Diversity, entrepreneurship and local embeddedness. A case study in Milan, Italy

di Eduardo Barberis

Abstract

This article is aimed to analyse the relationship between diversity, entrepreneurship and embeddedness. Diversity is considered in terms of a variety of features of the enterprise, the entrepreneur, and the local context where the business operates. Socio-economic embeddedness is considered in its mixed and territorial dimensions. Local embeddedness and neighbourhood diversity do intersect in producing specific configurations, so that the enterprise may both benefit from and contribute to the local diversity, or may just exploit it with no attention to its reproduction. This hypothesis is tested with a qualitative study based on interviews with entrepreneurs in Milan, Italy.

Keywords: mixed embeddedness, immigrant entrepreneurship, diversity, immigration

JEL classification: L26; J15.

Diversità, imprenditorialità e radicamento territoriale. Uno studio di caso a Milano

Sommario

Questo articolo intende analizzare la relazione fra diversità, imprenditoria e embeddedness. La diversità è considerata come varietà di caratteristiche dell’impresa, dell’imprenditore e del contesto locale in cui l’impresa si inserisce. L’embeddedness socio-economica è considerata nelle sue dimensioni miste e territoriali. Il radicamento territoriale e la diversità del contesto locale si incrociano producendo specifiche configurazioni, in cui l’impresa può sia beneficiare che contribuire alla diversità locale, o può sfruttarla senza favorire la sua riproduzione. Tale ipotesi è testata con una ricerca qualitativa a Milano.

Parole chiave: mixed embeddedness, imprenditoria immigrata, diversità, immigrazione.

Classificazione JEL: L26; J15.

Acknowledgments: this work is based on research conducted within the project Divercities – Governing Urban Diversity: Creating Social Cohesion, Social Mobility and Economic Performance in Today’s Hyper-diversified Cities. This project is funded by the European Union under the 7th Framework Programme; Theme: SSH.2012.2.2.2-1; Governance of cohesion and diversity in urban contexts.

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Introduction

This article explores the relation between diversity, entrepreneurship and neighbourhood location. Diversity itself will be considered as a key point in interpreting economic and social position of business ventures. In particular, diversity will be considered in terms of:

a) business diversity, i.e. characteristics of the entrepreneur, and of products and customers of the enterprise;

b) neighbourhood diversity, i.e. characteristics of the local context where the firm (and, in case, the life of the entrepreneur him/herself) is embedded from a socio-economic point of view.

Diversity can be a blurred concept difficult to operationalize, since it may refer to the distribution in a group of a number of variables, to different ways of distributing such attributes (Harrison and Klein, 2007), to different levels and understanding of such variability: as a general principle, as an attribute of plural societies, as a categorizing lens in interactions between individuals and groups (Boccagni, 2015). What is more, increasingly diversity as a gather-all concept is referred to the coexisting heterogeneity of variables, in multivariate relationships (Teachman, 1980), while a specific attention should be paid to the social processes that make some attributes relevant in the public discourse (Tasan-Kok et al., 2013; Boccagni, 2015).

Not rarely, diversity is also seen as a flawed concept, since

a) it may eclipse the importance of inequalities: diversity is something “other” than the taken-for-granted privilege of a majority detaining the power to define normative presumptions, so what is not “mainstream” is an exotic difference camouflaging structural inequalities (Bourdieu and Wacquant, 2001; Bell and Hartmann, 2007; Michaels, 2008);

b) it may be unable to consider the dynamic individual and collective construction of diversity, that is largely interactive (Jenkins, 1997; Wrievinga, 2001; Wimmer, 2012).

In this respect, this article will assume the definition based on the recent debate on super-diversity and hyper-diversity – and on the related processes of super- and hyper-diversification – focussing on “new conjunctions and interactions of variables” (Vertovec, 2007, p. 1025) and on an “intense diversification of the population, not only in socio-economic, social and ethnic terms, but also with respect to lifestyles, attitudes and activities” (Tasan-Kok et al., 2013, p. 6). That is, diversity is considered here as a lens to interpret identities in today’s urban contexts, as multi-layered and mutually interacting, affecting activities and life contexts (ibidem): issues
like gender, ethnicity, class – including social and institutional discrimination affecting different groups – intersect in providing opportunity windows and constraints, due to how intergroup and interpersonal relations, and societal structures do “reward” specific features of plural identities. Within the opportunity windows mentioned above, then individual leanings and trajectories may be not so predictable, since such structure is interwoven with individual agency, blurring boundaries among groups and usually assumed categories. As an example related to our fieldwork, the entrepreneurial drive – cross-cutting among gender, ethnicity and class groupings – can be based on a specific agency that cannot be reduced to group-belonging (even though constrained in its operations by the structure of opportunity, e.g. the civic stratification of immigrants, which may access variable rights, see Morris, 2003; Villares Varela, 2010).

So, the consideration of structural processes, social class and inequalities is aimed to take into consideration the flaws mentioned sub a) above, while the balance between structure and agency is aimed to consider the interactive and contextual dimension of diversity, as mentioned sub b).

This article is also aimed to provide an empirical advancement to the growing literature on superdiversity and entrepreneurship (see Sepulveda, Syrett and Lyon, 2011) by using the literature on local embeddedness and rooting of firms to disentangle the relationship between neighbourhood diversity and enterprise diversity. To do so, a qualitative research with interviews to entrepreneurs (n = 41) in two neighbourhoods in Milan, Italy, has been conducted. Interviewees were selected according to their background and type of business, in order to provide hints on different ways diversity can play a role in socio-economic and local embeddedness (see section 2.3. for details).

The article will start by contextualizing the recent literature on the role of diversity in (urban) economic growth. After introducing the methodology, the core part of the article will analyse how the neighbourhood diversity and the business diversity interact in defining the socio-economic position of the business venture and of leading entrepreneurs, with a specific focus on local embededness and diversity.

Conclusions will try to set the stage, and provide suggestions for further research in this field.
1. Background

Diversity has been often linked to economic success. Classic European studies like Simmel's and Sombart's, as 20th-century American literature on middleman minorities (Bonacich, 1973) and network studies on structural holes (Burt, 1992), maintain that some forms of marginality may boost innovation. This may take place because people located on the fringe can be in a good position to connect different markets, or even to create new niches to make a living in exclusionary contexts.

Though, a likewise rich literature in business studies and economic sociology also underlines the other side of the coin. For instance, Johanson and Vahlne (1977; 2009) talk about the “liability of foreignness” and the “liability of outsidership” – a set of cultural and institutional barriers limiting inter-group business collaboration and success. Thus, an effective mixed embeddedness (a situation where a business minority is positively related from a social and economic point of view with other members of the same minority and with members of the majority, see Kloosterman and Rath, 2001) can develop only under specific conditions, that include a favourable institutional arena and conditions for inter-group contact.

In this respect, it is important to underline that cultural and social resources of minorities are not enough to disentangle their market position, if not contextualized in inter-group social networks and in the national and local formal and informal regulation of the economy (Ambrosini, 2005; Panayiotopoulos, 2010). An excess of focus on cultural factors and the supply-side in the structuring of markets underplays the role of structural factors and interactive processes (Engelen, 2001; Barberis, 2014). We can mention at least two: the societal reception (Portes, 1995) and the institutional context (Rath, 2000). For example, economic and institutional entry barriers into a market, together with the majority-minority relations (Hewstone et al., 2001; Alanya et al., 2017), may selectively define the importance of diversity.

Not by chance, cities acting in global contexts compete for enterprises with high economic performance and for talented entrepreneurs, also supporting new start-ups: relevant literature underlines that cities open to diversity do attract a wider range of entrepreneurs (Fainstein, 2005; Florida, 2004; Tasan-Kok and Vranken, 2008; Eraydin et al., 2010). In hyperdiverse urban context, the intersection of a plurality of diversities located in different kinds of urban contexts may turn into competitive chances: specific characteristics of the entrepreneurs – e.g. in terms of ethnicity, nationality, gender, sexual orientation, social class, age, beliefs, life-styles
can make room to creativity and lateral thinking, creating new market niches or transforming traditional ones.

Empirical research on how economic competitiveness is connected to urban diversity, however, is quite limited – especially at the micro-level of neighbourhoods and entrepreneurs’ experiences (even though with notable exceptions, see for example Ayar and Rath, 2012).

So, this article is aimed to analyse the role of urban diversity in the economic position and success of different population groups. We focus on the socio-economic position of enterprises in contexts characterized by a mix of social conditions and an increasing diversification, and on the conditions that support their competitiveness and development.

1.1 Case study: Italy and Milan

In particular, we focus on case studies in the city of Milan, Italy. The role of diversity in entrepreneurship deserves a specific attention in the Italian context, where small entrepreneurship has an almost unique role in Europe: in many Western countries, small business is a secondary and poorly profitable segment of urban and national economies (Oecd, 2010; Panayiotopoulos, 2010). This is not the case of Italy, where the number of employees and the added value produced by micro enterprises are the highest in Europe (Eurostat, 2011), as the entrepreneurs’ rate (Istat, 2015a). At the same time, micro enterprises are the entry door to self-employment for most minorities and discriminated-against groups (Barberis, 2008; Avola and Cortese, 2012), since external careers (achieving social mobility by looking for new opportunities) can be an option when internal careers (achieving promotions within the same workplace) are blocked (Kim, Hurh and Fernandez, 1989). Even more in Italy, characterized by a limited chance of upward social mobility, due to the features of the labour markets and family relations (Causa and Johansson, 2010).

At the same time, the configuration of entrepreneurship in Italy means that minority ventures enter a field significantly guarded by “core” social groups (typically, native adult males). This does not necessarily mean that the access to entrepreneurship is particularly hard (sectors with low entry barriers, requiring poor capital and skills, are accessible, even though success is far from granted). Though, this means that competition and cooperation with natives may be more frequent than in other countries and
may root inter-group production chains or confrontation and blaming against minorities perceived as “intrusive”.

This general situation is even more relevant in Milan, one of the liveliest economic contexts of the whole country (Istat, 2015b) that is also attractive for foreign entrepreneurs (both high-end, like in finance and fashion, and immigrant petty business) (Riva and Lucchini, 2014).

Tables 1, 2 and 3 portray some comparative indicators on the business structure of Milan. Tables 1 and 2 shows that Milan is a context particularly positive for immigrant self-employment. Obviously, this is related to the highest share of foreign residents in the area, but the analysis of the entrepreneurship rate shows that foreigners' entrepreneurship rate is higher than the Italian mean (in 2014, 9.3 vs. 7.9), that mirrors at a distance the rate of the population as a whole (13.2 vs. 11.2).

### Tab. 1 - Share of some categories among self-employed in active enterprises, 2013

<table>
<thead>
<tr>
<th>Category</th>
<th>Italy</th>
<th>Milan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign citizens</td>
<td>6,4</td>
<td>9,9</td>
</tr>
<tr>
<td>Young (15-29)</td>
<td>5,9</td>
<td>5,1</td>
</tr>
<tr>
<td>Women</td>
<td>30,0</td>
<td>30,9</td>
</tr>
</tbody>
</table>

Source: Istat – Imprese – Struttura (dati.istat.it).

### Tab. 2 - Business indicators in Italy, Lombardy and Milan

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Italy</th>
<th>Lombardy</th>
<th>Milan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) % of artisan business</td>
<td>26,5</td>
<td>31,0</td>
<td>23,4</td>
</tr>
<tr>
<td>2) % of businesses run by young entrepreneurs</td>
<td>9,8</td>
<td>8,8</td>
<td>8,0</td>
</tr>
<tr>
<td>3) % of businesses run by female entrepreneurs</td>
<td>22,3</td>
<td>18,8</td>
<td>17,4</td>
</tr>
<tr>
<td>4) % of businesses run by foreign entrepreneurs</td>
<td>9,4</td>
<td>11,1</td>
<td>13,9</td>
</tr>
<tr>
<td>5) % of individual businesses</td>
<td>60,0</td>
<td>50,0</td>
<td>40,0</td>
</tr>
<tr>
<td>6) % of manufacturing enterprises</td>
<td>10,3</td>
<td>12,8</td>
<td>10,9</td>
</tr>
<tr>
<td>7) % of construction enterprises</td>
<td>15,0</td>
<td>17,1</td>
<td>13,8</td>
</tr>
<tr>
<td>8) % of trade enterprises</td>
<td>27,5</td>
<td>24,1</td>
<td>25,1</td>
</tr>
<tr>
<td>9) % of service enterprises</td>
<td>32,5</td>
<td>40,3</td>
<td>48,9</td>
</tr>
</tbody>
</table>

Sources: indicators 1-5, Camera di Commercio, 2015a (data at 1st trimester 2015); indicators 6-9 Camera di Commercio, 2015b (data at 2014).

1 It is calculated as the share of self-employed on the resident population in working age (15-64).
Table 2 shows also that Milan economy is mostly tertiary, but that foreign entrepreneurs (Table 3) have some ethnic specializations, especially in construction and trade. Those are the sectors where a “survival” entrepreneurship may be more frequent, characterized by a poor self-employment in a cut-throat competition.

| Tab. 3 - Share of active enterprises per economic sectors – selected groups and sectors in Milan, year 2014 |
|:---:|:---:|:---:|
| Youth | Women | Foreigners |
| Manufacturing | 4,7 | 14,0 | 8,1 |
| Construction | 11,9 | 5,6 | 25,7 |
| Trade | 10,0 | 18,8 | 16,4 |
| Total | 8,9 | 17,5 | 13,7 |

*Source: Camera di Commercio, 2015b.*

At the same time, it is worth underlining that Italy lacks most of the more positive features associated to a favourable economic outcome of diversity – e.g. easy upward mobility, clear regulations, skill match (Barberis and Violante, 2017). So, the recent growth of immigrant firms during the crisis, when native businesses shrunk (Idos, 2015) it is not necessarily an evidence of a good market integration: independent employment may be due to processes of informalization of dependent employment (Panayiotopoulos, 2010), or can be related to the lack of job opportunities. A structural condition that may be exacerbated by the long-lasting consequences of the economic crisis (Marra and Turcio, 2016).

1.2 Case study: the neighbourhood level

The study areas we selected are located in the Northern part of the Municipality of Milan and are characterized by a meaningful plurality of populations (by age, social class and origin). Actually, this area can be considered as one of the most diversified in Milan: first, it has one of the highest shares of foreign residents, that account for 26.2 per cent of the inhabitants (mainly Egyptian, Chinese, Bangladeshi and Filipino citizens), including some concentration areas. For example, among the 36,000 inhabitants of Via Padova neighbourhood – one of the focal points in this research – non-Italian citizens are 34 per cent of the population.
The area is also mixed in terms of family structures, age and income. A generally young-to-adult immigrant population lives side by side with Italian elderly: 65+ make up 21 per cent of the population in the area, while minors are some 15 per cent. Also, in this area 45.7 per cent of household is single-person. Northern Milan is home to quite a number of families in transition (new wedlock, parents with newborns, single parents, divorced…) thanks to the mix of low housing and living costs and good connections with the city centre and the surroundings.

At the same time, this area has some relevant concentration areas of international immigration (Barberis et al., 2017), and also some areas of high entrepreneurial development – in particular the neighbourhoods Loreto and via Padova (Riva and Lucchini, 2014).

Actually, many of the new immigrant firms opened in the last 15 years have been located in the Northern part of the city (Chinese, Egyptians) or in the North-Eastern neighbourhoods (Bangladeshi, Peruvian), while Moroccan (as Romanian and Albanian) firms are more evenly spread throughout the whole city (ibidem). This is partly related to the settlement of immigrants in the city (that provide customers for ethnic businesses; direct and/or network-related information to entry the local markets), but also to the local built environment, that provides opportunities for quite cheap facilities in frequented areas.

Within Northern Milan, we decided to focus on an area with a significant and dynamic business community and also a high share of immigrant residents and entrepreneurs (Via Padova) and another one, mainly residential and more mixed in terms of business characteristics (Niguarda). Both these areas – and more constantly the first one – has been object of public and policy discourses underlining the negative consequences of (immigration-related) diversity, but also a terrain for grassroots activism and initiatives aimed to reverse the stigma and work on an inclusive and plural local identity (Barberis et al., 2017; Marzorati and Semprebon, 2015). This choice was aimed to connect results to previous studies on diversity, social cohesion and entrepreneurship (Agustoni and Alietti, 2009; Pastore and Ponzo, 2012; Bovone, 2014).

1.3 Methodology

The fieldwork was conducted between September 2015 and January 2016. The fieldwork research was conducted via interviews (n = 41), and a non-probability diversity / heterogeneity sampling was used, also with support of snowballing. Such sampling of the interviewees was meant to
have a control over some basic features, relevant to mirror the diversity of business people in the city (starting from the variables reported in the tables above) and in our study area – a range of social and business characteristics that was not possible to identify but with a qualitative exploration.

As for the characteristics of the entrepreneurs, we basically focussed on age, gender, citizenship and ethnic background. Those are the main characteristics of diversity considered in the national and local statistics and analyses, considered also as potentially vulnerable groups. At the same time, their position at the fringe of the local business structure (the young, the immigrants and the women are all under-represented among entrepreneurs if we consider their share in the whole population) can intertwine fragility with the exploration of innovative entrepreneurial strategies to break out and achieve a good market and social position.

2. Characteristics of the interviewees

We interviewed 20 males and 21 females. Different age groups were represented: 9 under 35; 29 adults (aged 35-64); 3 elderly (65 or more), selected to provide also a long-span view on the changes in the study area and its economy. 19 of our interviewees are native Italians (including those with an experience of internal migration), while other 5 are naturalized Italians. The other 17 are foreign nationals and – including the naturalized Italians – they provide a good representation of the plurality of migration paths to Milan: 10 countries of origin, with a higher share of those from Egypt, Peru and China. We also included some interviewees from EU (France and Germany) and other countries in the global North (e.g. Japan and Switzerland).

We considered also the business location, to provide a nuanced view of the business landscape in Northern Milan: 28 interviewees are active in the zona di decentramento [district] 2 (where the area of Via Padova is located), while 13 in the zona di decentramento 9 (where Niguarda is placed).

Finally, we also looked for different types of business: (a) traditional and old petty shops, possibly run by experienced Italian businesspersons; (b) immigrant businesses, covering most relevant national backgrounds, but also different generations and markets; (c) young entrepreneurs as a potentially weak (but also innovative) segment of the business population; (d) cultural entrepreneurs, as a specific form of innovative business possibly more sensible to diversity (but also – as we will see – potentially challenging it due to gentrifying effects); (e) entrepreneurs active in the social economy, to take into consideration the economic role of non-profit...
organizations, that may employ quite a number of persons cognizant diversity as a potential target of their business. Aggregating interviewees according to their economic sector produces the following groups:
- Manufacturing and constructions: 4
- Trade and other services alike: 22
- Whose food services: 9
- Social economy (education, human, social work and social housing): 7
- Cultural industries (arts, entertainment, publishing): 8

These numbers do not accurately mirror the characteristics of the entrepreneurial landscape in the area, but are based on a purposeful sampling to focus on specific configurations of diversity. In this respect, they are in no way intended to provide a representation of the “average” business in Milan, that would probably sound more critical – also in its relation to diversity (Manzo, 2012; Marzorati and Quassoli, 2012) – since our sample included just a few “rank-and-file” firms. For example, petty (ethnic) food shops or micro-firms in constructions stuck in a cutthroat competition are much more present in the case neighbourhoods than among our interviewees. Their number has been limited to show incipient different paths. This may be seen also trying to classify interviewees’ firms according to the role diversity plays in their market position, relating the characteristics of the entrepreneurs with the characteristics of products and clients – with a classification based on Ambrosini (2005) and reported in Table 4.

Table 4 - A classification of ethnic markets

<table>
<thead>
<tr>
<th>Customers</th>
<th>Ethnic</th>
<th>Mainstream</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnic</td>
<td>(a)</td>
<td>(b)</td>
</tr>
<tr>
<td>Ethnic business (e.g.: ethnic catering targeting co-ethnics)</td>
<td>Intermediary business (e.g.: travel agencies specialized in flights to/from migration countries)</td>
<td></td>
</tr>
<tr>
<td>Mixed</td>
<td>(c)</td>
<td>(d)</td>
</tr>
<tr>
<td>Extended ethnic business (e.g. ethnic catering targeting co-ethnic and mainstream customers)</td>
<td>Proximity business (e.g. convenience stores)</td>
<td></td>
</tr>
<tr>
<td>Mainstream</td>
<td>(e)</td>
<td>(f)</td>
</tr>
<tr>
<td>Exotic business (e.g. import of ethnic handicraft)</td>
<td>Open business (e.g. bars run by immigrant entrepreneurs)</td>
<td></td>
</tr>
</tbody>
</table>

Source: own adaptation from Ambrosini (2005).
In particular, in our case:

a) A very limited number of interviewees focus on a specific ethnic or cultural niche (4): we include here 3 businesses activated by immigrants and directed to their ethnic community, and an ideologically committed publishing house that produces books targeting a specific cultural community;

b) 2 firms provide intermediation services for immigrants (money transfer and travel agency);

c) 5 can be defined as extended ethnic businesses, where the ethnic catering is meant to have a mixed customer base (both ethnic and non-ethnic);

d) 2 are proximity businesses, open by migrants, with non-ethnicized products, attracting a mixed customer base (even though quite dependent on co-ethnic clients);

e) 2 can be somehow classified as exotic businesses, that use cultural elements from their ethnic backgrounds to access local customers (in both cases, they are non-native artists using cultural elements from their motherland in their artworks, that are meant to a Western customer base);

f) The other 26 firms can be defined as open businesses, targeting a mainstream client base with mainstream products – even though with some nuances. Most of the social enterprises, for example, have the goal to reach a wider public, but do actually target some specific disadvantaged groups, while some others do have a specific social class customer base (e.g. artists, craftspeople and some professionals targeting high spenders) or a more or less explicit gender orientation (e.g. a herbalist and a toy producer – both females – targeting mostly female clients).

This classification starts to tell something also about the hyper-diversification of social and economic niches – that is in the specific intersection of diverse groups, categories and lifestyles (Tasan-Kok et al., 2013). Actually, quite a number of enterprises mirror a pluralization of personal and social paths: from the internal migrant from Southern Italy converted to Islam that operates in a religious-oriented catering business to the retired physician with a passion for woodwork that turned his retirement spare time into a new job.

All the 41 studied enterprises can be considered micro-firms: none of them has more than 15 employees, while some (mainly: professionals in the cultural industries and small shops) have none. On average the number of business partners, employees and family co-workers is lower than 3 – also with the use of a certain degree of informality. No less than 6 interviewees mentioned they are resorting to informal labour or other informal arrangements. This practice seems enacted not just by low-skilled, poorly
profitable firms in highly competitive markets, but also by quite successful businesses in the cultural and social economies, and in relatively high-end handicraft markets. Informality, and employment off the books, are meant to cut costs (taxes and social security in particularly), but also to achieve a certain degree of flexibility (e.g. having faster and cheaper hirings and dismissals).

As for the duration of business operations, we have both very young and very old firms: approximately one third opened three years ago or less (from young Italian skilled professionals to intermediation businesses), while some ¼ have been open for more than ten years: this is especially the case of some Italian corner shops or cultural enterprises (as for the latter, also with a significant change in the shareholders in the years).

Informalization and duration is also tied with the effect of the 2007 economic crisis. The perceptions of economic performance and success expressed by our interviewees are strongly influenced by the aftermaths of the crisis. So, the perception of their economic success portrayed by the interviewed entrepreneurs is very limited, and worsened during recent years. The evidence of a (slow) recovery is not so shared among all the respondents, while to them it is much more clear that the hard times of the crisis have long lasting effects – directly on their firm and indirectly on the socio-economic environment of the area. As a matter of fact, just one fourth of the interviewees considers his/her venture as successful, while another fourth declares to be unable to make a living out of their business, and the remaining group makes end meets.

3. The importance of neighbourhood and neighbourhood diversity

Our interviewees were inquired about the relevance of the neighbourhood where their firm is located, for both their life and their business.

Some ¾ of them live in the same neighbourhood where their firm is located. At least ten entrepreneurs were not living in the neighbourhood when they rented their business site, even though half of them moved afterwards for convenience, in order to be closer to their work and minimize commuting. This is especially the case of immigrant entrepreneurs.

The choice of the location is not so connected to a real business plan about potential customers – if not for a limited share of immigrant entrepreneurs that targeted a customer base of immigrants and compatriots in ethnic, proximity and intermediary businesses. For many interviewees, opening their business in the case study areas was a good deal due to cheap
rents and the availability of vacant facilities with desired characteristics – both in terms of housing and business facilities. To them, diversity is at most a mere chance (without a clear strategy to target it), while their business settlement is mostly related to a number of contingencies (affordability of locations, good connections with other areas of the city, for some also public subsidies).

In this case, diversity is usually perceived as non-influential on economic success, even though in some cases ethnic networks may have worked in circulating information on such good deals.

On the other hand, there is a share of “conscious decisions”. A part of them focusses on neighbourhood diversity as inspiring and stimulating for an enterprise. These businesses are mostly in the creative and artistic sector, where entrepreneurs are active “diversity-seekers”, either to combine this plurality in their artwork, or to convey a “bohemian” attitude.

“The idea arose while a was having breakfast close to the Chinese restaurant. Because Via Padova is promising, and very, very unusual. [...] It is a source of inspiration to me. Even, prosaically, when you see the Indian guy with his colourful clothes [...] so this is the perfect area!” R12 (40, M, Italian, Art Gallery)

Another part targeted the multicultural character of the neighbourhood as the main reason to settle their business: this is because their business work with diversity. This includes social entrepreneurship working with specific social groups, with inter-group contact, social mix and social cohesion. Obviously, this includes also a number of (extended) ethnic and intermediary businesses.

“We were exactly interested in the multi-ethnic and multicultural nature of the neighbourhood. [...] We were really interested in implementing projects in this neighbourhood” R31 (39, F, Italian, Freelance counsellor).

For these kinds of entrepreneurs, diversity is essential for their business, and, even in case there is not a direct correlation between diversity and income, they still perceive it as an element with a positive impact on their activity.

Especially for the area of Via Padova, business vibrancy is related to the diversification of the population: attracting new migration and other vulnerable social groups (as mentioned above) due to cheap housing and good connections, business opportunities aimed to serve a new and growing population mix can contribute meaningfully to the local economy. Vacant shops are reopened, and a share of entrepreneurs move in the area, becoming themselves a consumer base for the local economy. A (cheap) economy develops and can ground future improvements.
So, in diversifying neighbourhoods, diversity can be considered both as an element providing (partly) a plural customer base, and as a background for daily life (e.g. in case of immigrant businesspeople living and working in ethnic economies, or for “diversity-seekers” in cultural economy). Whatever the reason to install in a neighbourhood and its relation to place-based diversity, however, it is worth underlining that diversity becomes relevant afterwards.

Actually, diversity influences the customer base (the characteristics of market demand) – notwithstanding the awareness interviewed entrepreneurs had of the plurality of clients in the area. On the other hand, the change in the business community influences how diversity is deployed locally. For example, an ethnic business can increase the public visibility of an ethnic community, and in some cases even “produce” an ethnic community by exploiting, branding if not inventing a specific tradition (e.g. food). The exploitation and/or construction of diversity and the marketing of cultural identities may turn some businesses and market niches into landmarks for consumers looking for cultural-based experience (either for exotic consumption or for the struggle to affirm a positive collective identity, see Storti, 2014). This may well be the case of some grocers and food shops in our fieldwork area, since they provide products for both specific national and ethnic communities, and forms of hybridized products for the taste of both specific groups and diversity seekers.

4. Local embeddedness and diversity

Based on studies about territorial embeddedness2 (Grabher, 1993; Colletis et al., 1997; Dicken and Malmberg, 2001; Rota, 2012; Barzotto, Corò and Volpe, 2014) we added a nuance to our understanding of diversity and mixed embeddedness, considering its relation with markets and neighbourhood in terms of “structurality” of the connection between place, economic position and pluralism.

In this respect, interviewees were divided into three groups: the rooted, the anchored, the stopping over.

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2 The territorial embeddedness “considers the extent to which an actor is ‘anchored’ in particular territories or places. Economic actors become embedded there in the sense that they absorb, and in some cases become constrained by, the economic activities and social dynamics that already exist in those places” (Hess, 2004: 177).
The rooted have a strong local socio-economic embeddedness. The neighbourhood is not just a place where their business is located; it is also a space of relations that trickle down in the economic performance and in the market position of the firm. The characteristics of the neighbourhood are fundamental for the operations of the business and for the life of the entrepreneur.

The anchored have a more nuanced mixed embeddedness. The neighbourhood context is important for a number of features (from the social atmosphere to the characteristics of clients), but it is not fundamental for the operations of the business and in the life of the entrepreneur, so that at given conditions it is possible to disconnect the business from its location.

The stopping over have a very limited local embeddedness. The choice of the neighbourhood location is related to fortuitous events and the market position of the firm is poorly related with the local context. Their business could be easily located elsewhere without damaging (if not the contrary!) their market position.

4.1 The rooted

Among our interviewees, the rooted are a small group of entrepreneurs whose location and market position is strongly connected to neighbourhood features. In this respect, diversity is basic to them, since they gained their market niche by servicing specific needs of the plural population of the area. Their socio-economic embeddedness means also that they are particularly attached to the neighbourhood, and actively involved in its social and economic promotion. We can identify two main types of ventures here.

The first one is made up of ethnic, exotic and intermediation firms (usually led by quite young businesspeople from an immigrant background) that are trying to satisfy the needs of different groups, also creating products that mix cultural backgrounds. Fusion catering firms are an example. They can get over the high competition in the sector since they fit the needs of a wider customer base, looking for typical ethnic food, but also for exotic and new products. The fact that those entrepreneurs live in the neighbourhood helps them getting access to mixed social networks and to grasp the chance to enter different markets, also actively promoting the neighbourhood diversity.

“I have a very mixed customer base, from Italians to South Americans, from Arabs to Syrians – I have even Filipino clients. I don't know if any
ethnicity is missing here, since I have also people from black Africa and – thanks to the Expo – also European groups, like Germans and Dutch. [...] We are a multicultural enterprise, we have different foods and we are able to satisfy everyone. Romanians come because they find something they like, Africans and Italians, too, since we have an international cuisine” R17 (37, M, Italian, Egyptian origins, food shop)

The second one includes activities in the social economy (usually led by young nationals) that praise local diversity as a relevant issue in the neighbourhood, and offer services explicitly or implicitly targeting diversity to increase social cohesion – from social housing to social animation. Not all these activities are tied to public resources, since some of them, in the commodification of social actions, have to rely on their turnover and revenues, managing strictly commercial activities side by side with social ones.

4.2 The anchored

For anchored entrepreneurs neighbourhood diversity is somehow an element of profitability, but it is not a strong feature of their business. In a way, we can maintain that they exploit diversity, without contributing so much to its reproduction. Different types of anchored businesses, usually led by both native and immigrant, male and female middle-aged owners, can be identified. First, there are ethnic catering firms that mostly serve a specific group (well represented in the neighbourhood), with suppliers from the place of origin. They cannot be considered rooted, since the business can move in any neighbourhood with a specific concentration of the target clientele; though they are anchored since this neighbourhood provides a good customer base.

“My regular customers are people from Apulia, that want to come back to their origins [...] most of them live in the area [...] All the Apulian products come from Cerignola” R8 (39, M, Italian, Baker’s).

A second group is composed by corner shops with a long lasting presence in the area, but products that are not place-specific (e.g. stationers’, dry-cleaners’). Due to their long history, they are somehow

3 This is not referred only to minorities resulting from international migration, but also to Italian regional specialities.

4 Apulia is a Region in Southern Italy that has been a traditional place of origin of internal migrations to Milan.
local landmarks, but they did not adapt to the changed social conditions and they could find another localization without particular disadvantages for the firm. The present localization has the advantage of brand awareness for their customer base.

“This activity has a long history. Before I took it, there was another owner, I hadn't to do the start-up phase. The clients were his, and now they are mine. They usually come from other parts of Milan.” R1 (57, M, Peruvian, Leather artisan)

We can include here also most cultural businesses that operate on much larger markets (at city, national and international level), but try to keep a contact with the local community, with a reciprocal spill-over effect. The larger socio-economic networks these firms have occasionally find a place locally; the activities these firms conduct locally are traded to a larger customer base. They are not rooted since their link with the neighbourhood is relatively superficial and not particularly bounded, though. We may wonder whether their strategy may open the door to gentrification processes (hence, to the transformation of diversity in a more exclusionary way – at least as far as social class is considered).

“We carried on a project on waste – since there was Expo in Milan – and we worked on the concept of schiscetta, that is the [traditional Milanese] lunch box […] We considered to reinvent it using cork as a natural material with good thermal insulation. We did it with an important Portuguese firm” R30 (35, F, Italian, Cultural enterprise).

“The furniture fair is a design international event par excellence and brought many people here […] For the first [event they organized] a lot of people from outside the neighbourhood came. What we like is to interact both with people from the neighbourhood and with people that don't know it” R30 (35, F, Italian, Cultural enterprise).

Also a share of activities in the social economy can be listed. Different from the rooted ones, those businesses have a weaker relation with the neighbourhood. The entrepreneurs usually have limited previous experience of the area; they access it because there are localized resources to exploit, and they are sometimes part of larger entities with similar activities elsewhere in the city. In a way, their situation implies a long-term commitment in the area, but not necessarily with the area. They may embed more locally with the passage from anchorage to rootedness, but at the moment this is not the case.
4.3 The stopping over

This group includes quite a number of firms that chose our target area for fortuitous events or market considerations that have not so much to do with the social and cultural specificity of the neighbourhood. As mentioned above, the availability of commercial facilities and lower rental and purchase costs, and the position near transport facilities and in frequented streets is an asset, independently from the local customer base and social environment. In this respect, these entrepreneurs do not develop grand marketing strategies connected to the area. Often, their customers and suppliers are not related to the neighbourhood: for example, some of them target a middle-to-upper class clientele which is just partially present in the neighbourhood, but usually lives in other parts of the city, and can be reached through e-commerce or thanks to good travel connections.

“There's no direct link between the neighbourhood and what I do […] My customers are not from this area, I get it mostly via internet – we have orders from Parma, Naples, Rome, Bologna. Also Milan, obviously, except this neighbourhood” R2 (65, M, Italian, Wood artisan)

Also, there are here some ethnic businesses that are landmarks for immigrant communities at city-level, and do not specifically cater for neighbourhood clients. In this respect, neighbourhood diversity is not relevant; it is more important that the quality of the built environment (and even the stigmatization of the neighbourhood, as in the case of Via Padova) make it a low cost area.

4.4 Making sense of local embeddedness

Diversity plays a different role in the market position of local businesses according to their level of local embeddedness. Intersecting local embeddedness and mixed embeddedness of immigrant entrepreneurship, it is also interesting to note that bounded ethnic markets seem to be quite rare. Usually the value chain of most immigrant firms does include suppliers, clients and employees from different backgrounds. In particular, it is interesting that ethnic caterers active in the exotic market usually underline that their supplies are Italian, as a quality guarantee and a way of gaining trust of a diverse customer base:

“I don’t use Chinese stuff, just Italian one. All our products are from an Italian professional brand” R40 (46, M, Egyptian, Barber’s)
“I prefer to have Italian suppliers, for example I take the kebab meat from an Italian producer; check in my fridge, all the processed food is Italian” R17 (37, M, Italian, Egyptian origins, food shop).

In this respect their contribution to the local and national economy and to the market position of native Italians is larger than a superficial idea of ethnic economy can support. As a matter of fact, ethnic economies are not isolated from local and national contexts (Mazzucato, 2008): ethnic entrepreneurs may find convenient to use local supplier (because of costs or of market positioning) – and being sometimes also residents in the area they consume also locally; they contribute to the local real estate market by renting or buying properties, not rarely from native owners that are losing money in impoverishing neighbourhoods; finally, they pay taxes locally (Fondazione Leone Moressa, 2015). In this respect, the mixed embeddedness of some enterprises led by minorities and serving a mixed customer base contribute to the economic value of diversity in the context, and to its reproduction and vibrancy.

On the other hand, some doubts on the role of anchored ventures in effectively supporting diversity can be raised. The use of diversity as a form of exoticism – if not cultural appropriation (Ziff and Rao, 1997) – especially by cultural and social enterprises may help reaching a high-end clientele: selling diversity can be fruitful for the individual entrepreneur, while it is far from clear if this is good also for the neighbourhood as a whole. Probably, it depends on if and how diversity is reproduced, mainstreamed and promoted at local level (also) by these firms. If anchored firms just “consume” diversity, the overall neighbourhood effect could be negative: there is a growing literature showing that “diversity seekers” in the end do not enact inter-group contacts able to favour the integration of minorities into wider socio-economic networks (see, for example, Blokland and van Eijk, 2010). anchored firms and entrepreneurs, with their clientele, can be even considered as a vanguard of gentrification processes, that may displace “some kinds” of diversities that made the neighbourhood what it is now (basically, less affluent residents, e.g. migrants and families in transition, and those considered undesired, e.g. discriminated-against minorities).

5 For an interesting Italian case study, see Berti, Pedone and Valzania (2013).
Conclusions

The economic performance of enterprises in diverse urban contexts – especially for discriminated-against minorities – risk to be particularly thin (Kloosterman and Rath, 2001; Rath, 2002; Panayiotopoulos, 2010; Oecd, 2010). Not rarely the sectors open for business to them are low-threshold, low-profitability stagnating markets not attracting “core” economic actors anymore. The hard passage from a “breaking-in” into poor and competitive markets (where the competition with “left-behind” core actors can boost blaming and discrimination) to a “breaking-out” requires often economic and social capitals supporting innovation (Oecd, 2010; see also Engelen, 2001).

On the other hand, diversity is also a contextual factors of urban life, that entrepreneurs may have to take into account. The diversification of markets (customers and suppliers) can become a resource if there are conditions to fill “structural holes” (Burt, 1992) among separate socio-economic cliques. Thus, diversity can become a reference for the market positioning of local enterprises – in terms of products/services offered and of target customers.

The intersection between entrepreneurs’ diversity, market diversity and neighbourhood diversity provides some room of manoeuvre for the economic valorisation of diversity. Notwithstanding the emergence of significant ethnic communities, the leeway for strictly ethnic business (to use the labels in tab. 4) seems limited, with a number of entrepreneurs from different backgrounds targeting a more mixed customer base in extended ethnic business and proximity business. In some cases, they just “break in” into open business – mainstream, existing and consolidated (and in some cases shrinking) market niches – and their success may be short lived, and strongly curtailed by the aftermaths of the crisis. “Breaking out” into new, diverse market niches is a largely unexplored field, whose profitability is yet to be seen – at least in our case study.

Anyway, there is a preliminary evidence that diverse neighbourhoods can cushion the risks by providing a plural potential customer base with different needs. Where and when new populations succeed in impoverishing and vacant neighbourhood, they can contribute to neighbourhood revitalization: even though new social groups (migrants, families in transition) are not big spenders, their arrival and growth can launch and boost new (petty) entrepreneurship.

New businesses can both target diverse population and contribute to such diversity (when entrepreneurs move to the neighbourhood), but also
“exploit” this diversity as a lively context for high-end ventures. Furthermore, neighbourhood diversity can be a context to experiment innovative services and products, at least in two ways: on the one hand, local contexts characterized by diversity (and inequality) seem to provide low-cost facilities for new enterprises; on the other hand, public and private investment in renewal may take into account diversity – using new public management practices, this can boost a social entrepreneurship targeting diversity and social cohesion.

So, market opportunities where diversity plays a role (in terms of entrepreneurs’ background, suppliers, customers, and products) seem gaining at least some room, even though in many cases in frail niches with a limited profitability. If the concentration of some groups and categories (e.g. ethnicized niches in constructions, or youth concentration in semi-dependent self-employment) is quite plainly related to a disadvantaged position in the labour queue, there are hints of a positive association between diversity and economic performance – under specific conditions.

For example, there is a number of retailers and caterers active in niches with low entry barriers and cut-throat competition. Though, some of them are able to achieve a more robust position. Besides a small number of first movers, in many cases success is related to the targeting of a mixed customer base in extended ethnic, proximity or exotic businesses – inventing or hybridizing identities; exploiting the taste for exoticism; pluralizing their products and services; building trust thanks to mixed networks and brands (e.g.: the use of Italian supplies also in ethnic catering chains).

The cultural and social sectors show other examples of an entrepreneurial venture reflexively working with diversity. In this case, it is an open issue how much some of them work with or on diversity. Actually, they may contribute to forms of oppression and exclusion (in different ways: categorizing diversity as disadvantage, or contributing to a gentrification that risks to expel some of those that are active part of neighbourhood diversity).

What kind of socio-economic consequences these ventures may have on the individual business, on the neighbourhood diversity and on the neighbourhood as a whole depends basically on the embeddedness balance that will be achieved in a longer time spell. This is why this article considered the relation between markets, neighbourhood and diversity and divided entrepreneurs in three groups (the rooted, the anchored and the stopping over). The rooted have a high socio-economic embeddedness and also contribute to the reproduction of neighbourhood diversity and
liveliness; the anchored have a mid-level socio-economic embeddedness, that is mainly one-way, since they exploit diversity more than contributing to it; the stopping over have a limited socio-economic embeddedness. At first sight, the rooted condition seems the best option coupling social cohesion and economic success. Though, based on previous research on embeddedness and networks, we also know that a strong rooting may end up into a lock-in situation, where social bounds limit economic success.

In this respect, further explorations are needed to understand how the small path that keeps together liveliness, social cohesion and social inclusion, bridging social capital and economic performance can be turned into a long term win-win situation.

**Literature**


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