Acculturation and Ethnic Hybridism in Immigrant Entrepreneurship

di Alessandro Arrighetti*, Daniela Bolzani** e Andrea Lasagni***

Abstract
Received literature describes ethnic firms as founded to meet the needs of an ethnic community and use peculiar configurations of human and social capital drawing on ethnic resources. According to some authors, this is due to the “acculturation lag” that characterizes immigrant entrepreneurs retaining traditional values from the heritage culture. Recent evidence however shows that immigrant firms are undergoing significant changes in their organizational structures, such as the incorporation of native or non-co-ethnic partners or employees (i.e., firm ethnic hybridism). This study analyzes whether these changes are accompanied by different entrepreneurs’ acculturation patterns. A unique set of primary data about 130 first-generation immigrant entrepreneurs in Italy is used to shed some new light on this topic and suggest avenues for future research.

JEL Classification: L26; F22; Z1.
Keywords: Immigrant entrepreneurship; Acculturation; Ethnic hybridism; Multicultural hybridism; Team diversity; Italy.

Acculturazione ed ibridazione etnica nell’imprenditoria immigrata

Sommario
Le imprese etniche sono descritte nella letteratura come imprese orientate ai bisogni della comunità etnica di riferimento e organizzate sulla base di risorse etniche. Secondo alcuni autori, questo è spiegato dal “ritardo acculturativo” che caratterizza gli imprenditori immigrati che mantengono i valori tradizionali della cultura di origine. Tuttavia, studi recenti mostrano che le imprese di immigrati si stanno modificando dal punto di vista organizzativo, per esempio incorporando soci o dipendenti non co-etnici (i.e., ibridismo etnico). Questa ricerca analizza se tali cambiamenti sono accompagnati da diversi orientamenti di acculturazione negli imprenditori, basandosi su dati primari raccolti da 130 imprenditori stranieri di prima generazione, suggerendo possibilità per future ricerche.

Classificazione JEL: L26; F22; Z1.
Parole Chiave: Imprenditori immigrati; Acculturazione; Ibridismo etnico; Ibridismo multiculturale; Diversità del team imprenditoriale; Italia

* Professore ordinario, Dipartimento di Scienze Economiche e Aziendali, Università degli Studi di Parma, Via Kennedy 6, Parma, e-mail alessandro.arrighetti@unipr.it
** Ricercatrice, Facoltà di Economia, Università Cattolica del Sacro Cuore, Via Necchi 5, Milano, e-mail daniela.bolzani@unicatt.it
*** Professore associato, Dipartimento di Scienze Economiche e Aziendali, Università degli Studi di Parma, Via Kennedy 6, Parma, e-mail alessandro.arrighetti@unipr.it
Introduction

Most of the literature on ethnic businesses emphasizes a marked difference between immigrant and native firm (Rath, 2000). According to the literature, the differences between the two types of business stems from the fact that the formers are founded to meet the needs of a certain ethnic community, display and use a particular configurations of human and social capital drawing on their ethnic group, which influences their entrepreneurial behaviors and business activities (e.g., Chaganti & Greene, 2002; Ndofor & Priem, 2011; Shin & Han, 1990). An important factor that has been highlighted in extant literature about ethnic entrepreneurship is what Light and Bonacich (1988) have called “acculturation lag”, indicating the retention of traditionalist values from the heritage culture. Such acculturation lag characterizes immigrant entrepreneurs in maintaining an extended kinship network, which provides a low-cost, dedicated, and flexible workforce to ethnic businesses (Barrett et al., 1996; Ram & Jones, 2008).

However, recent empirical studies have shown that, in the last decade, significant changes have been shaping different organizational forms and composition of relationships in immigrant businesses (Barberis, 2008; Portes et al., 2002; Sahin et al., 2014). In particular, while a large share of immigrant entrepreneurs still reflect conventional patterns of strong economic and social connection with the origin community, another, relatively large proportion of firms seems to be moving away from the traditional model to adopt another one, which implies redefining the organizational structure of the firm, often starting a size growth process and incorporating in the firm indigenous or non-co-ethnic partners or employees (firm ethnic hybridism). While these organizational changes have been somehow highlighted (Arrighetti et al., 2014a), to date it is not clear whether they are as well accompanied by shifts in the acculturation orientations of immigrant entrepreneurs. In this paper, we shed light on this issue by tackling the following research question: do entrepreneurs operating in companies characterized by different levels of ethnic hybridism display different acculturation patterns?

We analyse unique primary data collected from 130 first-generation immigrant entrepreneurs in Italy using face-to-face interviews, based on a structured questionnaire. Our sample is composed of an heterogeneous group of firms that cater both enclave and mainstream markets, and are characterized by different levels of ethnic hybridism.
In the following, we revise extant literature on ethnic entrepreneurship and acculturation, we describe our research design and methodology, illustrate findings and discuss them along with highlighting some conclusive remarks.

1. Theoretical background

1.1 Perspectives on ethnic entrepreneurship

Traditionally, ethnic entrepreneurship has been defined as «a set of connections and regular patterns of interaction among people «sharing common national background or migration experiences» (Waldinger et al., p. 3). The literature has shown that ethnic entrepreneurs, who trade on ethnic markets drawing on ethnic exchanges, are able to protect their businesses from the entry of non-ethnic competitors who do not have easy access to the cultural and information resources that characterize the single community. Asymmetry in the knowledge of community members' preferences, obstacles associated with language barriers and the absence of interpersonal links significantly disadvantage potential non-co-ethnic entrants (Brenner et al., 2010; Portes & Zhou, 1992). As well as the reduction of competitive pressure, the embeddedness of the firm in its ethnic community offers selective information, privileged funding sources, and relatively low-cost and flexible manpower. Even in models of immigrant entrepreneurship which emphasize the role of the economic and institutional environment where the enterprise operates (see, for example, the mixed embeddedness hypothesis Kloosterman & Rath, 2001), the mobilization of resources and ethnic relations represent a source of strategic advantage of an immigrant firm.

However, the enclave market, in addition to generating “protected” business opportunities, also defines the boundaries of an economic space that the ethnic firm has difficulty to overcome (Portes & Shafer, 2006; Ward, 1987). The organizational model adopted, the nature of the services and products offered, and the lack of managerial resources make ethnic businesses difficult to compete in mainstream markets (Masurel et al., 2002; Portes & Sensenbrenner, 1993). Consequently, for a long while, ethnic businesses have been reported in the literature as being smaller and less successful than mainstream businesses (Butler & Greene, 1997; Menzies et al., 2007; Rusinovic, 2008; Walton-Roberts & Hiebert, 1997). This has also led to the understanding that businesses belonging to a given
ethnic community are very similar to each other, and, at the same time, they tend to be very different from non-ethnic firms.

As an explanation to this phenomenon, following Light and Bonacich (1998), several authors have acknowledged that an “acculturation lag” plays an active part of the genesis and management of ethnic businesses, in particular for first-generation immigrants. Specifically, studies highlight that the interplay between the traditional values that immigrants are supposed to have brought with them or have taught to their descendants in the host country, and the modern urban values of the receiving society, may lead immigrants to evaluate and exploit entrepreneurial opportunities differently from native entrepreneurs (Barret et al., 1999). This has been explained by several hypotheses. First, immigrants coming from a more deprived economic context are prepared to exploit opportunities that are not attractive to native entrepreneurs as inadequately rewarded, since these opportunities can be more relatively satisfying to them (Light, 1984). Second, maintaining a heritage culture gives rise to a different approach to business engagement than native business owners, such as the willingness to work unsocial hours and rapidly expanding in “commercially hostile inner-city environments abandoned by native white businesses” (Barrett et al., 1999, p. 790). Third, retaining heritage culture also refers to maintaining traditional institutions, such as the patriarchal extended-kinship network, which provides pooled savings and flexible, cheap, loyal and compliant manpower, thus resulting supportive of a small business lifestyle (Bonacich, 1973; Bonacich & Modell, 1980; Light, 1972).

Nevertheless, in the last few decades, significant changes have been observed that make the enterprises owned by immigrant entrepreneurs less consistent with the model just described. Several authors provided evidence of a growing variety of immigrant enterprises, a modification of their organizational models and an evolution towards activities outside of enclave economies (e.g., Engelen, 2001; Guercini et al., 2017a; Ram & Hillin, 1994; Waldinger et al., 1990). The phenomenon affects both low-skilled and high-skilled ethnic entrepreneurs (Kloosterman & Rath, 2010). It is explained by the increasing demand of labor-intensive services (Hettlage, 2008; Sassen, 2001), but also by the growing claim for technical, financial, legal and administrative advisory services originating from local firms (Ram, 2003; Wang & Altinay, 2012).

Four specific modifications of the traditional ethnic business model have been highlighted and studied by extant literature. First, the growing industrial articulation of immigrant-managed activities and their efforts made to link ethnic goods and services to non-ethnic consumers and
markets (Waldinger, 2000). Immigrant entrepreneurs not only continue to target underserved retail markets, low-economies-of-scale and reduced-entry-barriers industries, and protected markets of ethnic goods addressed to migrant communities; but they also target handicraft production, manufacturing, as well as retail and catering for non-ethnic consumers (Kloosterman & Rath, 2010; Ram et al., 2017). Second, the engagement into international business activities, not only limited to transnational commercial relationships with the country of origin and to traditional retailing, low-value added sectors (e.g., Bolzani, 2013; Brzozowski et al., 2014). In this regard, mixed embeddedness characterizes immigrant-owned enterprises in maintaining different ethnic or business networks both in the home and in the host country, which provide access to different resources (e.g., market information; finance; supply) (e.g., Guercini et al., 2017b). Third, the growing differentiation of roles within ethnic companies, with explicit orientation towards division of labor and specialization of managerial tasks. Even within the same industry, as Ambrosini (2005) pointed out, there is a growing differentiation among the firms where well-established entrepreneurs expand their activity until assuming the role of wholesalers for the most recently established companies or intermediaries for supply chain management in the building industry. Fourth, an increased diversity of managerial models and the adoption of relatively complex organizational formulas by a segment of immigrant entrepreneurs (Arrighetti et al., 2014a; Baycan-Levent et al., 2004), which increase the variety of experience realized and show a markedly heterogeneous evolutionary dynamics.

These changes suggest the need to revise the interpretation of the ethnic enterprise as a uniform organization, with homogeneous structures, business models, and similar evolutionary strategies, reinforcing the view that Deakins (1999) defines as the pluriformity of ethnic entrepreneurship. In particular, these changes disclose: on the one hand, a) the remodeling of relationships with the origin community and the host context with a relative decrease of the centrality of the former in favor of the latter and, on the other, b) the loss of the distinctive features of the traditional ethnic firm and its diversity vis-à-vis the indigenous firm.

As a result of diversification and entering into non-enclave markets, immigrant entrepreneurs can rely less on exclusive co-ethnic resources and need to reconsider the role of family community assets.

In this new context, the co-ethnic community continues to play a support to the ethnic business, but its role is reappraised and no longer plays a vital role in providing information, reporting opportunities and ensuring a minimum level of demand for products or services (Arrighetti
et al., 2014a; Barrett et al., 1996). This function is at least partly replaced by increasing investments in building relationships with other non-co-ethnic or native business owners, with the formal institutions representing economic interests and with native professional counselors (Amin, 1995; Arrighetti et al., 2014b). In other words, exploiting new market opportunities requires to establish interactions with actors owning specific resources, within and outside local community (Barberis & Violante, 2017; Guercini et al., 2017a; Milanesi et al., 2016).

In this sense new evidence on the organizational structures of the ethnic enterprise are being showing that, as the organizational complexity and the variety of strategies are growing, the firm is also open to individuals (customers, suppliers, members, employees) coming from communities other than those of origin of the entrepreneur. The search of information and managerial inputs, other than those owned by single entrepreneurs, has encouraged the firm to incorporate non-co-ethnic people as partners or employees. In this regard, Mushaben (2006) shows that a non-negligible proportion (17%) of Turkish companies operating in Germany has hired German employees. Leung (2001) reports the presence of collaborative links between Chinese and native entrepreneurs in France. Arrighetti, Bolzani and Lasagni (2014a and b) point out that, in a sample of ethnic businesses located in Emilia Romagna, a third has experienced long-term relationships with non-co-ethnic individuals as a partner or employee. Confirming the feasibility of ethnic hybridism models, Arrighetti, Foresti, Fumagalli and Lasagni (2017) provide evidence that firms having non-co-ethnic members in the board show better business performance during the Great Recession (2008-2016) than firms with only native partners. Based on these recent contributions, we have to agree with Pecoud (2005) when he states that emphasizing the ethnic component of immigrant entrepreneurship fails to recognize how porous the boundaries between ethnic and non-ethnic firm are.

The birth of businesses characterized by ethnic hybridism is explained by changes in the perspectives of the immigrant entrepreneur, but also by new needs that arise for the indigenous entrepreneur. As stressed in Guercini, Dei Ottati, Baldassar and Johanson (2017), because of globalization, native entrepreneurship can also lose centrality and become peripheral in foreign markets. Especially when management resources are scarce, as is often the case in small businesses, native entrepreneurs may experience liabilities of outsidership. In this context the need to integrate their skills with partners who have knowledge and relationships in distant markets is a relevant incentive for the birth of ethnically hybrid organizations.
The emergence of immigrant businesses that significantly diverge from the traditional model of the ethnic firm and are able to exploit the host country's professional and managerial resources, which are embodied by non-co-ethnic founding partners and employees (Altinay, 2008; Altinay & Altinay, 2006; Mushaben, 2006), leads to an innovative organizational configuration that we term “ethnic hybridism” within the firm (see Arrighetti et al., 2014a and 2014b). In ethnic hybrid firms, the evaluation of opportunities, the decision-making and the carrying out of tasks partly continue to depend on ethnic and community resources, but increasingly rely on social and economic ties developed within the indigenous community. Ethnic and native resources are blended into the firm, which allow for a better understanding of new markets’ dynamics, link markets located in different countries and enhance its internal efficiency (Arrighetti et al., 2014a).

To date, whereas the organizational and firm-level aspects of ethnically hybrid firms have been studied, the very individual-level nature of acculturation strategies maintained by the entrepreneurs operating in these firms towards their ethnic culture or the host culture has not been explored. In this paper we therefore aim to investigate whether the acculturation lag that has been described by previous studies as characterizing ethnic businesses is still preserved in ethnically hybrid firms; or whether, contrarily, patterns of acculturation to the host context are more enhanced in these firms with respect to non-ethnically hybrid firms.

1.2 Acculturation

Acculturation theory finds its origins in anthropology (Berry, 2001) and has been used in sociological studies and extensively developed in cross-cultural psychology. In this paper, we will specifically draw on a cross-cultural psychological approach to acculturation, as we are interested in the effects of acculturation on the behaviors of immigrant entrepreneurs in the host country. The term acculturation refers to «those phenomena which result when groups of individuals having different cultures come into continuous first-hand contact with subsequent changes in the original culture patterns of either or both groups» (Redfield et al., 1936, p. 149). Whereas the term acculturation can be used as a neutral term to account for change taking place in either or both groups, in practice it often refers to change in one of the groups – i.e., the acculturating group (Berry, 1990; 1997).
The concept of acculturation can be understood both at the collective level, referring to a change in the culture of a certain group; or at the individual level, regarding to a change in the psychology of the individual (Graves, 1967). In this paper, we refer to the individual-level concept of acculturation, i.e., psychological acculturation (Berry, 1997) which generates individual behavioral and psychological changes (Berry et al., 1987; Selmer & De Leon, 1996). These changes can be regarded as adaptation to different environmental conditions, and regard psychological aspects (e.g., psychological distress, personal and cultural identity, mental health, personal satisfaction in the new cultural context); sociocultural aspects both with regard to the ethnic culture and the host culture (e.g., interactions with co-nationals or hosts, ability to deal with daily problems related to family life, work, or school); and economic aspects (e.g., finding a job, work satisfaction) (Arends-Tóth & Van de Vijver, 2006; Aycan & Berry, 1996; Searle & Ward, 1990).

Previous literature has shown that acculturation outcomes are reached through a process, as shown in Figure 1, that is influenced by antecedent and moderation factors (e.g., Berry, 1997; Arends-Tóth & Van de Vijver, 2006). The antecedent factors refer to group-level and individual-level factors. Group-level factors include the characteristics of the host society (e.g., discrimination and integration policies; Bourhis et al., 1997; multicultural ideology; Berry & Kalin, 1995), of the society of origin

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**Fig. 1 – Process model of acculturation**

<table>
<thead>
<tr>
<th>Antecedents</th>
<th>Acculturation strategies</th>
<th>Acculturation outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group-level</strong></td>
<td><strong>Maintenance of</strong></td>
<td><strong>Psychological outcomes</strong></td>
</tr>
<tr>
<td>Society of origin</td>
<td>Ethnic culture</td>
<td><strong>Sociocultural outcomes</strong></td>
</tr>
<tr>
<td>Group acculturation</td>
<td>Mainstream culture</td>
<td><strong>Economic outcomes</strong></td>
</tr>
<tr>
<td>Society of settlement</td>
<td></td>
<td></td>
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<tr>
<td><strong>Individual-level</strong></td>
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<tr>
<td>Demographic characteristics</td>
<td></td>
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<tr>
<td>and experience</td>
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<tr>
<td>Status</td>
<td></td>
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<tr>
<td>Migration motivations and</td>
<td></td>
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<tr>
<td>expectations</td>
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<tr>
<td>Cultural distance</td>
<td></td>
<td></td>
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<tr>
<td>Personality</td>
<td></td>
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</tr>
</tbody>
</table>

| Moderators                   |                                  |                              |
| **Group-level**              |                                  |                              |
| Social support               |                                  |                              |
| Society of settlement        |                                  |                              |
| **Individual-level**         |                                  |                              |
| Length of time in the host   |                                  |                              |
| country                      |                                  |                              |
| Acculturation strategies     |                                  |                              |
| Coping strategies and        |                                  |                              |
| resources                    |                                  |                              |

**Source:** our elaboration based on Çelenk & Van de Vijver (2014) and Berry (1997).
(e.g., political context, economic situation, and demographic factors; cultural distance; Berry, 1997) and of the immigrant group (e.g., physical, biological, economic, social, and cultural differences with respect to the host society; Berry, 1997). At the individual-level, antecedents can be found in demographic variables (e.g., age, gender, education; e.g., Beiser et al., 1988), status (e.g., Aycan & Berry, 1996), migration motivations and expectations (e.g., Richmond, 1993), cultural distance towards the host society (e.g., Ward & Searle, 1991), and personality (e.g., extraversion and openness; Matsumoto et al., 2007; Van der Zee & Van Oudenhoven, 2000). The acculturation process is also influenced by moderating variables intervening during acculturation, both referred to group-level conditions (e.g., social support from the ethnic community; mainstream society attitudes towards immigrants), and individual-level factors (e.g., length of time in the host country; acculturation strategies; coping strategies and resources) (Berry, 1997).

Immigrants employ different acculturation strategies (or orientations) to deal with the ethnic and mainstream culture. Early studies on acculturation held that immigrants follow a path of adjustment that brings them from being completely immersed in the ethnic culture (at the time of arrival in the host country) to being completely engaged in the mainstream culture (usually in time, across different generations) (for a review, Waters & Jimenez, 2005). This view implies a unidimensional view of acculturation (e.g., Gordon, 1964), which ranges within one pole representing full immersion in the culture of origin, and at the other pole a full immersion in the mainstream culture. However, this model has been criticized, because people exposed to two cultures can incorporate two co-existing cultural self-identities, acculturation processes not always end with a full immersion in the host cultural context, and the heritage culture not necessarily diminishes while the mainstream culture grows but rather they vary independently (e.g., Benet-Martínez, 2012; Ryder et al., 2000).

More recent studies hold that biculturalism (i.e., the combination of two cultures) is a more stable endpoint of the acculturation process (e.g., Berry, 1984). As shown in Figure 2, four types of acculturation strategies can be identified depending on the degree to which immigrants value to maintain (a) their ethnic culture, identity and characteristics, and (b) relationships with mainstream society (Berry, 1997). Integration amounts to

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1 Following previous literature, in this paper we will use the term “ethnic culture” as a synonym to “heritage culture”, “culture of origin”; and the term “mainstream culture” as synonym to “host culture”, “destination culture”, “culture of destination”, “receiving culture”, “dominant culture” or “majority culture” (Çelenk & Van de Vijver, 2014).
preference of both maintenance of ethnic culture and adoption of mainstream culture (biculturalism); assimilation refers to the desire to interact the mainstream culture while simultaneously losing the ethnic culture; separation refers to the desire to maintain the ethnic culture, not interacting with the mainstream culture; and marginalization is defined as little possibility or interest in ethnic cultural preservation accompanied with little possibility or interest in having relations with mainstream culture (Berry, 1997).

**Fig. 2 – Acculturation strategies**

<table>
<thead>
<tr>
<th>Interest in maintaining the mainstream culture</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Integration</td>
<td>Assimilation</td>
</tr>
<tr>
<td>No</td>
<td>Separation / segregation</td>
<td>Marginalization</td>
</tr>
</tbody>
</table>

Source: adapted from Berry (1997).

While the literature suggests that immigrants can choose their preferred acculturation strategy, and eventually change different strategies in time, this choice is also strongly influenced by the characteristics of the host society (e.g., integration strategies are more often adopted in multicultural societies; Berry & Kalin, 1995), shared desire to maintain the group’s cultural heritage by other members of immigrant’s ethnocultural group (e.g., separation is more “collective” than assimilation; Lalonde & Cameron, 1993), and personal attitudes and preferences towards these strategies (Berry et al., 1989). In addition, studies have shown that the preference for different strategies vary across public and private domains, for example maintaining ethnic culture may be stronger and present positive adaptive outcomes with regard to private domains (e.g., family, marriage), and maintaining host culture may be stronger and predict positive outcomes in public domains (e.g., school, work) (Arends-Tóth & Van de Vijver, 2003; Güngör, 2007).

To date, numerous measures of acculturation have been developed by cross-cultural psychologists, mainly focusing on the individual level of analysis through either demographic variables as proxies of acculturation (e.g., generational status, age at immigration, years lived in the new country) or psychometric scales (Ryder et al., 2000). Because of the limits of the unidimensional model of acculturation that we highlighted before, the measurement of the bi-dimensional model has been prevalent in recent literature (Çelenk & Van de Vijver, 2014) and suggested as the most
appropriate manner to study immigrants maintaining two independent cultural identities (i.e., the ethnic and the mainstream culture) (e.g., either bicultural individuals but also people who are not attached to either culture) (Kang, 2006).

2. Method

2.1 Research design

This study builds on unique primary interview data about immigrant firms located in two medium-sized towns (Parma and Bologna) in the region of Emilia-Romagna, Northern Italy. These two towns stand for a representative setting with regard to the immigration patterns within the region and are an interesting context characterized by high rates of business start-ups by immigrant entrepreneurs. As in other studies on immigrant entrepreneurship (e.g., Ndofor & Priem, 2011; Saxenian, 2002), we adopted two different sampling strategies, namely randomly identifying respondents from official business register, and snowballing.

A total of 130 immigrant entrepreneurs were face-to-face interviewed, based on a structured questionnaire, from January to June 2012. We collected a wide range of information about the firms, such as the motivations and resources available at the foundation of the firm, the strengths and weaknesses of the firm, the corporate structure and the degree of ethnicity for products, suppliers and the clientele; and about the entrepreneurs, such as their personal backgrounds, migration history, acculturation orientation, and relationships with the Italian society, their ethnic group, with their country of origin.

2.2 Measurement and methodology

We measure acculturation through the Vancouver Index of Acculturation (VIA), which is a «self-report instrument that assesses

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2 To this regard, register data about enterprises owned by at least one foreign-born entrepreneur were provided by the Chamber of Commerce. We excluded those firms that were owned by entrepreneurs born from OECD countries. We applied a random sampling technique to obtain a provisional sample of respondents and, if after three attempts interviews could not be completed with the selected entrepreneur, we added additional randomly chosen candidates. Because most respondents considered the interviews to be an inconvenience or an intrusion, we enlarged our sample size through a snowball sampling technique.
several domains relevant to acculturation, including values, social relationships, and adherence to traditions» (Ryder et al., 2000, p. 53). As reviewed by Çelenk and Van de Vijver (2014), the VIA is a suitable measure for acculturation as it is frequently used, displays good psychometric properties and covers multiple domains. The VIA is based on a bi-dimensional measure of acculturation and the two scales have been shown to be reliable, orthogonal, showing concurrent and factorial validity, independent, and pointing to distinctive and non-inverse patterns of correlation with external variables of interest, in both immigrant and second-generation samples (Ryder et al., 2000). The VIA is based on 20 paired questions (i.e., one question for ethnic language behavior and the other for mainstream language behavior), that we measure on a Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). Example of two paired questions are the following: “I often participate in my heritage cultural tradition” and “I often participate in mainstream Italian cultural traditions” – where my heritage is to be replaced with the immigrants’ country cultural tradition (e.g., Chinese). The heritage and mainstream subscores are calculated as a mean of the two respective sets of items. On average, our sample presents a heritage subscore equal to 5.03 (s.d. 1.31) and an Italian subscore equal to 5.54 (s.d. .93).

Following Arrighetti et al. (2014b), we adopt an index of ethnic hybridism (EH) able to take into account both the ethnic composition of the ownership structure (i.e., entrepreneurial team) and of the workforce. Specifically, this measure is constructed as follow:

$$EH = \begin{cases} 
1 & \text{if the number of non-co-ethnic partners and employees is equal to zero} \\
\text{equal to the following formula for all other firms:} & \\
1 + \frac{\text{non-co-ethnic partners}}{\text{total nr. partners}} + \\
\frac{\text{nr. non-co-ethnic employees}}{\text{total nr. Employees}} & 
\end{cases}$$

3 With respect to the original scale proposed by Ryders et al. (2000) we adopt a 7-point rather than a 9-point Likert scale in order to align measurement with other psychometric scales employed in our interviews, with the aim of reducing cognitive effort to interpret questions and provide answers. In addition, we replace “North American” with “Italian” mainstream culture. In order to retain meaning of the original scale items, we had the scale translated and back-translated by an academic fluent both in Italian and English language.
Based on the values displayed with regard to EH, we split the firms in our sample in three groups. First, “non-hybrid” (the value of their EH is equal to 1) (around 62% of the sample); second, “hybrids at an intermediate level” (their EH is greater than 1 and less than 1.5) (around 20% of the total); third, “hybrids at a high level” (their EH is greater than 1.5) (18% of the sample).

Our analyses compare the acculturation to the heritage or the mainstream culture across the three groups of entrepreneurs in non-hybrid, intermediate-hybrid, and high-hybrid firms, through one-way analysis of variance and Bonferroni post-hoc tests to identify significant differences.

2.3 Sample descriptives

The entrepreneurs in our sample were mainly males (67.7%), aged 40 (s.d. 9.95) and residing in Italy for around 17 years. Consistently with the distribution of immigrant entrepreneurs at the national level, the breakdown of the sample in terms of country of origin was dominated by a large group of immigrant entrepreneurs from Eastern Europe (e.g., Albania and Rumania) and from Africa (e.g., Morocco, Senegal). Around 64% of our respondents were highly educated (i.e., they had five-year college or university degrees). The majority of respondents were employed before opening the present company (93%). The majority of interviewed entrepreneurs are also founders of the company (78%).

At the time of interview, the firms were on average 7.2 years old (s.d. 7.06). Around 40% of firms are owned by more than one partner (on average, 1.76 partners). On average, firms employ 3.58 people (s.d. 4.97). The activities carried out by companies span retail trade (32.3%), other service activities (53.8%), construction (8.5%), and manufacturing (5.4%). Only 17.3% of companies sell ethnic products/services and the majority of companies cater to Italian customers (72.3%) and purchases from Italian suppliers (78.3%). Therefore, the firms in our sample are significantly oriented to operate in mainstream markets on local markets (e.g., 85% of clients and 65% of suppliers in the same city of the company). A summary description of key individual- and firm-level characteristics is provided in Table 1.
### Tab. 1 – Characteristics of entrepreneurs and firms in the sample

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Percentage</th>
<th>Freq.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender of firm owner</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>67.7</td>
<td>88</td>
</tr>
<tr>
<td>Female</td>
<td>32.3</td>
<td>42</td>
</tr>
<tr>
<td><strong>Geographical area of origin</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eastern Europe (including Russia)</td>
<td>29.2</td>
<td>38</td>
</tr>
<tr>
<td>Middle East and Asia</td>
<td>26.2</td>
<td>35</td>
</tr>
<tr>
<td>Africa</td>
<td>35.4</td>
<td>46</td>
</tr>
<tr>
<td>Latin America</td>
<td>8.5</td>
<td>11</td>
</tr>
<tr>
<td><strong>Educational attainment of firm owner</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No or primary school graduated</td>
<td>1.5</td>
<td>2</td>
</tr>
<tr>
<td>Graduate of vocational school</td>
<td>13.1</td>
<td>17</td>
</tr>
<tr>
<td>Graduate of two-year college/tech school</td>
<td>20.8</td>
<td>27</td>
</tr>
<tr>
<td>Graduate of five-year college/tech school</td>
<td>28.5</td>
<td>37</td>
</tr>
<tr>
<td>University degree graduated</td>
<td>36.2</td>
<td>47</td>
</tr>
<tr>
<td><strong>Occupational condition before founding the firm</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed</td>
<td>93.0</td>
<td>120</td>
</tr>
<tr>
<td>Unemployed</td>
<td>6.3</td>
<td>9</td>
</tr>
<tr>
<td>No reply</td>
<td>0.7</td>
<td>1</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>5.4</td>
<td>7</td>
</tr>
<tr>
<td>Construction</td>
<td>8.5</td>
<td>11</td>
</tr>
<tr>
<td>Retail trade</td>
<td>32.3</td>
<td>42</td>
</tr>
<tr>
<td>Other service activities</td>
<td>53.8</td>
<td>70</td>
</tr>
<tr>
<td><strong>Class size</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No employees</td>
<td>46.2</td>
<td>60</td>
</tr>
<tr>
<td>1 employee</td>
<td>17.7</td>
<td>23</td>
</tr>
<tr>
<td>2-5 employees</td>
<td>23.8</td>
<td>31</td>
</tr>
<tr>
<td>6-10 employees</td>
<td>6.2</td>
<td>8</td>
</tr>
<tr>
<td>More than 15 employees</td>
<td>6.2</td>
<td>8</td>
</tr>
</tbody>
</table>

### 3. Findings

As shown in Table 2, the one-way ANOVA highlighted significant differences across the three groups of firms with regard to the heritage component of the VIA ($p<0.001$), but not with regard to the mainstream component ($p=0.43$). In particular, a Bonferroni post-hoc test confirmed that entrepreneurs in firms with high levels of ethnic hybridism maintain a significantly weaker heritage cultural identity than entrepreneurs in non-hybrid ($-1.16; p<0.001$) and intermediate-hybrid companies ($-1.36; p<0.001$). To further test the robustness of our results, we employed a nonparametric test in order to consider the potential ordinal nature of the heritage and mainstream subscales (measured on an ordinal scale from 1 to 7). Implementing a Kruskall-Wallis H test we confirmed that there was a
statistically significant difference in the preservation of a heritage culture across the three groups ($\chi^2(2)=11.247, p<.005$), but no significant difference with regard to the acculturation to the mainstream culture ($\chi^2(2)=1.703, p=.427$).

Tab. 2 – Comparative values of heritage and mainstream dimensions across firms according to their level of ethnic hybridism

<table>
<thead>
<tr>
<th>Company type (EH)</th>
<th>Freq.</th>
<th>Heritage mean</th>
<th>Heritage s.d.</th>
<th>Italian mean</th>
<th>Italian s.d.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-hybrid</td>
<td>80</td>
<td>5.21</td>
<td>1.24</td>
<td>5.51</td>
<td>.96</td>
</tr>
<tr>
<td>Hybrids at an intermediate level</td>
<td>26</td>
<td>5.40</td>
<td>.86</td>
<td>5.45</td>
<td>.87</td>
</tr>
<tr>
<td>Hybrids at a high level</td>
<td>24</td>
<td>4.04</td>
<td>1.53</td>
<td>5.76</td>
<td>.91</td>
</tr>
</tbody>
</table>

Because previous literature has suggested that demographic characteristics of the sample, and in particular the proportion of time spent in the host country, can influence and proxy acculturation – especially with regard to the mainstream culture (Ryder et al., 2000), we carried out some additional analyses to understand whether results would change distinguishing across recent or established migrants in Italy. As described above, our respondents lived in Italy on average for 17 years at the time of the interview (min 2; max 52; median 15.5). We therefore further replicated our analyses by splitting the sample in three groups of entrepreneurs: (1) migrants being in Italy for maximum 10 years (n=21); (2) migrants being in Italy for 10-20 years (n=73); and (3) migrants being in Italy for more than 20 years (n=36). Results regarding the heritage culture are reported in Table 3.

Tab. 3 – Comparative values of heritage dimension across firms according to their level of ethnic hybridism and entrepreneurs’ time of residence in Italy

<table>
<thead>
<tr>
<th>Company type (EH)</th>
<th>In Italy for &lt;10 years</th>
<th>In Italy for 10-20 years</th>
<th>In Italy for &gt;20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Heritage mean</td>
<td>Heritage s.d.</td>
<td>Heritage mean</td>
</tr>
<tr>
<td>Non-hybrid</td>
<td>5.21</td>
<td>1.15</td>
<td>5.20</td>
</tr>
<tr>
<td>Hybrids at an intermediate level</td>
<td>5.37</td>
<td>1.02</td>
<td>5.55</td>
</tr>
<tr>
<td>Hybrids at a high level</td>
<td>4.05</td>
<td>2.41</td>
<td>3.69</td>
</tr>
</tbody>
</table>

Our analyses show that entrepreneurs in non-hybrid companies always maintain a stronger acculturation to their heritage culture than entrepreneurs in highly hybrid companies. However, results are statistically
significant only for entrepreneurs living in Italy for 10-20 years ($p<0.005$) and for more than 20 years ($p<0.05$). The small differences in the mean scores for entrepreneurs living in Italy for different periods of time shows that our results are not influenced by seniority of arrival in the host country. Results regarding the acculturation to the mainstream culture are reported in Table 4.

Confirming our main findings, none of the comparisons across non-hybrid, intermediate-hybrid and high-hybrid firms are statistically significant. In fact, the scores reported by entrepreneurs in highly-hybrid firms are slightly higher than the ones reported in the other categories of company, but differences are not statistically significant. These results seem to provide support to previous studies that showed that using a self-reported psychological measure of acculturation can provide useful information above and beyond demographic variables (Ryder et al., 2000).

**Discussion and conclusions**

Several authors have identified an “acculturation lag” (Light & Bonacich, 1988) as an important factor in the genesis and reproduction of ethnic business, both in the context of sojourning or of permanent settlement (Barret et al., 1999). According to this literature, immigrants with an identity strongly rooted in their culture of origin would maintain traditional values which would often lead them to evaluate and exploit business opportunities differently than indigenous business owners. Other authors have found identification with the ethnic community as a relevant determinant of immigrant entrepreneurship and the performance of these firms (e.g., Chaganti & Greene, 2002; Ndofor & Priem, 20119. Given the transformations in the forms and organizational characteristics of
immigrant entrepreneurship, in this paper we explore whether acculturation is also a variable that is modified by the evolving dynamics of ethnic hybridism.

Our findings are based on an analysis of a heterogeneous sample of 130 first-generation immigrant entrepreneurs and their companies in Italy. First, we find that all entrepreneurs in our sample display both a quite strong orientation towards the preservation of their heritage culture and towards the host (Italian) culture. This is an important finding that aligns with previous literature and shows that the two dimensions of acculturation are independent and can be equally held strong by immigrants. Second, we found that the identification with the heritage culture differ across entrepreneurs working in non-hybrid and hybrid firms. Specifically, entrepreneurs owners of firms with high levels of ethnic hybridism maintain a significantly weaker heritage cultural identity than entrepreneurs in non-hybrid and intermediate-hybrid companies. This result was confirmed across sub-samples of entrepreneurs more or less recently arrived in Italy. Therefore, it would seem that immigrant entrepreneurs working in highly ethnically-hybrid contexts are more likely to lose (a relatively modest) part of their ethnic identification, while retaining a strong mainstream identification. This seems to suggest that this category of entrepreneurs follows a more assimilationist acculturation strategy than the other categories. Third, we did not find any significant difference, across the three levels of firms’ ethnic hybridity, with regard to the entrepreneurs’ identification with the mainstream culture. Because previous literature has found that it is rather the mainstream component of acculturation that has positive impacts on the socio-economic adaptation of migrants (e.g., Ryder et al., 2000), our findings do not seem to find strong evidence with regard to the greater maintenance of mainstream culture on behalf of entrepreneurs in ethnically hybrid firms. We therefore see this as a fruitful avenue for future research that could shed further light on entrepreneurs’ identification with the mainstream culture and its impact on business-level outcomes. In our sample, it might be observed that results could be influenced by the relatively extensive mean length of residence in Italy of entrepreneurs. Therefore, future studies could be built in order to consider wide variations in terms of exposure to the mainstream culture (e.g., including participants raised in the heritage culture vs. in the mainstream culture; first-generation and second-generation immigrants).

Our study presents several limitations that are worth considering to interpret results and to suggest future research opportunities on this topic. First, the study was implemented in two representative cities in a region in Northern Italy, but our knowledge on this topic would benefit from further
replications in other contexts and with wider samples. Second, although acculturation is processual in nature, in this paper we take a cross-sectional stance and therefore are not able to follow the patterns of evolution of acculturation orientations in time. Connected to this point, because our sample is only composed by first-generation immigrants, it would be important for future studies to explore any difference emerging due to generational differences. Third, this study only intended to focus on the linkages between entrepreneurs’ acculturation and the degree of ethnic hybridism of his/her company. We acknowledge that other outcomes might be additionally considered by future studies both at the individual level (e.g., family life satisfaction) and at the organizational level (e.g., resources acquired from ethnic or Italian ties). Finally, while the two-dimensional model of acculturation is widely established and used by cross-cultural psychology scholars, the multidimensional or pluralistic model of acculturation has emerged to further model this complex and multifaceted phenomenon (Porter & Washington, 1993). We therefore invite scholars to further investigate this topic, so to increase the diversity of theories and methodological approaches adopted to understand an increasingly relevant issue in contemporary and future society.

References


