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Immigrant entrepreneur challenges toward trade Europeanization. The dynamics of Albanian experience in the province of Milan, Italy.

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Abstract

As I have considered in my previous papers the possibility for the Albanian immigrant entrepreneurship to bridge transnational for international marketing and trade to the Albanian products and services due to their double cultural affinity, both native and the one embedding because of their immigration abroad, I have also noticed some limitations related to their social status in the host European countries, which are result of the sectors of economy they have started their businesses and entrepreneurship. They have developed businesses in sectors such as construction, cleaning services, mechanical services, restoration and inter-mediation etc, sectors generating not high profits, as well as not very much preferred by host country nationals for the low social class representing compared to other industries. This is also related to their limited education and to the lack of acknowledgement of their study titles abroad, because of the problems the higher education in Albania has had both in the time of dictatorship and later during the transition period. At this consideration, in this paper I want to analyze some elements and phenomena that can be touched and considered for possible change and development between Albanian immigrants abroad, based on findings of a sample studied by the Albanian immigrant group of Lombardy, Italy. These changes can relate to education, professional skills, marketing and economic skills, sociological training especially to socialization and enlargement of ties other than with egos etc. This will reinforce their enclave networks and increase their integration abroad, fostering this way their increased penetration in the international market with the products and services they carry in their businesses as well as with Albanian genuine products, strongly influencing in the Albanian businesses to impose international European standards of production.

Keywords: Europeanization versus internationalization, professional skills, marketing skills, social integration, and weak ties versus strong ties.

Literature review

There is an emphasis in theoretical explanation of the phenomenon of ethnic entrepreneurship and these explanations are oriented mostly toward the term “ethnic group” as it is referred “as a set of connections and regular patterns of interaction among people sharing common national background or immigration experiences” (Waldinger et al., 1990). Various definitions of “ethnic group” have been suggested and the definitions of it differ from that of “immigrant entrepreneurship” because it does not exclude the last, as well as focuses on the modern era immigrant groups. According to Yinger (1985:27) an ethnic group is “a segment of larger society whose members are thought, by themselves or others, to have common origin and to share important segments of a common culture and who, in addition, participate in shared activities in which the common origin and culture are significant ingredients”. On the other side, “immigrant entrepreneurs” include individuals who have immigrated to the host society a few decades ago and this excludes the members of ethnic minority groups who have lived in these countries since many centuries ago. Ethnic entrepreneurship has its root in the USA and is related to the long history of this phenomenon there since 1880, where the foreign born were observed to have been overrepresented in small businesses. The early theory related to the above history explains that ethnic businesses are a response to the blocked opportunities in the labor market. Europe, on the contrary has a diverse nature of this phenomenon which is related to immigrant rather than ethnic groups. The immigrants initially came as a working force for growing companies and were very homogeneous until after World War II (Waldinger et al., 1990). Because of this new phenomenon in the continent and because of the increased demand for specific goods and services the evolution slowly started for the ethnic businesses. These specific conditions on products and services could only be fulfilled by the co-ethnic who had knowledge of tastes and buying preferences because of the culture and attitudes. The business entry decision has been studied by different theoreticians in order to better understand the phenomenon and explain the involvement of ethnic groups into entrepreneurship. Some theory focuses on culturalist approach or structural factors in explaining the rise of ethnic entrepreneurship. The first, believe that immigrant groups have culturally determined features leading to a propensity to favor self employment (Masurel et al., 2004). On the other hand, the structuralist approach, there are external factors such as discrimination, education and language deficiencies or entry barriers which push the foreigners into self-employment (Volery, 2007). Market segments occupied by ethnic entrepreneurs are characterized by “low barriers of entry”, “small – scale production”, and “low added value” (Volery, 2007). These characteristics indicate a specific feature of this kind of business which is high start up and low failure. Consequently, in order to survive and remain competitive, “the temptation to apply informal practices with respect to taxes, labor regulations, minimum wages and employing children and immigrant workers without documents is quite large” (Rath and Kloosterman, 2002).

Ethnic immigrant enclave as an important source of trust and social capital

Recently there has been an increased interest on understanding the dynamics of ethnic economies, including their formation and development in order to understand how it has been evaluated and to investigate the role of social capital in ethnic entrepreneurship and enclaves. The economic theory of clubs is a potential unifying theoretical paradigm for the study of ethnic economies and the behaviors of ethnic entrepreneurs. Studying ethnic entrepreneurship in the context of theory of clubs helps understanding “the benefits derived from an ethnic grouping as

a “club” good supplied at the ethnic level, demanded by the various key stakeholders within an ethnic neighborhood, economy or enclave, and with clear characteristics of excludability” (Galbraith, Carlos, Rodrigues and Stiles, 2007). In order to understand the ethnic economy we should properly use and clearly define the concept of “club good” which is one of the main concept in understanding the club theory. Social capital for example is a concept of ethnic economies used as a club good. Derived from the sociological literature, club good is used to explain the behaviors of immigrant or ethnic entrepreneurs. “It is traditionally defined as an asset, resource or capability that arises from trust, reciprocity, goodwill and knowledge among a well defined network of relationships” (Galbraith, Carlos, Rodrigues and Stiles, 2007). Analyzing social capital in the light of sociological perspective is very important in order to explain the level of trust generated through the use of a common language, set of customs and non written rules of behaviors in doing business. On the other side, analyzing social capital from the economic point of view and organizational perspective helps detecting the benefits which derive from the reduction of transaction costs, time in searching for partners and contracting re-contracting costs are also reduced. Many theorists try to explain the nature of social capital as a club good through its nature of excludability. The good fit of social capital as an economic good within the framework of club theory explains its nature and the fact that it is supplied at the co-ethnic level via the network with the ethnic population and is also demanded by a different stakeholder within the groups such as co ethnic laborers or business owners. Another argument in favor of explaining social capital as a club good (egos equity) stands for the limited access of outsiders (alters) toward this element. People outside the group or co ethnic population can be prevented by sharing this good with them. Because it is a collective asset, outsiders can be prevented for sharing the benefits with them by making evident its nature of excludability.

Together with other types of capital such as human capital or cultural capital, social capital is also a concept and theory which contributes in a variety of contexts especially in economic organization by favoring competitive advantage. As a capital it is “formulated to understand the utility of resources in affecting life chances” (Lin and Erickson 2008). Social capital was initially defined by Coleman and then extended by Putnam (2000:19) as “connections among individuals-social networks and the norms of reciprocity and trustworthiness that arise from them”. Social network and social capital are evaluated as “interchangeable or alternative elements” by scholars who empirically studied the definitions of social capital and further work by Putnam added the confusion by the involvement of the civic engagement which theoretically is not clear how it is related to trust, or norms of reciprocity. As a result of this confusion there was a boom of approaches and freely used measures in empirical studies including “network features, social relations, frequency of interactions, perceived relations or support, as well as generalized or interpersonal trust, cohesion, reciprocity and so forth” (Lin and Erickson 2008). As a concept, “capital” the value possessed and invested in a given society, while as a theory it is a mechanism by which valued resources are “produced, reproduced, and accumulated” (Lin 2001); or “generate returns to individual and collective actors in a society”(Lin and Erickson 2008). Social capital is “rooted precisely at the juncture between individuals and their relations and is contained in the meso-level structure or in social networks” (Lin and Erickson 2008) in the case of immigrant enclaves or clubs. The fact that social capital is driven by the network, is something overall accepted by the scholars and it is the network that gives advantage because of the investment in social relations. The resources embedded in social networks are not good possessed by the individual but resources access through direct or indirect ties. (Lin and Erickson

2008). The three elements of social capital according to Flap (2001)¹, demonstrate that it is the resources and network through which actors of it capture or benefit from others actors' resources and facilitate information flow trust and generate outcome in the marketplace. One very common return to social capital is employment. According to Lin and Erickson (2008), a person with strong social capital and with network diversity leads to a more prestigious job and that advancement in job hierarchy are connected to the degree of networking. But it is obvious that not all kind of people are exposed equally to the degree of social capital they can access. People with high social capital usually are those advantaged in their social locations and systematically exposed to a greater network. Family background is also an important aspect of unequally exposure toward social capital, as well as gender, race or ethnicity. Education also is a very important environment in increasing the chances for a larger social capital as proved by studies of Bekkers, Volker, Van der Gaag etc, where is concluded that "better education leads to better social capital". The social capital gained from work is of specific interest especially in the case of ethnic or immigrant entrepreneurship taking into consideration the fact that these kinds of businesses mostly start as a kind of employment and their success is basically based on ethnic network, ethnic ties and the social capital of the ethnic group.

Findings on the situation of the Albanian immigrants and entrepreneurs in Italy and Milan

Albanian immigrant group in Italy considering the time of immigration is the newest one. They have had less time of consolidation as an ethnic immigrant group, and have some specifics as well. They have immigrated in a time of total social depravity and state degradation and degeneration. It was a massive exodus involving families and individuals without limitations in age, gender and education. They brought with them all the deficiencies of their society ad they were not very attractive to the market labor. They had to face with a very regulated and profiled market by profession and with very high demands related to education. A considerable number of them were in the age of 14-18 years, without any skills and lacking education especially high school one. The week capacities in capabilities limited them in ordinary not attractive works and carrying simple jobs, being limited too in making a certain career. They have not been so far very much competitive in the labor market. The average Albanian immigrant entrepreneur actually in total has twelve (12) years of education (46.7%) and also granted a diploma for that mainly in the capital, Tirana. He is married and has children (76.6%) while his partner nationality is Albanian (88.6%). The years of arrival in Italy of the Albanian immigrants are 1991-1993 (25.5%) and 1997-1998 (24.5%) when he was around twenty years of age and had a job in the country of origin (44.4%), but the greater opportunities to finding a better job attracted him to immigrate to Italy. The ones who have been in age of labor, have been mostly suffering unemployment in Albania, or being employed and suffering low salaries and incomes from their work done. The table below shows the unemployment rate of the Albanian immigrant compared to other communities of immigrants, confirming our reasoning being the immigrant group with the higher rate. They are weakly organized in base of their ethnicity compared to other immigrant groups, and they have found help mostly in family base. The social capital is mostly based on the interpersonal and family trust rather than in club or community trust. They have hardly found support for employment by the Albanian immigrant community in Italy. This is one of the reasons explaining the highest rate of unemployment among the immigrants in Italy.

¹ (a) the number of others who are prepared to help, (b) the extent to which they are prepared to help(the strength of tie), and (c) what is at the other end of the tie in terms of accessible resources.

CITTADINANZA	Occupati	Persone in cerca	Inattivi	Totale (=100%)	Tasso di disoccupazione
Albania	51,9	9,4	38,8	448.320	15,3
Altri Europa orientale	65,8	7,1	27,1	494.883	9,7
Europa non comunitaria	58,9	8,1	33,0	953.723	12,1
Totale	59,5	8,3	32,2	2.539.702	12,3

Considering the sectors of economy being employed or developing their entrepreneurship the situation is shown in the table below².

CITTADINANZA	Agricoltura	Industria			Servizi	Totale ⁽²⁾ (=100%)
		Totale	di cui:			
			Industria in senso stretto	Costruzioni		
Albania	21,0	36,6	26,7	10,7	47,4	93.767
Europa non comunitaria	15,1	25,5	17,3	8,7	63,0	258.210
Totale Paesi non comunitari	15,1	24,7	10,9	14,2	64,4	786.034

The above picture shows the sectors of other services is the common sector with the highest percentage among all immigrants.

While in the province of Milan, according to the results detected by the chosen sample of the interviewees the sectors of concentration for Albanian entrepreneurs are the construction and industry which compose 53% of the total employed. The other half is distributed among other sectors such as other public services, restaurants, financial activities and other services to the entrepreneurs, agriculture, and commerce.

In 2012 the reports on Albanian immigrants regarding working as dependents resulted in a number of 190 thousand out of which the quote of self employed owners in sole proprietorships are about 30 thousand and it is very significant with a percentage of 11% over the total non community origin business owners. During 2011 there was a positive net of 3,200 units of activated employment relationships for citizen with Albanian origin. The new jobs initiated during 2011 belong to the activities in the services sector (47%) industrial sector composed of industry in strict sense and construction (37%) and agriculture (21%) (CAN 2013).

It is very important to know also the distribution of the nationalities of immigrant entrepreneurs. As shown from the graph below African immigrants from Morocco, European immigrants from Romania and Asian immigrants from China are the first three immigrant groups with the highest percentages of entrepreneurship. Albania, with 10.3% is the fourth important immigrant entrepreneurship nationality followed by other countries in less than 5 %. It shows for high entrepreneur skills, but on the other side, referring to the reasoning above, it certifies the higher

² La comunità Albanese in Italia. Rapporto annual sulla presenza degli immigrati-2012. Ministero del Lavoro e delle Politiche Sociali

difficulties compared to other communities in employment. It can be seen also as an important effort to change their social status moving to other jobs as manager or other more appreciated positions compared to what the market of labor can offer or provide to them. They still lack a lot of necessary management skills and are served for these by Italians.

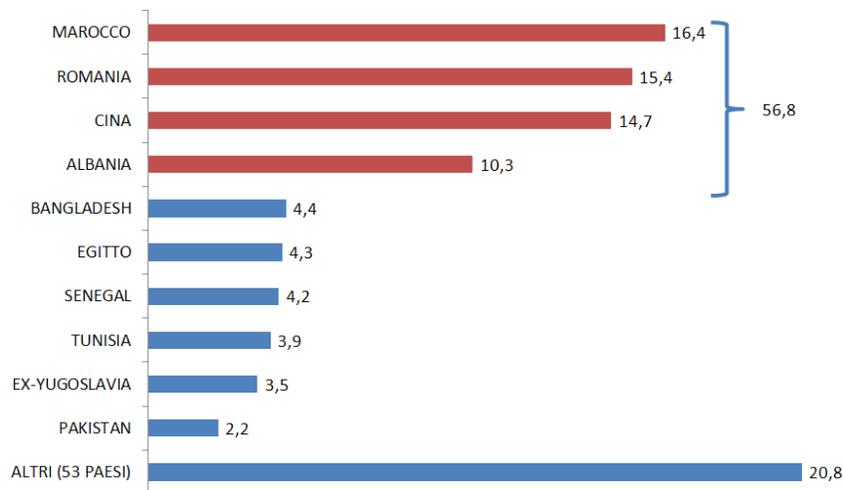


Figure: Immigrant Enterprises present in Italy. Distribution in % according to the nationality of the Immigrant (CAN 2013)

Referring to the above situation of the general view of immigrant entrepreneurs in Italy and based on the statistical data of the concentration of Albanians mainly in the region of Lombardy and Milan we decided to research on the profile of the average Albanian immigrant entrepreneur in Milan. From the chamber of commerce of the province of Milan we selected a population of Albanian entrepreneurs that had one main criterion which fulfilled the needs for hypotheses test of our study. So, from the large number of Albanian entrepreneurs we selected to research only on those who had 2 or more employees. The total number of entrepreneurs coming out from the list of the chamber of commerce taking into consideration the above criteria was composed by 204 businesses. Because of many study restrictions and problems due to the high rate of the uncertainty of data collected we reached and succeed in the completion of only 64 questionnaires distributed among 64 Albanian immigrant entrepreneurs³. The structure of the enterprises according to the number of the employees is shown in the figure below. Almost 17% of them are self-employed, and almost 47% have 1-4 dependent employees. It shows for the low power of their enterprises and the fact that they are still in the early steps of entrepreneurship. They suffer lack of capitals and market share in order to develop their businesses. The financing is mostly (76%) based on family funds created by savings from their past employment, and a very few of them (11%) have found support in the financial market. They are largely diffident on the financial market support in order to consider it as a mean to support their businesses. This is mostly due to their weak financial education.

³ The rest of the selected interviewees were not reachable and refused to answer.

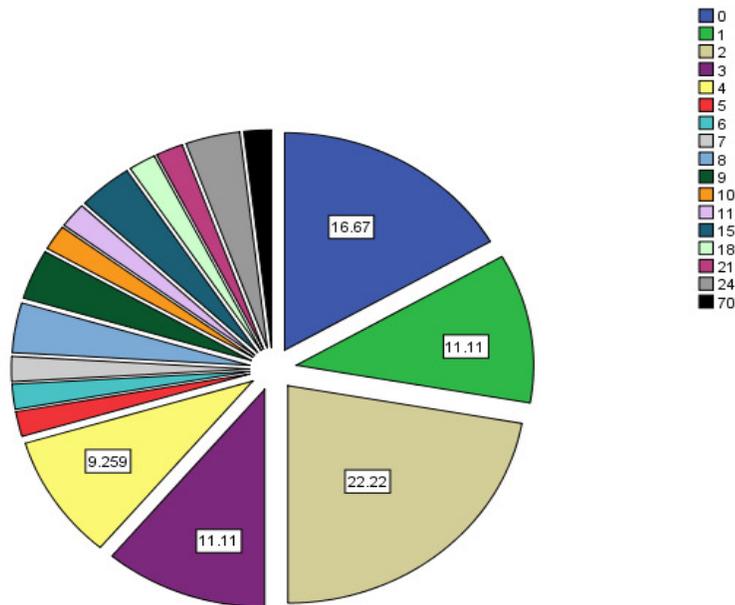


Figure: Albanian Immigrant Entrepreneurship based on dependent number

Classifying on the size of the enterprise we have as follow:

Figure: The classification of Albanian immigrant business based on EU classification of businesses

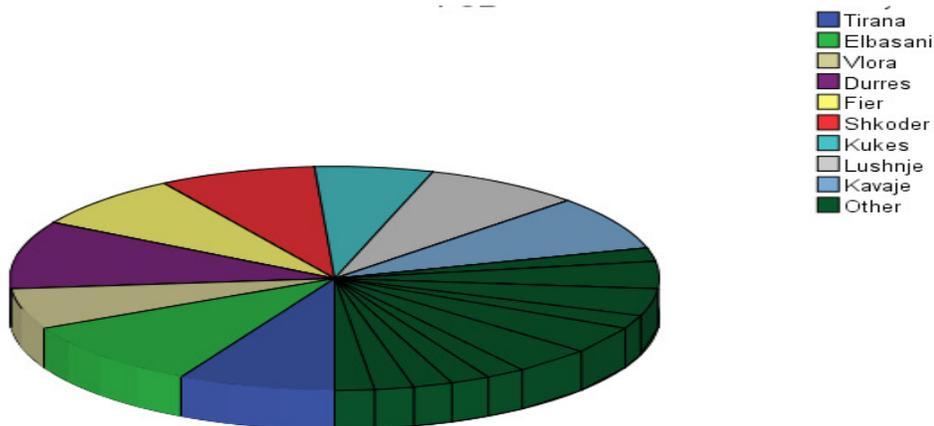
Class	Dependents number	Albanian Entreprises in %
Individual enterprises	0	16.7
Micro etreprises	<10	66.6
Small entreprisese	10-49	14.8
Medium enterprises	50-249	1.9

The Albanian immigrant entrepreneurs in the province of Milan are almost males by (92.7%) who born on average in 1972. This shows for a low involvement of the women in business, management functions and entrepreneurship. The figure tells for a weak social status of the females in the Albanian immigrant enclave.

Table – Albanian Immigrant Entrepreneurs by GENDER

	Percent
MALE	92.5
FEMALE	7.5

They were mainly born in big cities of the country mostly concentrated in central part of Albania such as; Elbasan (9.8%), Durres (9.8%),Tirana (7.8%) and Kavaje (7.4%) and southern west part of Albania in cities such as; Fier (7.8%), Lushnje (7.4%) and Vlora (5.9%) and just a few, from northern Albania in cities of Shkoder (7.8%) and Kukes (5.9%).



Immigrants coming from western territories, as well as the north-western ones have had, even in the past, good knowledge of Italian language and somehow culture, due to the continuous contact they have had through Italian radio and TV media. The knowledge on the language has helped them to choose Italy as the place of immigration, and further, has helped them to integrate in the Italian labor market, and entrepreneurship too. This is shown to be a strong factor in the trend immigrants have to choose the country to immigrate. They have had no relatives there, nor have costs of immigrating been the main factor for their choice. In case considering costs, Greece has been their main option. Another factor has been the higher reimbursement on the work done in the Italian market, rather than other neighbor countries. It is also proved by Albanian statistics that the north-eastern part of the country, as well as the eastern and central one has been more developed through years in the former communist Albania.

Albanian immigrant entrepreneurs were employed in the host country (83.3%) at the moment before initiating their private entrepreneurship and mostly opened their own enterprises in 2007 (11.3%) being employed as employees for more than 10 years, accumulating experience and education necessary to open their own enterprises, by founding it on their own initiative (79.2%) and using their personal capital (70.5%) for the following reasons; to earn more (29.1%), valorize their capacities (23.6%) and having a regular job (15.5%).

Albanian entrepreneur do believe that relations with Italians (51.9%), as well as with other immigrant non familiar co nationals (50%), relationship with other immigrants non conational (50%) and family relations (40.7%) are very useful in managing their entrepreneurship. On the other hand they are not sure if connections with Albanian association in Italy or Albania or just Italian ones do influence their activity. It still shows for weak trust in community or club level. This is the main reason of their lower development rates in entrepreneurship, and related to the

competitive capacities too. When searching for a collaborator or a dependent, the entrepreneur typically does not ask or directs to another specific person for advices, neither does this for business consulting purposes (62%).

From the business experience they have accumulated until now, they would agree or strongly agree that aspects such as; the desire to work, the professionalism and experience, familiarity with Italians, professional experience and traditions of their family and knowledge of Italian language are important aspects in successfully managing their enterprise.

Frequency Table for Influencing Factors in Enterprise Management

	Valid Percent
Lavoglia di lavorare	85.9
La professionalita e l'esperienza	84
La conoscenza di Italiani	77.6
Le tradiz e le esperienze professionali della famiglia	55.3
La conoscenza della lingua Italiana	53.8

They have relations with other Albanian and Italian entrepreneurs in Italy but no relations with Albanian entrepreneurs in home country (87.8%). Those who have do this for buying and selling of products and services. The people they mostly meet in the province they lived are Italians 55%. Concerning their family and children they actually do not prefer to inherit their business activity to them, rather than want the second generation to find a job different from theirs thanks to a good education and diploma. This tells for increased interest to improve their social status and the professional skills as well.

The following business activities and services such as: accounting, fiscal obligations, information and technology assistance, and other are mainly done by the Italian consultants.

Frequency Table for Italian Consultant

	Valid Percent
Contabilità	47.6
Obblighi fiscali	44.7
Assistenza informatica	42.7
Paghe e contributi	40.8
Norme in materia di sicurezza, igiene, ec..	40.3
Altro	2.9

Related to the economic crisis and the effects it has now and will have in the future the Albanian entrepreneurs predict that it is improbable, that they will close the business and sell it to other, or close it to avoid other losses. They neither believe that after crisis the company will not strengthen, but they will not sell their business to third parties, nor close it down. Albanian emigrant entrepreneurs think that it will not be probable to continue the activity in another sector and not leave the management to their children.

Statistics

	N		
	Probable	Improbable	Missing
The company will be strengthened	27.8	57.4	14.8
Will sell the company to third parties	5.6	59.3	35.2
Close the company to avoid further losses	18.5	48.1	33.3
Close this company, but will open another	13.6	22.8	63.6
Activity will continue, but in a different sector	18.5	46.3	35.2
Find a better job as an employee	22.2	37	40.7
Give the management to the children	11.1	50.0	38.9
Other	1.9	0	98.1

Conclusions

Considering all the information referred in this paper I have detracted some conclusions as challenges to the Albanian immigrant group and entrepreneurs in the province of Milan and in Italy.

They must increase their entrepreneur skill capacity in order to be much more competitive in the Italian market.

They lack adequate education and they are opted to other education especially in the second generation, aiming to increase their social position and involvement in the Italian society. They intend to improve in general their business positioning, but also diversifying toward much more attractive sectors.

Referring to organization in community or club level, Albanian immigrants recently hare also opted to network institutionalization, not very much ethnically oriented or focused, as they still strongly evaluate weak ties instead of strong enclave based ties. They are often members of ethnic cultural organizations, but they rather prefer mostly being part or member to non-ethnical business organizations. These are some very not clearly viewed efforts toward business networking inclusion. They still have to develop and reinforce business ties with their home

country economy and bridge transnational in order to increase their role and attractiveness in the international market through some bilateral faster opening between the two countries.

They have to increase their capacities in other managerial skills necessary for the development of their businesses in order to standardize their businesses to the international market.

They should understand that immigrant integration in the foreign market does not mean assimilation, as it does not increase attractiveness in the labor market, but rather increases difficulties in penetration of this market as they do not have adequate education due to the difficulties they have had to hard working and employment in the recent past, as well as in the earlier home country past.

Reinforcing enclaves in consumption increasing native brands and products introduction in Italy will increase their attractiveness in services and products to the regional and local market using their large number of ties with alters to their immigrant Albanian consumption enclave.

Last, increasing females role in their businesses will increase their possibilities to faster developments, first, due to their still low costs of employment, and second due to their strong ties with their native origin and support the entrepreneurs can find being more opted to transnational bridging and penetration to the foreign market with Albanian brands and products.

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