

## THE IMPACT OF THE ENTREPRENEUR CONDITION ON SOCIAL MOBILITY AND SOCIAL CHANGE ROMANIAN SELF-EMPLOYED MIGRANTS IN THE ITALIAN CONSTRUCTION SECTOR

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### **Abstract**

The article focuses on migrant entrepreneurs' agency and explores the determinants of self-employment, on one side, and the relationship between the "entrepreneur condition", the social mobility process and the capacity of transferring developmental values in the communities of origin, on the other side. The study is based on qualitative empirical research involving self-employed migrants from Romania, working in the construction sector in the Veneto Region, in the North-Eastern part of Italy. A number of 24 interviews and participatory observation were conducted with Romanians settled in different provinces and cities of the Veneto Region analyzing their professional paths, the motivating factors for self-employment, the process of social status attainment within the Italian society, the way they perceive themselves within the Romanian community in the host and home country, and finally what kind of resources, values and cultures they have transferred into their communities (in both their host and home countries).

**Key words:** migrant entrepreneurship, social mobility, construction sector, self-employment, entrepreneur condition

### **Introduction**

On the one hand, in political discourse immigrants are considered to be a burden on the social systems of the countries of destination, and a threat to their security and values, on the other hand in the civil society and academic discourses the migrants contribute to the countries' economy both as unskilled workers in 3D jobs, but also as entrepreneurs and highly qualified labour force. The migrant entrepreneur is especially valuable as it creates a job for itself and for others; thanks to the human, social and transnational capital it holds, it can facilitate the development of various types of business connecting the countries of origin to the countries of destination, it provides products, services, cultural symbols needed by the migrant communities. Entrepreneurship is a way to climb the social ladder,

entrepreneurs become a model for other migrants, encourage and mobilize social and economic development in the countries of origin. Migrant entrepreneurship has become a field of study in the sociology of migration itself (Pecaud 2010). It uses the explanatory power of a multidisciplinary conceptual framework in areas such as Economics, Social Economics, Management, Sociology, Political Science, and Public Policy. There is an extensive literature examining the factors that led to migrants starting their own businesses (Waldinger, Aldrich and Ward 1990, Light 1979, Bonacich 1973, Volery 2007, Oliviera 2007, Kloosterman and Rath 2001, Verheul et al 2010, Chrysostome and Arcand 2009, Matricano and Sorrentio 2014), but studies that focus on the impact/outcomes of migrant entrepreneurship on the individual, gender, family, household, social status values, on the country of destination and origin (see Wahlebeck 2004 2007 2007a 2008, Rindova et al 1990, Al-Dajani and Marlow 2013, Nowicka 2013, Newland and Tanaka 2010, Nkongolo - Bakenda and Chrysostome 2013) are less numerous. Typically, studies take into account only part of the phenomenon, or focus on the explanation of the determinants for a group of migrants, several groups of migrants or between groups of migrants and natives, or on the results of the phenomenon, but they are rarely assessed together. Thus, the article aims to contribute to the theory of migrant entrepreneurship by analyzing both the factors, outcomes (social mobility and development) of this phenomenon on the migrant at micro (individual) and meso (migrant communities in the country of destination and origin) level, and their business development strategies.

Migration of Romanians to Italy has been studied extensively and from different perspectives, but mostly considered in the connection between the migration experience and its effect on the upgrading / changing individual values, social position, structure and family relations and the household (Sandu 2010, Anghel 2009, 2011, 2013, Horvath and Anghel 2009, Vlase 2013, Ban 2009, Cingolani 2007, Perrotta 2007). Some studies have understood migration from a transnational perspective and conducted ethnographic research in both regions in Romania and Italy. However, there is no research to thoroughly investigate the case of Romanian entrepreneurs in Italy, only a few studies reached this topic tangentially (Ban 2009, Cingolani 2007, Anghel 2013). Therefore, the article also aims to cover this gap in the Romanian literature, exploring the case of Romanian entrepreneurs in the construction sector in Italy, Veneto Region.

The research approach is ethnographic, and the semi-structured interview and the participating observation were used as research tools.

## Theoretical Background

The paper analyzes the entrepreneurship of Romanian migrants in Italy, using several theoretical concepts which are summarized in the table below:

<b>Dimensions</b>	<b>Theoretical concepts</b>
<b>Determinants</b>	The Interactive Model of Waldinger (1990), The Blocked Social Mobility (Light 1979, Volery 2007), Mixed embeddedness (Kloosterman and Rath 2001) Multiple embeddedness( Glick Schiller and Caglar 2013), Pull and Push factors- necessity and opportunity entrepreneurs (Verheul et al 2010), Social Capital theories ( Portes și Sensenbrenner 1993, Nee and Sanders 2001, Kanas et al 2009)
<b>Outcomes</b>	Subjective Social Status (Diemer et al 2013) Transnational approach on the social status and social change/ development,(Levitt 1998, Faist 2008, Drori et al 2009, Guarnizo 2003, (Neswand 2011, Nowicka 2013) ) entrepreneurship and empowerment (Rindova et al 2009)
<b>Strategies</b>	Mixed embeddedness, the opportunity structure

In the literature on migrants economy there is a number of definitions explaining what migrant or ethnic business means, and the reasons it differs from the general business. Usually, *ethnic* is used to encompass ethnic and religious minorities as well, not only the migrants, but sometimes are used interchangeably. Waldinger (1990) defines this phenomenon *as a set of connections and regular patterns of interactions among people sharing the common national background or migration experience (p.33)*. Meziez et al (2003) uses the term minority entrepreneurs and defines it: *as business owners or self-employed individuals who can be identified with a particular ethnic (geographically or religiously based) group (p.128)* Various names are used for this phenomenon such as: ethnic business and entrepreneurship, migrant entrepreneurship, minority entrepreneurship etc. However, for the purpose of this research, we shall use the term migrant entrepreneurship. There are several main approaches developed by the sociological school explaining migrant entrepreneurship. The

blocked social mobility - which explains that lack of social mobility due to poverty, lack of employment, discrimination and limited knowledge about the host culture may influence the choice of an independent activity by the ethnic group. This theory sees entrepreneurship not as a sign of success, but as an alternative to the lack of employment (Volery 2007, Light 1979). Cultural theories - the orthodox approach considers that certain groups of immigrants choose to start a business or the company is successful due to cultural values that came from the country of origin. This model is taken from Max Weber's ideas. The reactive approach suggests that cultural traits promoting ethnic entrepreneurship are formed as an adaptation to reduced opportunities offered by the host country (Light 1984). Bonacich (1973) argues that minorities (ethnic minorities and migrants) play the role of middleman minorities between the producer and consumer, employer and employee, landlord and tenant, elites and masses (p.583). They are sojourners who are interested in obtaining quick profit from their small business, and then invest the profit to in their countries of origin. The interactive model of Waldinger (1990) argues that migrant entrepreneurship can be explained better by understanding the both group characteristics and the opportunity structures.

Mixed embeddedness is an interactionist approach that focuses on three main components - social capital, markets and state regulations regarding market access (Kloosterman et al 1999, Rath 2000, 2002). For the purpose of the article, Bonding and Bridging Social Capital concepts shall be used from the social capital theories. **Bonding Capital** - refers to the dense network of a homogeneous group of people. Increased research has argued that immigrants have access to dense networks of people of the same ethnicity and similar socioeconomic status. This is useful for ethnic entrepreneurs as it provides solidarity and trust facilitating cooperation and reduces the risks (Kanas et al 2009, 187-188). **Bridging social capital** - refers to contacts with natives and other nations, and these contacts are useful as they connect immigrants to natives and other nationalities. Natives have access to better and more specialised information, so that the connection with the natives can facilitate the entry of immigrants on the overall market of business and jobs. (Kanas et al 2009, 188)

Gap Min and Bozorgmehr (2000) argue that various types of capital held by individuals give rise to different types of businesses. Ethnic resources in the form of loans from family or ethnic group members, cheap or unpaid labour - these resources are important in the setting up of small, family business. Class resources - high education, access to financial capital are

more important than ethnic resources in setting up large companies that require more complicated managerial skills and a fairly large capital (p.710). **Opportunity entrepreneurs** are considered to be those who start a business as they noticed a certain market opportunity and try to exploit it (Reynolds et al. 2012). **Necessity entrepreneurs** decide to start a business because they have no other choice (Chrysostome and Arcand 2009). In the scientific literature there are two approaches to measure the socioeconomic status; the first approach indexes the position of a particular individual in a hierarchy of power by objective relative indicators such as income, wealth, education, occupation prestige. A second approach of subjective social status has a more qualitative view and captures the subject's perception on the positioning into the society. In general, it includes the individual's personal assessment on the social status taking into account (human capital - occupational prestige, income) the social capital - access to information, and cultural capital. In other words, the subjective social status reflects the way in which the person is positioned by its own assessment, differing from the others (Diemer et al, 2013 p.104). For the purposes of this article, the second approach shall be used. The concept of *entrepreneurship as empowerment* is developed by Rindova et al (2009) and argues that some individuals choose to be entrepreneurs not only to aim material gain, but also to overcome one's authority, to be free of certain constraints. These constraints can be intellectual, psychological, economic, social, institutional, and cultural. Schiller and Caglar (2013) recommend than rather analysing the ethnic group within the boundaries of a state, it is better using the multiple embeddedness concept. The concept of multiple embeddedness emphasizes the process by which migrants create, in their business practices, the network of social relationships in multiple social spaces. Social spaces are networks of power that can be located locally or extended transnationally, and connect individuals to economic, political, social and cultural institutions (p.499).

### **Romanian migrants in Italy: from undocumented migrant to European citizen and self-employed in Italy.**

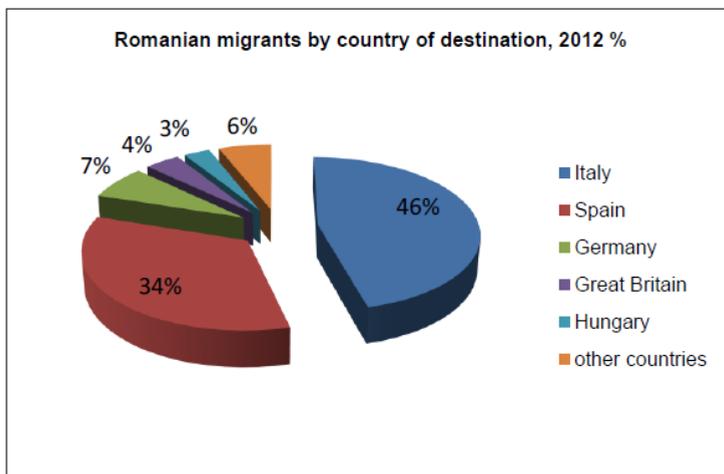
Horvath and Anghel (2009) identified 5 stages of Romanian migration such as:

- a) 1990-1993- after the end of the Communist regime, many Romanians began to migrate to Western Europe.
- b) 1994-1996- EU countries imposed strict policies on access. During

this period more Romanians migrated to Israel, Turkey and Hungary

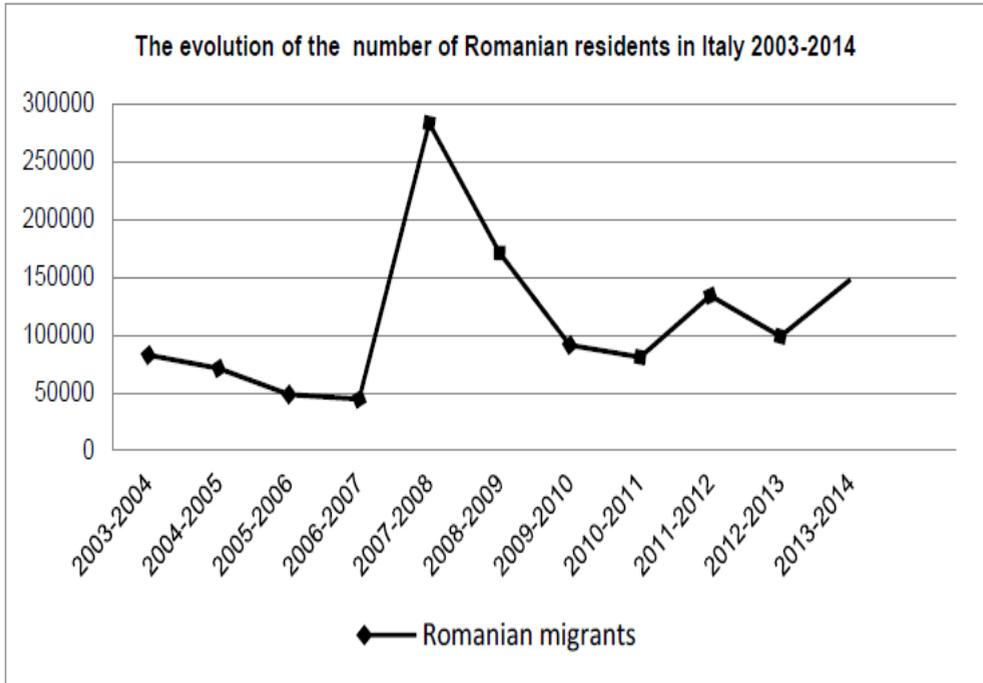
- c) 1997-2001- increase of Romanians' migration to Western Europe, migration was of circular type and the intention to settle in those countries was small. New migration countries are Italy, Spain, Ireland, UK.
- d) 2002-2007- increase of the number of Romanians who emigrated because the risks and cost of migration became smaller. Since 2002, Romanian citizens have the right to travel without visas in the EU (in most EU countries).
- e) Romania's accession to the EU - the Romanians' intention to settle, long-term residencies, increased migration in Italy and Spain (p. 388-389)

2007 was considered as peak year of departure - 458 thousand people emigrated. The countries of destination where most Romanians emigrated are Italy, Spain, Germany, Great Britain, Hungary and other countries (NIS 2003).



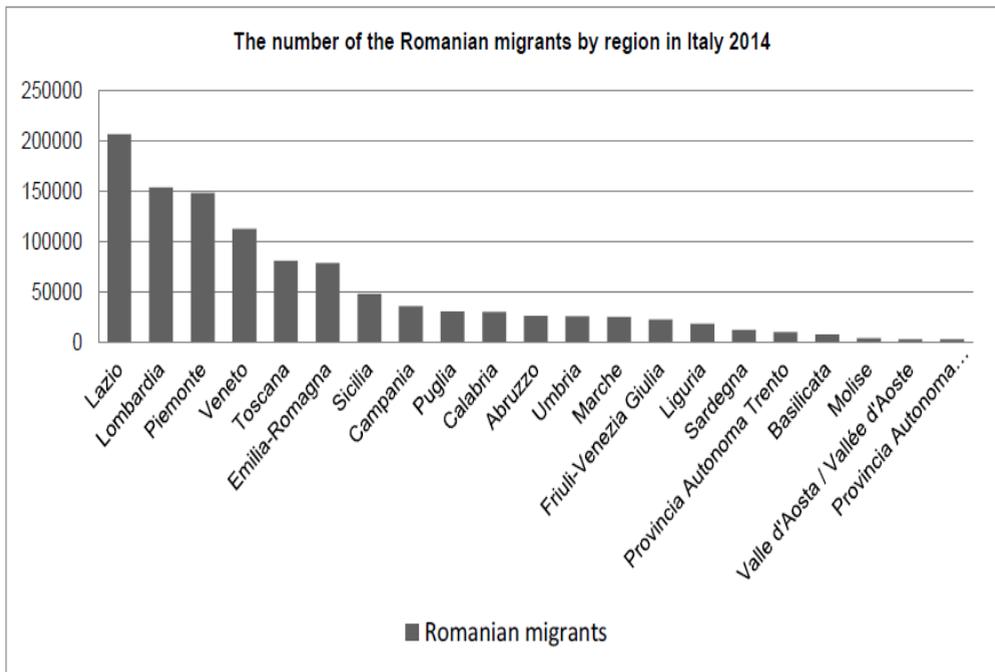
**Source:** National Institute of Statistics, Romania 2012

In accordance with NIS Romania, the data provided by the Italian National Institute of Statistics (ISTAT) show that the period in which most Romanian migrants were recorded in Italy was 2007-2008.



**Source:** Italian National Institute of Statistics-ISTAT, 2003-2014, authors' compilation

As the data show, with the liberalization of the visa regime in 2002 and Romania's EU accession in 2007, an ongoing and growing migration to Italy began, but this is due to family reunification as well, their formal registration as residents and the trend to settle in Italy. Romanians who migrated after 2007 have had a previous migration experience in Italy or other countries (Mara, 2012). In 2014 there were 1,081,400 Romanian migrants in Italy. The regions with the highest number of Romanians are Lazio, Lombardy, Piedmont, Veneto and Tuscany. They are industrialized regions with a wider range of jobs for Romanian migrants.



**Source:** Italian National Institute of Statistics-ISTAT 2014, authors' compilation

Romanians' evolution from irregular migrants to European citizens is clearly surprised by Anghel (2011, 2013). The author showed that prior to the liberalization of visa regime there were some migration strategies of Romanians such as: Invitations received from Germany followed by the departure and irregular settlement in Italy. Temporary employment contracts, such as those for agricultural labour in Western Europe, followed by overstaying their right to stay. Buying visa from certain companies involved in such informal activities. Illegal crossing the border by migrant groups or by individuals (Anghel 2013, 115). And after the liberalization of the visa regime, Romanians found other ingenious solutions to overcome regulations and continue their work (Culic, 2002). The author gives several examples of such practices taken from an ethnographic study such as: in order not to exceed the 3-month period and not lose their job, Romanians used to find Romanian replacement, usually a relative. E.g. the job was divided among 4 people, each person stood 90 days of legal residence in the EU and then rotated, in this way the job was preserved and risks were significantly mitigated. A scheme organized by the transport companies was the following: they lent money as proof of financial resources covering

the living abroad during the visit which had to be shown at the border police. And after crossing the border, the carriers recovered their money plus a percentage. A strategy to obtain a residence permit in an EU country was to enrol in study programs - universities, faculties. This practice involved some costs for tuition and so on. Migrants enrolled for study to get that license until they managed to find a job (Culic 2002, 160).

Only few migrants have access to leadership positions, public offices, high level or intermediate positions in Italy (most migrants are present in hospitals as nurses). But the most important alternative to higher occupational status is independent economic activities (self-employment). According to Eurostat Labour Force Survey (2013), Italy (23.3%) is on the 2<sup>nd</sup> place at EU level regarding the proportion of self-employed in the employed population. Thus, this method chosen by migrants is actually a feature of the Italian economy. Self-employment for migrants is and remains a way to reach higher social positions (Ambrosini, 2013, 188). According to IDOS (2014) in Italy the number of Italian companies is decreasing, while those started by migrants is increasing. From late 2011 to late 2013 companies with migrant owners increased by + 9.5%, and in 2014 by 4.1%. This phenomenon is thought to be beneficial for the Italian productive economic system, but also for the economies of countries of origin (p. 2). The rapid development of migrant entrepreneurship took place especially after the Turco-Napolitano law from 1998 and Bersani Law. (Ambrosini 2013, 188). According to Infocamera, Padova Chamber of Commerce and Trade Register data, in 2013<sup>1</sup> the migrants who started most companies in Italy were from Morocco, China and Romania. Thus, Romania ranks third on independent economic activities opened in Italy, but if we look at the proportion of self-employment in the total resident population in 2013, we notice that only 6% of Romanians started companies in Italy, as resulting from the table below.

Ambrosini (2013) explains that the large number of companies opened by migrants during the economic crisis is due to the phenomenon of false companies as well. Individuals are forced / encouraged by the employer to start an individual company and so they avoid paying taxes on salaries, as the author says these cases are common in construction, but also in other

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<sup>1</sup> Data were requested by the author from the Chamber of Commerce of Padua, Italy, which itself prepared the centralizations based on data received from Infocamera and the Trade Register. Data were received in September 2014 and are the latest.

areas. Then there is the phenomenon of starting a business as backup plan to the difficulty of finding a job.

**The 11 foreign EU and non-EU national groups and the proportion of self-employment out of the total foreign EU and non-EU resident population in Italy, 2013**

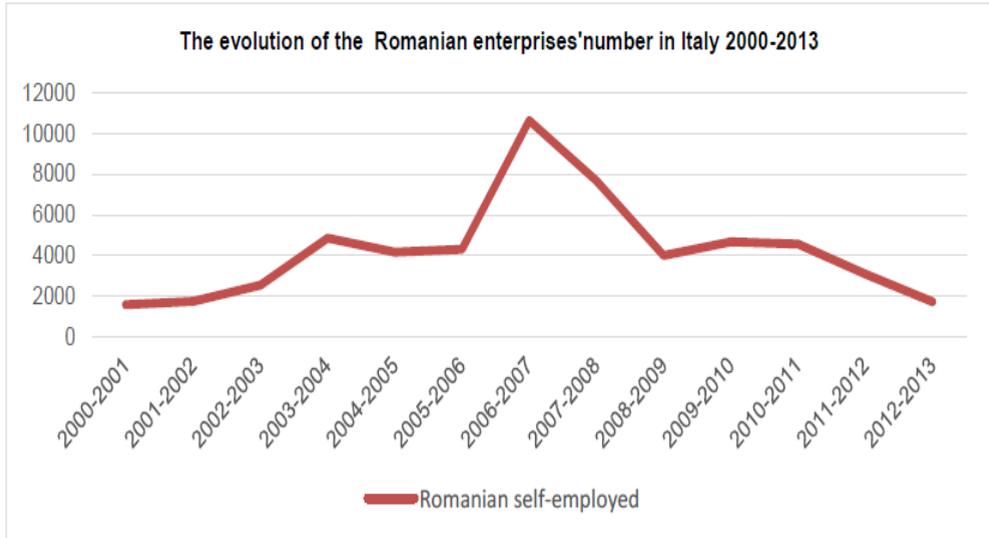
Countries	Foreign entrepreneurs in Italy 2013	Foreign residents in Italy 2013	The proportion of self-employment out of the total resident population
Morocco	66242	426 791	16%
China	59783	223 367	27%
Romania	58954	933 354	6%
Albania	38186	464 962	8%
Germany	31508	35 576	89%
Bangladesh	25468	92 695	27%
Egypt	21336	76 691	28%
France	20740	25 016	83%
Senegal	17149	80 325	21%
Tunisia	15440	88 291	17%
Pakistan	12511	80 658	16%

**Source:** Foreign resident population- Italian National Institute of Statistics-ISTAT 2013, foreign entrepreneurs - Infocamera, The Register of Enterprises and Chamber of Commerce Padua, 2013, author’s compilation.

Some immigrants needed the extension of residence permits, and the opening of a company gave them the opportunity to have a legal status in the country. The Italian market also experiences the ecological succession, the entry of migrants in commercial activities abandoned by the Italians (as they were not profitable and it was hard work), street trade, bakeries and so on. As indicated by the chart below, most companies were started by Romanians in the 2006-2007 when 10,655 new companies were created. But not all are real companies, as argued by Ambrosini (2013).

Economic activities with the most companies opened by migrants are trade - Moroccan entrepreneurs prevail, construction - Romanian companies prevail, and manufacturing where Chinese prevails. In recent years, companies can no longer provide services unless they possess the DURC (Documento Unico di Regolarita Contributiva), which keeps track of whether the company has paid all taxes required by the state and which is required upon contracting (Ales and Faiola, 2013). Another two areas where Romanians started companies are trade and hotels and restaurants.

In these areas, Romanian entrepreneurs operate on an ethnic market, using features of Romanian culture, products and services, symbols at the request of the numerous Romanian community in Italy.



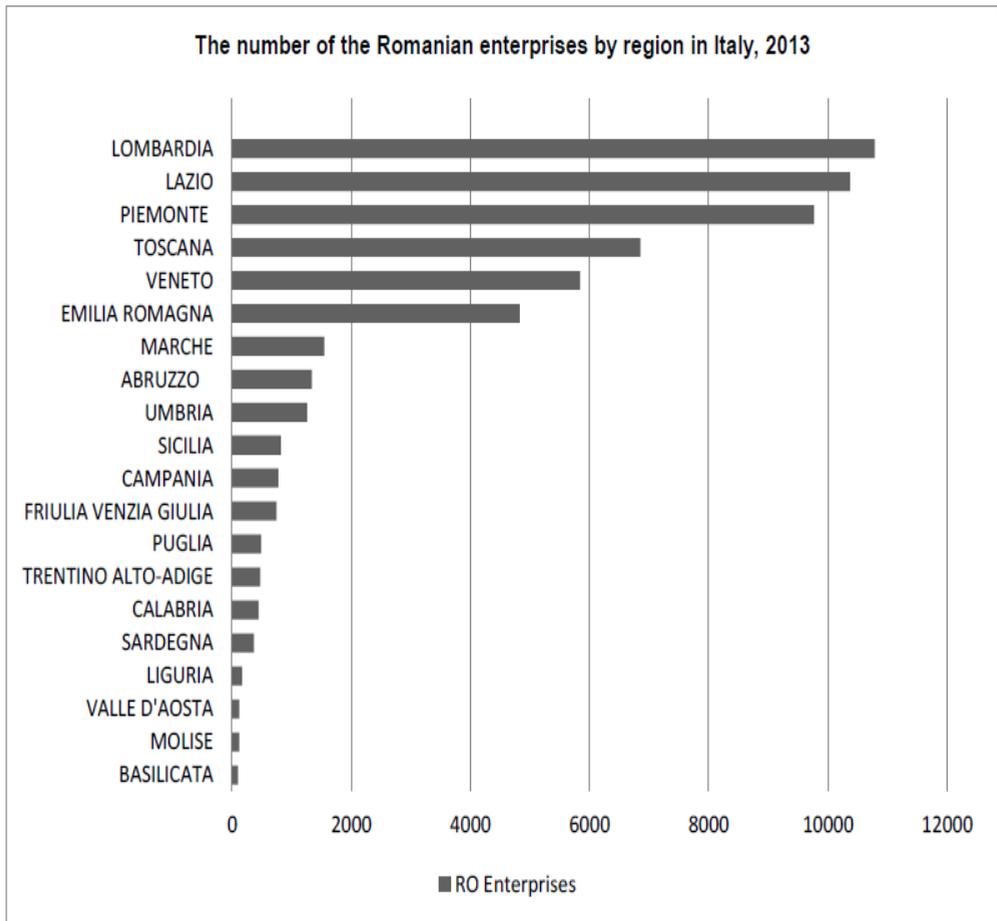
**Source:** Infocamera, The Register of Enterprises and Chamber of Commerce Padua, 2013, author's compilation

**Table: The foreign entrepreneurship by economic sector and country of origin in Italy, 2013**

Economic Sector	Entrepreneurs by country of origin	Number of the entrepreneurs
Agriculture	Switzerland	2766
Manufacturing	China	17675
Construction	Romania	36307
Wholesale and retail trade	Morocco	47133
Transportation and storage	Morocco	1573
Accommodation and food service activities	China	12551
Information and Communication	Bangladesh	1300
Financial and insurance activities	Switzerland	805
Real Estate Activities	Switzerland	1851
Professional, scientific and technical activities	Germany	1706
Education	UK	378
Arts, entertainment and recreation	Switzerland	512

**Source:** Infocamera, The Register of Enterprises and Chamber of Commerce Padua, 2013, author's compilation.

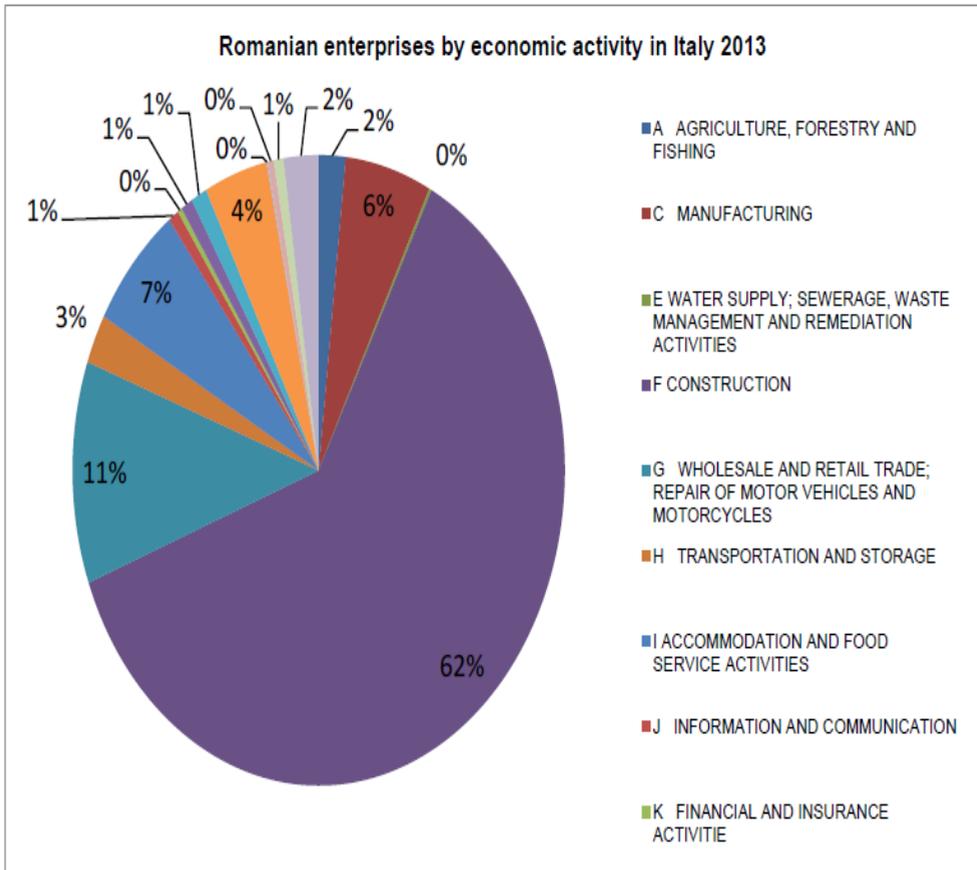
Romanians have chosen to start businesses with a single owner, only 7% are associates. The regions with most Romanian entrepreneurs are Lombardy, Lazio, Piedmont, Tuscany and Veneto.



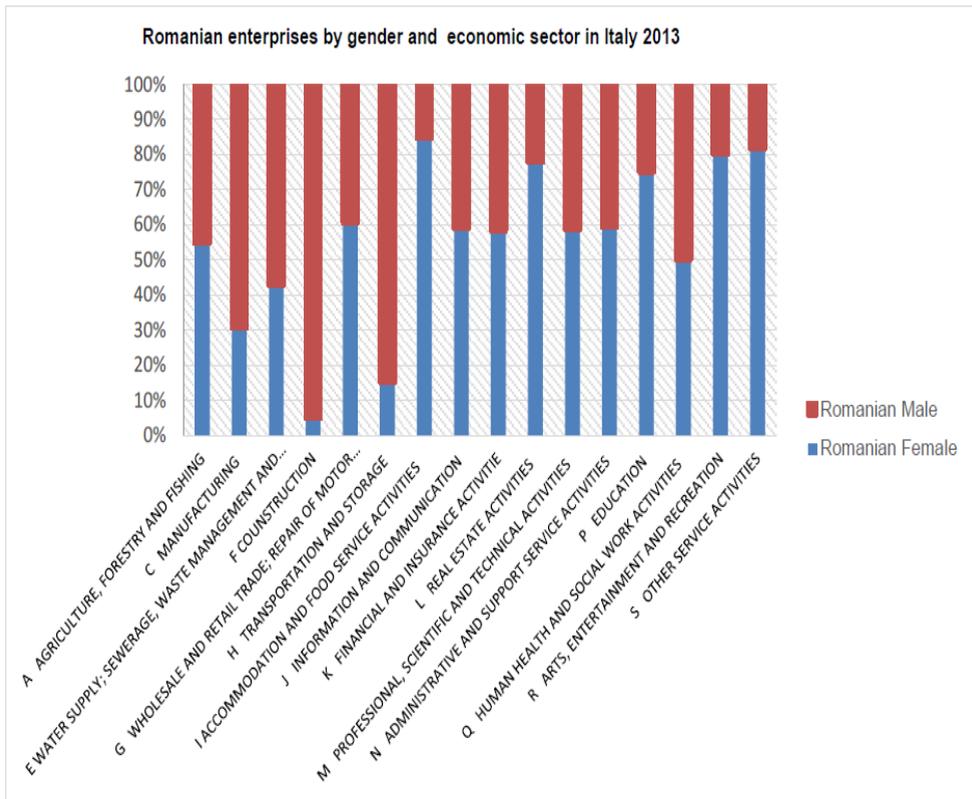
**Source:** Infocamera, The Register of Enterprises and Chamber of Commerce Padua, 2013, author’s compilation.

Most entrepreneurs belong to the age group 30-49 years, for both men and women. The distribution by gender and economic sector shows that women are concentrated in economic areas such as: trade, information and communication, hotels and restaurants. Men are concentrated in areas such as: construction, manufacturing. The construction sector as a niche market

of immigrants has been studied mainly in America, and Waldinger (1995, 577) considers that the construction sector represents a quintessential ethnic niche. The author explains why the construction industry has become one where the most migrant workers and entrepreneurs are concentrated. The connections between entrepreneurs and co-ethnics are information flow vehicles, the distribution of jobs and contracts and obtaining financial capital, and skills are learned on the construction site; the migrant does not need to have them obtained in the country of origin. On the construction sites, communication takes place in the native language of migrants as well.



Source: Infocamera, The Register of Enterprises and Chamber of Commerce Padua, 2013, author's compilation



**Source: Infocamera, The Register of Enterprises and Chamber of Commerce Padua, 2013, author’s compilation**

In general, migrants tend to settle in low-skilled jobs and often these jobs are in construction, but there are some migrants who manage to cross the status of the artisan and unskilled labourer then to entrepreneur (Rath 2002, 357). Waldinger suggests that immigrants form ethnic niches through networks, and the process consists in establishing the first immigrant pioneers, others would follow their example to form over time an ethnic concentration in that area (Rath 2002, 360).

Ambrosini (2012) concluded that Italy has a dual market, on the one hand there is a limited market of large companies that is controlled and adjusted, also characterized by the strong presence of trade unions, and on the other hand a large peripheral market that is not adjusted, with undeclared work and fake self-employment and agencies. Subcontracting strategy is often used in construction, not only in Italy, as a construction project requires the performance of the various parts by certain professionals (architects,

painters, specialists in flooring, roofing, electrical and hydraulic systems and so on); companies often subcontract to other companies the performance of such work. Subcontracting is a strategic method used to reduce labour costs (Fellini et al 2007, 288).

### **Methodology and profile of the Romanian self-employed in Italy**

The methodological approach is part of ethnography (Bloomaert et al 1995, Johannes 2001) and the semi-structured interview and participating observation were used as research tools. Discussions were held with over 50 people (representatives of Romanian organizations, priests, representatives of Italian companies, spouses, relatives and employees or collaborators) of which interviews were conducted with a number of 24 Romanians who are self-employed in the construction sector. The qualitative sample is achieved through the snowball method. The main steps in identifying Romanian entrepreneurs were first to find informants that could put me in contact with Romanian entrepreneurs. First, I used the representatives of Romanian organizations, churches and the Chamber of Commerce of Padua. The Chamber of Commerce provided me with the names and physical addresses of entrepreneurs and their data were then searched on the Internet to find their phone number, e-mail address or a Facebook profile. Furthermore, I sought their contacts on various specialized websites such as <http://www.paginegialle.it/> The field research took place in Italy, in the North-East part, Veneto region in September 2014-January 2015. The interviews lasted from 1 hour to 3 hours. The interviews took place at the residence of the Romanians, but also in various other venues. The identification process of the Romanians was quite hard, because, on the one hand they did not trust me as a PhD student, and on the other hand had a busy schedule and I could not schedule the appointments. Romanians entrepreneurs from the qualitative sample were aged between 28 (the youngest) and 50 years old (the oldest), all are men. 5 of the Romanians hold or are waiting for the Italian citizenship. 16 of them are married and the family comprises 1 to 3 children. The spouses and children are in Italy. 9 are not married, but will get soon, or are divorced. 4 families are mixed, the wife is from the Republic of Moldova. Most come from rural areas in Moldova such as: Bacau, Barlad, Focsani, Botosani, Galati, Neamt, Romania, Dorohoi, Vatra Dornei, Muntenia - Giurgiu, Bucharest and Transylvania-Dej and Satu-Mare. The survey participants are of the Veneto Region, and some cases are from Friuli Venezia Giulia and Emilia Romagna. 17 of the beneficiaries are

Orthodox, and 3 people are catholic and 4 are Pentecostal.

Only a few persons stated they go to church, 3 of the respondents are parish councillors. Most participants have completed vocational school or high school, and 4 respondents have higher education. Participants are part of the generation of those who left in the 90s (10 of them) and those who left after 2000 (14). They spent in Italy a period of 24 to 9 years. The companies' field of activity ranges from companies that execute various construction to companies that provide some type of work, such as: roofing, industrial floors, facade restoration, interior finishing, electrical and hydraulic installations. The companies started by Romanians are small, are variations in legal form - natural person and craftsman, but there are some limited liability companies as well.

**Determinants:** *I had a pretty good salary {...} but I wanted to have something of mine*

The data show that there are a number of factors that determined Romanians to open their economic activities, relating both to human and social capital they hold, but also to structural factors of the market - very easy access to self-employment. Surprisingly, the number of Romanians in our sample having said they had opened a company in the desire for independence is greater than the number of those who opened it because the employer had proposed this as they had no formal job.

**Subject A:** *I always liked to be independent, I had a Romanian friend who was a plumber at home and he knew the job well. During that period, our factory had to leave about 30 workers at home. Meanwhile I wanted to go independent, yet I had to learn the craft. I really wanted no to work in the factory and become a plumber.*

**Subject P:** *We set up the business not for the money, I had a pretty good salary ... more than I had before. There was my thing to do something of my own. Not because of the money. I had two Romanians to whom I got long and who were on their own and I asked them if it pays off, but anyway I trusted in my professional status.*

But the difference between the push and pull factors is very small, i.e. a Romanian entrepreneur chooses entrepreneurship both due to the dissatisfaction on work / salary ratio, lack of a formal contract of employment preventing him to contract a loan or access other services, the

companies they work for went bankrupt, but also because he wants to be independent, be able to implement his ideas, to have a more flexible schedule, to have higher earnings. These reasons can coexist together, so there is no exact demarcation between the two. But most of those who started a company in the desire for independence are those who have had previous business experience in Romania or in the family, and those who held leadership positions in Romania and in the construction sites in Italy.

Most often, the pattern of a Romanian to starting a business in Italy is as following:

1. He worked as an irregular unskilled labourer on the construction site (most often learning the profession).
2. Followed by the period when, with the help of the company owner, approaches were made to obtain a residence permit (but not always completed by the legal employment of the migrant).
3. His specialization in a particular field, masonry, floors, roofs, electrical installations or in several areas.
4. He was appreciated by the employer and shall be assigned responsibility as site manager or team manager. He has increasing access to the company's revenues and realizes that he can obtain this income.
5. A period when still working for the current owner he tries to find customers, asks the advice of other Romanians or Italians with businesses in construction and then starts the company. Often it happens that former employers work with Romanians who started the company.

There are different cases of this route, which I hereby present:

**The case of S family** - The Romanian worked for a period of 4 years in an Italian construction company and learned the craft then was fired. Thus, it was decided to work without papers for various individuals in painting, gardening, interior finishing, roofing. But increasingly more customers requested invoices and then he noted that he would lose important works because he had no legal forms. So he decided to start a business.

**The case of G** - he worked at an Italian company and befriended with the owner who helped him to obtain a residence permit. It ended being a team leader to coordinate 30 workers. But the Italian owner could not afford running the company anymore on the market because of the debts and thus encouraged G to start a business. All pieces of advice and information required were provided by the owner. Today they're working together and

are good friends.

**The case of C** – he worked at a construction company, but was never paid on time, had no legal papers. Because he did not have an employment contract he could not access certain services, such as bank loan.

**The case of Ci** - he worked in a company mounting exhibition pavilions, which preferred working with persons self-employed, so forced by circumstances, he started a company to be able to execute works. His case is particularly interesting as the company is opened in Romania, but he uses it to get lower prices on the Italian market.

**The case of P:** he worked in a construction company to an Iraqi, and once the business went increasingly worse, he decided to resign. He found another company which agreed to work with him only if he would become self-employed.

Bonding social capital is very important in the early stage of preparation for starting a company - Romanians ask the advice of other Romanians who started a business on income taxes, management, but the information received is almost always incomplete and often they cannot rely on it. In the advanced stage of company preparation, the Romanian seeks the specialised advice of accountants or authorized agencies. Bridging social capital matters more in the customer identification phase - Romanians keep in touch with other Italian craftsmen, with former employers or companies for which they used to work at the former employer.

Moreover, the majority of Romanian entrepreneurs said they did not advertise the company and most of the works were obtained (*passa parola*) from one client to another. But there are some interesting cases that have managed to get works through Facebook or websites advertising.

**The case of Io:** he managed to initiate a collaboration with a Romanian whom he met on FB; the Romanian has a company in Romania (concrete plant for industrial floors). The shop's customers become **Io's** customers for floor execution. It has 205 contacts on the FB page. He posts pictures of works and other important information for customers on FB. But the case of **P** and **Pa** who placed ads in local newspapers was unsuccessful. The case of **I** – he owns a site which helped him obtain customers, as he claims.

*I.: I found job thorough Internet and now I found works on the Internet. I found 5*

*people on the Internet and I go to another 5 from man to man, for me it triples. I've had about 20 customers so far, almost all individuals. I reached through work, passa parola and Internet. I got 50% of the work through Internet, then old acquaintances with whom I worked in the past.*

The initial investment was covered by Romanians' personal savings, which were small, and the need for equipment and tools appeared along the way. The majority of Romanian entrepreneurs work as subcontractors of other Italian companies and individuals. There are 4 cases of entrepreneurs who have their own works and participate in public tenders. As for the number of employees, it varies depending on the work, most of them do not have employees at the present, they work with other companies on construction site. But those who have employed have very few employees, 2-5 employees with papers, the rest are without papers.

The employees are Romanians, but other nationalities as well, and Italian workers on the construction site, but Italians are still more employed in strategic positions of leadership, architects, managers.

*Subject V: I had work contracts for employees and collaborators, Romanians, Moldovans, Moroccans and Italians. They found me, Moroccans come on the site and asked if I can provide them with work. I had a Nigerian employee, he used to come at the traffic light and asked me money, and I told him I had no money that day, but would you go work for me? Yes, I'll go ... Jump in the car and come to work. And when the customers saw me, the architect asked me "Where on Earth did you find this one?", I say: Let him work, instead of giving him 2 euro at the traffic lights which won't be enough anyway.*

The Romanian entrepreneurs choose to hire Romanians as they work more, don't raise many conditions and agree to work undeclared. But they emphasized that they respect their employees and have chosen them from among those with who have worked in the past, which were already in Italy. Only one case hired Romanians who weren't already settled down in Italy.

*N: Me and my employees are best friends, they earn according to how much they work. Sometimes we work on Saturdays or Sundays and during night time. They have a fixed salary per day. For e.g. last month an employee was entitled to 2,000 euro and another to 1,800 euro. Well, there's the third who is no longer employed, but I continue to work with him as such. Usually if I am to take someone to work I must know him in advance or someone has to recommend him. I have never put ads*

*on the Internet or something like this .. All were Romanians.*

The Romanians to whom I discussed suggested that undeclared employment takes place, of course, with the consent of the employee, and is used widely in construction and by small Italian companies. This practice is seen as the norm to stay on the market. In the construction sector, small companies cannot provide a constant flow of work and therefore cannot afford to employ under indefinite employment contracts. They work for short periods of time depending on the work flow.

**Strategies:** *we took more care of the company than the family- the company is our baby as well*

Only a few Romanian entrepreneurs in the sample were able to gradually develop, participate in public tenders, have no losses and start other businesses in Italy. But most of those with whom I spoke were pessimistic about the future of business in the construction industry in Italy. Access is very simple (Romanians can easily start a business), but high taxes on income and wages, and losses due to the non payment by the Italian companies of the works performed by Romanian companies make the survival of small Romanian companies much more difficult.

Discussions about the economic crisis and its impact on trade were very frequent in interviews. The best time for businesses in construction was before 2008, when there were more customers (both individuals and legal entities) and when big companies paid work in less period of time and there were no cases of failure to pay for the works.

Discussions about the crisis have focused on the following topics:

1. The crisis was beneficial for some Romanian entrepreneurs because it brought in a process of natural selection, the companies doing high quality work stayed on the market. This is the case of Romanians dealing with the repair or roofing.
2. More and more individuals are more reluctant when thinking about finishing or renovating their homes, and large companies no longer pay on time the works performed by Romanian entrepreneurs or do not pay at all. Some Romanians said they had lost between 10,000 and 320,000 euro. Romanian companies issued invoices, but they

were not collected due to unpaid work by contractors, but taxes had to be paid to the state for those invoices.

3. The crisis is not a real phenomenon, crisis discourse is used by big companies with the intention of not paying small firms
4. The crisis has primarily affected big companies that have contracted loans from banks, had losses and were unable to keep functioning, and small businesses have been affected as well not being paid for the works they performed.

If before 2008 the customers of Romanians entrepreneurs were mostly other companies, now they work more with individuals, because there is no risk of non payment which is made in a shorter time, and there is also the possibility that the works provided are not invoiced. Currently, in order to function, companies must submit the DURC certifying that all taxes are paid to the state, but this document is not always required by individuals but more by the contracting companies. In recent years, the construction sector has experienced greater regulation to restrict undeclared work and failure to pay taxes to the state.

*Subject G: Once this was America... I lived the period when I was dirty from head to toe, but I had pockets full of money.*

*Subject V: Before I used to take the bag with 40,000 euro and go pay my employees in a restaurant, gave them envelopes, they all signed the payroll and done. At that time the bank gave me permission to withdraw 20,000 euro, it was manageable. Now I can't do this anymore, the Italian state tells you that you cannot withdraw more than 999 euro.*

Fines for non-compliance are high. A method used by the Italian State to regulate the works done for individuals but also to encourage small entrepreneurs in construction was *piano casa* by which an individual was exempted from taxes for a certain period if it proved he renovated the roofs.

*Subject P: When you want to restore a roof you receive a 65% deduction from the state from taxes, well you have to meet certain conditions for individuals. It was a successful measure as many persons repaired their roofs.*

Very few entrepreneurs work with the banks, only a few contracted bank loans to purchase machinery or tools, or use various prepaid services.

While they would be stronger as a company, Romanians to whom I spoke do not want to become partners with other Romanians, because they feel that the business may fail. They say that the Romanian wants to be chief, they are very proud and not always honest when it comes to sharing money. The sample included several stranded cases of joint ventures.

The strategies adopted by the Romanian entrepreneurs both to survive in the market and to grow are the following:

1. Continued investment in machinery and tools
2. Quality work
3. Training courses and training for various tasks on the construction site
4. Learning to use new technologies and new materials
5. The practice of hiring workers without legal papers
6. Avoiding works as subcontractors (for other companies) and focusing on individuals
7. Those who nevertheless work with companies have a network of companies that often calls them for carrying out the works
8. Less work, but from trusted companies
9. Work in various provinces, cities not only in the area where they live.
10. Starting companies in Romania used to carry out works in Italy (invoices on Romanian company data are seldom because not all Italian companies accept this, and setting up a company in Romania to work with in Italy or in other EU countries has some strict rules). Moreover, some companies are hiring using the companies in Romania. Taxes on income and wages are lower in Romania, thus Romanian companies can compete on the market with a better price; this phenomenon is not seen favourably by other Italian entrepreneurs.

11. Closing the indebted companies and starting others on the names of spouses or other relatives, partners.

*Subject Vi: Now I've closed my own, my wife started a business and I am her employee. To be honest, I closed it because I didn't manage to pay taxes, because my works haven't been paid for. If one cannot pay its taxes manage, they do not issue the DURC, and without it one cannot do anything, no work. I worked thoroughly with my "dita" (small company) until 2010, after that not so much and now I've closed it this year.*

**Results:** *it is the pride that what comes out of your hands is appreciated by someone else {...} I am happy that my opinions are respected even by the heads of major companies*

The experience of entrepreneurship is considered to be positive and to have some effect on the personal life, family relations, community relations, a way of thinking. Some Romanians who were forced by the employer or by other circumstances to start a business said they would not return to employee work.

Only two cases said they would be given an opportunity they would choose to be employed because of high stress and fewer social benefits at their disposal.

Although for many it has been easier (more time for family, maybe a better salary) in the period when they were hired, they said that entrepreneurship gave them a lot of confidence in their own strength, the desire of autonomy has been satisfied, the desire to feel free to make decisions, the responsibility to provide employment for others, the recognition from the large Italian companies, the recognition and respect from the Romanian and Italian community, the access to relationships with influential people, large gains in short periods of time. Although self-employment involves a lot of stress, some said they had come to like that kind of stress.

*Subject V: When I was hired I was living in another world, the boss said "Go" and I went. I went just like a horse pulls the cart and I had no other worries .. Comparing with nowadays - I have many worries, concerns, anxiety, obligations, many requests, but cannot stop. I'm full of will, just like someone who falls in love. It may be 10 other beautiful women, he only wants that one ...*

Often, the job was learned and perfected while working as employees other

knowledge and skills have been developed during entrepreneurship: a better knowledge of the laws, communication and negotiation skills with clients (companies and individuals). Some of them enrolled in various training classes or wanted to complete studies begun in the country. They learned to make preventives, invoices, understand tax systems, read a drawing, use the computer for business and other tools they hadn't used before.

They learned new technologies and materials. They learned basic accounting and management issues. They have a better understanding of human behaviour due to entrepreneurial activity. They have a network of influential or very rich people.

Entrepreneurship made them be more creative in seeking solutions both for the company, but also for everyday life. It made them respect more one another, demand more from themselves and from others, the responsibility of working with people, more trust and confidence in their own strengths.

*Subject G: Having a business on your own, you see the world differently, you don't stay on the site from morning to evening, you stay there and think only to work. As self-employed you meet all kind of people, all sort of problems, you're experiencing a total, continuous change.*

*And I now have much more influence on my destiny, on the things surrounding me. I have important connections with important people.*

Before setting up the business, some felt they belong to the middle class or lower on the social ladder against the Italians. After setting the business, the situation changed for some of the Romanians, they feel they've advanced, but for others the social ladder position remained unchanged. Romanians positioned above the Italians take into account the family happiness, economic comfort, knowledge and skills they possess, the lack of debts to the bank.

Romanians positioned below to Italians on the social ladder take income into a greater account. Before starting the business, Romanians felt at the same level with Romanians in Italy - the middle class, but after starting the business they felt higher on the social ladder and considered: courage, education and skills, attitude and revenues.

Compared to Romanians in Romania, Romanian entrepreneurs in Italy feel

higher on the social ladder and took into account the mentality and income, skills and knowledge. But not all were able to position themselves, especially those who no longer see their family plans related to Romania and those who do not visit often the country.

Romanian entrepreneurs are seen as an example to others, they are always asked for advice when a Romanian wants to start a company. Some of them are well known in native cities, villages of Romania.

Three categories of transnational entrepreneurs distinguish among the Romanians with the construction business: those who have started construction companies in Romania and occasionally work there, those who have started a company in different field then construction in Romania and plan to return home, and those who have opened businesses in Romania to work with them in Italy, but in this case certain provisions must be complies with, and sometimes these practices are at the limit of legality. Some wanted to start these companies due to the more favourable tax environment in Romania which allows them to work at lower prices in Italy, but others prepare large business in Romania as is the case of **Vi**.

Together with an Italian and a Romanian, he develops the project of two small hydropower plants in Romania, without possessing the knowledge in this field, it works with specialists and experts. He learned about the business opportunity from the Chamber of Commerce of Italy which presented its own citizens the business opportunities in Romania. The project is at an advanced stage. His company could provide employment for 20 people in that commune.

*Subject Vi: I'm sure I will have enormous trouble, I'm sure they'll come up with, "never mind it will work", they'll come up very often. But I cannot wait to start work in Romania. In fact in Romania everybody saw us like milch cows.*

**Vi** reckons that Romania doesn't make efforts to attract Romanian entrepreneurs from Italy in particular, because they have the resources, not just financial, but also relational.

Romania is seen as a country that can provide business opportunities and loose fiscal environment, but they do not feel that Romania would encourage them to invest their money in the country (the case of **Vi**). It is interesting that entrepreneurship in Italy has made Romanian better

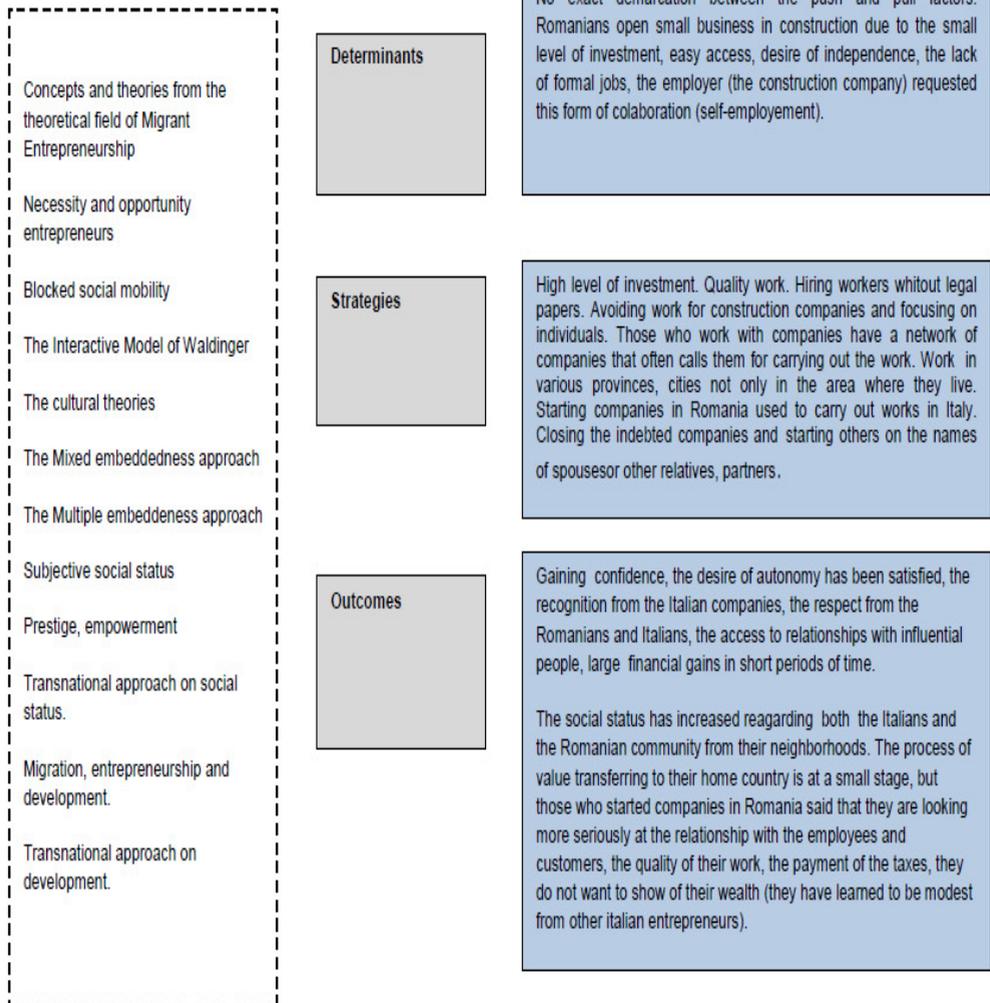
understand their rights and obligations, better understand the markets, not only in Italy but also in Romania, be inventive and creative. Even those who have no business in Romania, want to start one. There is also the category of those individuals who have tried, but failed, or started, but could not stay on the market.

Because they deem that for the company to be successful you have to be physically present in Romania, they cannot trust anyone else. Other obstacles would be bureaucracy, mindset of people from Romania and corruption preventing access to the construction market.

Romanian entrepreneurs who have active companies in Romania say they are very careful at aspects regarding the customer relationship, quality of work and the payment of taxes to the state. Moreover, they greatly appreciate the modest attitude of the Italian entrepreneur, which they adopt as well, both in the relationship with employees and customers in Italy and those in Romania.

### **Conclusion and discussion**

The article analysed and explored the world of the Romanian self-employed in the construction sector in Italy by placing the analysis in a three-dimensional theoretical framework of determinants, strategies and results and by putting an emphasis not only the individual but also on the community level. The main contribution to the field of migrant entrepreneurship is the integrated approach of the phenomenon which proved to be very useful in analysing the Romanian migrants in Italy. The conclusions of the paper are centralized in the model bellow.



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