives for migrant entrepreneurship as they have been implemented in European countries. Making comparisons is easier thanks to the fact that several review studies have recently been completed which can be used as a primary source of information.

The reason for the attention given to the promotion of foreign entrepreneurship is based on the observation that integration into the economic system through participation in the labour market or through entrepreneurial initiatives contributes to increasing the gross product of the country of residence. But that is not all. As pointed out by the United Nations (2018):

The promotion of entrepreneurship is an important means to improve the integration of migrants and refugees, and to increase their contribution as actors in the development process. Entrepreneurship is increasingly seen as an effective approach for overcoming some of the challenges posed by integration, as it provides income and employment opportunities for individuals with limited access to the labour market. (Part five).

Migrants are often hindered from becoming actors in the development process by lack of knowledge of or of information about the specific characteristics and regulatory framework of their country of residence. As a consequence, administrative or sociocultural difficulties can limit the potential of migrant entrepreneurs and have an impact on the sustainability and growth of the businesses they have helped to set up. Therefore, specific support programmes play an important role in supporting migrant entrepreneurship and indirectly

in strengthening a country's overall economy (Birdthistle, 2019; European Commission, 2016; Desire, 2014; Desire and Mestres, 2011; Solano et al., 2019; United Nations, 2018).

The available evidence shows some particularly important aspects of the operational framework of support initiatives (in particular, see European Commission, 2016), which, as is shown below, provide useful indications as to proposals specifically aimed at multicultural enterprises.

Aspect 1: Networking

Many migrant entrepreneurs suffer from having few contacts in the economic field, especially with regard to economic actors in their country of residence. Providing opportunities to get in touch with economic associations and to establish relationships with native suppliers and potential customers is a way to support migrant enterprises.

Aspect 2: Legal and Administrative Advice

Doing business in Western countries requires non-superficial knowledge of the regulations, administrative procedures, authorizations and tax practices in the State of residence. The administrative and regulatory system varies significantly from State to State, and often it is extremely different from that of the migrant entrepreneur's country of origin. Lack of knowledge of the characteristics of the institutional environment and the administrative system may become a serious obstacle to the exploitation of the potential of the enterprise.

Aspect 3: Consultancy in the Start-Up Stage

As seen above, founding a company and overcoming the start-up stage requires not only administrative knowledge and management skills, but also specific technical knowledge of and information about the target market of the goods produced or services provided. The start-up stage is complex, as entrepreneurs need to possess all the necessary skills simultaneously. Any mistakes made at this stage can jeopardize the survival



of the enterprise. Such difficulties are particularly significant in the case of migrant entrepreneurs. For this reason, it is considered necessary to assist new entrepreneurs with specialized assistance and consulting services especially in the start-up stage.

Aspect 4: Mentoring

Mentoring, namely an ongoing professional relationship where a highly experienced entrepreneur assists and advises a younger, less experienced entrepreneur, is considered as a useful support not only in the start-up stage, but also and especially in the development stage. As opposed to tacit knowledge, mentoring helps convey explicit knowledge of entrepreneurial and organizational aspects. It supports both the expansion of the operational network and the decision-making process of new entrepreneurs, especially if they are foreigners.

Aspect 5: Access to Financial Resources

Not having anything to use as collateral limits the start-up's access to the credit market, with negative effects not only on its ability to survive, but also on the quality and quantity of the resources available in the start-up stage and therefore on its efficiency and competitiveness. Such limitations are particularly relevant for immigrant entrepreneurs, whose creditworthiness is considered uncertain. Programmes to help immigrant entrepreneurs to access the credit market implemented by institutions and associations, which often operate at a local level, are considered effective and necessary.

Aspect 6: Provision of Buildings and Premises

Migrant entrepreneurs encounter greater difficulties than native entrepreneurs when it comes to finding the right premises for their businesses. At the root of these difficulties are migrants' limited knowledge of the real estate market and the property owners' prejudice against them. In order to overcome such obstacles, measures have been developed, ranging from support when negotiating premise purchase/lease agreements, and setting up agreements



between institutions and property owners, to directly providing business premises and infrastructure.

Aspect 7: Language and Cultural Barriers

Running a business requires adequate knowledge of the local language and culture. To this end, training programmes with different intensity levels and based on different methodologies have been developed to overcome such limitations.





6.1 POSSIBLE MEASURES FOR SUPPORTING MULTICULTURAL SMALL AND MEDIUM-SIZED ENTERPRISES

Overall, the areas covered by a significant part of the support programmes for migrant entrepreneurship can provide valuable suggestions for formulating policies aimed at supporting multicultural enterprises. Nevertheless, some differences should be clarified. In fact, many support or incentive initiatives consider migrant enterprises as extremely simplified organizations, each consisting of one single entrepreneur, and operating in residual markets with limited resources both in terms of technical skills and knowledge of management (see Table 6). Migrant enterprises may also operate in mainstream markets, but their business is almost always limited to local markets. They tend to adopt pre-existing business models and are unlikely to move on to new ones. Major language difficulties are experienced, also because migrant entrepreneurs have only recently arrived in their country of residence, and they have scarce financial resources and lack collateral.

On the contrary and as seen above, multicultural enterprises are characterized by relatively highly complex organizations and by a marked propensity for product innovation, with a consequent increase in the risk of failure and longer start-up stages. They are managed by teams of entrepreneurs and not by single individuals, which represents a significant differentiating element, especially in terms of training and development of competencies. They often operate beyond local markets and are open to trade with foreign markets. Migrant entrepreneurs have a high migration seniority and more inter-community bonds than intra-community ones. Except for those in the start-up stage, migrant enterprises have stable and positive relationships with the credit system.

Bearing in mind the differences between migrant and multicultural enterprises – even though the comparison between them is based on broadly approximated typologies – allows to refine the formulation of support policies, and to identify the specific characteristics of the measures to be implemented. In fact, as shown by the information collected, even though they establish some synergies, not all initiatives for migrant enterprises seem to be appropriate to support multicultural enterprises. On the contrary, some support policies do not apply to migrant enterprises, but they can have a great impact on multicultural enterprises.

Table 6 - Migrant enterprises and multicultural enterprise compared

Migrant enterprises	Multicultural enterprises
Individual migrant entrepreneur	Team of entrepreneurs
Mainstream market on a local level	National or international mainstream reference markets
Low organizational complexity	Medium organizational complexity
Difficulty in leveraging cultural networks and the economic framework in their country of residence	Ability to leverage business networks
Language barriers	Benefits of multilingualism, although employees may experience language difficulties
Tendency to adopt existing business models	Tendency to develop product and organizational innovation
Difficulty in receiving bank loans	Positive relationships with the credit system (except for companies in the start-up stage)
Migration experience with a limited seniority; strong intra-community bonds prevail	Migration experience with a high seniority; inter-community bonds prevail



6.1.1 SUPPORT MEASURES AND INITIATIVES FOR SHAREHOLDERS, PARTNERS AND EMPLOYEES IN MULTICULTURAL ENTERPRISES

Through the evidence collected during this study and by comparing it with the practices developed in different contexts, some general guidelines for possible policies can be defined. Below is a summary of the support measures considered appropriate to the specific characteristics of multicultural enterprises.

Promoting Awareness of the Multicultural Business Model

- Recognizing and promoting multicultural enterprises as a specific business model;
- Specifying the economic and social advantages and limitations of the multicultural business model;
- Promoting awareness of the potential of the multicultural business model;
- Promoting and disseminating information on the model, for example by collecting and presenting cases;
- Increasing awareness of the potential of the multicultural business model through migrant associations and associations representing the interests of entrepreneurs, small businesses and craft businesses;
- Connecting migrant entrepreneurs with multicultural entrepreneurs.

Refining the Organizational, Administrative and Business Competencies of Multicultural Entrepreneurs

- Developing management training offers for teams of entrepreneurs, not for individual entrepreneurs;
- Refining the definition and division of roles among company shareholders;
- Supporting diversity and multicultural management;
- Developing means for diversity management.

Improving Technical Sector Competencies of Multicultural Entrepreneurs

- Working in structured contexts, including existing ones, aimed at helping multicultural entrepreneurs to acquire and improve their technical and professional abilities and competencies in well-defined areas;
- Running simulation workshops on production and service provision activities;
- Building easily accessible premises and infrastructure for the sale and promotion of the products and services respectively manufactured or provided by multicultural enterprises.

Administration and Bureaucracy Mentoring

- Promoting institutions, associations representing the interests of small enterprises and migrant associations at local level, so that they can assist multicultural and migrant enterprises in the management of bureaucratic and administrative processes. Such institutions and associations should have the power to authorize said processes



and, when necessary, to provide consultancy on how to obtain certificates;

- As regards complex and/or innovative start-ups operating in market segments that have not been adequately explored, providing collateral and promoting adequate financing solutions, as well as assistance from specialized mentors;
- Helping companies to participate in local and national public tenders.

Improving the Language Skills of Multicultural Entrepreneurs and Shareholders in Multicultural Enterprises

- Offering advanced language courses including technical terminology in the country of residence;
- Organizing seminars and workshops with the aim of promoting the exchange of experiences at linguistic level.

Access to Credit

- As regards complex and/or innovative start-ups operating in market segments not adequately explored, providing collateral and promoting appropriate forms of financing.

Training Employees and Improving Their Competencies:

- Providing corporate training (also by drawing on interprofessional funds) focussed on multiculturalism and the management of cultural diversity;
- Developing training courses for middle management professionals;




- Promoting training initiatives in managing cultural diversity issues and conflicts at department, workshop or plant level;
- Improving transnational competencies of migrant employees;
- Improving communication skills in the language of the country of residence;
- Promoting the certification of workers' knowledge and competencies.



ANNEX 1

NOTES ON METHODOLOGY





The research group that conducted this study was made up of a mix of economic sociologists and applied economists. In addition, a major contribution was made by researchers from the Direzione Studi e Ricerche Intesa Sanpaolo, from the University of Milan, and from the University of Modena and Reggio Emilia.

The survey was divided into 3 main stages: (1) pre-test with 8-10 in-depth interviews with entrepreneurs managing multicultural enterprises (November 2019); (2) outlining a semi-structured questionnaire for the interviews (November 2019); (3) identifying a sample consisting of about 40 multicultural enterprises/entrepreneurs to be involved in individual interviews and focus groups, located in some geographical areas that stand out at economic and institutional level (Piedmont, Lombardy, Emilia Romagna, Tuscany and Lazio). This territorial distribution takes into account possible embeddedness effects already highlighted in the literature (see Chapter 1). Given the exploratory nature of this study, having a highly representative sample was not considered a priority for the methodological framework.

Finally, the snowball technique, which is typical of fieldwork in this field, was used to recruit further interviewees (namely, contacts provided by the interviewees themselves), while further lists of contacts were provided by business associations and financial institutions. Numerous group meetings (focus groups) could be organized thanks to coordination carried out in collaboration with researchers from the Banca Intesa SanPaolo Study Centre.

Multicultural entrepreneurs were contacted and interviewed from November 2019 to February 2020.

The structure of the interviews conducted was organized on the basis of a series of questions on the following topics:

- (a) business plans for and definition of multicultural enterprises;
- (b) setting up a multicultural enterprise (What was the idea/plan behind starting the enterprise? Has the enterprise been multicultural since it was started, or has it become multicultural afterwards? Why was a partner with a different cultural background or nationality sought? How did the partners meet? How was the partner with a different cultural background or nationality chosen?);
- (c) changes in multicultural enterprises (What main difficulties has the enterprise encountered since it was started? What main intercultural difficulties have been encountered in the management of the company? What intercultural factors have benefitted the management of the company? How is work divided among the various partners? How is a multicultural enterprise different from an enterprise run only by migrant entrepreneurs? How is a multicultural enterprise different an enterprise run only by native/ Italian entrepreneurs?);
- (d) specific policies aimed at supporting multicultural enterprises (What kind of vocational training policies/actions are necessary? What kind of legal and administrative advice policies/actions are necessary? What kind of strategic advice, coaching and mentoring policies/actions are necessary? What kind of consultancy policies/actions are necessary as regards marketing/networking, entrepreneur matching and cross competencies?).



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