

# Chinese micro-entrepreneurs ethnic manufacturing cluster in Florence: entrepreneurs' quality of life and production capacity

by Mario Biggeri | Lisa Braitto | Huan Huai Zhou | Dipartimento di Scienze per l'Economia e per l'Impresa, Università di Firenze | Dipartimento di Statistica "G. Parenti", Università di Firenze | Zhijiang College of Zhejiang University of Technology

Abstract ID: 61

Inviato: 07/05/2021

Evento: XIX Workshop Annuale SIEPI

Argomento: XIX Workshop Annuale SIEPI

Parole chiave: Ethnic enterprises, Industrial Clusters, Life satisfaction, Local Development, Social capital

Migrant entrepreneurship has been acknowledged in the literature as a dynamic and diffused phenomenon that occurs in the local development systems of production of European countries in the form of ethnic enclave economies (Kloosterman 2010; OECD 2011; Wang & Altinay 2012; Arrighetti et al. 2014; Jones et al. 2014; Storti 2014; Ram et al. 2017; Rahman et al. 2018). Portes defines ethnic enclave as 'immigrant groups which concentrate in a distinct spatial location and organize a variety of enterprises serving their own ethnic market and/or the general population' (1981, 291). Ethnic entrepreneurship - especially in countries with long histories of industrial districts (IDs)[\[1\]](#) and clusters[\[2\]](#), such as Italy and Spain - has been an inward force responsible for redesigning the internal structure of local systems, especially those devoted to manufacturing activities (see Canello 2016; Lombardi and Sforzi 2016; Giuliani and Rabellotti 2017; Dei Ottati 2018). However, existing literature pays limited attention to the impact of these phenomena on regional and local system sustainability (see UN 2030 Agenda, particularly sustainable development goals (SDGs) 9 and 12), and even scarcer literature and empirical studies have been devoted to exploring what ethnic entrepreneurs and workers derive from these development processes, which is relevant to SDG 8 (decent work and economic growth) and the ILO Decent Work campaign.

Italy is one of the most interesting country-case studies of the phenomenon of ethnic entrepreneurship and the role of ethnic social networks, especially since this entrepreneurship intertwines with the presence of IDs and clusters (Barberis and Aureli 2010; Barberis et al. 2012; Lazzeretti and Capone 2017; Dei Ottati 2014; 2018). The proliferation of ethnic entrepreneurship has a direct impact on the structure of local systems of production and business networks in Italy, especially in some traditional labour-intensive industrial sectors, such as garment textiles and leather manufacturing of the 'Made in Italy'.

This phenomenon is evident in the case of Chinese migrant communities in Italy who have established their small- and medium-sized manufacturing firms within or near pre-existing IDs (Barberis and Aureli 2010). Indeed, Italian and Chinese industrial communities share a

common model based on the role of micro- and small enterprises (MSEs) and the importance of tied and cohesive social capital: an 'ethno-industrialization model' (Barberis et al. 2012). According to Lombardi et al. (2015, 7), in 2007, 31% of the enterprises operating in Italy within the traditional 'made in Italy' sectors were Chinese-owned, and 64% of these were located in Italian industrial clusters. This phenomenon has been recognized and studied, especially case studies of Chinese entrepreneurs in textile and clothing IDs in Prato (see Becattini 2001; Biggeri et al. 2015; Lazzeretti and Capon, 2017; Dei Ottati 2018), and in more wide-spectrum regional and national studies (Canello 2016; Lombardi and Sforzi 2016). However, there is not yet a clear understanding and analysis of the emergence of ethnic industrial clusters acting as enclave or quasi-enclave economies in local systems of production. This is partly due to the pronounced difficulties encountered in gathering suitable microdata (Canello 2016).

This paper has two aims. The first is to investigate the phenomenon of ethnic quasi-enclave industrial clusters by examining the distinctive economic and social dynamics affecting ethnic microentrepreneurs. The second is to analyse what gains Chinese migrant entrepreneurs derive from development, by applying econometric analyses of the determinants of these entrepreneurs' economic performance and life satisfaction. Indeed, as the literature on ethnic entrepreneurship suggests, different types of social capital generate different impacts on the performance of the entrepreneur and his/her well-being. Thus, our research focuses on assessing the magnitude and direction of the influence of relational and business social capital on both the performance of enterprises and the life satisfaction of microentrepreneurs.

Considering that ethnic enclave industrial clusters constitute a peculiar socioeconomic and cultural setting, this paper's interpretative framework adapts the conceptual framework presented by Mehrotra and Biggeri (2007) to local systems of production characterized by the availability of informal and formal ethnic resources and different levels of embeddedness (Kloosterman 2010). In particular, following Mehrotra and Biggeri (2007), and considering the different internal and external social and economic dynamics characterizing ethnic enterprises, the interpretative framework focuses on two factors that define the level of development of the case study cluster: the production collective efficiency and the social and environmental collective outcomes. This self-reproducing model of local human development, combined with a mixed-embeddedness approach (Kloosterman 2010) to ethnic entrepreneurship, allow what Wang and Warn (2018) describe as a dynamic interpretation of the different manifestations of the opportunity structure available to the MSEs. At the same time, to explore individual entrepreneur outcomes within the local system of production, the determinants of their economic results and life satisfaction are analysed (Palmer et al. 2011; Arpino and de Valk 2018; Paloma et al. 2021).

To analyse this phenomenon, a Wenzhounese migrant socioeconomic quasi-enclave industrial cluster located adjacent to a well-known leather ID in Florence is taken as case study. Indeed, Chinese migrants' businesses, originating from the region of Wenzhou, in particular, are characterized by the presence of small and micro family-owned artisan firms typically arranged in IDs (Walcott 2007; Bellandi et al. 2010; Dei Ottati 2014).

Due to a lack of extensive previous research and the difficulties encountered in collecting microdata in such a confined and sealed community, this research study adopted a mixed-method approach. Our analyses are mainly based on information gathered through a survey on economic and social issues, which was administered to a random sample of 212 entrepreneurs. Before administering the survey, a one-year observational analysis was conducted, as well as in-depth interviews with key-stakeholders and life-course interviews with entrepreneurs.

The results present the main characteristics of the ethnic enclave industrial cluster and describe the functioning of various social and economic forces. The econometric analyses reveal the relevance of social capital as a determinant of both the entrepreneurs' economic performance and life satisfaction. The results show dissimilar and contrasting effects when social capital is divided into relational and business social capital. This analysis contributes to existing literature on migrant enterprises and communities within and outside industrial clusters in Italy, by responding to a need for new evidence on ethnic entrepreneurship in terms of performance, working conditions and the well-being of entrepreneur communities within local socio-economic systems. Moreover, the combination, and in some cases juxtaposition, of analyses of the economic performance of ethnic micro-enterprises as well as their quality of life provides new insight into existing literature.

This analysis and its interpretative framework result in some policy implications, to facilitate the upgrading of the Chinese ethnic cluster and enterprises in terms of social and environmental outcomes and integration. For example, the involvement of associations of producers and consumers and the coordination with the metropolitan area of Florence and the wider Tuscany region could facilitate the provision of policies aimed at upgrading the production capacity, security and sustainability of the ethnic cluster, in terms of health, hygiene, environmental and social security and compliance with the law.

[\[1\]](#) According to Beccattini (1989), Marshall's IDs are economic productive systems characterized by interrelated social, economic and cultural systems that share formal and informal institutions.

[2] According to Porter (2000, 16) a cluster is defined as a 'geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities'.