

# **THE INTERNATIONALISATION OF IMMIGRANT ETHNIC ENTREPRENEURS**

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the degree of

**DOCTOR OF PHILOSOPHY**

by

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## DEDICATION

This thesis is dedicated to Djordje “Potato George” Vukicevic.

A much loved and greatly missed immigrant ethnic entrepreneur who passed away at 54 years of age.

Inspired by his paternal grandfather’s experience of immigrating to the USA for a short period of time, he always dreamt of living overseas. This desire coupled with his opposition to the prevailing Communist ideology and practices in Serbia drove Djordje to search for a new life. With his best friend Milan by his side, he immigrated to Australia in September 1988 as a qualified mechanical engineer with extensive experience as the Chief Maintenance Officer for the Belgrade tram system. No employment opportunities in his field saw Djordje find employment with an Italian importer of luxury goods and linen. He then sold continental smallgoods, books, insurance, delivered breads and cakes and even worked as a taxi driver. Four years after arriving in Australia, he found success in selling baked potatoes at markets and events. This enabled him to live a humble life with Ljiljana and support his mother and son in Serbia.

For 20 years “Potato George” brought much joy, laughter and friendship to my family and the Fisherman’s Wharf Market at Port Adelaide, South Australia.

## DECLARATION

This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution to Melanie Smans and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

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## ABSTRACT

This study focuses on immigrant ethnic entrepreneurs and their involvement in international business (IB) activities. This is a growing area of research in the IB field which has commonly focused on the internationalisation process with little attention being given to how immigrant ethnic entrepreneurs may implement such a process. Thus the broad research problem of this study is ‘how do immigrant ethnic entrepreneurs internationalise?’

An extensive and critical literature review revealed that, relying heavily on the network perspective (Blankenburg 1995) and social network theory (Burt 1992; Granovetter 1985), the existing immigrant ethnic entrepreneur research has examined their membership of the ethnic labour pool (Chrysostome 2010) and the prevalence of their self-employment in the ethnic market (Piperopoulos 2010) and non-ethnic market of the country of residence (Ilhan-Nas, Sahin & Cilingir 2011). Limited research explores immigrant ethnic entrepreneurs’ involvement in IB activities; that which does focuses on their use of ethnic and kinship ties and their link to the country of origin to explain their internationalisation (Jean, Tan & Sinkovics 2011).

Relying primarily on the network perspective (Blankenburg 1995), upper echelons theory (Hambrick & Mason 1984) and institutional theory (North 1990; Scott 2008), research has emphasised how various factors drive an entrepreneur to internationalise (Abebe & Angariawan 2011) and the process by which firms become more involved in IB activities (Johanson & Vahlne 2009). Two aspects of the process have received particular attention – the identification of international market opportunities (Kontinen & Ojala 2011) and the international market selection (Nasra & Dacin 2010). As yet little research has included consideration of immigrant ethnic entrepreneurs’ approaches to these aspects of the processes. Consequently, with a focus on the influence of networks, manager characteristics and institutions, this study explores the immigrant ethnic entrepreneur internationalisation process by addressing three questions. First, factors that drive the immigrant ethnic entrepreneur internationalisation process (How do managerial, firm and institutional level factors drive the process?) Second, how do immigrant ethnic entrepreneurs identify international market opportunities? Finally, how do immigrant ethnic entrepreneurs select international markets?

Australia was chosen as the context because it has a rich history of immigration, yet the economic contribution of immigrants in Australia has received little attention (Collins & Low 2010). Italian immigrant ethnic entrepreneurs were selected as the focus of the study as the Italian community in Australia is large, well-established and has had a positive economic impact (Cresciani 2003). While research has focused on examining Italians in Australia as a labour source and self-employers (Collins, Gibson, Alcorso, Castles & Tait 1995; Lampugnani & Holton 1989), their involvement in IB is yet to receive the same attention (Baldassar & Pesian 2005).

The qualitative analysis indicates that a combination of networks (the network perspective), manager characteristics (upper echelons theory) and institutional factors (institutional theory) drive the immigrant to consider internationalisation and influences the identification of international market opportunities and international market selection. This study shows that an integrated multi-theoretical explanation can result in a rich understanding of the internationalisation process. Based on these findings a conceptual framework is presented and contributes to the IB field as, to date, no such framework has been developed.

# 1. INTRODUCTION

## 1.1. Introduction

This chapter provides an overview of the present study about the internationalisation of immigrant ethnic entrepreneurs. Section 1.2 outlines the background to the study and justification for the research. Section 1.3 justifies the context (Italian immigrant ethnic entrepreneurs in Australia), followed by Section 1.4 which presents the broad research problem while Section 1.5 discusses the three research questions developed to address the broad research problem. Section 1.6 presents the methodology, followed by Section 1.7 which outlines the research objectives. Finally Section 1.8 provides an outline of the thesis. A glossary and list of acronyms are provided in Appendices A and B.

## 1.2. Background to the Study and Justification for the Research

This is an exploratory study of internationalisation by immigrant ethnic entrepreneurs. As this is a broad area of interest in the International Business (IB) field, the chosen focus for this study is Italian immigrants in Australia who establish a firm and become involved in IB activities. In recent years, immigrant entrepreneurship has become increasingly important not only in high-immigration countries (the USA, Australia and Canada), but in European countries that have experienced a growth in immigration (The UK, Germany and the Netherlands). In particular:

*... the number of immigrant men and women who own and control small and medium-sized enterprises (SMEs) is increasing in western societies (Collins & Low 2010, p. 97).*

By maintaining links with their country of origin (COO) and ethnic relations around the world, migrants are primary actors of business creation abroad and international movements of capital, business knowledge, services and products (Iyer & Shapiro 1999). Consequently a large proportion of the increase in IB activity worldwide can be attributed to immigrant entrepreneurs and their transnational ethnic business exchanges (Iyer & Shapiro 1999; Kloosterman & Rath 2001). Yet little research has been undertaken to understand internationalisation by immigrant entrepreneurs. This study aims to address this gap and increase our understanding of the immigrant entrepreneurs' internationalisation process. While immigrant ethnic entrepreneurs have received increasing attention in recent years (Cavusgil, Nayir, Hellstern, Dalgic & Cavusgil 2011; Collins & Low 2010), our understanding of their involvement in IB activities is lacking. For example, in a recent special issue of *International Business Review* dedicated to



“international ethnic entrepreneurship”, only two of the eight papers (Ilhan-Nas, Sahin & Cilingir 2011; Jean, Tan & Sinkovics 2011), examine immigrant entrepreneurs and their IB activities. The remaining six papers continue the focus on the immigrant entrepreneur’s business activities in the country of residence (COR), including the formation of their businesses (Chand & Ghorbani 2011; Dai, Wang & Teo 2011; Yang, Colarelli, Han & Page 2011) why some immigrant groups form more ethnic businesses than others (Ibrahim & Galt 2011), the co-ethnic clients of the entrepreneurs in the COR (Shinnar, Aguilera & Lyons 2011) and how the adoption of the COR institutional roles and relationships can be applied in the COO (Riddle & Brinkerhoff 2011). Recent focus on immigrant entrepreneurs in Australia by Collins and Low (2010) explores how the business experiences of female immigrant entrepreneurs are influenced by society’s response to their ethnicity and their belonging to a linguistic, ethnic and religious minority. Their involvement in IB activities was neglected. Thus while research attention on immigrant ethnic entrepreneurs is increasing, there remains limited attention on their involvement in IB activities. This present study aims to further our understanding of how immigrant ethnic entrepreneurs internationalise.

Are immigrant ethnic entrepreneurs different from other entrepreneurs and do they warrant their own research focus? Masurel, Nijkamp and Vindigni (2004) argue that besides their ethnic/cultural background, there is no principle distinction between the two groups. Nevertheless, it is important to note that ethnic businesses are often concentrated in small, niche markets that are strongly linked to the ethnic-cultural background of the entrepreneur who generally engages in a small business sector with a low entry threshold and is highly reliant on their contacts and networks (Chaganti & Greene; Rath & Kloosterman 2000; Zhou 2004). This strong link to their ethnic-cultural background and influence on their business activities warrants further research (Masurel, Nijkamp & Vindigni 2004). Zhou (2004) highlights that:

*In the layman's eye, however, ethnic entrepreneurs often carry images of petty traders, merchants, dealers, shopkeepers ..., who engage in such industries or businesses as restaurants, sweatshops, laundries, greengrocers, liquor stores, nail salons, newsstands, swap meets, taxicabs, and so on. Indeed, few would regard Computer Associates International (a large public firm specializing in computer technology based in New York) and Watson Pharmaceuticals (a large public firm based in Los Angeles) as ethnic businesses and their Founders, Charles B. Wang, an immigrant from China, and Allen Chao, an immigrant from Taiwan, as ethnic entrepreneurs. These immigrant or ethnic group members appear to have successfully shed their ethnic distinctiveness and have incorporated their businesses into the core of the mainstream economy (p. 1041).*

The ability of a select few to evolve their firms from having solely an 'ethnic' firm focus to one that services the wider mainstream, non-ethnic community adds to the justification for examining and explaining the activities of immigrant ethnic entrepreneurs (Zhou 2004). In further support for the examination of these entrepreneurs, Sequeria and Rasheed (2006) explain that it is generally accepted that firms expand through phases and face different challenges and opportunities as they progress from one phase to another. In their view the expansion of immigrant ethnic entrepreneurs is rendered more difficult than for entrepreneurs of the wider non-ethnic community as:

*... the immigrant entrepreneur is often at a disadvantage in obtaining the necessary resources unless the business is based in a resource-rich immigrant enclave community (Sequeria & Rasheed 2006, p. 362).*

They conclude that a significant disadvantage of being based outside the ethnic community is that the immigrant entrepreneur will have no access to the necessary resources for internationalisation, which generally can only be accessed by members of the enclave and not entrepreneurs from the wider non-ethnic community. Accordingly, the internationalisation of immigrant ethnic entrepreneurs whose firms are based outside the ethnic community are of particular interest to researchers, due to the additional disadvantages faced by them (Sequeria & Rasheed 2006). More recently Doz (2011) highlights that a promising research area for the IB field is the growing population of:

*People with mixed cultural identities and backgrounds [who] are becoming a significant factor, one hardly recognized by traditional cross cultural studies. ... work is needed to understand and appreciate the potential contribution of bi- and multi-culturals as actors in context and what they can bring to multinational companies (Doz 2011, p. 588).*

Therefore the present study will further our understanding of immigrant ethnic entrepreneurs whose firms are based in both the ethnic and non-ethnic communities and of their involvement in IB activities.

### **1.3. Justification for the Context**

The context for this study is Italian immigrant ethnic entrepreneurs in Australia. The large and heterogeneous immigrant population that has developed during last the 200 years makes Australia the ideal country in which to study immigrant entrepreneurs (Collins 2003; Evans 1989).

Italian immigrant entrepreneurs are explored in this study as the Italian immigrant community in Australia is well-established and heavily involved in business (Baldassar &

Pesman 2005; Battiston & Mascitelli 2007). In addition, since the mid-1800s, the Italian government has continued to encourage its citizens to migrate in order to improve economic conditions. It was thought mass migration would decrease the competition for employment in the Italian market and should the migrants return, they would bring much needed capital (Baldassar & Pesman 2005; Cresciani 2003). Thus with the encouragement of their government, Italians migrated throughout the world searching for an improved economic and social situation. Over 400,000 settled in Australia. Though it is commonly perceived that Italian immigrants in Australia contribute to the economy as a source of labour or self-employers, some immigrants have founded large multinational businesses (Cecilia 1987; Collins, Gibson, Alcorso, Castles & Tait 1995). Little research examines Italian immigrants' contribution to the Australian economy or their involvement in IB activities. The few studies that do explore the Italian immigrants' involvement in the Australian economy highlight that their activities are not consistent with existing understandings of immigrant behaviour. Namely, the Italian immigrant community in Australia has not contributed to increased trade between Italy and Australia (Battiston & Mascitelli 2007) and family issues were not cited as a reason for establishing a family business in Australia (Collins et al. 1995; Lampugnani & Holton 1989). It is unclear if Italian immigrants in Australia behave according to the limited existing understandings of immigrant entrepreneur internationalisation (Iyer & Shapiro 1999; Jean, Tan & Sinkovics 2011; Mustafa & Chen 2010) and internationalise to Italy due to their Italian based networks and assumed knowledge of the market. Furthermore, given that the Italian government encouraged the mass migration of its citizens in order to create economic ties throughout the world (Baldassar & Pesman 2005; Battiston & Mascitelli 2007), how Italian government institutions influence the internationalisation process of Italian immigrant entrepreneurs (specifically the identification of opportunities in the Italian market and ultimately the selection of the Italian market), is unclear. Therefore the present study will explore how Italian immigrant ethnic entrepreneurs in Australia internationalise. Chapter 2 provides further justification for exploring the internationalisation process in the context of Italian immigrants in Australia.

#### **1.4. Broad Research Problem**

The broad research problem has been developed following an extensive and critical review of the literature pertaining to immigrant ethnic entrepreneurship (Collins & Low 2010; Ilhan-Nas, Sahin & Cilingir 2011; Jean, Tan & Sinkovics 2011) and the internationalisation process (Ellis 2011; Johanson & Vahlne 2009; Lee & Park 2006;

Nasra & Dacin 2010). The internationalisation process is defined as “the process by which firms increase their involvement in IB activities” (Fletcher 2001, p. 26). Little research explores the internationalisation process of immigrant ethnic entrepreneurs (Iyer & Shapiro 1999; Lin 2010; Mustafa & Chen 2010). That which does, relies heavily on the network perspective (Blankenburg 1995; Fletcher 2008), and social network theory (Burt 1992; Granovetter 1985).

Conversely, our understanding of the internationalisation process of firms is rich and has tended to focus on two areas – how managerial, firm and institutional level factors drive an entrepreneur to consider internationalising (Abebe & Angariawan 2011; Cheng & Yu 2008), and, the process by which firms become more involved in international activities (Ellis 2011; Figueira-de-Lemos, Johanson & Vahlne 2011; Johanson & Vahlne 2009). This research has relied on institutional theory (North 1990; Scott 2008; Szyliowicz & Galvin 2010) and upper echelons theory (Hambrick & Mason 1984) to explain the process. Yet little consideration has been given to how immigrant entrepreneurs partake in this process. Therefore this study will draw on both immigrant ethnic entrepreneur and IB research and the leading theories used in these literatures (network perspective, upper echelons theory, institutional theory), to address the broad research problem:

*How do immigrant ethnic entrepreneurs internationalise?*

### **1.5. Research Questions**

To further our understanding of the broad research problem, this study will explore three research questions that emerge from a comprehensive and critical literature review in Chapter 3. The questions are designed to provide insight into the immigrant ethnic entrepreneur internationalisation process, which has received minimal attention to date. Consequently, the first research question explores how various factors (managerial, firm and institutional) drive an entrepreneur to consider internationalising (RQ1) (Abebe & Angariawan 2011; Serra, Pointon & Abdou 2011) and related to the first question, two aspects of the process by which firms become more involved in IB activities – the identification of international market opportunities (RQ2) (Hayton, Chandler & DeTienne 2011; Kontinen & Ojala 2011) and the international market selection process (RQ3) (Nasra & Dacin 2010; Zaheer, Lamin & Subramani 2009). Previous research has relied heavily on the network perspective (Blankenburg 1995), and the related social network

theory (Burt 1992; Granovetter 1985), upper echelons theory (Hambrick & Mason 1984) and institutional theory (North 1990; Scott 2008) to explore these three aspects, with other theories also frequently acknowledged including the resource-based view (Barney 1991; Grant 19991; Oviatt & McDougall 1994) and the Uppsala internationalization process model (IP model) (Johanson & Vahlne 1977, 2009). Therefore having been identified as gaps in the literature in relation to how the immigrant entrepreneurs internationalises, this study will explore the influence of networks, manager characteristics and institutions on each of these phases.

### **1.5.1. Research Question One**

Abebe and Angriawan (2011) highlight that the use of different theoretical perspectives has resulted in three levels of factors being identified which drive the internationalisation process. Relying on upper echelons (Hambrick & Mason 1984) and social network (Burt 1992; Granovetter 1985) theories, managerial level factors, such as education level, foreign language skills, international experience and social ties, are thought to result in an increased interest in international markets and thus will drive the entrepreneur to consider internationalising their firm (Hutchinson, Alexander, Quinn & Doherty 2007).

The resource-based view (Barney 1991; Grant 19991; Oviatt & McDougall 1994) suggests that firm level factors, including technological advantage, organisational size and human and relational capital drive an entrepreneur to consider internationalising and that they enable the development of a competitive advantage.

Institutional level factors based on the three elements of institutions (Scott 2008), specifically regulative, normative and cognitive factors, are also thought to drive the internationalisation process (Yamakawa, Peng & Deeds 2008). Importantly, the regulative factors that “push” a firm from their domestic market and “pull” a firm into an international market are the most emphasised in literature given that they are more visible than the normative and cognitive factors (Scott 2008). However this study responds to the call from Szyliowicz and Galvin (2010) and explores the influence of all three institutional elements.

In explaining drivers of the immigrant ethnic entrepreneur internationalisation process, only managerial level factors have been explored. It specifically addresses how the immigrant’s networks and knowledge of their COO market encourages them to

internationalise (Iyer & Shapiro 1999; Portes, Escobar & Walton Radford 2007). Despite research showing the ability of firm and institutional level factors to drive the process (Serra, Pointon & Abdou 2011), these are yet to be examined in the immigrant entrepreneur context. Therefore the first research question is:

***Factors that drive the immigrant ethnic entrepreneur internationalisation process:***

***1.a How do managerial level factors drive the internationalisation process?***

***1.b How do firm level factors drive the internationalisation process?***

***1.c How do institutional level factors drive the internationalisation process?***

**1.5.2. Research Question Two**

Social ties (Ellis 2011), a manager's international experience (Nordman & Melén 2008) and the institutional environment at a national, regional and local level (Bakalis & Joiner 2006; Kloosterman & Rath 2001) have been shown to influence the identification of international market opportunities.

Social network theory suggests that social ties influence the flow of information between network members, with members able to access information not available to non-network members (Ellis & Pecotich 2001; Patel & Conklin 2009). Thus information on international market opportunities is shared through ties which facilitate the flow of information about opportunities and can lead to the entrepreneur's identification of the opportunity (Evers & Knight 2008; Zhou, Wu & Lou 2007). However the revised business network IP model (Johanson & Vahlne 2009) also suggests that business networks which link firms and are characterised by trust and commitment, enable information about international market opportunities to be shared, and thus facilitate the identification of such opportunities (Johanson & Vahlne 2009). The limited research on the immigrant ethnic entrepreneur opportunity identification process provides support for the use of COO ethnic and kinship ties (Iyer & Shapiro 1999; Jean, Tan & Sinkovics 2011). Thus the literature remains unclear about the ability of various types of networks to facilitate the identification of international market opportunities for immigrant ethnic entrepreneurs.

Upper echelons theory suggests that a manager's unique characteristics and experiences can influence their perceptions of situations and their ability to gather, interpret and receive information, including information about international market opportunities (Hambrick 2007; Hambrick & Mason 1984). International experience is shown to influence a firm's access to diverse social capital, including networks in international markets (Carpenter, Geletkanycz & Sanders 2004; Nielsen 2010). These networks can provide a manager with a variety of information sources, which facilitates the identification of the international market opportunities (Lee & Park 2006). Consequently the international experience of the manager is linked to a greater number of networks through which information about opportunities can be obtained (Bouquet, Morrison & Birkinshaw 2009; Lee & Park 2006). Given that international experience influences how managers gather, receive and interpret information, different levels of experience have been associated with different approaches to identifying opportunities – either a proactive approach whereby opportunities are actively sought or a reactive approach where opportunities are 'discovered' during ongoing business activities (Chandra, Styles & Wilkinson 2009; Nordman & Melén 2008). To date the IB and entrepreneurship literatures have not addressed how an immigrant entrepreneur's international experience influences their identification of international market opportunities.

Kloosterman and Rath (2001) and Pajunen (2008) suggest that the institutional environment can also influence the flow of information and consequently the ability of individuals to identify international market opportunities. Specifically, focusing on regulative institutional factors, Kloosterman and Rath (2001) indicate that the different enforcement of rules, policies and regulations at a national, regional, and local level influences the flow of information and thus explains why some immigrants are able to identify opportunities and others are not. Furthermore, Short, Ketchen, Shook and Ireland (2010) provide strong support for the exploration of how national level institutions, including government policy approaches, influence the identification of opportunities. Consequently institutions at a national, regional and local level will be explored in this study. With a focus on the influence of networks, international experience and institutions, the second research question is:

***How do immigrant ethnic entrepreneurs identify international market opportunities?***

### **1.5.3. Research Question Three**

Increasing our understanding of the international market selection process, networks, specifically ethnic ties (Zaheer, Lamin & Subramani 2009), a manager's international experience (Lee & Park 2006) and institutions (Nasra & Dacin 2010), are thought to influence the decision making process.

Ethnic ties in a market are sources of knowledge and resources that can create an advantage in the market, and thus increase the likelihood of it being selected (Jean, Tan & Sinkovics 2011; Zaheer, Lamin & Subramani 2009). An immigrant entrepreneur's ethnic and kinship COO ties are also sources of information about the COO market conditions, which will contribute to a decreased risk perception of operating in the COO market, and thus the likelihood of it being selected (Iyer & Shapiro 1999; Mustafa & Chen 2010). However, not all immigrants maintain ties to the COO and the kinships ties may not be able to provide useful information about market conditions. Furthermore Evers and Knight (2008) and Johanson and Vahlne (2009) suggest that business networks facilitate the market selection decision. The revised business network IP model further indicates that initially a market will be selected based on the business networks in the market (Johanson & Vahlne 2009). Similarly the Stage model indicates that the psychic distance between the two markets influences the market selection decision (Brewer 2007; Johanson & Wiedersheim-Paul 1975). This is yet to be explored in the immigrant entrepreneur context. Thus it remains unclear how ethnic and COO based kinship ties and business networks may influence the immigrant ethnic entrepreneur international market selection decision making process.

International experience is associated with networks that can provide access to information and resources that can assist in the international market selection decision. The greater the number of networks in a market, the greater the likelihood of it being selected (Lee & Park 2006). However, how the immigrant entrepreneur's international experience influences the market selection process is yet to be explored.

The presence and regulation of institutional factors, such as corruption, political instability, the judicial system and civil liberties, at a national, regional and local level can influence the perceived attractiveness of a market and the likelihood of it being selected (Flores & Aguilera 2007; Nasra & Dacin 2010; Pajunen 2008). Portes, Escobar and Walton Radford (2007) and Waldinger (2008) suggest that COO institutions influence the



international market selection decision by developing institutions and initiatives to create a positive perception of the market and “pull” immigrants to bring their firms to their COO. Such initiatives include financial incentives and establishing consulates and embassies in the COR. It is unclear how institutions may influence the immigrant ethnic entrepreneur’s international market selection process, and how the COO’s institutions influence the market’s attractiveness and subsequently lead to its selection.

Immigrant ethnic entrepreneur literature suggests that the COO market will be selected due to the market being perceived as attractive. The attractiveness of the market is argued to be a combination of the immigrant’s emotional connection to their COO and a reduced risk perception arising from their knowledge of the market and kinship ties which provide information and access to resources (Iyer & Shapiro 1999; Mustafa & Chen 2010). How an entrepreneur’s international experience and the markets’ institutions influence the immigrant entrepreneurs’ international market selection process is yet to be understood. Therefore the third research question is:

***How do immigrant ethnic entrepreneurs select international markets?***

In summary, to further our understanding of the research problem as to how immigrant entrepreneurs internationalise, three research questions will be addressed:

*Research Question 1: Factors that drive the immigrant ethnic entrepreneur internationalisation process:*

*1.a How do managerial level factors drive the internationalisation process?*

*1.b How do firm level factors drive the internationalisation process?*

*1.c How do institutional level factors drive the internationalisation process?*

*Research Question 2: How do immigrant ethnic entrepreneurs identify international market opportunities?*

*Research Question 3: How do immigrant ethnic entrepreneurs select international markets?*

The provision of a critical literature review to support the development of research gaps for each research question is provided in Chapter 3: Literature Review.

## **1.6. Research Methodology**

This study uses a constructivist paradigm which facilitates a holistic understanding of the phenomena being explored (Crabtree & Miller 1992; Hurmerinta-Peltomäki & Nummela

2004). As the choice of the research approach used primarily depends on the paradigm and the overarching aim of the research, it was deemed that a qualitative approach would be appropriate as the study explores highly complex, context-specific processes and provides an explanation of human behaviour (Barbour 2008; Simons 2009). In order to address the three research questions, this study employed a multiple case study method with six case studies, supplemented by interviews with Australian and Italian industry experts and government representatives (at an executive, senior and operational level). The cases, industry experts and government representatives were selected using purposive sampling, criterion sampling, snowball sampling, and opportunistic sampling techniques (Patton 1990) as elaborated on in Chapter 4. Snowball sampling was of particular importance given that it is a popular technique used in immigrant ethnic entrepreneur research because the entrepreneurs can be guarded and willing to participate in the research once they have been introduced by a “trusted, mutual friend” and their confidentiality and anonymity have been guaranteed (Kariv, Menzies, Brenner & Filion 2009; Piperopoulos 2010).

Primary data were collected via in-depth, semi-structured interviews. Descriptions of the interviewees are provided in Appendices C, D and E. The interviews were guided by an interview protocol (Appendices F, G and H). This was refined during the two phase pilot study when an industry expert (phase 1) and two immigrant ethnic entrepreneurs (phase 2) were interviewed. This was followed by the main data collection phase which occurred in Australia and Italy from May 2010 to July 2011. Secondary data sources, including company, Chamber of Commerce and Industry websites, and newspaper and magazine articles allowed for the triangulation of data and provided important contextual information. Triangulation, that is, collecting and analysing data from multiple sources, increases the rigor and quality of the research (Yin 2009). Peer debriefing, a case study database, prolonged engagement in the field and providing detailed descriptions are other strategies employed to increase the rigor and quality of this study (Creswell 2003; Lincoln 2001; Yin 2009).

The qualitative data were analysed using open, axial and selective coding (Strauss & Corbin 1998) in order to develop themes and sub-themes. The data were further analysed using content analysis (Tharenou, Donohue & Cooper 2007), the editing approach (Crabtree & Miller 1992), explanation building (Yin 2009), and cross-case analysis (Simons 2009). These techniques allow for the systematic description, exploration and

analysis of the data (Freeman, Edwards & Schroder 2006; Tharenou, Donohue & Cooper 2007). The use of these techniques together with the limitations of the qualitative approach are discussed in Chapter 4: Methodology.

### **1.7. Research Objectives**

The following objectives have been established to address the broad research problem and to fulfill the purpose of this study:

1. To provide a deep and rich understanding of how immigrant ethnic entrepreneurs internationalise (Broad Research Problem).
2. To understand how various factors drive the immigrant entrepreneurs' internationalisation process (Research Question 1).
3. To understand the influence of networks, manager characteristics and institutions on the immigrant entrepreneurs' identification of international market opportunities (Research Question 2).
4. To understand the influence of networks, manager characteristics and institutions on the immigrant entrepreneurs' international market selection decision (Research Question 3).
5. To identify the methodological contributions of the study.
6. To develop a conceptual framework that outlines the immigrant ethnic entrepreneurs' internationalisation process in the Italian immigrant context.
7. To provide policy implications, acknowledge limitations of the study, and identify areas of further research.

### **1.8. Outline of the Thesis**

As presented in Figure 1.1 below, Chapter 2 provides an in-depth discussion of the context for the study – Italian immigrant entrepreneurs in Australia.

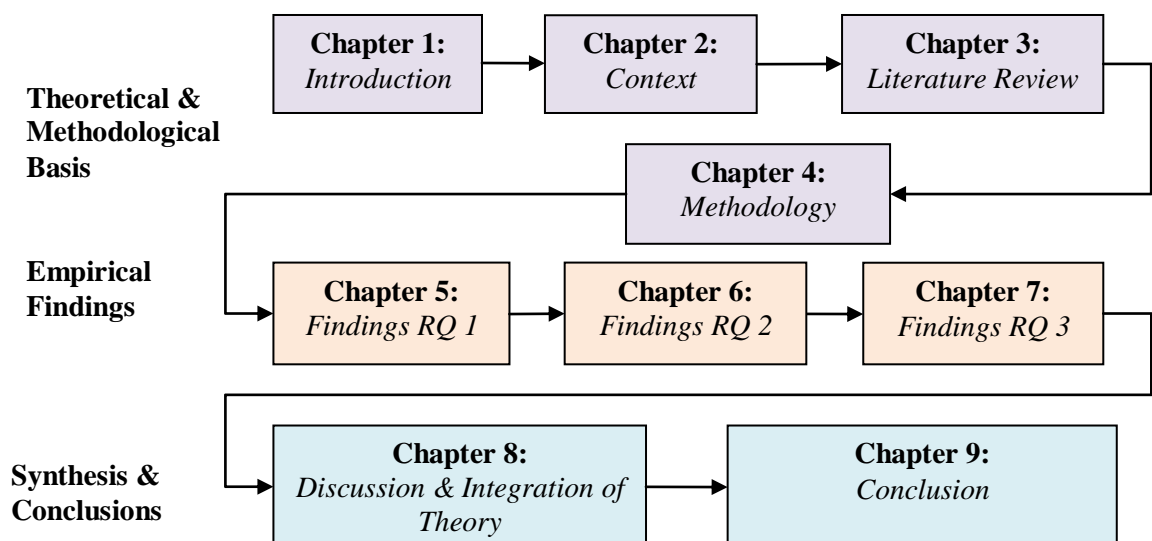
Chapter 3 involves an extensive and comprehensive critical review of literature pertaining to the internationalisation of immigrant ethnic entrepreneurs. In particular, the factors that drive the internationalisation process, the identification of international market opportunities and the international market selection process are critically reviewed and gaps in the current literature identified. To explain the three aspects of the process this study will draw upon the network perspective (Blankenburg 1995) and related social network theory (Burt 1992; Granovetter 1985), upper echelons theory (Hambrick & Mason 1984) and institutional theory (North 1990; Scott 2008). After a critical review of

the literature, a conceptual framework will be developed and presented which will seek to explain the internationalisation process of immigrant ethnic entrepreneurs.

Chapter 4 provides an explanation of the methodological approach of this study. The chapter discuss the appropriateness of using a qualitative research approach with a multiple-case study design when exploring the internationalisation process of immigrant ethnic entrepreneurs, the selection of interviewees and the analytical techniques used.

Chapters 5, 6, and 7 present the findings of study. The findings for Research Question 1 are presented in Chapter 5 (Factors that Drive the Internationalisation Process). Chapter 6 (Identification of International Market Opportunities) provides the findings for Research Question 2, while the findings for Research Question 3 are discussed in Chapter 7 (International Market Selection). The findings for Research Question 1 are analysed by grouping the factors into three levels (managerial, firm and institutional level). The findings for Research Questions 2 and 3 are analysed by drawing on the key theories pertinent to this study (network perspective and the related social network theory, upper echelons theory and institutional theory). In Chapter 8 a discussion of the findings and the integration of theory are presented. Also a refined conceptual framework for the internationalisation process of immigrant ethnic entrepreneurs, which emerged from the findings, is developed and presented. Chapter 9 provides the conclusions of the study, including the contributions to theory, policy and practice, limitations, and areas for future research.

**Figure 1.1 Structure of Thesis**



### **1.9. Chapter Summary**

This chapter provided an introduction to the present study, illustrating the broad research problem, Research Questions, methodological approach used and the general outline of the thesis. The following Chapter will present the justification for the context for the study – Italian immigrants in Australia.

## **2. CONTEXT**

### **2.1. Introduction**

The context of this study is Italian immigrant ethnic entrepreneurs in Australia. Since the 1800's the Italian government has encouraged its citizens to leave Italy in search of economic opportunities abroad (Baldassar & Pesman 2005). Many have settled in Australia, becoming "strongly entrenched in the Australian business community, particularly as small businesses" (Battiston & Mascitelli 2007, p. 28). The following chapter presents an overview of Italian emigration and why Australia is the most appropriate location to examine immigrant entrepreneurs. This is followed by an exploration of the Italian immigrant community in Australia and their contribution to the economy. Finally, the justification for examining Italian immigrant ethnic entrepreneurs in Australia is presented.

### **2.2. Italy**

Italy is a peninsula in Southern Europe which extends into the central Mediterranean Sea and shares borders with France, Switzerland, Austria and Slovenia. The Kingdom of Italy was formed in 1861 when the country was unified by King Victor Emmanuel II. After the Fascist dictatorship of Benito Mussolini, the Italian Republic was declared in 1946. Today Italy consists of 20 Administrative Divisions or Regions (refer to Figure 2.1 Map of Italy). The country is generally divided into the North (green and purple areas on Figure 2.1), the Centre (the yellow area on Figure 2.1) and the South (the orange and pink areas of Figure 2.1). The ethnicity of the population is primarily Italian with small groups of German-, French-, and Slovene-Italians in Northern Italy and Albanian-, and Greek-Italians in Southern Italy, which reflects historical migration movements throughout Europe. Consequently the official language is Italian and some areas in the North also speak German, French and Slovene. Italy was a charter member of NATO and of the European Economic Community and a founding member of the Group of 8 (G8) highly industrialized nations. Issues that Italy continues to face are illegal immigration, corruption, and the growing differences between Northern and Southern Italy. Northern Italy is highly industrialised and characterised by a large number of large, private companies. Conversely, Southern Italy has a predominately agricultural based economy and experiences high unemployment levels, low incomes, low economic growth and low levels of inward foreign direct investment (FDI) (Central Intelligence Agency 2011; Daniele & Marani 2011; G8 Summit 2009).

## Figure 2.1 Map of Italy

NOTE:  
This figure is included on page 16  
of the print copy of the thesis held in  
the University of Adelaide Library.

Source: Maps of Net (2011).

### 2.3. Italian Emigration

*Some fifty-seven million Italians live in the [Italian] peninsula; another five million live abroad, as do as many as seventy million children and grandchildren of Italian emigrants. (Baldassar & Pesman 2005, p. 20)*

In order to facilitate the economic development of the country, the Italian government has consistently encouraged the mass emigration of its citizens (Mascitelli & Battiston 2008). In the late 1800s, the Italian government had massive debts remaining from the Risorgimento wars prior to the country's unification in 1861 (Cresciani 2003). Emigration

and the sending of remittances to family in Italy were viewed as a mechanism to assist the economic development of the country. In 1879, parliamentarian Sidney Sonnino acknowledged the social and economic importance of emigration for Italy, especially for Southern Italy where large numbers of impoverished farmers lived:

*Emigration is one of the few effective means, if not of eliminating, at least of diminishing the dangers raised by the problem of our peasant farmers, which we see consistently growing and which we refuse to confront. Emigration gradually improves the farm worker's conditions because the competition for labour is lessened, and when properly directed, can furthermore obtain new capital for Italy if the workers return, and, if they settle permanently abroad, can provide influence and commercial outlets overseas (Ciuffoletti & Degl'Innocenti 1978, p. 84).*

This statement formed the basis for Italy's mass emigration: between 1861 and 1965, 25 million Italians left their homeland in search of employment and improved living conditions (Baldassar & Pesman 2005). Throughout this hundred year period, Italian government policies continued to focus on emigration as a way to promote Italy's trade and international reputation (Mascitelli & Battiston 2008).

After World War II, over two million Italians were unemployed, the socio-economic conditions remained poor, especially in Southern Italy, and the country lacked essential raw materials and energy supplies. Echoing the view of the 1879 government, the post-war government considered emigration as a release valve for the increasing problems facing the country, with Carlo Sforza, Minister of Foreign Affairs, announcing:

*We have over two million unemployed to absorb [...] our country, with its scarce possibilities; will not allow us to find work for all. This finding explains our painful but absolute need for emigration (Carabellese & Iaquina cited in Mascitelli & Battiston 2008, p. 41).*

At this time other European economies were growing rapidly and needed labour. The Italian government decided to increase its international reputation by providing the labour to support the economic reconstruction of its allies. In return for the labour, Italy received much needed raw materials and energy supplies. From the end of the war until the 1960s, bi-lateral agreements were signed with many countries including the UK, Argentina and Australia (Mascitelli & Battiston 2008). The agreements outlined a specific quota of emigrants each country would take. The Italian government thought that the young, strong Italian emigrants would depart temporarily and:

*... would return with newly acquired skills, experience and some start-up capital which would be invested in their previous residences. Yet the reality for many emigrants was that of permanently working and living abroad (Mascitelli & Battiston 2008, p. 42).*



Italian Industry Expert 5 highlights that this post-war migration did have a positive effect on the Italian economy and the host countries. Italy benefited by having large numbers of impoverished Southern Italian farmers leave, decreasing the pressure to find employment for them all. The host countries, including Australia, benefited from the immigrant's human capital (Hitt, Bierman, Uhlenbruck & Shimizu 2004) e.g. their labour:

*After the Second World War there was devastation in the [Italian] economy and people from the South who were property owners still had large families and left Italy which created two opportunities. They created opportunities in the host country by providing their labour, skills and talents. Also, they left a large hole in Italy. So it created opportunities there for other people and it started some movement (Italian Industry Expert 5).*

The bi-lateral Assisted Migration Agreement between Australia and Italy was signed in 1951 and included a guaranteed two years of employment for each assisted passage (Baldassar & Pesman 2005). Between 1947 and 1976, Australia received approximately 280,570 Italian migrants (Battiston & Mascitelli 2007). The business activities of these immigrants have received little attention (see King 2004; Lampugnani 1993; Lampugnani & Holton 1989). Research focus remains on issues of identity and culture (Baldassar & Pesman 2005; Sala, Dandy & Rapley 2010). In recent years IB researchers have suggested that immigrant involvement in IB activities requires further exploration. Ellis (2011) acknowledges the networks and migration experience of entrepreneurs may influence the identification of international market opportunities yet “the actual dynamics underlying network expansion remain to be uncovered” (Ellis 2011, p. 120). Furthermore Sequeira and Rasheed (2006) indicate that:

*A promising area for future research is the international dimension of immigrant economies ... the international linkages that exist among geographically dispersed enclaves of a given immigrant community may bestow upon that community a competitive advantage in an era of increasing globalization (Sequeira & Rasheed 2006, p. 371).*

Given the need to further our understanding of immigrants' IB activities, and the Italian government's continued focus on emigration as a solution to economic problems, this study will explore Italian immigrant ethnic entrepreneurs.

#### **2.4. Australia – Land of Immigrants**

Australia is an appropriate location to examine immigrant ethnic entrepreneurs due to the long history of immigration. A large and heterogeneous immigrant population has evolved, with individuals arriving from over 200 different countries during the last 200 years (Australian Bureau of Statistics 2008; Collins 2003; Evans 1989). In 2006,

approximately 22% of the Australian population (4.4 million) had been born overseas and additionally 26% of Australian-born people had at least one parent who was born overseas (Australian Bureau of Statistics 2008). Consequently Australia has one of the largest immigrant populations in the Western World, compared to Canada (18%), the United States (11%) and the UK (10%) (Borooah & Mangan 2007).

In the late eighteenth/early nineteenth century the majority of immigrants came from the British Isles, until the gold rush of the mid-nineteenth century which attracted immigrants from all over the world, including Europe (particularly Italy) and China (Collins 2003; Cresciani 2003). As numbers of immigrants grew, fears of wage competition and hostility towards immigrants saw the Australian government pass the 1901 Immigration Restriction Act No. 17. This Act refused entry to immigrants who were illiterate or who had organised employment and thus were viewed as taking jobs from unemployed Australians. Consequently, the majority of arriving immigrants remained Anglo-Saxon (Cresciani 2003; Evans 1989).

After the end of World War II, the Australian government needed to increase the population to boost the nation's defence capacity and to sustain the rapidly expanding industrial and agricultural economy (Mascitelli & Battiston 2008). At the same time, the millions of people displaced by the events in Europe searched for freedom and security in countries outside of Europe (Cresciani 2003). Consequently between 1947 and 1971, the Australian government commenced a vigorous campaign to entice immigrants, primarily European and preferably British, to come to Australia. Immigrants were offered subsidized and assisted passages, resulting in 2.4 million Britons and 800,000 non-English speaking people immigrating to Australia during this period (Cresciani 2003).

In the 1970s and 1980s numbers of Asian refugees and skilled immigrants grew (Evans 1989). Since the 1990s the composition of arrivals has continued to change, reflecting world humanitarian needs and changes to the government's migration program. This has included the introduction of the Skill Stream which assists Australia's economic development by attracting highly skilled immigrants who bring skills, business expertise and capital (Australian Bureau of Statistics 2007). This program has seen the numbers of arrivals from Europe decrease while the proportion of people from New Zealand, China, India and sub-Saharan Africa has increased (Australian Bureau of Statistics 2007; Borooah & Mangan 2007).

In the post-World War II period Australia received approximately 6.5 million migrants (Australian Bureau of Statistics 2007). Collins (2003, p. 138) indicates that “many of Australia’s post-war immigrants have moved into entrepreneurship” and based on 1996 Census data, some immigrant groups demonstrated higher levels of entrepreneurship than the wider Anglo-Saxon community. For example, in 1996, while the Italian community represented 2.0% of the Australian population, 22.0% of employers and 18.0% of self-employers of fruit and vegetable shops in New South Wales were Italian-born immigrants (Collins 2003). Given that many immigrants became entrepreneurs and self-employers, by the end of the 1990s, among the major OECD countries, Australia had the second highest number of foreign-born in the population and in self-employment (Collins & Low 2010).

More recently, in response to the ongoing debate about the economic impact of Australian immigration, Low (2008) examines the economic contribution of Asian-born female immigrant entrepreneurs in Australia. The empirical study shows that they make significant economic contributions through the creation of new businesses and jobs in addition to other non-quantifiable economic benefits to Australia (Low 2008). Therefore, given the rich immigration history and economic contribution of immigrants, Australia continues to be a poly-ethnic nation that provides an appropriate setting to explore immigrant ethnic entrepreneurs.

### **2.5. Italians in Australia**

The Italian community established itself in Australia over 200 years ago and since the first arrival more than 420,000 Italian immigrants have followed (Cresciani 2003). Despite the bureaucratic restrictions initially imposed on Southern Italians, from the end of World War II until 1973, 305,000 Italians immigrated to Australia, representing the largest non-English speaking national group to settle in Australia (Cresciani 2003). The peak of Italian-born settlers occurred in 1971 with 288,300 people and has steadily decreased as the Italian-born population ages and the number of deaths exceeds the new arrivals each year (Australian Bureau of Statistics 2008; Hugo 1993).

While the reasons for migrating to Australia may have changed with the various waves - from early migrants searching for spiritual fulfilment as missionaries or for fortunes on the gold fields in the 1850s/90s to searching for employment to improve their social and

economic status in the post war years - the Italian community has always played an important role in the Australian economy (Cresciani 2003). The Italians in Australia:

*... created continent-wide networks along which circulated information on work opportunities and the state of the labour market (Baldassar & Pesman 2005, p. 25).*

This continent-wide network has seen Italian immigrants achieve varying levels of economic success and is explored in the literature at three levels:

1. Italians as a labour source,
2. Italians as self-employers,
3. Italians as founders of large and multinational businesses.

### **2.5.1. Italians as a Labour Source**

The pre-World War II wave of Italian migration consisted largely of illiterate or semi-literate peasants who came prepared to accept poor work conditions with the view to achieve economic security and owning their own land (Cresciani 2003). Many Italians worked in the Victorian goldfields in the 1890s either as miners, labourers, or cooks (Cresciani 2003). In 1891, Italians were specifically identified as a labour source. Originally the sugar cane plantations in North Queensland were worked by “Kanakas”: people from the Solomon Islands and neighbouring areas who were often kidnapped and forced to work as slave labour. After a change in public opinion, slave workers were banned and returned to their homes. A new source of cheap labour was needed (Andreoni 2003). The Queensland government employed two Italians from Piedmont (Northern Italy) to return to Italy to recruit new workers. Consequently 335 Italians from the Piedmont region were given assisted passages to work on the sugar plantations (Andreoni 2003).

Between the late nineteenth century and World War II, many immigrants were fishermen or peasants who arrived as a ‘jack-of-all-trades’ with skills in farming, market gardening, and traditional crafts (terrazzo, shoe making, carpentry). However, arriving with no capital meant having to work:

*... as labourers for a period of time in order to build up sufficient capital and hence be able to achieve the economic independence they were looking for in the first instance (Lampugnani 1993, p. 159).*

Post-World War II, Italian immigrants continued to work as unskilled or semi-skilled labourers, ‘factory fodder’ in factories, on building and construction sites or as

agricultural labourers either fruit picking or cane cutting (Collins et al. 1995; King 2004). Italians also served as labour in large industrial development projects such as the Trans-Australian railway and the Snowy Mountains Hydro Electric Scheme, and in the Australian car manufacturing industry (Cresciani 2003). Burnley (2005) reports that between 1971 and 2001, the percentage of first-generation Italian male manual workers dropped from 67% to 49%. Furthermore in 2001, a quarter of first-generation males were employed in semi- and unskilled manual labour, compared to 15% of second and third-generation males. Thus these semi-skilled, ‘jacks-of-all-trades’ had:

*... the knowledge, the heritage, the expertise and skills that benefited Australia. So it was a mutually beneficial relationship between Australia and Italy. Italians found jobs where Australia needed skills and expertise (Italian Government Representative 1).*

Thus Italian immigrants in Australia have served as an important source of labour. After gaining capital, some immigrants have moved from being labour to being self-employed.

### **2.5.2. Italians as Self-Employers and Small Business Owners**

The initial migration waves of the 1800s laid the foundations of small Italian communities. This then enabled a few immigrants to establish small businesses, particularly food factories and cafes, to cater for the needs of the growing Italian immigrant community (Cresciani 2003).

In 1947, 50% of Italian-born males and 44% of Italian-born females were classified as self-employed and by 1981, this had reduced to 24% of males and 17% of females, which is higher than participation by the Australian-born population (Collins et al. 1995). These small businesses were in the building, construction and retail industries, including clothing and furniture stores, grocers, bakeries, tobacconists, and barbers. The strongest presence was as fruit and vegetable shop owners, with Italians owning one in three businesses (Collins et al. 1995). These small businesses reflect the links to the Italian traditions in the farming industry, with old trades and skills (barbers, cobblers, terrazzo workers), and with fashion (clothing stores etc.) (Lampugnani 1993). The large number of Italian immigrants who created their own small businesses fuelled the stereotype of “all Italians own fruit shops, restaurants or cafes” (Cecilia 1987, p. 88) that was proliferated by the wider Anglo community (Cecilia 1987).

In an examination of Venetian immigrants in Australia, Baldassar and Pesman (2005) explain that the immigrant preference for self-employment results from the Venetian tradition of small scale industrialisation and commerce, combined with:

*... limited English language skills, the refusal of Australian authorities to recognise pre-migration qualifications and experience, racial antagonism and the sponsorship system, all of which meant that Italian migrants were unlikely to rise through the ranks of Australian labour hierarchies. Self-employment, therefore, often appeared to provide the best hope for a secure future (Baldassar & Pesman 2005, p. 92).*

Many of the post-World War II Italian immigrants were peasants who left Italy to escape debt, poverty and a lack of land. Coming to Australia meant they could become small-scale farmers (Collins et al. 1995). This is particularly evident in Griffith, NSW. The early Italian immigrants in Griffith were farmers who, using their skills and knowledge from Italy, were able to repair the farms abandoned by the Anglo-Celtic Australians due to salt intrusion or waterlogging (Jordan, Krivokapic-Skoko & Collins 2009). It was:

*Their desire for land and their rural backgrounds, the traditional economic practices that treated the family as a labour unit dependent on cooperation and group solidarity, their willingness to take on gruelling work, and the long-established habits of frugality and saving all contributed to the likelihood that the Veneti could achieve success in environments that other farmers shunned (Baldassar & Pesman 2005, pp. 66-67).*

These small-scale farmers became central to the Griffith regional economy by re-generating the abandoned farms and introducing new industries, such as the wine industry, that are responsible for the region's economic success (Jordan, Krivokapic-Skoko & Collins 2009).

Self-employment is also evident in second-generation immigrants (definitions of first and second-generation immigrants are provided in Appendix A: Glossary). In an examination of Greek and Italian immigrants in Australia, Burnley (2005) reports that changes in occupational status can be observed between the first and second-generation. The first-generation established a business and then the second-generation are employed as managers/executives, or start their own firms (Burnley 2005). Furthermore, entrepreneurship was seen across the first, second and third-generations, particularly in the construction and building industries, specialising in tiling, terrazzo, artisan work, and furniture making (Burnley 2005). Italian Government Representative 1 highlights the contribution of self-employed Italian immigrants to Australia:

*The impact of Italians who started businesses then [post-World War II] is still seen and today their names are quite familiar. So even after one generation, Italians*

*managed to add value to the Australian economy (Italian Government Representative 1).*

Therefore Italian immigrants in Australia have contributed to the economy by establishing small businesses. As Collins et al. (1995) remind us:

*... most Italians who moved into small businesses remained in them, making their mark in a less acknowledged, smaller way, but nonetheless a critical part of the story of successful Italian migration to Australia (Collins et al. 1995, p. 68).*

### **2.5.3. Italians as Founders of Large and Multinational Businesses**

While the perception of Italian immigrants in Australia is labourers and self-employers (Cecilia 1987), some immigrants surpassed the Italian dream of an improved economic and social status and established their own business and became involved in IB activities, some even becoming part of the 200 wealthiest Australians at one time (Collins et al. 1995). Examples include:

- Luigi Grollo, the founder of the Grollo Group, migrated penniless in 1928. Luigi started as a labourer, then worked as a subcontractor, and then established a cement business. Together with his sons he developed the business into a multimillion dollar construction company. The Grollo Group employed many Italian immigrants, especially those from their region of origin, Treviso (Baldassar & Pesman 2005).
- Sir Tristian Antico, a Venetian who arrived in Australia in 1930 aged 7-years-old, founded a concreting business in 1949 after working in an office and studying accounting at night. His company evolved into Pioneer International, a multinational industrial firm with interests in the horseracing and stud industries. In 1990 his estimated wealth was \$44 million (Baldassar & Pesman 2005; Collins et al. 1995).
- Some of Australia's most successful and largest wineries were founded and are still owned by Italian immigrants and their descendants e.g. Casella Wines and De Bortoli (Jordan, Krivokapic-Skoko & Collins 2009).
- Bruno Mitolo arrived in Australia in 1956 and was involved in market gardening before establishing an onion packaging business in 1972. In 1978 he expanded his business to also wash and pack potatoes, creating Comit Farm. Today Comit Farm supplies more than 70,000 tonnes of onions and potatoes to retailers and wholesalers throughout Australia, Asia and Europe, making it the largest packing operation in the southern hemisphere (Family Business Australia 2011).
- San Remo Pasta was founded in 1936 by Luigi Crotti. Growing from a small pasta business, today it supplies more than 50% of the Australian and New Zealand pasta

market with over 750 products. It exports pasta products to over 35 countries throughout the world, including Italy (South Australian Food Centre 2011).

- Fasta Pasta is a pasta restaurant chain established by seven Italian immigrants in South Australia in 1984 (Fasta Pasta Ltd 2011). After success in the domestic market, the restaurant chain was franchised and established a store in Malaysia in 2004. Plans were made to open eight more stores throughout Asia (Australian Trade Commission 2008) however, the stores have not yet opened and the Malaysian store closed.

Therefore Italian immigrants are involved in IB activities and provide a valuable focus for the examination of immigrant ethnic entrepreneurs due to their well-established and positive contribution to the Australian economy.

## **2.6. Research on Italians in Australia**

To date research has focused on the cultural, social and demographic aspects of Italian immigrants in Australia (e.g. Baldassar and Pesman (2005) and Cresciani (2003)). Our understanding of Italian immigrants as founders of firms involved in IB is limited. In a recent study of the economic contribution of Italian immigrants to Australia, Battiston and Mascitelli (2007) explore the correlation between migration and socio-economic development. Specifically, the argument is that migrant flows result in positive socio-economic development through increased bilateral trade between the immigrants' COO and COR (Battiston & Mascitelli 2007; Guarnizo 2003) because:

*... immigrants do expand trade with their country of origin, which is, to a degree, due to their superior knowledge of market opportunities, access to home markets, and preference for products produced in their country of origin (Battiston & Mascitelli 2007, p. 22).*

However, Battiston and Mascitelli (2007) find that, contrary to their argument, the Italian community in Australia has not had a positive impact on Australian-Italian bilateral trade figures. This is accounted for by the characteristics of the different waves of Italian immigrants. Those that arrived in the 1950s and 1960s came from poor, rural based economies, spoke regional based dialects, and possessed low levels of education and English proficiency. Battiston and Mascitelli (2007) suggest that these immigrants:

*... had neither the business skills nor the language skills to integrate into higher professional employment. Moreover, they lacked the contacts and knowledge to be able to operate at the business level (Battiston & Mascitelli 2007, p. 27).*

Furthermore the second-generation would not be in the position to act as facilitators of Italy-Australia trade relations because of the lack of business knowledge and connections of their parents, and the unique 'Italo-Australian' culture that emerged in the 1950s and



1960s (Battiston & Mascitelli 2007). This 'Italo-Australian' culture is a combination of the crystallization of some aspects of the immigrants pre-migratory rural way of life (e.g. maintenance of regional dialect and value system) and the adaptation of other aspects to the new urban milieu (e.g. creating small market gardens in the outer urban areas) (Boncompagni 2001). The second-generation grew up with this unique culture that rendered them with limited knowledge of the Italian language, and of an up-to-date understanding and knowledge of Italian economics, culture and politics. However, the Australian government's focus on skilled migration in the 1970s brought a different cohort of Italian immigrant to Australia. These immigrants:

*... break with the labour driven migration of the past. Italian migrants now are more likely to have a versatile grasp of the English language, to be highly educated, and most importantly, to be equipped with an understanding of the sophisticated Italian economy and familiar with contemporary business activities with Italy (Battiston & Mascitelli 2007, p. 27).*

This new wave of educated and business-orientated Italian immigrants are better positioned to create and operate businesses and create international ties, because generally, they did not come from poor, rural based economies like the immediate post-war wave, but instead, were skilled and possessed a working knowledge of Italy (Battiston & Mascitelli 2007). Thus Battiston and Mascitelli (2007) demonstrate that Italian immigrants in Australia do not behave according to current understandings of the impact of immigrants on bilateral trade; and the importance of the time of migration and background of the immigrant as factors in the economic success of the immigrant.

Lampugnani and Holton (1989) provide further support for the argument that Italian immigrants in Australia do not behave according to current understandings of immigrant behaviour. In their examination of Italian business owners in South Australia, Lampugnani and Holton (1989) report that business owners did not rank family factors as a primary reason for entering into business, despite their heritage of self-employment and business ownership. Independence and autonomy was cited as the main drivers to business ownership by over half of business owners surveyed (Collins et al. 1995). Therefore the little research on the economic activities of Italians in Australia demonstrates that they do not behave according to current understanding of immigrant behaviour. It is unclear whether Italian immigrant ethnic entrepreneurs in Australia will act according to current understandings of the internationalisation process (Johanson & Vahlne 1977, 2009).

## 2.7. Chapter Summary

Owing to the encouragement of emigration by the Italian government, the Italian immigrant community is both large and spread throughout the world (Cresciani 2003). Italians left Italy in search of a better economic and social status, with many achieving this in Australia (Cresciani 2003). While the perception of the Italian community is that of a labour source or self-employer (Cecilia 1987), some immigrants have established multinational businesses.

Researchers have examined Italians as a labour source and self-employers (Collins et al. 1995; Lampugnani & Holton 1989), however Italian immigrant entrepreneur involvement in IB activities has yet to receive the same attention. Few studies on the economic contribution of Italian immigrants to Australia highlight that the immigrants' activities are not consistent with current understandings of the impact of immigrant communities. Battiston and Mascitelli (2007) indicate that the Italian community in Australia does not behave in accordance with the findings of government reports and international trade research, which suggests that migration fosters trade growth. Lampugnani and Holton (1989) highlight, contrary to anecdotal evidence, family factors are not cited by Italian immigrants as primary reasons for establishing a business. It is unclear whether entrepreneurs of the Italian community behave according to IB and immigrant ethnic entrepreneur literature and internationalise to their COO, through the assistance of their COO networks and knowledge of the market. Or do the Italian immigrant ethnic entrepreneurs behave contrary to established IB theory and internationalise to a country other than their COO? Are differences accounted for by the personal characteristics and networks of the first-generation immigrant ethnic entrepreneur, which can be associated with the time of arrival in Australia, which was partially dictated by Australian government policy? Will the Italian government's continual encouragement of emigration and return of capital to Italy result in institutional factors that will influence the entrepreneurs' identification of opportunities in the Italian market and ultimately the selection of the Italian market? Therefore in the context of Italian immigrants in Australia, and with emphasis on networks, manager characteristics and institutional factors, this study will address the following broad research problem:

*How do immigrant ethnic entrepreneurs internationalise?*

### 3. LITERATURE REVIEW

#### 3.1. Introduction

Two fields of the internationalisation literature inform this research: that of the immigrant ethnic entrepreneur and that of IB, the latter as it pertains to the internationalisation process (Figueira-de-Lemos, Johanson & Vahlne 2011).

In attempting to explore the internationalisation process (Iyer & Shapiro 1999; Lin 2010; Mustafa & Chen 2010) the immigrant ethnic entrepreneur literature relies primarily on the network perspective (Blankenburg 1995) with a focus on social networks (Burt 1992; Granovetter 1985). Conversely, IB scholars have invested considerable effort exploring the internationalisation process of firms with major emphasis on two areas – how factors drive internationalisation (Abebe & Angariawan 2011; Cheng & Yu 2008) and the process by which firms become more involved in international activities (Ellis, 2011; Figueira-de-Lemos, Johanson & Vahlne 2011; Johanson & Vahlne 2009). In doing so, researchers have relied on institutional theory (North 1990; Scott 1995) and upper echelons theory (Hambrick 2007; Hambrick & Mason 1984). This study will rely on both immigrant ethnic entrepreneur and IB research to explore how managerial, firm and institutional level factors drive immigrant ethnic entrepreneur internationalisation and specifically, two key aspects of the process by which they internationalise – namely the identification of international market opportunities and international market selection. In doing so, entrepreneurial activity of Italian immigrants in Australia will be used to further our understanding of this important area. Based on the leading theories used in internationalisation process and entrepreneurship research (network perspective, upper echelons theory, institutional theory), this study will address the following research problem:

*How do immigrant ethnic entrepreneurs internationalise?*

### 3.1.1. Theoretical Underpinnings

The theories predominantly relied upon in the literature are the network perspective (Blankenburg 1995; Patel & Conklin 2009), upper echelons theory (Hambrick & Mason 1984), and institutional theory (North 1990; Scott 1995). The network perspective views a network as consisting of actors, resources and activities in which actors create and maintain relationships with each other, and through these relationships, knowledge is gained (Blankenburg 1995). Consequently, this perspective is applied in IB to examine the internationalisation processes of firms (Cheng & Yu 2008; Hayton, Chandler & DeTienne 2011; Oettl & Agrawal 2008) and should continue to be used, given Johanson and Vahlne's (2009) proposition that:

*... a firm's problems and opportunities in international business are becoming less a matter of country-specificity and more one of relationship-specificity and network-specificity (Johanson & Vahlne 2009, p.1426).*

To date, research examining the internationalisation process has focused heavily on business networks, and has explored "a set of relationships linking one firm with other firms" (Ellis 2011, p. 102), which is referred to as the business network approach (Axelsson & Johanson 1992; Johanson & Mattsson 1988). Recently focus has turned to social network theory (Burt 1992, 1997; Granovetter 1973, 1985) which explores "the transmission of knowledge or useful information through interpersonal ties and social contacts with individuals" (Zhou, Wu, & Lou 2007, p. 676). Social networks have been defined as "the sum of relationships linking one person with other people" (Ellis 2011, p. 102). Social network theory (Burt 1997) is often employed in immigrant ethnic entrepreneur literature to explain the immigrant's access to resources and COR domestic market expansion (Collins 2003; Kariv et al. 2009). However it has yet to be comprehensively applied to their internationalisation activities.

The premise of upper echelons theory is that the experiences, values and personalities of executives influence their perceptions of situations, and therefore the choices they make (Hambrick 2007; Hambrick & Mason 1984). Consequently an organisation may become a reflection of its top management team (TMT), given that executives will make strategic decisions about the firm through the lens of their experiences, values and personalities (Hambrick 2007; Hambrick & Mason 1984). Upper echelons literature (Hambrick 2007; Herrmann & Datta 2006; Lee & Park 2006) supports the influence of manager characteristics, including international experience, as drivers of the internationalisation

process, and the identification of international market opportunities. Yet, further research is still needed on the applicability of this theory in different macro social contexts (Hambrick 2007). The ability of upper echelons theory to explain the immigrant ethnic entrepreneur internationalisation process is explored in the present study.

Institutional theory, based on the social sciences, examines the process by which structures, rules and norms become guidelines for social behaviour. Specifically, it has been used to explore how different institutional structures and processes influence organisational structures and behaviours (Scott 2005, 2008). Scott (1995, 2005) indicates the institutional environment is composed of three pillars or elements – regulative, normative and cognitive. Each element has a different basis of compliance, order and legitimacy and different indicators or factors, as outlined in Table 3.1. Regulative institutional factors include government organisations, legislation and court decisions that focus on rule setting, rule monitoring and sanctioning activities. Normative factors include professional associations, rules regarding registration, certification and accreditation and focus on moral and social obligations. Cognitive factors are shared conceptions, beliefs and values that influence an individual’s perceptions (Scott 2005, 2008; Yamakawa, Peng & Deeds 2008).

**Table 3.1 The Three Elements of Institutions**

	<b>Regulative</b>	<b>Normative</b>	<b>Cultural-Cognitive</b>
Basis of compliance	Expedience	Social obligation	Taken-for-grantedness Shared understanding
Basis of order	Regulative rules	Binding expectations	Constitutive schema
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules Laws Sanctions	Certification Accreditation	Common beliefs Shared logics of action
Basis of legitimacy	Legally sanctioned	Morally governed	Comprehensible Recognizable Culturally supported

Source: Adapted from Scott (2005, p. 480).

Szyliowicz and Galvin (2010) highlight that regulative elements are the most widely explored as they are most visible and formalized, e.g. a country’s laws, rules and sanctions.

Given that all three elements are highly interrelated and operate simultaneously to create the institutional environment (Scott 2005, 2008), Szyliowicz and Galvin (2010) suggest that the elements of institutions should be explored together. Particularly because a richer understanding of the institutional environment can be gained since reliance on a single element explanation has contributed to an incomplete understanding of the influence of institutions. Szyliowicz and Galvin (2010) and Dunning (2009b) propose that institutional theory and the importance of institutions have yet to be comprehensively applied to IB research with “only a few scholarly attempts by IB scholars to test the relative importance of institutions” (Dunning 2009b, p. 25). Dunning (2009b), and Pajunen (2008), indicate that institutions at the national, regional, and firm level are important as they affect not only the identification of international market opportunities, but also:

*... the interaction between the location, ownership and internationalisation advantages of MNEs and the location advantages of the indigenous firms and the countries in which they operate (Dunning 2009b, p. 25).*

Therefore, the effect of institutions on the internationalisation of immigrant ethnic entrepreneurs is explored in this study.

This chapter reviews immigrant ethnic entrepreneur and IB literature pertaining to the internationalisation process. The theories which will be examined include the network perspective (Blankenburg 1995; Fletcher 2008), upper echelons theory (Hambrick 2007; Hambrick & Mason 1984), and institutional theory (North 1990). Particular emphasis is placed on the role of networks, institutional factors, and management characteristics in influencing the immigrant ethnic entrepreneur across two aspects of the internationalisation process: the identification of international market opportunities and international market selection. Following this critique of the literature, the three research questions are developed. Finally, a conceptual framework to explore the internationalisation process of immigrant ethnic entrepreneurs is developed and presented, along with the delineation of the relevant concepts and dimensions.

### **3.2. Immigrant Ethnic Entrepreneurship Literature**

Relying heavily on social network theory (Burt 1992; Granovetter 1985), immigrant ethnic entrepreneurs have been examined for over 30 years (Ilhan-Nas, Sahin & Cilingir 2011; Piperopoulos 2010). Researchers have explored immigrant entrepreneurs in terms of their:

1. Membership of the ethnic labour pool (Chrysostome 2010; Evans 1989),
2. Self-employment in the ethnic market (Fairchild 2010; Piperopoulos 2010),
3. Self-employment in the non-ethnic domestic market (Rusinovic 2008),
4. Involvement in IB (Lin 2010; Mustafa & Chen 2010).

Explanations of immigrant entrepreneurs as labour sources and self-employers are extensive (Chand & Ghorbani 2011; Collins & Low 2010; Ibrahim & Galt 2011). Understanding of the factors that drive the immigrant entrepreneurs to consider internationalisation and their internationalisation process is limited (Iyer & Shapiro 1999; Portes, Escobar & Walton Radford 2007), however IB research may be able to provide answers (Abebe & Angariawan 2011; Figueira-de-Lemos, Johanson & Vahlne 2011).

#### **3.2.1. The Immigrant Ethnic Entrepreneur Internationalisation Process**

To date there has been limited research exploring immigrant ethnic entrepreneur internationalisation. In furthering understanding of the use of networks by immigrant entrepreneurs, Collins (2002) examines Chinese immigrant entrepreneur diaspora in Australia. A diaspora is defined as the:

*... ethnic minority groups of migrant origins residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin—their homelands” (Sheffer 1986, p. 3).*

Collins’ (2002) results indicate that Chinese immigrant ethnic entrepreneurs remain in small business and use overseas Chinese networks to explore IB opportunities. However, Collins (2002) fails to explain how or why networks are used to explore opportunities in international markets, and what are the factors driving the entrepreneurs’ internationalisation. In a recent study Collins and Low (2010) examine the experience of 80 Asian female immigrant entrepreneurs in Australia and state that:

*Another dimension of entrepreneurial networks relates to international business contacts and dealings (Collins & Low 2010, p. 106).*

Despite highlighting that 40 of the immigrant entrepreneurs were engaged in IB activities, explanation of how and why networks influence the internationalisation process is lacking. Ellis (2011) indicates that social ties facilitate the flow of information about international market opportunities, while Johanson and Vahlne (2009) suggest business networks are influential in the identification of such opportunities. Furthermore, various factors have been shown to drive the internationalisation process, such as international experience of the manager, organisational size and institutional factors (Abebe & Angariawan 2011). These IB research findings have yet to be applied when exploring the internationalisation of immigrant ethnic entrepreneurs.

Portes, Escobar and Walton Radford (2007) and Portes, Guarnizo and Haller (2002) explore immigrant ethnic entrepreneur involvement in IB, in the form of transnational entrepreneurship, defined as a:

*... specific form of entrepreneurship in which immigrant ethnic entrepreneurs take advantage of opportunities that cross national borders (Ireland & Webb 2007 p. 913).*

Such opportunities include the sending of remittances and the provision of goods and services between the immigrant's COO and their COR (Ireland & Webb 2007; Portes, Escobar & Walton Radford 2007). Relying on the network perspective, Portes, Guarnizo and Haller (2002) define transnational entrepreneurs as:

*... self-employed immigrants whose business activities require frequent travel abroad and who depend for the success of their firms on their contacts and associates in another country, primarily their country of origin (Portes, Guarnizo & Haller 2002, p. 287).*

Scepticism about the significance of transnational entrepreneurialism exists with Waldinger (2008) asserting that occurrences of such entrepreneurialism are exceptional. Basing his argument on institutional theory, Waldinger (2008) suggests that given the nature of migration, (that is the massive movement of people across borders) networks, information, money and goods regularly cross national boundaries. However, this process is influenced by the institutional structures of the COO and COR as policies and practices exist to:

*... regulate the movement across territorial borders and access to membership of the national collectivity (Waldinger 2008, p. 8).*



Consequently, Waldinger (2008) proposes that transnational entrepreneurs, as defined by Portes, Guarnizo and Haller (2002), rarely exist as governments can make it difficult for the entrepreneurs to access opportunities in the COO through the implementation of:

*... migration and citizenship politics and policies, largely affected by the conditions internal to receiving states, exercise the crucial influence on the “here” – “there” activities of international migrants (Waldinger 2008, p. 8).*

In examining a different type of immigrant ethnic entrepreneur, Lin (2010) explores the impact of contemporary immigrant entrepreneurs. This type of entrepreneur is highly educated and skilled and returns to their COO to establish a business. Due to their education and international experience, often the business is in the high-tech and knowledge intensive sectors. Contemporary diasporic entrepreneurs are different from transnational entrepreneurs as they return to the COO while transnational entrepreneurs maintain a presence in the COR:

*Thus, although both are considered as “dually” embedded, contemporary diasporic entrepreneurship is aligned more with the home country [COO], whereas transnational entrepreneurship is attached to a greater degree to the host country [COR] (Lin 2010, p. 127).*

Lin (2010) proposes that this alignment to the home country results from technological advancements and globalisation which have changed the nature of migration and the opportunities to interact with the COO. However, Lin (2010) fails to explain how the interaction opportunities have changed, and whether institutions have generated this change, as suggested by Waldinger (2008).

Although Portes, Escobar and Walton Radford (2007), Portes, Guarnizo and Haller (2002), and Lin (2010) can account for the immigrant entrepreneur’s involvement in IB, they fail to explain how the entrepreneur identifies the opportunity in the COO, the international market selection, and as highlighted by Waldinger (2008), to account for the influence of institutions on the process. IB researches demonstrate that institutional factors influence the identification of international market opportunities (Pajunen 2008; Szyliowicz & Galvin 2010) and international market selection (Nasra & Dacin 2010). Moreover, research relying on upper echelons theory (Hambrick 2007) illustrates that a manager’s international experience is influential during the internationalisation process. Portes, Escobar and Walton Radford (2007), Portes, Guarnizo and Haller (2002), and Lin (2010) neglect to account for the immigrant’s international experience during the process. Therefore, the present study will

explore the influence of institutional factors and international experience on the entrepreneurs during these two aspects of the internationalisation process.

Attempting to further our understanding of the internationalisation of immigrant entrepreneurs, Iyer and Shapiro (1999) propose a 6-stage process of successful ethnic business expansion and associated ties with the COO:

### **Table 3.2 Stages of Successful Ethnic Business Expansion**

NOTE:  
This table is included on page 35  
of the print copy of the thesis held in  
the University of Adelaide Library.

Source: Adapted from Iyer and Shapiro (1999, pp. 103-104).

Iyer and Shapiro (1999) explain that immigrant ethnic entrepreneurs internationalise to their COO due to their emotional connection to it. Furthermore, Iyer and Shapiro (1999) indicate that the entrepreneur possesses a detailed knowledge of the economic, cultural and political environment of their COO. This knowledge enables the entrepreneur to perceive this international investment as less risky, than other entrepreneurs without the same level of familiarity with the country (Iyer & Shapiro 1999). However, immigrants may not have a detailed knowledge of the economic and political environment of the COO. Many of the Italian immigrants that arrived in Australia were poor and/or illiterate peasants or farmers who would have possessed little understanding of the economic environment, as they came from a rural based economy (Battiston & Mascitelli 2007). This assumption of knowledge of the environment of the COO is a limitation of this model. In addition, Iyer and Shapiro (1999) suggest that the social and kinship ties in the COO further reduce the risk perception as these networks result in high levels of trust and social reinforcement. Mustafa and Chen

(2010), Chrysostome (2010), and Portes and Sensenbrenner (1993) support the proposition that the immigrant ethnic entrepreneur's COO networks may offer better support for their business activities than those of non-immigrants due to the solidarity that accompanies membership of the ethnic group, and the enforceable trust of the networks that can be used to reduce transaction costs. The use of networks in the internationalisation process is supported by IB research (Hayton, Chandler & DeTienne 2011; Johanson & Vahlne 2009). However manager characteristics (Bouquet, Morrison & Birkinshaw 2009; Lee & Park 2006) and institutional factors (Dunning 2009a; Nasra & Dacin 2010) are shown to be influential in the process. Iyer and Shapiro (1999) do not account for these aspects in their model, nor for internationalisation to a non-COO market.

More recently, drawing on the network perspective, Mustafa and Chen (2010) examine the use of kinship ties on the internationalisation process of immigrant entrepreneurs in Malaysia and Singapore to their COO. They conclude that kinship ties provided access to resources, capital and networks in the COO. Similarly Jean, Tan and Sinkovics (2011) focus on social network theory (Burt 1992) and explore how ethnic ties impact international market selection and consequential performance. The results from 88 Taiwanese business groups indicate that ethnic ties do facilitate international market selection and are a source of knowledge and resources in the market. However, similar to Iyer and Shapiro (1999) and Portes, Escobar and Walton Radford (2007), the influence of institutions and manager characteristics on the process was not accounted for by either study, despite the fact that IB research has demonstrated the influential nature of these factors on the internationalisation process (Flores & Aguilera 2007; North 1990).

### **3.2.2. Summary**

Iyer and Shapiro (1999) propose that research:

*... must go beyond a mere identification of the phenomenon and specify meaningful research questions and research studies (Iyer & Shapiro 1999, p. 108).*

This present study will “go beyond the mere identification” (Iyer & Shapiro 1999, p. 108) of the internationalisation process of immigrant ethnic entrepreneurs. Examination of immigrant ethnic entrepreneur internationalisation has relied primarily on the network perspective (Blankenburg 1995) and the related social network theory (Burt 1992;

Granovetter 1985). However IB research indicates upper echelons theory (Hambrick 2007; Hambrick & Mason 1984) and institutional theory (North 1990; Scott 1995; 2008) assist in explaining internationalisation activities. Therefore based on the findings from IB research, this study will explore the factors driving the internationalisation process (Abebe & Angariawan 2011), the identification of international market opportunities (Bouquet, Morrison & Birkinshaw 2009; Ellis 2011) and international market selection (Nasra & Dacin 2010; Pajunen 2008). The following section discusses the existing IB research in detail.

### **3.3. Factors That Drive The Internationalisation Process**

Immigrant ethnic entrepreneur research explains how the entrepreneur's characteristics are the primary factors which drive the internationalisation process: it is the strong nostalgia to, relations in, and assumed knowledge of the COO that drive the immigrant ethnic entrepreneur to internationalise (Iyer & Shapiro 1999). As can be seen in Table 3.3, Abebe and Angriawan (2011) demonstrate that IB researchers have drawn on different theories to explore how factors at three levels drive the internationalisation process:

1. *Managerial level factors* relying on behavioural theories, including social network (Burt 1992; Granovetter 1985), and upper echelons (Hambrick & Mason 1984) theories.
2. *Firm level factors* relying on resource-based view (Barney 1991; Grant 1991; Oviatt & McDougall 1994).
3. *Institutional level factors* relying on institutional theory (North 1990; Scott 1995, 2005, 2008).

IB researchers also provide explanation of how firm and institutional level factors drive the internationalisation process (Belso-Martinez 2006; Cheng & Yu 2008; Hutchinson et al. 2007; Zain & Ng 2006). However these factors have yet to be examined in the context of immigrant ethnic entrepreneur internationalisation.

**Table 3.3 Factors That Drive the Internationalisation Process**

NOTE  
This table is included on page 38  
Of the print copy of the thesis held in  
The University of Adelaide Library

Source: Adapted from Abebe and Angriawan (2011).

### **3.3.1. Managerial Level Factors that Drive the Internationalisation Process**

Abebe and Angriawan (2011), Serra, Pointon and Abdou (2011), and Belso-Martinez (2006) suggest that education level, including foreign language skills, IB experience and social ties are managerial level factors that drive the internationalisation process. Further support for managerial level factors is provided by Hutchinson et al. (2007) who indicate that:

*... the vision of the entrepreneur or Founder and his or her individual characteristics were a key reason the firm first decided to expand operations from the domestic market into international markets (p. 107).*

This is supported by Hambrick and Mason's (1984) upper echelons theory, which explains that the TMT's characteristics and experiences influence the firm's strategy and consequently, the decision to internationalise (Carpenter, Geletkanycz & Sanders 2004; Herrmann & Datta 2006; Lee & Park 2006). Therefore, how the entrepreneur's education level, IB experience and social ties may drive the internationalisation process is explored in the present study.

#### **3.3.1.1. Education Level and Foreign Language Skills**

How a manager's education level and foreign language skills drive the internationalisation process has received mixed results. Knowles, Mughan and Lloyd-Reason (2006) find:

*... little direct relationship between the possession or use of specific foreign language skills (e.g. advanced spoken French), on the one hand and better decision-making or firm performance on the other (p. 638).*

Thus Knowles, Mughan and Lloyd-Reason (2006) conclude that it is the cultural appreciation and positive, favourable international attitude that is gained through the acquisition of foreign language skills that contributes to driving a manager to consider internationalising their firm. Serra, Pointon and Abdou (2011) indicate that foreign language skills are associated with greater understanding of foreign business practices, facilitating social contacts and improving communication between the markets.

While Belso-Martinez (2006) disagrees that foreign language skills or academic training can drive the internationalisation process, Zucchella, Palamara and Denicolai (2007) agree with Knowles, Mughan and Lloyd-Reason (2006), finding that knowledge of foreign languages is

a fundamental precondition to early internationalisation. Furthermore, foreign language skills are:

*... a pre-requisite for people who want to develop business contacts abroad and it helps in the formation of an international mindset (Zucchella, Palamara & Denicolai 2007, p. 277).*

Serra, Pointon and Abdou (2011) provide further support in their examination of the factors influencing the export propensity of SMEs in the textile and clothing sector in the UK and Portugal. When examining the combined results of the data collected in the UK and Portugal, Serra, Pointon and Abdou (2011) report that a higher number of foreign languages spoken by decision-makers results in a higher export propensity as acquisition of the language facilitates social contacts and communication. However, when examining the individual countries, the results were non-significant, indicating that foreign language skills may not be as important as first thought (Serra, Pointon & Abdou 2011). Immigrant ethnic entrepreneur research remains silent on how foreign language skills may drive the internationalisation process.

The education level of the TMT is proposed as an important factor that drives export activity because it is associated with:

*... the enhancement of cognitive skills and abilities which are needed in a complex international environment (Serra, Pointon & Abdou 2011, p. 3).*

They examine three levels of education: no formal or vocational qualification, a degree, and postgraduate qualifications. Despite the association with increased cognitive skills and abilities, Serra, Pointon and Abdou (2011) find that among SMEs in the UK and Portugal, higher education levels are not associated with a higher export propensity. Relying on upper echelons theory, Lee and Park (2006) conclude that the educational experience of the TMT (defined as the academic majors – arts, sciences, engineering, business and economics, and law) is not associated with a firm 's propensity to internationalise.

Supporting this finding, Zucchella, Palamara and Denicolai (2007) find education, in terms of a university degree or high school diploma, is not a significant factor that drives early internationalisation. For firms that internationalise early (defined as “firms which start internationalizing at their inception ... or in their first years of activity” (Zucchella, Palamara & Denicolai 2007, p. 268)), IB experience is more influential than education. Although

education is reported to be non-influential, their examination of Italian international family firms illustrates that the founding entrepreneurs:

*... frequently delegate foreign affairs to their heirs, usually with a higher education level, speaking one or more foreign languages and more willing to travel abroad (Zucchella, Palamara & Denicolai 2007, pp. 273-274).*

Thus while education is not reported to be drive the internationalisation process, it is an attribute preferred by Italian entrepreneurs for those running the foreign affairs of the firm (Zucchella, Palamara & Denicolai 2007). It is unclear whether Italian immigrant ethnic entrepreneurs also prefer education as a characteristic of their managers of the internationalisation process.

The finding of the non-influential nature of education is contrary to Basu and Goswami's (1999) examination of the factors influencing South Asian immigrant entrepreneur expansion in Great Britain. Their results indicate that education is an important factor that drives growth, even if the education was not directly related to business. It is the transferable skills (e.g. communication, analytical, and managerial) that contribute to the growth of the entrepreneur's business (Basu & Goswami 1999). However Basu and Goswami (1999) examine only how factors drive immigrant ethnic entrepreneur growth in the domestic market and neglect international expansion. It has yet to be understood whether and how these same factors drive the internationalisation activities of immigrant ethnic entrepreneurs. Furthermore, it is unclear why education is reported to drive immigrant entrepreneur domestic market business expansion, yet IB researchers illustrate it to not be a driver of internationalisation (Serra, Pointon & Abdou 2011; Zucchella, Palamara & Denicolai 2007). The present study will explore how education may influence immigrant ethnic entrepreneurs' international market expansion.

### **3.3.1.2. International Experience**

A manager's international experience is consistently seen to "provide[d] the conditions for foreign market expansion" (Hutchinson et al. 2007, p. 107), and better enables the TMT to identify and take advantage of international opportunities, especially through the networks maintained in international markets (Belso-Martinez 2006; Hutchinson et al. 2007). Furthermore, Abebe and Angariawan (2011) indicate that IB experience is a significant factor that drives the internationalisation process. The revised business network IP model (Johanson



& Vahlne 2009) supports the significance of prior experience as the model highlights experiential knowledge and learning as important factors in the process.

Belso-Martinez (2006) examine the relevance of key factors, including international experience, for the internationalisation process of manufacturing firms located in Spain. Specifically, whether the relevance of factors varies for firms that internationalise in a progressive, gradual process as outlined by the Stage model (Johanson & Wiedersheim-Paul 1975) or rapidly soon after inception, as outlined in the international new venture (McDougall, Shane & Oviatt 1994) and born-global (Freeman & Cavusgil 2007) literature. The results indicate that:

*Businessmen and managers with extensive international experience can be important tools in the implementation of an internationalization process (Belso-Martinez 2006, p. 220).*

The importance of international experience is of particular significance for firms that internationalised rapidly (Belso-Martinez 2006). This is supported by Hutchinson et al.'s (2007) exploration of the facilitating factors of UK small specialist retailer internationalisation process:

*We found that the international experience of the Founder or decision maker had a significant impact on creating an awareness of international markets and opportunities, which propelled some of the retailers into international markets early in the development of the business (Hutchinson et al. 2007, p. 112).*

However, in both studies, only 'international experience' is examined. It is unclear whether specific IB experience is explored as part of 'international experience'. Abebe and Angariawan (2011) indicate that IB experience, not generic international experience, is a significant driver of the internationalisation process. In their examination of the factors driving the early internationalisation (that is, firms involved in exporting activities within three years of inception) of Italian SMEs, Zucchella, Palamara and Denicolai (2007) find that the previous international experience of the entrepreneur is associated with personal contacts in international markets that provide vital information about markets. International experience was described as an outcome of working in either multinational or foreign firms, or family firms with an international orientation, which suggests that IB experience, not generic international experience, is a driver of the internationalisation process (Zucchella, Palamara & Denicolai 2007).

Furthering our understanding of how the TMT's IB experience can drive the internationalisation process, Athanassiou and Nigh (2002) report that such experience is:

*... gained by TMT managers from personal career involvement in IB activities in the course of executing responsibilities in different functional assignments, responsibilities in different geographic regions around the world, and responsibilities in managing a firm's different international market entry modes (pp. 173-174).*

This is supported by Lee and Park's (2006) research relying on upper echelons theory. In exploring the TMT diversity and effect on firm internationalisation, Lee and Park (2006) illustrate that TMTs with a higher level of diverse international exposure (i.e. being educated overseas and/or working overseas) exhibit higher levels of firm internationalisation. This occurs as the TMT will have a greater number of international informal networks and contacts at their disposal to provide information and capital (Lee & Park 2006).

How the international experience of immigrant ethnic entrepreneurs may drive the internationalisation process remains unexamined. However, the influence of the migration experience on the entrepreneur has been examined. In an exploration of why amongst highly successful entrepreneurs, immigrants will be more successful than non-immigrants, Dalziel (2008) suggests that individuals who choose to immigrate make a conscious decision to abandon their familiar social, cultural, political and legal environment. This choice demonstrates distinctive and advantageous personality traits which are conducive to entrepreneurial activity, such as propensity for risk taking, perseverance and tolerance of ambiguity (Baum & Locke 2004). However, it has yet to be seen how either IB or migration experience may drive the immigrant ethnic entrepreneur to internationalise their business.

### **3.3.1.3. Social Ties**

Relying on social network theory (Burt 1992; Granovetter 1985), Abebe and Angriawan (2011) propose a manager's social ties are:

*... critical for SMEs contemplating internationalisation of their operations since these network ties play a vital role as a source of valuable information about the foreign market (Abebe & Angariawan 2011, p. 381).*

Consequently, the greater the scope and strength of the social ties, the greater the propensity of a firm to internationalise (Abebe & Angariawan 2011). However, apart from being a source of information, Abebe and Angariawan (2011) cannot explain how the social ties

drive internationalisation - is it just the information received that drives the SMEs to consider internationalisation or are other network advantages important as well? Belso-Martinez (2006) and Crick and Spence (2005) illustrate that managers use ties to gain access to resources, knowledge, technology or legitimacy, to control transaction costs, and to improve their strategic position, including internationalisation. Ellis (2011) and Hayton, Chandler and DeTienne (2011) show that social ties facilitate the identification of international market opportunities but have yet to demonstrate their ability to drive the internationalisation process.

Hutchinson et al. (2007) explore the factors driving small specialist UK retailer internationalisation and find that the founder's or key decision maker's informal/personal networks are important in terms of facilitating and supporting internationalisation:

*Indeed, the personal contacts of the Founder or decision maker forged in certain foreign markets as a result of living and working abroad were also facilitators of expansion for some retailers into new international markets (Hutchinson et al. 2007, p. 107).*

Furthermore they conclude:

*... for smaller specialist retailers, informal relationships (formed as a result of family or friends) facilitate the decision to internationalize (Hutchinson et al. 2007, p. 112).*

Again, Hutchinson et al. (2007) do not account for how and why social ties drive the internationalisation process - they identify only that they are important. Supporting this emphasis on networks, in their revised business network IP model, Johanson and Vahlne (2009) indicate that business networks and relationships, based either in the home or foreign market, are important for the internationalisation process:

*We thus expect the focal firm to go abroad based on its relationships with important partners who are committed to developing the business through internationalization (Johanson & Vahlne 2009, p. 1425).*

Contrary to Hutchinson et al. (2007), Zucchella, Palamara and Denicolai (2007) explore the drivers of early internationalisation and for the firms examined, the role of networks is not strongly supported. Furthermore, "formal or social networking is not significant for early internationalisation" (Zucchella, Palamara & Denicolai 2007, p. 274). However, the personal business contacts in international markets, which were established during the manager's previous international experience, are important drivers.

Zain and Ng (2006) examine the impact of network relationships on the internationalisation process of Malaysian SMEs. The results indicate that:

*... firms' initial internationalization process resulted from the opportunities presented by various actors in each firm's network (Zain & Ng 2006, p. 191).*

One firm commenced internationalisation after an opportunity was identified through the informal network of the founder. Apart from that one firm, it is unclear whether other networks (e.g. ethnic or business) are drivers of the internationalisation process. In a study of the rapid internationalisation of Spanish manufacturing firms, Belso-Martinez (2006) do not find support for suppliers' and competitors' networks as drivers of internationalisation. However, Crick and Spence (2005) suggest that networks are instrumental to a firm's international activities because generally, they are based on trust and commitment which facilitates a reduced cultural and geographic distance between the buyers and sellers or partners.

Immigrant ethnic entrepreneur literature has yet to fully explore how managerial level factors may drive the internationalisation process. Research by Iyer and Shapiro (1999) is consistent with upper echelons theory (Hambrick 2007; Lee & Park 2006) and the IB literature (Abebe & Angariawan 2011; Hutchinson et al. 2007; Serra, Pointon & Abdou 2011) in suggesting that managerial perceptions, attitudes and commitment are significant drivers of internationalisation. Iyer and Shapiro (1999) indicate that COO based social and kinship ties result in trust and social reinforcement which enables the entrepreneur to perceive the international investment as low risk. A relationship based on trust and commitment as a driver of internationalisation is supported by Crick and Spence (2005) and more recently by Johanson and Vahlne (2009):

*Our process model implies that we should look for explanations in the state variables, such as knowledge, trust or commitment to the firm's specific relationships (Johanson & Vahlne 2009, p. 1425),*

Whereby Johanson and Vahlne (2009) describe relationship commitment as:

*... an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintain it... Commitment is rather a question of more or less intensive efforts (Johanson & Vahlne 2009, p. 1418).*

Portes, Guarnizo and Haller (2002) illustrate that transnational entrepreneurs tend to be immigrants who have lived for a long period in the COR, have a tertiary/professional

qualification, rely on and maintain a large network of contacts within the COR and COO, possess a good command of the language of the COR, and whose COO has socio-political stability and government policies enabling continuing participation in the COO (e.g. citizenship rights) (Portes, Escobar & Walton Radford 2007; Portes, Guarnizo & Haller 2002). Thus it can be seen that Portes, Escobar and Walton Radford (2007) propose that education level, including foreign language skills, and social ties are characteristics of a transnational entrepreneur, but fail to explain how and why these two factors drive the immigrant's internationalisation process. Although Belso-Martinez (2006), Athanassiou and Nigh (2002) and Abebe and Angariawan (2011) indicate IB experience is an important factor, Portes, Escobar and Walton Radford (2007) do not account for this experience.

### **3.3.2. Firm Level Factors that Drive the Internationalisation Process**

Relying heavily on the resource-based view (Barney 1991; Grant 1991), firm level factors i.e. internal resources (including assets and knowledge) and capabilities, are cited as important factors that can drive the internationalisation process due to the competitive advantage they create (Abebe & Angariawan 2011; Freeman & Cavusgil 2007; Hitt et al. 2006). Oviatt and McDougall (1994) highlight that firms with unique, specialised and valuable resources can internationalise from inception, defined as either “firms that are 6 years old or less” (Fernhaber, McDougall & Oviatt 2007, p. 517) or as firms that are 3 years old or less (Freeman & Cavusgil 2007). These firms are called born-globals (Freeman & Cavusgil 2007) or new ventures which are “new firms internationalizing via FDI [and exporting] early” (Freeman, Giroud, Kalfadellis & Ghauri in press, p. 6) and seek:

*... to derive competitive advantage from the use of resources and the sale of outputs in multiple countries from inception (Fernhaber, McDougall & Oviatt 2007, p. 517).*

This is at odds with the original IP model (Johanson & Vahlne 1977), which views internationalisation as a gradual, linear process incorporating increased experiential knowledge. The resources and capabilities that are unique to the firm can result in a competitive advantage. The unique resources and capabilities include technological advantage, organisational size and human and relational capital.

### **3.3.2.1. Technological Advantage**

When exploring the internationalisation process of born-global firms, Nordman and Melén (2008) reveal that high levels of technological knowledge, defined as “experiential knowledge about the technology upon which the born-global firm’s products are built” (2008 p. 175), is a factor that drives early internationalisation. This occurs because often the international customers of the born-global firms are interested in leveraging off the products and technological knowledge of the firm. Consequently international customers approach the born-global and thus begins the internationalisation of the firm (Nordman & Melén 2008). Serra, Pointon and Abdou (2011) propose firms with greater technological intensity have a higher propensity to export. Technological intensity is classified according to the nature of production methods, on a scale ranging from highly labour intensive to highly automated. While examining a different aspect of technological advantage (Nordman and Melén (2008) – knowledge; Serra, Pointon and Abdou (2011) – production methods) these studies provide support for technology as a factor that can drive the internationalisation process.

### **3.3.2.2. Organisational Size**

A well emphasised factor is organisational size with suggestions that larger organisations (in terms of employment and capital) will have a greater propensity to internationalise due to the ability to devote more resources to internationalisation and other size related advantages (Fletcher 2001; Serra, Pointon & Abdou 2011). In examining the effect of organisational size on the export propensity of English and Portuguese firms, Serra, Pointon and Abdou (2011) report size is more important for Portuguese firms than for English firms. Larger SMEs can benefit from the economies of scale as:

*The greater resource-base enables them to utilize better production facilities.... [and other] intangible factors, such as research and development, reflecting changing customer needs and preferences” (Serra, Pointon & Abdou 2011, p. 12).*

However size is less important for the English firms, due to the benefits of the flexibility associated with smaller firms outweighing the benefits from the economies of scale (Serra, Pointon & Abdou 2011). While organisational size is shown to be a factor driving the SMEs to export, there are varying levels of importance, depending on the location of the SME. Therefore further exploration of organisational size is required.

The importance of size and associated advantageous aspects is emphasised by Basu and Goswami (1999) who indicate that the larger-sized immigrant entrepreneur firms are more prevalent in the international market than in the domestic market where they compete with other small, often ethnic, businesses. This occurs due to the competitive advantage gained through their ability to use their knowledge of the market, culture and resources in both the COO and COR during IB negotiations (Basu & Goswami 1999). Thus organisational size is linked to immigrant entrepreneur international activities, due to the advantageous knowledge of the market associated with larger sized firms.

### **3.3.2.3. Human and Relational Capital**

Hitt et al. (2006) examine the importance of two firm resources (human capital and relational capital) in the internationalisation of professional service firms. Human capital is defined as a firm's "... professional employee's accrued expertise and experience" (Hitt et al. 2006, p. 1138). Relational capital, defined as "the joint benefits embedded in a relationship between two or more parties" (Hitt et al. 2006, p. 1138), is composed of three parts: trust, information transfer and joint problem solving (Hitt et al. 2006). A professional service firm, defined as a firm that provides support services (Freeman & Sandwell 2008), gains competitive advantage through its knowledge, which is derived from its employees, or human capital. Advantage is also gained through relationships with corporate clients and foreign government clients, as both groups can provide information about the conditions in the international market, provide legitimacy and access to resources (Hitt et al. 2006). Through examination of US based law firms, the strongest drivers of the internationalisation process are reported to be human capital and foreign government client relationship capital (Hitt et al. 2006).

Support for the effect of human capital is provided by Lin (2010) who suggests that contemporary diasporic entrepreneurs (immigrants who return to their COO) have a resource advantage over indigenous entrepreneurs in the COO:

*... in terms of technology, as well as the knowledge and skills necessary for establishing ventures in high-tech sectors. Because of their experience, [the entrepreneurs] are more likely to develop and maintain networks and partnerships ... allowing for easier access to financial resources, new technologies, and entry to export markets (Lin 2010, p. 129).*

Consequently it is the entrepreneur's networks and knowledge obtained while working in the international market that provide the firm a competitive advantage when operating in their COO. Immigrant ethnic entrepreneur literature has yet to explore how the advantages of relational capital can drive the internationalisation process.

### **3.3.3. Institutional Level Factors that Drive the Internationalisation Process**

Explanations of the factors that drive the internationalisation process which rely on institutional theory (North 1990), view the process as an interaction between firms and institutions which is:

*... not only driven by industry conditions and firm capabilities, but are also a reflection of the formal and informal constraints of a particular institutional framework that managers and entrepreneurs confront (Yamakawa, Peng & Deeds 2008, p. 64).*

Scott (1995, 2005, 2008) indicates that there are three elements of institutions – regulative, normative and cognitive. Szyliowicz and Galvin (2010) suggest that a comprehensive overview of the influence of institutions needs to examine all three elements as they are highly interdependent.

#### **3.3.3.1. Regulative Institutional Factors**

Regulative institutional factors are those that push and pull a firm to consider internationalisation (Yamakawa, Peng & Deeds 2008). As these factors are more visible than normative and cognitive factors, researchers have spent considerable time exploring the regulative factors that drive the internationalisation process (Scott 2008). Factors that pull firms to internationalise include strong marketing by overseas competitors or government export promotions (Hutchinson et al. 2007), and an 'entrepreneur-friendly' institutional environment (in terms of anti-corruption laws, functioning capital markets and intellectual property protection) (Yamakawa, Peng & Deeds 2008; Yang, Jiang, Kang & Ke 2009). Factors that push firms to internationalise include increased domestic market competition (Abebe & Angariawan 2011), and discrimination (in terms of a government's encouragement of large domestic firms and not small new ventures) (Yamakawa, Peng & Deeds 2008; Yang et al. 2009).

Ahmed, Julian, Baalbaki and Hadidian (2006) examine 20 export incentives for Lebanese entrepreneurs. Of the 20 incentives, 17 are significantly important drivers of Lebanese firms'



exporting activities. These include factors that have prior empirical support: availability of government export incentives; enquiries by foreign customers, government agents or industry bodies; increasing domestic competition; close proximity to international markets; profit and growth opportunities in international markets; and adverse domestic market conditions (Abebe & Angariawan 2011; Ahmed et al. 2006; Hutchinson et al. 2007). However, moves by domestic firms to internationalise; entry of foreign competitors into domestic markets; and decline in the value of currency relative to international markets are not significant factors (Ahmed et al. 2006). Given that only Lebanese entrepreneurs are examined, the researchers suggest the replication of these findings with entrepreneurs from different international markets is required (Ahmed et al. 2006).

Cheng and Yu (2008) propose that regulative institutional pressures can push and pull firms to consider internationalisation. The CEOs of 165 Taiwanese SMEs indicated that the decision to initiate the firm's internationalisation process was a response to the perceived external institutional pressure of the home country. External pressures include coercive pressure (pressures from suppliers, customers, home government and stockholders), mimetic pressure (uncertainty in the home country, imitating successful peers and the pressure to act in response to competitors) and normative pressure (pressures from the union, inter-personal contacts with other CEOs, suggestions from board members) (Cheng & Yu 2008). Consequently, the CEOs who perceive pressure internationalise earlier and in a more 'radical style' than those CEOs who do not have the same perception. Cheng and Yu (2008) describe a 'radical style' as selecting a high commitment, high risk entry mode such as a wholly owned subsidiary. The institutional pressures that pushed the Taiwanese SMEs to internationalise include pressure from customers and suppliers, stockholders and board members, governments, unions, and also pressure to imitate successful competitors (Cheng & Yu 2008). This is supported by Chetty and Campbell-Hunt (2004) in their exploration of New Zealand born-global firms.

Belso-Martinez (2006), Cheng and Yu (2008), and Yang et al. (2009) suggest that external institutions e.g. governments and consultancy agencies, are significant factors that drive the internationalisation process. These institutions provide vital knowledge of international markets which facilitates the firm's decision to internationalise (Hutchinson et al. 2007).

However, Belso-Martinez (2006) indicates that institutional networks, defined as the “presence of institutions at an international level” (Belso-Martinez 2006, p. 217) do not drive rapid internationalisation of firms. Yet, these networks are significant for those firms that gradually internationalised (Belso-Martinez 2006).

Regulative institutional factors have received little attention from immigrant ethnic entrepreneur researchers. Portes, Escobar and Walton Radford (2007) indicate that national level institutional factors, including government policies and practices regarding the incorporation of immigrants into the country of residence, are pull factors of transnational entrepreneurialism. Similarly, Iyer and Shapiro (1999) propose that an immigrant entrepreneur’s assumed knowledge of the institutional environment of the COO will influence their decision to enter the COO market. How regulative institutional factors influence the immigrant ethnic entrepreneurs’ internationalisation process has yet to be explored.

Rusinovic (2008) examines the markets in which immigrant entrepreneurs in the Netherlands participate and the differences between first and second-generation immigrants. The results indicate that while ethnic markets provide opportunities to become self-employed, growth is restricted due to the concentration of entrepreneurs providing similar products and services for a small clientele base. In order to avoid market saturation effects, the entrepreneur must expand to provide products and services to the wider, non-ethnic domestic market (Rusinovic 2008). Thus this study provides explanation of how institutional factors push and pull immigrant businesses to change from serving the “ethnic market” (defined as “entrepreneurs who sell an ethnic product and whose main clientele has the same immigrant background as the entrepreneur” (Rusinovic 2008, p. 441)) to the “mainstream” market where non-ethnic clientele are provided with non-ethnic services or products. How regulative institutional factors drive the immigrant ethnic entrepreneur internationalisation process are ignored.

How push and pull factors influence immigrant ethnic entrepreneurs in the domestic market is also explored by Piperopoulos’ (2010) study of the extent to which immigrants in Greece enter self-employment. The results show that immigrants are both pushed and pulled into self-employment. On the one hand, discrimination, restricted job opportunities and the

advantage of access to ethnic resources push some immigrants to self-employment. On the other hand, dissatisfaction with low-paying, limited advancement jobs and the opportunity to serve a specific market demand (ethnic enclave demand for ethnic foods/services/products) pull other immigrants into self-employment (Piperopoulos 2010). These factors are similar to those identified by Basu and Goswami (1999) where push factors include redundancy and underpaid salaried work while pull factors include best use of expertise, desire for independence and for a higher social status. However, Piperopoulos (2010) neglects to account for the factors that drive immigrants to internationalise their businesses.

### **3.3.3.2. Normative Institutional Factors**

Normative institutional factors influence the firm's ability to establish legitimacy, which can facilitate the flow of resources, including technology, networks, customers, finances, and employees (Yamakawa, Peng & Deeds 2008; Zimmerman & Zeitz 2002). Legitimacy is defined as:

*... a generalized perception that the actions of an entity are desirable and appropriate within some socially constructed norms, values and beliefs (Yamakawa, Peng & Deeds 2008, p. 72).*

Thus it is an individual's belief or judgment that a firm is competent, appropriate, effective and worthy, i.e. legitimate, that will motivate them to give the firm such resources. Legitimacy is obtained by the firm behaving in a way consistent with society's norms and values, including fair treatment of employees and customers. For new ventures, being perceived as legitimate is particularly important as it assists an investor to decide to provide resources to the firm, despite the level of uncertainty of the return on investment (Zimmerman & Zeitz 2002). It is the potential to enhance a firm's legitimacy in the home market that will drive the internationalisation process. This is particularly important for firms in emerging economies who internationalise to developed economies. By having a presence in the developed economy, the firm will gain legitimacy and credibility by participation in a 'credible' location (Zimmerman & Zeitz 2002). Their success in a credible location signals their credibility to their investors, resource providers and government in the home market.

Yamakawa, Peng and Deeds (2008) provide the example that if a firm is able to compete in a wealthy developed market, it:

*... enhances the attractiveness of the investment and separates this particular investment from investment in other struggling domestic ventures (Yamakawa, Peng & Deeds 2008, p. 73).*

Thus while limited research (Bangara, Freeman & Schroder 2011) explores how the search for legitimacy drives the internationalisation process, this is yet to be explored in the context of immigrant ethnic entrepreneur internationalisation.

### **3.3.3.3. Cognitive Institutional Factors**

Cognitive institutional factors are the beliefs, values and assumptions of an individual (Scott 2008; Zimmerman & Zeitz 2002). Yamakawa, Peng and Deeds (2008) suggest that in the context of firms in emerging economies internationalising to developed economies, entrepreneurs may believe that internationalisation is “an important contribution to their nation’s success ... [or it is] the right thing to do despite its costs and risks” (Yamakawa, Peng & Deeds 2008, p. 73). This is supported by Lin’s (2010) examination of contemporary diasporic entrepreneurs who maintain a connection to the COO and:

*For many diaspora individuals, engaging in business with their home country is associated with “giving back”, both psychologically and physically (Lin 2010, p. 129).*

A limitation of Lin’s (2010) study is that it does not account for how regulative and normative institutional factors may also influence the entrepreneur’s internationalisation process.

The Italian government has been very clear that the motivation for encouraging mass migration of its citizens was to enable the immigrants to form economic ties and even contribute to the economic success of their COO (Mascitelli & Battiston 2008). The economic ties extend not only to the immigrant, but also to their descendants, as outlined by the Venetian Regional Minister for Migration, Franco Bozzolin:

*Ideally, from an economic point of view, one would like to think of a network of businesses with its nodes in the Veneto [region in Northern Italy] and every part of the world, where a young person of Veneto background may have had the opportunity to start his or her own [economic] activity in connection with the regional economic system (Baldassar & Pesman 2005, p. 222).*

It is unknown whether the continual encouragement from the COO will see Italian immigrant entrepreneurs internationalise to the COO due to the cognitive belief that it is “the right thing to do”. Yamakawa, Peng and Deeds (2008) indicated that:

*... social capital developing from kinship, education, working background and experience with a developed economy can play a role in informing what the right thing to do is (Yamakawa, Peng & Deeds 2008, p. 74).*

Furthermore, as discussed in Section 7.4.1 Perceptions of the Italian Institutional Environment, the Italian institutional context is reported to be unfavourable to FDI due to the presence of institutional issues including political instability and corruption (Daniele & Marani 2011). Given these institutional issues in the Italian market, it is unclear whether immigrant entrepreneurs will still consider internationalising to Italy because it is “the right thing to do despite its costs and risks” (Yamakawa, Peng & Deeds 2008, p. 73), including the costs and risks of investment associated with the institutional issues in the market, such as the threat of intimidation, possible attacks and the destruction of property (Daniele & Marani 2011).

#### **3.3.4. Summary**

Explanations of how factors drive the internationalisation process have drawn on different theories and explored at three levels:

1. *Managerial level factors* relying on behavioural theories, including social network theory (Burt 1992), and upper echelons theory (Hambrick & Mason 1984). These factors include education level and foreign language skills (Serra, Pointon & Abdou 2011; Zucchella, Palamara & Denicolai 2007), international experience (Belso-Martinez 2006), and social ties (Hutchinson et al. 2007).
2. *Firm level factors* relying on resource-based view (Barney 1991; Grant 1991). These include technological advantage (Nordman & Melén 2008), organisational size (Serra, Pointon & Abdou 2011), and human and relational capital (Hitt et al. 2006).
3. *Institutional level factors* relying on institutional theory (North 1990; Scott 1995, 2005, 2008). These include the push and pull regulative factors (Cheng & Yu 2008; Yang et al. 2009), normative factors related to establishing legitimacy and cognitive factors related to beliefs and values (Yamakawa, Peng & Deeds 2008; Zimmerman & Zeitz 2002).

Immigrant ethnic entrepreneur research has primarily focused on managerial level factors (Basu & Goswami 1999; Portes, Escobar & Walton Radford 2007). It is the strong nostalgia to, relations in, and assumed knowledge of the COO that drive the immigrant ethnic entrepreneur to internationalise (Iyer & Shapiro 1999). The effects of firm and institutional level factors have largely been neglected by immigrant ethnic entrepreneur research, even though the significant influence of these factors is demonstrated by IB research (Abebe & Angariawan 2011). It has yet to be seen how these well researched factors apply to the internationalisation process of immigrant ethnic entrepreneurs. Are Iyer and Shapiro (1999) correct in their assertion that the managerial level factors are the primary drivers, or do firm and institutional level factors also influence the decision to internationalise? Thus based on the above discussion, the first research question to be addressed in this study is:

***Factors that drive the immigrant ethnic entrepreneur internationalisation process:***

***1.a How do managerial level factors drive the internationalisation process?***

***1.b How do firm level factors drive the internationalisation process?***

***1.c How do institutional level factors drive the internationalisation process?***

### **3.4. Identification of International Market Opportunities**

The literature on the internationalisation process is largely based on the Stage model (Johanson & Wiedersheim-Paul 1975), the Uppsala IP model (Johanson & Vahlne 1977) or the innovation model (I-model) (Cavusgil 1980) of internationalisation. While these models are able to classify firms according to their degree of internationalisation, they have been criticized for being too deterministic and for their silence on how international market opportunities are identified, even though the knowledge of such opportunities is assumed to be a driver of the process (Chetty & Campbell-Hunt 2004; Ellis 2000). The identification of new business opportunities is a process where an individual:

*... identifies unobserved or latent combinations of resources and customer demand, including the identification of new, innovative solutions to the supply of already existing products and services (Mathews & Zander 2007, p. 393).*

This process is an important aspect of the internationalisation process (Chandra, Styles & Wilkinson 2009; Hayton, Chandler & DeTienne 2011; Kontinen & Ojala 2011). Evers and Knight (2008) and Ellis (2011) employ social network theory to examine the processes used

by firms to identify international market opportunities. They suggest that social ties influence the flow of information about international market opportunities, and those without the ties are unable to obtain such information.

The international experience of the individual is shown to be linked to a higher number of networks which assist in the identification of international market opportunities (Bouquet, Morrison & Birkinshaw 2009). This is similar to upper echelons theory (Hambrick & Mason 1984) that indicates that a TMT with a diverse range of international experiences has access to a broader external network through which information about market opportunities can be obtained (Lee & Park 2006).

Relying on institutional theory, Kloosterman and Rath (2001) indicate that the institutional structure at a national, regional and local level may influence the flow of information and therefore the identification of international market opportunities. However, while Iyer and Shapiro (1999) suggest that immigrant entrepreneurs identify international market opportunities via their networks in the COO, this has yet to be comprehensively explored. Ellis (2011) calls for further research on the identification of international market opportunities:

*... little is known about the methods used by entrepreneurs for opportunity recognition  
.... how these opportunities come to be recognized and exploited is rarely addressed  
(Ellis 2011, p. 99).*

This is supported by Chandra, Styles and Wilkinson (2009) as this process:

*... is the beginning of the internationalization process and deserves more systematic research attention than it has so far received because it is the trigger that starts everything off (Chandra, Styles & Wilkinson 2009, p. 31).*

Therefore, the present study explores the identification of international market opportunities by immigrant ethnic entrepreneurs and the influence of social ties, international experience and institutions on this process.

#### **3.4.1. Networks: Social Ties**

While the significance of networks in the internationalisation process is recognised (Blankenburg 1995; Johanson & Mattsson 1988), there is limited focus on the importance of

social ties in this process (Ellis 2011; Evers & Knight 2008; Kariv et al. 2009). The foundation of social network theory is that social networks:

*.. comprise a set of connections – friends, kin, and co-investors who know one another – that help [transnational entrepreneurs] create opportunities by combining resources of their contacts (Patel & Conklin 2009, p. 1053).*

The relational theory of social networks (Granovetter 1985) proposes that information regarding new opportunities is disseminated through bridge ties that link people in separate social clusters. Therefore, Ellis and Pecotich (2001) and Zhou et al. (2007) argue that information regarding international market opportunities will disseminate through bridge ties which link managers in distinct social clusters that are connected to a particular market. It follows that unique information benefits exist for those individuals connected to distant clusters, and therefore, knowledge and discovery of international market opportunities is contingent upon the individual's social ties (Ellis & Pecotich 2001; Ellis 2000). The theory further distinguishes between the benefits of weak and strong interpersonal ties, based on the level of intimacy, time, emotional intensity and reciprocal services. Weak ties evolve from infrequent interactions, encompass low emotional commitment and are useful for gaining novel information and access to a diverse range of knowledge sources. Strong ties are indicative of more frequent and higher quality social interactions with high emotional commitment, making the information received deemed more trustworthy and from a reliable source (Ellis & Pecotich 2001; Granovetter 1985; Zhou, Wu & Lou 2007).

The structural theory of social networks (Burt 1992, 1997) emphasises the value of social ties and personal contacts in transmitting information, in particular, the benefits of ties to individuals in different social networks. Individuals within the same social network will have access to the same information, new and novel information is sourced from the ties to individuals in different social networks (Burt 1992; Zhou, Wu & Lou 2007). Consequently, social networks have been defined as:

*The network of individuals who are linked through interactions consisting mainly of social exchanges, but information and business exchanges can also take place through those social relations (Zhou, Wu & Lou 2007, p. 677).*

Thus the social network can, and does, include personal ties with friends, relatives, government officials and professionals (Zhou, Wu & Lou 2007). Therefore Ellis (2011), Harris and Wheeler (2005) and Zhou, Wu and Lou (2007) indicate that social ties facilitate



the exchange of information, which can be used to identify international market opportunities.

#### **3.4.1.1. Social Ties vs. Business Networks**

Ellis (2011) illustrates the difference between social ties and business networks. Social ties are ties between individuals while business networks are those between firms. Traditionally researchers have focused on business networks. However, Ellis (2011) proposes two advantages of examining social ties, and consequently the individual level of analysis. First, international market opportunities are identified by individuals in a cognitive act, not by groups in a collective act. Second, given the business networks are ties between firms, it limits analysis to the ties to firms and markets where business relations are already established and cannot suitably explain expansion into new markets. Accordingly, Ellis (2011) promotes a focus on social ties as it is less restrictive than the business network and firm level of analysis because it enables examination of the flow of information via all types of ties. For example, the identification of international opportunities can occur through direct or indirect connections with family, friends, etc. abroad (Ellis 2011). Conversely, the revised business network IP model (Johanson & Vahlne 2009) focuses on business networks that link firms and provide the firms with an extended knowledge base, and suggest that:

*Relying on a related knowledge base, the focal firm may thus enter networks abroad, where it may be able to identify and exploit opportunities (Johanson & Vahlne 2009, p. 1425).*

However, despite acknowledging that “relationships are basically socially constructed” (2009, p. 1414), as indicated by Johanson and Vahlne (2009):

*... we focus on business networks as a market structure in which the internationalizing firm is embedded and on the corresponding business network structure of the foreign market (Johanson & Vahlne 2009, p. 1413).*

Thus this model does not explicitly account for the influence of social ties, which Ellis (2011) defines as distinctly different from business networks:

*Social networks are distinguished from business networks primarily by the level of analysis: a social network is the sum of relationships linking one person with other people (Burt 1992), whereas a business network is normally described as a set of relationships linking one firm with other firms (Ellis 2011, p. 102).*

### 3.4.1.2. The Importance of Trust

The importance of trust that accompanies social ties has received significant attention. It is suggested that trust is important when considering the validity of the information regarding opportunities gained from the tie or gaining assurance of the authenticity of the information (Granovetter 1985; Harris & Wheeler 2005). Zhou, Wu, and Lou (2007) consider social ties to be personal ties and connections that are based on trust and goodwill. Drawing on the previous work by Ellis (2000) and Ellis and Pecotich (2001), Zhou, Wu, and Lou (2007) explore the mediating role of social ties on internationalisation and the performance of born-global SMEs in China. They indicate that the COO based social ties of the SMEs are vital for the identification of international market opportunities. Furthermore, the trust and goodwill on which the relationships are based will reduce knowledge barriers and therefore facilitate the internationalisation process (Zhou, Wu, & Lou 2007). Focusing on business networks, Johanson and Vahlne (2009) view trust as a benefit arising from network ties. Specifically:

*Trust can also substitute for knowledge, for instance when a firm lacks the necessary market knowledge and so lets a trusted middleman run its foreign business (Johanson & Vahlne 2009, p. 1417).*

However, these studies focus on the firm level networks and neglect the entrepreneurial/individual level and how these trusted ties between individuals can facilitate the exchange of information (Jean, Tan & Sinkovics 2011).

Relying on social network theory (Burt 1992; Granovetter 1985), Evers and Knight (2008) explore the influence of international trade shows on firm internationalisation in the seafood industry. The findings indicate that the social ties developed at trade shows exhibit such high levels of trust that reputation, credibility and legitimacy are automatically transferred to prospective partners (Evers & Knight 2008). For this reason international social ties are considered to be a more valuable information source than agency information (Evers & Knight 2008). Harris and Wheeler (2005) do not find support for the significance of social relationships developed at trade shows. They propose that extensive social interactions which result in deep trusted interpersonal relationships often come from social settings, not customer / supplier or distributor firms (Harris & Wheeler 2005).

Conversely, Ellis (2011) finds that international market opportunities identified through social ties lead to better exchanges than non-tie based opportunities (e.g. those identified

through trade fairs). This occurs due to the embedded trust and the historical nature of the tie that ensures the opportunity will be easier and faster to act on as trust implies commitment. Opportunities identified through non-ties require time to establish trust. This is contrary to Evers and Knight (2008) who indicate that social ties established at trade shows result in high levels of trust. Furthermore, Ellis (2011) finds that the entrepreneurs rate the relational benefits of social ties (trust, commitment etc.) lower than the economic benefits of the tie. The lower transactions costs result in higher returns and this is deemed more important than the fact that business is done through friends (Ellis 2011). In comparison, Kontinen and Ojala (2011) report that among eight family SMEs, existing ties are not commonly used for the identification of opportunities. Rather new weak ties (in terms of intimacy and emotional intensity) formed at international exhibitions or from unsolicited orders are used. Importantly:

*... the personality of the potential cooperator was significantly more important than the proven skills or qualifications of the person ... [family entrepreneurs] cooperating only with those individuals that they felt were trustworthy – ‘good people’ (Kontinen & Ojala 2011, p. 450).*

However these weak ties quickly develop into strong ties as the entrepreneurs invest significant time into developing the ties. Therefore there is much confusion over the benefits of trust associated with social ties, which evolve from interactions at trade shows or international exhibitions.

Trust and goodwill have been associated with an immigrant ethnic entrepreneur's kinship ties in the COO. Kinship or family ties represent a unique strong tie between individuals and:

*... may be understood as possessing uniquely high levels of time, emotional intensity, intimacy and reciprocity relative to all other forms of social connections (Hayton, Chandler & DeTienne 2011, p. 16).*

Given the high levels of resources (e.g. time) required to maintain kinship ties, this comes at the cost of having less time available to pursue and maintain other strong or weak ties (Hayton, Chandler & DeTienne 2011). However, Hayton, Chandler and DeTienne (2011) suggest that kinship ties are more likely than strong and weak ties to result in a greater flow of private information about opportunities. Thus family firms are more likely to identify opportunities in a gradual, emergent learning process as information becomes available. Iyer and Shapiro (1999) explain that interpersonal and kinship ties to the immigrant ethnic

entrepreneur's COO result in mutual trust, informality and social enforcement. This renders the information about opportunities in international markets, specifically in the COO, both reliable and trustworthy. This is supported by Jean, Tan and Sinkovics (2011) who examine ethnic ties and highlight that ethnicity based ties are characterized by trust that acts as a governance mechanism whereby violation of the trust can result in the enforcement of community sanctions. Focusing on family SMEs, Hayton, Chandler and DeTienne (2011) lend further support to the advantages of kinship ties on the internationalisation process, reporting:

*The presence of kinship ties within the family firm may increase the probability of receiving private information about opportunities that may exist (Hayton, Chandler & DeTienne 2011, p. 26).*

However, Kontinen and Ojala (2011) emphasise that of the eight family SMEs examined, none used kinship ties to identify international market opportunities. Thus there is confusion over the influence of kinship ties in the process of identifying international opportunities.

#### **3.4.2. Manager Characteristics: International Experience**

International experience is suggested by Bouquet, Morrison and Birkinshaw (2009) and Nordman and Melén (2008) to increase awareness of international market opportunities as the networks in foreign countries (including COO) result in higher numbers of contacts in international markets that increase the flow of information about new opportunities.

Similar to upper echelons theory, Bouquet, Morrison and Birkinshaw (2009) suggest that the international experience of executives assists the discovery and identification of international market opportunities, as international experience 'colours' how executives pay attention to and interpret information about the business world (Bouquet, Morrison & Birkinshaw 2009; Nordman & Melén 2008). This is particularly evident in the examination of born-global firms that internationalise from inception or soon after and possess little organisational knowledge, relying on the international knowledge and experience of the founder. Bouquet, Morrison and Birkinshaw (2009) use a behavioural approach to examine the performance consequences of international attention, defined as:

*The extent to which headquarters executives in the multinational enterprise (MNE) invest time and effort in activities, communications, and discussions aimed at improving their understanding of the global marketplace (Bouquet, Morrison and Birkinshaw 2009, p. 108).*

The firm's international attention may consist of three dimensions:

1. *Global scanning* – activities which help identify, gather and interpret opportunities in international markets.
2. *Overseas communications* – conversations with overseas managers to confirm the 'international signals', e.g. confirming the results of the global scanning.
3. *Globalisation discussions* – discussions between senior executives of a parent company (Bouquet, Morrison & Birkinshaw 2009).

The strength of the influence of these three dimensions on MNE performance is found to be moderated by the international experiences of headquarters (HQ) executives. International experience, defined as "living and working in a foreign country for at least a year" (Bouquet, Morrison & Birkinshaw 2009, p. 114) assists in the global scanning and overseas communications as the insights gained are complex and require experience and expertise to process the information which is open to a variety of meanings, interpretations and understandings. Bouquet, Morrison and Birkinshaw (2009) indicate that high levels of international experience are associated with a large pool of established overseas networks with industry partners, suppliers, government officials, and managers who can assist the HQ executive to identify and confirm information about opportunities. Those executives without such international networks do not have the same ability to confirm and process information about international market opportunities. This is supported by upper echelons theory (Hambrick 2007). Therefore, Bouquet, Morrison and Birkinshaw (2009) suggest firms value the acquisition of international experience as a key requirement for executives as this resource will improve the gathering, identifying, interpreting and confirmation of opportunities in international markets.

The importance of international experience and associated knowledge is supported by Nordman and Melén (2008) who explore the influence of international knowledge and technical knowledge on born-global identification of international market opportunities. International knowledge, defined as "experiential knowledge about conducting business within an international setting" (Nordman & Melén 2008, p. 175), is acquired during prior international experiences, which also enable the manager to develop personal networks that can serve as sources of information about opportunities and advice. The study indicates that managers with high levels of international knowledge employ a structured, proactive

approach to searching for international market opportunities, while low levels of international knowledge results in a reactive approach and identifying opportunities during normal business activities (Nordman & Melén 2008). However, in examination of entrepreneurs in four Chinese cities, Ellis (2011, p. 11) reports only “qualified support” for international experience, finding that the likelihood of entrepreneurs using social ties to identify opportunities was marginally increased with higher levels of international experience. Therefore, it is argued that the international experience of managers is associated with international networks that may facilitate the identification of international market opportunities.

Examining eight case studies of knowledge-based SMEs in Australia, Chandra, Styles, and Wilkinson (2009) explore the process for the identification of international market opportunities. The cases demonstrate that firms with little or no prior international knowledge and experience will identify their first international market opportunity through discovery and not deliberate searching. Those firms with significant international knowledge and experience both discover by ‘chance’ and deliberately search for the first time international market opportunity. Furthermore, the identification process involves two steps. First, the flow of information from networks. Second, the interpreting of the information in a manner of matching existing means (resources, technologies etc.) with new ends (entering new markets) (Chandra, Styles & Wilkinson 2009). Johanson and Vahlne’s (2009) revised business network IP model is silent on the identification process for first or subsequent entries, but endorses Chandra, Styles and Wilkinson’s (2009) notion of understanding existing firm means and the use of a proactive approach to identifying opportunities through ongoing business activities:

*Moreover, opportunity recognition is likely to be an outcome of ongoing business activities that add experience to the existing stock of knowledge. An important part of that experience is knowledge of one’s own firm and its resources, including the external resources that are partially available through network relationships (Johanson & Vahlne 2009, p. 1419).*

This supports previous research by Ellis and Pecotich (2001) and Crick and Spence (2005) who demonstrate that for firms with little or no international experience, the initial identification of international market opportunities occurs through ‘discovery’ via information from networks, trade missions or through chance encounters. However,

immigrant ethnic entrepreneur literature remains silent on the effect of international experience on the identification process of international market opportunities.

### **3.4.3. Institutions: National, Regional and Local Level**

Mathews and Zander (2007) acknowledge that:

*... institutional differences impose persistent but to a certain extent negotiable constraints on the discovery and exploitation of the opportunities inherent in the global opportunity set (Mathews & Zander 2007, p. 303).*

The importance of regulative institutional factors has much support, including findings that a firm's opportunities and constraints are connected not only to their particular resources and capabilities, but are also determined by the combination of home country and industry specific institutional characteristics (Pajunen 2008; Szyliowicz & Galvin 2010). Conversely, in their revised business network IP model, Johanson and Vahlne (2009) indicate that:

*We believe that internationalization is contingent more on developing opportunities than on over-coming uncertainties, for example concerning institutional conditions in the foreign market (Johanson & Vahlne 2009, p. 1423).*

Therefore the significance of the influence of institutional factors and the process of developing opportunities requires further exploration.

Kloosterman and Rath (2001) propose a mixed embeddedness approach to explain immigrant ethnic entrepreneur identification of international market opportunities. This approach examines embeddedness in social and economic networks, as well as embeddedness in the institutional structure (at a national, regional and local level) in which the immigrant ethnic entrepreneur needs to perceive, access and develop the opportunity. Kloosterman and Rath (2001) conclude that the different enforcement of rules, regulations and practices at the three levels of the institutional structure influences the flow of information and ability of the immigrant ethnic entrepreneur to receive and identify information about international market opportunities. Examination of the influence of institutions at the three levels, particularly the national level, is still required with Short et al. (2010) suggesting that:

*... there is value in considering how opportunities at the national level of analysis shape the nature of opportunities at the firm level. The emphasis on government and institutions within political science encourages attention to how different public policy approaches serve as antecedents by creating opportunities for entrepreneurs (Short et al. 2010, p. 61).*

Furthering our understanding of the effect of regulative institutions at the regional level, Bakalis and Joiner (2006) examine the motivations for the establishment of ethnic Chambers of Commerce and their role as a network facilitator. The researchers focus on ethnic Chambers of Commerce because Stanton and Lee (1995) demonstrate that immigrants who maintain links to their COO and become exporters can use their tacit knowledge to reduce search and transaction costs, access networks and overcome language and cultural barriers. Given the large presence of many diverse communities, the State of Victoria, Australia, was chosen to conduct interviews with eight ethnic Chambers of Commerce and other key stakeholders, including the Australian Trade Commission. All the Chambers are focused on investment and (bi-lateral) trade and are aware of the importance of tapping into the local ethnic community to gain access to business networks, especially those communities that maintain worldwide ethnic ties. All Chambers are involved in networking functions, trade delegations/missions and trade shows as these help them to achieve their purpose. In addition, the Chambers offer other services that facilitate knowledge transfer and the identification of international market opportunities. These services include providing cross-cultural advice on the economic/business systems in the country and business/people matching whereby the Chamber facilitates contact between two interested parties. Bakalis and Joiner (2006) highlight the importance of these services in potentially increasing the incidence of the 'accidental' export opportunities. Ellis (2011) suggests that the majority of international market opportunities identified by Chinese entrepreneurs are discovered and rarely 'accidental' as previously indicated by Ellis and Pecotich (2001) and Ellis (2000). Hayton, Chandler and DeTienne (2011) support the proposition that the identification of opportunities can be 'accidental'. Therefore the ability to increase the incidence of 'accidental' export opportunities may be a positive initiative.

Bakalis and Joiner (2006) conclude that in Australia, business associations, government organisations and ethnic Chambers of Commerce (all regulative institutional factors) are in a position to facilitate networks and the flow of information about export opportunities. Consequently they recommend that the Australian government follows:

*... the coordination by the Italian Ministry of Foreign Trade of 60 Italian Foreign Chambers of Commerce and Industry that were founded to 'exploit' the extensive presence of Italian diaspora/expatriate communities in many countries (Bakalis & Joiner 2006, p. 107).*



However, the actual success of the Chambers in facilitating exporting opportunities is not explored by Bakalis and Joiner (2006). Furthermore, in their examination of the opportunity identification process of eight Finnish family SMEs operating in France, Kontinen and Ojala (2011) report that none of the opportunities were mediated by export-promoting organisations. Therefore the use of mediatory organisations such as the Chambers of Commerce is unclear.

#### **3.4.4. Summary**

Based on social network theory (Burt 1992; Granovetter 1973), Ellis (2011) and Zhou, Wu and Lou (2007) suggest that social ties influence the flow of information about international market opportunities, and those without the ties are unable to obtain such information. Research utilising upper echelons theory (Hambrick 2007) indicates that international experience assists with the identification of opportunities due to the increased international network base (Bouquet, Morrison & Birkinshaw 2009; Nordman & Melén 2008). Offering a similar perspective, research relying on institutional theory (Szyliowicz & Galvin 2010) also indicates that the institutional structure can influence the flow of such information and therefore identification of international market opportunities (Bakalis & Joiner 2006; Kloosterman & Rath 2001). However, immigrant ethnic entrepreneur research is yet to explore the process of identifying international market opportunities. Thus the second research question to emerge from the literature is:

*How do immigrant ethnic entrepreneurs identify international market opportunities?*

#### **3.5. International Market Selection**

Relying on the network perspective, ethnic ties in the COO are thought to be a primary reason for the immigrant entrepreneur's international market selection (Iyer & Shapiro 1999; Mustafa & Chen 2010). Similarly to Iyer and Shapiro's (1999) model of successful ethnic business expansion, upper echelons theory (Hambrick & Mason 1984) suggests that an executive's high level of international experience results in a large number of international ties that are valuable sources of information about market conditions, as well as providing access to local resources (Lee & Park 2006). Similarly the Stage model (Johanson &

Wiedersheim-Paul 1975) indicates that the psychic distance between two markets will influence international market selection. Psychic distance is defined as:

*... the sum of factors preventing or disturbing the flows of information between firm and markets (Johanson & Wiedersheim-Paul 1975, p.308).*

Conversely, Dunning's eclectic paradigm (Dunning 2009a) indicates a international market may be selected based on the location-specific advantages that arise from using resources tied to a particular location and combining them with the firm's unique assets (including networks). Drawing on institutional theory, Nasra and Dacin (2010) and Pajunen (2008) suggest that the presence and regulation of various institutional factors will influence the perceived attractiveness of the market, and the likelihood it will be selected. However, it is not clear whether the immigrant ethnic entrepreneur's ties to their COO market will be viewed as more advantageous than ties to a market that is similar to their COR. To date, a comprehensive answer is lacking.

### **3.5.1. Networks: Ethnic Ties**

Ethnic ties are a form of social networks and are defined as:

*Informal social or personal networks encompassing characteristics such as shared mother tongue, national origins, ethnic group and region of birth (Jean, Tan & Sinkovics 2011, p. 627).*

Zaheer, Lamin and Subramani (2009) highlight that while the role of ethnic ties has recently received attention:

*We know little about the extent to which the ties of entrepreneurs to their ethnic communities play a role in the location of new ventures (Zaheer, Lamin & Subramani 2009, p. 952).*

Their study, relying on the network perspective, examines the location choice of domestic and foreign entrants in India. Ethnic ties are particularly important in this market because ethnic divisions result in regional and linguistic variances. The relevance of within country ethnic and regional differences is supported by Johanson and Vahlne (2009):

*There may be cultural differences within a country that make it logical to view parts of the country as entirely different markets with different psychic distances. Indeed, the concept of the liability outsidership does not necessarily refer to countries. It is a firm-level concept that may relate to a network within a country, or a wider region (Johanson & Vahlne 2009, p. 1421).*

The ethnic and linguistic ties influence the social ties, which in turn may influence access to knowledge, key stakeholders and resources (Zaheer, Lamin & Subramani 2009). The ethnic divisions are emphasised in Zaheer, Lamin and Subramani's (2009) study of the influences on location choice by domestic and foreign firms. The results reveal that ethnic ties are more important in location choice than cluster capabilities and location attributes, which is contrary to cluster theory (Porter 1998) and Dunning's eclectic paradigm (Dunning 2009a). However, ethnic ties are more important to domestic Indian firms than foreign firms, even though some of the foreign firms were founded by Indian immigrants from the USA (Zaheer, Lamin & Subramani 2009). Thus it is unclear how important ethnic ties are to the immigrant entrepreneurs' location choice, especially when exploring opportunities in their COO. Zaheer, Lamin and Subramani (2009) suggested this result merits further research attention.

Extending Zaheer, Lamin and Subramani's (2009) study to the Chinese context, Jean, Tan and Sinkovics (2011) examine the impact of ethnic ties on FDI location choice and firm performance among 88 Taiwanese business groups operating in China. Following the analysis of data obtained from the 1998 and 2002 editions of the directory Business Groups in Taiwan, Jean, Tan and Sinkovics (2011) find empirical support for the proposition that Taiwanese firms are more likely to locate their FDI in China where they have stronger managerial ethnic ties. Based on social network theory, Jean, Tan and Sinkovics (2011) suggest that firms can use the manager's ethnic ties to provide knowledge and resources and this advantage results in the firm entering the market where the ethnic ties are based. However, as the data were obtained from a directory and not from interviewing the managers directly involved in the international market selection decision, our understanding of how useful the ethnic ties are in this decision remains limited.

Conversely Iyer and Shapiro's (1999) model of successful ethnic business expansion indicates that ethnic ties in the COO are a factor in the international decision making process as immigrant entrepreneurs select their COO market due to:

*... their detailed knowledge of the economic, cultural, and political environments of their own home countries, ethnic entrepreneurs perceive lesser risks in their international investments compared with others unfamiliar with the international environment. Moreover, their contacts with extended family and friends reduce their risks further (Iyer & Shapiro 1999, p. 104).*

Thus the COO market is perceived to be less risky than other markets where they do not possess such networks or detailed knowledge. However, not all immigrants may have a detailed knowledge of the COO economic, cultural and political environments. The knowledge may be derived from their contacts located in the COO. Iyer and Shapiro (1999) do not explore whether the knowledge is acquired from personal experiences of the COO or through the immigrant's ethnic ties. Johanson and Vahlne (2009, p. 1427) indicate that future research should focus on "... the role of relationships as vehicles in learning about institutional and cultural conditions".

While Iyer and Shapiro (1999) suggest that ethnic and kinship ties in the COO and associated knowledge of the institutional environment of the country contribute to the COO market appearing the least risky for an immigrant ethnic entrepreneur's internationalisation attempt, they do not distinguish between initial and subsequent foreign market entries. The concept of a reduced risk perception influencing the market selection and decision to commit to a market is similar to the Stage model which *does* distinguish between initial and subsequent entries (Johanson & Wiedersheim-Paul 1975). The model illustrates that international market selection is based upon the perceived psychic distance between the two markets (Johanson & Wiedersheim-Paul 1975). Psychic distance has been cited as a predictor of international market selection (Brewer 2007) and is defined as:

*... the sum of factors preventing or disturbing the flows of information between firm and markets" (Johanson & Wiedersheim-Paul 1975, p.308).*

The model indicates that a firm internationalises in sequential, gradual stages with increasing commitment at each stage as the firm gains more knowledge and experience. Initial attempts at internationalisation occur in psychically close markets, that is, countries and markets that are easy for the TMT to understand due to an uninterrupted flow of information. As firms gain more knowledge and experience, progressively psychically distant markets are selected, that is markets that may be more difficult to understand. Common factors cited in the literature preventing the flow of information are differences in languages, cultures, political environments, to name a few (Brewer 2007; Johanson & Vahlne 1977). Conversely, the born-global approach views psychic distance as largely irrelevant (Knight & Cavusgil 1996), although Chetty and Campbell-Hunt (2004) find that NZ born-globals did select psychically close markets for their initial market entries, and these were quickly followed by psychically

distant markets. It is unclear whether psychic distance will influence the immigrant ethnic entrepreneur's international market selection: will the immigrant's assumed knowledge and familiarity with their COO market prove more favourable for an internationalisation attempt than a market that is psychically closer to their COR? To date, the literature is unable to provide a comprehensive answer.

Similarly, Portes, Escobar and Walton Radford (2007) and Portes, Guarnizo and Haller (2002) propose that immigrant ethnic entrepreneurs select their COO as a destination for internationalisation because of the ties located in the COO. However, they do not explain how or why the ties are useful. Schweizer, Vahlne and Johanson (2010) shed light on the usefulness of ties for internationalisation in their examination of Johanson and Vahlne's (2009) revised business network IP model, indicating that:

*Internationalization can be seen then as taking steps to become an insider in relevant networks in the focal foreign market (Schweizer, Vahlne & Johanson 2010, p. 369),*

whereby an 'insider' is "a firm that is well established in a relevant network or networks" (Johanson & Vahlne 2009, p. 1415). Therefore the market is selected based on the business networks in the market which increase the attractiveness of the market. Similarly, relying on institutional theory and focusing on the normative elements of institutions, Zimmerman and Zeitz (2002) indicate that a new venture can quickly gain legitimacy by leveraging off networks in a market. These networks mitigate the "liability of newness" by allowing the new venture to benefit from the already established legitimacy of the network which provides support, credibility, and facilitates access to resources (Zimmerman & Zeitz 2002). However, it is unclear how an immigrant ethnic entrepreneur who is established in ethnic/family networks is able to leverage these to become part of a business network in their COO.

The importance of kinship ties in the COO is supported by Mustafa and Chen (2010) who illustrate that:

*For many immigrant entrepreneurs, the most accessible transnational networks are those involving family and kin (Mustafa & Chen 2010, p. 98).*

However there is limited research on the influence of transnational kinship ties on the internationalisation process (Mustafa & Chen 2010). Relying on social network theory (Burt 1992; Granovetter 1985), the internationalisation process of five Malaysian and Singaporean

immigrant entrepreneurs to India and Oman is examined. Mustafa and Chen (2010) report that international market selection is significantly influenced by COO kinship ties. Providing access to networks, infrastructure, market information, as well as assisting with credibility in the new market, are reported as ways family members help facilitate the market choice. Furthermore, these kinship ties "... reinforced the notions of cultural closeness as well as built-in trust and loyalty" (Mustafa & Chen 2010, p. 102). These studies focus only on kinship ties in the COO and subsequent selection of the COO market and neglect kinship ties in non-COO markets. Mustafa and Chen (2010) illustrate that:

*... unlike nonkinship networks, these [kin] relationships are long-lasting and do not appear to need frequent contact in order to be activated (Mustafa & Chen 2010, p. 104).*

Thus it is argued that relatives in non-COO markets, even if infrequent contact is maintained, may be useful. However, while ties in the COO are shown to assist in the international market selection (Iyer & Shapiro 1999; Mustafa & Chen 2010), the influence of kinship ties in non-COO markets remains unexplored.

Evers and Knight (2008) and Johanson and Vahlne (2009) indicate that business networks also facilitate the international market selection decision. In the examination of the role of international trade shows in small firm internationalisation in the seafood industry, Evers and Knight (2008) demonstrate that the networks created and enhanced at the trade shows provide information about market conditions that assists in the international market selection decision. They find that international trade participation is:

*... an important mechanism for network building (including with their compatriot attendees) and for foreign market selection and entry through foreign exchange partner identification (Evers & Knight 2008, p. 550).*

Furthermore, the trade shows serve as a crucial context:

*... for network creation and development through which exchange partners, knowledge, capabilities and resources can be accessed (Evers & Knight 2008, p. 552).*

The importance of existing business networks to international market selection is supported by Johanson and Vahlne's (2009) revised business network IP model that argues:

*Existing business relationships, because they make it possible to identify and exploit opportunities, have a considerable impact on the particular geographical market a firm will decide to enter, and on which mode to use (Johanson & Vahlne 2009, p. 1423).*

However, the immigrant ethnic entrepreneur literature has neglected to examine the influence of business networks in the international market selection decision. It is unknown how influential business networks in the COO will be compared to business networks in non-COO markets. Or how influential are business networks in the COO compared to social and kinship ties.

### **3.5.2. Manager Characteristics: International Experience**

Research relying on upper echelons theory supports the findings that networks are influential in the international market selection decision making process (Lee & Park 2006). The upper echelons theory indicates that the past experiences of executives will influence the TMT's capability to gather information and decision making processes (Hambrick & Mason 1984; Lee & Park 2006). A TMT composed of executives with diverse experiences (job related, functional, international, demographical) will have not only a broad thinking capacity, derived from the various experiences, but also access to diverse social capital, including external networks. These networks can provide the TMT with a variety of information sources, which assists the selection of the international markets to enter (Lee & Park 2006).

Lee and Park (2006) use a sample of 226 US firms from a variety of industries in operation from 1988-1994 to explore the mediating effect of international alliances on the relationship between TMT job-related diversity (educational, functional background, outside industry experience and international exposure) and firm internationalisation. International exposure diversity is operationalised by a measure of the diversity of TMT members educated outside the USA and those who had worked outside the USA in some professional capacity. The results suggest that TMT international exposure diversity significantly influences firm internationalisation and international alliances:

*Top executives with greater international exposure will have the capability to develop and form valuable contacts and informal networks with foreign firms. With the variety of social capital obtained in international settings, the top team will have a larger pool of potential alliance partners to choose from ... [which] increases the probability of choosing appropriate international partners and therefore facilitates international alliances (Lee & Park 2006, p. 208).*

International alliances are significantly important as they enable firms to enter and exit quickly from an international market (Freeman, Edwards, & Schroder 2006), to change entry mode choice or adjust the scope of the partnership (Lee & Park 2006). Immigrant ethnic

entrepreneur literature has explored the effect of the immigration experience on their business activities (Dalziel 2008) but not the immigrant's general international experience. Therefore, how the migration experience and other international experiences of immigrant ethnic entrepreneurs influence their international market selection remains unexplored.

### **3.5.3. Institutions: National, Regional and Local Level**

Flores and Aguilera (2007) and Pajunen (2008) demonstrate that regulative institutional factors have diverse influences on the perceived attractiveness of an international market. Drawing on institutional theory, Pajunen (2008) examines what institutional factors are influential in different countries. The results indicate that the combination of the presence and regulation of institutional factors, including corruption, political stability, labour regulation, taxation policies, property rights, judicial system, political rights and civil liberties, at a local, regional and national level, will influence the perception of the market as attractive or not (Pajunen 2008). However Pajunen (2008) does not examine the influence of the other two institutional elements - normative and cognitive - on the international market selection decision. Yet Szyliowicz and Galvin (2010) and Scott (2005, 2008) suggest a reliance on a single institutional element explanation contributes to an incomplete understanding of the influence of institutions as all three elements are highly related.

The impact of the institutional system at the regional level in Italy has been shown to influence international market selection. In an examination of the influence of organised crime on inward FDI in Italian regions, Daniele and Marani (2011) suggest that:

*The quality of the local institutional system can influence decisions regarding the location of foreign firms (Daniele & Marani 2011, p. 141).*

More specifically, a significant, negative correlation between FDI and an index of organised crime was found with higher levels of crime / lower levels of FDI being present in Southern Italy while Northern Italy exhibits lower levels of crime / higher levels of FDI. Daniele and Marani (2011) suggest the government address issues of the security and quality of the institutional environment to improve the perceptions of the Southern Italian institutional environment as favourable for FDI.



Employing institutional theory and focusing on the United Arab Emirates, Nasra and Dacin (2010) examine the role of governments and their national level regulative institutions in facilitating or preventing entrepreneurship. Specifically, how historical events are associated with the state/government making institutional changes and creating entrepreneurial opportunities. That is, the state can foster and facilitate economic growth by regulating economic activities and developing institutional structures that enable entrepreneurship, and consequently will attract entrepreneurs to the market:

*We argued that the states can act as both entrepreneurs, recognizing opportunities in their environment, as well as institutional entrepreneurs, crafting the institutions required to capitalize on these opportunities (Nasra & Dacin 2010, p. 601).*

Thus by developing institutional structures, organisations and implementing rules and regulations, governments at a national level can attract entrepreneurs to their markets.

Similarly, Portes, Escobar and Walton Radford (2007), Waldinger (2008) and Wright, Westhead and Ucbasaran (2007) suggest the institutions in the COO influence the international market selection process. Wright, Westhead and Ucbasaran (2007) indicate that European Union governments create policies aimed at assisting the development of new SMEs and the internationalisation of existing and new SMEs. However, Portes, Escobar and Walton Radford (2007) suggest that governments of countries that have many migrants settled in other countries:

*... have not remained indifferent to the presence and initiatives of their expatriates and have increasingly tried to influence them (Portes, Escobar & Walton Radford 2007, p. 253).*

This influence includes passing and enforcing laws, regulations and initiatives to promote loyalty and the return of remittances, investments and capital to the COO (Waldinger 2008). The establishment and involvement of diplomats and consulates is an attempt by governments of the COO to orientate and guide the economic activities of expatriate immigrant ethnic entrepreneurs towards their COO (Portes, Escobar & Walton Radford 2007; Waldinger 2008). However, Portes, Escobar and Walton Radford (2007) suggest that economic, political and socio-cultural activities that link expatriate communities with their COO are initiated by the immigrants themselves, are only supported and bolstered by governments when the importance and economic potential of the ties are realised. Therefore

it is unknown whether the activities of the Italian government influence the international market selection of Italian immigrant ethnic entrepreneurs in Australia.

#### **3.5.4. Summary**

Immigrant ethnic entrepreneur literature proposes that ethnic and kinship ties and the associated benefits will influence entrepreneurs to select their COO market (Jean, Tan & Sinkovics 2011; Mustafa & Chen 2010). Conversely Johanson and Vahlne (2009) highlight that business networks will influence the international market selection, thus it is unresolved as to whether business networks in the COO or non-COO markets will be influential in the international market selection process. Relying on upper echelons theory, Lee and Park (2006) demonstrate that international experience is associated with an increased number of networks and therefore, the likelihood of selecting a market. Immigrant ethnic entrepreneur researchers have examined the influence of the immigration experience on the business development, but not on the international market selection process. Finally, Nasra and Dacin (2010) show that a country's regulative institutions, through the creation and enforcement of regulations, laws and customs, can influence the perceived attractiveness of a country, thus contributing to the likelihood of the market being selected. Immigrant entrepreneur researchers have yet to explore the influence of institutions on immigrant entrepreneur's market selection. Therefore the final research question to emerge from the literature is:

***How do immigrant ethnic entrepreneurs select international markets?***

#### **3.6. The Internationalisation Process of Immigrant Entrepreneurs**

Based on the above discussion of immigrant ethnic entrepreneurship (Lin 2010; Mustafa & Chen 2010) and IB (Abebe & Angariawan 2011; Ellis 2011; Nasra & Dacin 2010) literatures as they pertain to the internationalisation process (Figueira-de-Lemos, Johanson & Vahlne 2011; Oviatt & McDougall 1994), the main theories that are likely to explain the internationalisation process of immigrant ethnic entrepreneurs are:

1. The network perspective (Blankenburg 1995) and the related social network theory (Burt 1992; Granovetter 1973),
2. Upper echelons theory (Hambrick 2007; Hambrick & Mason 1984),
3. Institutional theory (North 1990; Scott 1995, 2005, 2008).

Our understanding of the internationalisation process of immigrant ethnic entrepreneurs is minimal (Lin 2010; Mustafa & Chen 2010; Portes, Guarnizo & Haller 2002). The network perspective and social network theory are primarily used to provide limited examination of how managerial level factors drive immigrant entrepreneurs to internationalise their firms (Basu & Goswami 1999; Iyer & Shapiro 1999; Portes, Escobar & Walton Radford 2007). Relying on upper echelons and institutional theories, IB research demonstrates that firm and institutional level factors also drive the internationalisation process (Abebe & Angariawan 2011; Serra, Pointon & Abdou 2011). Therefore by examining how managerial, firm and institutional level factors drive the immigrant entrepreneur internationalisation process, the present study will contribute to extending the immigrant ethnic entrepreneur literature. The study will also contribute to the extension of upper echelons (Hambrick & Mason 1984) and institutional (Szyliowicz & Galvin 2010) theories as they will be considered in exploring the previously under-researched factors driving immigrant entrepreneurs to internationalise. By following Szyliowicz and Galvin's (2010) recommendation to explore the three highly interrelated elements of institutions (regulative, normative, and cognitive) (Scott 1995, 2005, 2008), this study contributes to furthering our understanding of the little researched normative and cognitive elements.

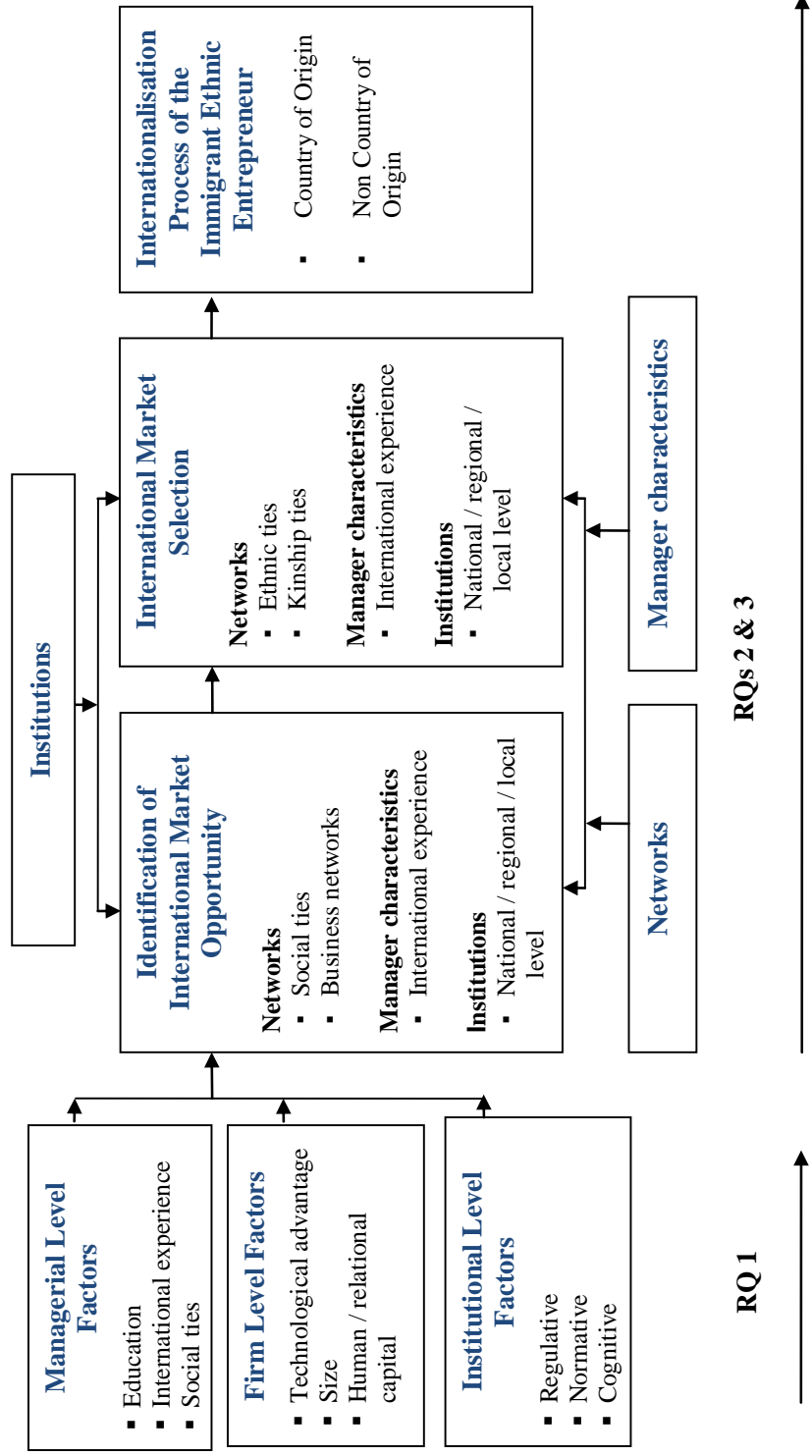
The first aspect of the internationalisation process to be explored is the identification of international market opportunities. Social network theory (Burt 1992; Granovetter 1973) suggests that social ties influence the flow of information about international market opportunities, and consequently influence the identification of such opportunities (Ellis 2011). However, Johanson and Vahlne (2009) indicate that business networks can affect the identification of international market opportunities. Kinship and ethnic ties are also reported to affect the identification process (Kontinen & Ojala 2011). Therefore this study will contribute to the refinement of the network perspective by exploring the effect of social and kinship ties and business networks on the identification of international market opportunities. Upper echelons theory (Hambrick 2007; Hambrick & Mason 1984) proposed that a TMT with a range of international experiences can access a large international network through which information flows and assists the identification of international market opportunities (Bouquet, Morrison & Birkinshaw 2009; Lee & Park 2006). Institutional theory indicates that institutions at a national, regional and local level influence the flow of information and

therefore can affect the identification of international market opportunities (Bakalis & Joiner 2006; Kloosterman & Rath 2001). However, immigrant ethnic entrepreneur literature has applied only the network perspective to exploring how the entrepreneurs identify international market opportunities (Iyer & Shapiro 1999). Therefore the present study will further understanding of the effect of international experience and institutions on the identification of international market opportunities.

The second aspect of the internationalisation process to be explored is international market selection. Upper echelons theory (Hambrick & Mason 1984) indicates that the international experience of managers is associated with networks in international markets that can provide information, access to resources and other networks resources (Lee & Park 2006). The advantages of such networks may influence the international market selection decision (Lee & Park 2006). Similarly, research utilising social network theory (Patel & Conklin 2009) proposes that ethnic ties in the COO influence the immigrant entrepreneur's international market selection (Jean, Tan & Sinkovics 2011; Mustafa & Chen 2010). Institutional theory highlights that the presence and enforcement of various regulative institutional factors will influence the perceived attractiveness of the market, and the likelihood it will be selected (Nasra & Dacin 2010; Pajunen 2008). Immigrant ethnic entrepreneurship literature has explored only the effect of ethnic ties on the international market selection (Iyer & Shapiro 1999; Mustafa & Chen 2010). Therefore this study will explore the effect of international experience and institutions on the immigrant ethnic entrepreneur's international market selection.

Given the above discussion based on a critique of the relevant literature, a conceptual framework for the internationalisation process of immigrant ethnic entrepreneurs is developed and presented below:

**Figure 3.1 Conceptual Framework: Internationalisation Process of Immigrant Ethnic Entrepreneurs**



### **3.6.1. Delineation of the Conceptual Framework**

Extensive research by IB scholars (Abebe & Angariawan 2011; Serra, Pointon & Abdou 2011; Yamakawa, Peng & Deeds 2008) indicates that managerial, firm and institutional level factors drive the entrepreneur to consider internationalisation. The process by which firms become involved in international activities has received much attention (Ellis 2011; Figueira-de-Lemos, Johanson & Vahlne 2011; Johanson & Vahlne 2009). Relying on the network perspective (Blankenburg 1995) and the related social network theory (Burt 1992; Granovetter 1985), upper echelons theory (Hambrick 2007; Hambrick & Mason 1984) and institutional theory (North 1990; Scott 1995, 2008) two aspects of the process have been examined – the identification of international market opportunities and international market selection.

Research demonstrates that networks influence both of these aspects of the process. More specifically social ties have been shown to influence the identification of international market opportunities. Ethnic ties are suggested to influence the international market selection. Relying on upper echelons theory, manager characteristics, specifically international experience is shown to influence both aspects of the internationalisation process. Institutional theory indicates that institutions at a national, regional and local level influence the flow of information and the identification of international market opportunities and the international market selection. Table 3.4 summarises this research, its relevant concepts, dimensions and related theories to demonstrate how the research questions for this study emerged.

**Table 3.4 Delineation of the Conceptual Framework**

Concepts & Dimensions	Supporting Research	Theoretical Underpinnings	Relevant Research Question
<b>Managerial level factors:</b> Education, international experience, networks	Abebe & Angariawan (2011); Belso-Martinez (2006); Hutchinson et al. (2007); Lee & Park (2006); Serra, Pointon & Abdou (2011); Zain & Ng (2006); Zucchella, Palamara & Denicolai (2007).	Upper echelons theory and social network theory	<b>Research Question 1:</b> Factors that drive the Internationalisation Process:  <b>1a.</b> How do managerial level factors drive the internationalisation process?  <b>1b.</b> How do firm level factors drive the internationalisation process?  <b>1c.</b> How do institutional level factors drive the internationalisation process?
<b>Firm level factors;</b> Technical advantage, organisational size, human and relational capital	Basu & Goswami (1999); Hitt et al. (2006); Lin (2010); Nordman & Melén (2008); Serra, Pointon & Abdou (2011).	Resource-based view	
<b>Institutional level factors:</b> Regulative, normative, cognitive	Abebe & Angariawan (2011); Ahmed et al. (2006); Cheng & Yu (2008); Lin (2010); Piperopoulos (2010); Yamakawa, Peng & Deeds (2008); Yang et al. (2009).	Institutional theory	
<b>Networks:</b> Social ties, business networks; trust	Chandra, Styles & Wilkinson (2009); Ellis (2011); Evers & Knight (2008); Harris & Wheeler (2005); Kontinen & Ojala (2011).	Network perspective and social network theory	<b>Research Question 2:</b> Identification of International Market Opportunities
<b>Manager Characteristics:</b> International experience	Bouquet, Morrison & Birkinshaw (2009); Chandra, Styles & Wilkinson (2009); Nordman & Melén (2008).	Upper echelons theory	
<b>Institutions:</b> National, regional, local level	Bakalis & Joiner (2006); Kloosterman & Rath (2001); Pajunen (2008); Short et al. (2010).	Institutional theory	
<b>Networks:</b> Ethnic ties; kinship ties	Jean, Tan & Sinkovics (2011); Lamin & Subramani (2009); Mustafa & Chen (2010); Portes, Escobar & Walton Radford (2007); Portes, Guarnizo & Haller (2002); Zaheer, Evers & Knight (2008).	Network perspective and social network theory	<b>Research Question 3:</b> International Market Selection
<b>Manager Characteristics:</b> International experience	Hambrick (2007); Lee & Park (2006).	Upper echelons theory	
<b>Institutions:</b> National, regional, local level	Flores & Aguilera (2007); Nasra & Dacin (2010); Pajunen (2008); Waldinger (2008).	Institutional theory	

### 3.6.2. Summary of the Research Questions

The research questions to be addressed in this study, as they emerged from the literature review are summarised below:

#### Research Question 1

IB researchers explore how factors at three levels drive the internationalisation process (Abebe & Angariawan 2011): *managerial* level factors (Belso-Martinez 2006; Zucchella, Palamara & Denicolai 2007), *firm* level factors (Nordman & Melén 2008; Serra, Pointon & Abdou 2011) and *institutional* level factors (Cheng & Yu 2008; Yamakawa, Peng & Deeds 2008; Yang et al. 2009). Primarily focused on examining the managerial level factors (Basu & Goswami 1999; Portes, Escobar & Walton Radford 2007), immigrant ethnic entrepreneur research remains silent on how firm and institutional level factors may drive the internationalisation process (Abebe & Angariawan 2011). Thus based on the above discussion, the first research question to be addressed in this study is:

*Factors that drive the immigrant ethnic entrepreneur internationalisation process:*

*1.a How do managerial level factors drive the internationalisation process?*

*1.b How do firm level factors drive the internationalisation process?*

*1.c How do institutional level factors drive the internationalisation process?*

#### Research Question 2:

The international experience of a manager and associated networks (Patel & Conklin 2009) assist the process of indentifying international market opportunities as the networks enable the information about opportunities to be passed to those connected to the network (Bouquet, Morrison & Birkinshaw 2009; Ellis 2011). Institutional forces at a national, regional and local level can also influence the flow of information about international market opportunities, and are proposed to influence the identification process (Bakalis & Joiner 2006; Kloosterman & Rath 2001). However, immigrant ethnic entrepreneur research remains silent on the process by which immigrant entrepreneurs identify international market opportunities. Therefore the second research question to emerge from the literature review is:

*How do immigrant ethnic entrepreneurs identify international market opportunities?*



**Research Question 3:**

The ethnic ties of an immigrant ethnic entrepreneur, and the benefits derived from these ties are proposed to be a reason for the entrepreneur's international market selection (Jean, Tan & Sinkovics 2011; Mustafa & Chen 2010). Similarly Lee and Park (2006) indicate that international experience is associated with networks in international markets, and that these influence the international market decision. However Nasra and Dacin (2010) show that institutions also influence the process: the enforcement of rules and regulations at a national, regional and local level contribute to the perceived attractiveness of a market and the likelihood of it being selected. Immigrant entrepreneur researchers have not explored the influence of institutions of immigrant entrepreneur's market selection decision. Therefore the final research question to emerge from the literature review is:

*How do immigrant ethnic entrepreneurs select international markets?*

**3.7. Chapter Summary**

The present study will explore multiple theoretical perspectives including the network perspective (Blankenburg 1995) and the related social network theory (Patel & Conklin 2009), upper echelons theory (Hambrick & Mason 1984) and institutional theory (North 1990; Scott 1995) and the influence of networks, manager characteristics and institutions on the internationalisation process of immigrant ethnic entrepreneurs. Specifically, how managerial, firm and institutional level factors drive the internationalisation process (Abebe & Angariawan 2011), the identification of international market opportunities (Bouquet, Morrison & Birkinshaw 2009; Ellis 2011) and the international market selection process (Nasra & Dacin 2010; Pajunen 2008).

## 4. RESEARCH METHODOLOGY

### 4.1. Introduction

This chapter will outline the research method used to explore the research problem:

*How do immigrant ethnic entrepreneurs internationalise?*

The justification for the qualitative research approach is presented, followed by an outline of the data collection process and approach to analysis. Finally a discussion of the strategies employed to increase the rigor and quality of the research and the limitations of the study is provided.

### 4.2. Choice of Research Paradigm

A paradigm is a set of assumptions about reality (ontology), knowledge of reality (epistemology) and ways of knowing about reality (methodology). Thus the choice of paradigm will guide the choice of the research approach used, as Guba and Lincoln (1994) argue:

*Questions of method are secondary to questions of paradigm, which we define as the basic belief system or worldview that guides the investigator, not only in choice of method but in ontologically and epistemologically fundamental ways (Guba & Lincoln 1994, p. 105).*

There are four broad paradigms: positivism, postpositivism, critical theory and constructivism (Guba & Lincoln 1994) and the different positions of each paradigm on selected issues are outlined in the table below.

**Table 4.1 Paradigm Positions on Selected Issues**

Issue	Positivism	Postpositivism	Critical Theory	Constructivism
Inquiry aim	Explanation, enabling prediction and control of phenomena		Critique of structures that constrain humankind by engagement in confrontation or conflict	Understanding and reconstruction of the constructions people hold
Nature of Knowledge	Verified hypotheses established as facts or laws	Non-falsified hypotheses that are probable facts or laws	Structural / historical insights that change as time passes	Individual reconstructions coalescing around consensus
Quality criteria	Conventional benchmarks of 'rigor': internal and external validity, reliability, objectivity		Historical situatedness; erosion of ignorance	Trustworthiness: credibility, transferability, dependability, confirmability

Source: Adapted from Guba and Lincoln (1994, p. 112).

Generally a positivist paradigm is chosen by researchers who collect quantitative data as it enables the testing of hypotheses. A constructivist paradigm enables the researcher to come into direct contact with the phenomenon being explored and consequently, gain a more holistic understanding. Therefore a qualitative approach is generally used by researchers who prefer the constructivist paradigm (Crabtree & Miller 1992; Hurmerinta-Peltomäki & Nummela 2004). Traditionally, social science, including IB research, has relied on the positivism paradigm as the field “has been trying to establish legitimacy within the broader scientific community” (Zalan & Lewis 2004, p. 509) which uses the positivism paradigm and ‘scientific approach’ to build and test theory. However to continue the development of the field, other paradigms should be considered (Brannen & Doz 2010; Doz 2011). The present study uses a constructivist paradigm, as the study aims to gain a holistic understanding of context-bound constructs and is not testing or verifying hypotheses.

#### **4.3. Choice of Research Approach**

The choice of the research approach used depends primarily on the paradigm and the overarching aim of the research. Crabtree and Miller (1992) argue that there are five general aims of scientific inquiry: identification, description, explanation-generation, explanation-testing and control. A quantitative approach is most appropriate for explanation-testing, control, testing hypotheses and identifying statistically significant relationships between variables. Questions regarding the outcomes or strengths of variable relationships are best explored using a quantitative design. Qualitative approaches are used when the aim of the inquiry is identification, description, explanation-generation and exploring the interpretation and understanding of the mechanisms which link particular variables, which occur through the exploration of accounts or explanations of the individuals involved (Barbour 2008; Yin 2003). Qualitative approaches are appropriate for questions about processes, understandings and beliefs (Barbour 2008). A qualitative approach is most suitable when examining highly complex, context-specific phenomena and processes and attempting to provide a rich insight into human behaviour (Simons 2009; Yin 2009) because it allows researchers to focus on the context, including the context when making a decision and acting on it, and contributing to an explanation of actions and events (Barbour 2008).

The choice between a quantitative and qualitative approach should be dictated by the research questions (Yin 2009). Chapter 1 identified the broad research problem as: How

do immigrant ethnic entrepreneurs internationalise? The extensive and critical literature review in Chapter 3 revealed the three research questions:

*Research Question 1: Factors that drive the immigrant ethnic entrepreneur internationalisation process:*

*1.a How do managerial level factors drive the internationalisation process?*

*1.b How do firm level factors drive the internationalisation process?*

*1.c How do institutional level factors drive the internationalisation process?*

*Research Question 2: How do immigrant ethnic entrepreneurs identify international market opportunities?*

*Research Question 3: How do immigrant ethnic entrepreneurs select international markets?*

As the aim of this study is to explore the internationalisation of immigrant ethnic entrepreneurs in the context of Italian immigrants in Australia, a qualitative multiple case study approach with in-depth, semi-structured interviews was employed.

#### **4.4. Current Methodological Foci**

Table 4.2 outlines the research design of key studies discussed in Chapter 3: Literature Review. Predominately the internationalisation process and immigrant entrepreneurs are explored by using a qualitative approach with semi-structured interviews with the founder/manager responsible for the internationalisation of the firm. The firms are often identified through government and industry databases and internet searchers. In recent studies on immigrant ethnic entrepreneurs by Collins and Low (2010) and Mustafa and Chen (2010), snowball sampling and personal contacts of the researchers were also used to identify firms. Snowball sampling was used in the present study and is discussed in-depth in Section 4.5.3.3.

To gain a holistic understanding of immigrant ethnic entrepreneurs and the complex context of their internationalisation, Bakalis and Joiner (2006) and Portes, Escobar and Walton Radford (2007) conduct interviews with a broad range of interviewees. In examining the role of ethnic Chambers of Commerce in Australia because of their role to promote bilateral trade, interviews were conducted with the President or Secretariat of the Chamber and other key stakeholders, including government representatives in order “to amplify and contextualize the information provided” (Bakalis & Joiner 2006, p. 90). Portes, Escobar and Walton Radford (2007) examine Colombian, Dominican and Mexican transnational immigrant entrepreneurs in America and want to understand the

forces that create and sustain the immigrant firms. Interviews are conducted with managers in the firm, as well as government officials, community activists, and informants knowledgeable about the immigrant communities as:

*This double-perspective provides a far more comprehensive understanding of the social and political dynamics at play and of the different forces impinging on the phenomenon (Portes, Escobar & Walton Radford 2007, p. 245).*

Given that the present study wishes to further our limited understanding of the internationalisation of immigrant ethnic entrepreneurs, interviews were conducted with three groups of interviewees: 1) the immigrant entrepreneur / manager responsible for internationalisation 2) Australian and Italian industry experts and 3) Australian and Italian government representatives, as outlined in Appendices C, D, and E.

**Table 4.2: Methodological Approaches of Prior Studies**

Authors	Research Objective	Focus	Research Design	Methodology	How were firms identified
Iyer & Shapiro (1999)	Explore the motivations and business strategies of ethnic entrepreneurs	Chinese, South Asian, Korean and Jewish immigrant ethnic entrepreneurs in 1 USA city	Qualitative	Semi-structured, in-depth interviews with Founder-owners of businesses which lasted for 45-120 mins	NA
Bakalis & Joiner (2006)	Explore the role of ethnic Chambers of Commerce as a source of networking and promoting bilateral trade	Ethnic Chambers of Commerce and Industry in Victoria, Australia	Qualitative	Face-to-face interviews lasting from 60-120 mins with Presidents or Secretariats of 8 Chambers and external key stakeholders	The government Department of Industry, Innovation and Regional Development provided a list of 32 Chambers of Commerce
Hutchinson et al. (2006)	Explore why smaller specialist retailers engage in international operations and how that process is facilitated	Specialist retail SMEs with a head office in the UK, operating in at least one international market	Qualitative	Semi-structured, open-ended 90 min interviews with senior managers responsible for the internationalisation decision making process of 9 firms. Secondary documentation also collected	Corporate Intelligence Groups (2001) retail-ranking directory and internet searchers
Nordman & Melén (2008)	Explore the impact of different kinds of knowledge on a born-global's discovery of foreign market opportunities	Born-global Swedish biotech firms clustered in the Uppsala area	Qualitative	Face-to-face, semi-structured interviews with Founders and managers responsible for the internationalisation process of the 8 firms. The 33 interviews were 40 –160 mins long	The database - "The Swedish Biotech Industry Guide" - listing information about firms in the industry
Ojala (2009)	Explore the role of network relationships in the market and entry mode choice of knowledge-intensive SMEs	Finnish SMEs in the software industry who have internationalized to Japan	Qualitative	Semi-structured, open-ended interviews with executives from 8 firms. The 16 interviews with executives based in Japan and Finland were 60-90 mins long	Websites of the Finnish Chamber of Commerce in Japan and Finnish Software Business Clusters, and the "Software Product Business Cluster in Finland 2005"
Collins & Low (2010)	Explore the experiences of female immigrant ethnic entrepreneurs in Australia	Female Asian-born immigrant entrepreneurs in SMEs in Sydney, Australia	Qualitative	Semi-structured interviews and surveys with 80 female entrepreneurs	Stratified, snowballing sampling using personal and community networks of the researchers
Mustafa & Chen (2010)	Explore the role of transnational family networks in the internationalisation process of immigrant entrepreneurs	Firms founded by Indian and Omani immigrant entrepreneurs in Malaysia and Singapore who internationalised to their COO	Qualitative	Interviews with the Founder and successor (1 <sup>st</sup> & 2 <sup>nd</sup> -generation immigrants) of 5 firms. The interviews lasted between 2 and 4 hours	Personal contacts of the lead author
Ellis (2011)	Focusing on social ties, to explore how entrepreneurs identify opportunities for international exchange	Manufacturer-exporters located in 4 Chinese cities – Hong Kong, Guangzhou, Shanghai and Xian	Qualitative	Semi-structured interviews with 41 senior managers responsible for identifying and negotiating with foreign partners. The interviews averaged 34 mins long. The data was used to develop a questionnaire	Lists provided by government officials, databases maintained by the researchers and phone directories

## 4.5. Qualitative Research Approach

Table 4.2 highlights the use of the qualitative research approach for exploration of immigrant entrepreneurs and their internationalisation process. Therefore a qualitative, multiple case study method seemed appropriate for the present study. Primary data from in-depth, semi-structured interviews was triangulated with secondary data (including reports, memos, websites) to enable aggregated cross-case analysis which increased and enhanced the knowledge gained from the in-depth interviews, as well as the dependability of the study (Eisenhardt 1989).

### 4.5.1. Case Study Method

Yin (2009) posits that there are three conditions that influence the choice of research method: type of research question posed; extent of control of events; and degree of focus on contemporary events. The following table demonstrates the various combinations of conditions and associated research method.

**Table. 4.3 Relevant Situations for Different Research Methods**

Method	Form of Research Question	Requires control of Behavioural Events	Focuses on Contemporary Events
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival analysis	Who, what, where, how many, how much?	No	Yes/No
History	How, why?	No	No
Case Study	How, why?	No	Yes

Source: Yin (2009, p. 8).

A case study method is preferred when ‘how’ and ‘why’ questions are explored (Simons 2009; Yin 2003). As demonstrated earlier, the research questions of this study were ‘how’ questions, investigating contemporary events that the researcher has no control over, thus a case study method was considered appropriate for the present study.

Case studies are used to increase knowledge and understanding of special interest, information-rich cases (Patton 1990) and “can document multiple perspectives, explore contested viewpoints, demonstrate the influence of key actors and interactions between them” (Simons 2009, p. 23). A case study is defined as “an in-depth, empirical investigation of a single instance or setting to explain the processes of a phenomenon in context” (Tharenou, Donohue & Cooper 2007, p. 74). An important aspect of the case

study method is the context. A case study is more than a description or story, “it is a theoretically based attempt to understand and explain complex phenomena, embedded in context” (Tharenou, Donohue & Cooper 2007, p. 78), and:

*... enables the experience and complexity of programmes and policies to be studied in-depth and interpreted in the precise socio-political contexts in which programmes and policies are enacted (Simons 2009, p. 23).*

Consequently, explanation of a situationally embedded process is done within the context and results in understanding of the process and of the context (Tharenou, Donohue & Cooper 2007). Therefore the case study method is well suited to IB research where data collection occurs in cross-border and cross-cultural settings and can also further understanding of the contextualization of general theories (Doz 2011; Ghauri 2004). In the present study, the focus is the internationalisation process of immigrant ethnic entrepreneurs and the context is Italian immigrant entrepreneurs in Australia. Chapter 2 outlined the importance of this context.

Yin (2003) suggests two main types of the case study method – single case and multiple case. Single case study method is often employed when conducting a longitudinal study or to represent a unique case or previously inaccessible events. Thus, the external validity of single case study research is generally weak. A multiple case study method is deemed more robust as cases are carefully selected to enable exploration of commonalities or dissonances between cases, and by employing multiple cases, similar to multiple experiments, the external validity is higher than for a single case method (Eisenhardt 1989; Yin 2003). Therefore, a multiple case study method was deemed the most appropriate for this present study.

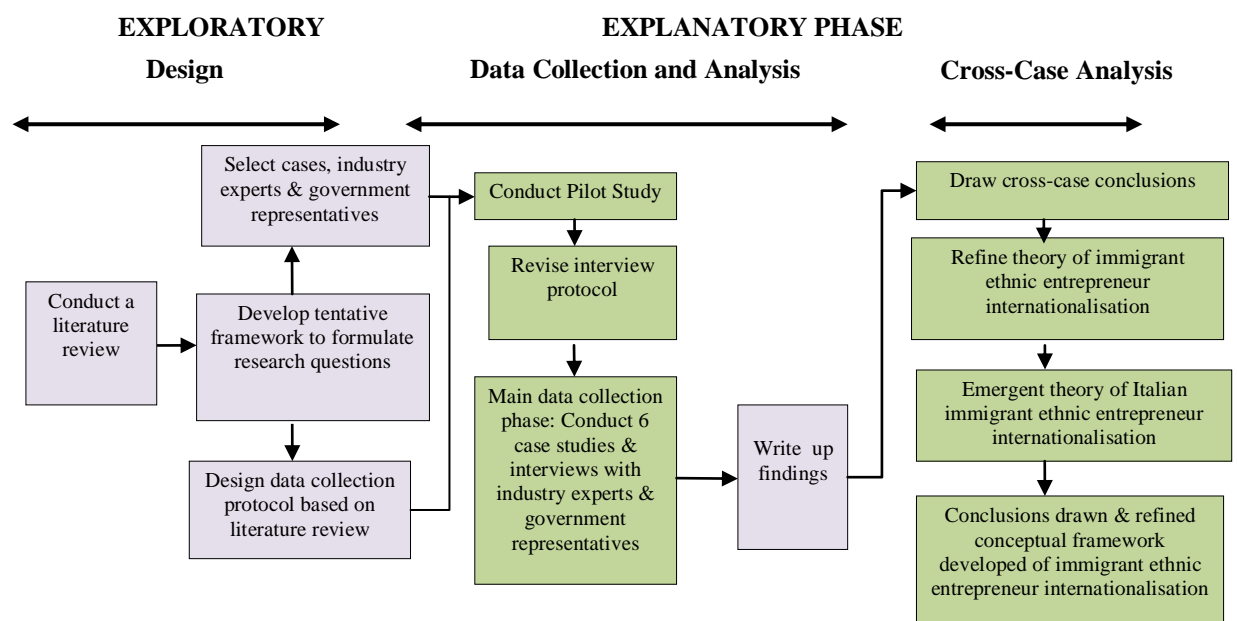
Regarding the overall research design of the present study, the following steps were taken to complete the three stages of the research project as outlined in Figure 4.1 below and recommended by Yin (2009):

1. A literature review in the area of immigrant ethnic entrepreneurship and IB was conducted. From this, the research problem, research questions and the conceptual framework of the internationalisation of immigrant ethnic entrepreneurs were then formulated, as detailed in Section 3.6.
2. An interview protocol was designed for the in-depth semi-structured interviews (refer to Appendices F-H).



3. A two-phase pilot study was conducted. Phase one consisted of an interview with an industry expert and Phase two involved interviews with two immigrant entrepreneurs to refine the interview protocol.
4. This was followed by the main data collection phase. Six firms founded by an Italian immigrant ethnic entrepreneur were selected as cases and approval sought to conduct interviews with the founders and/or managers involved in the internationalisation of the firms. Relevant industry experts and government representatives were identified and invited to participate in the study.
5. Semi-structured interviews were conducted and guided by the interview protocol.
6. Audio recordings of the interviews were transcribed.
7. The cases, as detailed in Section 4.6, were prepared from primary and secondary data sources and then analysed. The transcripts from the industry experts and government representatives were also analysed.
8. Cross-case analysis was conducted as reported in Chapter 8: Discussion. The findings of the three research questions and the relevance of IB and entrepreneurship theories were considered as explanations for the findings in Chapter 8.
9. The refined conceptual framework for the internationalisation process of immigrant ethnic entrepreneurs, which emerged from the research findings, was presented.
10. Implications and contributions for theory and practice were discussed and highlighted.

**Fig 4.1 Case study Method Procedure for the Present Study**



Source: Adapted from Yin (2009).

#### **4.5.2. Unit of Analysis**

The unit of analysis can be an individual, a firm, an event, an economy or an industry, to name a few, and is related to the research questions (Crabtree & Miller 1992; Yin 2009). As the research questions in this study focused on the internationalisation of immigrant ethnic entrepreneurs, the unit of analysis was the individual. This is consistent with studies outlined in Table 4.2. This also responds to the call by Kontinen and Ojala (2011), Buckley and Lessard (2005) and Yeung (2002) for focus on the individual level as IB research has ignored important social exchanges and network ties at the individual level (Ellis 2000). Furthermore opportunity recognition at the individual level should be studied because it is the entrepreneur who recognises the opportunity, not the firm (Chetty & Blankenburg Holm 2000). Finally, IB studies tend to:

*... focus overtly on the nature and organisation of TNCs at the expense of those actors and individuals who are creating and managing the worldwide web of transnational corporations – the entrepreneurs ... themselves (Yeung 2002, p. 36).*

#### **4.5.3. Scope and Selection of Cases, Industry Experts and Government Representatives**

Following Eisenhardt's (1989) recommendation to use between 4-12 cases, 6 cases were selected to enable adequate data for cross-case analysis. The definition of the unit of analysis of a study is also the definition of the "case" (Yin 2009). As the unit of analysis of this study was the individual, a case is defined as an individual immigrant ethnic entrepreneur and the context is their firm. Data from these cases was supplemented by the experiences of industry experts and government representatives to ensure a full understanding of the phenomenon of the internationalisation of immigrant ethnic entrepreneurs. A pilot study was conducted prior to the main data collection. Two immigrant entrepreneurs and an industry expert were interviewed to refine the interview protocol (refer to Appendices F and G). Barbour (2008) suggests that conducting a pilot study can help to ensure the questions draw out the required information and that the order is suitable for the researcher and participant.

Different sampling approaches are used for quantitative and qualitative data collection. The collection of quantitative data relies on randomly selected large samples while the collection of qualitative data usually focuses on small, in-depth samples. The power of a small sample is in the ability to select information-rich cases which can provide a great deal of information about the research issue or purpose (Patton 1990). Thus qualitative methods employ purposeful sampling to "select information-rich cases whose study will

illuminate the questions under study” (Patton 1990, p. 169). Patton (1990) outlines different strategies for purposefully selecting information-rich cases, including intensity sampling, criterion sampling, snowball sampling and opportunistic sampling. These are discussed in detail below.

#### **4.5.3.1. Intensity Sampling**

Intensity sampling is the selection of information-rich cases that intensely exhibit the phenomenon of interest but ignore the unusual or extreme cases (Patton 1990). The phenomenon of interest in this study was immigrant ethnic entrepreneurs who have internationalised. Thus this technique was used to select cases that exhibited engagement in internationalisation and were founded in Australia by an Italian immigrant ethnic entrepreneur. To determine whether the cases exhibited the phenomenon of interest, Chambers of Commerce and Italian community magazines/journals, company websites and media articles were researched. Consequently, all six cases selected were information-rich and exhibited the phenomenon intensely. Furthermore, industry experts and government representatives were selected who were intensely involved in the internationalisation of Italian immigrant ethnic entrepreneurs from Australia, for example representatives of government business and trade departments.

#### **4.5.3.2. Criterion Sampling**

Criterion sampling is the selection of cases that meet a predetermined criterion of importance (Patton 1990). The predetermined criteria in the present study were derived from the constructs being explored by the research questions outlined in Chapter 3. The criteria for the case studies were:

- A firm established in Australia by an Italian immigrant ethnic entrepreneur,
- The firm must have internationalised.

Definitions of immigrant entrepreneur, ethnic entrepreneur and immigrant ethnic entrepreneur are varied with no consensus of an appropriate definition existing in current literature (refer to Table 4.4 Definitions of Ethnic and Immigrant Entrepreneurs) with the terms being used interchangeably (Chand & Ghorbani 2011; Iyer & Shapiro 1999) or terms not being defined (Collins 2003; Fairchild 2010).

**Table 4.4: Definitions of Ethnic and Immigrant Entrepreneurs**

Study	Construct	Definition	Comments
Fairchild (2010)	Ethnic entrepreneur	Based on Chaganti & Greene (2002) but not explicitly defined. Used US Census data and the employment and ethnic group categories.	Not explicitly defined and focuses on the ethnicity (US Census definition) of the participant.
Kariv et al. (2009)	Ethnic entrepreneur	Not defined but "Ethnic affiliation was established through self-reports" (p. 250).	Not explicitly defined and focuses on the ethnicity (not defined) of the participant.
Waldinger, Aldrich & Ward (1990)	Ethnic entrepreneur	"Ethnic owner of business enterprises" (p. 19) whereby ethnicity is "a set of connections and regular patterns on interaction among people sharing common national background or migration experiences" (pp. 33-34).	Used by Chaganti and Greene (2002). Compared to their definition of an immigrant entrepreneur, this definition implies a 2 <sup>nd</sup> -generation immigrant as it refers to an individual who shares interactions and connections with people of a similar culture.
Masurel, Nijkamp & Vindigni (2004)	Ethnic entrepreneurship	"Ethnic entrepreneurship is a broad concept and refers to business activities in a certain area driven or undertaken by people of a different ethnic or cultural (including religious) origin than the indigenous population." (p. 78).	A focus on the ethnic origin of the entrepreneur, allowing 2 <sup>nd</sup> - and 3 <sup>rd</sup> -generation entrepreneurs to be defined as an ethnic entrepreneur due to their ethnic / cultural origin.
Valdez (2008)	Ethnic entrepreneurship	"Business ownership among immigrants, ethnic-group members, or both" (p. 956).	Implies a focus on both 1 <sup>st</sup> - and 2 <sup>nd</sup> -generation entrepreneurs.
Chand & Ghorbani (2011)	Ethnic / immigrant entrepreneur	"We follow Shane & Venkataraman (2000) and define entrepreneurship as a field that is "concerned with the discovery and exploitation of profitable opportunities" (Shane & Venkataraman, 2000, p. 217) ... While some writers have classified "immigrant entrepreneurship" as a subsection of "ethnic entrepreneurship", we use the two interchangeably in this paper." (pp. 594-595).	Use Waldinger et al.'s (1999) definition of 'ethnic entrepreneurship', and Chaganti & Greene's (2002) definition of 'immigrant entrepreneurship'. Despite reporting the differences between ethnic and immigrant entrepreneurship, they use the terms interchangeably.
Chaganti & Greene (2002)	Immigrant entrepreneur	"Individuals who, as recent arrivals in the country, start a business as a means of economic survival. This group may involve a migration network linking migrants, former migrants, and non-migrants with a common origin and destination" (p. 128).	Implies a 1 <sup>st</sup> -generation immigrant who has arrived in the COR.
Collins (2003)	Immigrant entrepreneur	A person from an immigrant group (e.g. Korean, Greek, Italian) who engages in self-employment.	Not explicitly defined. Has revised the 1995 definition to no longer exclude immigrants from an English speaking background.

Evans (1989)	Immigrant entrepreneur	Used Australian Census categories and data to define an entrepreneur ('wage earner', 'own business but not employing others', 'conducting own business and employing others', 'helper not receiving wages'). Uses the Census category of 'ethnic group' - the respondent's native country to define an 'immigrant'.	Not explicitly defined and focuses on ethnicity in terms of COO to define an immigrant.
Iyer & Shapiro (1999)	Immigrant family firms	Firms established by "those who have migrated across their national boundaries and cultures and, instead of assimilating with the mainstream society, have chosen to retain their distinct identity" (p. 84).	Though not explicitly defined, 'immigrant entrepreneur', 'ethnic entrepreneur' and 'immigrant ethnic entrepreneur' are used interchangeably.
Chaganti & Greene (2002)	Minority entrepreneur	"Business owners who are not of the majority population. US Federal categories include Black, Hispanic or Latin American, Asian, Pacific Islander, American Indian or Alaska Native descent. This group occasionally includes women" (p. 128).	By listing the entrepreneurs as having an 'ethnic descent', it implies that the definition could apply to 2 <sup>nd</sup> - and 3 <sup>rd</sup> - generation immigrant entrepreneurs.
Collins et al. (1995)	Immigrant / Ethnic small business	Businesses "run by people from a non-English-speaking background" (p. 11).	'Immigrant' and 'ethnic' are used interchangeably. The definition implies that it applies to the 1 <sup>st</sup> -generation as it is assumed that the 2 <sup>nd</sup> -generation in Australia will speak English. By specifying a 'non-English speaking background', it excludes immigrants from English-speaking countries e.g. the USA, the UK and NZ.
Lin (2010)	Contemporary diasporic entrepreneurship	The "creation of business ventures by returned diaspora members" whereby " <i>entrepreneurship</i> means the creation of a new business, which usually requires an individual to actively engage in developing and managing the business" and "the term <i>diasporic</i> indicates the founders' unique migration experience. From the homeland's perspective, CDE is an endeavour by someone who has previously left the country and just returned" (p. 126).	This definition focuses an immigrant "who has previously left the country (of origin) and just returned" (p. 126). Use of the term 'diaspora' highlights the immigrant's "strong sentimental and material links with their countries of origin—their homelands" (Sheffer 1986, p. 3). No distinction between 1 <sup>st</sup> and subsequent generations.
Dalziel (2008)	Immigrant	An individual whose country of birth is not the country of residence and who arrived in the country of residence aged 21 or older.	"Immigrant entrepreneur" is not explicitly defined but the definition of immigrant implies that it applies only to the 1 <sup>st</sup> -generation.

Based on Shane and Venkataraman's (2000) definition of entrepreneurship and definitions of immigrant and ethnic entrepreneurs by Chaganti and Greene (2002) and Chand and Ghorbani (2011), for the purpose of the present study, an Italian immigrant ethnic entrepreneur is defined as:

A first or second-generation immigrant of Italian ethnicity, whereby the ethnicity is declared by the individual, who is concerned with the discovery and exploitation of profitable opportunities.

The definitions of a first-generation and second-generation immigrant are those used by Maani (1994) in the examination of first and second-generation immigrants in the Australian labour market. A first-generation immigrant is defined as an individual who is "overseas-born of foreign parents" (Maani 1994, p. 870). A second-generation immigrant is defined as an individual who is "Australian-born of at least one foreign parent, compared to the Australian-born of Australian parents" (Maani 1994, p. 870). Second-generation immigrants are included following Peters (2002) examination of immigrant entrepreneurs in Australia which included them because:

*... growing up in a business milieu inclines the offspring of immigrant entrepreneurs to pursue self-employment and engage in risk-taking behaviour (Peters 2002, p. 34),*

and Chrysostome's (2010) examination of the success factors of immigrant entrepreneurs which included the second-generation as:

*Even though territoriality at birth is considered by many countries as the critical determinate of citizenship, cultural identity is much more important when it comes to the country to which an individual is attached (Chrysostome 2010, p. 139).*

Furthermore Doz (2011) suggests future IB research employ a qualitative research approach to examine and appreciate the potential contribution of the growing population of bi- or multi-cultural "people with mixed cultural identities and backgrounds [who] are becoming a significant factor [in IB]" (Doz 2011, p. 588).

The criteria for the industry experts and government representatives were:

- Have knowledge of the Italian business community in Australia
- Have knowledge and experience of the Italian or Australian government policies regarding the two countries and Italian immigrants.

To determine whether the interviewees met the pre-determined criteria, an explanatory statement was provided to the contact person in the firm or department. This was followed by further telephone and email communication to determine if the

firm/individual met the criteria. An example of the explanatory statement (in English and Italian) sent to the immigrant entrepreneurs, industry experts and government representatives is provided in Appendices I – N.

#### **4.5.3.3. Snowball Sampling**

Snowball sampling is used to identify information-rich informants and cases by asking “well-situated people” who are appropriate people to talk to (Patton 1990). Furthermore, the names and events that are repeatedly recommended are of special importance (Patton 1990). In the present study when conducting interviews in Italy, the special event that was continually referred to was the Australian government conference held in 2010 in Italy which aimed at facilitating economic ties between Italy and Australia. Through the list of attendees, the researcher gained access to important contacts and information-rich cases, which then led to the informants recommending other people of interest. For example, Industry Expert 2 was recommended to the researcher by a mutual acquaintance made at an industry workshop. Industry Expert 2 then referred the researcher to another potential informant. The researcher also accessed a range of ‘well-situated people’ through distribution of the explanatory statement through the Australasian Centre for Italian Studies (ACIS) email list. The members of the ACIS are Italian and Australian researchers, academics, students, and industry and community experts. Furthermore, invited participants who declined to participate also recommended other appropriate people the researcher could contact.

The snowball sampling technique is a popular technique used in immigrant ethnic entrepreneur research. Rusinovic (2008) in her study of the market selections of first and second-generation immigrants in the Netherlands, acknowledged that a rigorous sample selection was not possible or useful to trace entrepreneurs. Instead she employed different methods including snowball sampling, interviewing key informants who work for organisations that support the immigrant entrepreneurs, approaching potential informants who attended entrepreneur-specific meetings, and internet searches on ethnic and business directories. The present study had a similar research focus, thus snowball sampling was deemed appropriate for this study.

The snowball sampling technique was also used by Piperopoulos (2010) when exploring ethnic minority businesses and immigrant entrepreneurship in Greece. Access was granted to informants:

*.. through personal contacts and referrals/introductions from friends... Some of the immigrants felt more comfortable once a “mutual” friend had introduced us and explained who we were and what the purpose of the research was so that we could be “trusted”... we assured interviewees of anonymity and confidentiality since the aim of research was purely scientific and not related to any official government agencies (Piperopoulos 2010, pp. 145-146).*

This is supported by Kariv et al. (2009) who report that approximately 20 % of potential ethnic entrepreneur respondents declined to participate in their research as “there was considerable suspicion that we were collecting information on behalf of government authorities” (Kariv et al. 2009, p. 249). For this reason, they had to provide “strong assurance of the confidentiality and anonymity of the data collected” (Kariv et al. 2009, p. 249).

This is similar to the experiences of the researcher in the present study. The majority of interviewees were more comfortable and open once they knew that the researcher had spoken to other “trusted” people who had recommended them to the researcher, or after a “mutual friend” had introduced the researcher. To further build the trust between the researcher and interviewee, sufficient time was allowed prior to the interview being recorded to establish a personal rapport, before the interview recording began. Furthermore, some industry experts and government representatives required strong assurance about their confidentiality and anonymity. This was found to be important in the Italian context as, once the personal rapport was built and there was a level of respect and trust, the interviewee was more comfortable discussing their business and views of the Italian government. One extreme example of this was an interview conducted in Northern Italy. Before the interview, the interviewee and his TMT took the researcher to a business lunch which served as a “getting to know you” session. During lunch a personal rapport and trust was built. Consequently after lunch, the TMT were comfortable giving the researcher in-depth access to their firm’s history. In Italy, the importance of an introduction by a “mutual friend” (Piperopoulos 2010, p. 145) is highlighted by Australian Government Representative 3 who advised the researcher that very few people responded to cold emailing or calling:

*Follow up is essential here [Italy] – it is quite rare that companies will just respond automatically, usually you need to follow up. It doesn’t mean that they are not interested or they don’t want to continue the discussions, it is just a part of the culture here (Australian Government Representative 3).*



The importance of using the snowballing sampling technique when exploring the Italian context is further highlighted by Kariv et al. (2009) in their examination of ethnic entrepreneurs in Canada:

*Studies on Italian business networks have found significant ethnicity-bound networking, characterized by closures to outsiders and access mainly through family referrals, as kinship plays a major role. Italian entrepreneurs lacking easy entrance through family and kinship ties have had to expend considerable time and effort to broaden their networks (Kariv et al. 2009, p. 244).*

Initially the researcher experienced difficulties accessing immigrant ethnic entrepreneurs as the Italian community in Australia is tight-knit and the researcher is not of Italian ethnicity and does not have an Italian surname. Thus the researcher was viewed as an ‘outsider’ by some members of the Italian community, particularly in South Australia. Lampugnani and Holton (1989) reported the same difficulty when they surveyed 98 businesses across a broad range of industries in South Australia. They abandoned random sampling due to the high rejection rate and instead used individual networks to locate the businesses surveyed. Despite the perceived ‘outsidership’ of the researcher, some members of the Italian business community and government in Australia and Italy were very open and supportive of the researcher and the present study.

#### **4.5.3.4. Opportunistic Sampling**

Opportunistic sampling arises when the researcher takes advantage of new and unanticipated opportunities that occur when conducting fieldwork (Patton 1990). The ability to follow the trail of data and allow the sample to emerge during the data collection is a key strength of qualitative methods (Patton 1990). The present study used this technique when interviewing the CEO and Partner of Meglio Consulting. The initial interview was conducted in the morning and that afternoon the CEO and Partner had an important meeting to attend. The researcher was invited to attend and observe. Before the meeting, the CEO introduced the researcher to the attendees who were interested in the research and an unanticipated, in-depth, semi-structured interview occurred. The next day the researcher was invited to attend a meeting with the firm’s engineer, where another unanticipated interview occurred. This open access to CEO, Partners, Engineer and Industry Experts who were key clients of the firm resulted in a deep understanding of the immigrant entrepreneur, his/her strategy, and the Italian business environment. In another example, at the conclusion of the interview with the Director and Founder of Timoteo Consulting, the researcher was invited to meet and informally interview her father, a first-generation immigrant entrepreneur. This allowed the researcher to confirm some

historical information provided during the interview and to gain a deep appreciation and understanding of his migration and business experience in Australia.

#### **4.6. Overviews of Case Study Interviewees**

The six case studies were of Italian immigrant ethnic entrepreneurs in Australia. The entrepreneur's firms were head quartered in South Australia, Victoria, New South Wales and Queensland as outlined in this section. Brief overviews of the positions and organisations of the 11 industry experts and 6 government representatives are presented in Appendices C, D, and E.

##### **4.6.1. Quartuccio Wines**

Quartuccio Wines is the oldest Italian family-owned winery in Australia, being established in 1926 by a 25-year-old immigrant from Piedmonte in Northern Italy. He initially arrived in Australia in 1925 and followed the Stages of Successful Ethnic Business Expansion as outlined by Iyer and Shapiro (1999) and discussed in Section 3.2.1. He commenced his working life in Australia as a source of labour selling pigs and ice-cream. He then became self-employed serving the ethnic community by leasing land and establishing a vineyard to make wine that "he wanted to drink":

*We believe he came to this area around 1926. We know that he got into hanging and selling pigs, collecting sticks, and he most certainly sold ice-cream at the front gates of the botanic gardens because we have a photograph of that. I think he was always going to be business orientated. He then began making wine for his own purposes - he learnt that trade in Italy. Other Italians came to know of it and wanted that style and from there the business grew. Then of course he had the connections [in the North of the State]. There were huge numbers of Italians up there so that is how his business grew. From there he also made connections in Melbourne, Griffith and the Riverina. Pop was one of the first to send wine up there before any of the other wineries got started. He sent wine up to Innesvale, Queensland where the [Piedmontese] cane cutters were. It just grew and grew (Director, Quartuccio Wines).*

After success with supplying wine to the Italian community throughout Australia, he decided to diversify into pasta making and establish a pasta manufacturing business, because "wine and pasta go hand-in-hand":

*It was just a dream that he had - of course wine and pasta go hand-in-hand. There were other people who were doing it and he cottoned onto the idea and again, when he decided on something, that was it! The machines were ordered and purchased from Italy. He got a manger in to do the pasta but he should have stuck to what he knew best, which was wine. The business side of the pasta never took off (Director, Quartuccio Wines).*

After a few years the pasta business closed and a grape glut occurred in the 1970s, resulting in the production of non-alcoholic juices. This saw the business expand to also serve the non-ethnic market in Australia, and to eventually become involved in IB activities. The non-alcoholic juices were first exported to Saudi Arabia in 1974 and today exported to over 17 countries including China and Vietnam. The internationalisation process is discussed in-depth in Section 5.4.1. Quartuccio Wines are not exporting to Italy and there are no plans to do so as the current strategic focus is Asian markets. Presently the firm is operated by second and third-generation family members. The importance of this successful immigrant entrepreneur and his business for the Italian community was described by his grandson, the current chief wine maker:

*I have had a few Italians tell me that when they came here in the 50s, it gave them a comfort to come to a country and see that another Italian immigrant had established a business and made something of this country. Every Italian in Adelaide used to come around here for parties, especially in the 40s and 50s when that main influx came through (Chief Wine Maker, Quartuccio Wines).*

#### **4.6.2. Montalbano Enterprises**

Montalbano Enterprises is an import/distribution firm. It was established by an immigrant from Central Italy who arrived in 1952, aged 27, on a government Assisted Passage. As per the terms of the passage, he initially worked as a source of labour and then commenced importing Italian products including sewing machines, baby food, wine, olive oil and coffee:

*He evaluated what was happening here: market wise and the demand. For example the housewives would come to Australia and they did not have the disposable dollars to buy clothes but a lot of them were very, very talented because back in Italy they used to make their own clothes. So he brought over sewing machines and he then sold them to [a large store]. He saw that migrant families were growing and there was no real Italian style infant food so he saw there was a need and imported the food (Director 2, Montalbano Enterprises).*

The business began in his home and then expanded to nearby premises, supplying local delicatessens and restaurants with Italian products and of course, the local Italian community. In the 1960s he exported small amounts of Australian beer to Italy, and also became the Asia-Pacific distributor for some Italian products. This is explored more in Section 5.2.1. In the 1980s, the founder officially opened a store to the public and today his daughter and son-in-law run the business, including frequent trips to Italy to search for new suppliers and maintaining existing relationships.

#### 4.6.3. Giuliano's

Growing up and working in a Roman bakery was the inspiration for Giuliano's, which is a Roman-style coffee bar/café. It was founded in 1985 by an immigrant from Rome, who was originally from Southern Italy. He came to Australia with the 1956 Italian Olympic Team and accepted the Australian Government's residency offer to skilled migrants. Following the Stages of Successful Ethnic Business Expansion as outlined by Iyer and Shapiro (1999), he began as a source of labour in the Italian community, working in small bakeries before becoming self-employed and establishing his own café:

*He was born in Puglia and his parents sent him to Rome to his uncle who had a cake shop and that is where he spent most of his life. He considers himself more Roman because he grew up there from when he was a little boy until he was 24 or 25 when he came to Australia. He couldn't speak English and his English is very broken still. He came to Australia with the Italian Olympic team. The government gave a lot of people who came through the Olympics that had trades the opportunity to remain. A lot of his friends stayed – the chefs, kitchen staff. He actually started a cake shop for a short period of time. During that time his father passed away and he went back to Italy. When he came back he set up [in a suburb] and was there for probably maybe 10/15 years. He found the cake shop to be very hard and laborious so he decided to go into a more industrial business where he brought machines that made the product and he could sit back a bit and wake up a bit later and finish a bit earlier. It ended up being quite hard! So we went from a cake shop in [a suburb] to an industrious business which we still have (Director, Giuliano's).*

After completing university, three of his children worked in the business. To ensure the continued success and expansion of the firm, the café / bar was opened:

*A lot of us graduated [from university] and only came back into the retail side [of Giuliano's] because there were a lot of us brothers [working in the business] (Director, Giuliano's).*

The current Director, his son, pursued internationalisation of the firm with their first attempt into Dubai via a franchise in 2010. This is explored further in Section 6.2.3. It is intended that Singapore will be the next international market entered with the same franchisee from Dubai.

#### 4.6.4. Zingaretti Wines

Zingaretti Wines is one of the largest wine exporters in Australia. The firm was started by husband and wife immigrants from Southern Italy who arrived in 1957. After being a source of labour, they entered self-employment and a farm was purchased in 1965. After selling their grapes to local wineries, in 1969, Zingaretti Winery was established. After working in other wineries, the son, the second-generation immigrant entrepreneur, returned to Zingaretti Wines and hired an international sales manager to drive the

internationalisation of the business. In 2000 Zingaretti Wines commenced exporting wine to the US and sold over 1 million cases in the first year. Today, Zingaretti Wines are exported to over 50 countries and:

*... is one of the biggest family-owned wine companies in Australia. The results from an intangible business survey were just released and we were the biggest Australian wine brand in the world today (Export Manager, Zingaretti Wines).*

While the family is proud of their wine making heritage, their Italian ethnicity does not inform the business strategy or the marketing of the wine. Instead, they prefer to focus on branding of their wine to ensure their continued success:

*We have [Zingaretti Wines] on the bottle and family heritage is very important to us to the trade. To consumers, authenticity is very important but the majority of our consumers wouldn't know who the [Zingaretti] family is. We would argue that our brand does not push the [Zingaretti] family or the 500 years of heritage as such even though the [Zingaretti] family has six generations of wine making going back through Italy. We are pushing a personality of the brand (Export Manager, Zingaretti Wines).*

#### **4.6.5. Meglio Consulting**

The entrepreneur is the CEO and founder of Meglio Consulting which he established in Sydney, Australia in 2008. He is an ideal example of Battiston and Mascitelli's (2007) description of the modern Italian immigrant – he is highly skilled, educated and business-orientated with a working knowledge of Italy. He has vast IB experience, working in an Italian automotive firm for 18 years. He wanted to establish his own firm that would enable him to capitalize on his experiences and knowledge and most importantly, “save the world” by finding solutions to the world's problems, including problems that face farmers. An office was established in Sydney and then in Venice in 2010, once backing for a project was obtained from the Venetian government. The firm specializes in assisting Italian firms to enter Australia. In addition, they conduct market research for some Italian unions and consortiums who are interested in protecting/maintaining the “Made in Italy” brand. The firm consists of the founder, two partners, and consultants.

#### **4.6.6. Timoteo Consulting**

Timoteo Consulting was established in May 2010 by two colleagues who left their positions in the Italian Chamber of Commerce in Australia. Together, the two founders have over 60 years of experience in Italian and Australian markets, and consequently have amassed a great number of networks, experiences and knowledge of both markets. The firm specializes in helping Italian firms enter the Australian market and vice versa.

The services offered include market research, identifying potential partners, translating and interpreting, direct marketing, organizing trade show and exhibition stands and arranging trade missions to Australia. One founder is a second-generation immigrant whose family is very active in the Italian community. Her father arrived in Australia in 1950 and her mother arrived in 1953. They established an import business and a travel agency that serviced the Italian immigrant community. Thus being involved in the family business has given the founder vast experience in and knowledge of the Italian market. Timoteo Consulting prides itself on being able to provide specialised, tailor-made services, which they consider is a gap in the consulting market.

#### **4.7. Data Sources and Data Collection Methods**

The primary data sources for the present study were collected during the main data collection phase through 21 in-depth, semi-structured interviews with three groups of participants:

1. Case study immigrant ethnic entrepreneurs and/or Senior Managers (refer to Appendix C),
2. Australian and Italian Industry Experts (refer to Appendix D), and
3. Australian and Italian Government Representatives (refer to Appendix E).

Interviews were conducted in three stages:

<b>Stage 1</b>	Australia – South Australia	May – October 2010
<b>Stage 2</b>	Italy – Florence, Rome, Venice, Naples, Milan	November 2010 – February 2011
<b>Stage 3</b>	Australia – Queensland, New South Wales, Victoria, South Australia	March – July 2011

Secondary data sources included media articles and company reports. These sources facilitated the triangulation of data, as discussed in more detail below.

##### **4.7.1. Primary Data Sources**

The primary data collection method was interviews with three groups of participants as outlined above. Interviews provide the most suitable means of exploring and highlighting processes, including individual decision making processes, explaining discrepancies and providing explanations (Barbour 2009; Ghauri 2004). Given that this study explores individual decision making processes, interviews were deemed to be an appropriate data

collection tool. Primary data were collected through in-depth semi-structured interviews with open-ended questions. Semi-structured interviews are:

*... guided, concentrated, focused, and open-ended communication events that are co-created by the interviewer and interviewee and occur outside of the stream of everyday life (Tharenou, Donohue & Cooper 2007, p. 104).*

Semi-structured interviews are more flexible than a structured interview (Tharenou, Donohue & Cooper 2007), allowing a holistic understanding of the process to be gathered as participants are able to volunteer information that may not be captured in a structured interview (Barbour 2009). Simons (2009) argues there are four reasons for conducting in-depth interviews:

1. To document the participant's perspective on a topic,
2. The active engagement and learning it promotes through identifying and analysing issues,
3. The flexibility it allows to probe and pursue a topic or deepen a response, and
4. The potential to uncover feelings and events that cannot be observed, as interviewing can result in participants revealing more information than can be assumed from observing a situation.

Thus it was determined that in-depth, semi-structured interviews would be conducted to facilitate the collection of data that would contribute to a rich understanding of the immigrant ethnic entrepreneur internationalisation process.

From the literature review and conceptual framework, an interview protocol was designed for the case studies (Appendix F), industry experts (Appendix G) and government representatives (Appendix H). Interviews lasted between 20 and 150 minutes. With the consent of the participant, each interview was audio recorded. Patton (1990) argues that taping an interview allows the researcher to take notes which assist in the formulation of new, follow-up questions during the interview and secondly, the notes can facilitate that analysis. The researcher is fluent in both English and Italian, therefore when it emerged that the informants preferred to converse in Italian, this was accommodated. The researcher personally transcribed verbatim the interviews, which were then recorded in a case study database.

The interview topics (protocol) were derived from the literature discussed in Chapter 3: Literature Review, which identified knowledge gaps in these areas. The participants were first asked general demographic questions which served to identify the characteristics of

the person and locate them in relation to other people (Patton 1990). This was followed by brief questions regarding the history of the firm and from that, detailed questions were asked regarding their perceptions of the factors that drove the internationalisation process, the process of identifying international market opportunities, how an international market was selected, and the perceived influence of networks, manager characteristics and institutions on each stage of the firm's internationalisation. These knowledge based questions served to discover what factual information the participant had. Time frame questions were also asked about past, present and future attitudes and what they have done in the past, present and future (Patton 1990).

#### **4.7.2. Secondary Data Sources**

Secondary data sources included company and Chambers of Commerce and Industry websites, reports, brochures, industry journals, newspaper and magazine articles. This data was stored in a database and used to triangulate primary data information. Data triangulation (using a variety of data sources) and theory triangulation (using different perspectives to interpret a single set of data) – can strengthen a study design (Patton 1990). This can be achieved by using multiple purposeful samples, multiple perspectives and multiple qualitative methods. The present study employed four different purposeful sampling techniques. It also explored multiple theoretical perspectives (e.g. the network perspective, upper echelons theory and institutional theory) and both primary and secondary data were collected. Using a combination of data sources allows the validation and cross-checking of the findings and furthermore, it increases the validity as the weaknesses of one approach may be compensated for by the strengths of another approach (Patton 1990).

#### **4.8. Data Analysis**

Patton (1990) argues that:

*The purpose of qualitative inquiry is to produce findings. The process of data collection is not an end in itself. The culminating activities of qualitative inquiry are analysis, interpretation and presentation of findings (Patton 1990, p. 371).*

Analysis included the techniques of open, axial and selective coding to develop themes and sub-themes from the in-depth interview transcripts. In addition the analytical modes of content analysis, the editing approach, explanation building, and cross-case analysis were used (Freeman & Cavusgil 2007; Yin 2003). Applying this exploratory approach to data analysis allows for a greater understanding of the field data through the process of



creating order, structure and meaning out of the collected data (Freeman, Edwards & Schroder 2006).

#### **4.8.1. Content Analysis**

Content analysis is an analytical technique “that extracts thematic information from qualitative materials” (Tharenou, Donohue, & Cooper 2007, p. 253) and allows the systematic description and analysis of written and/or spoken material. It involves the identification, coding and categorisation of primary patterns in the data, which in the present study composed the interviews, and secondary data sources (Patton 1990). The analysis of the content can be divided into specific topics and themes. The method of content analysis is contingent upon the research questions. If the goal is subjective understanding, exploration and/or generation of new insights and there is little knowledge, the more interpretive styles are recommended (Tharenou, Donohue & Cooper 2007). As the research questions of the present study focused on generating new understandings, interpretive analytical styles were used. This involved reading the interview transcripts and labelling different parts of the data that related to topics. Coding is a key method for content analysis and discussed in Section 4.8.3. Coding.

#### **4.8.2. Editing Approach**

This approach views the researcher as an interpreter who:

*... enters the text much like an editor searching for meaningful segments, cutting, pasting, and rearranging until the reduced summary reveals the interpretive truth in text (Crabtree & Miller 1992, p. 20).*

Due to the strong interpretive and inductive nature of this technique, it is appropriate for research with a focus on subjective understanding, exploration and/or generation of new insights (Crabtree & Miller 1992; Tharenou, Donohue & Cooper 2007). In this approach, the researcher, or interpreter, searches the transcripts for meaningful units relevant to the research questions or that stand on their own (Tharenou, Donohue & Cooper 2007). From these units, codes or categories are developed and the patterns and themes connecting them are explored. Subjective interpretations from the analysis of a specific theme are then repeatedly compared to the original data (Crabtree & Miller 1992). The steps in the editing analysis are as follows:

Interpreter or editor → Apply to text → Identify units → Develop categories (return to apply to text) → interpretively determine connections → Verify (return to text) → Report (Tharenou, Donohue & Cooper 2007, p. 257).

### **4.8.3. Coding**

The interviews were transcribed verbatim by the researcher. As the researcher is fluent in Italian, the interviews conducted in Italian were also translated by the researcher. The transcriptions were then coded manually. Coding is systematic and comprehensive given that all the data are searched until the categories are saturated and understanding and explanations are gradually built (Simons 2009). Coding is the process of organizing data into segments or clusters, naming each cluster and then bringing meaning to the clusters (Creswell 2003; Simons 2009). Or more simply, it is the process of assigning labels to text (Tharenou, Donohue & Cooper 2007). The data were coded using open, axial and selective coding (Strauss & Corbin 1998). The first reading of the material and identifying main themes resulted in the data being open coded. Then the themes were organised into sub-categories, or axial coding occurred where the categories were linked to create common themes. Finally, the data underwent selective coding whereby all the categories were integrated into core categories that related to the research questions, extent literature, and theory. Although this coding technique is often reserved for grounded theoretical approaches, the tools of analysis were applied to the present study (Freeman & Cavusgil 2007; Freeman, Edwards & Schroder 2006; Strauss & Corbin 1998). Finally, the findings were compared to previous studies as discussed in Chapter 3: Literature Review, and conflicting and similar findings were identified. The findings for each of the three Research Questions are discussed in Chapters 5, 6, and 7, respectively.

### **4.8.4. Iterative Explanation Building**

Explanation building is the second analytic technique recommended by Yin (2009), especially for explanatory case studies. The aim of explanation building is to build an explanation about the case by analysing the data. This occurs through a series of iterations (Yin 2009). In the present study, the following iterations occurred:

1. Based on existing literature, three research questions were developed regarding internationalisation by immigrant ethnic entrepreneurs.
2. The findings for each research question from each case were analysed. The findings for each case were then compared with each other.
3. The key findings were then revised.
4. The facts of each case were then compared to the revision for a second time.
5. This process was repeated as many times as necessary.

During the data collection, the transcripts were analysed, and the literature was then revisited. This resulted in the refinement of the interview protocol as each new interview

commenced. This was particularly important when analysing the transcripts from industry experts and government representatives as these highlighted specific regulative institutional issues that could influence the internationalisation process, which the researcher could explore with the entrepreneurs. During the data analysis, the case documents were continually revisited to identify convergent or divergent themes within or across cases. This approach resulted in the gradual building of an explanation of the internationalisation process of immigrant ethnic entrepreneurs.

#### **4.8.5. Cross-Case Analysis**

Cross-case analysis increases the cross-case generalisation whereby common issues across cases and interconnecting themes are identified (Simons 2009; Yin 2009). Starting with one case, themes are identified and as subsequent cases are examined, the themes are re-examined in different contexts to discover what aspects of the analysis are evident in each case and what aspects are different. This was conducted in the present study with themes such as the importance of COO regional based social ties, being identified in one case and re-examining this theme in subsequent cases which have different contexts (in terms of different COO regions) and even different use of these networks, which highlighted a different aspect of this theme. Thus, cross-case generalisations can be made, though generalisations to the wider population cannot be made (Simons 2009).

#### **4.9. Rigor and Quality**

The rigor and quality of a study refers to the question of 'How well do the study and its results reflect the phenomena it is intended to cover?' Thus it reflects the truthfulness of the study (Andersen & Skaates 2004; Schwandt, Lincoln & Guba 2007). In quantitative research, this is referred to as the validity of a study. In general, four logical tests or criteria are used to determine the validity and reliability of quantitative research (internal, external and construct validity and reliability) (Yin 2009). These can be applied to any empirical social research design (Yin 2009). Given that the case study method is a form of social research, these four criteria apply to the quality of the present study. Objectivity is another criterion highlighted by Creswell (2003) as important in qualitative research.

Qualitative researchers have been criticized for not sufficiently addressing the specific issue of validity and reliability (Andersen & Skaates 2004; Miles & Huberman 1994; Schwandt, Lincoln & Guba 2007). Andersen and Skaates (2004) argue that addressing validity issues ensures the rigor and quality, or "truthfulness", of the research. Similar to the criteria used in quantitative research, Lincoln (2001) and Schwandt, Lincoln and Guba

(2007) have developed criteria to explore the “truthfulness” of the study. The criteria and strategies employed to address each criteria are listed in Table 4.5:

**Table 4.5 Summary of Criteria and Strategies to Address Rigor and Quality**

Quantitative Criteria	Qualitative Criteria	Strategy Employed
Internal Validity	Credibility	Prolonged engagement in the field Peer debriefing Triangulation Explanation building
External Validity	Transferability	Provide rich descriptions Purposive sampling Multiple-case study design
Reliability	Dependability	Audit trail / case study database Triangulation Peer review Interview Protocol
Construct validity	NA	Multiple sources of data Audit trail / case study database
Objectivity	Confirmability	Triangulation Practice reflexivity

Source: Adapted from Creswell (2003), Lincoln (2001), and Yin (2009).

#### **4.9.1. Credibility**

Credibility refers to the extent to which correct cause and effect relationships have been identified (Yin 2009). It is revealed through the researcher’s interpretations, which can be subject to biases and assumptions via the researcher projecting their own values and experiences onto the case (Tharenou, Donohue, & Cooper 2007). In the present study credibility was achieved through prolonged engagement in the field, peer debriefing, triangulation and explanation building (Lincoln 2001; Yin 2003).

The researcher spent a total of 15 months collecting data. Initially six months of data collection occurred in Australia, followed by four months in Italy and another five months in Australia. The initial Australian data collection allowed views and information about the Italian institutional environment to be collected and analysed. Then collecting data in Italy allowed the researcher to clarify the situation and compare and contrast the opinions of those in Italy with those in Australia and to experience it for herself. Thus it enabled a deeper understanding of the situation – in terms of the Italian institutional environment and why Italian immigrants may or may not select the COO market. Returning to Australia for a further data collection phase allowed the researcher to confirm the insights gained in Italy.

Peer debriefing was used with regular meetings with the researcher's two supervisors who questioned the method, analysis of data and interpretation of findings. This ensured that the data collection and analysis were accurate and effective. Peer debriefing also occurred through presenting at various academic conferences and higher degree student workshops throughout the candidature (refer to Appendix O).

As explained in Section 4.7.2., triangulation in this study occurred through collecting and analysing data from multiple sources (Yin 2009). This included interviews with the case interviewees, and Australian and Italian industry experts and government representatives. Secondary documentation in the form of company, government and community websites, industry reports and journals, newspaper and magazine articles, was also collected to provide context to the data and to enable the researcher to confirm the information obtained from various sources.

#### **4.9.2. Transferability**

Transferability is concerned with the extent to which the findings can be generalised or are applicable to other groups or settings (Tharenou, Donohue & Cooper 2007). Yin (2003) and Tharenou, Donohue and Cooper (2007) argue that case study methods seek analytical, not statistical generalisations. Furthermore, analytical generalisations require the findings to apply to theoretical propositions and not to populations (Tharenou, Donohue & Cooper 2007). Consequently, transferability is improved through providing rich descriptions and purposive sampling and a multiple case study method.

Rich descriptions outline not only the behaviour or event that occurred, but the context in which it occurred. Collecting data from the cases and also industry experts and government representatives allowed the researcher to provide a rich description of the context of internationalisation by Italian immigrant ethnic entrepreneurs. These descriptions are provided in Chapters 5, 6, and 7 which discuss the findings of the study.

Purposive sampling can increase the transferability of the qualitative design (Lincoln 2001; Patton 1990). As suggested by Patton (1990) the purposive sampling techniques used in this study were intensity sampling (refer Section 4.5.3.1), criterion sampling (refer Section 4.5.3.2.), snowball sampling (refer Section 4.5.3.3) and opportunistic sampling (refer Section 4.5.3.4).

A multiple case study method is considered more robust than a single case method as it is thought to be similar to conducting multiple experiments whereby the cases were carefully selected to explore either similar or contrasting results (Eisenhardt 1989; Yin 2003). That is, multiple case study method is based on replication logic (Yin 2003). Thus a multiple case study method was used in the present study to increase the transferability of the findings.

#### **4.9.3. Dependability**

Dependability is concerned with the minimization of errors and biases in the study (Yin 2003) and is increased through cross-checking information, primarily through triangulation (Tharenou, Donohue & Cooper 2007). To address this issue, in addition to peer review and triangulation (as discussed above), separate interview protocols for the firm respondents, industry experts and government representatives were developed (refer to Appendices F, G and H) and a thorough case study database/audit trail was created (Yin 2009). The audit trail is similar to a chain of evidence that enables the researcher to demonstrate to an outsider how the findings and conclusions were made. The database contained all primary and secondary data (audio recordings, transcripts, firm documents) in addition to detailed notes and records of people contacted.

#### **4.9.4. Construct Validity**

Criticisms of the case study method include that subjective nature of the judgments made by the researcher and the validity of the interpretations, that is, are the main themes identified by the researcher valid? (Tharenou, Donohue & Cooper 2007; Yin 2009) Furthermore, are the constructs under investigation correctly operationalized? To increase the construct validity, a definition of an immigrant ethnic entrepreneur was relied upon, based on existing, well-cited research by Shane and Venkataraman (2000), Chaganti and Greene (2002) and Chand and Ghorbani (2011) as detailed in Section 4.5.3.2. To ensure that the main themes identified and the interpretations are valid, the present study used multiple data sources including interviews with firm respondents, and Australian and Italian industry experts and government representatives at different levels of government (executive, senior and operational). Interviewing the industry experts and government representatives, as well as attending conferences, networking events and seminars allowed the researcher to develop further understanding of the context of the Italian immigrant entrepreneur internationalisation process. In addition, data were obtained from multiple secondary sources including press reports, company documents, government

documents and newspaper articles. This allowed for triangulation and for the information in the interviews to be verified and provide context, thus improving the rigor and quality of the researcher's interpretations.

#### **4.9.5. Confirmability**

Creswell (2003) highlights that in qualitative research, confirmability is obtained through the process of reflexivity whereby the researcher acknowledges their biases, values and interests as these can influence the study. Reflexivity will lead to an open and honest analysis and discussion of the findings (Creswell 2003). In the present study, the researcher is not of Italian origin but has studied the language and culture for 15 years and has travelled and studied in Italy. These experiences afforded her insight and understanding of the cultural aspects relevant to Italian immigrant entrepreneur internationalisation. This understanding of the Italian culture and people contributed to a rich and deep discussion of the findings. However, as the researcher is not of Italian origin, it provided some objectivity to the study as the phenomenon could also be viewed from an objective, outsider's perspective. In addition, the two supervisors were not as familiar with the Italian culture and contributed to the confirmability of the study through their outsider's perspective.

#### **4.10. Methodological Limitations**

Cited limitations of the case study method are that they are interpretative and reflect the researcher's values, judgments and thinking, (Creswell 2003), are not representative with analytical and not statistical generalisability (Yin 2009), decreased generalisability due to a small sample size (Patton 1990) and while this method is capable of providing explanation of how or why, it cannot determine how often a situation occurs (Freeman & Cavusgil 2007). However the most common limitation cited is the lack of rigor (Yin 2009). Furthermore, interviews have been criticized because the interviewees are able to report only their perceptions and perspectives of events which are subjective and not all participants are equally articulate and perceptive. The interview data is also subject to recall error and self-serving responses (Patton 1990). Furthermore, documentation may be inaccurate and incomplete with only positive aspects being recorded (Creswell 2003; Patton 1990). However, documents can provide a behind-the-scenes look at events which can provide the researcher with leads to asking appropriate questions that otherwise would have been lost and resulted in a not as in-depth understanding of the phenomena (Patton 1990).

Although case studies lack statistical generalisability, this limitation is counterbalanced by generating an in-depth analysis of the phenomena (Tharenou, Donohue & Cooper 2007). As outlined in Table 4.5, a number of strategies have been employed to overcome these limitations.

#### **4.11. Ethical Considerations**

Consideration has been given to ethical issues such as the need for transparency in presenting the research topic and method to potential participants, informing interviewees of their rights, issues of confidentiality and the effect of sampling strategies (Barbour 2008). In accordance with the National Statement on Ethical Conduct in Human Research (2007), ethical approval was granted by the Adelaide University Human Research Ethics Committee (HREC). The project number of the present study is H-114-2010. All participants were informed both verbally and in writing of the following (refer to Appendices I – N):

- The purpose and objectives of the study,
- The benefits of participating in the study and the contribution of the study,
- What data was to be collected and how,
- The restricted public access to the case study,
- The measures adopted to ensure the confidentiality and anonymity of the participants, and
- Contact details for the secretary of University of Adelaide HREC should they have a complaint or concern about the manner the research was conducted.

The interviewees were informed that their participation was voluntary and they could withdraw at any stage of the research. Before the interview commenced, consent was gained either by signing a consent form (Appendices P and Q) or verbally.

To ensure the confidentiality of the interviewees, all company and individual names have been coded to prevent their identification. Furthermore, given the close-knit Australian government and business community in Italy, some descriptions of and information about the firms/organisations or positions of government officials have been omitted to further ensure confidentiality. This is supported by Barbour (2008) who argues that preserving anonymity is more than just using pseudonyms and locking the data away: descriptions can also contribute to an individual or setting being recognised.



As interviews were conducted with individuals whose primary language is English and/or Italian, consent forms and explanatory statements were available in both languages to ensure that the participant could completely comprehend the objectives of the study and their rights.

#### **4.12. Chapter Summary**

This chapter discussed at length the qualitative, multiple-case study approach used in the present study to explore the research problem:

*How do immigrant ethnic entrepreneurs internationalise?*

Descriptions of the sampling techniques, cases, data collection methods, and data analysis tools were provided, as was a consideration of rigor and quality issues. The next Chapter discusses the findings for Research Question 1.

## 5. FACTORS THAT DRIVE THE INTERNATIONALISATION PROCESS

### 5.1. Introduction

Chapter 3: Literature Review presented the development of three research questions to further our understanding of the immigrant ethnic entrepreneur internationalisation process and Chapter 4: Methodology discussed the method. This chapter identifies and evaluates the findings for Research Question 1:

*Factors that drive the immigrant ethnic entrepreneur internationalisation process:*

*1.a How do managerial level factors drive the internationalisation process?*

*1.b How do firm level factors drive the internationalisation process?*

*1.c How do institutional level factors drive the internationalisation process?*

As discussed in Chapter 3, Abebe and Angriawan (2011) demonstrate how factors at three levels can drive the internationalisation process:

1. *Managerial level factors* such as education, foreign language skills, international experience and social ties (Hutchinson et al. 2007; Zucchella, Palamara & Denicolai 2007).
2. *Firm level factors* including human and relational capital (Hitt et al. 2006; Serra, Pointon & Abdou 2011).
3. *Regulative, normative and cognitive institutional level factors* (Scott 2008; Yamakawa, Peng & Deeds 2008).

How factors drive the immigrant ethnic entrepreneur internationalisation process has not been specifically addressed in the literature. To further our understanding of such factors, this study employs a qualitative research approach which includes semi-structured, in-depth interviews with Italian immigrant ethnic entrepreneurs, industry experts and government representatives as discussed in Chapter 4.

The findings discussed in this chapter emerge from the experiences and views of multiple respondents about possible drivers of the internationalisation process. A key finding of the study is that rather than any single factor, a combination of factors at all three levels is highlighted as important. The findings suggest that the combination of factors at each level contributes to an increased awareness of, and interest in international market opportunities and this drives the entrepreneur to consider internationalisation. However, refining Basu and Goswami's (1999) and Serra, Pointon and Abdou's (2011) studies,

formal higher education is not reported to drive the immigrants' internationalisation. Rather the findings demonstrate that the "entrepreneurial learning" (Hamilton 2011) gained from growing up and working in the family business environment contributes to the development of a "gut instinct" or "common sense" that is used in the decision making process around the internationalisation of the firm.

Refining Yamakawa, Peng and Deeds' (2008) and Lin's (2010) studies the findings also demonstrate that cognitive institutional factors, such as the belief in the importance of "giving back" to Italian society, contribute to drive Italian immigrant entrepreneur internationalisation to Italy.

The findings are discussed below according to the three levels of factors, beginning with Section 5.2 Managerial Level Factors, followed by Section 5.3 Firm Level Factors and Section 5.4 Institutional Level Factors. Section 5.5 then summarises the findings and contributions of the study in relation to Research Question 1.

## **5.2. Managerial Level Factors that Drive the Internationalisation Process**

Managerial level factors that are suggested to drive the internationalisation process include education level and foreign language skills (Basu & Goswami 1999; Serra, Pointon & Abdu 2011), international experience (Belso-Martinez 2006) and social ties (Hutchinson et al. 2007; Zain & Ng 2006).

### **5.2.1. Education Level**

There is only one example in the present study where the education level attained acted as a driver of internationalisation. The founder of Montalbano Enterprises started two degrees in Italy (medicine and marketing) before migrating to Australia where he established an import and distribution business. The Director recounts that the founder had studied Japanese culture and used this knowledge to identify an opportunity to market and distribute an Italian liquor in Japan. His marketing knowledge and understanding of the culture and of the aspects of the liquor the "Japanese were keen on" ensured a successful and quick entry into the Japanese market:

*He had travelled quite considerably and in the travelling he studied. For example he studied Japanese culture for about five years. You are talking back now in the 1950s. He saw that [an Italian-made liquor] had potential in Japan... So first of all he went to [the Italian company] and said that he would be their marketing manager for ... Australia and all of Asia. We understand that it normally took four*

*or five years to develop business relationships with the Japanese – they would send the scouts out who did not make the decisions but gathered all the information. So he made it his point to know what they wanted and he knew that there were certain components of [the liquor] that the Japanese were keen on. Because of his understanding and knowledge he then was able to go there and in an extremely short period of time ... a bit more than six months, he had already sold it to the Japanese market... He was then the marketing manager and he would visit there quite a lot and develop marketing strategies (Director 2, Montalbano Enterprises).*

Basu and Goswami (1999) indicate that education is an important factor that drives the growth of an immigrant entrepreneur's firm in the domestic market, but do not examine the influence on an immigrant's international expansion. This insight refines Basu and Goswami's (1999) study by demonstrating that education and cultural understanding can drive the immigrant ethnic entrepreneur internationalisation process. In this instance, education of the Japanese culture was a driver because it provided the entrepreneur with knowledge that enabled him to understand the Japanese market, identify an opportunity and successfully enter the market.

Of the six immigrant ethnic entrepreneurs in the present study who have successfully internationalised their firms, only two have university degrees (Director of Giuliano's and CEO of Meglio Consulting). As immigrant entrepreneurs both with and without higher education have successfully internationalised their firms, it appears that the level of education, which may be related to their generational level support, may not be a key factor that drives the internationalisation process. This supports the findings by Zucchella, Palamara and Denicolai (2007) and Serra, Pointon and Abdou (2011) that formal education is not an important factor driving internationalisation. The Director of Giuliano's indicates that his university degree in physical education did not drive the firm's internationalisation process, but does concede that a "business course" would have helped overcome some administration issues he has encountered, specifically with accounting, law and leases. These issues are overcome by accessing resources outside the firm while other knowledge required in business is "common sense":

*I did physical education at University. There are limited opportunities in physical education and little financial reward and [his father] gave me the opportunity to come into the business. Yes maybe a business course may have helped a little bit but a lot of it is common sense more than anything. I have no business experience as far as studying. The things you probably run into problems with are things like the law, like leases which we have had some issues with. And maybe some accounting things but we get external people to look at that now and some internal people we have employed to help with it. But everything else as far as customer service and the manufacturing and just dealing with people, a lot of that is just common sense and psychology (Director, Giuliano's).*

It is difficult to ascertain if the “common sense” the Director highlights results from the “entrepreneurial learning” defined as “the acquisition and development of the propensity, skills and abilities to found, to join or to grow a venture” (Hamilton 2011, p. 9) obtained from growing up in the family business environment or as suggested by Basu and Goswami (1999), is derived from the transferable skills that education develops. Focusing on second-generation immigrant entrepreneurs in Australia, Peters (2002) illustrates that the “business talk in which they were raised ... [and] discourse at family or community gatherings was important to the evolution of their business consciousness” (Peters 2002, p. 42). The insights from the Directors of Montalbano Enterprises and Quartuccio Wines support the proposition that growing up in an immigrant family business contributes to an individual’s learning and education through the early acquisition of business knowledge and experience (Garcia-Alvarez, Lopez-Sintas & Gonzalo 2002; Hamilton 2011; Peters 2002). The Director of Montalbano Enterprises has a high school diploma and gained business experience and knowledge from being involved in nightly business discussions at home with her father:

*... all the previous years that [Director 1] had every night with her father for one reason or another talking business at home, that automatically gives you something as a drip feed [of experience] (Director 2, Montalbano Enterprises).*

This insight is similar to the experience of the Director of Quartuccio Wines. Like the Director of Montalbano Enterprises, she is the only daughter of the founder and her highest education qualification is a high school diploma. She recounts that her parents expected her to work in the family business. Through this work experience she gained the knowledge necessary to run the winery when she was made the Director upon returning from a 10 year break after raising her family:

*It was always an expectation that you would fall into place in the winery. I had an office role; I was always involved in production too in my younger days. We would work 6-7 days. If a job had to be done, we just did it. Our cellar door as it is now is open 6 days and I was always involved in that and in the office. Then I married a Scottish-Australian and he believed that a woman should be at home and I fell into that role. In 1991, my boys were older and I came back on a part time/casual role. In 2001, I separated and that was when I came back full time... In between that time I was also caring for my mum (Director, Quartuccio Wines).*

The finding most emphasised by the Italian immigrant ethnic entrepreneurs is that the entrepreneurial learning gained from growing up and working in the family business environment (Hamilton 2011; Peters 2002) contributes to the development of a “gut instinct” or “common sense” that is used in the internationalisation of the firm. A Director of Montalbano Enterprises acknowledges that the gut instinct or “inbuilt knowledge”,

which is described as being gained from “a drip feed of experience” from her father, is used when exploring international market opportunities. She uses her instinct when making any final decisions:

*After [researching an opportunity], you still go for the gut feeling in the end. It is really important because you have this inbuilt knowledge and there is a whole lot of history in us, behind us... You are born into [the business] so it is not a matter of having a form and making sure it ticks all the boxes. You have to go with your gut! (Director 1, Montalbano Enterprises).*

Emphasizing this finding, the Director of Quartuccio Wines recalls a similar experience. Her “gut instinct” caused her to question the legitimacy of a Russian businessman who wanted to import their wines. Her “feeling” caused her to confirm the suspicions with her industry networks:

*We had a gentleman come here that wanted us to export to Russia. You know how you just get a gut feeling? Well I wasn't convinced with him and he wanted money up front for all his promotional work and his entry level stuff. So I made three phone calls to people that he had been dealing with in the Barossa Valley and I got a very negative response so we didn't go ahead. You get to know people and you hear things within the industry and again, it is your gut feeling – just the way they do things! (Director, Quartuccio Wines).*

Hamilton (2011) proposes that entrepreneurial learning occurs through daily participation in the family business. The family business is conceived as a community established by the founder and in which succeeding generations participate. In the examination of two generations in five family businesses, Hamilton (2011) indicates that the second-generation emphasise their participation in the family business from an early age and learn by observing their parents. The founders of 13 Spanish family businesses report that as children, the second-generation learn the values important to their father and knowledge of and experience in how to work in the family business (García-Álvarez, López-Sintas & Saldaña Gonzalvo 2002). The insights of the present study refine the studies by Hamilton (2011) and Garcia-Alvarez, Lopez-Sintas and Gonzalo (2002) by illustrating that entrepreneurial learning contributes to the development of a “gut instinct” that is used in the internationalisation process, though is not necessarily a driver.

#### **5.2.1.1. Foreign Language Skills**

Immigrant entrepreneurs have varying levels of foreign language skills – from “understanding a little” to fluency in a regional dialect and/or in many languages. Given that the focus of this study is Italian immigrants, not surprisingly Italian is the primary foreign language known. While acknowledging familiarity with Italian, the ability to speak or write the language varies among the entrepreneurs. In the instance of the CEO of

Meglio Consulting, he is a well-travelled first-generation immigrant. Working in numerous countries required him to gain a working knowledge of six foreign languages:

*I speak six languages and some are not as good as they once were. I speak German, French, English, Spanish, Portuguese, which is a bit difficult, and a bit of Italian! (CEO, Meglio Consulting).*

Some second-generation immigrants have a basic understanding of Italian, explaining that they know “broken Italian” or how to “write a little”. While highlighting their limited knowledge of Italian, other second-generation immigrants report fluency with their regional based dialect:

*I can talk Italian and so can my family to a certain extent. Certainly between ourselves we still speak a lot of Italian, well dialect (Australian Industry Expert 1).*

The Director of Timoteo Consulting is fluent in written and spoken Italian and explains that she maintains her bi-lingual skills thanks to the encouragement of her parents. This is in contrast to her husband. He is also a second-generation Italian immigrant but does not speak Italian because his parents did not teach him:

*My husband’s family speaks English. They speak hardly any Italian because when they came to Australia, as far as they were concerned, they left Italy behind so they spoke English to their children, even though they are Italian. I was lucky that my parents spoke to me in Italian and I maintain my bi-lingual skills. Because my husband speaks English, our kids speak English (Director, Timoteo Consulting).*

The findings indicate that the entrepreneurs do not perceive their bi-lingual skills as influencing their internationalisation which support’s Belso-Martinez’s (2006) argument that while useful, foreign language skills do not necessarily drive the internationalisation process.

Knowles, Mughan and Lloyd-Reason (2006) and Zucchella, Palamara and Denicolai (2007) indicate that knowledge of foreign languages contributes to the development of a “favourable international mindset” which is advantageous in the market by facilitating communication and understanding of foreign business practices. The findings of the present study show mixed support for the proposed advantages provided by foreign language skills. Australian Government Representative 3 assists Australian firms to enter the Italian market. In her experience, knowledge of the Italian language is advantageous as it facilitates the flow of information when conducting market research since little information is published in English. Consequently Italian language skills are observed to help immigrants enter the market:

*Language is a very big issue. It can be more challenging at times for Australian businesses to enter the Italian market with respect to doing preliminary research*

*and contact identification because you really need to speak Italian in order to do that, because naturally a lot of the information published here is in the local language. So it is quite difficult at times, if you are not an Italian speaker, to do research and to approach companies. So the fact that Italian immigrants or people of Italian heritage have the language, that is a huge asset already and certainly helps with gaining them entry (Australian Government Representative 3).*

This view is shared by Australian Government Representative 4 who suggests that Italian immigrants will access the Italian market due to the language advantage. More specifically, “the feeling” that accompanies understanding a language provides the advantage through an associated level of cultural familiarity:

*Certainly for the Italians in Australia, they will approach the Italian market because practically they have the advantage of language and in fact the feeling because sometimes it is not just the language but the feeling (Australian Government Representative 4).*

The observation that the language is associated with “the feeling” refers to the cultural understanding gained through possessing foreign language skills. In this instance, “the feeling” is the understanding of business practices and for those who use regional dialect, it is the associated trust that accompanies regional affiliations that are prescribed with the use of dialect. This finding refines Knowles, Mughan and Lloyd-Reason’s (2006) study by demonstrating that in the Italian immigrant context the cultural appreciation gained through the acquisition of the Italian language contributes to the immigrant’s internationalisation process. These insights also refine Zucchella, Palamara and Denicolai’s (2007) and Serra, Pointon and Abdou’s (2011) findings by demonstrating that in the Italian context, knowledge of the language can facilitate the flow of information from the market.

Despite this view of Italian language skills being advantageous, contrary opinions are also emphasised. The observations of Australian Government Representatives 1 and 4 and the Director of Timoteo Consulting suggest that acquisition of Italian language skills and regional dialects may not be advantageous in the Italian market. In the instance of regional dialects, Italians in Australia have maintained their dialects while in Italy they are not widely used, especially in the business environment. Consequently, while Italian immigrants may consider entering the Italian market, they may find that their knowledge of dialect is not an advantage in the Italian business environment:

*[Being] Italo-Australian is not always as useful as you might first think. Because sometimes [immigrants] think that because they are Italian, they can slip back into the mother country only to find that in fact the level of language is not quite what their Italian counterparts here expect. They [Italians in Australia] principally speak*



*dialect and therefore may have unexpected language difficulties (Australian Government Representative 1).*

Australian Government Representative 4 acknowledges that understanding regional dialect may be more advantageous in Australia than in Italy. The use of dialect contributes as it “completely opens doors” as it signifies the region of origin and as discussed in Section 6.2.1 COO Regional Based Social Ties, regional affiliations are strong ties that are characterized by high levels of trust (Granovetter 1985). Australian Government Representative 4 is an Italian immigrant entrepreneur who founded a successful multinational business. The ability to speak dialect resulted in the discovery of an important network tie, the Grollo family, who are immigrants from the same Region and founded a successful construction business. During the start-up stage of their businesses they met and by talking dialect, forged a strong relationship:

*After five years in Australia I met Grollo: Bruno, Rino and so on. Can you imagine, we started to talk just in dialect – it’s a different language! They moved to Australia when they were young and their father spoke dialect at home. They learnt dialect and English, not Italian. Can you imagine the sensation that speaking a dialect means having completely opens doors? (Australian Government Representative 4).*

Supporting comments by Australian Government Representative 1 and the Director of Timoteo Consulting explains the “unexpected language difficulties” an Italian immigrant entrepreneur may encounter in Italy. She is conversant with Italian and a Southern regional dialect, yet experienced language difficulties with the Italian formal business language which is a more elevated, complicated and archaic form of the everyday spoken and written language:

*Italian business language is much different from normal Italian. The language and style is different. A native speaker could do a task in three hours but it took me three days due to the complexities of it! I felt like I had to go back to school! (Director, Timoteo Consulting).*

The findings of the present study refine Knowles, Mughan and Lloyd-Reason’s (2006) and Zucchella, Palamara and Denicolai’s (2007) studies by demonstrating that acquisition of Italian and regional dialect language skills may not be advantageous in the Italian market as these skills may not facilitate communication or understanding of foreign business practices. In the context of Italian immigrant entrepreneurs, it is unclear whether Italian language skills do contribute to an international mindset, as suggested by Knowles, Mughan and Lloyd-Reason (2006) and Zucchella, Palamara and Denicolai (2007). Being an immigrant or a child of an immigrant may lead to being in an environment where contact with the COO or with other immigrants could facilitate an awareness of other countries. For example, the Director of Quartuccio Wines recalls that as a child, their

house and winery served as a meeting point for recently arrived Italian immigrants: “A lot of Italians came here and found work here initially”. This facilitated her knowledge and awareness of the COO. In the context of immigrant entrepreneurs, it is difficult to ascertain whether the acquisition of the Italian language or growing up in an environment surrounded by immigrants contributes to the development of an international mindset, which may drive the internationalisation process as they appear to be inextricably linked.

### **5.2.2. International Experience**

Belso-Martinez (2006), Hutchinson et al. (2007) and Chetty, Eriksson and Lindbergh (2006) indicate that a manager’s international experience is associated with an increased level of international networks that can provide information about international market opportunities and provide access to resources and capital. Abebe and Angariawan (2011) and Zucchella, Palamara and Denicolai (2007) show that IB experience, not general international experience drives the internationalisation process. The findings of the present study emphasise that IB experience drives the internationalisation process as it contributes to an awareness of international market opportunities. Italian Industry Expert 5 was born in Australia and spoke of his desire to improve his career prospects. He recognised that working overseas would help his professional development and increase his human capital as he would have international experience, contacts and knowledge (Hitt et al. 2006). Given that he had family networks in Italy and knowledge of the Italian language, he decided to go to Italy to gain IB experience:

*As a professional you want to travel. So I thought that I would go overseas for two or three years. Where should I go? I thought the US, but what for? I know the language and the culture. Canada? The same thing. The UK? The same thing... I was looking at something more long term and facilitating something as part of my professional development. So I thought about the European market and where could I go. I don't speak French or another European language so I decided to go to Italy. My parents come from the Campania region and I went there because I had my grandparents there at the time. I thought that I was there to capture as much of the Italian market as I could and then come back to Australia with all the benefit of experience, knowledge and skills and contacts (Italian Industry Expert 5).*

In Italy he worked in a consulting firm that is similar to a Chamber of Commerce, providing advice, contacts and resources to Italian firms that want to internationalise and foreign firms that want to enter the Italian market. He unexpectedly returned to Australia due to family issues and plans to return to Italy to gain further experience and contacts. When he feels he has accumulated enough knowledge and contacts, he plans to establish his own consultancy business which will focus on facilitating business ties between the Australian and Italian markets:

*I was sent to the Middle East to establish an office there but then for family and personal reasons I just had to truncate everything, which wasn't my planned direction. I was thinking that I would establish a small agency [in Italy], which I was in the process of doing, and create one pillar there, then come back to Australia and create one pillar here and create the bridge. So for family reasons I had to come back ... and start it more on a reduced model, but still picking up some of the smaller elements that companies want when they go overseas. They want some sort of facilitation (Italian Industry Expert 5).*

Of the six immigrant entrepreneurs interviewed for this study, only the CEO of Meglio Consulting and the Director of Timoteo Consulting had IB experience. The experience of these two entrepreneurs and Italian Industry Expert 5 emphasise that it is an Italian immigrant entrepreneur's IB experience which strongly contributed to driving them to establish a born-global consultancy firm. A born-global firm is a firm which is involved in international activities within three years from inception (Freeman & Cavusgil 2007). In these examples, IB experience facilitates the entrepreneurs' awareness of opportunities available outside of Australia, specifically in Italy. The CEO of Meglio Consulting has vast IB experience, having worked in a high level position in Fiat and being based in over 20 countries and making many networks and "friends". After leaving Fiat he worked as a free-lance business consultant specialising in helping firms internationalise ("I will tell them the best way to enter a market") and generally improving their business ("I tell them how to make more profit"). As demand for his services grew, he established his consulting business in Australia specialising in the Italian market:

*For 18 years I've been working in the automotive field, in the biggest car company in Italy - Fiat, in a high position. I travelled all over the world. I lived in Germany for 9 years, first Italy and then Germany, then to Sweden, Finland, Norway then Poland, Spain, Paris for 2 years, Portugal, Brazil. Hungary, the Czech Republic, Slovenia, the former Yugoslavia, Greece, the United States for a short time, Argentina, England, Belgium, Russia – in Siberia before the war (CEO, Meglio Consulting).*

For the Director of Timoteo Consulting, her experiences in the Italian Chamber of Commerce contributed to establishing a born-global consulting business. Her IB experiences include interactions with Italian businesses and Italian/Australian government institutions in Italy and frequent trips to Italy. The IB experience created an awareness of the opportunities in the Italian market and allowed her to use her contacts there. This resulted in the Director of Timoteo Consulting entering the Italian market:

*When I was working at the Italian Chamber of Commerce... I was doing a real broad spectrum of services and when I got out of the Chamber I wasn't sure what direction I was going to follow. So I thought to myself, what am I good at? And obviously my interpersonal skills are my strong point and I do love design, I do love food, wine. At the end of the day I sort of worked out what I was going to do -*

*consulting. When I say consulting, people come to me when they are interested in the market here or when they are looking for something specific overseas. It is a matter of educating them and that is what I am there for: I am a consultant so I tell them what the go is and how it works (Director, Timoteo Consulting).*

Existing literature is unclear whether either general international experience (Belso-Martinez 2006; Hutchinson et al. 2007) and/or IB experience (Abebe & Angariawan 2011; Zucchella, Palamara & Denicolai 2007) are drivers of the internationalisation process, and if so, how they drive the process. The insights from the present study enhance our understanding by demonstrating that IB experience drives the process as it contributes an interest in and awareness of opportunities outside the domestic market.

### **5.2.2.1. The Migration Experience**

Dalziel (2008) indicates that undertaking the migration experience demonstrates that an individual has characteristics that are advantageous to entrepreneurial activity. These characteristics include perseverance, propensity for risk taking and tolerance of ambiguity. Yet Dalziel (2008) does not explore whether the migration experience drives an immigrant's internationalisation process, or how it drives the process. The Director of Timoteo Consulting supports the proposition that perseverance contributes to business tenacity and in her situation, contributes to her internationalisation. She explains that immigrants in Australia who maintained their Italian heritage and suffered racism, discrimination and abuse became "stronger" people. In her view, this strength translates to their greater business tenacity:

*[There are] people who integrated themselves so much into Australian society that they lost their actual origin and heritage. There are people that I know who actually changed their surnames from Gilliotti to Gill for example, because they were ashamed of being Italian. Me: no! I think that has in a way strengthened some of the Italians as well – there are the weaker ones that gave [their heritage] away but the ones that fought and persisted like I did, I think that has made them stronger people and they are the ones that are the successful Italian business people of today because they had hardships that they had to face. When you have hardship, that is what makes a person successful at the end of the day. That is something that I believe. You will find people like Grollo who came here with nothing! No one had it easy and if they have survived and made it big, it is because they persisted. I think it has a lot to do with the person (Director, Timoteo Consulting).*

This is supported by Peters (2002) who reports that second-generation Greek and Italian immigrants in Australia associate their business tenacity and drive to succeed "with the bigotry many endured at school" (Peters 2002, p. 42).

The influence of characteristics associated with the migration experience as drivers of internationalisation is further illustrated by the experiences of the Founder of Montalbano Enterprises. The founder left Italy driven by the desire to prove to his successful family in Italy that he can “make it” in Australia:

*[Leaving] was more desperation more than anything. You can imagine a son being in post-war Italy; the war had finished and five years had gone by and he really felt the urge and the need [to prove himself]... In the end he said that basically he wanted to show his nonno [grandfather] that he could do well so he came out here and he did it (Director 1, Montalbano Enterprises).*

Once in Australia, the founder was entrenched in the migration experience by helping the arriving immigrants. This contact and exposure to Italian ships and the immigrant community provided the environment for the founder to identify an opportunity to import coffee machines:

*When the Italian ships would come to Melbourne, he would jump on and get a real coffee and I think that was how he started to think that he should import the coffee and other things that he enjoyed (Director 1, Montalbano Enterprises).*

From his experiences in the many cafes in Milan, he knew that Brand B was the best coffee machine and arranged to import a machine. However he was beaten by a rival and instead imported another brand of coffee machine into Australia:

*He brought the first [Brand A] coffee espresso machine [to Australia]. He had been communicating with [Brand B] and told them that he was coming [to Italy] and was thinking about bringing back a coffee machine. Then they didn't hear from him for over month because he was on a ship. He couldn't afford to fly. Then the [other] family went over and [Brand B] hadn't heard from him for over a month and they tried to contact him and obviously he couldn't contact them so when he walked into their office and said that he was there for the machine, they told him that they had just signed a contract the other day. He said 'Didn't you know I was coming?' and they said that they hadn't heard from him and he said 'Well don't you know how long it takes a ship to come over?' So he walked out and thought that he had to find another coffee machine because he really believed that the espresso coffee was the way to go. In Australia it was all chicory and rubbish. So he found [Brand A] and brought out the grinders and the coffee machines. I think he had great foresight, he was far ahead of his time and he saw things five or ten years before they would have grown and developed here. He was quite visionary in that sense when you consider it was half a century ago (Director 2, Montalbano Enterprises).*

This example illustrates how the characteristics associated with the migration experience can be advantageous in business. The Founder was able to tolerate the ambiguity faced when arriving in Italy and finding his supplier had broken their contract, he persevered because he believed that “espresso coffee was the way to go” and he took a risk in travelling to Italy by sea instead of taking a much shorter trip on a plane. The findings of the present study refine Dalziel's (2008) study by suggesting that the characteristics

associated with the migration experience and the motivations for migrating, particularly the desire to ‘make something of themselves’ and the ability to withstand numerous obstacles such as prejudices and bigotry (Peters 2002) contributes to an immigrant establishing and internationalising their firm.

### 5.2.3. Social Ties

Abebe and Angariawan (2011) and Hutchinson et al. (2007) argue that a manager’s social ties drive the internationalisation process but do not explain how they do so. The findings of the present study further our understanding by providing two insights into how social ties drive the process: by providing information and facilitating the entrepreneur’s ability to explore the opportunity.

One example is evident from the experiences of Australian Industry Expert 5 who is a second-generation Italian immigrant and runs a small winery. He was driven to internationalise through an opportunity presented by a social tie. The firm had not considered exporting until the Expert went to Italy at the invitation of his friend, the founder of the Slow Food Movement. An annual competition is held by the Movement in Italy and one of the Expert’s wines was chosen to enter the competition. This led to exposure of their wine to Italian consumers and the Expert’s exposure to networks in the Italian market. Consequently, after his visit to Italy, the firm began exporting small volumes of wine:

*The founder of the Slow Food Movement ... came to the Coonawarra in the late ‘80s and we became friends and it all evolved from there. [He] organised most of my trip throughout Italy where I did a vintage. There is a competition run by the Slow Food Movement around the world called the Gioco del Piacere where 5 different wines from 5 different countries [are presented] in 150-200 restaurants in Italy. So I went across as part of that as one of our wines was chosen and that led to us importing a little bit into Italy and that was the start of the Italian distribution (Australian Industry Expert 5).*

The father of the Director of Timoteo Consulting established an import business which provides another illustration of how social ties drive the internationalisation process. In this instance it was ethnic based social ties that generated a demand for Italian goods and his networks and members of the Italian immigrant community approached him to import products they needed but could not buy in Australia. Namely, pasta machines, Italian newspapers, wedding gifts (bonbonieri) and coffee machines:

*He helped people and people would go to him when they needed something. He started importing bits and pieces for his trade but then realised that people needed other things like your coffee percolator, your bonbonieri, your pasta machine*

*because there was no pasta back then. People wanted to be in touch with what was happening in Italy so he started importing newspapers, records, magazines. People needed assistance with travelling back to Italy... so that is how the travel agency started. He started dealing with the ship companies - my dad's first tickets were on ships because he was always at the port meeting the people from the ships, he made friends with the customs, with the people in the shipping lines. So that is how my parents got into business: because it was a necessity (Director, Timoteo Consulting).*

Her father was heavily entrenched in the Italian immigrant community in Australia, primarily through meeting newly arrived immigrants at the port. Providing this initial assistance established him as a key figure in the community, resulting in immigrants continually asking him to provide goods from Italy that they needed (“his shop became a point of reference”). Due to the demand from the Italian immigrant community, he transformed his tailor shop into an “Italian Emporium” and imported goods, at one stage “20 containers per annum of wares – from ceramics to 18ct gold”. Refining Abebe and Angariawan’s (2011) and Hutchinson et al.’s (2007) studies, these insights show *how* the social ties can drive internationalisation - it is more than just providing information, it is identifying the opportunity and facilitating the entrepreneur’s ability to explore it. Australian Industry Expert 5 had not considered internationalising, yet the opportunity to go to Italy and have market exposure, provided by his friend, drove the internationalisation process. For the father of the Director of Timoteo Consulting, ethnic ties provided an opportunity, thus driving the internationalisation process. This insight refines Dalziel’s (2008) study by showing that social ties forged through the migration experience can contribute to driving the internationalisation process by promoting an awareness of international market opportunities.

The manager’s business networks are also acknowledged to drive the internationalisation process by increasing awareness of international market opportunities. The Directors of Nonnina Café (Australian Industry Experts 2-4) are considering internationalisation. Thus far, the process has been driven partially by their desire to “make it” and “prove themselves” and partially through interest from business networks with international experience. One Director (Australian Industry Expert 4) recalls that while showing a supplier the renovations at their warehouse, he expressed interest in partnering together to internationalise:

*I was explaining to our supplier what we are doing and he was explaining what he was doing and the first thing that he said is ‘If guys ever want to go international ...[let me know]’ because he is doing it all of the time and it is part of his job. So you will probably find that [interest in internationalising] is probably more from*

*our own business networks, the connections and networks and people that we meet (Australian Industry Expert 4).*

This finding refines Belso-Martinez's (2006) study which indicates that business networks, including those with suppliers do not necessarily drive internationalisation. In this instance, a supplier and interest from other business networks contribute to driving the firm's internationalisation by increasing their awareness of opportunities in international markets. This proposition is supported by Johanson and Vahlne's (2009) business network IP model which highlights that business partners who are committed to developing the business through internationalisation can drive the process.

### **5.3. Firm Level Factors that Drive the Internationalisation Process**

The firm level factors that contribute to a competitive advantage and are shown to drive internationalisation are technological advantage, organisational size and human and relational capital (Abebe & Angariawan 2011). The following section discusses the factor most emphasised in the present study: human and relational capital.

#### **5.3.1. Human and Relational Capital**

The findings emphasise the importance of human capital as a driver of the immigrant entrepreneur internationalisation process. Human capital, defined as a firm's "professional employee's accrued expertise and experience" (Hitt et al. 2006, p. 1138), is a strong driver of professional service firm internationalisation (Hitt et al. 2006). This is supported by the experience of the Director of Timoteo Consulting. The Director established the consulting firm with her business partner when they left their roles in the Italian Chamber of Commerce in Australia. From their experiences in the Chamber, they knew that Italian firms were looking to consulting firms for personalised support when internationalising. This tailor-made support is a service that Timoteo Consulting can offer:

*I specialise in people and knowledge. I find that is the way [business] is going now as opposed to many years ago where you would actually use things that were institutional. People are moving away from the Chamber of Commerce, moving away from the Italian Trade Commission because they are not getting the results that they want. They want more tailor-made, more personalised services. They don't want to feel like a number. I go overseas and I will still maintain contact with my past clients, saying "Hi, how are you? I am here, do you need anything?" and it just shows them that you weren't just someone who came out there, they expended a bit of money with you and then you moved on and don't give a damn about them anymore. That is what it boils down to, it is service these days and I think everyone is going that way (Director, Timoteo Consulting).*



The Director of Timoteo Consulting gained her competitive advantage through her human capital: the knowledge, experience and contacts made when working in an Italian Chamber of Commerce in Australia. The Chamber assists firms to enter/trade with Italy:

*Based on the contacts I have established over the years working at the Chamber, I have managed to help [my clients]. That is why I am not just a bi-lateral consultancy agency where I am just Italy and Australia: I can help them in other countries of the world. I have a girl in Costa Rica, which is an ex-colleague of mine, she is going to help [a client] look at establishing a plant and doing market research for the whole South American precinct. So what was once two-way consultancy has become three-way (Director, Timoteo Consulting).*

Therefore this finding supports Hitt et al.'s (2006) argument that human capital can be a driver of the immigrant entrepreneur's internationalisation of their professional service firm by providing a competitive advantage.

Lin (2010) suggests that an immigrant's networks and knowledge gained while working overseas provide a competitive advantage over indigenous entrepreneurs when operating in their COO. The CEO of Meglio Consulting acknowledges that the knowledge gained while working overseas, particularly in Australia, provides him with an advantage when operating in the Italian (COO) market. He reports that the Australian mindset, which he describes as "more open to new ideas" than Italians, allows him to develop new inventions based on cutting edge Italian technology:

*We have drawn on this infinite [Italian] basin of unique technologies and experience for the majority of our new ideas and inventions. We are, in effect a group of Italians who sought how to combine Italian creativity and technology with the typical freshness and mindset of Australia (CEO, Meglio Consulting).*

The CEO identifies that being an Australian firm is an advantage in Italy based on two different perceptions of the firm by Italians. First, in some instances Italian firms do not view Meglio Consulting "as serious competition" because they are perceived as "slightly crazy and upside-down" because they are from Australia. As they are not viewed as competition, they are given access to Italian agencies, conferences and government support services that would not be available to them if they were an Italian firm. Being perceived by Italians as "upside-down" in their thinking opens doors as it appears Italians will humour the firm and listen to their "crazy" ideas:

*As an Australian firm we are not too dangerous to the Italian firms. An Italian firm in Italy is competition to the other Italian firms. There is a certain view of us by other firms that think "Ok, you are from the upside-down world, so probably the Australians are a little bit upside-down still" So in a certain way it was easier to enter the market, and step inside of the many important agencies and places, exhibitions etc...(Partner, Meglio Consulting).*

Second, in some circumstances the positive reputation of Australia has provided the firm with credibility that would not be afforded to them if they were an Italian firm. This is because, contrary to the perception of “upside-down” thinking in Australia, some view Australians as world leaders in specific fields. Meglio Consulting perceived that if they positioned themselves as a firm from a village in Venice, regional biases may arise and they would not be seen as credible:

*Being an Australian firm means we have more credibility on paper. If we present an idea, they take us seriously because they think “they are from Australia and there they know, so we should believe them”. If instead we said that we are firm from [Venice they would think] “what do they know about technology?” (Partner, Meglio Consulting).*

These findings refine Lin’s (2010) study of Chinese immigrant entrepreneurs by demonstrating that, in the Italian immigrant ethnic entrepreneur context, an advantage is gained by leveraging off the reputation of Australia as the firm’s COO and Australian firms. The firm may be viewed as having “crazy” ideas and not serious competition to Italian firms. Alternatively they have increased credibility as Italians may view Australia as being a world leader in the field.

Relational capital between an entrepreneur and a business partner is also emphasised as a driver of the immigrant entrepreneur internationalisation process . This supports Hitt et al.’s (2006) finding that relational capital (defined as “the joint benefits embedded in a relationship between two or more parties” (Hitt et al. 2006, p. 1140) generally has a positive effect on the internationalisation process. The internationalisation of Giuliano’s occurred after the Director was approach by an unknown foreign businessman. Due to a lack of resources and experiences the Director had no intention to internationalise. Yet because the businessman “felt right”, they decided to internationalise via a franchise into Dubai:

*He came out and we sat down, he gave us his history of what he does and we thought “We’ve never gone interstate because we haven’t got the capacity, money or infrastructure to do it at the moment. But overseas, maybe, it is so far away, if we stuff it up, it was just bad luck. This person here looks like the right person because we could probably learn something from him. The feel is just right with him – from his history to what he has done, and the way he runs his business”. Dubai was a very good opportunity he had and he had some very good contacts there. So he took that opportunity for us (Director, Giuliano’s).*

Hitt et al. (2006) indicate that relational capital is composed of three parts: trust, information transfer and joint problem solving. This is illustrated by the relationship between the Director of Giuliano’s and his business partner – not only does the Director

“deeply trust” the business partner, but believed that he could “probably learn something” from him. The combination of trust and information transfer contributed to the Director deciding to internationalise. The importance of trust, information and joint problem solving is further illustrated by the CEO of Meglio Consulting. An engineer who does contract work for Meglio Consulting and the CEO are “very big friends” and consequently share a high level of trust. In addition to consulting, the engineer works for NASA, thus the potential for joint problem solving between the CEO and the engineer on technical issues that arise is enormous:

*Our engineer, there are only 3, 4, or 5 like him in the world. The most expensive project in the world is the national space station ... He is the engineer who built the [thermal] system. The life of the astronauts have been and are in his hands (CEO, Meglio Consulting).*

Therefore the findings of the present study support Hitt et al.’s (2006) argument that relational capital is a driver of the internationalisation process due to the competitive advantage it produces, and shows that a similar relationship exists in the Italian immigrant ethnic entrepreneur context.

#### **5.4. Institutional Level Factors that Drive the Internationalisation Process**

The findings of the present study highlight that of the three institutional level factors (regulative, normative and cognitive) (Scott 2008; Szyliowicz & Galvin 2010), only regulative and cognitive factors are emphasised as driving the Italian immigrant ethnic entrepreneur internationalisation process by providing conditions which increase the awareness of, and interest in, international market opportunities.

##### **5.4.1. Regulative Institutional Factors**

Regulative institutional factors both “push” a firm to consider leaving the domestic market and “pull” a firm to consider entering an international market. Factors include government laws, regulations, sanctions, and incentives (Ahmed et al. 2006; Yamakawa, Peng & Deeds 2008). In the present study, a strongly emphasised regulative factor that pulls a firm to consider internationalisation is the ability to make profit and growth opportunities in an international market (Ahmed et al. 2006). For Zingaretti Wines, Quartuccio Wines, and Timoteo Consulting, profit and growth opportunities in an international market contributed to their consideration of becoming involved in IB activities. Specifically, having the right product and service that fills a gap in the international market created the growth opportunity and consequently, potential profit. For Quartuccio Wines, their non-alcoholic sparkling juice filled a gap in the Asian

markets. Timoteo Consulting provide a “tailor-made, more personalized service” that Italian firms are searching for and Zingaretti Wines provide “a consistently good tasting wine at a reasonable price”. This is described as the key to their success:

*[The entrepreneur] is very clued in on what consumers want by taste. I think he worked out a taste profile that a lot of people were not delivering. I think we got a bit lucky with the label. We got a strong label and that worked. Then in terms of position in the market at the right price point etc. (Export Manager, Zingaretti Wines).*

The importance ability to make a profit (a regulative pull factor) is further highlighted by Italian Industry Expert 3 when discussing the internationalisation success of an Australian pasta company founded by an Italian immigrant ethnic entrepreneur. This firm exports pasta to over 45 countries including Italy. An Expert remarked that an Australian firm selling pasta in Italy is like “selling ice to Eskimos”. However, another Expert explains that it is natural to sell pasta in Italy because there is demand for the product and consequently, potential for growth:

*The reason they can sell pasta in Italy is that there is a market for it! There is not a big market for pasta in Asia so it is natural that they come to Italy (Italian Industry Expert 2).*

A mechanism of regulative institutions is coercive pressure, which is pressure from customers, suppliers, home market governments and stockholders (Cheng & Yu 2008; Scott 2005). In the example of Giuliano’s and Nonnina Café, both in the coffee industry, coercive pressure in the form of enquires and approaches from foreign customers is pushing the firms to internationalise:

*There are a lot more people excited about our brand and bringing it elsewhere, than us excited about taking it international (Australian Industry Expert 3 / Director of Nonnina Café).*

Adverse domestic market conditions is another regulative institutional factor that push a firm to consider internationalising (Ahmed et al. 2006). Quartuccio Wines and Zingaretti Wines were driven to internationalise partially by the adverse Australian wine industry conditions, in particular, an excess of grapes. The Director of Quartuccio Wines recalls that the 1974 vintage was the wettest vintage in Australian history. A wet vintage means there is a risk of destructive moulds ruining the grapes. Her older brother was always looking for new innovative ideas to increase business and thought to produce non-alcoholic juice using their “modern technology”: sanitary pressurized bottling and careful pasteurization. They produced unfermented pasteurized juice, something that few were able to do at the time. The vintage sold out quickly. The 1975 vintage saw even more grapes available and even more juice was produced and also sold out before the 1976

vintage. As the popularity of the sparkling juice increased, they realised that there was a demand for such a product in the Asian market. As they were able to fill this niche, they began exporting:

*In the late 1970s there was a grape glut and that was when we turned our hand to non-alcoholic grape juice and of course from there the export market was open to us because there was a big niche that we filled – we were giving people sparkling juice that could be used for any celebratory occasion and it didn't have to be alcoholic. So of course the Asian countries really took hold of it. From there it just spread and it was just by word of mouth (Director, Quartuccio Wines).*

In a finding similar to Quartuccio Wines, Zingaretti Wines commenced exporting in 2001. The Export Manager describes three regulatory institutional factors that drove the firm to commence exporting at that time: wine industry conditions (an oversupply of wine at cheap prices), an improved Australian economy and increased international interest in Australian products resulting from the Sydney Olympics:

*The most important thing if you look at what the market conditions were like is that there was going to be an oversupply of wine which meant there was going to be really good wine at really good prices. There were two sides to this: Firstly, the opportunity to be trading in bulk [wine] would become more difficult because in the 1990s there was a shortage of wine so trading in bulk wine (making wine and selling to other companies) was very profitable and very good. That was about to change. Secondly the oversupply meant that as we went to launch a brand, we would have some really good quality wine available for us.*

*The second important market condition was that the economy was improving and coming out of some difficult times.*

*The third market condition was that the Sydney Olympics were on the horizon so Australia was about to experience raised [international] awareness in key markets around the world (Export Manager, Zingaretti Wines).*

The importance of the 2000 Sydney Olympic Games in facilitating international market opportunities for Australian firms is also observed by Australian Government Representative 3:

*The Sydney Olympics were excellent for promoting economic ties and a positive image of Australia which only helps to strengthen these ties and interest in Australian businesses (Australian Government Representative 3).*

The insights from the Director of Quartuccio Wines and the Export Manger of Zingaretti Wines illustrate that Australian market conditions and wine industry conditions are regulative institutional factors that contributed to pushing/driving the entrepreneur to consider internationalising. Thus the findings of the present study refine Yamakawa, Peng and Deeds' (2008) and Abebe and Angariawan's (2011) studies by showing that in the context of Italian immigrant ethnic entrepreneurs in Australian, profit and growth opportunities, coercive pressure, and domestic market and industry conditions contribute

to driving the internationalisation process by encouraging an awareness of and interest in opportunities outside the domestic market.

#### **5.4.1.1. Italian Regional Regulative Institutional Biases**

Portes, Escobar and Walton Radford (2007) indicate that COO government creates an institutional environment that encourages and enables an immigrant's continued participation in the COO. This is created through the passing of laws, regulations, sanctions and incentives: all regulative institutional factors (Ahmed et al. 2006). These factors may pull immigrants to enter their COO market. The present study suggests that the Italian government does offer incentives to encourage investment in Southern Italy (refer to Figure 2.1 Map of Italy). FDI in Italy is highly concentrated in Northern Italy. For example, in 2005-06, 65% of inward FDI went to the Lombardy region (Milan) while the entire Southern Italy area, which consists of eight regions, received only 1% of the total inward FDI (Daniele & Marani 2011). Accordingly, in 2005-06, only 5% of the sales and employment generated by multinational enterprises were located in the South (Daniele & Marani 2011). Furthermore, Southern Italy has a significantly higher level of unemployment than Northern Italy. For example in 2003, Calabria (Southern Italy) had one of the highest unemployment rates in the EU with 23.4% while Bolzano (Northern Italy) had one of the lowest EU rates with 2.0% (Carree, Santarelli & Verheul 2008). Consequently, the Italian government is observed to encourage investment in Southern Italy to address the high unemployment:

*The Italian government has historically always given incentives to invest in the South to create jobs because these are the regions with the highest unemployment levels. So the government has always been giving grants, money and tax incentives to invest there. I know it is now done to encourage investing in solar energy, primarily in Basilicata because there is a big focus on solar energy at the moment (Italian Industry Expert 1).*

Italian Government Representative 1 confirms that the Italian Government is actively encouraging investment in Italy to create employment and help improve the economy:

*We are supporting foreign investment in Italy and the infrastructure to capture foreign investment. Italy is probably one of the few countries in the world that is actively promoting foreign investment: there are certain benefits, like tax benefits. There are numerous international studies that show that in many countries foreign investments are very much sought after to bring money into the country and create local employment. At the moment, Australia doesn't need the foreign investment and I must say we [Italy] are quite envious of that (Italian Government Representative 1).*

However, the findings suggest that the government may not offer incentives specifically targeted at Italian immigrants. Therefore the findings of the present study refine Portes, Escobar and Walton Radford's (2007) and Iyer and Shapiro's (1999) studies by showing that in the context of Italian immigrant entrepreneurs, the Italian government may use regulative institutions, such as incentives, to encourage internationalisation into Italy but may not specifically target Italian immigrants.

#### **5.4.2. Cognitive Institutional Factors**

Cognitive factors are shared conceptions, beliefs, values and logics of action that influence an individual's perceptions (Scott 2005, 2008; Yamakawa, Peng & Deeds 2008). Yamakawa, Peng and Deeds (2008) and Lin (2010) indicate that an immigrant entrepreneur from an emerging economy may internationalise to their COO as they believe that it is "the right thing to do" and "giving back" is a way of contributing to the COO's success. The findings of the present study show that a similar relationship exists in the more advanced Italian economy. The ability of cognitive factors (the conception and belief in "doing the right thing") to drive internationalisation is illustrated by the CEO of Meglio Consulting. He describes himself as "a dreamer" who wanted to establish his business in Australia and then enter the Italian market. He recalls watching a TV program about the high suicide rate among Australian farmers. He was aware of a similar "desperate" situation in Italy and wanted to help the Australian and Italian farmers. After "giving back to two countries that I love", he wants to expand his business to all of Europe and then Asia as he wants to give back to society on a grand scale:

*When I saw the problems life had given these people, not only in Italy but in all countries. It is not just these farmers who have had problems but their previous generations as well – their fathers were immigrants. They work hard every day in a situation that is desperate: the more they work, the more money they lose. But this is a rich country – we are talking about Australia, about Italy. We are not talking about the poor countries. It is even worse for them... So it was not easy to first say to myself and then to convince others that I want to save the world (CEO, Meglio Consulting).*

The founder of Montalbano Enterprises also internationalised partially due to the belief in the need to "give back" to Italian society. The founder was "very patriotic", proud of Italy and wanted to show the world "the best of Italy". To achieve this, he imported "the best" Italian food and wine products into Australia. The Director recounts that he maintained very high standards and would stop working with an Italian producer if the quality dropped, even if the business relationship was over 35 years old:

*He wanted to show the best of Italy and what Italians could really produce. He was an ambassador of true, genuine Italian culture, food, impression. That was in short what determined what products and producers he worked with. [A pasta brand] was a great small producer and then they moved from the artisan way where things took a lot longer, to commercial production ... which meant that they compromised the quality of the final product. They advertised based on their laurels of the past but it is not the same as the actual product that used to be made using the artisan method. He had that for 35 years and he didn't say that it wasn't good; he specifically said that it wasn't good enough for me anymore (Director 2, Montalbano Enterprises).*

Further insight from the Directors of Montalbano Enterprises, refines Lin's (2010) study of Chinese immigrant entrepreneurs by showing that immigrants engage in business in the COO because they believe it is a way of "giving back" psychologically and physically. The belief that "giving back" to Italian society is important is an example of cognitive institutional factors. The founder went to great lengths to support small artisan businesses and facilitate their growth into large commercial enterprises:

*A lot of people grew as we grew. So from the small artisan to a small business to a small commercial, and then from small commercial they may go to the next stage up where investors come in and see potential and they grew so much that they developed a name brand and then they become large commercial and industrials. This maybe over a period of 25 years or so (Director 2, Montalbano Enterprises).*

The Impresa Organisation, a non-commercial business organisation based in Italy and Australia, is aware of the ability of cognitive institutional factors (such as an individual's beliefs, and a culture's shared logics of action) (Scott 2008; Zimmerman & Zeitz 2002) to drive internationalisation. Consequently the Organisation has tried to encourage Italian immigrants in Australia to "give back" to their COO and facilitate economic ties between the two countries. This encouragement is aimed at stimulating the immigrant's belief in the importance of "giving back" and contributing to the economic success of Italy. Yet the founder concedes that there has been little interest from the immigrants because it appears that they do not want to help Italian firms that could be viewed as competition:

*The Organisation has over the years tried to encourage Italian business operators in Australia to give their non-economic contribution, that is, their knowledge of Australia to the disposition of the tens of thousands of small and medium Italian businessmen to facilitate their understanding of Australia. There has not been any sign of interest on the part of the Italian businessmen in Australia towards the Organisation. The position of the Italians in Australia, towards other Italians who want to establish themselves in Australia, is typical of people deeply rooted in a country and therefore see those who want to come to Australia as competitors. [Helping Italian businessmen] isn't an advantage for those already present in Australia (Italian Industry Expert 4).*



The issue of getting Italian immigrants in Australia to “do the right thing” and “give back” is highlighted by Italian Industry Expert 4 as difficult with second and third-generation immigrants not maintaining connections to Italy:

*The only ones that can and must be present in Italy to develop the Italian-Australian economic sector are the Italians that have had luck in Australia like the Grollos, the Belgiorno-Nettis and others still. But it is now too late because their descendants are Australian above all and their connections with Italy are practically non-existent (Italian Industry Expert 4).*

Comments by Australian Government Representative 3 are contrary to the view of Italian Industry Expert 4. The Representative indicates that second and third-generation immigrants may wish to internationalise to Italy to strengthen their connection to Italy:

*I know for example, there are some Italians who for them, [internationalising to Italy] is a great way to help maintain that connection as the link is an important part of who they are as individuals. Sometimes for second or third-generation Italians, I think they actually are quite curious or they have a strong personal reason to have a link with Italy because it is a part of who they are fundamentally, yet they have never really had the opportunity to experience that part so I think sometimes that is a driver (Australian Government Representative 3).*

The findings of the present study illustrate that cognitive institutional factors such as an individual’s beliefs, values and conceptions (Scott 2005), may contribute to driving the internationalisation process of Italian immigrant ethnic entrepreneurs. The findings of the present study refine Yamakawa, Peng and Deeds’ (2008) and Lin’s (2010) studies of emerging economies and Chinese immigrant entrepreneurs. The findings demonstrate that in the context of the more developed Italian economy, Italian immigrant entrepreneurs have entered the Italian market because it is viewed as “the right thing to do” and a way of “giving back” and contributing to the success of Italy (COO). However, the ability of these cognitive institutional factors such as their belief in the importance of “giving back” to Italy, to drive the internationalisation process of second and third-generations Italian immigrants is unclear.

## **5.5. Chapter Summary**

On the basis of the above findings, our knowledge and understanding of how managerial, firm and institutional level factors drive the internationalisation process is extended. Regarding how managerial characteristics drive the internationalisation process, the existing literature is unclear on the importance of formal education and foreign language skills as drivers (Basu & Goswami 1999; Serra, Pointon & Abdou 2011). The findings of this study refine studies by Hamilton (2011) and Garcia-Alvarez, Lopez-Sintas and Gonzalo (2002) by illustrating that entrepreneurial learning gained from growing up in

the family business environment contributes to the development of a “gut instinct” that is used in the internationalisation process, though is not a driver in itself. The findings suggest that formal education does not necessarily encourage an immigrant to internationalise. This refines Basu and Goswami’s (1999) study which found that formal education drove an immigrant to expand their business from serving only the ethnic community to also serving the wider, non-ethnic community in the domestic market.

Regarding the acquisition of foreign language skills as a driver of internationalisation, the findings suggest that acquisition of Italian and regional dialect language skills appears not to specifically drive an Italian immigrant ethnic entrepreneur’s internationalisation process. Furthermore, as they appear to be inextricably linked, it is difficult to ascertain if foreign language skills or growing up in an environment surrounded by immigrants contributes to an awareness of and interest in international opportunities. This refines Zucchella, Palamara and Denicolai’s (2007) and Serra, Pointon and Abdou’s (2011) studies, which found that in the context of SMEs in Italy, and the UK and Portugal, respectively, foreign language skills contribute to developing an international mindset and result in a higher export propensity.

The existing research is unclear as to whether general international experience (Belso-Martinez 2006; Hutchinson et al. 2006) or specific IB experience (Abebe & Angariawan 2011; Zucchella, Palamara & Denicolai 2007) is a driver of the internationalisation process, and if so, how it drives the process. In the present study, IB experience is found to be a driver of internationalisation as it contributes to an interest in and awareness of international market opportunities and hence contributes to driving the process. Therefore the findings support the findings of Abebe and Angariawan (2011) and Zucchella, Palamara and Denicolai (2007).

Regarding the influence of social ties, Abebe and Angariawan (2011) and Hutchinson et al. (2007) illustrate that social ties drive the internationalisation process but do not explore how they drive the process. The findings of the present study refine their studies by showing *how* social ties may drive internationalisation – the ties identify the opportunity and facilitate the entrepreneur’s ability to explore it. It is also found that personal contacts forged through the migration experience can drive an immigrant entrepreneur to engage in international activities by importing goods from the COO.

The only firm level factor that is found to contribute to driving an immigrant ethnic entrepreneur's internationalisation process is human and relational capital. Specifically, human capital in terms of the knowledge, experience and networks gained when working overseas is reported by the entrepreneurs to provide them with a competitive advantage in international markets. This finding refines Hitt et al.'s (2006) study which argues that human capital is a strong driver of professional service firm internationalisation, and Lin's (2010) study which suggests that an immigrant's networks and knowledge gained while working overseas provide a competitive advantage over indigenous entrepreneurs when operating in their COO. Hitt et al.'s (2006) finding that relationship capital between an entrepreneur and a business partner is a driver of the internationalisation process is refined by the present study. The findings show a similar relationship exists in the Italian immigrant ethnic entrepreneur context. The entrepreneurs report that the trust, information transfer and joint problem solving ability (three components of relationship capital) between the entrepreneur and their business partner contributed to them considering internationalising their firm.

A well emphasised theme in the present study is that only regulative and cognitive factors are seen to contribute to driving the immigrant's internationalisation process. The findings show that both push and pull regulative factors including profit and growth opportunities, coercive pressure, and domestic market and industry conditions contribute to driving the process. The findings refine Portes, Escobar and Walton Radford's (2007) and Iyer and Shapiro's (1999) studies which argue that a COO government uses regulative institutional factors including laws, sanctions and incentives to encourage immigrants to enter their COO market. The findings show that the Italian government does use regulative institutions, such as incentives, to encourage inward internationalisation to Italy, but appears not to specifically target Italian immigrants. Furthermore, consistent with the Yamakawa, Peng and Deeds' (2008) and Lin's (2010) studies of emerging economies and Chinese immigrant entrepreneurs, cognitive institutional factors such as an individual's beliefs, values and conceptions (Scott 2005), are shown to contribute to driving the immigrant entrepreneurs' internationalisation to Italy because they believe it is "the right thing to do". However industry experts raised concern over the ability for second and third generation immigrants to share the same values and beliefs that entering Italy as it is "the right thing to do" and a way of "giving back" to Italian society.

In summary, various managerial, firm and institutional level factors are emphasised as driving the Italian immigrant ethnic entrepreneur's internationalisation process by contributing to increasing the awareness of, and interest in international market opportunities. However no one factor is indicated to drive the process, it is a combination of all three levels of factors including IB experience, social ties, human and relational capital, profit and growth opportunities, domestic market conditions and government incentives.

## 6. IDENTIFICATION OF INTERNATIONAL MARKET OPPORTUNITIES

### 6.1. Introduction

Having presented the findings for Research Question 1, the factors that drive the immigrant ethnic entrepreneur internationalisation process, this chapter identifies and evaluates the findings for Research Question 2:

*How do immigrant ethnic entrepreneurs identify international market opportunities?*

Minimal research examines how immigrant ethnic entrepreneurs identify international market opportunities. IB researchers provide three insights into the potential influences on this process. First, Ellis (2011) and Evers and Knight (2008) illustrate that social ties facilitate the flow of information that enables the entrepreneur to identify an international market opportunity. Hayton, Chandler and DeTienne (2011) and Iyer and Shapiro (1999) indicate that kinship ties enable the flow of private information about opportunities. Offering a contrary view, Johansson and Vahlne's (2009) revised business network IP model suggests business networks influence the identification process. A key finding of the present study is that immigrant entrepreneurs prefer to use trusted, social ties, including COO regional based social ties, as opposed to kinship ties or business networks, to identify opportunities.

Second, Nordman and Melén (2008) and Bouquet, Morrison and Birkinshaw (2009) suggest that the entrepreneur's level of international experience may result in the use of different approaches to identify international market opportunities – generally either active searching or reacting to unsolicited approaches. A key finding of the present study is that the level of international experience may not indicate the approach used to identify market opportunities. Entrepreneurs with high levels of international experience acknowledge both actively searching for opportunities and discovering them through normal business interactions.

Third, Bakalis and Joiner (2006) indicate that ethnic Chambers of Commerce in Australia facilitate the identification of opportunities, yet a key finding of the present study is that the entrepreneurs do not use ethnic Chambers of Commerce in Australia. However, Industry Experts suggest the establishment of an Australian Chamber of Commerce in

Italy may further facilitate the identification of Italian market opportunities. Thus while Italian immigrant entrepreneurs may not use a Chamber of Commerce in Australia, they may use one in Italy.

The key findings for Research Question 2 are discussed according to the key theories pertinent to this study as discussed in Section 3.1.1. Theoretical Underpinnings. The next section, Section 6.2 explores networks, followed by Section 6.3 Manager Characteristics: International Experience and Section 6.4 Institutions: National and Regional Level. Finally, Section 6.5 summarises the findings and contribution of the present study.

## **6.2. Networks**

This section explores the findings related to how various ties (social, COO regional based, and kinship) and networks (business, those formed at trade shows and through non-commercial organisations) influence the identification of international market opportunities. The importance and use of trust and sanctions in ethnic ties are also discussed.

The entrepreneurs in this study strongly emphasise that social ties are important in the identification of international market opportunities, often recounting that they identify opportunities through “a friend of a friend” or “a friend knows a friend who knows a friend”. For example, Australian Industry Expert 5 is a second-generation Italian immigrant who runs a small family winery. The majority of international opportunities are identified through the family’s social ties:

*I would say 90% [of identified foreign market opportunities] is through our own personal networks. It is a bit hard to say where they [opportunities] come from, a lot of them just happen. Most of them probably happen through the friend of a friend (Australian Industry Expert 5).*

In the context of entrepreneurs in China, Ellis (2011) highlights that the social ties of an individual (ties between individuals) assist in identifying international market opportunities. The present study refines Ellis’ (2011) study by demonstrating that a similar relationship exists in the Italian immigrant ethnic entrepreneur context.

Ellis (2011) reports that researchers overestimate the principle role of luck in the discovery of international market opportunities. He suggests that examination of the social exchanges preceding the discovery shows that luck has only a partial role in the identification. The experience of the CEO of Meglio Consulting demonstrates that while

luck may partially explain the identification of the opportunity, it is also a significant factor in the preceding social exchanges. The CEO was a key speaker at a meeting. While there, he was introduced to Australian Government Representative 4. This proved to be fortuitous as it led to his attendance at a conference where he subsequently identified an opportunity in the Italian market:

*I met [Australian Government Representative 4] in a meeting where I gave a speech about economies. Somebody introduced me to him and said that he is [in government]. So we started talking, I told him I'm an Italian living in Australia and a little bit about what I do and he said that in 2-3 months he was having a conference to better understand what happens between Australia and Italy. He said to attend and say something about our company. A few days after the conference we invited people here for another presentation and he brought [the President of an agricultural union] who is now taking our project on (CEO, Meglio Consulting).*

While it is difficult to ascertain the level of luck in the CEO's meeting of the Australian Government Representative 4, it is difficult to deny its role in this social exchange. The CEO did not actively search for opportunities to meet the Representative – this social exchange was accidental. An “element of chance” (Ellis 2011, p. 121) did play a partial role in the president's attendance at the conference where the CEO identified the opportunity. Australian Government Representative 4 intentionally brought the president to the subsequent presentation where he agreed to explore the opportunity. Thus chance had a diminished role in the identification process – first an important role in the social exchange process and then minimal or no role in the subsequent meeting of the CEO and the president.

The CEO emphasises the role of “pure luck” or the “element of chance” (Ellis 2011) in his business. He often talks about the intervention of “fate” and the “unbelievable good timing” of meeting people “at the right time”. This indicates his belief in the role of luck and chance in the success of his business. However, Ellis (2011) indicates that the role of luck in opportunity discovery is exaggerated by researchers who do not understand the social exchanges that occur before the identification. The findings of the present study suggest that luck partially contributes to the identification of the opportunity, and refines Ellis' (2011) study by showing that luck is also a significant contributor to the social exchange that preceded the identification.

### **6.2.1. Country of Origin Regional Based Social Ties**

As discussed on Section 2.2. Italy is divided into 20 regions. Regional affiliations in Italy are important in terms of trust and respect, with newly established weak ties to people

from the same region quickly becoming strong ties to a “friend” who is “trustworthy” and capable of passing on information and overcoming knowledge barriers. Granovetter (1985) and Zhou, Wu and Lou (2007) highlight that weak ties involve low emotional commitment and are useful for gaining novel information. Conversely, strong ties result from frequent and quality social interactions with high emotional commitment, which makes the information received deemed more trustworthy and from a reliable source (Ellis & Pecotich 2001; Granovetter 1985; Zhou, Wu & Lou 2007).

Insights from the CEO of Meglio Consulting demonstrate the benefits of trusting regional based social ties. While attending a course to obtain a pilot’s license, the CEO became “great friends” with an engineer who had expertise and networks that the CEO was lacking. Their friendship is based on “their love of flying” and trust was established very quickly, based on their discovery that they reside in the same region of Italy. Based on their regional affiliation, the weak tie quickly became strong (Granovetter 1985). The engineer had known the CEO for less than a year before he started consulting for the firm for free. His services include signing patents and assisting with some technical designs. The CEO acknowledges that this regional based social tie is extremely important as working with a leading engineer not only overcame technological design issues, but he feels it legitimizes his work:

*Even if all the inventions and the patents are made by me, it is important that he is the engineer that will undersign it. To have the same engineer that signs the projects for NASA sign my patent, it is something that I am very proud of. This is why I asked him to join us ... we are protected from any criticism because if you criticize this [patent he signed], then you have to criticize NASA. You will have to ask the astronauts if he made the right choice and developed the correct solution for them and for the shuttle (CEO, Meglio Consulting).*

The Engineer had provided his services free for over six months and admits that he was unconcerned about formalizing a contract. The notion of “helping a great friend” is more important to him than protecting his intellectual property and financial gain:

*Now I am a very big friend working on a voluntary basis and I am very happy. Then next week, next month we will define and formalize it [his role] but for now, I am a friend (Engineer, Meglio Consulting).*

Zhou, Wu, and Lou (2007) propose that in emerging economies, a home market social tie can reduce knowledge barriers. The present findings refine Zhou, Wu, and Lou’s (2007) study by demonstrating that in a developed economy (Italy), a COO regional based social tie can reduce knowledge barriers. In the instance of Meglio Consulting, accessing a



social tie to a trusted friend from the same Italian region overcame a lack of engineering knowledge and expertise.

The present study recognises the influence and significance of COO regional based social ties. For example, in the Italian context the ties between two people from the same region, e.g. Venice or Tuscany, is reported to be stronger than ties between two Italians from different regions. The Director of Timoteo Consulting illustrates the importance of COO regional based social ties for identifying international market opportunities. The business partner of the Director received an invitation to a conference in Italy from a COO regional based social tie. The business partner and the social tie are both Venetian. Attendance at this conference enabled the Director to not only identify new business opportunities, but create new social ties. The Director also recognises the importance of maintaining social ties to ensure that information about opportunities is passed on:

*I must admit [my attendance at the conference] was through my business partner, who is from the Veneto area. He was in touch with [a Venetian] who he had met at a Vin Italy conference earlier that year... [Our] strength is really keeping up those networks and keeping up those contacts (Director, Timoteo Consulting).*

This finding suggests that COO regional based social ties facilitate the identification of international market opportunities. Ellis (2011) examines the influence of social ties on this process. Therefore, these findings refine Ellis' (2011) study as the Italian immigrant ethnic entrepreneur's COO regional based social ties are not explored. Zaheer, Lamin and Subramani (2009) propose that regional social ties influence the international market selection in the Indian context. The present study shows that regional social ties are also influential in the identification of international market opportunities in the Italian immigrant context.

### **6.2.2. Kinship Ties**

Hayton, Chandler and DeTienne (2011) and Iyer and Shapiro (1999) suggest kinship ties are likely to increase the probability of receiving private information about international market opportunities. Of the six immigrant entrepreneurs examined in the present study, only the Director of Giuliano's recounts using a kinship tie and the flow of private information to identify an opportunity in Italy:

*We have spoken about [establishing a business in Italy] with my cousin. He has an ice cream shop in Rome. He came to help us set up Dubai and said he had an opportunity in Italy where my father worked in Rome: [it] was near the Pantheon in a place called Santa Chiara and he and my cousin's father, they worked together ... They were in this bar which doesn't exist anymore but my cousin had the*

*opportunity to lease the premises at cost price and we thought ‘why don’t we do something together again?’ (Director, Giuliano’s).*

Giuliano’s is a family-operated SME and therefore, this finding is contrary to Kontinen and Ojala’s (2011) study which reports family SMEs do not use kinship ties to identify international market opportunities. In addition, Kontinen and Ojala (2011) do not explore why the ties are not used. Although working in family businesses (Quartuccio Wines, Zingaretti Wines, Montalbano Enterprises), the entrepreneurs appear to not want to “mix family and business” relationships, preferring to rely on the social and ethnic ties for information:

*Sometimes there are aversions to bringing other family members in: the relationships work fine on a personal level but if you bring them into the business, you may upset the personal relationships (Italian Industry Expert 5).*

The findings of the present study refine Hayton, Chandler and DeTienne’s (2011) and Kontinen and Ojala’s (2011) studies by demonstrating that Italian immigrant entrepreneurs emphasise not using kinship ties to receive private information about international market opportunities due to their apprehension about potentially damaging the kinship relationship which is viewed as important.

### **6.2.3. Business Networks**

While the Italian immigrant ethnic entrepreneurs strongly emphasise identifying opportunities through social ties and “a friend of a friend”, some also use business networks. Johansson and Vahlne’s (2009) revised business network IP model suggests firms use business networks and the commitment of their local partners to leverage off their knowledge base to assist in the identification of international market opportunities. A Director of Nonnina Café highlights their awareness of the potential benefits of business networks. The Director explains that establishing business networks and inviting people into their network or “web” allows them to access information about international opportunities. Despite this, he observes that to date, the majority of opportunities are identified through their “friends” and social ties:

*Obviously the more people you become associated with [who are in] franchising or in multinationals or that sort of organisation, when you start having conversations with those sorts of people and you bring them into your web, [your firm] becomes open to more doors (Australian Industry Expert 4).*

Timoteo Consulting specialises in assisting Italian firms to enter the Australian market by providing information on Australian market conditions, conducting market research, and

identifying potential partners. The Director observes that Italian firms use Timoteo Consulting's knowledge base of the Australian market to identify opportunities:

*That is how I think companies hear of the opportunities: having someone who is locally based, who can feed them those opportunities, who monitors the situation. That is the only way companies are going to know about it. We are just intermediaries. I suppose it is really just collating and connecting people ... and keeping your eyes and ears open and keeping your fingers on the pulse (Director, Timoteo Consulting).*

However, as with the Directors of Nonnina Café, these business networks are not always sufficient – the underlying “trust and goodwill” associated with social ties (Zhou, Wu & Lou 2007) is viewed as more important. For Italian immigrant entrepreneurs, an existing business network does not guarantee access to the knowledge and resources of their firm:

*I don't take on everybody as clients. I'm selective in my clients based on past experiences and when I say past experiences, I look at what they have done, who they have approached. I had one guy I did some work for last year, came back to me again this year with two more companies and I actually said “No, I'm not taking you on. You were too difficult to work for and what you're requesting is not something that I can deliver” (Director, Timoteo Consulting).*

Johanson and Vahlne (2009) indicate that trust in business networks can substitute for a lack of knowledge, which can result in a firm allowing “a trusted middleman [to] run its foreign business” (Johanson & Vahlne 2009, p. 1417). The Director of Giuliano's allows “a trusted middleman” to run their entire foreign business, including the identification of opportunities. Giuliano's had no knowledge or experience in the Middle Eastern market, yet their first internationalisation attempt was into Dubai via a franchise. The Director recounts that the franchisee is a highly successful and experienced businessman whom he holds in great esteem and trusts immensely. The relationship is built on such high levels of trust that the Director trusts the franchisee to handle enquires and expansion into the entire Middle Eastern market:

*Any enquiries we have had, we ask him to handle the Middle East. There is no point in us attempting to handle it. It has been difficult for him, it hasn't been easy but if he sees future in it and he wants to develop it further, I would probably leave it up to him to pursue because he knows the market better than we do (Director, Giuliano's).*

These findings refine Johanson and Vahlne's (2009) model to include the notion that while business networks are useful to identify international market opportunities, they do not necessarily guarantee access to information merely because the firm has membership of a network of firms, some of whom are able to increase the firm's knowledge base. For Italian immigrant ethnic entrepreneurs, this information is provided to those who have a trusted socially based tie. In addition, the findings demonstrate that in Italian immigrant

entrepreneur business relationships, trust can substitute for a lack of knowledge and empower the entrepreneur to rely on a middleman to run their entire foreign business with minimal interference.

#### **6.2.4. Networks Formed at Trade Shows**

Evers and Knight (2008) and Kontinen and Ojala (2011) indicate trade shows are an ideal environment to establish networks (both business and social) that could lead to the identification of international market opportunities, especially for family-operated SMEs. Contrary to this finding the Director of Giuliano's and the Export Manager of Zingaretti Wines, both from family-operated SMEs, observe trade shows are a way to "have a presence", "be seen" and "have your name out there". This indicates that their attendance is aimed at more than just establishing networks: it is to confirm their position in the industry.

The findings of the present study provide insight into the different purposes of trade shows: Australian trade fairs are reported to focus on networking while European trade fairs are technology and knowledge sharing focused:

*When my father started up in the industry, he got a feel of the trade fairs and we have followed it up ever since. It is well worth going to Europe for all that because there is new technology and you are close to France and Spain and they also attend and you can see the new products, the new ingredients. So they are a must to go to, just to keep ahead of everyone else. The exhibitions they have here [in Australia] are good to make contacts, to do a little bit of networking and stuff like that (Director, Giuliano's).*

Yet the Director of Timoteo Consulting reports the opposite. She observes that Italian trade fairs are more social than Australian fairs which are more business focused. Particularly, in recent years the emphasis on relationship building has increased in Italian trade shows with orders no longer being placed at the show. Instead, the potential buyer visits the factory to establish a relationship, build trust, and then an order is placed. At an Australian trade show, it is not necessary to visit the factory and build a relationship before placing an order:

*In Australia the trade fairs, as opposed to the ones in Italy, work. In Italy, unfortunately, the trade fair scenario has become more of a social thing. You go there and you do it just really for presence. Just to say that you are one of the players in that field. You don't make that many sales at the actual trade fair as such anymore. I've been going to trade fairs since I was 17 so I did my first trade fair in Milan in 1982. Back then you used to go there and you used to be able to place orders – whereas now they have things there but they expect you to go back to their factory and place the order (Director, Timoteo Consulting).*

This emphasis by Italians on building social relationships before commencing business may be related to the notion that Italy is a high-context country (Rosenbloom & Larsen 2003). According to Hall (1976), a high-context country has a culture whereby personal relationships are emphasised (Kittler, Rygl & Mackinnon 2011).

The Directors of Zingaretti Wines initially used trade fairs to identify international market opportunities, as outlined by Evers and Knight (2008). This has changed overtime and they now use them purely to maintain contact with present suppliers:

*We go to trade fairs. There are two big ones in Europe and there is a really good one, Pro-Vine. For the first few years we had a big stand at Pro-Vine but now we have a much smaller stand and all our European distributors will go there to visit all their wine suppliers so it is really good for us to go for three days and we can see 15 or 20 countries in three days, meeting after meeting and it just means that we don't have to go visit ... So it is a chance to touch base and maintain contact with them. The role of those shows has changed a bit for us but I do know that [the Immigrant Ethnic Entrepreneur] and [the International Sales Manager] went to quite a few of them originally when they were trying to launch it (Export Manager, Zingaretti Wines).*

This would limit the entrepreneur's ability to make new contacts as their aim is on "having a presence" at the fair and maintaining present contacts. Thus, the focus of the trade fair may influence the entrepreneur's ability to make ties that can assist with the identification of international market opportunities. If the purpose of a trade fair is to facilitate networking, then entrepreneurs who wish to build networks should attend these fairs, as opposed to fairs with a knowledge sharing / technology focus. Given that the purpose of Italian and Australia trade fairs was reported differently by the Directors of Timoteo Consulting and Giuliano's, and the Export Manager of Zingaretti Wines, it may be argued that attendees at the trade shows are unclear of the focus of the fair, with some attending for networking and others to "have a presence". This finding indicates that networking at these events is difficult as not everyone attends with a common purpose. Furthermore, the intended purpose of the trade show, either networking or knowledge acquisition or both, may not actively be promoted to the attendees, contributing to the mixed motivations for attending. The findings of the present study refine Evers and Knight's (2008) and Kontinen and Ojala's (2011) studies by showing that the unclear focus of the trade fairs, either networking or knowledge acquisition, influences the ability of entrepreneurs to establish networks which can be used to identify opportunities.

### 6.2.5. Networks Formed Through Non-Commercial Business Organisations

In the empirical study of the role of formal, informal and intermediary network relationships on a Finnish knowledge-intensive SMEs' internationalisation, Ojala (2009) recognises the importance of “non-commercial organisations in the market entry of SMEs” (2009, p. 57). Ojala (2009) suggests that these organisations act as mediators that facilitate the network relationship between a buyer and seller. Refining this work, Kontinen and Ojala (2011) indicate that entrepreneurs of Finnish family SMEs do not use ties created from non-commercial or export-promoting organisations when identifying international market opportunities. As these studies do not explain how the non-commercial business organisations facilitate networking, the present study refines Ojala's (2009) and Kontinen and Ojala's (2011) studies by examining how non-commercial business organisations facilitate networking and consequently the identification of international market opportunities of Italian immigrant ethnic entrepreneurs.

There are numerous private, non-commercial business organisations that aim to promote economic and commercial ties between Australia and Italy. In particular, they endeavour to facilitate the establishment of networks and the flow of information about opportunities in the Italian and Australian markets. The Impresa Organisation, based in Rome, offers various services to Australian and Italian business people. This includes hosting “workshops, conferences in Italy, economic missions to Australia, social meetings”, and through their members, “providing information and advice about Italy and Australia”. The workshops, conferences and social meetings provide an opportunity for the creation of social ties and business networks that enable the flow of information about market opportunities:

*The [Organisation's] services make contact with businesses and Australian economic and commercial authorities easier and accessible. Workshops and conferences organised in Italy by the [Organisations] have been useful to the large Italian businesses already present in Australia to maintain and reinforce their personal Australian contacts. Through these meetings the small and medium businessmen could acquire contacts (Italian Industry Expert 4).*

Italian Industry Expert 3 is the Founder of the Affari Organisation, another non-commercial business organisation based in Rome. He explains that in addition to government agencies and existing networks, the Organisation is another information source for people interested in the Italian and Australian markets. Employing a different approach to the Impresa Organisation, he relies on the internet to facilitate networking:

*The objective is that if somebody wants to find someone else who may have some kind of skill that they need in this market, or if an Australian business is trying to do*

*something in Italy or an Italian business is trying to do something in Australia, it is a point where there might be some information. That is the primary objective of the website – to put people in touch. Then you rely on people who are in the network to be one of many options available to people who want to do something. There are not many options available to people, say if they want to do something in Rome: they arrive, they go to the Chamber of Commerce or walk into some lawyer’s office and as well, they have us so we provide an option which is maybe user friendly... and that service, that networking contact point is provide for free (Italian Industry Expert 3).*

Despite these organisations reporting membership numbers in the hundreds and a large internet presence, only the Director of Timoteo Consulting recalls attending a networking event held by the Impresa Organisation in Italy. After the event, the Director approached the committee of the Organisation and offered to “work something out together” and host a joint workshop aimed at identifying opportunities for the Director. The workshop was advertised to the members of the Impresa Organisation and 10 firms attended:

*They listened to my presentation on the economic outlook of Australia, on the opportunities: I gave them facts, figures, information on all the sectors and then I gave them what we call a B2B or a one-on-one at the end for about 20 minutes. I give them an indication of what could be their potential in Australia, if there is a hope: I’m very honest, I don’t say that there is if there isn’t... Then I say when I get back to Australia, pending on the questions that were asked during the meeting, I will send them a costing to do the work (Director, Timoteo Consulting).*

This finding refines Ojala’s (2009) and Kontinen and Ojala’s (2011) studies, not only demonstrating the activities of non-commercial business organisations in the Italian-Australian context, but also showing that their networking services offered are underutilized by Italian immigrant ethnic entrepreneurs. These organisations are in a position to facilitate the identification of international market opportunities, as demonstrated by the experience of the Director of Timoteo Consulting, yet the entrepreneurs do not use them.

#### **6.2.6. The Importance of Trust**

A theme most emphasised by Italian immigrant ethnic entrepreneurs is that trust in their business relationships is “earned”, “paramount”, “not bought” and “develops over time”:

*Trust is something that I believe is indisputable. You have to have trust... We have enormous trust in our suppliers just as much as they have enormous trust in us doing the right thing by their brand and their product. It is built up over the years, over many, many years. You cannot buy it. You have to earn it (Director 2, Montalbano Enterprises).*

The entrepreneurs express great pride in their partners / customers / networks viewing them as trustworthy. This further highlights the importance of trust in immigrant

entrepreneur business relationships. The CEO of Meglio Consulting describes the importance of his reputation as trustworthy and the pride he felt when a new highly influential client expressed his belief in the CEO's ability to deliver what is required:

*You have to be trustable (sic). This means that if people are in front of you, doesn't matter if they are a manager, or expert, they know that if I say something, that it is true. I am true to my word. [At an earlier meeting a client] smiled and said that he knew already before he saw [the product] that it had to be something special. This is a real important thing for me [...] I said to him on the phone that it is something unbelievable and he said that he believed me (CEO, Meglio Consulting).*

Comments by the Director of Montalbano Enterprises reflect the immigrant entrepreneur's pride in being able to maintain trusting business relationships, and in this case, some relationships are over 25 years old:

*I would be comfortable to say that... 80% of our supplier relationships are over 25 years. The longest is over 50 years and it is not uncommon that they are even 30 years old. We have such an association and a mutual respect (Director 2, Montalbano Enterprises).*

Johanson and Vahlne's (2009) revised business network IP model asserts that trust in business relationships is based:

*... not on formal agreements but on a common history of at least minimally satisfactory, if not successful, joint business experience (Johanson & Vahlne 2009, p. 1425).*

Freeman, Hutchings, Lazaris and Zyngier (2010) highlight that relational trust, defined as "trust that depends on networks and relationships" (p. 75), can increase information sharing between organisations. These studies show that relational trust is important for information sharing and the identification of international market opportunities. However, the level of analysis in their studies is at the firm level. They do not consider the individual level, that is, the entrepreneur's perception of the importance of trust in their business relationships. Mouzas, Henneberg and Naudè (2007) indicate that business relationships consist of both inter-personal (individual level) and inter-organisational (firm level) relationships. Specifically, the inter-personal level of analysis of trust is important because:

*As a concept, trust appears to be more applicable at the level of inter-personal relationships than to inter-organisational relationships (Mouzas, Henneberg & Naudè 2007, p. 1016).*

These findings refine Johanson and Vahlne's (2009) and Freeman et al.'s (2010) studies by providing insight into the immigrant entrepreneur's perception of the importance of relational trust in business relationships, a perception that the studies did not highlight.



The finding also supports the proposition by Mouzas, Henneberg and Naudè (2007) that trust in business relationships at the inter-personal level is important.

The present study recognises the pattern of Italian immigrant entrepreneurs using the concept of belonging to “the family” to reinforce trust in business relationships. For Montalbano Enterprises the many years of “at least minimally satisfactory, if not successful joint business experiences” (Johanson & Vahlne 2009, p. 1425), are not enough to maintain the established trust. It is the sense of belonging to the “Montalbano Enterprise family” that reinforces the trust. On a recent trip to Italy, the Director rearranged his schedule so he could drive 500kms to have lunch with a supplier who had worked with them for over 30 years. He did this as a demonstration of the respect he has for the supplier and to reinforce their relationship. The respect was reciprocated with the entire family stopping work to have lunch with him:

*When I got there, the whole family stopped everything and we sat down - the whole family as in the brothers, the wives, the children, the grandchildren. So I came in, they extended out the table, sat down, had the meal, we had a good talk and it was highly appreciated, enormously appreciated. Now that is a relationship that is built on trust (Director 2, Montalbano Enterprises).*

The Director of Timoteo Consulting uses this concept of a trusting family-type relationship, as opposed to one based on mutual business success, to ensure continued working relationships:

*People want to ... feel like they are being looked after on a one-on-one basis, as if they are part of a family (Director, Timoteo Consulting).*

Australian Government Representative 2 reinforces the importance of creating a trusting, socially based relationship when conducting business in Italy and with Italian immigrants:

*I suspect Italy is a lot like some of the Latin and Asian countries where establishing the contacts and getting to know the people is considered very important. They do not want to do business with you until they feel comfortable doing business with you so you have to be prepared to put in that time of travelling to the country and going back and showing your face to underline that you are serious (Australian Government Representative 2).*

Johansson and Vahlne (2009) suggest a common history of business experience is the basis of trust needed in business relationships. The experiences of the Italian immigrant ethnic entrepreneurs in the present study demonstrate that trust derived from social interactions and the sense of belonging to a family are a more important foundation for a trusting business relationship than business history.

Welter and Smallbone (2006) explain how personal trust between individuals is important in business relationships:

*Personal trust may depend on the characteristics of a group such as an ethnic or kinship group, but it also occurs in bilateral (business) relationships, often long-standing ones where persons have come to know each other. In both cases, they know or assume that that partner/friend will not behave in a way that is detrimental to the relationship even when there are no written or explicit rules set out. This means that these relationships are governed by norms, values and codes of conduct inherent in a business environment (e.g. a business association) and/or a wider society (Welter & Smallbone 2006, p. 466).*

Thus the findings of the present study refine Johanson and Vahlne's (2009) IP model by showing that in the Italian immigrant entrepreneur context, social interactions are a more important basis for trust in business relationships than common business experiences.

#### **6.2.6.1. Ethnic Ties: Trust and Sanctions**

Insights from the Director of Quartuccio Wines provide support for Iyer and Shapiro's (1999) and Jean, Tan and Sinkovics' (2011) assertion that ethnic based ties in the COR are characterized by high levels of trust. She explains that trusting and doing business with Italians in Australia is easier due to awareness of the Italian culture. She discusses how she has difficulties understanding the expectations her Chinese contacts have of their relationship. When asked about her perceptions of the similarities between Italian ethnic ties and Chinese Guanxi, she responds that there are similarities but:

*I guess with the paesani [Italians] you know: you know what you are dealing with, you know who it is. But with the Asian people there is still, like a barrier there. With the Italiani you can kind of see through them or with them. But with the Chinese, you can't always tell what they are thinking or doing. You don't always understand why they are asking you to do something. With Italians it is more straight forward I reckon. Maybe because we understand the culture more (Director, Quartuccio Wines).*

Iyer and Shapiro (1999) indicate that the nature of ethnic ties in the COR ensures that mutual trust is developed. In the COR, the ethnic community is close-knit due to the heavy reliance on ethnic ties for both financial and emotional support. If the trust is broken by providing incorrect or misleading information, the consequences are significant. One consequence is the implementation of reputational sanctions within the community (Jean, Tan & Sinkovics 2011). Such sanctions result in a loss of benefits associated with membership of the ethnic network (Iyer & Shapiro 1999). According to the findings of the present study, reputational sanctions can also apply to ethnic ties between the COR and COO. A Director of Montalbano Enterprises deals primarily with suppliers and networks in the COO (Italy). The Director observes that trust in COO ethnic

ties is important for the identification of international market opportunities and a loss of trust will result in the demise of reputation and credibility:

*I went to visit potential suppliers [in Italy] that were recommended to me through other people who we buy from [in Italy], who have a reputation and don't want to ruin their reputation because if they recommend something that is not going to be good, then their reputation is going to be on the line as well (Director 2, Montalbano Enterprises).*

Reputation and credibility are characteristics most emphasised as essential for successfully conducting business:

*You don't want to take people for a ride because you lose credibility in the industry (Director, Timoteo Consulting).*

Recounting an example of how misleading information can result in reputational sanctions, Director 1 explains that the Directors have immense trust in their Italian truffle supplier. If the supplier advises them to buy truffles that are too expensive or of a poor standard, his reputation would be ruined and the Directors would penalise him by withdrawing all their business:

*[Director 2] rings up and speaks with the supplier and we have 100% faith in him to say whether they [truffles] are good enough quality and the right price. Sometimes they are really good quality but the price is way above what they should be. If he says that they are fine, we will import them. If he says no, we don't. If he basically stuffed up and tried to diddle us one year, he would lose not just the truffles but all the rest of the business that we do with him. So you have to have that trust and faith in people (Director 1, Montalbano Enterprises).*

Iyer and Shapiro (1999) do not explore whether the reputational sanctions associated with ethnic ties in the COR also apply to ethnic ties in COO. This insight refines Iyer and Shapiro's (1999) study by demonstrating that sanctions applied in the domestic COR market can be used when conducting business in the COO market. This finding provides further insight into the nature of second-generation Italian immigrants' use of ethnic ties in the COO. The Directors are second-generation immigrants who were born in Australia. Their ethnicity allows them to develop the same level of mutual trust in their ties in Italy as there is in their ties in Australia. Thus, the ethnic ties in the COO are constrained by the same reputational sanctions as those ties in the COR. This further refines Iyer and Shapiro's (1999) study as they do not explore the second-generation immigrants' use of reputational sanctions in their ties in the COO.

### 6.3. Manager Characteristics: International Experience

Ellis (2011) suggests international experience increases the number of ties in a foreign country, which improves the flow of information about opportunities in that market. He argues:

*... there is some evidence that the migration of ... entrepreneurs themselves affects the identification of international exchange opportunities but the actual dynamics underlying network expansion remain to be uncovered (Ellis 2011, p. 120).*

The Director of Montalbano Enterprises explains some of these dynamics underlying an immigrant's network expansion. The founder, an Italian immigrant, expanded his networks through existing social ties and actively searching for new ties in the COO. The active search included spending two or three months a year driving to rural Italian villages, then cycling around the countryside talking to villagers about their artisan products and suppliers:

*When he was in Italy he would go around and taste food, drink, look at everything and talk to people about what they perceived was the best and if he thought that something was the best he would just go to that supplier and producer. He had a lot of friends [...]. They knew his love of good food and wine so if they found, say a little torrone that was really fantastic and from a particular area, they would tell him. So there was a lot of that networking. And he would go bike riding. He would put the bike in the back of the car and drive from one town to the next and he could get out of his car and check into a hotel and then get on his bike and just ride around and go to small villages and he saw what the locals were doing. So he wasn't just generically going to a trade fair because a lot of these people in these villages didn't know what a trade fair was (Director 1, Montalbano Enterprises).*

In another instance, the Director of Timoteo Consulting also expands her networks through active searching by hosting non-consulting focused events aimed at the "general public". For example, she organises guided shopping tours to Italy and a tour for Italians to attend the 2011 Rugby World Cup in New Zealand. She suggests that hosting such events enables her to access an untapped source of potentially useful networks:

*I suppose you can put [my business success] down to promoting trade fairs, promoting internationalisation of companies. I do have other things, which I believe you need to do... I have a shopping tour for example. I think it is important to have yourself out there and make yourself known to the general public, not just look at your business contacts as such (Director, Timoteo Consulting).*

This finding supports the proposition by Ellis (2011) that the migration experience of entrepreneurs may affect the identification of opportunities. These insights show that the "actual dynamics underlying the network expansion" (Ellis 2011, p. 120) can occur through existing social contacts in the COO and active searching for new networks.

In their examination of the influence of international and technical knowledge on born-global identification of foreign market opportunities, Nordman and Melén (2008) outline that low levels of international knowledge, defined as “experiential knowledge about conducting business within an international setting” (Nordman & Melén 2008, p. 175), results in the adoption of a reactive approach to identifying opportunities. A reactive approach is defined as “ongoing interactions between a firm and individual in a specific foreign market” (Nordman & Melén 2008, p. 175) and includes responding to an opportunity triggered by an individual outside the firm, such as responding to an unsolicited order. Nordman and Melén (2008) further suggest that high levels of international knowledge can result in born-global firms using a structured, proactive approach to searching and identifying foreign market opportunities. The proactive approach is defined as ongoing search activities “in which a firm is able to define what is missing and how it can be found” (Nordman & Melén 2008, p. 175). Examples provided of a structured, proactive approach include actively promoting the firm in the target international market and recruiting employees with networks in that market (Nordman & Melén 2008). Timoteo Consulting provides another specific example of this approach. Due to the Directors’ Italian origins, experiences and networks in Italy, they are targeting the Italian market by attending conferences and meeting people directly in the Italian market:

*I met a client at that conference. I said that I would be back in November, I’m planning on doing workshops, looking for business and that is my strategy to become in direct contact with the potential client. Because to do things and marketing over the internet and websites, it works to a certain point. There is nothing like having direct contact with the person (Director, Timoteo Consulting).*

The insights from the Director of Timoteo Consulting and the CEO of Meglio Consulting highlight the use of both a proactive and a reactive approach simultaneously by Italian immigrant entrepreneurs who established a born-global firm and have high levels of international knowledge. The Director of Timoteo Consulting employs a proactive approach by continuously engaging in search activities that help to identify foreign market opportunities. This includes searching newspapers and industry journal articles that she forwards to her contacts if she feels it may result in gaining business from them. For example, she met the president of a wine consortium in Italy and when she returned to Australia, she found an article about the Australian wine industry that could provide an opportunity for the consortium members. She forwarded the article to the president in the hope that he would employ her to develop the opportunity further. The Director also

highlighted this opportunity to attendees at a workshop she held in Italy, aimed at providing international business opportunities:

*The EU signed an agreement with Australia where certain types of grapes or wines are no longer to be produced in Australia. At my workshop last week I told the wine companies and ... they said that they know that we can't produce it [Italian wine] anymore so if someone goes to the bottle shop and looks for that, it has to be Italian: they want to be that wine. So it has opened up new opportunities for the Italian wine companies (Director, Timoteo Consulting).*

Despite using a proactive approach to identify international market opportunities, the Director of Timoteo Consulting also uses a reactive approach and identifies opportunities in Italy through “ongoing interactions between a firm and individual in a specific foreign market” (Nordman & Melén 2008, p. 175). She recounts how one opportunity in the Italian market was identified through a former internship student who is now a “friend”:

*I had a student from Turin who did his internship with us in 2005. I do keep in contact with a lot of kids that did work with me, on my Facebook page. It is mainly them that ask me for friendship because I don't go searching. So this boy was working and managed to get a job in [large Italian firm] and said “Our company is looking at expanding into Australia. It is something that I have always talked about here, I need to do some research. Can you help me?” (Director, Timoteo Consulting).*

This focus on ‘friendship’ is also demonstrated by the CEO of Meglio Consulting who identifies opportunities through global scanning activities (Bouquet, Morrison & Birkinshaw 2009) such as attending workshops. He employs a reactive approach and relies heavily on his social ties and business networks who he describes as his “friends”. He continuously reinforces the “friendship” with his social ties and business networks by telling them “we are friends, we trust each other so we can help each other”. The CEO trusts that the ongoing interactions with his “friends” will result in them contacting him when they identify a suitable international market opportunity. Simultaneously, he uses a proactive approach whereby he defines the specific skill that his firm is missing (e.g. a technical skill) and then, often through the internet, actively searches for people with that skill. These findings refine Nordman and Melén’s (2008) study by showing that in the context of born-global firms established by an Italian immigrant ethnic entrepreneur, despite high levels of international knowledge, both reactive and proactive approaches are used simultaneously to identify international market opportunities.

While Nordman and Melén (2008) explored born-global firms, the present study demonstrates that in the context of SMEs founded by Italian immigrant ethnic entrepreneurs, low levels of international knowledge may result in the use of a reactive

approach. Immigrant entrepreneurs report identifying international market opportunities through individuals outside the firm via unsolicited “random phone calls” and “over the internet through email”:

*We have been very fortunate that people have come to us. It was only last year that we got our website up and running. We have had some enquiries through that. But previous to that, it was all by word of mouth (Director, Quartuccio Wines).*

A theme strongly emphasised in the findings is that some entrepreneurs do have high levels of international knowledge, yet use a reactive approach. Montalbano Enterprises is an importer of Italian goods and distributor throughout the Asia-Pacific region. The Directors possess high levels of international knowledge relevant to conducting business in the Italian and Australian markets. Despite this level of knowledge, opportunities have been identified through a reactive approach, responding to unsolicited enquiries:

*All of our distributors Australia wide approached us. They always approach us. We have never gone to distributors ... Our New Zealand distributors are a couple that came over with two suitcases and a little overnighter. The overnighter had their clothes and the suitcases were empty and went back with a whole lot of food products to evaluate them. And that is how we started (Director 2, Montalbano Enterprises).*

In another example, Australian Industry Expert 3 is one of four Directors of Nonnina Café. All four Directors have vast international knowledge, having worked for many years in Italy and travelling there annually. Despite this level of international experience, they do not use proactive “opportunity searching activities” (Nordman & Melén 2008). To date, they identify opportunities through a reactive process of “ongoing foreign market activities” (Nordman & Melén 2008) and unsolicited interactions with individuals outside the firm:

*Up until now the main thing has been people have approached us. It may be a certain party from a certain country thinking ‘we have been in Australian and visited your stores and liked the concept’ (Australian Industry Expert 3).*

The Director of Quartuccio Wines also exhibits the tendency of Italian immigrant entrepreneurs to rely on a reactive approach despite their high levels of international knowledge. Although the firm had exported for over 20 years, the Vietnamese market opportunity was identified through an unsolicited phone call:

*It wasn't until 2000 that I got a phone call concerning Vietnam, which is now our largest export destination with the non-alcoholic juice ... A gentleman who was living in Melbourne, his client in Vietnam had asked him to source Australian grape juice. He perchance had seen our grape juice on a supermarket shelf and made that phone call. And that was it. From that first year we sent seven containers which means 7000 dozen of champagne bottles of juice, which for us was a huge effort.*

*We did it and the best we have ever done is 37 containers in one year (Director, Quartuccio Wines).*

The Directors of Giuliano's and Quartuccio Wines and the Export Manager of Zingaretti wines all recognise that despite gaining more international experience as they enter more markets, they continue to use a reactive approach. It appears once they have established their presence in an international market, a snowball effect occurs and they continue to receive unsolicited approaches to enter other markets. This suggests that they do not need to use a proactive approach because they receive enough information about international opportunities without having to proactively search for them:

*Since [entering the Dubai market] the amount of people that have emailed us constantly about opening up franchises is ridiculous (Director, Giuliano's).*

*We certainly have had enquiries because once your label is [in a foreign market]; you get people coming to the back door wanting it. Even ... the distributor we deal with [in a foreign market], her brother who has branched off has even come to us for the juice (Director, Quartuccio Wines).*

*Once our brand became a runaway success and everyone heard about it, that was when we had hundreds of people knocking on our door saying that they want to distribute our brands. Everyone from the small guys to the largest wine companies were knocking on our doors. Now we have experience and we don't have to go looking for anyone, people are constantly coming to us (Export Manager, Zingaretti Wines).*

The findings of the present study refine Nordman and Melén's (2008) study by showing that in the context of SMEs operated by Italian immigrant ethnic entrepreneurs, despite high levels of international knowledge, a reactive approach is used for the initial and subsequent identification of foreign market opportunities with the suggestion that a proactive approach is not necessarily needed.

Chandra, Styles and Wilkinson (2009) and Johanson and Vahlne (2009), outline that the opportunity identification process for knowledge-based SMEs consists of two steps – first the identification of the opportunity; second, matching the firm's resources to their ability to enter an international market. They suggest higher levels of international experience result in a greater ability to undertake the two steps. In addition, SMEs with little or no international experience and knowledge identify their first internationalisation attempt through discovery rather than deliberate searching. The findings of the present study show that entrepreneurs with low levels of international experience reporting identifying their first international opportunity through both discovery and deliberate searching. Giuliano's is a traditional Italian coffee bar. The first internationalisation attempt was into Dubai via



franchising. The Directors had no prior international experience and the identification of the opportunity occurred through discovery after an unsolicited approach by an unknown businessman:

*We always knew that we wanted to expand. We didn't really want to expand as a franchise and dilute the brand or anything like that. We were approached by many people at various times: do you want to come to Malaysia? Do you want to come to China? And it just didn't feel right at the time. We had this gentleman who approached us who is an Indian-Singaporean and he made contact through a footballer. This guy owns about 1000 retail outlets and just goes with concepts. He has some amazing concepts for retail. He saw our concept; his son actually came out and had a look, went back to his father and told him to come have a look at this place, it's amazing etc. So we followed up from there (Director, Giuliano's).*

This finding supports Chandra, Styles, and Wilkinson's (2009) findings by showing Italian immigrant ethnic entrepreneurs with no international experience can identify their first international market opportunity through discovery.

Australian Industry Experts 2 and 4 are the Directors of Nonnina Café, a coffee franchise that has yet to internationalise. They recount a contrary experience to the Director of Giuliano's. They regularly travel to Italy, both have worked there and one was born there. However, they do not possess high levels of IB experience. Their business experience is primarily in the Australian market and from working for many years in their family-run or ethnic-based businesses (Italian restaurants, cafes, pastry shops). Despite this lack of IB experience, they are able to perform the two steps (identification and matching their abilities) efficiently. Similar to the Director of Giuliano's, the two Industry Experts are often approached by foreign business people to enter international markets, so they identify the opportunity (step 1) yet they realise they do not have the resources to take advantage of the opportunity at this stage (step 2):

*We will get to a point where we will start looking. When we are ready ground wise, [...] once that is established then we can actually go out and start looking for business (Australian Industry Expert 4).*

*We would probably like to have a more firm grip on Australia and then once that has happened then of course we will be looking to go out. Like [Australian Industry Expert 4] says, at the moment it is mainly people coming to us and talking but we just not prepared to drive into it right now (Australian Industry Expert 2).*

Contrary to the discovery approach used by the Director of Giuliano's, Industry Experts 2 and 4 suggest that when they feel the firm has the resources "to go international", they will actively search for opportunities. Yet, according to Chandra, Styles, and Wilkinson (2009), this is a strategy employed by firms with higher levels of international experience.

Chandra, Styles, and Wilkinson's (2009) study does not align with the findings of this study, which indicate that the level of international experience may not be an indication of the method used to identify international market opportunities. The Directors of Giuliano's and Industry Experts 2 and 4 both have low levels of international experience yet used two different methods to identify an international market opportunity: the Director of Giuliano's identified an opportunity in Dubai through discovery while Industry Experts 2 and 4 plan to actively search for the opportunities outside the domestic market. The insights from Australian Industry Experts 4 and 2 further refine Chandra, Styles, and Wilkinson's (2009) study by showing that the entrepreneurs' lack of international knowledge may be overcome by the knowledge gained from working in the domestic market with other immigrants. This supports the proposition by Chrysostome (2010) that for an immigrant entrepreneur, ethnic labour can provide strategic information.

#### **6.4. Institutions: National and Regional level**

Short et al. (2010) and Kloosterman and Rath (2001) suggest attention should be paid to how different approaches by governments and institutions enable entrepreneurs to identify international market opportunities. The present study refines Short et al.'s (2010) and Kloosterman and Rath's (2001) studies by showing that while the Australian government assists Italian immigrant entrepreneurs to identify opportunities in the Italian market, the Italian government appears to fall short of actually facilitating the identification process.

##### **6.4.1. Australian Government Approaches and Institutions**

Collins (2003) examines how Australian government policies, laws and regulations can create opportunities for immigrant entrepreneurs in the Australian market. Yet, how the government facilitates opportunities in international markets is not examined. The present findings refine Collins' (2003) study by exploring how the Australian government can facilitate the identification of Italian market opportunities by entrepreneurs in Australia. The findings highlighted the Australian government's use of two approaches to facilitate opportunity identification. One Australian government approach is to hold events aimed at creating economic and political ties between Australia and Italy. These events endeavour to create ties by facilitating networking. For example, a conference was held in Italy in July 2010 by an Australian government agency. It was the first time this type of conference had been held. Australian Government Representative 4 highlights that the

aim of the conference was to help facilitate network ties and the identification of international market opportunities:

*[We wanted] to do something to improve business relations between Australia and Italy, between entrepreneurs in Australia who want to go to Italy and entrepreneurs in Italy who want to go to Australia. There were about 45-50 Italian entrepreneurs and unfortunately only 20 Australian companies, due to logistic distance. I tried to mix the two interests: to create opportunities for Australians to export to Italy and helping them meet major importers and dealers, networking etc. and in the meantime to create a link with professionals in business, trade etc. where the entrepreneurs from Italy and Australia can take advantage of such knowledge and contact (Australian Government Representative 4).*

The CEO of Meglio Consulting and the Director of Timoteo Consulting attended the conference, which resulted in both making important contacts that later facilitated business opportunities in Italy. Industry Experts and numerous entrepreneurs believe this conference was “a great event”, “a huge success” and express encouragement for further conferences. Despite this enthusiasm, Australian Government Representative 4 concedes future conferences will not be organised as he perceives it to be too costly. Additionally, he perceives there is a lack of support, resources and commitment from other Australian government agencies:

*To be frank I spent three months with two people organizing everything ... It was very expensive and I covered all the costs of the conference and we spent about €20,000 in excess. So I don't plan to repeat it. Maybe if there was a stronger commitment from the [Australian government agencies in Italy], but I am not critical of them because they did what was possible to do (Australian Government Representative 4).*

Kloosterman and Rath's (2001) and Collins' (2003) studies focus only on an immigrant entrepreneur's ability to identify opportunities in the COR market through the assistance of the COR government. The findings from the present study demonstrate that a COR government (Australian) may facilitate the entrepreneurs' identification of opportunities in the COO markets (e.g. Italy). The Australian government has a presence in Italy through different agencies and official postings. Through that presence, the government enables entrepreneurs to network and identify opportunities in the Italian market. The conference in July 2010 was one way the Australian government facilitated the identification of Italian market opportunities.

The second Australian government approach to identifying opportunities in the Italian market is by active searching. Australian Government Representative 3 works for an agency with offices in all Australian capital cities, as well as a small office in Italy. If registered with her agency in Italy, an entrepreneur can be contacted directly if an Italian

market opportunity is identified. Alternatively, if registered with the Agency in Australia, the entrepreneur will be contacted by the Australian office:

*If we identify an opportunity in Italy that is valid for Australian companies, we will then send that back to Australia to be matched with potential companies. If we already know a company in that field then we will approach them directly, otherwise we can work with our colleagues in Australia who are familiar with companies in that sector and identify opportunities and then connect the companies so they can speak ... Our role is the facilitator. So essentially we just put Italian companies and Australian companies with common interests together (Australian Government Representative 3).*

Kloosterman and Rath (2001) and Collins (2003) report that governments facilitate an entrepreneur's identification of domestic market opportunities. The findings of the present study refine their studies by demonstrating that at a national level the Australian government enables entrepreneurs to identify international market opportunities. Specifically, the Australian government, through hosting events and active searching, enables immigrant entrepreneurs to identify international (Italian) market opportunities.

Despite the Australian government holding conferences and actively searching for opportunities, Italian Industry Experts question the Australian government's commitment to identifying opportunities in the Italian market. Italian Industry Expert 4 observes that compared to previous years, currently the Australian government appears not to have the same level of focus on opportunities in the Italian market:

*With the end of the Cold War ... Italy enjoyed a preferential treatment among the European countries in the relations with Australia. However, in the recent decades this treatment has never been revised. Rather, the Australian diplomatic presence in Italy has gone down notably, largely giving work to those in Berlin (Italian Industry Expert 4).*

Echoing the perception of the Australian government's lack of interest in the Italian market, Italian Industry Expert 3 contrasts the Italian and Australian governments' physical presence in each country. While the Italian government has established seven agencies in Australia, the Australian government has established two agencies in Italy:

*In Australia, Italy has five Chambers of Commerce and two Austrade equivalents, but according to the Australian Government, the same level of focus on Italy isn't needed: it hasn't even provided support for a business network (Italian Industry Expert 3).*

The perceived lack of Australian government interest in the Italian market resulted in Expert 3 suggesting that an Australian Chamber of Commerce in Italy is needed. The Expert believes that Australian business people do not use the services offered by the Australian Trade Commission or the Embassy, but they would be willing to access an

Australian Chamber of Commerce due to perceptions on the Trade Commission and/or Embassy. In the absence of such a Chamber, he established the Affari Organisation, a non-commercial business organisation that attempts to fill the role of a Chamber of Commerce and facilitates the flow of information between Italy and Australia:

*You need something like a Chamber of Commerce with the local Australian businesses involved here [in Italy] and the Italian businesses interested in Australia, and it would give it much more weight in terms of news and other things. For example, a lot of Italian businesses will go to Australia and visit the Chambers of Commerce but they would never go to the Italian Trade Commission. A lot of Australian businesses come to Italy and they never go to [Australian Trade Commission] but if there was an Australian Chamber of Commerce, they would go to it (Italian Industry Expert 3).*

Bakalis and Joiner (2006) indicate that ethnic Chambers of Commerce in Australia are important facilitators of information about international market opportunities. These insights support Bakalis and Joiner's (2006) proposition by showing that an Australian Chamber in Italy could facilitate the flow of information and lead to the identification of Italian market opportunities. Yet in 1982, members of the Impresa Organisation did establish a Chamber in Italy. It closed in 1995 for two reasons. First, the Italian government changed the laws imposing restrictions on the use of the title 'Chamber of Commerce' as in Italy Chambers are based on either ethnicity (e.g. Australian Chamber of Commerce), regional location (the Milan Chamber of Commerce) or industry (The Wine Chamber of Commerce). The change in law resulted in tougher restrictions on the ability to establish a 'Chamber of Commerce'. Second, these restrictions were coupled with the movement of prominent Australian businesses out of Italy and consequently the loss of funds and support for the Australian Chamber. In particular, a major supporter of the Australian Chamber, Sir Peter Abeles, left Italy due to his company's restructuring as a result of their debt-ridden European investments. This contributed to him retiring from his position as Managing Director and thus no longer being in a position to support the existence of the Chamber:

*In 1982 the Italian-Australian Chamber of Commerce was founded in Rome. The Italy-Australia Chamber of Commerce ceased to exist in 1995 with the passing of an Italian government law in which use of the name 'Chamber of Commerce' must be granted by the Italian Minister for Economic Development on the presentation of a request equipped with development and work plans. This government regulation coincided with the leaving of Sir Peter Abeles [from Italy], who would have been the only to sponsor an Italy-Australian Chamber of Commerce. It was such an investment that no one in Italy or Australia was prepared to sustain to open and maintain an Italo-Australia Chamber of Commerce. In the absence of suitable economic funds the Italian-Australian Chamber of Commerce ceased to exist,*

*leaving every business development initiative between Italy and Australia to [the Impresa Organisation](Italian Industry Expert 4).*

Refining Bakalis and Joiner's (2006) study, the present study demonstrates that while ethnic Chambers of Commerce in Australia may assist the identification of international market opportunities in Australia, the same results may not occur in the Italian market. This may be partially due to the lack of Australian government support and institutional impediments imposed by the Italian government. Given the presence and success of ethnic Chambers of Commerce in Australia (Bakalis & Joiner 2006), it is possible that the Australian institutional environment may be more open to facilitating the development of ethnic Chambers of Commerce, while the Italian institutional environment is not as open to ethnic Chambers, as demonstrated by the many rules and regulations governing the establishment of such Chambers in Italy.

According to Bakalis and Joiner (2006) government services and agencies can facilitate the identification of export opportunities for SMEs. Yet, Kontinen and Ojala (2011) find no such support for the use of such government services by family-run firms. The present findings are mixed, with some Directors not using them or "not needing them" to identify international market opportunities. Supporting Kontinen and Ojala's (2011) proposition, Giuliano's is a family-run SME and did not use government services:

*We haven't really had anything much to do with any of those organisations. There is probably a lot of support that they can give and a lot of funding you can get but we haven't examined that. Probably they would be more suited to people who are starting off and need assistance to develop markets and get contacts (Director, Giuliano's).*

Contrary to Kontinen and Ojala's (2011) proposition, another family-run SME, Quartuccio Wines did use Australian government services to identify opportunities in the Indonesian market where they had no prior contacts or experience:

*I know that when we have needed assistance, they [the Department of Trade] have been so helpful. I found a guy from the Department of Trade that gave us a couple of 'ins', a connection with Indonesia last year (Director, Quartuccio Wines).*

No entrepreneur reports formally accessing the Australian government services offered to enter the Italian market. The CEO of Meglio Consulting and the Director of Timoteo Consulting attended the Australian government conference held in Italy in July 2010 but did not perceive their attendance as formally accessing government services because their invitation resulted from a social tie. This finding further reinforces and supports Ellis' (2011) proposition that social ties facilitate the identification of international market

opportunities. Offering justification as to why Italian immigrant ethnic entrepreneurs may not need Australian government assistance to identify opportunities in the Italian market, Australian Government Representative 3 suggests that the immigrant's prior knowledge of the Italian market renders their services unnecessary. This suggests that the services provided by Australian agencies need to be carefully segmented – those who have prior knowledge may need different kinds of advice:

*Certainly, without a doubt we receive interest from Australian companies with Founders or managers of Italian heritage who are interested in entering Italy, largely because of that connection. Because they already have the language and culture as well, a lot of them probably go independently and possibly have less need of our assistance than maybe a company without any culture or language knowledge or business contacts already (Australian Government Representative 3).*

#### **6.4.2. Italian Government Approaches and Institutions**

Waldinger (2008) proposes that the COO institutional structure, policies and practices exist to regulate “access to membership of the national collectivity” (Waldinger 2008, p. 8) which will affect the immigrant entrepreneur's ability to identify and access opportunities in the COO. Bakalis and Joiner (2006) suggest that government organisations and ethnic Chambers of Commerce and Industry can facilitate the flow of information about export opportunities. However, a key finding of the present study is that the Italian government's policies and agencies in the Australian market actually appear not to facilitate the Italian immigrants' identification of Italian market opportunities.

As Italy has limited natural resources, the industrial Italian economy is based primarily on the manufacturing and producing of goods (Central Intelligence Agency 2011). For this reason, the Italian government relies on the ‘Made in Italy’ brand to promote Italian-made products throughout the world. An objective of Italian agencies in international markets is to prevent misuse of the brand. This misuse, even unintentional, can also occur through the actions of Italian immigrants. Italian Government Representative 1 acknowledges that Italian immigrants who establish businesses based on products that are part of the ‘Made in Italy’ brand (such as leather goods, food stuffs, furniture, and clothing) can be viewed as damaging the brand. Damage is perceived to occur because consumers are purchasing products that they believe are made in Italy when they are made elsewhere. This misuse of the brand contributes to the Italian government being “not that happy” with Italian immigrant entrepreneurs:

*To discuss the negative aspects for Italian companies and institutions like the Italian Trade Commission and the Italian 'Made in Italy' [brand] in Australia: In many countries like Australia where Italian immigration is large, as the community was growing, for their welfare, the immigrants had to create locally based industries. The Italian immigrants managed to use their Italian heritage to create products based on this heritage. I'll give you some figures. For every food product that we [Italy] export to Australia, 10 times more is generated locally. For example, of the 10 or 12 pasta brands on the shelf, only a couple are Italian. The Australian consumer sees the Italian pasta, the Italian looking packaging and Italian flag and thinks it is Italian, but it is not. It is perfectly right that every country has to promote their local product: but on the other hand, it is like a tourist coming [to Australia] and buying a fake boomerang. We are very happy that the Italians have managed to really impart a culture of good and healthy food into Australia. But we are not that happy that now they take advantage of the [Made in Italy] label (Italian Government Representative 1).*

The commercial power of the 'Made in Italy' brand is significant. The Director of Timoteo Consulting had an Australian client who was working in China. The client asked the Director to source an Italian made product as in the Chinese market, a 'Made in Italy' has more commercial value than a 'Made in Australia' product:

*An Australian client has enormous success [in China] because they are Australian. However the 'Made in Australia' product is not selling as well as the 'Made in Italy' product. They have come to me asking "Can you help us source a Made in Italy product?" because ... if it is 'Made in Italy', it looks better and is more sellable (Director, Timoteo Consulting).*

Bakalis and Joiner (2006) recommend that the Australian government follow the Italian government's "exploitation" of migrants abroad through the establishment of Australian Chambers of Commerce and Industry. Bakalis and Joiner (2006) do not explain how the immigrants are "exploited". The present study reveals that the Italian government appears to "exploit" Italian migrants in Australia by not directly supporting their business activities or enabling them to participate in Italian government events, yet still wishing to access the immigrants' knowledge and contacts. It appears that the Italian government does not view Italian immigrant ethnic entrepreneurs as "Italian" nor as being able to promote the 'Made in Italy' brand:

*Of course, as Italians, we do not support Italian-Australians in their activities. That is the role of the Australian institutions. For example, we held an event and [Zingaretti Wines] approached us to sponsor the event. But we could not let them as they are not an Italian company. [Zingaretti Wines] was started by an Italian immigrant but is not an Italian company so they cannot sponsor an event. We have nothing against them but we cannot consider them as an ambassador of Italian "Made in Italy" because they are Australian (Italian Government Representative 1).*



Despite not actively supporting Italian immigrant entrepreneurs, Italian Government Representative 1 reports that the Italian Trade Commission tries to work with the local Italian Chambers of Commerce, as “they have a wide network of locally based contacts” which may be useful for the Trade Commission:

*There is the Italian Trade Commission which is a government agency [that has] diplomatic status. [It is] an Italian agency with connections to Italian firms and does a broad range of activities. Then there is the Chamber of Commerce network that [it] interacts with. The Chambers of Commerce are locally based. Sometimes the Commission’s activities are not completely aligned but more and more they are attempting to align them. Very often the Commission uses the Chambers for their activities because they have a wide network of locally based contacts (Italian Government Representative 1).*

These insights suggest that the Italian government does “exploit” its immigrants as it does not openly support Italian immigrants in Australia, yet is quite happy to access their networks and knowledge through the Italian Chamber of Commerce. It appears that some of the immigrants are not aware of this exploitation. For instance, despite the Italian government not allowing them to sponsor an Italian agency event, Zingaretti Wines still supports the Italian Chamber of Commerce, which works closely with the same Italian government agency:

*I know we are a sponsor of the Chamber of Commerce... which is probably linked to the culture of helping the local Italian community (Export Manager, Zingaretti Wines).*

Despite the Italian government’s reliance on the Chambers of Commerce for access to local networks and knowledge, most immigrant entrepreneurs in the present study report not being a member of, “being dependent upon” or “having to rely on” the Italian Chamber of Commerce:

*Up until very, very recently, the Italian Trade Commission ... did not have a massive amount of physical and visual presence ... up until that, we can effectively say that the assistance that we have ever received from the Chamber regarding the work that we were doing, was non-descript. It wasn’t greatly influential on us (Director 2, Montalbano Enterprises).*

A Director of Montalbano Enterprises suggests that immigrants do not use the Chamber of Commerce because it is not achieving their purpose. The father of the Director was a founding member of the Melbourne Italian Chamber of Commerce and resigned because the Chamber was no longer achieving its aim of promoting bi-lateral trade between Australia and Italy. The members of the Chamber were focused on “personal gain” and not promoting Italian products:

*[Director 1]'s dad was one of the founding members of the Italian Chamber of Commerce in Melbourne. He ... wanted to encourage and promote [Italy]. He left because it became more for personal gain and not really doing what they were supposed to be doing (Director 2, Montalbano Enterprises).*

These findings suggest that the Italian government policies, agencies and institutions appear not to influence the identification of international market opportunities by Italian immigrant ethnic entrepreneurs in Australia.

## **6.5. Chapter Summary**

Based on the discussion of the findings of research question two, our knowledge and understanding of an immigrant ethnic entrepreneur's identification of international market opportunities is extended. Similar to Ellis' (2011) study, the findings demonstrate that Italian immigrant ethnic entrepreneurs identify international market opportunities primarily through their social and ethnic ties, specifically their COO regional based social ties. This finding also refines Zaheer, Lamin and Subramani's (2009) study by highlighting that regional differences are important in the identification of international market opportunities. Contrary to Iyer and Shapiro's (1999) and Hayton, Chandler and DeTienne's (2011) studies, the immigrant entrepreneurs in this study acknowledge preferring to use social ties rather than kinship ties in business as they do not want to jeopardise the kinship tie. The immigrants emphasise using the sense of "belonging to their family" to reinforce the trust in their social ties, which refines Johansson and Vahlne's (2009) revised business network IP model by demonstrating that networks based on trusting social interactions are more important than those based solely on common business history. In addition, the findings illustrate that the entrepreneur's ability to form networks and identify opportunities at trade shows is limited, with the purpose of the trade show (networking focused or knowledge sharing focused) often not clearly articulated, resulting in people attending with mixed objectives. This finding refines Evers and Knight's (2008) and Kontinen and Ojala's (2011) studies by highlighting how the purpose of a trade show needs to be clearly identified.

The findings suggest the entrepreneur's level of international experience is not indicative of the approach they may use to identify market opportunities. This refines the studies by Nordman and Melén (2008) and Chandra, Styles and Wilkinson (2008) which indicate that entrepreneurs with high levels of international experience will use a proactive approach to search for opportunities while low levels of international experience result in the use of a reactive approach. The findings show that entrepreneurs with high levels of

international experience use both active searching for international market opportunities and discovery through normal business interactions.

Extending Kloosterman and Rath's (2001) study to the Australian and Italian government institutional contexts, the findings indicate that despite a perceived lack of interest in the Italian market, the Australian government does create opportunities in Italy for entrepreneurs to identify Italian market opportunities. Although Bakalis and Joiner (2006) illustrate that government agencies can facilitate the identification of international market opportunities, the findings are mixed. Some entrepreneurs report using government services to compensate for a lack of contacts and market experience. Others did not use these services, instead using their existing social and regional based COO ties. Refining Bakalis and Joiner's (2006) study, the findings highlight that the immigrant entrepreneurs do not use the Italian Chamber of Commerce in Australia to identify Italian market opportunities, instead preferring to use their existing ties and business networks.

In conclusion, the findings of the present study extend our understanding of how networks, international experience, and institutions can influence Italian immigrant ethnic entrepreneurs' identification of international market opportunities.

## 7. INTERNATIONAL MARKET SELECTION

### 7.1. Introduction

Having addressed the factors that drive the internationalisation process of immigrant ethnic entrepreneurs (Chapter 5) and the influences on their identification of international market opportunities (Chapter 6), this chapter discusses how immigrant ethnic entrepreneurs approach the selection of international markets. Accordingly this chapter identifies and evaluates the findings for Research Question 3:

*How do immigrant ethnic entrepreneurs select international markets?*

To critically evaluate the range of influences on immigrant ethnic entrepreneurs' international market selection, qualitative data were collected from semi-structured, in-depth interviews with Italian immigrant ethnic entrepreneurs, industry experts and government representatives.

The limited research on an immigrant ethnic entrepreneur's international market selection suggests that the COO market will be chosen due to an emotional connection to it and a reduced risk perception resulting from knowledge and resources provided by ethnic and kinship ties (Iyer & Shapiro 1999; Mustafa & Chen 2010). In the present study, the industry experts and government representatives interviewed support Iyer and Shapiro's (1999) and Mustafa and Chen's (2010) argument that an Italian immigrant entrepreneur would select the Italian market because of their emotional connection to Italy, a reduced risk perception and access to knowledge and resources. Yet the entrepreneurs interviewed presented a contrary view, highlighting the overriding importance of selecting a market based on profitability and "business sense". In some instances the knowledge the entrepreneurs have of the Italian market actually results in an increased risk perception of the market! However, Iyer and Shapiro (1999) suggest this prior knowledge should result in a decreased risk perception. Thus these findings refine their study by indicating the paradox of ethnic and cultural closeness.

Lee and Park (2006) indicate that experience from working and living overseas results in a large network that can be used to select an appropriate market. A key finding of the present study is that a lack of international experience can be compensated for by accessing government services that provide contacts and information on market conditions. Therefore in the context of Italian immigrant ethnic entrepreneurs, international experience does not necessarily increase the ability to select an appropriate market, as Lee and Park (2006) suggest.

Pajunen (2008) and Daniele and Marani (2011) illustrate that the presence and regulation of various institutional factors, including corruption and labour laws, can influence the international market selection decision making process. A key finding of the present study is that the presence of corruption and political instability in Italy contributes to a negative perception of the market. The findings also show that at the national level the Italian government appears not interested in assisting Italian immigrant entrepreneurs to access the Italian market. However different regional governments are seen to be more active in enticing immigrants to enter their market. This finding supports the arguments by Nasra and Dacin (2010) and Rath and Kloosterman (2000) that different institutional foci at a national and regional level can influence the international market selection, albeit in different ways.

The findings are discussed below according to the key theories pertinent to this study as discussed in Section 3.1.1. Theoretical Underpinnings. This chapter begins with Section 7.2 Networks: Ethnic Ties, followed by Section 7.3 Manager Characteristics: International Experience and Section 7.4 Institutions: National and Regional Level. This is followed by Section 7.5. which summarises the findings and contribution of the study.

## **7.2. Networks: Ethnic Ties**

Ethnic ties are a form of social network and are defined as:

*Informal social or personal networks encompassing characteristics such as shared mother tongue, national origins, ethnic group and region of birth” (Jean, Tan & Sinkovics 2011, p. 627).*

Zaheer, Lamin and Subramani (2009) indicate that in India, ethnic ties are important due to the divisions resulting from regional and linguistic variances. The present study refines their work by demonstrating that similar divisions are seen in the Italian context. Historically Italy

is divided into the North (all regions above Rome), the South (all regions below Rome) and the Centre (Rome) as discussed in Section 2.2 Italy. This division is seen in all aspects of Italian life, including the physical appearance of the people: Southern Italians are generally olive skinned with dark hair, and Northern Italians have lighter hair colour and skin tone (Andreoni 2003). There are also differences in the educational standard and level of industrialisation: Northern Italy is more industrialized than the more rural, agricultural South (Central Intelligence Agency 2011). This division is even seen in politics, with the *Lega Nord per l'Indipendenza della Padania* (North League for the Independence of Padania) party calling for Northern Italy to become a separate country from the South (Cresciani 2003). Consequently, there are also regional language variances, as Industry Expert 5 observes:

*The Milanese would pick up if you were a foreigner and they would make an effort to move from their dialect to proper Italian. If you go to Venice, it is the same thing. Roman dialect is pretty easy because it is promoted through the cinema. You find Neapolitan [dialect] is easily understood throughout Italy because the language has been promoted through the theatre and songs. The only difference is if you go to Naples or the Campania region and they perceive that you are not understanding [them], they do not make any effort to move into correct Italian (Italian Industry Expert 5).*

This finding suggests that knowledge of the Neapolitan dialect, the dialect spoken in Naples and the Campania region, may be advantageous in the Italian market, particularly the Campania market, as people in this region appear to be not as accepting of non-dialect speakers. Despite the linguistic and ethnic regional differences highlighted by Italian Industry Expert 5, the immigrant entrepreneurs' interviewed do not identify these differences as influencing their international market selection. However, as previously highlighted in Section 6.2.1, the immigrant's regional based networks are reported to facilitate the identification of international market opportunities. Thus this study recognises the importance of linguistic and regional based differences in the identification of international market opportunities and international market selection, consequently refining Zaheer, Lamin and Subramani's (2009) study which explores only the international market selection decision.

Iyer and Shapiro (1999) and Zaheer, Lamin and Subramani (2009) suggest that COO ethnic ties provide a source of knowledge, resources and contacts that would contribute to the attractiveness of the COO market. Australian Government Representatives 3 and 6 confirm

their findings in the Italian context by acknowledging that in their experience, Italian ethnicity and ethnic ties are important for Italian immigrant entrepreneurs when making their international market selection decisions:

*It is quite natural that Australians of Italian heritage, or else they may still be Italian citizens, would naturally look to their home market, or a market with which they already have connections, when they are thinking about internationalizing (Australian Government Representative 3).*

Iyer and Shapiro (1999) indicate that an immigrant entrepreneur has a greater level of familiarity with their COO market than other markets due to their detailed knowledge of the COO economic, political and cultural environments. Supporting their finding, Australian Government Representative 3 observes that it is logical for Italian immigrant entrepreneurs in Australia to consider entering the Italian market. The immigrant's familiarity with Italian business culture, which is observed to be different to Australian business culture, is reported to be a "natural incentive":

*There is quite a different cultural approach to business here [in Italy] than what we are used to in Australia so people who are already familiar with that and understand the way that the business culture works here, they are likely to have a greater chance at success. So there are some natural incentives I think for Italians, either Italian immigrants or people of Italian origin, to look to Italy when they are thinking of expanding overseas (Australian Government Representative 3).*

Italian Industry Expert 6 further illustrates the importance of familiarity with the COO market in the international market selection decision. Local knowledge is identified as being especially important for Australian firms when internationalising to Europe as there are European Union level regulations, as well as country specific and regional/state specific regulations. For this reason, Industry Expert 5 believes that local knowledge is essential:

*An [Australian] SME trying to launch itself overseas would probably want some assistance because they don't understand on a micro level, what happens in a European country. Where do you initiate contact with the business operators? How do you make contact with them? That is where it would require [the help of] someone who has lived in that country and experienced that country. The local knowledge is an advantage (Italian Industry Expert 5).*

The insights from Australian Government Representative 3 and Italian Industry Expert 6 provide support for Iyer and Shapiro's (1999) and Zaheer, Lamin and Subramani's (2009) findings that an immigrant entrepreneur will select their COO market due to their familiarity with market conditions. Iyer and Shapiro (1999) find there are three key reasons why an immigrant will select their COO market: knowledge of the economic and political

environment; reduced perception of risk in the market; and the emotional connection to their COO. The immigrant entrepreneurs in the present study strongly emphasise that their knowledge of the Italian market conditions and emotional connection to Italy may prompt them to consider entering the Italian market. However their risk perception and the ability to make profit are highlighted as the most important factors in their international market selection decision making process. The following three sections discuss the Italian immigrant entrepreneurs' insights regarding Iyer and Shapiro's (1999) three key reasons for selecting the COO market and highlights a fourth reason previously not acknowledged in other studies, namely profit potential.

### **7.2.1. Knowledge of the Italian Economic and Political Environment**

Iyer and Shapiro (1999) explain that an immigrant entrepreneur has existing knowledge of the COO economic and political environment. However they do not reveal whether the knowledge is obtained from personal experiences or second-hand from networks in the country. They automatically assume that the immigrant's knowledge will be useful and will manifest in a positive way when considering the selection of their COO market. The findings of the present study suggest that the level of knowledge of the Italian economic and political environment depends on the immigrant's personal experiences and networks in Italy. For instance, the founder of Quartuccio Wines left Italy after a family argument and did not maintain contact with family or friends in Italy. Consequently when he arrived in Australia, he had minimal ability to obtain information from his kinship ties. He had limited business experience in Italy as he worked on the family farm. Any knowledge he had of the Italian business environment was not regarded as "useful" in selecting the Italian market. The founder went from selling cows in a rural village in 1920s Italy to producing and selling wine in post-World War II Australia. During the 1950s, Italy was significantly different from the 1920s Italy he would have had an understanding of, which may diminish any advantage of his existing knowledge. His daughter recalls her father's story and how the family reconnected with their Italian relatives:

*The story goes that my father had become upset with the family; they were in the family business of cows... The cows had gone to market, he had packed his bag and they thought that he was going on the train that was going to the market the next day. He never returned. He was such a testa dura – a hard head, that he never wrote, and he was never in contact. Some years later, because there weren't that many Piedmontese in Adelaide, my aunt was on a train in Italy and in the carriage was another Italian*



*who had come to live in Australia. They started talking and he found that my aunt was Piedmontese. He said 'Oh, I have a Piedmontese friend in Adelaide and his name is Mr. Smith'. She said 'That is my brother!' And that is how she knew her brother was alive. Otherwise there had been no correspondence whatsoever. When that gentleman came back ... he told my mother. So from that moment my mother, through a scribe, began corresponding with that family. That was how we reconnected with dad's family. He never wanted to go back to Italy, nor did he speak much about it (Director, Quartuccio Wines).*

For the other five Italian immigrant ethnic entrepreneurs interviewed in the present study, the acquisition of their knowledge of the Italian market varies from first-hand experience to learning from the experience of their relatives in Italy. They perceive their knowledge and familiarity with the market as both an advantage and disadvantage.

The CEO of Meglio Consulting is highly educated and well-travelled. He migrated to Australia in 2000. He left Italy after becoming frustrated at the perceived level of corruption (“it’s a very dangerous mine field; a headache”), but maintained contact with “many friends everywhere”. Despite this, he views his knowledge of the Italian market, its institutions, and the “political game playing” as an advantage and entered the market.

The founder of Montalbano Enterprises left Italy in 1953 as “he wanted to prove to his grandfather that he could make it without his help”. He had worked in the family business and started a medical degree in Rome and then studied marketing in Milan. He was “a proud Italian” and “wanted to show the best of Italy and what Italians could really produce” so he used his networks and knowledge of Italy to import Italian products to Australia and distribute them throughout Asia. His understanding of marketing principles and how to establish productive relationships helped in his business.

The founder of Giuliano’s arrived in Australia as a pastry chef for the 1956 Italian Olympic team and accepted the Australian Government’s offer to stay as a skilled migrant. He worked “with his uncle who had a cake shop in Rome” and did not have vast business experience. He maintained contact with family in Italy and his son, the current Director, obtained market knowledge through them (“I see what they go through and the issues they’ve got”). However, this information resulted in a perception of increased, not decreased, risk and thus contributed to the decision not to select the Italian market.

The founder and Director of Timoteo Consulting worked in her family's import-export and travel agency business which "allowed me to go to Italy every year as a child. It kept me in constant contact with Italy". She then worked in the Italian Chamber of Commerce in Australia "for nine and a half years". Her experience, knowledge and networks in Italy made it an obvious choice as the target market.

Zingaretti Wines do not associate their brand with their ethnicity. The Export Manager observes that the Italian heritage "shows in how the company works, not necessarily with the branding of our product". Thus, their Italian market selection was not driven by or related to their Italian heritage, rather it was related to profitability in the market.

The present study refines Iyer and Shapiro's (1999) study by demonstrating how Italian immigrant ethnic entrepreneurs obtain knowledge of Italian market conditions, which is not addressed in their study. The knowledge is reported to be obtained from personal experiences living and working in Italy (CEO of Meglio Consulting and Director of Timoteo Consulting), and for the pre-1980s immigrants, often working in low level jobs (founders of Giuliano's and Quartuccio Wines). Second-generation entrepreneurs (Directors of Montalbano Enterprises, Giuliano's, and Quartuccio Wines), obtained their knowledge from their parent's experiences or from information provided by family and friends in Italy. This is summarised in Table 7.1.

### **7.2.2. Perceived Risk in the Italian market**

Of the six entrepreneurs examined in this study, the Director of Giuliano's is the only one to report using kinship ties for information. This is contrary to the findings of Mustafa and Chen (2010) which show kinship ties are influential in international market selection. It is also conflicts with Iyer and Shapiro's (1999) suggestion that knowledge of the COO and kinship ties will reduce the risk perception of the market and lead to it being selected. For this Director, the detailed knowledge of the experiences of his family in Italy resulted in his increased awareness of the risks of the market. Consequently, he has *not* chosen to enter Italy due to perceived risks of operating amongst difficult institutional issues, including lack of infrastructure, corruption and the mafia:

*We are in touch with Italy a lot and all the business people there and high level business people and it is extremely difficult, especially in Rome. My uncle has had*

*businesses there and my cousin still has ice cream shops there and I see what they go through and the issues they've got. In Southern Italy you've got issues with Mafia and stuff like that. Things we don't even want to go near. ... My uncle used to pay a thing to the local [mafia]. If he didn't then he would have problems. We feel that we probably would do pretty well there but I think just the infrastructure and the total hassle of starting a business would be enormous. We know from our relatives that have bars in Southern Italy, all the issues that they have got. It is just very hard (Director, Giuliano's).*

The Director acknowledges that his negative risk perception was confirmed by information from Italian business networks that came to Australia actively seeking opportunities because the Italian coffee market is saturated. Consequently, in addition to the reported institutional issues, Italy would not be a profitable market for Giuliano's. The Director recounts his conversation with two Italian coffee manufactures, who discussed the limited opportunities in the Italian café industry and confirmed his decision not to enter the Italian market:

*I asked how much is an espresso [in Italy] and they told me that it was €0.70 Euro. Which is \$1.20 AUD? How much is an espresso or cappuccino here? \$3.80 so why would I want to go over there and compete making coffees at that price? It doesn't make sense to me. I asked why are [coffees] so cheap? They said because of competition... Over there I don't know how you can make money on \$1.20. The roaster told me himself, I said why come here and he said because there are a lot of places here that do 50/60kg of coffee [a week]. All the bars there do 10/12kgs [a week] which is ridiculous. And I said why is this? And he said because there is so much competition, it is just saturated. If you are hearing things like that and do research like that, why would you want to go there? (Director, Giuliano's).*

This insight demonstrates that prior knowledge of the COO environment and use of kinship ties can result in an increased risk perception. This contradicts Iyer and Shapiro's (1999) proposition that knowledge and ties result in a decreased risk perception. For the Director of Giuliano's the perception of risk arises from institutional problems, including mafia activities, which they perceive cannot be overcome by kinship and social ties. This supports Daniele and Marani's (2011) argument that the presence of the mafia in Southern Italy contributes to the perception of increased business risk and an unfavourable business climate for foreign investors. This further refines Iyer and Shapiro's (1999) study as it illustrates the importance of institutional issues in the international market selection which can contribute to an increased risk perception. Iyer and Shapiro (1999) did not address the important influence of institutional issues.

### 7.2.3. Emotional Connection to Italy

Iyer and Shapiro (1999) propose that an immigrant's emotional connection to their COO partially contributes to the selection of that market. In the present study this is observed to be the same experience for the founders of Nonnina Café (Australian Industry Experts 2, 3 and 4). They comment that their emotional connection and love of the Italian culture are important factors in their desire to enter the Italian market. For them, it is also a sense of pride – to be able to sell coffee successfully in Rome proves that they “have made it”:

*The ultimate goal for us is to achieve something with our brand. The pinnacle is Rome because we are going back to the land where we created this product from (Australian Industry Expert 3).*

Despite this emotional connection they acknowledge their awareness that they are running a business and business success is more important than their emotional connection:

*I suppose for us, for me, Rome has a lot of sentimental value, because for us, that is where a lot of [Nonnina Cafe's] heyday was born. But it has to make economic sense as well. There is obviously that passion about it and that nostalgic sense of wanting to be there for that reason but it has to make sense – you don't want to be exporting something all the way to Italy that is not going to work (Australian Industry Expert 2).*

For this reason, they concede that their *initial* international market entry will be into a different market because it “makes common sense”. This “common sense” refers to their business strategy to expand nationally and then enter markets geographically close to Australia as they believe it will enable them to maintain strict control over their brand image:

*We probably would go to Asia or New Zealand first [before Italy]. It makes common sense. But if we could fast track Rome it would be nice because then we could spend more time there, living and working there and coming back and living and working here (Australian Industry Expert 4).*

The findings of this study demonstrate that an emotional connection can play a part in the reason for selecting the COO, but the decision must also make business sense. Iyer and Shapiro (1999) do not account for the overriding importance of profitability and the firm's need to be a business success. This is further illustrated by Giuliano's. Similarly to Nonnina Café, Giuliano's is in the coffee industry and the Director has considered entering the Italian (COO) market. Echoing the insights of the Directors of Nonnina Café, the Director of Giuliano's acknowledges that a successful business strategy is more important than the emotional link when selecting an international market:

*[Going to Italy] It wouldn't be something that we think would be a good business decision; it would be more something emotional (Director, Giuliano's).*

This is also recognised by Australian Government Representatives who comment that emotional links to Italy do not have a higher importance than a sound business strategy as “they need to make money”:

*But of course, at the end of the day, it must be a sound business decision as well. If the Italian market just simply does not offer strong opportunities in that particular case, then it would be quite hard to justify why they [immigrant entrepreneurs] would choose Italy above other markets to enter because at the end of the day, it is a business and they need to make money. So despite the emotional link I'm quite confident that in the majority of cases, [the international market selection] would still be driven largely by a realistic evaluation of business prospects (Australian Government Representative 3).*

Nonetheless, Australian Government Representative 2 highlights that emotions can influence the international market selection decision. However, the decision is not based on emotions alone; rather, a proper analysis of the market conditions must also be undertaken:

*A company, if they are serious about investing in Europe, will look at all those issues mentioned and do their analysis, irrespective of whether they have warm-fuzzy feelings towards the country because they are Italian or speak Italian. Of course that can have an impact but they would want to make sure that the benefits of having those contacts or knowledge of the language outweigh some of the other things that are seen as negatives (Australian Government Representative 2).*

According to Australian Government Representatives 2 and 3, Australian Industry Experts 2 and 4 and the Director of Giuliano's, an emotional connection to Italy may influence the international market selection process. However, the need for profit and to have business success is perceived as more important. A well emphasised, important factor in the international market selection process is following a business strategy that is based on “proper analysis” and is likely to lead to enhanced profit and business success. Therefore these insights refine Iyer and Shapiro's (1999) study as they show that while an emotional connection to the COO can influence international market selection, business sense and the need for profit must also be taken into consideration.

#### **7.2.4. Psychic Distance**

The Stage model of internationalization (Johanson & Wiedersheim-Paul 1975) illustrates that international market selection is based upon the perceived psychic distance between two markets. Based on this model, initial attempts at internationalisation occur in psychically close markets, which are those that are easy for the management team to understand due to an uninterrupted flow of information. Factors that can disrupt the flow of information include different languages, cultures and political environments. A psychically distant market is one

that may be difficult to understand because information does not flow easily (Brewer 2007; Johanson & Vahlne 1977). Table 7.1 lists the initial international market selections of the six immigrant entrepreneurs examined in the present study. Italy was the initial market for three of the entrepreneurs. As discussed above and as illustrated in Table 7.2 Summary of Findings, the founders of Meglio Consulting, Timoteo Consulting and Montalbano have knowledge of the Italian language and extensive personal experience in the market. Entering the Italian market is viewed by the entrepreneurs as a sound business decision that will be profitable. Two entrepreneurs selected Saudi Arabia and Dubai respectively, for their initial international. The entrepreneurs report having no previous experience or knowledge of these markets which are distinctly different from the Australian market in terms of language, cultures and political environment. These psychically distant markets were selected due to the entrepreneurs having business partners familiar with these markets, which appears to reduce the potential impact of psychic distance, rendering it almost irrelevant for them. The Director of Giuliano's, whose initial market entry was into Dubai, had an easy flow of information from the Italian market due to family, ethnic, social ties and business networks based in the market. However, this flow of information contributed to a negative perception of conducting business in the market, as the risk perception and profitability are deemed more important than knowledge and experience in the market. The findings of the present study suggest that the concept of psychic distance may not be a major influence in the international market selection of Italian immigrant ethnic entrepreneurs, as suggested by the revised business network IP model (Johanson & Vahlne 2009).

**Table 7.1 Initial Market Selections of Italian Immigrant Ethnic Entrepreneurs**

<b>Firm</b>	<b>Year Established</b>	<b>Initial Market Entered</b>	<b>Year of Initial International Market Entry</b>
Quartuccio Wines	1926	Saudi Arabia	1974
Montalbano Enterprises	1953	Italy	1953
Zingaretti Wines	1969	USA	2000
Giuliano's	1985	Dubai	2010
Meglio Consulting	2008	Italy	2010
Timoteo Consulting	2010	Italy	2010

**Table 7.2 Summary of Findings for Influence of Networks on the International Market Selection Decision Process**

Firm	Interviewee & generation	Knowledge of COO environment?	How is the knowledge obtained?	Does this knowledge & COO networks reduce the perceived risk? Why?	Have they selected Italy?	Why?
Meglio Consulting	Founder	Yes	Living & working in Italy	Existing knowledge & social ties	Yes – initial market	Existing knowledge & social ties
Timoteo Consulting	Founder	Yes	Extensive travel to Italy, working in an Italian Chamber of Commerce in Australia		Yes – initial market	Existing knowledge & social ties & business networks
Quartuccio Wines	Founder (1 <sup>st</sup> generation)	No	Was a rural farmer. Did not keep contact with family & never wanted to return to Italy	Has not considered Italy. Focused on Asian markets where there is high demand for products	No	
	Director (2 <sup>nd</sup> generation)		Travels to Italy for leisure. But her COO relatives are not in business			
Giuliano's	Founder (1 <sup>st</sup> generation)	Yes	Working in Italy in a cafe & family networks	Not necessarily. As discussed in Chapter 6, Section 6.2, there is trust in the COO social & kinship ties. Yet, the trust, information and contacts derived from the networks may not reduce the risk perception of the Italian market as they are perceived to not be able to overcome or reduce the institutional problems in Italy.	No	Italian market is saturated, would not be profitable & there are institutional difficulties, such as corruption & labour laws
	Director (2 <sup>nd</sup> generation)		Family, ethnic and business networks			
Montalbano Enterprises	Founder (1 <sup>st</sup> generation)	Yes	Worked in the family business in Italy. 'He was always reading, monitoring the situation', talking to people			The founder identified an opportunity - Italian immigrants in Australia needed Italian products & 'wanted to promote the best of Italy'
	Director 1 (2 <sup>nd</sup> generation)		From the Founder			
	Director 2 (2 <sup>nd</sup> generation)		Travelling to Italy and from the Founder			
Zingaretti Wines	Founder	No	From business networks		Yes – subsequent market	Entry not related to their Italian heritage

### **7.3. Manager Characteristics: International Exposure**

Lee and Park (2006) examine international exposure, in terms of being educated and working overseas, and propose that high levels result in a greater number of international contacts who can supply much needed information when selecting an international market. The present study does not find complete support for the role of prior international exposure. In the case of Zingaretti Wines, the International Sales Manager was responsible for the initial internationalisation attempt which was into the USA. Today this is their largest market. Zingaretti Wines started as a small family business and the TMT did not have international experience. The immigrant ethnic entrepreneur recognised this lack of knowledge and advertised for an International Sales Manager to manage the internationalisation process. The hired applicant had limited direct international exposure through previous employment, and had neither been educated nor worked overseas. Despite the lack of international exposure, he is still credited with doing “an amazing job”:

*His previous company was doing a lot in the UK and was really quite successful. I'm not 100% sure what his role was but even if he wasn't directly involved, he would have had some experience there because it was a small, family-run company. In those sort of companies if your biggest market is somewhere like the UK, you automatically get some understanding. For example everybody here has some sort of understanding about what we do in America or other countries because it is such a big part of your business. Again, whatever his role was, it wasn't necessarily this global expert as such. But still a talented person (Export Manager, Zingaretti Wines).*

To compensate for the lack of direct international experience, the International Sales Manager used Austrade (Australian Government Trade Commission) to obtain information on market conditions and access contacts in the USA and the UK. Therefore in this case, low levels of international experience were compensated for by accessing government services and he was still able to choose an appropriate partner. The present study refines Lee and Park's (2006) findings by demonstrating that a lack of international exposure may not necessarily prevent the selection of an appropriate partner and international market.

### **7.4. Institutions: National and Regional Level**

Pajunen (2008) and Flores and Aguilera (2007) suggest that the presence and regulation of various institutional factors influence the perceived attractiveness of a market and the likelihood of it being selected. Institutional factors include corruption, political stability,



labour regulations, the judicial system, political rights, and property rights (Flores & Aguilera 2007; Pajunen 2008).

The Directors of Quartuccio Wines and Giuliano's report that the presence of counterfeiting and a difficult legal/judicial system does not negatively influence the attractiveness of the market. For example, Quartuccio Wines faced issues in the Vietnamese market when a company owned by the Vietnamese army produced a counterfeit product. Quartuccio Wines sell non-alcoholic sparkling juice and the counterfeit product was a direct alcoholic copy. This was a significant concern for their brand image as a lot of their Vietnamese customers specifically buy their product because it is non-alcoholic. The Director acknowledges that a significant barrier in overcoming this issue is that the company is owned by the army, and consequently "there was not much they could do about it!" Instead of bringing legal action against the company or withdrawing from the market Quartuccio Wines embarked on a marketing campaign to educate their customers on how to identify a genuine bottle of Quartuccio non-alcoholic sparkling juice:

*We received notification that one of our products had been counterfeited. Unfortunately there wasn't much we could do about it because it was sourced back to the Vietnamese Army ..., back to one of their companies. So they [the distributors] couldn't go heavy on it. There was not much they could do about it! The thing that worried us greatly was the fact that it actually contained alcohol... So we gave [the distributors] more marketing dollars and they went into print and said "This is the true product. Look for these pointers", and we sold out of our product. We could have sent more containers over! But you can't win can you? But touch wood since then they haven't done that again (Director, Quartuccio Wines).*

Despite the presence of this institutional issue, Quartuccio Wines still conduct business in Vietnam as it is their largest export market. This finding reveals that the lack of regulations regarding counterfeiting, and the inability to bring legal action against the counterfeiter, in this case, the government, has not diminished the attractiveness of the market, which remains highly profitable.

Similar to the experience of Quartuccio Wines, despite institutional difficulties with the legal and judicial system in Dubai, market selection was made by the Director of Giuliano's as the franchisee has experience and connections in the market. These are imperative as an Arab partner is necessary to conduct business in Dubai:

*[Dubai] is a hard market, very difficult to do business there but obviously, if you succeed there, you can succeed anywhere. [The franchisee] has had a lot of issues in Dubai. Issues with the way they do business there ... To get things done is very*

*difficult – those sorts of issues. Legally it is just very hard. He's got a good partner there because in Dubai you need an Arab partner to do business. They [the government] just make it so difficult to do business (Director, Giuliano's).*

These insights indicate that despite the lack of effective regulation and sanctions around counterfeiting and a difficult legal system, the perceived attractiveness of the Vietnamese and Dubai markets is not diminished. The ability to make a profit and the benefits of networks in the market outweigh the difficulties the institutional factors may present. These findings refine Pajunen's (2008) study which indicates only that a combination of institutional factors, including corruption, political stability, labour regulation, and the judicial system will influence the perceived attractiveness. Pajunen (2008) does not account for the mediating factors of market experience and the potential for profit as influencing the perceived attractiveness of a market. The present study finds them to be important.

#### **7.4.1. Perceptions of the Italian Institutional Environment**

In Italy, FDI is highly concentrated and regional differences are evident. In 2005-06, 35% of the Italian population lived in Southern Italy yet only 1% of the total inward FDI was located in Southern regions (Daniele & Marani 2011). Attempting to explain the regional level differences in FDI, Daniele and Marani (2011) report a negative and significant correlation between the presence of organised crime (e.g. mafia) and FDI, suggesting that high levels of organised crime not only discourage investment but:

*... are also perceived as signalling an unfavourable business climate, particularly by foreign investors, who generally have less access to available information... Our analysis suggests that the quality of the local institutional systems can influence decisions regarding the location of foreign firms (Daniele & Marani 2001, p. 141).*

Consequently, the perceptions of the Italian market are examined in the present study to explore whether organised crime and corruption are reported to influence the international market selection by Italian immigrant ethnic entrepreneurs, and if so, how.

The present study recognises the influential nature of country of birth and international experience on perceptions of the Italian institutional environment and market. Table 7.3 shows that perceptions vary depending on the country of birth and experience of the individual – being born in Italy is not a precursor to a positive perception.

**Table 7.3 Country of Birth and Experience as an Influence on Perceptions of the Italian Market**

Informant	Country of Birth	International Experience	Current Country of Residence	Perception of the Italian Market
CEO of Meglio Consulting	Italy	Has worked in over 20 countries	Australia	Negative
Australian Government Representative 4	Italy	Founded a multinational business	Italy	Negative
Director of Giuliano's	Australia	Travels overseas but has not worked outside of Australia	Australia	Negative
Italian Industry Expert 1	Australia	Has worked in Australia & Italy	Italy	Positive
Italian Industry Expert 3	Australia	Has worked in Australia & Italy	Italy	Positive

Australian Government Representative 4 and the CEO of Meglio Consulting were both born in Italy, lived and worked in Australia, successfully created multinational businesses and now work in Italy. Both have vast international experience working and living overseas for many years. They report believing that the Italian market can be corrupt. Corruption prevents economic growth and may influence political stability and the legitimacy of the government (Del Monte & Papagni 2007). Australian Government Representative 4 highlights that in Italy corruption is evident in the number of bureaucrats who are “not too transparent” and “influenced” by political parties, unions and the Catholic Church:

*I have accepted this role with the Australian Government but if the Italian Government asked me [to undertake a similar role], I would not accept. Why? Because the Italians have too many bureaucrats, are not too transparent, and influenced too much by party ideologies, unions, and Catholic Church. The need of cleanness and ethics is a must for business and also for organisations, associations and also, mainly, for politics (Australian Government Representative 4).*

Since the 1970s, corruption in Italy is reported to have increased:

*... as a consequence of changes in the political and institutional system, and corruption has spread even to those levels of administration such as the judiciary (Del Monte & Papagni 2007, p. 304).*

An example of the level of corruption in Italian politics is the 1990s “Tangentopoli” (“Bribesville”) scandal as part of the Mani Puliti (Clean Hands) operation. During this time approximately one third of the Italian Parliament was indicted on charges of corruption and illegal party financing (Flamini 2011).

While not suggesting that the Catholic Church is corrupt, Australian Government Representative 4 also refers to the influence of the Catholic Church on bureaucrats who

are described as “not too transparent”. This reflects the Church’s support of the Christian Democrat Party and the consequential potential influence on Italian politics and society. For example, in May 2006 the Catholic Church organised a protest in Rome against proposed changes to the cohabitation laws. This protest was described as “a huge demonstration of the church’s power in Italian politics” and “showed the power of traditional conservatives to hinder the evolution of Italian society” as many government ministers, not in the Christian Democrat Party, openly sided with the Church’s stance (Gilbert 2007).

Daniele and Marani (2011) examine how the presence of organised crime influences FDI at the regional level in Italy. They report there are regional differences between the North and South of Italy, in terms of the incidence of crime, particularly organised crime “of the mafia type” which can include extortion, bribery and racketeering. The presence of corruption and crime can affect business by increasing the risk of investment due to the threat of intimidation, possible attacks and the destruction of property (Daniele & Marani 2011). In the experience of Australian Government Representative 4, some entrepreneurs in Italy do pay bribes because they are “forced to” otherwise their business will fail or they may be subject to attacks:

*If entrepreneurs sometimes finally pay the price [bribery], they pay because they are forced to pay. I don’t think one entrepreneur is happy to pay a bribe, to pay corruption, except the few that are trying to take advantage of the corruption, but they are a minority (Australian Government Representative 4).*

The CEO of Meglio Consulting acknowledges that his international experiences and “tasting different styles” of doing business may contribute to his negative perception of the Italian market and of the business culture that makes him “angry”:

*Probably because I have spent so many years around the world, I am not a very good Italian. The workers here [in Italy] make me nervous and angry. The way they play with people – the appointments and the promises – makes me crazy and angry. The political game playing is the [Italian] style so I said that this is not my way so I went outside and I tasted different styles and I tried Australia and found that that was my place (CEO, Meglio Consulting).*

These findings show that corruption and “political game playing” may negatively influence an Italian-born individual’s perception of market conditions. It further supports Pajunen’s (2008) indication that the Italian market does exhibit high levels of corruption, defined as:

*... various unethical and illegal activities, such as bribery, cronyism, nepotism, patronage, graft, and embezzlement (Pajunen 2008, p. 654).*

Despite the perceived presence of corruption and his “anger” at the corrupt business practices in Italy, the CEO still entered the Italian market. He has successfully played “the game” by obtaining Italian government support for his business which guaranteed further support of a powerful Italian agricultural union. He recounts that:

*I was clever! I asked for nothing, no special places or anything, just support on paper (CEO, Meglio Consulting).*

This insight supports the proposition by Cuervo-Cazurra (2006) that:

*Investors from countries with high levels of corruption appear not to limit their FDI in other countries that also have high levels of corruption. They have experienced corruption at home. As a result, they are apparently not deterred by corruption as much as other investors (Cuervo-Cazurra 2006, p. 818).*

As Italy is the home country of the CEO of Meglio Consulting, it appears that despite his reported dislike of, and “anger” at the corruption in the Italian market, his experience of working in a corrupt market has not deterred him from investing in it. This is discussed further in Section 7.4.2: Italian Government Approaches and Institutions.

This negative perception of the Italian market is also evidenced by Italian-Australians. The Director of Giuliano’s is a second-generation Italian-Australian who maintains contact with family and business networks in Italy. He states that the knowledge obtained from his Italian networks has contributed to his perception that corruption and political instability contribute to an institutional environment unfavourable to conducting business. It also makes general living difficult. For this reason many Italian residents are leaving:

*We have never actually thought about moving back there [to Italy] or doing business there. It is very hard in Italy and a lot of people are trying to leave there and come here. If you are wealthy and you have a good family and a job there, you may have a future, because you were born there... Over there [Italy], it is who you know and the contacts you have, your family and all of that. It is very hard and that is why a lot of them want to come here [to Australia] (Director, Giuliano’s).*

The Director’s observation that in Italy “it is who you know”, refers to the presence of parochial corruption in Italy, which is:

*A situation where only ties of kinship, affection, case, and so forth determine access to the favors of power-holders (Scott 1972, p. 88).*

The bureaucratic and complicated institutional problems in Italy, plus the uncertainty of the ability to make profit if relying on the tourist trade, have influenced the attractiveness of the Italian market for the Director of Giuliano’s, albeit negatively. Despite the positive emotions associated with opening a business where his father worked, the class

differences, corruption and general slowness of institutions (e.g. banks and post offices) have meant that the Director has not considered entering the Italian market:

*The life there is better in the sense that there is a nice lifestyle if you have money but if you haven't it is very difficult. There is more atmosphere there too, in Rome and it is more social but just going to the bank and the post office. No way! Other countries are probably different but Italy is just, it would be just too difficult. Maybe in a tourist area, like I was saying in the Pantheon, if it is a small place where you just rely on tourists, maybe. But if you lose the tourists, you are gone. Like I said that [opportunity to open in Italy] was more of an emotional thing than anything else. It probably would have ended up in tears. We have never, ever considered going back there to do business (Director, Giuliano's).*

Pajunen (2008) also highlights that labour regulations are another institutional factor that can influence the perceived attractiveness of a market:

*In spite of the available labour force, governmental regulations many make the use of this resource difficult (Pajunen 2008, p. 654).*

The Director of Giuliano's recounts that his Italian relative's negative experiences with Italian labour regulations have contributed to his perception that the Italian market is unattractive. Specifically, this related to his relative's negative experiences with labour laws and the impact of their employees taking them to court:

*My uncle had his bar [in Italy] and he had so many problems with employees taking him to court because of superannuation taxes and another guy hurt himself: it is just rife there all of that stuff. He looked after his employees so well but that doesn't matter – they will take advantage of it the first chance they get. That is the experiences that we have had there (Director, Giuliano's).*

These insights support Pajunen's (2008) argument that corruption and inflexible labour regulations are institutional factors in the Italian market that influence the international market selection negatively. Italian Industry Expert 1 is an Australian-Italian lawyer based in Rome. According to her, Australian labour regulations and laws are different from those in Italy. In particular the Italian laws regarding dismissal are difficult for Australians to comprehend as in Italy dismissal is "problematic" with the employee generally starting litigation. In Australia, dismissal does not always result in litigation:

*Another area where [foreigners] have to be very mindful, and it is different from Australia, is Labour law. In Italy, it is usually extremely favourable towards the employee. Said like this, it sounds like a good thing for the workers because they are poor, ignorant, usually, not always, and the workers need to be protected ... Even individual dismissal is problematic. You can fire employees but then the employee, 99.99% of the time will start litigation before the Labour court. And because, most likely... labour case laws favours the employee by compensating them or reintegrating them, the employer usually tries to reach a settlement agreement before going to court (Italian Industry Expert 1).*

The Director of Timoteo Consulting observes that over the last few years a number of people have left their roles in the public and private sectors to establish consulting firms. These people have extensive experience in the Italian market and understand the institutional environment. Thus, they are able to help businesses navigate the complexities and reported corruption. The Director herself left the Italian Chamber of Commerce to start Timoteo Consulting:

*[Consulting] It is a new trend. [An Australian government colleague] just left to set up his own consultancy business in Italy. I hate to say it but a lot of companies are reluctant to deal with institutions and government bodies as such... Italians have issues dealing with the Italian government and institutions (Director, Timoteo Consulting).*

These findings refine Pajunen's (2008) study by suggesting that corruption, political instability, labour laws and regulations and general institutional difficulties have contributed to a negative perception of the Italian market by Italian immigrant ethnic entrepreneurs, either born in Italy or in Australia. These findings also support the proposition by Daniele and Marani (2011) that the presence of organised crime and associated corruption in Italy are perceived as unfavourable conditions for FDI.

There is great contrast between the negative perception of the Italian market by Australian Government Representative 4, the CEO of Meglio Consulting and the Director of Giuliano's and the more positive perceptions held by Italian Industry Experts 1 and 3. Both are second-generation Australian-Italians who were born in Australia and raised and educated in Italy and Australia. In comparison to the Director of Giuliano's, these two Experts have lived in Italy for a significant period of time and have personal experience of the market and institutional environment. They appear to be more 'Italian' than 'Australian' in their mentality and seem to defend Italian market conditions, a trait that is expected to be exhibited by an Italian-born, not a second-generation immigrant born in Australia. Italian Industry Expert 1 is a lawyer in an international law firm in Rome. She believes that the market is not as difficult or corrupt as "ignorant" and "arrogant" foreigners perceive it to be:

*Sometimes foreigners have the feeling that this is not a regulated, regimented country with rules. That is one thing that I do not share. I come across Italian business people of large sized businesses that are very successful in Australia and come to Italy ... and they have this perception, an arrogance I'm sorry to say, that in Italy everything will be so easy just because they are willing to pay. That is a feeling that I resent. They ask me if they can obtain a license and I say of course we need to file some documents and they say that what they are really asking is how much money do I have to put on the table? And I will say that there is no amount of money. Sometimes I have the perception that people who have been very successful*

*in Australia and who have money ... they have this ignorance or arrogance thinking that in Italy things are completely out of place with no rules and everything is possible with money (Italian Industry Expert 1).*

Italian Industry Expert 1 further suggests that the unstable political environment contributes to the perception that the Italian market is corrupt:

*Sometimes the perceptions that foreign clients have, is a little bit exaggerated or they just take it the wrong way. Either they think that they will come to Italy because through networking things will be easy, as if we [Italy] are the most corrupt country in the world, which is not the case. Maybe in some areas, maybe in some regions. Certainly ... at the moment having an unsettled political environment, it has always been like that, but having unstable political parties both in the government and in the opposition and in particular having a peculiar entrepreneurial figure, Berlusconi as President, makes us look like this is a country that has no rules, where conflicts of interest apply everywhere, where if you have enough money you can do anything (Italian Industry Expert 1).*

Pajunen (2008, p. 654) reports that political stability, defined as “the likelihood of violent threats to, or changes in, government” is an institutional factor that may influence the attractiveness of a market. The Italian political environment was unstable – from 1945 to 1990 Italy had more than sixty governments, some of which lasted only a few months (Flamini 2011). The CEO of Meglio Consulting describes the Italian political system as “a beautiful thing: it is a big sexual orgy without the sex!”

The Expert does acknowledge that the former Prime Minister, Silvio Berlusconi is “a peculiar figure”, referring to his questionable ethics and the many court cases he has faced. Mr Berlusconi has been criticized for his “blatant manipulation of the media, poor treatment of women, and a lack of concern for effective governance and the rule of the law” (Palmer 2011, p. 9). The former Prime Minister was able to “manipulate the media” as his family owns an Italian media empire. This empire, coupled with the Italian state’s control over some Italian media outlets, gives Mr Berlusconi control over five of the seven national channels, as well as magazines and newspapers (Palmer 2011). Since entering politics in 1994, Mr Berlusconi has faced over 100 court cases on charges of corruption, bribery, tax fraud in relation to his private media empire and abuse of power (Flamini 2011). He has never been convicted on any charge. A possible reason why he has never been convicted is provided by his lawyer who stated that the “law is the same for all but the application is different” (Palmer 2011, p.10). In the latest scandal in 2011, Berlusconi faces two charges. The first is for paying an underage prostitute for sex, the so-called “Ruby Gate”. The second charge is for abuse of power when, it is alleged, he used his power to have the girl released from jail. He allegedly claimed she is related to



the Egyptian President and her incarceration could result in an international incident. However, the evidence suggests that she has no relationship to the Egyptian President. He faces a maximum of 15 years in jail if found guilty of both charges. However, his government passed a law shortening the statute of limitations which means that most likely the trial will not be completed before the statute of limitations is reached. Mr Berlusconi has a constitutional right to be in court for every hearing, however due to “government business”, he continues to be unavailable to attend the hearings, thus delaying the proceedings (Palmer 2011).

This view of “ignorant” foreigners is supported by Italian Industry Expert 3. The Expert is a second-generation Italian-Australian who has worked in an Italian Chamber of Commerce in Australia and has lived in Italy and Australia. He is the founder of the Affari Organisation, a non-commercial business organisation aimed at facilitating the Australian-Italian economic relations. In his explanation, he seems to defend Italy and its institutional environment:

*That is ignorance of the Italian market – it is not that corrupt... In Italy there are obviously ways to accelerate things but Italy is definitely not one of these countries that is burgeoning with corruption. Look at all the articles on Berlusconi: Berlusconi can't burp without being accused of having ripped something off! ... Yes there is bureaucracy and things can be hard to get through, but it is a particular country in terms of there are some things that are a difficult in such a densely populated country with all the heritage (Italian Industry Expert 3).*

Italian Industry Expert 3 suggests that the institutional problems such as corruption, political instability and the legal system are not the reason for Italy not being selected by firms. He proposes it is the cultural aspects of Italy (especially the often portrayed image of ‘the beautiful life’) and the romanticism of the country that overshadow the economic benefits of the Italian market. Consequently, Italy is reported to be perceived as a country to visit for “a cushy holiday” and not to conduct business:

*If somebody's business goes bad in Italy, people go 'Ah, you went to have the Bella Vita!' Italy's problem is that it is seen too much as place that people go and have a cushy holiday. Our businessmen avoid being stigmatized by that, I think because there is no reason why its risk/reward profile isn't seen to be attractive. If somebody said come to Italy and earn 5% like you could in Germany or Switzerland, I would say not to come to Italy. But when you say that you can earn 10% in Italy and 10% in Poland, I don't know why they go to Poland because Italy has less risk than Poland. But they avoid Italy because if [their business in] Italy goes bad, they get accused of having chosen it for other reasons (Italian Industry Expert 3).*

Pajunen (2008) and Flores and Aguilera (2007) find that the presence and regulation of various institutional factors, including corruption laws, political instability and the judicial system, can influence the perceived attractiveness of a market, albeit negatively which can reduce the desire to invest in the market. Institutional factors influence the attractiveness of a market by allowing a firm to “minimiz[e] uncertainty and use their firm competences efficiently” (Flores & Aguilera 2007, p. 1191). The findings of the present study refine these studies by suggesting that an individual’s country of birth and experience in a market shape their perceptions of that market. Those born in Australia demonstrate a positive or negative perception of the Italian market depending on their level of experience with and knowledge of the market. The Industry Experts with extensive experience in Italy and vast knowledge of the market demonstrate a positive perception while those entrepreneurs and experts with limited personal experience in the market illustrate a negative perception. In contrast, Australian Government Representative 4 and the CEO of Meglio Consulting, both Italian-born with vast international experience and knowledge of the Italian market, report negative perceptions of the market and institutions. To date, research has neglected the effect of these experiences on an entrepreneur’s perceptions of an international market. Therefore the present study refines research by Pajunen (2008) and Flores and Aguilera (2007) by exploring the influence of country of birth and direct experience in the market on shaping an individual’s perception of the market’s institutional factors and the consequential influence on the market selection decision.

#### **7.4.2. Italian Government Approaches and Institutions**

Nasra and Dacin (2010) examine the influence of a government’s national level institutions in facilitating or hindering entrepreneurship. The development of national level institutional structures enables the government to create entrepreneurial opportunities and then benefit from them. Rath and Kloosterman (2000) highlight the effect of the different enforcement and regulation of rules and laws at three levels of the institutional structure (national, regional and local). While their findings apply to the United Arab Emirates (Nasra & Dacin 2010) and the Netherlands (Rath & Kloosterman 2000), the findings of the present study show similar patterns in the Italian context. Italian Government Representative 1 concedes that:

*Of course, as Italians, we do not support Italian-Australians in their [business] activities. That is the role of the Australian institutions (Italian Government Representative 1).*

Therefore it appears that at the national level, the Italian government's focus is to not assist Italian immigrant ethnic entrepreneurs. Offering an explanation for the apparent lack of focus on Italian immigrant ethnic entrepreneurs, Australian Industry Expert 1 suggests that should the Italian government use institutions to facilitate the immigrants' continued economic participation in Italy, there are very few Italian immigrants that are able to successfully participate in both Italy and Australia:

*It becomes very difficult for migrants to go back. There have been individual cases where people have come here [Australia] and gone back thinking that Italy is their home but the migration process affects you. I think there is a syndrome where people of Italian background and people who have grown up here and feel Italian go back to Italy and they feel Australian because they don't realise how 'Australian' they are... In the best of possible worlds, you are conversant with two cultures, two languages. In the worst possible worlds, you are not conversant with either. Within that spectrum, I dare say that most immigrants of Italian background are probably in the worst possible scenario rather than the best possible scenario. There would be very few people who are conversant with both (Australian Industry Expert 1).*

Waldinger (2008) suggests that COO governments use institutions to enable immigrants' continued participation in the COO which can help guide the economic activities towards the COO market. Refining Waldinger's (2008) study, the present study shows that in the Australian-Italian context, due to the nature of migration and their adaptation to a new culture, it can be difficult for immigrants to participate in both the COO and COR, and consequently, difficult to economically contribute to the COO, despite the efforts of the COO government.

Similarly, Portes, Escobar and Walton-Radford (2007) indicate that once the COO government realises the economic benefits which can be derived from immigrants, the government will support the socio-cultural activities that link immigrants in the COR with the COO. As Waldinger (2008) suggests, supporting socio-cultural activities may help guide the economic activities of immigrants to their COO. It appears that in the Italian-Australian context, the socio-cultural associations in Australia which link the Italian immigrants with Italy are aimed at older immigrants, not the newer arrivals. Focusing on older immigrants does not help facilitate the internationalisation of the recently arrived, well-educated Italian immigrants and thus may explain why the Italian government appears to not focus on assisting Italian immigrant ethnic entrepreneurs:

*The committees and organisations for ex-emigrants that still remain in Australia are all dedicated to the assistance of the old Italian emigrants. The Italians of today with their working holiday visas, [and] the study visa enter Australia with*

*intentions of inserting themselves in the work market do not find in these bodies any point of referral for help and consultation (Italian Industry Expert 4).*

Australian Industry Expert 1 is the founder of a regional branch of an Italian welfare association. The Association was formed in the 1970s following Italian government discussions of the ramifications of Italian mass migration in the post-World War II years. Italian immigrant workers faced problems settling in Australia, which “had to do with being poor, uneducated, almost semi-feudal [and] now living in an ostracized environment” (Australian Industry Expert 1). Consequently the role of the Association was to assist the Italian migrant workers by developing a local school, holding social events and through branches throughout the world, build networks:

*It started as a welfare rights project in Australia but it had its origin in the Italian migration century when there were mass migration of people and it created a big political issue in Italy. The major political parties were discussing this issue and dealing with the consequences of the migration. Some in Italy were in opposition to the mass exodus ... the Association has basically built networks amongst the Italian migrants, globally (Australian Industry Expert 1).*

Today the Association’s relevance is diminished as its focus remains on social activities for the immediate post-World War II immigrants, many of whom are elderly and/or retired. The modern Italian immigrants, generally being highly educated and well-travelled, can use technology to form networks throughout the world, especially on LinkedIn and Facebook, tools that were not available to the post 1950s immigrants. These findings refine Portes, Escobar and Walton Radford’s (2007) study as they do not account for the historical context and the need for COO associations to evolve with the different waves of migration and different types of migrants. The importance of acknowledging the historical perspective when exploring an immigrant entrepreneur’s interaction with COR institutions is highlighted by Peters (2002) and Kloosterman and Rath’s (2001) mixed embeddedness approach, with regard to immigrant entrepreneurs in Western Australia.

#### **7.4.2.1. Italian Chambers of Commerce and Industry**

The Italian government has a Chamber of Commerce in every province. This national level institution acts as a type of union for businesses and provides access to funding and networks to facilitate entrepreneurship and Italian SME internationalisation. Italian Industry Expert 5 observes that for firms considering selecting the Italian market, the Chambers of Commerce could provide important contacts:

*In Italy, if you have any sort of business you have to be registered with a Chamber of Commerce. By law there is a Chamber of Commerce in every Province. In Italy there is over 105 Provinces. Milan happens to be Province and city so you could get*

*access to over 1 million companies. So when you want to develop contacts, you have a large pool to access (Italian Industry Expert 5).*

Supporting Rath and Kloosterman's (2000) finding that regional level institutional differences may influence international market selection, Italian Industry Expert 5 recounts his experiences with the different regional Chambers of Commerce. He observes that firms in Southern Italy reported not receiving the same level of support from their Chambers of Commerce as those in the North. For this reason Southern based firms would travel to Milan to access the support services offered there. This different level of support could influence the attractiveness of Southern Italy over Northern Italy, albeit negatively:

*The most interesting thing was that the strongest interest actually came from the South because they don't have these services in the South so they are prepared to leave their Southern cities and come to Milan and sit in and be told what all these services are about (Italian Industry Expert 5).*

However, Daniele and Marani (2011) propose that the high level of organised crime in Southern Italy contributes to the perceived unattractiveness of Southern regions by foreign investors. It appears that while these institutions are present in Italy and offer access to contacts and networks, the restrictions that accompany their assistance may contribute to the reported negative perception of the Italian Chambers of Commerce by Italian immigrant ethnic entrepreneurs in Australia:

*With the government assistance, if you were to get help from the Chamber or even the regional governments in Italy, ... you become limited in who you deal with, which suppliers you can bring out and that kind of thing. If we want good wine suppliers from say Toscana, we would want to be able choose who we bring out and not be limited to who their local Chamber of Commerce says that we can have... They have to show they are working for the members. By all means the Chambers do a lot of work for a lot of people over there but it is very, very different to the way that they do work for people over there to the way we do work here (Director 1, Montalbano Enterprises).*

This negative perception of the regional Chambers of Commerce is shared by the Director of Timoteo Consulting who observes that the Chambers are not focused on helping firms. Instead, she hints at corruption and the "lining of their own pockets" which then contributes to the Chambers constraining the "rules of the game" within which the firms can operate. For example, firms can only attend international trade fairs approved by the Chamber and receive funding only if there are at least 10 firms attending:

*I found even when I was dealing with these 'special agencies' which belonged to the Chambers of Commerce [in Italy], they really were only there to line their own pockets. They are not really there for the person as such. They are just there carrying out their aims and objectives as set by the Italian government so they*

*receive the funding... I will give you an example: the special agency of the Milan Chamber of Commerce... They decide which trade fairs companies can attend if they want a subsidy... However, they have made the rules: unless there are 10 companies that are willing to go down to the trade fair, they cannot ask for that money. So in other words, they are setting the parameters for that company to operate. That is why I am finding that now companies don't want to deal with those because of the conditions and they are limited to what they can actually do to receive their funding (Director, Timoteo Consulting).*

The Director recounts that the Italian government influences the Chambers of Commerce by setting objectives the Chambers must achieve in order to retain their funding. These objectives then influence the activities undertaken on trade missions, including those to Australia:

*I remember I dealt with [the Italian Chamber of Commerce] on a daily basis when we organised another trade mission [to Australia] and I kept suggesting and recommending things but they kept saying "no we have to do it this way because that is the way we need to do it for us to be answerable to the government". So in other words, the strategies and the things that they were doing were to be answerable and to fit in with the guidelines set by the government, more so than what were the needs and the requests of the companies that they were actually bringing out (Director, Timoteo Consulting).*

Nasra and Dacin (2010) propose that a government can act as an entrepreneur by identifying and discovering opportunities in a country, and then creating an institutional infrastructure that enables entrepreneurs to exploit the opportunities. While their findings apply to the Dubai context, the findings of the present study show a similar relationship may exist in the Italian institutional context. Through the Chambers of Commerce, the Italian government can facilitate entrepreneurship by providing funding and access to networks. However, the perception of the Italian immigrant ethnic entrepreneurs is that the Italian government imposes difficult restrictions which makes doing business in Italy difficult for both Italian and foreign businesses.

#### **7.4.2.2. Regional Level Approaches and Institutions**

The findings of the present study highlight regional level differences. Director 2 of Montalbano Enterprises observes that some regional governments take a successful, coordinated approach to promoting opportunities in their region, while others do not:

*[Some] regions have often been a lot more proactive and certain regions were just not. I mean you can go to a trade fair today and you can have a look at various regions and you can see the way that they present themselves and ... you still have some areas and regions ... who don't work in uniformity for promotion, as opposed to working individually (Director 2, Montalbano Enterprises).*

Zaheer, Lamin and Subramani (2009), in their study of the effect of ethnic ties on international market selection in the Indian context, highlight the importance of regional based ties in the market selection process. However they do not consider the effect of institutional regional differences. Therefore the present study extends their findings by demonstrating the influence of regional level institutions on the international market selection of Italian immigrant entrepreneurs. Specifically, the regional government approach to promoting opportunities may positively influence the perception of the region and the likelihood of it being selected.

The international market selection experience of Meglio Consulting provides further insight into the Italian regional level institutional differences. In this instance, the Venetian regional government appears to be more open to assisting Italian immigrants than other regional governments. This willingness is partially explained by the Venetian government's view that the economic success of the region in the 1970s was positively influenced by its emigrants. At the end of the WWII, the Italian economy was poor with mass unemployment and little industrial production. However, the 1970s saw the *miracolo Veneto*, the economic miracle of the Venice region, in which the region became one of the wealthiest regions in Italy. This occurred partially due to the *modello Veneto*, the Venetian model of small-scale industry and partially due to the remittances sent by Venetian emigrants and the capital, skills and experience the migrants brought with them when they returned to Venice (Baldassar & Pesman 2005). Illustrating the government's understanding of the economic importance of immigrants, at the 1998 *Venetian Immigrants of Australia and South Africa* conference held in Australia, the Venetian Minister for Migration, Franco Bozzolin, highlighted that the Venetian emigrants living abroad and their descendants are a potential source of business and investment ties for the region and for Venetians world-wide:

*From an economic point of view, one would like to think of a network of businesses with its nodes in the Veneto and every part of the world, where a young person of Veneto background may have had the opportunity to start his or her own activity in connection with the regional economic system (Franco Bozzolin cited in Baldassar & Pesman 2005, p. 222).*

Before entering Italy, the CEO of Meglio Consulting approached all 20 regional Italian governments for support, both "financial and on paper". Given the historical importance of emigrants for the economic development of the Venetian region, it is not surprising that the Venetian government was the only one to respond:

*We actually went to [all of] the [local] governments. I'm not involved or interested in any party because they are all funny. The [Venetian] government said that they would support us and we received the official patronage so we can officially use the name of the government but the condition was that we had to keep the project in Venice. The Governor said to me 'What do you want from me?' and I said that I want nothing. 'You are the first guy to ever enter this room and ask for nothing. Are you sure you want nothing?' I told him that I want him to talk to [the agricultural union] and he can arrange the matter with them because I don't want to have any kind of discussion about money or privileges or anything because I know that it is a very dangerous minefield. Just support on paper and with money that is not given to me but given to [the agricultural union]. That way the relationship is not with a private person but a public organisation. It is much easier and less of a headache. It must really be done here in Veneto. Because of [the union's head office is in Venice], and for me, it is good. First of all, [one partner] is from Veneto, [the other partner] is from Udine, about 1 ½ hours away and I am the only one far away. There is a big advantage here - everybody in the world knows Venice. For example, the location – even in your mind you can picture the water and the gondolas and the piazza. You can be the most ignorant, stupid guy in the world and you would still be able to picture Venice. So this is an advantage for us (CEO, Meglio Consulting).*

The support provided by the Venetian government guaranteed the support of a powerful agricultural union that was once linked to the Christian Democrat Party and represents:

*... the interests of the people and businesses in the agriculture industry. We have a focus on the farmers, producers and the economy (Italian Industry Expert 6).*

The CEO of Meglio Consulting claims the union is powerful because it reportedly has an office and an agricultural supply store in every Italian village and over 1.5 million members:

*[The union] is not only an organisation, it is a power. It has a presence in every single village in Italy. If you go to any small village, you will probably find the Carabinieri, maybe not, the Police, maybe not, but for sure, a [union] office, which also will have properties ... It is an incredible power. It is one of the richest companies now. It is not related any more to the government: well it will always be related because when you have 1.5 million people, it is more than that because the 1.5 million members have friends and families so you will have 4,5,6 million people connected. Then you have the workers. So finally you can say that [the union] owns or controls ¼ of the Italian population. [The union] is very powerful because farmers mean population, it means votes, it means land (CEO, Meglio Consulting).*

The CEO, while reporting not liking the “political game playing” in Italy, understood that such a powerful union would be more receptive to his business if he had the backing of the government. For this reason, his first-hand experience and knowledge of the Italian market enabled him to “know the rules and play the game well!” Therefore in this case, the Venetian market was selected due to the assistance from the regional government. In addition to being geographically close to key partners and it is a world renowned location. This finding refines Nasra and Dacin’s (2010) and Zaheer, Lamin and Subramani’s



(2009) studies by demonstrating the important influence of regional differences on the international market selection process. Furthermore, the CEO concedes that he wanted support “on paper” and not to be involved in the financial details due to the “dangerous minefield” of being associated with potentially corrupt Italian government. This finding supports Cuervo-Cazurra’s (2006) finding that the experience of corruption in a market may not deter an entrepreneur from choosing to invest in a market high in corruption.

### **7.4.3. Australian Government Approaches and Institutions**

The findings of the present study indicate that the Australian government does not view the Italian market as an ideal international market in which to conduct business due to institutional problems, including bureaucracy and corruption:

*The Italian market is not easy for the clean, straight, Anglo-Saxon firms. One word to explain the Italian market is that it is more Byzantine: more complicated, not everything is out on the table and in the sunshine, unfortunately! [Although I am born in Italy] I am more Anglo-Saxon, like Australians. I don’t like the confusion and the blackmail: I like things straight.. If you look at the government, you have a photograph of the Italian population, unfortunately (Australian Government Representative 4).*

The lack of economic policy and infrastructure in the Italian market is also reported to be a concern of the Australian Government Representatives in Italy:

*The bureaucracy is elaborate and can be difficult, and there is a whole raft of issues there with the difficulty of hiring or firing of labour, the cost of all those sorts of things... It is not sensible for us to go out touting the benefits of getting involved in a country if we think there are problems in that country. So if we had a business talking to us, probably we would tell them that politicians are navel gazing and the Prime Minister has problems with the courts and that impacts on economic policy making because you do not have regular government policy making because they are otherwise preoccupied with other things. It is a country of great potential but it is a matter of setting the things in place to be able to achieve that potential and there are a lot of things that need to be done (Australian Government Representative 2).*

Australian Government Representative 1 reports that the lack of economic progress is of concern and contributes to the government not actively encouraging Australian firms to select the Italian market:

*I’ve been following what Confindustria, the main industry body in Italy, has to say about the economy and they are still saying the same things they were saying in 2003: that is, we need to complete infrastructure, need to reform the taxation system, it needs to be made easier to set up a company, lower costs of employing people, need to do more to attract foreign investment and it is not just the current government but previous centre-left governments as well have not done very much to address these big issues. I don’t think that if an Australian business was to come to us and asked ‘Should I invest in Italy compared to investing in France?’ in all*

*honesty, I could not say it is the best place to do business in Europe, because it is not (Australian Government Representative 1).*

Nasra and Dacin (2010) suggest the government identifies opportunities for entrepreneurship in their country and then shapes institutions to enable entrepreneurs to identify and exploit these opportunities. While Nasra and Dacin (2010) focus on an emerging economy (Dubai), this present study shows similar relationships exist in a developed economy (Australia). Refining Nasra and Dacin's (2010) study, the findings illustrate that the Australian government is perceived as not actively creating and promoting opportunities in the Italian market.

Australian Government Representatives reveal that since the perception is that the Italian market is unattractive, instead of promoting outward internationalisation to Italy the Australian government is pursuing an alternative approach. European firms are encouraged to enter the Australian market and then enter the Asian market with the help of Australian firms (including those established by Italian immigrant ethnic entrepreneurs). Australia is promoted as a country full of expertise, knowledge and resources that will facilitate the European firm's entry into Asia, particularly China:

*I suggest to all the Italians not to go straight to China because you don't know the market and it will be difficult to penetrate the market but if they go to Australia and engage some Australian-Chinese who have gone to Asia, they will help you internationalize into the market (Australian Government Representative 4).*

Australian Government Representative 5 observes that the focus on the Asia-Pacific area is a natural historical progression. He endorses the government's strategy to encourage inward internationalisation as Australia has the right resources to become an IB "hub":

*Plato said that that Mediterranean area was like a big lake with all the frogs that came to the water – Greeks, Romans etc. Then history has moved the focus. Before the First World War, after the First World War and during the Second World War the Atlantic was centre and now it is the Pacific. The Pacific is the future of the third millennium. So in this logic I think that ... Australia could act as a kind of hub for companies that want to come and invest in this area. We can provide a wonderful opportunity if we ...attract [Italian firms to] this new geopolitical Asia-Pacific area through Australia (Australian Government Representative 5).*

Australian Government Representative 2 gives an example of the application of this approach. An Australian government agency in Italy used an Australia Day event "to celebrate the Italian contribution in Australia" which is viewed as helping Italians to become "favourably disposed to Australia" and the Australian market. The government hopes that this favourable disposition will lead to more inward FDI in Australia:

*The purpose was to celebrate the Italian contribution in Australia because we wanted to make it more relevant to our principle clients here who are the Italians, in the sense that we are trying to do business and create political and economic ties... By doing that sort of thing overtime people will be favourably disposed to Australia and then remembering they spoke to an Italian company that is using Australia as a base to enter the Asian market. And then they will remember that they did not realise that the Australian economy is bigger than the entire South-East Asian economy put together, so it's a great market with a small population but a high disposable income (Australian Government Representative 2).*

This national level government approach is supported at the local business level by Italian immigrant entrepreneurs. The Director of Timoteo Consulting is facilitating the Australian government's strategy by actively encouraging Italian firms to enter Australia before entering China:

*Australia is a launch pad into Asia and the Pacific. I believe Italian companies should come down here and set up a base here to launch in there. We have a free trade agreement with China and they should take advantage of producing their products here in Australia and then sending them off to Italy (Director, Timoteo Consulting).*

As a recent example of her success, she invited a Venetian firm to attend an Australian trade show. At the show, a weak business network tie to a Sydney-based firm was created. The Sydney firm conducts business in China and as a result, identified an opportunity in China for the Venetian firm:

*We got lots of contacts [at the fair] and one of the persons that came in was someone who deals in China. I've nearly finalized the agreement for them now. So I've got an Italian company that flew to Australia. There is a consultancy company based in Sydney who sells products to China. So we have another tri-lateral, triangle ... where you have an Italian company via Australia selling into China (Director, Timoteo Consulting).*

Refining Nasra and Dacin's (2010) findings, the present study shows that in the Australian context, the government does act entrepreneurially and identifies and promotes opportunities for Australian firms to partner with Italian firms to enter the Asian (specifically Chinese) market. However, the government does not actively promote the Italian market as it is perceived as having too many institutional issues. Therefore Italian immigrant ethnic entrepreneurs in Australia are discouraged by the government at a national level from selecting the Italian market due to the perception of negative institutional barriers.

## **7.5. Chapter Summary**

On the basis of the above findings, our knowledge and understanding of immigrant ethnic entrepreneurs' international market selection is extended. Regarding the influence of

ethnic ties on international market selection, the findings demonstrate that comments by Australian Government Representatives and Italian Industry Experts support Iyer and Shapiro's (1999) and Mustafa and Chen's (2010) studies that indicate an immigrant will select their COO market due to their existing knowledge, networks and emotional connection. The view of the Government Representatives and Industry Experts is in stark contrast to comments from the immigrant entrepreneurs, which indicate that the ability to make a profit and making a decision based on "business sense" is more important than any emotional connection. Further refining Iyer and Shapiro's (1999) study, the findings highlight that market knowledge gained from COO social and kinship ties does not guarantee a reduced risk perception of the market. In the Italian context, it may actually result in an increased perception of risk, associated with the notion that there are institutional barriers that cannot be overcome by networks in the market. Therefore the findings of the present study refine Iyer and Shapiro's (1999) and Mustafa and Chen's (2010) studies by highlighting the overriding importance of profitability, sound business decisions and institutional influences on an immigrant's international market selection process, and suggests that further research is needed.

The findings of the present study also refine Lee and Park's (2006) study on the influence of international experience on international market selection in the Italian immigrant entrepreneur context. Contrary to Lee and Park's (2006) views, the findings suggest that a lack of international experience does not prevent an entrepreneur from selecting an appropriate partner to enter a market. The lack of experience can be overcome by accessing contacts and knowledge through government agencies.

Regarding the institutional influences on an immigrant's international market selection process, the findings of the present study refine Rath and Kloosterman's (2000) study by highlighting that while at the national level, the Italian government does not specifically assist Italian immigrants to select the Italian market, regional differences do exist. The findings also refine Nasra and Dacin's (2010) study by showing that due to a negative perception of the Italian institutional environment, the Australian government appears to prefer to create opportunities for entrepreneurs within the Australian market. This is done by encouraging Italian firms to enter Australia and then enter the Asian market with the help of Australian firms, promoting Australia as an Asian hub.

In summary, the findings of the present study demonstrate that an Italian immigrant ethnic entrepreneur's international market selection process is influenced not so much by their emotional connection to their COO, but more by the possibility of achieving a profit, the type of institutional environment and the interplay of national and regional level government policies and approaches favourable for FDI.

## 8. DISCUSSION AND INTEGRATION OF THEORY

### 8.1. Introduction

The present study explores how immigrant ethnic entrepreneurs internationalise and the influence of networks, international experience and institutions on the process. As highlighted in Chapter 3: Literature Review, this study examines three research questions to further our understanding of the immigrant entrepreneur's internationalisation process:

*Research Question 1: Factors that drive the immigrant ethnic entrepreneur internationalisation process:*

*1.a How do managerial level factors drive the internationalisation process?*

*1.b How do firm level factors drive the internationalisation process?*

*1.c How do institutional level factors drive the internationalisation process?*

*Research Question 2: How do immigrant ethnic entrepreneurs identify international market opportunities?*

*Research Question 3: How do immigrant ethnic entrepreneur select international markets?*

Chapter 3 illustrated that the predominant theories used to explore the internationalisation process are the network perspective (Blankenburg 1995), and the related social network theory (Burt 1992; Granovetter 1985); upper echelons theory (Hambrick & Mason 1984), and institutional theory (North 1990; Scott 1995). This chapter discusses the findings for the three research questions and the integration of theory as indicated in Figure 1.1. In addition, based on the findings revealed in Chapters 5, 6, and 7 and this theoretical discussion, a refined conceptual framework for the internationalisation of immigrant ethnic entrepreneurs is developed and presented.

### 8.2. Factors That Drive the Internationalisation Process

*Research Question 1:*

*Factors that drive the immigrant ethnic entrepreneur internationalisation process:*

*1.a How do managerial level factors drive the internationalisation process?*

*1.b How do firm level factors drive the internationalisation process?*

*1.c How do institutional level factors drive the internationalisation process?*

The findings for the first research question suggest that a combination of managerial (IB experience, the migration experience and social ties), firm (human and relational capital), regulative institutional (profit and growth opportunities, coercive pressure, domestic market economic and industry conditions) and cognitive institutional factors (an individual's belief in the importance of "doing the right thing" by "giving back" to the COO) contribute to the immigrant ethnic entrepreneur's increased awareness of and interest in international markets. This in turn can drive them to consider internationalising their firm. The following section explores the ability of upper echelons theory and institutional theory to explain how managerial, firm and institutional level factors drive the internationalisation process in the Italian immigrant ethnic entrepreneur context.

### **8.2.1. Upper Echelons Theory**

Hambrick and Mason's (1984) upper echelons theory can be used to explain how managerial level factors drive the internationalisation process, including foreign language skills, international experience, the migration experience and social ties (Abebe & Angariawan 2011; Dalziel 2008). The theory indicates that the TMT's characteristics and experiences influence the firm's strategy and consequently, the decision to internationalise (Carpenter, Geletkanycz & Sanders 2004; Herrmann & Datta 2006; Lee & Park 2006).

The data from the present study suggest there is uncertainty as to whether foreign language skills drive immigrant entrepreneur internationalisation, and if so, how it drives the process. This is a finding which reflects the varied findings in existing literature (Belso-Martinez 2006; Zucchella, Palamara & Denicolai 2007). In the context of Italian immigrant entrepreneurs, it appears that the acquisition of the Italian language, irrespective of the level of fluency, and growing up in an environment surrounded by immigrants are inextricably linked and both contribute to the development of an international mindset. This mindset then promotes an increased interest in, and awareness of international markets, which may drive the internationalisation process. The findings show that upper echelons theory is able to explain how these managerial level factors (foreign language skills and being raised in an immigrant-rich environment) contribute to an increased awareness of international markets. However, the theory is not able to explain whether foreign language skills alone contribute to the increased awareness of opportunities outside the domestic market and consequently

contribute to driving the entrepreneur's internationalisation process. Further research is required to explore whether, in the context of immigrant ethnic entrepreneurs, foreign language skills alone contribute to the increased awareness. The findings from this study suggest most likely they do not. The finding that being raised in an immigrant-rich environment may contribute to the increased awareness and interest in international market opportunities is an important contribution to the internationalisation literature as this construct has yet to be comprehensively explored as a driving factor of the internationalisation process.

A finding strongly emphasised in the present study is that an entrepreneur's IB experience contributes to their awareness of international markets and drive to internationalise. This was strongly evidenced by Italian Industry Expert 5, the Director, Timoteo Consulting and the CEO, Meglio Consulting. In these instances, all have established consulting firms and have vast IB experience, working in an Italian Chamber of Commerce and an international automotive company, respectively. Italian Industry Expert 5 specifically went to Italy to obtain IB experience as he recognises that this experience will increase his human capital (Hitt et al. 2006) by affording him networks and knowledge that will be advantageous in the labour market. The existing research is unclear whether general international experience (Belso-Martinez 2006; Hutchinson et al. 2007) or specific IB experience (Abebe & Angariawan 2001; Zucchella, Palamara & Denicolai 2007) drives the internationalisation process. The findings suggest that IB experiences contribute to the entrepreneur's awareness of opportunities in international markets and an interest in exploring such opportunities. Thus upper echelons theory is able to explain that international experience serves to drive the immigrant entrepreneur to internationalise via an increased awareness of, and interest in international market opportunities. The network perspective is also partially able to explain why IB experience is a driving factor – the international business networks made through the business experience provide the entrepreneur with information that facilitates an awareness of international market opportunities. Furthermore, the present study extends the focus from IB experience to the migration experience of immigrants. The findings refine research by Dalziel (2008) which argues that the migration experience is indicative of characteristics that are advantageous when undertaking entrepreneurial activities, including the tolerance of ambiguity, perseverance and propensity for risk taking. Some entrepreneurs in the present



study discussed how these characteristics translate into greater business tenacity which contributes to driving the entrepreneur to internationalise. Thus upper echelons theory is able to explain that the migration experience is another managerial level factor that influences the entrepreneurs' perception and awareness of international markets and contributes to driving the internationalisation process. This finding is also a contribution to the internationalisation literature as the 'migration experience' has yet to be explored as a driving factor of the internationalisation process.

Upper echelons theory stresses that the experiences of managers influence their perceptions and decision making process, including the decision to internationalise. The present study highlights that in the immigrant ethnic entrepreneur context, IB experience and migration experience can drive an immigrant to internationalise. These experiences can help to create an awareness of opportunities outside of the domestic market and influence the willingness to explore the opportunities. The awareness of opportunities is assisted by information from networks formed during the international experience, and thus the network perspective is also partially able to explain why IB experience can drive an entrepreneur to consider internationalisation. Thus this study provides insights into the application of upper echelons theory to explain, albeit partially, how managerial level factors drive an immigrant ethnic entrepreneur to internationalise.

### **8.2.2. Institutional Theory**

Institutional theory explains the process by which structures, processes, rules and norms influence organisational structures and behaviours, including the internationalisation of firms (Scott 2005, 2008; Yamakawa, Peng & Deeds 2008). Scott (2005) indicates the institutional environment is composed of three elements – regulative, normative and cognitive. Each element has a different basis of compliance and different factors. This study responds to Szyliowicz and Galvin's (2010) call to explore the influence of all three institutional elements, not just the more easily regulative elements. Of the three elements, only regulative and cognitive institutional factors were found to contribute to driving an immigrant ethnic entrepreneur to internationalise.

Regulative institutional factors are grouped into push and pull factors. Those that push a firm to explore opportunities outside the domestic market include government organisations, sanctions, legislation and incentives. Regulative institutional factors that pull a firm to a particular international market include profit and growth opportunities and an “entrepreneur-friendly” institutional environment (in terms of anti-corruption laws, functioning capital markets and intellectual property protection) (Yamakawa, Peng & Deeds 2008; Yang et al. 2009). In the present study, a strongly emphasised regulative factor that pulls immigrants to consider internationalising is the profit and growth opportunities in an international market. Push factors found to drive the immigrant were domestic market economic and industry conditions. Regarding the influence of COO (Italian) institutions, the findings reveal that the Italian government does offer incentives to encourage inward FDI to Southern Italy, yet it appears that incentives specifically targeting Italian migrants abroad are not offered. This suggests that the Italian government may be aware of the benefits of using regulative institutional factors, such as incentives, to encourage investment, yet in this circumstance the Government appears to focus not on benefiting from the potential inward FDI by Italian migrants abroad. This finding illustrates that a COO government may not necessarily focus on capitalizing on the potential economic benefits of its emigrants, by providing a more “entrepreneur-friendly” regulative institutional environment. Thus institutional theory can be used to explain the influence of regulative institutional factors on an immigrant entrepreneur’s internationalisation process.

Cognitive institutional factors are the conceptions, assumptions, beliefs and values that influence an individual’s perceptions (Scott 2005, 2008; Yamakawa, Peng & Deeds 2008). Yamakawa, Peng and Deeds (2008) suggest that the beliefs and values of entrepreneurs may be influential factors driving them to consider internationalising. Specifically, immigrant entrepreneurs may believe that internationalising to their COO is “an important contribution to their nation’s success ... [it is] the right thing to do despite its costs and risks” (Yamakawa, Peng & Deeds 2008, p. 73) and this belief may contribute to an increased awareness of and interest in opportunities in the COO market. The findings illustrate that this belief contributed to driving an immigrant’s internationalisation to Italy, their COO. However, industry experts suggest that second and third-generation immigrant entrepreneurs may not share the same values and beliefs as the first-generation immigrants about the

importance of contributing to Italy's economic success and it being 'the right thing to do' despite the risks and costs. The differing cognitive factors, specifically the belief in the importance of 'giving back' to the COO, by first and second/third-generation immigrants requires further research. Thus institutional theory and the understanding of cognitive institutional factors is able to explain why some Italian immigrant entrepreneurs are driven to consider internationalising to Italy despite their knowledge of the institutional environment which is unfavourable for FDI due to the presence of institutional problems and risks (political instability and corruption) (Daniele & Marani 2011). Institutional theory suggests that the immigrants believe that despite the costs and risks, the right thing to do is to contribute to their nation's success (Yamakawa, Peng & Deeds 2008).

Szyliowicz and Galvin (2010) highlight that regulative elements are the most widely explored as they are more visible and formalized, e.g. the laws and sanctions of a market. Furthermore, because all three institutional elements operate simultaneously to create the institutional environment of a market (Scott 2005, 2008), Szyliowicz and Galvin (2010) suggest that a richer understanding of the institutional environment is gained through examining all three elements and not relying on a single element explanation. The present study examines the influence of regulative, normative, and cognitive institutional elements as drivers of the internationalisation process. The findings provide a rich understanding and contribution to literature by showing that in the context of Italian immigrant ethnic entrepreneurs in Australia, only regulative and cognitive factors appear to contribute to driving the process. Thus providing strong support for institutional theory and two of the three institutional elements as an explanation of the institutional drivers of the internationalisation process.

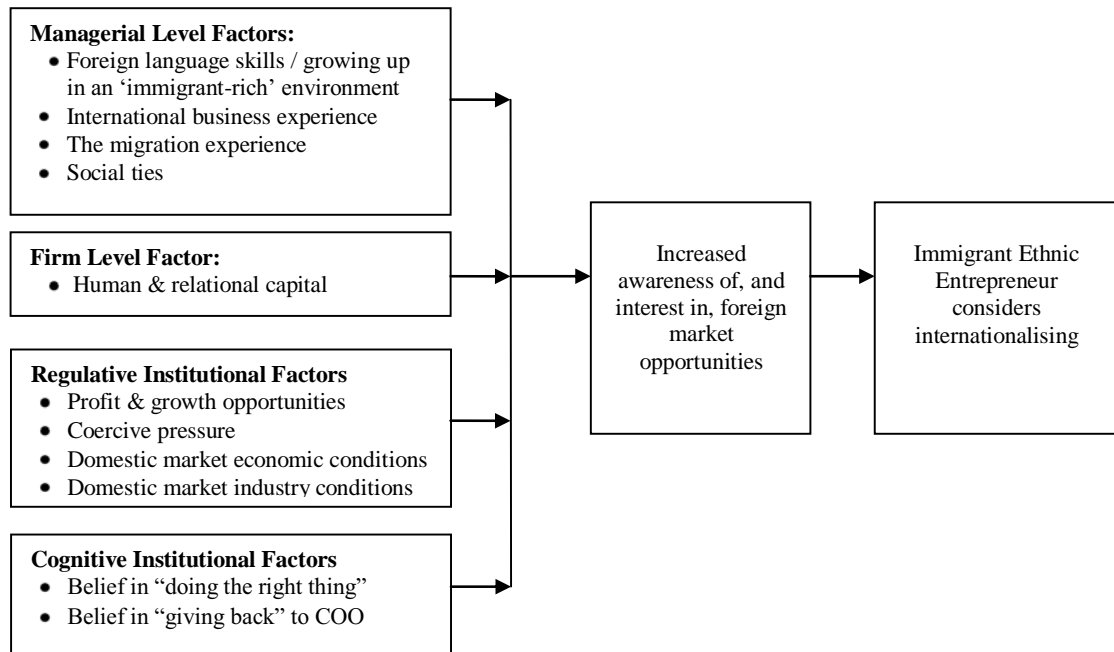
Ultimately the findings for Research Question 1 suggest that no single factor drives the immigrant ethnic entrepreneur internationalisation process. Rather it is a combination of different factors, whether at the managerial level, the firm level and / or the institutional level. Furthermore, each entrepreneur reported a different combination of factors that contributed to increasing their awareness of, and interest in international market opportunities, which then led them to consider internationalizing their firm. The combinations of factors reported to drive the internationalisation process are as varied and unique as each entrepreneur. This suggests that the factors that contribute to an increased

awareness of, and interest in, international markets and the consequential consideration of internationalising, are specific to each individual. Furthermore, the findings suggest a multi-theoretical explanation is required to explain how various factors may drive the immigrant ethnic entrepreneur internationalisation process. A contribution of this study is to highlight the combination of different managerial, firm and institutional factors that may drive an immigrant entrepreneur's internationalisation process. These factors have yet to be comprehensively explored in the immigrant entrepreneur context. A refined framework for Research Question 1 is presented below (Figure 8.1) and Table 8.1. outlines the concepts, dimensions and multiple theoretical perspectives required to explain the findings of the present study.

**Table 8.1 Factors that Drive Immigrant Ethnic Entrepreneurs' Internationalisation Process**

Concepts & Dimensions	Empirical & Conceptual Studies on Which the Contribution is Based	Contribution of Current Study	Theoretical Underpinnings
<i>Managerial level factors</i>			
Foreign language skills & growing up in an immigrant-rich environment	Belso-Martinez (2006); Hutchinson et al. (2007); Knowles, Mughan & Lloyd-Reason (2006); Serra, Pointon & Abdou (2011).	New finding for immigrant entrepreneur and IB literatures	Upper echelons theory
IB experience	Abebe & Angariawan (2011); Belso-Martinez (2006); Lee & Park (2006); Zucchella, Palamara & Denicolai (2007).	New finding for immigrant entrepreneur literature; confirmed for IB literature	
The migration experience	Dalziel (2008).	New finding for immigrant entrepreneur and IB literatures	
Social ties	Abebe & Angariawan (2011); Belso-Martinez (2006); Hutchinson et al. (2007); Zain & Ng (2006); Zucchella, Palamara & Denicolai (2007).	New finding for immigrant entrepreneur literature; confirmed for IB literature	Social network theory
<b>Firm level factor:</b> Human & relational capital	Hitt et al. (2006); Lin (2010).	Confirmed finding for immigrant entrepreneur and IB literatures	Resource-based view
<i>Institutional Level Factors</i>			
<i>Regulative institutional factors:</i> Profit & growth opportunities, Coercive pressure, Domestic market economic & industry conditions	Abebe & Angariawan (2011); Ahmed et al. (2006); Cheng & Yu (2008); Hutchinson et al. (2007); Yamakawa, Peng & Deeds (2008); Yang et al. (2009).	New finding for immigrant entrepreneur literature; confirmed for IB literature	Institutional theory
<i>Cognitive institutional factors:</i> Belief in 'doing the right thing', & contributing to the COO's success	Lin (2010); Scott (2008); Yamakawa, Peng & Deeds (2008).	Confirmed finding for immigrant entrepreneur and IB literatures	

**Figure 8.1 Factors that Drive Immigrant Ethnic Entrepreneurs' Internationalisation Process**



### 8.3. Identification of International Market Opportunities

*Research Question 2:*

*How do immigrant ethnic entrepreneurs identify international market opportunities?*

The findings for Research Question 2 suggest that Italian immigrant ethnic entrepreneurs primarily use social ties, including COO regional based social ties, to identify international market opportunities. Also the entrepreneur's level of international experience is not necessarily a precursor for the type of approach (either proactive or reactive) used to identify opportunities. Consequently, the findings indicate that the network perspective and upper echelons theory are the most appropriate to explain how immigrant ethnic entrepreneurs identify international market opportunities.

### 8.3.1. Social Network Theory

Social network theory suggests that social ties influence the flow of information between network members, with members able to access information not available to non-network members (Ellis 2001; Patel & Conklin 2009). The relational theory of social networks (Granovetter 1985) stresses that information on international market opportunities is shared through bridge ties that link entrepreneurs in separate social clusters in different international markets. Furthermore the theory distinguishes between weak interpersonal ties and strong ties which result from frequent and quality based interactions that have a high emotional commitment and make the information received deemed trustworthy (Granovetter 1985; Zhou, Wu & Lou 2007). Thus the social network theory emphasises the importance of social ties:

*... because they provide access to resources, advice, and support that may result in economic exchanges (Patel & Conklin 2009, p. 1053).*

The first strongly emphasised finding is that immigrant entrepreneurs overwhelmingly use social ties to identify international market opportunities. This is particularly emphasised by the Directors of Montalbano Enterprises, CEO of Meglio Consulting, and Australian Industry Expert 5 who recall identifying opportunities through “a friend of a friend of a friend”. COO regional based social ties also appear to provide information which enables the entrepreneurs to identify international market opportunities. The Director of Timoteo Consulting and the CEO of Meglio Consulting relied on regional based social ties to obtain information on opportunities and access to resources. These COO regional based ties, through invitations to networking events, also provided the opportunity for the entrepreneurs to receive more information. Explaining the significance of COO regional based social ties in the identification of international market opportunities is an important new finding and contribution to both the IB and immigrant ethnic entrepreneur literatures.

Contrary to Hayton, Chandler and DeTienne’s (2011) and Iyer and Shapiro’s (1999) indication that kinship ties are more likely than strong and weak ties to result in a flow of private information about opportunities, COO kinships ties were used only by the Director of Giuliano’s. Despite working in family businesses, the findings suggest that the immigrants do not want to jeopardise the kinship relationships by mixing “family and business”:

*Sometimes there are aversions to bringing other family members in: the relationships work fine on a personal level but if you bring them into the business, you may upset the personal relationships (Italian Industry Expert 5).*

Instead, the entrepreneurs prefer to use social and ethnic ties which are based on high levels of trust. This highlights the second strongly emphasised finding – the importance of trust. The theory stresses that trust, specifically personal trust (Welter & Smallbone 2006) in social ties, results from the high degree of closure of the networks and strong social norms and beliefs associated with the social networks (Burt 1997; Zhou, Wu & Lou 2007). The findings refine social network theory by highlighting how trust is developed and the importance immigrant entrepreneurs place on trust – “it is paramount”. Immigrant ethnic entrepreneurs use the concept of “belonging to the family” to reinforce trust in their social relationships. Trust is highly valued in the relationships and “develops over time” and is “earned”. The importance of trust in Italian immigrant entrepreneur ties is acknowledged by both Australian Government Representative 2 and the entrepreneurs. Thus social network theory is able to explain the use of trusting social ties to identify international market opportunities but is unable to explain why the entrepreneurs prefer not to use trusting kinship ties.

The third finding emphasised is that business networks may be used to obtain information about international market opportunities but membership of business networks does not necessarily guarantee access to information with entrepreneurs “being selective” about who they work with. Furthermore, the entrepreneurs rated the trust associated with strong social ties as more important than the trust associated with business networks. The revised business network IP model (Johanson & Vahlne 2009) views markets as consisting of business networks that link firms together and reinforce insidership within the network and:

*... a strong commitment to partners allows firms to build on their respective bodies of knowledge, making it possible for them to discover and/or create opportunities (Johanson & Vahlne 2009, p. 1423),*

whereby relationship commitment is described as:

*... an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintain it... Commitment is rather a question of more or less intensive efforts (Johanson & Vahlne 2009, p. 1418).*

The IP model emphasises that commitment to business network partners allows information to be passed on and that trust is a prerequisite for commitment. Thus the revised business network IP model is able to explain that Italian immigrant entrepreneurs may use business

networks to gain information if they are committed to their business partner, and may not provide information if there is little trust, which is a prerequisite to commitment. However, the model is unable to explain why the entrepreneurs prefer to use trusting social ties rather than trusting business networks.

Overall, the findings emphasise that the immigrant entrepreneurs prefer to use trusting, social ties, including COO regional based social ties, to identify international market opportunities. Business networks and kinship ties are used but are described as not the entrepreneur's preferred source of information. The emphasis on COO regional based social ties in facilitating the flow of information and providing the environment to identify opportunities refines the social network theory by highlighting the importance of COO regional based social ties, which have received little attention to date. This is an important contribution to both the IB and immigrant ethnic entrepreneur literatures. Furthermore, the findings go beyond merely showing the relevance of COO social ties in the Italian immigrant context by showing that the COO regional differences are important. This study provides additional insights on the application of social network theory and in particular, when applied to the identification of international market opportunities in the immigrant ethnic entrepreneur context.

### **8.3.2. Upper Echelons Theory**

Upper echelons theory stresses that an executive's unique characteristics and experiences account for their cognitive base (skills, perceptions, knowledge, and assumptions) and values system which influence their perceptions of situations and their ability to gather information (Hambrick & Mason 1984; Hambrick 2007). An executive is bombarded with numerous pieces of information in various formats (e.g. verbal, written and visual). It is impossible for the executive to pay attention to all information. To prevent cognitive overload, the executive's cognitive base and values system create a 'field of vision' which influences the pieces of information to which the executive pays attention, as well as how the information is interpreted and perceived (Hambrick & Mason 1984; Nielsen 2010). This would include information about international market opportunities. An executive's international experience is shown to influence a firm's strategic outcomes as well as their access to diverse social capital, including external networks (Carpenter, Geletkanycz & Sanders 2004; Nielsen 2010).



These various networks can provide an executive with a variety of information sources, which facilitates the identification of the international market opportunities (Lee & Park 2006). Consequently a higher level of international experience is linked to a greater number of networks through which information about international market opportunities can be obtained (Bouquet, Morrison & Birkinshaw 2009; Lee & Park 2006).

Given that international experience influences the cognitive base through which executives gather, receive and interpret information, different levels of international experience may result in different approaches to gathering, receiving and interpreting information about international market opportunities. The findings of the present study refine upper echelons theory by highlighting that the level of international experience may not be an indication of which approach will be used to identify international market opportunities. This is an important contribution to IB literature. Chandra, Styles and Wilkinson (2009) indicate that an absence or low levels of international experience will result in an entrepreneur identifying their first opportunity through discovery and not deliberate searching. The findings provide contrary results with entrepreneurs with no/low levels reporting identifying opportunities through both discovery and active searching. The Director of Giuliano's had no IB experience and identified their first opportunity through discovery. Conversely, Australian Industry Experts 2 and 4 have yet to internationalise and have limited IB experience, yet report they will deliberately search for international market opportunities.

Similarly, Nordman and Melén (2008) indicate that higher levels of international experience will result in a proactive approach to searching for and identifying international market opportunities. The Director of Timoteo Consulting and the CEO of Meglio Consulting both have high levels of international experience and knowledge yet use a proactive and reactive approach simultaneously. The Directors of Montalbano Enterprises have high levels of IB experience in Australia and Italy and still employ a reactive approach, as did the Director of Quartuccio Wines. Furthermore, the findings reveal that as more international experience is gained, a reactive strategy is still the preferred strategy used by the Directors of Giuliano's and Quartuccio Wines and the Export Manager of Zingaretti Wines. Thus the findings of the present study suggest that upper echelons theory is able to account for the ability of international experience to facilitate the identification of international market opportunities,

but is unable to explain why different levels of international experience may not be an indication of the type of approach used to identify opportunities.

Hambrick (2007) indicates that the applicability of upper echelons theory in different macro social contexts needs to be explored. This study provides insights into the applicability of upper echelons theory in the context of Italian immigrant ethnic entrepreneur identification of international market opportunities. More specifically, how the level of international experience influences the individual's approach to identifying international market opportunities – either a proactive or reactive approach. Upper echelons theory suggests that a manager's international experience will influence their perceptions and the way they interpret and pay attention to information about international market opportunities (Hambrick 2007; Herrmann & Datta 2006; Lee & Park 2006). This explanation is complimented by Johanson and Vahlne's original (1977) and revised business network (2009) IP models which are able to explain the benefits of international experience, characterised as experiential knowledge, as it contributes to a “framework for perceiving and formulating opportunities” (1977, p. 28) and thus allows the firm not only to identify opportunities but also to understand whether the opportunities fit into the firm's strategic plan. The findings of this study suggest that the level of international experience may not be indicative of the approach used to identify international market opportunities. Entrepreneurs with high and low levels of international experience used both proactive and reactive approaches, which is a contribution of this study to the IB and immigrant entrepreneur literatures. Thus the findings suggest that upper echelons theory may not comprehensively explain the immigrant ethnic entrepreneur's approach to identifying international market opportunities, and that the IP model is also required to provide a more integrated understanding.

Ultimately the findings for Research Question 2 suggest that Italian immigrant ethnic entrepreneurs identify international market opportunities through either a proactive or a reactive approach. The choice of approach is not necessarily based on their level of international experience, as suggested by upper echelons theory. Rather, it is based on the entrepreneur's individual preference and business strategy. This is a new finding for both the IB and immigrant ethnic entrepreneur literatures. Johanson and Vahlne's (2009) revised business network IP model, highlights the importance of the individual entrepreneur's

preference and business strategy, called managerial discretion, in the internationalisation process:

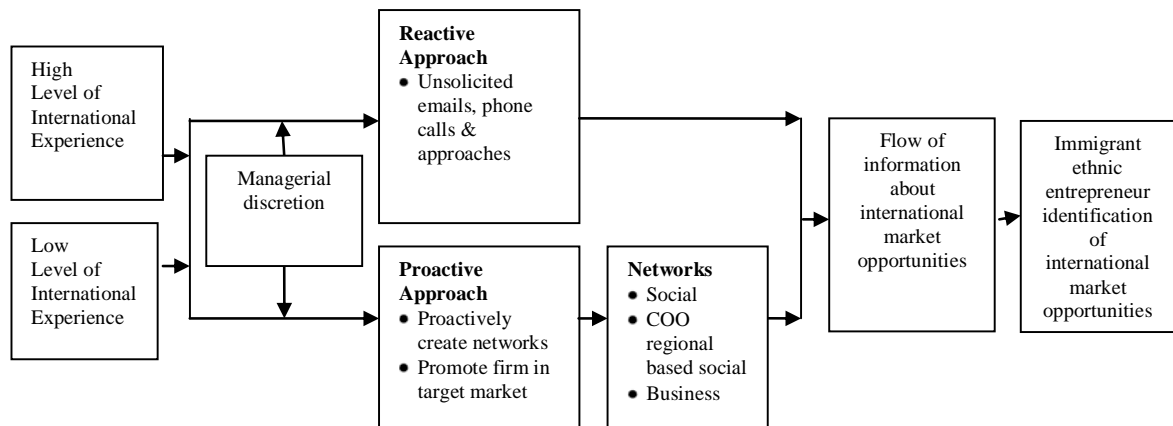
*We do agree that managerial discretion is important, although we think that path dependence and problemistic search tend to make managers prefer certain specific alternatives to other ones (Johanson & Vahlne 2009, p. 1417).*

The proactive approach includes creating networks to increase the flow of information about international market opportunities. This is consistent with network theory which indicates that information about opportunities is disseminated through social and bridge ties which link people in different social clusters (Burt 1992, 1997; Granovetter 1985). The entrepreneurs report preferring to use trusting social ties, and COO regional based social ties to increase the flow of information. However business networks are also used. Both proactive and reactive approaches contribute to a flow of information about international market opportunities and the immigrant ethnic entrepreneur's identification of the opportunities. A contribution of this study to both the internationalisation and immigrant entrepreneur literatures is to show that in this context, international experience is not an indicator of the approach used to identify international market opportunities, rather it is the manager's discretion that dictates the choice of approach. Thus, the findings suggest that the network perspective and upper echelons theory together are able to explain how immigrant ethnic entrepreneurs identify international market opportunities. A refined framework for Research Question 2 is presented below (Figure 8.2), and Table 8.2. outlines the concepts, dimensions and multiple theoretical perspectives required to explain the findings of the present study.

**Table 8.2 Immigrant Ethnic Entrepreneurs' Identification of International market Opportunities**

Concepts & Dimensions	Empirical & Conceptual Studies on Which the Contribution is Based	Contribution of Current Study	Theoretical Underpinnings
Reactive approach	Bouquet, Morrison & Birkinshaw (2009); Chandra, Styles & Wilkinson (2009); Nordman & Melén (2008).	New finding for immigrant entrepreneur literature; confirmed for IB literature	Upper echelons theory / the IP model
Proactive approach	Bouquet, Morrison & Birkinshaw (2009); Chandra, Styles & Wilkinson (2009); Nordman & Melén (2008).	New finding for immigrant entrepreneur literature; confirmed for IB literature	
International experience	Bouquet, Morrison & Birkinshaw (2009); Nordman & Melén (2008).	New finding for immigrant entrepreneur literature; confirmed for IB literature	
Managerial discretion	Johanson & Vahlne (2009).	New finding for immigrant entrepreneur literature; confirmed for IB literature	The revised business network IP model
Networks (social and business)	Ellis (2011); Evers & Knight (2008); Hayton, Chandler & DeTienne (2011); Kontinen & Ojala (2011); Zhou et al. (2007).	Confirmed finding for immigrant entrepreneur literature & IB literature	The network perspective

**Figure 8.2 Immigrant Ethnic Entrepreneurs' Identification of International market Opportunities**



#### 8.4. International Market Selection

##### *Research Question 3:*

*How do immigrant ethnic entrepreneurs select international markets?*

The findings for Research Question 3 suggest that immigrant ethnic entrepreneurs select an international market to enter based on the perceived attractiveness of the market. The attractiveness of the market is composed of the entrepreneur's perception of risk of the market, the perceived ability to make a profit and whether the decision aligns with their strategy. The perception of risk is influenced by networks which provide information about international market conditions and access to resources. But the benefits of networks alone are not a sufficient basis for the entrepreneur to select an international market to enter. Moreover, the presence and regulation of institutional factors at a national and regional level may contribute to a negative perception of the market but this perception will not necessarily prevent the market from being selected. The following section explores the ability of the network perspective and institutional theory to explain international market selection in the Italian immigrant ethnic entrepreneur context.

#### **8.4.1. Social Network Theory**

The social network theory indicates that social ties are connections between individuals based on social interactions: they can be friends, kin or investors. Through these relationships knowledge and resources are gained (Burt 1992; Patel & Conklin 2009). Applying social network theory to the immigrant ethnic entrepreneur context, Iyer and Shapiro (1999) and Zaheer, Lamin and Subramani (2009) suggest that the COO ethnic social ties will provide the immigrant entrepreneur with knowledge, resources and contacts in the COO which will result in that market being selected. Also, this knowledge is thought to result in a reduced risk perception of the market. The Australian Government Representatives and Industry Experts in this study expressed views that support Iyer and Shapiro's (1999) findings of the importance of COO based kinship and ethnic ties when selecting the COO market. However, the immigrant entrepreneurs expressed contrary opinions. First, not all immigrants maintained kinship ties in the COO. Second, the kinship ties may not be able to provide useful information about market conditions. Third, kinship ties in the COO may not facilitate a reduced risk perception as the knowledge they provide may contribute to an increased awareness of the risk, which can result in the market not being selected. The increased risk perception of the Italian market is associated with the presence of institutional barriers that cannot be overcome by the information, resources and contacts provided by the COO networks in Italy. Thus social network theory is partially able to account for the influence of networks on the international market selection decision. Furthermore the findings of the present study highlight the importance of using both social network and institutional theories to examine the influence of networks and institutions on the decision making process.

Another strongly emphasised finding is that despite ethnic ties and emotional links to the COO, the decision to enter the COO market is reportedly based on the need for business success and to make a profit. This was evidenced by Australian Industry Experts 2,3,4, Australian Government Representative 2 and 3, the Directors of Montalbano Enterprises, the CEO of Meglio Consulting, the Director of Timoteo Consulting and the Director of Giuliano's who had an opportunity to enter the Italian market yet did not as it "wouldn't be something that we think would be a good business decision". Therefore the social network theory only partially explains the international market selection decision as the social ties in the COO country are not a substantial enough basis to select the market. Profitability and

making a sound business decision were deemed more important than ties in the COO market by the entrepreneurs, industry experts and government representatives. This is supported by the revised business network IP model (Johanson & Vahlne 2009) which argues that in general, a firm will go “where the focal firm and its partners see opportunities” (Johanson & Vahlne 2009, p. 1425), and not where the firm perceives risk.

In summary, the findings suggest that COO ethnic social ties alone are not enough to guarantee selection of the COO market for international expansion. This is a new finding for the IB and immigrant ethnic entrepreneur literatures. When undertaking the decision, the information and resources from networks are one factor taken into consideration with institutional factors and what makes “a good business decision”. The findings show that COO kinship and social ties are influential as they provide information on COO market conditions, however the presence of these ties in the market is not necessarily a key selection criterion. Furthermore, the information may not result in a positive perception of the market which is needed when making the decision. The findings refine the social network theory by going beyond the identification that networks provide information that influences the market selection, and showing *how* the benefits of COO social ties are taken into consideration with institutional factors and the need to make good business decisions when immigrant entrepreneurs select international markets.

#### **8.4.2. Institutional Theory**

Institutional theory explains how the presence and enforcement of regulative institutional factors, including political stability, corruption and the judicial system influence the perceived attractiveness of the market and the likelihood of it being selected (Flores & Aguilera 2007; Pajunen 2008). By highlighting the complex nature and interrelatedness of institutions, Kloosterman and Rath (2001) suggest that the influence of institutions at a national, regional and local level should be examined. The theory is further used to explain how countries use institutions to encourage their migrants to bring their businesses to their COO (Portes, Escobar & Walton Radford 2007; Waldinger 2008). Thus the third research question aimed to explore how institutions at a national, regional and local level influence the immigrant ethnic entrepreneur’s international market selection process.

Pajunen (2008) and Flores and Aguilera (2007) highlight that the presence and regulation of institutional factors influences the attractiveness of the market. A finding strongly emphasised in the present study is that even if “unattractive” institutional factors are present in a market, the unattractiveness may be counterbalanced by previous experience in the market and the perceived ability to make a profit in the market. This is emphasised by Italian immigrant ethnic entrepreneurs and Australian Government Representatives. For the Directors of Quartuccio Wines and Giuliano’s, the perceived attractiveness of the Vietnamese and Dubai markets was not diminished by the presence of counterfeiting and a difficult legal system as the potential for profit and a business partner’s experience in the market mediated the negative risk. The CEO of Meglio Consulting has a negative perception of the Italian institutional environment, yet his understanding of corruption and the ‘political games’ and how to benefit from them resulted in him selecting the Italian market. By ‘playing the game’, he obtained the support of the Venetian government and of an agricultural organisation. Thus despite the presence of institutional factors that contributed to the perception of the market as “unattractive”, the market was still selected. This present study does not suggest that these mediating factors will always override the negative perception of institutional factors, but in these cases, negative perceptions derived from the presence of counterfeiting, a difficult legal system, and corruption did not prevent the markets being selected.

Further increasing our understanding of the applicability of institutional theory, the findings highlight that the Australian government shares a negative perception of the Italian institutional environment. The Government Representatives emphasise that although they offer services to help firms select the Italian market, they would not actively encourage firms to do so, due to the presence of unattractive institutional factors. For this reason, the Australian government focus is on attracting Italian / European firms to base themselves in Australia before entering the Asian market with an Australian partner. This finding demonstrates not only that a national level institution shares the negative perception of the Italian market, but also that the government creates opportunities in its market for entrepreneurs to internationalise. Thus the present study provides strong support for the ability of institutional theory to explain the institutional influences on the international market selection decision making process.

The findings draw attention to the fact that COO (Italian) and COR (Australian) institutions at a national and regional level influence the immigrant entrepreneur's international market selection. At a national level the Italian government does not specifically target Italian immigrants to enter the Italian market. However regional level differences were observed with the Venetian government supporting immigrants, as experienced by the CEO of Meglio Consulting, to enter the Italian market, by providing access to resources and capital. Regional level differences were also evidenced by the level of funding of the Chambers of Commerce varying between the Northern and Southern regions. These Chambers are important sources of information for foreign firms and thus the difference in funding and associated services would encourage firms to enter Northern Italy over Southern Italy. This finding highlights how rich insights can be gained from examining the institutional environment from the national and regional level and the ability of institutional theory to explain the influence of regional level institutions on the international market selection decision making process.

Szyliowicz and Galvin (2010) indicate that institutional theory can contribute to our understanding of entrepreneurship by focusing on the entrepreneurial level of analysis as:

*Current perspectives in institutional theory recognize the importance of cultural-cognitive processes ... and understanding the micro-foundations of institutions – the important role of individual actors and their behaviours in the sustaining or changing of wider institutional processes (Szyliowicz & Galvin 2010, p. 325).*

The findings of the present study highlight the importance of the entrepreneurial level of analysis as the perceptions of the COO institutional environment varied depending on the individual's country of birth and experience in the international market - being born in Italy and working in Italy does not guarantee a positive perception of the Italian market. The perceptions of Australia-born individuals (the second-generation) vary depending on their experience in, and knowledge of the Italian market. By contrast, Italian-born individuals (the first-generation) report negative perceptions of the market and institutions. Thus this study provides additional insights into the application of institutional theory, especially when applied to an immigrant entrepreneur's perceptions of their COO institutional environment. It also highlights the different generational perceptions and the importance of the individual level of analysis.



The findings highlight that rich insight is gained from examining the institutions at a national and regional level. Furthermore, it is established that negative perceptions of institutions influence the perceived attractiveness of the market and the likelihood of it being selected. However, institutional theory is able to partially explain the international market selection decision. The perceived ability to make a profit, the impact of networks and direct experience in the market are also taken into consideration, which highlights that a multi-theoretical explanation of the international market selection process is required. In addition, institutional theory stresses the three elements of institutions (regulative, normative and cognitive) (Scott 2005, 2008), yet does not emphasise these elements at the different levels in society – national, regional and local. Thus this study provides strong support for the ability of institutional theory to explain the influence of national and regional level institutions on the international market selection decision making process in the immigrant ethnic entrepreneur context.

Ultimately the findings for Research Question 3 suggest that, together, social network and institutional theories are able to comprehensively explain the immigrant ethnic entrepreneur international market selection decision. Networks and institutions at a national and regional level may influence the immigrant ethnic entrepreneur's perception of risk of entering an international market. This risk perception, combined with the perceived ability to make a profit and whether the decision represents a sound business decision, appear to contribute to the immigrant's perception of attractiveness of the market and the likelihood of it being selected.

Despite focusing on the firm level of analysis, the revised business network IP model (Johanson & Vahlne 2009) also helps to explain these findings. Relying on business network research, Johanson and Vahlne (2009) develop the revised model which argues that internationalisation is a process whereby a firm strengthens its network position, and thus the location of business networks will impact the international market selection. Thus a firm may select a market:

*... where the focal firm and its partners see opportunities. A foreign market in which the partner has a strong position is another possibility ... however, it may go where it might be easy to connect with a new firm that already has a position in the foreign market. ... Short psychic distance will facilitate the establishment and development of*

*relationships, which is a necessary but insufficient condition for identification and exploitation of opportunities (Johanson & Vahlne 2009, p. 1425).*

Furthermore, they suggest that the decision to commit to a market is based on the perceived problems and opportunities in the market. The ability to perceive problems and opportunities is assumed by Johanson and Vahlne (1977, 2009) to be dependent on experience, from which market specific knowledge is gained. This knowledge is linked to the level of commitment to the market. That is, the greater knowledge of the market's business climate, structure and cultural patterns, the stronger the firm's commitment to the market. Thus when making decisions about markets:

*... an evaluation of alternatives is based on some knowledge about relevant parts of the market environment and about performance of various activities (Johanson & Vahlne 1977, p. 27).*

The original IP model (1977) also highlights the importance of risk perception whereby the perceived risk of a market (composed of existing market commitment and uncertainty) contributes to the decision to increase or decrease market commitment. A decline or cessation in market commitment can occur when the perceived market risk is higher than the firm's tolerable market risk or "if performance and prospects are not sufficiently promising" (Johanson & Vahlne 2009, p. 1412). In addition, Johanson and Vahlne (1977) argue that in very unstable markets, experiential knowledge may not decrease the perceived uncertainty and risk of operating in the market. This explains the present study's findings that even if an entrepreneur has advantageous networks and experience in the Italian market, if there is limited ability for profit and the entry to the market would not represent a sound business decision, the market will not be selected. Thus despite the original (1977) and the revised business network IP model (2009) implicitly acknowledging the importance of individuals and focusing on the firm level:

*However, while Sarasvathy [(2001)] views actors and their characteristics as important, our model does not include this point at all. We do argue, however, that the actors are implicitly present in our model to the extent that they are the carriers of (tacit) knowledge, trust, commitment, and network relations (Johanson & Vahlne 2009, p. 1423),*

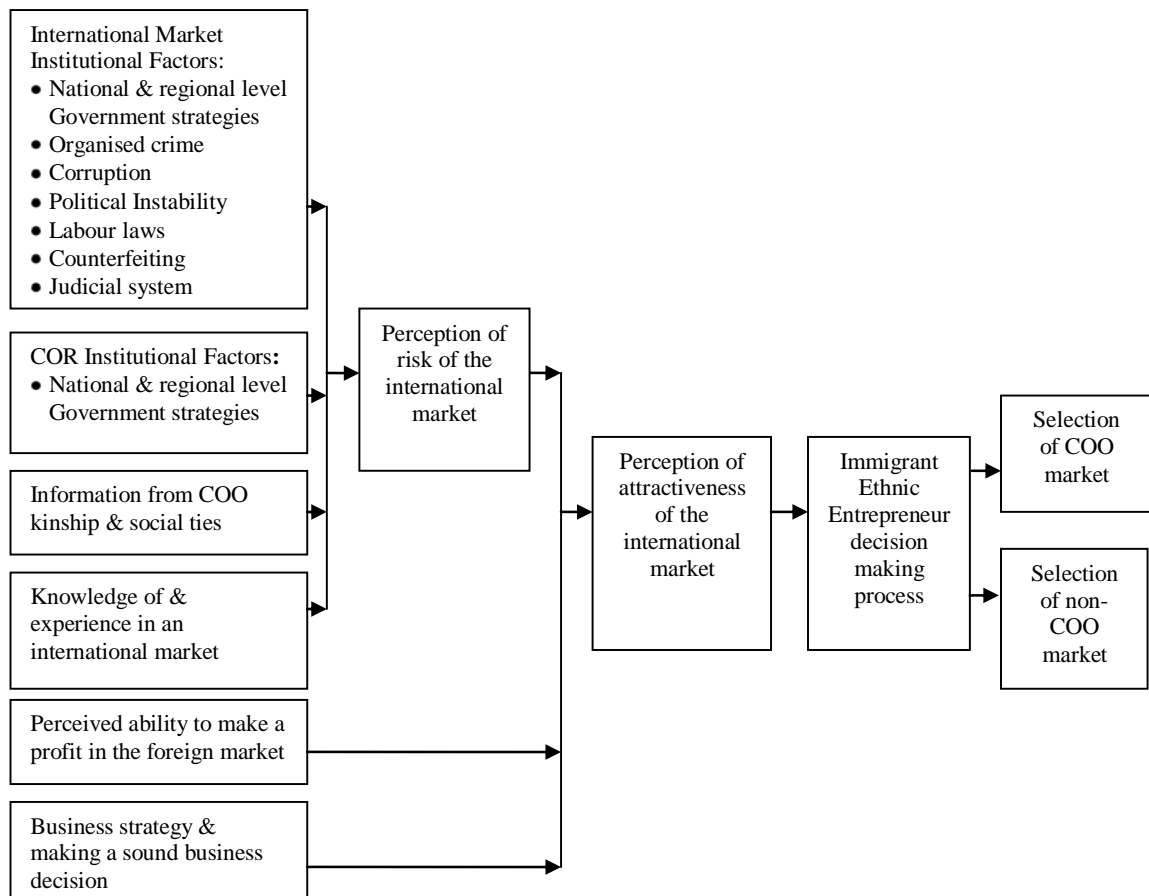
these models can be applied to the individual level and are able to explain why the immigrant entrepreneurs who have knowledge of the COO market do not select the market: the uncertainty in the market contributes to the negative risk perception and the entrepreneur not selecting, or committing to the COO market. Thus, the findings of the present study suggest

that by integrating the network perspective, institutional theory and the revised business network IP model, we are able to explain the immigrant ethnic entrepreneur international market selection decision making process. The contribution of these findings is that the concepts and dimensions from previous studies have now been applied to the immigrant ethnic entrepreneur context. A refined framework for Research Question 3 is presented below (Figure 8.3), and Table 8.3. outlines the concepts, dimensions and multiple theoretical perspectives required to explain the findings of the present study.

**Table 8.3 Immigrant Ethnic Entrepreneurs’ International Market Selection Process**

Concepts & Dimensions	Empirical & Conceptual Studies on Which the Contribution is Based	Contribution of Current Study	Theoretical Underpinnings
<i>International market institutional factors:</i> <ul style="list-style-type: none"> <li>• National &amp; regional level Government strategies</li> <li>• Organised crime</li> <li>• Corruption</li> <li>• Political Instability</li> <li>• Labour laws</li> <li>• Counterfeiting</li> <li>• Judicial system</li> </ul>	Daniele & Marani (2011); Flores & Aguilera (2007), Nasra & Dacin (2010); Pajunen (2008); Waldinger (2008).	New finding for immigrant entrepreneur literature; confirmed for IB literature	Institutional theory
<i>Country of residence institutional factors:</i> National & regional level Government strategies	Nasra & Dacin (2010).	New finding for immigrant entrepreneur literature; confirmed for IB literature	
Networks	Evers & Knight (2008); Jean, Tan & Sinkovics (2011); Mustafa & Chen (2010); Portes, Escobar & Walton Radford (2007); Portes, Guarnizo & Haller (2002); Zaheer, Lamin & Subramani (2009).	Confirmed finding for immigrant entrepreneur and IB literatures	Network perspective & Social network theory
Knowledge of & experience in an international market	Hambrick (2007); Lee & Park (2006).	New finding for immigrant entrepreneur literature; confirmed for IB literature	Upper echelons theory
Perceived ability to make profit & business strategy	Johanson & Vahlne (1977, 2009).	New finding for immigrant entrepreneur literature; confirmed for IB literature	The original model and the revised business network IP model

**Figure 8.3 Immigrant Ethnic Entrepreneurs' International Market Selection Process**



### 8.5. Summary

The findings of the present study further our understanding of the immigrant ethnic entrepreneur internationalisation process, which has received little attention to date (Iyer & Shapiro 1999; Jean, Tan & Sinkovics 2011). It is overwhelmingly clear that the internationalisation process as explained by the original IP model (Johanson & Vahlne 1977) and the later revised business network IP model (2009) is similar to the process used by non-immigrant entrepreneurs. Yet a strongly emphasised finding is that the combination of influences (network, manager characteristics or institutions) on each aspect of the process varies slightly and no immigrant ethnic entrepreneur experiences exactly the same combination of influences.

Managerial, firm and institutional factors are all seen to contribute to an immigrant's awareness of, and interest in international market opportunities, which then drives them to

consider internationalising. Each immigrant entrepreneur reports their individual combination of factors which drives them to internationalise. These findings suggest that a multi-theoretical approach is needed (relying on the network perspective, upper echelons theory and institutional theory) to explain the factors that drive an immigrant ethnic entrepreneur to internationalise.

The findings regarding the identification of international market opportunities are consistent with IB research (Bakalis & Joiner 2006; Ellis 2011; Nordman & Melén 2008), with both reactive and proactive approaches being used, as well as social ties. These networks facilitate the flow of information about international market opportunities and the consequential identification of the opportunity. However, contrary to IB research (Bouquet, Morrison & Birkinshaw 2009; Nordman & Melén 2008), it appears that in the context of Italian immigrant entrepreneurs, the level of international experience may not be an indicator of the type of approach used. It seems that the choice of approach is based on the entrepreneur's individual preference and business strategy. This is not emphasised in the existing literature. Furthermore, the findings highlight the immigrant ethnic entrepreneurs' preference for using trusting social ties and COO regional based ties over business networks and kinship ties in the identification process. Thus providing strong support for the ability of social network and upper echelons theories, together, to explain the immigrant ethnic entrepreneur identification of international market opportunities.

The findings provide rich insight into the influences on an immigrant's international market selection process. Existing research assumes an immigrant will select their COO market due to the market being perceived as attractive because of assumed advantages such as knowledge, networks and access to resources (Iyer & Shapiro 1999; Mustafa & Chen 2010). However, the findings strongly emphasise the importance of the perceived ability to make a profit and whether the market represents a sound business decision, as influencing the perceived attractiveness of the market and the likelihood of it being selected. While some immigrant entrepreneurs do have access to networks and resources in the COO market, the market is still perceived as risky for investing due to the presence of negative institutional factors, plus the market would not be profitable and thus entry would not be a good business decision. Consequently the COO market is not selected. The findings suggest that existing

research overestimates the importance an immigrant places on COO resources and networks in the international market selection decision making process. This finding deepens our understanding of the importance of a multi-theoretical explanation and examining the networks (network perspective), manager characteristics (upper echelons theory) and institutional factors (institutional theory) concurrently and not in isolation from each other.

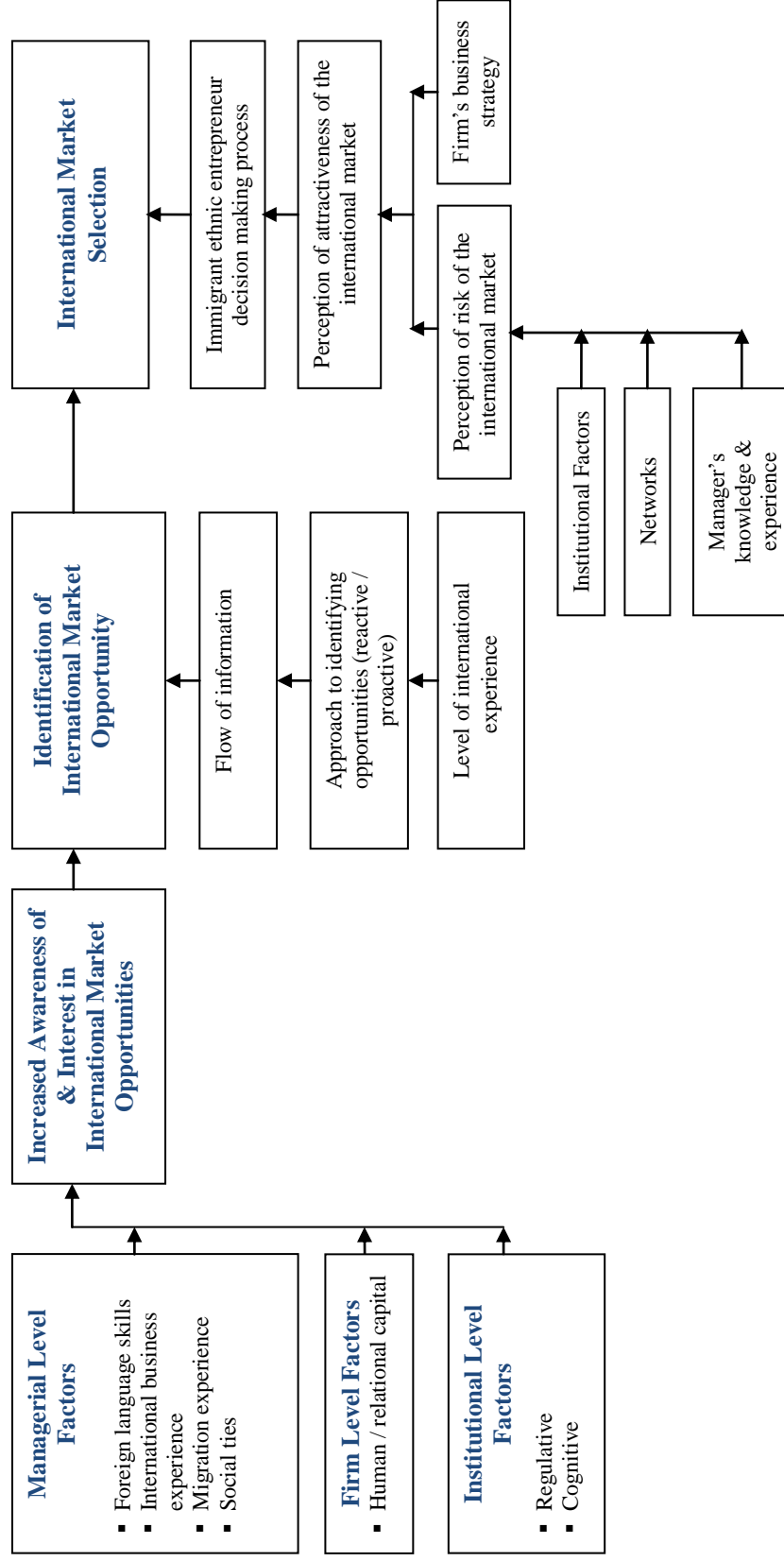
Regarding our understanding of the application of theories to explain an immigrant ethnic entrepreneurs' internationalisation process, the findings highlight the importance of gaining a holistic understanding. This is achieved through a multi-theoretical explanation rather than relying on a single theory explanation. Institutional theory alone is unable to account for all the factors that contribute to driving the immigrant ethnic entrepreneur internationalisation process. However, network and upper echelon theories can be called upon to explain the influence of other factors. Regarding the identification of international market opportunities, upper echelon theory does not comprehensively account for the choice of strategy: network and institutional theories are able to explain some of the choices around the process. Finally, examining the international market selection decision by relying only on institutional theory would not account for the influence of networks or the entrepreneur's experiences on the process. Ultimately, the internationalisation process of Italian immigrant ethnic entrepreneurs is not explained by relying on a single theory as our understanding would lack depth, scope and breadth. These findings are summarised in Figure 8.4, the refined conceptual framework for the internationalisation process of immigrant ethnic entrepreneurs. This is a refinement of the conceptual framework presented in Figure 3.1.

Finally, the findings illustrate how deep and rich understandings are obtained from examining the three institutional elements (regulative, normative and cognitive) (Scott 2005, 2008) simultaneously. While regulative factors are the most visible (Szyliowicz & Galvin 2010), cognitive factors do contribute to driving the internationalisation process. Cognitive factors appear to be especially important in the immigrant entrepreneur context as the belief in the importance of "giving back" to the COO society influences the awareness of opportunities in the COO. However, if only regulative factors are examined, this important group of cognitive factors is missed. Thus our understanding of the process requires an integrated explanation. Furthermore, the findings highlight the rich, deep insight gained from

examining three levels of institutions (national, regional and local). Institutional theory does emphasise the need to explore the three institutional elements but research has yet to simultaneously examine institutions at the three levels (Kloosterman & Rath 2001) which this study suggests is strongly needed to provide a comprehensive understanding of this complex process.

Overall, the findings of the present study increase our understanding of the immigrant ethnic entrepreneur internationalisation process and highlights the benefits of a multi-theoretical explanation.

**Figure 8.4 Refined Conceptual Framework for the Internationalisation Process of Immigrant Ethnic Entrepreneurs**





## **9. CONCLUSION**

### **9.1. Introduction**

The purpose of this study is to further our limited understanding of how immigrant ethnic entrepreneurs internationalise and in particular, the influence of networks, manager characteristics and institutions on the process. Chapter 1 provides an introduction to the study and Chapter 2 discusses why Italian immigrants in Australia is the ideal context for this study. A critical and comprehensive literature review in Chapter 3 develops and provides three research questions. Chapter 4 explains the justification for the methodology. The empirical findings for the three research questions are presented in Chapter 5 (RQ1), Chapter 6 (RQ2) and Chapter 7 (RQ3). A theoretical discussion of the findings is presented in Chapter 8. This final chapter highlights the contributions of this study, as well as a discussion of limitations and future research directions.

### **9.2. Theoretical Contributions**

This study contributes to both immigrant ethnic entrepreneurship and IB fields, in which little attention has been given to the internationalisation of immigrant ethnic entrepreneurs (Iyer & Shapiro 1999; Jean, Tan & Sinkovics 2011; Mustafa & Chen 2010).

The findings strongly emphasise that a single theoretical perspective is unable to comprehensively explain how factors drive the immigrant ethnic entrepreneur internationalisation process, the identification of international market opportunities and international market selection decision making process. The combination of influences (networks, international experience and institutions) on each aspect of the process varies for each immigrant entrepreneur's internationalisation attempt. In this study no single managerial (upper echelons and social network theories), firm (resource-based view) or institutional (institutional theory) factor, or the same combination of factors is found to increase the awareness of, and/or interest in, international markets and thus drive the internationalisation process. This suggests that a multi-theoretical explanation is required to account for the factors that drive the immigrant ethnic entrepreneur internationalisation process. This study finds that both international experience (upper echelons theory) and managerial discretion (the revised business network IP model) contribute to the type of approach an entrepreneur will use to identify international market opportunities. Networks (social, COO regional based ties and business networks) (the network perspective and social network theory) are also found to contribute to the flow of

information about opportunities and thus the entrepreneur's identification of them. Therefore multiple theories are required to explain the identification of international market opportunities. This study finds that an immigrant ethnic entrepreneur's international market selection is based on their perceived attractiveness of a market, which is composed of the perceived ability to make a profit and their business strategy (the revised business network IP model) (Johanson & Vahlne 2009), and perception of risk in the market. The risk perception is composed of the presence and regulation of institutional factors (institutional theory), information from networks (social network theory) and the entrepreneur's knowledge of and experience in the market (upper echelons theory). Consequently, the immigrant ethnic entrepreneur international market selection decision making process is explained by relying on a multi-theoretical explanation and not a single theory.

The original (Johanson & Vahlne 1977) and the revised business network IP models (2009) contribute to our understanding of the immigrant entrepreneur internationalisation process by accounting for their use of business networks for the identification of foreign market opportunities but do not account for their preference to use social ties. Despite Johanson and Vahlne acknowledging that "relationships are basically socially constructed" (2009, p. 1414), they argue that:

*... we focus on business networks as a market structure in which the internationalizing firm is embedded and on the corresponding business network structure of the foreign market (Johanson & Vahlne 2009, p. 1413).*

Thus the business network model does not explicitly account for the influence of social ties, which Ellis (2011) defines as distinctly different from business networks:

*Social networks are distinguished from business networks primarily by the level of analysis: a social network is the sum of relationships linking one person with other people (Burt 1992), whereas a business network is normally described as a set of relationships linking one firm with other firms (Easton & Hakansson 1996; Johanson & Mattsson 1988) (Ellis 2011, p. 102).*

However the revised business network IP model is able to explain why international experience and managerial discretion contribute to the identification of international market opportunities. Furthermore, it can explain why the entrepreneur's perceived ability to make a profit influences the international market selection. Thus one contribution of the present study is to highlight the ability of the original and the revised business network IP model to partially explain the internationalisation process of immigrant ethnic entrepreneurs.

The present study also increases our understanding of the ability of social network theory (Burt 1992; Granovetter 1985) to account for the various aspects of the internationalisation process. To date, there has been limited attention paid to the use of social ties in this process (Ellis 2011; Evers & Knight 2008; Kariv et al. 2009). In particular, COO regional based social ties have received even less attention. This study shows how social network theory can explain how and why COO regional based social ties are important in the identification of international market opportunities. These ties which are characterised by high levels of trust, including personal trust (Welter & Smallbone 2006), facilitate the flow of information and provide the environment for the entrepreneur to identify the opportunity. Business networks and kinship ties are also used to identify opportunities but are not the preferred source of information. The entrepreneurs report preferring not to use kinship ties due to the potential risk to the familial relationships if the business fails. COO kinship and social ties are also thought to reduce the risk perception of operating in the COO market and thus result in a positive perception of the market and its selection (Iyer & Shapiro 1999; Zaheer, Lamin & Subramani 2009). The findings of this study suggest that networks, and the associated knowledge and resources, are not a substantial enough basis to make the market selection decision. The institutional environment and the perceived ability to make a profit are also taken into consideration. Thus this study highlights the importance of relying on a multi-theoretical perspective to explain the international market selection decision of immigrant ethnic entrepreneurs.

The present study contributes to the refinement of upper echelons theory (Hambrick 2007; Hambrick & Mason 1984) as it explains why the entrepreneur's international experience can lead to the identification of international market opportunities, but is unable to account for the different approaches used – either proactive or reactive. High levels of international experience are suggested to result in a proactive approach to searching and identifying international market opportunities (Bouquet, Morrison & Birkinshaw 2009; Nordman & Melén 2008) while a reactive approach is thought to be used by entrepreneurs with no/low levels of international experience (Chandra, Styles & Wilkinson 2009). However the findings of this study indicate that despite high levels of international experience, both proactive and reactive approaches are used. Furthermore, entrepreneurs with no/low levels of international experience still use a reactive approach even after they gain more international experience. Thus upper echelons theory can explain how international experience can facilitate the flow of information about

international market opportunities and the consequential identification of the opportunities. However, it cannot explain why, in the context of immigrant ethnic entrepreneurs, the level of international experience is not indicative of the type of approach used, as suggested by IB literature. The findings suggest that the entrepreneur's preferences, business strategy and managerial discretion as outlined by Johanson and Vahlne (2009), appear to dictate the type of approach used. Thus highlighting the limited ability of upper echelons theory to explain the internationalisation of immigrant ethnic entrepreneurs and the importance of integrating the revised business network IP model to provide a comprehensive understanding.

A key theoretical contribution of this study is the simultaneous examination of the three elements of institutions (regulative, normative and cognitive) (Scott 2005, 2008). Szyliowicz and Galvin (2010) encourage researchers not to rely on a single element explanation, but to explore all three elements, arguing that all contribute to the institutional environment of a market. The present study supports this suggestion as regulative and cognitive factors do contribute to driving an immigrant entrepreneur to internationalise. If only the more visible regulative factors are explored, our understanding will lack depth. This study suggests that, in the context of immigrant entrepreneurs, it is not only regulative push and pull factors that contribute to increasing awareness of, and interest in international market opportunities, but also the immigrant's cognitive beliefs about internationalising to the COO irrespective of the risks and costs because it is the "right thing to do" (Yamakawa, Peng & Deeds 2008). Thus the contribution of this study is to highlight the rich understanding gained from exploring the three institutional elements.

In addition, institutions are explored at national, regional and local levels following Kloosterman and Rath's (2001) suggestion that greater understanding is gained by examining institutions at the three levels due to their highly complex and interrelated nature. A rich insight into the influence of institutions on the international market selection decision is gained in this study by examining the national, regional and local level institutions. Specifically, while it appears that at the national level the Italian government is not specifically targeting Italian immigrant ethnic entrepreneurs, regional differences are seen with the Venetian government providing considerable support to entrepreneurs. Differences are also seen between the services provided by Chambers of Commerce in the North and the South, with Northern Chambers providing more services.

This could be associated with the increased level of inward FDI in the North, compared to the South (Daniele & Marani 2010).

Based on the findings for each research question, this study develops and presents a refined conceptual framework for the internationalisation of immigrant ethnic entrepreneurs (refer Figure 8.4) by accounting for the influence of networks, manager characteristics and institutions on three aspects of the process – the factors that drive the process (RQ1), the identification of international market opportunities (RQ2) and the international market selection process (RQ3). This framework extends both the IB and immigrant entrepreneur literatures as to date, no such model exists.

### **9.3. Methodological Contributions**

The present study provides several methodological contributions. A deep understanding of the internationalisation process of Italian immigrant ethnic entrepreneurs in Australia is gained by interviewing three groups of interviewees - the entrepreneurs themselves, and Australian and Italian industry experts and government representatives. The use of a broad range of interviewees, including industry experts and government representatives, is advocated by Bakalis and Joiner (2006) and Portes, Escobar and Walton Radford (2007) who explore immigrant entrepreneurs. They report that this methodological technique “provides a far more comprehensive understanding of the social and political dynamics at play” (Portes, Escobar & Walton Radford 2007, p. 245) and is able “to amplify and contextualise the information provided” (Bakalis & Joiner 2006, p. 90). This broad range of interviewees with knowledge of the Italian immigrant ethnic entrepreneur internationalisation process enables different opinions to be highlighted. These differences are not captured if only one group is interviewed. For example, findings for the international market selection process reveal that the industry experts and government representatives express views consistent with arguments that immigrants will select their COO due to networks in and knowledge of the market (Iyer & Shapiro 1999; Zaheer, Lamin & Subramani 2009). Yet the entrepreneurs provide contrary views, outlining that while the factors do contribute to their decision, ultimately the market selected must also provide the opportunity for profit and is a sound business decision in line with their business strategy. Thus examining three groups of interviewees highlights the complexities of the internationalisation process. If only one group is examined, this complexity is not revealed.

The present study also enhances our understanding of the application of the snowball sampling technique which:

*..... capitalizes on the networks of a few key interviewees or focus group participants in order to recruit others who share some of their characteristics (Barbour 2008, p. 52).*

This sampling technique is frequently used in immigrant ethnic entrepreneur research whereby interviewees are identified and introduced/referred through well-situated people, personal contacts and trusted friends (Kariv et al. 2009; Piperopoulos 2010; Rusinovic 2008). This occurs as the immigrant entrepreneurs can be apprehensive about discussing their business activities with unknown people as they are unsure whether the information will be provided to government authorities (Kariv et al. 2009) and need to be assured of their anonymity and confidentiality and that the researcher can be trusted (Piperopoulos 2010). However, in the present study, often the entrepreneurs, industry experts and government representatives were generally comfortable and willing to participate, but only on the understanding that the researcher had spoken and/or interviewed a trusted, “mutual friend” who recommended them to the researcher. To increase the level of trust, before the taped interview commenced, time was spent establishing a personal relationship so that the interviewee was assured that the researcher could be trusted and that “the aim of research was purely scientific and not related to any official government agencies” (Piperopoulos 2010, p. 146). For example, in Italy the research was taken to a business lunch before the interview. This lunch allowed a personal rapport to be developed and consequently, the interviewee to determine the level of information he would provide to the researcher. Over lunch the interviewee determined that the researcher could be trusted and provided the researcher with in-depth access to his firm and TMT. Thus the present study advocates the importance of using the snowball sampling technique when exploring immigrant ethnic entrepreneurs as it allows the identification of interviewees and results in a higher participation rate than random sampling, as outlined by Lampugnani and Holton (1989) and Rusinovic (2008).

#### **9.4. Contributions to Policy and Practice**

An important implication for policy and practice is that the internationalisation process of immigrant ethnic entrepreneurs varies from entrepreneur to entrepreneur. Policies and initiatives aimed at facilitating the internationalisation process cannot be rigid and must be able to tailor services to the specific needs of each individual entrepreneur. This implication is supported by Collins and Low (2010) who highlight that:

*... the fact that variety of experiences means that 'one size doesn't fit all' with different pathways to entrepreneurship requiring different policy initiatives tailored to the different experiences of different immigrant entrepreneurs, including females (Collins & Low 2010, p. 103).*

This study confirms what Collins and Low (2010) discuss in that different initiatives need to be considered in relation to immigration, education, and taxation policies or financial and business support services. Collins and Low (2010) examine only the immigrant entrepreneur business activities in the Australian market (the COR domestic market). This study adds to our understanding as Collins and Low's (2010) policy recommendation can now be extended to include the internationalisation activities of immigrant ethnic entrepreneurs in Australia. Specifically, the findings of the present study indicate that Australian government policy needs to be able to accommodate the different experiences and needs of immigrant entrepreneurs, particularly given the diversity of the immigrant population in Australia.

First-generation immigrant ethnic entrepreneurs report that cognitive institutional factors contribute to driving them to consider internationalising to Italy in order to contribute to the nation's success because they believe it to be the "right thing to do". However second and third-generation immigrants may not share the same belief as the first-generation. The findings show that regulative factors, including incentives, do contribute to increasing an interest in international markets and driving the internationalisation process. Furthermore, the Italian government does offer incentives to increase FDI to Southern Italy. Therefore, it is suggested that to encourage and strengthen the cognitive factors of second and third-generation Italian immigrants, the Italian government offer specific incentives to these entrepreneurs. Since the three elements of institutions operate simultaneously in a market (Szyliowicz & Galvin 2010), the regulative institutional factors (incentives) may positively influence or encourage the development of cognitive factors (believing internationalisation is the "right thing to do").

Italian immigrants place great importance on COO regional based social ties, and the general importance of COO regional affiliations. This suggests that regional based associations, and to a lesser extent COO regional governments, are in a position to facilitate the flow of information about COO opportunities and increase inward FDI to their regions. The immigrant entrepreneurs report the overwhelming use of COO regional based ties to identify international market opportunities because they are characterised by high levels of trust. Therefore it is recommended that business associations based on

regional affiliations should be promoted as a source of information about Italian market opportunities. Furthermore, the findings highlight that it appears that COO regional governments are not actively encouraging their immigrants to invest in their COO region. Of all the 20 regional governments approached by Meglio Consulting, only the Venetian Government responded to their request. Since levels of inward FDI to Southern Italy are significantly lower than Northern Italy (Daniele & Marani 2011), the Southern regional governments may wish to become more proactive and encourage their immigrants abroad to internationalise to their region of origin. Particularly as there are large numbers of Southern Italian immigrants in Australia (Cresciani 2003). However, the reported institutional problems in Southern Italy, particularly corruption and organised crime, may need to be addressed in order to decrease the perception of risk of operating in the market and thus increase the attractiveness of the market.

Italian and Australian industry experts and the entrepreneurs emphasise how an Australian Chamber of Commerce and Industry in Italy could facilitate economic ties between Italy and Australia. Specifically, by providing an alternative point of reference for Australian firms operating in Italy and Italian firms interested in the Australian market. Such a Chamber was established in Italy for a period of time but closed due to a lack of government and industry support. Government representatives are not dismissive of the idea of a Chamber being re-established but express concern over the role and objectives of the Chamber. Therefore it is recommended that Industry Experts and Government Representatives work together to explore the option of re-establishing an Australian Chamber of Commerce in Italy.

### **9.5. Limitations of the Study**

The findings of this study must be interpreted cautiously due to a number of limitations. One limitation of this study is the context: Italian immigrant ethnic entrepreneurs in Australia. As examined in Chapter 2: Context, Australia is the ideal location to explore immigrant entrepreneurs as it has a rich history of receiving immigrants which enables the development of a large and heterogeneous immigrant population (Evans 1989). These immigrants have been heavily involved in entrepreneurship (Collins 2003; Collins & Low 2010). The Italian immigrant community in Australia is large, well-established and greatly involved in the Australian business community (Battiston & Mascitelli 2007) and:



*... most Italians who moved into small businesses remained in them, making their mark in a less acknowledged, smaller way, but nonetheless a critical part of the story of successful Italian migration to Australia (Collins et al. 1995, p. 68).*

Furthermore immigrant entrepreneur research (Portes, Guarnizo & Haller 2002; Waldinger 2008) indicates that COO governments are influential in encouraging their migrants to return capital to the COO. Since the Italian government has continually encouraged the mass migration of its citizens in order to improve the economic conditions of Italy (Baldassar & Pesman 2005), it was thought that the influence of the Italian government on Italian immigrant entrepreneurs' internationalisation process would provide a deep insight into the influence on institutions. Consequently it was determined that Italian immigrant ethnic entrepreneurs in Australia will be the context as it will allow a rich understanding of the phenomena and an exploration of Australian and Italian government institutions. Therefore the findings presented in Chapters 5, 6, and 7 must be interpreted carefully as they apply specifically to Italian immigrant ethnic entrepreneurs in Australia and to Italian and Australian institutions.

As explained in Chapter 4: Methodology, in keeping with the methodological recommendations by key IB researchers (Doz 2011; Yin 2009) this study adopts a constructivist paradigm and a qualitative multiple case study approach. A major limitation of this methodological approach is that it can provide only analytical generalisations, not statistical generalisations (Yin 2009). Furthermore, a limitation of interviews is that they are subjective and prone to recall error and self-serving responses (Patton 1990). The findings are based on 21 in-depth interviews with six case studies Italian immigrant ethnic entrepreneurs, and Australian and Italian industry experts and government representatives. Therefore the findings must be interpreted carefully as they are the reported experiences of the interviewees and are specific to the context of the internationalisation process of Italian immigrant ethnic entrepreneurs in Australia.

The most commonly cited limitation of a qualitative approach is the lack of rigor and quality (Yin 2009) and qualitative researchers are criticised for not adequately addressing this issue (Andersen & Skaates 2004; Schwandt, Lincoln & Guba 2007). As discussed in Section 4.9, the rigor and quality of a study is based upon its credibility, transferability, dependability, confirmability and construct validity (Creswell 2003; Lincoln 2001; Yin 2009). In order to sufficiently address the issue and increase the rigor and quality of this study, a number of strategies are employed. These include prolonged engagement in the field, a case study database, providing rich descriptions and triangulation of data by using

multiple sources including multiple interviewees and secondary data source such as websites and reports. These are summarised in Table 4.4.

## **9.6. Future Research**

This study highlights several directions for future research that would greatly contribute to increasing our understanding of the immigrant ethnic entrepreneur internationalisation process.

First, a new, comprehensive conceptual framework is developed (Figure 8.4). Since the framework is based on qualitative data analysis, quantitative testing of the influence of networks (social, ethnic, and COO regional based ties, and business networks), international experience and institutional factors on the identification of international market opportunities and international market selection would further our understanding. Also, the framework is based on the experiences of Italian immigrant ethnic entrepreneurs in Australia. Future research can extend this study by exploring other immigrant groups in Australia and in other countries which have large immigrant populations, particularly Canada, the USA and the UK (Borooah & Mangan 2007). This would provide a more comprehensive insight into the immigrant ethnic entrepreneur internationalisation process.

Second, the importance of examining the differences between first and second-generation immigrant ethnic entrepreneurs is highlighted. The findings reveal that cognitive institutional factors contribute to driving an immigrant entrepreneur to internationalise to their COO in order to contribute to the country's success and because "it is the right thing to do" (Yamakawa, Peng & Deeds 2008, p. 73). Industry experts suggest that while first-generation immigrants may believe in the importance of internationalising to Italy (the COO), second and third-generation entrepreneurs may not possess the same beliefs and values. This may then influence the ability of cognitive institutional factors to drive their internationalisation. Thus the different cognitive factors of first, second, and even third-generation immigrant ethnic entrepreneurs require further exploration.

Third, Section 7.4.1 Perceptions of the Italian Institutional Environment, highlights how perceptions of the Italian market vary depending on the level of experience in, and knowledge of the market, which is linked to being a first or second-generation immigrant. Pajunen (2008) and Flores and Aguilera (2007) fail to account for the influence of direct

experience in a market on an individual's perception of the institutional environment of a market. They highlight only that the presence of institutional factors influences the perception of a market, but do not account for the possibility that experience in the market can influence the perception. Therefore future research could explore the different generational perceptions of the COO market, and quantitatively test the influence of experience in the market as a mediating factor on their perceptions.

### **9.7. Chapter Summary**

A critical review of existing IB and immigrant entrepreneur literature revealed little attention has been paid to how immigrant entrepreneurs internationalise. Thus the broad research problem of this study is: How do immigrant ethnic entrepreneurs internationalise? To address this problem, three research questions are developed - RQ1: Factors that drive the immigrant ethnic entrepreneur internationalisation process: 1.a. How do managerial level factors drive the process? 1.b. How do firm level factors drive the process? 1.c. How do institutional level factors drive the process? RQ2: How do immigrant ethnic entrepreneurs identify international market opportunities? RQ3: How do immigrant ethnic entrepreneurs select international markets? The context for this study is Italian immigrant ethnic entrepreneurs in Australia, given the Italian immigrant community's significant involvement in the Australian economy (Battiston & Mascitelli 2007; Collins 2003). Using a constructivist paradigm, a qualitative multiple case study design is employed whereby Italian immigrant ethnic entrepreneurs, and Australian and Italian industry experts and government representatives are interviewed. The key findings for Research Question One include that no single factor drives the immigrant entrepreneur's internationalise process by increasing their awareness of, and interest in, international market opportunities. Rather it is a combination of managerial, firm and institutional factors that increase their awareness of, and interest in, opportunities outside the domestic market, and the combination of factors varies for each entrepreneur. The key findings for Research Question Two include that immigrant entrepreneurs prefer to receive information about international market opportunities from trusting, social ties, as opposed to business networks or kinship ties. The findings suggest that an entrepreneur's level of international experience may not be indicative of the type of approach used to identify opportunities – either proactive or reactive. It seems that the choice of approach is based on the entrepreneur's business strategy and discretion. The key findings from Research Question Three include the overriding importance of selecting an international market based on the risk perception, profitably and making a sound business decision.

The risk perception is based on information from networks, personal experiences in the market and the institutional environment at a national and regional level. Thus it is a combination of networks, manager characteristics and institutions that contribute to the perceived attractiveness of a market and the likelihood of it being selected by the immigrant ethnic entrepreneur.

From a theoretical perspective, the findings reveal the integration of multiple key theories to comprehensively explain this phenomenon. The network perspective and the related social network theory are able to explain the immigrant's reliance on and preference for using social ties during the process; however business networks are also used, as explained in the IP model. Upper echelons theory accounts for the influence of an entrepreneur's international experience on all three aspects of the process. Institutional theory greatly furthers our understanding of how regulative and cognitive factors at a national and regional level influence the internationalisation process. The IP model accounts for the importance of managerial discretion and making sound business decisions when undertaking the international market selection decision. Therefore the integration of these theories extends our understanding of the immigrant ethnic entrepreneur internationalisation process. Finally, this study contributes to both IB and immigrant entrepreneur fields by developing a comprehensive conceptual framework which outlines the influence of networks, manager characteristics and institutions on the immigrant ethnic entrepreneur internationalisation process in the context of Italian immigrants in Australia. It is hoped this study will inspire future researchers to continue to explore the IB activities of immigrant ethnic entrepreneurs throughout the world.

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## Appendix A: Glossary

Term	Definition
Born-global firms	“... new firms internationalizing via FDI early, usually within the first three years: they contrast with firms that are already internationalized” (Freeman et al. in press, p. 6)
Case Study	“An in-depth, empirical investigation of a single instance or setting to explain the processes of a phenomenon in context” (Tharenou, Donohue & Cooper 2007, p. 74)
Corruption	“Various unethical and illegal activities, such as bribery, cronyism, nepotism, patronage, graft, and embezzlement” (Pajunen 2008, p. 654)
Diaspora	The “ethnic minority groups of migrant origins residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin—their homelands” (Sheffer 1986, p. 3)
Early internationalisation	“Firms which start internationalizing at their inception ... or in their first years of activity” (Zucchella, Palamara & Denicolai 2007, p. 268)
Entrepreneurial learning	“The acquisition and development of the propensity, skills and abilities to found, to join or to grow a venture” (Hamilton 2011, p. 9)
Ethnic market	“... the coethnic consumers of the immigrant entrepreneurs. In general, this market is targeted with an ethnic product such as ethnic food, ethnic newspapers (Evan, 1989), and ethnic clothes such as Indian or Sri Lankan saris (women’s clothes)” (Chrysostome 2010, p. 143)
Ethnic ties	“Informal social or personal networks encompassing characteristics such as shared mother tongue, national origins, ethnic group and region of birth” (Jean, Tan & Sinkovics 2011, p. 627)
First-generation immigrant	An individual who is “overseas-born of foreign parents” (Maani 1994, p. 870)
Human capital	A “professional employee’s accrued expertise and experience” (Hitt et al. 2006, p. 1138)
International attention	“The extent to which headquarters executives in the multinational enterprise (MNE) invest time and effort in activities, communications, and discussions aimed at improving their understanding of the global marketplace” (Bouquet, Morrison & Birkinshaw 2009, p. 108)
International knowledge	“Experiential knowledge about conducting business within an international setting” (Nordman & Melén 2008, p. 175)
Internationalisation	“The process by which firms increase their involvement in IB activities” (Fletcher 2001, p. 26)
Italian immigrant ethnic entrepreneur	A first or second-generation immigrant of Italian ethnicity, whereby the ethnicity is declared by the individual, who is concerned with the discovery and exploitation of profitable opportunities (based on Shane & Venkataraman 2000; Chaganti & Greene 2002; Chand & Ghorbani 2011)

Legitimacy	“... a generalized perception that the actions of an entity are desirable and appropriate within some socially constructed norms, values and beliefs (Yamakawa, Peng & Deeds 2008, p. 72)
Parochial corruption	“A situation where only ties of kinship, affection, case, and so forth determine access to the favors of power-holders” (Scott 1972, p. 88)
Political stability	“The likelihood of violent threats to, or changes in, government” (Pajunen 2008, p. 654)
A proactive approach	Ongoing search activities “in which a firm is able to define what is missing and how it can be found” (Nordman & Melén 2008, p. 175)
Professional service firm	A firm that provides support services (Freeman & Sandwell 2008)
Psychic distance	“The sum of factors preventing or disturbing the flows of information between firm and markets” (Johanson & Wiedersheim-Paul 1975, p.308)
A reactive approach	“Ongoing interactions between a firm and individual in a specific foreign market” (Nordman & Melén 2008, p. 175)
Relational capital	“The joint benefits embedded in a relationship between two or more parties” (Hitt et al. 2006, p. 1140)
Relational trust	“Trust that depends on networks and relationships” (Freeman et al. 2010, p. 75)
Relationship commitment	“An exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintain it... Commitment is rather a question of more or less intensive efforts” (Johanson & Vahlne 2009, p. 1418)
Second-generation immigrant	An individual who is “Australian-born of at least one foreign parent, compared to the Australian-born of Australian parents” (Maani 1994, p. 870)
Social networks	“The network of individuals who are linked through interactions consisting mainly of social exchanges, but information and business exchanges can also take place through those social relations” (Zhou, Wu & Lou 2007, p. 677)
Technological knowledge	“Experiential knowledge about the technology upon which the born-global firm’s products are built” (Nordman & Melén 2008, p. 175),
Transnational entrepreneurs	“Self-employed immigrants whose business activities require frequent travel abroad and who depend for the success of their firms on their contacts and associates in another country, primarily their country of origin” (Portes, Guarnizo & Haller 2002, p. 287)
Transnational entrepreneurship	A “specific form of entrepreneurship in which immigrant ethnic entrepreneurs take advantage of opportunities that cross national borders” (Ireland & Webb 2007, p. 913)

## Appendix B: List of Acronyms

Acronym	Term
ACIS	Australasian Centre for Italian Studies
CEO	Chief Executive Officer
COO	Country of Origin
COR	Country of Residence
EU	European Union
FDI	Foreign Direct Investment
G8	Group of 8 highly industrialised nations
HQ	Headquarter
IB	International Business
NASA	National Aeronautics and Space Administration
NATO	North Atlantic Treaty Organization
NZ	New Zealand
OECD	Organisation for Economic Cooperation and Development
SME	Small and Medium-Sized Enterprise
TMT	Top management team
UK	The United Kingdom
USA	The United States of America

### Appendix C: Descriptions of Case Studies

<b>Firm</b>	<b>Year Established</b>	<b>Business</b>	<b>Year and Market of First Internationalisation</b>	<b>Interviewees</b>	<b>Location of Interview</b>	<b>Length of Interview</b>
Quartuccio Wines	1926	Winery specialising in sparkling non-alcoholic fruit juices.	1974 – Saudi Arabia	Director Chief Wine Maker	Australia	90 minutes
Montalbano Enterprises	1953	Importer of Italian products and distributor for the Asia-Pacific area.	1953 – Italy	Director Director	Australia	90 minutes
Zingaretti Wines	1969	Winery with a focus on the export market.	2000 – USA	Export Manager	Australia	60 minutes
Giuliano's	1985	An Italian style café and bakery.	2010 - Dubai	Director	Australia	70 minutes
Meglio Consulting	2008	Consulting firm assisting firms and individuals to establish connections between Australia and Italy.	2010 – Italy	CEO / Founder Partner Engineer	Italy	120 minutes 90 minutes 150 minutes
Timoteo Consulting	2010	Consulting firm assisting firms and individuals to establish connections between Australia and Italy.	2010 – Italy	Director / Founder	Australia	150 minutes

## Appendix D: Descriptions of Industry Experts

Interviewee	Position	Description	Interview Location	Length of Interview
Australian Industry Expert 1	Founder, Regional Branch of an Italian Welfare Association	The welfare Association is a non-commercial organisation aimed at assisting migrant Italian workers.	Australia	50 mins
Australian Industry Expert 2	Director of Operations, Nonnina Café	Nonnina Café is an Italian inspired cafe franchise established by 4 Italian immigrant ethnic entrepreneurs. It is yet to internationalise.	Australia	60 mins
Australian Industry Expert 3	Director of Innovation, Nonnina Café	Nonnina Café is an Italian inspired cafe franchise established by 4 Italian immigrant ethnic entrepreneurs. It is yet to internationalise.	Australia	60 mins
Australian Industry Expert 4	Director of Pastry, Nonnina Café	Nonnina Café is an Italian inspired cafe franchise established by 4 Italian immigrant ethnic entrepreneurs. It is yet to internationalise.	Australia	60 mins
Australian Industry Expert 5	Director, Winery	A small family owned winery established by an Italian immigrant ethnic entrepreneur in 1982. In the early 1990s exported to Europe but stopped for undisclosed reasons.	Australia	30 mins
Italian Industry Expert 1	Solicitor / Special Counsel	Works in an international law firm in Rome specialising in business law and assisting international firms enter the Italian market.	Italy	60 mins
Italian Industry Expert 2	President of an Italian wine Consortium	The wine consortium is similar to a union, looking after the interests of the makers of a specific Italian wine.	Italy	30 mins
Italian Industry Expert 3	Founder, Affari Organisation	A non-commercial business organisation based in Rome aimed at facilitating economic ties between Italy and Australia.	Italy	60 mins
Italian Industry Expert 4	Founder, Impresa Organisation	A non-commercial business organisation based in Rome aimed at facilitating economic ties between Italy and Australia.	Via email	Via email
Italian Industry Expert 5	Director, Consulting Firm	Has worked in Italy in a consulting firm for 9 years. He is in the process of establishing his own firm that will focus on the Italian and Australian markets.	Australia	120 mins
Italian Industry Expert 6	President, Agricultural Union	The Agricultural Union in Italy provides support, services and finances for Italian farmers.	Italy	30 mins

### Appendix E: Descriptions of Government Representatives

Interviewee	Office Based in	Level of Government	Location of Interview	Length of Interview
Australian Government Representative 1	Italy	Senior management	Italy	60 mins
Australian Government Representative 2	Italy	Executive	Italy	60 mins
Australian Government Representative 3	Italy	Operational	Italy	60 mins
Australian Government Representative 4	Italy	Executive	Italy	30 mins
Australian Government Representative 5	Australia	Executive	Australia	60 mins
Italian Government Representative 1	Australia	Executive	Australia	60 mins

## **Appendix F: Interview Protocol for Firm Founders/Senior Managers**

### **Firm History**

- Could you tell me a brief overview of the foundation of the firm and of your current position?
- How, and to what extent, did the Italian networks/community or Government assist in the foundation of the firm?

### **Research Question 1**

- When did you / the Founder arrive in Australia?
- Which Italian region do you / they come from?
- Why did you come to Australia?
- Do you maintain contact with relatives / friends in Italy? Do you have Italian relatives that migrated to other parts of the world?
- Do you keep abreast of the economic, political and social developments in Italy? How?
- Do you have nostalgia for Italy? How do you handle this? Are you a member of an Italian club?
- Do you regularly travel overseas? Which countries? Why: business / pleasure?
- Have you ever lived / worked overseas? Which country?
- Are the contacts made while living / working overseas beneficial in your current position?
- What level of education do you have?
- How long have you worked at this firm? What industries / positions have you worked in previously?
  
- When did the firm first consider internationalising?
- Who was the primary driver of the first internationalisation attempt?
- What were the primary reasons for the firm considering international market opportunities?
- Were sufficient resources dedicated to the task of developing products for overseas markets or researching the legal requirements to internationalise?
- Have you spent time visiting and researching international markets? Why is this important?
- Are there pressures and/or incentives from clients / stakeholders / governments to internationalise?
  - How are these perceived?
  - How influential are these pressures / incentives?
- Was the geographical distance between the international market and Australia an incentive or an impediment when discussing internationalising the firm? Why?

### **Research Question 2**

- How is information about international market opportunities obtained?
  - Social ties?
  - Business networks?
  - Government agencies?
  - Individual research?
  - How were these networks formed and how are they maintained?
  - Australian vs. international networks?



- How is the accuracy and reliability of the information verified?
- How important are government departments / industry agencies (such as the Chamber of Commerce and Industry, the Consulate, the Embassy) as sources of information about international market opportunities? Why? How is the information passed on?

### **Research Question 3**

- Which country was chosen for the first internationalisation attempt? Why?
  - Do you have particular ties to that country: either personal, emotional or professional?
  - How did these ties influence the choice of country to enter?
- Can you please describe the level of familiarity you had with the market selected for the internationalisation? Familiarity with or knowledge of the country's:
  - Language?
  - Culture?
  - Social environment?
  - Business practices?
  - Political structure/environment?
  - Economic conditions/environment?
- How was this familiarity obtained?
  - Through personal experience in or connection to the country?
    - How did your emotional connection to the country influence the decision of which market to enter?
  - Through previous business experience in the country?
  - Similar social / cultural / political / economic conditions to Australia?
  - Through information gained through networks?
    - How influential were networks in international markets in the decision?
    - How influential were networks in Australia in the decision?
    - Were social/personal ties more influential than business ties?
- How did the level of familiarity with the country influence the decision to set up business in that country, if at all? Why?
- How did presence and regulation of foreign government policies and initiatives effect the perception of the attractiveness of the market? E.g.:
  - Labour regulation?
  - Taxation policies?
  - Property rights?
  - Corruption laws and regulations?
- Did the activities by the Consulate / Embassy / Chamber of Commerce for that country influence your decision to enter the country? Why?

## **Appendix G: Interview Protocol for Industry Experts**

### **Research Question 1:**

- a) Can you please tell me about your organisation? When was it established? What are the aims?
- b) How would you perceive the influence of organisations like yourself on the motivations for Italian immigrant entrepreneurs in Australia to internationalise to Italy? The influence of Government policies?
- c) Is there pressure to entice Italians to internationalise their businesses to Italy? Why? From whom?
  - Is there pressure to entice businesses to particular regions? How is this handled?
- d) What types of incentives are there for Italian immigrant entrepreneurs to take their business to Italy?
  - Are the characteristics of the Italian market viewed as an incentive or impediment to internationalisation? Why?
  - Is the geographical distance between Italy and Australia seen as an incentive or an impediment to internationalisation? Why?
- e) Are there greater incentives to internationalise to one Italian region over another? Why? How are these incentives communicated to Italian firms in Australia?

### **Research Question 2:**

- a) How is information about international market opportunities obtained by your organisation?
- b) How is the accuracy and reliability of the information verified?
- c) How is this information passed on to interested parties?
  - Email? Word of mouth? Networking events? Exchange fairs? Conferences?
  - What has been the most successful method and why?
- d) How are contacts established with interested parties?
  - How are these contacts maintained?
  - How important is regional affiliations or Italian affiliations in general?
- e) How do you perceive the importance of your organisation as a source of information about international market opportunities for Italian immigrant entrepreneurs wanting to do business in Italy? Why?

### **Research Question 3:**

- a) How are the presence of your organisation and Italian government officials in Australia and in Italy used to influence the perceived attractiveness of the Italian market?
- b) What activities or initiatives have been successful in influencing the decision of Italian immigrant entrepreneurs in Australia to internationalise to Italy?
- c) Are steps taken to ensure the success of the internationalisation, such as increasing the familiarity with or knowledge of the firm's management with the market conditions prior to internationalising? Does your organisation support increased knowledge of the international market's:
  - Language?

- Culture?
  - Social environment?
  - Business practices?
  - Political structure/environment?
  - Economic conditions/environment?
  - How is this done?
- d) Are the presence and regulation of the following used as ‘selling points’ for the Italian market over other international markets?
- Labour regulation?
  - Taxation policies?
  - Property rights?
  - Corruption laws and regulations?
  - Civil liberties?
  - How are these used to influence the Italian immigrant entrepreneurs; decision to internationalise to Italy?
- e) Overall, how effective is your organisation in helping Italian immigrant entrepreneurs to establish business contacts and successful business adventures in Italy? What makes your organisation so successful?

## **Appendix H: Interview Protocol for Government Representatives**

### **Research Question 1:**

- f) What is the current Government attitude towards the internationalisation of firms founded by Italian immigrants in Australia? How does this differ from attitudes of previous Governments?
- g) How would you perceive the influence of government policy or agendas on the motivations for Italian immigrant entrepreneurs to internationalise to Italy?
  - Has the government developed specific policies and practices to enable Italian immigrants in Australia to continue participating in Italian society?
  - Has the government developed specific policies and practices aimed at orientating the economic activities of expatriate immigrant entrepreneurs towards Italy?
- h) Is there pressure to entice Italians to internationalise their businesses to Italy? Why? From whom?
- i) Are there greater incentives to internationalise to one Italian region over another? Why? How are these incentives communicated to Italian founded firms in Australia?
- j) What types of incentives are offered to these firms?
  - Are the characteristics of the Italian market viewed as an incentive or impediment to internationalisation? Why?
  - Is the geographical distance between Italy and Australia seen as an incentive or an impediment to internationalisation? Why?

### **Research Question 2:**

- f) How is information about international market opportunities obtained by the Government agency?
- g) How is the accuracy and reliability of the information verified?
- h) How is this information passed on to interested parties?
  - Email? Word of mouth? Networking events? Exchange fairs? Missions to Italy/Australia?
  - What has been the most successful method and why?
- i) How are contacts established with interested parties?
  - How are these contacts maintained?
  - How important is regional affiliations or Italian affiliations in general?
- j) How do you perceive the importance of the government departments as sources of information about international market opportunities for Italian immigrant ethnic entrepreneurs? Why?

### **Research Question 3:**

- f) How is the presence of Italian government officials in Australia, and Italian/Australian government policies and initiatives used to influence the perceived attractiveness of the Italian market?
- g) What activities or initiatives have been successful in influencing the decision of Italian immigrant entrepreneurs in Australia to internationalise to Italy?
- h) Are steps taken to ensure the success of the internationalisation, such as increasing the familiarity with or knowledge of the firm's management with the market conditions

prior to internationalising? Does the Government agency support increased knowledge of the international market's:

- Language?
  - Culture?
  - Social environment?
  - Business practices?
  - Political structure/environment?
  - Economic conditions/environment?
- i) Are the presence and regulation of the following used as 'selling points' for the Italian market over other international markets?
- Labour regulation?
  - Taxation policies?
  - Property rights?
  - Corruption laws and regulations?
  - Civil liberties?

## Appendix I: Explanatory Statement for Firm Founders/Senior Managers - English

### Business School International Business



#### EXPLANATORY STATEMENT FIRM FOUNDER OR SENIOR MANAGER

**Title:** *Internationalisation of Italian Immigrant Ethnic Entrepreneurs in Australia*

This information sheet is for you to keep.

My name is Melanie Smans and I am conducting a research project with Associate Professor Susan Freeman towards a PhD in the Business School at the University of Adelaide. This means that I will be writing a thesis which is the equivalent of a short book. The focus of the research project is on how and why Italian immigrant ethnic entrepreneurs in Australia internationalise their business, with specific reference to the influence of family, ethnic and business networks, and institutional factors.

#### **Selection of participants**

You have been invited to participate because of your position in the organisation and involvement or knowledge of the internationalisation of the organisation.

#### **The purpose of the research**

The aim of this study is to:

- Understand how Italian immigrant ethnic entrepreneurs in Australia internationalise;
- Identify the factors driving the internationalisation of Italian immigrant ethnic entrepreneurs in Australia;
- Understand the influence of networks and institutional factors on the identification of foreign market opportunities; and
- Understand the influence of networks and institutional factors on the international market selection.

#### **Possible benefits**

It is anticipated that the findings from this research will better enable governments to understand the support needed by immigrant entrepreneurs to internationalise their business, how to strengthen and grow business ties between Australia and Italy. In addition, this research will highlight the influence of networks and institutional factors in the internationalisation process, making Italian immigrant ethnic entrepreneurs aware of the significance of these resources in their strategic business decisions.

#### **What does the research involve?**

The study involves semi-structured, one-on-one interviews. The interviews will be audio-taped and the tapes will be used to create transcripts. The data from the transcripts will be collated to identify common themes, which will be used to support the research.

#### **How much time will the research take?**

For each interview, it is anticipated that the session will last for no longer than one (1) hour. Once the interview has been transcribed, the interviewee will be given the opportunity to revise his/her transcript in order to clarify and/or reconfirm the responses given.

#### **Inconvenience/discomfort**

It is not my intention to ask probing or personal questions that may make it difficult or uncomfortable for the interviewee to respond. Rather, it is anticipated that the information to be gathered through the interviews will be generally informative rather than highly specific and probing. The interviewee will be given the choice not to answer any interview question, as well as having the opportunity to review his/her responses through the provision of a transcript of the interview.

#### **Payment**

The interview is purely voluntary and no monetary (or other) compensation will be provided.

**Can I withdraw from the research?**

Participation in this study is voluntary and participants can withdraw from the interview process at any time without being penalised or disadvantaged in any way.

**Confidentiality**

Your anonymity will be guaranteed through the use of fictitious organisational names and numbered titles – e.g. Senior Manager 1. Individual names will not be used.

However, should you wish for your involvement in this research to be identified, you must inform the researcher; otherwise all information shall remain confidential.

**Storage of data**

Storage of the data collected will adhere to the University regulations and kept on University premises in a locked cupboard/filing cabinet for 5 years. A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report.

**Use of data for other purposes**

Please note, in the event that your anonymous data is used for other purposes (such as a journal article or conference paper), given the anonymity of the data, no individual will be named and will remain unidentifiable.

**Results**

If you would like to be informed of the aggregate research finding, please contact Associate Professor Susan Freeman on 08 8303 3255.

<p>If you would like to contact the <b>researchers</b> about any aspect of this study, please contact the Chief Investigator:</p>	<p>If you have a <b>complaint</b> concerning the manner in which this research (<b>H-114-2010</b>) is being conducted, please contact:</p>
<p><b>Susan Freeman, PhD</b>  <b>Associate Professor – International Business</b>  <b>Discipline Leader</b>          The Business School,          The University of Adelaide,          Australia 5005          Ph: +61 8 8303 3255          Fax: +61 8 8313 2001          E-mail: susan.freeman@adelaide.edu.au</p> <p><b>Melanie Smans</b>          The Business School,          The University of Adelaide,          Australia 5005          Ph: +61 0408084299          E-mail: melanie.smans@adelaide.edu.au</p>	<p>Secretary, Human Research Ethics          Committee          Research Ethics and Compliance Unit          Research Branch          Level 7, 115 Grenfell Street          University of Adelaide SA 5005</p> <p>Ph: +61 8 8303 6028          Fax: +61 8 8313 7325          E-mail: sabine.schreiber@adelaide.edu.au</p>

**Thank you.**

## Appendix J: Explanatory Statement for Industry Experts - English

Business School  
International Business



### EXPLANATORY STATEMENT INDUSTRY EXPERT

**Title:** *Internationalisation of Italian Immigrant Ethnic Entrepreneurs in Australia*

This information sheet is for you to keep.

My name is Melanie Smans and I am conducting a research project with Associate Professor Susan Freeman towards a PhD in the Business School at the University of Adelaide. This means that I will be writing a thesis which is the equivalent of a short book. The focus of the research project is on how and why Italian immigrant ethnic entrepreneurs in Australia internationalise their business, with specific reference to the influence of family, ethnic and business networks, and institutional factors.

#### **Selection of participants**

You have been invited to participate because of your experience with and knowledge of the Italian business community.

#### **The purpose of the research**

The aim of this study is to:

- Understand how Italian immigrant ethnic entrepreneurs in Australia internationalise;
- Identify the factors driving the internationalisation of Italian immigrant ethnic entrepreneurs in Australia;
- Understand the influence of networks and institutional factors on the identification of foreign market opportunities; and
- Understand the influence of networks and institutional factors on the international market selection.

#### **Possible benefits**

It is anticipated that the findings from this research will better enable governments to understand the support needed by immigrant entrepreneurs to internationalise their business, how to strengthen and grow business ties between Australia and Italy. In addition, this research will highlight the influence of networks and institutional factors in the internationalisation process, making Italian immigrant ethnic entrepreneurs aware of the significance of these resources in their strategic business decisions.

#### **What does the research involve?**

The study involves semi-structured, one-on-one interviews. The interviews will be audio-taped and the tapes will be used to create transcripts. The data from the transcripts will be collated to identify common themes, which will be used to support the research.

#### **How much time will the research take?**

For each interview, it is anticipated that the session will last for no longer than one (1) hour. Once the interview has been transcribed, the interviewee will be given the opportunity to revise his/her transcript in order to clarify and/or reconfirm the responses given.

#### **Inconvenience/discomfort**

It is not my intention to ask probing or personal questions that may make it difficult or uncomfortable for the interviewee to respond. Rather, it is anticipated that the information to be gathered through the interviews will be generally informative rather than highly specific and probing. The interviewee will be given the choice not to answer any interview question, as well as having the opportunity to review his/her responses through the provision of a transcript of the interview.

#### **Payment**

The interview is purely voluntary and no monetary (or other) compensation will be provided.



**Can I withdraw from the research?**

Participation in this study is voluntary and participants can withdraw from the interview process at any time without being penalised or disadvantaged in any way.

**Confidentiality**

Your anonymity will be guaranteed through the use of fictitious organisational names and numbered titles – e.g. Industry Representative 3. Individual names will not be used.

However, should you wish for your involvement in this research to be identified, you must inform the researcher; otherwise all information shall remain confidential.

**Storage of data**

Storage of the data collected will adhere to the University regulations and kept on University premises in a locked cupboard/filing cabinet for 5 years. A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report.

**Use of data for other purposes**

Please note, in the event that your anonymous data is used for other purposes (such as a journal article or conference paper), given the anonymity of the data, no individual will be named and will remain unidentifiable.

**Results**

If you would like to be informed of the aggregate research finding, please contact Associate Professor Susan Freeman on 08 8303 3255.

<p>If you would like to contact the <b>researchers</b> about any aspect of this study, please contact the Chief Investigator:</p>	<p>If you have a <b>complaint</b> concerning the manner in which this research (<b>H-114-2010</b>) is being conducted, please contact:</p>
<p><b>Susan Freeman, PhD</b> <b>Associate Professor – International Business Discipline Leader</b> The Business School, The University of Adelaide, Australia 5005 Ph: +61 8 8303 3255 Fax: +61 8 8313 2001 E-mail: susan.freeman@adelaide.edu.au</p> <p><b>Melanie Smans</b> The Business School, The University of Adelaide, Australia 5005 Ph: +61 0408084299 E-mail: melanie.smans@adelaide.edu.au</p>	<p>Secretary, Human Research Ethics Committee Research Ethics and Compliance Unit Research Branch Level 7, 115 Grenfell Street University of Adelaide SA 5005</p> <p>Ph: +61 8 8303 6028 Fax: +61 8 8313 7325 E-mail: sabine.schreiber@adelaide.edu.au</p>

**Thank you.**

## Appendix K: Explanatory Statement for Government Representatives - English

Business School  
**International Business**



### EXPLANATORY STATEMENT GOVERNMENT REPRESENTATIVE

**Title:** *Internationalisation of Italian Immigrant Ethnic Entrepreneurs in Australia*

This information sheet is for you to keep.

My name is Melanie Smans and I am conducting a research project with Associate Dean of Research Susan Freeman towards a PhD in the Business School at the University of Adelaide. This means that I will be writing a thesis which is the equivalent of a short book. I am currently in Italy conducting my research based at the Monash University campus at Prato. The focus of the research project is on how and why Italian immigrant ethnic entrepreneurs in Australia internationalise their business, with specific reference to the influence of family, ethnic and business networks, and institutional factors.

#### **Selection of participants**

You have been invited to participate because of your knowledge of the Government perspective of the Italian-Australian business community and their internationalisation.

#### **The purpose of the research**

The aim of this study is to:

- Understand how Italian immigrant ethnic entrepreneurs in Australia internationalise;
- Identify the factors driving the internationalisation of Italian immigrant ethnic entrepreneurs in Australia;
- Understand the influence of networks and institutional factors on the identification of foreign market opportunities; and
- Understand the influence of networks and institutional factors on the international market selection.

#### **Possible benefits**

It is anticipated that the findings from this research will better enable governments to understand the support needed by immigrant entrepreneurs to internationalise their business, how to strengthen and grow business ties between Australia and Italy. In addition, this research will highlight the influence of networks and institutional factors in the internationalisation process, making Italian immigrant ethnic entrepreneurs aware of the significance of these resources in their strategic business decisions.

#### **What does the research involve?**

The study involves semi-structured, one-on-one interviews. The interviews will be audio-taped and the tapes will be used to create transcripts. The data from the transcripts will be collated to identify common themes, which will be used to support the research.

#### **How much time will the research take?**

For each interview, it is anticipated that the session will last for no longer than one (1) hour. Once the interview has been transcribed, the interviewee will be given the opportunity to revise his/her transcript in order to clarify and/or reconfirm the responses given.

#### **Inconvenience/discomfort**

It is not my intention to ask probing or personal questions that may make it difficult or uncomfortable for the interviewee to respond. Rather, it is anticipated that the information to be gathered through the interviews will be generally informative rather than highly specific and probing. The interviewee will be given the choice not to answer any interview question, as well as having the opportunity to review his/her responses through the provision of a transcript of the interview.

#### **Payment**

The interview is purely voluntary and no monetary (or other) compensation will be provided.

**Can I withdraw from the research?**

Participation in this study is voluntary and participants can withdraw from the interview process at any time without being penalised or disadvantaged in any way.

**Confidentiality**

Your anonymity will be guaranteed through the use of fictitious organisational names and numbered titles – e.g. Industry Representative 3. Individual names will not be used.

However, should you wish for your involvement in this research to be identified, you must inform the researcher; otherwise all information shall remain confidential.

**Storage of data**

Storage of the data collected will adhere to the University regulations and kept on University premises in a locked cupboard/filing cabinet for 5 years. A report of the study may be submitted for publication, but individual participants will not be identifiable in such a report.

**Use of data for other purposes**

Please note, in the event that your anonymous data is used for other purposes (such as a journal article or conference paper), given the anonymity of the data, no individual will be named and will remain unidentifiable.

**Results**

If you would like to be informed of the aggregate research finding, please contact Associate Professor Susan Freeman on 08 8303 3255.

<p>If you would like to contact the <b>researchers</b> about any aspect of this study, please contact the Chief Investigator:</p>	<p>If you have a <b>complaint</b> concerning the manner in which this research (<b>H-114-2010</b>) is being conducted, please contact:</p>
<p><b>Susan Freeman, PhD</b>  <b>Associate Professor – International Business</b>  <b>Discipline Leader</b>          The Business School,          The University of Adelaide,          Australia 5005          Ph: +61 8 8303 3255          Fax: +61 8 8313 2001          E-mail: susan.freeman@adelaide.edu.au</p> <p><b>Melanie Smans</b>          The Business School,          The University of Adelaide,          Australia 5005          Ph: +61 0408084299          E-mail: melanie.smans@adelaide.edu.au</p>	<p>Secretary, Human Research Ethics          Committee          Research Ethics and Compliance Unit          Research Branch          Level 7, 115 Grenfell Street          University of Adelaide SA 5005</p> <p>Ph: +61 8 8303 6028          Fax: +61 8 8313 7325          E-mail: sabine.schreiber@adelaide.edu.au</p>

**Thank you.**

## Appendix L: Explanatory Statement for Firm Founders/Senior Managers - Italian

Business School  
International Business



### FOGLIO ESPLICATIVO FONDATORE DELL'IMPRESA O DIRETTORE ESECUTIVO

**Titolo:** *Internazionalizzazione degli Imprenditori Emigranti Etnici Italiani in Australia.*

Questo foglio esplicativo è per sua informazione.

Il mio nome è Melanie Smans e sto eseguendo un progetto di ricerca con il Associate Professor Susan Freeman nella facoltà di economia (Business School) per conseguire un dottorato alla University of Adelaide. Questo significa che dovrò scrivere una tesi che è l'equivalente di un libro corto. L'obiettivo del progetto di ricerca è su come e perché gli imprenditori emigranti etnici italiani in Australia internazionalizzano la propria impresa, con riferimento specifico su quando influisce la famiglia, reti di contatto commerciali ed etniche e fattori istituzionali.

#### **Selezione dei partecipanti**

È stato invitato a partecipare per ragione della sua carica nell'impresa e partecipazione o conoscenza dell'internazionalizzazione della impresa.

#### **Scopo della ricerca**

L'intenzione di questo studio è di:

- Capire come gli imprenditori emigranti etnici italiani in Australia internazionalizzano;
- Individuare i fattori che spingono l'internazionalizzazione degli imprenditori emigranti etnici italiani in Australia;
- Capire l'importanza di reti di contatto e fattori istituzionali sull'identificazione di opportunità nei mercati esteri; è
- Capire l'importanza di reti di contatto e fattori istituzionali sulla selezione di mercati esteri.

#### **Possibili vantaggi**

Si prevede che le conclusioni di questa ricerca permetteranno i governi di meglio capire il supporto che gli imprenditori emigranti necessitano per internazionalizzare la propria impresa, come rafforzare e aumentare collegamenti commerciali tra Australia e l'Italia. In oltre, questa ricerca metterà in rilievo l'importanza di reti di contatto e fattori istituzionali nel processo d'internazionalizzazione, dando agli imprenditori emigranti etnici italiani l'opportunità di essere al corrente dell'importanza di queste risorse per le loro strategiche decisioni commerciali.

#### **Che cosa richiede questa ricerca?**

Lo studio richiede interviste individuali, semi strutturate. Le interviste saranno registrate su audio cassette ed i nastri saranno usati per creare le trascrizioni. I dati ottenuti dalle trascrizioni saranno collezionati per identificare temi comuni, che saranno usati per corroborare la ricerca.

#### **Quanto tempo sarà necessario per la ricerca?**

Per ogni intervista si prevede che la sessione durerà non più di una (1) ora. Una volta che l'intervista è stata trascritta, l'intervistato avrà l'opportunità di riesaminare la sua trascrizione per poter chiarificare e/oppure riconfermare le risposte date.

#### **Disturbo / disagio**

Non è mia intenzione di fare domande profonde o personali all'intervistato che potrebbero causare difficoltà o disagio nel rispondere. Anzi, si anticipa che le informazioni raccolte tramite le interviste saranno generalmente di carattere informativo invece che altamente specifiche e profonde. L'intervistato potrà scegliere di non rispondere ad alcuna domanda durante l'intervista, e avrà inoltre l'opportunità di riesaminare le sue risposte quando riceverà la trascrizione dell'intervista.

#### **Pagamento**

L'intervista è puramente volontaria e non si offrirà alcuna ricompensa, né monetaria né di altro tipo.

**Posso ritirarmi dalla ricerca?**

La partecipazione in questo studio è volontaria ed i partecipanti possono ritirarsi dall'intervista a qualunque punto senza subire alcuna sanzione o svantaggio.

**Riservatezza**

Il suo anonimato sarà garantito tramite l'uso di nomi organizzativi fittizi e titoli numerati, per es. – esperto dell'industria 1. Non saranno usati nomi individuali.

Comunque, se vuole che la sua partecipazione nel progetto è identificato, deve informare la ricercatrice della sua volontà, oppure tutte le informazioni da se fornite rimangano confidenziali.

**Archiviazione dei dati**

L'archiviazione dei dati raccolti sarà conforme alle regole dell'Università e gli stessi saranno conservati in locali dell'Università, chiusi in casellari sotto chiave per 5 anni. Un rapporto dello studio potrebbe essere presentato per pubblicazione, però i partecipanti individuali non saranno identificabili in tale rapporto.

**Uso dei dati per altro scopo**

Si prega di notare, che nell'eventualità che i suoi anonimi vengano usati per altro scopo (tale come un articolo in un periodico o un saggio per conferenza), siccome i dati sono anonimi, nessun individuo verrà nominato né identificato.

**Risultati**

Se desidera essere informato delle complete conclusioni della ricerca, per favore contatti Associate Professor Susan Freeman al 08 8303 3255.

Se vuole contattare i <b>ricercatori</b> riguardo qualunque aspetto di questo studio, per favore contatti l'Investigatore Principale:	Se vuole fare un <b>riclamo</b> per il modo in cui questa ricerca ( <b>H-114-2010</b> ) è stata eseguita, per favore contatti:
<b>Susan Freeman, PhD</b> <b>Associate Dean Research</b> <b>Associate Professor – International Business &amp; Marketing Discipline Leader</b> The Business School, The University of Adelaide, Australia 5005 Ph: +61 8 8303 3255 Fax: +61 8 8313 2001 E-mail: susan.freeman@adelaide.edu.au	Secretary, Human Research Ethics Committee Research Ethics and Compliance Unit Research Branch Level 7, 115 Grenfell Street University of Adelaide SA 5005  Ph: +61 8 8303 6028 Fax: +61 8 8313 7325 E-mail: sabine.schreiber@adelaide.edu.au
<b>Melanie Smans</b> Monash University Prato Centre Palazzo Vaj, Via Pugliesi, 26 59100 Prato, Italy  Telefono: +39 3420 703160 E-mail: melanie.smans@adelaide.edu.au	

**Grazie.**

## Appendix M: Explanatory Statement for Industry Experts - Italian

### Business School International Business



#### FOGLIO ESPLICATIVO ESPERTO DELL'INDUSTRIA

**Titolo:** *Internazionalizzazione degli Imprenditori Emigranti Etnici Italiani in Australia.*

Questo foglio esplicativo è per sua informazione.

Il mio nome è Melanie Smans e sto eseguendo un progetto di ricerca con il Associate Professor Susan Freeman nella facoltà di economia (Business School) per conseguire un dottorato alla University of Adelaide. Questo significa che dovrò scrivere una tesi che è l'equivalente di un libro corto. L'obiettivo del progetto di ricerca è su come e perché gli imprenditori emigranti etnici italiani in Australia internazionalizzano la propria impresa, con riferimento specifico su quanto influisce la famiglia, reti di contatto commerciali ed etniche e fattori istituzionali.

#### **Selezione dei partecipanti**

È stato invitato a partecipare per ragione della sua esperienza con e conoscenza della comunità commerciale italo-australiana.

#### **Scopo della ricerca**

L'intenzione di questo studio è di:

- Capire come gli imprenditori emigranti etnici italiani in Australia internazionalizzano;
- Individuare i fattori che spingono l'internazionalizzazione degli imprenditori emigranti etnici italiani in Australia;
- Capire l'importanza di reti di contatto e fattori istituzionali sull'identificazione di opportunità nei mercati esteri; e
- Capire l'importanza di reti di contatto e fattori istituzionali sulla selezione di mercati esteri.

#### **Possibili vantaggi**

Si prevede che le conclusioni di questa ricerca permetteranno i governi di meglio capire il supporto che gli imprenditori emigranti necessitano per internazionalizzare la propria impresa, come rafforzare e aumentare collegamenti commerciali tra l'Australia e l'Italia. Inoltre, questa ricerca metterà in rilievo l'importanza di reti di contatto e fattori istituzionali nel processo d'internazionalizzazione, dando agli imprenditori emigranti etnici italiani l'opportunità di essere al corrente dell'importanza di queste risorse per le loro strategiche decisioni commerciali.

#### **Che cosa richiede questa ricerca?**

Lo studio richiede interviste individuali, semi strutturate. Le interviste saranno registrate su audio cassette ed i nastri saranno usati per creare le trascrizioni. I dati ottenuti dalle trascrizioni saranno collezionati per identificare temi comuni, che saranno usati per corroborare la ricerca.

#### **Quanto tempo sarà necessario per la ricerca?**

Per ogni intervista si prevede che la sessione durerà non più di una (1) ora. Una volta che l'intervista è stata trascritta, l'intervistato avrà l'opportunità di riesaminare la sua trascrizione per poter chiarificare e/oppure riconfermare le risposte date.

#### **Disturbo / disagio**

Non è mia intenzione di fare domande profonde o personali all'intervistato che potrebbero causare difficoltà o disagio nel rispondere. Anzi, si anticipa che le informazioni raccolte tramite le interviste saranno generalmente di carattere informativo invece che altamente specifiche e profonde. L'intervistato potrà scegliere di non rispondere ad alcuna domanda durante l'intervista, e avrà inoltre l'opportunità di riesaminare le sue risposte quando riceverà la trascrizione dell'intervista.

#### **Pagamento**

L'intervista è puramente volontaria e non si offrirà alcuna ricompensa.

**Posso ritirarmi dalla ricerca?**

La partecipazione in questo studio è volontaria ed i partecipanti possono ritirarsi dall'intervista a qualunque punto senza subire alcuna sanzione o svantaggio.

**Riservatezza**

Il suo anonimato sarà garantito tramite l'uso di nomi organizzativi fittizi e titoli numerati, per es. – esperto dell'industria 1. Non saranno usati nomi individuali.

Comunque, se vuole che la sua partecipazione nel progetto è identificato, deve informare la ricercatrice della sua volontà, oppure tutte le informazioni da se fornite rimangano confidenziali.

**Archiviazione dei dati**

L'archiviazione dei dati raccolti sarà conforme alle regole dell'Università e gli stessi saranno conservati in locali dell'Università, chiusi in casellari sotto chiave per 5 anni. Un rapporto dello studio potrebbe essere presentato per pubblicazione, però i partecipanti individuali non saranno identificabili in tale rapporto.

**Uso dei dati per altro scopo**

Si prega di notare, che nell'eventualità che i suoi anonimi vengano usati per altro scopo (tale come un articolo in un periodico o un saggio per conferenza), siccome i dati sono anonimi, nessun individuo verrà nominato né identificato.

**Risultati**

Se desidera essere informato delle complete conclusioni della ricerca, per favore contatti Associate Professor Susan Freeman al 08 8303 3255.

Se vuole contattare i <b>ricercatori</b> riguardo qualunque aspetto di questo studio, per favore contatti l'Investigatore Principale:	Se vuole fare un <b>riclamo</b> per il modo in cui questa ricerca ( <b>H-114-2010</b> ) è stata eseguita, per favore contatti:
<b>Susan Freeman, PhD</b> <b>Associate Dean Research</b> <b>Associate Professor – International Business &amp; Marketing Discipline Leader</b> The Business School, The University of Adelaide, Australia 5005 Ph: +61 8 8303 3255 Fax: +61 8 8313 2001 E-mail: susan.freeman@adelaide.edu.au	Secretary, Human Research Ethics Committee Research Ethics and Compliance Unit Research Branch Level 7, 115 Grenfell Street University of Adelaide SA 5005  Ph: +61 8 8303 6028 Fax: +61 8 8313 7325 E-mail: sabine.schreiber@adelaide.edu.au
<b>Melanie Smans</b> Monash University Prato Centre Palazzo Vaj, Via Pugliesi, 26 59100 Prato, Italy  Telefono: +39 3420 703160 E-mail: melanie.smans@adelaide.edu.au	

**Grazie.**

### Business School International Business



#### FOGLIO ESPLICATIVO RAPPRESENTANTE GOVERNATIVO

**Titolo:** *Internazionalizzazione degli Imprenditori Immigranti Etnici Italiani in Australia.*

Questo foglio esplicativo è per Sua informazione.

Il mio nome è Melanie Smans e sto eseguendo un progetto di ricerca di Dottorato sotto la supervisione del Associate Professoressa Susan Freeman della facoltà di Economia (Business School) Dell'University of Adelaide. Questo significa che dovrò scrivere una tesi che è l'equivalente di un libro corto. L'obiettivo del progetto di ricerca è quello di indagare le modalità e le motivazioni degli imprenditori immigranti italiani in Australia che internazionalizzano la propria impresa, con interesse specifico sulla capacità di influenza del contesto familiare, delle reti di contatto commerciali ed etniche e dei fattori istituzionali.

#### **Selezione dei partecipanti**

Desidero invitarLa a partecipare a questo progetto in ragione della Sua conoscenza del punto di vista del Governo riguardo la comunità commerciale italo-australiana e la sua internazionalizzazione.

#### **Scopo della ricerca**

L'intenzione di questo studio è di:

- Capire come gli imprenditori immigranti etnici italiani in Australia internazionalizzano;
- Individuare i fattori che spingono l'internazionalizzazione degli imprenditori immigranti etnici italiani in Australia;
- Capire l'importanza di reti di contatto e fattori istituzionali sull'identificazione di opportunità nei mercati esteri; e
- Capire l'importanza di reti di contatto e fattori istituzionali sulla selezione di mercati esteri.

#### **Possibili vantaggi**

Si prevede che le conclusioni di questa ricerca permetteranno i governi di meglio capire il supporto di cui gli imprenditori immigranti necessitano per internazionalizzare la propria impresa, come rafforzare e aumentare gli scambi commerciali tra Australia e Italia. Inoltre, questa ricerca metterà in rilievo l'importanza dei reti di contatto e dei fattori istituzionali nel processo d'internazionalizzazione, dando agli imprenditori immigranti etnici italiani l'opportunità di essere al corrente dell'importanza di queste risorse per le loro strategiche decisioni commerciali.

#### **Che cosa richiede questa ricerca?**

Lo studio richiede interviste individuali, semi strutturate. Le interviste saranno registrate su audio cassette ed i nastri saranno usati per creare le trascrizioni. I dati ottenuti dalle trascrizioni saranno collezionati per identificare temi comuni, che saranno usati per corroborare la ricerca.

#### **Quanto tempo sarà necessario per la ricerca?**

Per ogni intervista si prevede che la sessione durerà non più di un' (1) ora. Nel momento in cui l'intervista sarà resa in forma scritta, avrà l'opportunità di riesaminare la Sua trascrizione per poter chiarire o riconfermare le risposte date.

#### **Disturbo / disagio**

Non è mia intenzione di fare domande profonde o personali all'intervistato che potrebbero causare difficoltà o disagio nel rispondere. Anzi, si anticipa che le informazioni raccolte tramite le interviste saranno generalmente di carattere informativo invece che altamente specifiche e profonde. L'intervistato potrà scegliere di non rispondere ad alcuna domanda durante l'intervista, e avrà inoltre l'opportunità di riesaminare le sue risposte quando riceverà la trascrizione dell'intervista.



**Pagamento**

L'intervista è puramente volontaria e non si offrirà alcuna ricompensa.

**Posso ritirarmi dalla ricerca?**

La partecipazione in questo studio è volontaria ed i partecipanti possono ritirarsi dall'intervista a qualunque punto senza subire alcuna sanzione o svantaggio.

**Riservatezza**

Il Suo anonimato sarà garantito tramite l'uso di nomi organizzativi fittizi e titoli numerati, per es. – rappresentante governativo 1. Non saranno usati nomi individuali.

Comunque, se vuole che la Sua partecipazione nel progetto è identificato, deve informare la ricercatrice della Sua volontà, oppure tutte le informazioni da se fornite rimangono confidenziali.

**Archiviazione dei dati**

L'archiviazione dei dati raccolti sarà conforme alle regole dell'Università e gli stessi saranno conservati in locali dell'Università, chiusi in casellari sotto chiave per 5 anni. Un rapporto dello studio potrebbe essere presentato per pubblicazione, però i partecipanti individuali non saranno identificabili in tale rapporto.

**Uso dei dati per altro scopo**

Si prega di notare, che nell'eventualità che i Suoi anonimi vengano usati per altro scopo (tale come un articolo in un periodico o un saggio per conferenza), siccome i dati sono anonimi, nessun individuo verrà nominato né identificato.

**Risultati**

Se desidera essere informato delle complete conclusioni della ricerca, Si prega di contattare Associate Professor Susan Freeman al +61 8 8303 3255.

<p>Se vuole contattare i <b>ricercatori</b> riguardo qualunque aspetto di questo studio, per favore contatti l'Investigatore Principale:</p>	<p>Se vuole fare un <b>riclamo</b> per il modo in cui questa ricerca (<b>H-114-2010</b>) è stata eseguita, per favore contatti:</p>
<p><b>Susan Freeman, PhD</b>  <b>Associate Dean Research</b>  <b>Associate Professor – International Business &amp; Marketing Discipline Leader</b>          The Business School,          The University of Adelaide,          Australia 5005          Ph: +61 8 8303 3255          Fax: +61 8 8313 2001          E-mail: susan.freeman@adelaide.edu.au</p> <p><b>Melanie Smans</b>          Monash University Prato Centre          Palazzo Vaj, Via Pugliesi, 26          59100 Prato, Italy</p> <p>Telefono: +39 3420 703160          E-mail: melanie.smans@adelaide.edu.au</p>	<p>Secretary, Human Research Ethics Committee          Research Ethics and Compliance Unit          Research Branch          Level 7, 115 Grenfell Street          University of Adelaide SA 5005</p> <p>Ph: +61 8 8303 6028          Fax: +61 8 8313 7325          E-mail: sabine.schreiber@adelaide.edu.au</p>

**Grazie.**

## Appendix O: List of Academic Workshops and Conferences

October 2010 *The University of Adelaide Higher Degree Research Student Workshop*

- The University of Adelaide, South Australia, Australia.
- Presented: “*The internationalisation of immigrant entrepreneurs: Findings & discussion*”.
- Won the award for *The Best Presentation of Findings and Discussion*.

June 2010 *The University of Adelaide Higher Degree Research Student Workshop*

- The University of Adelaide, South Australia, Australia.
- Presented: “*The internationalisation of immigrant entrepreneurs: preliminary findings*”.
- Won the award for *Most Contemporary and Innovative Presentation*.

April 2010 *Australia and New Zealand International Business Academy National Conference*

- The University of Sydney, New South Wales, Australia.
- Presented a competitive paper titled ‘*The internationalisation of immigrant entrepreneurs*’.

February 2009 *Monash University, Higher Degree Research Doctoral Workshop*

- Monash University, Victoria, Australia.
- Presented ‘*The internationalisation of Italian immigrant ethnic entrepreneurs within the Italian diaspora in Australia*’, which outlined my PhD research proposal in preparation for the confirmation of candidature presentation.

October 2008 *Monash University Higher Degree Research Student Workshop*

- Monash University, Victoria, Australia
- Presented ‘*The internationalisation of Italian immigrant ethnic entrepreneurs within the Italian diaspora in Australia*’, to members of the Business Faculty of Monash University.
- Won the award for *The Most Promising Research*.

# Appendix P: Consent Form - English

**Business School  
International Business**



## CONSENT FORM

**Title:** *Internationalisation of Italian Immigrant Ethnic Entrepreneurs in Australia*

**NOTE:** This consent form will remain with the University of Adelaide researcher for their records

I agree to take part in the University of Adelaide research project specified above. I have had the project explained to me, and I have read the Explanatory Statement, which I will keep for my records. I understand that agreeing to take part means that:

- |  |                              |                             |
|--|------------------------------|-----------------------------|
| I agree to be interviewed by the researcher                          | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| I agree to allow the interview to be audio-taped                     | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| I agree to make myself available for a further interview if required | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

I understand that my participation is voluntary, that I can choose not to participate in part or all of the project, and that I can withdraw at any stage of the project without being penalised or disadvantaged in any way.

I understand that any data that the researcher extracts from the interview for use in reports or published findings will not, under any circumstances, contain names or identifying characteristics.

I understand that I will be given a transcript of data concerning me for my approval before it is included in the write up of the research.

I understand that any information I provide is confidential, and that no information that could lead to the identification of any individual will be disclosed in any reports on the project, or to any other party.

I understand that should I wish my involvement in this research to be identified, I must inform the researcher, otherwise all information shall remain confidential.

I understand that data from the interview will be kept in a secure storage and accessible to the research team. I also understand that the data will be destroyed after a 5 year period unless I consent to it being used in future research.

**Participant's Name**.....

**Signature**..... **Date** .....

### WITNESS

I have described to ..... (name of participant)

the nature of the research to be carried out. In my opinion she/he understood the explanation.

Status in Project: .....

**Name**.....**Signature**.....**Date**.....

## Appendix Q: Consent Form - Italian

### Business School International Business



#### MODULO DI CONSENSO

**Titolo:** *Internazionalizzazione degli Imprenditori Emigranti Etnici Italiani in Australia*

**NOTA:** Questo modulo di consenso sarà conservato dalla ricercatrice di University of Adelaide per i propri dati.

Sono d'accordo di partecipare al progetto di ricerca della University of Adelaide come specificato sopra. Il progetto mi è stato spiegato ed ho letto il Foglio Esplicativo, che io conserverò per i miei dati. Io capisco che dando il mio consenso a prender parte significa che:

Sono d'accordo di essere intervistato dalla ricercatrice  **Si**  **No**  
Sono d'accordo che l'intervista sia registrata su audio cassette  **Si**  **No**  
Sono d'accordo di essere disponibile per una ulteriore intervista se necessario  **Si**  **No**

Io capisco che la mia partecipazione è volontaria, che ho la scelta di non partecipare in parte o in tutto il progetto, e che posso ritirarmi dal progetto a qualsiasi punto senza subire alcuna sanzione o svantaggio.

Io capisco che qualunque dei dati che la ricercatrice otterrà dall'intervista per uso in rapporti o conclusioni pubblicate, non includeranno in nessuna circostanza, nomi o caratteristiche identificabili.

Io capisco che riceverò una trascrizione dei dati che mi riguardano affinché siano approvati da me prima di essere inclusi nella conclusione della ricerca.

Io capisco che tutte le informazioni da me fornite sono confidenziali, e che nessuna informazione che potrebbe portare all'identificazione di alcun individuo sarà rivelata in qualunque rapporto del progetto, o ad altri.

Io capisco che se voglio che la mia partecipazione nel progetto è identificato, devo informare la ricercatrice della mia volontà, oppure tutte le informazioni da me fornite rimangano confidenziali.

Io capisco che i dati dell'intervista saranno conservati in un archivio sicuro e disponibili solo al gruppo di ricerca. Capisco pure che i dati saranno distrutti dopo un periodo di 5 anni, a meno che io non dia il mio consenso per essere usati in ricerche future.

**Nome del partecipante**.....

**Firma**..... **Data** .....

#### WITNESS

Sono spiegato a ..... (*nome del partecipante*)

il genere di questo progetto di ricerca. A mio parere, Lei ha capito la spiegazione.

Lo stato nel progetto di ricerca.....

**Nome**.....**Firma**.....**Data**.....