

Introduction

**Simone Guercini, Gabi Dei Ottati, Loretta Baldassar
and Graeme Johanson**

Abstract The international business and economics literature investigates the concepts of *foreignness* and *outsidership* as a source of liabilities for foreign firms. This introductory chapter discusses the genesis of this book and its structure, explaining the reasons for its multidisciplinary approach to studying the liabilities emerging in local contexts and relating to the separation between the immigrants and the native firms and communities. Immigrant entrepreneurship is an increasingly important phenomenon driven by growing immigration, entrepreneurial attitude diffusion among the immigrants, and the globalization of markets and supply chains. Immigrant entrepreneurs can experience liabilities similar to the liabilities of foreignness and of outsidership in their local networks, while being insiders to the global networks that are dominant in their specific industries and markets. Native entrepreneurs can experience a relative outsidership from the new global networks dominated by international entrepreneurship. The focus on local liabilities affords a unique perspective on the nature of globalization. Although the book applies the theme in reference to the case of Prato in Italy, the goal is to provide useful information to address a global phenomenon.

Keywords Foreignness · Outsidership · Native entrepreneurship · Immigrant entrepreneurship · Multidisciplinary approach

S. Guercini (✉) · G. Dei Ottati
University of Florence, Florence, Italy
e-mail: simone.guercini@unifi.it

G. Dei Ottati
e-mail: gabi.dei@unifi.it

L. Baldassar
University of Western Australia, Perth, Australia
e-mail: loretta.baldassar@uwa.edu.au

G. Johanson
Monash University, Melbourne, Australia
e-mail: graeme.johanson@monash.edu

In the absence of special features, the enterprises operating in a country are likely to be national firms; for national firms are likely to have advantages over foreigner...National firms have the general advantage of better information about their country: its economy, its language, its law, and its politics. To a foreigner the cost of acquiring this information may be considerable. But note that it is a fixed cost, once incurred by establishing a foreign operation it need not be incurred again

Hymer (1960, pp. 38–39).

A firm that does not have a position in a relevant network is an ‘outsider’. If a firm attempts to enter a foreign market where it has no relevant network position, it will suffer from the liability of outsidership and foreignness, and foreignness presumably complicates the process of becoming an insider

Johanson and Vahlne (2009, p. 1415).

We live in an era of significant social challenges resulting from increasingly diverse migration movements that require the ability to deal with complex integration issues from different perspectives. The relationship between native and immigrant entrepreneurship is one such issue that has important local and global implications for businesses, the economy, and society. This book deals with the relationship between native and immigrant entrepreneurship in local contexts, examining the effects of cultural separation conditions, acculturation stress, and the outsidership of actors from social and business networks. These phenomena produce specific liabilities at the local level, but also bring opportunities that can deliver both business growth and economic development.

The authors examine these opportunities and challenges from various perspectives, as experts of different disciplines, including management, economics, sociology, and anthropology. Specifically, this book adopts a multidisciplinary approach to elucidate the problems, or liabilities, associated with outsidership in the sense not only of foreignness, but also of the exclusion from the most effective international social and business networks. The focus on local liabilities affords a unique perspective on the nature of globalization. Importantly, immigrant entrepreneurs can experience a liability of outsidership from local networks, yet may be insiders to the global networks that are dominant in specific industries and markets. Conversely, native entrepreneurs can experience a relative outsidership from the new global networks dominated by immigrant entrepreneurs. Although we address the outsidership theme with reference to specific regional and local contexts—especially the local system in Prato, Italy—the goal is to provide information that is widely applicable to this global phenomenon.

This book’s genesis helps to explain the approach adopted. The book is the result of over 3 years of collaboration that began with the organization of a conference held in Prato (29–30 October 2013), titled *Chinese migration, entrepreneurship and development in the new global economy*. That conference combined the sixth *Chinese in Prato* and the fourth *Wenzhounese Diaspora Symposia* events: the Monash University Prato Centre, the University of Florence, and the European University Institute of Fiesole jointly organized the conference. The conference papers covered a variety of disciplines, including applied economics, industrial marketing, the sociology of migration, and the anthropology of migration.

The resulting collection of papers that emerged from the conference were as interesting as they were diverse, highlighting important disciplinary and methodological differences that are not easily integrated into a single volume. This said, the challenge of finding common themes, analytical approaches, and conceptual frameworks only added to a shared appreciation for the richness of the overall results. This appreciation stimulated the ambition of the editors of this book to give life to an organic work on a focused theme.

In the months following the conference, as editors we thought it more useful to identify the main emerging themes and results of the presented research and to construct a volume to feature these, rather than simply publishing the conference's proceedings. We identified the most significant subject of focus as the comparison between native and migrant communities and entrepreneurship. This comparison is particularly evident in the case of the community of Chinese Wenzhounese immigrants and their relationship with the native Italian community in the industrial district of Prato.

Deliberation on the conference results continued through 2014 and 2015, with ongoing contact between the organizers and the authors. These deliberations led to the organization of a workshop designed to compare and develop a specific set of research themes, facilitated by the careful selection of the papers presented at the initial conference. This workshop, held from 3–4 December 2015 at the Monash University Prato Centre, was titled *Liabilities of native and immigrant entrepreneurs in globalization: The case of Prato*. The workshop papers represented academic advances around a central idea, focused on a paradox in the relationship between native entrepreneurship and migrant entrepreneurship: a paradox generated by the contrast between the two terms. On the one hand, strong liabilities are evident for both the people and the businesses of migrant communities in their relationship with the native-born Italian population. These liabilities are also apparent for the businesses and the people of native Italian communities in their relationship with migrants. On the other hand, there are concurrent clear signs of significant business and growth opportunities for all (both native and migrant) firms, and of more general socio-economic and human development. The latter outcomes can arise if the identified liabilities are resolved, or at least partly overcome. Each chapter of this book engages with the concept of liability: the liability that arises from the separation between the (so-called) native communities and the migrant communities who share the same territory. Our collaborative discussions and workshops highlighted how this liability results, in part, from the effects of the outsidership of the individual actors from the social and business networks in which the members of the other community (native or migrant) are embedded. Examining the liability of outsidership concept is a key theme of this book. The editors decided that additional inputs from specialists around the globe would demonstrate the importance of this theme.

The outsidership concept borrows from the literature of management and international business (Johanson and Vahlne 2009). Outsidership links with the well-studied liability of foreignness concept in the theory of multinational enterprises (Hymer 1960). The liability of foreignness is the difficulty, or the burden, that

those in contexts other than their own cultural and national milieu must address (Zaheer 1995; Johanson and Vahlne 1977). Generally, this liability features in contexts where business actors move into a foreign territory. Recent international business literatures stress the growing importance of the liability of outsidership phenomenon (Johanson and Vahlne 2009; Håkansson and Snehota 1995; Hilmersson and Jansson 2012). This liability is defined as the difficulties that must be addressed by those who are external to the most effective and important international networks, which are often more complex than the simple foreigner/local distinction.

By definition, the liability of foreignness refers to foreign actors who come from a different national context to their current settled context (either as multinational organizations or as entrepreneurs). The liability of outsidership refers to the actors (both local/native and foreign/migrant) and their connections (or lack of them) with the prominent social and business networks (including both local/native and foreign/international), that lead to a distinction between the outsiders and the insiders. Globalization makes it increasingly important for businesses to belong to a diversity of networks, some of which may be stronger than the networks of the dominant nationality in the market (Vahlne and Johanson 2013). Outsider liability is strongly linked to the study of the migrant business communities settled in different territories, and affects social and business networks, as highlighted in the literature on the role of weak ties (Granovetter 1973), and on the industrial district (Becattini 1990).

Given the increasing diversity of global migration flows and worker mobility, we believe that this book addresses a key issue for the corporate actors and for the policy makers at local, national and global levels. A case study can apply substantive observation and analysis to a more general phenomenon (Woodside 2010). In cases such as Prato, the immigrant entrepreneurs can experience a social local outsidership, while being insiders to the global networks that are dominant in the specific industries and markets. This situation is not new historically; however, it assumes a new importance in today's global business environment. In cases like Prato, the entrepreneurs rooted in the native cultures can experience a relative outsidership from the new global networks dominated by the community of immigrant entrepreneurs settled in their territory.

These different forms of local liabilities are central to the analyses and discussions that comprise this book. We consider that the local liabilities phenomenon is of central relevance beyond the specific case of Prato and of the Wenzhounese immigrant entrepreneurs. However, we also believe that Prato provides an excellent case to understand the relationships between various levels of the economy and society, and that it offers a prime example of current forms of globalization.

The book provides a rich and insightful content that clarifies what constitutes the local liabilities experienced in a local context by two different communities of people and businesses. The theme of local liabilities, its antecedents and its consequences, is clearly transdisciplinary. Hence, the book's chapters have a multi-disciplinary frame, even when partly integrated by a shared research context. The thesis that emerges from the book is that local liabilities are not only an empirical

phenomenon, but that they also correspond to a concept interwoven with the well-studied individual components (foreignness, outsidership).

The liabilities related to local liabilities point to pressing contemporary concerns. Such liabilities may be strong enough to prevent the integration—not only in terms of social networks, but also in terms of business networks—of both the native and the migrant populations. At the same time, it is important that we understand that local liabilities are central to harnessing the opportunities offered by globalization itself.

This book comprises 12 chapters, including this introduction and the final remarks. In the next chapter, the editors discuss some central ideas (liabilities, separation, outsidership, and integration opportunities). The following three chapters examine some of the central issues that shape the Chinese community in Italy, and the specific case of Prato. These chapters provide useful data for the interpretation of the phenomenon at an economic and sociological level, switching from Barberis and Violante's national frame, to Biasi and Rosignoli's focus on the local economy, and finally to Becucci's ethnographic study of the immigrant business community active in the manufacture of clothing in Prato.

Paciocco and Baldassar and Johanson, Beghelli and Fladrich provide two different sociological perspectives of separation between immigrant Chinese and native Italians. The chapters focus, respectively, on the friendship networks and the associations of the new generation of (school age) immigrants, and on the use and impact of mobile communication technologies (smartphones) on the relationship networks. Both chapters explore the practices and processes that facilitate intra-ethnic versus inter-ethnic communication and exchange, from local and transnational perspectives.

The subsequent chapters examine managerial and international business issues. Guercini and Milanese deal with the liabilities of foreignness and of outsidership in the international business literature, and their local implications. Lazzarotti and Capone examine the results of a survey on the demographics of the population of failed firms in Prato. Zhang and Zhang and Ong and Freeman explore the relational and business issues of Chinese migrant entrepreneurship. They address the role of *guanxi* (the Chinese network of interpersonal relationships) on the sustainability, importance, and evolution of migrant entrepreneurship, as well as on the development of new competences and relationships with native entrepreneurship.

Finally, the last chapter (authored by the editors) takes stock of the relationship between native and immigrant entrepreneurship from the studies presented in the book. The chapter considers what is actually happening in practice, as well as the aspirations and hopes for future developments. Achieving improved outcomes for both migrant and native communities requires the active participation by the business community and by political actors. We need such participation to challenge the paradox inherent in the local liabilities, and to address successfully a common challenge faced by many places experiencing globalization.

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