

PERFORMANCE INDICATORS OF URBAN MIGRANT ENTREPRENEURSHIP IN THE NETHERLANDS

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Abstract

In recent years, self-employment among migrant minorities has increased significantly in the Netherlands. The phenomenon of ‘migrant entrepreneurship’ (ME) refers to business activities undertaken by migrants with a specific socio-cultural and ethnic background or migrant origin. ME distinguishes itself from ‘normal’ entrepreneurship through its orientation on migrant products, on migrant market customers, or on indigenous migrant business strategies. Migrant groups that produce a strong entrepreneurial group can be of great economic significance for the migrant business community, as well as for the community as a whole, through job and opportunity creation. The recent literature has documented that migrant businesses are one of the fastest growing sectors in the Dutch economy. However, knowledge and information that documents entrepreneurial differences between migrants is lagging far behind this rapid growth. Previous research has mainly focused on knowledge of native entrepreneurs that mainly informs policy, education and research. Against this background, the present study aims to investigate entrepreneurial similarities and differences from a multicultural perspective on migrant entrepreneurs. In our study we particularly focus on four active and prominent migrant groups, viz. Turks, Moroccans, Surinamese and Antilleans, in the Netherlands. First, we give a brief historical overview of migration from and to the Netherlands with an emphasis on post-war immigration and its impact on the Dutch society. Next, we discuss the living and working conditions of migrant groups, and we compare these groups with each other, as well as with native Dutch group in terms of their entrepreneurial behaviour. Our comparison and evaluation are, of course, limited by the available data. After an evaluation of the development of migrant entrepreneurship in the Netherlands, we examine the basic concepts of ME on the basis of its main characteristics and psychological, sociological, economic and demographic determinants. Finally, we consider some socio-economic and socio-cultural effects of migrant entrepreneurship on the national economy, sustainability, and diversity.

1. Prefatory Remarks

In recent years, self-employment among migrant minorities has increased significantly in the Netherlands and in other countries, and migrant entrepreneurs have been the subject of growing interest. Encouraging migrants to become self-employed has now become an important feature of national and local policy making. The recent literature has documented that migrant businesses are one of the fastest growing sectors in the Dutch economy. The entrepreneurship rate of migrants is growing far more rapidly than that of natives in the Netherlands. Despite the fast growth of migrant entrepreneurship in the country, empirical information that documents socio-economic differences in the business performance of

migrant entrepreneurs is lagging far behind the rapid growth of migrant entrepreneurs. Previous empirical research has mainly focused on knowledge about native entrepreneurs as a strategic input for Dutch policy, education and research. Migrant entrepreneurs make a variety of contributions to the economic environment of their host and home countries. Migrant entrepreneurship (ME) provides the opportunity for, and access to, economic growth, equal opportunity and upward mobility for many of those who have traditionally been excluded from business, including migrant minorities. Migrant groups who produce a strong entrepreneurial group can be of great economic significance for the migrant business community, as well as for the community as a whole, through job and opportunity creation (Rettab, 2001). ME is also an important phenomenon for the socio-economic development of Dutch cities. It partly solves the problem for migrant people in their quest for a job and it may improve the economic position of migrants. There are relatively more migrant entrepreneurs compared with native entrepreneurs in the Netherlands, because many migrants prefer the independence of entrepreneurship above a poorly paid job at the bottom of the labour market. In starting-up a new enterprise they hope to increase their income and climb up the social ladder. At the micro-level, migrant entrepreneurs help to satisfy a variety of migrant needs and wants for both migrant and non-migrant consumers (Super, 2005). Furthermore, at the macro-level migrant entrepreneurs together with their enterprises contribute to the further integration of these migrant people and strengthen the local economy. The phenomenon ME refers to business activities undertaken by migrants with a specific socio-cultural and ethnic background or migrant origin. This phenomenon distinguishes itself from 'normal' entrepreneurship through its orientation on migrant products, on migrant market customers, or on indigenous migrant business strategies (Choenni, 1997). ME is also generally regarded as an important self-organizing principle through which migrant minorities are able to improve their weak socio-economic position (Baycan-Levent et al., 2003). There are several reasons why migrants opt for entrepreneurship. Jenkins (1984) has identified three basic explanatory models of ethnic involvement in business. These three basic explanatory models refer to: (i) the economic opportunity model; (ii) the culture model; and (iii) the reaction model. The economic opportunity model regards migrant minority businesses as relying on the market for their fortunes. The culture model assumes that some cultures predispose group members towards the successful pursuit of entrepreneurial goals. The reaction model assumes that self-employment amongst members of migrant minority groups is a reaction against racism and blocked avenues of social mobility, a means of surviving at the margins of a white-dominated society. Metcalfe et al. (1996) and Clark and Drinkwater (1998) identified the desire to avoid labour market discrimination in the form of low-paid jobs as a principal explanation for the entry of migrants into self-employment. They claimed that there is a substantial variation between migrant groups in self-employment, but in general they earn less than whites, even whites with similar characteristics. According to Waldinger et al. (1990) migrant minority businesses are a product of the interplay of opportunity structures, group characteristics and strategies for adapting to the environment. Many migrants prefer the independence of entrepreneurship to a poorly paid job at the bottom of the labour market ladder. With the starting-up of a new enterprise, these people hope to increase their income and climb up the social ladder.

It is noteworthy that the rate of participation in entrepreneurship differs greatly between the various migrant populations (Kloosterman, 2004), and the degree of success in establishing their own enterprise is clearly different amongst various minority groups. When comparing the proportions of active migrant entrepreneurs of Turkish, Moroccan and Surinamese ethnic origin in the Netherlands, we can see that most of them are Turkish entrepreneurs (Sahin et al., 2006). It is noteworthy that the tendency or ability to become

self-employed differs greatly between natives and migrants; migration involves taking risks and hence it may be important to become self-employed. According to Verheul et al. (2001), migrants are considered to have an appropriate attitude or mindset to start a business.

The focus of this paper will be on the business performance of urban migrant entrepreneurs of Turkish, Moroccan and Surinamese ethnic origin in order to explore and review significant differences in the business performance of these entrepreneurial migrant groups in the Netherlands (see Figure 1). The difference in business performance will be explained in terms of their personal and business characteristics, as well as of their participation in social networks, on the basis of a sample of the population in the city of Amsterdam. Applying, a blend of theoretical and applied research, our study will address the question: *Are there significant differences in business performance between distinct groups of migrant entrepreneurs in the service sector (notably, tax and consultancy offices) in the city of Amsterdam, and – if so – can these differences be explained by their personal and business characteristics and by their degree of participation in (in)formal network support systems?*

This paper is structured as follows; First, we provide a brief historical overview of the migration flows from and to the Netherlands with an emphasis on post-war immigration and its impact on Dutch society. Secondly, we discuss the living and working conditions of migrant groups, and we will compare these groups in terms of their entrepreneurial behaviour. Our comparisons and evaluations are, of course, limited by the available data. Section 3 provides a brief survey of the literature on migrant entrepreneurship and evaluates the development of migrant entrepreneurship in the Netherlands. We discuss some key aspects of migrant entrepreneurs in the Netherlands, which includes explanations of the different patterns of self-employment among migrant groups – particularly Turkish, Moroccan and Surinamese entrepreneurs – regarding their personal (e.g. age, marital status, education, traits) and business characteristics (e.g. experience, the role of the family in the business), as well as their participation in social networks (in particular, the role of business-support agencies and others in the development of their businesses). We examine the basic concepts of ME on the basis of their main characteristics and psychological, sociological, economic and demographic determinants. Then Section 4 examines the background and development of migrant entrepreneurship in the Netherlands, and compares the main migrant groups, viz. Turks, Moroccans, and Surinamese, in terms of their entrepreneurial behaviour. Finally, Section 5 concludes with a discussion on differences in entrepreneurial behaviour and business performance and with recommendations for further research in this field.

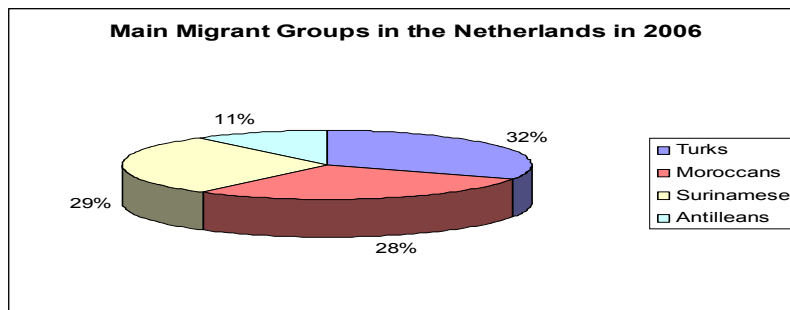


Figure 1: Main migrant groups in the Netherlands (Source: CBS, 2006).

2. Migration Flows in the Netherlands

In the early 1960s, the Netherlands switched from an emigration to an immigration country. The increase in prosperity in the Netherlands reduced emigration and induced new

immigration flows at the same time. Post-war immigrants can be divided into three main groups: immigrants from former colonies; those who were recruited for unskilled jobs (known as guest workers); and more recently refugees. The socio-economic position of migrant minorities is, in general, not comparable with that of the native population although a clear improvement in their position is observable. Policy makers have reacted to a constant migration surplus with a restrictive immigration policy, while at the same time aiming to improve the position of immigrants who have already arrived (Zorlu and Hartog, 2001). Zorlu and Hartog (2001) have made a very extensive and interesting study of the migration flows in the Netherlands. They investigated the emigration and immigration flows in different periods. The following paragraphs are based on their study of migration experiences.

The first period during which there was an immigration surplus was from 1585 to 1670, a period which was known as the Golden Age in Dutch history. In fact, the percentage of immigrants was higher in the 17th and 18th century than in the 1990s (Lucassen and Penninx, 1997). In the period of the Golden Age, there was relatively great prosperity and tolerance in the Netherlands in comparison with the surrounding countries, and this favourable situation attracted many immigrants. A large number of immigrant workers, as well as religious and political refugees, moved to the Netherlands for either a short stay or to settle permanently. Lucassen and Penninx (1997) argue that the change in the share of foreigners is closely correlated with the relative prosperity of the Netherlands. The percentage of immigrants sharply decreased in the 19th century while the economy stagnated. In the 17th and 18th centuries, a relative small number of migrants left the Netherlands. In those two centuries, no more than 10,000 people emigrated to North America, while from the mid-19th century to the mid-20th century, the number of Dutch people leaving the Netherlands was higher than the number of immigrants. The vast majority of Dutch emigrants headed for North America. After 1870 there was an increase in the number of immigrants from 50,000 between 1890 and 1900 to 175,000 in 1930 (Lucassen and Penninx, 1997). Until 1960, the Netherlands was considered to be an emigration country although, from time to time, immigration was greater than emigration in connection with various historical events such as wars and economic crises. During the First World War, thousands of Belgian refugees crossed the border trying to escape from the war. From 1920 to 1940, a large proportion of the immigrants were Jews and other opponents of the Nazi regime coming from Eastern Europe, Germany and Austria. After the German invasion in 1940, many Dutch people fled to the UK.

After the Second World War, the Netherlands experienced an emigration surplus in the recovery period of the economy until the early 1960s. Since 1961, however annual immigration flows have exceeded emigration flows systematically except in one year: namely, 1967. From that year on, the Netherlands can be considered more of an immigration country than an emigration country. The immigration flow fluctuated greatly between 37,000 and 127,000 people a year, while the emigration flow was stable at around 60,000 people per year since 1953. The first large immigration flow was from Indonesia, which had been a Dutch colony until December 1949. Large numbers of Eurasian repatriates who had been interned in the Japanese camps in the Dutch East Indies/Indonesia during the War returned home. The two major immigration waves occurred directly after the decolonization of Indonesia in 1949 between 1949-1951 and between 1952-1957. Another immigration stream occurred in the early 1960s after the conflict between the Netherlands and Indonesia about New Guinea. Two large immigration flows occurred after the decolonization of Surinam in 1975 and between 1979-1980 prior to the expiry of the transitional agreement on the settlement and residence of mutual subjects (Lucassen and Penninx, 1997). Immigration from Surinam and the Dutch Antilles has not led to smooth

economic integration, and these groups are still targets for economic policies. The period of overall net-immigration started at the beginning of the 1960s. The flow of large numbers of guest workers after that time (the 1960s) created an immigration surplus in the Netherlands. During the long post-war boom, the demand for workers for unskilled jobs increased, while the supply of unskilled Dutch workers was decreasing. The shortage of unskilled labourers was compensated by the inflow of Mediterranean workers (Hartog and Vriend, 1990). Workers were actively recruited or came spontaneously from countries like Italy, Spain, Portugal, Turkey, Greece, Morocco, Yugoslavia and Tunisia. The recruitment policy stopped during the first oil crisis, but the immigration from the recruitment countries continued as chain-migration, at first in the form of family reunification throughout the 1970s, and later on in the form of family formation in the 1980s and 1990s. Between 1982 and 1983 the immigration flow stagnated and even dropped almost to the level of emigration, no doubt as a reaction to the deep recession of the Dutch economy after the second oil crisis in 1979. The increase of immigration in the second half of the 1980s was dominated by family formation/re-union of guest workers. In addition, the flow of political refugees and asylum seekers, from politically unstable areas in the world, has also increased. Although the chain-migration from Turkey and Morocco has continued during the last two decades, the number of south European immigrants did not grow much after the end of formal recruitment, and even experienced a decrease. From 1958 till the early 1960s, both emigration from and immigration to the EU countries increased substantially. Ultimately, Surinamese, Antilleans, Turks and Moroccans became the largest migrant minorities, and this group is gradually growing as a result of a combination of continuous immigration and a relatively high birth rate. Immigration streams are now increasingly dominated by political refugees and asylum seekers.

Motives for emigration from the Netherlands were: fear for unemployment, the Cold War, perceived lack of opportunities for agriculture, and generally low economic expectations. In the last two centuries, the most popular destinations of Dutch emigration have been the main immigration countries: Australia, Canada, New Zealand, South Africa, and the USA. In the early 1950s, there was a sharp increase in emigration, accompanied by a deliberate emigration policy: subsidies for transport, counselling, guidance, and bilateral international agreements for the admission of Dutch immigrants. Emigration decreased considerably after 1952 and the numbers stabilized, contrary to the overall immigration pattern. Between 1946 and 1972, almost 500,000 Dutch citizens emigrated mainly to Canada, the USA, Australia and New Zealand. Migration to other EU-countries increased considerably between 1959-1967. Emigration in both these directions shows a marginally decreasing trend until 1987 and then increases again. The migration pattern within a country is strongly influenced by the migration policy. The flow of people is regulated by some strict rules. In the 1960s the Netherlands recruited guest workers from other countries on a temporary basis, but when unemployment strongly increased after the early 1970s, the guest workers did not return to their homeland. The integration of the guest workers was not a policy goal, because they were supposed to be temporary workers. The main aim was to ensure that immigrants would have sufficient opportunities to participate in Dutch society without giving up their own lifestyle and values, since this would strengthen ties with their home country. The Netherlands had become a magnet for international migration flows with its internationally high standard of living. As a reaction, the Dutch government tightened its immigration policy from the second half of the 1980s. Labour migration had already been banned in 1973. For non-EU residents, family formation and reunion are the two main grounds of admission, subject to strict conditions. They are allowed to settle (temporarily) in the Netherlands, but, if and only if, they are: i) a minor family member (younger than 15 years old) or the partner of a legal resident (native Dutch or legal non-Dutch) with a paid

job which provides an income above the minimum wage; ii) students, who are mostly allowed on the basis of bilateral agreements; iii) labour migrants, according to the Law on Foreign Workers, who are mostly top managers and top sportsmen; and iv) political refugees, although their selection procedure has become increasingly strict.

In conclusion, the first group of migrants, solely males, arrived in the Netherlands in 1960. In 1966, the Dutch economy experienced an economic recession which led some immigrants to return home. In 1968 the Dutch economy began to grow again; and the second recruitment period started and continued until 1974. In that same year, the impact of the oil crisis on the economy was felt severely. In 1974 the Dutch government took measures to restrict spontaneous migration and official recruitment stopped. In the 1970s, increasingly more migrant workers brought their families. In the first half of the 1980s, the net migration balance declined as a result of a combination of factors: restrictive admission policy, poor job prospects, and the slowing down of family reunification. In 1985, immigration began to increase again as a result of family-formation: children of the first generation labour migrants brought marriage partners in from their countries of origin (Kraal and Zorlu, 1998). After this historical overview of the migration from and to the Netherlands with an emphasis on the post-war immigration and its impact on the Dutch society, we now discuss the living and working conditions of different migrant groups in the Netherlands. The labour market positions of the main groups (migrants from former colonies, guest workers and refugees) in the Netherlands are characterized by strong differences, just like their own migration history.

3. Living and Working Conditions of Migrant Groups in the Netherlands

The Netherlands has shown a remarkable openness vis-à-vis foreigners, a situation that can clearly be observed in the history of the country. At present, the share of migrants in Dutch society is approx. 20 percent, while the share of non-western migrants is about 10 percent (CBS 2003, 2004). Of the non-western migrant population, three groups have a dominant position (namely, approx. 60 percent), viz. Turks, Moroccans, and Surinamese. Since 1970, the number of migrants in the Netherlands has rapidly increased. Most migrants into the Netherlands originate from non-western countries (Jansen et al., 2003), from Turkey, Morocco, Surinam and the Antilles. Figure 2 illustrates in absolute figures the number of migrant individuals living in the Netherlands. We can see that the Turkish migrant group is the biggest of the four migrant groups. The population has increased each year for each group.

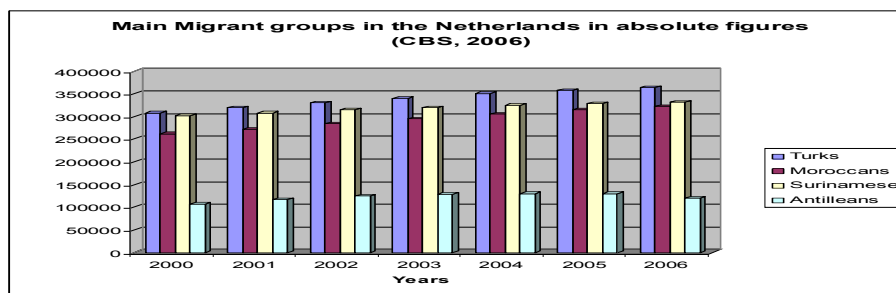


Figure 2: Main migrant groups in the Netherlands in absolute figures (Source: CBS, 2006).

Migrant minorities are characterized as a typical urban population category. In 1992, 61 percent of the minority population lived in cities with more than 100,000 residents (Kraal and Zorlu, 1998). Nowadays, 44 percent of the minority population live in the four largest cities; Amsterdam, Rotterdam, The Hague, and Utrecht, while only 13 percent of native Dutch people live in these cities. Determinants of concentration and segregation in

cities are partly linked to the kind of migration. Turkish and Moroccan migrants came as low and unskilled labour in industry and settled in industrial centres in or near the cities. Surinamese and Antilleans came to study or sought work in the service sector. All these opportunities were available in the big cities Rotterdam, The Hague, Amsterdam, and Utrecht (Kraal and Zorlu, 1998).

Table 1: Important migrant minorities and natives in the Netherlands in absolute figures (Source: CBS, 2006).

	Year	Turks (x1000)	Moroccans (x1000)	Surinamese (x1000)	Antilleans (x1000)	Dutch (x1000)
Total popu- lation	2000	308.9	262.2	302.5	107.2	13088.6
	2001	319.6	272.2	308.8	117.1	13116.9
	2002	330.7	284.1	315.2	124.9	13140.3
	2003	341.4	295.3	320.7	129.3	13153.8
	2004	351.7	306.2	325.3	130.7	13169.9
	2005	358.8	315.8	329.4	130.5	13182.9
	2006	364.6	323.3	332.0	120.4	13184.1

Share of main migrant groups in the four big cities in the Netherlands (in percentages)

Main migrant groups	The Netherlands	Amsterdam	Rotterdam	The Hague	Utrecht
Moroccans	1.04	8.8	6.3	5.3	8.9
Turks	1.30	5.0	7.5	6.6	4.4
Surinamese	0.98	9.5	8.7	9.6	3.0
Antilleans	0.60	1.5	3.3	2.3	0.7
Others	2.40	9.5	9.3	8.3	4.0
Total of Migrants	6.32	34.3	35.1	32.1	21.0
Total of Natives	93.68	65.7	64.9	67.9	79.0
Total	100.0	100.0	100.0	100.0	100.0

Source: (CBS, O+S, COS, 2004, 2006).

The migrant populations from Turkey and Morocco in the Netherlands are very similar regarding their demographic composition. They are, on average, the least well-educated and most likely to be married, and most migrants from these countries consider themselves to be Muslim. The migrants from Surinam and the Antilles are better educated, more familiar with the Dutch culture and language, and more often single or single parents. All migrant populations have in common that they are relatively young compared with the native Dutch population (Jansen et al., 2003). Migrants from Surinam and the Antilles also have similar demographic characteristics to each other. Their age distribution is similar to the age distribution of migrants from Turkey and Morocco. Regarding the labour force participation rate of women and the share of married couples in the total number of households, they have much in common with the native Dutch population (Jansen et al., 2003). Migrant minorities face similar problems when it comes to labour market participation and educational performance. The labour market position of many migrant workers is weak because of their low educational level and lack of Dutch language skills. In terms of education, there are some big problems for the migrant minorities. A high percentage of people (between 15 and 24 years) leave secondary school without any qualifications. There is a relatively low level of participation of Turks in higher education. As most Turks and Moroccans belong to the lowest socio-economic category, the factor of ethnic origin is so closely intertwined with the factor of social class that it is not really possible to differentiate between the two. However, education is the prime factor for the socio-economic position of minorities in the Netherlands, particularly for the second-generation minorities (Avci, 2006).

In Table 2, we can also see that the educational level is lowest for migrant groups from Turkey and Morocco. Migrants from Surinam and the Antilles have, on average, higher educational levels, but not yet quite as high as those of the native population. In addition, we can also see in more detail that the percentage of people with a university degree or professional qualification has decreased for each group. However, although there has been a general decrease at this level, the percentage of people with a university Bachelor and with a Master of Science degree has now started to increase for each group.

This may be caused by the introduction of a new system of higher education. The differences in gender are rather small for the Turkish population. The education rate at different levels is much lower for both sexes in the group, compared with the other groups. Turkish male and female migrants have an almost similar rate for the Pre-University or Professional Education Level. But, for Moroccan female migrants, this rate is in general relatively much higher in comparison with Turkish female and Moroccan male migrants. When we look at the higher education level for this group of female Moroccans, we can see that the difference between gender and education level becomes much smaller. The Surinamese and the Antillean female migrants have a level of higher education comparable with that of the native Dutch population. The differences in gender regarding the education level are also similar in all these groups.

Within these migrant minority groups, the Turks and Moroccans exhibit some similarities, but they have some differences compared with the Surinamese and Antilleans. Surinamese and Antilleans also exhibit some similarities with each other. The distinctions between the first group and second group have several causes. Three major distinctions can be made between the group of Surinamese and Antilleans, on the one hand, and the group of Turks and Moroccans on the other. First, the Surinamese and Antilleans were a post colonial migrant group, whereas the Turks and Moroccans arrived in the Netherlands as guest workers. They were mainly driven by economic motives. Surinamese migration was more socio-politically motivated, as it was strongly linked to Surinamese independence in 1975 (van Amersfoort, 1987). A second difference was the degree of transnationality of the migration patterns. Turkish and Moroccan migration was highly transnational: large groups of Turks and Moroccans settled in many Western European countries, and links soon emerged between these different Turkish and Moroccan communities (Ostergaard-Nielsen, 2000). In contrast, most Surinamese and Antillean migrants settled only in the Netherlands. They maintained no transnational ties other than with their distant home countries. The third difference lay in the historical relationship between the Netherlands and the migrants' country of origin. Surinam had been a Dutch colony for centuries until 1975. Turkey and Morocco had no particular historical ties with the Netherlands. Before 1960 there was just a small group of Surinamese, and virtually no Turks and Moroccans in the Netherlands. This situation soon changed as large numbers of Surinamese, Antillean and Turkish and Moroccan migrants arrived in the country in the decades after 1960 (Vermeulen, 2005).

Table 2. Education level of main migrant groups¹ in the Netherlands in absolute numbers and percentages (CBS, 2006).

Education Level	Turks			Moroccans			Surinamese			Antilleans			Dutch		
	t	m	f	t	m	f	t	m	f	t	m	f	t	m	f
University of Professional Education	'00-'01	330 ²	180	150	400	180	220	600	230	370	180	190	35770	15950	19830
	%	75	77	73	83	80	86	70	68	74	72	70	70	68	72
	'01-'02	380	180	200	440	200	240	610	235	375	160	260	36250	16070	20190
	%	86	78	74	79	77	80	73	72	74	67	10	69	67	70
	'02-'03	440	200	240	500	220	280	660	245	425	190	290	36320	16010	20300
%	73	73	74	77	72	79	69	66	70	72	68	67	64	69	
University (Old Master)	'03-'04	550	250	300	560	250	310	700	290	410	190	330	36290	16210	20070
	%	69	68	69	75	71	78	65	64	65	61	70	63	61	64
	'04-'05	490	230	260	580	240	340	820	290	530	220	330	35160	15820	19930
	%	63	63	63	68	66	70	50	60	60	63	59	56	55	57
	'00-'01	110	55	55	80	45	35	240	110	130	70	80	15390	7580	7810
University Bachelor ³	'01-'02	25	23	27	17	20	14	29	32	26	28	27	30	32	28
	%	120	50	70	120	60	60	230	90	130	80	80	15960	7760	8200
	'02-'03	130	60	70	110	45	65	250	90	170	50	120	15120	7010	8110
	%	22	22	22	17	15	18	26	24	28	25	28	28	28	28
	'03-'04	160	70	90	100	50	50	230	80	150	190	110	14920	6650	8270
Master of Sciences	'04-'05	110	55	55	130	14	13	21	18	24	26	23	26	25	26
	%	14	15	13	15	14	16	19	17	20	14	21	22	22	22
	'00-'01												70	30	40
	%												10	10	10
	'01-'02												60	30	40
University Bachelor ³	'02-'03	20	10	10	20	10	10	40	30	10	20	10	1560	990	570
	%	3	4	3	3	3	3	4	8	2	8	2	3	4	2
	'03-'04	60	30	30	60	30	30	100	50	50	30	20	4330	2190	2140
	%	8	8	7	8	9	8	9	11	8	10	4	7	8	7
	'04-'05	120	50	70	90	40	50	200	80	120	40	80	9320	3990	5430
Master of Sciences	'00-'01	15	14	17	11	11	10	15	17	14	11	14	15	14	15
	%														
	'01-'02														
	%														
	'02-'03	10	5	5	10	10	0	10	5	5	5	5	1180	890	290
University Bachelor ³	'03-'04	30	15	15	30	20	10	50	30	20	10	10	2260	1430	830
	%	4	4	3	4	6	3	5	7	6	3	2	4	5	3
	'04-'05	60	30	30	50	35	15	80	30	50	40	30	4510	2560	1960
	%	8	8	7	6	10	3	6	6	9	11	5	7	9	6

Note. 1. The share of migrants per education level and year in the total of the population category concerned, t = total, m = male, f = female.

2. Total absolute numbers shown in bold print; percentages shown in italic print.

3. No migrant figures for 00-01, 01-02 for University Bachelor and Master of Sciences.

The labour market position of migrants also varies across migrant minority groups, related to their migration history. There is a significant difference among various migrant groups. Zorlu (2002) has made an extensive study of the labour market position of migrant

minority groups in the Netherlands. He investigated their participation, unemployment rates, and earnings. Immigrants from the former colonies often speak the Dutch language before they arrive. They are also more familiar with Dutch society. However, we still observe significant differences within this category. The position of some groups, such as that Indonesians, has strongly improved, while the Surinamese and Antilleans have a less favourable position, even though some improvement is also noticeable. Immigrants who initially arrived as guest workers also strongly differ in their social career in the Netherlands. The South Europeans – Italians, Spanish, Portuguese, Greeks, and Yugoslavs, and their descendants – have improved their position significantly, while Turks and Moroccans still occupy an unfavourable position (Veenman and Roelandt, 1994; Lucassen and Penninx, 1997; van Ours and Veenman, 1999). Related to these differences, policy attention and research concentrate mainly on Moroccans, Turks, Surinamese, and Antilleans. These migrant groups often find themselves in marginal economic positions. The low qualification level of migrant minorities causes disadvantages in job level, participation level and earnings, in addition to unemployment. Migrants' low-level jobs can be explained by their personal characteristics such as sex, family background and experience. Migrant minorities have a disadvantaged position in the Netherlands concerning their participation and unemployment rates, as well as their earnings. A majority of the labour force of the migrant groups have achieved incorporation in the economic life of the city in paid employment. With a few exceptions, migrant groups belong in general to the lower socio-economic segment of European cities, mainly as a result of their lack of education and skills. When they have the opportunity to work, this has occurred more often in the less attractive segments of the labour market (Rath, 1998). Most of the migrant workers are in the service sector, in particular in health care and in other service sectors. This largely applies to Surinamese and Antillean foreign workers. The other major migrant groups are more active in industry, trade, and catering services, because of their personal characteristics (e.g. age, gender, lack of Dutch language), educational qualifications, discrimination, and absence of relevant economic networks outside these branches (Rath, 1998). The proportion of people working for the government or in education among the Surinamese and Antillean groups is the same as that of the indigenous workers (Berdowski, 1994). According to Zorlu (2002), migrant minorities from Turkey and Morocco have the worst labour market position. The Surinamese and Antilleans have a relatively better labour market position than the Turks and Moroccans. The Surinamese and Antilleans share a common history with Dutch people, and people from this group often speak Dutch as their mother tongue. Moreover, women from this group have an exceptional labour market performance, even better than Dutch women. Surinamese and Antillean men have higher participation and employment rates but they suffer a high unemployment level (Zorlu, 2002). Turks and Moroccans have comparable participation and employment rates. Surinamese women have the highest participation and employment rates. The employment and participation rates of Dutch women are similar. Moroccan and Turkish women have the lowest participation and employment rates and the highest unemployment rate.

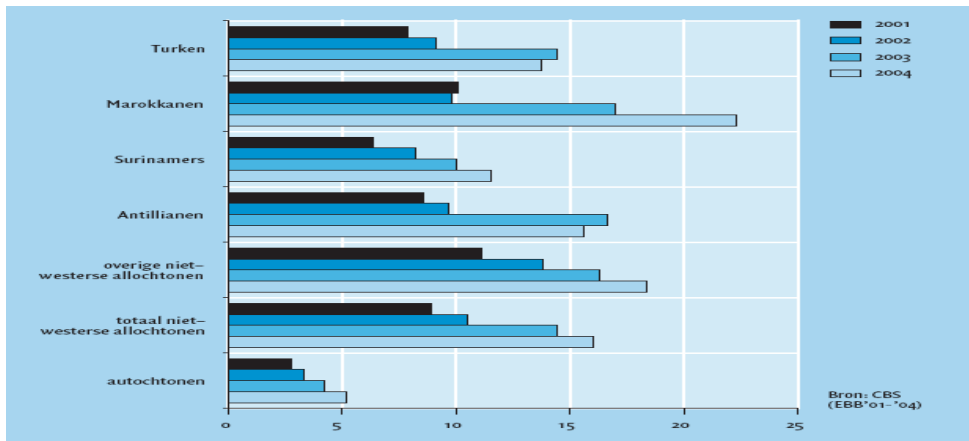


Figure 3: Unemployment amongst migrant groups in relative figures
 Source: CBS (2005), Annual Report Integration (2005).

In general, migrant minority groups suffer from relatively higher unemployment rates. The unemployment rate among ethnic minorities is three times higher than it is for native Dutch people (see Figure 3). The participation rate is considerably low for two minority groups: namely, Turks and Moroccans, who have the most unfavourable position in the labour market. The labour market position of these minorities remains vulnerable because a relatively many of them are employed in industry and low-paid jobs. The unfavourable labour market position of minorities results in a low household income. However, not all ethnic minority groups have the same unfavourable labour market position. Surinamese and Antillean people are less frequently unemployed than Turks and Moroccans. Moreover, the distribution of employed Surinamese and Antilleans over different sectors shows more similarities to that of Dutch people. The household composition of migrant groups tends to differ for gender categories. Working women live less often with a partner and child, compared with working men. These men are more often with a partner but childless or are just single. Differences in household composition are more striking between migrant groups within gender categories. Surinamese and Antillean men are less often in a household type with a partner and children and more often in a household type with a partner and without children, while Turkish and Moroccan men are more often with a partner and children and less often with partner and without children. Considering the household income, the higher percentage of Surinamese, Antilleans, Turks and Moroccans in the lowest income category is remarkable, and so is the low percentage of Surinamese and Antillean women and Turkish and Moroccan men in the highest income category.

4. Development of Migrant Entrepreneurship in the Netherlands

In recent years, the number of entrepreneurs have increased amongst people of different migrant minority groups in the Netherlands. One out of five new businesses in the Netherlands is set up by a migrant entrepreneur. Migrant minorities have started their own small firms in reaction to their declining opportunities in the regular labour market, in sectors where the production is labour intensive, the profit margin is low, and little start-up capital is required. Their businesses rely mainly on family labour and a labour force from their own ethnic community. They have started their own shops, oriented mainly to the own migrant group, while supermarkets have increasingly gained ground from the retail trade.

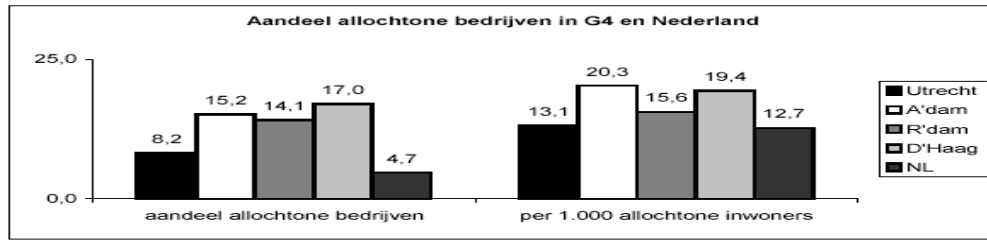
Table 3: Information MKB 2004

MKB 2004	€	%
Enterprises	685,000	99%
Employment	3,889,000	56%
Turnover	429 mrd	49%
Sales	239 mrd	61%
Export	51 mrd	29%
Profit	36 mrd	50%

Source: Annual Report Koninklijke Vereniging MKB-Nederland 2004/2005.

In 2005 over 80,000 people started an enterprise in the Netherlands. This is 10,000 more than in 2004, a growth of 15 percent. All together these entrepreneurs have started 75,000 new enterprises in 2005. In the Netherlands, in relative terms between 1989-1999 the number of migrant businesses has increased even more than that of native businesses (van den Tillaart, 2001). Between 1986 and 2000, the number of migrant enterprises more than tripled from 11,500 to 36,461 (van den Tillaart, 2001; Maas, 2004). In mid- 2000 there were 36,461 economically active migrant enterprises within the Netherlands. The number of starting migrant entrepreneurs has strongly increased since the beginning of 2004. In 2003, there were 10,700 migrant entrepreneurs. In 2004, there were 12,800 migrant entrepreneurs, and in 2005, 14,900. This was an increase of almost 40 percent in two years. Moreover, this concerns persons who are not born in the Netherlands. Of the 14,900 starting migrant entrepreneurs, 4600 belong to the traditional large migrant group from Morocco, Turkey, Surinam, the Antilles, and Aruba (Kamer van Koophandel, 2006).

The big cities in the Netherlands have a rich variety of migrant entrepreneurs. Most of these migrant enterprises and entrepreneurs are located in the big cities, Amsterdam, Rotterdam, the Hague, and Utrecht. For a long time, these cities were the place of settlement for major migrant groups of different national and cultural origin. Jewish people were a driving force, but not the only entrepreneurial group in the cities (Lucassen and Penninx, 1994); other examples of early entrepreneurial groups were Belgian manufacturers of straw hats, German bakeries and breweries, and Italian plaster sculpture sellers (Henkes, 1995; Miellet, 1987). The city of Amsterdam has a total of 6,776 migrant enterprises and 8,198 migrant entrepreneurs. It can be stated that almost 19 percent of all the migrant enterprises within the Netherlands are situated in Amsterdam (GEM, 2004). The number of enterprises of first-generation migrants has tripled countrywide in the last 15 years within the Netherlands. In 1986, the Netherlands had 11,500 migrant enterprises, while in 2000 this number had increased to 36,461. In fact, the number of migrant enterprises is much more than the stated 36,461, because this number exclusively represent enterprises of the first-generation of immigrants. The share of migrant enterprises in Amsterdam is 18.6 percent of the total within the Netherlands. This percentage is clearly different when compared with that for the other big cities in the Netherlands: Rotterdam 10,5 percent, The Hague 9.7 percent and Utrecht 2.7 percent. In Figure 4 we can see the share of migrant enterprises in each of the big four cities, Utrecht, Amsterdam, Rotterdam and The Hague, within the Netherlands (GEM, 2004).



Bron: calculatie Bestuursinformatie obv CBS en Van den Tillaart (2001)

Figure 4: Share of migrant enterprises in 4 big cities in the Netherlands

The migrant enterprises within the Netherlands are much smaller when compared; with native Dutch enterprises. More than half (55 percent) of the migrant enterprises have only one employed person. About 39 percent of migrant enterprises have two to four employees. Merely 1 percent of the migrant enterprises has nine or more employees. Migrant enterprises are often registered as one-man businesses, because of the small number of employees. Two-thirds of migrant enterprises have this legal form. More than a quarter of these enterprises (29 percent) are a 'partnership'. Only 3 percent are private companies (van den Tillaart, 2001; GEM, 2004). The number of enterprises and the number of entrepreneurs have developed significantly differently. In private businesses the number of ventures over the period 1987-2000 grew on average by 2.8 percent per year, whereas the number of entrepreneurs increased by no less than 4.2 percent per year. As already mentioned, the number of entrepreneurs in the private businesses grew considerably more than the number of enterprises. The number of entrepreneurs per enterprise has therefore increased. More entrepreneurs are working in teams (partnerships) than they did before, which explains why the number of entrepreneurs per enterprise has really increased. The chances of survival for starting migrant enterprises are less compared with the chances for native Dutch enterprises. Of the main cause of this phenomenon is the greater chance that migrant starting companies will not successfully come through the first year after the business was set up. The number of starting migrant entrepreneurs rose yearly between 1989 and 1999. There were only 2,500 starting migrant entrepreneurs in the Netherlands in 1989, but by 1999 the number had risen to 6,500. Within the Registry of Commerce there are now a total of 78,900 migrant entrepreneurs, of whom 43,926 are actively involved in an existing and economically active enterprise.

The rate of participation in entrepreneurship differs greatly between the various migrant populations (Kloosterman, 1999). Success in establishing their own enterprise is different between the minority groups. Frequently, more Turks and Italians are entrepreneurs than Surinamese, Moroccans and other South Europeans. The degree of entrepreneurship is very high amongst some other small minority groups, i.e. Chinese, Egyptians, Pakistanis, Indians (Choenni, 1997). In general, minority business is unequally distributed over sectors. Firms of ethnic minorities are overrepresented in sectors such as restaurants, snack bars, wholesale and retail trade. When comparing the migrant origin of these active migrant entrepreneurs, i.e. the entrepreneurs who are involved in an existing and economically-active enterprise, we can see that the main groups are Turkey: 9,047 entrepreneurs; Suriname: 6,439 entrepreneurs; China/Hong-Kong: 5,130 entrepreneurs; Morocco: 3,424 entrepreneurs; Egypt: 2,037 entrepreneurs; Dutch Antilles/Aruba: 1,615 entrepreneurs; Poland: 1,385 entrepreneurs. It is no secret that the vast majority of migrant entrepreneurs go bankrupt within three years because of underdevelopment and incompetence. It is sometimes mentioned that some enterprises are used for money laundering by Turkish, Moroccan, Surinam and other migrant entrepreneurs. These people abuse fiscal laws in order to generate money in an illegal manner. Often migrant

entrepreneurs start an enterprise without a preliminary study, without a well thought-out product or service, and without the help of an expert. Therefore it comes as no surprise that many increase their chances of bankruptcy and that the enterprise is not able to grow into a larger enterprise.

Migrant minorities consist of two types of migrants. One is the first-generation group, consisting of traditional migrants who were directly recruited for employment reasons. This group is less educated, with most of its education acquired in the country of origin. The other group is the second-generation migrants, consisting of young dependants born in the host countries, where they have had their entire education. This group masters the language of the host country better than the first generation, and is relatively more qualified and acquainted with the local labour market. Not surprisingly, this group is generally found to be more ambitious and selective in choosing a job. Mostly first-generation migrant entrepreneurs undertake their own business impulsively without first carefully analysing the market prospects. As a consequence of this poor start, they serve the same customer-group with the same products and service as their competitors without any differentiation. This leads to enormous price competition, a falling-behind in entrepreneur's income and a high percentage of fall-out amongst young migrant businesses. It is commonly known that the hotel and catering industry usually attracts a lot of migrant entrepreneurs. More than a quarter (26 percent) of the existing and economically active first-generation migrant enterprises are involved in the hotel and catering industry. It can therefore be stated that the hotel and catering industry is the most frequently selected branch of migrant enterprise led by first-generation entrepreneurs. Of the total 36,461 migrant enterprises within the Netherlands: 31 percent are situated in the wholesale trade and retail industry, 27 percent are in business and personal services and 26 percent are situated in the hotel and catering industry.

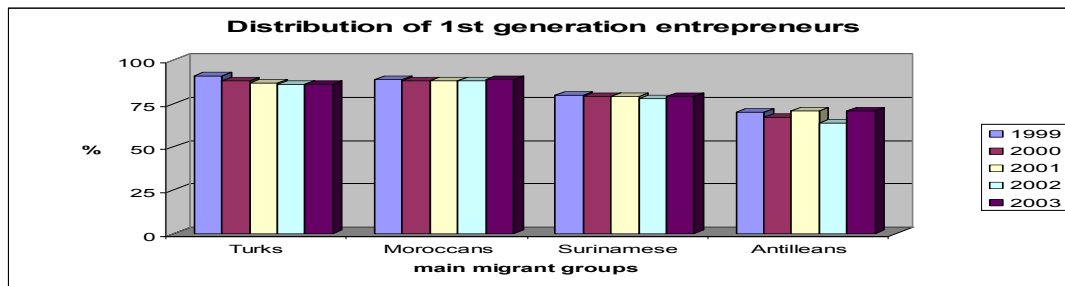


Figure 5: Distribution of 1st-generation entrepreneurs per year (Source: CBS, 2006.)

The number of first-generation migrant entrepreneurs has tripled within the period 1986-2000: namely, from 14,450 entrepreneurs in 1986 to almost 44,000 in mid-2000. The total number of entrepreneurs within the Netherlands has also risen within the same period of time, but this growth is less when compared with the earlier increase. The total number of entrepreneurs has therefore risen from 460,000 entrepreneurs in 1986 to 730,000 in 2000. All together the 14,450 migrant entrepreneurs operated 11,500 enterprises in 1986. The 43,926 entrepreneurs in 2000 utilized 36,461 enterprises together. Thus we can conclude that the number of enterprises has more than tripled (GEM, 2004). In mid-2000, there were a total of 44,000 migrant first-generation entrepreneurs active within the Netherlands. At the beginning of 2001, there were approximately in excess of 4,800 active second-generation migrant entrepreneurs – entrepreneurs, who were born in the Netherlands, and who had at least one parent born elsewhere. Thus the total amount of migrant entrepreneurs is roughly about 49,000 (GEM, 2004).

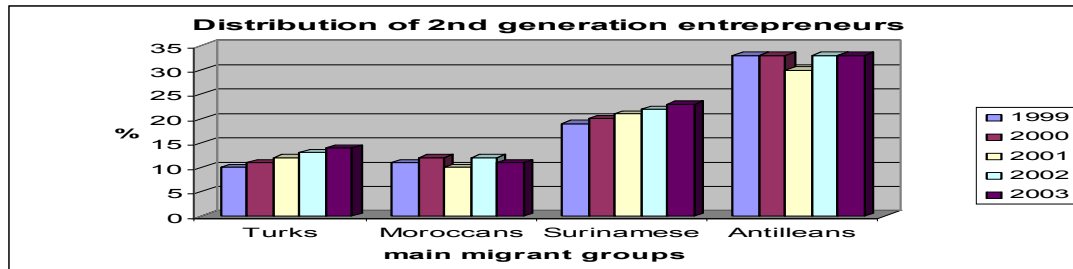


Figure 6: Distribution of 2nd-generation entrepreneurs per year (Source: CBS, 2006.)

In Figures 5 and 6 and Table 4 below, we can see that, during the last decade, the rate of first- and second-generation entrepreneurs has risen steadily in the Netherlands. From the figures of Table 3 we can also conclude that first-generation migrants are far more entrepreneurial than the second-generation migrants. Amongst the Turkish and Moroccan migrant groups, it can be seen that men are relatively more entrepreneurial. The other two major groups of migrants from Suriname and the Dutch Antilles show that entrepreneurship is more or less evenly distributed among males and females. When considering the second-generation migrants from the Turkish and Moroccan groups, it can be seen that there are relatively more male entrepreneurs than female entrepreneurs.

Table 4: Distribution of main migrant entrepreneurs in the Netherlands in absolute and relative figures

Year		Turks (x1000)			Moroccans (x1000)			Surinamese (x1000)			Antilleans (x1000)		
		t	m	f	t	M	f	t	m	f	t	m	f
First-generation entrepreneurs	'99	7.2	5.9	1.3	2.5	2.2	0.3	5.1	3.5	1.6	1.1	0.7	0.4
	%	91	92	87	89	92	75	80	80	80	70	70	80
	'00	8.2	6.8	1.4	3.0	2.6	0.4	5.6	3.9	1.7	1.2	0.8	0.4
	%	88	89	82	88	90	80	79	80	77	67	67	67
	'01	9.6	8.0	1.6	3.5	3.1	0.4	6.2	4.4	1.8	1.4	1.0	0.4
	%	87	88	84	88	89	80	79	81	75	71	71	67
	'02	9.9	8.3	1.6	3.7	3.3	0.4	6.2	4.3	1.9	1.4	0.9	0.5
	%	86	87	84	88	89	80	78	78	76	64	64	67
Second-generation entrepreneurs	'03	10.2	8.6	1.6	3.9	3.4	0.5	6.3	4.3	2.0	1.5	1.0	0.5
	%	86	87	80	89	89	83	79	78	80	71	71	71
	'99	0.8	0.6	0.2	0.3	0.2	0.1	1.2	0.8	0.4	0.5	0.3	0.2
	%	10	9	13	11	8	25	19	19	20	33	30	40
	'00	1.0	0.8	0.2	0.4	0.3	0.1	1.4	0.9	0.5	0.6	0.4	0.2
	%	11	11	12	12	10	20	20	19	23	33	33	33
	'01	1.3	1.0	0.3	0.4	0.3	0.1	1.6	1.1	0.5	0.6	0.4	0.2
	%	12	11	16	10	9	20	21	20	21	30	29	33
Total of entrepreneurs	'02	1.5	1.2	0.3	0.5	0.4	0.1	1.8	1.2	0.6	0.7	0.5	0.2
	%	13	13	16	12	11	20	22	22	24	33	36	29
	'03	1.7	1.3	0.4	0.5	0.4	0.1	1.8	1.2	0.6	0.7	0.5	0.2
	%	14	13	20	11	11	17	23	22	24	33	35	29
	'99	7.9	6.4	1.5	2.8	2.4	0.4	6.4	4.4	2.0	1.5	1.0	0.5
	'00	9.3	7.6	1.7	3.4	2.9	0.5	7.1	4.9	2.2	1.8	1.2	0.6
	'01	11.0	9.1	1.9	4.0	3.5	0.5	7.8	5.4	2.4	2.0	1.4	0.6
	'02	11.5	9.5	1.9	4.2	3.7	0.5	8.0	5.5	2.5	2.1	1.4	0.7
'03	11.9	9.9	2.0	4.4	3.8	0.6	8.0	5.5	2.5	2.1	1.4	0.7	

Note: Percentage mean: the share of migrant entrepreneurs of a generation cohort in the total of migrant entrepreneurs of the total population category concerned.

Source: CBS (2006).

With the Surinamese and Antillean groups, it can be seen that second-generation women are more entrepreneurial. The net gender effect is very strong for the Surinamese population within the Netherlands. The labour force participation rate is, in general, relatively high for female migrants from Suriname. However, besides the relative high labour force participation rate, there is still a relatively low entrepreneurship rate for female Surinamese migrants when compared with the native female Dutch population. On the other hand, the entrepreneurship rates for female Surinamese are still somewhat higher than entrepreneurship rates for female Turkish and Moroccan migrants. Female migrants from Turkey and Morocco are far less entrepreneurial than, for instance, the native Dutch females. This is probably related to cultural and/or religious differences (see Figure 6 which

shows the percentage of female entrepreneurs in each main ethnic group. Besides entrepreneurship rates, labour force participation rates are also much lower than those of native Dutch women. The combination of a high labour force participation rate and a low rate of entrepreneurship for female Surinamese migrants may be related to the relatively high share of single-parent families for this migrant group (assuming that most of the single parents are women).

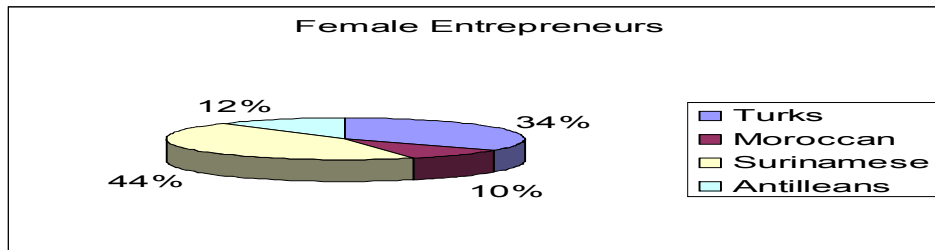


Figure 6: Entrepreneurship among female migrants
Source: CBS (2006).

Almost one out of three (32 percent) starting entrepreneurs is female. The share of female entrepreneurs amongst starting entrepreneurs has been increasing annually for the last couple of years. The year 2005 again shows light growth compared with the previous year 2004 (31 percent). In 2000 there were only 25 percent female entrepreneurs. In absolute numbers we can talk of 25,000 women who started an enterprise in 2005. The highest number of female starters is found in personal services (6,700), which include beauty care (1,530), hair care/hairstyling (1,410) and foot care/pedicure (720). There are also many female starters active within the retail industry (5,600). The biggest category within this industry is mail-order firms with approximately 1,000 starting women. This is double the number compared with 2004. This usually concerns virtual stores, for which the Internet is the most important sales channel. Furthermore 15 percent of all the female starters in 2004 were born outside the Netherlands, as revealed by the figures from the trade registers of the Dutch Chamber of Commerce (Kamer van Koophandel, 2006). The growth in the percentage of women is happening for starters from all the countries. Female employees dominate the branches of foot care/pedicure (99 percent female), beauty care (98 percent female) and hair care/hairstyling (89 percent female). These branches are also in the top five of branches with the highest number of female starters. However, the percentage of women in the building industry is only 3 percent, which is also the lowest percentage per branch. The percentage of starting female entrepreneurs, who were born in Morocco, has increased from 10 percent in 2000 to 15 percent in 2004. Also the percentage of entrepreneurs who were born in the Dutch Antilles has increased by half within five years from 22 percent to 33 percent, which is above the average of 31 percent. Women work part-time, because they have to take care of their family. 32 percent of the women have started their own business because of the need to combine child care and work. Therefore many female entrepreneurs can not stimulate the growth of their business. Another reason their businesses do not grow is that women take less risks than male entrepreneurs. They start with less capital, and growth is less important for women. To have one's own enterprise is seen as a pleasant completion of one's working life. But women do take entrepreneurship seriously and prepare themselves better than men do.

Migrant entrepreneurs have some distinct features. Migrant enterprises are usually found at the bottom of the market, where less financial capital and specific knowledge is required and entry barriers are thus relatively lower (Rath and Kloosterman, 1998). These markets are characterized by strong competition, mostly from co-migrants and based on

price rather than quality, and the entrepreneurs often have to accept small profit margins, while relatively many are forced to close after a short time (Rettab, 2001; Maas, 2004). In the Netherlands, approximately 60 percent of all migrant entrepreneurs are found in the more traditional sectors such as the wholesale, retail and catering industries (van den Tillaart, 2001). Furthermore, they make use of their social networks to acquire employees, informal credit and information, and also in the goods and services they offer they are often primarily targeting their own migrant community (Choenni, 1998, Van den Tillaart and Poutsma, 1998). In particular, family and migrant networks are deemed a crucial part of entrepreneurial success among migrants (van Delft et al., 2000).

While native entrepreneurs within the Netherlands usually borrow their starting capital from the bank, migrant entrepreneurs usually obtain this starting capital from their own family. We can think in this case of parents, brothers, sisters, uncles and aunts. Family members often invest in the business, and therefore it is also in the interest of the family to make the business a success. In addition, personal money from the entrepreneur him/herself is a widely used financial source. It is still common that migrant people find it less easy to get a loan from the bank in comparison with the native Dutch population. Successful Turkish entrepreneurs within the Netherlands have often achieved their success on their own or with help from their family and friends.

Migrant enterprises are less equally spread across the country in comparison with other enterprises. One can come across them more in urban areas, and especially in the western part of the country, where one can find the biggest clusters of migrant populations. It appears that migrant enterprises provide a better understanding of the needs and wants of their 'own group'. Furthermore, family bonds and informal networks also play an important role in this respect, as well as in the financial and personal aspects. Many enterprises have therefore developed a nurturing structure, which is specifically aimed at their 'own group': known as the 'migrant enclave'. This creates the danger of a too-biased approach to the market, whereby there is a greater chance of overlooking other market niches. Usually, migrant entrepreneurs find a niche in their immigrant community and start up in an well-defined migrant market, so as to provide typical services and products. An enclave economy can then positively affect the prospects of migrant entrepreneurs. Immigrant groups who produce a strong entrepreneurial group can be of great significance for the migrant business community, through job and opportunity creation. So, besides having co-migrant clients, the migrant entrepreneur is close to his own migrant group when it comes to the workforce, business financing or even informal networks for information gathering. Migrant entrepreneurs are even literally close to each other in the case of geographical clustering, since many migrant entrepreneurs start their enterprises in areas where there is already a large resident population with the same migrant background.

There are several reasons why migrants opt for entrepreneurship: to be independent, want to be their own boss, to have extra income, to gain some work experience, to maintain family tradition, or they are dissatisfied with their previous job, need flexibility, want to make a career, like the job, or have ideological reasons and leadership qualities (Baycan-Levent, 2003). Migrant entrepreneurs may differ in motivation. Researchers like Brush (1992), Buttner and Moore (1997), Fagenson (1993), Fischer et al. (1993) and Baycan-Levent et al. (2003) have investigated the individual characteristics of migrant entrepreneurs, such as demographic background, motivations, educational and occupational experience as entrepreneurs. These studies show that, although there are some similarities in demographic and educational characteristics, and the problems they cope with, there are also some differences in educational background, work experience, skills, business goals, and management styles. The most important personal characteristics mentioned in many studies to explain why migrants become entrepreneurs are: their lower education level, their

less favoured position as a result of low education and lack of skills and high level of unemployment. The existence of migrant and social networks also plays a major role in their motivation. The studies show that most migrant enterprises belong to the services sector, are small and relatively young, and mainly have family ownership as the legal form. The common problems of migrant entrepreneurs are: administrative and regulatory barriers, lack of capital and credit, lack of knowledge, inadequate command of the language, lack of education, lack of management skills, constraints on access to formal business networks and migrant discrimination (Baycan-Levent et al., 2003).

When comparing the motivating factors of the younger generation entrepreneurs with those of the previous generation we can see some differences. Masurel et al. (2004) investigated the motivational differences between first-generation and second-generation migrant entrepreneurs. Their study shows that the first-generation migrant entrepreneurs usually have chosen to become an entrepreneur because of discrimination on the work floor, problems with the transferability of diplomas and the need to have status. The second-generation migrant entrepreneurs usually have chosen the profession of an entrepreneur because of blocked promotion from previous jobs. When analysing these differences, it can be said on a higher level of analysis that first-generation entrepreneurs are usually driven by push-factors. We can speak in this sense of 'captive entrepreneurship'. The second-generation entrepreneurs choose self-employment more voluntarily; they are more assertive, and see entrepreneurship as a viable alternative to staying in an unfavourable position in their former employment.

The exact motivation for migrant female entrepreneurs is still somewhat unexplored within the Netherlands, maybe because the share of female entrepreneurs is still lower than that of men. This rate is even lower for migrant females. When comparing the female labour force participation rate of Turkish and Moroccan immigrants, it can be seen that this is much lower than that of the native Dutch women. This is probably related to cultural and/or religious differences. But when looking at Surinamese and Antillean immigrants it can be seen that the females of these migrant groups have a high labour force participation rate. But nevertheless the entrepreneurship rates are still very low. In general, women choose self-employment over a business career in the salaried sector if they are older, less educated, have under-age children, and parents who are self-employed themselves. If women are younger and more educated but have children, they choose self-employment as a way to circumvent unemployment. Studying these characteristics provides a deeper understanding of the factors which motivate female entrepreneurs.

Although migrant groups are not uniform and display a great variation in motives, attitudes and behaviour, migrant enterprises and migrant entrepreneurs do have some similar characteristics (CEEDR, 2000; Deakins, 1999; Kloosterman et al., 1998; Lee et al., 1997; Masurel et al., 2002; Ram, 1994). Baycan-Levent et al. (2003) have made an in-depth study of entrepreneurship diversity. They investigated migrant differences in enterprises and entrepreneurs' characteristics distinguishing between male and female natives and non-natives. The following is based on their findings on the topic of migrant entrepreneurship. Migrant and native entrepreneurs differ in: (i) personal characteristics (migrant entrepreneurs are younger than their native counterparts,); (ii) experience (migrant entrepreneurs have less formal or enterprise-related education or prior work experience than natives, and they have less entrepreneurial or management experience than natives); (iii) sector preferences and fields of interest (migrant entrepreneurs are less likely to own enterprises in goods-producing industries than native entrepreneurs); (iv) enterprise features (migrant minority-owned enterprises are somewhat smaller and somewhat younger than native-owned enterprises); (v) networks (migrant entrepreneurs use less formal business support organizations than natives); (vi) management styles (migrant entrepreneurs have

specific management methods and enterprise structures); and (vii) training (migrant minorities tend to prefer less formal, experienced-based training, and to learn from their community-based informal networks, to be helped or mentored by this network).

There are differences between different generations, but also between different genders. Like the second-generation migrant entrepreneurs, migrant female entrepreneurs (they also constitute second-generation migrant entrepreneurs) entail more pull factors. Their motivation stems from their education level and work experience. They show a dual character, migrant and female, in which sometimes their migrant characteristics dominate their behaviour and in which sometimes, on the contrary, their female characteristics influence their attitudes more strongly (Baycan-Levent et al. 2003). As observed, generally in migrant enterprises, most of those run by migrant females belong to the services sector and are small and relatively young. The existence of migrant and social networks also plays a major role in motivating females, just like their male counterparts, towards entrepreneurship. Besides these similarities in the characteristics of migrant male and female entrepreneurs, there are also some gender-based differences (Baycan-Levent et al. 2006). In general, gender-based differences in entrepreneurship are to be found in educational background, work experience and skills, business goals and management styles, and personal value systems (see, e.g., Brush 1992; Fagenson 1993; Fischer et al., 1993; Verheul et al., 2001). These differences are also observed in migrant female entrepreneurship. In particular, a better education level and a stronger orientation to the service sector are the most prominent features of gender-based differences in migrant entrepreneurship. The difference in entrepreneurial attitude and behaviour between the different groups and between different migrant populations in the Netherlands can have many causes. Different determinants of entrepreneurship, which combine various factors into an eclectic framework, have been defined by Verheul et al. (2001): i) psychological determinants: focus on motives and character traits; ii) sociological determinants: focus on the collective background of entrepreneurs; iii) economic determinants: focus on the impact of the economic climate and technological development; and iv) demographic determinants: focus on the impact of demographic composition on entrepreneurship (Sahin et al., 2006). It is possible that for certain migrant groups some of the attributes of these four determinants, are more important than others and will increase the chances of an individual showing entrepreneurial behaviour. For instance: within the economic determinants it can be said that whenever high unemployment rates and low average incomes are highly characteristic of a certain migrant group, this group will have more individuals who are 'pushed' towards entrepreneurship in order to escape the unemployment situation. In this case, many attributes can be applicable from these four determinants, which can explain the cause of strong or weak entrepreneurial behaviour.

The migrant minorities within the Netherlands which consist of people who are originally from Turkey and Morocco tend to have more similar characteristics in comparison with other migrant minorities within the Netherlands. We can speak in this case of similar migration background and experience, religion, inability to speak the native language (in comparison with, for example, immigrants from Surinam and the Dutch Antilles). Yet, the entrepreneurship rates between these two groups are highly different. The explanation is related to the cultural background of the immigrants. Whereas many first-generation immigrants from Turkey already had an entrepreneurial background in their country of birth, immigrants from Morocco had considerably lower entrepreneurial rates. Therefore later generations already come from families with an entrepreneurial background, which could be the cause of the difference in motivation and orientation.

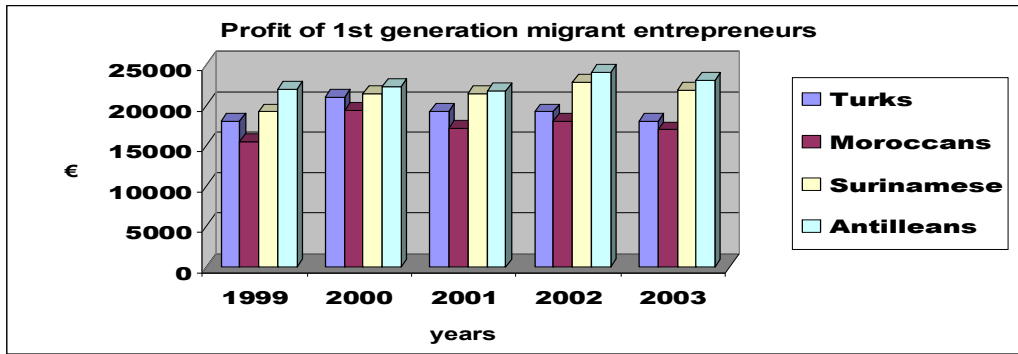


Figure 7: Profit of 1st-generation migrant entrepreneurs (Source: CBS, 2006.)

Besides the migrant network and support, the success of migrant entrepreneurs depends on their personality and work discipline; and on their tendency to be ambitious, patient, obstinate and self-confident. Other reasons for success could be to work hard and conscientiously and have a good relationship with clients. Other explanations for the success of migrant entrepreneurs are: to like the job and to do a good job, and to be supported by spouse and family members (Baycan-Levent et al., 2003).

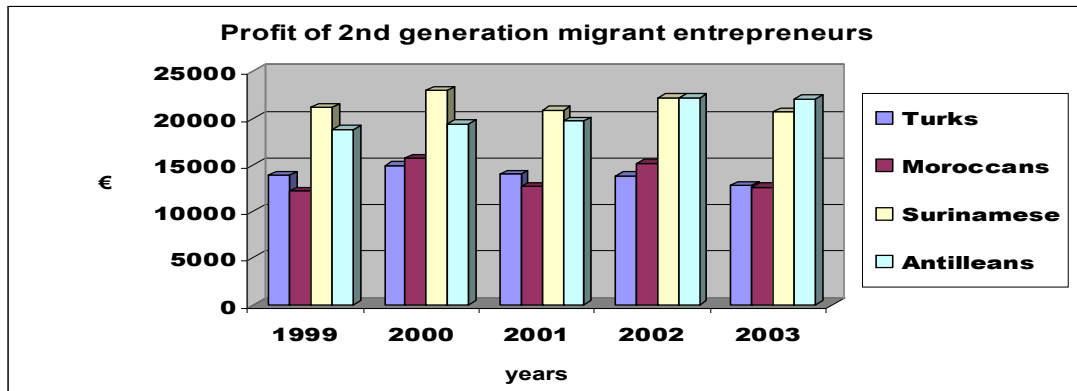


Figure 8: Profit of 2nd-generation migrant entrepreneurs (Source: CBS, 2006.)

Figures 7 and 8 and Table 5 indicate that Antilleans and Surinamese seem very successful, and the second-generation entrepreneurs in these groups have almost the same rate of profit as those of the first generation. When we look at the migrants from Turkey and Morocco, we see that the profit of the first-generation entrepreneurs is much higher than that of the second generation. Although the Surinamese and Antillean groups are much smaller than the other two groups, they have a higher profit. This may be caused by differences in their entrepreneurial behaviour.

Table 5: Profit of migrant entrepreneurs in the Netherlands in absolute figures in € (CBS, 2006.)

	Year	Turks (x 1000)	Moroccans (x 1000)	Surinamese (x 1000)	Antilleans (x 1000)
Profit of First-generation entrepreneurs	'99	18.0	15.5	19.2	22.0
	'00	21.0	19.4	21.4	22.3
	'01	19.3	17.2	21.4	21.8
	'02	19.2	18.0	22.9	24.1
	'03	18.0	17.0	21.9	23.1
Profit of Second-generation entrepreneurs	'99	13.9	12.2	21.2	18.8
	'00	14.9	15.7	23.0	19.4
	'01	14.0	12.7	20.9	19.7
	'02	13.8	15.2	22.2	22.2
	'03	12.8	12.6	20.7	22.1
Profit of total entrepreneurs	'99	17.6	15.2	19.6	21.0
	'00	20.3	19	21.7	21.3
	'01	18.7	16.7	21.3	21.1
	'02	18.5	17.6	22.7	23.4
	'03	17.2	16.4	21.6	22.7

In Figure 9, we can see the differences in profit of first- and second-generation migrant entrepreneurs from the four main groups in the Netherlands. T1 and T2 refer to first and second-generation Turkish entrepreneurs. M1 and M2 refer to first and second generation Moroccan entrepreneurs. S1 and S2 refer to first-and second-generation Surinamese entrepreneurs, and A1 and A2 refer to first- and second-generation Antillean entrepreneurs.

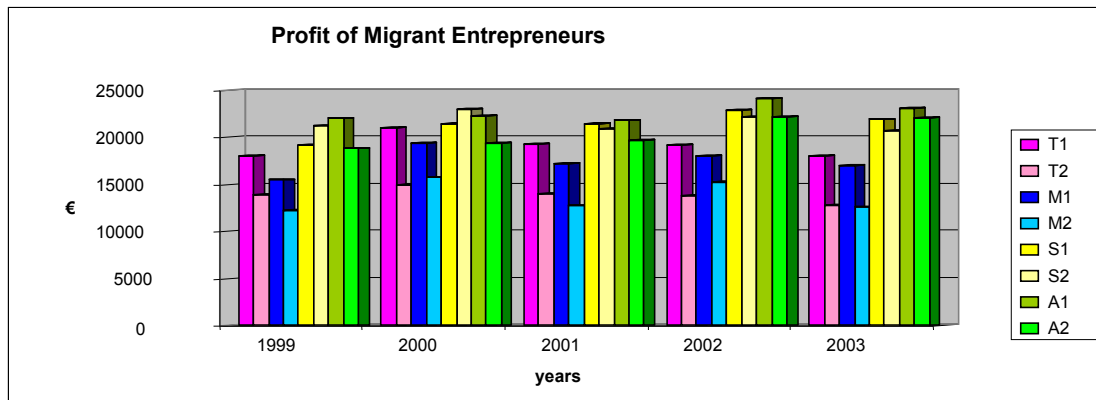


Figure 9: Distribution of 1st - and 2nd -generation migrant entrepreneurs (Source: CBS, 2006.)

Trust in migrant networks is a subject worth examining further. For example: Why is the participation rate for migrant entrepreneurs relatively low with regard to formal networks such as franchise organizations? Whereas such organizations play an important role for native entrepreneurs, migrant entrepreneurs usually do not participate in them. The exact details for this remarkable phenomenon are relatively unknown, since joining such a formal network can have beneficial effects for the migrant entrepreneur. It could be that 'trust' plays a role in this issue, but this is merely an assumption. We can explain the migrant dependency by trust. Clients from their own migrant group play a major role for migrant entrepreneurs. It is possible to reverse this notion and ask ourselves the question: 'Why do migrant customers prefer a service from the migrant entrepreneur?' The reason may be that both share the same language, culture and religion, and therefore communicate better. This brings about a closer bonding with each other, through which the aspect of 'trust' can be understood. Hereby, the migrant entrepreneur can also satisfy the special needs of these types of customers, since they have a better knowledge, than their native

peers, about the specific products which are appreciated by migrant customers. A very familiar example in this case is the Islamic butcher. Many migrant groups with an Islamic background make use of Islamic butchers when buying meat products, since they can trust these butchers to prepare the meat in a religiously accepted manner.

5. Contribution of Migrant Entrepreneurship to the National Economy, Sustainability, and Diversity

Entrepreneurship is very important for the Dutch economy and the Netherlands position as an international competitor. Research shows there is a positive connection between entrepreneurship, on the one hand, and employment, innovation and durable economic growth on the other. An important result of 'entrepreneurship' is its contribution to social bonding. Namely, entrepreneurship offers new entrepreneurs the ability to acquire a position in society and therefore enhance their further bonding and commitment. Entrepreneurship also has a positive image and contributes in this sense to better integration. At the same time, entrepreneurship is a good way to become economically independent. By means of independent entrepreneurship, the local economy also gets a boost and the quality of life will further develop. For instance, one result is the growth in jobs on a local scale, due to the entrepreneurs' need for employees to work in their enterprises.

Migrant entrepreneurship is important for the socio-economic development of cities in the Netherlands. First of all, it partly solves the problem for migrant people in their quest for a job. Many immigrants prefer the independence of entrepreneurship above a poorly paid job at the bottom of the labour market. With the starting-up of a new enterprise these people hope to increase their income and climb up the social ladder. However, in this respect, often they are too optimistic: 25 percent of all starting migrant enterprises go bankrupt within a year (for all starters this percentage is 14 percent). On the other hand, three-quarters of the starters do have success and thus create new employment, especially for migrant employees. In addition, migrant entrepreneurs together with their enterprises contribute to the further integration of these migrant people and strengthen the local economy. In many cities migrant people live in ghettos or poorly developed areas in the cities, where native entrepreneurs leave their businesses because of slumping profits, the lack of a successor, or deprivation of the neighbourhood.

Migrant entrepreneurship also means an enrichment of the urban offer in terms of enterprises. Migrant entrepreneurship also is a future growth market. The migrant entrepreneurs will therefore not have to worry about their clientele. It will not only be the migrant entrepreneurs who will profit from this given fact, but also the Dutch community. Without all these migrant stores many Dutch people would have never come across different exotic products, which are available almost everywhere in the Netherlands at the moment. In short: migrant entrepreneurship is a growing market, which brings the world into the neighbourhood.

Small and medium-sized enterprises play a significant role in the domestic economies of most countries. A dynamic economy largely depends on the experimentation and innovative role of new and small firms. A changing set of new small firms provides an essential source of new ideas and experimentation that otherwise would remain untapped in the economy. Migrant entrepreneurship therefore offers all the advantages that SMEs provide to mainstream bigger companies. Furthermore, migrant mainstream business can benefit from the experience and knowledge of minority businesses which emerge as a consequence of the formation of migrant communities, with their sheltered markets and networks of mutual support. As the migrant niche expands and diversifies, the opportunities for related migrant suppliers and customers also grow (Cormack and Niessen, 2002). Each

and every successful self-employed immigrant or minority business contributes to improved social and economic integration. A growing migrant economy creates a virtuous circle: business success gives rise to a distinctive motivational structure, breeding a community-wide orientation towards entrepreneurship. Factors that are considered most important for the development of migrant and migrant entrepreneurship are labour market disadvantages, opportunity structures, group resources and embeddedness.

Entrepreneurship is a major driver of innovation, competitiveness and growth. Because of the strong presence of entrepreneurship in key sectors such as services and knowledge-based activities, smaller enterprises and entrepreneurs today play a central role in the economy. A positive and robust correlation between entrepreneurship and economic performance has been found in terms of growth, firm survival, innovation, employment creation, technological change, productivity increases, and exports (Audretsch, 2002). But entrepreneurship brings more than that to the Netherlands and other societies. It is also a vehicle for personal development and can harness social cohesion when the opportunity of creating one's own business is offered to everybody, regardless of background or location

6. Legal and Institutional Framework for Migrant Entrepreneurship

Since the mid-1980s the policy of nearly all member states of the OECD, has to a large extent been aimed at reducing the high level of unemployment. Part of this policy involves improving the entrepreneurial climate. This is because entrepreneurship is a major factor in the national economy. In the Netherlands entrepreneurship is also considered to be of vital importance for the positive development of economic growth and employment (van den Tillaart, 2001). The significance of entrepreneurship hinges on the various socio-economic aspects which are recognized at both the national and international level. In the Netherlands the policy relevance of entrepreneurship in general has been fully recognized (Wolters, 2001).

Growth of the SME sector is important to the public policy agendas of government, like that of the Netherlands, that are seeking to optimize the employment opportunities associated with an SME sector in which "success" is the norm because SME failure, or underperformance, is associated with many social costs; costs that include reduced earnings for proprietors, potential job loss for staff, and financial hardship for suppliers, as well as a reduction in the average per capita spending power of the community in which the failed or underperforming business is based. Influenced by evidence that entrepreneurs are a heterogeneous group with different backgrounds, experience, motivations, behaviours and needs, and that certain demographic segments of society are under-represented in business ownership, governments in the US, Canada, Australia, and to some extent, Sweden, Finland, the Netherlands, the UK, Spain, Ireland and Taiwan have targeted special groups for focused attention. The most prevalent target group was young entrepreneurs, followed by women, migrant minorities, immigrants, Aborigines, the unemployed, new graduates, veterans, people with disabilities and fast-growth technology entrepreneurs. Countries differ on which target groups have priority, the degree of support, and the rationale for their interventions. These determinations will depend on the demographic make-up of a country's population, labour force and business owners, and what gaps need to be addressed. There are segments of the population that are underrepresented in the business ownership statistics, because of a lack of awareness and information, a lack of confidence and know-how, a lack of access to resources, and other societal and economic barriers.

According to MKB-Netherlands, the government should cooperate in several fields, to stimulate the growth of SMEs and the economy of the country. Important issues in these fields are: (i) fiscal items (decrease labour costs and turnover taxes); (ii) labour market (improve quality); (iii) innovation (extend possibilities); (iv) finance (improve access to

MKB); (v) regulations and administrative impediments (avoid and force back); and (vi) access and space problem (improve and handle this problem).

Finance is seen as an increasingly pressing issue, because of the rising rating culture and proposed new capital adequacy rules for banks. The taxation of retained profits or private investment is seen as an obstacle to building equity and stronger balance sheets, which are needed not only to unlock the growth potential of firms but also to obtain cheaper finance. To boost performance, entrepreneurs should have access to quality and targeted support, mentoring and training. Clusters of firms could provide an impetus to growth, Europe-wide trade, and internationalization, while support to encourage spin-offs and a more effective exchange between research and businesses could help foster innovation.

Frequently mentioned were administrative and regulatory burdens, especially complying with tax and employment requirements, which is complex, time-consuming and costly. To create a better administrative and regulatory environment, policy makers should maintain a dialogue with SMEs and their representatives. In countries where the government has adopted target group policies, they have done so for the primary reason of dealing with labour market problems – higher levels of unemployment or inadequate labour market integration. In some cases, target group policies are more directed towards creating future economic growth. In any event, business ownership provides an option for self-sufficiency, economic empowerment and employment, and, in the process, creates jobs and wealth and contributes to social and economic well-being. The range of services offered includes counselling and mentoring, micro-loans and seed capital funds, award programmes (to create role-models), peer networks, promotion of entrepreneurship as an option, and tailored information (e.g. in the language of the minority group).

The Netherlands is particularly progressive in the pro-active targeting of technostarters, i.e. people who have high potential for starting high-growth enterprises. These people tend to be better educated and can be found among recent University graduates or in university or publicly-funded research labs. The policy to establish incubators on university campuses and to provide a campus seed fund for commercialization of R&D efforts is consistent with this target group approach.

7. Retrospect and Prospect

The Netherlands did not perceive itself as an immigration country after the Second World War, and emigration was stimulated. The thought that immigrants would only stay temporarily led to a double policy; a certain integration and functioning in society was demanded for as long as immigrants stayed. After 1980, the government decided that it was necessary to introduce a minority policy to integrate minorities, while also maintaining their cultural identity. The new category of “minorities” is a policy category. Target groups of the minority policies are socially and economically disadvantaged and are ethnically and culturally different. The minority policies are aimed at reducing disadvantage especially in the domains of labour, education and housing. In recent years, the accent has moved from “minority policy” towards “integration policy” (Kraal and Zorlu, 1998).

The first group of migrants, solely males, arrived in the Netherlands in 1960. In 1966, the Dutch economy experienced an economic recession which led some immigrants to return home. In 1968 the Dutch economy began to grow again; the second recruitment period started and continued until 1974. In that same year, the impact of the oil crisis on the economy was severely felt. In 1974 the Dutch government took measures to restrict spontaneous migration, and official recruitment stopped. In the 1970s, increasingly more migrant workers brought their families. In the first half of the 1980s, the net migration balance declined as a result of a combination of factors: restrictive admission policy, poor job prospects and the slowing-down of family reunification. In 1985, immigration began to

increase again as a result of family-formation: children of the first-generation labour migrants brought marriage partners in from their countries of origin (Kraal and Zorlu, 1998).

Migrant minorities participate in economic life in paid employment or self-employment. Most of the migrant minorities from Italy, Spain, Portugal, Turkey and Morocco were recruited in the 1960s and at the beginning of the 1970s for unskilled/low-paid jobs in traditional industries. In this period the unemployment rate of these guest workers was negligible. Unemployment began to rise rapidly just after the first oil crisis of 1973 which resulted in economic stagnation. The collapse of production in traditional sectors, such as shipbuilding and textiles, together with the impact of the first oil crisis in 1973, increased the incidence of unemployment amongst immigrants. When the Dutch economy began to recover after the oil crises, immigrants could not profit from the growth of employment. They lacked the skills for the new employment opportunities. The restructuring of the Dutch economy began: the service sector has grown sharply at the expense of industry in terms of employment rate. The impact of the second oil crisis in 1979 was decisive for the direction towards a post-industrial society and the position of ethnic minorities in the Dutch labour market. The emerging service economy has provided poor opportunities for ethnic minorities. New jobs required relatively high skills and educational proficiency. Immigrants, however, were mainly unskilled and could not obtain training due to their limited knowledge of the Dutch language and their low education level, while the education level of native Dutch people rose considerably. Moreover, neither the Dutch government nor the employers were prepared to invest in training for these immigrants. This, in combination with discrimination, reduced the chance for immigrants to obtain better jobs. A high structural unemployment since the mid-1970s also had a negative impact on the employment possibilities of immigrants (Zorlu, 2002).

The unemployment rate amongst ethnic minorities is three-times higher than that for native Dutch people. The participation rate is very low for two minority groups, namely Turks and Moroccans, who have the most unfavourable position in the labour market. The labour market position of these minorities remains vulnerable because a relatively many of them are employed in industry and low-paid jobs. The unfavourable labour market position of minorities results in a low household income. However, not all ethnic minority groups have the same unfavourable labour market position. Surinamese and Antillean people are less frequently unemployed than Turks and Moroccans. Moreover, the distribution of employed Surinamese and Antilleans over different sectors shows more similarities to that of Dutch people.

The recent years, the number of entrepreneurs has increased amongst people of all the different migrant minority groups in the Netherlands. Entrepreneurship can be a way to improve the economic position of migrants (Choenni, 1997). The rise of migrant entrepreneurship, in general, appears to have had a favourable effect on the economy of the Netherlands. During the economic decline of recent years, the presence of migrant entrepreneurs has kept the urban economy going. The labour market positions of the main groups (migrants from former colonies, guest workers, and refugees) in the Netherlands are characterized by strong differences, just like their own migration history.

We can conclude that first-generation migrants are far more entrepreneurial than the second-generation migrants. Amongst the Turkish and Moroccan migrant groups, the men are relatively more entrepreneurial. In contrast, in the other two major groups of migrants from Suriname and the Dutch Antilles entrepreneurship is more or less evenly distributed among males and females. When considering the second-generation migrants from the Turkish and Moroccan groups, it can be seen that there are relatively more male entrepreneurs than female entrepreneurs. With the Surinamese and Antillean groups,

second-generation women are more entrepreneurial. Antilleans and Surinamese seem very successful and the second-generation entrepreneurs in these groups have almost the same profit as the first-generation. When we looked at the migrants from Turkey and Morocco, the profit of the first-generation entrepreneurs is much higher than that of the second-generation. Although the Surinamese and Antillean group are much smaller than the other two groups, they have a higher profit. This may be caused by differences in their entrepreneurial behaviour.

All in all, migrant entrepreneurs deserve more attention. In order to succeed in the current business climate, it is essential that businesses recognize that customers all over the world have choice and consumers have to be targeted for their business. Working with migrant minority businesses offers the opportunity to do just that. Migrant minorities are usually a highly motivated and qualified entrepreneurial group. Migrant minority businesses mostly fall into the category of Small and Medium-sized Enterprises (SMEs). Small and medium-sized enterprises play a significant role in the domestic economies of most countries. Each and every successful self-employed migrant or minority business contributes to improved social and economic integration. A growing migrant economy creates a virtuous circle: business success gives rise to a distinctive motivational structure, breeding a community-wide orientation towards entrepreneurship.

Meanwhile, the migrant entrepreneur has to struggle with some bottlenecks. There is a lack of professionalism; they often have a weak basis; they do not participate in networks; and they have insufficient accessibility to services for migrant entrepreneurs. Therefore, it is important to increase migrant entrepreneurship, but besides the quantitative aspect it is also necessary to improve the quality of these entrepreneurs. Migrant entrepreneurs also deserve more attention because this group has to deal not only with arbitrary problems of entrepreneurship but also with specific problems that occur amongst the members of this group. First, communication is an important aspect which needs attention. One of the main problems is the cultural gap between advisors and migrant entrepreneurs and the loads of information sent via letters and on the Internet. This type of communication is not effective among migrant entrepreneurs, since they would prefer the personal approach. Secondly, the fact that most migrant entrepreneurs are uninformed and have a limited network is a major problem. Most of the time they are unaware of the issuing of the rules and the facilities which are provided. Rarely do they have a business plan which means an unprepared start. Developing role models would help in this case. Finally, another problem is the minimum contact between entrepreneurs and advice organizations such as business associations, Chambers of Commerce, and native entrepreneurs. One important consequence is that migrant entrepreneurs do not make use of the information/ support/ assistance possibilities, although they do need it. The motives for not making use of the facilities are unfamiliarity, communication problems, and limited access to information.

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