

Multicultural migrant firms: Evidence from Italy

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ABSTRACT

Objective: The article aims to show the emergence of a multicultural migrant firm (MMF) model on the market. The empirical analysis of the composition of human capital and economic strategies outlines a new type of migrant firm, which is losing its monocultural character in favour of multicultural heterogeneity. MMFs have reached a large diffusion in migrant entrepreneurship and they play an important role in the processes of integration between actors of different cultures and nationalities. Through three research questions, we investigated how this model differs from the conventional migrant firm one. Firstly, we studied how relevant are family and community ties still. Secondly how much does the propensity for innovation and differentiation of products or services change? And thirdly what is the level of internal diversification that distinguishes MMF from the migrant firm?

Research Design & Methods: We employed a qualitative, interpretative approach to obtain original empirical evidence on the characteristics of MMFs. We based our research methodology on 36 semi-structured in-depth face-to-face interviews with MMFs-owners or partners operating in Italy. Next, we analysed the transcripts from the interviews using a manual approach.

Findings: The research highlights, firstly, how much the diffusion of the firms studied derives precisely from the social and professional ties accumulated over time in the host country; relationships built locally, of a mixed ethnic/nationality nature and not coming exclusively from the pre-existent background, limited to one's geographical origin. In Granovetter's terminology, 'weak ties' gain importance over 'strong ties.' Secondly, the article demonstrates how MMFs are associated with processes of innovation and the identification of market spaces for hybrid products and services. Thirdly, we found that well far from being homogeneous, as the dominant monoethnic model claims, there is a variety of MMFs.

Implications & Recommendations: Because MMFs are highly heterogeneous in terms of economic objectives and values pursued, institutional support has to be as varied and differentiated as the set of target companies. Moreover, policies designed for MMFs must consider adequate consultancy tools (i.e. specific mentoring programmes and projects) regarding managerial practices, strategic decisions, and the planning of workforce training.

Contribution & Value Added: The article contributes to the current debate on the relationship between migration and entrepreneurship highlighting the importance and specificity of MMFs, which is a relevant under-researched segment of migrant entrepreneurship. Our work shows how the boundaries between native and immigrant entrepreneurship are much more blurred than the literature claims.

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INTRODUCTION

This article is part of the current debate on the nexus between migration and entrepreneurship and it incorporates migration research approaches to entrepreneurship, including recent contributions on the perspective of diversity as an emerging field (Deakins & Scott, 2021; Vershinina *et al.*, 2021).

Usually, in the debate on immigrant entrepreneurship, there is a clear demarcation between firms founded by entrepreneurs born abroad (or of 'ethnic' origin) with their specificities and distinctive characteristics (Sinkovics & Reuber, 2021) and firms founded by 'native' entrepreneurs (*i.e.* belonging to the nationality of the country in which the firm was founded) well differentiated from the former (*e.g.* Bates, 1997; Tsukashima, 1991; Light, 1984; Yuniarto, 2015; Masurel *et al.*, 2002; Malerba & Ferreira, 2020). This interpretative scheme has some advantages on a descriptive level and it is useful for highlighting important aspects of migrant entrepreneurship, but it is less and less accurate on an analytical level. The evolution of the migratory phenomenon and migrant entrepreneurship itself have shown an increasing variety in the business models adopted (Ndofor & Priem, 2011; Waldinger, 2000; Chaganti *et al.*, 2008; Saxenian, 2002; Wadhwa *et al.*, 2008) along with important changes in the configuration of resources that the migrant firm can mobilize. Consequently, some typical elements of the firm founded by immigrants (simplified organizational configurations based on the family and the community of origin, the prevailing 'ethnic' reference markets, low profitability sectors of activity, etc.) can no longer be considered the exclusive or preeminent characteristics of migrant firms (Dabić *et al.*, 2020).

One of the most relevant aspects of the change of migrant firms is precisely the increasingly blurring of a clear, dichotomous distinction between 'foreign' and 'native' firms. Indeed, extensive empirical evidence has shown that many firms controlled by migrant entrepreneurs have lost their mono-cultural connotation and have diversified internal resources. This new type of firm may be named multicultural migrant firms (MMFs) based on the following criteria: a) the majority of the share capital is held by entrepreneurs born abroad, in non-OECD countries; b) there is a presence of native or non-co-ethnic (coming from different countries) shareholders, managers, and employees.

The article aims to show the emergence of such a new type of firm highlighting its specific economic and strategic traits. We pursued this objective by analyzing the differences that distinguish MMFs from traditional mono-cultural immigrant-owned companies. We focused on three main research questions.

- RQ1:** Do family and community resources play an equally important role in MMFs as in traditional migrant businesses?
- RQ2:** Is the propensity of MMFs to innovate and differentiate the product/service supplied on the market similar to that of the traditional migrant company?
- RQ3:** Do MMFs, like mono-cultural firms, represent a homogeneous model with limited internal diversification or do traits of internal heterogeneity emerge?

Starting from the concept of multicultural organization (Cox, 1991; 1994), the reflection on the role of diversity within companies has received considerable attention in the scientific debate (Shore *et al.*, 2011; Reiche *et al.*, 2018; Earley & Mosakowski, 2000). Nevertheless, despite few relevant exceptions (*i.e.* the formulation of the concept of cosmopolitanism developed by Pecoud, 2004b), the discussion on the implications of cultural heterogeneity within migrant firms has gained scarce relevance in the theoretical debate and empirical analysis.

However, the empirical evidence concerning the diffusion of MMFs provided in the socio-economic literature in more recent years has been particularly significant (Wang & Warn, 2019; Dheer, 2018; Sequeira & Rasheed, 2006; Zolin *et al.*, 2015; Zubair & Brzozowski, 2018; Xu *et al.*, 2019). Mushaben (2006) notes that almost 17% of the Turkish firms in Germany have hired German workers and that 8.7% have non-co-ethnic employees. Leung (2001) shows how Chinese entrepreneurs in France develop forms of collaboration with non-Chinese entrepreneurs while maintaining strong ties with their community. Over time, the majority of ethnic firms tend to repeatedly go beyond the community boundaries using non-ethnic resources to enter the mainstream markets (Pecoud, 2004a). Moreover, regarding Italy, recent studies have highlighted the spread of multicultural experiences in the entrepreneurial field (Arrighetti *et al.*, 2014). Furthermore, the Census conducted by Unioncamere Emilia-Romagna (2019) shows that out of 132 986 foreign-born owner partnerships and joint-stock companies active in Italy in 2019, there are 35 883 companies with a board made up of non-immigrant members, which constitutes a very high percentage considering that migrant companies with native or non-co-ethnic employees or with non-co-ethnic board members are not accounted for. Thus, overall, MMFs

cannot be attributed a role of irrelevance both on an economic and social level. Despite their relevance and diffusion, MMFs have received little attention, especially in understanding the variables underlying their birth and the evolutionary paths undertaken over time. Moreover, because of their structural characteristics, MMFs play an important role in the processes of integration between actors of different cultures and nationalities. This helps to make their study particularly significant.

We employed a qualitative, interpretative approach to obtain original empirical evidence on the characteristics of MMFs. We based our research methodology on 36 semi-structured in-depth face-to-face interviews with MMFs-owners or partners operating in Italy. We analysed the transcripts from the interviews using a manual approach. The field of our study was Italy, a country recording a relatively recent increase in migration flows (similarly to other southern European countries) where a significant percentage of migrants decided to work as self-employed or entrepreneurs (Rinaldi *et al.*, 2023).

The remainder of the article will first try to place MMFs within the literature on migrant entrepreneurship. Secondly, we will present the research methodology and field of investigation. Thirdly, we will attempt to answer the main research questions. Fourthly, in the conclusions, we will summarize the main findings and provide some policy indications.

LITERATURE REVIEW

Originally, scholars associated immigrant entrepreneurship with the theories of disadvantage, according to which migrant workers entering into the labour market of the immigration country are pushed to the margins of the economy (Bonacich, 1973; Jenkins, 1984) and essentially occupy low-skilled job positions (Piore, 1979). On the supply side, the disadvantageous conditions originate from obstacles and barriers, deriving from the characteristics of human capital, poor knowledge of the local language, and difficulty in having professional and educational qualifications formally recognized. All these factors underpinned the widespread discriminatory practices of employers, supported by ethnic, racial, and religious prejudices (taste-based discrimination) or by imperfect information on the labour market (statistical discrimination), which leads to the reiteration of negative stereotypes towards ethnic minorities (Bonacich, 1973; Light, 1979; Tsukashima, 1991). These initial disadvantages can influence the migrant workers' choices of taking up self-employment or entrepreneurial activity as an alternative employment opportunity and pre-condition of any eventual social progress. In this context, the start of an entrepreneurial initiative is based on the identification of a market segment of an ethnic/national nature and on the availability of economic, financial, and informational resources provided mainly, if not exclusively, by the family or the entrepreneur's ethnic community. Traditionally, in migrant enterprises, both the ethnic community and family played a decisive role and represented the fundamental drive of strengthening the entrepreneurial initiative on a financial level, providing information, and making available production factors, such as work. It follows that a central role is played by what Granovetter (1973) called 'strong ties.'

We cannot explain the growing diversification of migrant entrepreneurship in advanced economies, the adoption of complex organizational models and their position in non-niche mainstream markets (Rusinovic, 2008; Aldrich & Waldinger, 1990; Ndofof & Priem, 2011; Ambrosini, 2011; Chaganti *et al.*, 2008; Clark & Drinkwater, 2000; Arrighetti *et al.*, 2012; Saxenian, 2002; Brzozowski *et al.*, 2014; Shinnie *et al.*, 2019) based on these models, (Waldinger *et al.*, 1990; Kloosterman, 2000; Portes *et al.*, 2002; Saxenian, 2002; Zhou, 2014; Rusinovic, 2007; Marra, 2011; Kushnirovich, 2015). Furthermore, extensive break-out strategies and increasing entries into mainstream markets have been empirically proven in numerous studies (Waldinger *et al.*, 1990). They have deep implications both in terms of relations among minority groups and the local economy in which they are based and in terms of social integration (Arrighetti *et al.* 2014). Significantly, the origin of this phenomenon lies in the need to overcome the narrow and often highly competitive boundaries of the 'enclave economy' and exploit new opportunities provided by mainstream markets (Aldrich & Waldinger, 1990; Basu, 2011; Canello, 2016; Wang & Warn, 2019). Migrant firms who cross the enclave market boundaries and enter the key markets need to attract additional investment, expand their management resources, and integrate market information and technological knowledge (Basu & Goswami 1999; Levent *et al.*, 2003; Light *et al.*,

1994), which are resources that are not always available among people in their original national group (Arrighetti *et al.*, 2014). Therefore, the repeated crossing of ethnic boundaries and the simultaneous use of both ethnic and non-ethnic resources (Nee *et al.*, 1994; Pecoud, 2010) lead to the creation of firms made up of entrepreneurs and workers of different nationalities. These elements are at the origin of specific forms of economic organizations that we called multicultural migrant firms (MMFs). Moreover, we may also interpret MMFs as a novel expression of cosmopolitanism, which assumes that ‘different cultures coexist and interact with one another without necessarily fully merging and in which some people manage to switch from one cultural milieu to another’ (Pecoud, 2004a), with the clarification that a) cosmopolitanism is not restricted to the attitude of the entrepreneur but involves the human resources of the company as a whole and b) cosmopolitanism in itself it is not associated with an intellectual or moral value.

In consideration of the hybrid composition of the corporate and government structure, in MMFs, the centrality of the ‘strong ties’ (Granovetter, 1973) is expected to be less evident than in the traditional migrant firm. Therefore, the first question (RQ1) investigates whether MMFs are associated with the weakening of strong ties (family, parental, and co-ethnic community) and whether this leads to a strengthening of weak ties (extra-family social relationships built with colleagues in school and training, or previous jobs experiences).

In the second research question (RQ2), we asked whether the propensity to innovate and differentiate the supply of goods and services can distinguish the MMFs from traditional migrant firms.

As already underlined, the monocultural migrant enterprise often confines its activity to enclave markets and has a limited propensity to grow (Edwards *et al.*, 2016). Co-ethnic enclave offers migrant entrepreneurs the benefits of cultural proximity, market knowledge, and labour markets of immigrants (Clark *et al.*, 2015). Moreover, the traditional enclave economy offers the advantages of captive markets and protection from competitors outside the community (Wilson & Portes, 1980). However, entry barriers that limit external community entries result in obstacles to the firm’s growth: as in perfect competition regimes, the presence of positive profits incentivizes the starting of new ventures (Jones *et al.*, 2000) and an increase in demand translates into an increase in the number of enclave companies operating with minimal profitability, not in the growth of the size of the incumbents. Finally, lower overall community income compresses the possibilities for product differentiation (Li, 1997). The choice to expand, innovate, and diversify one’s activities is constrained by the size of the market and the homogeneity of the preference, tastes, and needs of the single-belonging community.

On the other hand, considering the MMFs, it is expected that multiculturalism represents a driver of product/service innovation since it can exploit a combination of know-how, information, and ties and opportunities that the mono-culture company cannot possess. Multicultural migrant firms can broaden the heterogeneity of the strategic paths that traditional migrant firms can adopt, leveraging, as foreseen in the evolutionary models based on the resource-based view (Wernerfelt, 1984; Barney, 1991), on the accumulation of skills and knowledge to compete in the markets (Haq *et al.*, 2023; Bolzani, 2020). In this sense, the paradigm of ‘push’ and ‘pull’ dynamics (Bonacich, 1993) acquires renewed attention since the pull factors gain importance in explaining the differentiation of the immigrant firms (Aliaga-Isla & Rialp, 2013; Dheer, 2018), especially in some specific markets and sectors and in contexts, in which high technological and production heterogeneity prevails. The increase in economic opportunities and therefore in ‘pull’ factors would have its origin in the cultural variety and diversity in nationalities generating, on the one hand, complementarity between the resources used (Lazear, 1999) and, on the other hand, allowing for increasing the variety of products supplied and expanding market opportunities (Nathan & Lee, 2013).

Furthermore, the variety of cultures progressively penetrates economic organizations and other social domains. ‘Diversity’ is more and more recognized as a lever to increasing the level of creativity and innovation and at the same time, it has a positive effect on workers’ productivity and efficiency, thus improving organizational performance. In this sense, MMFs are in an advantageous condition to reap the benefits of the diversity of cultures both in overcoming internal limits and enhancing new opportunities.

However, we cannot exclude (RQ3) that multicultural choice is induced by exogenous contingencies (external to the entrepreneurial group and assumed by the company as constraints and not as

a choice). In other words, value-oriented objectives (cultural variety and national diversity represent value in themselves) could be replaced by goal-oriented objectives (motivated by functional and instrumental purposes) (Engelen, 2001). In fact, the composition of the available workforce or the access to some unique skills of specific ethnic or national groups could push the firm to adopt a multicultural configuration. In this circumstance, cultural diversity is not an advantage but an external conditioning. Therefore, an 'imposed' multiculturalism could increase internal communication difficulties, weigh down management tasks, and enhance coordination costs. Consequently, the efficiency and competitiveness of the firm are closely linked to the ability to reduce the costs of multicultural diversity, instead of researching and promoting it as a resource.

All this leads to the view that MMFs are not a uniform phenomenon from the point of view of the strategies pursued by the entrepreneurial group. Therefore, we investigated a third question (RQ3) that is, if the MMFs give uniform weight to value-oriented and goal-oriented objectives and if, as a consequence, markedly different business models and evolutionary paths can emerge.

RESEARCH METHODOLOGY

Sampling and Data Collection Method

We employed a qualitative, interpretative approach to obtain original empirical evidence on the characteristics of MMFs. As anticipated in the Introduction, we identified MMFs based on the following criteria: a) the majority of the share capital held by entrepreneurs born abroad, in non-OECD countries; b) the presence of native or non-co-ethnic (coming from different countries) shareholders, managers, and employees. A group of researchers in Italy conducted the fieldwork (36 semi-structured in-depth face-to-face interviews) by visiting the operational headquarters or establishments of MMFs. Interviews lasted on average one hour and a half. Researchers and respondents discussed: (a) economic and sociological factors that facilitate the foundation of MMFs; (b) the main economic and sociological factors that discourage the foundation of MMFs; and (c) the main contextual factors that facilitate the foundation of MMFs.¹

We selected MMFs in several consecutive steps. Firstly, we employed lists of business addresses provided by small business associations and Chambers of Commerce. Secondly, we considered candidates recommended by immigrant community associations. Finally, we adopted procedures of snowball sampling, *i.e.* interviewees providing the personal details of other potential interviewees (Vershina & Rodionova, 2011). We used the purposive sampling method to collect information for MMFs located in different places and with different foundation stories.

Data Analysis

We opted for a manual approach to qualitative analysis. We transcribed all interview recordings and examined all interview transcripts without using computerised data analysis software. This process 'encourages a slower and more meaningful interaction with the data [and] great freedom in terms of constant comparison, trialling arrangements, viewing perspectives, reflection and ultimately developing interpretative insights' (Maher *et al.*, 2018, p. 11).

Following the standard practice (Miles & Huberman, 1994) in coding data, we performed some detailed readings of the raw data (the interview transcripts) and we identified some primary codes (first-order codes) with wording that was close to the language used by the respondents. In other words, as suggested by Miles and Huberman (1994), we used codes to retrieve and organize the parts of the interview transcripts that should be interesting regarding answers to our research questions. Table 1 presents our data structure.

¹ For additional details, see International Organization for Migration (2020).

Table 1. Data structure

Research Questions	First-order codes
RQ1: Do family and community resources play an equally important role in MMFs as in traditional migrant businesses?	Selecting a partner to add his/her skills [not because he/she is from the same ethnic group]. Selecting a (non-co-ethnic) partner because of a long common job experience. Selecting partners because of having a similar background. Selecting a partner that was a former colleague in a previous native-owned company.
RQ2: Is the propensity of MMFs to innovate and differentiate the product/service supplied on the market similar to that of the traditional migrant company?	Targeting the co-ethnic community is not financially sustainable. Producing while applying innovations that stem from knowledge of foreign markets. Not looking at [possible] customers of the same nationality.
RQ3: Do MMFs, like mono-cultural firms, represent a homogeneous model with limited internal diversification or do traits of internal heterogeneity emerge?	Looking for people of different nationalities is better: the work environment must necessarily be mixed. Cultural diversity is an enrichment, which extends company's economic opportunities. Multiculturalism in the company is good for solving linguistic problems. Multiculturalism is not an intentional strategy but is induced by context variables that are external to the company. The nationality [of partners] does not make any difference. Multiculturalism in the company is not an asset: doing business is doing business.

Source: own study.

Description of the Sample and Respondents

The respondents (namely, MMFs-owners or partners) were originally migrants from the largest communities in Italy: Albania, Romania, and Morocco (see Table A1 in Appendix). However, our sample included also respondents from Pakistan, India, Iran, Iraq, and Maghreb countries, such as Tunisia, Algeria and Egypt. Most respondents were men. The MMFs were mostly located in metropolitan areas (Milan, Turin, Bologna, Florence, and Rome) in Northern and Central Italy. Most MMFs were active in manufacturing industries (mechanical products and food productions), but also in some retail services such as family clothing stores, and restaurants, along with other transportation services (*i.e.* logistics).

There was a small number of MMFs that we should define as 'young' enterprises. Indeed, for more than 50% of MMFs in our sample, the firm age was between 10-15 years. As far as firm size (number of employees) is concerned, only a few MMFs may be considered medium-sized firms, since most of them are micro and small-sized companies (less than 50 employees).

RESULTS AND DISCUSSION

Findings on Family and Community Resources in MMFs (RQ1)

The evidence gathered with our qualitative study indicates that the founders of MMFs are individuals with a high migratory seniority, with relevant work experience, and often with a well-defined professional profile. Without exception, all the foreign-born MMFs founders had lived in Italy for at least five years. Often, they started the firm leveraging long-standing relationships of friendship or professional collaboration.

We (referring to the non-co-ethnic partner) are partners because we worked together for 13 years. It is normal that if you work together for a long time and the company grows, you say 'I trust you, you trust me, let's carry on' (INTERVIEW-3).

We asked our circle of friends if anyone would be interested in starting a firm. There were eight of us: four Italian boys, three girls of Eritrean origin, and a girl of Iranian origin. ... As for the background, we are quite similar and therefore we enjoyed working together because we have many similarities. The fact that we were friends before has helped us a lot (INTERVIEW-10).

All the excerpts from interviews show that mutual work experience, understanding each other on a human and personal level, and sharing a common goal are the initial components underlying the decision to set up the firm. Entrepreneurs leading MMFs appeared to be well integrated into the host society. Concerning RQ1, the interviews showed that very often the evolution of the MMFs is not a function of the breadth of social networks built by migrant entrepreneurs, nor of the intensity of relations with the community of origin. Indeed, we have clues that it is not the level of the social capital that is decisive for the design of the MMFs and in particular for the identification of the partner-shareholders. Instead, the more important elements are the ones that are less present in the debate on entrepreneurship, namely social networks based on the work experience of the individual and his or her (elective) friendly connections. These mostly remain limited to the context of work and do not explicitly involve either the co-ethnic community even if it does not exclude the family sphere.

Findings on the Propensity to Innovate and Differentiate Products in MMFs (RQ2)

As discussed above, the empirical analysis confirmed that a strong incentive to consolidate MMFs derives from the exploitation of complementary skills and resources. This element is particularly present when the non-co-ethnic partner or employee has the technical knowledge, administrative skills, access to information on the markets, communication skills (overcoming language barriers but not only) and negotiation styles that the other shareholder (other shareholders) does (do) not possess. The quest to find resource complementarity is a well-known aspect of the development of immigrant-owned businesses. This trait defines the increasing operational complexity attained through activities promoted by foreigners, particularly in contexts that encompass the transition from ethnic markets to mainstream ones (Kloosterman, 2010; Kloosterman *et al.*, 2016) (see RQ2). Our study fully confirmed this orientation for MMFs as well. In all of the cases analysed, the reference market appeared to be exclusively mainstream. This refers to companies operating both in the manufacturing and service sectors. Even if it is not possible to establish a causal hierarchy between the abandonment of the centrality of enclave markets, firm size growth and the adoption of an MMF model, a marked association between these phenomena appears evident.

We have never been interested in having customers of our own nationality. Indeed, I am happier when Italian customers arrive. We are interested in working well, not in the nationality of customers or collaborators. We have always been with our people, we have grown up with them and we have always lived in a certain way, but I also like to work with other people, other cultures (INTERVIEW-11).

At the beginning, we thought a lot about this, about binding ourselves to the communities to which we belong. As Syrians there are just a few of us, so eventually the reference community in Turin would have been the Moroccan one. However, it was precisely by studying this community that we realized that it would not financially support our project (INTERVIEW-24).

The products we use are mostly of Middle Eastern origin, but we are not of Middle Eastern origin, except the Iranian girl. She brought a certain know-how, and she helped us elaborate the recipes, also because her mother knew them well, who always had us over to eat. Monocultural firms lose some of the possibilities given by the broader notions that occur when there are members in the firm, both among shareholders and employees, coming from countries of other cultures, because the differences are 'pluses' and therefore there is a lack of this knowledge, provided precisely by differences. (INTERVIEW-10).

Furthermore, multiculturalism is a lever for innovation and for the identification of market spaces for hybrid products and services that originally combine transcultural skills. The products and services offered are the result of a design intentionally based on the interweaving of different cultures.

The project started with the idea of bringing ‘modest fashion’ to Italy, a fashion that was suitable not only for Muslim women in particular, but also transversal and that concerned all women interested in maintaining clothing that was not too flashy. We have thought of a ‘modest’ clothing production that has a very strong tinge of Italian design. Hence the Italian designer and an Italian name. We speak to all women, but we respond to the needs of certain women because mainstream fashion goes in the opposite direction (INTERVIEW-24).

This product [a special refrigerator] that I invented works through photovoltaic systems that can also be used in Africa. I made it as a prototype in our factory. This innovation also stems from the knowledge of the foreign markets in Africa. These ideas can come neither from an Italian who lives here nor from an African who lives there (INTERVIEW-27).

Sometimes the multicultural choice corresponds to the need to complete or integrate the internal skills of the firm with other knowledge of non-co-ethnic collaborators. In this sense, being able to leverage the complementarity of knowledge and experience represents a significant incentive for the creation of firms based on a mix of different nationalities and cultures.

I believe that different mentalities and ways of conceiving of the firm are particularly advantageous for business management. Furthermore, having an Italian employee is particularly advantageous, especially from a linguistic point of view. In fact, this employee, who is of particular help to us, conducts commercial relations with Italians (INTERVIEW-12).

We had the opportunity to connect skills on the Italian market and the Balkan market. I take care of the sale and the administrative part related to contact with the foreign countries where I come from. I think our formula is positive, as it allows for a greater knowledge of markets, countries, the local mentality, the places where you go to collaborate and sell. ... On the other hand, to manage administrative and banking relations, we need someone who knows the country in which the firm is based (INTERVIEW-18).

Findings on Internal Heterogeneity in MMFs (RQ3)

Our findings show that MMFs are heterogeneous not only thanks to their presence in a plurality of industries, the market segments in which they operate, and the size they have acquired, but also in reference to how multiculturalism has been interpreted and the influence it has had on the firm’s evolution. A big part of the literature interprets cosmopolitanism and cultural diversity as phenomena essentially exogenous to the firm and deriving from the opening of international markets, the different regulations governing the exchanges, and the need to include in the company individuals from different countries and cultures. For most of the observers, the main challenge that diversity imposes on management concerns the system of rules and values that must be adopted to ensure alignment of behaviours to a common model and to guarantee a communication system that strengthens the organization’s internal cohesion (Brett *et al.*, 2011; Glinkowska, 2016). Concluding, cultural diversity has different nuances and accents in individual organizational contexts, but, in essence, we may interpret it as a unitary phenomenon that requires uniform rules of conduct, managerial solutions, and communication tools.

Instead, the idea being advanced here is that multiculturalism may be a source of differentiation among the firms generating different evolutionary trajectories (see RQ3). The main line of differentiation concerns the strategic role attributed to multiculturalism. Not all MMFs give equal importance to cultural diversity in their strategic approach. Some act as the pivotal point that shapes the organization’s evolution, leveraging cultural differences as an asset that enhances intangible resources, thereby bolstering the skills and knowledge embedded within the company (*high strategic multiculturalism*). Others view it as an externally imposed trait, accepted as an unavoidable aspect, often embraced passively. In these cases, it does not serve as a competitive asset but rather as an essentially inevitable incidental factor (*low strategic multiculturalism*).

High strategic multiculturalism. Economic and organizational advantages corresponding to high strategic multiculturalism are present at various levels, but in particular, the enhancement of the cultural diversity of human capital appears to be relevant. Especially in reference to transactions on foreign markets, the multicultural choice seems to help to reduce information costs regarding the characteristics and trends of local markets and sectoral dynamics. It also facilitates the absorption of the regulations governing exchanges among countries and appears useful in enhancing knowledge regarding styles of negotiation and methods of personal contact characteristic of a country.

Before establishing my business, I worked in many countries, from Lebanon to Colombia, and I noticed that being multicultural is a fundamental issue: when you go into a country and you have to relate to local companies, you somehow have to know the territory where you are going to carry out an activity (INTERVIEW-2).

We did not want people of the same nationality. We have always looked for people of different nationalities because it is better. Having all [employees] of the same nationality 'ruins your job.' To do it right, the work must necessarily be mixed. It is better to have problems with the language but have workers of different nationalities (INTERVIEW-17).

Our employees are of mixed nationalities. ... We actually like to keep some variety. I believe that cultural diversity enriches us, sends a message to our customers and allows us to work well (INTERVIEW-10).

Very often, MMF model is seen as a response to the needs of a global world. Within the firm, it reflects the variety of cultures present in society and, at the same time, it is a tool that facilitates economic (and non-economic) interaction with distant markets. It is an approach which is especially necessary for the small-size firm that must possess sufficiently varied skills to avoid being penalized in exchanges on foreign markets and in the recruitment of its workforce.

For me, it is necessary to have employees from different cultures, and I am truly pleased to see that other entrepreneurs think the same. Thirty years ago, when I established my company, I saw that the world was already moving towards multi-ethnic firms, which even precede the multi-ethnicity of the population (INTERVIEW-20).

Noteworthy, very frequently, respondents associated the high level of strategic multiculturalism with the view that the diversity of cultures incorporated in the company is positive in itself: a feature that should be emphasised, a factor of organizational cohesion and a significant element of identity. Respondents also recognised multicultural background as an added value that provides a distinctive identity to the organization. Thus, in this case, identity is an ex-post result, at the end of a process, it is not the sum of ex-ante individual identities. In this sense we have an echo of Appadurai's thought on modernity at large (1996). Appadurai reminds us how much cultural diversity is more than the fact of cultural difference. It is a value which recognizes that differences in human societies are parts of systems and relationships, a value through which differences are mutually related and reciprocally supportive. In his interpretation, diversity means the infinite multiplication of differences and a particular organization of differences. Referring to global cultural flows and the concept of 'ethnoscape,' Appadurai explains the way people from different countries and socioeconomic backgrounds mix.

I have always tried to talk about multiculturalism in the company: a warehouse worker comes from Belarus, a girl comes from Morocco, and now I am introducing a Colombian into the sales marketing division, both for a linguistic purpose and for multiculturalism-related reason. As soon as possible, we will have a Chinese woman, because I work a lot with China and therefore, I want to have someone in the company who knows Chinese language and culture well (INTERVIEW-5).

Low strategic multiculturalism. If in some cases multiculturalism is a primary ingredient of the migrant firm strategy, in others, it has a lesser importance (*low strategic multiculturalism*). Moreover, in these businesses, the variety of nationalities of the shareholders and employees is marked but not intentionally sought. Instead, it derives from factors related to the local labour market and the characteristics

of the labour supply. The firm employs workers of different nationalities, because the labour supply – for the skills required and the willingness to accept specific contractual forms and working conditions – is essentially (or to a significant extent) made up of migrants of different nationalities and to a lesser extent of indigenous workers. The migrant firm becomes multicultural, in essence, because the labour supply for some jobs is in itself multi-ethnic.

Respondents often associated limited strategic multiculturalism with the creation of standardized goods or services that are not subject to the introduction of variants of a cultural derivation. The production is destined for the local market, rarely for exportation. It responds to given technological constraints (mechanics, systems design), consolidated practices (construction), and defined contractual schemes (cleaning services, logistics). In these circumstances, respondents did not perceive the variety of cultures and experiences as an advantage but as an element of initial heterogeneity to be overcome by standardizing individual and group behaviour to the needs of the organization and the corporate hierarchy.

My branch of activity (mechanics) is particular, because if you come to work for me you have to do what needs to be done, regardless of where you come from. ... In my company the division of roles is important. Cultural factors do not come into play (INTERVIEW-1).

In this approach, it is the skills acquired that count, together with the attitude and orientation towards work.

If my partner had been Italian, it would change things a little. The important thing is to have the same values. You have to find a person who wants to work, who has few issues, who is serious, and I do not care about nationality. Neither nationality nor religion, none of this. I think that when it comes to work one should not look at anything else. You can be Jewish, Chinese, or Muslim. The important thing is that you have a purpose, you just follow it: the rest does not matter (INTERVIEW-7).

An element associated with a low level of strategic multiculturalism is a managerial orientation aimed at containing the diversity of the individual conduct of the employees. Respondents perceived the variety of cultures in these contexts as a source of entropy generating limited organizational advantages: cultural variety determines costs, and misalignments of behaviours that can be reduced to unity only by imposing a uniform and rigid protocol of conduct.

In the company where I work, there is the woman with a veil, there is the woman without a veil, and they are from the same country. There is the believer, there is the non-believer, there is the Catholic, there is the Muslim, and there is a bit of everyone but what guides us are the regulations. As I say with everyone, inside the company, we are obliged to communicate all together, when we are outside, if we are not friends, you go here, I go there. But inside, we have to communicate and collaborate. You have to respect the internal regulations, because that is our guide (INTERVIEW-8).

Other respondents did not perceive the diversity of cultures and nationalities present in the firms as a distinctive value or an objective to be pursued. In these cases, professionalism in the execution of tasks and the ability to adapt to customers' requests played a central role, putting both one's origin and the cultural diversity context in which the business is conducted in the background.

For seven years I worked alone. Then I hired a girl who worked with me for 10 years, then I took on the second one. Now there are three of us working, an Albanian and a Moroccan, like me. I have always selected the girls who work with me by looking at what they know how to do and not where they come from. For me, it does not make any difference where people come from. ... What I look at is the ability to work and to respect the work that our clients ask us to carry out (INTERVIEW-25).

Concluding and trying to answer RQ3 (the heterogeneity of MMFs), we may state that empirical evidence highlights how multiculturalism is associated with very diversified experiences, organizational models, and business strategies.

Discussion

The few contributions that explored multiculturalism in migrant firms (Nathan and Lee, 2013; Pécoud, 2004a; Arrighetti *et al.*, 2014) do not provide a sufficient basis to measure the extent of the cognitive advances made in the present work. Instead, the collected evidence stimulates discussion on the limits of current knowledge and the main lines of future research on this topic.

In this sense, the first question that remains open concerns the link between the multicultural composition of internal resources and the exploitation of market opportunities. In this regard, we can hypothesise on two directions in which the relationship may develop. The first, which we can call resource-driven, assumes that the presence of resources, which for various reasons have a multicultural configuration, constitutes an incentive to adopt a strategy aimed at exploiting the competitive advantages associated with product innovation and at establishing economic exchange outside ethnic markets. On the other hand, the second direction which we can call opportunities-driven, originates in the perception of the existence of new market opportunities that a monocultural organization is unable to satisfy and that an economic unit that assumes a multicultural configuration would instead be able to do it. In the first case, it is multiculturalism that guides the evolution of the company towards the diversification of markets and products; in the second, on the contrary, it is the variety of demand that induces the change within the company in the direction of multiculturalism. The evidence collected in this research is insufficient to provide a conclusive evaluation, even some clues seem to indicate a particularly relevant role associated with the *resources-driven model*. Therefore, it would be of considerable importance to know more about the factors at the origin of the described processes. In this sense, in the next research, it will not suffice to study whether companies have multicultural teams/staff, but the researchers will have to aim to understand whether this is used as a resource to reach strategic objectives or not.

The second question concerns the contextual factors that impact the development of multicultural experiences. Like conventional migrant firms, MMFs also interact with the social and institutional environment in which they are located, which can influence the evolution of firms over time. Therefore, if an analytical approach that refers to the hypothesis of mixed embeddedness appears to be of great utility, a substantial amount of work needs to occur in this field to comprehend the rules and institutions that can enhance the spread of MMFs. An important line of research in this direction could be the launch of comparative analyses capable of comparing different socio-institutional structures (both locally and nationally) with the propensity of migrant ventures to implement multicultural solutions.

The third question concerns the role of the business sector as a favourable context or an obstacle to the development of multicultural initiatives. At first glance in some sectors, entrepreneurs may experiment a multicultural option overcoming relatively modest difficulties; in others, the spaces are much smaller. In sectors such as mechanics, construction, logistics, systems design, and cleaning services – just to name a few that we examined in our study – it seems to be very difficult to develop an innovative project based on multiculturalism. The product or service provided must meet compliance constraints that reduce the scope for innovation linked to multicultural strategies, even if the possibilities remain open to leveraging multiculturalism to develop transnational exchanges and extend the skills possessed by the managerial team. On the other hand, in other sectors, such as food production, restaurants, fashion and tailoring, and cultural and personal services, the feasible alternatives appear to be wider, and the enhancement of multicultural solutions generates opportunities for product differentiation. The available evidence is not sufficient to reach definitive conclusions on this topic and further investigations would be of great importance.

The fourth issue concerns the evolution of multicultural experiences that originate in the particular configuration of the local labour market, which exogenously imposes on the company the adoption of a multicultural model due to the lack of different alternatives. An important area of future research would be to verify under what conditions ‘passive’ multiculturalism, induced by constraints external to the company, can evolve towards an ‘active’ model of multiculturalism, in which the diversity of human capital is a lever for business performance improvement. The methodology adopted in this qualitative study did not allow us to obtain useful elements for understanding the dynamics of the MMFs and

therefore the question remained unanswered. Thus, further studies are advisable. Moreover, in this case, the implications are significant: the possibility of using little-exploited multicultural resources to diversify markets and strengthen collaboration networks (nationally and internationally) appears to be a significant opportunity to support the company's economic and organizational growth.

CONCLUSIONS

The study aimed to show the emergence of a multicultural migrant firm (MMF) model on the market. The spread of MMFs appears to be associated with the diffusion of migrant entrepreneurship which, in the last few years, has become more relevant even in contexts such as Italy, a country with a relatively recent immigration history. More and more frequently, the strategies for overcoming the boundaries of the enclave economy and entry into mainstream markets have imposed significant economic and organizational transformations on immigrant-owned firms.

There are numerous questions concerning the distinctive elements of MMFs. To provide evidence in this under-researched area we developed a comparison between MMFs and conventional migrant firms regarding the resources mobilized and the strategies adopted.

With our first research question, we asked if the development of the MMF model, differently from the conventional migrant enterprise, is associated with the review of the role of the so-called 'strong ties' (such as family and community relationships) in the support to the firm (RQ1). The answer to the question seems to be positive. Even if we find no evidence of the weakening of co-ethnic relations, there is no doubt that the role of social non-co-ethnic ties and the common work experience represent the fundamental levers for the rise of multicultural initiatives. The second research question (RQ2) we examined was whether the propensity to innovate and differentiate the supply of goods and services can distinguish the MMFs from traditional migrant firms. Pending further insights, a marked association emerged between multiculturalism and innovation and the identification of market spaces for hybrid products and services that originally combine transcultural skills. The third theme (RQ3) concerned the unitary nature of MMFs and the presence of drivers that, as in the traditional migrant firm, push towards uniformity in the behaviour of the examined firms. We found that multiculturalism is not a homogeneous phenomenon. The presence of different combinations of multiculturalism as a strategy amplifies (and does not reduce) the variety of adopted solutions.

Policy implications and research limitations. The diffusion and strengthening of the MMFs increase the social integration of immigrants in the host community and open up relevant opportunities and innovations at the economic level. At the same time, the challenge for MMFs is the presence of obstacles (transactional, cultural, linguistic, managerial, etc.) that structurally characterize their business life and represent elements of risk and fragility, especially in the start-up phase. Therefore, appropriate institutional supporting measures are necessary for helping MMFs to cope with these problems. This implies that the obstacles to growth that some firms meet are not the same as others. In addition, the degree of innovation and risk of the entrepreneurial initiative is variable and some experiences, more than others, represent important tools for social inclusion. Consequently, the institutional support model can be as varied and differentiated as the set of target companies. Furthermore, MMFs turn out to be organizational forms of considerable complexity. In this sense, it would be desirable for MMFs to be supported, not so much on a financial level, but by adequate consultancy (*i.e.* specific mentoring programmes and projects) regarding both managerial practices, strategic decisions, and the planning of workforce training. A further policy suggestion is associated with what was previously highlighted concerning the evolutionary dynamics of MMFs. Facilitating the transition from a multiculturalism of human resources induced by exogenous factors to a multiculturalism capable of enhancing the diversity of resources would be important, not only to expand markets and further qualify the products/services offered, but also to strengthen the quality and skills of internal human capital and improve the integration between different cultures.

This study has some limitations. Although we examined MMFs located in similar places, we were not able to exclude the fact that some context-specific issues may significantly affect our findings. Therefore, additional research on MMFs is needed to provide a more extensive perspective on this theme.

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Appendix

Table A.1. List of respondents

Nr	M/F	Origin	Foundation Year	Nr. Employees	Location/Province	Industry/sector
1	M	ALB	2003	9	Parma	Machinery and mechanical production
2	M	ARG	2014	5	Parma	Machinery and mechanical production
3	M	ALB	2017	16	Parma	Food production
4	M	ROM	1970	35	Torino	Machinery and mechanical production
5	M	ALB	2011	2	Reggio E.	Repair of motor vehicles
6	F	BRA	2016	4	Reggio E.	Cleaning activities
7	M	EGY	2005	9	Reggio E.	Specialised construction activities
8	M	TUN	1992	–	Reggio E.	Machinery and mechanical production
9	M	TUR	1998	12	Modena	Warehousing and storage
10	M	IRN	2013	–	Milano	Restaurants
11	M	PAK	2001	100	Brescia	Restaurants
12	M	BGD	2014	10	Brescia	Import/Export
13	M	BFA	2017	14	Bologna	IT services
14	M	EGY	1990	26	Bergamo	Various services
15	M	EGY	2008	230	Bergamo	Warehousing and storage
16	M	MAR	2015	100	Bergamo	Warehousing and storage
17	F	ALB	2015	9	Bergamo	Warehousing and storage
18	M	YUG	2003	3	Padova	Apparel and fashion
19	M	DZA	1990	15	Padova	Machinery and mechanical production
20	M	AFG	2019	–	Bologna	Restaurants
21	M	IND	1995	–	Padova	Machinery and mechanical production
22	M	SEN	2013	28	Palermo	Restaurants
23	M	ROM	2000	89	Torino	Food production
24	F	TUN	2018	–	Torino	Apparel and fashion
25	F	MAR	2002	3	Noceto(PR)	Apparel and fashion
26	F	MLI	2019	–	Roma	Apparel and fashion
27	M	BFA	2010	11	Bologna	Machinery and mechanical production
28	M	ARG	2010	–	Milano	Restaurants
29	M	IRN	1963	–	Milano	Machinery and mechanical production
30	M	IND	2019	–	Firenze	Restaurants
31	M	MAR	2017	–	Modena	Retail
32	M	IRQ	1985	12	Torino	Cultural services
33	M	ALB/MAR	2006	16	Torino	Cultural services
34	M	URY	2014	22	Milano	Restaurants
35	F	MAR	2018	–	Torino	Apparel and fashion
36	M	TUN	2000	10	Torino	Restaurants

Note: legend for International Standards Organization (ISO) three-digit alphabetic codes is AFG= Afghanistan, ALB=Albania, DZA=Algeria; ARG=Argentina, BGD= Bangladesh, BFA= Burkina Faso, BRA=Brazil, EGY= Egypt, Arab Rep, IND=India, IRN= Iran, Islamic Rep., IRQ=Iraq, MLI=Mali, MAR= Morocco, PAK= Pakistan, ROM=Romania, SEN=Senegal, TUN= Tunisia, TUR=Turkey, URY=Uruguay, YUG= Yugoslavia, FR (Serbia/Montenegro).

Source: own elaboration based on field study.


Authors

The contribution share of authors is as follows: Alessandro Arrighetti – 30%, Andrea Lasagni – 40% and Renata Semenza – 30%.

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Conflict of Interest

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest

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