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Entrepreneurship, Social Mobility and Transnationalism
*Romanian entrepreneurs in the construction sector and ethnic food
trade in the Northeastern Italy*

PHD THESIS SUMMARY

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Keywords: *ethnic/migrant entrepreneurship, ethnic economy, social mobility, transnationalism, social and human capital, mixed embeddedness, middleman entrepreneurs, niche entrepreneurs, enclave entrepreneurs, transnational entrepreneurs, structural and individual factors, bidirectional social remittances, ethnic market, Romanian entrepreneurs in the construction sector in Italy, Romanian entrepreneurs in the trade sector in Italy, industrial and cultural identity of ethnic companies.*

1. Methodology and research methods

The PhD thesis uses an ethnographic methodological approach, which according to Glick Shiller (2003) is one of the best when the analyzed group is that of migrants. Thus, the analysis focuses on the exploration of the relationship between entrepreneurship, social mobility and transnationalism/social change and is not intended to test hypotheses. The results represent a theoretical contribution to the study of ethnic entrepreneurship and to the existing Romanian literature in sociology of migration. Because in migrant entrepreneurship literature the emphasis is placed separately on factors, strategies or results, this study intends to demonstrate the utility of an integrated approach. Furthermore, another aspect neglected in the literature is the industrial identity of migrants' companies, or this is extremely important because it largely explains the way in which resources have been used and the occurrence of certain behaviors, practices. What this paper brings new to literature about migrant entrepreneurship is the use of an integrated approach, but, in particular, the importance of the industrial identity of migrant' companies in explaining the factors, strategies and results of entrepreneurship. The analysis of two types of industry, construction and trade was carried out starting from the assumption that the type of industry influences the way in which subjects make use of resources (human capital, social *bonding* and *bridging*) and also influences the ways of obtaining social status and transnational practices/social remittances/social change (Zhou 1998, Fong et al. 2008).

Using an ethnographic methodology (Hamersley and Atkinson 2007, O'Reilly 2005, Blommaert and Dong 1995, Willis and Trondman 2002), the author started from the empirical evidence to theory, following data, and they suggested some theoretical topics. But of course, the theoretical framework was developed to establish an operationalisation of the concepts used.

The methodological approach of the study is based as well on the assumptions of symbolic interactionism (Blumer 1969) by which the subject analyzed is a subject by itself, considering its own perceptions and definitions of reality. Transnationalism is used in this research both as

a methodological approach in order not to remain stuck in methodological nationalism (Glick Shiller et al. 1992), but also as a method of understanding the theoretical concepts and experiences of the subjects analyzed.

Even if the field research is limited to the country of destination Italy (Veneto Region where most of the interviews occurred, some interviews were held in another two regions, Emilia Romagna and Friuli Venezia Giulia, in Northeastern Italy), the approach on discussions was transnational. Questions were bifocals, taking into account the work and living experience in the country of destination, Italy (which could be observed) and work and living experiences in the home country – Romania that could be found in conversations with the subjects.

The sample consists of 45 respondents, 24 Romanian entrepreneurs in the construction sector and 21 entrepreneurs in the food trade area. But in total there were informal conversations with 70 people (customers of the Romanian stores, representatives of organizations, Romanians from the Romanian Church in Padua). The sampling used the snowball method combined with *purposive* methodology (Schutt, 2006, Rubin and Rubin 1995). The instruments for data collection were semi-structured interviews and participating observation. Participating observation and interviews are combined ad hoc, using default triangulation of methods (Flick 1992). For the Romanian stores, the participating observation was accomplished during the interviews at the 21 stores, and in other 9 Romanian stores as well. Participating observation is used as a research tool by pictures and field notes. Fieldwork period was of 5 months during September 2014 - January 2015 in several towns in the Northeast of Italy, but most interviews and informal conversations took place in the Veneto Region.

This research uses three types of data, such as **theoretical data** (literature review to understand the behavior of other migrant entrepreneurs in other contexts and countries), **statistics** (made available to the researcher by the Chamber of Commerce and Industry in Padua 2013) and **qualitative data** from the semi-structured interviews, participating observation and informal conversations.

Choosing two different sectors (construction and trade) is justified primarily by the importance of industrial identity of companies in explaining the use of resources, capital, behaviors and practices occurrence, and because most Romanians opened companies in Italy in these two sectors. The research questions of this survey, research units and dimensions are clearly defined and formulated in close connection with the theoretical developments of migrant entrepreneurship and the field research. The hereby survey attempts to answer 4 questions such as: What are the factors/motivations of the Romanians to have an independent

economic activity (company)? What are their strategies for maintaining on the market and development? How is social mobility influenced by entrepreneurship? How are transnational practices and social remittances influenced by entrepreneurship? To answer these questions, the author has considered the following units of analysis: the structure of opportunity, the individual, the company and community.

| Research question | Analysis Dimensions | Analysis Unit |
|---|---|--|
| What are the factors/motivations of the Romanian migrants to open an independent economic activity (company)? | Structural, individual factors (human capital), social capital (<i>bonding</i> and <i>bridging</i>). Necessity-opportunity approach | The individual, structure of opportunity |
| What are the strategies of Romanian entrepreneurs to maintain on the market and develop? | Employees Customers Suppliers Strategies Human capital | Individual Company |
| How is social mobility influenced by the entrepreneur condition? | Social capital Economic capital Empowerment Respect/Recognition Transnational practices/ social remittances. | Individual Community |
| How are the transnational practices/social remittances influenced by the entrepreneur condition? | Changing mentalities/business practices | Individual Company Community |

2. The theoretical framework

Romanians have a history of migration about 25 years, after the fall of the communism regime more and more Romanians *took the road to exile*, passing through various stages, from irregular migrants to circular migrant in 2002 and, ultimately, to European citizen in 2007. After 9 years of freedom of movement within the EU, the Romanian migrant is still considered an outsider (Ucellini 2010) in Italy, the country where most Romanians immigrated. Although they faced hard living and working conditions with the status of irregularity, discrimination, they were able to integrate and fulfill their economic plans, moreover, some of them have become entrepreneurs in Romania, in Italy or hold business in both countries. Romanian migrants in Italy have been the subject of several studies of Romanian and Italian authors, who analyzed the relationship between migration, development and social change within the communities of origin of migrants, the impact of social and economic remittances on households, freedom of movement and European citizenship, the

development and mobility of migrants, social mobility, the inconsistency of status, changes in family relationships and the power structure between men and women, etc. Entrepreneurial behavior has been studied for Romanians who returned to the country, the migration experience being an important anticipatory element in starting activities on their own in the country (Toth and Toth 2006), but the behavior of the Romanian migrant entrepreneurs in Italy has not been studied, as it is a new phenomenon. There are only a few brief references in this category of studies which analyzes the Romanian migration to Italy (Anghel 2013, Ban 2009, Stănculescu et al. 2012, Perrotta 2011 Cingolani 2007, Cingolani and Piperno 2005).

The Romanians rank 3rd in Italy by number of companies opened, after the Chinese and Moroccans. Most companies set up by Romanians are in the construction sector, trade, hotels and restaurants. Most companies are, however, small businesses, especially self-employed/freelancers and less legal entities. (Chamber of Commerce and Industry Padua 2013). But the number of Romanian companies opened in Italy should be treated with caution, because fake companies predominate in the construction sector, i.e. migrants are forced/encouraged by the employer to open an individual enterprise (self-employment), thus avoiding to pay taxes for salaries of employees, administrative costs, obligations to unions (Ambrosini 2012, Felini et al. 2007, Ales and Faioli, Jorens 2007). Thus, these companies have no real autonomy, but are subordinate to an employer.

Migration in general led to an incipient economic transnationalism who transgressed the boundaries of the two states, Romania and Italy, and gave rise to various forms of cooperation between Italian and Romanian entrepreneurs, and import-export trade expansion. In Italy, the Chamber of Commerce and Industry of Romania and the Italian Chamber of Commerce for Romania were established, both aiming to provide counseling and support for joint business initiatives in both countries. Italy's economic relationship with Romania is fully growing and dates back to the 90s when Romania was the main exporter of textiles and footwear for Italy (Crestanello and Tattara, 2011). The Italian companies relocate part of the production cycle in Romania for reasons of cost. The small Romanian entrepreneurs operate in Italy rather in the secondary sector of the economy, for the construction subcontracting level II and III on the general market and the Romanians working in the trade market operate more on the ethnic market at the neighborhood level.

Following the ideas of Dana and Morris (2007) and Gap Min and Bozorgmehr (2002) this survey focuses on both the determinant factors of entrepreneurship (either cultural, structural, social, human), and the results arising from the process of entrepreneurship (transnational

entrepreneurship, social mobility, development of migrant communities in countries of destination and origin by transferring social practices-social remittances, change of business mentality, etc.). Importantly, the study is not limited to individual analysis (migrant) but also to the community it is part of, the company and structural factors. Attention is paid on three levels: micro (individual - the migrant), middle (community and company) and macro – the opportunity structure of the destination country (Waldinger et al. 1990, Rath 2006, Kloosterman and Rath 2001, Click Shiller and Caglar 2013). The factors determining entrepreneurship and strategies for maintaining and developing the migrants' companies are understood in this research by the theories of disadvantage, *mixed and multiple embeddedness* and through interactive patterns in the wider context of entrepreneurship. We cannot choose only one theory to understand the determinants, strategies and results, as this study is not aiming to test one of the approach, but rather their analysis based on the field data and the development of explanatory models. Each theory brings something extra to the understanding of the phenomenon of migrant entrepreneurship. The cultural theory emphasizes the cultural resources that migrants are aware of in the country of destination and thus exploit them by creating small-sized companies (Palmer 2007, Light 1984). The theory of disadvantage state that migrants are forced to open small-sized businesses to survive in the destination country, where access to employment is restricted (Waldinger et al. L999, Bonacich 1973, Cobas 1986, Light 1979). The model of Waldinger et. al (1990) takes a step further, explaining that migrant entrepreneurship is the sum of several elements, both ethnic (cultural) and structural. Finally, Kloosterman and Rath (2001) bring into the equation the great importance of markets and structural elements. Moreover, the debate about the types of migrant entrepreneurs *middleman, niche, enclave* took into account the spatial elements, the type of industry and cultural resources. The approach *push* and *pull* factors explained the difference between the two types of migrant entrepreneurs, those who had to open a small business to support themselves and those who opened it because they noticed the opportunity (Reynolds et al. 2012 ,Verheul et al. 2010, Chrysostome and Arcand 2009). And not least, those theories explaining the factors by access to various types of social, human, financial capital (Bourdieu 1986, Portes and Sensenbrenner 1993, Kanas et al. 2009).

The results of migrant entrepreneurship of this study are understood by theoretical approaches that explain the emergence of transnational entrepreneurship (Drori et al. 2009, Landolt et al. 1999, Portes et al. 2002, Zhou 2004, Orozco et al 2005, Ambrosini 2012, Nkongolo-Bakenda and Chrysostome 2013). Furthermore, by associating two other concepts with migrant entrepreneurship, that were analyzed only in the sociology of migration, such as

entrepreneurship and social mobility, entrepreneurship and transnational social remittances. Social mobility is understood by conceptualization of Bourdieu (1989) developed by the works of Nieswand (2011), van den Berg (2011), subjective social status (Wahlbeck 2007, 2008, Diemer et al. 2013) and empowerment (Robinson et al. 2007, Rindova et al. 2009, Al-Dajani and Marlow 2013) in a dual context, the country of destination and country of origin (Glick Schiller and Caglar 2013, Glick Schiller 2003, Nowicka 2013). While the studies about entrepreneurship and social mobility are rare, the ones about migrant entrepreneurship and transfer of social remittances are even rarer. The development or social change was studied in sociology of migration and has been linked with social and economic remittances, and how they change spaces, mentalities, and cultures along the continuum country of destination - country of origin (Levitt 1998, Markley 2011). In this study, the approach on social remittances is that of Levitt (1998), meaning the movement of different social practices and ideas between the countries of origin and destination of migrants.

3. The findings for the construction sector

The results of the study show that Romanians who have opened independent economic activities in the construction sector in Italy had the experience of qualified/unqualified work and owned small-sized companies in Romania. As indicated by other studies (Waldinger 1995, Walton-Robert and Hiebert 1997, Piore 1979, Krings et al. 2011, Fellini et al. 2007), migrants end up working in constructions because cheap and unqualified labor was needed, there was a great demand for labor in this sector as it is unattractive for Italian citizens (Mora 2010), then there are the cost minimization strategies used by companies by ways of subcontracting and use either migrant workers or migrants with independent activities (Perrotta 2007), and last but not least, the networks and social capital of migrants (Waldinger 1995, Piore 1979). Most Romanians in this group have come to work in constructions shortly after their arrival in Italy. With no need for knowledge of Italian language and a qualification or work experience. Waldinger (1995) argues that the creation of migrant niches in the construction sector is almost a natural phenomenon that goes hand in hand with the needs of the sector and the way it works. The constructions sector is a niche for Romanians both in terms of employment, and in terms of independent economic activities as according to statistics. Romanians have the largest number of companies in this sector in Italy (Chamber of Commerce and Industry, Padua 2013). Networks and social capital plays an important role in the formation of the niche. The first Romanians who migrated to Italy and worked in this

sector brought with them other Romanians from the network of family members, friends and acquaintances, who in their turn recruited other Romanians, reaching the niche phenomenon. The Romanian's journey towards a form of independent economic activity was an incremental one and cannot be dissociated from their professional experience in the sector. An evolutionary pattern was observed in most cases, consisting of several main steps. All the Romanians have worked with no legal forms on the construction site, during which period they learned profession, then followed the specialization and qualification period, the Romanians became very good at their jobs, and given the fact that the work teams were formed by Romanians, they were delegated team leaders responsibilities. As team leaders, the Romanians had access to the companies' revenues, had access to the business administration system and the idea to a transition to own a business sprung. They started to identify customers while working as employees, afterwards started companies. In Italy, in the constructions sector there are 3 types of actors, such as general contractor companies (which are generally large Italian companies), small and medium-sized companies that are usually subcontractors of certain tasks in the construction project or even of the entire construction project, micro-enterprises/self employed craftsmen (Fellini et al. 2007). In the last category operate most Romanians who have some form of independent economic activity.

The qualitative analysis revealed that the context that influenced the opening of a large number of companies by Romanians in this sector is due to a mix of opportunity structure - structural factors and personal factors (Waldinger et al. 1990, Kloosterman and Rath 2001). The opportunity structure or structural factors that had a significant impact on the development of the independent economic activities of the Romanians that the current study has identified are briefly described below. **The sector opening up to foreign labor** - manifested by the easiness of starting an independent activity (Romanians could set up businesses without the need for qualifications and with a very low budget) and ecological succession - small Italian entrepreneurs started larger businesses, leaving place on the market for migrants with self employed activities. **The nature of the sector** – because the construction projects are fixed and limited in time and involve the performance of several tasks to fulfill construction projects, they involve the creation of subcontracting networks and the emergence and development of the Romanian micro-enterprises as subcontractors for larger companies. Another feature of the sector that appealed to the Romanians is the quite small investments and the possibility of high earnings in a short time due to the high irregularity in the sector. **Fake self-employment** – generally, in this sector many Romanians were encouraged by the employers to open a form of independent activity because such

collaboration implies much lower costs for the employer. But within this group there are only two cases that stated they were initially encouraged by the employers. An important aspect is that although this phenomenon forces them to be independent, Romanians do not remain in this status, they try to find other clients. **Job losses** (Zhou 2004, Bonacich 1973, Cobas 1986, Light 1979) – explain for some cases the decision to open a self employed business, but even if they had the prospect of jobs in the factory, they chose to be independent in constructions. **Romania's accession to the EU (European citizenship)** - Romanians did not associate in their assertions the freedom and rights provided by European citizenship with a desire to open a business. The construction sector was open to migrants, being able to register a business the same way as when they had a residence permit. But Romania's EU accession facilitated the use of resources from the country of origin to support companies in Italy (the phenomenon of relocation of workers). **The adjustment pressure** - the Italian construction sector become increasingly regulated by the state (by introducing *Durc - Documento Unico di Regolarita Contributiva* and *Piano Casa*, and other programs and qualifications) so that Romanians who practiced the economic activity without being registered were forced to officially open a business because otherwise they could lose major customers. The structural factors are very important to understand the context that favored the opening of independent economic activities by Romanians in the construction sector.

Individual factors that best explain the set up of companies are human capital, social capital and networks, motivations, desire for independence and the tendency to return. **Human capital** - it is not surprising that Romanians have chosen the path of entrepreneurship in constructions because most respondents had experience of skilled, unqualified labor and entrepreneurship before migrating to Italy, and in Italy the experience of foremen gave them access to key information about how to manage a small business in constructions, the revenues of the owner and to customers, all of these created the perfect preconditions for starting a business on their own. **The desire for independence** - because they were already confident in their ability to practice the craft, as they had the entrepreneurial spirit developed from Romania, these Romanians felt the need to have more control over works, costs and profits, choosing the path of entrepreneurship in Italy as well. **The tendency to return** (Light 1984) - as they were thinking to return to their home country, they sought ways to earn money in a short time, and setting up a company in the construction sector was a good solution to this plan. **Social capital and ethnic networks** - was analyzed by two types of capital, *bonding* and *bridging*. While, in general, social capital and networks are used by Romanians to gain access to information and thus forming an informed decision to open the company, the

bonding capital is used during prospecting, business startup and during business practice the *bridging capital* is used to identify customers (who are mostly Italians) and other useful resources for the development of the company.

Most of the Romanians started the business because they saw the opportunity, they were confident in their skills, they already had their clients – the majority in this group is opportunity entrepreneurs (Verheul et al. 2010, Reynolds et al. 2012). But the background of the Romanian opportunity entrepreneurs indicates they had entrepreneurship activities/leadership positions in the country of origin but also management positions in Italy. The Romanian entrepreneurs of necessity are fewer and they were rather forced to set up the company because of the pressure of adjustment, the pressure from the employer, the loss of jobs and unregistered labor.

In general, Romanians have started economic activity after a long experience on construction sites, learning the job, gaining experience and confidence in their forces and preparing the ground (identifying customers before the formal registration of the company).

Especially interesting is to understand the Romanian companies' strategies for maintaining on the market in this sector as it undergoes a severe recession. The number of building permits decreased dramatically and a large number of Italian small and medium-sized enterprises went bankrupt, and many Romanian companies registered large losses due to works unpaid by the company that contracted them. In addition, taxes are becoming more and more unbearable by the Romanian small entrepreneurs.

The strategies of the small Romanian entrepreneurs are a mix of ethnic resources and semi-constant networks of Italian clients who can be both individuals, and other Italian companies. The workers of the small entrepreneurs are Romanian people and are recruited through their social networks such as: the workers are former work colleagues, recommended by friends, family members who also own companies, recruited by other workers, borrowed from other companies, recommended by the former heads or brought from the hometown of the company owner. The development of these ethnic networks is seen as a model of *social embeddedness* (Waldinger 1995). As shown in other studies, migrant entrepreneurs resort to ethnic resources, in this case, the Romanian workers because they provide cheaper and more accessible labor. (Light 1989, Wahlbeck 2007b, Ram et al. 2008, Walton-Roberts and Hiebert 1997). Undocumented workers who are mostly Romanian and other migrants prevail. Ethnic resources are used to identify and recruit labor, but rarely are the cases of joint business with co-ethnics. Because distrust towards other self employed Romanians in the sector prevails within the Romanian community. Respondents stated they had disputes with Romanians with

whom they were in hierarchical relationships of equality and conflicts started from sharing financial resources.

The development of semi-constant customer networks by Romanians entrepreneurs is very well explained by *relational embeddedness* (Granovetter 1985) as concrete personal relationships and personal networks that generate confidence and discourages abuse. Because of the crisis in the sector, many entrepreneurs faced important losses from unpaid works subcontracted to small and medium-sized Italian companies. Therefore, Romanians are seeking to form semi-stable networks of trusted customers that will pay for the work performed and to mitigate abuse. Other strategies to maintain on the market and development are: continuous investment in equipment, training and specialized courses for various tasks on the construction site, employment practices for unregistered workers, learning new technologies and the use of new materials, avoiding work for companies and focusing on Italian individuals, high mobility, performing works all over the north-east area, the closure of companies with debts and starting other companies managed by the wives or other relatives.

The status of entrepreneurship has brought them a higher social status than they had in the period when they were employed, by developing human and social capital, through empowerment and recognition from the Romanian and Italian community, and less through economic capital. Human capital due to the status of entrepreneur is shown through a better knowledge of laws, the development of negotiation skills with clients, enrollment in various training and improvement courses, they learned to make estimates, invoices, the understanding of tax systems, computer skills (various programs) for business, they used new technologies and materials. The type of the sector, which is constantly changing, compels the Romanians to acquire new skills, to learn to use new types of materials to stay on the market. The social capital due to the status of entrepreneur is manifested through contacts and relations with other Italian businessmen, members of the Italian high society (because most of the Romanians work for other Italian companies or wealthy Italian individuals). Most of the Romanians stated they had a more extensive network of connections, developed during entrepreneurship and to which they may appeal for the development or startup of other business plans. Although entrepreneurship brings some social costs such as high stress and risk, longer and harder working hours, less time for holidays and family, most Romanians do not want to return to employee life, because they want an independent, more satisfying life and challenges.

Empowerment manifested more at personal level by changing power relations between former Italian bosses and Romanian entrepreneurs (in this sector, many of the Romanians still keep contact with former Italian bosses, they even perform work together). An important aspect of empowerment is that through entrepreneurship, the skill, ingenuity, quality of the service belongs to the Romanian professional and not to the company where he worked as an employee. They have full independence to negotiate with customers. Small Romanian entrepreneurs are not community leaders, do not get involved in volunteering and are little known by other Romanians who do not belong to the circle of friends or family. The status of entrepreneur did not bring them profits much higher than in the period when they were employed, and even if there were greater gains, they had to be distributed among employees/workers, investment for the business, taxes to the state and then the profit of the company owner is calculated. Although there is the possibility of high earnings in short periods of time, this money is invested for the company's needs. Economic capital itself is not considered to be an important feature of the social status.

In the Romanian community in Italy there are two discourses that place the Romanian entrepreneurs between recognition and hostility. The first discourse highlights the status of the Romanians as victims (experienced large losses, Italian employers force them to open businesses so that they may work with them, earnings are low), and the status of the Romanians as abusers (use *tricks*, do not pay their employees, do not pay state taxes). The second discourse is the one that highlights the high social status of the Romanians because they are considered a pride of the community, they are respected, they become a source of information for aspiring entrepreneurs and become role models for others. Romanians have reported some hostility from Italians, they would appeal less to their services, make addresses to the financial department, would give up their friendship. The Italian's hostility manifested mostly towards the Romanians who have opened businesses in Romania, but provide services in Italy. In Romania, half of them are known by the status of entrepreneurs in their towns/villages of origin, and this status brings prestige, moreover, they participated in the local elections, financed the parish in the village, built roadside crosses and bought various objects for the village churches, have brought workers from their village for the company in Italy, they are known by their business they have or have had in Romania.

Most of the Romanian entrepreneurs have a transnational orientation and they intensively use social capital and networks in their country of origin and the host country for the development of current or future business projects (Drori et al., 2009, 1004, Portes et al. 2002). Several distinct categories of transnational entrepreneurship have been identified: **Romanians who**

want to open a business in Romania as well - many of them stated they have knowledge networks/relationships which they can use to develop new business ideas in Romania, but haven't initiated business plans yet, because they cannot control very well the directors appointed to manage the business. These Romanians economically operate in Italy, and Romania is visited for holidays and occasionally for construction works to friends and relatives. They are more likely to develop future business in Romania. **Those who started a business in Romania, but have failed** say that the failure was caused by the mentality of the administrators appointed (more among relatives) to manage the company in Romania, corruption and public institutions' attitude. Although they were unsuccessful in their attempts to do businesses in Romania, they have a positive perception of the country of origin on the business opportunities, but less positive about the social services it can offer. In this group there is only one Romanian working regularly and consistently in the two countries, in constructions, he **had set up companies in both countries and has work requests in both countries.**

Some of the Romanian migrants in Italy who own small construction companies started companies in Romania as well in order to register their workers who were also migrants with residence in Italy as employees of the company in Romania and then relocate them to the company in Italy. The procedure was carried out to take advantage of more favorable tax regime of Romania in respect of wages and social contributions. In this group there are two entrepreneurs who use the relocation practice to support companies and activities in Italy. While most Romanian entrepreneurs in Italy observe the business opportunities in Romania (as the construction sector in Italy is in recession) and want to develop further business, this is not the case about the desire to return home. They prefer to live in Italy which is considered to be a safer environment for their families.

Small Romanian entrepreneurs believe that entrepreneurial experience in constructions has changed their mentality, has changed business and labor practices that they were used to. The main attitudes, values, mentalities and practices that have been internalized by the Romanian entrepreneurs who had the entrepreneurship experience in the country of origin are: modesty, the business owner works alike his employees/workers, the construction site cleanliness, punctuality, attention to detail, specialization in a particular field in the sector, the negotiation with clients.

There are numerous changes in the mentality and business practices of Romanians who learned the craft in Italy and practiced it as an entrepreneur. But these practices and attitudes were transferred to a small extent to the home country, because few of them have managed to

build up strong business in Romania, but have great potential. Most Romanian entrepreneurs wish to invest in Romania, having a positive perception of the tax system and business opportunities, but feel they are not encouraged to invest their money in the country, because of corruption, institutions and people's mentality. The small Romanian entrepreneurs in Italy in the constructions sector have a transnational orientation; they use resources and capital in both countries (Italy and Romania) to develop current and future business plans.

4. The findings for the trade sector

The path to entrepreneurship in food trade was not similar to the Romanian entrepreneurs in constructions, progressive in the same sector to the status of self employed craftsman, is different depending on the human capital of Romanians before migrating, degree of access to resources, social and economic capital of both countries, Italy and Romania. Trade sector has higher entry barriers than the constructions sector and knows a stronger regulation. To start a business in the food trade, Romanians have completed a training course that gives them the necessary certification - called SAB - *Somministrazione Alimenti e Bevande*. According to the scientific literature, the Romanian entrepreneurs in commerce with traditional food may be referred to as cultural entrepreneurs (Landolt et al. 1999, Palmer 2007, Ambrosini 2012, Zhou and Logan 1991, Zhou 1992, Wilson and Portes 1980, Portes and Jensen 1989) because they sell the symbols and products of their culture, depend on ethnic resources and address to an ethnic market. Research results show that several structural factors led to the development of trade with traditional Romanian products, namely: free movement of merchandise (Romania's EU accession), the ethnic market, ecological succession and blocked mobility (lack of jobs in Italy). The Romanian food trade in Italy is composed of two major players such as wholesale warehouses and Romanian neighborhood convenience stores, developed in Italy with Romania's access to the intra-community single market. But small businesses with Romanian traditional products emerged in Italy since 2000. The pioneers are Romanians who had trade experience in Romania as well and were the first to understand the potential of ethnic market and Romanian products in Italy when the Romanian population was growing. The pioneers opened the first stores in 2004-2006 and sought the right channels to import or manufacture Romanian products in countries such as Germany, Slovenia, Poland and Italy. Many pioneers expanded their businesses after 2007 when they developed import channels from Romania to Italy, and thus from one store they came to own warehouses, wholesale and retail chains in Italy. *Ecological succession* or *vacancy chains* explain migrants' access to the trade sector.

Ambrosini (2013) and Simon (1990) argue that natives were not satisfied with their social status offered by owning a convenience store, moreover, these businesses became unprofitable for them, because of the supermarkets, so many natives gave up to their small business. Therefore, migrants began to have access to this sector. Ethnic market plays a key role, because it started the demand for traditional products based on what the economic activities of entrepreneurs were developed. Although Romanians had grown accustomed fairly quickly to the Mediterranean diet because it was considered healthy and not very different from Romanian diet, some foods could not be found on the Italian market, or if the necessary substitutes existed they did not taste like *home*. Romanian migrants have not given up entirely on traditional Romanian cuisine. This phenomenon occurs because the food not only feeds the person, but it attaches certain meanings/symbols/feelings/identities that remind him/her of home, family (Mata Codesal 2010). According to the Padua Chamber of Commerce and Industry (2013), most companies in the food sector belong to women. Field research has shown, however, that these are rather family business, and even if they are registered on the wife's name, both husband and other family members can be met at the store. The theory of disadvantage (Volery 2007, Zhou 2004, Waldinger et al. 1999) explains the situation of women in this group, some of them failed to find a job, so they created their own job by opening the Romanian store.

In addition to structural factors, individual factors are of particular importance, such as: the desire for autonomy, freedom and passion, gender, human and social capital. Most men in this group based their decision to open a business on the desire for autonomy, freedom and passion. Before opening the store they had stable jobs with competitive salary, but they wanted more, they wanted to be independent. While the idea of autonomy has driven the entrepreneurial activity, it was supported by the already existent human capital of the beneficiaries (from previous experience of trade business or other fields, management positions they had in factories and companies but also from direct working experience in food trade in Romania and Italy) and their ability to use both the social capital of Italy and Romania. The business was opened during the period of stability of the respondents who held a residence permit, had a job already, were familiar with Italian institutions and spoke fluently the language. Women entrepreneurs, on the other hand, opened the business as a solution to reconcile the role of mother with the financial support of the family and the need to create a job (Padilla 2008). In most cases, the store opening and the business registration on the wife's name is the decision of their husbands or is a decision that was taken in consultation with the family. The Romanian store, as far as women are concerned, is associated with a *business of*

need so that women can have greater freedom to raise children, but also to bring a minimum family income.

In the Romanian food trade sector in Italy there are 3 types of entrepreneurs identified by the present study, as follows: *pioneer entrepreneurs*, *made entrepreneurs* and *solitary entrepreneurs*.

The *pioneer entrepreneurs* are the pathfinders of this trade, they had the trade experience in the home country and opened the first stores in Italy in 2004-2006, found the right channels to import and manufacture products in Italy and they are those who have developed relationships with manufacturers in the country after Romania's EU accession. They own wholesale warehouses and retail chains. These pioneer entrepreneurs used *bridging social capital* in the phase of decision making, prospecting and initiation, and for the actual development of the business which included the identification of employees, customers and suppliers, the entrepreneurs have used more the *bonding social capital*. The *made* entrepreneurs are the ones who were determined to open a Romanian store by the family members and relatives who already had warehouses and stores. The stores were opened in 2007-2013. In such cases, ethnic resources and trust that is generated by belonging to the same ethnic group as well as the kinship, created perfect preconditions to develop these stores. For *made* entrepreneurs, the *social bonding capital* was the initiator and the support mechanism, confirming the results of other studies on social *bonding* capital as important factor in setting up and developing ethnic businesses (Ram et al. 2008, Lassalle et al. 2011, Wahlbeck 2007a). *Solitary* entrepreneurs, with no relatives or family members involved in this trade used a mix of *bridging social capital*, *bonding* and *human capital* on which they based their decision to open. They relied more on *bridging capital* to access the capital resources and not on the *bonding* one. Their business ideas came indirectly through entrepreneurial inspiration from models that already existed. The industrial identity of the sector (trade and construction) made the Romanians rely on different types of capital in the initiation and implementation phases of the business. For example, the Romanians who opened small businesses in constructions used more the *bonding capital* to start a company (consulting the other Romanians, members of the family or relatives and friends for the set up of the company) and in the phase of implementation of the business they used *bridging social capital* (former Italian bosses, other Italian entrepreneurs, Italian friends) in identifying customers (which are entirely Italian). For the Romanians in food trade, the situation is the other way around. Especially among the Romanians who are considered *pioneers* and the *solitary entrepreneurs*, they have not asked for the help of other Romanian traders during exploration, but have relied more on human

capital and used *social bridging* capital to access financial and informational resources. The different use of the capital occurs because the identity of trade sector is different from the construction sector. The Romanians could not base the decision to open on the advice of other Romanians who had already opened a store because of the competition, then because the initial investment is much greater than in constructions, they used social *bridging* capital (the former Italian bosses, friends, Italian banks). In the implementation phase of the business, the Romanians from the trade field resorted to *social bonding capital* to attract customers (who are mostly Romanian) and identify suppliers (who are wholesale warehouses and manufacturers from Romania). Unlike the Romanian entrepreneurs in the construction sector, for the *made* entrepreneurs in the trade sector the *bonding social capital* is used both as the basis for opening a Romanian store, but is also the support mechanism throughout the business development.

This group presents a clear distinction between men and women entrepreneurs. The first are entrepreneurs of opportunity and the women are entrepreneurs of necessity (Verheul et al. 2010). Comparing the situation of Romanians in constructions with the Romanians in food industry, the last ones showed the most signs of entrepreneurs of opportunity especially for pioneer entrepreneurs and the solitary ones.

Market strategies of the Romanian entrepreneurs from the trade sector to maintain on the market are a mix of transnational, ethnic and cosmopolite resources. Although it is an incipient process, the Romanian entrepreneurs from the trade sector are trying to break out the ethnic market. Most stores are direct importers of Romanian food to keep prices affordable for customers, to have products with a longer shelf life and a wider range. The types of suppliers for Romanian stores are: directly from Romanian manufacturers, wholesale warehouses from Romania, Italian wholesale warehouses, wholesale warehouses in Romania with offices in Italy, direct manufacturers of Romanian products from Italy. Most of the stores use a combined supply where the largest share is held by direct producers and wholesale warehouses from Romania. Although the scientific literature (das Gracas Brightwell 2012, Wahlbeck 2007b) explained that most of the small entrepreneurs in the food trade don't import products directly from the country of origin, but buy more from the wholesale warehouses in Italy, the Romanian entrepreneurs in this sector are importing directly from Romania. This can be explained both by Romania's accession to the single market, by territorial proximity, and the development of the relationship with suppliers as well as internet and telephone communication with manufacturers and suppliers, online orders, development of the transport companies.

The ethnic resources used by the Romanians relate more to the labor force and to the fact that the Romanian store is a family business. The family members help or even work together with the owner. Most employees are women and are generally recruited among family members, relatives, acquaintances, friends, and often through referrals.

In the Romanian food trade sector in Italy mistrust and suspicion between entrepreneurs prevails, even if they are not direct competitors. There are rivalries and conflicts observed between *pioneer entrepreneurs* and others (Flot-Fresnoza and Pecoud 2007) who are identified by the first as imitators. The first ones proudly claim themselves as pioneers, because they consider they came up with the idea, developed channels for transport of goods, developed relationships with manufacturers, have effectively transferred practices to the Romanian producers and coped together with problems, and the others just copied the way. Romanian stores have mostly Romanian clients, but many of them have started to sell food to other migrants from Central and Eastern Europe as well, and wholesale warehouses have as clients not only the Romanian stores, but butcher shops and Italian neighborhood stores as well.

The research shows that entrepreneurs try out the *break out* strategies (Waldinger et al., 1990, Basu 2011) not limiting to Romanian consumers to stay on the market. They start using their cosmopolite skills, which means attracting resources from multiple ethnic, cultural backgrounds in the interest of the business (Pecoud 2004). In the food trade with Romanian products in Italy there is a high rate of bankruptcies and a short life business, due to high competition, the high taxes, high prices charged for food, declining purchasing power of Romanian consumers, combined with the presence in the Italian butcher shops and supermarkets of the Romanian products. In these market conditions, the Romanian entrepreneurs use the following strategies to stay and develop on the market: cosmopolite trade by selling products from several cultures of Central and Eastern Europe, attracting Italian customers by arranging butcher shops within stores, the status of importer - most Romanian stores are importers, they can have control on product prices and a wider range of choices, avoid keeping stock of goods, continuous investment in labour instruments, emphasis on product quality, attempts to penetrate the general market – owners of the warehouses want to supply Italian supermarkets and butcher stores, attention to the spatial factor - location of the store is paramount to business success. Entrepreneurs take into account several aspects in finding the right place for the store, such as: positioning near factories or industries where Romanians work, close to a supermarket where Romanians shop, to be positioned in a community of orthodox Romanians, no Romanian store nearby, to have a parking lot.

Independent economic activity has brought considerable gains in human and social capital to both Romanians in the construction sector and the food trade sector, which offered a higher social status than they had in the period when they were employed. In addition, for the Romanians in the food trade, these capitals are not local but transnational, knowledge on Italian and Romanian legislation regarding food imports and exports, tax systems and markets both in Italy and in Romania. They have direct links with manufacturers and other businessmen (Romanian or Italian) from Romania and Italy.

Empowerment does not occur only on a personal level for entrepreneurs in trade, they have become central figures in the community, and this is due to the nature of food trade sector. The need to promote more and attract customers made the Romanian owners try to be more visible in the Romanian community, offering other types of services in addition to the actual selling of products (counseling, rents advertising, promoting other Romanian businesses, sale adds, money exchange, telephone services). This transformation is available both for men and for women entrepreneurs, pioneers, made entrepreneurs and solitary ones. Pioneers have a greater presence in the Romanian community, but also within the Italian public space. They consider themselves not only community leaders but also market leaders. If the owner becomes adviser, leader and educator for the Romanian community, his/her store becomes a meeting center for Romanians, plays the role of an information point, and they become visible actors in promoting Romanian gastronomic culture, they gain identity. In the stores, the information is transferred to the community; it works as an intermediary of information flow. The economic capital, as in the case of Romanians in constructions, is not considered to be a visible result of entrepreneurship, the differences between the period in which they were employed and the entrepreneurship period are very small. For the Romanian entrepreneurs in the trade sector, the positive discourse of the Romanian community prevails, they are considered cases of *upward social mobility*, brave, they are respected for the free aid they give to the community through free services in addition to the actual sale of food. And women are regarded with respect because they can combine the role of mother and contributor to the family budget. Negative discourse relates more to the quality of products sold. There have been reported cases where a Romanian customer bought expired or degraded merchandise. Romanians own assessments of how entrepreneurs are perceived by others are more negative than the assessments of the members of the Romanian community. Most believe that they are envied and regarded with hostility. They believe that Romanians are not proud of their gastronomic culture and would rather go to the supermarket than to buy Romanian products,

they buy in case of need or when they crave, and they buy more on holidays. Romanian entrepreneurs in the trade sector felt they were treated with more respect by the Italians now than the period in which they were employed, because to own a family business is a way of life for the Italian society.

Only a small part of Romanian entrepreneurs in the trade sector are known in the towns and villages of origin by the status of entrepreneur in Italy, because they hired people from the community for their business, financed village events and helped the church, had business in Romania as well.

Although the trade sector is transnational and Romanians are more connected to the realities of Romania (by their direct suppliers from Romania), they are not known in the village/town of origin by the status of entrepreneurs, because they visit rarely. Procedures of supply and transportation of goods from Romania to Italy occur online and by phone, and the owner does not travel himself across borders, or if he needs to visit Romania, he travels at maximum to the border towns where his suppliers or the transport companies are.

Because of the trade with Romanian food in Italy, which is very transnational, both financial resources were brought to Romania due to the fact that most Romanian entrepreneurs have the status of entrepreneur and buy products directly from manufacturers and warehouses in Romania, as well as bidirectional social remittances (Levitt 1998, Mata Codes 2011). That is, through trade certain values, practices and mentalities were transferred both in Italy and in Romania. In Italy, the Romanian food trade has led to changes in the attitude of the Italian owners of butcher stores and corner shops. They are also attracted by the opportunities of the ethnic market, selling meat products and Romanian products, using the Romanian labor force. A behavior that violates the Italian rules of coexistence and is considered a negative habit that was transferred through trade in Italy is the behavior of some Romanian customers to gather in groups in front of the store, engaging in loud conversations and consumption of alcohol. *On the tab* practice is widely used by Romanian stores in Italy for the trusted Romanian customers.

The practices transferred to Romania relate more to the continuous and developing relationship and adaptation of the owners of shops and warehouses in Italy with the producers from Romania. Although it was and continues to be a tumultuous relationship, with problems on both sides, their collaboration led to the development of infrastructure for the supply and the procedures to be followed. Because of the Romanian store owners, some manufacturers have translated the contents of the product in Italian as well, they begin to transport the

merchandise to the location where it will be transported to Italy, the orders can be placed online and by phone.

For the Romanians in the trade sector, the perceptions about Romania are more negative than for the constructions sector. Only few of the Romanians in the trade sector opened business in Romania as well, but they are used to support those in Italy. Pioneer entrepreneurs opened wholesale warehouses in Romania also to collect and gather cargo transported to Italy. There are few Romanians in trade who want to open a business in Romania, they have not made the necessary preparations on the impression that the business environment will not work because of the hostile mentality. There are also cases that have opened business in Romania while living in Italy, but the lack of their constant physical presence and mentality of people has led to the short life of their business. Among the most important changes in mentality and practices are: modesty, working beside the employees, employee respect, honesty, great attention to product quality and health rules and legislation.

Romanian entrepreneurs in the trade sector are less attracted to capitalize business interests in Romania, because being naturally connected with the country of origin through trade, they could notice more easily the system problems and attitude of stakeholders. Romanian pioneers who have large turnovers, holding chains and wholesale warehouses, would like to invest in Romania in other businesses, but, as with Romanians in constructions, they do not feel encouraged by the Romanian state. One may notice that although Romanian food trade is transnational by nature and Romanian owners are constantly connected with the home country (through their suppliers, transport companies or businesses opened in Romania as well – wholesale warehouses to support those in Italy), their business interest in the country of origin remains minor.

The research demonstrated the usefulness of the integrated migrant entrepreneurship approach and the importance of industrial identity of the companies set up by migrants in accessing and using resources, and the social mobility and transnational practices. And it explained the functioning of the Romanians' small business in trading and construction in the Northeast of Italy. The small Romanian entrepreneurs have a rich relational and social capital and have great potential in the development of the Romanian business environment, some of them hold or have held business in Romania, but these companies are used more to support companies in Italy (relocation of workers in the constructions sector and opening the wholesale warehouses in Romania for preparing, collecting and transferring cargo to Italy in the trade sector). Most Romanians in constructions want to open business in Romania as well, but their main obstacle

is the negative perception of the institutional environment, the mentality in Romania, but also the idea that a business that is remotely managed is doomed to failure. Romanians in the trade sector are less interested in opening other types of business in Romania, the most interested are the pioneer entrepreneurs who own chain stores, wholesale warehouses in Italy, but also in Romania, and are interested to invest in other business ideas. The research is a warning for the public authorities in policy making in order to create a harmonious space of development for the Romanians who have entrepreneurial initiatives. Romanian entrepreneurs in Italy (especially those in the construction sector) have not lost touch with the country of origin, moreover, they want to invest in Romania as well, some have already taken the steps and the Romanian authorities must provide the right environment to transfer business practices.

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