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MICROFINANCE IN INDUSTRIALIZED
AREAS: SOCIAL CAPITAL AS A TRIGGER
FOR A VALUABLE DEVELOPMENT

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INTRODUCTION

The dissertation focuses on the concept of social capital, i.e. “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet and Ghoshal, 1998).

In the last twenty years social capital has become a popular concept studied from different perspectives by a broad range of social science disciplines. It has been applied to study families, school and education, public health, community life, democracy and governance and economic development. In organizational studies too, scholars use social capital to explain intra and inter-firms relations, entrepreneurship and start ups, knowledge sharing and so on (for a complete overview see Adler and Kwon, 2002).

Its broad application reflects the core intuition of social capital, that is, networks of relationships provide a set of valuable resources for different purposes, what can be used in different contexts.

My dissertation is composed by three articles which explore the concept of social capital, seeking to provide answer to what its contribute within the microfinance sector is. The thesis takes advantage of my three years field experience with the Fondazione Welfare Ambrosiano (FWA), an Italian nonprofit founded in 2009, which provides social and entrepreneurial microcredit to unbancable people within the Province of Milan.

The first article provides an accurate picture of the peculiarities and challenges of the microfinance sector in industrialized economies. By addressing the existing gap in the literature, I apply the theoretical framework proposed by Prior and Argandoña (2009) to study microfinance in developing countries. The authors identify four obstacles to

industry's growth: the high costs of financial services; the geographical location of bank branches; the unsuitable methodologies for analyzing the credit risks of the poor; and the inadequate regulatory framework. I discuss each factor and I find out that only the last two ones can be considered constraints also in developed countries.

In re-framing Prior and Argandona's approach we propose a set of recommendations to foster the growth of microfinance in developed countries. The first concerns the use of financial institutions as microfinance distribution channels. The financial sector in developed countries is efficient and proxy to the territory; moreover, banks, as registered intermediaries, can offer complementary services such as micro-insurance, saving deposits and remittances, contributing to the building of a real microfinance industry. The second recommendation interests the role of the MFIs as potential networks facilitators. In developed countries, due to the different socio-economic context, microfinance institutions have to find alternative collaterals to the traditional group mechanisms used in developing countries. The leverage of the clients social capital could be an efficient collateral for the loan. Microfinance institutions can facilitate the building of social capital, by creating communities between borrowers. In the case of the entrepreneurial microcredit this can be achieved thanks to the mentoring process, while for the social microcredit, financial education could be an instrument to create social capital. In discussing the role of social capital, I give some successful examples of activities, undertaken by microfinance institutions to exploit the social capital. The third recommendation recognizes the importance of developing a credit scoring, specific for microfinance clients; I highlight critical elements that have to be considered in the designing of this instrument and also in this case I provide few examples of the existing

methodologies, applied by some microfinance institutions. Finally I consider the necessity to adopt a regulatory framework for microfinance by suggesting to set different rules for nonprofit and for profit microfinance institutions. I conclude the article with suggestions for future research opportunities.

The second paper is a quantitative research on the role played by social capital and national culture in shaping the attitude of ethnic entrepreneurs towards the so called corporate social responsibility (CSR). Ethnic entrepreneurs represent one of the main targets of microfinance in developed countries and for microfinance institutions it is important to understand the challenges those entrepreneurs have to face in the host country, in order to customize the services offered.

Beyond the traditional constraints of start ups, in the last years immigrant entrepreneurs have had to deal with the wide growing interest towards the social role of the firm in society. Immigrant literature stresses the importance of bridging and linking social capital, based on a network of relationships with a plurality of stakeholders beyond the family. The adoption of CSR practices could be a possible path in order to dialogue with important stakeholders for the entrepreneur, like the immigrant community, clients, suppliers and competitors. Immigrant firms are usually small or medium enterprises (SMEs). The latest researches have started to study CSR in SMEs through the lens of social capital, due to the fact that in small businesses the social responsible attitude depends on the entrepreneur's features and his/her personal social relations (Fuller and Tian, 2006). Social capital is appropriate, since in its essence it deals with resources which reside and originate from social interactions. The article provides initial insights on this topic by

studying the effect of bonding social capital and national culture on the immigrant entrepreneur's attitude to adopt CSR in three areas: social, health and safety and environment. I selected a sample of 100 immigrant entrepreneurs in the Italian Province of Milan and I conducted sixty semi-structured interviews. Entrepreneurs were selected among lists of the Chamber of Commerce, and the Fondazione Welfare Ambrosiano's (FWA) microcredit clients. The collected data were analyzed through OLS regression. Findings show that the social responsible attitude of immigrant entrepreneur's is strongly linked to national culture and partly to bonding social capital. Power distance and individualism/collectivism (Hofstede's national culture indexes) have a negative relation with all the three CSR areas, while uncertainty avoidance is negatively related only to environmental effort. Social capital has a negative and robust relation with environmental and social practices, while it does not affect the health and safety area. The study concludes with practical implications and suggestions for future research.

Finally, in the last chapter, I focus on the case of the Fondazione Welfare Ambrosiano and how the social capital configuration of its founders and staff has driven the development of the organizational social capital. With the term "organizational social capital" I mean a network of established and trust relations between organizations that support the FWA in its projects (Schneider, 2009). My aim is to broaden existing findings and to deepen the dynamics of building social capital in a start up foundation. Therefore I use the Nahapiet and Ghoshal framework of social capital that distinguishes between three dimensions: the structural, the relational and the cognitive one. Data were collected through field observation, interviews, and archival records. I interviewed all the founders, the staff

and the main representatives of the partner organizations, and I analyzed data through the direct content analysis. The core theoretical contribution of the study is to identify the more advantageous configuration of internal social capital; in line with previous researches, I find out that cohesive and closure network, characterized by trust and shared vision among the founders, fosters the take-off of the new organization. I also identify some peculiarities of the Fondazione Welfare Ambrosiano that mitigate risks connected to an excessive closure and enable the FWA to develop strategic networks.

Rethinking microfinance for developed countries

Abstract

Inspired by the success of microfinance programs in developing countries, Governments have worked to replicate them also in industrialized economies. Despite the growth of the sector, microfinance's academic research in developed countries is still very limited. The paper builds on the work of Prior and Argandoña (2009) which discusses four technical problems related to the diffusion of microfinance in developing countries. In re-framing their approach to apply it to developed countries we propose a set of recommendations in order to foster the growth of the microfinance sector: 1) the use of financial institutions to supply microfinance products; 2) the development of an alternative credit scoring in banks; 3) the adoption of a regulatory framework for microfinance; 4) the use of networks as social collaterals. The paper ends up suggesting future research trends grounding on our analysis of the industry.

1. INTRODUCTION

Poverty is the global issue defined as “a pronounced deprivation in well-being” (Haughton & Khandker, 2009, p. 2). According to the World Bank more than 1.29 billion people lived with below \$ 1.25 a day (22 percent of the total population of developing countries), and although the poverty rate had fallen to under a half from 1990 to 2010, around one billion people would still live in extreme poverty in 2015 (World Bank, 2012). Even if the poor are a significant part of the world population, financial institutions usually do not serve this segment as it is too risky (Hermes & Lensink, 2007; Karlan & Zinman, 2005b) and the transaction costs are too high (Aghion & Bolton, 1997; Armendáriz & Morduch, 2000; Banerjee & Newman, 1993).

Starting from the assumption that exclusion from formal financial market makes the poor’s living conditions worsen, the microfinance institutions (MFIs) started to leverage micro financial services to alleviate poverty in developing countries (Morduch, 2000; Coleman, 2005). Even if the impact of MFIs’ services on the poor’s lives is controversial, research in countries like Bangladesh, Sub-Saharan Africa and Asia showed a positive impact of microfinance programs on women’s empowerment, household consumption and children’s education (Khandker 1998; Pitt & Khandker 1998).

Because of the growth of the microfinance industry – the last available census registered 3,652 active MFIs in developing countries with 205,314,502 of customers (Maes & Reed, 2012) – a broad stream of research studied MFIs in developing countries (Brau & Woller, 2004). The existing research mainly discussed the benefits and pitfalls of group lending compared to individual one (Armendáriz, 1999; Besley & Coate, 1995; Chowdury, 2005; Gangopadhyay, Ghatak, & Lensink, 2005; Ghatak, 1999; Stiglitz, 1990; Wydick,

2001), the trade-off between self-sufficiency and profitability of MFIs (Hollis & Sweetman, 1998a; Morduch, 2000; Woller, Dunford, & Woodworth, 1999a; Goldberg, 2005; Weiss & Montgomery, 2004), and the social efficiency of MFIs in different developing countries (Anderson, Locker & Nugent, 2002; Mosley & Hulme, 1998; Mosley, 2001; Steele, Amin, & Naved, 2001).

Nowadays the research on MFIs in developed countries is still limited. The few existing studies assessed the role of MFIs in The United States and Canada in microenterprises development programs (Gomez & Santor, 2001; Schreiner & Woller, 2003) and their challenges (Bhatt, Tang & Painter 2001; Bhatt & Tang, 2002; Conlin, 1999; Taub, Carr & Tong, 2002). Research on MFIs in Europe investigated mainly the social performance of the active MFIs in Eastern countries (Bateman, 2003; Hartarska, 2005; Hartarska, Caudill & Gropper, 2006), while very little exists on microfinance in Western and Southern countries (Calidoni & Fedele, 2009; Hollis & Sweetman, 1998a; Viganò, Bonomo & Vitali 2004).

In this paper we address the existing lack of research on microfinance in developed countries. Starting from Prior and Argandona's model on microcredit in developing countries (2009), we discuss the peculiarities and barriers related to the growth of MFIs in developed countries. In their study Prior and Argandona exploited the relationship between MFIs and the economic growth in developing countries, and they identified four barriers to the spread of microfinance (the high costs of financial services; the geographical location of bank branches; the unsuitable methodologies for analyzing the credit risks of the poor; the inadequate regulatory framework). Following the model of the authors we discussed the different nature of microfinance in the United States and Europe and the existing barriers

for MFIs in these countries. Starting from the differences, we will give some recommendations about critical aspects that should be considered in order to foster the development of the microfinance industry.

2. THE RAISE AND FEATURES OF MFIS IN DEVELOPED COUNTRIES

The social function mainly recognized to MFIs in developing countries is to provide financial services to enable the poor to break the cycle of poverty by reducing their financial exclusion (Argandoña, 1995; De la Cuesta-González, Muñoz-Torres & Fernández-Izquierdo, 2006). Even if in developed countries the offer of financial services is almost fulfilled by financial institutions (commercial banks, saving banks, credit cooperatives, insurance companies, specialized credit companies, securities brokers, leasing firms, etc.), lately a growing number of MFIs have started to provide microfinance also in developed countries (Jajo, Gonzales & Conzett, 2010).

The growth of microfinance operators is a consequence of the raise in financial exclusion in these countries. The recent financial crisis drives a credit crunch that affects families and puts a strain on the vitality of micro and small enterprises with a considerable impact on the local development. In fact in developed countries SMEs typically account for 99% or more of all firms providing more than 75 million jobs (European Commission, 2003; Ayyagari, Beck & Demirguc-Kunt, 2003). Even if poverty rates in developed countries are moderate compared to those in developing ones, according to recent macro-statistics, the financial exclusion in Europe and United States involves a relevant part of total population and a growing fraction of population is under risk of poverty (Table 1).

Table 1 about here

The European Commission in 2012 estimated 16% of population (80 million) lives on less than 60% of their country's average household income (EU, 2012) and 7% is considered to be financially excluded (European Commission, 2004b). In the United States nearly 45 million people are estimated to be under-banked with limited access to financial services (Giusti & Estevez, 2011; Kennickell, Starr-McCluer, & Surette, 2000; Paulson, Singer, Newberger & Smith, 2006).

Therefore the potential social mission of MFIs in developed countries is to provide access to credit for the primary needs of people in temporary difficulties, to sustain the economic growth of small businesses and to give the change to vulnerable people, like immigrants or unemployed, to set up their own business. The different economical and social context of industrialized countries has shaped the microfinance industry and its characteristics, pushing MFIs to change the traditional microfinance approach of developing countries. As a consequence microfinance in developed countries has its own peculiarities on: nature of actors, products and services offered, lending methodology and collaterals, and targets.

2.1 Nature of MFIs: the non-profit leadership

Traditionally the microfinance industry in developing countries involves a variety of MFIs such as non-governmental organizations, foundations, government bodies, saving banks, banks, credit unions, cooperatives and nonbank financial institutions. Lately the

industry has experimented a commercialization process, which led MFIs to adopt a more market-oriented approach, with an increasing number of for-profit MFIs (Christen and Drake, 2002). The commercialization process finds it difficult to start in developed countries, where the MFIs are still mainly non-profit organizations. According to the European Microfinance Network, the 60% of microfinance actors declare their aim is not to make profit (Jajo, Gonzales, & Conzett, 2010). Starting from this observation, the first difference between microcredit in developing and developed countries is the nature of active players.

Commercialization has to do with the management approach, where the top managers pay attention also to costs and funding needing and can affect positively the efficiency of MFIs. Rhyne and Christen (1999) and Christen and Drake (2002) pointed out that the for-profit motive leads MFIs to be more efficient and to seek new markets. Mersland and Strøm (2010), in line with previous studies, in their work based on the observation of 379 rated MFIs in 74 countries, suggest that a further effort in reducing costs per client could even result in reaching poorer segments. In developed countries the non-profit status puts some constraints on the stability of microcredit programs. The 34% of NGOs and foundations in fact mainly rely on public funds to cover their operational and financial costs while as for loan capital 50% of the censused MFIs receive their funds from public; therefore sustainability is still one of the major challenges of the microfinance sector in industrialized countries (Jajo, Gonzales, & Conzett, 2010).

2.2 Products and services: ordinary microcredit, social microcredit, micro-insurance, savings and remittances

The traditional service offered by MFIs in developing countries is microcredit, which is a “*small unsecured loan to individuals or group for the purpose of starting or expanding businesses*” (Khavul, 2010, p. 57). Even if the microcredit is the flagship of the microfinance industry, MFIs in developing countries soon realized that the poor and unbankable need other financial products. For instance, the poor are particularly exposed to numerous unexpected events that can have a negative impact on their life conditions and on the success of their economic initiatives, therefore MFIs in developing countries started to offer micro-insurance and saving accounts as new tools to fight poverty and reduce vulnerability (Churchill, 2006; CGAP, 2003; Radermacher & Brinkmann, 2012).

In developed countries micro insurance and saving accounts are not particularly spread. Micro insurance services are almost totally placed in emerging and transition economics; the 80% is sold in Asia, above all in India and China, the 15% in Latin America and about the 5% in Africa (ILO, 2011). This lack of balance in the distribution of micro insurance can be explained first of all by the fact that the social welfare system in developing countries does not work well and the poor do not have the necessary money to pay for the private sector services (Radermacher & Brinkmann, 2012). The most common example is given by health services. The majority of Governments try to provide primary health care free, but since those services are usually inadequate, patients have started to shift to the private sector with higher costs. In India for example private out of pocket expenses for primary care account for the 72% of the health sector spending (World Health Organization, 2011; Radermacher & Brinkmann, 2012). The same situation occurs for

saving accounts, which are not very common in developed countries. In this case the first obstacle to their spread consists in high transaction costs. Although the poor could collect and deposit small amounts of money, for commercial banks this is extremely costly. Moreover in the majority of developed countries in order to collect savings it is necessary to be a financial intermediary, meeting specific requirements; this means high costs for MFIs that are not compensated by loans' volume (Želinský, 2009).

Otherwise, in developed countries to cope with existing financial exclusion, MFIs have focused on two additional services: the social microcredit and the remittance services. While traditional microcredit targets business and start up, social microcredit serves people in temporary economic difficulties, due, for example, to unemployment, a fall in the activity or unexpected expenses, offering a "*small loan intended to assist excluded persons to borrow money for expenses facilitating their social and economic integration*" (Carboni et al., 2010, p.36). The lent amount does not usually exceed 10.000 euros and the applied interest rate is lower than the one in traditional microcredit (Jajo, Gonzales, & Conzett, 2010). Social microcredit has been introduced in various European countries, like France, Spain, the UK and Italy. In the latest European Microfinance survey in Western Europe, 53% of MFIs reported that social microcredit represented 50% or more of their portfolio (Jajo, Gonzales, & Conzett, 2010). A different case is represented by the United States, where microcredit programs are mainly implemented to sustain micro and small enterprises especially in minority communities (Bhatt & Tang, 2001; Bhatt, Tang, & Painter, 2001; Schreiner & Woller, 2003).

The MFIs also serve the remittances market, where MFIs usually offer services with lower commission charges compared to those required by money-transfer companies

(Mata, 2009). The remittances represent a promising market for MFIs since both the United States and Europe are characterized by high flows of remittances especially to India, Mexico, Philippines and Africa (Wimaladharma, Pearce & Stanton, 2004). In 2010 annual financial transfers of migrants from the EU27 reached 31.2 billion of euros (Eurostat, 2012), while in the United States the flows towards Latin America reached 69.291 billion (Orozco, 2011). MFIs could be interested in the remittances market mainly for two reasons (Ponsot, 2007; Sander, 2003): the chance to increase their revenues through fees connected to the transfer activity and the opportunity to gain remittances receivers as new clients. An interesting example in the microfinance sector of the possible exploitation of financial remittances is Microfinance International Corporation (MFIC), in the United States. The MFI leverages the existing infrastructure (money transfers and banks) and money flows to link immigrant customers in the US with financial institutions in their country through the application for a loan in the original country while they still live abroad. Recipients can also use the funds to start or expand a business.

2.3 Lending methodology and collaterals

Microcredit has been known worldwide in the traditional form of group-based lending (Armendáriz & Gollier, 2000; Besley & Coate, 1995; Ghatak, 1999, 2000; Laffont & Rey, 2003; Stiglitz, 1990). This scheme relies on networks of local relationships and the acquaintance between the members of the groups and the community to which they belong, and they are characterized by some group aspects like the sharing of a common meeting and time for the repayment of loans.

At the beginning joint liability group lending was imported in the '90s also in developed countries, like the United States and Canada, but because of some difficulties,

MFIs started to propose personal microcredit with individual liability (Bhatt & Tang, 1998). The choice to provide individual loan is linked to the different socio- economic context of developed countries. First of all, due to the weaker social capital of developed countries (Putnam, 1993; Putnam, 2000; Sørensen, 2012), the mechanisms of social sanctions at the basis of group lending methodology are not as strong as in developing countries (Calidoni & Fedele, 2009). As table 2 shows, this difference is also supported by the Hofstede's measure of national culture (1983). Since the individualist culture boosts the preference of the individual to take care of himself and of his own family only, it reduces the personal propensity to cooperate and share risks with others. In cultures where the prevalent dimension is individualism, it would be much more difficult to introduce the group lending methodology and in particular joint liability group lending. The high mean of developed countries corroborates the hypothesis that in the former people are more inclined to individual loans, than to group loans.

Table 2 about here

Since in the group lending schemes the group social capital represents the main collateral (Arrow, 2000; Bourdieu, 1985; Coleman, 1988; Durlauf & Fafchamps, 2006; Putnam, 1993, 2000; Dasgupta 2005), the weaker social capital in developed countries makes it difficult for MFIs to rely on it and so they have to find new collaterals. In order to enforce the credit contract the MFIs in developed countries are focusing on two different paths: the first regards the adoption of technical solutions related to the service contract, the second is concerning the building up of the existing borrower's social capital. As for the

first path MFIs can adopt some incentives; among these the most used are, for example, the non refinancing threat, progressive lending, and regular repayment schedule (Aghion & Morduch, 2000; Vigenina & Kritikos, 2004). The second path involves that MFIs try to leverage the existing networks between borrowers and the society and to build up the creation of social capital. Research on group lending programs underlines how repetitive interactions among borrowers stimulate the accumulation of social capital with a positive effect on the loan repayment (Anderson, Locker & Nugent, 2002; Feigenberg, Field & Pande, 2010); therefore it would be recommended to maintain some group aspects also in individual lending programs.

2.4 Targets: informal market versus grey area

Both in developed and developing countries, microfinance target consists of people excluded from the formal financial markets because they lack collaterals. In developed countries people more exposed to the risk of financial exclusion are unemployed people, elderly people, people with a low level of education and skills, disabled people, single parents, immigrants and women (European Commission, 2008). They are especially those who lie in the so called “grey area” which means neither do they benefit of welfare programs nor do they have the necessary economic resources to face up difficulties (Armendáriz, 2009).

As far as European MFIs are concerned, they usually target more categories. Among these, and more frequently, people excluded from the mainstream financial market as well as women with 47% and 44% respectively. Immediately after rank ethnic minorities and/or immigrants served by 41% of MFIs. Youth (29%) and disabled people (21%) fall behind (Jajo, Gonzales, & Conzett, 2010). In the US, microcredit programs focus strongly

on micro-entrepreneurs, women and minority groups, particularly Hispanic and African American (Burrus, 2005). The main difference from the target addressed by MFIs in developing countries consists in the fact that neither women nor people who work in the informal market are the primary focus in developed countries.

2.5 Overview of differences

The picture of the microfinance sector highlights that since microfinance is bonded to the cultural, economic and social context in which it takes place, in developed countries the industry's model diversifies from the original one conceived in developing countries.

The first peculiarity concerns MFIs type and their approach to microfinance. While in developing countries the microfinance has gone through a process of commercialization with the main players who are for profit organizations, in developed countries the majority of MFIs is still nonprofit with a focus on the outreach and social impact of microcredit programs. This leads to a microfinance sector where MFIs depend largely on public and donors subsidies. The nonprofit nature of MFIs impacts also on products supply; while in developing countries microcredit is a loan borrowed to set up a new business, in developed countries, especially in Europe, MFIs provides also the so called social microcredit, which aims at covering social needs of people in temporary economic difficulties. Moreover in developed countries microcredit is still the most widespread product of the microfinance industry with very few MFIs offering other financial products such as micro-insurance, savings and remittances. Due to the different cultural and social context, the lending methodology applied is individual lending with individual liability, which leads to an important challenge: finding alternative collaterals to group mechanisms. A further difference concerns the target addressed. While in developing countries MFIs clients work

in the informal market and are mainly women, in developed countries the focus is mainly on immigrants, ethnic minorities and people at risk of poverty, who belong to the “grey area”, that is they are not covered from welfare programs.

Table 3 about here

3. BARRIERS TO MICROFINANCE GROWTH IN DEVELOPED COUNTRIES

Even if practitioners estimate the potential of microfinance market in developed countries in 11 million of clients unbanked (Nowak, 2006), the industry is highly fragmented and there is still a large set of barriers to the spread of microfinance. Prior and Argandoña (2009) identified four obstacles to the growth of the sector in developing countries by focusing on financial institutions: (1) high cost of financial services; (2) geographical location of prospective customers and the scope of the network of bank branches; (3) use of inappropriate methodology for analyzing credit risks of microfinance clients; (4) inadequate regulatory framework.

In the next paragraphs, we will discuss the significance of the four identified obstacles in developed countries and give some recommendations that can be valid also for other kinds of MFIs.

3.1 High costs and prices of financial services

In developing countries the financial sector is mainly characterized by high operating costs, few financial institutions and therefore low level of competition and short

term strategy which lead banks to serve healthier clients (Prior & Argandoña, 2009). These features reduced the overall level of efficiency of financial market in developing countries.

The efficacy in intermediation of the financial sector is embedded in the interest rate spread (the margin between the cost of mobilizing liabilities and the earnings on assets) (Demirgüç-Kunt & Huizinga, 1998). High interest rate spreads are a consequence of transaction costs and information asymmetries: intermediation costs linked to the screening, monitoring and payment services and agency costs connected to information asymmetries create a wedge between the interest rate paid to savers and the interest rate charged to borrowers. Therefore the higher interest rates are, the larger would be banking inefficiency which turns out in a high cost of credit for borrowers, with a consequent exclusion of the poorer from the financial market. In order to assess the efficiency of the banking industry in developed countries we compare the different interest rate spreads between some countries traditionally considered as developed and developing (see Table 4).

Table 4 about here.

As far as the level of efficiency is concerned, we shall compare the cost to income ratio (operating expenses divided by operating income). A low value means that costs weigh little on income and so the bank is more efficient. If we observe for example the value of this ratio in 2010 in high income and low income countries, we see that in the latter the mean is three percentage points higher than in developed countries. Data show that the financial system in developed countries is characterized by high levels of

efficiency, therefore prices of financial products are lower than in developing countries and so they cannot obstacle the spread of microfinance.

3.2 Geographical location

Developing countries are characterized by a low density of bank branches and this is also one of the causes for the low level of “bankarization” of the poor. Prior and Argandoña (2009) underlined that this is mainly due to the fact that the income generated by those potential clients does not cover the operating costs necessary to open a new branch.

In developed countries the context is radically different. According to the latest report of the European Banking Federation (2012), in Europe by the end of 2011 the number of banks was 8,060, and 5,404 of them were euro area based banks. Bank branches were 223,960, with an average number of inhabitants per bank of almost 3,700. In 2010 in the United States the number of commercial banks was 6.559 and the number of saving institutions was 1.128. Commercial bank branches were 89.583, while saving institutions branches were 11.005 (Unites States Census Bureau, 2012).

The fact that the geographical location cannot be considered as an obstacle to the spread of microfinance in Europe is corroborated by the increasing number of financial institutions directly involved in microfinance programs. An interesting example is represented by saving banks: in 2009 they granted in Europe approximately 84,523 microloans worth a combined €828 millions, and active microcredit clients increased to 291,793. The volume of microcredit provided by European saving banks has grown steadily in recent years to 40% of the total European microcredit portfolio and 7% of its clients in 2009 (ESBG, 2010).

3.3 Inappropriate methodologies for analyzing credit risks

The shift occurring in developing countries towards a commercial approach of microfinance industry strengthens the necessity to match social objectives with self sustainability and costs restraint; this process has led to an increasing interest in risk management tools. One of the ordinary financial instruments used is credit scoring, a technique that forecasts future repayment risks from current characteristics of debtor, loan and business (Hand & Henley, 1997; Mays, 1998). Financial institutions normally apply credit scoring in their decision to accept or reject a loan request, but the classical approach works only in a context where financial institutions can easily collect some information about the credit history and the cash flow forecasts of the borrower (Schreiner, 2000). In developing countries, due to a low level of bankarization and a large job's informal sector, those data are available only for few potential clients. Therefore Prior and Argandoña (2009) consider the nonexistence of an appropriate risk methodology as an obstacle to the spread of microfinance.

Scholars and practitioners are studying if credit scoring could be a useful tool in order to improve the assessment process. Supporters believe it can have a positive impact both on the outreach and on the operating efficiency by reducing time spent at screening potential clients, monitoring and collecting overdue payment from delinquent borrowers (Dennis, 1995; Kulkosky, 1996; Schreiner, 2003). The “unbankable nature” of microfinance clients requires taking into consideration different elements from those used by banks: for instance the trustworthiness of the social network of the borrower or his capacity to face up difficulties. Moreover, credit scoring requires quite a consistent database with at least 1,000 paid-off loans classed as “bad” (Schreiner, 2004).

As for providers for whom microcredit represents the core business only a few MFIs operating in developed countries have designed a specific tool. This is mainly due to the fact that both in Europe and in the United States the microcredit sector is still quite young and therefore MFIs lack the necessary database to build up a credit scoring system. Accion USA pioneered a credit scoring system within the sector. In order to assess a borrower's repayment integrity, they investigate about the expenses a borrower is likely to care about first. Since living in New York is quite expensive, and consumers are less protected by consumer protection laws in case of house's evictions, the rate of delinquency as for this payment is really low. Therefore house's expenses (rent or mortgages) become the first test for character assessment (Gerschick, 2002).

Looking at the few examples of specific credit scoring implemented in developed countries, we believe that this lack is a constraint for the growth of the industry.

3.4 Inappropriate regulatory framework

The existence of an inappropriate regulatory framework for the savings and lending sector was discussed as an obstacle to the spread of microcredit in developing countries, due to high regulation costs. In fact requirements in terms of provisions, reserves and security are not compensated by margins on loans. In academic literature a few studies focus on materiality of regulation for MFIs; the results show that regulation is not usually correlated with financial performance (Mersland & Strøm, 2009; Hartarska & Nadolyink, 2007) while it reflects on the outreach (Cull, Demirgüç-Kunt & Morduch, 2009). In fact MFIs, which have to be compliant with strict norms, encounter additional regulatory costs, thus they shift away from the poorest segments of population, since margins on loans do not cover costs.

Recent trends in developing countries (like commercialization of microfinance and growing competition in the sector) are some of the reasons why the need for a specific national microfinance regulatory framework has raised. A set of appropriate rules is recommended in particular for nonbanks MFIs, which are not subjected to financial regulation followed by the Central Banks and which are not eligible financial intermediaries. This status keeps MFIs from diversifying their products, offering for example savings, which are long-term sources of capital at reduced costs. In this case an appropriate regulation could help those institutions to attract deposits from public, thus gaining a cheaper and more stable source of capital (Arun, 2005). The regulatory framework is necessary also to open MFIs to social investors who, thanks to their willingness to accept sub-market returns, can be an interesting founding opportunity for those non-profit MFIs that serve the poorest clients (Conning & Morduch, 2011). In developed countries the regulation issue has to be discussed separately considering both banks and nonbanks providers. Bank providers are subjected to national laws and, in the case of the European Union, to the communitarian legislation. Also in developed countries regulation implies high costs for banks, but since the rate of financial exclusion and poverty is lower compared to developing countries, banks do not face the same margin problems and so they can serve those kinds of clients. The issue is different if we consider nonbanks MFIs, in this case a specific regulatory framework could be useful to rationalize the industry and create the conditions for the scaling of microcredit initiatives. In Europe there are no specific regulations for microcredit with the exceptions of three countries: France, Italy and Romania. Also in the United States non-profit micro lenders are largely unregulated. Congress and lending organizations have established some standards and an

accreditation process for those organizations that want to lend to micro entrepreneurs: MFIs have to become Community Development Financial Institutions in order to receive federal funds (Richardson, 2009).

The microfinance sector in developed countries lacks a specific regulatory framework. Therefore this factor can be considered as a difficulty for the spread of microfinance.

4. RECOMMENDATIONS TO FOSTER MICROFINANCE IN DEVELOPED COUNTRIES

The article addressed the existing lack of knowledge on microfinance in developed countries, since most research focuses on developing ones. Following Prior and Argandona's framework (2009) we highlighted the main peculiarities of microfinance in developed countries and discussed the relevance of technical problems identified by the Authors as obstacles to the spread of the microfinance industry in developing countries. Analysis suggested that microfinance in developed countries is characterized by four trends and two factors which represent challenges for the microfinance industry in developed countries. In the light of the over mentioned factors we propose a set of recommendations in order to foster the growth of the microfinance sector in developed countries.

4.1 Using the financial institutions to supply microfinance products and services

In developed countries the microfinance industry is primarily made up of non-profit actors, who have the necessary competencies to manage the microcredit process, but who usually lack the structure to distribute on large scale microfinance products. First because in the majority of developed countries, in order to provide credit, you have to become an

eligible provider by meeting strict financial and economic requirements, and second because most of the people working in non profit MFI are volunteers who dedicate to microcredit part-time.

The efficiency, the proxy to the territory and the widespread coverage of the market of financial institutions in developed countries make the financial sector the best distribution channel for microfinance products. Moreover, banks, as registered financial institutions, could provide complementary products and services to the traditional microcredit, expanding the offer and thus contributing to the growth of microfinance in developed countries.

Nevertheless, in theory, the convenience to cooperate is clear, nowadays financial institutions are still reluctant to enter into the microfinance market. However there are some opportunities linked to the market that banks should consider. First of all microfinance products could attract new potential clients that nowadays are not intercepted, such as immigrants who are usually are often excluded from the formal credit market, but they are also strong money savers and able to repay the loan. Extra Banca in Italy is a successful example of a bank specifically dedicated to immigrants, that shows how it is possible to exploit this huge un-served market.

Second, microfinance could represent an interesting reputational instrument. In fact the ongoing economic crisis has negatively affected banks' image, because they are commonly considered responsible for the credit crunch which affects firms and families. Microfinance for its characteristics is deeply related to the social function of financial institutions, which is to facilitate the access to credit to the majority of people, therefore for banks that are particularly receptive to local community's needs, a microcredit program, if

well communicated, could help recover the trust of clients. An example of a microfinance service supplied by an ordinary financial institution is the Spanish Microbank, a MFI operating in Spain. It offers traditional microfinance products like microcredit for entrepreneurial activities, social microcredit and savings account. The potential client can apply for the loan request online, by filling a format where little information is collected. The client will be later contacted by a loan officer who will collect further information through local branches of “La Caixa”, a commercial bank. Thanks to the online application, the use of local branches as distributor networks and the partnership with local organizations, it funded in 2012 a total of 40,784 projects worth a total 235.50 million euros (MicroBank, 2011).

4.2 Developing an alternative credit scoring in banks and the use of IT infrastructure

Since in developed countries MFIs propose individual loan with individual liability, microcredit providers need to find a collateral alternative to group’s control mechanism. The credit scoring could become an interesting instrument in order to refine the selection of potential borrowers, by reducing the insolvency risk. However, practitioners underline that the credit scoring for microfinance clients needs to take into account not only economics and socio demographic data, but also other aspects like the borrower’s networks and the resources they can have access to, thanks to their social capital (Dennis, 1995; Kulkosky, 1996; Schreiner, 2003). Nowadays banking credit scoring for individual lending is not suitable to evaluate potential microfinance clients. In fact microcredit is usually assessed like loan of the small business sector; as a consequence banks often represent the bottleneck in microcredit programs, causing a delay in the loan’s delivery.

In designing a credit scoring for microfinance clients, MFIs have to consider that only through a personal contact it is possible to collect the information useful to evaluate potential borrowers (Schreiner, 2000, 2004). At the same time there is the need to speed the screening process by introducing a certain degree of standardization. The fastest way to reach this goal is to exploit synergies between financial institutions, which usually have the IT system necessary to collect and process data, and nonprofit organizations, which better know which kind of information, have to be considered for microfinance clients.

An example of a specific credit scoring model has been developed by Permico. The process gathers three kinds of information: borrower's socio-demographic data; borrower's network reliability and; borrower's credit rating and co-guarantor. For each area the loan officer answers ten questions with a score from one to five. The mean of the ten questions gives the score for the area. The peculiar factor of this system is its attempt at evaluating also the social capital of the potential borrower by giving an assessment of the reliability of the morally warrant association. (Permico, 2012).

4.3 Adopting a regulatory framework for microfinance.

The fragmented nature of the microfinance industry in developed countries ensures a growing need for clear rules in order to protect clients and to facilitate the action of nonprofit MFIs. Two elements are crucial in order to build a regulatory framework that helps microfinance: establishing a shared and commonly agreed definition of microcredit; and leaving to MFIs certain discretion in establishing contract terms and conditions.

The Legislator should consider separately financial institutions willing to provide microcredit and other kinds of organizations. In the first case, since financial institutions are already strictly regulated, he should not maintain a prudential approach but he should

aim at creating incentives for financial institutions to enter the microfinance market. The simplest incentives may be fiscal advantages such as tax exemption for banks providing microcredit or investing in MFIs.

MFIs that are not financial intermediaries but organisms engaged in microcredit as their core business, should benefit from softer regulatory requirements (i.e. authorization, minimum capital requirement, budget requisites). Especially for non banks providers the Legislator should ask for lower equity requirements than those asked to commercial banks (Schmidt, 2000).

We further suggest that the Legislator should leave to MFIs a certain degree of autonomy in establishing contract terms and conditions. Some practitioners advocate the abolition of the interest cap, that limits the level of interest rate charged, basing on the fact that their clients do not care about the price they pay in order to access to credit. Nowadays there are a few studies, mainly based on case studies, that show how MFIs adopting higher interest rates, usually shift from the poorer to wealthier clients (Morduch, 2000; Dehejia, Montgomery & Morduch, 2005). I Karlan and Zinman (2008) even point out that raising interest would affect negatively revenues and the lender's client base. But those results are strictly linked to the economic and social context where clients live, therefore it is not possible to draw general conclusions.

France in an European example where Government have introduced special rules concerning microcredit. The 15 May 2001 Act allows non banking associations to grant loans in order to support the creation of business for people unemployed or people living mainly on welfare benefits. To be entitled to lend, an association should meet some requirements: experience in supporting start ups, prudential norms, such as a limit to

individual loans which shouldn't exceed 6.000 Euros, etc. The main French MFI ADIE took advantage of this act, since it helped the institution collect funds and simplify the lending process, by cutting down the time needed to disburse a loan (European Commission, 2007). MFIs in France were helped also through the abolition of the interest rate cap, which allows only microcredit providers to charge higher interest rates for the first loans. Of course this exemption helps MFIs easily cover their costs.

4.4 Appraising of networks as social collaterals

In developed countries cultural factors make it difficult to apply group lending methodology (Calidoni & Fedele, 2009); therefore MFIs have to find new collaterals in order to guarantee the success of microcredit programs. Since social researchers highlight lower level, on average, of social capital in developed countries (Putnam, 1993; Putnam, 2000; Sørensen, 2012) the first concern of MFIs should be how to build trust relationships through networks in order to mobilize useful resources for their borrowers. MFIs have to address this topic differently, according to microcredit for entrepreneurial activities and social microcredit. Building networks between entrepreneurs should be easier than in the case of social microcredit; in fact entrepreneurs are usually prepared to be involved in different business networks, since they perceive them as important resources for their business (Dubini & Aldrich, 1991; Greve & Salaf, 2003).

The MFIs in developed countries could work as network facilitators, keeping their borrowers in touch with one another by organizing periodical meetings or by creating a virtual community, using for example social networks or dedicating a section of the institutional website to this goal. An interesting example is represented by the Italian MFI Permico which asks its potential borrowers to provide a moral guarantor from any network

they are directly connected to. Thus the guarantee could be for example sports, cultural, entrepreneurial, religious, etc. associations promising to assist the MFI in the monitoring process and possibly help the borrower. The requirement of a moral guarantor is already present in some microcredit programs: the rationale is to create social obligation as it happened in group lending (Churchill, 1999; Jaunax & Venet, 2011). What is new in this case is the involvement of an association/organization able to mobilize more resources than a single cosigner (Permicro, 2012). As far as social microcredit is concerned, it looks more difficult to create networks between beneficiaries; in fact necessities are more diversified and organizing meetings between people according to their needs is nearly unlikely. Since personal microcredit mainly targets people subjected to various forms of social and financial exclusion, a hypothesis could be the organization of financial education courses, where people are taught how to manage their money and about the characteristics of the main financial products. The simplest way to convince borrowers to attend that kind of courses would be to make them compulsory; but this action could turn out to be excessive for those clients who do not face dramatic economical and social situations. Therefore the MFIs could force only riskier borrowers to join courses.

5. FURTHER RESEARCH ISSUE ON MICROFINANCE IN DEVELOPED COUNTRIES

The four actions proposed in order to foster the spread of the microfinance industry in developed countries are complementary and strictly connected. Surely each of these topics still needs exploring, since management microfinance research in developed countries is still very limited (Khavul, 2010).

Research in this field is a challenge. In fact one important weakness is the lack of datasets tracking MFIs and their clients. The best known is MIX market, an online database to which MFIs can voluntarily send their data. However the MFIs censed by MIX market are nearly all placed in emerging economies; there are still not reliable and available data on microfinance in developed countries. In Europe every two years EMN publishes a report on the microfinance sector with data collected through a questionnaire that MFIs answer voluntarily. Setting up reliable databases with the opportunity of sharing information between MFIs could benefit both researchers and practitioners.

Starting from our recommendations for microfinance development in industrialized countries we will now highlight some research opportunities for academic research on microfinance in developed countries.

5.1 The social impact of MFIs in developed countries.

We have highlighted as microfinance in developed countries has been promoted as a tool to match the growing financial exclusion and poverty, but nowadays the existing impact studies in micro finance only consider developing countries (Pitt & Khandker, 1998; Copestake et al., 2005; Roodman & Morduch, 2009). There is still a lack of evidence of the impact and outreach of MFIs in developed countries (Hartarska, 2005). This should be studied both for social microcredit and microcredit for entrepreneurship. As far as entrepreneurial microcredit is concerned, we believe that the MFIs performance should not be tested only considering the number of business set up, but also the survival rate of enterprises. Is it microfinance an efficient instrument to promote and support micro and small enterprises in developed countries?

A rigorous study of the potential impact of microfinance programs in developed countries could attract new public and private funding, encouraging for example investors who are not only interested in financial gains, but who are concerned about ethical, environmental and social topics. Moreover assessing the impact could also be valuable for MFIs in order to understand their own level of efficiency and efficacy, turning out a useful tool to design their strategy.

5.2 Efficiency of ordinary banks as a microfinance distribution channel in developed countries.

While in developing countries microfinance needs alternative distribution channels (Prior & Argandona, 2009), in developed countries geographical banks density and their proximity to the territory suggest that they are suitable to distribute microfinance products and services. It would be interesting to test this hypothesis by analyzing costs and benefits for banks and the impact in terms of outreach and growth of the sector. This study, in case of positive results, could be useful to help banks enter more actively into the microfinance market.

5.3 Exploitation of social capital in individual lending.

Microfinance research suggests that microcredit is characterized by high repayment rate (Armendariz & Morduch, 2000). In developing countries this is due to mechanisms of monitoring and social collaterals thanks to strict social ties (Ghatak, 1999; Besley & Coates, 1995; Zeller, 1998). In developed countries where those ties are usually weaker, it would be important to understand which factors positively impact on the loan's repayment. Among these factors sociological research stresses the potential benefits of social capital (Putnam, 1993; Anderson, Locker & Nugent, 2002) and networks (Bourdieu, 1985; Burt,

1992; Portes & Sensenbrenner, 1993; Putnam, 2000) as social collaterals, therefore an attractive stream of research could use these concepts in order to understand how MFIs can exploit the existing borrower's social capital and how they can enhance it. The implications of these studies for MFIs could be the implementation of procedures or "modus operandi" that could both enforce the loan's repayment and help the screening of potential clients, thus cutting operating costs (Gutiérrez-Nieto, Serrano-Cinca & Molinero, 2007).

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TABLES

Table 1. Financial exclusion and risk of poverty in developed areas.

Areas	People without a bank account (%)	People without a credit card or other forms of borrowings (%)	People at risk of poverty (%)
European Union	11.6	35.4	23.0
U.S.	8.2	29	15.1

Source: Eurostat, 2010; United States Census Bureau, 2010.

Table 2. Comparison of Hofstede's dimensions of national culture in developing and developed countries.

Countries	Total GDP in billion \$ (2011)	GPD per capita in \$ (2011)	PDI	IDV	MAS	UAI	LTO
<i>Developed countries</i>							
United States	15,094	48,387	40	91	62	46	29
Japan	5,869	34,740	54	46	95	92	80
Germany	3,577	37,897	35	67	66	65	31
France	2,776	35,156	65	71	43	86	39
United Kingdom	2,417	36,090	35	89	66	35	25
Italy	2,198	30,464	50	76	70	75	34
Canada	1,737	40,541	39	80	52	48	23
Spain	1,494	30,626	57	51	42	86	19
Australia	1,488	40,234	36	90	61	51	31
Mean	4,072	37,126	46	73	62	64	35
<i>Developing countries</i>							
India	1,676	3,694	77	48	56	40	61
Philippines	213	4,073	94	32	64	44	19
Mexico	1,155	14,610	81	30	69	82	n.a.
Ecuador	66	8,492	78	8	63	67	n.a.
Perù	174	10,062	64	16	42	87	n.a.
Ghana	37	3,083	80	15	40	65	n.a.
Nigeria	239	2,578	80	30	60	55	16
Bangladesh	113	1,693	80	20	55	60	40
Indonesia	846	4,666	78	14	46	48	n.a.
Mean	188	5,883	79	24	55	61	34

Source: World Bank, 2012 and Hofstede, 2012.

PDI = Power Distance; IDV = Individualism versus collectivism;
 MAS = Masculinity versus femininity; UAI = Uncertainty avoidance;
 LTO = Long-term versus short-term orientation.

Table 3. Characteristic of microfinance in developed and developing countries

Characteristics	Developed countries	Developing countries
Type of MFIs	Non Profit	For profit
Approach to microfinance	Focus on outreach	Market oriented
Products	Microcredit Social microcredit	Microcredit Microinsurance Savings Remittances
Lending Methodology	Individual lending Individual liability	Group lending Joint liability
Collaterals	Networks	Group members
Target	Grey area Immigrants	Unbankable Women

Table 4. Interest spread interest in developing and developed regions.

Regions	Year 2010		Year 2009		Year 2008		Year 2007		Year 2006	
	Interest * spread (%)	Cost* to incom e (%)	Intere st spread (%)	Cost to incom e (%)	Intere st spread (%)	Cost to incom e (%)	Intere st spread (%)	Cost to incom e (%)	Intere st spread (%)	Cost to incom e (%)
<i>Developed countries</i>										
High income:OECD	2.80	69.84	2.92	70.50	2.15	74.63	2.23	68.01	2.57	64.42
High income:NonOECD	5.67	63.40	5.50	64.99	5.33	65.49	4.71	50.86	5.14	51.04
Upper middle income	5.08	73.30	4.93	73.52	4.57	74.33	4.43	63.26	5.29	65.22
Mean	4.51	68.84	4.45	69.67	4.02	71.48	3.79	60.71	4.33	60.22
<i>Developing countries</i>										
Low middle income	8.78	68.70	8.47	68.35	8.11	66.00	8.63	62.20	9.26	67.11
Low income	16.67	73.48	13.67	82.22	12.33	77.37	13.00	70.52	9.33	75.30
Mean	12.72	71.09	11.07	75.29	10.22	71.68	10.82	66.36	9.30	71.20

*Source: World Bank, 2012; **Bankscope, 2012.

**The impact of national culture and social capital on corporate social responsibility attitude
among immigrant entrepreneurs**

Abstract

Although significant attention has been given to the phenomenon of immigrant entrepreneurship, little is known about the adoption of Corporate social responsibility (CSR) in immigrant firms. Beyond the traditional social, cultural and regulatory challenges in the last years immigrant entrepreneurs have had to cope with the wide growing interest towards CSR, with raising expectations about firm's environmental and social behaviors. This paper provides initial insights on this topic by studying the effect of social capital and national culture on the immigrant entrepreneur's attitude to adopt CSR in three areas: social, health and safety and environment. Sixty semi-structured interviews were conducted among immigrant entrepreneurs in the Italian Province of Milan; the first one for number of immigrant entrepreneurs.

Data collected were analyzed through OLS regression. Findings show that power distance and individualism/collectivism have a negative relation with all the three CSR areas, while uncertainty avoidance is negatively related only to environmental effort. Finally we find out a negative and robust relation between social capital and environmental and social practices, while it does not affect the health and safety area. The study concludes with practical implications and suggestions for future research.

1. INTRODUCTION

In the last two decades, the migration flows have made many advanced countries multicultural with a growing number of small and medium enterprises (SMEs) started by immigrants (Gorter, Nijkamp, and Poot 1998; McDougall and Oviatt, 2000; Dana, 2007). Consequently, within the entrepreneurship field some academics have studied the features of the phenomenon among immigrants, feeding the stream of research around the so-called “immigrant entrepreneurship”.

Beyond the traditional constraints that immigrant entrepreneurs have to face when they start a business such as a different cultural, social, institutional and regulatory environment, in the last years they (as local entrepreneurs) have had to cope with the wide growing interest towards the social role of the firm in the society: the so called Corporate Social Responsibility (CSR) (Brammer et al., 2012). In fact, firms’ stakeholders have started to judge the firms’ behaviors by considering them as active players in the local community’s life, with a consequent reinforcement of their responsibilities to contribute to environmental and social issues.

Even if the majority of studies on CSR focused on the multinational enterprises (among others: Hartman et al. 2007; Husted and Allen 2006; Rodriguez et al. 2006; Snider et al. 2003; Tan and Wang 2011; Zyglidopoulos 2002), recently researchers have started to study CSR also in SMEs, by recognizing their economic and social importance (among others Moore and Spence, 2006; Perrini, 2006a; Perrini et. al, 2007; Russo and Tencati, 2008). In SMEs, the CSR is largely shaped by some features of the entrepreneur and by his/her personal social relations (Fuller and Tian, 2006). Starting from this point, many authors proposed social capital as an appropriate lens to study CSR in this kind of companies (among others: Spence, Schmidpeter and Habisch, 2003; Spence and Schmidpeter, 2003; Perrini and Russo, 2010). In fact social capital in its essence deals with resources which reside in and originate from social interactions (Worthington, Ram &

Jones, 2006). Despite the growing significance of immigrant businesses among SMEs, research about CSR perception in immigrant SMEs is still in its infancy.

Up to now, research has discussed the central role of the social capital and the national culture in immigrant entrepreneurship (Chaganti and Greene, 2002; Volery 2007). Those two elements have been pointed out as antecedents of the immigrants' attitude to set up a business (Aldrich and Waldinger, 1990; Portes, 1998; Chand and Ghorbani, 2011) and as factors that explain why some immigrant groups are more entrepreneurial than others (Busenitz and Lau, 1996; Vinogradov and Kolvereid, 2007; Perera et al., 2013). Earlier research demonstrated that immigrants can draw on some peculiar characteristics linked to their national culture that foster their entrepreneurship, such as high dedication to hard work, strong family ties, propensity to risk, compliance to social values, solidarity and orientation to self-employment (Light, 1972; Masurel, Nijkamp and Vindigni, 2004; Zhou, 2004). Other research highlighted that social capital within the immigrant communities impacts on the availability of resources needed to run the business (Bonacich, 1973; Waldinger, 1986; Chand and Ghorbany, 2011) both in the start up and in the expansion phases (Iyer and Shapiro 1999; Sequeira and Rasheed, 2006).

In the light of the relevance of the immigrant entrepreneurship phenomenon, considering the growing importance of the strategic role of CSR in SMEs and taking note of the gap within the literature, the study of CSR in immigrant entrepreneurs is a promising field of research.

For immigrant entrepreneurs CSR could represent a chance for growth and an opportunity to better integrate into the host society. In fact immigrants entrepreneurs usually and heavily rely on their own families, with the risk to limit the business' scope, without succeeding in expanding their business by reaching new clients (Levent, Masurel and Nijkamp, 2006; Engelen, 2001; Slavnic, 2012). The adoption of CSR could represent an answer to this need by facilitating the development of a network of relations (Jenkins, 2009). Moreover the CSR could help mitigate the

negative country of origin effect by improving firm's reputation (Fry et al. 1982; Haley 1991; File and Prince 1998; Saiia, Carroll and Bucholz, 2003; Carter 2005; Bronn and Vidaver-Cohen 2009) and encourage consumers to adopt positive behaviors (Ellen et al. 2000). Immigrant businesses in fact usually suffer from a reputational problem, related to the entrepreneur's or product's country of origin, which could negatively affect the consumer's purchase decision. This is particularly true for those firms that do not offer a service or a product intrinsically ethnic; for example Chinese clothes sold in Italy are often perceived as low quality products compared to the Italian ones, while,- if we consider a Chinese restaurant, the Chinese origin of the entrepreneur and his employees is accounted as a valuable factor, that could positively affect the customer's decision of choosing the restaurant again (Peterson and Jolibert, 1995; Thakor and Katsanis, 1997; Chu et al., 2008). For example an immigrant entrepreneur could highlight the product's quality by conveying to the customer the steps of the production chain, especially if he works with local suppliers. The adoption and the advertising of a quality certification could reassure consumers, furthermore it could be turned into an economical advantage, by charging a higher product's price.

This paper wants to contribute to the initial debate on the significance of CSR for immigrant entrepreneurs by addressing the effect of social capital and national culture on the immigrant entrepreneur's attitude towards the adoption of voluntary practices CSR in three areas: social, health, and safety and environment.

We carried out face to face interviews with immigrant entrepreneurs of SMEs operating in the Italian city of Milan, an area characterized by an important immigrants' presence and among the highest rates of immigrant entrepreneurs in Italy. This paper is organized as follows: first, we offer a theoretical background by borrowing insights both from research on CSR in SMEs and from the existing literature on immigrant entrepreneurship. We next present our methodology and

findings that show how the CSR attitude is strongly influenced by the national culture and only partially by social capital. Finally, in the conclusion we give some explanations of the results and we propose a set of practical and theoretical implications.

2. CSR IN IMMIGRANT ENTREPRENEURSHIP: WHY ARE SOCIAL CAPITAL AND CULTURE IMPORTANT?

SMEs have features which make them different from large companies: they are independent, multitasking, cash-limited and they are largely based on entrepreneurs' personal relationships (Vyakarnam et al., 1997; Lepoutre and Heene, 2006). Because of these peculiarities, the research of CSR in SMEs is traditionally considered as a separate stream within the broad literature concerning the relation between business and society (Brammer, Hoejmose, and Marchant, 2012). Existing studies suggest that SMEs are often more engaged in social activities than large ones, but usually those activities are not labeled as CSR. This specific phenomenon is called "sunken CSR" (Perrini, 2006a) or "silent CSR" (Jenkins, 2006), and it refers to CSR efforts that generally are under communicated. Further research points out that SMEs generally care about issues close to home such as employees' satisfaction (Saulquin and Schier, 2007; Berger-Douce, 2008; Russo and Tencati, 2008) and local community involvement (Jenkins, 2006; Kechiche and Soparnot, 2012). Previous literature on CSR in SMEs identified social capital and national culture as the main antecedent of SMEs involvement in CSR.

Social capital is a multidimensional concept that has been investigated by different approaches prevalently as a dimension of trust capital (Putnam 1993), networks capital (Burt, 1992; Coleman, 1988, 1990) and relational capital (Araujo and Easton, 1999). Since the SMEs mainly depend on the entrepreneur's personal relations, they are especially interested in investing in social capital (Murillo and Lozano, 2006). Social capital was discussed by many authors as essential argument for the engagement of SMEs in the CSR field and a win-win condition for

social involvement of SMEs (Ortiz, Avram and Kühne, 2008; Van de Ven and Jourissen, 2005). The informal involvement of SMEs in CSR activities and the role of social capital for competitive success of entrepreneurs are related (Burt, 1992).

Beside the social capital, national culture is the second recurring concept studied both by literature concerning CSR in SMEs and by literature on immigrant entrepreneurship. Entrepreneurship scholars agree that national culture, the shared values and norms of a group or community (Basu and Altinay, 2002), shape entrepreneurial behavior (Weber, 1976; McGrath et al. 1992; Thomas and Mueller, 2000). In line with these general studies, some other researches point out that CSR in SMEs is deeply related to the entrepreneur's national culture (Spence and Rutherford, 2003; Murillo and Lozano, 2006 Jamali and Mirshak, 2007). Moreover, research on immigrant entrepreneurship stressed that, although immigrants start a process of assimilation of the national culture of the host society, they keep some aspects of their national culture (Azmat, 2010; Hamilton, Dana and Benfell, 2008).

The importance of social capital and national culture as antecedents of the immigrant entrepreneurs' attitude towards CSR, is suggested also by the few existing studies on CSR in immigrant entrepreneurship. Azmat and Zutschi (2012) analyzed the CSR perception of Srilankan immigrant entrepreneurs in Australia, and they remarked the importance their interviewed gave to informal relationships and trustworthiness, confirmed by the fact that those entrepreneurs relied on word-of-mouth recommendations and good customer services. In a previous work, Azmat (2010) specified that country home contextual factors such as national culture, institutional environment and level of socio economic development deeply contribute to the immigrant entrepreneurs' perception of CSR.

The review of the literature we have considered suggests that social capital and national culture are elements that have to be considered in studying CSR's attitude of immigrant

entrepreneurs, due to the clear linkages between those concepts. In the next sections we will deepen those linkages by borrowing some insights from different streams of literature.

3. IMMIGRANT ENTREPRENEURSHIP, NATIONAL CULTURE AND CSR

National culture is a multiform concept that has experienced many different approaches, stimulating scholars to identify different cultural dimensions (Hall and Hall, 1990; Hamper-Turner and Trompenaars, 2000). Among them the most used and cited are the indexes of national cultural dimensions developed by Hofstede (1983b, 1984, 2001), namely: the power distance index (PDI), which refers to the level of inequality accepted by people of that country; the individualism versus collectivism index (IDV), which reflects if a society prefers taking care only of the individual himself and his immediate relatives, or of all the members of a collectivity; the masculinity versus the femininity index (MAS), that reflects the interest of society on competitiveness and achievement issues, as well as on cooperation, with the deriving attention for the weak and the quality of life; the uncertainty avoidance index (UAI), which is the extent to which the members of a national culture feel threatened by uncertain or unknown situations; and finally the long/short term orientation index (LTO). Earlier studies pointed out that the PDI, IDV and UAI significantly affect general entrepreneurs' activity (McGrath et al., 1992; Vinogradov and Kolvereid, 2007). In immigrant entrepreneurship literature too, national culture has been largely studied and scholars, referring to it, explain why some immigrant groups are more entrepreneurial than others. Characteristics like religious beliefs, strong family ties, work ethics, savings and compliance to social values partially explain the attitude of immigrants towards entrepreneurship (Bonacich 1973; Ward 1983; Werbner, 1990; Waldinger et al., 1990; Azmat and Zutshi, 2012).

Among others, Waldinger et al. (1990) found out that some aspects of national culture, like the centrality of family and trust within the immigrant community, have produced the

entrepreneurial success of some immigrant groups. Basu and Altinay (2002) compared different national cultural attributes such as family tradition, migration reasons, religion, family links, business experience and educational attainment, finding out diversity among different immigrant groups in London in relation to business entry reasons, patterns of financed start up, and family involvement in business. Vinogradov and Kolvereid (2007) used Hofstede's dimensions of national culture in order to study how they affect employment rates among immigrants in Norway and they discovered that PDI has a strong effect on self-employment. Hamilton et al. (2008) compared two groups of Asian immigrant entrepreneurs in Manchester and Singapore finding out that both ethnic groups showed strong linkages to the culture they belonged to. The customer mix in Manchester strongly depended on people of the same nationality as the emigrant entrepreneur. Finally, Chand and Ghorbani (2011) analyzed how immigrant entrepreneurs use their social capital in the creation of new ventures and they found out that these match the national culture of the entrepreneurs.

Since CSR has to do with how society expects entrepreneurs to behave and how the entrepreneur feels responsible towards his stakeholders (Bowen, 1953; Carrol, 1979; Magnan and Ferrel, 2004), social and environmental practices are deeply shaped by the national culture (Amaeshi et al., 2008; Jamali and Mirshak, 2007; Ringov and Zollo, 2007). Among the cultural dimensions, IDV and PDI have been largely studied in social sciences (Earley and Gibson, 1998; Waldman et al., 2006). In individualistic national cultures personal self-interest prevails on the collectivity's one, ties between individuals are loose and people value personal time, freedom and independence (Ho, Wang and Vittel, 2012). Consequently, a person coming from a highly individualist national culture, does not particularly value social practices and when starting a business he will unlikely adopt social and environmental desirable behaviors (Akaah, 1990). On the contrary, in collectivist society people feel responsible for their decisions towards the

community and value long-term relationships with stakeholders in pursuing business opportunities (Waldman et al., 2006). Regarding power distance, earlier research assessed that social initiatives are more likely to emerge if power distance is low (House et al., 2004; Waldman et al., 2006; Ringov and Zollo, 2007).

Another prolific stream of research focuses on the relation between national culture and entrepreneurs' environmental orientation. In line with the previous works cited, those studies underlined that people with low levels of IDV and PDI in their national culture are more willing to invest in environmental practices. For instance, according to Dunlap and Van Liere (1984), individualistic societies are characterized by a negative relationship with natural resource conservation; McCarty and Shrum (1994) discovered that collectivism is positively related to waste recycling. The reason lies in the fact that individualism encourages relationships based on the principle of exchange; therefore people calculate benefits and costs and are interested in gaining immediate benefits while the collectivism tends to look at group benefits and shows a willingness to share scarce resources (Sinha and Verna, 1987). Those results are corroborated by the work of Kim and Choi (2005) who collected empirical evidences that people with collectivist values are likely to be more concerned about environmental problems. Thus it is comprehensible that CSR activities, where benefits are difficult to evaluate before undertaking the activity, and usually do not occur immediately, are encouraged in more collectivist societies (McWilliams, Siegel and Wright, 2006).

Societies characterized by a high level of uncertainty avoidance prefer clear rules and are not tolerant about any deviations from them and therefore find it more difficult to adapt to changes and to cope with mutable environment. Moreover, due to those characteristics, high uncertainty avoidance is negatively related to innovativeness, since championing roles overcoming organizational inertia towards innovation are less likely to be accepted (Shane, 1993,

1995). Differently from individualism and power distance, literature concerning the relationship between uncertainty avoidance and social orientation is quite scarce. Blodgett et al. (2001) conducted a research about marketing professionals in Taiwan and the USA, and suggested a positive correlation between uncertainty avoidance and social topics, by stating that national cultures with higher levels of uncertainty avoidance are more sensitive towards the needs of various stakeholders. Vittel et al. (2003) got to the same conclusions, analyzing the US marketers' perception of the role of CSR.

The perception of CSR in Korean Public relation practitioners has been further confirmed by the study of Kim and Kim (2010), devoted to the positive correlation between uncertainty avoidance and the attitude towards CSR.

4. IMMIGRANT ENTREPRENEURSHIP, SOCIAL CAPITAL AND CSR

Within the entrepreneurship research field, the social capital was discussed as an enabler of entrepreneurial actions (Chong and Gibbons, 1997), both in the start-up phase (Walker, Kogut, and Shan, 1997, Liao and Welsch, 2005) and during the life cycle of the firm (Burt, 1992; Fuller and Tian, 2006).

Although social capital literature conventionally distinguishes between bonding, bridging and linking social capital (Putnam, 2000), immigrant entrepreneurship literature particularly stressed the importance of bonding social capital for immigrant businesses (Sanders and Nee, 1996), with a main role played during the first years of the firm (Dubini and Aldrich 1991; Kontinen and Arto, 2011). Bonding social capital refers to linkages between individuals or groups within the collectivity and looks at those features that facilitate the cohesiveness and the pursuit of collective goals (Adler and Kwon, 2002). Even if bonding ties can be traced in close friends and neighbors, when we speak about immigrant entrepreneurs often those ties are bonded between co-immigrants and their relatives (Granovetter 1973, Portes and Sensenbrenner, 1993).

Due to the consistent involvement of family into the business (Kraus, Harms and Fink, 2011), earlier research pointed out that family composition and the quality of household relationships matter in increasing the probability that an immigrant will set up a new business (Rodriguez, Tuggle and Hackett, 2009).

Thanks to their families, immigrant entrepreneurs can gain the necessary resources at a cheaper price, and so they can decrease costs (Chang, Memili, Chrisman, Kellermanns, and Chua, 2009). Family is often the first source to raise the capital to start the new business and relatives are usually employed within the entrepreneur's firm (Sanders and Nee, 1996). The support offered by family and co-immigrant friends changes according to national cultures (Chand and Ghorbani, 2011); there are some immigrant communities where the familiar nucleus is more cohesive and the entrepreneur heavily draws resources for his business. Typical examples are Chinese entrepreneurs, whose firms in the majority of cases are family businesses where employees and partners are often family members or co-immigrants (Worthington, Ram and Jones, 2006).

Earlier research pointed out that firms in which entrepreneurs' family has a relevant influence are naturally oriented to care for their employees, they are involved within the local community, they greatly value the firm's reputation, have long-term orientation and respect tradition and family values (Donnelley, 199; Neuberger and Lank, 1998; Miller and Le Breton-Miller, 2003; De la Cruz Deniz Deniz and Cabrera Suarez, 2005). However, in firms where the family has a relevant influence the involvement in CSR depends largely on the family and of the entrepreneur's values (Dyer, 1986). Flören and Wijers (1996) and Donckels (1998) analyzed respectively Dutch and Belgian SMEs and found out that businesses where the family has a relevant role tend to have personal relationships with employees and clients. Earlier literature

suggests that it is reasonable to suppose that immigrant entrepreneurs will invest in CSR practices that focus on those groups they consider their primary stakeholders, like employees and clients.

As mentioned in the introduction, the aim of this study is to provide an initial insight into the role of national culture and social capital towards CSR attitude by analyzing a sample of immigrant entrepreneurs in the city of Milan. Due to the absence of research within this field, we decided to investigate this topic by using a two-core construct of immigrant entrepreneurship literature: social capital and national culture.

4. METHODOLOGY

4.1 Sample

Immigrant entrepreneurs are very reluctant to provide information to strangers and researchers, that's why the data collection has been a challenging process. Since earlier studies had experienced the same difficulty in reaching responses from entrepreneurs by using on-line surveys, we decided to collect data through face-to-face interviews (Chaganti and Greene, 2002). The interview was structured to analyze the impact of national culture and social capital on the social attitude of immigrant entrepreneurs in the city of Milan (North of Italy), the first province for number of immigrant businesses with 34.294 immigrant firms in 2011 (Milan Chamber of Commerce, 2011).

The sample was generated by approaching the local Chamber of Commerce and local associations of immigrant entrepreneurs gaining the access to their membership lists. Starting from this lists we identified a random sample of 100 immigrant entrepreneurs who started a familiar SMEs in Milan. Initially, to identify those entrepreneurs interested in participating to our research, we approached every entrepreneur by a telephone call, explaining the nature of the research and asking for his availability. When we identified an immigrant entrepreneur willing to cooperate to the data collection, we fixed a face to face meeting to administer interviews. We

relied on such an interviewing methodology because, even if it is more time consuming than telephone interviewing, it helps raise the response rate and reduce the incompleteness, the frequent misunderstandings and the possible inappropriateness in responses, typical of other data collection methods (Lavrakas, 1993). The research was pursued through open and multiple-choice questions and the anonymity was guaranteed in order to elicit responses that genuinely reflected the respondents' views. In order to ensure the consistency of the interviewing approach, a single researcher carried out all the interviews.

Starting from our original sampling of 100 immigrant entrepreneurs, we reached an overall response rate of 60%, which is largely higher in respect to similar researches. This sample size meets the minimum requirement of 50 respondents to provide valid results (Hair et al., 1992, p. 444), although a size of 100 and above is recommended.

Out of the interviewed entrepreneurs, 24 were active in the manufacturing sector, 21 were from the service businesses, and 15 were retail. Table 1 shows the geographical area of immigration of the sample. The interviewed entrepreneurs represent the geographical distribution of the total immigrant entrepreneurship in Milan: 41,7% of them come from Africa (mainly from Egypt and Morocco), 23,3% from Asia and primarily from China, 23,3% from South America (mainly from Perù and Colombia) and 11,7 from East Europe (Romania and Albania).

Table 1 about here

The average age of the firms (since the business started) was 6.4 years old; the average living of the entrepreneurs in Italy was 17.4 (years since the entrepreneurs arrived in Italy); and around 23% of the entrepreneurs were women.

4.2 Measures

Participants completed a face-to-face interview, which enabled us to collect and operationalize control variables, measures of social capital, cultural values and data on the social and environmental activities performed.

Control variables were selected on the basis of existing literature (Zhou and Logan, 1989; Becker, 1993; Coleman, 1998; Chaganti and Greene, 2002). Information was collected on a dichotomous variable on gender of entrepreneurs (01. Gender), because earlier research pointed out that women approach the entrepreneurial action in a different way from men (Bruni, Gherardi, Poggio, 2004). Data were also collected about the year in which the entrepreneur founded his/her company (02. Year business) and on the arrival year in Italy (03. Year country). Since previous studies had demonstrated that commitment to social and environmental issues is driven by work experience (Brammer, Millington, Rayton, 2007) and previous entrepreneurial activities (Correja Santos, Curral, Caetano, 2010), we collected additional control variables on the entrepreneurial and work experience of respondents. We included the length of the entrepreneurial activities respondents were involved in (number of years) (04. Entrepreneurial experience) and the duration of their overall work experience (05. Work Experience). Finally

Social capital is often operationalized through the identification of networks that provide entrepreneurs with different assets. Different studies within immigrant entrepreneurship stress the importance of families for immigrant businesses; following Davidsson and Honig, (2003) we collected information on the number of family members who work in the business (06. Family

involvement) and the level of support offered by family members in encouraging the entrepreneur to start the business (07. Family support) (Grotaert et al., 2004).

In order to measure national culture, we employed the 20 items scale developed by McGrath et al. (1992) starting from Hofstede's method to assess national culture (Hofstede, 1980). This scale was used in different studies, which address the topic of different national cultures (House et al., 2001; Chand and Ghorbani, 2011). Three constructs developed by Hofstede were used: (a) individualism index (08. IDV), the preference for social framework in which individuals are expected to take care of themselves and their immediate families only; (b) power distance index (09. PDI), which measures to which extent the powerful members of a society accept and expect that power is distributed unequally; (c) uncertainty avoidance index (10. UAI), which expresses the degree according to which the members of a society feel uncomfortable with uncertainty and ambiguity.

Since a scale of social attitude of immigrant entrepreneurs was not available in literature, we developed a scale of items starting from studies conducted on CSR in SMEs (Russo and Tencati, 2008; Brammer, Hoejmosse, and Marchant, 2012). Social and environmental attitudes were measured through sixteen different items covering health and safety, social and environmental issues rooted in previous studies. Respondents were asked to indicate the extent of their involvement in each of the aspects we considered on a five-point Likert scale, where 1 indicated "very unimportant" and 5 indicated "very important". Responses from entrepreneurs were factor-analyzed for parsimony, and this produced three factors with minimum eigen value of 1. The three resulting factors explained 67 percent of total variance. The first factor, labeled "health and safety effort", consisted of the entrepreneurial importance given to activities to defend workers' health and safety (11. H&S effort). Reliability analysis on component variables shows an acceptable value of Cronbach alpha (0.83) and, consequently, the factor was judged as

valid. The factor includes the following variables: health and safety internal information services, education initiatives in health and safety, voluntary investment over the law level, periodical control of health and safety compliance, periodical assessment of health and safety risks, inclusion of signals in workplace to remind health and safety norms. The second factor, named “social effort”, was the effort of entrepreneurs to contribute to improve the conditions of societies (12. Social effort). It was reliable because of the acceptable value of Cronbach alpha (0.71) (Hair et al., 1998). Variables which loaded in the factor were the flexible working hours, the voluntary education initiatives, the sponsorship of social initiatives, and the control of suppliers for human rights respect. The last valid factor (Cronbach alpha = 0.72), titled “environmental effort”, includes all the activities related to the defense and increase of natural environmental condition (13. Environmental effort). The loading variables were energy safe, waste recycling, noise reduction, packaging reduction and used water reduction.

Before proceeding with the OLS analysis we conducted ANOVAs test to prove the existence of significant differences among the means of the three factors compared to the geographical area of the entrepreneur’s mother country (Africa, Asia, South America and East Europe) and respect to each mother country (24 countries). Every test showed a non significant relation with p values between 0.15 and 0.79. In addition, we tested the significance of the control variable “geographical area” using a stepwise regression. It was the first variable excluded because the low level of significance. Therefore we did not include within the model the variables concerning the entrepreneur’s mother country.

5. ANALYSIS AND RESULTS

Table 2 summarizes means, standard deviations, and correlation among control variables, social capital variables, national culture variables and Health and Safety, Social and Environmental efforts.

Table 2 about here

We used ordinary least squares (OLS) regression analysis to test relations between social capital, national culture and CSR efforts. Results of OLS regressions for health and safety effort are reported in table 3, results of OLS regressions for social effort are presented in table 4, and those for environmental effort are shown in table 5. We also tested each regression for multicollinearity; these tests revealed that the variance inflation factors (VIF) for all variables ranged between 1.0 and 3.0, well below the acceptable threshold level of 10.0, indicating that multicollinearity was not a serious issue in our analyses (Hair et al., 1998). We tested four regression models for each of the dependent variables, and a total of 12 regression models. In models 1 (1A, 1B, 1C) we tested the impact of control variables on the three dependent variables (health and safety effort, social effort and environmental effort). The letter A will indicate the models with health and safety effort as dependent variables; the letter B models with social effort as dependent variables; and C the models in which the dependent variable is the environmental effort. Models 2 and 3 added to control variables respectively the social capital variables (models 2A, 2B, 2C) and the national culture variables (models 3A, 3B, 3C) as independent variables. Model 4 included all variables considered in our analysis (control, social and national culture variables), assessing the joint impact of social capital and national culture on health and safety, social and environmental efforts (models 4A, 4B, 4C). The delta in the explained variance of the regression model was used as an indicator of additional variance of dependent variables explained by social capital and national culture variables.

All the control models indicate that none of the variables we considered has a significant impact on dependent variables. In table 3, 4 and 5 models 1A, 1B and 1C, as indicated by the test statistics (Fs) we reported, control variables are not significant and they explain around 0 and 0.02 percent of the variation in the health and safety, social and environmental efforts.

Table 3 about here

As shown by models 2A, 3A and 4A in table 3, IDV (Model 3A: $\beta=-0.73$; $p<0.01$ - Model 4A: $\beta=-0.74$; $p<0.01$) and PDI (Model 3A: $\beta=-0.58$; $p<0.01$ - Model 4A: $\beta=-0.58$; $p<0.01$) are significant and negatively related to the health in safety effort of immigrant entrepreneurship. Compared to the control model (Model 1A), the introduction of national cultures variable increases the explained variation in health and safety effort around 22 percent (Model 3A) and around 28 percent if bonding social capital is considered (Model 4A). The results support the existence of a strict relation between national culture and the health and safety effort index. Mainly the results show that:

the higher the entrepreneur's preference for social framework, where individuals are expected to take care of themselves, the lower will be his consideration of health and safety in his/her business. At the same time it emerges a negative correlation between the entrepreneur's acceptance and expectation of the unequal distribution of power among colleagues and his consideration for health and safety issues in the business.

Table 4 about here

Table 4 examined the impact of variables considered in our study on immigrant entrepreneurs' social effort. Models 2B, 3B and 4B show that the impacts of IDV (model 3B: $\beta=-0.48$; $p<0.01$ and model 4B: $\beta=-0.46$; $p<0.01$) and PDI (model 3B: $\beta=-0.51$; $p<0.01$ and model 4B: $\beta=-0.51$; $p<0.01$) on social efforts are negative and significant. Regarding the social effort of immigrant entrepreneurs, Table 4 shows that the family support (social capital) has a negative and significant impact on entrepreneurs' social effort (model 2B: $\beta=-0.32$; $p<0.01$ and model 4B: $\beta=-0.31$; $p<0.01$). Compared to the control model (model 1B), the introduction of the national cultures variable increased the explained variation in social effort around 18 percent (model 2B) and around 26 percent (model 4) if bonding social capital is considered. Thus the results support that the national cultures are the main driver of the entrepreneurs' interest to the social impact of the firms.

Table 5 about here

Table 5 presents the result of OLS regression for immigrant entrepreneurs' environmental effort. The control regression (model 1C) indicates that control variables are not related to environmental efforts. Models 2C, 3C and 4C show that family support (model 2C: $\beta=-0.18$; $p<0.01$ and model 4C: $\beta=-0.34$; $p<0.01$), IDV (model 3C: $\beta=-0.56$; $p<0.01$ and model 4C: $\beta=-$

0.49; $p < 0.01$), PDI (model 3C: $\beta = -0.61$; $p < 0.01$ and model 4C: $\beta = -0.58$; $p < 0.01$) and UAI (model 3C: $\beta = -0.48$; $p < 0.01$ and model 4C: $\beta = -0.43$; $p < 0.01$) are significant and negatively associated with the environmental effort of immigrant entrepreneurs. OLS regressions pointed out that the social capital variable increased the explained variance of the environmental effect around 21 percent (model 2C), and including the IDV, PDI and UAI the regression models explained an additional 11 percent of the variance in environmental effort (model 2D).

6. DISCUSSION AND CONCLUSION

Results show that the attitude to put into practice CSR actions in immigrant businesses is strongly linked to the entrepreneurs' national culture and partly to bonding social capital. Even if we are aware of the fact that this study presents some limitations that could reduce the generalization of the results, due to the very limited number of researches in this field, the presented results can still provide some interesting initial insights into this complex phenomenon and it could be a useful starting point for future researches. The generalization of results must be considered as a concern of the present study for different reasons. First, our data have a limited geographical scope: although the city of Milan represents a fertile ground to address the topic of immigrant entrepreneurship, we cannot affirm that our findings could be generalized up to a national level. A second limitation concerns the nationality of the entrepreneurs interviewed; in fact, as immigrant entrepreneurs are reluctant to allow interviews, we were not able to collect the same number of interviews for all the nationalities of immigrant entrepreneurs located in Milan.

Our study highlights that national culture is the main driver of the immigrant entrepreneurs' attitude towards CSR. In fact, although immigrant entrepreneurs assimilate some aspects of the national culture of the host country, at the same time they keep other elements of the national culture of their original country (Azmat and Zutshi, 2012). We found different results according to the cultural dimensions considered.

Our findings show that individualism is negatively correlated with all the three inquired areas of CSR: the social, the environmental and the health and safety. This result is in line with earlier studies which stress that individualistic national culture tends to give more importance to personal goals and achievements rather than social concerns (Ng and Burke, 2010), therefore individuals take responsibility primarily for their own interests and for those of their immediate relatives (Hofstede, 1980; Triandis, 1995). This attitude does not match with CSR, which implies taking into consideration the interests of all the stakeholders involved, embracing a more inclusive perspective than the individualistic one.

As far as the power distance impact is concerned, in immigrant entrepreneurs we found out a negative relation with all the three considered areas. Also in this case literature supports this finding: in fact national culture, where power distance is high, implicates a low level of cooperation in decision making, therefore managers have less attitude to consider lower ranks and public concerns (Vitell, Paolillo, and Thomas, 2003; Waldman et al., 2006). The same result was observed in our research. Immigrant entrepreneurs perceiving a distance with their employees and community, are naturally less interested in the adoption of social and environmental behavior, as they conceive their social role as higher compared to other immigrants.

The last national culture dimension we have looked at is uncertainty avoidance, which has been less studied by entrepreneurship and cultural literature. If we think about uncertainty avoidance as the degree to which the members of a society feel uncomfortable with insecurity and ambiguity, we could expect that societies with a high index of this cultural dimension could be more interested in investing in CSR practices in order to avoid unexpected and risky events. However, our results show that this dimension does not impact on health and safety and social areas, while it is negatively correlated with environmental practices. One possible explanation

could be the fact that environmental issues such as the reduction of air and water pollution, the increase of energy efficiency, the recycling of materials, require to implement innovative solutions, therefore immigrant entrepreneurs, which used to start traditional business, could be less interested in environmental issues. In fact there are a number of studies focusing on uncertainty avoidance and innovativeness, which show that firms characterized by high uncertainty avoidance tend to be less flexible, less proactive towards changes and less innovative (Kalliny and Hausman, 2007; Çakar and Ertürk, 2010; Tolba and Mourad, 2011). However the relation between CSR and uncertainty avoidance needs to be further tested, since there is still a scarce literature and since the few existing studies (Blodegt, 2001; Vittel, 2003; Kim and Kim, 2010) expect that CSR reduce risks.

As far as bonding social capital is concerned, we found out a negative and robust relation with the adoption of environmental and social practices by immigrant entrepreneurs, while it does not affect the immigrant entrepreneurs' effort in the health and safety area. There are insights from earlier research that could explain this lack of focus on the environmental and social areas of CSR. First, socially responsible behaviors towards external stakeholders are affected by the issue of visibility, which is whether the firm's behavior can be noticed by stakeholders inside and outside the organization (Udayasankar, 2008). For instance, Hillary (2000), reviewing twenty-two studies on stakeholders pressure on SMEs about issues concerning the environment, found out that customers often show little interest for this topic, probably because they consider the impact of SMEs negligible. Therefore, SMEs are not particularly encouraged to invest in the environmental area, due to a lack of pressure and a consequent low benefit in term of visibility. Earlier research underlines that SMEs owners are more sensitive to activities related to their closer stakeholders such as employees, customers and suppliers, while they tend to be less involved in CSR activities concerning external stakeholders (community and environment)

(Vyakarnam et al., 1997; Vittel et al., 2000). Lastly, we could suggest one further explanation for our findings. CSR can be considered valuable to have access to a pool of resources, but in the case of strong bonding social capital, where family members offer financial and moral support to the entrepreneur, the entrepreneur does not feel the need to look for resources within a broader group like the local community. Family acts in a certain way as a substitute of the collectivity; this is particularly true for young SMEs, which heavily rely on family based resources.

In the light of these considerations we will now propose some implications for policy makers and academics. Since national culture plays the major role in shaping CSR attitude, if the entrepreneur is grounded in a national culture that does not naturally raise an interest in CSR, the policy makers of the host society have the task to promote it. Policy makers can promote the CSR in immigrant communities in two different ways. First, the entrepreneur's awareness about CSR and its benefits must be increased. In fact nowadays immigrant entrepreneurs deal with the topic of sustainability as a legal requirement and not as a resource for the business. Immigrant firms mainly focus on short-term strategy, but this attitude risks to put a constraint on the long-term growth and development of the firm. Immigrant literature in fact stresses the importance of bridging and linking social capital, based on a network of relationships with a plurality of stakeholders beyond the family. The adoption of CSR practices could be a possible path in order to dialogue with important stakeholders for the entrepreneur, like the immigrant community, clients, suppliers and competitors.

The second step is helping immigrant entrepreneurs build the necessary capabilities in order to put CSR into practice. In fact, immigrant entrepreneurs usually acquire their competences by working as employees in similar firms or working in the family's company, therefore they are unlikely to learn about CSR practices. From an academic point of view this paper takes a further step towards an area of academic research which is still untapped, by

providing an initial insight into the attitude towards CSR of immigrant entrepreneurs in a developed country. A number of future research directions emerge from our findings. Future studies could extend the analysis including the role of bridging and linking social capital and their possible impact on CSR attitude.

A strand of future research could deepen the persisting role of natural culture confronting more mature firms with small young ones. Moreover, it would be interesting to enlarge the scope of the analysis by considering a broader geographical area and a larger sample of entrepreneurs.

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TABLES

Table 1
Sample and immigrant entrepreneurship in Milan

Geographical areas	Interviewed immigrant entrepreneurs		Immigrant entrepreneurs in Milan [□]	
	n.	%	n.	%
Africa <i>(Benin; Burkina Faso; Cameroon; Congo; Egypt; Eritrea; Ethiopia; Mauritius; Morocco; Senegal; Togo)</i>	25	41.7	16,838	49.1
Asia <i>(China; Iran; Japan; South Korea; Turkey; Uzbekistan)</i>	14	23.3	7,167	20.9
South America <i>(Colombia; Dominican republic; Peru; Republic of Bolivia; Venezuela)</i>	14	23.3	6,242	18.2
East Europe <i>(Albania; Romania)</i>	7	11.7	4,047	11.8
Total	60	100.0	34,294	100.0

[□] Source: Milan Chamber of Commerce, 2011.

Table 2
Means, standard deviations, and correlations

	M	SD	02	03	04	05	06	07	08	09	10	11	12	13
01. Gender	0.23	0.43	0.13	0.19	-0.20	-0.33 *	-0.18	0.16	-0.17	0.25	0.15	-0.24	-0.15	-0.07
02. Year business	7.60	6.53		0.46 **	-0.55 **	-0.48 **	-0.12	0.13	-0.07	0.01	-0.09	-0.21	-0.29 *	-0.05
03. Year country	19.65	8.92			-0.44 **	-0.28 *	-0.13	0.04	-0.06	0.05	0.23	-0.12	-0.19	-0.10
04. Entrepren. experience	40.40	9.88				0.36 **	0.10	-0.03	0.11	-0.26	0.16	0.09	0.10	0.12
05. Work experience	10.43	8.21					0.05	-0.23	-0.06	0.12	0.26	0.27 *	0.30 *	0.08
06. Family involvement	0.52	0.93						0.16	-0.00	-0.02	-0.22	0.19	0.15	0.11
07. Family support	0.57	0.50							0.14	-0.10	-0.05	-0.21	-0.35	-0.23
08. IDV	26.36	14.21								-0.74 **	0.08	-0.31 *	-0.13	-0.19
09. PDI	66.13	14.66									-0.05	-0.00	-0.06	-0.11
10. UAI	66.04	24.35										-0.09	-0.01	-0.35
11. H&S attitude	-0.00	1.00											0.72	0.40
12. Social attitude	-0.00	1.00												0.44
13. Environmental attitude	0.00	1.00												

** p-value<0.01; * p-value<0.05

Table 3
Results of regression analysis for immigrant entrepreneurs' health and safety attitude

	Model 1A			Model 2A			Model 3A			Model 4A		
	β	Sig.	VIF	β	Sig.	VIF	β	Sig.	VIF	β	Sig.	VIF
<i>Control variables</i>												
01. Gender	-0.16		1.14	-0.06		1.32	-0.15		1.35	-0.05		1.49
02. Year business	-0.11		1.71	-0.09		2.04	-0.20		1.76	-0.21		2.11
03. Year country	0.06		1.33	0.11		1.39	0.04		1.56	0.12		1.64
04. Entrepreneurial experience	-0.05		1.67	-0.05		1.68	-0.18		2.03	-0.17		2.07
05. Work experience	0.17		1.44	0.04		1.78	0.23		1.75	0.09		2.07
<i>Social capital</i>												
06. Family involvement				0.17		1.16				0.14		1.22
07. Family support				-0.15		1.20				-0.10		1.23
<i>National culture</i>												
08. IDV							-0.73 **		2.35	-0.74 **		2.35
09. PDI							-0.58 **		2.74	-0.58 **		2.72
10. UAI							-0.09		1.39	-0.06		1.46
F	0.86			1.22			2.82 **			2.66 **		
R ²	-			0.04			0.22			0.28		
ΔR^2	-			0.04			0.22			0.28		

** p-value<0.01; * p-value<0.05

Table 4
Results of regression analysis for immigrant entrepreneurs' social attitude

	Model 1B			Model 2B			Model 3B			Model 4B		
	β	Sig.	VIF	β	Sig.	VIF	β	Sig.	VIF	β	Sig.	VIF
<i>Control variables</i>												
01. Gender	-0.06		1.14	0.07		1.32	-0.04		1.35	0.11		1.49
02. Year business	-0.19		1.71	-0.15		2.04	-0.26		1.76	-0.24		2.11
03. Year country	-0.02		1.33	0.03		1.39	-0.06		1.56	-0.00		1.64
04. Entrepreneurial experience	-0.13		1.67	-0.12		1.68	-0.28		2.03	-0.27		2.07
05. Work experience	0.23		1.44	0.04		1.78	0.29		1.75	0.10		2.07
<i>Social capital</i>												
06. Family involvement				0.17		1.16				0.17		1.22
07. Family support				-0.32	**	1.20				-0.31	**	1.23
<i>National culture</i>												
08. IDV							-0.48	**	2.35	-0.46	**	2.35
09. PDI							-0.51	**	2.74	-0.51	**	2.72
10. UAI							-0.03		1.39	0.01		1.46
F	1.18			2.45	**		1.69	**		2.67	**	
R ²	0.02			0.20			0.09			0.28		
ΔR^2	-			0.18			0.08			0.26		

** p-value<0.01; * p-value<0.05

Table 5
Results of regression analysis for immigrant entrepreneurs' environmental attitude

	Model 1C			Model 2C			Model 3C			Model 4C		
	β	Sig.	VIF	β	Sig.	VIF	β	Sig.	VIF	β	Sig.	VIF
<i>Control variables</i>												
01. Gender	-0.06		1.14	0.11		1.32	0.15		1.35	0.24		1.49
02. Year business	0.08		1.71	0.28		2.04	0.02		1.76	0.18		2.11
03. Year country	-0.06		1.33	-0.08		1.39	0.11		1.56	0.06		1.64
04. Entrepreneurial experience	0.07		1.67	0.08		1.68	0.05		2.03	0.03		2.07
05. Work experience	0.08		1.44	0.09		1.78	0.33		1.75	0.30		2.07
<i>Social capital</i>												
06. Family involvement				0.13		1.16				0.06		1.22
07. Family support				-0.18	**	1.20				-0.15	**	1.23
<i>National culture</i>												
08. IDV							-0.56	**	2.35	-0.49	**	2.35
09. PDI							-0.61	**	2.74	-0.58	**	2.72
10. UAI							-0.48	**	1.39	-0.43	**	1.46
F	0.22			1.27	**		3.14	**		3.04	**	
R ²	-			0.21			0.24			0.32		
ΔR^2	-			0.21			0.24			0.32		

** p-value<0.01; * p-value<0.05

The role of social capital in the start-up of non-profit organisations: the case of Fondazione Welfare Ambrosiano

Abstract

This article investigates how a start-up foundation can build its organisational social capital, meaning a network of strategic partnerships with other organisations based on trust relationships, in order to fulfil its mission. Based on a case study analysis of Fondazione Welfare Ambrosiano - an Italian foundation created in partnership with private organisations and local public institutions - we explored whether and how some characteristics of the social capital of the foundation's members contributed to the organisational social capital. By applying Nahapiet and Ghoshal's (1998) social capital framework, we discovered that the social capital configuration of the founders and staff, linked to some characteristics of the foundation, had driven the development of the organisational social capital. Our paper contributes to an understanding of what constitutes the best configuration of social capital to allow a start-up foundation to take off.

1. INTRODUCTION

Social capital (SC) has become a popular concept within a broad range of disciplines, and it seems to be important for non-profit organisations. Among the different definitions proposed in the literature, one of the most commonly used is the one of Nahapiet and Ghoshal (1998, p. 243), who define SC as “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit”. The core intuition of SC is that social relations provide an opportunity to individual and collective actors to access valuable resources, such as information, influence, and solidarity. SC is a dynamic asset that needs to be maintained and renewed; otherwise, it could diminish over the course of time. For this reason, it is linked to investment decisions, and in order to obtain benefits, the individual or the collective actors have to activate relations (Adler and Kwon, 2002). It is accepted that non-profit organisations are good at building SC, and they show some unique characteristics that make them an interesting topic of study (Dekker and van den Broek, 1998; Foley and Edwards, 1996; Torpe, 2003). Non-profit organisations are networks of individuals who voluntarily join the organisation in order to pursue a shared mission and collective goals; they are linked with other organisations to deliver services to their members or customers jointly. They need to build trustworthiness, as they work primarily on a voluntary basis and with a plurality of actors (Passey and Lyons, 2006). Therefore, SC is a critical resource for non-profit organisations for developing strategic partnerships, raising philanthropic support, and creating a strong and shared vision within the organisation (King, 2004).

Earlier research on SC in non-profit organisations addressed this topic by looking at it from two different perspectives: external and intra-organisational. The external perspective starts from Putnam’s studies (1995, 2000), which asserted that people develop SC through participation in voluntary associations, and this participation fosters civic engagement and helps build healthy

communities. In this vein, we can find different studies regarding the effect of the engagement in associations on the SC of members (Isham et al., 2006; Wollebaek and Selle, 2002); the impact of SC on philanthropy (Brown and Ferris, 2007); and the building of the SC of community foundations (Easterling, 2009). The intra-organisational perspective focuses on the impact of SC within the organisation considered. Research studies on this topic have mainly focused on the contribution of SC to the effectiveness of the organisation in governance mechanisms or goal achievement. Among others, Fredette and Bradshaw (2012) found that board members, through their SC, can mobilise governance capabilities by the sharing of information, the development of a collective vision, and the building of trust. Swanson (2013) studied the contribution of SC in terms of organisational goal achievement by looking at the organisation's portfolio of engagement activities, and he provided a framework to manage SC strategically to create value.

In recognising the importance to non-profit organisations of developing external networks in order to fulfil their mission, we aimed to explore further the dynamics of SC in foundations. Contrary to the majority of studies, which look at how non-profits enhance the SC of their members or that of the local community, we investigated how a foundation exploits the SC of its founders in order to build its own organisational SC. The creation of SC in a foundation has not been studied very much yet (Von Schnurbein, 2010); this gap is even more evident in the case of foundations created through partnerships between private and public organisations. This type of foundation represents the ideal context in which to study the dynamics of SC for their complexity and the unique characteristics that are linked to the plurality of founders.

Von Schnurbein's study (2010) contributes to the focus on the ability of foundations to build SC by developing networks, norms, and trust. In reaching this goal, foundations are supported by some characteristics that facilitate their role of "honest broker" among different actors. His research pointed out that foundations are the ideal context in which to study SC.

Starting with Von Schnurbein's article, we studied elements of the foundation's SC configuration, strengthened by some organisational characteristics that drive the development of the organisational SC. We addressed this hypothesis by studying a successful Italian start-up foundation.

2. SC CONCEPTUALIZATION AND RESEARCH QUESTIONS

Among the different frameworks proposed for studying SC, we chose Nahapiet and Ghoshal's (1998), due to its robustness (Burt, 2000; Fredette and Bradshaw, 2012; Mouw, 2006) and its completeness, as it includes all the core elements discussed in the existing literature on SC (Maurer and Eber, 2006). The framework distinguishes among three dimensions of SC: structural, relational, and cognitive. The structural dimension refers to the pattern of interactions among actors—that is, with whom an individual is in contact, and how she/he reaches them (Burt, 1992). The relational dimension provides insight regarding the quality of relationships among members, and it incorporates concepts such as trust and trustworthiness (Fukuyama, 1995; Putnam, 1993), norms and sanctions (Coleman, 1990; Putnam, 1995), and obligations and expectations (Burt, 1992; Coleman, 1990; Granovetter, 1985; Mauss, 1954). The cognitive dimension refers to the capability of actors to develop a mutual interpretative framework within which the organisation's members share a vision (Leana and Pil, 2006) and values (Coleman, 1988), resulting in shared languages and codes.

Following this categorisation, we studied the configuration of the SC of founders and staff members and investigated whether and how some elements affect the development of organisational SC.

We focused on a start-up foundation for two reasons. First, earlier literature has demonstrated that SC plays a significant role in the first years of an organisation by offering access valuable resources and discover new opportunities, which are valuable to a start-up

organisation (Lee et al., 2001). Second, the literature on SC stresses its dynamicity and the necessity to change it according to the different life cycle stages of a firm. Firms usually experience the biggest changes during the first three years; therefore, that timeframe is the best context in which to study the building of SC.

We considered the SC of both founders and staff, as the literature on organisation emphasises that in start-ups, the organisational SC is the aggregate of the individual SC of its members (Maurer and Eber, 2006; Tsai and Ghoshal, 1998).

When using the term “organisational SC”, we refer to “established, trust based networks among organisations or communities supporting a particular non-profit, that an organisation can use to further its goals” (Schneider, 2009, p. 644). In our case, the organisational SC is embedded within the relationships among the organisations that cooperate with Fondazione Welfare Ambrosiano (FWA) on its various projects. Moreover, taking into account Von Schnurbein’s study (2010), we enriched this framework by exploring whether the foundation has some characteristics that interact with the three dimensions of SC.

Therefore, our research question is “How does the configuration of the SC of founders and staff contribute to the development of organisational SC in the start-up phase?”

3. RESEARCH SETTING

We chose to study the dynamics of SC through a deep case study analysis, by considering FWA, an Italian foundation founded in 2009. The mission of FWA is to support people who work in the Italian city of Milan who are experiencing temporary economic difficulties and who are not covered by the state welfare system.

The reasons for choosing a case study design lie in the fact that earlier research stressed that SC is a qualitative concept that cannot be studied through quantitative research (Von

Schnurbein, 2010) and in the fact that research on SC in foundations is still scarce, raising the usefulness of a research design that enables an exploratory analysis (Yin, 2003).

Given the aim of broadening the existing findings and deepening the understanding of the processes through which a foundation can exploit its members' SC, we searched for an "extreme case" (Eisenhardt, 1989; Pettigrew, 1990). Extreme cases facilitate theory building by making the dynamics studied more visible and comprehensible than in ordinary contexts (Patton, 2000; Perrini and Minoja, 2008). The Italian FWA represents the ideal "extreme case" for our research questions for the following reasons. First, it represents a successful example of how a foundation exploits the SC of its members to build strategic partnerships with local and national organisations. In fact, from the early network of eight partners for the pilot project, the foundation currently cooperates with seventeen organisations. Second, the FWA has some unique characteristics that allowed us to explore the three dimensions of SC. The main distinguishing feature concerns the plurality and heterogeneity of the founders, which are public and private institutions with a strong political connotation. Those features created a complex decision-making context wherein board and staff members had to bring together different interests, expectations, goals, codes of communication, and so on. This complexity provided the opportunity not only to study the structural dimension, which is the most common conceptualisation of SC (Moran, 2005), but also to appreciate the contribution of the relational and cognitive dimensions to the development of the foundation's external network.

The FWA was founded in 2009, but the first project was launched in October 2011. It represents a unique case, as it is the only Italian foundation within the sector founded in partnership with the main local public institutions and private organisations. The founders are the Municipality of Milan, the Province of Milan, the Chamber of Commerce, and the three main national Labour Unions (CIGL, CISL, and UIL). Participation is also open to private citizens,

although to date there are none. In contrast to typical foundations, FWA does not primarily give grants, but undertakes projects in collaboration with external partners.

The first project was a microcredit program designed for both families and start-up initiatives, with loans of up to €20,000 with low interest rates and a one-year grace period. The project is still ongoing, and to date, FWA has disbursed €2,141,400 by reaching 961 potential clients.

In September 2013, FWA started a second project to help workers in redundancy funds by paying them in advance the amount due by the National Social Security Service. In the near future, FWA will be engaged in two more activities: the first is to provide health services not covered by the national health system, which will be offered at lower prices compared to those charged by the private sector, and the second is a loan to students of La Scala dance academy. Almost all of the activities are carried out by volunteers from partner organisations. Only four individuals are employed as staff members.

4. DATA COLLECTION AND ANALYSIS

Data collection took place from May 2009 to October 2013. Following Yin's (1984) and Eisenhardt's (1989) suggestions, we collected data from different sources, in particular through field observation, interviews, and archival records.

First, we took advantage of the opportunity we had to cooperate with FWA for almost four years. We were able to follow the growth of the foundation from the first meetings between the foundation staff and the founders, by attending the formal meetings of the administrative committee, to the ongoing development phase, where we met all the delegates of FWA's partners. We have enriched our knowledge of the foundation's processes by participating in informal FWA meetings with the volunteers and by collecting and analysing data of the microcredit program.

The second source of data collection was in the form of 21 semi-structured interviews, each lasting on average between one hour and one hour and a half. We interviewed all of the representatives of the founders and staff members (Table I), and along with FWA's director, we chose the partners crucial to the projects (Table II). Every interview involved two researchers and was tape-recorded and transcribed to ensure reliability (Eisenhardt, 1989). In addition, each interviewer took notes to capture data regarding impressions and perceptions. The interviews, conducted between June and September 2013, were designed to capture, through open questions, the different dimensions of SC and the reasons the external partners decided to cooperate with FWA.

[Table I around here]

[Table II around here]

For instance, on the structural dimension, we asked the interviewees to state who they have external ties with, as well as the frequency and intensity of the interactions. On the relational dimension, we asked, for example, whether people knew each other previously, in what context they knew each other, whether the relationship was formal or informal, and whether the partnership relied on trust or contractual agreements. On the cognitive dimension, we asked whether there was alignment of the vision and goals among the representatives of the different partners. However, following our exploratory research approach, we enhanced the interviews with ad hoc questions based on the topics raised during the interview.

The third source of information was the analysis of intra-organisational documents and external communication tools: we analysed the foundation's statute, the 15 agreements signed

with the partners, and ten press releases and eight interviews released to the media, for a total of 34 documents.

Data analysis followed the content methodology. Hsieh and Shannon (2005) identified three different types of context analysis; we chose the directed one, as the authors consider it appropriate when “existing theory or prior research about a phenomenon that is incomplete [...] would benefit from further description”, with a goal “to validate or extend conceptually a theoretical framework or theory” (Hsieh and Shannon, 2005, p. 1281).

The first step required going back and forth among the interviews and documents to identify the relevant concepts for analysis, also according to the existing literature (Charmez, 2006). The coded indicators consisted of sentences, fragments of sentences, and words that could be linked to factors belonging to the three different dimensions of SC.

In the second step, we gathered the codes into broad categories and refined the categories by identifying subcategories. Finally, we compared our categories to Nahapiet and Ghoshal’s theoretical framework. In the analysis, we focused on separating the construct of SC from its effects. Based on the existing literature, we defined SC as an asset embedded in the structural, relational, and cognitive content of ties among all actors involved.

The following core constructs were identified: for the structural dimension, density of network (Sparrower et al., 2001) and strength of ties (Granovetter, 1984); for the relational dimension, past working experience, openness to sharing (Chown and Chan, 2008), trust, and norms of reciprocity (Nahapiet and Ghoshal, 1998; Tsai and Ghoshal, 1998); and for the cognitive dimension, vision of the organisation (Nahapiet and Ghoshal, 1998). In the cognitive dimension, we identified two subcategories of vision, labelled innovation and empowerment (Table III).

[Table III around here]

5. FINDINGS

The content analysis enabled us to highlight which elements of the SC configuration of the founders and staff played a significant role in building the organisational SC. By “organisational SC”, we mean a network of established and trusted relationships among the organisations that support FWA in its projects (Schneider, 2009).

The findings also pointed out some characteristics of FWA that helped the foundation in this process.

5.1 SC configuration of founders and staff

The data showed that every SC dimension positively impacts the organisational SC by driving the development of strategic partnerships with other organisations. In line with previous studies (Nahapiet and Ghoshal, 1998; Nahapiet and Tsai, 1998), we found that the three dimensions are interconnected.

Figure 1 schematically summarises our findings regarding the drivers of the organisational SC and the interrelations among the three dimensions. Examples of quotes at the basis of each concept are provided in Appendix I.

[Figure 1 around here]

Structural dimension and organisational SC

On the structural dimension, the main driver for the organisational SC was the heterogeneity of the founders. The heterogeneity concerns both the nature of the organisations, as some are public institutions while others are private ones, and the services offered. The Municipality of Milano addresses a broad range of social needs by working within the areas of

education, mobility, social housing, and culture. The Province of Milan is more interested in the working world, the Chamber of Commerce is linked in particular to the entrepreneurial and firm area, and the labour unions are focused on employees. Moreover, because the organisations are well connected with the local territory due to their nature and size, every board and staff member can access a broad pool of potential contacts that are valuable to FWA's projects. For instance, the project regarding the anticipation of credit to employees in the redundancy fund started thanks to the labour unions, which succeeded in signing an agreement between FWA and the main entrepreneurial and trade associations. Personal relationships were critical in reaching potential external partners; as the delegate of CIGL said, "[...] over the course of the years, at CIGL, we have been engaged in activities with these actors, so there were previous relationships and trust that provided us with suitable contacts and credibility". The organisational network is an additional resource added to the personal network of the delegates.

The other characteristics of the network structure are not directly linked to the development of strategic partnerships, but they strengthen the other two dimensions of SC. Therefore, strength of ties and cohesion act as a reinforcement mechanism of the relational and cognitive components of SC. In fact, the cohesion and strength of ties among the founders and staff facilitate the building of trust relationships, openness to sharing, and convergence on a strong FWA vision, which are core constructs of the relational and the cognitive dimensions, respectively (see links 1 and 2 in Figure 1).

Relational dimension and organisational SC

On the relational dimension, different elements contributed to fostering the development of external relationships and the consequent SC. We called the first one "past experience", referring to the circumstances by which the founders and staff have known each other (Maurer and Eber, 2006), which provided us with insight on the quality of these relationships. The

founders and staff members knew each other for business reasons; some of them had already cooperated on different projects related to microfinance or the welfare sector. Past experience was critical, because they gained personal acquaintances with external organisations expert in the welfare area. For instance, the Association Vobis, which was one of the first partners of the microcredit project, was contacted because the director personally knew the president of the association, and they had already cooperated on another microfinance project. Speaking about how they were asked to become FWA's partner, the secretary of Vobis said, "Vobis was founded in 2009 by FWA's director, and after few months, he was called by the founders to collaborate with the foundation. Therefore, it was natural that he asked the association, when he became the director, if we wanted to cooperate with the FWA". Those personal relationships not only were a chance to access a pool of potential partners easily, but they also played an important role in convincing the partners who were contacted to cooperate with FWA. Because the past working experiences were successful, the partners were more willing to work together, because they trusted FWA's staff. This was the case with Banca Prossima, the bank in charge of FWA's fund. "the director asked Banca Prossima to become FWA's partner. We already had the chance to know each other since we co-worked on a microfinance project. We were not friends, we did not spend our free time together, but I knew how the director works, so I trust him, and this convinced the bank to cooperate with FWA (Senior staff member)".

As previously stated, the structural dimension reinforced the relational one. High density and frequent interactions foster the building of trust and openness to sharing ideas and resources inside FWA and with external organisations (Sparrowe et al., 2001).

Openness to sharing was the second driver of the relational dimension, as it provided the opportunity to access new and unknown contacts. For instance, for the health care project, FWA organized a meeting opened to the main local welfare organisations. "This meeting gave us the

opportunity to present FWA to those local organisations and institutions that did not know us and to collect useful suggestions from more experienced actors within the welfare sector” (Project Manager of FWA). The cooperation with the organisation Cesare Pozzo, which is the main partner for the health care project, started on that occasion. In this way, FWA succeeded in reaching out to organisations that did not belong to the founders’ or staff’s networks, with the consequent benefits of additional resources. In fact, Cesare Pozzo opened its own network with FWA by introducing it to the organisation Welfare Italia, which became the second partner on the project. Moreover, thanks to the willingness of the director and the staff to meet constantly with their partners, FWA has also created trust relationships with organisations that were not linked to any founders or staff members. The founders also showed this openness to sharing; the Municipality of Milan, for example, introduced to FWA potential partners who had contacted the institution. “[...] the microfinance institution Permico contacted the Municipality of Milan for its microcredit activities. I immediately introduced them to FWA and I organized the first meeting with the director (Assessor)”.

Cognitive dimension and organisational SC

Trust relationships and the willingness to share ideas, contacts, and different types of resources were reinforced by the cognitive dimension of SC (link 3). The core concept of this dimension is the vision (Nahapiet and Ghoshal, 1998), which was the main driver for selecting valuable partners and creating the commitment to projects. In fact, the founders and staff agreed on a strong vision for FWA, and this helped the FWA to communicate it effectively outside the foundation. The Assessor of the Province of Milan summarised the vision in these words: “[...] we wanted to create a new welfare instrument that gives trust back to people and [...] enables them to paddle their own canoe”. The words used to describe the vision statement refer to concepts that we labelled innovation and empowerment, based on the literature (Baregheh et al,

2009; Kabeer, 1999). Those two constructs are sub-categories of the vision, which is the principal category.

Innovation refers to the willingness to “[...] create a new welfare instrument close to citizens, complementary to the current welfare services provided by local public and private organisations”. The idea of creating “something new” convinced, for example, the organisation Cesare Pozzo to cooperate on the health care project: “We recognized we have much in common with FWA: first, the willingness to project something innovative without replicating what other organisations already do within the welfare sector (communications manager)”. The innovation concept stressed by the FWA vision had two positive effects: the selection of new suitable partners who recognized an alignment with FWA’s vision, and the facilitation of cooperation, due to the fact that FWA clearly did not want to compete with other organisations. Partners, in fact, are always complementary to FWA, and there is no overlapping of activities.

The differentiation of the activities facilitated the growth of relationships not regulated through contractual agreements. For example, the Foundation Giordano dell’Amore described their relationship in these terms: “There is no contractual agreement, but the cooperation still works because we are complementary. We keep FWA updated about the microfinance sector trends and we put them in touch with the main players of this sector; in turn, we can send some potential clients to FWA. We hope that in the future this collaboration could become formalised (secretary)”. This is an example of how the cognitive dimension has had a positive effect on the relational one, by fostering norms of reciprocity between partners.

The second core construct embodied within the vision is empowerment. This term refers to the willingness to propose an active welfare program to citizens, where FWA’s clients do not simply receive services or goods, but are educated to take joint responsibility. The microcredit project was the first to follow this reasoning, by providing credit to unbankable people with the

aim of helping them overcome economic problems. The idea of an active welfare program was appealing to both profit and non-profit partners who care about the sustainability of the projects. Banks, for instance, decided to cooperate because they embraced the logic of microcredit, as it educates clients financially and give them the chance to attract future potential clients. However, non-profits also agreed with the necessity to adopt this logic, due to the scarcity of resources that characterises the welfare sector.

It is clear that all of the SC dimensions are interconnected, and that the drivers identified are often strengthened by the core concepts of the other dimensions. The openness to sharing that proved to be a valuable source of contacts would not have been possible without trust relationships, which are facilitated by personal acquaintance and frequent interactions among founders and staff. The structural dimension was also critical for the agreement with FWA's vision. At the same time, the shared vision helped encourage norms of reciprocity between partners, where cooperation was not formalised through a contractual agreement, but by a reciprocal exchange of favours.

In sum, the SC configuration of founders and staff helped FWA reach new potential partners and convince them to cooperate, due to personal trust relationships built through past working experiences, the willingness to be open to ideas and resources provided by other actors, and effective communication of FWA's vision and values.

5.2 FWA's characteristics that foster the creation of organisational SC

In addition to the identified drivers, some characteristics of FWA played an important role in the development of the organisational SC. These elements were emphasised by the external partners and refer to the nature of the founders and the juridical status of FWA.

FWA's founders are some of the primary local public institutions. The Municipality of Milan, the Province, and the Chamber of Commerce are rooted in the local territory. Therefore,

delegates can count on not only their individual SC, but also that of the institution they belong to. Moreover, those organisations are themselves networks and needs collectors, which means that they have a greater chance of being contacted by other organisations and finding out about new opportunities.

The nature of the founders also acts as a representative of FWA's reputation, which is still unknown by other organisations. Because FWA cannot count on a personal history of success yet, the credibility and trustworthiness of the founders were critical in convincing potential partners to cooperate. Partners, in fact, were attracted by the chance to gain visibility and future opportunities by working with the main local institutions. The office manager of Permico said that "[...] when we learned about this microcredit project promoted by the Municipality through a foundation, we wanted to be part of this project. We know that if we want to become a leader within the Italian microfinance sector, we have to cooperate with the local authorities".

The trustworthiness of the founders was strengthened by the strong political pressure on the FWA. Since the beginning, the foundation has been in the public eye, and the founders and staff have paid great attention to starting projects only when they were almost sure that they could be sustainable. This resulted in slow progress regarding project design, but at the same time, it increased the probability of positive outcomes. All of those elements represent a powerful business card for FWA, as almost all the partners agreed. "The institutional and political natures of FWA's founders are the first main strength of the foundation. Nobody would say no 'a priori' to FWA" (Welfare Italia; Cesare Pozzo; Permico).

The second characteristic that fosters network expansion is in regard to the juridical nature of FWA. In fact, FWA is an atypical foundation recognised by Italian civil law: participation is open to legal and natural persons and to public or private organisations. The founders are already considering open the access for private citizens and the entrepreneurial

world. This openness would assure additional resources, and the FWA would be able to count on the SC of new members. The new participants would be represented in a council, and they could advance some proposals for FWA's activities. However, they cannot participate on the board of directors. In this way, governance mechanisms would not be complicated by the entrance of newcomers. Moreover, the openness to new participants could also mitigate risks linked to the strong political nature of some founders by protecting FWA from a political change in the governance of the Municipality of Milan. Public programs are often influenced by these types of changes, and there is a risk that the new local administration will not allocate funds to a project supported by the previous one. The commitment of new participants could assure the continuity of FWA.

6. DISCUSSION AND CONCLUSION

Our findings pointed out the contribution of the SC of the founders and staff to the development of the organisational SC, based on trust and established relationships with external partners. The structural dimension, represented by a network of heterogeneous organisations where delegates know each other, offered the chance to access a pool of potential contacts. The relational dimension, which is expressed through personal relationships based on past working experiences, openness to sharing, and norms of reciprocity, was the second driver of the organisational SC. Finally, the core element of the cognitive dimension, a strong, shared vision, enabled FWA to communicate it outside the foundation, helping them to gain partners who shared the same interests. Those elements also facilitate cooperation with new partners. The resulting configuration of the SC has proved to be an important resource for FWA, as the external network provides complementary resources and access to their networks of contacts.

The first theoretical contribution of our study is the identification of a more advantageous configuration of internal SC for the growth of a start-up foundation. In line with previous studies,

we found that a cohesive and close network, characterised by trust and shared vision among the founders, fosters the take-off of new organisations (Larson and Starr, 1993; Maurer and Eber, 2006; Oliver and Liebeskind, 1998). However, the literature on SC disagrees on which network structure is more beneficial to organisations. On one hand, there is Burt's theory of structural holes (1992), whose argument is that benefits of SC occur from the absence of ties among those to whom it is connected. When one's contacts do not know each other, they are more likely to provide access to different types of resources. On the other hand, Coleman (1988) supports the value of a close and cohesive network where almost all of the people know each other and interact frequently. This network configuration, in fact, has been shown to support identification (Portes and Sensenbrenner 1993) and trust within the group, which facilitates the exchange of information, resources, and cooperation (Coleman 1988). Our findings support the importance of close ties, while at the same time recognising the necessity of developing ties with heterogeneous and disconnected partners in order to exploit the benefits linked to the different network's configuration. In addition, our contribution suggests some foundational characteristics that could mitigate the risks associated with excessive closeness. The fact that each founder belongs to a different organisation with different competences and goals limits the risk of redundant contacts, because it is less likely that the networks overlap. In addition, the legal nature enables private citizens and other organisations to participate in the governance of FWA by making more resources—economical and relational—available to the foundation.

Second, our findings suggest that a start-up should not ignore the relational and cognitive dimensions of SC. The positive effect of these dimensions on the organisational SC could also compensate for the absence of heterogeneity of the initial network or different organisational characteristics (for example, different governance and legal nature). Openness to sharing has been shown to be a powerful driver in attracting new potential partners. It is true that this element

of the relational dimension is linked to personal attitudes (Chow and Chan, 2008), but it is also possible to encourage this practice. FWA has contributed to developing openness to sharing by planning periodical meetings with volunteers of the partner organisations and with frequent interactions between staff and representatives of the other organisations. These meetings were organised to collect suggestions and discuss problems regarding the projects. The openness showed by FWA's staff encourages partners to be open in return and to share their contacts.

The second crucial element is the agreement on a shared vision, which belongs to the cognitive dimension. If an organisation's members are aligned on the vision, it is more likely that they will succeed in cooperating, even if there is no previous personal acquaintance. Moreover, a shared vision helps in selecting the best suitable partners and fostering cooperation with them.

Finally, this study raises questions about limitations and future research opportunities. First, we studied a single case. It would be interesting to test our findings by considering comparable projects, in order to understand whether the process through which a foundation builds its own organisational SC remains the same or if it changes according to different governance contexts. It would also be interesting to compare a sample of some more successful and some less performing foundations, in order to understand if and how the configuration of SC is responsible for different performances. This topic has not been studied in non-profits, as the majority of studies that link SC to performance have focused on scientific start-ups (Larson, 1991; Zucker, Darby, and Brewer, 1998).

Second, while we considered a start-up foundation in this study, it would be interesting to observe the SC dynamics in the future, when FWA has become more mature, in order to understand the possible constraints on the growth of organisational SC. In fact, it is true that during the start-up phase, it is easier for an organisation to extend its external relationships, while after some years, the initial configuration could become a constraint to the organisation's growth.

Third, research on the network structure of SC often focuses on constructs such as strength of ties, closeness, and range, but it does not usually assess the nature of the nodes of the network, which for an organisation means whether it is a profit or a non-profit, a public or a private one, and so on. In light of our findings, it is clear that when considering partnerships between private and public institutions, the nature of the actors matters for the building of SC. Future research should investigate more in-depth the topic of the heterogeneity of a network's participants. In fact, according to socio-economic characteristics, participants can bring different resources to the organisation (Lin, 1999).

Finally, we have assumed that every external relationships developed by the foundation was strategic. However, an interesting question would be to address the right size of the network. Studies on the structural dimension of SC usually suggest that the more extensive the network, the better it is for the organisation (Larson, 1992). However, is it true that "more is better", or there is a point at which SC becomes unmanageable for the organisation?

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TABLES AND FIGURES

Table 1 – Sample intra-organisational network

Organisation/Institution	Role	Interviews
The Municipality of Milan	Founder	1. Assessor and Delegate of the Major (President of FWA)
The Province of Milan	Founder	2. Assessor
The Chamber of Commerce	Founder	3. Member of the Chamber of Commerce board
Labour Union CGIL	Founder	4. Labour organizer
Labour Union CISL	Founder	5. CISL Local Secretary
Labour Union UIL	Founder	6. Vice President of FWA and UIL local secretary
FWA	Staff	7. Director
FWA	Staff	8. Project Manager
FWA	Staff	9. Office worker

Table 2 – Sample external network

Organisation/Institution	Project	Interviews
Association Vobis	Microcredit	10. National Secretary
Foundation Antiusura	Lombarda Microcredit; social anticipation; loan to students of La Scala academy; mutuality	11. National Secretary
Bank Banca Prossima	Microcredit; social anticipation; loan to students of Scala academy; mutuality	12. Senior staff member of Banca Prossima
Bank Intesa San Paolo	Microcredit; social anticipation	13. Product Manager at Intesa San Paolo
Bank BPM	Microcredit; social anticipation	14. Business Developer at BPM
Bank BPCI	Microcredit; social anticipation	15. Non-profit staff
Microfinance Permico	Institution Microcredit	16. Office Manager
Association AISTP	Microcredit	17. Associate
Organisation Cesare Pozzo	Mutuality	18. Communications Manager
Organisation Welfare Italia	Mutuality	19. Council Member
Foundation Bracco	Microcredit	20. Science Program division
Foundation Dell' Amore	Giordano Microcredit	21. Secretary

Figure 1 – Drivers of network expansion and links among the three SC dimensions

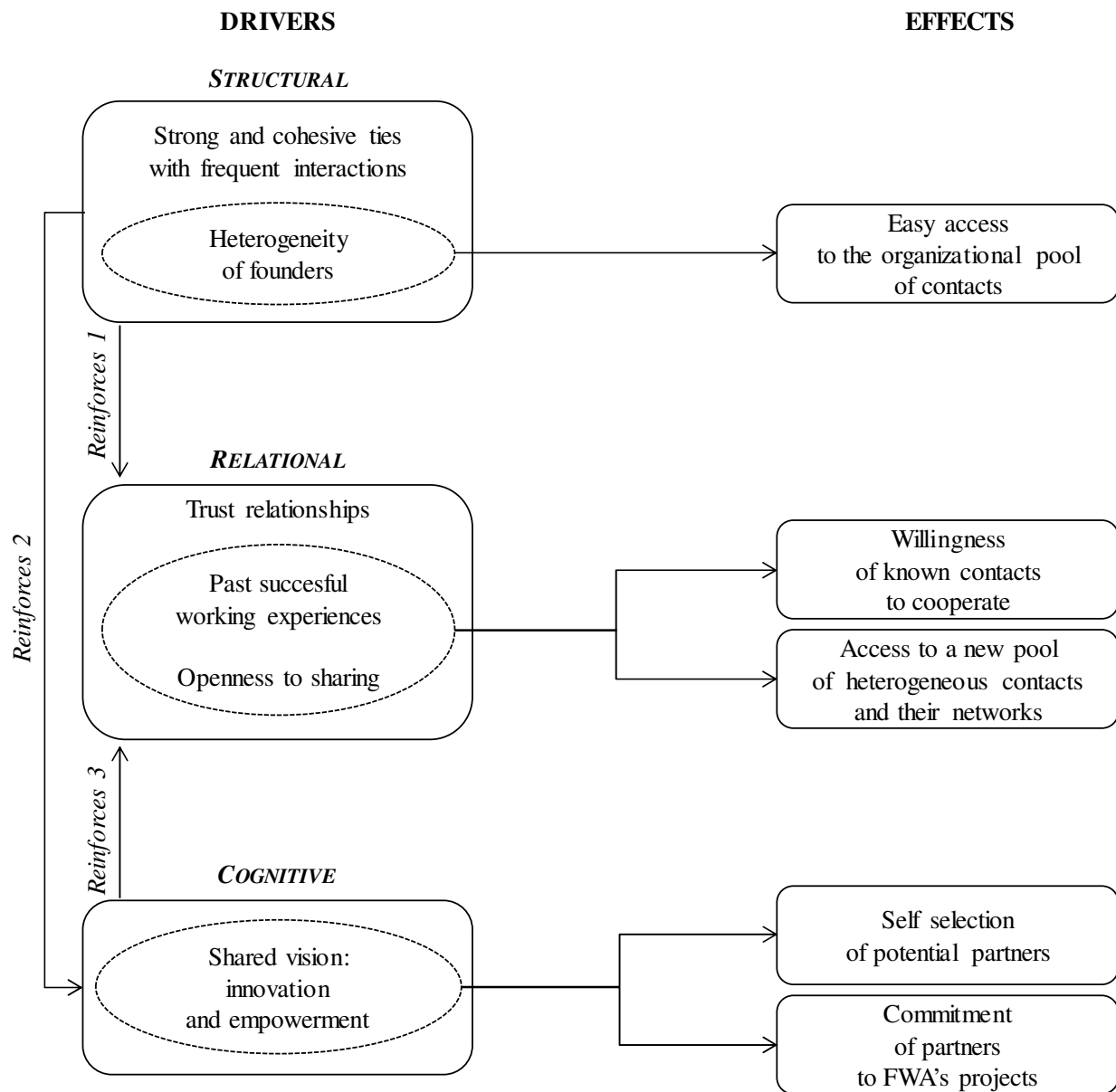


Table 3 – Definition of constructs of the SC dimensions

Dimensions	Categories	Definition
(I) Structural	(a) Density	“[...] it is analogous to the mean number of ties per group member. The more ties each group member enjoys with other group members, the greater the density of the network”. <i>Sparrowe et al., 2001: 322</i>
	(b) Tie strength	“[...] it is a probably linear combination of the amount of time, emotional intensity, intimacy and [...] reciprocal services [...]” <i>Granovetter, 1973: 1361</i>
	(c) Heterogeneity	“Heterogeneity is the most direct indicator of the diversity of an individual’s interpersonal environment”. <i>Renzulli et al., 2000: 527</i>
(II) Relational	(d) Trust	“[...] a predilection to assume the best when interpreting another’s motives and actions” <i>Uzzi, 1997: 43</i>
	(e) Norms of reciprocity	“[...] an individual tendency to reciprocate others’ behavior, that is, to reward others’ helping behavior and to retaliate against others’ hurting behavior.” <i>Perugini, Gallucci, Presaghi, Ercolan, 2003: 253</i>
	(f) Openness to sharing	“The degree of one’s belief that one will engage in knowledge-sharing behavior”. <i>Chow and Chan, 2008: 464</i>
(III) Cognitive	(g) Vision	“[...] an ideal that represents or reflects the shared values to which the organisation should aspire”. <i>Kirkpatrick, Wofford, and Baum, 2002: 139</i>
	(h) Innovation	“Innovation is the multi-stage process whereby organisations transform ideas into new/improved products, service or processes, in order to advance, compete and differentiate themselves successfully in their marketplace”. <i>Baregheh et al., 2009: 1334</i>
	(i) Empowerment	“[...] the process in which people gain the opportunity to make choices that they do not have before”. <i>Kabeer, 1999: 437</i>

Appendix I

Table 4 – The three SC dimensions: quotes

Dimension and constructs	Staff and founders	Partner organisations
(I) STRUCTURAL (a) Density	“I knew almost all the board’s members for business reasons”. <i>CISL</i>	“The Foundation Giordano dell’ Amore was the only FWA partner that we already knew. We haven’t met the association AISTP yet”. <i>Permicro</i>
	“I personally knew the President of CGIL, who asked me if I wanted to become the last member of the Foundation board; and of course I knew the other Union Labour delegates”. <i>FWA Project Manager</i>	“We didn’t know FWA before this project, or any of their partners, but we suggested that they contact the Consortium Welfare Italia, with whom we had already worked”. <i>Cesare Pozzo</i>
(b) Heterogeneity	“We are different actors: public and private organisations, which have a different political and ideal vision”. <i>GGIL</i>	“Partners are heterogeneous in their competences and their nature. We have partnerships with profit and non-profit organisations that operate within the microfinance and welfare sector. Our partners are complementary; therefore, there is no overlapping in the activities”. <i>FWA Director</i>
	“The main strength of the FWA is that their founders are themselves networks of contacts. They are a multiplicity of actors that offer different services by addressing specific targets”. <i>Foundation Giordano Dell’ Amore</i>	“All the partners are complementary to FWA. Therefore, there is no overlapping in the activities, as we all address different targets and we are involved in different projects”. <i>Association AISTP</i>
(c) Tie strength	“We met beyond board meetings. I call or meet the FWA director weekly and I often met the other founders in business roundtables”. <i>Assessor of the Municipality of Milan</i>	“We regularly met with FWA’s staff, while we do not have any contact with the founders or partners of the other FWA projects”. <i>VOBIS</i>

Dimension and constructs	Staff and founders	Partner organisations
	<p>“My collaboration with the FWA started informally with a lunch”.</p> <p><i>FWA Director</i></p>	<p>“In these two years, where we met frequently with the foundation staff, the friendship, the reciprocal respect, and the familiarity have grown. We have become sort of friends”.</p> <p><i>BPM</i></p>

Table 5 – The three SC dimensions: quotes (continued)

Dimension and constructs	Staff and founders	Partner organisations
(II) RELATIONAL (d) Past experience	<p>“I had already worked with the Assessor of the Municipality of Milan and with the delegate of the Chamber of Commerce” <i>Province of Milan</i></p>	<p>“If you know someone because you have already worked with him, and you know he works well, you do not need to go out with him for dinner or spend your free time together. You both have the same interest that things go well”. <i>Banca Prossima</i></p>
(e) Trust	<p>“Personal relationships built through past working experiences matter for cooperation between different actors. In fact, if you know someone it’s easier to trust him”. <i>FWA Project Manager</i></p>	<p>“I had the chance to know the director within the project “Primi” of Banca Intesa”. <i>Foundation Lombarda Antiusura</i></p> <p>“The frequent contacts with the director and the FWA staff have contributed to the building of trust relations”. <i>BPCI</i></p>
(f) Norms of reciprocity	<p>“We feel committed to fulfil our founders’ expectations. We owe them, as they support us and provide the necessary resources to run projects”. <i>FWA Director</i></p>	<p>“We have not formalised our partnership. But until now it was not necessary, because we have reciprocal interests to cooperate. We keep FWA updated about the trends of the microfinance sector and we introduce them in our network. At the same time, we had the chance to send some of our clients to FWA”. <i>Foundation Giordano Dell’Amore</i></p>
(g) Openness to sharing	<p>“We are open to different suggestions coming from the actors of the welfare sector; we do not want to replicate what others already do”. <i>Chamber of Commerce</i></p>	<p>“We often discuss the problems concerning microcredit loans with the director”. <i>Permicro</i></p>
(III) CONGITIVE (h) Vision	<p>“A new active welfare instrument which is not simply a transfer of money, but that makes people able to help themselves”. <i>Chamber of Commerce</i></p>	<p>“Our vision is the same as FWA; that is, to help people with temporary difficulties to overcome them”. <i>VOBIS</i></p>

Dimension and constructs	Staff and founders	Partner organisations
	“[..] to be innovative and to create social cohesion in the territory”. <i>FWA staff</i>	“We are perfectly aligned with how we conceive welfare: we are interested in doing something new”. <i>Cesare Pozzo</i>