



Eurofound

# Ethnic entrepreneurship

## *Case study: Amsterdam, the Netherlands*



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# About CLIP

In 2006, the Congress of Local and Regional Authorities of the Council of Europe, the city of Stuttgart and the European Foundation for the Improvement of Living and Working Conditions (Eurofound) formed the ‘European network of cities for local integration policies’, henceforth known as CLIP.<sup>1</sup> This network comprises a steering committee, a group of expert European research centres and a number of European cities. In the following two years, the cities of Vienna and Amsterdam joined the CLIP Steering Committee. The network is also supported by the Committee of the Regions (CoR) and the Council of European Municipalities and Regions (CEMR), and has formed a partnership with the European Network Against Racism (ENAR).

Through the medium of separate city reports (case studies) and workshops, the network enables local authorities to learn from each other and to deliver a more effective integration policy. The unique character of the CLIP network is that it organises a shared learning process between the participating cities and between the cities and a group of expert European research centres, as well as between policymakers at local and European level.

The CLIP network currently brings together more than 30 large and medium-sized cities from all regions of Europe: Amsterdam (NL), Antwerp (BE), Arnsberg (DE), Athens (EL), Barcelona (ES), Bologna (IT), Breda (NL), Budapest (HU), Copenhagen (DK), Dublin (IE), Frankfurt (DE), Helsinki (FI), Istanbul (TR), İzmir (TR), Kirkcaldy (UK), Liège (BE), Lisbon (PT), Luxembourg (LU), L’Hospitalet (ES), Malmö (SE), Mataró (ES), Newport (UK), Prague (CZ), Strasbourg (FR), Stuttgart (DE), Sundsvall (SE), Tallinn (EE), Terrassa (ES), Turin (IT), Turku (FI), Valencia (ES), Vienna (AT), Wolverhampton (UK), Wrocław (PL), Zagreb (HR), Zeytinburnu (TR) and Zürich (CH).

The cities in the network are supported in their shared learning by a group of expert European research centres in:

- Bamberg, Germany (European Forum for Migration Studies, EFMS);
- Vienna (Institute for Urban and Regional Research, ISR);
- Amsterdam (Institute for Migration and Ethnic Studies, IMES);
- Turin (International and European Forum on Migration Research, FIERI);
- Wrocław (Institute of International Studies);
- Swansea, Wales (Centre for Migration Policy Research, CMPR).

There are four research modules in total. The first module was on housing – segregation, access to, quality and affordability for migrants – which has been identified as a major issue impacting on migrants’ integration into their host society. The second module examined equality and diversity policies in relation to employment within city administrations and in the provision of services. The focus of the third module was intercultural policies and intergroup relations. This final module looks at ethnic entrepreneurship.

The case studies on ethnic entrepreneurship were carried out in 2010.

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<sup>1</sup> See also <http://www.eurofound.europa.eu/areas/populationandsociety/clip.htm>

## Acknowledgements

As a researcher at the Institute for Migration and Ethnic Studies of the University of Amsterdam, I am responsible for this report on Amsterdam. Together with our contacts in the municipality, Marian Visser and Mustapha Laboui of the Department for Social Development, we gathered the necessary data on Amsterdam for this report. As the list at the end shows, many officials involved in municipal policy contributed to the report. They provided us with reports, statistics and comments on the concept version of this report. In addition, representatives from outside the municipality – the Chamber of Commerce; the employer organisation, MKB Amsterdam; the workers' union, FNV; the Labour Inspectorate; start-up supporting agencies; and several entrepreneurs – were willing to provide us with information. Finally, researchers from the University of Amsterdam and the Free University of Amsterdam provided us with data. I want to thank all those who have cooperated in providing information, particularly Marian Visser and Mustapha Laboui for coordinating the search of data.

We thank Josef Kohlbacher and Anna Ludwinek for their comments on version two of this report and Aggie Augenbroek, of the city of Amsterdam, for looking at Chapter 5. The author remains completely responsible for the content and the copyright of the report remains with Eurofound.

**Anja van Heelsum**, Amsterdam, July 2010

The fourth module of the CLIP project is about ethnic entrepreneurship. It explores the development of ethnic entrepreneurship and reviews the role of policy interventions in that process. It is motivated by the desire of municipal, national and European governments and non-governmental institutions to create an environment conducive to setting up and developing small and medium-sized enterprises (SMEs) in general and ethnic businesses in particular.

Following the ‘mixed embeddedness’ logic, as has been explained by Rath (2009), it is posited that various components of the urban economy interact to produce a complex but also dynamic ecological system, dramatically affecting the political economy of cities and, in so doing, entrepreneurial opportunities. The study therefore focuses on the emergence of ethnic entrepreneurs in the sectors and cities involved and the role of governmental and non-governmental regulation in it. The basic research questions are:

- A. What are the *characteristics of the urban economy* and which openings have emerged in a number of cities since 1980? How has the political economy of these cities evolved? More specifically, what has been the development of the SME sector in general in terms of numbers of businesses, volume of workforce, value of sales, variety of products and market segmentation, and what has been i) the spatial distribution, ii) the distribution over the various sectors of the urban economy and iii) the ethnic, gender and age composition?
- B. What kind of *profiles of ethnic entrepreneurship* can be identified? How does the emergence of ethnic entrepreneurship fit into the specific dynamics of the wider urban economy? Which general and specific barriers do ethnic entrepreneurs encounter and what are their competitive advantages? What are the structural determinants of the observed trends? What are the employment effects of ethnic business? How many and what quality of jobs have been generated on the local labour market?
- C. What policies have cities implemented in general, and in the ethnic SME sector in particular, at the local level and how have they shaped ethnic minorities’ self-employment trajectories? How have policy debates and interventions on (ethnic) entrepreneurship influenced the emergence of entrepreneurial opportunities – real or discursive – and further development of ethnic businesses? What policies support access to employment for migrants in ethnic businesses?

As mentioned above, some of the information was gathered via a questionnaire that was filled in by the representative of the city using information from administration colleagues. More information was found on the internet and in publications, but even then, data on the above questions were not sufficiently available, so additional qualitative information was gathered during interviews. There is a list of interviewees at the end of the report.

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<sup>2</sup> This section draws on the concept paper of this CLIP module (see Rath, 2009).

Immigration to Amsterdam is as old as the city itself. The proportion of foreign-born nationals in Amsterdam was consistently about 30% of the total population in the 17th and 18th centuries. At the beginning of the 20th century, immigration was at its lowest point, but it increased again from 1960 onwards. On 1 January 2009 there were 177 nationalities in Amsterdam.

In the national statistics, immigrants are counted in terms of their origin and not according to their nationality. The intention is to also include the second generation, and therefore not only the country of birth of the person themselves, but also the country of birth of the parents. A person born in the Netherlands but whose father (or mother) is born somewhere else is counted as a member of the ethnic group of the foreign parent. In the case of two different foreign parents, the origin of the mother determines the ethnic group.

Table 1 shows the ethnic composition of Amsterdam on 1 January 2009, based on origin. A consequence of the attention of policy on underprivileged groups is that immigrants are divided into Western and non-Western immigrants. The Western immigrants are supposed to be unproblematic and do not need support, while the non-Western ones may have some problems, either socio-economically or culturally, and do need support. This logic can have strange consequences, like categorising Japanese as ‘Western’ and the children of Korean and Dutch parents as ‘non-Western’.

Table 1 shows that on 1 January 2009, 50% of the Amsterdam population was Dutch. The other half of the population was a mixture of immigrants with a Western (15%) and non-Western origin (35%). Of the non-Western immigrants, 58% were first-generation immigrants and 42% were second-generation. Because of the same policy criterion, Surinamese, Antilleans, Turks and Moroccans are nearly always part of the figures, while Indonesians (26,519), for instance, or Germans (16,969) are not mentioned separately, even though they actually outnumber Antilleans (11,559).

Table 1: *The policy-relevant ethnic groups in Amsterdam, based on origin, as of 1 January 2009*

Ethnic group	Number	%
Surinamese	68,761	9%
Antilleans	11,559	2%
Turks	39,654	5%
Moroccans	68,099	9%
Other non-western immigrants	74,686	10%
Total non-western immigrants	262,759	35%
Western immigrants	111,640	15%
Autochthonous	381,948	50%
<b>Total</b>	<b>756,347</b>	

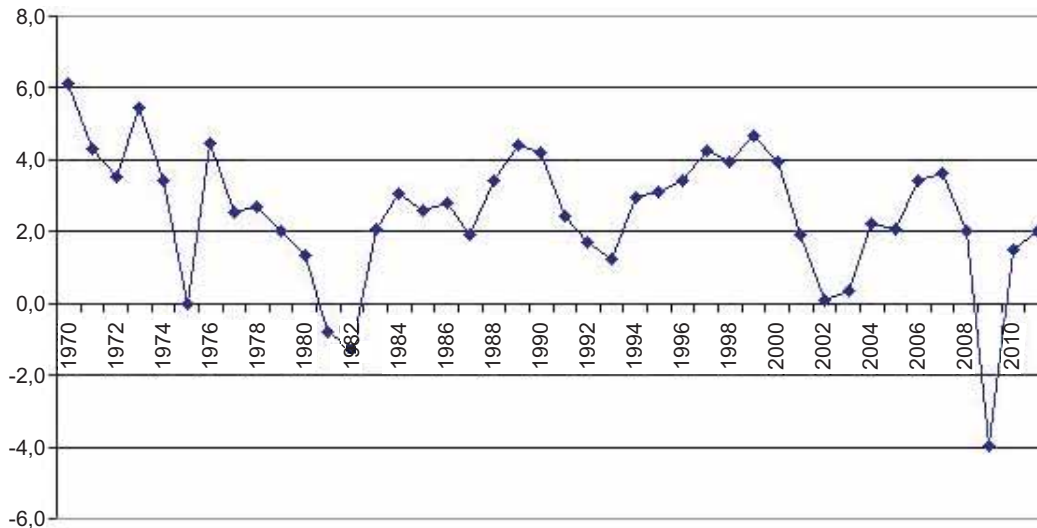
Source: *O+S (2009a)* and a calculation based on <http://www.os.amsterdam.nl/tabel/7351/>

In recent years, the categories ‘other non-Western immigrants’ and ‘Western immigrants’ have been growing, while the Dutch category is diminishing (partly due to the fact that a ‘mixed’ child is not considered Dutch). In Chapter 3 we will show that the socio-economic position of non-Western immigrants is more problematic than the position of Dutch or Western immigrants.

## Historical development of the urban economy

Generally, the Dutch economy has been growing over the last 40 years, except for a few problematic periods, as shown by Figure 1 on the development of the gross domestic product (GDP).

Figure 1: Annual growth rate in GDP in the Netherlands between 1970 and 2010



Source: CPB (2010), Netherlands Bureau for Economic Analysis (<http://www.cpb.nl/nl/research/sector2/data/>)

There was still a lot of economic activity in industries in the 1960s and the beginning of the 1970s in Amsterdam and both the urban area and the number of inhabitants increased. As we explained in earlier CLIP reports, the availability of jobs requiring low qualifications attracted guest labourers from Turkey and Morocco. Quite a number of inhabitants started to move from the old city districts to nearby new towns like Almere. Around the end of the 1970s a lot of Amsterdam's former industrial activity diminished sharply or moved to areas around Amsterdam, like Zaanstad, Diemen and IJmuiden, and the number of unemployed increased. In 1978 the city government decided that Amsterdam had to remain a city to live in and not just a city to work in. As Figure 1 shows, 1980 to 1982 was a period of economic crisis.

Amsterdam's economy recovered after 1984 and a new type of economic activity developed. Large infrastructural projects took place, including a highway around the city and the construction of some routes straight through the city (towards the IJ tunnel). Business regained its full development potential. The port of Amsterdam and Schiphol Airport provided the city with a central position in the European transport network. The economy got new impetus from the development of the area around the south axis and a main transportation artery between the city and the airport (which should act as an instigator of the urban economy in the 21st century). A concentration of high-rise offices and businesses near the A10 ring road developed, including Amstel Tower. The World Trade Centre Amsterdam developed, as did the telecommunications-oriented Teleport Sloterdijk complex. Of the total workforce of over 400,000 people, about 10% were in the IT sector, but culture and tourism also became more important.

According to O+S (2009b<sup>2</sup>), the main characteristics of the urban economy in the last 10 years are the following.

- The period between 1996 and 2008 was characterised by economic growth.
- Between 1996 and 2008, employment grew faster in the metropolitan region of Amsterdam than in Amsterdam itself (35% versus 32%) due to the successful development of Almere and Haarlemmermeer.
- The service sector has developed even further in the last few years and dominates the economy of the metropolitan region of Amsterdam. This sector includes both commercial services (business and financial) and non-commercial services (government, education and care).
- The increasing importance of the service sector makes it difficult to realise growth in productivity.

The Amsterdam Topstad website mentions that Amsterdam is currently the fifth most popular city in Europe in which to establish a company after London, Paris, Barcelona and Madrid. This rating is based on four international benchmarks, namely: the establishment of new international companies benchmark (by Buck Consultants International), the appreciation of the business climate benchmark (by European Cities Monitor), the economic growth expectation benchmark (by the European Regional Prospects) and the quality of life benchmark (by Mercer Quality of Living).<sup>3</sup>

The airport is nearby and easy to reach by train and Amsterdam's large harbour makes transport of heavy goods easy. The development of financial and service-related institutions makes international transfers easy, and for employees the city is relatively clean and full of canals and parks – not dominated by traffic as much as London, for instance.

Having said this, Amsterdam and all competitors in Europe have suffered from the economic crisis. According to O+S (2009b):

- Towards the end of 2008 there was a visible transition towards the recession period that may last longer than we have experienced before.
- Employment in Amsterdam increased most in recent years in the commercial services; this sector provided 24% of all jobs in Amsterdam in the beginning of 2009.
- Another striking phenomenon is the increase of one-person businesses in Amsterdam: 61% of the businesses established in Amsterdam employ only one person, compared to 51% in 2000. We find one-person enterprises particularly in the following sectors in Amsterdam: advice and research, information and communication, retail trade, building and culture, sport and recreation. Firstly, this is a consequence of the innovative type of companies that remained after older industries closed. However, it is also an impact of the economic crisis in that some formerly contracted employees have started to work independently, thereby increasing the number of one-person businesses. This has happened in particular in all kinds of administrative, computer and management consultancy jobs. In some cases it is actually hidden (part-time) unemployment; very often the number of worked hours has diminished. Another impact of the economic crisis is that some small businesses are operating on problematic profit margins. The only reason why some shops do not apply for bankruptcy is that the family lives below the minimum income or a partner supplies the family income.

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<sup>2</sup> O+S (2009b), *'De Staat van de Stad Amsterdam V'*, Chapter 5 on the economy.

<sup>3</sup> [http://www.topstad.amsterdam.nl/nieuws/amsterdam\\_op\\_5e\\_0](http://www.topstad.amsterdam.nl/nieuws/amsterdam_op_5e_0)



- Scarcity on the labour market in 2008 is one of the factors that has hindered further growth of Amsterdam’s economy. The decreasing growth rate is a consequence of the diminishing advantages of agglomeration.
- In the first quarter of 2009, insecurity dominated the economic situation.
- There are different opinions about the relative sensitivity of Amsterdam and the Amsterdam region to economic fluctuations.

## Main industries and services

Half of the Dutch GDP is earned in services, a quarter in the sales of goods and the rest can be attributed to government as part of non-commercial services. Figure 2a shows the size of the sectors in the region of Amsterdam and Figure 2b shows the city of Amsterdam. The primary sector (agriculture, fishery and mining) has diminished on the whole in the last decades, but in Amsterdam (the region) it was already negligible 50 years ago. The industrial sector has sharply diminished since the beginning of the 1990s in Amsterdam in terms of the number of jobs provided. Competition with the low-income countries makes it impossible to keep many of the large Dutch industries alive, though innovative small businesses grow. On the other hand, the importance of the service sector is growing. This development was already visible for a number of decades but accelerated in the 1990s because of the emergence of commercial servicing.

Figure 2a: *Employment per sector in the metropolitan region of Amsterdam, 1996 (light blue) and 2008 (dark blue)*

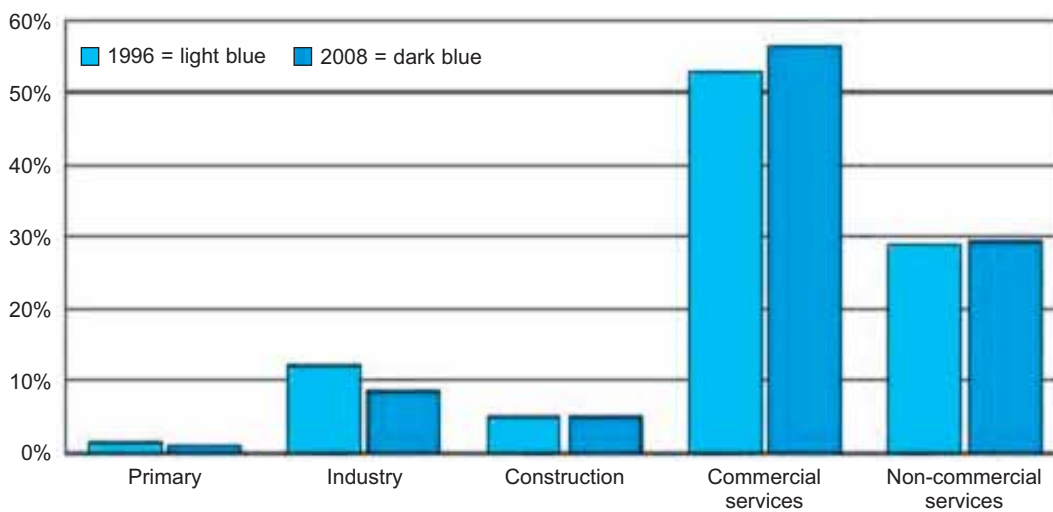
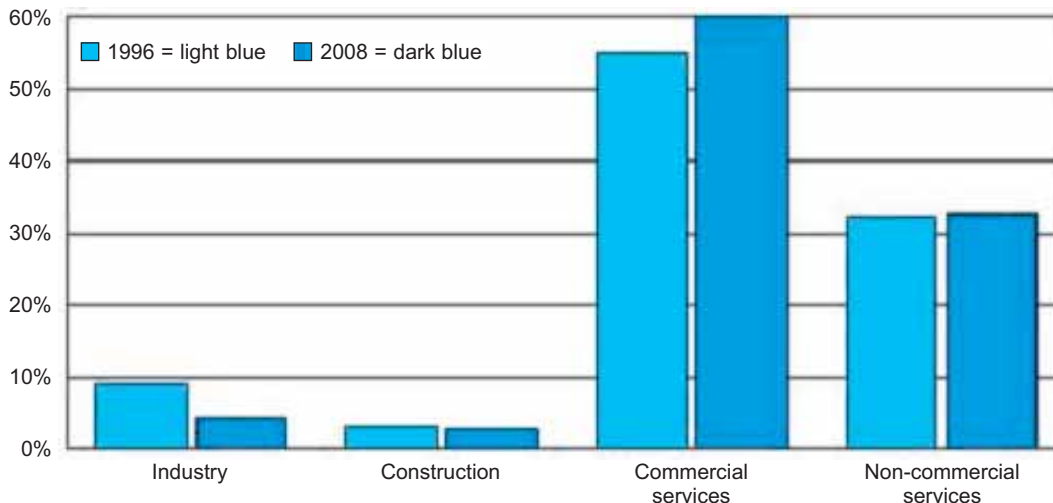


Figure 2b: *Employment per sector in the city of Amsterdam, 1996 (light blue) and 2008 (dark blue)*



To give a little bit more insight into the current situation, we will shortly discuss a few of the main economic activities in Amsterdam, based on the website of the Statistical Office of Amsterdam.<sup>4</sup>

- The sea harbour – in 2008, a total of 6,034 ships arrived in the harbour, including 117 cruise ships. Cargo ships carried a total of 82,952,000 tonnes of cargo, of which 51,566,000 tonnes was unloaded and 24,246,000 was loaded.
- Schiphol Airport – in 2008, 23,704,000 passengers arrived at Schiphol and 23,688,000 departed; 835,107,000 kilos of cargo arrived and 732,604,000 kilos was sent through Schiphol; 15,624,000 kilos of post arrived, while 19,249,000 kilos of post was sent.
- Tourism – this sector provided 48,230 people with jobs in 2008. It saw a total of 8,310,000 stays at hotels, employing 8,104 people directly, with 23,666 jobs in other catering industries other than hotels. Yacht harbours, tour organisations and other recreation and cultural activity operators also provide jobs.
- Shops – about 12% of shoppers for non-daily products come from outside Amsterdam; higher percentages (up to 20%) are seen in the north and south-east city districts, where parking is easier.
- The creative industry – in 2009 there were a total of 12,214 creative establishments in Amsterdam, providing jobs for 12,481 people. The number has increased rather fast in the last five years. For instance, the number of people working in media and entertainment was 11,857 in 2005 and 14,005 in 2009. Creative services are growing with the creative industry.
- Commercial services – while there were 16,983 establishments in 2005, there was a fast increase to 23,453 establishments in 2009, providing jobs to 112,976 people.
- IT – there were 10,752 IT establishments in 2009, in which 45,704 employees worked; 21,436 on IT content, 19,317 on services and 4,951 on hardware.

## Size and characteristics of workforce

Amsterdam's working-age population (15 to 65) consists of 553,700 individuals, of whom 405,100 make up the labour force (73%). Of the total labour force, 6% was unemployed on 1 January 2009.

The socio-economic position of the largest immigrant groups is considerably poorer than the Dutch standard. In 2008, unemployment among the Dutch was only 3%. Non-Western immigrant groups showed at least 5% unemployment, with Moroccans in the worst position with 19% unemployed, while 10% of Surinamese and Antilleans and 16% of Turks were unemployed (provisional data from O+S 2008). The mean incomes of non-Western immigrants were also considerably below the incomes of Western immigrants and the Dutch. This gap became wider between 1998 and 2005. In 2007, 28% of the young people in Amsterdam belonged to households that live on or below the poverty line (minimum income). The percentage of youngsters who grow up in a minimum-income household is much higher among non-Western groups than the city's average of 28%. Youngsters with a Moroccan background have the highest possibility of living in a minimum-income family, namely 46%, while for the Dutch this is only 13% (according to DWI 2009: *'Amsterdamse Armoedemonitor 2008'*). The results of the current economic crisis are not yet visible in these 2008 data, but we know that unemployment was rising in 2009 and 2010. From the available statistics, it is known that people with lower or secondary education in particular will encounter the effects of the crisis. They work in the sectors of industry, construction or business services where most job losses are expected.

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<sup>4</sup> <http://www.os.amsterdam.nl/feitenencijfers>

The educational level of first-generation non-Western immigrants is lower than the Dutch level. First-generation Turks and Moroccans in particular have traditionally worked in industry, but with the disappearance of industry, the number of low-qualified jobs has gone down. Of course there are still several possibilities for low-qualified jobs in the harbour, the airport, the transport sector, hospitals and the government sector, but compared to 20 years ago it has become more difficult for people without qualifications that speak limited Dutch to remain active in the labour market.

In Table 2 the total population, labour force and working and non-working population are broken down for the main ethnic groups and for gender.

Table 2: *The population of 15- to 64-year-olds, by ethnic group and gender, 2009 (x 1,000)*

Ethnic group	a. Total population 15-64 years	b. Non-labour force	c. Labour force	d. Participation rate (c/a)	e. Working	f. Unemployed	g. Unemployment rate (f/c)
<b>Men and women</b>							
Surinamese and Antilleans	60.9	19.9	41.1	67%	36.7	4.3	10%
Turks	28.3	12.5	15.7	55%	13.7	2.0	13%
Moroccans	44.6	21.0	23.6	53%	18.6	4.9	21%
Other non-Western immigrants	55.4	18.8	36.5	66%	33.1	3.4	9%
Dutch	276.8	58.6	218.2	79%	211.8	6.4	3%
<b>Total</b>	<b>553.7</b>	<b>148.6</b>	<b>405.1</b>	<b>73%</b>	<b>381.3</b>	<b>23.8</b>	<b>6%</b>
<b>Men</b>							
Surinamese and Antilleans	28.5	9.0	19.4	68%	17.5	1.9	10%
Turks	14.6	4.7	10.0	68%	9.4	0.6	6%
Moroccans	22.7	7.2	15.5	68%	12.5	3.0	19%
Other non-Western immigrants	29.1	8.7	20.4	70%	18.8	1.6	8%
Western immigrants	42.5	7.1	35.4	83%	33.9	1.5	4%
Dutch	139	22.0	117.0	84%	114.3	2.7	2%
<b>Total men</b>	<b>276.4</b>	<b>58.7</b>	<b>217.7</b>	<b>79%</b>	<b>206.5</b>	<b>11.2</b>	<b>5%</b>
<b>Women</b>							
Surinamese and Antilleans	32.5	10.8	21.6	66%	19.2	2.4	11%
Turks	13.6	7.9	5.8	43%	4.3	1.4	24%
Moroccans	21.9	13.8	8.1	37%	6.1	2.0	25%
Other non-Western groups	26.3	10.2	16.1	61%	14.4	1.7	11%
Western immigrants	45.2	10.6	34.6	77%	33.3	1.3	4%
Dutch	137.8	36.6	101.2	73%	97.5	3.7	4%
<b>Total women</b>	<b>277.3</b>	<b>89.9</b>	<b>187.4</b>	<b>68%</b>	<b>174.8</b>	<b>12.6</b>	<b>7%</b>

Source: *O+S (2009b)*

The data show that the participation rate of the Dutch (79%) is higher than for the immigrant groups. This is caused by the age distribution (larger numbers in the 15- to 25-year-old category among immigrants and the much lower numbers in the 45 to 65 category than among Dutch) and the low participation of Turkish and Moroccan women. A second conclusion from Table 2 is that the unemployment rate of Dutch people is much lower than among immigrant groups. Thirdly, looking at gender, unemployment among women is higher than among men. While unemployment among

autochthonous men is only 2%, we find unemployment rates at 11% for Surinamese women, 24% for Turkish women and 25% for Moroccan women.

Not visible in the table is the fact that unemployment is higher among young people (18 to 25) and highest in the city districts of Geuzeveld-Slotermeer, Zuid Oost and Bos en Lommer, where a concentration of young non-Western immigrants live (O+S, 2009, p. 97). The lowest unemployment figures are found in the rich and white city districts of Centrum and Zuideramstel.

The reason for the unemployment is the mismatch between demand and supply. There are 1,028 jobs for every Amsterdamer, compared to a figure of 946 outside the big cities, but there are not enough low-qualified jobs. Two-thirds of the unemployed group has a low educational level (O+S, 2009b, p. 98).

### Formal access to entrepreneurship

Under Dutch law, to start a business the applicant needs to register in the Chamber of Commerce, showing valid identity papers: a passport, a Dutch driving license, a European identity paper or a Dutch 'foreigner document'. If a person is already living in the Netherlands, they will have a citizen's service number (*sofinummer*); if you do not have one, you cannot even open a bank account. A new immigrant obtains a citizen's service number when they register with the municipal authorities (the Municipal Personal Records Database).

The simplest legal form of a business is sole proprietor. For some legal forms, more documents are required, like a rental or franchise contract. In some cases a diploma is required to set up as a certain type of professional (protected titles of certain professionals). From most European and some other countries, you only need to obtain an 'apostil' stamp on the diplomas, but for certain non-Western countries, listed on the Chamber of Commerce (*Kamer van Koophandel*) website, the applicant will first have to legalise their diplomas before registering as a professional.

To register in the tax system, one has to fill in a 'statement of information by a new business' form (*Opgaaf gegevens startende ondernemers*). The intake for the tax authorities is now done at the Chamber of Commerce at the same time. The tax authorities make a provisional assessment of the business and decide which taxes and how much the new applicant will have to pay and will provide the applicant with the necessary registration numbers (for example, a VAT number). Businesses may have to deal with four kinds of taxes:

- Value added tax – it is almost always compulsory for businesses to charge clients VAT.
- Income tax – if the Inland Revenue considers the applicant to be an entrepreneur, he or she can benefit from a number of tax allowances. They will then pay less income tax. If they are a director/shareholder or normal employee of a limited company, they must be on a payroll.
- Wages and salaries tax – if the business employs staff, it will be liable to pay wage tax and a payroll administration must be set up.
- Corporation tax – if the business is a private company with limited liability, it will be liable to pay corporation tax.

An entrepreneur will be dealing with two kinds of insurance: personal insurance (such as health insurance and household contents insurance) and business insurance (such as insurance of inventory and stock).

It is generally acknowledged that the bureaucracy around starting a business is complicated in the Netherlands, both for Dutch entrepreneurs and even more so for immigrants. A short list of the permits needed – found in all cities – is on the website of the Chamber of Commerce.<sup>5</sup>

- For the transport sector you either need a permit to transport goods for third persons on the road or a permit to transport people on the road from the National Foundation for International Road Transport (*Stichting Nationale en Internationale Wegvervoer Organisatie*).
- In the financial sector you need to ask for a permit from the Financial Markets Authority (*Autoriteit Financiële Markten*).
- For a retail trade permit you need to know the local law on opening hours (when displaying goods outside there is a permit about the pavement from the municipality), and to organise shopping week promotion activities you need a permit on the ‘law on games of chance’ from the Chamber of Commerce.
- To sell on the street, you need a street trades licence from the municipality, and to sell in a market you need the market stand permit (*standplaatsvergunning*).
- For the construction sector there are specific safety rules: the ‘safety, health and environmental checklist for contractors’ (*Veiligheid, Gezondheid en Milieu Checklist Aannemers*).
- For the hotel, restaurant and café sector there are more permits and regulations than for the other sectors: firstly, the exploitation permit and the alcohol licence, then the terrace permit and the advertisement permit. The municipality also checks how much garbage you leave in public containers: if it is more than one sack a day, you need to become a member of a special garbage company for businesses. And of course there are labour and hygiene laws.

Besides the general laws and permits, there are local permits and event permits. The employers’ association MKB Nederland has published a study on local permits (MKB Nederland, 2006) that concludes that permits differ in all municipalities, are overlapping and sometimes unnecessary and that many of them should be abolished. The Municipality of Amsterdam is also aware of the over-regulation and one of its policy aims is the intent to make things simpler.

## Development of SMEs

In line with the development of the services sector, SMEs have increased consistently during the last 20 years, particularly in IT, business services and creative jobs, as shown above. They currently form the largest part of the business sector in terms of size, and as Figure 3a shows, 61.1% of the companies have only one employee, while 25.5% have two to five employees (together 86.6%). Of course, this is only true when you count the number of establishments (locations) and not when you count the number of employees. The 0.9% large companies (100 or more employees) give jobs to 45% of the total employees. Only 9.4% of the population that work in the business sector work in a one-person business and about 20% work in a small company with one to five employees.

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<sup>5</sup> <http://www.kvk.nl/ondernemen/bedrijf-starten/wat-moet-u-regelen/vergunningen/>

Figure 3a: Size classes, based on the number of sectors (left) and the number of employees (right) on 1 January 2009

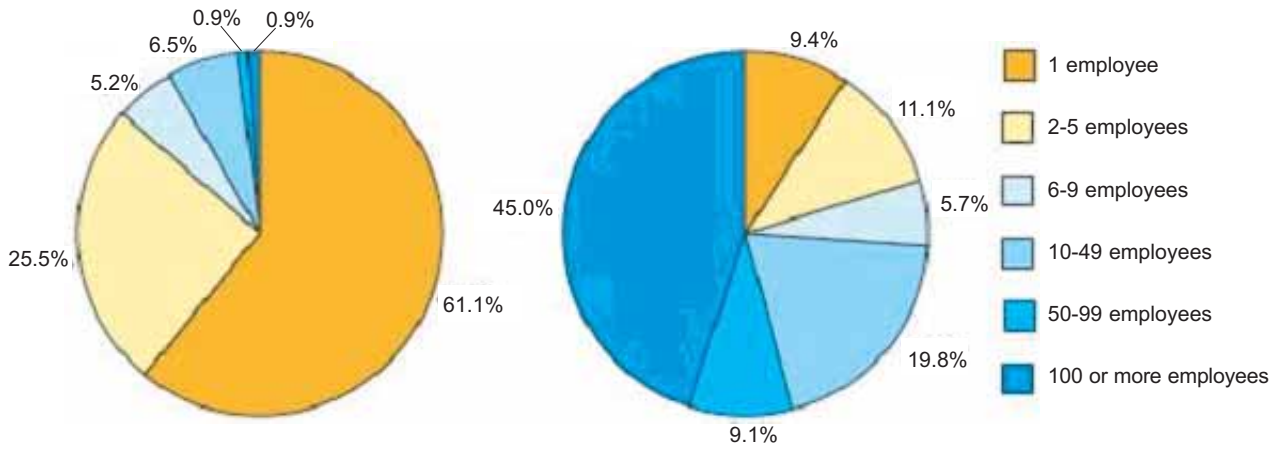
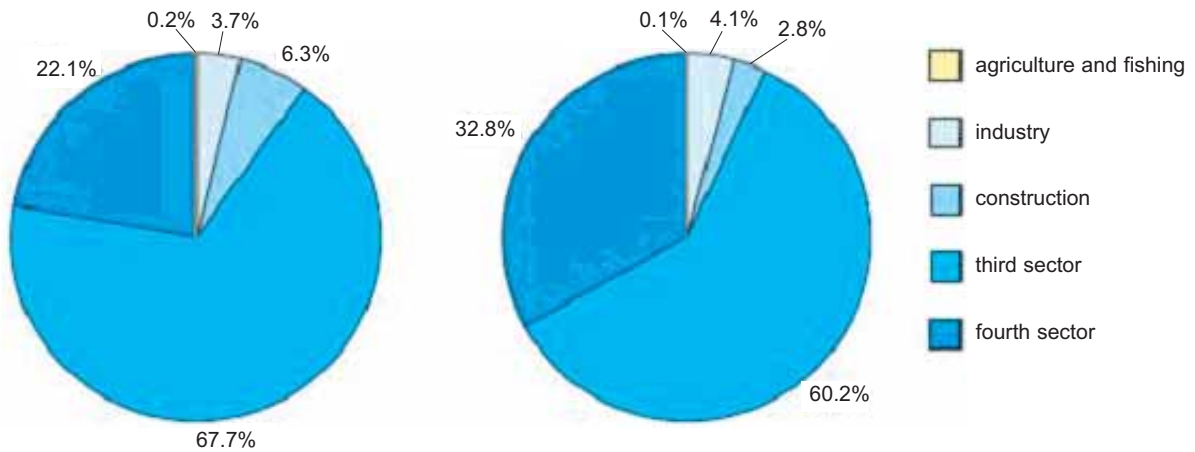


Figure 3b: Sector classes, based on the number sectors (left) and number of employees on 1 January 2009



Source: O+S (2009a)

As Figure 3b shows, it is the tertiary sector (services) that is most important, both for the number of companies/locations (67.6%) and in terms of the number of employees (60.2%). The quaternary sector (government, public sector) follows with 22.1% of the companies/locations and 32.8% of the employees.

### Spatial distribution of SMEs

The spatial division of companies of different sizes is visible on the maps in Figure 4a (1999) and Figure 4b (2009). The figures clearly show how larger companies (red) diminished and smaller companies (dark green) increased between 1999 and 2009. Smaller companies (one to 45 employees) are situated more towards the outskirts of town, while larger companies were situated in the city centre and the southern districts, and that concentration has only become stronger.

Figure 4a: *Spatial division of companies based on number of employees in 1995*

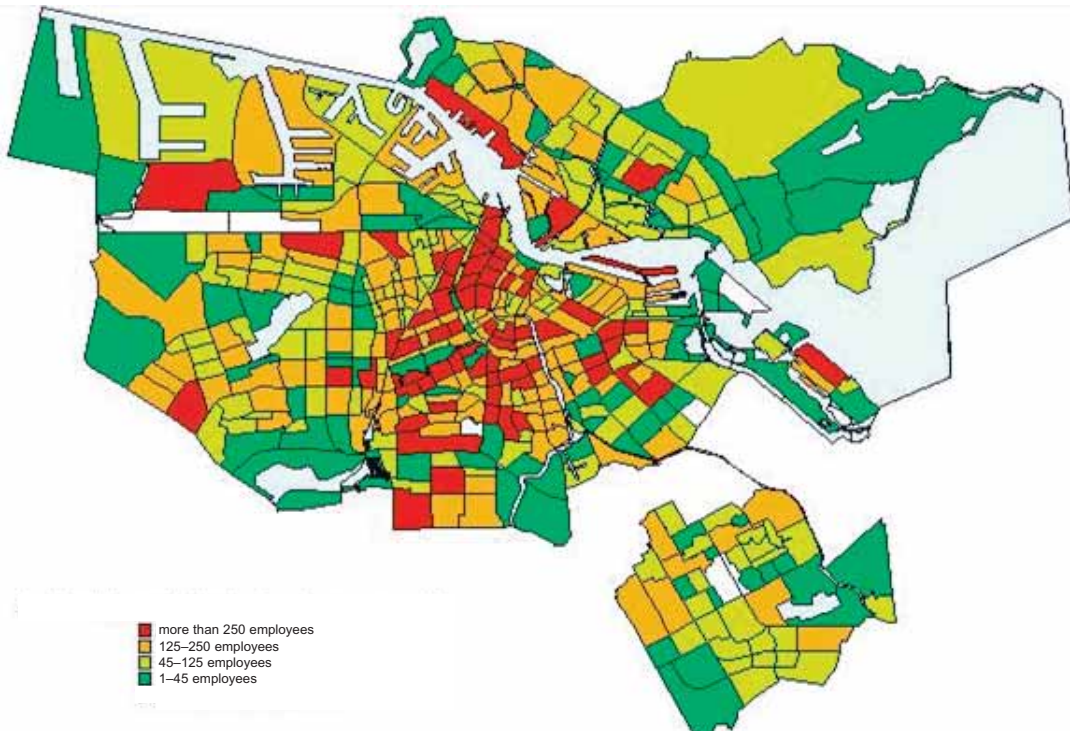
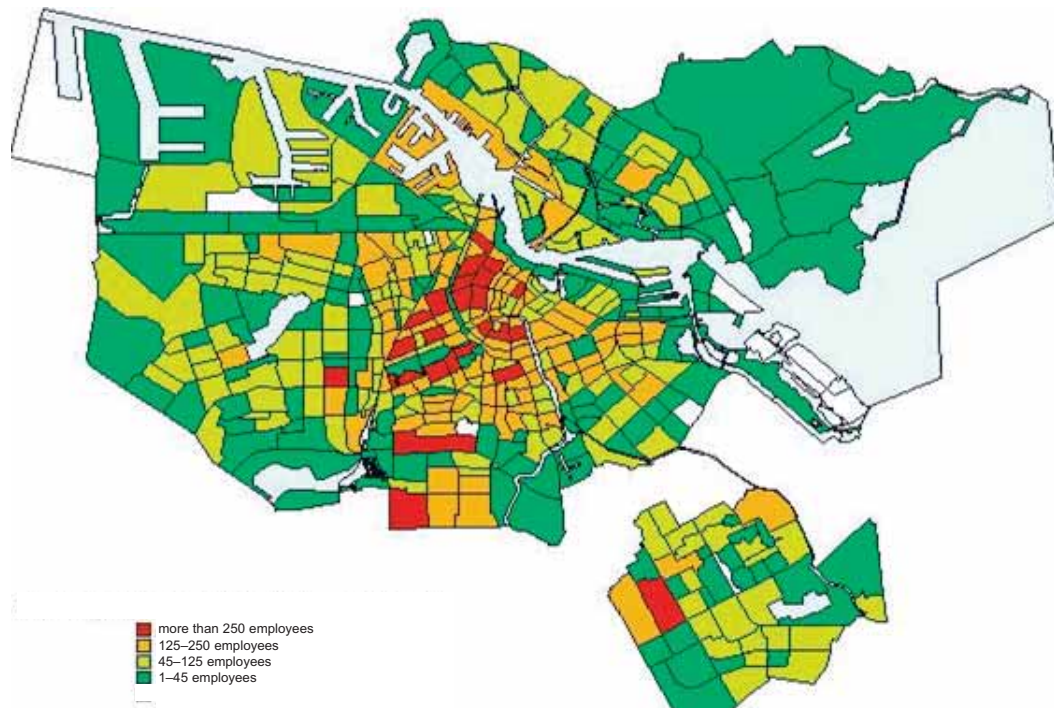


Figure 4b: *Spatial division of companies based on number of employees in 2009*



# 4

## Profiles of ethnic entrepreneurship

This section describes and analyses the development of ethnic entrepreneurship and the main characteristics of these business operations. Taking the abovementioned dynamics of the urban economy as a starting point, how does the emergence of ethnic entrepreneurship fit into this picture? Which barriers do ethnic entrepreneurs encounter and what are their competitive advantages? What are the structural determinants of the observed trends? This includes the generation of an inventory of the number of entrepreneurs over the past 30 years, ownership patterns (broken down by nationality and/or ethnic group, gender and immigrant status) as well as their spatial and sectoral distribution.

### Definition

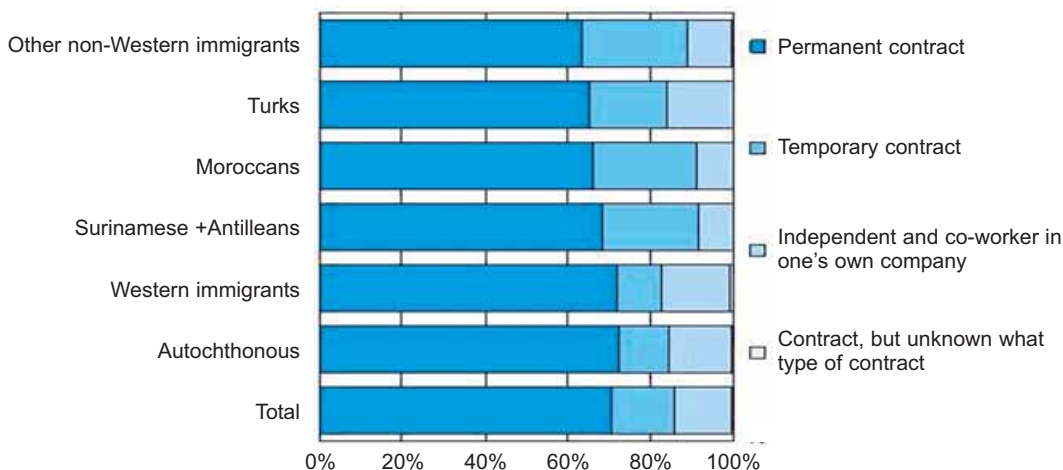
Who are we talking about? We found different definitions of ethnic entrepreneurship outside the municipal publications. The most common one, and the one we will use here, is that an ethnic enterprise is a business run by a first- or second-generation non-Western (allochthonous) entrepreneur. The main criterion is the place of birth of the owner of the business or their parents. In Chapter 5 we will also give the policy definition.

### Development of ethnic entrepreneurship

The municipality does not collect data on ethnic entrepreneurship (if necessary, it can get information from the Chamber of Commerce). The Chamber of Commerce registers the business with the birthplace of the entrepreneurs, but as we had no budget to buy this information (€2.50 per company), we had to rely on other sources. The data that were available to us came from the following studies: Regional Survey on the Working Population (*Regionale Enquête Beroepsbevolking*, REB); EIM (*Economisch Instituut Midden- en Kleinbedrijf*); and a study from Rabobank, one of the banks.

From the first source, REB, we got information on the types of labour contract that working individuals have per ethnic group. As Figure 5 shows, the percentage of independent workers plus co-workers in their company is around 15% for the total population. Comparing ethnic groups, Surinamese/Antilleans and Moroccans have lower rates (around 10%), Dutch have somewhat higher rates and Turks and other Western immigrants have much higher rates (around 18%) of independent workers (+ co-workers).

Figure 5: Type of contract of working individuals from different ethnic groups, 2009



Source: O+S Regionale Enquête Beroepsbevolking 2009



From the second source, EIM (2007), we find figures comparing the number of entrepreneurs in the four largest Dutch cities, Amsterdam, Rotterdam, Den Haag and Utrecht. Foreign entrepreneurship is concentrated in the large cities because immigrants live there. Table 3 shows the development of the number of entrepreneurs in the four largest Dutch cities from 1999 to 2004. Firstly, it shows that entrepreneurship in general is on the rise among all groups – from 44,800 to 50,900 in total in Amsterdam. Secondly, it shows that immigrant entrepreneurship grows faster than Dutch entrepreneurship. Thirdly, it shows that the number of non-Western immigrant entrepreneurs grows faster than the number of Western immigrant entrepreneurs.

Table 3: *Number of entrepreneurs (x 1,000) per ethnic group in the four big cities*

	Dutch			Non-Western immigrants			Western immigrants			Total		
	1999	2002	2004	1999	2002	2004	1999	2002	2004	1999	2002	2004
<b>Amsterdam</b>	31.3	33.3	33.7	5.8	7.8	8.3	7.7	8.5	8.9	44.8	49.5	50.9
<b>Rotterdam</b>	16.8	17.4	17.2	3.5	4.3	4.8	2.6	2.8	2.8	22.9	24.6	24.8
<b>Den Haag</b>	13.8	15.6	15.3	3.0	4.5	4.7	2.9	3.3	3.3	19.7	23.4	23.3
<b>Utrecht</b>	8.1	10.3	10.3	1.0	1.3	1.5	1.3	1.5	1.5	10.3	13.1	13.3

Source: EIM (2007, p. 32)

There are also differences between the cities. In Amsterdam, Rotterdam and Den Haag, about one in three of the entrepreneurs has a foreign origin. The importance of ethnic entrepreneurs has increased since 1999 in these cities. In Utrecht, a bit less than a quarter of the entrepreneurs are of foreign origin and this has hardly changed since 1999. Most immigrant entrepreneurs in the four big cities are of non-Western origin and are a first-generation immigrant. Smaller sections are the second-generation entrepreneurs of non-Western origin. In Table 4 we have distinguished between first and second generation. Table 4 shows that among non-Western immigrant entrepreneurs, the second generation grows faster than the first generation.

The entrepreneurs' rate (number of entrepreneurs per 1,000 persons in the workforce) shows considerable differences between ethnic groups and between the four big cities. Amsterdammers have a higher entrepreneurs' rate (95) than the others and Rotterdammers are the least entrepreneurial (60). Dutch and second-generation Western immigrants are the most entrepreneurial, while non-Western immigrants of the second generation remain behind. Table 4 shows the development from 1999 to 2004 in Amsterdam.

Table 4: *Entrepreneurs' rate per ethnic group (number of entrepreneurs per 1,000 persons in the workforce per ethnic group) in Amsterdam*

	1999	2002	2004
<b>Dutch</b>	107	118	121
<b>Non-Western immigrants, first generation</b>	40	49	50
<b>Non-Western immigrants, second generation</b>	29	35	34
<b>Western immigrants, first generation</b>	91	92	97
<b>Western immigrants, second generation</b>	113	123	127
<b>Total</b>	<b>86</b>	<b>93</b>	<b>95</b>

Source: EIM (2007, p. 32)

The third source of data on ethnic entrepreneurs comes from a study by Rabobank.

The municipality cooperates with Rabobank because it pays relatively a lot of attention to small start-up businesses. According to Rabobank (2006):

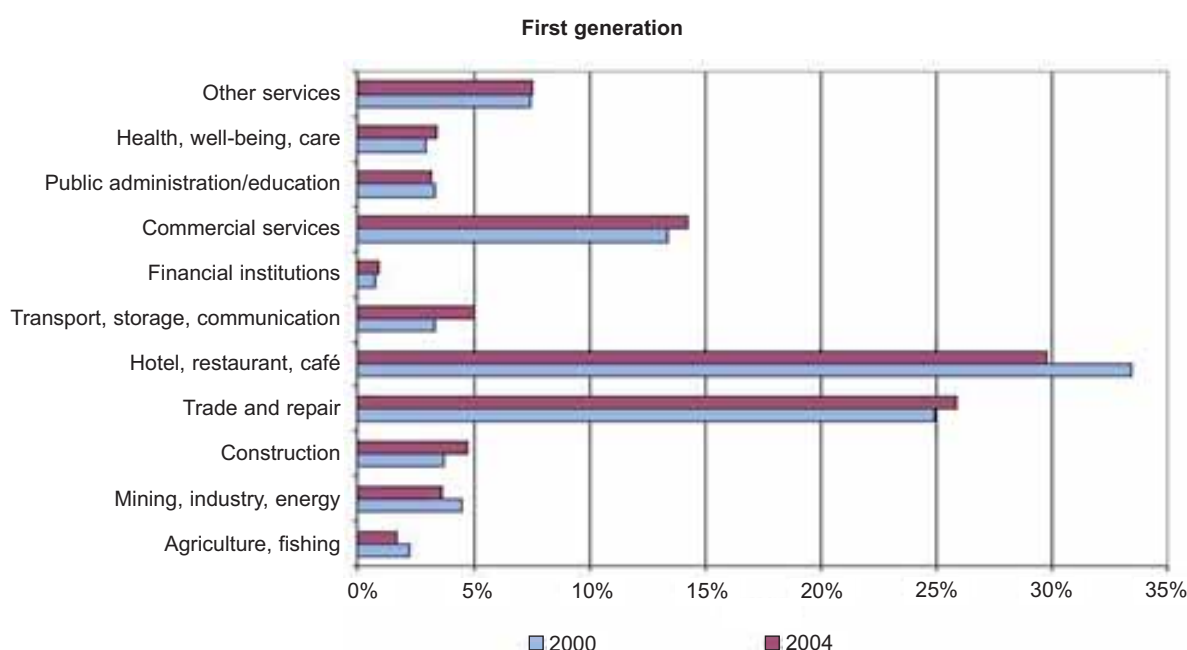
- The number of non-Western migrants with a business has increased between 2003 and 2006 by more than 13%. That is more than twice the average increase of all Dutch entrepreneurs (6.5%) (2006).
- There are 10,430 entrepreneurs of non-Western origin in Amsterdam. That is almost one in five entrepreneurs (18%) (2006).
- Popular sectors of industry in Amsterdam are, among other things, the food and service industry and the taxi sector. In 2006 there were 452 non-Western taxi companies that provide a total of 550 full-time jobs – 23% of the total number of jobs in the Amsterdam taxi sector.

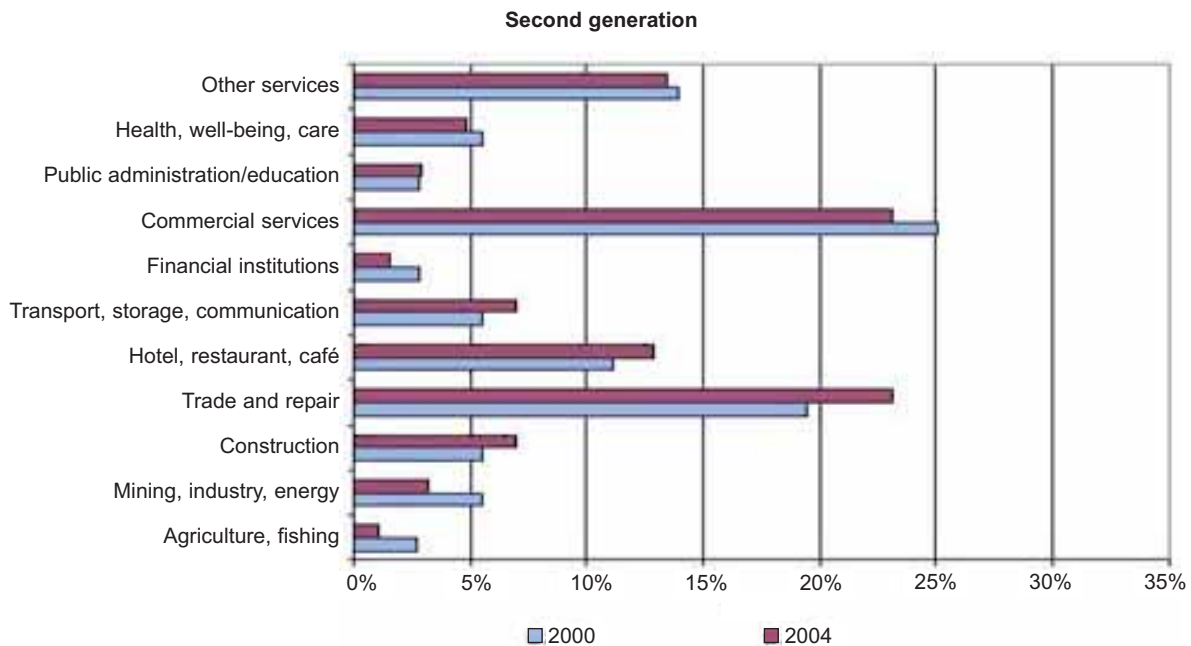
After looking at these three studies, one conclusion is quite clear: in a city that had an inflow of non-Western immigrants for 50 years, the number of businesses of non-Western immigrants is growing faster than those of Dutch or Western immigrants. Other cities with more recent immigration can expect a similar development among their non-Western immigrants.

### Sectoral and spatial distribution of ethnic enterprises

We have no information on the distribution of ethnic enterprises over the various sectors of the urban economy in Amsterdam, but from the *Monitor Nieuw Ondernemerschap 2006* (EIM, 2007), a national study, we get some insight into the sectors that immigrants choose generally, as presented in Figure 6. Two sectors are dominant for the first generation – hotels, restaurants and cafés; and trade and repair. For the second generation, the dominant sectors are commercial services and trade and repair.

Figure 6: Sector choices of non-Western immigrant entrepreneurs of the first generation and second generation in 2000 and 2004 in the Netherlands





Source: EIM (2007, p. 16)

Regarding spatial distribution, the *Monitor Nieuw Ondernemerschap 2006* (EIM, 2007) is a national study, but some conclusions are also relevant for Amsterdam. EIM concludes that ethnic enterprises, just like the ethnic groups they originate from, are concentrated in certain city districts and neighbourhoods. Immigrants are more often concentrated in disadvantaged areas, as measured with the mean home value, which is lower in disadvantaged areas (see Table 5). In the four big cities the spatial concentration of second-generation Western immigrants is rather similar to that of the Dutch. This is also true for first-generation Western immigrants in Amsterdam. First-generation immigrant entrepreneurs in Rotterdam, Den Haag and Utrecht have established their businesses more often in neighbourhoods with a low mean house value. This is more evident for non-Western immigrants. The first-generation non-Western immigrant entrepreneurs are more concentrated in disadvantaged neighbourhoods than the second generation.

Table 5: *Spatial division of entrepreneurs by house value area and ethnic category in Amsterdam*

Mean house value (x €1,000)	Total	Dutch	First-generation non-Western immigrant	Second-generation non-Western immigrant	First-generation Western immigrant	Second-generation Western immigrant
< 100	15	10	38	30	11	8
100–150	40	40	41	43	42	41
150–200	27	30	16	18	28	28
> 200	18	20	5	9	19	23
	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: EIM (2007, p. 35)

### Reasons for entrepreneurship career, market and competition

In this section we will investigate why people choose to become entrepreneurs, what market they cater for and under what kind of competition. The reasons why immigrants in Amsterdam choose a career as entrepreneurs are not only of a purely commercial nature. There seems to be quite a few cases where frustrations with the labour market have led to the decision to start a business. The first reason we encountered among the entrepreneurs was a simple commercial reason: they had entrepreneurial interests and saw a market for something. Some already have commercial experience in the family, some do not. A second reason for choosing entrepreneurship as a career was found among people who were actually educated in other fields. After doing work below their educational level for some years, they decided that it would be more enjoyable to work independently and then searched for the most interesting option. Sometimes the entrepreneur thought that a certain characteristic from the country of origin could be an interesting selling point, like food. Another reason for entrepreneurship was that people worked in a similar business for a boss and thought that they could do this too – and maybe better. The Ethiopian restaurant owner we talked to had worked for 10 years in the kitchen of a large Dutch restaurant and had enough experience to know what he was starting and had saved enough starting capital to do it.

At the Service for Work and Income/Unemployment Service (*Dienst Werk en Inkomen/ Uitvoeringsinstantie Werkloosheids Voorziening, DWI/UWV*), the representative told us that currently a lot of unemployed young people want to start a business without any clear plan or even an entrepreneurial interest. They do not want to work for a boss, and for these potential entrepreneurs starting a shop is not viewed as a positive option or is just imitative behaviour and sometimes the only way of getting out of unemployment benefit. The officials first try to find out how serious the plan is and help the young people to think through all consequences, but if they judge the plan is not serious enough, a discouragement route is chosen. Someone who starts a business without any sense of entrepreneurship is likely to get into trouble and debt and end up in a worse situation than from where they started. Of course, the DWI/UWV can only stop people if they are receiving some kind of benefit, and not if they have saved or borrowed enough money to manage the first six months.

Entrepreneurs always cater for a certain market. In the last 50 years we have seen that ethnic entrepreneurs took up several niche areas. An example in the 1960s was Italian ice cream sales, while in the 1970s Chinese/Indonesian restaurants were booming, and some years later pizzerias (first by a few Italians, but later by Turks) took off. All of these businesses targeted Dutch clients curious about non-Dutch food. In the 1980s Amsterdam's ground floors and cellars suddenly filled up with sewing machines. Over a period of about 10 years, mainly Turkish and Pakistani businessmen developed a garment industry that could work cheaply and quickly, producing fashion for department stores like C&A. Today not a single one remains due to measures to enforce the minimum wage and even cheaper production methods in the low-income countries.

At present the commonly visible ventures of ethnic entrepreneurs are restaurants and shops, food stores, telephone and internet shops, launderettes, tailors, clothing stores and clothing accessories stores, markets sellers, hairdressers, beauty salons, employment agencies, bakeries and butcheries. There is some tendency to copy: in certain streets, one successful Moroccan bakery was copied five times, and of course there were not enough customers. They frequently aimed primarily at their own group as clients, though this applies in particular to first-generation entrepreneurs. Nevertheless, there are some well-known examples of ventures that have grown in this manner, like the supermarket Genko. Ethnic entrepreneurs have unmistakably contributed to a broadening of the professional structure and plurality of services (as, for instance, the return of the tailor in the city) and to a broadening of the quantity of shops in many neighbourhoods. There are also the less visible companies, like the ones working in construction and cleaning.

In recent years, the orientation of ethnic entrepreneurs seems to have broadened. Interesting developments are the care entrepreneurs, legal and financial service providers, computer companies, social and spiritual care workers, home advisors, etc. This is partly due to the second generation coming forward with better training. According to Karima Kourtit, researcher at the Free University of Amsterdam (*Vrije Universiteit*), most of the second-generation Moroccan entrepreneurs work in the modern niches of IT and business service provision. Sometimes they consciously choose these kinds of ventures to ‘break out’ (i.e. not aimed primarily at their own ethnic group). A new development in Amsterdam is the rise of Turkish banks (see below).

Figure 7: An Ethiopian entrepreneur selling high-quality Ethiopian coffee



Source: Folder *Wijkeconomie Gemeente Amsterdam*

It is also interesting that non-ethnic ventures are becoming more aware of ethnic consumers and even actively aim at them because they realise that this is an interesting and growing target group. One can think of the three investment funds for Muslims that were introduced on the Amsterdam Stock Market. McDonald’s and the supermarket chain Albert Heijn are both busy with feasibility studies on ‘halal-proof’ products to make this part of their mainstream offering, thereby enlarging the target group of customers. One of the main banks, ABN-AMRO, is trying to connect to privileged Turks in association with the Turkish Yildiz bank. And the care insurance company AGIS is anticipating the introduction of multicultural products, for instance extending its insurance with special care in Turkey, Morocco and Surinam, as well as products that take note of specific traditions (for example, Ramadan).

Ethnic entrepreneurs have several strategies to outperform their competitors. One is opening in a new section of the market, as happened with the pizzeria businesses. In the period that pizzerias became popular, there were not a lot of foreign food restaurants, so the public found pizzas interesting and new. In the last 15 years the same has happened with Ethiopian restaurants in Amsterdam, on a smaller scale but quite successfully.

A strategy that we have already mentioned is to focus on one’s own ethnic group. Halal butchers and Afro hairdressers are examples of specific services that did not exist before or that existing shops were not good at providing. The grocery stores in immigrant neighbourhoods are without doubt popular among Turks and Moroccans, for instance, because they sell exactly the same olive oil that women back in Turkish villages use and because one can have a nice chat in one’s own language with the shopkeeper.

A third strategy is to 'produce' cheaper than the Dutch competitor. Extremely low salaries, long work hours and sometimes hiring employees outside the official channels made the tailor shops successful. The Moroccan bakery opens on Sundays, when its Dutch competitors are closed.

### Employment conditions and illegal practices

Ethnic entrepreneurs may employ a number of workers. We have no information on the actual size of the workforce employed by ethnic entrepreneurs, but we estimate that it cannot be very large. To start with, many companies are one-person businesses. Secondly, there are quite a few that operate on the margin of survival with no employees other than their wives that help for free or a nephew that is paid unofficially for a few hours a week.

The employment conditions for workers in these small and less formalised ethnic businesses may not be as good as among larger established Dutch companies. We have already mentioned that ethnic entrepreneurs often work more hours for minimal salaries and do not know all the rules. But this does not mean that the employment conditions are always miserable in ethnic enterprises. From our interview with a representative of the Labour Inspectorate (*Arbeidsinspectie*), we get the impression that ethnic entrepreneurs are no less careful with the labour regulations than Dutch entrepreneurs, but they are less aware of the rules. The ones caught breaking the labour laws often do not know all the complicated rules about safety on the work floor, hygiene, work hours and conditions, for instance. The Labour Inspectorate representative thinks her task is to educate people about all these laws and feels that it is easier to educate the immigrants than the protesting Dutch, who find it all unnecessarily interfering. In the immigrant companies there is quite often a lack of awareness about safety or hygiene. She explained how she helped a Pakistani import company to make the obligatory risk analysis when working with gas containers and found a very cooperative partner because the company never realised how dangerous the gas was. The three problems she noticed in her work are lack of knowledge, not seeing the advantage of professionalisation/long-term investments, and also simply problems with writing.

She remarked: 'They sometimes use standards from their country of origin that are not applicable here.' In her opinion, abuse of employees (long work hours and low pay) is not specific to ethnic companies. She finds more Dutch employers abusing Poles than Turks or Moroccans abusing their countrymen.

Compared to other European countries, it is rather difficult for entrepreneurs in the Netherlands to work illegally or to work with illegal employees. But there are sectors, like construction, the hotel/restaurant/café sector, and care in people's homes where at least part of the labour is not reported. According to the interviewee from the Labour Inspectorate, this is not more common among ethnic entrepreneurs than among Dutch entrepreneurs; actually, the big employers of illegal Polish workers are Dutch bosses. There have been campaigns to stop this, but as far as we know these were not targeted towards ethnic businesses in recent years. The campaigns reported in the newspapers were directed at the flower fields and greenhouses just west of Amsterdam.

On the other hand, ethnic entrepreneurs are sometimes under pressure from family or community to 'take care of' a nephew, cousin or countryman who may be illegal. Secondly, they have such marginal profits that it is impossible for them to hire someone legally, so in case of illness they get into serious problems. Dutch café owners solve this by hiring someone officially for four hours a week and paying the rest 'under the counter', but not all immigrant entrepreneurs know this trick.

## Problems and barriers of ethnic entrepreneurs

What are the typical problems that ethnic entrepreneurs encounter and that are less common among Dutch entrepreneurs? EIM (2007, pp. 47–59) has compiled a complete list based on telephone interviews with 225 respondents in a national study and summarises the following barriers for ethnic entrepreneurs.

- Low education and lack of language proficiency leads to a lack of basic knowledge.
- Limited preparation – the start-up is sometimes over-enthusiastic, without a developed business plan, and gets into trouble later, for instance with the tax services.
- Limited network formation and lack of openness to networks outside one's own language group. However, even within the language group there is not a lot of organisation.
- Limited openness to information and advice, particularly from bureaucratic services. Asking for advice from the government is considered a weakness and problems are solved in the family.
- Limited openness to institutions for entrepreneurial support, sometimes because they do not know about these institutions, but sometimes because they find them meddlesome.
- One-sided sector choice, easily accessible sectors (low investment required), copying each other and choosing risky sectors.
- Difficulties with financing due to underdeveloped business plan and lack of a guarantee to get loans.
- Norms of conduct are based on formality and trust, i.e. clients that can pay later, which leads to an unclear number of suspect debtors and a general lack of overview on the financial situation.

EIM remarks that the starting position of the second generation is better and many of the above points are less relevant for the second generation. For more information on how these problems affect the daily situation of the entrepreneurs, see EIM (2007, p. 47 onwards).

Some of our interviewees observed and highlighted specific problems, like the representative of the Labour Inspectorate (see above) who observed three problems that ethnic entrepreneurs encounter more than Dutch ones: lack of knowledge, not seeing the advantage of professionalisation/long-term investments and problems with writing.

Another view of the main problems that ethnic entrepreneurs encounter came from our interview with the director of the Federation of Dutch Workers' Unions (*Federatie Nederlandse Vakverenigingen*, FNV) and its independent worker with no staff department (*Zelfstandigen Zonder Personeel*, ZZP). She remarks that the problems are administrative, under-representation in the unions, hidden poverty, an information level that is low and no communication through the usual channels. We asked all CLIP cities to report specifically on problems with financial management, marketing, rules and regulations as well as bureaucracy and intermediary institutions. We will examine these problems now.

### Financial management

Ethnic entrepreneurs tend to borrow more easily within their own network or family than Dutch entrepreneurs do. This is often their starting point, but it can also be a consequence of being disappointed by institutions and banks. One of our interviewees had worked as an advisor on entrepreneurship in an ethnic association in the past. He developed business plans with at least 20 of his countrymen, cooperating with STEW (see below and <http://www.stew.nl/>), the agency for start-ups, and the municipal DWI. Even though STEW signed off the business plans as adequate, as required by the Work and Income Service, not a single entrepreneur could get the necessary starting credit. The banks didn't trust the entrepreneurs and asked for more guarantees than they could deliver. We heard, for instance, of two Ethiopians arriving

at a bank with an appointment, but getting thrown out immediately, which the Ethiopians took as outright discrimination. On the other hand, we heard at the STEW office that some very unprofessional people apply for bank loans with unpractical and risky plans, who speak limited Dutch, and officials even have reasons to throw some of them out.

For Turkish entrepreneurs, the Turkish banks are a solution sometimes because family property in the country of origin can serve as a guarantee for the bank. We have not managed to find out how important it is for Muslim entrepreneurs that their borrowing takes place in the Islamic manner, that is, without paying interest. There are several sources that mention the demand for Islamic borrowing is increasing,<sup>6</sup> but neither the Turkish banks in Amsterdam – there are quite a few (Yapi Kredi Bank, Anadolubank, Demir Halk Bank, Akbank, Garanti Bank, TEB, İşbank<sup>7</sup>) – nor the Moroccan ones (Attijariwafa Bank, Banque Centrale Populaire and Chaabi Bank, a ‘daughter’ of Banque Populaire du Maroc, which opened a branch in Amsterdam on 16 December 2009) seem to offer this service. As far as we know, only the Dutch Rabobank had an ‘experiment’ with Islamic banking in Utrecht.

Turkish and Moroccan banks try to find investors in Europe for investments in Turkey and Morocco. For a Turkish entrepreneur, the advantage seems clear. Being able to use an account in both countries makes international transactions much easier. However, the role the Turkish banks play for Turkish entrepreneurs in the Netherlands needs further investigation.

### Marketing

Companies usually have marketing strategies. We have no information on the problems or barriers that ethnic entrepreneurs encounter with regard to their search for consumers. What became quite clear from the interviews is that many of them only advertise themselves in their own community by word of mouth. Ethnic entrepreneurs are more active in informal channels and less active with marketing campaigns or employers’ networking events. According to a researcher at the Department of Economics of the Free University of Amsterdam, Karima Kourtit, this is also true for second-generation Moroccans. Second-generation Moroccan companies have improved compared to the first generation: they do not only look for Moroccan clients or only for Moroccan employees and they are active in successful sectors such as business services. However, one difference remains with Dutch companies: the lack of membership in the usual networks in the sector.

Figure 8: *A halal butcher*



Source: *Folder Kansenzones Gemeente Amsterdam*

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<sup>6</sup> <http://napnieuws.nl/2009/10/16/islamitisch-bankieren-nog-lange-weg-te-gaan>

<sup>7</sup> Yapi Kredi Bank, see <http://www.ykb.nl>; Anadolubank, see <http://www.anadolubank.nl/>; Demir Halk Bank, see <https://www.dhbbank.com/Netherlands/NL/HomePage.aspx>; Akbank, see <http://www.akbanknv.com/home-fla.aspx>; Garanti Bank, see <http://www.garantibank.eu/>; TEB, see <http://www.tebnv.nl/>; and İşbank, see <http://www.isbank.nl/en/>.



### Rules and regulations

As we explained in Chapter 3, the rules and regulations surrounding entrepreneurship are quite complicated and not every immigrant knows all the rules. Some entrepreneurs get their information because stories go around in their community, like the story that one of the restaurants was fined for employing people illegally. This startled the others and they became much more careful not to call in extra persons in the kitchen on a busy Friday evening.

The start-up has to take tax regulation, health and safety regulations, environmental regulation, labour regulation and planning regulation into account: the amount of rules seems endless. As the entrepreneur we interviewed explained, ‘I have had businesses in Holland for the last 10 years, so I know about terrace permit, signboard permits, hygiene, etc., but after I opened this shop I found out about some new institutions. First an official came to check whether or not I was playing music in the shop, since I would have to pay copyright to BUMA STEMRA if customers could hear it ... and just after that another official turned up from some institution I had never heard about. He came to check my scale, and gave me a fine, because my scale didn’t have a sticker of a recognised office of correct measuring scales. It is really incredible what kind of things they check in this country.’

### Bureaucracy and intermediary institutions

Besides rules, there are institutions that entrepreneurs have to cope with. Most know that they need to register in the Chamber of Commerce and with the tax office, but where all the permits come from is not clear to everyone, and as we saw, there are permits that people have never heard of, which is also true for many of the institutions. Probably the most feared institution is the tax office: if one has a problem with them (and this is not considered to be completely in people’s control), you may have to pay back for years. Most entrepreneurs that we talked to do not fill in the tax forms themselves but have an accountant or administration office do this, as it is considered too complicated.

An institution that can cause irritation in the restaurant sector is the hygiene authority. They come unexpectedly and look for unhygienic situations everywhere. A restaurant owner told us, ‘They checked on very strange places. I thought they were expecting a foreign restaurant to be dirty, and they found bacteria in the rubbers of the fridge door and gave me a warning to clean the rubbers!’

### Unions and networks

Dutch entrepreneurs often operate together in an ‘organised manner’ because it is necessary to defend their interest towards all kinds of parties. Ethnic entrepreneurs are not as ‘organised’ as the Dutch.

There are two main employer organisations that cooperate closely: the Association of Dutch Entrepreneurs-Dutch Christian Employers Association (*Vereniging Nederlandse Ondernemers,-Nederlandse Christelijke Werkgeverscentrale*, VNO-NCW) and Medium and Small Business Amsterdam (*Midden en Klein Bedrijf*, MKB). The VNO-NCW is the largest employer organisation in the Netherlands. The companies and sector organisations connected with VNO-NCW – 115,000 companies altogether – represent 90% of the employment in the Dutch market sector. VNO-NCW has a common policy office for the small and medium-sized companies: MKB Nederland. The associations defend the interests of entrepreneurs and take part in the national negotiations organ, the Social Economic Council (*Sociaal-Economische Raad*, SER), with the government and workers’ unions. If you become a member, a lot of support is free.

An example of the work of MKB Nederland can be found in their report on local licences (MKB Nederland, 2006). The kinds of licenses required in different municipalities are investigated and simplifications are suggested. MKB Amsterdam is a relatively white institution, but it is actively trying to diversity in terms of gender, age and migration background.

Within the FNV, there are two options: to become a member of the ZZZP or become a member of one of the sector organisations, for instance the retail trade sector associations.<sup>8</sup>

The ZZZP offers information and advice, lower rates for insurance and administrative services, free legal advice and support, keeps members up to date with news and lobbies for people who work independently. It supports the government in framing laws and comes forward with creative solutions on, for instance, pregnancy leave, disability in work and pensions. For its members, ZZZP offers:

- training on specific issues – such as working according to the rules of the safety, health and environmental checklist for contractors, internet sales, website constructions, digital presentations;
- more general skills – related to taxes, fixing rates, contracts, networking and acquisition, presentation techniques, negotiating;
- individual coaching – FNV has 13,000 members in the ZZZP section but a very limited numbers of immigrants.

The level of unionisation is lower among immigrants than among the Dutch. The Turkish trade union representative for the FNV estimates that 13% of Turks are organised in his sector. The Dutch figure is 20%, while the Moroccan figure is considerably lower. The situation among employers is even worse. The representative of the employer organisation MKB Amsterdam tells us that only 2% of its members are immigrants. MKB needs to attract young people, women and immigrants. When we asked our interviewees why they are not members of the unions, they reply that it is too expensive and that they are not sure what they would achieve by joining.

In many shopping streets there are also shopkeepers' associations (*Winkeliersverenigingen*). The chances of ethnic entrepreneurs becoming members of these are better because membership is based on personal contacts with the neighbouring shopkeepers. The Ethiopian shopkeeper we interviewed was a member of the shopkeepers' association in his street.

Besides these 'Dutch institutions', we found networks among ethnic entrepreneurs in their own communities, such as the Moroccan Entrepreneurs Association (*Marokkaanse Ondernemers Amsterdam*, MON),<sup>9</sup> the Turkish entrepreneurs group AGIAD, the Chinese entrepreneurs Dragons Business Club and The Other Businessman, etc. Most of these networks promote organisation among entrepreneurs in Amsterdam and do not ask for a contribution, which makes them attractive and in a way competitors of the unions.

From our interview with one of the MON founders, we understand that this network was set up because the Chamber of Commerce, the municipality and MKB wanted contacts with Moroccan entrepreneurs. Within a rather short period, the Moroccan official, then working at the STEW entrepreneur's support desk (paid for by the municipality), set up a network. He phoned 120 entrepreneurs and brought them together. This cooperation was successful for three to four years. They organised information meetings and broadened their circles. Currently the municipal support and therefore subsidies for hiring an event space have stopped and the number of activities has gone down, but as a network it is still highly effective: people know each other and they and phone each other for help and to do business together. A Moroccan accountant has built up an enormous clientele because of this network. According to the organiser, the output is tremendous, though officially there are no paying members and registered visitors during meetings. The organiser stated that it is a problem that the MKB employer organisation views MON as a competitor, but MKB did not adjust to this new group, so Moroccans do not become members of MKB; they simply find it too expensive.

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<sup>8</sup> <http://www.fnvzzp.nl/>

<sup>9</sup> <http://www.mon-amsterdam.nl>

In this chapter we will describe the policies that we have found on ethnic entrepreneurship, or to be more precise, on small and medium-sized businesses, but with reference to ethnic entrepreneurs. We first describe the economic policies, then integration and diversity policies, and then we present some concrete examples of the policy implementation.

## Overall policy of Amsterdam Topstad and the Economic Affairs Department

An important programme of the Amsterdam municipality from 2006 to 2010 was Amsterdam Topstad (Amsterdam Top City).<sup>10</sup> It is basically a programme with a future perspective on Amsterdam's international position, dominated by economic elements, but including educational and social elements. This programme is relevant to immigrants since it focuses on facilitating expatriates and building an open and hospitable city. Its other targets also indirectly point at the international outlook of the city: developing top education at the Amstel River, facilitating creative talents and crossovers, optimising the IT infrastructure, stimulating knowledge valorisation and entrepreneurship in the life sciences, developing a sustainable city and advertising Amsterdam as a city for events.

The Economic Affairs Department (EZ) website shows that being internationally directed, stimulating the knowledge industry, stimulating tourism and being supportive to entrepreneurs are important topics. An interesting new development in 2010 was that Economic Affairs Amsterdam launched a Chinese-language website to attract Chinese entrepreneurs to settle in Amsterdam.<sup>11</sup> Since China and India are the new economic powers of the 21st century, the website is targeted at Chinese companies looking to establish a branch in Europe. A former alderman remarked, 'Chinese companies provide a large share of employment in the metropolitan region. Currently there are about 60 Chinese companies established in the Amsterdam region. I am very pleased that we can meet their needs and I hope this will create more jobs' (translated from the EZ website). The municipality's policy is paying off. In 2009 it increased the share of Chinese companies within the number of new foreign companies to about 10%. The increase concerned mostly European headquarters, companies in marketing and sales and logistics and transportation. Note that Amsterdam does not translate documents in immigrants' language of origin, but it does for future immigrants.

The EZ recently published a policy paper on entrepreneurship, entitled the '*Ondernemerschapsnota*' (Kok, 2008). A few of the general goals mentioned in this document are:

- the urgent need to stimulate entrepreneurship in general and to improve the entrepreneurial climate, but more specifically for technology start-ups and fast growers;
- to do this within the educational institutions and in cooperation with the two universities and colleges;
- stimulating and supporting start-ups is important, but so is boosting competencies in existing entrepreneurs;
- taking care of the right financial possibilities for different types of entrepreneurs;
- creating more accommodation for entrepreneurs in all stages of growth;
- diminishing barriers for groups to increase the start-up ratio of groups that now lag behind, particularly people who start from unemployment benefit, women and ethnic groups;
- diminishing barriers for high-quality immigrant entrepreneurs.

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<sup>10</sup> <http://www.topstad.amsterdam.nl/>

<sup>11</sup> [http://www.ez.amsterdam.nl/@308354/gemeente\\_amsterdam/](http://www.ez.amsterdam.nl/@308354/gemeente_amsterdam/)

### Overall policy on integration and diversity

A basic term that is important in the municipality's policy papers dealing with integration is 'diversity', defined as: 'all that makes people so different from each other'.<sup>12</sup> Ethnic diversity is therefore 'the differences between people that are related to differences in ethnic background. Think about differences in the field of language, culture, networks and entrepreneurial spirit.'

Cooperation and the participation of all in the common project to be an Amsterdammer are stressed. The diversity ideology does not lead to categorical policies on specific ethnic groups, but it leads to generic policies that are fully 'immigrant proof'. Every policy proposal is checked regarding its suitability for immigrants and adjusted if it would suit only the Dutch. If immigrants do not use certain services, they are investigated and looked at from the immigrant's point of view.

So where do the economic strategy and the integration strategy come together? Firstly, we have not found a definition of an ethnic enterprise in the municipal documents, probably due to the fact that there are no policies on ethnic enterprises as such: all entrepreneurial policies are generic. The municipality does not monitor the development of ethnic enterprises.

Indirectly, there are policies that are useful for ethnic enterprises, but directed towards specific target populations, so the background of the person is the starting point. First- and second-generation non-Western immigrants could be such a target population (based on the country of birth or the country of birth of the parents) because the non-Western immigrant may have a disadvantaged position on the labour market, while Dutch or Western immigrants do not need extra support.

The policy may also target disadvantaged neighbourhoods. In that case, there is a higher chance that entrepreneurs of non-Western background would use the measures indirectly. As we have already remarked in the CLIP housing study on Amsterdam, there seems to be something illogical going on because the percentage of persons of non-Western origin is one of the criteria to become a 'disadvantaged neighbourhood' (Van Heelsum, 2007).

In the information brochures that Amsterdam publishes, entrepreneurs in general are given attention, but the examples and pictures are largely about non-Western ethnic entrepreneurs, so they are addressed, albeit indirectly.

The following answers were given in the CLIP questionnaire on the question of what role ethnic entrepreneurship plays in the overall strategy supporting the integration of immigrants. 'Diversity management is defined as optimally using all the different talents of individual employees, for provision of services, profit and or the results of the organisations.'<sup>13</sup> Integration is 'joining and participating. Integration is a concept that targets all Amsterdammers and not only newcomers from non-Western countries or already settled immigrants who still need to do the courses to become a full citizen.'<sup>14</sup>

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<sup>12</sup> This information is found in the CLIP questionnaire.

<sup>13</sup> Translated from Van Geffen (2007), *Verskil moet er zijn; de kritische succesfactoren voor diversiteitsmanagement*.

<sup>14</sup> Translated from Gemeente Amsterdam (2003, p. 5), *Erbij horen en meedoen*.

As the municipality writes in the CLIP questionnaire, 'Optimally utilising chances requires that the available talents are optimally exploited. Currently this is not the case, and talents in relation to ethnic background remain under-utilised, but also in relation to gender or handicap. Focusing on talents requires an individual approach and not a group approach. Every human being has a unique mix of characteristics and talents that can be expressed differently by different individuals, and ethnic background is only one of the relevant factors. But ethnic background can in many cases be the basis for talents that can be profitable for society as a whole, economically, if the right conditions are created. These talents can include:

- entrepreneurial spirit;
- the capacity to speak certain languages;
- contacts in the countries of origin;
- knowledge of other cultures and/or the skills that go with this;
- the ability to supply new products or services.' (Quoted from CLIP questionnaire)

Depressed neighbourhoods have received a lot of attention lately. The neighbourhood approach has become important in national policies and certain neighbourhoods receive extra funds from the national government because of social problems (*Vogelaarwijken*). This approach has led to more attention being placed on the importance of economic activity in a neighbourhood: small businesses provide employment and improve the liveliness of the streets. This has led to policies in which both the economic and the diversity departments cooperate, with the city districts wielding important influence in the implementation.

According to the CLIP questionnaire, the discussions concerning the economic chances of ethnic diversity focus in particular or even exclusively on ethnic entrepreneurship. Although we tried to find out, it has not become clear to what extent this is an actual target of Amsterdam and if so of which department. The city officials mentioned a study by Smallbone et al. (year is not mentioned) who show that besides entrepreneurship mechanisms there are other aspects of ethnic diversity that can contribute to the economic strength of a city. The municipality cites Smallbone et al., who distinguish the following seven mechanisms as relevant:

- ethnic diversity can ensure higher entrepreneurship rates because some ethnic groups or people with another cultural orientation are more inclined to become entrepreneurs;
- ethnic diversity can be a source of more creativity and innovation;
- exploiting diaspora networks can offer access to new sources and markets;
- diversity of suppliers can promote innovation and be an answer to the diversity of services that consumers want;
- ethnic diversity can lead to ethnically oriented events and activities and as a result raise the attractiveness of tourism;
- an ethnically differentiated society can be an attraction for foreign investments and visitors/tourists;
- diversity on the shop floor can ensure cross-fertilisation and innovative processes, more connection of organisations with the changing social structure and an increase of the participation of minorities in the social process.

EIM (2007) brings back these seven mechanisms to three theoretical blocks of economic chances:

- the chance to get more and better ethnic entrepreneurship (and as a result, possibly also a broadening of the professional structure, more multiform service and a broader shop offer);
- the chance to pay more attention to the advantages of ethnic diversity on the shop floor (impact of diversity on innovation and creativity);
- the chance to develop more attractive cities by using ethnic diversity (using marketing, ethnic events, magnet functioning for tourists in city, etc.).

As the municipality official writes in the CLIP questionnaire, in order to exploit these chances, obstructions must be tackled. The two main obstructions seem to be the existence of influential old boys' networks, in which people from ethnic groups get access with difficulty or not at all, and the limited access to bank credit and venture capital for people from ethnic groups. We tried to find out several times, but unfortunately the officials did not clarify how the EIM opportunities and barriers have translated into policy and if so, in which department these policies are implemented.

Summarising, we notice general and sometimes vague policy lines. Amsterdam has had a generic entrepreneurship policy since 2000; however, constant attention is paid to the multicultural character of the city and its inhabitants. There are 16 projects with certain target groups, not directed specifically to ethnic entrepreneurs, but most of them have been written from the point of view that they should be suitable for immigrant entrepreneurs, taking the 50% immigrant population of Amsterdam into account. Thus, the entrepreneur centres (*Ondernemershuizen*) have consultants with different cultural backgrounds (Ghanaian, Surinamese, Moroccan and Turkish), and the opportunity areas (*Kansenzones*) are areas with an over-representation of non-Western immigrants and micro credit is meant for people with limited financial resources. The departments of Economic Affairs and of Social Development intend to find and remove any specific obstacles for immigrant entrepreneurs. Deregulation and making the rules simpler is part of this. Most of the information that the municipality publishes is formulated in a general manner, but pictures and interviews show ethnic entrepreneurs more often than Dutch.

From 'Projects for start-ups' on we will look in detail at the execution of concrete projects, firstly focusing on start-up projects, then at projects for existing entrepreneurs and then at projects that focus on neighbourhoods. First, though, we will see which actors are involved in this field.

## Main actors

The following are the main actors currently involved in the policies that directly touch on ethnic entrepreneurs.

- The Department of Economic Affairs of the Municipality of Amsterdam (*Economische Zaken, EZ*) – this department was involved in the three policy areas we will discuss later: entrepreneur centres; stimulating entrepreneurs in neighbourhoods and the allocation of opportunity areas; and providing micro credit.
- Department for Social Development of the Municipality of Amsterdam (*Dienst Maatschappelijke Ontwikkeling, DMO*) – this department houses the coordinator of the opportunity area policy, whose official job is to connect all those involved. Another important issue for DMO is to support networks, among them the networks in neighbourhoods, which include migrant associations and shopkeepers.

- The Service for Work and Income of the Municipality of Amsterdam (*Dienst Werk en Inkomen*, DWI) – the unemployed, dependent on welfare benefit and interested in starting a company, can request starting capital at DWI as well as an additional benefit for maintenance. One can submit an application for support during a preparation period. This is a route where the entrepreneur prepares themselves during a year, keeping the unemployment benefit and with the support of external partners to become an independent entrepreneur.
- City districts (*Stadsdelen*) – these take care of the implementation of the opportunity areas and of most of the licences that deal with the location, like the licence to establish a business at a certain location (only when the purpose in the zoning plan is business), the permit to have a terrace in front of a café or restaurant, the advertisement permit (shop window or sign board), etc.
- Shopping street managers (*Winkelstraatmanagers*) – these can be employed by the city district, though sometimes they are co-funded by a housing company or a project developer.

In addition to these services within the municipality, there are temporary services installed on a project basis, usually outsourced to companies like the entrepreneur centres or STEW, which we will discuss below when we look at concrete projects. There are also stable non-municipal institutions and cooperating partners relevant for entrepreneurs, such as the following.

- Chamber of Commerce – this is the starting point, where a new entrepreneur has to register the name of their business. At the first visit it is possible to get information and advice, for instance on the different legal forms. Since 2009 it is no longer necessary to register separately at the tax office, since this is now also done at the Chamber of Commerce. The chamber then checks the location and helps to make the profit calculation required for the tax service. Besides registration, the chamber's tasks include giving information lectures and courses, organising network events, cooperating with cities, supporting internationalisation and helping with sales or the closure of companies. Generally the chamber has only one large location in Amsterdam, beside the Central Station, and does not outreach, but a completely new and unusual development is that one official keeps an office at Ondernemershuis Nieuw West.
- The employer organisations VNO-NCW and MKB Amsterdam.
- The FNV workers' union, particularly the ZZP office, CNV and others, and their sector organisations.
- Networks of ethnic entrepreneurs, such as MON,<sup>15</sup> Turkish entrepreneurs AGIAD, the Chinese entrepreneurs' Dragons Business Club and The Other Businessman, etc.

## Projects for start-ups

We will now turn to policy execution and thus concrete projects. In this section we will focus on start-up support, financial support and stimulation of entrepreneurial careers, then examine professionalisation projects for existing entrepreneurs, projects that focus on neighbourhoods and other projects. In general, the execution of these policies takes place in institutions that function as partners of the municipality.

Some relevant initiatives to support start-ups are included (note that we cannot list them all<sup>16</sup>).

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<sup>15</sup> <http://www.mon-amsterdam.nl>

<sup>16</sup> For more information on starter projects, see <http://www.amsterdam.nl/ondernemen>.

### Entrepreneur centres

Entirely financed by the municipality, four centres for entrepreneurship were installed in 2003 in four neighbourhoods with concentrations of immigrants. They are meant to give advice on start-ups or on any business matter after start-up, with an outreach approach and easy accessibility. They were a supplement to the existing Chamber of Commerce service. One of the reasons for this was that the disappearance of the obligatory general tradesman's diploma for every starting entrepreneur at the end of the 1990s caused a rise in bankruptcies. Ethnic entrepreneurs in particular started their own businesses without sufficient preparation.

The four centres employ business advisors who support and coach the (re)starts of a business. As the representative we talked to explained, 'The coaching consists of individual business advice, making a business plan, suggesting courses and workshops, providing background information and help in finding suitable accommodations and financing. The advisor helps the entrepreneur through all the paperwork, calls other offices if necessary, and helps the entrepreneur avoid getting lost in bureaucracy as much as possible.' The intention is to be complete and to have all the necessary forms from other institutions in one office, including those from the Chamber of Commerce (official registration of the business), the tax office (getting the business tax ID), information on all permits and licences, the standardised forms for a business plan and addresses of accountants, the usual networks and associations, etc.

Since more than half of the Amsterdam residents have an immigrant background, the municipality considers it important that the advisors reflect the population. Therefore, the south-east office employs a Ghanaian advisor in contact with its Ghanaian community and the office in Osdorp employs Moroccan and Turkish staff. Ghanaians from elsewhere in the city come to the south-east to find this Ghanaian advisor.

Besides providing personal advice, entrepreneur centres organise courses on acquisition (two half-days), administration (one half-day), taxes (one half-day), bookkeeping (six half-days), business plan (six half-days), import and export (two half-days), marketing and PR (three half-days), networks (one half-day), quick course bookkeeping (three half-days), fixing rates and prices (one half-day), time management and organisation (two half-days) and preparation for starting a website (one half-day).

The entrepreneur centres' website provides a (limited) number of advertisements of business spaces in Amsterdam.

### STEW

For 35 years, STEW<sup>17</sup> was a foundation that supported the unemployed in finding work, but since 2007 it has become an independent company, mainly directed at supporting starting and less successful entrepreneurs with a deprived background by means of information and courses. Currently it is not very different from other commercial companies in this field. Because STEW was an institution close to social work in the past and still attracts government funds, though now commissioned, we discuss STEW here. At present the DWI is one of the larger providers of projects and clients for STEW. Consequently, the start-ups at STEW are usually not experienced, and a certain percentage has to be discouraged because they actually do not have the right characteristics and attitude to become entrepreneurs. STEW works with a tailor-made approach: it gives personal attention and helps clients work on their skills, while people can also learn from each other in the group process during training. From what the researcher could see, it is not the fast and successful start-ups in the commercial business sector that come to STEW. Its work seems to partly overlap with the Chamber of Commerce and the entrepreneur centres, except that STEW specialises in people who come from a welfare benefit situation.

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<sup>17</sup> <http://www.stew.nl>



STEW also judges business plans and requests for micro credit, held the secretariat of MON for some years (paid for by the municipality), trains refugees for the University Refugee Fund (*Universitair Vluchtelingen Fonds*) and searches and supports existing businesses in the next project that we will shortly mention, Renewing Affairs (*Vernieuwende Zaken*).

### The Art Affaire Amsterdam<sup>18</sup>

The Art Affaire Amsterdam (*De Kunstzaak Amsterdam*) project offers support to artists and creative entrepreneurs in all phases of their business development, including short recommendation routes but also a year-long route with accompanying training and coaching. Artists that have been established for some years and who are ready to develop new services or work on further professionalisation can take part.

### New Business Activity Amsterdam<sup>19</sup>

The general aim of the New Business Activity Amsterdam (*Nieuwe bedrijvigheid Amsterdam*) project is to provide professional recommendations and a network for innovative young companies. It is the largest national network for innovative entrepreneurs. It can provide up to 14 days' recommendation for things like attracting financing, protection of products and services, researching strategic cooperation partners, commissioning customers and legal questions. Their 'recommendations' are subsidised – two-thirds of the costs are recoupable.

### Stadia<sup>20</sup>

The general aim of Stadia is the economic stimulation of small-scale entrepreneurship, particularly social and cultural entrepreneurship, and the realisation of shared premises and small-scale company space.

Besides coaching start-ups, financial arrangements and assistance for examining the possibility of starting a business from welfare benefit have been developed for entrepreneurs. These are generic measures, but they often have the specific situation of immigrant entrepreneurs and their difficulty in getting finances in mind. Any starting entrepreneur has to try the regular bank loans first. Rabobank is mentioned by interviewees as the friendliest to small entrepreneurs. Amsterdam then has several ways of helping people who can prove that they cannot manage to get regular bank loans. The EZ website lists eight categories:

- micro credit;
- subsidies for entrepreneurs in opportunity areas (as we will explain below);
- supporting measures that increase the safety of entrepreneurs;
- extra possibilities for small and medium-sized businesses for guarantee (*garantstelling*);
- starting a business from social benefit;
- subsidies for employers;
- subsidies for innovative companies;
- subsidies for electric cars.

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<sup>18</sup> <http://www.kunstzaakamsterdam.nl/>

<sup>19</sup> <http://www.nieuwe-bedrijvigheid.nl/>

<sup>20</sup> <http://www.stadia.nl/>

The following list provides some of the possibilities for micro credit.

- *Garantiefond Microkredieten Amsterdam* – a micro credit fund for people who started less than five years ago (€5,000–€35,000), formerly Starter Fund Amsterdam (*Startersfonds Amsterdam*).
- *Startersfonds Zuidoost* (a starter fund for the south-east city district) – €5,000–€25,000 credit is provided along with an experienced coach.
- *HandsOn Microkrediet* – an organisation for start-ups with a low income (maximum €25,000 annually), maximum credit €5,000, accompanied with coaching by an experienced entrepreneur.
- *Qredits* – a national fund for starters and established entrepreneurs, maximum €35,000, tailor-made approach with professional coaching.
- *Waarderingsubsidies* (appreciation subsidies) – these are occasionally given to special network meetings, for instance start-up subsidies for Turkish and Moroccan business networks, and/or a prize is awarded for a special target group, such as ‘The Black Businesswoman of the Year’.
- *Project Suikeroom* – a participation fund for (young) entrepreneurs of migrant origin with growth potential. They are linked to an experienced entrepreneur who supports them with money (€25,000–€150,000) and expertise.

Only the last one targets customers with a migrant origin alone, but the south-east city district’s starter fund deals with a larger number of ethnic entrepreneurs because of the larger presence of ethnic minorities in this district.

It is also possible to start a business from social benefit with the support of the municipality’s work and income service:

- The DWI/UWV may support a start-up with welfare benefit for a period of six months to cover the first phase and get started. DWI requires a thorough business plan and coaching by STEW. After this is granted, the unemployed person is not allowed to apply for jobs.
- *Startfoundation*, a fund for the most vulnerable groups (disabled, ex-detainees, long-term unemployed, ex-psychiatric patients and certain groups of youngsters), can help with a maximum of €25,000 for an unemployed person who starts a business and who is supervised in the process.

Besides start-up support and financial support measures, there are also stimulation projects, meant to increase youngsters’ interest in entrepreneurship. Lectures on professions and career guidance are given in secondary schools, for instance by the representative of MKB Amsterdam to explain what the job of entrepreneur encompasses. There are complete business projects for students, in which they go through the whole process from idea, to marketing, to selling, to making a profit.

We found a few projects to stimulate children and students in the ‘*Ondernemersnota*’ (Kok, 2008):

- the Cooperation of Amsterdam Schools for Entrepreneurship stimulates youth and students to undertake entrepreneurial activities during their studies;
- the Awards programme gives a prize for good ideas;
- the Dutch entrepreneur’s week.

Another example is the entrepreneurs' game '*Ondernemershart Scholieren*' in primary schools. An experienced entrepreneur goes to a school four times for two to three hours, and an element of business management (for example, finances, production and marketing) is a central theme of the visit. It is run by EZ in cooperation with DMO and primary schools (Kok, 2008, p. 34).

The schools for professional education have possibilities for apprenticeships. Sometimes the schools provide contacts with larger companies, but students can also search for a business where they want to practise. Since about two-thirds of the teenagers in Amsterdam are from an immigrant background (O+S, 2009a), some prefer to do their apprenticeship in a business in their own ethnic group.

However, in one interview, the entrepreneur did not know about this possibility and at first thought that the rules were too complicated. But one student pursued her idea to do her apprenticeship of a MBO school at his company and managed to make the arrangement between the ethnic business and her school. In the end it solved the shopkeeper's problem of never being able to leave his shop alone. The student was very happy with the apprenticeship, since she was introduced to nearly all aspects of keeping a small business. The lack of knowledge about this possibility is probably not exceptional.

## Projects for existing entrepreneurs

Amsterdam thinks that stimulating existing entrepreneurs to develop professionally and to improve their functioning is at least as important for the economy as finding potential new entrepreneurs. A project that reaches a lot of ethnic entrepreneurs is *Renewing Affairs*.

This is a project that supports established entrepreneurs to optimise their functioning and management and to solve all problems that small shopkeepers encounter in the western city districts. Parts of the project are executed by STEW and parts are delivered by *Bureau Koers Nieuw West*. The STEW project worker tries to visit all shops in the targeted city districts to find out if any support is needed, if rights are not being enacted or if improvements are possible with someone's help. The experience shows that it takes time to gain trust among the immigrant shopkeepers. They are usually not in contact with the normal support institutions and are not immediately convinced that they need support, but after visiting them a few times in less busy moments, some of the problems become clear – from serious issues like poor profits or the need for renovation to the less serious, such as an unattractive shop window or being tied to the shop and having no time to get supplies. Usually the shopkeepers are single owners and have no time to take courses; they work long hours, including the weekend. They do not know that they can renovate the shop front with a subsidy from the city district or that they could get a cheap intern from one of the nearby schools to replace them now and then. With the personal contact and support from the project bureau, it is often possible to make a business more successful. STEW can give the following support:<sup>21</sup>

- investigate the financial position of the company, looking for the vulnerable spots in the operational management and searching for solutions;
- request financing (STEW maintains contact with banks and funds for micro credit);
- promotion and publicity suggestions;

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<sup>21</sup> <http://www.stew.nl/vernieuwende-zaken>

- test whether the company offering still fits the wishes of the clients;
- develop sales skills;
- give advice on display and shop design.

In addition to providing Renewing Affairs, Amsterdam also attempts to make things easier for businesspeople. The Municipality of Amsterdam's EZ website provides a page with business locations for all entrepreneurs: <http://www.amsterdam.nl/ondernemen/bedrijfsruimte>. It is divided into the following sections: project locations (newly built), building locations, small locations, big locations and hotel locations. The section on small locations – most of them rentals – has the following subsections:

- A search screen that helps users to easily search in one of the main commercial websites (<http://www.marktplaats.nl>), but selecting, for instance, hotel/restaurants/café spaces, creative space, office space, offices for medical professions, etc.
- A link to *Projectontwikkelingonderneming Kleinschalig Vastgoed Amsterdam*, KVA, a developer of small-scale real estate. This organisation offers two former school buildings (*Het Sieraad* and *De Timoreesschool*) that have been transformed into multi-project spaces, with small spaces (15 m<sup>2</sup> and more).
- A link to Start Well Amsterdam (*Startgoedamsterdam*), a partnership between housing corporation *Eigen Haard*, Lingotto Real Estate and the Department of Economic Affairs Amsterdam, offering locations of less than 100 m<sup>2</sup>. At the time we saw the website, there were three locations with units from 15 m<sup>2</sup> and more.
- A link to *De Amsterdam Compagnie N.V.*, a company that creates *bedrijfsverzamelgebouwen*, multi-business buildings in Amsterdam that usually have about 40 small-scale office spaces per building, from 18 m<sup>2</sup> to 150 m<sup>2</sup>. It works like a broker's website and currently has 30 spaces on offer.

By coincidence, one of the entrepreneurs we interviewed was searching for a new space during the fieldwork of this project, so we asked him how he tried to find a new rental. Interestingly, he took a different route. Firstly, he was not aware of the municipal website. He first talked to the housing corporation that rented him his former place but who was putting him out because of renovation plans. After they offered him something that proved unsuitable, he went to the street manager, whom he knew personally, and looked in local newspapers and on the national broker's website.<sup>22</sup>

As this report was being written, he had moved to a new location, which he found via his housing corporation. We checked a few Amsterdam housing corporation websites and found that they offer some business spaces on the ground floors of apartment buildings usually meant for shops or medical offices. Actually the locations that we found through the housing corporations website seem more suitable for ethnic entrepreneurs (cheap and with controlled conditions so that abuse is less probable) than the ones we found through the search systems on the municipal website. As we have seen in CLIP module one on housing, the Amsterdam real estate market is dominated by housing corporations, so it is logical that these also rent out business locations on the ground floors of their buildings.

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<sup>22</sup> <http://www.fundainbusiness.nl>

Figure 9: Four immigrant businesses in a new complex in Amsterdam Zuid-Oost



Photo: Anja van Heelsum

Besides supplying information, the municipality also supports network formation. As we have said, immigrant businesses are not as well connected to professional networks as Dutch entrepreneurs. The DMO has actively supported the formation of networks by paying an official to establish MON, which we have mentioned several times.

### Projects that focus on neighbourhoods or zones

Stimulated by the national policy on neighbourhoods, EZ, the employer organisation MKB and Rabobank organised a common background study that resulted in the *'De kracht van de Wijk'* by Aalders et al. (2008).

Aalders et al. (2008, p. 39) show that a higher percentage of entrepreneurs in economically depressed neighbourhoods are of immigrant origin (33% in Bos and Lommer and 36% in Indische Buurt and Transvaal) than in non-depressed neighbourhoods (like De Pijp). It turned out that the non-Western entrepreneurs they interviewed were more attached to their neighbourhoods and less inclined to move out than Western or Dutch entrepreneurs. On the other hand, Dutch entrepreneurs more easily invest in the renovation of their establishment, partly because of their higher margins of profit, but this means that there is more investment in the buildings in the economically non-depressed neighbourhood De Pijp than in an economically depressed neighbourhood such as Indische Buurt and Transvaal (Aalders et al. 2008, p. 42). This causes a circular effect: because the neighbourhood doesn't look as good as the other one, it is less attractive for clients to shop in, business is less successful and less investment takes place. After this study, the determination to invest, particularly into the economic activities of small and medium sized-businesses in specific neighbourhoods, became stronger. After this first investigation, opportunity areas were assigned in depressed neighbourhoods as a result. Thus, in the Basic Programme for the Amsterdam Economy (*Basis Programma Economie Amsterdam 2007–2010*), one of the policy areas is to set up opportunity areas.<sup>23</sup>

An economic opportunity area is a precisely defined number of streets where the neighbourhood economy will receive an extra impulse. The main point is to improve the public space. When shops and businesses in a neighbourhood look more attractive, the neighbourhood becomes a better place to live and a nicer place to visit. This works positively for the entrepreneurs, who get more clients. Thus, a mix of measures is taken, including investment ('Investment Regulation for

<sup>23</sup> [http://amsterdam.nl/ondernemen/subsidies\\_of/kansen\\_voor](http://amsterdam.nl/ondernemen/subsidies_of/kansen_voor)

Entrepreneurs in Opportunity Areas'), the establishment of entrepreneur associations and the creation of new buildings or premises for entrepreneurs.

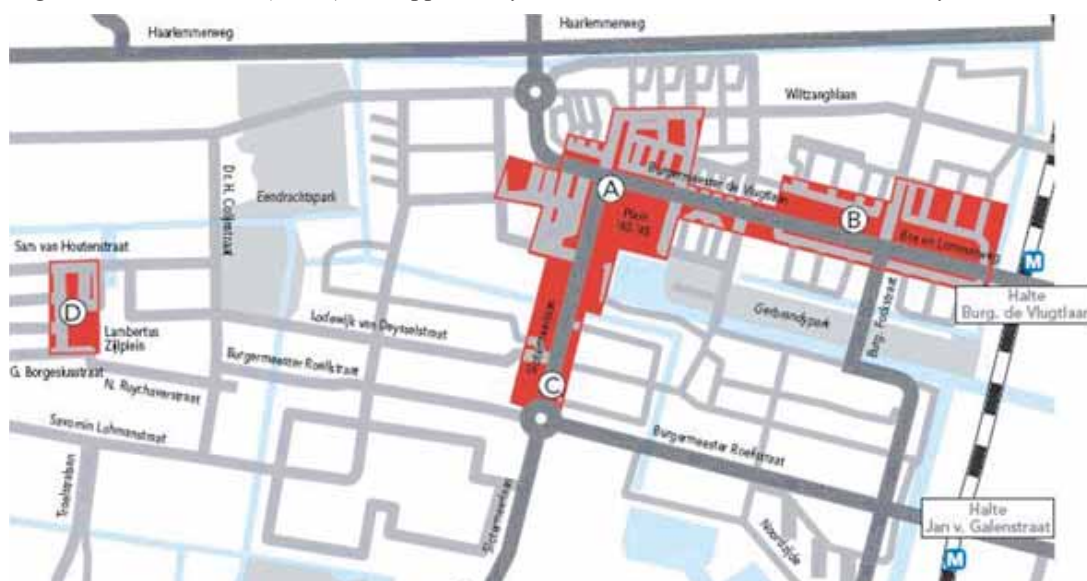
Of course, this kind of zoning policy has its drawbacks. It was only possible through a specific law on measures related to metropolitan problems, the *Rotterdam-Wet* of 22 December 2005, since stimulating entrepreneurs in one street creates unfair competition for the ones in the next street. Opportunity areas were copied from Rotterdam, though the emphasis in Rotterdam was more on long-term job creation in depressed areas and less on improving the public space. Yet the experience in Rotterdam showed that a subsidy regulation is an effective instrument to stimulate depressed neighbourhoods (for the description of the project in Rotterdam, see European Commission, 2008, p. 84).

The procedure to implement the zoning was slow. The plan had been determined in 2007 by the council. The city and city districts would strive for the introduction of at least two or three opportunity areas in the autumn of 2008. The mayor and aldermen would make the decision on where an opportunity area would be established and the amount of subsidy that would be available based on the results aimed for.

The city district's authorities execute the actual implementation because they have the most insight into the local situation in the opportunity area and they are commonly the first point of contact for entrepreneurs in the area, which helps to cut administrative costs. The application forms and procedure are as simple as possible and the forms are the same in all city districts. The city district's implementation plan contains an analysis of the area in question and indicates which economic development the area will aim for and for how long it will be a opportunity area (maximum four years). The plan gives an overall indication of the number of entrepreneurs/owners in the area for whom a subsidy application could be attractive.

The investment regulation is meant for small and medium entrepreneurs and real estate owners to support investments in new and renovated real estate and in fixed assets that would not take place without it and that contribute to the entrepreneurship and the liveability in the neighbourhood. For instance, a run-down street with a block of 10 shops gets the chance to improve the facades of the shops. This makes the shops more attractive for customers, but at the same time turns the street into a better environment where the public enjoys being and dirt and graffiti are removed faster. The primary aim is stimulating investments, but longer term, the regulation aims at stimulating entrepreneurship and strengthening the economic structure in a district. Figure 10 shows which areas were chosen for development in the Geuzenveld-Slotermeer city district. Note that compared to the Zeeburg city district, this district has chosen a rather limited area.

Figure 10: *Kanszone (in red), the opportunity area in the Geuzenveld-Slotermeer city district*



Source: *Folder Kanszone Geuzeveld-Slotermeer*

Besides this zoning policy, a second activity that the municipality develops at the neighbourhood level or even more locally is the establishment of street managers (*Straatmanagers*) in run-down streets and areas of Amsterdam. A street manager tries to coordinate the improvement of a central street in a neighbourhood by supporting renovation, trying to establish a line of attractive shops and eliminating less attractive shops and improving the general look (pavement, trees). The street manager develops a clear profile for the street that has its roots in what is happening in the neighbourhood. He works in cooperation with the municipality, housing associations and shopkeeper associations. The example of Czaar Peterstraat shows that a street that was extremely unattractive, unsafe and full of drug addicts 10 years ago can turn into an interesting place to be. It is being renovated and had attracted 26 small businesses around the end of 2009. Themes are small-scale, creative, handicrafts and useful for the neighbourhood, which has resulted in a mix of artistic specialist shops that one doesn't find anywhere else: a violin maker, high-quality Ethiopian coffee, a garden design shop, an artistic hairdresser, a few ateliers and an excellent Italian takeaway. Some of the older shops remained, like a tailor, a knife grinder and a bicycle repair shop.

## Other projects

Besides the three areas we have described above, there are a few projects that we want to mention that do not fit in the above categories. The number of laws and permits that govern the business sector is enormous, as we have shown in detail above. It is the explicit intention of the municipality of Amsterdam to deregulate and diminish the amount of permits needed for business. The Digital Counter Amsterdam (<http://www.loket.amsterdam.nl>) offers information to entrepreneurs on starting a company, subsidies, finding housing, licenses, dispensations and taxes. Searching is possible with keywords or by looking for a certain topic. Applying for municipal services online is possible through a digital form.

In 2007 Amsterdam won the European E-government Award for developing one single digital form to apply for seven licences at once. This prize is awarded biennially to the best digital project in Europe.

A second point that Amsterdam considers important is internationalisation. Internationalisation is considered a prime mover of the Dutch economy by the national government. Therefore, the national Economic Information Service (*Economische Voorlichtings Dienst*, EVD), an agency of the Ministry of Economic Affairs, supports actors with international ambitions. The target group includes entrepreneurs, policy employees at all levels and scientists. The EVD undertakes to stimulate all types of international initiatives or cooperation and to depict the Netherlands positively abroad.

There are also a few small-scale activities in Amsterdam for youngsters, supported by the municipality:

- The Streetlab Goes Istanbul project<sup>24</sup> – five Dutch fashion designers will join five local designers, resulting in exhibitions, fashion shows, DJs and performances organised in cooperation with fashion schools from Amsterdam, Istanbul and New York street artists.
- The cultural project Made in FEZ<sup>25</sup> – a group of Dutch designers investigated extending the possibilities of their own design disciplines (fabric/designs, ceramics and silver/metal work) and to exchange ideas and inspiration on design in order to learn from each other, but above all to work together with a selected group of artisans from FEZ on a prototype collection in which both east and west craft and design would meet.

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<sup>24</sup> [http://www.design.nl/item/streetlab\\_goes\\_international](http://www.design.nl/item/streetlab_goes_international)

<sup>25</sup> <http://madeinfes.blogspot.com/>

That Turkish banks have become so active (see Chapter 4) is an indicator that more transnational activity is taking place between Turkey and the Netherlands than we have been able to register here. The international exchange of ethnic entrepreneurs is probably considerable.

Yet according to the CLIP questionnaire, the municipality could do more to expand the possibilities that ethnic entrepreneurs' transnational connections offer with their home country or with co-ethnics elsewhere in Europe. For instance, the municipality could set up trade centres for the promotion of trade with countries of origin. It could develop links with countries of origin, for instance fashion in the case of Ghana; it could try to commission foreign students as 'Amsterdam ambassadors'; and it could improve Hindu Surinamese contacts with India.

## Dialogue and involvement in policymaking

How do ethnic groups manage to get into contact with the institutions that we have mentioned and how do they influence the policies?

- The best way to influence the Amsterdam municipal policy remains via the council, in which 13% of the councillors are currently of immigrant origin.
- We need to mention the Diversity Advisory Board (*Adviesraad Diversiteit*);<sup>26</sup> see the CLIP case study on diversity (Van Heelsum, 2008).
- Most of the municipal services and partner institutions that we have mentioned employ staff members that come from the dominant ethnic groups in Amsterdam. These staff members guarantee informal contact lines, are part of networks and might be easier to approach than Dutch officials.
- Another way to promote the interests of the entrepreneur is through workers' and employers' unions. Immigrants have the right to become a member of the workers' union (ZZP section) or one of the employers' unions, but they are underrepresented. The Turkish trade union representative for the FNV estimates that 13% of Turks are organised in his sector, while 20% of Dutch are, and considerably fewer Moroccans. The ZZP director says that only a few of the 13,000 members have a non-Dutch background.
- The situation among employers is even worse. The representative of the employer organisation MKB Amsterdam tells us that only 2% of the MKB members are immigrants. MKB needs to attract young people, women and immigrants.

There are several regular institutionalised forms of dialogue. On a national level, dialogue between administration and workers and employers' unions takes place in the Socio Economic Council (*Sociaal Economische Raad*, SER).

Most of the dialogue and cooperation in Amsterdam takes place when certain projects are installed. The most regular partners who meet each other are probably the Department of Economic Affairs, DWI/UWV and the employer organisation. These partners often cooperate within the framework of ongoing employment projects. That the Turkish policy advisor of UWV is also a board member of the Chamber of Commerce helps a lot.

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<sup>26</sup> <http://www.adviesraaddiversiteit.amsterdam.nl/>



There has also been rather regular cooperation on projects between Economic Affairs, MKB Amsterdam and Rabobank, for instance on the report '*De Kracht van de Wijk*' (Aalders a.o., 2006). When it comes to the neighbourhood approach (*Kansenzones*), the EZ and DMO departments, city district administrations, housing corporations and real estate developers are involved, but not banks and employer organisations.

To our surprise, when asked whether or not the trade union FNV for retail trade ever works with the municipality of Amsterdam, the representative answered, 'We once had an information project together but this was many years back, so it nearly never happens.' Why not? Because the union generally operates as a lobbyist on a national level; local or city district groups are not very strong.

# 6

## Key challenges and lessons for CLIP

### Summary and conclusions

As we have seen in this case study, half of Amsterdam's population consists of people with an immigrant background. Therefore, the administration thinks that it is better to use generic policies, always bearing in mind that a policy has to be suitable for everyone – the Dutch, non-Western and Western immigrants. This does not mean that Amsterdam has not done anything for ethnic entrepreneurs. Actually, many of the policies are aimed at them – sometimes because they are concentrated in an 'opportunity area' where extra subsidies are given to entrepreneurs who improve their business and the neighbourhood at the same time, sometimes because they are overrepresented in the target group of low-income citizens (micro credit) and sometimes because employing staff from a specific background and opening locations in neighbourhoods where immigrants live attracts ethnic clients as customers.

At the same time, the number of non-Western immigrant entrepreneurs is still lower. They are more vulnerable, their incomes are lower, they are situated in neighbourhoods with lower property values, their business more often ends in bankruptcy and they are not represented in the usual networks (EIM, 2007, pp. 55–6).

What seems most important is to keep in mind that ethnic entrepreneurs have an information problem compared to Dutch entrepreneurs and therefore may not use certain regulations or unintentionally use them incorrectly.

Stimulating the formation of networks seems to be one of the most effective strategies to involve entrepreneurs without forcing them.

None of the institutions involved in the regulation of the economy have targeted ethnic entrepreneurs specifically. Because the percentage of people of immigrant origin is around 50% in Amsterdam, because the ethnic groups differ a lot and because the first generation differs considerably from the second, it is considered better to use generic policies, but always bearing in mind that a policy has to also be suitable for a first-generation Moroccan or any other person.

Figure 11: *One of four Ethiopian restaurants, popular among the Dutch, in the same street*



Photo: *Anja van Heelsum*

## Recommendations

- Generic policy is good practice, as long as there is enough attention for people from other cultures, as, for instance, in the case of the entrepreneur centres described in Chapter 5.
- The entire supportive infrastructure needs to adjust to the needs of people with different cultural backgrounds, for example by means of outreach workers.
- Provide information on a neighbourhood level. It is not surprising that the enormous amount of institutions and projects in Amsterdam looks like a jungle to ethnic entrepreneurs and it is difficult to understand who to contact. Of the two Ethiopian entrepreneurs we interviewed, one did not know any of the supportive institutions and projects and the other one only knew of STEW in his former job as an advisor, because they had to judge proposals for micro credit.
- A city should invest in the development of talents across the full spectrum and thus see non-Western entrepreneurs as potential talents (diversity approach of Amsterdam).
- Small start-up subsidies and micro credit for private initiatives are necessary, such as *Stichting Suikeroom*.
- Invest in depressed areas to turn them into opportunity areas by supporting the small businesses in these regions, even if this leads to unfair competition. Since depressed areas are inhabited by immigrants, 50% of the investment through this policy has been awarded to ethnic entrepreneurs.
- Offer support for the professionalisation of this group and support the search through the bureaucracy (for instance, through projects like Renewing Affairs).
- Promote networks among entrepreneurs, as in the case of MON, and promote more contact between ethnic and Dutch entrepreneurs.

## Final comments and suggestions

- Entrepreneurship is the basis of the economy and the city's labour market. Some local governments have been hesitant to interfere, but this is not wise. More attention for small and medium-sized enterprises is important for any city: it encourages economic activity, it stimulates employment in the new economy that builds on innovation and it makes streets more attractive.
- Spread the word: pay attention to this topic and show that commitment can be rewarded. The results of EIM (2007) show that the importance of positive advertisement on this issue is frequently underestimated.
- Exploit the attractiveness of cultural diversity in the cities. A diverse city is more interesting than a monocultural one, not only for locals, but also for tourists. Isn't Chinatown a tourist attraction in New York?
- There should be enough attention given to entrepreneurship in schools; a business school at VMBO level (continued intermediate professional education) should be set up.

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# List of persons interviewed

Marian Visser – *Platform Amsterdam Samen/Dienst Maatschappelijke Ontwikkeling* (Department for Social Development), Municipality of Amsterdam (CLIP contact person).

Mustapha Laboui – *Platform Amsterdam Samen/Dienst Maatschappelijke Ontwikkeling* (Department for Social Development), Municipality of Amsterdam and representative for minority affairs at FNV labour union.

Manilde Oord – official at O+S Statistics Amsterdam.

Engelien Hengeveld – *Verbinder economie en werk Amsterdamse Wijkaanpak en projectleider Economische Kanszones en adviseur Grotestedenbeleid*; official executing the national ‘power neighbourhood’ policy in Amsterdam in relation to the economic stimulation of entrepreneurs at the Department for Social Development, Amsterdam.

Redouan Bosaid – has established *Marokkaanse Ondernemers Netwerk* (the Network of Moroccan Entrepreneurs) and is now coordinator of *Kanszone Nieuw West*; Kanszone is a subsidy arrangement for entrepreneurs, specific for the neighbourhoods that are considered problematic. Clients are largely Turks and Moroccans. This works in the surroundings of, for instance, Osdorpplein, in cooperation with alderman Baadoud (one of the measures was to have an information desk at the Chamber of Commerce in the *Ondernemingshuis Osdorp* (Entrepreneurs House Osdorp)).

Aydin Daldal – *Uitvoeringsinstituut Werknemersverzekeringen UWV werkbedrijf*, Labour Office, Amsterdam/board member of the Chamber of Commerce.

Achmed Baâdoud – alderman of the *Stadsdeel Osdorp* city district of Osdorp, with special attention for ethnic entrepreneurs.

Naziha Aakoek – *Arbeidsinspectie Amsterdam*, Labour Inspectorate Amsterdam.

Steve Osei Owusu – *Ondernemershuis Zuid Oost*, Entrepreneurs House of the south-east city district.

Reshma Sookha – (project manager/PR), STEW, and Jan Gerritse, director of STEW, who was also part of Renewing Affairs (*Vernieuwende Zaken*) in the western city districts, which aim at 40% ethnic entrepreneurs.

Marcos Desta – shopkeeper with experience with municipal programmes and banks, he worked in the past for an NGO to support new entrepreneurs and is a member of the shopkeepers’ association in his street; his shop window is in the flyer of the street manager project.

Fitzum Fenan – restaurant owner without any experience of programmes or banks.

Kees Verhoeven – (director) from Midden Klein Bedrijf MKB Amsterdam, Amsterdam branch.

Linde Gongrijp – labour union *Federatie Nederlandse Vakverenigingen (FNV)* director of *Zelfstandigen Zonder Personeel (ZZPers)*, independent workers without personnel.

Murat Sekercan – *Federatie Nederlandse Vakverenigingen (FNV) Bondgenoten Detailhandel*, the retail trade branch organisation of trade union FNV.

Surendra Surendra – researcher on municipal policies related to ethnic entrepreneurs.

Annemarie Bodaar – researcher on Chinese entrepreneurs in Amsterdam.

Karima Koutit – researcher of the economics department, Free University of Amsterdam, on the businesses of second-generation Moroccans.

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