

Immigrant Entrepreneurship in Romania. Policy Implications.

Raluca Mariana Grosu,
The Faculty of Business and Tourism
The Bucharest University of Economic Studies, Romania.
E-mail: raluca.petrescu@com.ase.ro

Abstract

Even though Romania is an important provider of immigrants, especially for the European Union members, in the past years this became an attractive destination also for immigration. Different migration purposes are targeted, such as family reunification, labour, and even business. Immigrant entrepreneurship is becoming a phenomenon with an increased visibility in Romania. In this context, research on immigrant entrepreneurship is needed, mainly for providing a wide image on it and to raise awareness among policymakers of its importance and complexity. With this aim, a pioneering research in the area has been carried out during 2014 and 2015. Based on the information gathered via it and on information obtained from the literature review process I have developed the present paper in order to design a series of policy recommendation for supporting, promoting, and enhancing immigrant entrepreneurship in Romania. Financial, fiscal, institutional, administrative, organizational, social, and educational aspects are envisaged.

Key words: Entrepreneurship, migration, immigrant entrepreneurship, policy, Romania
JEL Classification: J 60, M 10

1. Introduction and Brief Literature Review

Complex and controversial phenomenon, entrepreneurship is in the attention of scholars, policy makers, politicians etc., each category being interested in different directions such as its proper investigation, promotion, support, management, etc.

The connections between entrepreneurship and international migration have been intensively studied in the scientific literature. Among the main models of influence between the two phenomena, immigrant entrepreneurship can be placed. Even is frequently encountered in the scientific literature as ethnic entrepreneurship or minority entrepreneurship, the concepts are slightly different. A clear clarification is highlighted in Basu (2006): immigrant entrepreneurship is specific to immigrant entrepreneurs, ethnic entrepreneurship to ethnic entrepreneurs, and minority entrepreneurship to entrepreneurs belonging to a minority group. Furthermore, delimitations arise from the meanings of the concepts of immigrant, persons belonging to an ethnic group or to a minority one. The concept of 'immigrant' is well described in the definition offered by Eurostat (2011): "immigrants are people arriving or returning from abroad to take up residence in a country for a certain period, and that have previously been residents elsewhere. According to the 1998 United Nations recommendations on the statistics of international migration (Revision 1), an individual is a long-term immigrant if he/she stays in his/her country of destination for a period of 12 months or more, having previously been resident elsewhere for 12 months or more". Persons belonging to an ethnic group have a common culture, history, language, etc. and usually, from business perspective, they tend to develop an ethnic economy. Persons belonging to a minority group are the ones that do not belong to the majority. Minority groups can be established by different criteria, such as ethnicity, religion, etc. As a short conclusion, (Basu, 2006, p. 582) outlines that "an ethnic entrepreneur may or may not be an immigrant but it is likely to belong to a minority community". In this paper, as in others I have developed on the subject and in the pieces of research I have been carrying out, I support the ideas promoted by Basu (2006). I do not use the terms of immigrant entrepreneurship, ethnic entrepreneurship, and minority entrepreneurship in an interchangeable way; I consider immigrant entrepreneurship specific only to immigrants (Grosu and Saseanu, 2014; Dinu, Grosu and Saseanu, 2015; Grosu, in press). However, this may be part also of ethnic and minority entrepreneurship as immigrants, may represent a minority group and they belong to ethnic groups. Furthermore, according to Portes and Baach (1985) cited in Peredo et al. (2004, p. 14) "ethnic entrepreneurship almost always addresses the issues of immigrant populations and the situation of relatively newcomers to a particular region or nation".

Specific scientific literature on immigrant entrepreneurship is quite vast, different investigation areas being explored: "policy implications and recommendations, business

orientation, profile of the immigrant entrepreneur, differences between countries, immigrant entrepreneurs' needs, motivations and potential, comparisons with local entrepreneurs, evaluation of immigrant ventures, entrepreneurial and management styles and strategies, factors with impact on the development of immigrant entrepreneurship, first and second generations of immigrant entrepreneurs etc." (Grosu, in press).

In what concerns the relationship between policy and immigrant entrepreneurship, this is in the attention of policy makers, representative figures of the public environment, scholars, etc. There are important official documents and papers outlined in the scientific literature that focus on policy-immigrant entrepreneurship connection.

For example, in the renewed Global Approach to Migration and Mobility of the European Commission (2011, p. 20), migrant entrepreneurship is part of priorities this should focus on, under its fourth pillar: "Private-public partnerships to engage migrant entrepreneurs and SMEs in trade, investment and skills transfers between European Union Member States and partner countries". From another perspective, The Entrepreneurship Policy Framework and Implementation Guidance elaborated by the United Nations (2012) promotes entrepreneurship development in ethnic and minority groups (immigrants included) among the policy objectives and recommended actions.

Considering the studies promoted by the scientific literature, in one developed by Kloosterman (2003) it is emphasized that there are three types of policies with direct, indirect and/or through enforcement/non-enforcement impact on the entrepreneurial environment, in general, and the one specific to immigrant entrepreneurs, in particular. They refer to the size of the market domain, to accessibility (lowering the thresholds of markets), and to the growth potential of markets. If many economic activities are transacted in the market and commodification is almost unlimited, a lot of opportunities for business start-up arise for entrepreneurs. In the Netherlands, programs aimed at increasing the level of female labour participation, or at reducing the thresholds of markets by deregulation and by fiscal means (especially in order to reduce the costs of capital and labour) impacted on immigrant entrepreneurship. Also, regulatory revisions in order to facilitate business start-ups and exit from a business were auspicious for immigrant entrepreneurship

Investigating the policies with influence on migrant entrepreneurship in Germany, Kontos (2003) outlines that during time, different measures have been taken in order to promote and sustain self-employment among less privileged groups, immigrants included. They refer to the adoption of a 'Bridging Allowance Scheme'; development of self-employment programs like training, mentoring, and consulting; elaboration and implementation of programs designed for immigrants where self-employment is among their objectives. The 'Bridging Allowance Scheme' was especially designed for employed persons who started their own business, that

receive an allowance for up to 6 months equal to "the level of unemployment benefit plus the social insurance costs of the entrepreneur" (Kontos, 2003, p. 121). It was also applicable to immigrants; their participation rate varied between 2 and 5%.

Collins (2003) highlights that in 1976, in Australia, the Entrepreneurial Migration Category was introduced; however, the name changed during time. This "allowed immigrant entrepreneurs with detailed business proposals and capital to enter Australia as migrant settlers" (Collins, 2003, p. 142). Also, racial discrimination on the labour market impacted on immigrant entrepreneurship in Australia. This prevented immigrants to enter to the labour market, orienting them to follow an entrepreneurial career. On the other hand, at micro level, there are three areas of government policy and practice that influence immigrant entrepreneurship: "education and training for immigrant entrepreneurs and their workers; helping unemployed immigrants to become entrepreneurs; and policy issues related to red tape and communication between immigrant entrepreneurs and all levels of government" (Collins, 2003, p. 143).

Millan, Congregado and Roman (2014) advocate the idea according to which entrepreneurship among ethnic minority groups is promoted as a means for reducing unemployment in the labour market related policies.

At national level, the scientific literature is in an incipient phase, studies being oriented towards effects of immigrant entrepreneurship on the supply of goods, challenges faced by immigrant entrepreneurs in their entrepreneurial process and in the construction of a cultural identity, specificities of immigrant entrepreneurship in Romania (Constantin, Goschin and Dragusin, 2008; Grosu and Saseanu, 2014; Grosu, in press). Researchers' interest in the subject is not very pronounced, maybe, due to the fact that Romania is more a provider than a receiver of immigrants (Grosu and Constantin, 2013).

However, Romania is becoming a very attractive destination for immigration and immigrant entrepreneurship is becoming very visible. In order to raise awareness among policy makers for a proper management of this phenomenon, during 2014-2015 I carried out a pioneering research on immigrant entrepreneurship in Romania, focusing on qualitative research methods.

Based on a series of information obtained via this research and from the literature review process, in this paper I aim at outlining various directions for policy recommendations in order to support, promote, and enhance immigrant entrepreneurship in Romania. In this sense, I have structured the present paper in three parts. The first one puts forward some methodological explanations, while in the second one I have emphasized the main information obtained via the research. The third part of the paper outlines some policy recommendations. The paper ends up with a series of final considerations.

2. Methodological Aspects

I elaborated this paper based on information obtained via the qualitative research I have developed among immigrant entrepreneurs in Romania during 2014 and 2015 and via the literature review process.

The carried out research aimed at providing a wide image on immigrant entrepreneurship in Romania in order to raise awareness among policymakers on the phenomenon's importance and complexity. Its objectives were the analysis of immigrant entrepreneurship in Romania, the development of the immigrant entrepreneur profile, and the design of guidelines for policy elaboration in the area of immigrant entrepreneurship.

The qualitative research was based on semi-structured interviews developed with policy makers, representative figures of the Romanian business environment, authorities and representative figures of the most important immigrant business communities in Romania, and immigrant entrepreneurs. I have carried out 17 face-to-face semi-structured interviews with Turkish immigrant entrepreneurs, one with a Cypriot immigrant entrepreneur, two with Italian immigrant entrepreneurs, four with Lebanese immigrant entrepreneurs in Romania and 3 with representatives of the Turkish business community in Romania. Also, I have conducted one semi-structured telephone interview with one representative of the General Inspectorate for Immigration in Romania, and two semi-structured interviews (one carried out by telephone and one by e-mail) with representatives of the National Office of the Commerce Registry.

In order to establish the research sample, I have used the snowball sampling technique and the purposive one. This was mainly because in Romania, there is not a clear evidence of the number of immigrant entrepreneurs. The only international component in an enterprise registered by The National Office of the Commerce Registry refers to the foreign participation to the capital. An enterprise with foreign participation to the capital is one started - in part or in totality - through the participation of private individuals or corporate entity with their stable residence or their headquarters outside Romania (Ministerul Justitiei, Oficiul National al Registrului Comertului, 2008). Taking into consideration the definitions of the terms 'immigrant' and 'immigrant entrepreneurship' used in the research, it can be deduced that the previously statement does not refer to immigrant entrepreneurial ventures. However it may emphasize some other aspects related to international entrepreneurship. The General Inspectorate for Immigration registers immigrants according to their migration purpose in Romania (work, business start-up, family reunification, etc.) but does not have a clear evidence on the real materialization of immigrants' entrepreneurial intentions.

Based on confidential reasons, the identity of the interviewees is not revealed. All the interviews I carried out were based on an interview guide. In case of the face-to-face

interviews, these were formal and the number of questions addressed or the order in which they were addressed varied from one interviewee to another, in accordance with the interview's way of development. In general, the interviews were one-to-one type, they took place at the interviewees' office and they last, in average, for 25 minutes. However, there were also situations in which the presence of another person - especially translator - was necessary.

3. Brief Research Results

The information gathered from the carried out interviews was processed and analysed using the inductive approach.

In a very brief and schematic means of presentation, further on I outline a series of information obtained from the research:

- Romanian authorities and policy makers are quite aware of the development of immigrant entrepreneurship in Romania and are concentrating their efforts towards its proper management. In this sense, they strongly collaborate with foreign authorities in Romania and also with representative organizations of the foreign business environment in Romania. However, a proper evidence of immigrant entrepreneurs in Romania is not very clear. Also, immigrant entrepreneurs consider that a higher involvement and implication in the promotion and support of the phenomenon is needed.
- Immigrant entrepreneurs are active in almost all the economic sectors in Romania, being concentrated mainly in the Bucharest- Ilfov NUTS 2 region.
- Romania is considered to be an important market, quite large and attractive for both the production and selling of goods.
- Romania has a good geographical positioning and offers the possibility for goods transport on different ways: water, land, and air.
- Member of the European Union, Romania offers a facile access for immigrant entrepreneurs to other member states, to surrounding markets, and to its neighbouring countries.
- Romanians are perceived as being very friendly, welcoming, and hospitable people. They are trustworthy collaborators and very good customers.
- Romanian workforce is considered to be, in general, highly skilled and quite low cost.
- Immigrant entrepreneurs create many jobs mainly for Romanians and pay their taxes, contributions and obligations to the Romanian tax system.
- Some of the immigrant entrepreneurs are very well represented at organizational level. For example, Turkish entrepreneurs are organized in professional associations (Turkish Businessmen Association - TIAD) that aim to develop win-win type bilateral connections between Romania and Turkey, from economic, social, and cultural perspectives. These

organizations support their members and, in the same time, represent an important partner for the Romanian authorities.

- In general, immigrant entrepreneurs, through the services and/or products they develop, address mainly Romanian customers. However, there are also situation when the entrepreneurs aim to target only the immigrant community market.
 - There are some obstacles immigrant entrepreneurs perceive in their entrepreneurial demarche in Romania, such as: frequent and rapid changes in legislations, in the economic structure, and in government; bureaucracy; corruption; the taxation system; financial resources; legal constraints associated with their immigrant status; Romanian authorities slightly support immigrant entrepreneurs; etc. Furthermore, the taxation system is not easy to understand, especially if the entrepreneur does not know Romanian. Many entrepreneurs end up learning Romanian by themselves and became very familiar to the Romanian legislative acts after studying them entirely for many times.
 - Language is perceived as a barrier. It is mandatory for immigrant entrepreneurs to have a minimum knowledge of Romanian in order to manage their business.
 - Immigrant entrepreneurs perceive more obstacles from the part of the Romanian authorities than supporting measures.
 - During the 1990s (after the fall of the communist regime), the agencies in charge with foreign entrepreneurs in Romania were offering them some facilities and advantages, even though their main aim was more to monitor the entrepreneurs.
 - At the beginnings of the 1990s, the process of obtaining residence permit in Romania was very facile as the number of applicants was not very high and the legislative frame was not very strict. In present times, the situation has changed and the process became more difficult. The bureaucracy is very high.
 - There are various differences between the business environment in migrants' country of origin and in Romania, many of them arising from the legislative frame.
- In general, immigrant entrepreneurs perceive a quite high degree of discrimination between them and Romanian entrepreneurs.

4. Policy Implications and Recommendations

Considering the information obtained from the literature review process highlighting the praxis - both positive and negative - of other countries more experienced in the area of immigrant entrepreneurship and the particularities of immigrant entrepreneurship in Romania, as outlined by the information gathered via the research, I designed some directions for policy recommendations in order to promote, support, and enhance this phenomenon in Romania. These refer to:

- Initiation and development of a project for a proper evidence of immigrant entrepreneurs. It is mandatory to have evidence of immigrants in Romania, in general, and of immigrant entrepreneurs, in particular. When migrants come to Romania, their migration purpose is registered. However, in case of the ones that immigrate with business purpose, the materialization of the business idea into the initiation and development of an entrepreneurial venture is not known. An useful means for overcoming this gap may be represented by asking the status of the entrepreneur (immigrant, returnee, citizen of the host country without any migratory experience, etc.) when he/she registers a business.
- Special measures in order to support immigrant entrepreneurs in their entrepreneurial process may be taken. For example, incentives - especially financial ones - may be offered to immigrants interested in following the entrepreneurial path. In the same category, a more facile bureaucratic process can be applied for immigrant entrepreneurs.
- Facilitating or just keeping and not frequently changing the legislative frame, in general, more important the one specific to the business environment and to migration.
- The development of special institutions in charged with supporting immigrants in their entrepreneurial process may be useful. Their role may be of offering financial, legal, administrative, etc. counselling and advice for immigrant entrepreneurs, translation services, training, mentoring, etc. Also, these institutions may develop different entrepreneurship and/or management courses and programs for immigrants in order to improve their knowledge, skills, competences, and abilities.
- Offering financial support or facilitating the access to financial sources for immigrants interested in developing entrepreneurial ventures. Micro-credit programs, governmental funds, etc. may be an alternative.
- Entrepreneurship may be "advertised" as an important means for social and economic inclusion in Romania. Different campaigns that highlight successful immigrant entrepreneurs in Romania may be developed and promoted through mass media means, or even Internet and social media in order to raise awareness among other immigrants and to give them an incentive to follow the entrepreneurial career.
- Elaboration of programs that can be supported from European funds especially designed for the integration of immigrants, focusing on self-employment aims. For example, before the adhesion to the European Union and also after, a series of programs targeted immigrants in Romania. However, the orientation was more on integration and labour objectives than on entrepreneurship. In this context for example, in the 2002 Phare Program, the project "Social security for migrant workforce" was developed. This had a value of 1.9 mil euro and it aimed the development of a social security system for migrant workers and the foundation of the Centre for Information and Documentation for migrant workers. Following the project, a

regulatory proposal for ensuring the conformity of the internal legislation with the communitarian one and the strategy on migrant workers were issued. In the 2004 Phare Program (Social Sector), the project "Improvement of the social security for migrant workers" was developed. This had a value of 1.240.719 euro, out of them, 240.313,41 being nationally co-financed. It aimed at supporting the transformation process in Romania in order to strengthen the aquis implementation capacity of the institutions in charge with labour mobility and social security systems coordination (Guvernul Romaniei, Ministerul Muncii Familiei si Egalitatii de Sanse, 2007).

- Elaboration of different means for supporting entrepreneurial manifestations, regardless their size or nature. For example, development of online platforms for supporting handicrafts and handmade products, encouraging this way entrepreneurship among vulnerable groups, immigrants included, may be a valuable example.

However, along with all these, any other measure directly or indirectly oriented towards the business environment, will impact on immigrant entrepreneurship.

5. Concluding Remarks

Immigrant entrepreneurship is becoming a very visible and important phenomenon in Romania, raising the interest of policy makers, representative figures of the public and private environment, academicians, etc. Immigrant entrepreneurs are putting a mark on the Romanian business environment. In this context, research in the area is necessary, mainly for describing the main forms of phenomenon's manifestation in order to raise awareness among policy makers for its proper management.

Based on information obtained from the literature review process and from a pioneering research in the area of immigrant entrepreneurship in Romania, in this paper I outlined a series of policy recommendations for promoting, sustaining, and enhancing immigrant entrepreneurship in Romania. They mainly envisage fiscal, financial, institutional, administrative, organizational, social, and educational aspects.

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