



**MONASH University**

**THE INTEGRATION OF CHINESE MIGRANTS  
IN PRATO, ITALY**

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**(BA, MBA)**

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## *ERRATA*

p 28 para 1, second last line and Section 1.4.2, 3<sup>rd</sup> line : replace “textile” with “clothing”

p 31 line 9 and 12, and second last line: replace “textile” with “clothing”

p 33 last sentence: replace “in its initial formation some centuries ago” with “in its initial formation after World War II”

p 65 line 7: replace “textile” with “clothing”

p 66 para 2, line 2 and line 7: replace “textile” with “clothing”

p 69 para 2, line 10: replace “textile” with “clothing”

p 76 line 11: replace “textile” with “clothing”

p 77 line 3: replace “textile” with “clothing”

p 78 para 2, line 5: replace “textile” with “clothing”

p 86 para 6, line 5: replace “textile” with “clothing”

p 87 first line, line 3 and 5: replace “textile” with “clothing”

p 89 line 5, 6, 8, 13 and 16: replace “textile” with “clothing”

p 90 line 6 and 8: replace “textile” with “clothing”

p 91 para 1, last line and para 2, line 8, 10 and 12: replace “textile” with “clothing”

p 116 para 1, line 2 and para 2, line 2: replace “textile” with “clothing”

p 118 second last line: replace “the North of Italy” with “Central Italy”

p 120 para 2, third last line: replace “textile” with “clothing”

p 121 para 2: replace “Critical for the turnaround of Prato’s textile industry was the availability of migrant labour including the Chinese, who first arrived in the early 1980s, and continued to migrate there ever since.” with “Critical for the turnaround of Prato’s clothing industry was a change in the type of production and organization of fabric producers, who differentiated products, improved the quality and started to use imported components. This coincided with the availability of migrant labour including the Chinese, who first arrived in the early 1980s, and continued to migrate there ever since.”

p 123 para 2, line 3, 4, 6, 8, 9, 10: replace “textile” with “clothing”

p 124 third line from below: replace “The service sector has now exceeded in number the Chinese firms engaged in manufacturing” with “The number of Chinese firms in the service sector has grown significantly.”

p 129 section 8, second sentence: replace “Northern Italy” with “Central Italy”

p 141 para 2, line 2: delete “textile”

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# ABSTRACT

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Over the past three decades Prato has witnessed the rapid growth of a Chinese ethnic enclave. As one of Europe's most concentrated Chinese communities, the ongoing physical segregation of the Chinese migrants in Prato has remained contentious and has resulted in heightened social tension in the host society. This tension has raised questions about the adjustment of the Chinese migrants to their new host society and the reasons behind the lack of their integration as the key theme that this thesis is concerned with.

Using a qualitative research approach, this thesis is based on interviews with Chinese students, job seekers, employees and entrepreneurs conducted in Prato between 2007 and 2011. In this thesis I investigate the emergence of a Chinese labour market in Prato, the opportunities for socio-economic mobility of Chinese migrants and their connectedness using mobile phones. In three empirical chapters I illustrate the extent, and importance, of the bond Chinese migrants maintain with the Chinese community.

I argue that the Chinese enclave has restricted the opportunities for interactions the Chinese migrants have with the host society, which impacts on their integration. The deliberate decision of the Chinese migrants to remain within the confines of the ethnic enclave long after their arrival has been a conscious choice that has provided many economic opportunities beyond mere social security and comfort. Advances in communication technologies have enabled migrants to overcome the geographical distance between Italy and China, allowing the Chinese in Prato to be constantly engaged with their family and friends back home. The ethnic enclave thus forms the key determining factor in the isolation of the Chinese migrants in Prato.

# CANDIDATE'S DECLARATION

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In accordance with Monash University Doctorate Regulation 17 / Doctor of Philosophy and Master of Philosophy (M.Phil.) regulations, the following declarations are made:

I hereby declare that this thesis contains no material which has been accepted for the award of any other degree or diploma at any university or equivalent institution and that, to the best of my knowledge and belief, this thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

This thesis includes three original book chapters already published. The core theme of the thesis is the adjustment and integration of Chinese migrants in Prato. The ideas, development and writing up of all the papers in the thesis were the principal responsibility of myself, the Candidate, working within the School of Social and Political Sciences (Faculty of Arts) under the supervision of Professor Marika Vicziany and Professor Russell Smyth. In the case of Chapter 3 my contribution to the work involved the following: while I conducted most of the fieldwork, I was also involved in defining the research questions, reviewed pertinent literature and contributed to the final version of the chapter.

| Thesis chapter | Publication title   | Publication status* | Nature and extent of candidate's contribution |
|----------------|---|---------------------|---|
| 2              | <b>The Chinese Labour Market and Job Mobility in Prato</b> (2009) in Johanson, Smyth and French (Eds.), <i>Living Outside the Walls: The Chinese in Prato</i> , Newcastle upon Tyne, Cambridge Scholars Publishing, 96-128. | Published           | Sole author                                   |
| 3              | <b>Chinese SMEs in Prato, Italy</b> (2012) in Alon, Gugler and Fetscherin (Eds.), <i>Chinese International Investment</i> , Palgrave Macmillan, 234-256.  | Published           | Sole author                                   |
| 4              | <b>Ties that Bond: Mobile Phones and the Chinese in Prato</b> (2015) in Baldassar, Johanson, McAuliffe and Bressan (Eds.) <i>Chinese Migration to Europe: Prato, Italy and Beyond</i> , Palgrave Macmillan, 177-194.        | Published           | Co-author, 50% contribution                   |

Signed:



Date: 19/10/2015

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# LIST OF ABBREVIATIONS

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|       |   |
|-------|---|
| BBC   | British-born Chinese                                  |
| FDI   | Foreign Direct Investment                             |
| ICT   | Information and Communication Technology              |
| IOM   | Institute of Migration                                |
| ISTAT | Italian Institute of Statistics                       |
| MFA   | Multi Fibre Agreement                                 |
| MNC   | Multinational company                                 |
| MNE   | Multinational enterprise                              |
| OECD  | Organisation for Economic Cooperation and Development |
| OFDI  | Outward Foreign Direct Investment                     |
| PRC   | People's Republic of China                            |
| SME   | Small and medium enterprise                           |
| SOE   | State-owned enterprise                                |
| UK    | United Kingdom  |
| WTO   | World Trade Organisation                              |

# CHAPTER 1

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## THE CHINESE IN PRATO: THE INTEGRATION DEBATE

In Prato, Tuscany, a Chinese enclave has developed over the past three decades that constitutes one of Europe's most concentrated Chinese communities<sup>1</sup>. The rapid growth of this community, and its obvious physical segregation, has in recent years caused social tension in the host society.<sup>2</sup> The former Mayor of Prato, Marco Romagnoli, described the Chinese in Prato as an '[economic] blessing ... [but] ... a catastrophe for the community' (cited in Ehlers 2006). The literature addressing the integration of Chinese migrants in Italy has remained controversial. This raises questions regarding the adjustment of the Chinese in Prato to their new host society. How can we explain the lack of integration of the Chinese migrants in Prato? This is the central question that this thesis seeks to address.

In this thesis-by-publication I investigate this question from three different angles. First, I examine where, and how, the overseas Chinese migrants have worked and the role that interpersonal ties have played in their job search and job mobility. In the second case study, I turn to an analysis of the rationale and business strategies of Chinese micro-enterprises and small and medium enterprises (SMEs) in Prato. I contrast these with those of Chinese multinational companies (MNCs) and Chinese state-owned enterprises (SOEs) overseas. The SMEs that the Chinese migrants in Prato have established represent an essential transition

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<sup>1</sup> Whilst acknowledging the increasingly heterogeneous nature of the Chinese migrant community that has emerged in recent years in Italy, in this thesis I employ 'Chinese community' mainly in the singular for convenience of language. As pointed out by Bracci (2015:95) 'individuals or groups of Chinese origin [are often] viewed through the lens of ethnicisation and conceptions of community... and conceptualized as a whole'. My singular use is not intended to negate the sub-ethnic differences and internal fractures within the Chinese migrant community. At several places in the thesis I emphasise these sub-ethnic differences.

<sup>2</sup> Ricucci (2010:66) points out that residential segregation of the Chinese is especially visible in Prato, whilst less so in other Italian cities. Chang (2010:19-20) refers to this situation as a 'pressure-cooker of ethnic tension' that people are aware of but unable to resolve.

stage from their lives as unskilled and low-paid workers to entrepreneurs. In the third empirical study, I examine the use of mobile phones by the overseas Chinese in Prato to ascertain their impact on developing contacts with friends and family. Although not differentiating between the use of mobile phones by employees and entrepreneurs, the study analyses whether mobile phones assist the Chinese in Prato with their work commitments and networking into the host society.

### **1.1 The Journey: Research Direction**

The three case studies included in this thesis evolved over the course of my research in Prato between 2007 and 2011. As a result of my observations in late 2007<sup>3</sup> and findings in the literature that the employment of migrants<sup>4</sup> plays an important role in their adjustment to the host society, I set out to ascertain how and where the Chinese in Prato find jobs. During fieldwork, the Chinese employees confirmed that they almost exclusively worked for Chinese employers and that many aimed to open their own businesses in the future. This prompted me to investigate the worker-to-entrepreneur transition and the business strategies of the overseas Chinese. At this time my attention was also drawn to the concept of the ethnic enclave as conceptualized by Portes (1981). As my research progressed, I found that this concept certainly applied to the Chinese in Prato.

After I attended the *China Goes Global* conference on Chinese international investment in 2008,<sup>5</sup> I decided to compare the motivation and business strategies of Chinese SMEs in Prato with the large Chinese SOEs and MNEs operating overseas to ascertain if, and how, the business rationale and operations affected the adjustment of the Chinese. This research question was of particular importance as the Chinese in Prato appeared to rely heavily on the

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<sup>3</sup> As discussed in detail in the research methodology, I attended the conference *Building Communities: the Chinese in Prato*, 8-9 November 2007. This allowed me to engage in first observations of the Chinese community.

<sup>4</sup> For the purposes of this thesis I use the terms 'migrants' and 'immigrants' interchangeably to denote people who have moved to another country to live.

<sup>5</sup> *China Goes Global*, Harvard University, 8-9 October 2008.

ethnic enclave. The research findings from the first two case studies, together an analysis of the extant literature on migrants' lives in the host society, suggested that means of communication, in particular the mobile phone, have a major influence on the adjustment of migrants in the host country. This prompted an analysis of the use of mobile phones by the Chinese (workers and entrepreneurs) in Prato as the third case study of this thesis.

In studying how the Chinese in Prato have adjusted to the host society I found myself increasingly challenging assumptions by those authors who insisted that the Chinese in Italy are in the process of becoming fully integrated into the host society. I argue in this thesis that the ethnic enclave has been critical in facilitating the rapid development of the Chinese communities in Prato and in determining their adjustment to the host society. The majority of the Chinese in Prato do not appear to be driven by any special desire, or urgency, to participate in the host society as they seem to be living 'extensions' of their previous lives in China.

This introductory chapter provides the framework for the empirical chapters of this thesis, addressing epistemological and methodological questions. The chapter is organized as follows: in the next section I discuss the concepts of migrant adjustment and the ethnic enclave and explain why I have used these terms in this thesis. I then provide an overview of the development of the Chinese communities in Europe, before reviewing the scholarly debate about their adjustment and integration, especially in Italy and Prato. In the last section I introduce the research objectives, methodology and an outline of the structure of the thesis.

## **1.2 Migrant Adjustment and the Ethnic Enclave**

The rapid increase in the number of migrants in Europe in recent years, as well as their diversity and economic activities, has rendered the adjustment of migrants to the host country of particular importance (Berry 1992, Hatziprokopiou and Montagna 2012, Latham and Wu

2011). While migrants are often expected to become part of the host society through a process of integration, this is not the only possible adaption. Migrants employ different means to adapt to their new environment. In the following section I discuss two vital concepts that I use in this thesis when addressing the question of why the Chinese in Prato are not integrated: migrant adjustment and the ethnic enclave.

### **1.2.1 Migrant Adjustment**

Migrant adjustment has been identified in the literature as a multifaceted process (Eisenstadt (1954), Fuligni (1998), Jones (1959), Krausse (1979), Schwarzweller and Seggar (1967), Brown (1983), Speare (1983), Erman (2001); King and Christou (2008); Ryan *et al.* (2008). Berry (1992) argues that adjustment is a widely utilized adaptation strategy that comprises ‘changes in the individual ... in a direction which reduces conflict (that is, increases the congruence or fit) between the environment and the individual by bringing one into harmony with the environment’.<sup>6</sup> Omari (1956:49) defines migrant adjustment as the ‘successful adaptation to the nexus of the socio-economic activities at destination’ that is influenced by pre- and post-migration factors. In a similar manner, Speare (1983:22) states that migrant adjustment involves migrants responding to a new environment, which requires physical, social and economic changes, to which Lal (1980, 2008) adds the political and cultural dimensions in his extensive research on Indian indentured migrants. Brown (1983) argues that migrants’ responses to the new environment include roles, duties and skills that they consider necessary in order to meet the requirements of the host society, while Rose and Warshay (1957) confirm the importance of friends and relatives as the primary group of contacts in the new community. Migrants’ contacts and interactions with the host country, and the presence of family members, support networks and social institutions, including those in the workplace, form vital aspects affecting migrants’ integration (Åslund *et al.* 2009, Zhou 1997,

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<sup>6</sup> The other two strategies are reaction and withdrawal. For a detailed discussion on acculturation and adaptation see Berry (1992).

Waldinger & Feliciano 2004, Rudiger and Spencer 2003). Siegel (2007) argues that the more contact migrants have with the host society the better both communities will understand each other and the higher the probability that the migrants will become integrated.<sup>7</sup> Wu *et al.* (2005) affirmed that the restricted, or negative, interactions migrants have with the host society impede their integration and jeopardize social cohesion. Maya-Jariego and Armitage (2007) add to this that the time migrants interact within their own (i.e., ethnic) community, detracts from interactions with the host society. This is especially important where migrants work long hours for other members of their ethnic community as this diminishes opportunities migrants have to participate in the host society.

Consensus exists in the literature (including Rudiger and Spencer 2003, Terrazas 2011, OEDC 2006, IOM 2004) that migrant employment is one of the key aspects of migrant adjustment.<sup>8</sup> Scholars such as Phizacklea and Monder (1995), Woon (1983-1984) and Kloosterman and Rath (2002) have argued that migrants often face barriers entering the host labour market and that migrant self-employment and entrepreneurship allows them to circumvent these barriers. Wilson and Portes (1980) argue that the ethnic labour market enables migrants to 'bypass' the native labour market. Migrant self-employment, entrepreneurship and the ethnic labour market all represent forms of migrant adjustment to the host society but, they argue, these hamper migrants' integration as they often reduce social contact outside the ethnic group and foster the maintenance of the values and culture of their

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<sup>7</sup> Bogardus (1959) introduced the concept of social distance and suggests that the degree of understanding between groups defines whether they feel close to the group. Portes and Rumbaut (2001) relate social distance to culture, physical appearance and socio-economic background.

<sup>8</sup> Terrazas (2011) argues that different levels of integration exist and relates this to immigrants' human capital (i.e. skills level and education) as well as their duration of residency and immigrants' entry mode into the country. According to Ager and Strang (2008) and Kloosterman and Rath (2002), immigrant integration plays an important role as predominantly immigrants' economic activities impact on the social cohesion of the host society. Although immigrants have been found to often work in so-called 3-D jobs, i.e. perform work that is dirty, dangerous and demeaning, and that is usually shunned by the local labour force (Danson and Jentsch 2012), immigrants' economic activities and employment have nevertheless widely been perceived as a threat. Roberts (2001) investigates the employment situation and job choice of Chinese migrants in Shanghai, including their willingness to work in 3-D jobs, while Lal (1980) has analysed the case of indentured migration of Indians in Fiji during the 19<sup>th</sup> and 20<sup>th</sup> century. Lal provides insight into their employment and its impact on their political status in the host society. Addressing differences of regional origin, gender and caste, he argues that migrants were not all necessarily 'passive' victims but were actively responding to circumstances and opportunities.



heritage. Chiswick and Miller (2002) examine the significance and influence of the ethnic enclave on the adjustment of migrants. These authors find that the size of the enclave impacts on migrants' adjustment; the larger the ethnic enclave, the less its members are motivated to engage and interact with the host society.

### **1.2.3 The Ethnic Enclave**

My early observations of the Chinese communities in Prato suggested that the large number of Chinese employees and entrepreneurs in the geographically restricted area around Via Pistoiese forms an ethnic enclave. The concept of the ethnic enclave goes back to the Chicago School ecologists, who recognised the residential concentration of immigrants in the United States in the early 20<sup>th</sup> century (Logan *et al.* 2002:300). Wilson and Portes (1980) pioneered the concept of the ethnic enclave in their research on Cuban refugees in Miami. According to the authors, ethnic enclaves are often located in 'less desirable' areas that new migrants gravitate towards as a result of the limited resources they command upon their arrival. Ley and Murphy (2001) argue that as a result of migrants' resource constraints, enclaves form an important port of call for migrants providing 'kin and family ties, housing and work (Hou and Picot 2003:2). Forming 'cultural safety nets' (Miyares and Gowen 1998), ethnic enclaves allow migrants to 'escape' the foreign environment in the host society. Portes (1981:290-291) defines ethnic enclaves as 'immigrant groups which concentrate in a distinct spatial location and organize a variety of enterprises... [with]... a significant proportion of the immigrant labor force [that] works in enterprises owned by other immigrants'. This conceptualisation appeared applicable to the Chinese in Prato and my thesis set out to test this assumption.

Logan *et al.* (2002:299 and 319) point out that the enclave has different functions for different migrant groups. They emphasise that enclaves are nowadays a destination of choice for migrants, rather than a geographical constraint. Logan *et al.* (2009) argue that for some migrants the enclave becomes the final destination, while for others it forms a springboard

into the host society. Enclaves can be temporary and assist migrants in their transition to becoming integrated into the host society, which poses the question whether this also applies to the Chinese in Prato. Is the Chinese enclave a launching pad into the host society of Prato or does it mark the final destination for Chinese migrants? Is the role of the enclave for the Chinese evolving over time and are there differences between the first and following generations of Chinese migrants? Since 30 years have passed from the arrival of the first permanent Chinese migrants in Prato, these are relevant questions. Investigating the correlation between migrants in ethnic enclaves and their adjustment to the host society, Borjas (2000:98) claims that migrants' residential segregation 'hampers the process of economic assimilation'. Borjas (2000:93) argues that the ethnic enclave can have a two-fold impact; namely, 'on the one hand... [to] provide a "warm embrace".... [while on] the other hand becom[ing] an economic stranglehold... [that] may effectively hinder the [immigrants economically]'. Some scholars, such as Borjas (2000) and Qadeer and Kumar (2006), conclude that migrants may be fully aware of the disadvantages of the ethnic enclave but take these into consideration and make a conscious decision to opt for the ethnic enclave as their place of choice. The authors argue that the choice is a result of the cultural and social familiarity and comfort that the ethnic enclave provides to its members.

This thesis seeks to test which of these different interpretations of the ethnic enclave best fits the example of the Chinese in Prato. I discuss the adjustment of Chinese migrants in Prato from the perspective of the migrants as actors and investigate how the adjustment to their new environment has impacted on their integration into the host society. I draw on the suggestion by Chiswick and Miller (2002) that the size of the ethnic enclave is an important determinant in the migrants' adjustment. The findings by Siegel (2007) and Maya-Jariego and Armitage (2007) are also relevant in demonstrating how the lack of opportunity and time that migrants have to interact with the host society influences their forms of adjustment.

### 1.3 The Chinese Communities in Europe: Emigration Patterns

Although Chinese emigration is not a new phenomenon, due to the small number of Chinese in Europe during the early 20<sup>th</sup> century, their significance was, at first, marginal.<sup>9</sup> At that time, most Chinese were sojourners and only a few remained in the host country, mainly in France, Germany and the United Kingdom (Gütinger 1998, Guérassimoff 2007, Benton 2011, Skeldon 2004). This changed significantly in the late 1990s when a large and, in Europe, unprecedented, number of Chinese arrived, a phenomenon that has been described as an example of the ‘soaring out-migration’ from China (Thunø 2001:910) and part of the ‘leave China fever’ (Pieke 1998:2). It is the period since the late 1990s that I focus on in this thesis.

Large-scale emigration from China to Europe has been facilitated by a number of factors, including the greater freedom of movement of Chinese citizens in the post-Deng Xiaoping era. Emigration has been controversial throughout China’s past,<sup>10</sup> but in recent years, as China developed links with the global economy, its government has become more supportive of the emigration of its people. Chinese emigration has helped to tackle unemployment in China, has brought the benefits of emigrants’ remittances, providing a spur to developing the Chinese countryside in particular, and has improved international trade opportunities (Guérassimoff 2007, Kwong 2007, Zhu 2007, Chang 1968, Barabantseva 2005, Thunø 2001).<sup>11</sup> Deng

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<sup>9</sup> Chinese emigration was initially researched in South-East Asia as, due to its geographical vicinity and limited means of transport available at that time, this region developed into the first destination for Chinese international migrants. As the Chinese ventured further afar during the 19<sup>th</sup> century, scholars commenced to profile the Chinese in what has developed into the classic immigration countries, namely the United States, Canada, Australia and New Zealand. The Chinese in Europe concentrated in Germany, France and the United Kingdom, where they worked in the ship building and manufacturing industries.

<sup>10</sup> Known as International Labour Export or Cooperation *guoji laowushuchu*, this phenomenon is the Chinese government’s expression for Chinese migrating overseas for the purpose of finding work, either aided by an organization or relying on their own means (Zhang 2003:75). Otherwise also referred to as overseas employment or *haiwaijiuye*, the particular characteristic of this employment is that the purpose is not to settle overseas but to stay there for employment purposes and to earn money and then to return to China. Traditionally the option for overseas employment was open to skilled Chinese, professionals and students only. Skeldon (1996) discusses the fluctuation between emigration permission and prohibition in China during the 19<sup>th</sup> and 20<sup>th</sup> centuries in more detail.

<sup>11</sup> During the 1980s and 1990s, 70% of the foreign direct investment (FDI) crucial for China’s economic growth originated from overseas Chinese including those in Taiwan and Hong Kong (Chang 1995, Zhu 2007), which has arguably been critical for the socio-economic development of China and the changed attitude of the Chinese government’s towards emigration. According to Cheung (2005:56), this development saw the overseas Chinese in the 1990s no longer as political revolutionary but ‘economic energisers’.

Xiaoping's Open Door Policy (*Kaifeng Zhengce*), the Emigration Law in 1985 and China's accession to the World Trade Organisation (WTO) in 2001 have all been instrumental in China's increased openness and global integration. As the number of Chinese immigrants has grown rapidly since the 1990s, Skeldon (2004) argues that China has developed into a 'global migrant power' – a growth that has been propelled by the availability, and affordability, of information, travel and technology.

The expansion of Eastern Europe has also been critical in facilitating Chinese migration to Europe: the abolition of border controls within Europe under the Schengen Convention and relaxation of visa regulations opened up new employment opportunities and rendered the movement of people within Europe easier (Benton 2011, Castles 2000, Castles 2002, Latham and Wu 2011). This included Chinese migrants, who took advantage of this new-found mobility. Eastern Europe became an important point of entry for Chinese migrants in the late 1980s, many of whom used overland travel to Hungary as a transit zone to join existing Chinese communities in Western Europe (Nyiri 1999, Laczko 2003, Wong and Primecz 2011). The trends manifested in Chinese migration into Europe are discussed next as these provide an essential context for the more detailed case studies of the situation in Prato.

### **1.3.1 Figures and Flows of the Chinese in Europe**

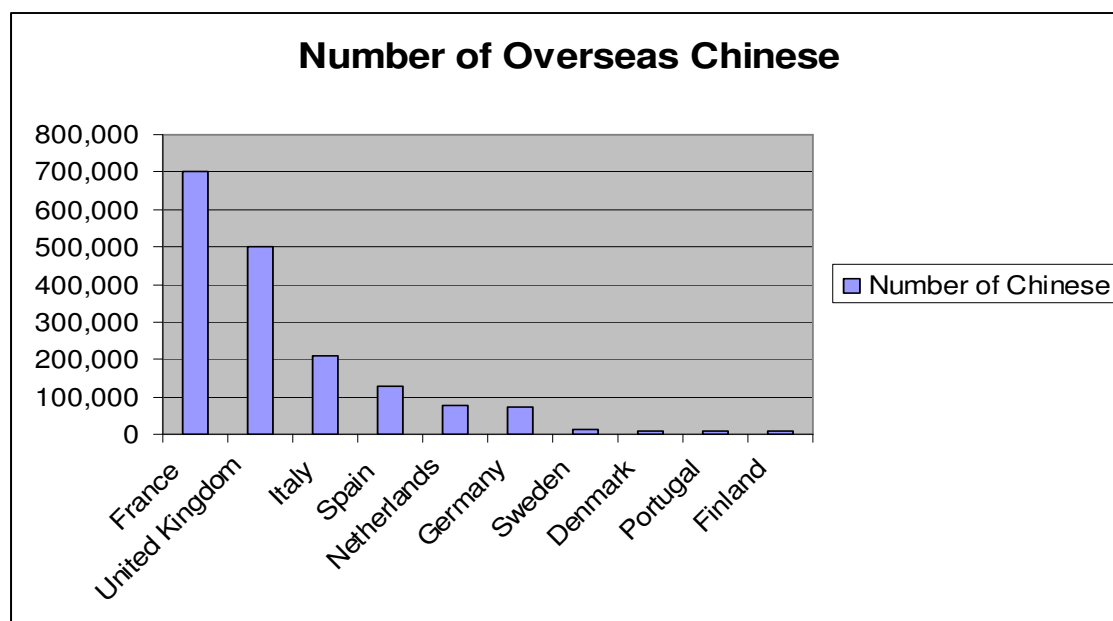
As illustrated in Figure 1 (below), by 2010/11 almost two million Chinese migrants had moved to Europe, and Europe has thus become an important target destination for the 'new' Chinese migrants (*xin yimin*) – a term used to distinguish the Chinese who emigrated since China's economic reforms and those who came before.<sup>12</sup> The majority of the Chinese

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<sup>12</sup> Due to the large numbers of illegal or unauthorized migrants, i.e. migrants who reside in a host country but are neither a citizen nor a permanent resident and do not hold temporary residence or work status, the number of Chinese migrants has been controversial (Latham and Wu 2011:17). Unauthorized migrants arrive without legal documents in the host country or either overstay or violate terms of their visa. The exact number of immigrants residing in Europe is unknown. Münz (2004) points out that in Europe nationality, and not place of origin, are used in relevant statistics. This is an approach that is different from other classic immigration countries such as the United States. As Passel (2006) shows for the case of the United States, unauthorized migrants are usually difficult to quantify other than using a 'residual method', but can form a vital part of the

migrants have moved to France and the United Kingdom, where significant Chinese communities have been in place since the 1920s. Albeit on a smaller scale, migration to Italy has, since the late 1990s, developed into a popular destination amongst the Chinese.

**Figure 1.1 Number of PRC Nationals in European Countries in 2010/11**



**Sources:** Graph compiled by the author from Istituto Nazionale di Statistica ([www.istat.it](http://www.istat.it)),

Instituto Nacional de Estadística ([www.ine.es](http://www.ine.es)), Laczko (2003), Statistische Bundesamt ([www.destatis.de](http://www.destatis.de)).

Most Chinese migrants in Europe originate from sending communities (*qiaoxiang*) in Zhejiang, Fujian and Guangdong provinces; the latter have for decades been renowned for their emigration and are located on China's eastern seaboard that has arguably rendered emigration easier from a logistical point of view.<sup>13</sup> For many Chinese in these provinces, emigration has been prompted by the migrants' ambition to improve their lifestyle, as well as

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host country and its economy. Passel (2006) refers to 4.9% of the civilian labour force in the United States being unauthorized migrants. This represents 7.2 million people (of an estimated total of 11.1 million unauthorized migrants).

<sup>13</sup> Chinese Wenzhou have been renowned for their entrepreneurial ambition as embodied in the so-called 'Wenzhou model' (for details on the Wenzhou model see Nolan and Dong (1990)).

pursuing economic opportunities abroad. In the words of Pina-Guerassimoff (2006:136) it has become a 'way of life'.<sup>14</sup>

Skeldon (2004) states that emigration from these 'sending' communities has been characterized by particular emigration patterns and these patterns relate to the time frame of emigration, the volume of migrants and the target destination. Pieke (1998) identifies five 'waves' of Chinese migrants to Europe each independent of the others.<sup>15</sup> The latest 'wave' of Chinese emigration was prompted by changes following the end of communism in Eastern Europe and has been referred to as a 'turning point' (Ceccagno 2003:206) that denotes the difference between migration now and previous Chinese migration to Europe. Occurring in a globalised context, recent Chinese migration to Europe has been characterized by an increasing volume, accelerating pace of migration and diversification of Chinese citizens migrating from new source regions to new target destinations (Benton and Pieke 1998, Pieke 2004, Poisson 2007, Nyiri 1999, Skeldon 2004, Wickberg 2007, Latham and Wu 2011). Although the majority of Chinese migrants still originate from the three traditional sending communities, increasingly Chinese migrants from North-East, Central and Western China are among those who have moved to Europe – albeit in small numbers compared to the traditional sending communities. The characteristics of this latest 'wave' and the context of Chinese emigration are expected to impact on their adjustment to the host countries.

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<sup>14</sup> Emigration differs at county and township level. In Zhejiang, Qiantian and Wenzhou form two different emigration 'hubs' that have developed differently due to migrants' different socio-economic background.

<sup>15</sup> As part of the discussion of different 'waves' of Chinese migrants throughout history, scholars have utilized the term 'new' migrants for those who have migrated after the beginning of the Open Door Policy in China in the late 1970s. The migrants are from different native places and also differ in their education level from past migrants to Hong Kong, Taiwan and especially Southeast Asia. See also Liu (2005:293), Sun (2002:143-44) and Fleming (2003). Scholars such as Ch'ng (1993), Gomez and Hsiao (2001) as well as Weidenbaum and Hughes (1996) refer to ethnic Chinese, who live outside the geographical boundaries of China as Overseas Chinese. While this term often extends to the ethnic Chinese in Greater China, i.e. Taiwan and Hong Kong, for the purpose of this thesis and the empirical chapters included, the Chinese are limited only to residents from the PRC. Gomez and Hsiao (2001:7) draw attention to the different Chinese terms for overseas Chinese.

### **1.3.2 Migrant Communities and Chain Migration**

Scholars have argued that the rapid influx of the Chinese since the late 1990s has been possible due to chain migration that enabled new Chinese arrivals to re-invigorate existing networks set up by a small number of fellow countrymen who migrated to Europe in the early 20<sup>th</sup> century. Beck (2007:142) describes the early Chinese migrants in Europe as ‘seed populations’, while Pina-Guerassimoff (2006:137) refers to the Chinese communities as ‘poles’ of Chinese emigration. Pieke (2005) compares this ‘re-dynamisation’ of Chinese migratory flows to an ‘infusion of new blood’ to the small pre-existing Chinese communities in Europe. As examples of Chinese chain migration and their ‘culture of emigration’ (Pieke 1998:11) these seed populations were important in meeting the basic needs of new migrants and thus assisted with their adjustment. What does this entail for the Chinese in Prato and their increasingly heterogeneous Chinese community? What access do they have to resources and how does this influence their adjustment to the host society?

### **1.3.3 Studies of Chinese Communities in Europe (excluding Italy)**

Despite the substantial influx of Chinese migrants into Europe since the late 1990s, the literature on the Chinese in Europe has yet to catch up with the pace of change in this new facet of Chinese migration that has largely remained in the shadow of scholarship on the overseas Chinese in Southeast Asia, the USA, Canada and Australia (including Ch’ng 1993, Weidenbaum and Hughes 1996, Wang 2003 and Yeung 1999, Guo and DeVoretz 2006). In scholarship on the Chinese in Europe, two approaches prevail. First, there is a focus on Chinese migrants from a particular location or sending community as the point of emigration including Guangzhou, Fujian and Zhejiang (Nyiri 1999, Pieke 2004, Wang 2000). Secondly, scholars have looked at the Chinese from the perspective of their target destination, for example, the Chinese in Britain (Beck 2007, Pang and Lau 1998, Song 2015), Denmark (Thunø 2001), France (Wang 2000, Yu-Sion 1998, Guillon 1998, Pina-Guerrassimoff 2006,

Ma Mung 2015) Germany (Giese 1999 and 2003, Gütinger 1998, Leung 2001 and 2004), Hungary (Nyiri 2003), Italy (Ceccagno 2003) and Portugal (Teixera 1998). Despite the differences in their new host country all these studies have been subsumed under the common theme of the Chinese in Europe (including Benton and Pieke 1998, Laczko 2003, Yun 2004, Thunø and Pieke 2005). The 'turning point' of the rapid growth of the Chinese community in Europe at the beginning of the new millennium is also reflected in the literature. Nascent scholarship on the Chinese in Europe prior to 2000 is mainly based on historical statistics about the Chinese communities, while the growing literature since 2000 comprises recent empirical work based on interviews with members of the Chinese communities.

#### **1.3.4 The Integration of the Chinese in Europe**

Scholarship on the Chinese communities in Europe has addressed the aspects of their migration flows and trends, settlement and occupation, identity and transnationalism as part of the question of the integration of Chinese migrants. In the literature there is a widely held perception of the Chinese communities in most of Europe as close-knit and as belonging to deliberately segregated 'parallel economies', at times in marginalized enclaves (Guillon 1998, Yun 2004, Zhou 1996, Pang and Lau 1998, French and Polgreen 2007, Hopper 2011, Pieke 1998). The 'pioneering' publication, *The Chinese in Europe*, edited by Benton and Pieke (1998), provided a comprehensive overview of the emigration patterns, geographical distribution and occupational organisation of the Chinese communities in various European countries. Based on historical data for the period from the 1970s to the mid-1990s, the work illustrated the heterogeneity of the Chinese communities. Although various authors in this publication make reference to the integration of the Chinese, they usually fall short of addressing how they conceptualize integration, a failing that they share with most scholars writing on the Chinese in Europe.<sup>16</sup>

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<sup>16</sup> The only scholars who address how she employed the concept of integration are Chang (2010) and Berti and Valzania (2015:165-167).



In the introductory chapter of *The Chinese in Europe*, Pieke (1998:11) states that the Chinese who had migrated to Europe since the late 1980s ‘voluntarily cocooned themselves’. The author based his claim on the findings from a number of European countries where the Chinese were found to ‘rarely seek opportunities outside the economic niches they specialize in’. Pang and Lau (1998) arrived at a similar conclusion from their analysis of the occupational segregation of the Chinese (from Hong Kong) in Britain. Focusing on the occupational aspirations and work ethic of the Chinese, the authors find that discrimination in the labour market prompted the Chinese to remain in the ‘comfort zone’ of their ethnic community and thus segregated from the host society. Pang and Lau (1998:863) argued that the Chinese in the United Kingdom had been praised in the host society as a ‘model’ migrant group for their high levels of education and entrepreneurship as well as their low unemployment. Their occupational segregation, however, had led to repeated accusations about their unwillingness to become integrated. In her recent research on the British-born Chinese (BBC), Song (2015:69) confirms that the Chinese in Britain have largely been perceived as an unproblematic and ‘invisible’ group. The author found that for the BBC themselves, however, this invisibility often translated into marginalization in the host society (Parker and Song 2007). The above views are supported by Yu-Sion (1998:103), who reported that ‘the outstanding feature [of the Chinese in France]... was their isolation. Inter-group relations were poorly developed as a result of linguistic barriers. Each group remained shut up in its own social and professional sphere.’ Yu-Sion’s findings of occupational segregation of the Chinese in France were largely confirmed by Ma Mung (2015) and appear to resonate with those by Pang and Lau (1998) and Song (2015) on the Chinese in Britain.

Pieke (1998:11) states that their emigration culture and chain migration enabled the Chinese in Europe to enter a ‘ready-made social environment’ of pre-arranged employment and social-cultural contacts. As a result the Chinese worked mainly in the ethnic niches that previous Chinese had carved out in the host country and were reluctant to ‘seek cooperation and

integration with strangers'. Pieke (1998:11) points out that the Chinese differentiated their community according to their place of origin in China and that strangers are 'members of the indigenous population or overseas Chinese from other areas'. Other scholars have argued that these differences at the sub-ethnic level could influence the adjustment of the Chinese to the host society. Yun (2004) compares Chinese migrants from Zhejiang and northeastern China (*Dongbei*) in Europe and argues that immigrants from Zhejiang displayed no intention of integrating into the host society and formed an 'impenetrable community' (Yun 2004:8). Single-mindedly determined to open their own businesses, migrants from Zhejiang generally did not intend to enter the local labour market and thus made no effort to learn the local language, nor did they call on any social support or welfare assistance from the host government. Instead, they depended on family and friends to access resources necessary for their survival.

This stands in stark contrast to the Chinese from the northeast of China, who have no emigration tradition and do not conform to the structure and pattern of chain migration as they do not constitute sizeable communities in the host countries. Yun (2004:6) points out that the migrants from the northeast lacked the ambition and motivation to set up their own business. Once overseas, they often worked for fellow countrymen from Zhejiang Province who had migrated overseas earlier. Yun suggests that this indicated a hierarchy within the Chinese community, at the bottom of which sit migrants from northeastern China.<sup>17</sup> Yun (2004: 6) concludes that the migrants from China's Northeast were 'completely isolated' in the Chinese community and as a result may seek more socio-cultural contacts in the host society.

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<sup>17</sup> Ceccagno (2009) elaborates on the dominance of the Chinese from Zhejiang entrepreneurs in Prato and how the Chinese from Fujian used to work for them until the mid-1990s when they started to open their own businesses. The author illustrates further how the Chinese from the northeast as the latest arrivals in Europe hold the bottom position in Chinese workshops, which supports Yun's (2004) argument of the hierarchy within the Chinese community.

The above review shows that the prevailing literature about the Chinese in most of Europe stresses how the Chinese keep to themselves and, for various reasons, are not integrated into the host society. In the case of the Chinese in Italy, however, controversy exists in the literature regarding their integration. In the following section, I first discuss the evolution of the Chinese communities in Italy and Prato and I subsequently review the extant literature about them and their integration.

#### 1.4 The Chinese in Italy and Prato

Previously known as a country with a strong history of emigration, Italy has, over the past decade, developed into a country that plays host to many immigrants. At the end of the first decade of the 21<sup>st</sup> century, Italy hosted ‘the fastest-growing immigrant population in Europe’ (Nielsen *et al.* 2012:307). Table 1.1 illustrates the inflow of immigrants to Italy between 2005 and 2013 and documents that by 2007 more than half a million immigrants had moved to Italy, which represents a growth of close to 180 per cent in two years, i.e. between 2005 and 2007.

**Table 1.1 Inflow of Permanent Immigrants to Italy 2005-2013**

| Year               | 2005   | 2007   | 2009   | 2010   | 2012   | 2013   |
|--------------------|--------|--------|--------|--------|--------|--------|
| Number of migrants | 193500 | 537200 | 369000 | 331700 | 321300 | 307000 |

**Source:** Extracted from International Migration Outlook 2014 (OECD 2014)

Despite a gradual decrease since 2007, the number of immigrants in Italy each year remains almost twice as high as in 2006. With 7.2 % of its population being foreigners, Italy exceeds the average percentage in the European Union of 6.4 % (Chang 2012). The five largest migrant communities in Italy originate from Morocco, Albania, Romania, the Philippines and China (Gallina 2007:14, Rastrelli 1999).

### 1.4.1 Figures and Flows of the Chinese in Italy

The ‘Chinese-Italian experience’ (Baldassar *et al.* 2015:13) looks back on a history that spans five generations. The first Chinese in Italy were peddlers, who arrived from France in the 1930s in pursuit of new markets. They were followed by Chinese from other European and Asian countries in the 1960s and 1970s (Chang 2012). Over the past decade, Italy has developed into a ‘magnet’ for Chinese migration in Southern Europe (Blanchard and Castagnone 2015:271). Although the Chinese are not an entirely new phenomenon in Italy, with a ten-fold increase in their numbers over the past two decades, the pace of the numerical growth of the Chinese has been high. However, as Dei Ottati and Cologna (2015:35) point out and as Table 1.2 shows, during 2007 and 2008, Chinese migration to Italy appears to have reached a plateau and has decreased since 2011.

**Table 1.2 The Total Chinese Community in Italy: 1991 to 2014**

| Year | Number of Chinese | Growth (in nos.) | Growth (in %) |
|------|-------------------|------------------|---------------|
| 1991 | 18,700            | n/a              | n/a           |
| 2000 | 48,650            | 29,950           | 260           |
| 2007 | 168,750           | 120,100          | 347           |
| 2011 | 209,934           | 41,184           | 24            |
| 2014 | 320,794           | 110,860          | 53            |

**Source:** Compiled by the author from information in Blangiardo, G. (2007), Ceccagno, A. (2003 and 2007), Statistiche demografiche ISTAT, ([www.istat.it](http://www.istat.it))

By the end of 2014, Chinese migrants accounted for more than 7.5 per cent of foreign nationals in Italy. In several Italian cities and towns, the percentage of the Chinese has been even higher: in Prato, the percentage of overseas Chinese has arguably been three times as high as the national average. The Chinese in Italy have a particular spatial dispersion compared to many other countries. Unlike other European countries, where the Chinese are mainly located in large cities, the Chinese in Italy are widely distributed. Besides the

metropolises of Rome and Milan, Chinese migrants have also moved into small and medium-sized Italian cities, following a ‘diffused pattern’ (Ceccagno 2007).<sup>18</sup> According to Carchedi and Ferri (1998:267), the geographical dispersion of the Chinese has been driven by increased competition that ‘pushed’ the Chinese out of the large cities. Tuscany, and especially the Florentine area, has emerged as the focal point of Chinese immigration in Italy, which Carchedi and Ferri (1998) argue is a result of this area’s role as the country’s textile manufacturing hub. Ceccagno (2003, 2007) and Dei Ottati (2014) maintain that the Italian industrial districts, including Prato, have been particularly attractive to Chinese migrants. The authors state that this is due to the lower barriers and set-up cost for entrepreneurs in the textile and leather manufacturing industries, as well as the dominance of economically interdependent SMEs, engaging in complementary economic activities.

#### **1.4.2 The Development of the Chinese Community in Prato**

The city of Prato (Commune of Prato) is one of Italy’s largest and oldest industrial districts, famous for its textile production, with a population of 191,002 residents (Leoni 2009, di Giacomantonio 2012, Comune di Prato 2015). Prato’s textile industry has been characterized by a large number of SMEs and more than 6,000 SMEs operate in the city (Dei Ottati 2003, Piscitello and Sgobbi 2004).<sup>19</sup> Increasingly migrants have been recruited to work in Prato’s textile industry, including international migrants from China, who have become a significant presence in Prato since the late 1990s (see Table 1.3). Accounting for just under two per cent of Prato’s population in 1995, the number of immigrants in Prato has grown more than ten-

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<sup>18</sup> Dei Ottati (2009 and 2014) provides detailed discussions on the role and characteristics of the industrial districts and mentions that immigrants in Italy are taking on work in large and small cities - including industrial districts - that are shunned by the Italians.

<sup>19</sup> Most textile firms in Prato have been characterized by the separation of ‘backstage’ manufacturing operations performed by subcontractors and front-end firms engaged in design and marketing. Between 1950 and 1970 Prato flourished and advanced into one of the fastest growing economic centres in Italy (Fioretti 2001, Bressan and Radini 2009). Integrating employees’ working and living spaces in a model referred to as *mixité*, the ‘city-factory’ or *citta-fabbrica* emerged in the area of Macrolotto Zero (0) where textile firms relied on long working hours and night shifts of labour (Khosravian and Bengston, 2006).

fold and today accounts for one-fifth of the city's population.<sup>20</sup> As Latham and Wu (2011:35) point out, the Chinese community in Prato may not be the largest in Italy, but it is the 'most noticeable'. About half of the foreign population in Prato is Chinese as the following section explains.

**Table 1.3 Foreign Population residing in Prato between 31.12.1995 and 31.12.2014**

| Year | Total number of foreigners | Change in % | Total Population | Percentage of foreigners |
|------|----------------------------|-------------|------------------|--------------------------|
| 1995 | 3,019                      |             | 167,991          | 1.80                     |
| 2000 | 9,213                      | 24.10       | 174,513          | 5.28                     |
| 2005 | 19,771                     | 20.75       | 183,823          | 10.76                    |
| 2010 | 28,402                     | 7.92        | 188,011          | 15.11                    |
| 2013 | 33,672                     | 1.55        | 191,378          | 17.59                    |
| 2014 | 34,171                     | 1.48        | 191,002          | 17.89                    |

**Source:** Extract from *Popolazione Straniera al 31.12.2014*, last accessed 15 March 2015: <http://statistica.comune.prato.it>

While migrants in Italy accounted for 0.6 per cent of the total population in 1995, in Prato this percentage was three times higher than the national average. As illustrated in Table 1.5 almost half of all migrants in Prato today are Chinese. The table refers only to legal and documented migrants and does not include illegal/undocumented migrants (*clandestini*). While the official number of Chinese in Prato stood at 15,440 in early 2013, estimates of up to 60,000 Chinese suggest that possibly four times the official number of Chinese migrants live in Prato today (Donaido 2010).<sup>21</sup> In the context of controversy over the number of Chinese migrants in

<sup>20</sup> Bressan and Tosi Cambini (2009:158) point to the heterogeneous nature that characterizes Prato and argue that the city has changed over time in response to 'various migratory waves' that all residents in Prato need to embrace.

<sup>21</sup> The number of Chinese who live in Prato has been controversial also due to the large estimates of illegal Chinese who have moved to Prato. In this context, Bracci (2015:98) emphasises that no official data on the number of illegal Chinese migrants exist. Song (2015:79) refers to the number of Chinese in Prato as having reached the 'tipping point' of being perceived by the non-Chinese as a threat. Many European countries share Italy's difficulty in documenting the total number of migrants (see Ma Mung's comment on ethnicity in the

Prato, Bracci (2015:93) affirms that the migration flows of Chinese have inflamed public discourse significantly. The author points out that this discourse continues to be fuelled by issues of public security and illegality, instead of addressing important issues relating to the social inclusion and integration of the Chinese.

**Table 1.4 Number of Foreign Residents in Prato as shown in the official records of the Commune of Prato on 31 December 2014**

| Country  | Number of foreigners | Percentage of total foreigners |
|----------|----------------------|--------------------------------|
| China    | 15,957               | 45.85                          |
| Albania  | 5,008                | 14.73                          |
| Romania  | 3,429                | 9.91                           |
| Pakistan | 2,064                | 6.61                           |
| Morocco  | 1,564                | 4.83                           |

**Source:** Extract from *Popolazione Straniera al 31.12.2014*, last accessed 15 March 2015: <http://statistica.comune.prato.it>

The first Chinese migrants to arrive in Prato in the 1980s had been living in Tuscany, especially in Campi Bisenzio (Dei Ottati 2014, Dei Ottati and Cologna 2015). They took advantage of the Italian-Chinese Treaty of 1985 that encouraged the Chinese to become self-employed and employ a limited number of fellow countrymen. A small number of Chinese bought ailing small family businesses from local Italians and set up the foundation for what was to become Prato's Chinese enclave.<sup>22</sup> Referred to as 'pioneers' by Ceccagno (2003:203), Nadeau (2007) is more critical of these migrants, whom the author describes as 'cash-rich entrepreneurs [who] immediately snatched ... up [Italian-owned garment factories] and

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French census 2015:54). Leung (2004:95) notes the problems by this for researchers and policy makers. The OECD (2012:44) has also complained about the limited availability of reliable data.

<sup>22</sup> Dei Ottati (2014) offers a detailed analysis of the economic situation of Italian businesses during that time, which were either affected by the lack of subcontractors or the lack of business successors. Dei Ottati and Cologna (2015:40) point out that the first Chinese migrants that arrived in Prato from Campi Bisenzio were from Wenzhou and had been self-employed since the beginning of the 1980s. Whilst initially perceived by the Pratese as 'economic resources', the growth and success of the Chinese in Prato soon became a 'social emergency' (Dei Ottati and Cologna 2015:45). Bracci (2015:84) contends that values were changing by the 1980s and the younger Chinese generation did not buy into the past work ethic of working long hours and renouncing holidays. Bracci (2015), moreover, highlights that the expiration of the Multi Fibre Agreement (MFA) imposing import quotas in 2005 resulted in the closure of a large number of textile firms (Bracci 2015:85).

brought their own workers'. Dei Ottati (2014, 2015), however, illustrates how the Chinese did not enter Prato's primary textiles industry, but saw their opportunity in the secondary sector producing knitwear. She provides details of how Chinese migrants worked as subcontractors manufacturing clothes for Italian firms and how the manufacturing model of 'homeworker and subcontractors' (Dei Ottati 2014:1251) was in demand and had a special appeal for Chinese entrepreneurs from Wenzhou. Over time, the Chinese nationals made further inroads into Prato's clothing industry and turned it into one of Europe's most important fashion districts (Ceccagno 2009, Donadio 2010, di Giacomantonio 2012). Initially, only servicing Prato's low-end textile market, by 2009 the Chinese firms were involved in the entire value chain from design to distribution and produced 80% of Prato's entire fashion industry output (Ceccagno 2009). The *Pronto Moda* business model of ready-to-wear, fast fashion allowed the Chinese textile and fashion factory owners to grow their businesses in an unprecedented manner. Dei Ottati identifies this 'multiplication of the Chinese ethnic clothing business' (Dei Ottati 2009:30) and 'veritable explosion in business start-ups among the Chinese' (2014:1255) as the drivers behind the growth of Prato's Chinese economy. This economy has been propelled by the flexibility and speed of production facilitated by Chinese labourers working 12-16 hours<sup>23</sup> a day (Bressan and Tosi Cambini 2009:155, Ceccagno 2009:51, Dei Ottati 2009:31). As the Chinese community in Prato grew, the pool of rich 'pioneer' entrepreneurs from China shrank and was replaced by new entrepreneurs who emerged from the Chinese workers who had come to Prato some years earlier to take up jobs in the textile sector (see Chapter Two in this thesis).

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<sup>23</sup> At least two scholars (Beccatini 2001, Bracci 2015) have pointed out that long working hours have been widespread and common practice in the industrial districts in Italy in the past.



**Table 1.5 Approximate growth in the number of Chinese firms in Prato (1991 to 2014)**

| Year | Number | Growth (%) |
|------|--------|------------|
| 1991 | 212    | n/a        |
| 2001 | 1,753  | ~825%      |
| 2007 | 3,177  | ~80%       |
| 2009 | >3,500 | ~10%       |
| 2012 | >4,000 | ~10%       |
| 2014 | >5,000 | n/a        |

**Source:** Compilation by the author using data from Ceccagno (2003) and Kynge (2007). The number for 2014 refers to the Province of Prato (Dei Ottati 2014).

With the rapid growth of Chinese enterprises, especially from 2001-2007 (Table 1.5), many Chinese businesses changed their status from subcontractor to principal firm involved in producing clothing at all stages in the textile production cycle (Ceccagno 2003, Dinmore 2010, Dei Ottati 2014). An increasing number of Chinese have successfully leveraged off the business opportunities originating from within the growing Chinese community; namely, products and services for the Chinese workers, including travel and translation services. In 2014, there were more than 5,000 Chinese enterprises registered as ‘economically active’ in the province of Prato, accounting for about 70% of Chinese businesses in Tuscany. Although the figures document the dynamic growth of Chinese enterprises in Prato, their exact number and exceptional development has remained controversial. The Chinese have been accused of tax evasion and have been accused of frequently closing and re-opening their businesses under another name to avoid paying social charges and taxes. Such practices may distort the numbers of Chinese businesses active at any one time (Di Castro and Vicziany 2009, Latham and Wu 2011, Toccafondi 2009).<sup>24</sup>

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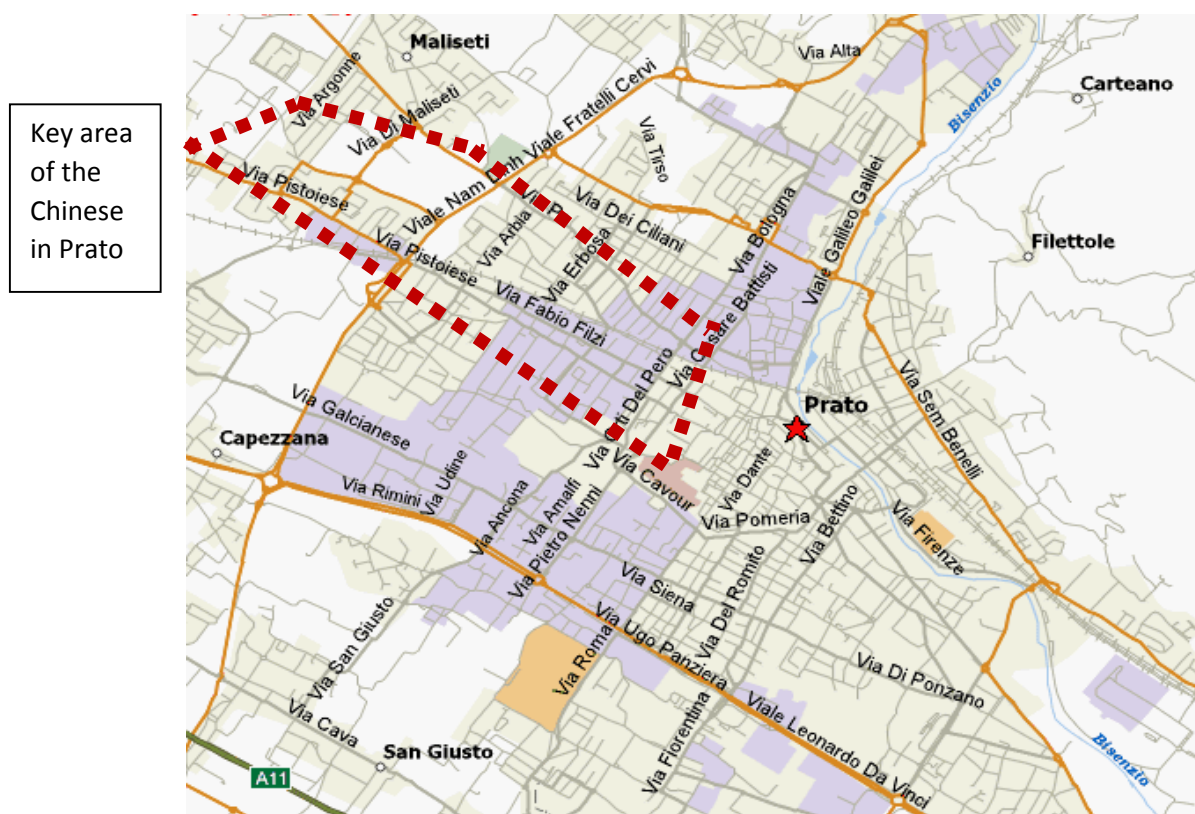
<sup>24</sup> Donadio (2010) states that accusations of tax evasion and the Chinese black economy in Prato have resulted in a ‘toxic combination of residual fears about immigration and the economy’.

Most Chinese migrants in Prato originate from Zhejiang and Fujian provinces and many of them arrived in Italy without substantial funds. Indeed, many started out with debts, incurred for their passage to Italy (Denison *et al.* 2009, Chen and Ochsmann 2009). The Chinese communities mainly live and work in the area of Macrolotto Zero (0)<sup>25</sup> and ancillary streets outside Prato's historical centre. Macrolotto Zero was critical to Prato's success in the past and has been characterized by a concentration of commercial and residential buildings. Over the past three decades, this area has morphed into 'an important connective hub' (Bressan and Tosi Cambini 2009:149) for the Chinese community that allows its members to maintain intra-group contact. An 'exclusive physical enclave' (Baldassar *et al.* 2015:12) has developed on and around Via Pistoiese, or China Street (*Zhongguo Jie*), that functions as the 'main artery' of Macrolotto Zero and has been referred to as a 'zone of transition', which denotes the area's contribution to the success of the industrial district in its initial formation some centuries ago, and more recently, the changes brought about by the Chinese.

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<sup>25</sup> Macrolotto Zero comprises the area around Via Pistoiese and the suburbs of Sao Paolo and Chiesanuova (Bressan and Radini 2009).

### Figure 1.2 Map of Prato, Italy



(Retrieved 23.12.2013 from <http://www.turkey-visit.com/map/italy/prato/Prato-districts-map.gif>)

### 1.4.3 Current Literature on the Chinese in Italy and Prato

The growth of the Chinese community in Italy and Prato as described above, has attracted an increasing body of scholarship from Italian and international scholars. The debate about whether, and to what extent, the Chinese in Italy have ‘integrated’ has witnessed the emergence of two different schools: first, one school claims that the Chinese are not integrated into the host country (Italy) and a second group that insists that they have become integrated. There appear to be two sides to the first question that denies Chinese integration: do the Chinese stand apart because of their strong ethnic community ties or is it because they have been rejected by the host society? While much of the debate in the literature on the overseas Chinese refers to the former aspect and focuses on bonding within the Chinese community, the rejection by the Italians appears especially prominent in the literature on the Chinese in Italy. The empirical chapters included in this thesis focus on the role of the Chinese community. In the next two sections I first analyse the work of scholars who insist

that the Chinese are not integrating with the local Italian society and then consider the work of scholars who take the opposite position and say that integration is happening.

#### **1.4.3.1 The Non-Integration School**

Carchedi and Ferri (1998) were among the first to write about the Chinese in Italy in English<sup>26</sup> and contend that the Chinese have not become integrated into the host community. Based on interviews and official data,<sup>27</sup> the authors describe the flow and settlement of the Chinese migrants, their education and employment between the 1970s and early 1990s. Carchedi and Ferri (1998) found that the Chinese arrived in Italy with resources accumulated in other European countries. The Italian-Chinese Treaty of 1985 accelerated the economic activities of the Chinese as entrepreneurs and employees and encouraged an increasing number of Chinese to migrate to Italy and work for their fellow countrymen. As a result, the authors state that during the initial stages of their settlement in the host country, the drive by first-generation Chinese migrants for economic success and their immersion in the Chinese community largely prevented them from interacting with the host society. Chinese small family businesses acted as ‘agencies for integration’ within the Chinese community (Carchedi and Ferri 1998:274). Based on their previous research, the authors argue that financial, human and social capital was handed down to the next generation of Chinese, which rendered the need for social interactions with the host society less important and less likely. Carchedi and Ferri (1998:273) conclude that the Chinese led lives that were ‘extensions of home’ and that strong relationships with kinsmen from their home provinces in China impeded their integration. The low proficiency in the Italian language of the first-generation Chinese limited communication with the hosts. However, the authors suggest that in the future contextual influences (e.g. local institutions) may prompt the Italians and Chinese to engage in a dialogue and exchange views and that this could then result in their integration.

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<sup>26</sup> It should be noted that various Italian scholars have previously written about the Chinese in Italy including Ceccagno and Omodeo (1995) and Rastrelli (1999).

<sup>27</sup> Official data the authors employed were from the Italian Ministry of the Interior and the Italian Institute of Statistics (ISTAT).

Pedone (2011) supports the findings of Carchedi and Ferri that the Chinese are not integrated in the Italian host society. She conducted ethnographic research on the daily experiences of Chinese pupils in Rome over eight months and focused on the domains of family life, school and society/peers. The author emphasised that similar to Chinese sojourners in Italy in the past, the Chinese today follow the same 'plan' and rely on resources from within the Chinese community, which restricts their interactions with the Italian host society (Pedone 2011:494). The author argues that the small size of Chinese firms in Italy, usually employing only Chinese workers, restricted their interactions with the host society. The knock-on effect of this business model – compounded by the migrants' lack of proficiency in Italian – was limited integration. Pedone (2011:494) observes what she refers to as a 'component of self-abnegation', namely that the Chinese were putting their personal needs second to starting up of their businesses. This supports findings by Hooper (2010), who pointed to the mutual incomprehension amongst the Chinese and Italians that he argues was partially language-related and also related in part to the fact that the main goal of the Chinese in Italy is economic success.<sup>28</sup> Limited interactions amongst the first-generation Chinese immigrants, Pedone (2011) argues, also impact on the integration of their children - the second-generation Chinese - as well as subsequent generations. In this thesis, I employ the concept of the second generation as defined by Portes and Zhou (1993) that is as the descendents of immigrants who were born in the host country or arrived in the host country as children. I discuss the concept of the second generation in more detail in section 1.4.3.3.2. Based on her fieldwork, Pedone (2011:499) confirms the feeling of isolation among the second-generation Chinese community. Despite being more accustomed to Italian culture through their better knowledge of the Italian language and school education - compared to their parents - the second-generation Chinese appear to have voluntarily marginalised themselves. Pedone (2011:500) argues that the young Chinese remain 'deeply attached to contemporary Chinese culture' and identify with China. Pedone (2011:502) refers to one respondent who described herself as a

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<sup>28</sup> Hooper (2010) cites one of his respondents who questions the need to become integrated as he was in Italy to make and save money for his life back in China. The respondent planned to return to China after a decade.

‘rice plant in a wheat field’. According to the author, this metaphor represents the respondent’s sense of disorientation. Conveying a lack of belonging to, and contacts with, the host society, the metaphor points to the lack of integration. Dei Ottati and Cologna (2015:47) come to a similar conclusion and argue that the second-generation Chinese in Italy is ‘torn’ and struggle to ‘strike a balance between their parents’ expectations ... and their own quest for self-determination’.

In a media interview, Daniel Cologna (interview cited in Spolar 2009) summed up the prevailing situation of the Chinese in Italy as follows: ‘Chinese businesses exist in Italy but they aren’t part of Italy. There has been immigration but not integration’. The Chinese in Italy are of two countries and are a people with an emigration tradition. By contrast, other scholars (Benton, 2011:66, Chang 2012) have emphasised the potential that this ‘encounter’ holds for the future of immigration and integration in Europe, provided Italians drew on their own history and experience as immigrants and apply this to their latest and most numerous new immigrant community. As the following sections illustrate, some scholars argue that the integration of the Chinese in Italy has already occurred.

#### **1.4.3.2 The Integration School**

Recent scholarship on the Chinese in Italy (Ceccagno 2003 and 2005, De Luca 2004, Guérassimoff 2007, Marsden 2014, 2015) suggests that the Chinese have become integrated. Conducting interviews with Chinese entrepreneurs in different Italian cities such as Milan, Prato and Carpi, Ceccagno (2003, 2007 and 2009) found that the Chinese have used vertical integration of the production process, incorporating predominantly Chinese firms. The author argues that this ‘intra-ethnic preference’ had partially been prompted by difficulties the Chinese experienced with Italian business partners (Ceccagno 2009:60-61). The latter includes fraud, deception and long waiting periods for payments owed to the Chinese by Italian firms. However, Ceccagno finds that over time these credit issues had been overcome

and the *pronto moda* business model has facilitated more frequent interaction between the Chinese and Italians. Besides being mere suppliers today, Italian stylists, accountants, advertisers and buyers work with the Chinese fashion sector, thereby integrating the Chinese businesses into the Italian economy (Ceccagno 2003:207). The author argues further that heightened competition has also pushed an increasing number of Chinese to work for Italians. This has resulted in more interactions between Chinese workers and their Italian counterparts (Ceccagno 2003, 2007).<sup>29</sup> The author echoed the findings by Carchedi and Ferri (1998) that in the early 1980s, when their number was significantly smaller, most Chinese were integrated into the ethnic economy. According to Ceccagno (2003:206) this changed in the late 1990s when the Chinese community grew exponentially, the second-generation Chinese emerged and the Chinese community became more diversified. In addition to economic integration, Ceccagno (2003) argues that the Chinese have over the past decades become a more mature migrant community as they increasingly participate in the daily life of the host society. She emphasises that the Chinese from Northeast China (*Dongbei*) took up jobs with other Chinese workers that were characterized by the worst working conditions and pay, and were thus eager to ‘exit the orbit of the ethnic economy as soon as possible and to go to work for an Italian employer’ (Ceccagno 2009:53), which supports the thesis regarding sub-ethnic differences by Pieke (1998) and Yun (2004) and warrants further inquiry.

In her research on the Chinese in Milan, De Luca (2004:15) confirms that whilst ethnic firms often continue to act as the focal point for the economic and social life of the Chinese, new trends are emerging and increasingly interaction with the host society is growing in importance. De Luca’s research, which is largely based on secondary and documentary

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<sup>29</sup> Marsden (2015:110) draws attention to the differences in the relationships between Chinese employers hiring skilled Italians and Italian employers recruiting mainly unskilled Chinese. She argues that whilst the former employment relationship is characterised by ethnic equality, this does not apply to the latter relationship that is characterised by ethnic inequality and negatively impacted on the social integration of Chinese migrants.

sources,<sup>30</sup> contrasts Chinese social networks in Milan in the 1980s with those of the 1990s. De Luca (2004:6) assesses the influence of social networks on the integration of the Chinese and finds that the extent of the personal network of the individual Chinese migrant determines the ‘desired degree of integration’. De Luca (2004) emphasized that the contact the Chinese workers have with Italian customers and employees are avenues that promote interactions with the host society. The author also pointed to the importance of Chinese migrants’ children and their education in local Italian schools. These children gained the ability to understand and speak Italian and acted as ‘linguistic go-between[s] for their parents’ (De Luca 2004:8). This has facilitated the involvement of Chinese parents in school-related matters including meeting with teachers and Italian parents, interactions that encouraged socio-cultural integration. De Luca concluded that although the ties between the Chinese community and native Italians are only in their infancy and restricted to a particular group, they nevertheless point to the positive relationship between both groups and suggest that the Chinese are *in the process of becoming more integrated*. She also agreed with Pieke (1998) and Yun (2004) that at the sub-ethnic level there are differences between Chinese groups that resulted in some Chinese migrants integrating more readily than others.

Recent research by Marsden (2014, 2015) investigated the identity formation and integration of the second-generation Chinese. She confirmed that the integration of the Chinese in Italy has mainly been economic, while socially the Chinese still appear to remain somewhat excluded. Marsden (2014:1242) addresses the rejection of the Chinese by the host community and points to the suspicions held by Italians towards the Chinese community. These related predominantly to perceptions ‘of unfair competition and illegal and criminal activities’. The author adds the interesting point that the Chinese migrants in Italy do not seem to ‘fit in’ and ‘match’ the Italians’ perception of international migrants from other countries who are poor and unskilled. The Chinese migrant community, and especially their economic activities, have

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<sup>30</sup> De Luca (2004:2) states that due to her lack of proficiency in Mandarin she was unable to create a trustrelationship with her respondents. The author’s work is thus largely based on documentary research.



‘challenged’ the industrial districts in Italy by ‘adopting’ them to their advantage and by putting a ‘Chinese stamp’ on them. According to Marsden, the latter accusations of unfair competition have reinforced the negative perception the Italians have of the Chinese, which persist today. Despite this, Marsden (2014) supported the findings by Ceccagno (2004) and De Luca (2004) that Italian language proficiency amongst second-generation Chinese has been vital to the success of Chinese entrepreneurship and the development of the import/export sector in Italy.

Marsden’s major contribution, however, is her investigation of the role of the national association called Associna, which represents an interesting contribution to the integration debate that suggests integration of the Chinese is feasible beyond the economic domain.<sup>31</sup> As an online association that was set up by a small number of wealthy young, and mainly Italian-born, Chinese in Italy in 2005, Associna aims to facilitate communication between Italians and Chinese, with the stated aim of reducing anti-Chinese sentiment and discrimination. Associna has been eager to emphasise the distinct differences between the first- and second-generation Chinese communities in Italy. These distinctions are lost on many Italians, who tend to see the entire community as a monolith. The association claims that the second-generation Chinese migrants are well integrated into the host society as they were born in Italy, are familiar with the Italian culture, have Italian friends; for all these reasons it argues that they belong in Italy, which they call home. In her assessment of Associna, Marsden (2014, 2015) concludes that the majority of second-generation Chinese in Italy nevertheless remained uncertain about their identity. Social mobility remained limited to the children of wealthy Chinese, which Marsden (2014:1250) argued has ‘reinforce[d] ... feelings of exclusion and the intra-ethnic class divide.’ According to Marsden (2014), Chinese children from poorer families are more likely to drop out of school. In her recent investigation to ascertain whether bilingualism causes Chinese children in Italy to drop out of school, Omodeo

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<sup>31</sup> Associna operates mainly through its website ([www.associna.com/it](http://www.associna.com/it)) and more than 3,000 users access their website regularly (Marsden 2014).

(2015:266) finds that language is one factor. However, she argues that hostility towards their environment appears another important reason for Chinese pupils' educational 'failure'. Marsden (2015:107) resonates Omodeo's findings and states that the 'sensitivity to social exclusion' and the support children give to the Chinese family business are the major reason for the lack of educational motivation and 'lack of hope in their future' (Marsden 2015:112). Although acknowledging the progress made in their economic integration thanks to an increase in daily, business-related interactions between Chinese and Italians employees, Marsden's findings support Ceccagno's research (2004) and suggest that beside the sub-ethnic and generational differentiation, there is also a class divide within the Chinese community that impacts on their integration.

#### **1.4.3.3 The Integration Debate in the Literature on the Chinese in Prato**

The debate about the integration, or non-integration, of the Chinese in Italy is mirrored in parallel work about the Chinese in Prato, which Baldassar *et al.* (2015:3 and 8) refer to as a 'European 'hot spot' and 'litmus test' for migration and integration issues'. However, scholarly writings about the Chinese in Prato are unambiguously dominated by the 'non-integration school', which highlights the ongoing insularity, 'closed' nature of the Chinese community and the lack of trust between the migrant and host societies. As the most concentrated Chinese community in Italy and the economic success of the Chinese entrepreneurs, Prato has attracted an increasing amount of scholarly interest over the past seven years. This interest is manifested by work done by a group of scholars who have begun to address the heightened social tension in the city in the first comprehensive study, *Living Outside the City Walls. The Chinese in Prato*, edited by Johanson, Smyth and French (2009). The book investigates different aspects of the lives of the Chinese migrants in Prato. As the Chinese community in Prato started to grow in the late 1990s, Denison and others asserted that the Chinese were deliberately segregating themselves from the host society (Denison *et*

*al.* 2009). This prompted further research which remains controversial, although the contours of the debate appear to be changing.

The extant literature on the Chinese in Prato points to both strong bonding within the Chinese community as well as opposition and rejection by the host as factors influencing the lack of integration of the Chinese. The prevailing consensus amongst the majority of scholars is that opportunities for facilitating the integration of the Chinese in Prato have been missed. In the following sections I address in greater detail the work of the dominant non-integration school before I reflect on the potential that the second-generation Chinese community in Prato holds for their integration into the host society, as pointed out by a number of scholars.

#### **1.4.3.3.1 The Non-Integration School**

Most scholars agree that the Chinese community in Prato is characterised by a lack of social integration into the host society. Denison *et al.* (2009:14) stated that this lack of integration may be caused by two factors: the lack of social respect for the Chinese by the Italians, or the Chinese valuing business success amongst themselves more than recognition by the host. Giovani and Savino (2001) found that despite the lack of Italian language skills, the Chinese in Prato have nevertheless been able to ‘survive’, which the authors attribute to the strong sense of community amongst the Chinese migrants. Giovani and Savino (2001) also argued that Italians were only interested in engaging with the Chinese in the economic realm, while social relations between the Chinese community and Italians remain poorly developed.<sup>32</sup> Hooper (2010) reached a similar conclusion and stressed that both communities were ‘richly compatible’ in the economic sphere. Beyond the economic domain, however, mutual incomprehension prevailed. For example, Hooper (2010) pointed out that the Chinese appear eager to ‘become rich’ in Prato and go back home once they have achieved this goal – an observation that Latham (2015) supported in his recent research. As a result, the Chinese are

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<sup>32</sup> Chang (2010) echoes the findings by Giovani and Savino (2001) and argues that this ‘pragmatic’ approach is mutual as the Italians, too, restrict their interactions to business-related matters.

less interested in becoming integrated and only interact with the host society to the extent that it is a requirement for their economic success.

Scholars have also investigated Chinese associations and their tools of communication to ascertain their influence on the integration of the Chinese in Prato. Consensus exists amongst scholars (including Rastrelli 1999, Lombardi 2004) that the overseas Chinese associations promote Chinese values and reinforce the relationship with their home country. This encourages the insularity of the Chinese community.<sup>33</sup> Denison and Johanson (2009) focus on migrants' use of ICT and explore Chinese access to, and activities undertaken at, various internet points in Prato. The authors emphasised the differences between the Chinese and Italians in their use of the internet and argue that these differences reflected the socio-cultural differences between both communities. Examining the role of internet points for the Chinese migrant community, the authors found that the majority of their respondents frequented internet points with their Chinese friends and work colleagues at least twice a week and that they spend more than three hours playing games and/or chatting online. Although Denison and Johanson (2009) found some indication that the internet points are utilized for building relationships across the communities, this remained rare. The internet points in Prato have two important socializing functions: as meeting points for members of the Chinese community and as a platform for social activities performed using the internet. Denison and Johanson concluded that the internet points were not vehicles assisting the Chinese with their integration into the host society but, rather, served the needs of the Chinese community and supported ethnic bonding.

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<sup>33</sup> In her recent research on Asian values amongst Wenzhounese in Prato De Pretto (2015) challenges the adherence to Chinese values as an obstacle to integration and argues that biculturalism does not require people to discard one set of values when acculturating.

Toccafondi<sup>34</sup> (2009) also observed a rift between the local and Chinese communities. The author concluded from official surveys<sup>35</sup> that despite the attempts of local institutions to promote inter-community dialogue – the merits of which scholars have repeatedly emphasised in the literature (Alfieri 2012, Jansson *et al.* 2009) – no significant progress had been made. Unlike other authors who focused on the close-knit ethnic community as the reason why the Chinese are not integrated, Toccafondi (2009) reported the rejection of the Chinese by the Italians. She claims that the lack of dialogue between the two communities results from the illegal business activities of the Chinese. Besides the deliberate violation of Italian regulations by the Chinese, the author claims that the wealth they have generated does not benefit Prato because it is sent back to relatives in China, which resonates with findings by Hooper (2010). Although Ceccagno (2007:651) and Bracci (2015) point out that irregular business practices have also been widespread among the Pratesi, Toccafondi (2009) emphasised the extent to which the local Italians were especially critical of illegal Chinese business dealings.<sup>36</sup> Latham (2015), however, challenges this view and claims that the representation of the Chinese in the Italian media revolved excessively around the lack of their integration and thus indirectly supported the social exclusion of the Chinese by presenting them as being in Europe instead of being a part of Europe (Latham 2015: 152).

Di Castro and Vicziany (2009) widened the discussion about the rejection of the Chinese by the Pratese to the field of cultural activities. Using the Chinese New Year celebrations in 2007 as an example, the authors analysed media reports about this event to show how the Prato Municipality prevented the Chinese community holding the traditional Dragon procession because it was too noisy, generated a lot of rubbish and involved the selling of food which

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<sup>34</sup> Daniela Toccafondi is the Director of PratoFutura, a think tank for local professionals and entrepreneurs concerned with the future of Prato.

<sup>35</sup> For details of these surveys see Toccafondi (2009:91)

<sup>36</sup> Scuzzarello (2012:12) affirms the significance of inter-group contact for integration. Nielsen *et al.* (2012) investigate inter-group contact between the Chinese and Italians in Prato and find that the more Italian friends the Chinese had the more positive their attitude and behaviour was towards the host. Ceccagno (2007:651) states, irregular practices have also been widespread among the Pratesi. Chang (2010:155) reflects on her findings and claims that the Chinese were aware of the need to respect laws and customs in Italy but preferred their own 'way'.

was said to be a health risk. As a result of the ban against the procession, the celebration of the Chinese New Year was held indoors at a large hall in the Chinese enclave of Prato. The unfortunate result was that few Italians participated and so an important opportunity was lost in bringing the two communities together in a manner that mattered to the Chinese. The prejudice exhibited by the Prato Commune built on other negative perceptions of the Chinese living in Prato, especially the alleged threat that they posed to local businesses. Di Castro and Vicziany were careful to note, however, that a small group of local Italian artists mounted a protest procession against the ban by the municipality. In other words, although the majority of the Italian residents of Prato did not participate in the Chinese New Year celebrations, this rejection was by no means universal amongst the local Italians (Di Castro and Vicziany 2009:186).

Based on interviews conducted with members of the Italian and Chinese communities, Chang (2010) also concluded that the Italians and Chinese in Prato are not integrated. Drawing on her investigation of the impact of migrants on intra-European integration, the Chinese and Italians in Prato ‘live side-by-side, yet lead separate lives in their own ethnic communities that rarely overlap, where intolerance lead[s] to self-segregation and self-segregation prompt[s] further intolerance among the Chinese and Italian communities’ (Chang 2010:103-109).<sup>37</sup> The author emphasised the negative impact of long working hours of the Chinese residents that denies them time to engage with the non-Chinese residents of their host country. This agrees with the findings by Maya-Jariego and Armitage (2007) discussed earlier in this chapter.<sup>38</sup> Chang suggested that effective communication could resolve existing inter-group

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<sup>37</sup> Spolar (2009) claims that social integration of the Chinese is almost ‘non-existent’ and both communities and cultures, although living side by side, do not know each other. The author refers to schools as the one place where both communities meet and mingle. Bracci (2015:88) supports this view and points out that in Prato Chinese migrants were able to live independently of ‘bridging relations’ with the Italians. Latham (2015:151) mentions the term *distretto parallelo* that he claims has been widely used in the Italian media, partially fuelled by the book by Pieraccini and Marini (2008) called *The Chinese Siege*.

<sup>38</sup> Chang (2010:101) cites an interview with Elena Bertocchi, who has worked on the perception of criminality in Prato’s Chinatown and confirms that the Chinese do not have sufficient time to insert themselves in the host society, its cultural activities and make acquaintances. Chang (2010:86) compares the situation of the Chinese with that of the Pakistanis in Prato and claims that the latter work for Italians and are thus more

tension in the future and reiterates other scholarship (including Dension *et al.* 2009) that has repeatedly highlighted language as a major impediment and fundamental cause for social tension between the Chinese community and Italians, including in Prato. Chang (2010:109) argues that the ‘multiple layers of coexistence’ between the Pratesi and Chinese migrants mirrors today’s complex reality in Italy and renders the integration of the Chinese especially important. Part of this complexity comprises the increasingly diversified Chinese community in Prato.

Chen and Ochsmann (2009) examined the growing heterogeneity and stratification amongst the Chinese in Prato in the context of their identity formation. The authors found a hierarchy within the Chinese community that they argued is determined by their place of origin in China, their occupational status and human capital, especially work-related skills and language proficiency. Chen and Ochsmann (2009) claimed that Chinese workers in Prato experience a crisis of identity due to their lack of familiarity with the work environment, social networks, social life and the Prato society. According to the authors, this unfamiliarity especially affects Chinese workers from outside the main sending communities and causes them to feel themselves to ‘be irrelevant and left out... [and] unofficial outcasts (2009:197-198). Chen and Ochsmann (2009) concluded that unfamiliarity with the Chinese community is even greater in the Italian host society. As a result of this exclusion, Chinese migrants are dependent on their Chinese co-workers for recognition, respect and their social lives. Whilst the literature on the Chinese in Prato emphasises that their integration is restricted to the economic domain, various scholars (Ceccagno 2004, Chang 2010, Toccafondi 2009) have pointed to the role and opportunity of the second generation Chinese in facilitating their socio-cultural integration, which I discuss in the next section.

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exposed to the host society. The author does not claim though that the Pakistanis are necessarily more integrated.

#### **1.4.3.3.2 The Second Generation Chinese: Hope for Integration**

Against the background of the lack of integration of Chinese migrants in Prato, scholars have expressed hope that the second-generation Chinese are the ‘facilitators of integration’ in the future. This hope is supported in the migration literature – mainly originating from the United States - that affirms the significance of second-generation migrants for our understanding of migrant adjustment and integration (Portes 1994, Karthick Ramakrishnan 2004).<sup>39</sup> Scholars define the second-generation as the descendents of immigrants who were born in the host country or arrived in the host country as children (Borjas 1999, Portes and Zhou 1993). However, as more data on second-generation migrants became available scholars argued that the existing categorisation was ‘too compressed’, and insufficiently accounted for the individual migrant’s history and ‘socialisation experience’ (Portes 1994:632). The literature on the second generation has since increasingly differentiated between generations 1.5, 2.0 and 2.5 (Rumbaut and Ima 1998:22, Jensen and Chitose 1994:717, Waters 1994:799). The 1.5 generation refers to foreign-born migrants who were educated in the host society, whilst the 2.0 generation refers to native-born migrants, whose parents were both born overseas. The 2.5 generation takes intermarriages into consideration and refers to one parent being native-born.

When applying the concept of second-generation immigrants to the Chinese in Italy and Prato, most scholars tended to include all three definitions given above, i.e. 1.5, 2.0 and 2.5 children.<sup>40</sup> The literature (including Ceccagno 2003, Marsden 2014, 2015, Dei Ottati and Cologna 2015) affirms not only the growth, but especially the role that the second-generation Chinese in Italy plays and their stronger participation in the Italian host society. Whilst of the respondents included in this thesis, only approximately ten per cent were Italian-born second-generation Chinese, scholars (including Ceccagno 2004, Chang 2010) have begun to put more

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<sup>39</sup> In this context Latham’s (2015:141) suggestion of similarities between the Chinese migrants in Prato today and those who migrated to the United States in the earlier period of Chinese immigration is of interest and may warrant further investigation in the future.

<sup>40</sup> Marsden (2014:1241) is one of the few who acknowledges the existing sub-divisions of the second generation. She notes that 20 per cent of the Chinese were born in Italy.



emphasis and focus on the second generation Chinese in Prato, to ascertain whether the second generation is more integrated than their parents, i.e. the first generation. In her research on 12-17-year-old, Italian born Chinese pupils in Prato, Ceccagno (2004) found that they have problems with the Italian language and lack opportunities to socialize with their Italian peers at school and after school hours.<sup>41</sup> Although better educated than their parents' generation, more familiar with Italian culture and eager to break with their parents' lifestyles, characterised by hardship and deprivation, Ceccagno pointed to the frustration and disengagement among some young Italian-born Chinese students, who feel 'trapped' due to the lack of social mobility beyond the Chinese community.<sup>42</sup> While it appears that the second generation of the Chinese community is trying to 'distance' themselves from parts of their culture and ethnic community, insufficient support from the host society appears to have negatively impacted on their integration efforts.

Stressing the importance of 'reciprocal interaction and collaboration' amongst the Italians and Chinese in Prato, Toccafondi (2009:92) emphasises the critical role that the second-generation Chinese play in bridging the prevailing gap between both communities. Already 'tied' to Prato and the host society, Toccafondi argued that the young Italian-born Chinese hold the potential to reduce mutual opposition and rejection between the two communities. Such a fillip to inter-community relations is key to the future of the city. Although pessimistic about the current integration of the Chinese in Prato, Dei Ottati (2009) agreed with Toccafondi that for the future of Prato as an important industrial district in Italy, it is imperative to achieve social cohesion, for which the second generation is vital. Dei Ottati (2009:30) argued that the 'match between local opportunities and [Chinese] immigrants [had] made it possible for [the Chinese] to introduce themselves into the principal industry or into complementary activities

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<sup>41</sup> Omodeo (2015) supports Ceccagno's findings in her research on bilingualism amongst Chinese in Tuscany.

<sup>42</sup> Chang (2010:97) mentions the difficulties immigrants confront if they wish to become Italian citizens and emphasizes that the Italian government perceives second and third generation immigrants as foreigners. Chang (2010) claims the habit of children being reared by other Chinese, i.e. a child-minder (*ayi*) or relatives, represents one of the obstacles to the integration of the younger generations.

of the district.’ As Chinese businesses have grown and expanded, the working conditions of Chinese migrants and their socio-cultural separateness have been perceived as a threat by the host society and has generated ‘a climate of opposition... of mistrust, even of fear’ (Dei Ottati 2009:37) that renders dialogue between the Chinese and Italians difficult. Dei Ottati (2009 and 2014) has urged the need to establish trust and collaboration, engaging the Chinese and Pratesi together to ‘undo the separateness of the ethnic community and the consequent closed-mindedness towards it of the local people’ (Dei Ottati 2009:39). The author emphasises that to regenerate and sustain Prato’s future as an industrial district is not something that can be left to market forces, but requires awareness and active involvement of the populations in Prato (Dei Ottati 2014). As Dei Ottati and Cologna (2015:46) argue more recently, the success and future of Prato relies on ‘calling into action sons and daughters that have language and cultural skills their parents never had a chance of acquiring’. The authors emphasise though that it may take another generation before a stronger participation of the Chinese in Italian civil society occurs. This view is supported by Latham (2015:152), who is more cautious in his assessment of the second-generation Chinese and claims that they need become adults first and overall more influential in the local society, if further social integration is to be realized. Hence hope, not just for the integration of the Chinese in Prato, but the future of the industrial district of Prato, appears to lie especially with the Italian-born Chinese youth, the number and role of whom has been growing (Dei Ottati and Cologna 2015). This has prompted the authors of *Chinese Migration to Europe Prato, Italy, and Beyond* (Baldassar *et al.* 2015:13) to dedicate a significant part of their book to the ‘potential transformative role of the second generation’, who are expected to be the facilitators of integration for the Chinese in Prato.

### **1.5 The Need for a Deeper Understanding and My Research Objectives**

The review of the existing literature on the Chinese in Prato suggested that their adjustment to a new environment in the host society constitutes an important, but still emerging field of

scholarship that warrants further enquiry. The objective of my research was to address the controversy in the literature regarding the integration of the Chinese in Italy in the context of Prato, the host to Europe's most concentrated Chinese community. The concentration of the Chinese migrants and the resulting tensions in Prato prompted me to investigate the impact the ethnic enclave has had on how migrants have adjusted to their new environment and whether they have become part of the host society. Given the complex nature of migrant integration, for the purpose of this thesis I examined the socio-economic aspects of the adjustment of the Chinese to determine the links they maintain with the home- and host cultures and communities.

The economic issues that I chose to focus on in assessing the adjustment of Chinese migrants to Prato society were first, the role of the Chinese in the local labour market and secondly, Chinese entrepreneurship. These aspects of migrant integration into the host society had not previously been addressed in the literature to any great extent. Whilst chain migration assumed that the employment of the Chinese was pre-arranged by family and friends in China prior to the departure of the migrant, I challenged this assumption and set out to establish how, and where, the Chinese found work. My research also sought to arrive at a better understanding of the motivation and business strategies of Chinese entrepreneurs in Prato, and how these differed from those employed by Chinese SOEs and MNCs operating overseas. The business rationale and strategies are significant as they determine the nature of the interactions and communications that the Chinese entrepreneurs and employees have with the host society. The influence of mobile phones on the capacity of migrants to adjust to their host society is a third element that was explored in this thesis. Whilst the literature (Latham and Wu 2011, Maya-Jariego and Armitage 2007) has acknowledged the importance that new media and ICT has on migrants, scholars to date have only just started to pay attention to this issue. Johanson and Densson (2009) investigate Chinese migrants' use of internet points, but the authors limited their research to this platform only. The disappearance of internet points

and the prominence of mobile phones amongst the Chinese in Prato called for an investigation to ascertain how mobile phones facilitated their interactions and communication with friends and family back home, and how this affected the capacity of the Chinese migrants to adapt to the host society. These three aspects of the socio-economic adjustment and integration of the Chinese communities in Prato are addressed in three empirical chapters that form the core of this thesis.

## **1.6 Research Methodology**

My review of the literature about migration led me to conclude that a qualitative research methodology was the best approach for this thesis. I decided to engage in participant observation, conversations and in-depth interviews.<sup>43</sup> These research strategies were complemented by information obtained from Italian and Chinese newspapers, government and community publications, as well as leaflets and announcements in Chinese on notice boards in public places around Via Pistoiese. My unit of analysis is the Chinese community in Prato, and it is their perceptions that I am keen to document. The perspectives of the host society remain beyond the scope of this thesis. The empirical core of this thesis comprises three chapters that have been published or accepted for publication.

### **1.6.1 Qualitative Research in Migration Studies**

Migration research poses particular challenges for the investigator. The respondents' parameters entail sensitivities of which the investigator has to be mindful, especially where illegal immigration may have been involved. In such circumstances, quantitative research has often been found to be neither desirable nor possible without putting the participants at

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<sup>43</sup> Qualitative research has been referred to by Denzin and Lincoln (1994:3) as "as set of interpretive practices [that] privileges no single methodology over any other... It has no theory, no paradigm, that is distinctly its own..." Creswell (1994) states that a qualitative approach is one in which the inquirer often makes knowledge claims based primarily on constructivist perspectives (i.e., the multiple meanings of individual experiences meanings socially and historically constructed, with an intent of developing a theory or pattern) or advocacy/participatory perspectives (i.e., political, issue-oriented, collaborative, or change oriented) or both.

discomfort and/or risk (Iosifides 2003). Scholars have repeatedly pointed to the limitations of quantitative research in migration studies and advocated more qualitative research to provide a comprehensive and more accurate picture (Leung 2004, Gartner and Birley 2002, Hindle 2004, Johnstone 2007, Mahler and Pessar 2006, Corbin and Strauss (2008). Qualitative research involves review of and reflection on the data during and after its collection in ‘the process of examining and interpreting data ... to elicit meaning, gain understanding and develop knowledge’ (Corbin and Strauss 2008). Denzin and Lincoln (1994:2) point out that qualitative research comprises of ‘a variety of empirical materials – case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts – that describe routine and problematic moments and meaning in individuals’ lives.’ For all these reasons I decided that a qualitative research approach is thus best suited for an inquiry into migrants’ adjustment to the host society.

### **1.6.2 Ethnography in Migration Research**

Qualitative research encompasses a number of different approaches that allow the scholar to capture the complexity and the dynamics of migration studies. Given the particular research topic under investigation, ethnography was the qualitative research approach that I employed. Ethnography has first and foremost been associated with cultural anthropology and community-based sociology (Wilson 1977). Its aim is to learn from people living in a culture or society and to describe their values, beliefs and practices. Ethnography is inductive and discovery-based, flexible and typically evolves contextually in response to the lived realities encountered in the field setting (Lecompte and Schensul, 1999). First used systematically by the Chicago School, ethnography has grown in usage and is now widely valued in migration studies (Johnstone 2007, Mahler and Pessar 2006, Leung 2004). Fitzgerald (2006:8) compares

ethnography to using the zoom of a camera to ‘both capture the wide context of structure and narrowly focus on agents in a way that shows their interactions’.<sup>44</sup>

Ethnography allows the investigator to understand the meaning that the participants attach to their activities and behaviour which occur in a particular socio-economic and cultural context (Brewer 2000). The ethnographic approach facilitates an in-depth understanding of the respondents’ lived experience, interactions and meanings. Scholars (including DePoy and Gitlin 1998, Spradley 1979) emphasize that the initial entry into the field and the ongoing involvement of the investigator allow an understanding of the phenomenon being researched as the investigator becomes increasingly familiar with the research setting. Gaining more insight allows the investigator to develop questions that shape the research further, including what to observe, whom to interview and how and where to conduct these interviews. Spradley (1980) stressed the importance of repeat visits to the research site and repeat interviews with key informants as chief aspects of ethnography. All of these insights have informed my own work.

### **1.6.3 Scoping Study and Fieldwork**

Scoping studies allow the researcher to perform preliminary assessments of the size and scope of the literature, map key concepts underpinning a research area and the main sources and types of evidence available (Arksey and O’Malley, 2005; Davis *et al.*, 2009, Grant and Booth, 2009). Known as ‘pilot studies’, they test the feasibility of access to the field. Part of this process is to establish contacts with informants and build up a network of relationships for subsequent fieldwork. Iosifides (2003:438) emphasizes the importance of the initial visit to

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<sup>44</sup> Mahler and Pessar (2006) acknowledge the combined use of qualitative and quantitative methodologies and refer to Massey’s (1987) ‘ethnosurvey’ as a valid example using multiple methods over a course of several research visits and phases. The authors contend that the use of multi-site and longitudinal studies adds rigour to ethnographic research.

the research setting that allows the investigator to ascertain contacts in the field and to test the intended research approach and instrument.

For this thesis I conducted a scoping study to ascertain that access to the field was feasible and that participants could be recruited. My attendance at the conference *Building Communities: the Chinese in Prato*<sup>45</sup> in October 2007 was instrumental in shaping this research. During this first visit to Prato I engaged in preliminary participant observation and familiarized myself with the research setting. I experienced Via Pistoiese as the main ‘artery’ of Prato’s Chinatown first-hand and the ‘market square’ outside *Xiaolin* supermarket as an important meeting point for the Chinese, from where I started my observations and conversational interviews. The conference gave impetus to Chapter Two of this thesis and prompted me to conduct the scoping study in early 2008.

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<sup>45</sup> Monash University Prato Center hosted the pre-conference workshop *Building Communities: the Chinese in Prato* on 8-9 November 2007 in Prato.

**Table 1.6 Scoping Study and Fieldwork Schedule 2007-2011**

|              | 2007   | 2008   | 2009  | 2010   | 2011  |
|--------------|--|--|---|--|---|
|              |  | <b>Scoping Study</b>                               | <b>Field Work 1</b>   |  | <b>Field Work 4</b>   |
| <b>Time</b>  | 9 – 11 October   | 8 – 11 January                                     | 5 – 7 January   |  | 13–23 July  |
| <b>Tasks</b> | Conference Attendance, Preliminary participant Observation | Participant Observation, Conversational Interviews | Participant Observation, Conversational and In-depth Interviews |  | Participant Observation; Conversational and In-depth Interviews |
|              |  |  | <b>Field Work 2</b>   | <b>Field Work 3</b>                          | <b>Field Work 5</b>   |
| <b>Time</b>  |  |  | 15 – 22 July  | 13–23 July                                   | 16- 23 Dec  |
| <b>Tasks</b> |  |  | Participant Observation, In-depth Interviews                    | Participant Observation, In-depth Interviews | Participant Observation, In-depth Interviews                    |

As illustrated in Table 1.6, the scoping study was undertaken in 2008 and was followed by five visits to the field between 2009 and 2011. The scoping study started with an unexpected conversation with two young Chinese travellers on the train from Bologna to Prato. Conversational interviews with Chinese people have been a characteristic of my research approach. Often it was the Chinese who struck up a conversation out of curiosity at my presence in a particular location not often frequented by non-Chinese, e.g. outside *Xiaolin* supermarket or inside Chinese internet cafes or shops, or particular activities, e.g. reading notices written in Chinese or reading the Chinese newspaper. Once the Chinese learned that I was able to converse in their language my research became interesting to bystanders, friends



and acquaintances. The scoping study was undertaken over four days, during which I engaged in participant observation and conducted 28 interviews with Chinese employees, entrepreneurs and job seekers in public places and business outlets around the market square on Via Pistoiese and adjacent streets of Prato's 'Chinatown'. Most interviews were conversational in nature and lasted 15 to 20 minutes, while a few interviews lasted up to 45 minutes. I conducted all interviews in Mandarin. Using a combination of an opportunistic and snowball approach to recruiting participants in public places and business outlets and benefitting from referrals by participants, the scoping study suggested that sufficient respondents could be recruited for this research. The scoping study made me reconsider the suitability of a semi-structured research instrument and, on mature reflection, I abandoned this instrument as it obstructed the flow of the interviews.<sup>46</sup> My first intention was to audio-tape the interviews but I thought better of it as none of the respondents agreed to have the interviews recorded. (This was not entirely unexpected given the tension between the Chinese and Italian communities in Prato.) A sampling frame that I initially considered using was also abandoned and I sourced data on Chinese businesses from the online business directory of Prato (<http://www.paginebianche.it/page>). Despite a substantial list of Chinese businesses, the phone contacts could not be established confidently as the phone calls by me were either not answered at all or not by the person (or business) named in the directory.<sup>47</sup> Far more fruitful was the contact established with the manager from the Chinese textile wholesale complex *Euroingro* in the industrial area of Macrolotto 1 during the conference in 2007. He provided access to dozens of Chinese companies operating in the wholesale complex.

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<sup>46</sup> The semi-structure research instrument comprised four parts addressing a) the migration history of the respondent, b) education and employment history, c) resource access and d) business operations.

<sup>47</sup> The literature (Di Castro and Vicziany 2009, Chang 2010, Latham and Wu 2011) refers to the rapid change of Chinese businesses, resulting in part from tax evasion activities. This could also be one explanation why the business directory did not yield the desired outcome.

### 1.6.4 Research Strategies and Visits to the Field

Devising research strategies and recruiting participants in international migration research has been a challenge for many scholars (Leung 2004, Isifidies 2003). Language proficiency and the ethical aspect of participant recruitment were elements that I considered for my research. The fieldwork undertaken for this thesis was informed by the outcomes of the scoping study. As illustrated in Table 1.7 (below), 109 interviews (conversational, in-depth and repeat interviews, some of which lasted for up to 90 minutes, were conducted with Chinese residents of Prato between 2008 and 2011. The interviewees included entrepreneurs, employees, job seekers and students/pupils. Of the 109 respondents, 53 (or 48.7%) were male, 56 (51.3 %) were female. Most interviewees (~80%) originated from Zhejiang and Fujian provinces, while a smaller number (~10%) come from Shanghai and Shandong Province, as well as other places in China. More than two-thirds of these respondents had been in Prato for more than three years, were unskilled or semi-skilled and had only a basic knowledge of the Italian language. Approximately 10 % of my respondents were Chinese who were born in Italy.

**Table 1.7 Classification of Informants**

| <b>Year/ Nos. of Informants</b> | <b>Employees</b> | <b>Entrepreneurs</b> | <b>Job Seekers</b> | <b>Others</b> | <b>Total</b> |
|---------------------------------|------------------|----------------------|--------------------|---------------|--------------|
| <b>2008</b>                     | 7                | 12                   | 7                  | 2             | <b>28</b>    |
| <b>2009a</b>                    | 26               | 14                   | 0                  | 0             | <b>40</b>    |
| <b>2009b</b>                    | 0                | 10                   | 0                  | 2             | <b>12</b>    |
| <b>2010</b>                     | 0                | 5                    | 0                  | 0             | <b>5</b>     |
| <b>2011a</b>                    | 4                | 5                    | 0                  | 9             | <b>18</b>    |
| <b>2011b</b>                    | 1                | 3                    | 0                  | 2             | <b>6</b>     |
| <b>Total</b>                    | <b>38</b>        | <b>49</b>            | <b>7</b>           | <b>15</b>     | <b>109</b>   |

#### 1.6.4.1 Entering and Working in the Field

During the scoping study (2008) and first field visit (early 2009) I gained access to, and the acceptance by, the Chinese community in Prato, as shown by their welcoming attitude and openness towards my research.<sup>48</sup> As Burns (2001:401) points out, ‘breaking into’ the target community and acceptance of the investigator by that community are of the utmost importance in ethnographic research. It is these key factors that determine whether the investigator can pursue the investigation with any reasonable prospect of success. Leung (2004:35-36) comments on the influence of the social profile of the investigator on data collection and highlights the importance of community perceptions of the investigator. Moreover, she points to the influence that the acceptance of the investigator (not to mention the trust evinced by the subjects) has on the information volunteered by the respondents.

Leung (2004) emphasizes that the ability to speak the language is critical to the outcome of the research. In the case of the Chinese migrants in Prato, the smooth entry into the field was possible because of my ability to read and converse with the Chinese in Mandarin. My knowledge of the Chinese language and culture ‘opened’ the research setting in a way not accessible to investigators lacking this proficiency.<sup>49</sup> The importance of proficiency in Mandarin can hardly be overstated, as the migrant and host communities are profoundly separated by mutual lack of facility in each other’s language. Thus, very few native Italians in Prato speak Chinese, and few Chinese in Prato, especially of the first-generation of migrants, speak Italian. In 2008 and 2009 the interviews were supplemented by a random review of the classified sections of two Chinese newspapers; namely, *Ouzhou Qiaobao* (*Europe China News*) and *Ouzhou Huarenbao* (*Europe Chinese News*) to ascertain the nature of vacancies and related details, including location, employment criteria and other requirements relevant for Chapter Two of this thesis.

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<sup>48</sup> The Chinese invited me into their businesses, introduced me to their friends and family, and provided me with their contact details to maintain in contact with them.

<sup>49</sup> Although most Chinese in Prato speak their local dialect, all used Mandarin during the interviews and no interpreter was required.

#### 1.6.4.2 Participant Recruitment

Participant recruitment often forms the backbone of a research project. Unlike other fields of enquiry, in migration studies, investigators often face the difficulty that a sampling frame is not available. Thus, a would-be recruiter of participants needs to adopt other strategies. As in qualitative research in general, participant recruitment is often purposive, using a non-probability approach aimed at using the richest possible source of information to answer the research questions (Ploeg 1999). Often relying on the snowballing technique, sample sizes are usually small, with sampling being flexible and continued until data saturation has been achieved, i.e., until the data that is being collected does not allow the researcher to arrive at any new themes or insights. Investigating immigrants in Greece, Iosifides (2003:436-437) finds that migrants' 'legal status in combination with residential fluidity made it almost impossible to use a reliable and meaningful sampling frame and thus achieving representativity in a rigorous way.'

Against the background of the sensitivities of illegal migration of the Chinese in Prato, participant recruitment had to be approached carefully and sensibly. I used different approaches, angles and entries into the field to maximize participant recruitment of Chinese job seekers, employees and entrepreneurs. In recruiting my participants I focused on respondents whom I could trust and who expressed interest and consent<sup>50</sup> to be included as informants for this thesis. My language skills and cultural competence allowed me to successfully establish a trusting relationship with members of the Chinese community. I also used their suggestions that I contact other migrants to expand the sample progressively, employing the snowball technique.<sup>51</sup> I identified a dozen key respondents during the scoping

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<sup>50</sup> For participant consent please see Section 1.6.4.3 on informed and implied consent.

<sup>51</sup> The snowball technique is based on chain referrals and was also recommended by the Ethics Committee at Monash University, see confirmation of Ethics for Project CF10/1326 – 2010000707, issued 30<sup>th</sup> July 20110. Upon the completion of an interview I asked the respondent if s/he could refer and/or introduce me to another Chinese migrant in Prato who might be interested and prepared to be included in the research. Employing this sampling approach I was introduced to business partners, customers, colleagues and peers. As mentioned earlier, at times the referral and introduction occurred without prompting the respondent. It should be noted

study and first field visit, all of whom 1) had been in Prato for more than three years; 2) had worked as employees in Italy before opening their own business, and 3) had agreed to participate in in-depth interviews. These informants referred me to other participants, including employees, entrepreneurs operating their business next door, and customers.

Two respondents in particular helped with the recruitment of participants: the manager of the fashion wholesale complex *Euroingro*, whom I met during the scoping study and an employee at the Chinese Italian Business Association in Prato, whom I met during the second field visit in 2009. The latter respondent agreed verbally to introduce me to the local Chinese business community and alerted me to the fact that the Chinese in Prato suffered from ‘respondent fatigue’. This informant claimed that the Chinese had cooperated with researchers in the past and were promised a better understanding of their situation, less scrutiny and better relations with the host society. According to the respondent, quite the opposite had occurred, i.e. the situation for the Chinese community had not changed and they have continued to be scrutinized. In addition, political changes in the wake of the 2009 election in Prato saw a more right-wing mayor, Roberto Cenni, coming to power. This resulted in increased scrutiny of Chinese firms by the local police. Given these developments it is hardly surprising that research activities centred on the Chinese community were likely to have a negative impact on the willingness of Chinese migrants to cooperate with me. I personally felt a certain withdrawal by the Chinese community in 2010, which accounts, in large part, for the small number of repeat interviews.

#### **1.6.4.3 Informed and Implied Consent**

Participant recruitment entails respondents’ consent to be included in the research. Unlike quantitative research, where ‘respondents tend to remain ‘face-less’ and are treated in an impersonal manner’ (Tyldum 2012:201), qualitative research is based on the relationship

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that the snowball method is often used by Chinese people in their daily and business life, where it allows the individual to increase their social status, reputation and ‘gives them face’ (*mianzi*).

between the investigator and respondent. When approaching respondents and obtaining their informed consent, issues to be considered include possible risk or harm and the pressures to which the respondent might be exposed.

Following the guidelines of the Monash Ethics Committee, I did not approach any respondents until introductions had been arranged by my two chief informants (see above discussion). Potential interviewees then approached me as possible participants. Typically, the initial contact was made by telephone. When we met first I introduced myself, gave them an explanation of the research and the proposed nature of their involvement. The respondents were assured that all information provided would remain confidential, that they could withdraw from the interview at any stage, that they would not be quoted unless they agreed to this, and that their identity would not be disclosed. In the interests of maintaining confidentiality, all contributions were kept anonymous and I coded all of my interviews.<sup>52</sup> Explanatory statements and consent forms (as suggested by the Monash Ethics Committee) were used for key respondents only, and only with limited success. Most respondents only glanced over the explanatory statement and appeared to struggle with the length and contents of the forms. However, the fact that respondents asked me to come back and meet with them again as well as providing me with their contact details by means of business cards and mobile phone numbers were taken by me as expressions of their willingness to participate and hence, as evidence of their implied consent.<sup>53</sup> I have, however, maintained the confidential nature of these interviews at all times as explained above.

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<sup>52</sup> Interview identifiers used consist of indication of the gender of the participant using M for male, F for female participants, followed by the date of the interview and the number of interview conducted on that date.

<sup>53</sup> The nature of the respondents for this thesis, namely Chinese migrants, and the sensitivities of their status in the host country rendered it often necessary to rely on implied consent.

#### **1.6.4.4 Data Recording, Analysis and Methodological Reflections**

During all my fieldwork I kept a journal.<sup>54</sup> This formed the backbone of my data collection and was invaluable as the respondents did not agree to have the interviews recorded. If not done already during the interview, I sat down after each interview (conversational and in-depth interview) and wrote down details of what had been said. I made notes of any relevant information, important observations and my overall impression of the interview; this often led to several entries for each given day. The entries were reviewed at the end of each day in the field, the end of each field visit and prior to entering the field again. This allowed me to probe, clarify and confirm with respondents the nature of the data that I had collected. The lack of the audio-taping of in-depth interviews also prevented the use of qualitative data analysis software. I countered possible gaps in my field notes by probing respondents in repeat interviews, when possible.

#### **1.7 Thesis Structure and Chapter Outline**

This thesis brings together, and builds on, scholarship in the disciplines of migration studies and the studies of overseas Chinese; the thesis sets out to advance our knowledge and scholarship in these fields and is structured as follows.

Chapters Two, Three and Four form the empirical core of the thesis and address different dimensions of the processes by which the overseas Chinese in Prato adjusted to the host city of Prato in Italy. All these chapters have been published or are about to be published as per the guidelines of Monash University. Chapter Two investigates where, and how, the Chinese in Prato found work upon arrival. The chapter challenges the success of pre-arranged employment and argues that over time formal recruitment channels complemented personal relationships, all of which appear confined to the Chinese ethnic labour market and not the general labour market. This chapter is of importance as the workplace was identified by

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<sup>54</sup> Separate field diaries/journals were kept for several field visits.

Terrazas (2011) as a key agent for the adjustment and integration of migrants. Chapter Two also assesses the job mobility of the Chinese, which is vital for their interaction with the host society. The insertion of the Chinese workers into the ethnic labour markets, as opposed to the mainstream labour markets obstructs or delays the integration and adjustment of the Chinese into the host society.

While Chapter Two focuses on Chinese migrants who became local employees within the Chinese enclave, the next chapter looks at the adjustment processes from the point of view of Chinese employers. Chapter Three discusses the business rationale and strategies of Chinese micro-entrepreneurs and SMEs, which are contrasted to those employed by Chinese SOEs and MNCs to illustrate the impact on the adjustment and integration of the Chinese in Prato. Chapter Three argues that Chinese SOEs, MNCs, SMEs and micro-enterprises are complementary, important ‘vehicles’ of China’s global ambition, investment and increased global integration. At the individual level of the Chinese SME in Prato, the location of the Chinese entrepreneur and his business strategies appear predominantly restricted to the realm of the ethnic enclave. As novice and grassroots entrepreneurs, their resource base appears limited to that which is available within the Chinese community, as a result of which interactions with the host society are significantly limited.

The last empirical section of this thesis, Chapter Four, shifts the focus to the social aspect of adjustment and integration by means of a critical inquiry into the use of mobile phones by the Chinese in Prato. The chapter discusses Chinese migrants’ use of mobile phones and how these devices influenced Chinese migrants’ lives, especially regarding their adjustment to the host society. It is argued that mobile phones are new tools for migrants and they have facilitated the maintenance of relationships with friends and family in the home country, as well as assisting migrants with numerous aspects of their work, including finding and changing jobs in Prato. Whilst networking as either an employer or employee relies



significantly on mobile phones, these ICT devices appear to foster contacts and communication within the Chinese community, while relationships with the host society appear to diminish in comparison.

The final chapter, Chapter Five, brings together the findings from the empirical chapters in the form of broader conclusions about the integration or non-integration of the Chinese in Prato. It also addresses the question of the limitations of this thesis and the kind of future research that remains to be done.

## CHAPTER 2

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# THE CHINESE LABOUR MARKET AND JOB

## MOBILITY IN PRATO

### Introduction

In the city of Prato, a large and growing number of Chinese migrant workers account for approximately 10 per cent of the total population. While conservative estimates refer to 14,000 Chinese (Comune di Prato), other sources claim that the number of Chinese migrants might be as high as 25,000 (Goldsmith 2007, Handelsblatt 2007, Kwong 2007). Like most migrants, the Chinese in Prato have been enticed by word-of-mouth from the first Chinese migrants, namely their relatives and/or compatriots (Giese 1999; Wilson 1998; Yun 2004). The majority of Chinese migrants in Prato have found work in the textile industry, which the Chinese have developed and reinvigorated through their innovative *Pronto Moda* business model of ready-to-wear “fast” fashion as an additional industrial sector alongside Prato’s traditional textile sector (Ceccagno 2003, Ehlers 2006, Goldsmith 2007, Kynge 2007). In addition, the growing Chinese community has in recent years led to the emergence of a burgeoning ‘ethnic business sector’ (servicing Chinese clientele), namely money transfer, real estate agencies, internet points and the like. Similar to many Chinese communities in other countries and largely resulting from lacking knowledge of the host country’s language, Chinese migrants in Prato almost exclusively work for one of their compatriots, i.e. a Chinese employer. Many of the latter have previously been in a similar situation; namely, working for other Chinese employers themselves before setting up their own business as entrepreneurs.<sup>55</sup> This ‘invasion’ of Chinese labour, which is a result of what the Chinese refer to as ‘leave China fever’ or *chuguo re* (Pieke 1998), has been manifest in Prato by a growing stream of

migrants over the last two decades that started with a small number of Chinese from Wenzhou in Zhejiang in the early 1980s (Ceccagno 2003). Wenzhounese outmigration is exemplary for Chinese chain migration as the “...movement in which prospective migrants learn of opportunities, are provided with transportation and have initial accommodation and employment arranged *by means of primary social relationships with previous migrants*.” (MacDonald and MacDonald 1964:82). As the cumulative process of several generations of migrants from particular villages around Wenzhou, Wenzhounese chain migration goes back to the middle of the 20<sup>th</sup> century and differs from impersonally organized migration.<sup>56</sup> Embodying an extension of Chinese communities outside China, immigration and employment of Chinese migrants thus relies mainly on “...a multiplex network of social relations [of] social ties with family, kin and friends” (Giese 1999:211).

Over the past two decades, Chinese migrant entrepreneurs in Prato have become innovators and thus vital drivers of the local textile industry. With less than 100 Chinese entrepreneurs in all of Tuscany in the 1990s, the 5,300 Chinese businesses in Prato and Florence in 2007 clearly demonstrate Chinese entrepreneurial aptitude and the growth of the niche sectors that the Chinese migrants have created (Annotico Report 2008). More than half of these businesses are registered in Prato, where many of the more than 2,500 Chinese entrepreneurs operate as sub-contractors in the textile industry, while a few entrepreneurs have begun to diversify their businesses into various industries.<sup>57</sup> The competitive advantage and success of these entrepreneurs have largely been a result of the access to Chinese labour (Yun 2004). Concentrated in a spatial cluster around Prato’s Via Pistoiese – also called ‘China Street’ or *Zhongguo Jie* - this large number of self-employed and co-ethnic employees has led to the emergence of an ethnic enclave economy (Bonacich and Modell 1980, Portes 1981). This ethnic enclave economy largely feeds off a Chinese ethnic enclave labour market, which exists as a separate labour market besides Prato’s general labour market.

As is often the case among migrants elsewhere (Gibbs 1994, Trinci 2006, Yun 2004), the majority of Chinese in Prato has been recruited by word-of-mouth and via the interpersonal networks of relatives and compatriots; this phenomenon applies especially to unskilled migrants and has also been known as ‘network-mediated recruitment’ (Wilson 1998:396). While not restricted to Prato or the Wenzhounese, the Chinese have been particularly renowned for maintaining *guanxi* or family, kin and native place interpersonal ties.<sup>58</sup> As strong ethnic ties, these connections appear critical also in finding employment, especially for Chinese migrants overseas. Thus it can be assumed that during the pre-migration phase, the workplace of many Chinese migrants is to some extent pre-arranged and upon their arrival in Prato those migrants “...enter a ready-made social environment [where] employment, friends, relatives, recreations patterns, way of life and career pattern are to a large extent predetermined” (Pieke (1998:11). This appears to be particularly true for the irregular Chinese migrants or *clandestinos*, who account for at least one quarter of all Chinese and who often work as forced labour in order to pay off their debts to the middlemen or ‘snakeheads’ (*shetou*) that facilitate their entry into Italy (Ehlers 2006, Giese 1999, Yun 2004).<sup>59</sup> However, intended and realized migration destinations may diverge for various socio-economic, political or personal reasons and so one cannot assume that all work arrangements always materialize or that employment relations work out well and satisfy everyone’s expectations.

Chinese migrants are largely drawn to Prato because of the economic potential and employment opportunities within the Chinese enclave economy, where wage differentials up to ten times are not unusual (Ceccagno 2003, Wu and Zanin 2007). Ambrosini (2001:66) and Fawcett (1989:676) moreover emphasize that migration decisions are in most cases influenced by social networks and the information and assistance they offer including previous migrants’ experiences, but also the success of, and obligation towards family members as well as general links between places of origin and the migration destination.

Described as ‘trade diaspora’ (Cohen 1997), this phenomenon renders it very important to understand the Chinese community in Prato and its capacity to participate in the labour market as both employers and employees.<sup>60</sup> This understanding is now critical as the growing Chinese community in Prato has increasingly become the center of attention and a point of tension in the host society. An important aspect of this tension is the lack of participation and integration of Chinese migrants into the *mainstream* labour market. Contrary to widespread empirical evidence for transnational migrants in a range of host countries, migrants are still often perceived as, and accused of, taking away jobs of the local population in the host country (Breidenbach and Nyíri 2001, Kwong 2007, Venturini and Villosio 2006). However, this sentiment is not limited to international migrants only.

As a corollary of China’s economic reform over the past three decades, and particularly the abolition of job allocation and the watering down of the *hukou* household registration system, millions of Chinese have migrated internally within China in search of employment. Known as ‘Deng Xiaoping’s Army’, China’s floating population of 120 to 150 million internal migrants have led to widespread socio-economic tension between migrants and host communities even inside China, and discrimination by, the local population (Gilley 1997, Zhang 2007). The reality is that migrants in most countries take up jobs that have been shunned by the native population for various reasons including safety issues, pay and general working conditions (Gavosto, Venturini and Villosio 1999; McGovern 2007; Nielsen and Smyth 2007). The Chinese in Prato are another example of migrants who have not reduced the number of jobs available to Italians, but as entrepreneurs have actually created new jobs – even if this has predominantly been to the advantage of their Chinese compatriots as employees. The employment of Chinese migrants has partially been facilitated by institutional changes in the host country including the Italian-Chinese Treaty signed in 1985, which permitted Chinese to set up enterprises and employ a co-ethnic workforce if they had regular

residence permits (Carchedi and Ferri, 1998).<sup>61</sup> Given the large, and increasing, numbers of Chinese migrants in Prato, questions arise as to how Chinese employees find work and how Chinese entrepreneurs find employees. How are jobs channelled inside Prato's Chinese enclave labour market? What is the role of formalized channels as opposed to informal networks? What is the significance of ethnic community ties in obtaining work? Do job search and recruitment occur exclusively within the Chinese enclave or do Chinese migrants crossover into the general labour market, and if so, at what point after their arrival in Italy?

This chapter is concerned with the emergence and development of the Chinese enclave labour market in Prato. It specifically explores how information on job vacancies in different industries is communicated and examines the utilization of interpersonal ties by Chinese migrants in their job search. The chapter draws upon the enclave labour market model as an additional, third labour market segment besides the primary and secondary segments postulated by Portes (1981). It also draws on the concept of social embeddedness in discussing the role of social networks for migrants' insertion and mobility in the labour market. The chapter is based on 36 interviews with Chinese migrants in Prato – employers and employees - conducted in 2007 and 2008. Five of these interviews were conducted with owner-operators and employees of Wenzhounese textile companies at their showrooms known as Euroingro located in Macrolotto 1, a newly developed industrial area 5 kilometers from Prato's city center. The majority of interviews, however, were carried out by randomly visiting various business outlets along Via Pistoiese as well as through talking to individual migrants at the market square outside Xiaolin Supermarket in Prato. In all interviews a semi-structured questionnaire was used; interviews were conducted in Mandarin and lasted between 20 and 45 minutes. The interviews were supplemented by basic content analysis of the classified sections of two Chinese newspapers, namely, *Ouzhou Qiaobao* (*Europe China News*) and *Ouzhou Huarenbao* (*Europe Chinese News*).<sup>62</sup>

The chapter is organized as follows. The next section sets out the theoretical framework through a discussion of the enclave labour market model and the significance of social embeddedness, networks and interpersonal ties for the insertion and mobility of migrants in host country labour markets. I then describe the evolution and key characteristics of the Chinese labour market in Prato by drawing on individual accounts of Chinese migrants as employers and employees in their recruitment and job search. In doing so, I challenge the assumption of mainly pre-arranged employment for Chinese chain migration to Prato and argue that the increasingly fragmented Chinese community has made it necessary to differentiate interpersonal ties at sub-ethnic level. In addition, I argue that formal channels of recruitment, namely public advertising of job vacancies, have gained in importance not just complementing social networks but for some migrants partially substituting social networks. Finally, I discuss the significance of social networks for Prato's second generation Chinese, especially their insertion into, and mobility within, Prato's mainstream and/or Chinese enclave labour market.

### **Theoretical Framework: Enclave Labour Market and Social Networks**

The literature discusses migrants mainly in relation to their socio-economic and political impact on the host country, and especially in regards to the native labour market (Chiswick 1984; Chamie 2003; Barrett, Bergin and Duffy 2006; Venturini and Villosio 2006; McGovern 2007). Classic assimilation theory portrayed host countries' economies and general labour markets as homogenous with migrants entering at the bottom and gradually moving up the ladder, thus becoming occupationally and socially accepted and integrated over time (Handlin 1951, Gordon 1961). However, prevailing inequalities and discrimination against disadvantaged groups in the labour market; namely, women, minorities and migrants, prompted labour market segmentation theorists to advocate the 'split' of the general labour market into a primary and secondary labour market (Bonacich 1973, Gordon 1972). This

conceptualization of dual labour market theory, which derives from dual economy theory (Averitt 1968; Galbraith 1971), characterizes the primary labour market, or center economy, as providing job stability, high wages, career paths and good working conditions, while the secondary labour market is regarded as the periphery defined by the opposite characteristics including less job stability and mobility (Wachtel 1972, Piore 1975). According to dual labour market theory, migrants enter the secondary labour market, which is a “...more vulnerable labor pool destined to the low-wage, unstable occupations...” (Wilson and Portes 1980:300), into which migrants are locked as their human capital is either overlooked or perceived inadequate. For migrants this “entrapment” (Wilson and Portes 1980:301) results in limited job mobility that occurs only within the secondary segment of the general labour market and not between the secondary and primary segment (Gordon 1972).

Based on evidence from Cuban migrants in the United States, Wilson and Portes (1980) find that migrants do not necessarily enter the secondary labour market, but an additional segment of the labour market. Wilson and Portes (1980) thus challenge the notion of the dichotomous general labour market in suggesting that the primary and secondary markets co-exist with a third labour market segment, namely the ethnic enclave labour market. The latter consists of migrant-owned businesses where migrants are either entrepreneurs or employees of the former and is dependent on the existence of migrants with entrepreneurial talent and an ongoing influx of migrants (Sung 1967, Bonacich, Light and Wong 1977, Bailey and Waldinger 1991). Portes (1981:290-291) defines ethnic enclaves as follows:

“Enclaves consist of immigrant groups which concentrate in a distinct spatial location and organize a variety of enterprises serving their own ethnic market and/or the general population. Their basic characteristic is that a significant proportion of the immigrant labor force works in enterprises owned by other immigrants.”



Different from both the mainstream labour markets, migrants in the enclave labour market experience job mobility as their past human capital investment is recognized, on-the-job training provided and their common ethnicity valued (Portes 1981, Carchedi and Ferri 1998, Sanders, Nee and Sernau 2002). Overcoming the existing blockade against migrants entering into the primary labour market, and thus 'by-passing' the general labour market, the ethnic enclave labour market seems a better, and for recent migrants often the only, alternative. However, in their research on migrants' insertion in the Italian labour market in the mid-1990s, Carchedi and Ferri (1998:272) find that Chinese migrants differ from other migrants as they "... can use the opportunities offered both by the general labour market and by the sector of the labour market formed by businesses owned and managed by co-nationals [i.e. the enclave labour market]...". Thus Chinese migrants in Italy appear to be able to enter and move between all three labour market segments, i.e. the primary, secondary and enclave labour market. Carchedi and Ferri (1998) moreover argue that the insertion of Chinese migrants into the labour market had changed over generations; a change they attribute to the fact that the third and following generations of Chinese migrants had increasingly established interpersonal networks within the host society, which allowed them to access the primary labour market. Carchedi and Ferri's (1998) findings therefore suggest that the enclave labour market is predominantly constituted by first and second generation Chinese migrants. Secondly, they underline the importance of social networks for Chinese migrants' social and economic behaviour, including matching migrants to jobs in the host labour market, as widely asserted in the literature.<sup>63</sup> Ambrosini (2001) and Boyd (1989) point to networks - and not individuals - that migrate, i.e. sets of people, who are linked to each other through kinship, work experience and/or acquaintance that provide information, assistance and obligations for the networks' members.

Social networks are a form of social capital and are shaped by the flow of migrants on the one hand, the host society's structural conditions, on the other. Bailey and Waldinger (1991) and Poros (2001) emphasize the role of social networks for migrants' access to the host society's labour market. The authors highlight the importance of social networks in facilitating, but also constraining the insertion and mobility of migrants within labour markets through reduced hiring costs on the one hand, restricted 'market efficiency' matching job seekers with job vacancies on the other. Based on the life histories of Gujarati Indian migrants in New York and London, Poros (2001) contends that different configurations of network ties, namely organizational, interpersonal and composite, i.e. mixed organizational and interpersonal ties, channel immigrants to particular destinations and into specific occupations. While skilled migrants are often recruited through organizational ties, unskilled migrants commonly rely almost exclusively on interpersonal or composite ties.<sup>64</sup> Vertovec (2002) and Poros (2001) both emphasize that migrants' social networks differ according to the local histories of migration, national conditions and also the socio-cultural traits of the migrant community. Thus social networks are relationally and structurally embedded, i. e. are localized, dynamic and complex (Massey *et al.* 1987; Portes and Bach 1985; Trinci 2006; Wilson 1998).

For the majority of migrants, their social networks mainly consist of interpersonal ties that are based on family, community of origin and ethnicity. These ties facilitate exchanges of information, introductions, the vouching for a person's character and allow migrants to improve their social and economic standing. Widely perceived as strong ties, family, community of origin and ethnic ties usually embody the basis for trust and solidarity but also facilitate social control and sanctions, all of which also apply to forms of economic cooperation within ethnic economies (Sanders, Nee and Sernau 2002, Trinci 2006). Much of the literature on social networks is based on the strength of ties argument by Granovetter (1973), who argues that the strength of interpersonal ties is critical in linking individuals to

larger groups. Differentiating interpersonal ties according to their strength, Granovetter (1973) conceptualizes strong ties as social relations between close friends and/or kin that share social spaces and information routinely and lead to dense reciprocity networks. Weak ties, on the contrary, Granovetter (1973) refers to as infrequent and low intimacy connections between individuals that form so-called acquaintance or diffuse contact networks. Put into the employment context, Granovetter (1995) claims that weak ties are more important than strong ties in finding a job since weak ties provide bridges between densely clustered networks and allow job seekers to tap into a wider range of information sources. The growing literature on the significance of interpersonal ties in informal economies (Light and Bhachu 1992, Portes, Castells and Benton 1989, Sanders, Nee and Sernau 2002, Wilson 1998) does not provide unanimous empirical evidence for Granovetter's strength of ties argument, but suggests the complementary existence and dynamic nature of strong and weak ties instead. Exploring Mexican migrants in the United States, Wilson (1998) finds that networks expand through the conversion of weak ties into strong ties through inter-marriage of migrants with members of the host society. Wilson (1998) thus argues that strong and weak ties describe a continuum, which allows weak ties to turn into strong ties, and vice versa. In their research on Asian immigrants' role in the labour market in Los Angeles, Sanders, Nee and Sernau (2002:282) point to the difficulties differentiating between strong and weak ties and stress the chain of actors instead. Poros (2001), while agreeing with Granovetter that kin and community related ties are often limited in terms of the information, resources or new opportunities they provide, argues that the limitations of interpersonal ties within the ethnic economy render other means and channels of information and resources important, namely public advertising and employment agencies.

The inquiry into Prato's Chinese labour market and job mobility draws on the local nature and dynamics of social networks (Massey *et al.* 1987; Poros 2001; Portes and Bach 1985; Vertovec 2002) and their complementation and/or substitution by formal recruitment channels are of particular importance. I moreover employ Sander, Nee and Sernau's (2002) concept of the chain of actors in the context of Prato's Chinese ethnic community. However, instead of following Granovetter's (1973) strong and weak ties dichotomy, I differentiate between ethnic and sub-ethnic as well as cross-ethnic ties, which appear to complement each other in their significance for Chinese migrants' job search and mobility in the ethnic labour market.

### **The Nature and Development of the Chinese Enclave Labour Market**

In discussing the emergence and nature of the Chinese enclave labour market in Prato, it needs to be remembered that the concept of a labour market was absent under Mao Zedong and has only resurfaced with the economic reforms of the late 1970s.<sup>65</sup> For almost half a century, labour in China did not move freely, but was mainly assigned and controlled by the government through the *danwei* or work unit system that followed set plans and allocated employees (*guojia fenpei*) largely irrespective of their qualification, skills and preferences (Ding and Warner 2001, Westwood and Lok 2003). Applicable to state and collective owned enterprises in urban areas, the *danwei* system was known as the 'iron rice bowl' (*tie fan wan*) as it provided employees with life-long employment and welfare benefits. Job mobility was almost non-existent and individual job responsibility; job search and unemployment were, by and large, unknown. Employees' only avenue to influence their employment allocation was through personal relationships. The rigid *danwei* system thus rendered employees' *guanxi* or interpersonal ties paramount as the 'right' relationship with government officials was often the only avenue for job mobility.

Chinese migrants in Europe today face usually saturated labour markets of the respective host countries. Only skilled migrants who possess relevant skills are thus able to enter the mainstream labour market, while the other option, and for many of the unskilled Chinese migrants the only option, is employment in the ethnic enclave labour market. A Chinese ethnic enclave labour market, as conceptualized by Portes (1981), has emerged in Prato over the past eight to ten years with a large number of Chinese entrepreneurs and their co-ethnic labour force mainly being clustered around Via Pistoiese, outside Prato's old town center. Often operating as subcontractors to Italian textile firms, but increasingly also running services companies as owner-operators, more than 2,500 Chinese firms in Prato serve the ethnic and general public. In doing so Chinese entrepreneurs have created a niche, which exists beside Prato's traditional textile sector that mainly manufactures woolen fabric. The vast majority of Chinese enterprises rely on an almost exclusive Chinese labor force; many employees are unskilled or semi-skilled Chinese migrants who lack relevant work experience and/or Italian language and cultural competency. Since the early 1990s these migrants have fervently and deliberately migrated to Prato in the hope of entering what nowadays constitutes one of the largest Chinese enclave labour markets in Italy. The 'foundation' of Prato's Chinese enclave labour market was started by the first 38 Chinese who arrived in 1989. While some were then able to work for Italian companies in Prato's general labour market, others struggled in finding work and set up their own business, thereby they became Prato's Chinese pioneer entrepreneurs (Ceccagno 2003, Kynge 2007).<sup>66</sup> Within a few years the Chinese community in Prato had witnessed rapid numerical growth, a phenomenon Carchedi and Ferri (1998:268) refer to as "...enterprises [that] permeate the area around them through their development and economic growth..." In the absence of data on the number of Chinese migrants who work for Italian companies, whom from my observation clearly form a minority, Chinese migrants have grown at least tenfold from 1,000 in 1991 to 14,000 – and even more – sixteen years later (Goldsmith 2007, Tolu 2003). The number of Chinese ethnic

entrepreneurs has likewise been on the rise with 1,753 Chinese-run business registered with the House of Commerce in Prato in 2003, compared to just 212 in 1992 (Kynge 2007). Despite a temporary “crisis” (Smith 2004) amongst Chinese businesses in the textile sector in early 2004 as a corollary of a steep decrease of orders, the number of Chinese firms had recovered and increased to more than 2,000 Chinese enterprises by 2007 (Goldsmith 2007, Kwong 2007). According to the theories proposed by Sung (1967) and Portes (1981), it is the ongoing stream of migrants and their entrepreneurial talent that form the critical factors for the emergence and sustenance of the enclave labour market. In the case of Prato, interviews in late 2007 and early 2008 indicated that many Chinese migrants have strong entrepreneurial ambitions, are planning and working towards setting up their own businesses. However, for most of the respondents, these ambitions had not yet materialized as they had arrived in Prato within the last two or three years only and lacked especially the necessary funding.

Until the beginning of the new millennium and thus more than a decade after the first Chinese migrated to Prato, the majority of Chinese migrants originated from so-called sending communities (*qiaoxiang*) around Wenzhou in Zhejiang Province; amongst others, these sending communities include the townships Guifeng and Wenchang, which have experienced a ‘tradition’ of outmigration over several generations already (source). Initially most Chinese migrants to Prato were male, aged between 20 and 40 and had migrated without their spouse and children – if they had any (see Denison *et al.*, 2009). In recent years, however, Prato’s Chinese community has become more diversified; Chinese migrants in Prato appear to be younger and the large number of Chinese women suggests that more Chinese female have joined their male compatriots. From my interviews it became apparent that some spouses have reunited with their husbands, but also that a substantial number of single women have come to Prato, some of who told me that they were looking for employment as well as an opportunity to experience life overseas. The communities of origins of the Chinese in Prato have diversified, so no longer do they all originate in Zhejiang. Today, the Chinese in Prato also come from other provinces including China’s ‘rustbelt’ in the North-east and provinces

in Central and West China. Thus Prato's Chinese community seems much more heterogeneous than often assumed. This also has consequences for the enclave labour market as the Chinese - in their capacity as employers and employees - are renowned for their particular loyalty towards their city or village - i.e. they prefer to hire and work for their compatriots from the same village or province from which they migrated - a fact that has largely facilitated Chinese chain migration. Thus the 'ease' of finding employment appears to be one reason, while the fear of the unknown in the host country, especially given most migrants lack of Italian language skills might be another reason, all of which have important effects on the channels used for recruiting.

Contrary to the educated Chinese that have mainly migrated to Northern Europe, many Chinese in Italy have not finished the nine years of compulsory education in China, are thus predominantly unskilled and possess work experience that is often irrelevant to their job in Italy (Ceccagno 2003). To circumvent the skills shortage, many Chinese employers provide their employees with on-the-job training.<sup>67</sup> In the textile industry, for example, where many Chinese migrants find work, employees usually start by carrying out menial tasks (*zagong*) for several months before they are internally trained and acquire industry-specific skills, which allows them to become 'experienced workers' (*shougong*). The next stage within the textile industry is to work as tailors (*chegong*) (Ceccagno 2003). New to the host country with hardly any knowledge of the Italian language, culture and labour market, the majority of Chinese migrants rely on the Chinese community and Chinese enterprises in general, and their compatriots from their same city or province in particular. This situation provides Chinese entrepreneurs with substantial bargaining power over their co-ethnic employees, which also influences and determines their approach to recruitment.

## **Matching Jobs with Employees in Prato's Chinese Enclave**

The initial exchange of labour in Prato's Chinese enclave occurred predominantly through family, kin and native place relationships or *guanxi*, which are characteristic for Chinese chain migration (Giese 1999, Poros 2001). The rapidly growing number of Chinese migrants and businesses, and their increasing diversification, however, appear to have resulted in the emergence of additional channels matching jobs seekers with job vacancies. As it will be demonstrated in the following discussion of these additional channels, they have complemented interpersonal ties or *guanxi* by adding another, more formal, dimension to the recruitment within Prato's Chinese enclave; this is especially the case where interpersonal ties do not, or insufficiently, exist. At the same time, and in accordance with the literature on the dynamics of interpersonal ties (Poros 2001, Vertovec 2002, Wilson 1998), it appears that the utilization of, and value placed on, interpersonal ties within Prato's Chinese community has changed. Against the background of the increasing diversity of Chinese communities of origin, in this section I therefore revisit the argument that interpersonal ties based on ethnicity provide sufficient information and assistance to secure employment. I wish to argue against the view that ethnic ties successfully facilitate the allocation of labour in Prato and suggest the need to differentiate ethnic ties according to sub-ethnic levels. In addition, I discuss the need for Chinese migrants without sufficient ties in the Chinese community to complement their interpersonal ties with formal channels to find work.

In late 2007 and early 2008 it appeared that the exchange of information on employment in Prato's Chinese enclave predominantly took place at the market square outside Xiaolin supermarket on Via Pistoiese. Located at the heart of the Chinese business and residential community, this is the meeting point for the Chinese community in Prato, where most of the exchange of goods and information occurs, including job vacancies. Observation and individual interviews suggested that several channels are vital in communicating open positions, namely paper-based hand-written and printed notices, an electronic display, Chinese newspapers' classified sections and social networks. What renders



the exchange of employment information special is the use of the Chinese language only, which exclusively serves the Chinese community and cuts out other migrants in Prato as well as the native population of the host country.<sup>68</sup> As explored further below, differences became apparent according to the operation and utilization of these channels in certain industries and for particular types of jobs.

### **Formal Job Channels**

In November 2007, the most visible channel used to facilitate the exchange of labour in Prato consisted of hand-written and printed notices that had been plastered on an outside wall of a Chinese restaurant at the market square on Via Pistoiese. This wall had been ‘transformed’ into a large ‘job advertising notice board’ through hundreds of job vacancies that were often stuck at two or more different spots along the wall simultaneously, but also on the opposite wall, adjacent lamp posts, and outside of telephone boxes nearby. This notice board bore no cost other than ink and paper and allowed fast and cheap recruitment at any time of the day; identifying this popular spot as an opportunity for the free marketing of their services, it came as no surprise to find commercial notices for businesses to be sold, medical services, language tuition and the like within the sea of job ads. In early January 2008, however, all notices had been cleared from the wall, a few of which have since reappeared on a flip chart like notice board outside a small Chinese supermarket on Via Pistoiese. Thus, while the paper notices of job vacancies have not have been phased out entirely, another, modern channel for disseminating employment information in Prato has emerged and taken over a large proportion of job ads. This is an electronic display made up of 14 large screens positioned in the window front of Xiaolin Supermarket. While the precise circumstances for the removal of the paper notices remain unknown, it is possible that the owner-operator of the electronic display might carry some responsibility due to the obvious competition between both channels. The paper-based job announcements were accessible to both employers and

job seekers, at any time of the day. The electronic job display might seem more sophisticated and technologically advanced, but is restricted in its access to employment information according to the opening hours of Xiaolin Supermarket. Nevertheless in both November 2007 and January 2008, the electronic job display attracted on an average working day between 20 and 30 Chinese job seekers at any given time – and thus substantially more than I had seen in front of the ‘notice board’ in November 2007. The electronic display contained mainly current job vacancies in Prato’s Chinese community that appeared in an ongoing loop on all screens; however, there were also several advertisements for commercial properties for sale, vacant apartments for rent and current fees for money transfer. In contrast to the paper-based job announcements, which were posted – and could be removed - at the individual’s discretion, the electronic display has been managed as a fee-based service through an office located upstairs from Xiaolin supermarket. At the beginning of 2008, the office was not staffed though and I was advised to express my interest to have an advertisement displayed over the phone instead. The number of job vacancies on display and the respective closing date for applications, the number of Chinese mentioning the electronic display during interviews and the number of job seekers in front of it at several days of the week, all suggest that this form of advertisement is an effective recruitment tool. As an emerging employment service facilitating the growing Chinese labour demand and supply in Prato, the electronic display appears to introduce a new and more systematic approach to recruiting. How then does this new medium compare and compete with other channels facilitating the exchange of labour in Prato’s Chinese enclave, i.e. newspaper advertisements and especially social networks? Following, findings from my interviews with predominantly employees and basic content analysis of Chinese newspaper classified sections provide first insights and answers to the questions above.

A generally more conventional channel of communicating job vacancies in Prato's Chinese enclave, but also other Italian cities, is the classified sections of several Chinese newspapers on sale in Prato, among them the daily *Ouzhou Qiaobao (Europe China News)* and *Ouzhou Huarenbao (Europe Chinese News)*. These newspapers are published daily in different cities throughout Europe and have country-specific sections. The Italian editions of these Chinese newspapers are published in Milan and feature classified sections three days a week. In contrast to most European newspapers, advertising job vacancies in both Chinese newspapers was free of charge, provided they met certain word/character limitations. As discussed later, one drawback of the free service appears to be the lack of detail in the information given due to the limited space allocated to each individual advertisement. This and the probability that job vacancies are filled prior to the newspaper being printed and/or distributed might have been one reason why newspapers were hardly mentioned during interviews. It can nevertheless not be ruled out that newspaper advertisements complement the paper-based and electronic display of job vacancies. In other words, employers use more than one channel for advertising jobs as do job seekers, especially those without sufficient social networks they can draw upon.

### **Informal Channels: The Power of Interpersonal Ties**

The lack of popularity of newspapers as means of finding employment amongst Chinese migrants was underlined by several Chinese respondents, who emphasized that their interpersonal ties with family and their community of origin had been vital to their job search. This indicates that word-of-mouth amongst family and kin from the same village or province continues to be significant in employment attainment in Prato's Chinese enclave today. In China, interpersonal ties or *guanxi* are given particular importance as they transcend all aspects of private and social life including employment. Interpersonal ties differ from public advertising as they are not readily visible and are therefore sometimes referred to as 'using the backdoor' (*zou houmen*). Although scholarship has widely acknowledged the pervasiveness

of interpersonal ties for the Chinese, during my interviews it became apparent that this cannot be applied universally to the labour market in Prato, where interpersonal ties seem to play a stronger role in some industries and for some jobs than others. This suggests the dynamic nature of interpersonal ties (Poros 2001, Vertovec 2002) and that their impact and value within the Chinese labour market in Prato has changed over time. It also surfaced that the Chinese community in Prato, which is widely perceived from outside as being secluded and close-knit, seems cohesive only to migrants from other countries and the local Italian population. Within the Chinese community, its rapid growth and diversification has led to its fragmentation according to the individual migrants' hometown or province. Employing Granovetter's (1973) dichotomy of strong and weak ties in this context, I refer to strong ties as ties at the sub-ethnic or community of origin level, while weak ties refer to ties within the wider Chinese community. This differentiation is supported by the different dialects and customs used in different villages and/or regions, which migrants generally continue to use overseas also and which form a particular bond between people. The use of dialects and local customs can thus result in rapid inclusion, but also the opposite, namely exclusion.

As mentioned before, over the past decade the majority of Chinese from Zhejiang have been accompanied by migrants from other Chinese provinces including Sichuan and Fujian. The latter is home to a 36-year old Chinese, whom I talked to when he was scanning the electronic job vacancies outside Xiaolin Supermarket. Having just arrived in Prato two days prior and currently looking for work, his Fujianese friends in Prato did not know about any job offers and referred the man to the market square:

"I am new to Prato and currently stay with friends. I want to move out soon and will take almost any job offered. I will do my best and am optimistic that I will find work soon. However, I am not from Wenzhou as many Chinese here. There is a fairly strict separation between the Chinese from different provinces and we speak different dialects. We can only ask people from our hometown for help; but there are not many Fujianese in Prato now and this makes it difficult for me." (Chinese Market Square, Via Pistoiese, Prato, 4 January 2008)

The Fujianese's comment points to the limitation of interpersonal ties for Chinese from other places than Wenzhou in Prato's Chinese enclave labour market. Under pressure to find any work and unable to employ his strong or sub-ethnic ties as they relate him to the fairly small Fujianese community in Prato only, this man combined different channels in his search for work. Given the limitations of his and his friends' social networks that tie them to the Fujianese community only, the man needed to become acquainted with Chinese, who originate from other provinces to obtain information on jobs available, thus establish weak or ethnic ties within the wider Chinese community. Talking to other job seekers outside Xiaolin supermarket was one option to do so; in addition, the job seeker from Fujian included formal channels disseminating information on job vacancies in Prato in his attempt to maximize a positive outcome of his job search; at the particular time of the interview the electronic display. This supports Sanders, Nee and Sernau's (2002) concept of a combination of strong and weak ties through a chain of actors, i.e. Chinese from the same hometown but also other areas of China to share information on job vacancies and possibly introducing the job applicant. Theoretically, and most likely the case for third and following generations of Chinese migrants in Prato, the chain of actors will also include interpersonal ties within the host country, i.e. cross-ethnic ties. In the case of this and most Chinese migrants, however, the chain of actors until now appears to predominantly include Chinese only. Not every Chinese in Prato necessarily echoes the optimistic attitude of the Fujianese towards their work and life in Prato though, including the benefit and reliance of their interpersonal ties. On the opposite, as an extreme case and different from other interviewees, a female Wenzhounese, aged 29 and working as a waitress, expressed her disappointment about her sojourn in Prato and largely blamed the information obtained through her personal relationships for this:

"Prior to coming to Prato I was told by friends of my parents that it is easy to find a good job and make money, but now that I am here I see that it is not true. I do not like Prato, I do not like Italy or its people; the economy is not good and working hours and pay is just

ordinary. I just need to save more money and then I go back to China as soon as I can.”  
(Wenzhounese Restaurant, Cr Via Pistoiese, Via, 7 January 2008)

This comment confirms that information on working and living prospects passed on through word-of-mouth by co-ethnics in the pre-migration stage continues to be important, but does naturally not always match reality of the migrants when they arrive in the host country. Another example of migrants’ expectations that were not matched upon the arrival in Prato was a young Sichuanese, who was trained as an English teacher and whose hopes had been built up listening to her family and friends in her hometown about migrating to Western countries. The young woman had hoped to find work where she could use her English skills and wanted to migrate to the United States. Reluctant to reveal the particular circumstances that caused the change of the migration destination, the young teacher was disappointed with the job she held at one of Prato’s few Chinese language and culture centers. Teaching Chinese to Chinese children for a relatively low salary was not what the young woman had in mind when she decided to migrate. The disappointment of migrants thus calls into question the quality and reliability of the information passed on along social networks. Referring to Chinese migrants in Europe Giese (1999) gives several explanations for the ‘distorted reality’, namely the subjective perception of individual migrants communicating their view back home; the ignorance of negative comments of family members in China and especially the disguise and/or downplay of failure by returning migrants, which often occurs to save face.<sup>69</sup>

As expected, observations of the Chinese in the Xiaolin Supermarket rendered apparent that their gathering in the market square served more than just browsing through the latest job vacancies. For many Chinese this appears a crucial opportunity to informally exchange relevant employment news, including valuable information generally excluded from paper-based or electronic job announcements, i.e. management styles, working conditions, and current and future orders of potential employers. Thus the Chinese appeared to use the market place as a ‘platform’ to build bridges into the wider Chinese community, i.e. establish ties

with Chinese from other than their own village or city and combine those with their sub-ethnic ties, thus adding more ‘actors’ to the chain potentially providing employment information and assistance; some of these actors could also stem from joint leisure activities or from living in the same house. Interpersonal ties established with migrants from other parts of China through various ways and at different occasions thus provide social capital that allows job seekers to tap into Prato’s more diversified Chinese community and obtain employment information outside their dense networks mainly related to their community of origin. Given the Chinese partial discrimination against migrants from provinces - especially against Chinese from the Northeast (Yun 2004) - the space outside Xiaolin Supermarket seemed essential for Chinese job seekers who do not originate from Wenzhou and who are thus less well connected within Prato’s Chinese community.

Despite the apparent convenient, cheap and fast recruitment of labour locally available in Prato, some demand for labour is also satisfied through labour recruited directly from China; these need to be referred to as pre-arranged jobs, which presumably apply to a smaller number of Chinese migrants in Prato only. As the following example of a young Wenzhounese man arriving in Prato in early November 2007 demonstrates, some Chinese textile companies have business operations back in China and recruit from within their existing businesses by ‘ordering’ their employees to come to Prato. As these arrangements entail the cost of the airfare, this form of recruitment presumably only applies to experienced employees of strategic importance to the firm or in case of unforeseen demand for labour that cannot be met locally. One man from Wenzhou, aged 23, and female colleague who had been working in Prato for the last four years told me:

“I have just arrived in Milan from China today. My colleague waited for me at the airport. She has been working in Prato for my company for several years. Now, they have a large order and I was ordered to come to Prato and help out.”

(Train Bologna to Prato, 3 January 2008)

The above suggests that Chinese firms in the textile industry, once they have secured orders, have to recruit staff fast to execute these orders. In Prato a substantial number of Chinese enterprises operate as sub-contractors for Italian firms in the textile industry and have thus a large and volatile demand for labour (Ceccagno 2003). Beside the overall size of labour required in the textile sector, important considerations are the industry's particular dynamic, which results from changing fashion trends and different seasons (Breidenbach and Nyíri 2001). In the following section, I take a closer look at the contents of the channels disseminating employment information in Prato, namely the paper and electronic job advertisements first, followed by newspaper classified sections and interpersonal ties. Drawing on these findings and the feedback from job seekers and employers, it appears that different channels are used by employers in different industries to attract different job applicants; however, this does not suggest that these channels are necessarily mutually exclusive.

### **Different Job Channels: Different Message, Different Audience?**

In November 2007 and January 2008 the individual paper-based and electronic job announcements displayed predominantly jobs for manual labour in the local textile industry. Most of these job advertisements were brief and included only the job position, number of vacancies and a contact number. Neither the name nor the exact location of the company was mentioned, which presumably protects employers and employees alike in case of the recruitment of irregular migrants. Wages remained unspecified other than in general terms as good or reasonable (*jiage hao, jiage heli*), which suggests sufficient labour supply and that employers do not need to compete for staff on wages. Job duties and applicant requirements were sometimes given, such as specifying production patterns and availability of textile supplies, which is useful information for applicants to understand if they are a good fit for the position. However, only about one third of the number of advertisements asked specifically



for skilled and experienced operators such as tailors (*shulian chegong*), which rendered the majority of vacancies potentially also open to newly arrived Chinese migrants without experience or particular skills, some of who would be given on-the-job training. Another peculiarity was the preference for recruiting couples as work teams, which was stated on a fair number of paper notices as well as on various electronically advertised jobs. The recruitment of couples is suggested to be a more recent development though as until 2003 the majority of Chinese migrated by themselves and without dependents.<sup>70</sup> The preference for couples seems to indicate that Chinese employers want to reap the positive influence of ‘same-career couples’ on work performance as widely documented in management literature (Chenu and Robinson 2002; Cox, Moore and Van Auken 1984; Halbesleben and Rotondo 2007; Moen and Sweet 2005).

At the same time, i.e. in November 2007 and January 2008, two of Prato’s Chinese newspapers, namely the *Ouzhou Qiaobao* and *Ouzhou Huarenbao*, were found to have adopted only slightly different approaches advertising job vacancies. Similar to the paper-based and electronic job display discussed above, most newspaper advertisements were limited to the job title, number of vacant positions and a contact number. While only a few job advertisements stated the locality of the job offer, the free advertising of vacancies in both newspapers applied to advertisements that consisted of one line or approximately 20 digits including numbers and/or Chinese characters. Of all job vacancies advertised, less than ten per cent exceeded the limit and had thus to be paid for, while the majority of positions fell within the one line limit, which explains the scarcity of employment information given. The classified sections of both newspapers comprised 150 to 200 job advertisements on half a newspaper (A3) page. The *Ouzhou Qiaobao* had a less structured approach dividing job positions only into two sections, namely those of hospitality and manufacturing. However, the *Ouzhou Qiaobao* provided more detailed information on each job position including the

request for a specific gender in five per cent of the advertisement for manufacturing as well as the levels of skills and experience. Almost three quarters of the vacancies for cooks and waiter/esses, for example, required skilled staff, while only one third of all job advertisements in manufacturing asked for skilled labor. Given the large number of Chinese enterprises operating in the textile sector, it was no surprise to find that vacancies in manufacturing were predominantly in the textile sector, which exceeded the number of jobs available in the furniture and leather industries. Amongst the positions in manufacturing, it was also in the textile sector where the particular level of worker was required in some job advertisements, namely those of *zagong*, *shougong* and *chegong* respectively, were specified more often. Despite these experience levels, several job positions advertised the possibility to acquire further skills at the workplace through on-the-job-training (*xue zougong* and *kexue*). Another interesting observation was the notion of residency status (*bei jumin*) in five per cent of vacancies advertised in the textile sector of the *Ouzhou Qiaobao*. While the request of job applicants to be a resident of the host country is also a common requirement in immigration countries such as Australia, it seems unusual for Chinese firms to publically announce this request. With several electronic job advertisements in the textile sector also requiring employees with permanent residency status, this recruitment policy might be driven by companies reacting to the negative headlines in the Italian media and/or difficulties companies had with Italian authorities over the recruitment of illegal employees in the past.

Different from the *Ouzhou Qiaobao*, the classified section of the *Ouzhou Huarenbao* offered not only approximately 25 per cent less job vacancies, but also a smaller number of positions for clothing operators. Displayed in a more structured approach, vacancies were listed in specific columns, namely those of restaurant/café/bar assistant (*jiuba*), waiter/waitress (*paotang*), sales assistant (*dianyuan*), workers for miscellaneous tasks (*zagong*), chefs and cooks (*chushi*). Within each specific column each job position was listed according to the equivalent of an alphabetic order for Chinese characters, which made it easier for job seekers to find vacancies for a particular position they were interested in. Overall, it

appears that from a job seeker's point of view newspapers advertisements were less effective than the local electronic job display; especially as positions could have been filled already by the time the applicant would read about it and as the job seeker needed to purchase the newspaper or obtain it otherwise. From an employer's perspective, however, less information given in a job advertisement would not only save money, but widen the number of potential job applicants. In addition, I found that vacancies in the textile sector were advertised using hand-written or printed notices, the electronic display and the classified section in newspapers. Job offerings outside the textile sector, however, namely in Prato's expanding services sector, were largely found advertised in newspapers only, but absent from the other employment channels. This raises questions whether job vacancies in Prato's Chinese services are communicated using other than the more formal channels, namely informal channels, i.e. social networks. One example illustrating the significance of social networks for Chinese migrants' job search and mobility in Prato's ethnic labour market was a young Chinese woman from Wenzhou who I met in a small shoe shop near the historical gate on Via Pistoiese. The woman had worked in one of Prato's many textile factories for several years before a close friend from her hometown, whom she had known since a child, helped her to find a job as a sales assistant by introducing her to a Chinese he had acquainted.

“After several years making clothes, ever since I arrived in Prato, I really wanted to find another job. But I do not speak Italian, have no qualifications and thought I am stuck, I can never leave the factory. Last November, however, a close friend from my hometown told me that he had met someone who was looking for a sales assistant in a shoe shop. My friend introduced me to the owner, who does not come from Wenzhou. The owner asked me about my experience selling clothes in China and then I got me the job, which has a nice environment and better pay.” (Shoe Shop on Via Pistoiese, Prato, 5 January 2008)

Although the woman's personal relationship was critical as the 'door opener', i.e. being introduced to the new employer, it was her work experience in sales that finally got her the job. This supports Bian's (1997) contention that interpersonal ties often facilitate the initial

introduction of the job applicant to a specific employer, while the job applicant's skills and experience decide on the final outcome. More importantly though it is an example of the combination of ethnic and sub-ethnic ties by a chain of actors facilitating employment attainment, as proposed by Sander, Nee and Sernau (2003). While the young woman and her friend were closely related through sub-ethnic ties of the same community of origin, the contact with the owner of the shoe shop was due to the acquaintance between two Chinese from different places in China, i.e. based on ethnic ties. Both ties combined facilitated the successful upward job mobility of the young woman from textile worker to sales assistant.

However, few Chinese employees in Prato would have the chance to learn about the skills of others or market their own skills other than through close interpersonal ties. For most migrants – in particular for those who have recently arrived – these ties are sub-ethnic, related and restricted to their community of origin. Interpersonal ties are often also established at the workplace, since work sites and work types embody vital anchors of social networks (Wilson 1998). However, in the case of the Chinese in Prato, where many migrants have followed friends and family from their hometown, these ties would often been limited as they would mainly have been related to the same community only. Working long hours in the textile factories and often living on the work premises, makes it difficult for the employees to become aware of and find job opportunities, especially outside the textile sector. This renders other channels of information on employment vital. Hand-printed and electronically advertised job vacancies mainly refer to the textile sector though. Thus to have ties outside their community of origin and workplace, i.e. to complement their sub-ethnic ties with ties into the wider Chinese community, appears critical for job mobility. Given that most Chinese migrants in Prato have been unskilled or semi-skilled only, employers might find it equally hard to recruit employees with skills and work experience in customer service and sales, or Italian and English language proficiency. Only two out of all job vacancies advertised in writing or electronically included during the period of my research specifically asked for English and/or Italian language proficiency. While this might suggest that these skills may not

be important, I argue that job vacancies with these skill requirements are not advertised formally, but communicated informally through social networks. As following discussed, Prato's Chinese labour market is anticipated to undergo substantial change – including the prevalence of and request for skills – which is partially triggered off by the second generation of Chinese migrants.

### **Prato's Second Generation of Chinese and Future of the Chinese Labour Market**

Besides the number of Chinese entrepreneurs and the steady influx of Chinese migrants, it is the fact that only few Chinese in Prato today speak Italian which perpetuates the Chinese enclave labour market and is anticipated that this will remain so in the near future. However, apart from the newly arriving young, and potentially more skilled, Chinese migrants in recent years, it is the second and following generations of Chinese in Prato that are critical in shaping the future of Prato's Chinese community and their integration into the host society - including Prato's Chinese enclave labour market. Overall it seems that Chinese who had arrived in Prato as children or who were born in Prato, have arguably more employment options than their parents. This is a result of their general better education, at times obtained in Italy and thus including Italian language proficiency<sup>71</sup> as well as having established ties outside the Chinese enclave, i.e. cross-ethnic ties through school, leisure activities and general social life. As confirmed by a 17-year-old female student, who was born in Prato and helped out in her parents' business on Via Pistoiese, the ability to converse in Italian and Chinese, the familiarity and linkages with both cultures and its people, renders the second generation of Chinese more likely to be able to find employment inside and outside the Chinese enclave labour market.

“Now during the school holidays and on weekends I help out in my parents’ business selling cosmetics and perfume. Most customers are Chinese women, but some are also Italian. I like the working environment and I work with my friend from school, whose parents are also from Wenzhou and have been friends of my parents. Maybe later I will take over my parents’ business; maybe I will go to university or work for an Italian company. It is too early to say, but I like the idea that I have more options than my parents.” (Cosmetics shop on Via Pistoiese, 6 January, 2008)

This comment reflects the confidence of the young Chinese in her future employability in Prato and supports the findings by Carchedi and Ferri (1998) that second and following generations of Chinese are not restricted to the ethnic enclave labour market only but can also enter and move between the mainstream and ethnic labour market. In addition to their familiarity with the Chinese and host society in Prato, i.e. at the local level, the second generation Chinese in Europe also benefits from their stronger integration into the Chinese community at the regional and national level (Pieke 1998). As illustrated in the following example of a young Wenzhounese who migrated with his parents when he was a teenager, this integration also extends to future employment opportunities and thus translates into greater job mobility. Having taken over the Bar/Café opposite the Basilica in the old center of Prato from his parents, who were first generation migrants from Wenzhou, the man in his early 30s converses fluently in Chinese and Italian and confides:

“Prato is home for me now, where I speak Chinese with friends, Italian with my customers. I could also think of moving to another city in Italy or Europe and set up another business. I know Chinese in Prato, Milan and Rome, but also have good connections with some Italians. Despite the long hours I work, it is nevertheless easier for me and the second generation of Chinese in Prato and Italy today.” (Bar/Café – Opposite of old Basilica, 4 January 2008)

The second generation Chinese’ occupational mobility thus appears less confined to the core community of the first generation Chinese. While the first Chinese migrants in Prato

depended almost exclusively on the support and social networks of people from their hometown, these interpersonal ties nowadays also benefit the second generation of Chinese. In addition, the second generation of Chinese migrants has established their own ties, partially building on existing ties, partially adding new ties in an accumulative way (McGovern 2007). As argued by Carchedi and Ferri (1998) and as demonstrated above, the second generation of Chinese migrants in Prato has more options through more diverse social networks they can resort to and which are not limited to the sub-ethnic level only, but also include ethnic and cross-ethnic ties. In her research on Chinese migrants in Portugal in the mid-1990s, Teixeira (1998) found that the Chinese enclave labour market and recruitment of co-ethnic labour appeared largely as a characteristic of the first and second generations of Chinese migrants. Despite differences according to the line and strategies of the individual business, Teixeira (1998) argues that from the third generation onwards co-ethnic recruitment was less common. Teixeira (1998) attributes the change to the fact that Chinese entrepreneurs had established business and professional networks within the host society over time, thus they complemented sub-ethnic and ethnic ties with cross-ethnic ties by way of expanding their social networks into the host society. This expansion allows Chinese migrants – as employees and employers – to find employment in and recruit labour from the general and enclave labour markets. First indicators for this development have already become apparent in Prato where in 2007 a small number of entrepreneurs have been recruiting Chinese and Italian labour through combining ethnic and cross-ethnic ties (Goldsmith 2007). However these entrepreneurs form an exemption as underlined by the owner of a Chinese fresh food store on Via Pistoiese in this statement on the Chinese method of recruitment: “We Chinese in Prato hire Chinese and, Chinese in Prato are hired by Chinese”. While this statement reflects both pragmatism and national pride, it also seems to present Prato’s Chinese community as unified and suggests a straight forward approach to recruitment. Contrary to this assertion and the assumption that employment of Chinese migrants in Prato is largely pre-arranged by family and/or friends, my

research suggests otherwise, namely that the labour market is more fragmented and that the exchange of labour supply and demand in Prato is more complex.

The chain migration of Wenzhounese to Prato with its second generation of migrants, has over the past five years been ‘complemented’ by a growing number of independent Chinese migrants from other cities and regions in China – including an increasing number of women. This diversification of the Chinese community, which has clearly evolved beyond unskilled, male migrants originating only from rural Wenzhou, is anticipated to provide the Chinese enclave labour market with a wider range of skills. As newly arriving, independent migrants cannot rely on close family or kin for their employment, they rely on other channels disseminating employment information to enter the labour market. Comprising a number of different channels – besides interpersonal ties, which have become a new quality through its differentiation at sub-ethnic level - namely hand-written, printed, electronic and newspaper advertisements, the Chinese enclave labour market appears to be dynamic and evolving over time with the exchange of labour supply and demand becoming more formalized. From future research it will be interesting to learn if the second and following generations of Chinese migrants in Prato will echo the entrepreneurial aptitude of the first generation, which is critical for the sustenance of the enclave labour market. If so, it will be of interest to find out if the second and following generations continue to employ predominantly Chinese staff or also recruit Italian employees, i.e. if they favor and are able to manage a Chinese, Italian or mixed workforce. In this regard it will also be interesting to understand which channels the second and following generations of Chinese migrant entrepreneurs will use to recruit staff; this includes the possible embrace of online recruitment, which has become popular worldwide and what impact that might have on the significance of social networks. The changes in the Chinese ethnic enclave labour market are also anticipated to have significant consequences for the Chinese migrants’ insertion into the Italian host society.



## Notes:

1. Jacqueline Andall emphasizes the phenomenon that Chinese workers in Prato become employers replicates the historical tendencies prevailing in Italy's industrial districts. See Andall (2007).
2. John and Leatrice MacDonald define chain migration as "... the movement in which the prospective migrants learn of opportunities, are provided with transportation, and have initial accommodation and employment arranged *by means of primary social relationships with previous migrants*". See MacDonald (1964). Pieke differentiates between five major groups of Chinese migrants, of which those from around Wenzhou and Qingtian in Zhejiang Province were the first Chinese migrants to Europe. See Pieke 1998.
3. Italian immigration from Southern Italy to the United States during the 19<sup>th</sup> century was facilitated by chain migration and included so-called 'chain occupations' as economic niches the Italian immigrants capitalized upon in the American economy and to which their directed successive migrants. See MacDonald (1964). In her research on Chinese entrepreneurs in Portugal, Teixeira (1998) refers to Chinese business conglomerates, most of which all include at least one restaurant. The diversification into various businesses by Chinese migrants in Prato, however, appears to be different.
4. It should be noted that various meanings and forms of *guanxi* are discussed in the literature (Kipnis 1996, Pye 1992, Yang 1994). For the purpose of this chapter *guanxi* is discussed in its significance as a tool to find employment (Seligman 1999).
5. It appears that the middleman has emerged out of the credit-ticket system used in 19<sup>th</sup> century migration of Chinese to Australia. Under this particular system, migrants were sponsored by merchants in Australia and Hong Kong, who made sure that the migrant would pay off the debts incurred through the passage to the host country. It should be noted that, although the migrants were legally free to work and move anywhere they wanted, the existing Chinese social network in the receiving country served as a control and support system (Fitzgerald 2007:64).
6. Chinese migrants in Prato differ from the better educated Chinese, who have mainly migrated to Northern Europe for study and/or research purposes and less purely for employment purposes.
7. This bi-lateral agreement was signed in Rome in January 1985 and came into force from March 1987. Its overall goal was to promote economic cooperation between Italy and China through the creation of beneficial business environments in each country, part of which was also to encourage Chinese entrepreneurship in Italy; see Carchedi and Ferri, 1998:271.

8. Conceptual content analysis was undertaken using the classified section of two Chinese newspapers, namely *Ouzhou Qiaobao* (*Europe China News*) and *Ouzhou Huarenbao* (*Europe Chinese News*). The aim was to explore the number of vacancies in different industries, the location of vacancies, the skill level required for different positions and other requirements or offers including training provided and the need of past experience.
9. Relevant literature includes Bailey and Waldinger 1991, Light 1972, Light and Bonacich 1988, Massey *et al.* 1987, Poros 2001, Portes 1994, Portes and Bach 1985, Sanders and Nee 1996, Trinci 2006, Vertovec 2002..
10. Depending on the type of ties accessible by migrants, Poros (2001) differentiates between four migration streams, namely solitaries, chains, recruits and trusties. For the Chinese migration to Prato, chains and trusties migration streams are of interest, where interpersonal ties facilitate migration.
11. Knight and Song elaborate on the labour system in China and the gradual emergence of a labour market claiming that in the mid-1990s the labour market reform had been slow and limited. See Knight and Song (1995).
12. Salaff *et al.* (2003) provide an interesting account on pioneering Chinese immigrants in Toronto. The authors emphasize the lack of social networks and roots in the co-ethnic community, which prompted a number of them to set up their own businesses and become entrepreneurs.
13. Two job advertisements in Chinese newspaper *Ouzhou Qiaobao* (*Europe China News*) of 8 November 2007 specifically point to the opportunity of employees being trained while working (*xuezhougong* and *kexue*).
14. As discussed later in this chapter, differences moreover exist between the Chinese dialects used in verbal communication, which segments the Chinese community further to the specific sub-ethnic level. The differentiation and at times discrimination of Chinese from different villages follows Chinese tradition. For the history of linkages of Chinese from the same villages see Bryna Goodman (1995).
15. In his exploration of different linkages that are important for migrants, Fawcett (1989) points to successful emigrants and their function as role models for potential emigrants in the future. The author moreover contends that unsuccessful returning migrants could reduce or redirect future streams of migrants. While Prato's Chinese enclave seems at present too prosperous and successful for at least many migrants, the continuation or recurrence of the drop in orders in the Chinese textile sector in February 2004 could have had wider ramifications on aspiring migrants. Michael Harris Bond (1991:81) points to the legendary narratives on Chinese entrepreneurs, which nevertheless co-exist with the numerous business failures of private enterprises, see Bond (1991).

16. The literature refers to serial migration of breadwinners as lone male migrants that assist other breadwinners before they decided to bring in their wives and children (MacDonald and MacDonald 1964:85).
17. Besides the role of social networks, however, Sanders, Nee and Sernau (2002) stress that language proficiency embodies a critical factor for Asian migrants' access to the mainstream labour market.

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## CHAPTER 3

### Chinese SMEs in Prato, Italy

*Anja Fladrich*

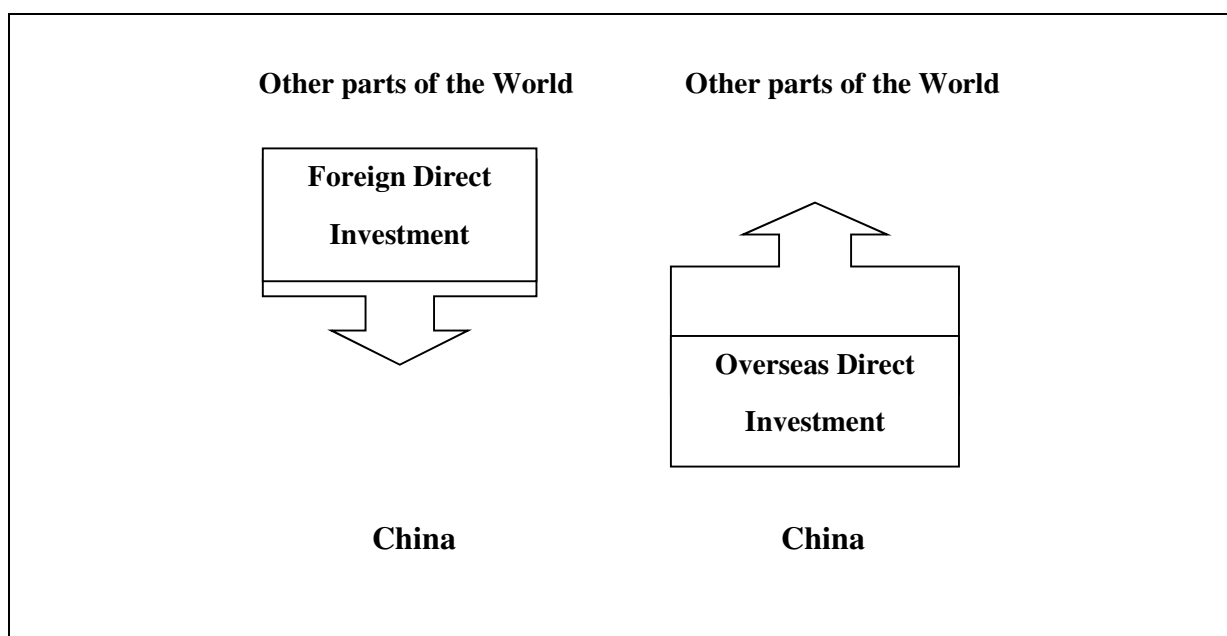
China's ongoing ambition of global leadership includes its growing investments *outside* China. Although China has the reputation for being the world's factory, manufacturing up to 70 per cent of electronics, toys, textiles, clothing and footwear (Gu 2006, Harney 2008, Lardy 2002), a growing number of Chinese have set up businesses outside the country, most recently in Europe. Today, China not only runs the world's workshop but operates workshops around the world, a phenomenon resulting from increased Chinese outward foreign direct investment (OFDI), which has doubled to US\$52 billion between 2007 and 2008 (Roberts and Balfour 2009:42). Key players in China's global push are Chinese state-owned-enterprises (SOEs) and Chinese multinational enterprises (MNEs). Their goal is to open new markets, access natural resources and buy Western brands overseas.

However, besides the 'investment hunger' of large Chinese companies, it is the growing number of small-to-medium-sized enterprises (SMEs) set up in Europe by Chinese migrants (*xin yimin*)<sup>72</sup> that also contribute to China's global advancement. They have stayed in the shadow of larger Chinese enterprises so far but they deserve more attention as part of Chinese international migration. Moreover, they are labour rather than capital intensive.

This chapter draws upon interviews with more than 30 Chinese entrepreneurs in Prato, Northern Italy, investigating the business rationale and strategies of these Chinese SMEs.

## 1. China's long march to become a global investor

China's change from an inward-looking, self-reliant country toward becoming more globally integrated determined its two-pronged investment policy: to attract foreign investment and become an investor overseas. The flow of foreign direct investment (FDI) into China, as one of the largest FDI recipients in the world over the past three decades (OECD 2008, Sauvant and Davies 2010, UnctadStat 2010), has witnessed a 'counter-flow'— investment by China and Chinese enterprises in other parts of the world (see Figure 11.1). These two investment streams are referred to as 'coming in' (*yin jin lai*) and 'going out' (*zou chu qu*) and are complementary forces in China's sustainable economic development and global advancement (Ge and Ding 2009; Tang *et al* 2008).



*Figure 11.1* China's dual approach towards sustainable economic development

Note: Figure by author, see also Fuchs (2007), Kurihara (2008) and Tang *et al.* (2008).

Chinese OFDI has over the past decades mainly targeted Asia and the US. More recently, however, a growing number of Chinese SOEs and MNEs have begun to invest in Europe (Gugler and Boie 2008). Starting from a small base and representing only a fraction of Chinese OFDI worldwide, Chinese investments in Europe have grown modestly but steadily. Most investments have gone into the service industries, information communication technology (ICT) and automobile manufacture (see Table 11.1 below).<sup>73</sup> Amongst European countries, the UK and Germany receive most Chinese OFDI, while Italy, like most other European countries, has only over the past few years attracted more investment from China. Although Chinese investment in Italy has multiplied more than 20 times since 2003, Italy is still a minor recipient (Pietrobelli, Rabellotti and Sanfilippo 2010:8). The 2008 global financial crisis (GCF) is expected to result in a further influx of Chinese OFDI in Europe as ailing European companies offer attractive investment opportunities. As Roberts and Balfour (2009:40) describe it, China is ‘bottom-fishing’, which leaves struggling European firms vulnerable to the Chinese ‘insatiable appetite’ (Nicolas 2009).

*Table 11.1: Top 10 Recipient Countries of Chinese ODI Flows in Europe (in M. USDs)*

|                                  | <b>Flows<br/>2003</b> | <b>Flows<br/>2004</b> | <b>Flows<br/>2005</b> | <b>Flows<br/>2006</b> | <b>Flows<br/>2007</b> | <b>Flows<br/>2008</b> |
|----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>World</b>                     | 2854.65               | 5497.99               | 12261.17              | 17633.97              | 26506.1               | 55907.2               |
| <b>Europe (excl.<br/>Russia)</b> | 114.41                | 79.90                 | 189.54                | 128.73                | 1062.82               | 480.56                |
| <b>Germany</b>                   | 25.06                 | 27.50                 | 128.74                | 76.72                 | 238.66                | 183.41                |
| <b>Italy</b>                     | 0.29                  | 3.10                  | 7.46                  | 7.63                  | 8.1                   | 5                     |
| <b>UK</b>                        | 2.11                  | 29.39                 | 24.78                 | 35.12                 | 566.54                | 16.71                 |
| <b>France</b>                    | 0.45                  | 10.31                 | 6.09                  | 5.60                  | 9.62                  | 31.05                 |
| <b>Spain</b>                     | n.a.                  | 1.70                  | 1.47                  | 7.30                  | 6.09                  | 1.16                  |
| <b>Sweden</b>                    | 0.17                  | 2.64                  | 1.00                  | 5.30                  | 68.06                 | 10.66                 |
| <b>Netherlands</b>               | 4.47                  | 1.91                  | 3.84                  | 5.31                  | 106.75                | 91.97                 |

*Source:* Pietrobelli, Rabellotti and Sanfilippo (2010)

Although China's investment in Europe remains limited, it is nevertheless an integral strategic part of and destination for China's global ambition, and should increase further (Deutsche Bank Research 2006; Gugler and Boie 2008; Nicolas 2009). Two landmark events mark China's long march to global leadership and investment: the Open Door Policy (*Kaifeng zhengce*) in 1978, and China's accession to the World Trade Organization (WTO) in 2001. The Chinese government is instrumental in China's investment overseas, including the expansion strategy 'Going Global' (*zou chu qu*) initiated by Jiang Zemin. In effect since 1999, this strategy gained additional impetus from members of the Chinese Politburo in mid-2009 (Fuchs 2007, Roberts and Balfour 2009) (Figure 11.2).

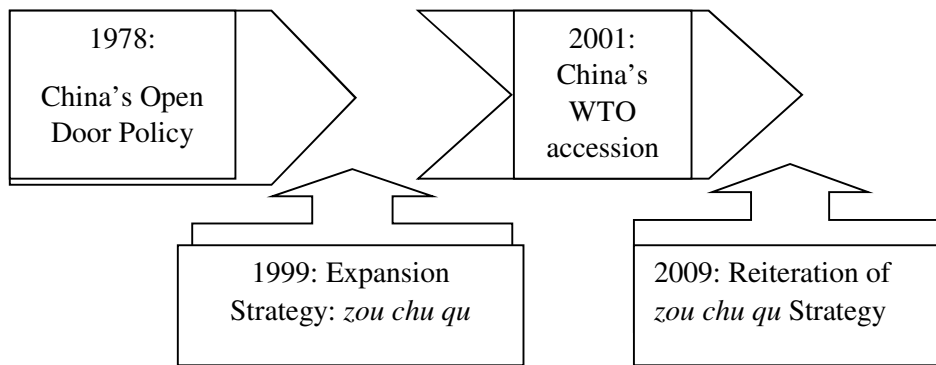


Figure 11.2: Landmarks of China's Ambition to Global Leadership

Over the past three decades, China has gradually moved from prohibiting OFDI to actively promoting it, with the *zou chu qu* strategy as a core element (Cai 1999, Voss *et al* 2008). This strategy was designed for large Chinese SOEs such as Baosteel and Sinopec but selected MNEs, including Lenovo, Haier and Huawei, also benefited. These firms are all amongst the 30-to-50 companies that have already built up a significant resource base and have been involved in international competition. The Chinese government has been committed and eager to build these companies into 'Global Champions' (Alon and McIntyre 2008, Fuchs 2007:30, Gu 2006, Tang *et al* 2008, Yang and Stoltenberg 2008). While an estimated 30,000 Chinese companies operate outside China today, the Global Champions have a special role representing model enterprises and constituting the flagship of China's global ambitions. The government hopes that these companies will equal the standard of the world's top 500 companies. Support mechanisms by the Chinese government for the Global Champions have been designed to make overseas investment attractive to more Chinese companies and increase their international competitive position. These mechanisms include easier access to start-up capital at favourable interest rates, government subsidies and insurance protection from the Bank of China, the China Development Bank and Sinosure (China Export and Credit Insurance Corporation). Approval processes for investment projects have been simplified to accelerate their execution. Provincial governments now become involved only if the investment exceeds US\$ 100 million, while smaller investment projects are approved at lower

levels (dbresearch 2006, Fuchs 2007, Nicolas 2009). The reasons for this preferential treatment include China's strategy for independence in key industries (including energy, natural resources and food) as well as the emergence of a "...new patriotism and self-confidence..." (Fuchs 2007:22).

Despite the growing number of Chinese SOEs and MNEs now operating in Europe that are strategically important to China's global advancement, a growing number of micro-enterprises and small-to-medium-sized enterprises (SMEs) have also contributed to China's global expansion—outside government initiatives, strategy and scope. Set up by 'new' Chinese migrants (*xin yimin*) in a 'bottom-up'-approach, these small Chinese firms often operate in the shadow of China's large SOEs and MNEs. They may sometimes even be hidden from the host country's authorities. These Chinese micro-enterprises and SMEs have only recently started to attract scholarly interest (Ceccagno 2003, 2007, 2009; Fladrich 2009, Wu and Zanin 2007). Different from the large Chinese companies eager and able to acquire foreign companies that we read about on the front pages of business newspapers, the Chinese micro-enterprises and SMEs attract coverage and controversy in local newspapers of the host country only. The attention given to the small enterprises by Chinese migrants originates from the large influx of Chinese migrants into Europe over the past 10 years, as well as allegations of labour exploitation and unfair competition by Chinese micro-enterprises and SMEs. Since we have only nascent knowledge on the smaller firms and their investments in Europe, questions arise as to what their motivation and business rationale is, what entry mode Chinese migrant entrepreneurs adopt, what business strategies, and which industries. To what extent do Chinese SME investment paths and patterns mirror those of their 'larger brothers', i.e. Chinese SOEs and MNEs? What significance do the ethnic enclave and Prato, as one of Europe's most concentrated Chinese enclaves, have as a traditional industrial district for Chinese SME investments?

Against the background of these questions, the following section reviews the literature on Chinese OFDI and addresses the concepts of industrial districts, cluster theory and ethnic

enclaves to explain the development of Chinese SMEs in Prato. This chapter draws on the five dimensions of business rationale, investment strategy, preferred industries, and financial and human capital to illustrate the differences among Chinese SOEs, MNEs and SMEs.

## **2. Characteristics and development of Chinese FDI**

Research on China's investment overseas has long remained in the shadow of the literature on FDI flows into China. As part of China's reform policy over the past three decades, Chinese OFDI has also been characterized by a gradualist approach. China, once it became aware of international concerns, was eager to avoid the perception by companies and governments overseas of being too ambitious and aggressive in its global asset pursuits.

For the last decade, scholars have been exploring the characteristics and development of Chinese OFDI. Luo *et al* (2010); Voss *et al* (2009), Wong and Chan (2003) and Wu and Chen (2001) assess the scale and pace of Chinese investment overseas and identify different stages or phases. Starting from a small number of projects concentrated in a few industries and driven by political motives of fostering international relationships, Chinese OFDI has become more economics-driven, fast-paced and focused on large scale investments. Cross and Voss (2008) show that prior to 2000, OFDI followed trade and were defensively market-seeking, while, after 2000, Chinese OFDI targeted markets with substantial growth potential, and thus trade followed OFDI.

Recent scholarship (e.g. Buckley *et al* 2007; Deng 2007; Hong and Sun 2006; Liu, Buck and Shu 2005) examines the motives and dynamics of Chinese OFDI. Employing Dunning's (1992 and 2000) theory, according to which the search for foreign markets, resources, efficiency and strategic assets motivates foreign investment, Buckley *et al* (2007) conclude that in the case of Chinese OFDI the host countries' resource endowments, institutional environment and policy liberalization in the home country constitute influential factors. The authors identify cultural proximity and political risk as significant drivers and suggest that Chinese firms investing overseas prefer an environment comparable to their



home environment. Deng (2007) and Pietrobelli, Rabellotti and Sanfilippo (2010) emphasize that China is a latecomer on the global stage, prompting the country to catch up with global competition by engaging in strategic asset-seeking. Deng (2007:74) argues that, unlike traditional exploitation and transfer of resources to the home country, the asset-seeking approach of Chinese foreign investment "...is undertaken ... to access new resources and ... gain new capabilities or acquire necessary strategic assets in a host country". Luo *et al* (2010) advocate that the dual forces of competence-constraint and institutional escapism, usually discussed separately, in actuality both influence enterprises from emerging countries to expand globally. Analysing the role of the Chinese government in OFDI, the authors admit that China's OFDI policies and initiatives are not necessarily transferable to other countries.

Spurred by the desire for rapid economic development, China has been eager to access natural resources, mature technologies, management skills and brands, all of which it lacks but which are vital for its economic growth. This has prompted inquiry on how Chinese OFDI occurs, including entry mode and strategies. Wu and Chen (2001:1243) identify five investment vehicles as modes of entry: equity joint ventures, contract joint ventures, wholly-owned enterprises, branch offices and full or partial acquisitions. The China National Offshore Oil Company (CNOOC) is an example of the global reach of Chinese SOEs that had signed petroleum contracts with more than 70 foreign oil companies in 21 countries by 2006 (Johnson 2008). Gugler and Boie (2008) emphasize joint ventures (JVs) and mergers and acquisitions (M&As) as the preferred investment forms for Chinese firms. However, greenfield operations and research and development (R&D) centers in host countries are also crucial in China's ambition (Buckley *et al* 2007, Deng 2007, Fuchs 2007, Kurihara 2008, Simmons 2008, Tang *et al* 2008).

Against the background of Western businesses and countries viewing Chinese OFDI as a threat<sup>74</sup> and hence eager to counter these initiatives, scholars ask how much Chinese OFDI follows conventional FDI investments or whether it takes an idiosyncratic approach,

i.e. constitute FDI ‘with Chinese characteristics’. The scholarship increasingly supports this latter view (Buckley *et al* 2007, Child and Rodriguez 2005, Gugler and Boie 2008, Luo *et al* 2010). While the literature on Chinese OFDI in Europe mostly focuses on the UK and Germany as the main European destinations, Pietrobelli, Rabellotti and Sanfilippo (2010) provide an additional perspective in their work on Chinese OFDI in Italy. They argue that although Chinese OFDI in Southern Europe is still in its infancy, Chinese MNEs are eager to tap core competencies in Italy’s industrial districts. Pietrobelli, Rabellotti and Sanfilippo (2010) emphasize that the Italian and Chinese economies share certain features, including strong location advantages due to the agglomeration of firms in the automotive, textiles and home appliances sectors. The authors support Buckley’s *et al* view (2007) that similarity between home and host environment constitutes a vital factor for Chinese OFDI. The following section discusses the concepts of industrial districts, clusters and ethnic enclaves.

### **3. Industrial districts, clusters, and ethnic enclaves**

The concept of the industrial district originates from the work of Alfred Marshall (1920) and his theories on localized industries. Marshall (1920) identifies three drivers of industrial localization: pooling of labour, availability of specialized inputs and spillover effects of technology that allow SMEs to compete with large companies due to their geographical agglomeration (Krugman 1991). Geographical factors reduce transaction costs and allow higher productivity and more specialized inputs and services. Geographical proximity enhances the flow of information on products and markets. According to Marshall (1920), industrial districts with amalgamations of SMEs rely less on economies of scale but have flexibility, short distances and the pooling of resources. Hence many localized SMEs specialize in various stages or phases of the same production process. When scholars (Becattini 1990 and 2000, Fioretti 2001, Harrison 1992, Markusen 1996, Pyke and Segenberger 1990, Sforzi 2002) revisited Marshall’s concept, Becattini (1990:19) referred to the industrial district as “... a socio-territorial entity, which is characterized by the active

presence of both a community of people and a population of firms in one naturally and historically bounded area”. Becattini (1990 and 2000) emphasizes that the value system in the industrial district is shared and handed down over generations, acting as source of productivity and innovation. Pyke and Segenberger (1990) point to the closer relationships among the social, political and economic spheres in industrial districts, while Markusen (1996) confirms that not only relationships but intentional cooperation among competing firms, including staff exchanges between customers and suppliers, characterize the industrial district.

While Marshall’s theory is vital for the development of cluster theory, Porter (1998a, 1998b, 2000) is arguably the most influential contemporary scholar on the concept of clusters, which is often referred to as “...neo-Marshallian cluster concept...” (Martin and Sunley 2001:6). Porter (1998a, 2000) conceptualizes an industrial or business cluster as a group of interconnected corporations operating in a similar field and located in close geographical proximity. They are linked by commonalities as well as complementarities. Companies in a cluster usually operate in the same sector or sub-sector, have strong interdependent relations in the value chain, and share cost and risks (OECD 2001). As Markusen (1996 points out, the growth of clusters results from networking and the twin-concept of cooperation and competition, which can be found in developed as well as developing economies. Porter (2000), however, argues that clusters in developed countries tend to be more advanced.

Portes (1981:290-291) cites characteristics of industrial districts and clusters as vital for migrant communities in host societies, terming the situation of migrants in a geographical agglomeration an ethnic enclave, which according to Portes:

...consists of immigrant groups which concentrate in a distinct spatial location and organize a variety of enterprises serving their own ethnic market and/or the general population. Their basic characteristic is that a significant proportion of the immigrant labor force works in enterprises owned by other immigrants.

The Chinese community in Prato appears to be a “cluster within a cluster”. As a traditional industrial district hosting a large number of SMEs in the textile sector (Dei Ottati 1994, Fioretti 2001), Prato has witnessed the emergence of a Chinese enclave nested within the industrial district. The emergence and development of Chinese firms in the enclave appear to differ from the Chinese SOEs and MNEs discussed in the literature, and their business rationale and strategies are of particular interest and value to the discourse on Chinese OFDI.

#### 4. Methodology

This chapter is based on a scoping study of 36 interviews (including repeat interviews) with Chinese entrepreneurs undertaken by the author in Prato in 2008 and 2009.<sup>75</sup> The interviews lasted up to two hours and were conducted in Chinese (Mandarin). Notes were taken during each interview and transcribed into a research journal. The respondents were approached employing an opportunistic approach by visiting their business outlets in the Chinese enclave. All the respondents were owner-operators and 15 percent operated the firms as co-preneurs. As Table 2 shows, almost half of the respondents were female, with an average age of 29 for male and female respondents. This mirrors the demographic of the overall young Chinese community in Prato that has in recent years seen an increase in its female population (Dension 2009).

*Table 11.2: Respondent Gender and Age*

|              | Male Interviewees | Female Interviewees | Total    |
|--------------|-------------------|---------------------|----------|
| Number       | 18                | 16                  | 34       |
| Percentage   | 53%               | 47 %                | 100%     |
| Average Age* | 29 years          | 29 years            | 29 years |

Note:\* includes five respondents who did not reveal their age.

Most of the respondents operate their business in the services and retail industry. Although the manufacturing of textiles has been vital to Chinese companies and the community for more than two decades, the services and retail sectors have gained importance only recently, and by 2008 dominated the Chinese businesses in manufacturing (Ceccagno 2009). With usually less than half a dozen employees, most of the respondent firms were micro-entrepreneurs or SMEs. The small number of manufacturing companies included in the research employed between 10-to-25 workers on average, many of whom were contractual and hence these firms had a more volatile workforce determined by industry demand. The dominance of small workforces applies also to Chinese SOEs and MNEs in Italy (Pietrobelli, Rabellotti and Sanfilippo 2010:10) (Table 11.3).

*Table 11.3: Company Size and Industry*

|            | <b>Manufacturing</b> | <b>Services &amp; Retail Industry</b> | <b>Total</b> |
|------------|----------------------|---------------------------------------|--------------|
| Number     | 6                    | 28                                    | 34           |
| Percentage | 18%                  | 82 %                                  | 100%         |
| Size       | > 8 employees        | < 8 employees                         | n/a          |

The majority of Chinese firms in Prato are located along Via Pistoiese, Via Fabio Filzi and neighboring streets outside the medieval town center. Several large old textile manufacturing factories are also located here that the Chinese bought from the Italians during and following the crisis of the fashion industry in Prato in the late 1980s. This area has since become the focal point of the Chinese community, with the market square on Via Pistoiese as the center. Starting from the square, where initial interviews were conducted, the author visited, at times repeatedly, business outlets in the Chinese enclave in 2008 and 2009. During each visit, the researcher addressed market entry and business set-up, and the use of financial, human and social capital as well as current and future opportunities and challenges. The interview results follow and the author contrasts them with the approach used by Chinese

SOEs and MNEs. The next section first gives an overview of Chinese enterprises in Italy followed by an introduction to the research site that has long been known as *the* industrial district for woolen fabrics and textiles (Sforzi 2002), and more recently as Europe's most concentrated Chinese community.

## 5. Chinese Enterprises in Italy

At the beginning of the new millennium, the total number of Chinese in Europe was estimated at approximately one million, including illegal Chinese. Although this is only a small proportion of the more than 35 million overseas Chinese, it has grown during the past decade. Chinese have migrated especially to Southern Europe and Italy in particular, making it Europe's gravity center for Chinese migrants. The difficulty of ascertaining the number of Chinese migrants in Europe, and especially Italy, is due to the large number of illegal and undocumented Chinese migrants. Known in Italy as the *clandestini*, they may augment the official number of Chinese by up to 50 per cent. Despite variations in the estimates of Chinese in different Italian locations, Chinese migrants in Italy accounted for five per cent of the Italian population by the end of 2007. In several Italian cities the percentage of Chinese is even higher. For example, in Rome the Chinese account for 7.5 percent of the total population, about 1.5 times the national average (Cristaldi 2002), Prato, in Tuscany, hosts the most concentrated Chinese community in Italy and second largest in Europe - after Paris - with a conservative estimate of 12 percent (Nadeau 2007) (Table 11.4).

Table 11.4: The Chinese Community in Italy between 1991 and 2007

| Year | Number Of Chinese | Growth (in nos.) | Growth (in %) |
|------|-------------------|------------------|---------------|
| 1991 | 18,700            | n/a              | n/a           |
| 2000 | 48,650            | 29,950           | 260           |
| 2007 | 168,750           | 120,100          | 347           |

Sources: Blangiardo, G. (2007), Ceccagno, A. (2003 and 2007), calculations by author.

Nascent scholarship on Chinese migrants in Italy suggests that they migrate (especially to Prato) with the long-term ambition of setting up their own businesses (Dension *et al* 2009). Bond (1998:81) refers to the goal of becoming an entrepreneur as a part of Chinese culture reflecting “...a widespread hunger...” while Leung (2004:93) claims Chinese entrepreneurial aptitude is driven by *gongzhi buchutou*, or the belief that “...working for others [is] a dead end street.” In Prato, this entrepreneurial spirit has resulted in more than 3,500 micro-enterprises and SMEs that have grown exponentially over the past decade, accounting for more than half of all Chinese firms in Tuscany and more than half of all SMEs in Prato (population 180,000). Compared to the number of Chinese companies in the Italian region of Veneto and the German city-state of Hamburg, with more than four million residents between them, Prato has many more Chinese business start-ups (see Table 11.5).

Table 11.5: Comparison of Chinese Firms in Prato, Veneto and Hamburg, 1991-2009

| Year | Chinese firms in the city of Prato | Chinese firms in the region of Veneto | Chinese firms in the city-state of Hamburg |
|------|------------------------------------|---------------------------------------|--|
| 1991 | 212                                | 35                                    | n/a  |
| 2001 | 1753                               | 312                                   | 330  |
| 2007 | 3177                               | 2903                                  | >360                                       |
| 2009 | 3500                               | n/a                                   | +400                                       |

Sources: The figures for the region of Veneto were captured for a period of time and not a point in time. Table compiled by the author with data from Ceccagno 2003, Dension *et al.* 2009, HWF 2009, Kyngé 2007, UIP, interview July 2009.

The number of Chinese SMEs in Prato also dwarfs the investment of Chinese MNEs that Pietrobelli, Rabellotti and Sanfilippo (2010:9) quantify, with 61 projects intended to open Italy as a new and sophisticated market, acquire strategic assets in the areas of design, product development, technology and management. According to the authors, these investments are mainly concentrated in Lombardy and Piedmont in the North of Italy just as Prato is. Different from the Chinese in Prato, who appear to deliberately come to Prato to set up their

own businesses, Chinese SOEs and MNEs, according to Pietrobelli, Rabellotti and Sanfilippo (2010) do not view Italy as their first location preference. Although the first Chinese investment project in Italy occurred as the Chinese began arriving in Prato (i.e. when Air China opened its first office in Rome in 1986), the growth patterns of Chinese SOEs and MNEs in Italy and SMEs in Prato differ. While Chinese policy liberalization and the *zou chu qu*-strategy accelerated SOEs and MNEs from 2000 onwards, the growth of Chinese SMEs in Prato gained momentum approximately five years earlier.

The exponential growth of Chinese firms in Prato is of particular interest given that the Chinese entrepreneurs are migrants who, unlike employees in Chinese SOEs and MNEs, operate in what can be described as a hostile environment. The Chinese migrants were often ridiculed by the Italians, and resistance and resentment from the host society towards Chinese migrants followed, partially fuelled by negative media coverage (Lee Potter 2007, Thomas 2007). A different scenario applies to the Chinese Global Champions as these firms usually enjoy a positive reception in the host country, benefit from host and home government endorsement and assistance, including access to financial capital and human capital. On the contrary, the Chinese entrepreneurs in Prato often face multiple obstacles in the host country due to their migrant status, which are compounded by the fact that the Chinese rarely bring any significant human or financial capital when they arrive. They usually have a basic education only, are often unskilled and arrive not only with empty hands but often with debts incurred from the passage to the host country (Ceccagno 2003). While some of the Chinese MNEs and SOEs may also encounter difficulties with access to human capital, their overseas investment is partially and deliberately driven by their global 'hunt for talent'. Roberts and Balfour (2009) find that Chinese Global Champions employ up to 60 per cent staff locally. Hence many of their human resources come from the host country, allowing the Chinese Global Champions to tap into employees' local knowledge and business intelligence, which provides the company with a competitive edge. This approach stands in stark contrast to Chinese SMEs in Prato, who almost exclusively recruit a co-ethnic workforce (Fladrich



2009). Transaction costs are lower as a result of similar values, work ethic and ease of recruitment and the co-ethnic workforce is vital for the Chinese companies' success, and especially for the growth of the Chinese economy in Prato, where employment within a Chinese firm provides a critical springboard or launching pad to future Chinese entrepreneurs.

As conceptualized by Portes (1981), Chinese firms in the enclave serve both the local and the ethnic clientele, while Chinese SOEs and MNEs serve the local market in the host country in their pursuit of global expansion. The ethnic enclave depends on geographic proximity, which in the case of Prato extends to half a dozen streets. While Chinese SOEs and MNEs overseas are not necessarily confined to the small scale found in Prato, they nevertheless gravitate to locations that host sectors of specialization: Turin for automotives, Varese for white goods, Emilia Romagna for machinery and Campania and Liguria for logistics (Pietrobelli, Rabellotti and Sanfilippo (2010). In a similar manner, Prato is the preferred location for Chinese SMEs, initially only in the textile manufacturing sector, but increasingly for the services and retail sectors directed mainly toward the local Chinese, but more recently to the local Italian clientele (Fladrich 2009b).

## **6. Prato: A Chinese Enclave within an industrial district**

Prato, in Tuscany, is one of Italy's largest and oldest industrial centers, well known as one of Italy's main producers of textiles and Europe's most important fashion centers. Located between Florence and Pistoia, Prato has developed into a center for commerce and trade comprising more than 6,000 mostly small- and medium-sized firms (Piscitello and Sgobbi 2004). Prato has a long history as a textile town, with woolen fabrics first being manufactured and traded in the 12th century. Prato continued its textile prominence with the introduction of mechanization in the 19th century (Becattini 2000, Dei Ottati 2003). After World War II, Prato's textile industry flourished and its labour force increased from 22,000 to 60,000 textile workers. This new dynamic changed Prato into one of the fastest growing economic centers

and industrial districts<sup>76</sup> in Italy, relying on traditional design and craftsmanship performed by many small businesses engaged in all aspects of textile production (Dei Ottati 2003, Khosravian and Bengston, 2006).

In the mid-1980s, however, Prato's textile industry experienced a severe crisis as the demand for carded wool dwindled and 37 percent of the Italian textile businesses closed down. The textile sector managed to reposition itself in the early 1990s and developed again into a pillar industry in Prato. Critical for the turnaround of Prato's textile industry was the availability of migrant labour including the Chinese, who first arrived in the early 1980s, and continued to migrate there ever since. Indeed, the increase in Prato's population appears entirely due to the influx of migrants from 3,091 in 1995 to 24,153 in 2008, an increase in the foreign population of eight percent. Prior to the mid-1990s, foreigners in Italy constituted a negligible minority since Italy was an emigration country (Cristaldi 2002), where foreigners accounted for 0.6 percent only.

In Prato, the Chinese today live and work outside the old city, on Via Pistoiese and adjacent streets, where a Chinese enclave has emerged, of which the market square outside *Xiaolin* Supermarket embodies the focal point. While the Chinese introduced their so-called *Pronto Moda* business model of ready-to-wear fast fashion into the Pratese textile sector, they have also begun to diversify into other industries, especially the service industries, including hospitality, communication, travel and retail, which represent the majority of Chinese businesses in Prato (Ceccagno 2007).

## **7. Insight from Chinese enterprises in Prato**

This section analyses the business operations of Chinese entrepreneurs in Prato and compares them to those employed by Chinese SOEs and MNEs. Employing the five dimensions of business rationale, investment strategy, industry preference, financial and human capital, Table 6 highlights the differences among SOEs, MNEs and SMEs.

Upon their arrival in Prato, the Chinese are not ‘ready-made’ entrepreneurs able to access resources and open new markets for existing products and/or services. According to the respondents in the survey, the Chinese in Prato usually start as employees in companies of fellow Chinese – not necessarily in Prato, though - and use their employment with other Chinese as a springboard to set up their own business. Although the Chinese government has helped these Chinese through regulations that allow easier access to obtain passports and travel permits, the rationale and impetus of the Chinese to invest in Europe goes back to the individual, in some cases for generations, and the tradition of chain migration. While the set-up of one’s own firm constitutes a dream for many (Bond 1998), Chinese chain migration goes back to the 14th century and has mainly been driven by Chinese from sending communities or *qiaoxiang*—poor regions in Zhejiang, Guangdong and Fujian provinces. People from these regions turned to internal and external migration as a way to make a living and support their families through remittances. Hence Chinese migrant entrepreneurs in Prato are not expanding an existing business and relying on entrepreneurial know how, but starting as novice entrepreneurs from scratch and from a limited resource base. They often have only their entrepreneurial drive and determination.

*I migrated to Italy in 1998 on recommendation of a friend of mine. He had migrated to Milan earlier and told me that I could find a job, save money and run my own business. This convinced me. However, I did not think it would take me almost 10 years to set up my own business. It has taken long hours, but today I have three businesses in Prato, and my son has followed me to Prato, where he is also running a business.*

(Interview 7 January 2009, Prato)

Emigration is prompted by the prospect of, and hope for, business opportunities relayed back to China by migrant success stories, remittances and donations to their hometowns. A push-

pull situation exists where the socio-economic situation in China necessitates emigration, while the positive experience of Chinese migrants overseas—often family and/or friends—lures the migrant to invest in a business career overseas. These Chinese are part of the Chinese Diaspora and benefit from pioneer family members' accommodations and/or work for the new arrivals. Lancee (2010:203) contends that these arrangements using family networks allow migrants to “get by”, while pointing to the limitations of these networks to help migrants with job advancement. The growth and increased diversification of the Chinese community in Prato has somewhat limited these arrangements.

All Chinese entrepreneurs interviewed in Prato were novices who set up a business for the first time. The first Chinese entrepreneurs in Prato in the early 1980s bought out existing Italian textile firms, most of which were family businesses of small and medium size caught up in the crisis of the textile industry at that time. While the majority of the Chinese micro-enterprises in Prato today appear to be set up as greenfield operations, the Chinese entrepreneurs in Prato reinvigorated the local textile industry through the introduction of the innovative *Pronto Moda* business model of ready-to-wear fast fashion. Starting as sub-contractors to local Italian textile companies manufacturing textiles to order, the Chinese became involved in textile design over the past several years, and are now involved in all stages of textile production (Ceccagno 2007). Moreover, the Chinese introduced lighter fabrics instead of the often heavy woolen fabrics traditionally used and gained competitive advantage through their fast production. Employees often reside on the premises and work up to 16 hours per day, seven days a week.<sup>77</sup> The recruitment of a co-ethnic workforce has a number of additional advantages, including a similar work ethic, communication and values that have a positive impact on cost and productivity. Efficiency has been a contributing factor to the competitive advantage of Chinese SMEs in Prato.

For employees and the development of the Chinese enclave in Prato, the co-ethnic workforce has also been important since it has served as a platform for on-the-job training

that gives employees skills for future business ventures. However, the innovation of *Pronto Moda* was the single most important development and helped Prato evolve into one of the most concentrated Chinese communities in Europe, with more than 40,000 Chinese running more than 3,000 businesses today.

This development was only possible due to the specific local context, i.e. Prato as a traditional industrial district where a large number of SMEs work on a homogenous product, namely woolen fabrics and textiles. The Italian-Chinese agreement for economic cooperation from 1985 on that allowed the Chinese to set up their companies in Italy and employ a limited number of Chinese workers was instrumental for Prato's development. Several amnesties granted to migrants since 1996 by the Italian government reflect their acknowledgement of the value of migrant labour.

The majority of Chinese firms in Prato are run as micro-enterprises by one or two people, at times by couples (co-preneurs), father and son or siblings. Larger firms usually have not more than 10 employees, similar to the Chinese form of *geti gongshang hu* or short, *getihu*, i.e. a single industrial or commercial business unit employing up to eight people (Garnaut *et al* 2001). Chinese enterprises in Prato are usually staffed by Chinese who have been recruited via existing personal networks (*guanxi*). Since 2007, and as a result of the further growth and diversification of the Chinese community in Prato, an enclave labour market has emerged that complements, at times substitutes for, personal networks through hand-written and electronically displayed job announcements and classified ads in local Chinese newspapers (Fladrich 2009a). While most Chinese firms in Prato were mainly engaged in the manufacturing of textiles and leather until 2007, the growth of the Chinese enclave has made more services for the Chinese community necessary since they often continue to live separately from the local host society. The service sector has now exceeded in number the Chinese firms engaged in manufacturing. It comprises restaurants, travel agencies, hairdressers, and internet cafes as well as translation and migration services. Textile

manufactures today have also started to engage in forward vertical integration and open retail clothes outlets in and outside the Chinese enclave (Fladrich 2009b).

In comparison, Chinese SOEs and MNEs act with the endorsement and support of the Chinese government. In many host countries, governments are eager to attract Chinese investments by providing tax incentives, assistance with business set-up and networking opportunities. Chinese migrant entrepreneurs, however, operate under very different circumstances, without any government incentives or encouragement. Many entrepreneurs face resistance and resentment in the host society as well as bureaucracy. Unlike Chinese SOEs and MNEs overseas building on existing physical, financial and human capital, Chinese micro-entrepreneurs in Prato often start with debts incurred from the expenses of their migration passage. They often cannot rely on any resources other than their social capital in the form of personal networks. These are of vital importance in providing Chinese entrepreneurs with access to human and financial capital. Personal networks (*guanxi*) have been important tools and the lifeblood of Chinese chain migration since its inception, linking migrants in the host society to each other and back home.

As enforceable relationships among family, kin and friends, personal networks are reciprocal obligations largely based on trust (Seligman 1999, Weidenbaum and Hughes 1996). *Guanxi* were vital for Chinese migration as this bond allowed new migrants to find shelter, food and often work at their destination—all the necessities to start their lives at the new place (Lancee 2010:203). Using these networks, success stories, some of them exaggerated, travelled back and forth, acting as strong, unofficial communication tools driving the growth of the Chinese community in Prato. These networks are usually only accessible to people from family, kin or the same hometown, but may at times include school or workplace and Chinese speaking the same dialect:

*I am new to Prato. I am not from Wenzhou as many Chinese here are, but from Fujian. There is a fairly strict separation between the Chinese from different*

*provinces and we speak different dialects. We can only ask people from our hometown for help, but there are not many Fujianese in Prato now and this makes it difficult for me.*

(Interview 4 January 2008, Prato)

Personal networks can also have a strong sub-ethnic dimension. In Prato, this applies to Chinese from Wenzhou in Zhejiang, where the majority of Chinese originate from. While arrangements for newly arriving Chinese migrants today are not necessarily comprehensive anymore, they can still result in employment and business opportunities. The latter often arise from a Chinese employee working in a company where they acquire necessary skills for a particular industry. Chinese personal networks are of vital importance in financing business ventures. Chinese entrepreneurs in Prato resort to internal as well as external funds, including their own savings from paid employment as well as money they borrow from family, kin and friends.

*I would not consider borrowing money from a bank but I can borrow money from my friends almost any time. If they do not have the money themselves, they will borrow money from their friends to give it to me. If a friend wants to borrow money from me and I do not have money, I am expected – I have to - borrow money from other friends and give it to my friend. If I would not, I would lose face, possible future business and investment opportunities. I have no choice since it is my obligation and that of other Chinese.”*

(Interview 17 July 2009, Prato)

This financing mechanism represents the only option for Chinese entrepreneurs since neither the Chinese nor the Italian government will grant Chinese migrants loans. All respondents claimed that even if they could, they would not approach a bank to borrow money, in contrast

to most Chinese SOEs and MNEs. However, to Chinese migrants this comes as no surprise since funds sourced via personal networks usually require neither documentation nor interest and are obtained faster. But in borrowing money using *guanxi*, one enters a lifelong obligation to the lender, not only to pay the money back, but also to render money and/or other favours in return in the future. For Chinese migrants in Prato, social capital embodied in their personal networks is often invaluable and the gateway to the acquisition of human and financial capital. Without social capital, the ‘dream’ of owning a business would remain just a dream. In Prato, the Chinese enclave is conducive towards the emergence and growth of entrepreneurship. However, beyond this, the individual ability to master *guanxi* finally decides on entrepreneurial success or failure.



Table 11.6: Chinese SOEs, MNEs and SMEs compared

|      | Dimension  | Chinese SOEs/MNCs in Europe   | Chinese SMEs in Prato, Italy  |
|------|--|---|---|
| I.   | <b>Business/<br/>Investment<br/>Rationale</b>            | Implementing expansion <i>zou chu qu</i> strategy <ul style="list-style-type: none"> <li>• SOEs: political-driven to secure energy and general resources supply;</li> <li>• MNEs: commercial-driven to open new markets, acquire and build brands.</li> </ul>   | Following ‘dream’ of setting up own business as avenue unable to pursue at home (in China).   |
| II.  | <b>Investment<br/>Strategy</b>                           | Mergers & Acquisitions, R & D centers: <ul style="list-style-type: none"> <li>• Gradual and slow opening of markets with low level of visibility and media coverage where possible.</li> </ul>  | Start-up as Greenfield operations, at times buying out existing firms in the host country. <ul style="list-style-type: none"> <li>• Rapid expansion and growth of number of Chinese firms initially in cluster only, more recently diversified, also geographically with Chinese firms highly visible in Prato.</li> <li>• At individual firm level, slow acquisition of market share per firm due to limited financial capital.</li> </ul> |
| III. | <b>Preferred<br/>Industries<br/>firms<br/>operate in</b> | Natural resources, manufacturing, services industries.  | Initially textile and leather manufacturing; <ul style="list-style-type: none"> <li>• Stronger diversification away from manufacturing towards services sector.</li> </ul>  |
| IV.  | <b>Financial<br/>Capital</b>                             | Financial incentives and access to funds for overseas operations partially provided by the government.  | Restricted to migrant’s own savings: <ul style="list-style-type: none"> <li>• from past paid employment;</li> <li>• equity from family and friends; and</li> <li>• reinvestment of profit/earnings.</li> </ul>  |
| V.   | <b>Human<br/>Capital</b>                                 | Resorting to existing skills base and experience from domestic operations employing a combination of Chinese expatriates’ overseas and local staff. <ul style="list-style-type: none"> <li>• Firms are eager to expand skills base, especially acquiring technical and managerial know-how overseas (‘hunt for talent’);</li> </ul> | Relying almost exclusively on Chinese staff in the host country; <ul style="list-style-type: none"> <li>• occasional relocation of staff from China;</li> <li>• usually un- or semi-skilled only; commonly not possessing relevant skills.</li> </ul>   |

## 8. Conclusion

The discourse on Chinese OFDI has an under-researched facet—the thousands of SMEs set up by Chinese migrants. This chapter profiles the Chinese enclave in Prato, Northern Italy, where Chinese SMEs outnumber SOEs and MNEs. The author investigates the differences in motivation and strategies employed by Chinese migrants. Unlike Chinese SOEs and MNEs, the Chinese SMEs in Prato reflect grassroots entrepreneurship. Chinese originating from poor regions in China lacking business opportunities and capital are driven by a combination of economic necessity at home and opportunity abroad. Emigration to Prato has become a strategy for an increasing number of migrants, who are less eager to acquire strategic assets and resources or exploit efficiency and open markets, but motivated by a dream of opening up their own business, most often as greenfield operations. With no support from the home country government, the growth of Chinese SMEs in Prato is facilitated by amnesties of the Italian government, Chinese embracing the industrial district, and the entrepreneurial spirit of Prato's strong and growing Chinese enclave. The latter provides labour, financial and human capital accessible to the Chinese employing their social capital.

While Chinese SOEs and MNEs are increasingly perceived as economic and political threats by Western businesses and governments due to their acquisition of strategic assets worldwide, Chinese SMEs in Prato, according to some researchers, constitute 'hidden carriers' of China's global push that pose a challenge to the social fabric of the host society. With more than 3,000 Chinese firms accounting for 10 percent more than the local Italian companies in Prato, the large number of Chinese SMEs and their success, have caused social envy and resentment amongst the local Italians (Donadio 2010). Italian politicians addressing prevailing socio-economic tensions have increased their scrutiny of Chinese SMEs.

China's global push will continue to be met with attention and apprehension as it becomes more visible. This challenges economists, politicians and sociologists in the home and host countries alike to embrace the complexity and dynamics of Chinese OFDI, which mirrors China's size and diversity. This complexity defies the one-model-fits all-approach and

has ramifications beyond the economic and political sphere. We need to widen the discourse on Chinese OFDI to include the socio-cultural perspective.

The case of Prato points to an additional, significant driver of Chinese OFDI: the ambition of individual Chinese migrants to set up their own business overseas. The risk propensity, innovative capability and determination that Chinese migrants in Prato demonstrate could be a powerful force if mobilized, and if migrants had, for example, easier access to capital and the support of the home and host governments. To date, however, the Chinese government has mostly ignored the business ventures set up by Chinese migrants in Europe. This is surprising since certain areas of China's countryside have greatly benefitted from migrants' remittances. The extension of China's *zou chuqu*-policy and government assistance to include Chinese SMEs could bring desirable results. In the same way that Chinese private enterprises have been the engine of the Chinese economy, Chinese SMEs overseas could help China's ambition to accelerate the growth of its OFDI. The perception of the 'China threat' could ease as small scale business operations are usually less prominent, unless they outnumber indigenous enterprises, as it is the case in Prato.

Finally, more host countries should embrace investments by Chinese SMEs and attract and channel investments into designated areas and industries through monetary and non-monetary incentives and cooperation arrangements – to the benefit of Chinese migrants and the host countries.

## Notes

1. Wong (2008) referred to the Chinese who have mainly migrated to Southeast Asia since the late 1970s as *xin yimin* (new migrants). This term is argued to also apply to the Chinese who have migrated to Europe almost two decades later.
2. For an elaborate overview of the distribution of Chinese OFDI flow and stock by industry, see Gugler and Boie (2008: 3).
3. Schortgen (2009) provides a valuable analysis of reasons behind the perception of China and its global ambitions as a threat.
4. This scoping study was undertaken to assess the feasibility of more detailed research needed for a doctorate. Interviews undertaken included conversational and in-depth interviews, the latter of which were conducted as repeat interviews.
5. The industrial districts in Italy and Prato in particular have been discussed in varying contexts including Andall (2007), Dei Ottati (1994), Fioretti (2001), Piscitello and Sgobbi (2004), Sabel (2006), Sforzi (2002) and Trigilia (1995).
6. See Ceccagno (2003, 2007, 2009) for further details on the *Pronto Moda* business model.

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# DECLARATION FOR THESIS (CHAPTER FOUR)

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**Monash University**

## **Declaration by candidate**

In the case of Chapter Four, the nature and extent of my contribution to the work was the following:

| <b>Nature of contribution</b>   | <b>Extent of contribution (%)</b> |
|---|-----------------------------------|
| <ul style="list-style-type: none"><li>• Discussing the main objective of the investigation and research methodology;</li><li>• Conducting Fieldwork;</li><li>• Reviewing and rewriting sections of the chapter.</li></ul> | 50                                |

The following co-authors contributed to the work. If co-authors are students at Monash University, the extent of their contribution in percentage terms must be stated:


| <b>Name</b>            | <b>Nature of contribution</b>                                 | <b>Extent of contribution (%) for co-authors only</b> |
|------------------------|---|---|
| <b>Graeme Johanson</b> | Undertaking desk research, some field work, writing, editing. | 50%   |

The undersigned hereby certify that the above declaration correctly reflects the nature and extent of the candidate's and co-authors' contributions to this work\*.

**Candidate's  
Signature**

|   |                                  |
|---|----------------------------------|
|  | <b>Date</b><br><b>19/10/2015</b> |
|---|----------------------------------|

**Main  
Supervisor's  
Signature**

|   |                                  |
|---|----------------------------------|
|  | <b>Date</b><br><b>19/10/2015</b> |
|---|----------------------------------|

\*Note: Where the responsible author is not the candidate's main supervisor, the main supervisor should consult with the responsible author to agree on the respective contributions of the authors.

## CHAPTER 4

# 10

## Ties that Bond: Mobile Phones and the Chinese in Prato

*Graeme Johanson and Anja Michaela Fladrich*

### **Ethnography in cyberspace: The case of Chinese migrants**

Increasingly, researchers are amazed by the extensive adoption of mobile phones by migrants worldwide (Benítez, 2006; Kluzer & Haché, 2009; Panagakos & Horst, 2006). This applies especially to the use of mobile phones by internal and international Chinese migrants (Qiu, 2008). A plethora of research has focused on the effect of the 'mobile phone explosion' (Madianou & Miller, 2011b, p. 461), something Katz (2006) refers to as 'mobile magic' that includes efficiencies in personal communications; personal and cultural identity; improvement of the lives of labourers; the democratisation of knowledge sources; and social, economic and political well-being. The 'information revolution' has been overtaken by a 'mobile phone revolution'. This prompted Damm (2008, p. 2) to claim that 'ethnography has entered cyberspace, the ultimate domain of collapsed time and space'.

In China, the mobile phone had limited use for long after its introduction in 1987 and was expected to only be affordable by, and serve the needs of, the Chinese elite. By 1997, however, 10 million Chinese owned a mobile phone (Telecommunications, 2011, p. 2), and today there are more than 900 million mobile subscribers (Mitchell, 2011, p. 6); 98 per cent of China has access to mobile phones (Branigan, 2010, p. 2). These figures illustrate the extraordinary growth and rapid adoption rate of mobiles phones in China, which is thrown into sharper relief against a total of 77 per cent of the population worldwide having access to mobile phones. Mobile penetration is 20 per cent lower globally than what it is in China, a country that started its economic development only three decades ago (mobiThinking, 2011).

Due to their features and capabilities, third-generation phones or 'smartphones' have become of particular interest to researchers. Although smartphones only became available in China in 2009, there are already more than 310,344,800 smartphone subscribers – that equates to one-third of all mobile phones in China (Campaign, 2011, p. 1). It appears that smartphones form an essential part of everyday survival for migrants and a critical aspect of their identity (Wallis, 2008, p. 242; Zhou & Lu, 2011, p. 7).

With a growth rate of 130 per cent per quarter, worldwide Internet access on mobile phones has been growing faster than the adoption of the mobile phone itself. Today, there is twice as much Internet traffic on mobile phones as there are phone conversations (Quick, 2011, p. 2). This especially applies to China, where 12 per cent more people access the Internet on mobiles than in any other country in the world.

The multi-purpose interactions that mobile phones facilitate and encourage have prompted increasing inquiry into their impact on different communities, including international migrants. Ehlers (2006, p. 1) noted that in Prato an inward-looking Chinese 'colony' had developed that rendered the need for the Chinese to be homesick obsolete given their access to compatriots via mobile phone. Ehlers interviewed an entrepreneur from Wenzhou who had 'a constantly ringing mobile in his hand' that he utilised for private and business purposes, mainly with Chinese people. According to the entrepreneur the world was his 'home, [but his] heart beat for China' – a sentiment echoed by many of our Chinese-born interviewees, who relied heavily on mobile phones to stay in touch with family in China and Chinese friends in Prato and Italy. Contact with members of the local host society, for example, with Italian authorities, on the other hand, appeared to be face to face and was undertaken out of necessity.

Bilsky (2011) explored the host perception of the Chinese in Prato and found that the Chinese district had 'developed into a parallel society, a closed world that ha[d] little to do with Italy'. This Italian view has also been echoed by members of other migrant communities in Prato.<sup>1</sup> Separation of migrants from the host society is not uncommon though and has been observed in migrant (and Chinese) communities over decades. Bonachich (1973, pp. 583, 586) argued that a 'key variable is the orientation of immigrants towards their place of residence, with sojourning at first, and later a "stranger" orientation affecting the solidarity and economic activity of the ethnic group'. Siu (1952) conceptualised 'sojourning' as migrants' mental orientation towards their home country. He claimed that the sojourner 'ha[d] no desire for full participation

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in the community life of the adopted land' (Siu, 1952, p. 36). Hum Lee (1960), Ward and Jenkins (1984) and Woon (1983–4) found that even if migrants spent a significant part of their lives in the host society, they live out their own culture and resist assimilation to the host society.

In what way mobile phones have influenced and possibly altered the strategy of the sojourner is part of this chapter. This chapter investigates how social, economic and political relationships, and mobile phone technologies, are mutually shaped. Two main arguments are presented: firstly, that mobile phones are new tools of consolidation of Chinese migrant communities internally and help them to live independently of their hosts, and secondly, that mobile phones provide Chinese migrants with escapism, leisure and infotainment in ways that otherwise would not be available to them. Hence it appears that there is a dualism, namely that mobile phones function within the community to help build and strengthen positive internal relationships and also that mobile phones allow a form of liberation from severely oppressive aspects of work-life. Paradoxically, as mobile phones cohere they also liberate.

Several authors write of the 'co-presence' of migrants, their eerie ability to be in more than one place at the same time (Giddens, 1987; Katz, 2002, 2006; Law & Peng, 2006; Castells, 2008). Referring to 'ambient virtual co-presence', Ito and Okabe (2005, p. 264) assert that an ongoing background awareness of others renders mobile phone users able to communicate with friends and family outside daily local tasks and/or physical location. Law and Peng (2006, pp. 250–251) also articulate 'a form of absent presence [or] floating cyber presence' that mobile communications enables and promotes – an aspect that Castells (2008, p. 449) also alludes to when he writes that mobile communications create a 'timeless time [and] space of flows'.

As one of the most concentrated Chinese communities in Europe, Prato is of interest where mobile phones appear as new tools of ethnic community consolidation. This 'social glue' does not appear to extend to interactions with the host society. Mobile phones do not facilitate stronger social inclusion of the Chinese in Prato but underline the Chinese community's separation from the host country and appear to solidify the sojourner orientation of the Chinese migrants.

## **Research approach**

The research for this chapter used a mixed method approach within a constructivist framework (Williamson & Johanson, 2013). It began with a survey of mobile phone use by 74 Chinese in Prato in 2008

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ascertaining the usefulness of mobile phones to migrant residents and their communication needs. The 2008 survey results showed that the participants were well served by mobile phones, which embodied a survival device, namely a means to perpetuate an important sense of belonging to a community in virtual form and a method of transferring resources within Europe and back to China. Mobile phones helped migrants to cope in a foreign culture and find work and the comfort of ethnic solidarity. Above all, the mobile phones provided connectedness.

It was hoped that semi-structured interviews (conducted in Mandarin) would elicit more detail and substantiate preliminary findings. Hence, follow-on research was undertaken in 2011 comprising a purposive sample of 18 Chinese including students, employees and business managers aged between 9 and 37. The interview topics were developed from the 2008 survey and the current literature, and covered social networks, access to and usage of mobile phones and language skills.

As can be seen from Table 10.1, each gender was equally represented among interviewees. The average age of participants was low at 23. Seven were employees, seven were students, and four were small business managers. Nine were born in Prato or were very young when they arrived. Of the older Chinese-born, eight came from Wenzhou, one from Jilin and another from Fujian.

### **Social capital and 'ties' amongst Chinese migrants in Prato**

Chinese communities overseas are widely known for their strong sense of community and ethnic networks (Oxfeld, 2001; Weidenbaum & Hughes, 1996; Wickberg, 2007). Do mobile phones reduce the effects of the separation of Chinese from the host community in Prato (Fladrich, 2012; Nielsen, Partitski & Smyth, 2012)? Are differences discernible between the first and second generation of Chinese migrants?

Evidence of the cohesion among the Chinese in Prato is obvious to even the casual observer. Chinese textile and clothing businesses in Prato have managed very successfully over the past 15 years (Dei Ottati, 2009c, p. 34). They are physically co-located in the vicinity of Via Pistoiese, along with residences of the Chinese (Bressan & Radini, 2009, p. 140).

Chinese businesspeople rely heavily on each other, borrowing money from their own network and not from official loan providers (Aredy, 2011; Lombardi, 2009, p. 281). In the 'Chinese section' of 'old' Prato, namely outside the city's medieval city walls, Chinese small businesses in Prato employ almost exclusively Chinese staff (Fladrich, 2009b, p. 15).

Table 10.1 Overview of interviewees

| No. | Gender | Age | Occupation  | Born in  | Interview date: 2011 | Notes  |
|-----|--------|-----|---|----------|----------------------|--|
| 1   | Female | 29  | Employee – clothes stall in market                                    | Wenzhou  | 24 May               | Using two phones to benefit from different providers |
| 2   | F      | 17  | Student – helps out in her parents' retail cosmetics shop             | Prato    | 25 May               | Used Facebook in Italian, QQ in Chinese              |
| 3   | F      | 21  | Student – university  | Shanghai | 25 May               | Migrated to Italy at the age of 2                    |
| 4   | F      | 15  | School student  | Prato    | 26 May               |  |
| 5   | Male   | 9   | School student  | Prato    | 26 May               | Brother of No. 3                                     |
| 6   | M      | 29  | Manager – bakery  | Wenzhou  | 26 May               | Migrated at the age of 18                            |
| 7   | F      | 37  | Employee in brother's business, restoring and selling sewing machines | Wenzhou  | 26 May               | Husband and children in China                        |
| 8   | F      | 15  | School student  | Prato    | 27 May               | Friend of No. 9                                      |
| 9   | F      | 14  | School student  | Prato    | 27 May               | Friend of No. 8                                      |
| 10  | M      | 23  | Employee of a clothing manufacturer                                   | Wenzhou  | 28 May               | Migrated 3 years ago                                 |
| 11  | M      | 22  | Employee of a clothing manufacturer                                   | Wenzhou  | 28 May               | Migrated 4 years ago                                 |
| 12  | M      | 32  | Business owner. Graphic design company                                | Jilin    | 28 May               | Studied in Germany before coming to Italy in 2001    |
| 13  | F      | 22  | Junior manager, restaurant  | Wenzhou  | 28 May               | Owens an iPhone, migrated 4 years ago                |
| 14  | M      | 27  | Employee of a clothing manufacturer                                   | Wenzhou  | 29 May               | Lived in Germany briefly, prior to coming to Italy   |
| 15  | M      | 16  | Student – helps mother at Sunday market                               | Wenzhou  | 29 May               | Migrated at the age of 7 with parents                |
| 16  | M      | 21  | Employee in parent-owned café/bar                                     | Prato    | 29 May               | Mother from Wenzhou City, not the countryside        |
| 17  | M      | 24  | Employee in computer shop   | Prato    | 30 May               |  |
| 18  | F      | 23  | Manager, electronics shop   | Wenzhou  | 30 May               |  |



Despite the geographical 'closeness' of the Chinese, their mobile phone acts as an omnipresent tool within the community. Irrespective of gender or age, most community members have one, if not multiple, mobile phones. Business cards, advertisements and notices all contain mobile phone numbers as the primary point of contact.

The 2008 survey (Johanson & Denison, 2011) and 2011 interviews (described here) highlight Chinese migrant connections. The Chinese in Prato demonstrate an exceptional group solidarity, which is their *sine qua non* of social capital. The benefit which accrues from membership of their group and the deliberate commitment to resourcing it are the basis of the solidarity which makes the group functional in the first place. Social capital is both the cause and the effect. Social networks are constructed through deliberate 'investment strategies' by members. Mixed with personal loyalty, individual businesses take advantage of economic and cultural resources, which form a communal pool to be tapped when members are in need (Portes, 1998, pp. 3–5).

Among Chinese, strong trust prevails because obligations are enforceable without any law or coercion. The power of the community itself engenders trust (Portes, 1998, p. 9), and threats from outside may just reinforce the bonding. In addition to social ties, economic and employment ties are also very strong. Participants in an industrial district (such as that observed in Via Pistoiese and the industrial district of Macrolotto in Prato) share 'experience, beliefs, behavioural attitudes, . . . the circulation of information . . . and implicit norms of reciprocal co-operation'. All these features favour 'a climate of trust' (Dei Ottati, 2009c, p. 27), important drivers of sustainability and profitability.

Close relationships nurture the spread of information, ideas, money and dependence (Weaving, 2011, p. 59), and mobile phones provide new and powerful vehicles for facilitating cohesion. Hence it appears that economic and social motivators apply indistinguishably, as one of the officers at the Fujian Cultural Association stated:

At the end of the day, irrespective of where the Chinese originates from, Chinese are Chinese, a bond that ties them together, somewhat 'against' the Italians. (Interview with employees of Fujian Cultural Association, May 2011)

### **Mobile phone precedents in China**

Mobile phones have particular 'power' for internal and international migrants to ease the migration experience (Madaniou & Miller, 2011b; Vertovec, 2004). This section aims to compare mobile use in China with



use by Chinese migrants in Prato, making an assumption that patterns of use are transferable.

Since the early 1990s, China has witnessed a vast and growing number of internal migrants, China's floating population (Qiu, 2008). While these migrants are usually poor, lack social mobility and have only limited power and control over their own lives, they nevertheless have access to Information and Communication Technologies (ICTs), especially to mobile phones. A survey of 869 migrant labourers in the construction industry in Shanghai found that 96 per cent have mobile phones, essential tools for these migrants, who use them to maintain relationships with family and friends, but also for entertainment and relaxation (Zhou & Lu, 2011, p. 1). Mobile phones allow migrant workers to 'escape' from the daily grind of work in often harsh working conditions, something Law and Peng (2006) referred to as 'absent presence'.

Zhou and Lu (2011, p. 6) identified the ten most common uses of mobile phones by Chinese migrants (expressed in percentages), of which we list the five most relevant to our research:

- Calls: 99 per cent
- Text messages: 92 per cent
- Listening to radio/music: 82 per cent
- Chatting online: 69 per cent
- Accessing the Internet: 64 per cent

Text messaging is a popular use of mobile phones in China, but calling is the most common use. Online chatting likewise appears to be very popular in China; besides MSN and Yahoo messenger, it is the Chinese messaging software QQ that is widely used. Within China, 75 per cent of the migrant workers frequent Internet cafés to use QQ, before they can afford to buy their own mobile phones. Among young migrant construction workers in Shanghai, 75 per cent use the Internet (at work, home or in an Internet café) regularly (Zhou & Lu, 2011, p. 4).

The importance of mobile phones to access the Internet, including online newspaper access, was rather unexpected. The quantity of Internet content accessed by Chinese on their smartphones is striking: in China, 73 per cent access the Internet on their mobile phone compared to 47 per cent in Italy (Campaign, 2011, p. 1), which is well above the European average of 25 per cent and especially popular among people aged 15 to 24 (Fried, 2011). The dependence on online mobile news (60 per cent) is likewise of interest: in Shanghai, only 35 per cent of the surveyed Chinese aged 16 to 30 read print newspapers (Zhou & Lu, 2011, p. 3), which suggests that online news is popular amongst this group.

This trend to online news is also reflected in Wenzhou, a source city of migrants, where in 2007, four Wenzhou print newspapers combined forces to create an electronic newspaper for access on mobile phones. Using text, pictures and audio content subscription for an online newspaper is as low as five yuan per month (PacificEpoch, 2007).

Reviews of the operations of Chinese migrant entrepreneurs showed similar significance and patterns of mobile phone use. Harney (2004) observed a Chinese street vendor in Naples who sent pictures of the goods needed from his mobile phone to the supplier in Shanghai, phoned his partner's cousins in China to organise his own trip to Shanghai and used his phone to find a translator and to arrange micro-credit among fellow Chinese in Naples (Harney, 2004, p. 323). These functions underline the importance of mobile phones as means to consolidate the cohesion of the Chinese community.

In Prato, in addition to the business use of mobile phones, the traditional need to keep in regular, often daily, contact with family and friends is likewise important. One of our respondents confirmed as follows:

My mobile is important to talk to customers about their orders, namely the colours of yarn and sewing machine models, but I also use it every night and on weekends to talk to my husband and children back in Fujian Province. Tiantian [Daily Telecom] makes the calls cheap, but the time difference is a problem. (Interview with employee, industrial sewing machine retailer, 27 May 2011)

Despite the overall significance of mobile phones to the Chinese in Prato, it seems that smartphones are yet to become popular. In 2010, only 20 per cent of mobiles on display in several telecommunication retail shops in Via Pistoiese were smartphones. Three of the 74 participants in the 2008 survey had smartphones and also 3 of the 18 respondents of the survey in 2011; despite an increase in smartphone usage, this suggests that smartphones may not be widely used by the Chinese in Prato as yet. Further analysis into the place of origin and age group of the smartphone users revealed that they were born in Prato and aged between 15 and 27, which suggests greater technology literacy and disposable income among this group of second-generation Chinese.

Besides online newspapers, which are accessible to Chinese in Prato, several Chinese print newspapers are also available for sale, including *Ouzhou Qiaobao* (Europe China News) and *Ouzhou Huarenbao* (Europe Chinese News) (Fladrich, 2009a, p. 101). They serve the Chinese in Italy and other European countries, featuring news from China and Europe,

advertising business opportunities and job vacancies. Job offers, however, are often filled by word of mouth or by electronically displayed job ads and less by means of formal printed job advertisements (Fladrich, 2009a, p. 122).

Internet cafés frequented by Chinese in Prato resemble those in China: row after row of computers with young Chinese in large comfortable chairs, eating take-away food, playing interactive games and using QQ (Fladrich, 2012). Exactly the same observations were made among the young migrant labourers in Shanghai (Zhou & Lu, 2011, p. 1). However, now that mobile phones are more accessible and affordable, there is some indication that Internet cafés are being used less often as a point of communication than before (Johanson, 2008). We noticed the disappearance of Internet cafés and public phone booths in the area of Via Pistoiese during fieldwork in 2011 as well as the increase of laptops in many, even very small, retail outlets. Both mobile phones and laptops allow more freedom and control over the time and location of the communication and provide users with more privacy.

Overall it appears that ICTs have rendered the migration experience for the Chinese in Prato, as well as family and friends back in China, easier and more attractive. Although separation from spouse and/or family members was common in China in the past, mobile phones form new tools of connection (Qiu, 2008).

### **Prato's Chinese community and the impact on mobile usage**

Social, economic and political relationships, and mobile phone technologies, are mutually shaped. This section reviews aspects of the Chinese community in Prato that have influenced the use of mobile phones, namely a settler-versus-sojourner orientation, interaction between social and human capital, and socio-economic and geographical divisions.

#### **Settler-versus-sojourner orientation**

One dimension of the migration discourse concerns whether migrants reside in the host country temporarily as sojourners or settle (Lew & Wong, 2005; Siu 1952; Woon, 1983–4). While host country immigration policies determine migrants' opportunities for settlement, migrants' intention to remain in the host country leads to the aggregation of social, human and economic capital. Archetypal industrial districts rely on short distances between pooled resources and include close social and political bonds. Businesses share space, costs and risks. Co-ethnicity



increases trust in trade relations (Harney, 2004, p. 311). Prato has been described as a cluster within a cluster, a Chinese enclave 'nested within the industrial district' (Fladrich, 2009b, p. 11).

Some researchers (Ceccagno, 2003c; Pieke, 2004) cite the entrepreneurial advantages of the mobility of Chinese migrants in Europe, who can follow work and income opportunities more freely than local Italians. Migrant settlement also carries advantages:

It is important . . . not to be misled into considering the Chinese as a group of migrants constantly on the move; for many, the possibility of moving around Europe remains only a potential one. With the passage of time, there is a strong tendency to put down roots in the country where they have been legalised. (Ceccagno, 2003c, p. 195)

While some Chinese in Prato have relatives and friends in other European countries, most Chinese appear to lack the means and legal documents to travel and work in other European countries. This was supported by several respondents who denied that they would be able to travel elsewhere other than within Italy. Despite residence and citizenship requirements determining some of the travel ambitions of the Chinese, ICTs allow them to stay in touch with family and friends in Italy, Europe and back in China.

Empirical evidence of the Chinese migrants' desire to settle and put down roots is not hard to find though. None of our interviewees had moved away from Prato to other parts of Europe, and all of them expected to remain in Prato for the next five years. Three reasons were given by interviewees to remain in Prato. First of all they stay to bring up their children. In Prato 32 per cent of births are Chinese, which accounts for a birth rate twice as high as that of the Italians (Ceccagno, 2003c, p. 193; Hooper, 2010, p. 3). Whilst suggesting that some are by-passing the China one-child policy, another reason for staying appears to sustain business or capital tied to business in Prato and to capitalise on 'past drudgery' that is perceived as an investment to create a better life. The third reason is the establishment of friendships and relationships, discussed next.

### **Social capital – Friendship and relationships**

The consolidation of friendship is a strong motivator to remain within a geographical domain. A study of poor migrant women (from rural areas) in Beijing, for example, found that they maintained relationships only by mobile phone, with very occasional face-to-face contact. Lack

of free time does not permit much socialising in person, and any new friends they made, beyond their hometown, would live in the same part of Beijing (Wallis, 2008, p. 203). Among our interviewees, most friends (*pengyou*) were Chinese, whether connected in reality or by mobile. As in the 2008 survey, the purpose of mobile phone use was for daily social contact with friends, colleagues, potential employers, services and customers (in Prato) and with parents, grandparents, siblings, customers and suppliers (outside Italy). Chinese interviewees had few Italian friends: 60 per cent of respondents knew—one to two Italians ‘well’, while 40 per cent knew—three to five Italians.

Maintaining relationships is of vital importance for the Chinese. Also referred to as *guanxi*, they

provid[e] Chinese entrepreneurs with access to human and financial capital. Personal networks . . . have been . . . the lifeblood of Chinese chain migration since its inception, linking migrants in the host society to each other and back home. (Fladrich, 2009b, p. 21)

Compared to Western conceptions of self, in China – especially historically and traditionally – there is no unique ‘self’ outside social relationships and personal obligations (Wallis, 2008, p. 190). Chinese society consists of rings of relationships around individuals. Individual rights are non-existent: only personal connections, social connections or particular ties matter (Wallis, 2008, p. 191). Relationships constitute self. *Guanxi* must be cultivated over time, and material exchange and gifts are part and parcel of affectionate, loyal feelings. However, *guanxi* involves much more than giving; it includes intentionality, sociability, morality and personal affections (Wallis, 2008, pp. 193–195).

The ripples of *guanxi* are expressed in mobile phone use. Mobile phones affirm *guanxi* and also expand a person’s autonomy. Mobiles cross all layers of relationships (Wallis, 2008, pp. 199–201). That is, Granovetter’s weak ties (Granovetter, 1983, p. 202) are accessed and re-formed as stronger ties. Fladrich (2009a, p. 104) finds that rather than a dichotomy between strong and weak ties, as Granovetter posits, it is more helpful to think of relationships as part of a continuum of ties. There can be strength in both weak and strong ties (Portes, 1998, p. 12).

Both sorts of ties are important for small to medium enterprises in a migrant community. There are three vital resources for ethnic businesses: business opportunities, access to markets and a pliant and disciplined labour force. In Prato, kin and friends from overseas can be called upon as labour as needed. For migrants, the distant (but strong) ties

are with the home country, not the host. In an alien context, it is common for the migrant to look to familial support and the preservation of the culture of home (Portes, 1998, p. 14). The mobile phone assists the Chinese to leapfrog potential ties they could build in Italy and consolidate ties with friends and family in China.

As the personal network expands, it reinforces self and becomes more self-sufficient (Wallis, 2008, p. 241). The mobile becomes not just a tool or an extension of the hand, but is an essential aspect of the person, the self (Wallis, 2008, p. 242). Zhou and Lu (2011, p. 6) agree with this analysis: self-perception among migrant labourers in Shanghai includes 'empowerment' by the mobile phone. The mobile gives them 'autonomy' and offsets limited movement in their physical environment. They argue that traditional media (such as fixed line phones, television) are for the 'urban elites and the middle class', whereas the mobile is for the young internal migrant (Zhou & Lu, 2011, p. 7).

#### **Work conditions, employee's skills and language proficiency of the second generation**

Some elements of the migrant way of life, and especially working life, inhibit possibilities for social contact and interaction with the host. One obvious constraint is that Chinese migrants in Prato work long hours every day of the week when required (Fladrich, 2009b, p. 20; Xiao & Ochsmann, 2009, p. 200). Many Chinese migrants live on company premises or close by, usually with other Chinese in very limited space and with almost no privacy for the individual.

Another aspect to consider is that migrants – especially Chinese women – arrive with low levels of literacy and training (Wallis, 2008, p. 206). They usually have neither time nor the means to study Italian (Fladrich, 2009a, p. 106; Hooper, 2010, p. 3). Although many migrants cannot write in Chinese, they can read. Oral culture lends itself to mobile phone use. Poor literacy is reflected in their mobile phone messaging, with frequent use of pre-written text messages in Chinese to send to friends. These messages circulate and re-circulate far and wide on mobiles. Many of the messages are very sentimental, about the need to resign oneself to fate, for example, or popular jokes (Cartier, Castells & Qiu, 2005, p. 21).

Language skills – for phone conversations and text messages – are an obvious focus for further research attention. The 2008 survey showed the special suitability of text messaging for building and maintaining *guanxi* in Chinese (Law & Peng, 2006, pp. 251–252). During the 2011 fieldwork it was noted that the mobile phones had Chinese characters (*pinyin*) enabled.



Moreover, two interviewees used the Italian version of Facebook on their mobiles. The ability to speak a language other than Chinese is likely to assist the migrant to make better relations with the host community. The 2008 survey suggested a correlation between the length of the stay of migrants in Prato and an ability to speak Italian (Johanson & Denison, 2011, p. 181). Chinese who were born in Prato have better Italian language skills and better employment choices and opportunities (Fladrich, 2009a, p. 120). The challenge for Chinese born overseas is usually to acquire proper – especially written – Chinese language skills; hence many Italy-born Chinese attend Chinese culture and language courses on weekends. Four students whom we interviewed spoke Italian, which they utilised to help in their parents' businesses, namely interacting with customers. Other respondents spoke German and English which they had acquired during a stay in Germany and the United Kingdom. The practical benefits of multi-lingual skills have been observed by other researchers (Ceccagno, 2003c, p. 207):

Among the Chinese who are active in the new ready-to-wear businesses . . . most . . . believe that a good knowledge of the Italian language, not usually the case for many adults, but for a growing number of youngsters, is of paramount importance. They are convinced that they gained access to the ready-to-wear business . . . because only now is the second generation mastering the Italian language and thus able to function as a linguistic and interactive support to parents starting the business.

A fresh aspect of language ability relates to our observation during interviews of a North African who was speaking basic Mandarin to a Chinese shop owner when purchasing merchandise in bulk from the Chinese. This new dimension of inter-migrant community trade was confirmed by two officers from the Fujianese Culture Association in Prato. Similar trade has also been noted in Naples. Small Chinese stores in Naples sell wholesale clothes to West African (mostly Senegalese) street traders (Harney, 2004, p. 313). Although other scholars observed a wholesale buyer arriving in Prato from Syria in a rented car, taking clothes to sell in Damascus eight times a year, 80 per cent of the Chinese products made in Prato are in fact sold in Europe (Ceccagno, 2005, p. 14; 2009, p. 54; Ehlers, 2006, p. 4; Hooper, 2010, p. 2; Poggioli, 2011, p. 2). Multi-lingualism is likely to be in high demand – if not a must – in such an international marketplace.

### Socio-economic and geographical divisions

Many commentaries focus on the 'closely knit' Chinese migrant community in Prato, as represented by *guanxi*, and gloss over internal differences. There are several reasons for divisions and disharmony amongst the Chinese in Prato that might impact on the use of mobile phones.

The first reason is the employer–employee divide that can prove very discriminatory towards the unskilled, newly arrived worker (Xiao & Ochsmann, 2009, p. 198). Here the mobile embodies an antidote to isolation and a channel to vent frustrations (Madianou & Miller, 2011a, p. 14). Differentiation of Chinese migrants based on socio-economic status and date of arrival has been categorised by Ceccagno (2005, p. 19), who points to three levels of Chinese society in Prato, creating an 'increasingly stratified community'.

1. Poor labourers with little education, who arrived in the mid-1990s, worked for wealthier compatriots or Italian managers, have not been able to save sufficient funds to start a business of their own and are prone to exploitation.
2. Managers of SMEs, who are subject to the vagaries of external economic changes and suffer from migration crackdowns by local government authorities, such as the change of government in Prato in 2010 (Donadio, 2010; Xu, 2011).
3. An elite of managers who oversee the entire production cycle from manufacturing textiles to fashion sales, owning partner businesses in China. This select group is able to take advantage of global business strategies. Italian managers operate in this way as well; for example, the current mayor of Prato owns businesses in both Prato and China (Donadio, 2010, p. 3).

There is a clear distinction between migrants of city and rural origin. In one Prato clothing factory a Wenzhou migrant still felt that she was treated as a 'peasant' even three years after her arrival (Xiao & Ochsmann, 2009, p. 196). One of our respondents in this study was proud to be from cosmopolitan Shanghai and had lived in Italy for almost two decades. The woman asserted that she and her daughter had more Italian friends than Chinese and that an important attraction of Italy for them was the local culture – the respondent estimated that she had 20 Italian friends and proudly said that her daughter's boyfriend was local. She was exceptional. In Beijing – and other Chinese cities – there is a social separation of migrant labourers from local residents supported by the *hukou* registration system that migrant arrivals are not entitled to. (The *hukou* household registration in Chinese cities officially records a person



as a resident of a place, with details of name, birth, etc.) Newly arriving migrants are treated as 'outsiders' and unsurprisingly have few face-to-face friends (Wallis, 2008, p. 204). The mobile phone was an important tool and enabled the migrant women to weave a fresh identity:

The phone . . . is part of their urban life and a medium for constructing an urban identity . . . Possession of the phone and relationships managed through the phone create a space 'in between' where identity is neither urban nor rural, but is a fluid, hybrid mix that incorporates elements of both . . . rural-ness and urbanity. (Wallis, 2008, p. 202)

Related to the above, another cause of difference is provincial origin. Similar to the rural–urban divide and in spite of geographical remoteness from their hometown, place of origin still really matters. This was underlined by the testimony of a migrant who had just arrived in Prato in 2008:

I am new to Prato . . . I am not from Wenzhou as many here are [but from Fujian]. There is a fairly strict separation between the Chinese from different provinces and we speak different dialects. We can only ask people from our hometown for help, but there are not many Fujianese in Prato now and this makes it difficult for me. (Fladrich, 2009a, p. 113)

In contrast to the early beginning of the Chinese enclave in Prato in the 1980s, there are now more Chinese in Prato from provinces other than Zhejiang: they come from Sichuan, Fujian, the 'rustbelt' in the Northeast, and provinces in Central and West China (Ceccagno, 2003c, p. 198; Fladrich, 2009a, pp. 107, 112). Many of the newer migrants, who originate from one of the few traditional sending communities (*qiaoxiang*), appear to never escape from low-paid work in Prato. Working for employer-migrants from Zhejiang and Fujian, they never break out of the status of an 'under-proletariat'. Commonly they are manual labourers, child-minders and prostitutes (Ceccagno, 2009, p. 54).

### Mobile phones: Facilitators or inhibitors of social integration?

Given the increase in international migration on a global scale, more authorities are making an effort to deploy the mobile phone to deliver services for the improvement of migrant communities. Social inclusion

is taken seriously by many (OECD, 2009). The following mobile phone initiatives – reported from different countries – are worthy of systematic evaluation as they may well be effective in other migrant contexts.

In China, local governments are encouraged to fund the establishment of Internet cafés near factories. Websites are recommended as online spaces to provide cultural news, recreational information, and recruitment and industry data to time-poor migrants. According to Xin (2010, p. 2) 'the websites are intended to boost communication between migrant workers and the rest of society, [to imbue] a sense of belonging'.

The Indonesian government offers free mobile phones to 10,000 migrants in South Korea every year, so that they can 'communicate with their family members and related government authorities in Indonesia frequently'. Jumhur Hidayat, Head of the National Agency for the Placement and Protection of Indonesian Migrant Workers, hopes that 'this reduces the amount of problems faced by migrant workers' (Jakarta Post, 2011, p. 1).

Two Singaporean academics recommend that on arrival all new migrants have free, formal instruction in the use of communications channels. They moreover advocate that all employment contracts cite acceptable communications practices and that businesses and non-government organisations facilitate good telecommunications (Thomas & Lim, 2010, p. 1).

Closer to home, the municipality of Prato – with the help of the Region of Tuscany and the vocational school of Datini – produced a television series to help Chinese residents to learn Italian (Notizie di Prato, 2011). The rationale behind this initiative is that co-existence requires learning and sharing a common language, a motivation that has also prompted commercial Chinese-Italian courses (for Chinese) offered in Via Pistoiese (Fladrich, 2012). Government support and subsidy of such instruction would widen its reach, as would providing the instruction free on mobile phones.

Some are keen to nurture hints of cordial relationships between Chinese migrants and Italian locals. Great hope is pinned on the children of first-generation migrants. A local researcher asserts optimistically that

the Chinese ethnic community in Italy has entered a more mature phase in the last few years. [O]ne of the most significant features has been the greater integration of the Chinese community, which Italians have considered to be very closed, into Italian everyday life, in addition to the increase of work contacts with Italians. (Ceccagno, 2003c, p. 207)

Another scholar, Dei Ottati (2009c, pp. 38–39), makes an impassioned plea for leadership to bring the two ethnic groups together to collaborate in business, for the ultimate benefit of both:

Some respected local actors, having capacity of vision and leadership, must convincingly develop a new perspective of local development, in which ethnic entrepreneurs' role is legitimised. Action like this is urgent because inertia makes collaboration even harder . . . It is vital to undo the separateness of the ethnic community and the consequent closed-mindedness towards it of the local community. Occasions of ongoing reciprocal interaction and collaboration within specific domains of common interest should deliberately be created, and institutional forms favouring a dialogue between the two communities should be devised.

The research behind this chapter suggests that mobile phones consolidate bonds within the migrant community, but unfortunately it is impossible to identify much activity towards bridging relationships to the host Italian community.

A difficulty for policy and planning is that virtual forms of existence and social identity are overwhelmed by excessive communicative mobility and fluid social commitments. Perhaps it is the uncertainty of the ubiquity and adaptability provided by mobile phones that makes the old imperatives of social interaction too easy to sidestep. Trust has become malleable. While Ong (1999, p. 19) points to 'flexible citizenship', Damm (2008, p. 2) writes of a 'post-national citizenship in transition'.

Problems arise in multi-cultural societies where that 'transition' threatens to become a permanent feature and where it cannot be tied down physically. Prato is faced by 'sociality and intimacy in a transnational context', controlled by dynamic, multi-sited, de-territorialised and conflicting identities (Madianou & Miller, 2011a, pp. 11–13, 20). They cause confusion. The mobile artefact is one constant, co-opting the influence of nationality and business relationships, among other things. But the contentious issue remains: can it be used for social harmony and inclusion, and if so, how? The four endeavours named at the start of this section hold out some hope for improvement.

Transmigration presages more uncertainties than in the past. An important part of the change is the prop provided to migrants by mobile phones. The usage of the mobile phone among the Chinese in Prato provides insights into the processes and patterns of departure from tradition, disruption of local social mores, cultural baggage of the Chinese

diaspora and the complexities of economic change. The mobile phone is implicated in all of these competing trends. We have argued that consistently and transnationally the mobile phone helps the development of solid social internal relationships and offers temporary – but essential – relief from the drudgery of hard-working migrants. It has potential for social inclusion, especially among second-generation migrants. The mobile phone binds as it liberates, with the power to shape life in and beyond the Chinese community. The ways in which this vital tool might connect with the host society, however, remain untried and un-researched.

### Note

- 1 Fieldwork by the second author in December 2011 interviewing other migrant communities in Prato revealed that the Muslim community perceived the Chinese community as deliberately closed, i.e., that the Chinese did not make attempts to engage with other migrant communities.

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# CHAPTER 5

## CONCLUSION

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### 5.1 Introduction

Against the background of the rapid growth of the Chinese communities in Prato and their deliberate segregation, leading to heightened social tension, this thesis set out to investigate the reasons for the lack of their integration into the host society. Prompted by the controversy in the literature about this subject matter, my research aimed to further our knowledge on the adjustment of the Chinese population in Prato by addressing the following research questions: How do the Chinese in Prato find work and how important are interpersonal relationships in securing employment? How do Chinese micro-enterprises and small and medium-sized enterprises (SMEs) in Prato differ in their motivation and business strategies from those of Chinese state-owned enterprises (SOEs) and multi-national enterprises (MNEs) in Europe? And finally, what role do mobile phones play in assisting the Chinese in Prato to network with the Chinese community and host society? In addressing these research questions, I considered two main factors that may be responsible for the lack of integration by the Chinese in Prato, first and foremost the bond with their ethnic community, secondly, rejection by the Italian host society.

In three empirical chapters I investigated the adjustment of the Chinese in Prato from different angles. In Chapter Two I analysed where, and how, the Chinese migrants find work and I also ascertained the importance of interpersonal ties in their job searches. I challenged assumptions about the pre-departure employment arrangements of the Chinese and the view that they are increasingly being employed in Italian companies. To test the idea that many Chinese migrants come to Prato to set up their own business, in Chapter Three I examined the motivation and business strategies of Chinese micro-enterprises and SMEs, which I contrasted with those of Chinese SOEs and MNEs operating overseas. This chapter has been significant

for understanding the situation of the overseas Chinese in Italy because Chinese SMEs in Prato form a vital transition stage that enables unskilled workers to become entrepreneurs. In that process, the role of the wider Chinese community proved to be vital. The third aspect that was investigated was the use of mobile phones by the Chinese. The findings in Chapter Four highlighted the role of mobile phones in developing and maintaining contacts and social networks within and beyond Prato's Chinese community. From these three different perspectives, I examined the adjustment of the Chinese migrants within the context of the role played by their ethnic enclave. My aim was to ascertain which of the existing interpretations about the roles of ethnic enclaves in the literature best fit the case study of the Chinese in Prato. I should also point out that I continue to use the notion of an 'ethnic enclave' despite the emerging regional differences amongst the more recently arrived migrants. The different regional origins of the Chinese migrants has not yet led to the formation of separate Chinese linguistic or regional enclaves reflecting divisions back home on the Chinese mainland.

## **5.2 The Adjustment of the Chinese as Employees and Entrepreneurs**

As discussed in Chapter One, the adjustments that migrants need to make constitute a complex and dynamic process. The literature (Portes 1998, Levitt and Waters 2002, Jones 2006) identifies various factors including education, culture, religion and connections with the sending communities as influential for migrants' adjustment. As Berry (1992, 2003) pointed out, the adaptation strategy allows migrants to respond to the new environment and adapt to socio-economic activities in the host country. A number of scholars (including Åslund *et al.*, 2009, Waldinger and Feliciano 2004, Rudiger and Spencer 2003) have emphasised that migrants' employment and interpersonal relationships with family and friends are influential in determining the adjustment process. The contacts that migrants maintain with other members of their ethnic group in the host country and their physical concentration in ethnic enclaves were highlighted by these scholars as having negative effects on their integration into the host society. By contrast Wu *et al.* (2005), Siegel (2007), Maya-Jariego and Armitage

(2007) have all stressed that the more contact migrants have with the host society the greater the probability that the migrants will become integrated. Restricted interactions by migrants with the host society, they argue, hinders their integration. This thesis has set out to test these assumptions by closely analysing the situation of the Chinese migrants in Prato.

In Chapter One I traced the rapid growth of the Chinese community in Prato and established the context for the social tension that has emerged in recent years. A review of the relevant literature (e.g. Ceccagno 2003, De Luca 2004, Dei Ottati 2014, Marsden 2014) highlighted the controversy regarding the integration of the Chinese in Italy and confirmed that the adjustment of the Chinese in Prato had only attracted limited attention from scholars. Whilst it has been assumed that the Chinese increasingly work for Italian companies (Ceccagno 2003), no analysis had been undertaken to ascertain how, and where, the Chinese in Prato found work. The existing literature on Chinese outward foreign direct investment (OFDI) to Europe (Fuchs 2007, Buckley *et al.* 2007, Deng 2007, Roberts and Balfour 2009), focusing as it does on the operations of the Chinese SOEs and MNEs overseas, is of limited relevance. The activities of Chinese SMEs in Europe, by contrast, have been largely ignored. In Chapter Three I argued that Chinese micro-enterprises and SMEs in Prato were a critical force driving Chinese OFDI. I compared the rationale and business strategies of Chinese SMEs in Prato with those of Chinese SOEs and MNEs to deepen our understanding of the extent to which the Chinese migrants in Prato, as employees and employers, interact with the host society. These interactions were important to ascertain as they assist us in explaining their lack of integration into the host society. In the following sections I comment in greater detail on the conclusions I have drawn from my three empirical chapters.

### **5.2.1 Finding Work: The Chinese Labour Market in Prato**

The economic adjustment by migrants, and especially their employment in the host society, has remained one of the most contentious issues in the international migration discourse

(OECD 2006, 2012, IOM 2004, Rudiger and Spencer 2003, Terrazas 2011). Typically, migrants face significant barriers to entering the local labour markets, and although migrants frequently take jobs that the native workforce eschews, they are nevertheless often accused of taking away jobs from local residents. Wilson and Portes (1980) found that migrants bypassed the host labour markets and found work in a 'third' labour market, which they conceptualised as the ethnic labour market. Scholars maintained that social capital was critical in accessing information about the labour markets and existing job vacancies. Granovetter (1973) argued, in his strong-weak-ties dichotomy, that the strength of ties determined the sources and value of the employment information. In his network theory Granovetter argued that having frequent contact and strong ties with family and friends formed a dense network that generated limited employment information only. Weak ties with acquaintances, on the contrary, form a low-density network of people who each have their own network of strong ties. The contact with acquaintances, or weak ties, enable the job seeker to access the strong ties and networks of their acquaintances, and thus tap into to a wider range of employment-related information.

My findings in Chapter Two showed that the widely held assumption that migrants take jobs from the locals did not apply to the Chinese in Prato. My research demonstrated that far from jeopardizing the jobs of the *Pratesi*, the Chinese had created jobs specially for the newly arrived Chinese migrants. I found that the concept of the ethnic labour market, as presented by Wilson and Portes (1980), applied to Prato. The evidence that I collected showed that in Prato a Chinese labour market had emerged that for most Chinese migrants provided a preferred, if not the only, employment option. I sketched how this labour market had developed and argued that the numerical growth of the Chinese community and its increased heterogeneity prompted a need for a more formal approach compared to the previous informal work arrangements that supported and complemented interpersonal relationships (*guanxi*).



In Chapter Two, I also provided a detailed analysis of how the Chinese in Prato find work, and how Chinese employers find employees. By ascertaining how job vacancies matched up with the needs of job seekers, my findings challenged the assumption in the literature (Pieke 1998, Yun 2004, Wilson 1996, Giese 1999) that the employment of Chinese migrants was pre-arranged by families and friends. I also demonstrated that the Chinese in Prato mainly entered the ethnic, rather than the local, labour market. The ethnic labour market exclusively served the Chinese communities and was largely inaccessible to other migrants or the native workforce. In contrast to findings by Carchedi and Ferri (1998), I did not find any significant cross-over by the Chinese in Prato into the local, Italian labour market. The implications of this are significant: my research findings suggest that Chinese migrant employment in Prato has not challenged the local employment situation of the non-Chinese communities.

I also discovered the importance of the place of origin in China on both sides of the employment contract, i.e., of both the employers and prospective employees in Prato. I illustrated the differences that occur at the sub-ethnic Chinese level when it comes to the recruitment of Chinese employees. How sub-ethnic ties helped to locate jobs for the overseas Chinese in Prato had not previously been addressed in the literature. Modifying Granovetter's conceptualisation of strong and weak ties, I suggested that the importance of this differentiation between various ethnic and sub-ethnic groups, instead of the strong/weak ties dichotomy, was the key to understanding the labour market. Sub-ethnic ties are equivalent to strong ties that facilitated close contacts only with people from the same place of origin. As the Chinese community in Prato has become more diverse since the late 1990s, broader ethnic ties, i.e. those beyond Wenzhou – the main place of origin of the Chinese in Prato – have become more important as they have allowed the Chinese to tap into the larger Chinese community, broaden their job search and thus enabled them to access more employment opportunities. I found that the conclusions reached by Sanders, Nee and Sernau (2002:282) about a chain of actors assisting migrants in securing work was highly relevant. From my own

findings, I suggested that a combination of ethnic and sub-ethnic ties was necessary for the Chinese migrants in Prato to find a job.

My findings in Chapter Two were moreover consistent with those of Poros (2001), who suggested that the role of interpersonal ties in the ethnic enclave was limited. I argued that the informal recruitment channels had changed in 'value' and had increasingly been complemented by formal recruitment channels, especially paper-based and electronic advertising. These formal channels were critical as they were accessible to all Chinese migrants, irrespective of their place of origin or sub-ethnic ties. In other words, the newly emerging formal labour markets now provide a more level playing field within the Chinese community. In particular, where interpersonal relationships were insufficiently developed, and where Chinese workers had not been in Prato for a long time, job opportunities advertised in local Chinese newspapers such as the Ouzhou Qiaobao (Europe China News) and Ouzhou Huarenbao (Europe Chinese News) were important sources of information. These advertisements appeared only in the Chinese language, which effectively excluded other migrants and Italian applicants. This exclusivity and seclusion of the recruitment process also prevented a cross-over between the Italian and Chinese workforces in Prato, and reinforced the segmentation in the labour market.

In contrast to assumptions in some of the literature (Carchedi and Ferri 1998, Ceccagno 2003) that the Chinese workers were willing to work for Italian firms, I showed that the Chinese have few cross-ethnic ties into the host society, and that this hinders their integration into the Italian workforce. My findings that the Chinese work exclusively for other Chinese were summed up by one of my respondents as follows: 'We Chinese in Prato hire Chinese and, Chinese in Prato are hired by Chinese' (Chapter Two). This 'co-ethnic recruitment' within the Chinese enclave was driven by Chinese migrants' lack of Italian language skills, lack of relevant job skills and a lack of knowledge of the local environment, including its labour

market. This was especially applicable to the first generation of Chinese migrants in Prato. As the Chinese enclave in Prato grew in size and sub-ethnic diversity, so too did the opportunities to work for a wider variety of Chinese families and firms. These opportunities, however, typically intensified interactions with the Chinese diaspora rather than the host society, an occurrence that Dei Ottati (2014:1263-4) refers to as ‘thickening of social and economic relationships’ of Chinese migrants. Many of my respondents confirmed that they had come to Prato with the sole purpose of setting up their own businesses, which supports findings by Dei Ottati (2014:1250) of the ‘strong aspiration [of the Chinese migrants] to become self-employed’ and the claim by Li *et al.* (2009) that international migrants strive to realize entrepreneurial opportunities, and that for this they rely on their ethnic networks. The existing Chinese enterprises played a vital role as a launching pad for unskilled workers seeking to set up businesses and were the subject of Chapter Three, discussed next.

### **5.2.2 A cluster within a cluster – Chinese micro-enterprises and SMEs**

Building on the existing literature about Chinese OFDI and enterprises operating overseas (Cai 1999, Fuchs 2007, Nicolas 2009, Roberts and Balfur 2009, Voss *et al.* 2009), in Chapter Three I compared their business rationale and strategies with those of the Chinese micro-entrepreneurs and SMEs in Prato. My findings suggested significant differences between large and small Chinese enterprises. These contrasts have not been investigated before. Different from the established, large Chinese companies in Europe, which operate in strategic industries with government support, the Chinese SMEs in Prato are examples of grassroots entrepreneurship: Chinese entrepreneurs are usually former employees who follow their ‘dream’ and set up their firm as spin-offs once they have accumulated small but sufficient, amounts of financial and human capital. As novice entrepreneurs, lacking experience in running their own businesses, these entrepreneurs often operate in the same, or a related, industry to that in which they have previously worked as employees.

In Chapter Three I showed how the Chinese micro-enterprises and SMEs depend substantially on the ethnic enclave. Chinese SOEs and MNCs, on the contrary, relied on the Chinese government for funding. Different from the strategic asset- and market-seeking motive of Chinese SOEs and MNCs that are able to draw upon assistance from the home and host governments, Chinese SMEs usually act without any support, other than that of the ethnic community itself. Whilst much smaller than the Chinese SOEs and MNCs in terms of their business turnover, I argued that the Chinese SMEs in Prato embody an additional force that holds potential for the home country (i.e. China) to advance its global ambitions. Chinese SMEs have proven economically significant in rejuvenating China's textile industry by facilitating entry into Europe's fashion industry. The Chinese SMEs, then, are the 'hidden carriers' of Chinese globalisation. In Prato and elsewhere in Italy, they have been important stepping-stones for Chinese workers wishing to become entrepreneurs. In the process they have rendered the existence, and survival, of the Chinese enclave in Prato feasible. I argued that the nature, and size, of the Chinese enclave in Prato constitutes a cluster within a cluster (Chapter Three), i.e. it embodies a separate 'world' and parallel society within the industrial district, limiting the need for contact and interaction with the host society. It could even be argued that the Chinese enclave in Prato 'shields' the Chinese community and its members from the host society, where, as Dei Otatti (2014:1257) argues, the Chinese migrants are able to replicate their lifestyle in China. This has furnished the Chinese with the means to live independently and without the need to interact much with the host society or to integrate with it.

Chinese entrepreneurs in Prato form a vital part of a self-contained cultural enclave that generates its own demand, produces its own cultural goods and services and employs labour from its own cultural cluster. This self-sufficiency has prevented the local Italians from learning much about Chinese business activity, and this lack of interaction and mutual understanding may well be at the root of the Italians' suspicion of Chinese migrants. The

Chinese cluster has settled in the west of the city, outside Prato's medieval walls, which were built in the 15th century to protect the city from invaders. Chinese migrants do, in fact, live and work in parts of the city outside what has come to be seen as their enclave, but there is a sense in which the city walls appear to continue to form a barrier to the new arrivals and thus might be seen as continuing their historical mission to exclude all but the born-and-bred *Pratesi*. This is also captured in the title of the first book on the Chinese in Prato by Johanson *et al.* (2009) *Living Outside the Walls: The Chinese in Prato*.

### **5.3 Mobile Phone Use in and Beyond Prato's Chinese Enclave**

Over the past decade, scholars (Damm 2008, Katz 2006, Vertovec 2004, Madaniou and Miller 2011b) have pointed to the extraordinary growth and the rapid adoption rates of mobile phones worldwide, as well as pointing out the many ways in which mobile phones have changed the way we communicate and 'participate' in the lives of family and friends. Zhou (2011) emphasised that mobile phones empowered Chinese migrant workers as they provided migrants with a form of autonomy when their opportunities of movement in the host country were often limited. The latter limitations were a result of migrants' long working hours, which severely limited their opportunities to establish social contacts and interact with the host society (Madaniou and Miller 2011b). Thus, today any investigation into the integration of migrants into the host society is almost unthinkable without taking into consideration the impact of information communication technology (ICT) and especially the role of the mobile phone.

In Chapter Four, the use of mobile phones by Chinese migrants in Prato was examined in order to ascertain whether mobile phones would attenuate the effects of the separation of the Chinese from the host community. Building on preliminary findings by Denison and Johanson (2009) on the use of ICT by the Chinese in Prato, we analysed whether mobile phones had facilitated, or inhibited, the social inclusion and integration of the Chinese in

Prato. In one of the first qualitative investigations of the use of mobile phones by overseas Chinese migrants, we aimed to ascertain what influence the Chinese ethnic enclave had on the use of mobile phones. Would their social relationships, working status and conditions, skills, language proficiency and place of origin impact on the use of the mobile phone? Moreover, were there any discernible differences in the use of mobile phones between first and second-generation Chinese migrants? Our findings confirmed that the mobile ‘magic’ (Katz 2006) was just as powerfully felt among the Chinese migrants in Prato. Some of the respondents owned multiple mobile phones. Some took advantage of lower call rates using one mobile phone for local calls, while a second phone was used for communication with China. As ‘survival devices’, mobile phones have been important to the private and business lives of many Chinese.

We illustrated how the multi-purpose interactions of mobile phones had increasingly been adopted by the Chinese migrants in Prato. In particular, smartphones have opened up new communication dimensions for international migrants. It appeared that only a small number of Chinese migrants – mainly younger Chinese, some of whom were born in Prato – used smartphones at the time of our research, in comparison with earlier research by Dension and Johanson (2009), but the trend is upward. This is significant as smartphone features provide the Chinese with more communication and ‘infotainment’ options than were previously available to them with older, second-generation phones.

Contradicting the findings of Carchedi and Ferri (1998), who claimed that mobile phone use increased ties between the migrants and the host society, our findings were in line with those by Zhou (2011), who argued that mobile phones empowered Chinese migrant workers in providing them with a form of autonomy when their free time was limited. These limitations were a result of the Chinese workers’ extremely long working days (up to sixteen hours, in some cases) that restricted their opportunities to establish social contacts and interact with the

host society. Having been taken out of the ‘comfort zone’ of their home and living in a new environment, migrants often face some form of isolation in their host society (Chen and Ochsmann 2009). The mobile phone gives the Chinese migrants in Prato the option of escaping their isolation by ringing friends and relatives in China, other parts of the world and in Prato. Instead of building ties with the host society, mobile phones helped the Chinese to solidify ties with the ethnic enclave, which supported the sojourner orientation. This is significant as this orientation, i.e. the interest in the ethnic enclave and home community, impacts on the adjustment of the Chinese and support their lack of integration. Although we did not differentiate between the use of mobile phones by employees and entrepreneurs, from our findings it became evident that mobile phones had not served the Chinese in Prato as an obvious conduit to interact with, or integrate into, the local host society.

Consistent with findings by Qiu (2008) that mobile phones were vital in shaping the connectedness of internal migrants in China, we argued that the mobile phone constitutes a new tool for the Chinese in Prato that has reinforced the solidarity of the migrant community in the host society. We also identified the need for more research to verify our assumption that mobile phones do not facilitate stronger contact and connectedness with the host society. We moreover acknowledged scope for further investigation on how to harness the mobile phone to facilitate the social inclusion of the Chinese in Prato. In this context it appears that the second generation of Chinese migrants may be crucial. In future research it will be interesting to see whether younger members of the Chinese community will use their mobile phones to build bridges between the ethnic and host communities and break away from the pattern of inward-lookingness that we documented in Chapter Four.

## **5.4 Final Conclusion**

This thesis investigated the adjustment of Chinese migrants in Prato to explain their lack of integration, and emphasised the ethnic enclave as a key determining factor in this isolation.

The investigation of the Chinese labour market, the opportunities for socio-economic mobility and migrants' connectedness using mobile phones illustrated the extent, and importance, of the bond Chinese migrants maintain with the Chinese community. This suggested that the Chinese enclave has restricted the opportunities for interactions the Chinese migrants have with the host society, which has affected their integration. Contrary to findings in the literature (Borjas 2000) that ethnic enclaves are impediments to migrants' economic advancement, the increase in the number of Chinese SMEs and the remittances sent to China, as pointed out by Vicziany *et al.* (2015), suggest that the Chinese enclave in Prato has thrived economically. For quite a number of Chinese workers the enclave has formed a springboard into entrepreneurship, and this socio-economic mobility has spurred the dynamic growth of Chinese SMEs in Prato, facilitating the sustainability of the ethnic enclave.

In support of findings by Logan *et al.* (2002) and Qadeer and Kumar (2006) I ascertained that the segregation of the Chinese community in Prato has been a conscious choice, largely by the Chinese communities. The growth of the ethnic enclave in Prato has not been the result merely of a survival strategy that migrants adopted when they first arrived in Prato. Instead it has been a reflection of deliberate decisions to remain within the confines of the ethnic enclave long after their arrival because it provided many economic opportunities beyond mere social security and comfort. Advances in communication technologies have enabled migrants to overcome the geographical distance between Italy and China, allowing the Chinese in Prato to be constantly engaged with their family and friends back home. My findings corroborate those by Dei Ottati (2014), who argues that the interactions of the Chinese in Prato 'reinforce the bond' (Dei Ottati 2014:1258) with family members and friends who have remained in China or who have emigrated to other countries. This emphasises the transnational nature of the Chinese communities in Prato.



The workplace inside the ethnic enclave limited the interactions and communication of the Chinese to those with their co-workers and compatriots, customers and suppliers. Prato's Chinese SMEs have been critical for the socio-economic mobility of Chinese workers and allowed them to become entrepreneurs. They have relied on social, human and financial capital accumulated from within the enclave to set up their businesses. Social relationships within the enclave and with family, friends and business partners in China have been facilitated and consolidated by the use of mobile phones. The Chinese community in Prato has made a conscious choice to become self-contained, self-sufficient and, in consequence, segregated from the host society in their ethnic enclave. It is this long-term pattern which explains the lack of their integration into the host society.

In recent years traditional immigration countries have witnessed an increase in the number of ethnic enclaves – a development that has prompted growing concern about the impact of migrant concentrations and their low levels of integration into the host society (Asselin *et al.* 2006, Cutler *et al.* 2008, Kaplan and Woodhouse 2004, Walks and Bourne 2006, van Kampen and Özüekren 1998). As the global movement of people exhibits new patterns and societies are becoming more complex at the beginning of the 21st century, it would seem that ethnic enclaves increasingly form a part of these new patterns (Li *et al.* 2009, Zucci 2007). The emergence of ethnic enclaves has occurred predominantly in the United States, where some scholars claim that the enclaves do not necessarily form a 'barrier to social inclusion' (Cutler *et al.*, 2008, Qadeer and Kumar 2006:15). In comparison, the emergence of ethnic enclaves in mainland Europe has been a relatively recent phenomenon – for example, Turkish migrants in Germany and African migrants in France – a development that has witnessed widespread debate and concern in the European host societies about the adjustment and integration of these migrants.

The Chinese community in Prato represents an ethnic enclave that has thrived over more than two decades. Although not necessarily representative of other Chinese or immigrant communities in Europe, the case of the Chinese in Prato may nevertheless point to a new complexity in our society, of which ethnic enclaves are increasingly a part. Thus, it remains uncertain what form the integration of the Chinese community in Prato may take in the future or indeed, whether the community will choose to integrate at all – beyond the minimal levels of contact required to arrange their affairs. Equally uncertain is what the possible consequences of the community's non-integration might be.

### **5.5 Future Research Agendas**

This thesis has investigated the adjustment of Chinese migrants to the host society from the perspective of the individual migrant. As repeatedly acknowledged in the literature (Chaney 2010, OECD 2004, IMO 2004), integration is a two-way process that includes the migrant community as well as the receiving or host community. In order to understand the complex process of the integration of the Chinese in Prato more fully, research reflecting the perspective of the host is desirable, but was beyond the scope of this dissertation. The nascent literature on the Chinese in Prato, most of which is qualitative in nature, may also benefit from a more quantitative research approach that would complement existing scholarship.

It is expected that the Prato-born Chinese migrants will be one of the major research areas in the future. Despite nascent scholarship on business succession in Chinese SMEs in Prato (Vicziány *et al.*, 2015), it will be interesting to ascertain whether the Prato-born Chinese will continue and 'replicate' the sojourner orientation of their parents, or whether, and how, they will exhibit a stronger interest and connectedness with the host society as suggested by Carchedi and Ferri (1998). Besides the need to have sufficient time to interact with the host, host language proficiency is also crucial for migrant integration (Chiswick and Miller 2002,

Hack-Polay 2008), which is another aspect for further research to ascertain differences between the first generation of migrants from China and Prato-born Chinese.

Although many Chinese in Prato live in spatial segregation from the host society, some nevertheless have friends and acquaintances among the Italian community and within other migrant communities (Nielsen *et al.* 2012). Thus, it would be of interest to understand how inter-community relationships between the local Italians, the local non-Italians and non-Chinese and the Chinese are facilitated, i.e. how they network and communicate outside the enclave. In a similar vein to Lal (2002, 2012) who investigated the political engagement of the Indian migrant communities in Fiji, future researchers may explore if and how the Chinese migrants in Prato engage publically and politically with the host society. Is the assertion of political rights by the Chinese residents in Prato important to them and does it assist with their integration into the host society?

As Qadeer and Kumar (2006) point out, ethnic concentrations may also occur as a result of a particular place of worship that draws in migrants that want to reside nearby. Whilst the ethnic enclave in Prato is economically driven, in recent research by Vicziany, Fladrich and di Castro (2015), the nature of the religious beliefs of the Chinese in Prato was studied. Our findings suggest that the majority of the Chinese in Prato – unlike those in Wenzhou in China – appear somewhat indifferent to formal religious worship and affiliations. We offered several possible answers to this religious ‘silence’ in Prato, including the possibility that the overseas Chinese may keep their religious ideas and practices private, which suggests that the informal religious and spiritual practices may be more important than the formal ones and worth further investigation. A related question is whether religion helps to strengthen the Chinese ethnic enclave or rather is it more likely to facilitate stronger interactions between the Chinese and the Pratesi. Of the 50,000 Chinese in Prato, we found that no more than 500 or one per cent were affiliated with any religious institution, whether Catholic, Protestant or Buddhist

(Vicziány *et al.* 2015: 222). On the face of it, this suggests that perhaps religion will remain a relatively neutral factor in Prato – neither bringing together like-minded Chinese migrants to worship Chinese-style nor integrating them more with the local Christian communities. Of course, depending on the future growth of the Chinese born Prato generations, this could change.

Perhaps the only certainty about the future of the Chinese communities in Prato, and more generally in Europe, is that the Chinese diaspora will continue to grow. Given this, I hope that my thesis will contribute to a better understanding of the dynamics of that community in Italy. As the largest diaspora in the world, I also hope that this thesis about a component of the overseas Chinese communities will be able to contribute to future comparative studies about other diasporas, including the rapidly growing Indian diaspora. The extensive work carried out by Brij Lal (1980) on indentured migration of North Indians, for example, illustrates the complexity of the migrant communities in terms of their regional and social origin. Similar differences are emerging in the case of the Chinese migrants in Prato. On the other hand, Lal argues that the Indian migrants originated not only from the lower, but also from the higher social class (Lal 1980:337). This appears to contrast with the Chinese migrants in Prato, most of whom originate from poor rural areas. Lal also highlights the role of female migrants and other family members, aspects that scholars working on the Chinese migrants in Prato have yet to embrace. All of the above warrant more detailed studies of the new Chinese diaspora in Europe and also comparative studies between different diasporas as a way of analysing a growing global phenomenon, namely human migration. Although the Chinese do not form part of the recent migration crisis in Europe, the arrival of thousands of migrants is a prominent example of human migration in the 21<sup>st</sup> century that has ramifications beyond Europe and highlights the importance and urgency of a better understanding of migrant adjustment and integration.

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