

Do Italian migrants' entrepreneurs have a different level of risk aversion compared to non-entrepreneurs migrants?

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History of the paper

This paper is conceived in the context of a Post Doctoral fellowship financed by the Department of Statistics of the Sapienza University of Rome as part of a main project named "Managing opportunities and risks of globalization for an inclusive development". The project's main objective is to study the movements of workers and the process of internationalization of firms with an integrated approach, emphasizing not only economic, but also social and environmental aspects.

Research question

This research aims to contribute to the literature on migrants' entrepreneurship (Batista and Umblijs, 2014; Hormiga and Bolívar-Cruz, 2012; Dohemen et al., 2010; Hunt, 2009), by investigating whether the causal relation between being more prone to risk and being an entrepreneur (Caliendo et al. 2009), or having entrepreneurship willingness, holds true also in the case of migrant entrepreneurs in Italy. In other words, taking into consideration the lack of job opportunities and the length of stay in Italy, we aim at verifying whether the decision of starting a business is influenced by objectively measurable risk attitudes. Furthermore, a gender approach is adopted.

Methodology

We base our analysis on the database of the National Observatory for the Financial Inclusion of Migrants in Italy², managed by CeSPI, containing detailed information regarding the socio-economic situation, the migration plan, the financial behaviour and the use of insurance products of about 3.500 migrants living in Milan, Naples, Palermo, Perugia and Rome interviewed in 2008, 2012 and 2014.

We use self-employment as a measurable proxy for the *status* of entrepreneur and the willingness of becoming an entrepreneur in the next years as a second proxy to be used in a model, which is going to be uncontaminated from the investment choices related to the status of entrepreneur. In fact

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¹ CeSPI - Centre for Studies in International Politics is an independent centre for study based in Rome, which has conducted extensive research on migrants' economic and financial behaviour in the last decades.

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CeSPI's database allows us to add a "time dimension" as we can distinguish between actual entrepreneurs and migrants who wish to become entrepreneurs.

The investment history is used as a proxy to measure the level of risk aversion (as the interviewed migrants report their behaviour toward risk). Besides, we build a more complex indicator of risk aversion exploiting the available variables related to insurances, *bankarization* and savings behaviour. After determining a baseline estimate of risk behaviour for the whole sample, we use the two proxies for being an entrepreneur and the inclination to be entrepreneur as dependent variables in a logistic model where our main explicative variable is the risk indicator. Our control variables, according to the literature (Batista and Umblijs, 2014; Autio et al. 2013, Batista and Narciso 2013; Umblijs 2012; Dohmen, 2011), are individual characteristics (sex, age, educational level, marital status and income level), variable related to the personal and social belonging (nationality, residence, network, leisure activities) and migration's plan variables (duration of stay in Italy, intention to return, intention of family reunification).

Furthermore, we build a second risk aversion indicator for the origin country (remittances and savings behaviour) to check whether there is any substantial difference with the risk behaviour in Italy, which may be explained by the social informal pacts between migrants and their families.

As the literature on migrants entrepreneurship in Italy has highlighted that a number of migrants choose to be entrepreneur in order to face the lack of job opportunities and to comply with the laws on the permits of stay, we also pay attention to this particular type of entrepreneurship 'by default' crossing the migrants who report that they want to be entrepreneur with those ones that report to be unemployed.

Finally, as the level of inclusion and integration in the destination country may influence risk aversion, we cluster our observations in three groups according to the length of stay in Italy (number of years). Then, we cluster the sample into two groups: migrants with family (partner and children) in Italy and migrants with family in the origin country.

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