A Keen Survey on Returnee Entrepreneurship in Romania

by
Rodica Pamfilie, Raluca Mariana Grosu, Robert Bumbac
Bucharest University of Economic Studies
rodica.pamfilie@com.ase.ro, raluca.petrescu@com.ase.ro, robert.bumbac@stud.ase.ro

Abstract. In the present paper we aim to outline a series of specific features of returnee entrepreneurship in Romania. In order to promote the phenomenon and to raise awareness among policy makers in regard with its potential, in the present paper we put forward a series of preliminary results specific to an ongoing complex and comprehensive field research in the area of returnee entrepreneurship in Romania. In general, these refer to reasons for returning to Romania, to forms of entrepreneurial manifestations, to benefits associated with entrepreneurship, to the influence of the migratory experience on the entrepreneurial process, to the obstacles encountered during the entrepreneurial demarche, etc.

By placing the research in a country with a high potential for developing returnee entrepreneurship but poorly investigated in this area, through this paper we aim at bringing a contribution to the diversification of the international scientific literature and to the development of the national one.

Key words: returnee entrepreneurship, entrepreneurship, international migration, Romania.
JEL classification: J60, M10

1 Introduction

Manifested since ancient times, migration represents a phenomenon that highlights the movement of population from one region to another, in general in search for better economic and social opportunities in the host region than the ones offered by the region of origin. International migration represents a phenomenon with major implications in various areas such as demography, economics, sociology, politics, etc. Considering its fast development, in the past decades, this represents an important subject for both public and academic environments. It is one of the main subjects on the agenda of policy makers and, in the same time, it is of particularly interest for scholars. In what concerns the economic approach, international migration is being investigated from various perspectives, among the most frequent being its implications on the labour market or its impact on the immigrants’ country of origin, considering remittances. However, in what regards the latter aspect, the impact of immigrants on the country of origin may also take other forms. For example, the case of returnee entrepreneurship, if the immigrant decides to come back to the origin country.

Returnee entrepreneurship represents one of the forms of manifestation of the relationship between migration and entrepreneurship, along with immigrant entrepreneurship or transnational entrepreneurship. Even if this is not debated as much as immigrant or transnational entrepreneurship in the specific scientific literature, scholars’ efforts are oriented towards the development of the pieces of research in the area.

Returnee entrepreneurship is becoming more and more in the attention of scholars, studies being oriented towards “the characteristics of the returnee entrepreneurs, location choice for business start-up, business performance, effects of returnee entrepreneurship, incentives and obstacles in the entrepreneurial process of returnee entrepreneurs, policy implications, comparisons with local entrepreneurs and with locals without migratory experience, the role of social networks in business initiation and development” (Grosu, in press).

Even if the international specific scientific literature is developing - studies being focused on China, India, Mexico, or Egypt - the national one is in an incipient phase. National scholars’ interest in this area is almost inexistent. One example of a study in the area in Romania is represented by the one mentioned above. However, in the actual context specific to the
international migration in Romania, returnee entrepreneurship faces an auspicious environment for manifestation and development. This may become an important means for economic growth in Romania; in different contexts, it can even be an alternative / complementary source to FDIs, European non-refundable funds, portfolio investments, or other external financing sourcing (Strat, 2014). A series of advantages are related, in general, to the ones specific to entrepreneurship such as job generation, innovation, branch development, improvement in organizational cultures, new management styles, etc. (Dai and Liu, 2009a; 2009b; Sheehan and Riosmena, 2013; Ghinea and Ghinea, 2015). Also, this may represent an alternative through which employees active in the informal sector may reinsert in the official economy (Davidescu, 2014). In this context, it needs a special attention from the part of scholars and representatives of the private and public environments, especially persons involved in policy elaboration such as politicians, political parties, interest groups, local and central governments (Zai, 2014).

In order to promote the phenomenon and to raise awareness among policy makers in regard with its potential, in the present paper we put forward a series of preliminary results specific to an ongoing research in the field of returnee entrepreneurship in Romania. On the other hand, by studying a poorly analysed country from this perspective, but with a high potential for investigation, through this paper we aim at bringing a contribution to the diversification of the international scientific literature and to the development of the national one.

We have structured the paper into 5 parts, including the introductory and the conclusive ones. Besides them, the second part of the paper puts forward a series of information in relation to the context in which the research can be placed. The third one highlights the research methodology and the fourth one, its main results.

2 The research context

Within the European Union, Romania is an important provider of immigrants, along with Bulgaria, Estonia, Latvia, Lithuania, and Poland (Grosu and Constantin, 2013). Emigration represents a component of the international migration very pronounced in Romania. The recent efforts of the National Institute of Statistics for registering also the temporary emigration are admirably. In general, the institute was registering only the legal definitive emigration and the data did not reflected at all an image closer to reality. This was also an issue for scholars aiming to investigate the phenomenon (Constantin et al., 2008; OECD, 2008; Siar, 2008). More recent efforts have been concentrated in the area of migration in order to register both the temporary and the definitive emigration. Even if more work has to be done in order to have a clear image of the phenomenon also at regional level, this is a very important and admirable starting point.

The following table and figures highlight the magnitude and the complexity of the phenomenon. It can be observed that between 2002 and 2014, the number of the resident population registered a downward trend, while the number of emigrants an upward trend. The number of resident population decreased quite dramatically, from 21.83 million in 2002 to 19.94 million in 2014. On the other hand, the number of emigrants increased from one year to another, from 1.06 million in 2002 up to 2.37 million in 2014. 2008 represents a key year of the analysis. This is the period when the highest value in the evolution of both the number of residents and emigrants was registered. The decrease in the number of residents was of 0.49 million, while the increase in the number of emigrants was of 0.48 million, in comparison with 2007. This situation may be explained - to some extent - by Romania's adhesion to the European Union. This generated a lot of facilities for Romania, especially in what concerns the free movement of the population.
Table 1. The number of emigrants and the resident population in Romania between 2002 and 2014

<table>
<thead>
<tr>
<th>Year (1st of January)</th>
<th>Resident population (million persons)</th>
<th>Number of emigrants (million persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>21.83</td>
<td>1.06</td>
</tr>
<tr>
<td>2003</td>
<td>21.63</td>
<td>1.15</td>
</tr>
<tr>
<td>2004</td>
<td>21.52</td>
<td>1.18</td>
</tr>
<tr>
<td>2005</td>
<td>21.38</td>
<td>1.27</td>
</tr>
<tr>
<td>2006</td>
<td>21.26</td>
<td>1.35</td>
</tr>
<tr>
<td>2007</td>
<td>21.13</td>
<td>1.44</td>
</tr>
<tr>
<td>2008</td>
<td>20.64</td>
<td>1.92</td>
</tr>
<tr>
<td>2009</td>
<td>20.44</td>
<td>2.14</td>
</tr>
<tr>
<td>2010</td>
<td>20.29</td>
<td>2.23</td>
</tr>
<tr>
<td>2011</td>
<td>20.2</td>
<td>2.29</td>
</tr>
<tr>
<td>2012</td>
<td>20.1</td>
<td>2.34</td>
</tr>
<tr>
<td>2013</td>
<td>20.02</td>
<td>2.34</td>
</tr>
<tr>
<td>2014</td>
<td>19.94</td>
<td>2.37</td>
</tr>
</tbody>
</table>


Even though scholars do not fully agree on a single definition of entrepreneurship, the vast majority of them promote a series of common elements, such as: the existence of an entrepreneur, innovation, creativity, profit, uniqueness, growth, process, risk taking.

Figure 2. The evolution of the number of emigrants from Romania between 2002 and 2014. Source: own representation based on data provided by the National Institute of Statistics, 2015

However, the meaning of the word "entrepreneurship" used in this paper refers to "any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business" (Bosma et al., 2012, p. 9).

In the same frame, the concept of "returnee entrepreneur" does not present a commonly agreed definition among scholars. However, a series of elements are highlighted in the vast majority of the definitions. Some of them refer to migratory experience, returning back home, the process of business initiation and development. In this paper we refer to returnee entrepreneur as "an emigrant that worked and/or studied abroad and that, following the migratory experience, came back home and started a business" (Grosu, in press).

We developed the present paper based on an ongoing research in the area of returnee entrepreneurship in Romania started in 2015. This represents a pioneering research, being a very complex and ambitious one that aims at describing and promoting returnee...
entrepreneurship in Romania. It started from the following research question: Is returnee entrepreneurship visible in Romania?. In addition, a series of secondary questions were established:

- What are the main forms of manifestation of returnee entrepreneurship in Romania?
- What is the profile of the returnee entrepreneur in Romania?
- What are the main policy implications in the area?

In correlation, the main objectives of the research refer to:

- Analysis of the entrepreneurial process specific to returnee entrepreneurs in Romania.
- Characterization of the Romanian returnee entrepreneur.
- Identification, analysis, elaboration and proposition of policies in the area of returnee entrepreneurship in Romania.

The main aim of the research is strongly related to the basic research question, while the objectives are in relation with the secondary questions.

The first objective refers to the entrepreneurial process, being focused on the factors that sustained the concretization of the entrepreneurial intentions of the returnees, on the main obstacles encountered in the entrepreneurial demarche, on the description of the developed business, connections with the migratory experience, etc.

Through the achievement of the second objective, a series of valuable information will be provided about the main characteristics of the returnee entrepreneurs. Some directions refer to personal motivations, physical characteristics, knowledge, skills, and abilities, connections with the migratory experience, etc.

Accomplishing the third objective, a series of policy implications will be drawn and policy recommendations will be designed.

In the preparation process of this complex and comprehensive pioneering research in Romania, preliminary efforts have been concentrated in the area of reviewing the existing scientific literature. After accomplishing the literature review process, a series of aspects essential for the formulation of the research methodological aspects have been identified. Some of them refer to the most utilized research methods and to the information useful in the elaboration process of the instrument for data collection.

In Romania, there is not a clear evidence of the returnee entrepreneurs like in other countries. For example, in Senegal the MAFE-Senegal Survey outlines a clear image of the returnees, various variables - such as the coming back reasons, the length of migration, international education, work experience abroad, the period of migration, coming back period - being envisaged (Mezger Kveder and Flahaux, 2013).

In this context, the use of solid econometrical or statistical modelling is not very useful and adequate. Also, quantitative methods are not very appropriated as the sample is very difficult to be established and representative, as the number of the total investigated population is unknown. Thus, we have chosen qualitative research methods, the main focus being on interviews and observations.

As Romanian returnees in general, and particularly returnee entrepreneurs are very difficult to be identified, implicitly data could not be gathered for the entire investigated population, the methods we used in establishing the size of the sample were the snowball and the purposive sampling techniques (Saunders et al., 2009).

The information outlined in this paper refers to the one collected until the present moment of the research development. In addition, it is necessary to mention the fact that also the methodological specifications further on highlighted are specific to the research's current stage of development.

In what concerns the interviews, these were semi-structured. They were based on an interview guide elaborated using the information obtained in the literature review process. After that, this was debated with experts from the academic environment and the ones actively involved in different aspects related to the migration phenomenon in Romania. Even if the interview guide existed, the number of questions addressed, or the order in which they were addressed differed from one
interviewee to another, in accordance with the interview's way of development. In general, interviews were formal and face-to-face type. During their development, no disruptive factors appear and they lasted, in average, for 45 minutes.

In what regards the observations, our role was of both of observer as participant and of participant as observer, depending on the analysed business.

During the interviews and the observation process, we took notes. We mainly wrote the information expressed during the interviews and observed during the observation process, but also elements of nonverbal language, and personal thoughts and feelings.

Based on the notes we took and using the inductive approach, we analysed the gathered information. The main results are outlined in the following part of the paper. It is important to highlight again the fact that they are preliminary and they refer only to the information collected until this stage of research's development. In addition, we do not aim to expand the results obtained until this moment; the outlined results are specific to the respondents that took part in the research.

4 Preliminary results

As the field work specific to the research is in an incipient phase, until this moment only seven interviews with returnee entrepreneurs were held. Considering confidential reasons, their identity is not revealed.

The gathered information contributes to the achievement of the first two objectives of the research and it is outlined as a general result, without any particularization on the investigated subjects.

The interviewees were both men and women, in general, aged over 35, from both rural and urban areas. In what concerns their educational attainment, in general, they have a high school diploma. However, there are also cases of persons with academic background, among the interviewed returnees. They had a migration experience of over five years in countries like Spain, Italy, Germany, France, and the United States of America.

A series of reasons for coming back home are related to the economic crisis in the country of destination, to the fact that they lost their jobs, to the working conditions in the countries of destination, to the families left behind, or to the desire to bring a contribution to the development of their country of origin, through business start-up.

After coming back home, most of the interviewees started a business. This was their primary intention. Even though, there were also situations when they first intended to find a job and after several unsuccessful trials, they reoriented their professional career towards entrepreneurship. They chose to start a business in the country of origin, in general, as a survival means. This way, some forms of the investigated entrepreneurial manifestations can be placed in the category of necessity driven entrepreneurship, even though the vast majority is categorised as opportunity driven entrepreneurship. Some of the reasons are related to incapacity to find a job, to the inadequacy of the job related to their expertise, or to financial conditions. However, no matter the reasons for business start-up, Romania is preferred in comparison with the country of destination as it implies lower costs in what concerns the rent, equipment’s, labour force, etc. Also, it represents their native place, here they feel at home, and they have their social networks.

The fields of activity in which the businesses owned by the interviewed returnee entrepreneurs are active, are restaurants, agriculture, constructions, interior design, and tourism.

In general, the businesses are developed in branches in which the returnee worked in the country of destination. This way, he/she uses and takes advantage of the knowledge, skills, and abilities developed during the migratory period. Also, different products specific to the country of destination are used in the process of business initiation and development. For example, in agriculture, there are cases of returnee entrepreneurs that built their
greenhouses using materials from the country of destination, that bring seeds for fruits and/or vegetables from the country of destination, that bring their animals from the country of destination, etc. In the same frame, some returnee entrepreneurs active in the restaurants branch use the country where they have emigrated as an important supplier for their ingredients. The ones active in constructions or interior design bring some of their equipment from the country of destination.

On the other hand, there are cases when the work experience developed in the country of destination did not contribute to the materialization of the entrepreneurial intention. However, the amount of money raised during the migration period played a major role in the business initiation process. Also, the business idea is based on the migratory experience: foods they liked there, facts they saw or lived, places they visited, businesses they found interesting, etc.

The entrepreneurial process is not an easy one and some of the interviewees perceive a series of obstacles in their entrepreneurial demarche. Maybe, one of the most important refers to the lack of specialized work force, especially in agriculture and constructions. For example, the persons from the rural area willing to work in agriculture emigrated from Romania. In this sense, the labour force in the rural area is poorly represented. However, some returnee entrepreneurs tried to overcome this obstacle by hiring members of their family, relatives, friends, or even to "bring back" emigrant neighbours.

No matter how difficult the entrepreneurial process is, this represents a career option preferred and very appreciated by the investigated returnee entrepreneurs. They are motivated by the fact that they are their own bosses, the profit is entirely theirs, and they have an important social status in their community.

5 Concluding remarks

Based on the results obtained until the present moment of an ongoing complex and comprehensive field research in the area of returnee entrepreneurship in Romania, in the present paper we have put forward a series of specific features of the investigated phenomenon.

Emigrants decided to return in their country of origin for various reasons related, in general, to financial conditions, working status, or family reunification.

Entrepreneurship represented a means for obtaining financial benefits and also a means for social inclusion. Both forms of opportunity and necessity driven entrepreneurship are manifested, Romania being preferred for business start-up as it represents their native place, here they feel at home, they have their social networks, and it implies lower costs in what concerns the rent, equipment, labour force, etc. in comparison with the country of destination.

In general, the businesses are developed in branches in which the returnee worked in the country of destination, such as restaurants, agriculture, constructions, interior design, and tourism. This way, he/she uses and takes advantage of the knowledge, skills, and abilities developed during the migratory period. Also, the financial resources accumulated during the migratory period played a key role in the business start-up process. In the same context, during the migratory experience, the interviewed entrepreneurs identified a series of business opportunities that were exploited in the country of origin through business initiation, and developed strong social networks that helped them in their entrepreneurial demarche.

However, the entrepreneurial process is not an easy one and some of the interviewees perceive a series of obstacles on their entrepreneurial path, such as the lack of specialized work force.

Acknowledgment

This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number
References


Authors’ description

Rodica Pamfilie is a Professor and the Dean of the Faculty of Business and Tourism at the Bucharest University of Economic Studies, Romania. Her research and teaching activities cover management of innovation and design, commodity science, food products and consumer safety, expert examination of import-export food commodities, design aesthetics of merchandising.

Raluca Mariana Grosu is an Assistant Professor in the Department of Business, Consumer Sciences and Quality Management, the Faculty of Business and Tourism at the Bucharest University of Economic Studies. Her main research areas refer to entrepreneurship, migration, consumer sciences, regional science.

Robert Bumbac, PhD is a Teaching Assistant at the Department of Business, Consumer Sciences and Quality Management, Faculty of Business and Tourism, The Bucharest University of Economic Studies. His research and teaching interests encompass innovation, open innovation, business models, design.