

Two different models are run, assuming two different specifications for each of them: we try to explain the observed ethnic entrepreneurial rate in time t and the growth rate of ethnic firms from t to $t+1$. In all the cases the unit of analysis is the province, for which is possible to collect data on unemployment, population and other characteristics. The observation period is restricted from 2004 to 2009 due to data availability in official Istat database on unemployment.

Regression results are reported in table 7 and the global goodness of fit is good for all the models run. The panel assumptions allow to increase the total number of observations from 103, the number of Italian provinces with complete data for all the six-year period, to 618, and then obtaining more robust results. For all the models estimated, residuals confirm the validity of obtained outcome.

Considering the ethnic entrepreneurial rate, both model 1 and 2 show similar coefficients in term of sign and statistical significance, and this allow to partially control for the sensitivity of results under two different model specifications with and without a specific trend effect.

The effect of global entrepreneurial rate on the probability of self-employment for immigrant is of course positive, suggesting that where the presence of firms is higher, also the probability of observing immigrant firms is higher.

The structure of the provincial population has also an effect in modifying the propensity of immigrants toward entrepreneurship: in an area with an old population the probability to set up a foreign micro firm is higher due to the increasing demand for personal services coming from old population. Provincial openness shows an unexpected negative sign and it does not confirm the attraction effect of ethnic entrepreneurs, because there is a time cycle of the micro firm rates within each ethnic. If we consider the steps of the immigration process, at the beginning there are only men in active age that arrive to Italy to get a job. They start working and they often choose self-employment, therefore the entrepreneurial rate is high for immigrant. In a

second step, their families arrive to Italy, the foreign population increases, the provincial openness increases, and the entrepreneurial rate decreases because the denominator of the ratio (population) increases more than the numerator (micro firms).

The general economic trend, caught by the global unemployment rate, has the expected sign. According to the disadvantage theory, when the global unemployment rate increases, then general economic conditions deteriorate and immigrants are one of the less protected categories and the outcome is an increase of the entrepreneurial rate. The answer to higher difficulties in finding a job is self-employment, mainly pursued by the set up of micro firms, a less strong evidence for Italian unemployed who can easily set up more complex organizations, such as limited companies.

Differences across ethnic groups in term of entrepreneurial rate are huge as shown by the estimated coefficient for each ethnic: sometime the coefficient is negative, other time is positive, and it could be mainly due to the different time lags of the immigration process. As previously mentioned, the population and the entrepreneurial rates have different evolution over time, according to the different step of the immigration process of each ethnic. We can identify three groups of immigrants: one characterized by a higher entrepreneurial rate, one by a lower rate and another is the control group with an average propensity towards entrepreneurship. People from Venezuela, Senegal, Nigeria, former Yugoslavia, Egypt and China show a higher propensity to engage in self-employment, therefore an increase in the relative share of that people over the total immigrant population increases the presence of entrepreneurs within the territory. On the contrary, Tunisian, African and Russian (considering all ex URSS countries) show a lower propensity to open micro-firms, then their share on the total foreign population decreases the percentage of entrepreneurs in the province.

Another interesting point comes from the positive and significant sign of the South dummy, which confirms previous intuition on rough data: the