

Outsiders' Business

A Critical Review of Research on Immigrant Entrepreneurship*

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Abstract

In the Netherlands, a significant proportion of the immigrant population has established itself as self-employed entrepreneur in the past few years, a process which has caught the attention of researchers. This article critically examines the output of these researchers. It is concluded that although research in the Netherlands has brought to light a number of interesting facts, it has not contributed a great deal to our understanding of immigrant entrepreneurship. The harvest is one-sided, local and theoretically not very far reaching. Research on immigrant entrepreneurship has been dominated by social scientists, who show a great deal of interest in ethno-cultural characteristics and processes of ethno-cultural incorporation. In so doing, they reduce immigrant entrepreneurship to an ethno-cultural phenomenon existing within an economic and institutional vacuum. It is suggested that researchers seek linkages with the latest developments in international theory-building, and that they pay more systematic attention to the structural changes in the urban economy, and the institutional framework of the welfare state within which entrepreneurs operate.

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Introduction

Although nearly all Dutch politicians are still very reluctant to acknowledge, the Netherlands has become undeniably a country of immigration. For over three decades now, the numbers immigrants has exceeded that of emigrants. The composition of this immigration has been very heterogeneous in terms of countries of origin, causes of migration, in terms of endowment of human capital and also very different in socio-cultural orientation. Moreover, this composition has been anything but stable over the years. In the 1960s, for instance, so-called guest workers from Mediterranean countries constituted an important category of immigrants. More recently, immigrants from advanced economies (mainly other EU-member states and North America) and refugees from less-developed countries mainly in Asia and Africa (e.g. Somali, Iran and Iraq) are on the rise.

This continuous and continuing immigration raises the question which socio-economic paths of insertion in Dutch society have been accessible for newcomers. This question is both relevant for obvious policy reasons as well as from a scientific point of view. For over most of the three decades of continuous immigration, both most policy makers and scientists in the Netherlands have been phrasing answers in terms of employment. Approximately 80 per cent of the immigrant labor force population in the Netherlands in 1996 worked as an employee (CBS, 1996:43). Those immigrants who are not employed are commonly considered to be looking for a job and insertion is first and foremost to be achieved by providing employment for them. This—understandable—focus on salaried employment is however less and less justified as immigrants set up shop in increasing numbers. In 1987, 9,393 immigrants from the so-called target groups of minority policies were self-employed, a mere 3.3 per cent of the corresponding labor force.¹ Ten years later, this number has almost trebled to 27,380 immigrant entrepreneurs, which amounts to 7.4 per cent of the corresponding labor force. The percentage of self-employed among Turks is rather higher and now even exceeds the national average: 12.2 per cent among Turks against 10.2 for the entire population (Tillaart and Poutsma, 1998: 39-40).

Notwithstanding the overall focus of most researchers on the employment of immigrants, some studies have been devoted to immigrant entrepreneurship. In this article, we will present a

critical review of this research on self-employed immigrants. We will put this specific research in a wider perspective to generate a better, more general, understanding of how immigrants are being studied. This will involve exploring the relationship of this research with societal developments and more specifically with policy priorities. In our view, immigrant entrepreneurship can be seen as located at the intersection of a number of rather different scientific disciplines: ethnic studies, sociology, urban studies, general and business economics, economic geography, management studies, political science and policy studies. But how does this turn out in practice? Our *meta-study* will reveal salient differences in responsiveness of these fields of (Dutch) social sciences with respect to the contemporary rise of immigrant entrepreneurship.

In what follows, we will explore what kinds of research have been carried out, what was their focus, what were their findings and what has been ignored. We start with a brief overview on the development of immigrant entrepreneurship in the Netherlands. This is followed by a historical review of scientific research on this phenomenon. We will conclude with formulating five strategic research perspectives that will not only encompass the various scientific disciplines, but which may also serve as an international, comparative research program of immigrant entrepreneurship.

The development of immigrant entrepreneurship

The increase in the number of immigrant entrepreneurs in the Netherlands can be seen all along the line. A closer look reveals a marked pattern with respect to its distribution among the different groups of immigrants as well as to its spatial pattern. Certain categories of immigrants—e.g. Chinese and Turks—show great fervor for entrepreneurship. It has also been shown that self-employment of Ghanaians, Egyptians and Pakistanis, groups that are (still) too small to be included in these ‘large’ surveys, is also above the national average (Choenni, 1997). Other categories seem to lag behind (see table 1).

<< table 1 about here >>

If economically successful, immigrant entrepreneurship provides work and income exactly for those members of categories of the population who face, on average, substantial obstacles on the labor market which leads to their persistently high rates of unemployment. The economic

impact of immigrant entrepreneurs is even more important than just providing jobs for themselves and their employees because they may indirectly contribute to employment opportunities for immigrants by networking along the suppliers' chain. The National Advisory Body of Turks (IOT) concluded that the growth of employment under the Turkish population between 1986 and 1992 was due mostly to self-employed entrepreneurship.² The *Bureau for Economic Argumentation*, which—without much proof though—assumed that ethnic minority entrepreneurs employ on average three workers and thus calculated the total effects on employment for the Netherlands to be roughly 50,000 extra jobs (BEA 1994:iv-v).³ This does not mean, however, that all immigrants desire to work with their compatriots. Half of the Turks interviewed by Veraart (1996:87-88) adamantly did not wish to do so.

Immigrant entrepreneurship, although becoming more diverse, is still strongly oriented towards specific segments of the opportunity structure. About 60 percent of all immigrant entrepreneurs can be found in sectors such as wholesale, retail and restaurants (for recent studies, see Choenni, 1997; Kloosterman, van der Leun and Rath, 1997a and 1997b; Rath, 1995 and 1999a; Rath and Kloosterman, 1998; Tillaart and Poutsma 1998). Within these sectors, they tend to gravitate to the lower end. Barriers of entry for setting-up businesses are relatively low in these sectors where fledgling firms do not always require large outlays of capital and sophisticated skills. Restaurants and shops can be small scale in operation, make use of simple technology, and can perform with a high labor input relative to that of capital. By employing family members and others from their own social networks, these immigrants entrepreneurs are in many cases able to increase flexibility and reduce costs. Many immigrants enter these markets through mom-and-pop stores thereby partially replacing businesses of indigenous entrepreneurs through so-called vacancy chains. They often cater for the 'captive market' of co-nationals or co-ethnics, although many entrepreneurs after a while tend to cater for a broader clientele.

Because of these low barriers of entry, the markets in which these immigrant entrepreneurs operate are generally highly competitive. The main competitors are often co-nationals or co-ethnics and competition is largely based on prices rather than on quality. Consequently, immigrant entrepreneurs frequently have to accept small profit margins, while some are forced to close down after a relatively short period. To survive in these markets, they do not always conform to the prevailing laws and regulations, so that some of their activities may take on a (semi-) informal character (Kloosterman, van der Leun & Rath 1998 and 1999). As such, this informal start is anything but exceptional—many fledgling businesses go through such a phase—but the subsequent phase of growth which is necessary to formalize often does not materialize. The national and municipal governments, and various advisory bodies and

sector associations have tried, differing in levels of involvement, to professionalize immigrant entrepreneurship with, up until now, relatively little success. Having said this, it cannot be denied that besides the large number of mere survivors, some immigrant entrepreneurs are doing extremely well (Tillaart and Poutsma, 1998; Lof, 1997; Tinnemans, 1989).

Research development

One of the first social-science studies on immigration in the Netherlands was carried out by the *sociographer* Frederik van Heek. This study, *Chinese Immigrants in the Netherlands* was published in 1936 (van Heek, 1936; see also Wubben, 1986). Describing the position of Chinese seamen in their so-called ‘colonies’ in the Katendrecht neighborhood in Rotterdam and around the Bantammerstraat in Amsterdam, van Heek also paid attention to sundry Chinese businesses. These businesses ranged from boarding houses, laundries, import firms, eating places, pharmacies, barbers, small casinos, opium traders to, notably, Chinese peanut cookie vendors. Although he only superficially touched upon the economic-sociological aspects of these Chinese entrepreneurs, van Heek was the first researcher to give serious attention to immigrant entrepreneurship. His pioneering role becomes evident when we consider that it took almost half a century before other researchers were paying attention to immigrant entrepreneurship.

Admittedly, nearly all research on contemporary immigrants in the Netherlands is a rather recent phenomenon. Apart from a few (overview) studies on repatriates from Indonesia (Kraak *et al.*, 1957), Amboinese (Ambonezen, 1959) not much attention was paid to immigration in general. This started to change towards the end of the 1970s and in the early 1980s, when the Dutch government began to display a growing awareness of the more permanent character of the recent settlers (compare Rath, 1991 and 1993). Accordingly, the government took the initiative for extensive research on guest workers and Surinamese (Verwey-Jonker, 1973; Penninx, 1979; van Amersfoort, 1982). In these studies next to no attention was paid to self-employment.⁴ Even the *Society and Business Foundation* (SMO), sponsored by employers’ associations, in their report on guest workers, made no mention of immigrant entrepreneurship (SMO, 1972). This neglect is all the more remarkable, as immigrants were already setting up their businesses—albeit still in modest numbers. Guest workers’ hostels ran by immigrants themselves attracted attention from the media and the authorities for being fire hazards, but social scientists had no eye for them. Neither did they see the emergence of—partially informal—Turkish and Moroccan Islamic butchers (Rath *et al.*,

1996:74-75), or register the fact that the lower social classes were finding their way to Chinese take-away restaurants, where, at very low cost, huge portions of exotic food were served (Rijkschroeff, 1998). These nascent business activities on the part of immigrants stayed, however, outside the view of researchers at that time. During the ‘leftist’ 1960s and early 1970s, entrepreneurship was definitely unfashionable. Moreover, many considered small businesses and, consequently, self-employment to be something more from the past than from the future.

It was only in the ‘neo-liberal’ 1980s, that explicit research on entrepreneurship was undertaken. In 1981 two undergraduate students of from the University of Amsterdam, under the supervision of the cultural anthropologist, Frank Bovenkerk, wrote an article on the ‘exceptional ways of making a living’ by Chinese entrepreneurs in the restaurant business (Blom and Romeijn, 1981). In their introduction they argued against the rather strong preoccupation of the Dutch public with Chinese crime. They also criticized the so-called ‘ethnic minorities researchers’, who apparently did not judge the ‘predicament’ of these Chinese to be interesting enough and thus completely ignored their specific economic activities. A year later, Bovenkerk (1982a) himself took a stand against scientific experts and social workers from the emerging and government-sponsored ‘ethnic minorities industry’. They were clearly blind to the fact that a growing number of immigrants ‘were able to find the key to success on their own, without the help of the welfare state’. This ‘negligence’ was all the more conspicuous since, in a typical immigration country such as the United States, self-employment is customarily considered as a classical route for social mobility.

Bovenkerk advanced five explanations for this blind spot on the part of social researchers. Firstly, the fact that one of the largest categories of immigrants—the Mediterranean guest workers—were purposely recruited for (temporary) employment. Secondly, researchers (incorrectly) assumed that small businesses inevitably would have to make way for larger enterprises. Thirdly, they tended to associate immigrant entrepreneurship with ‘a number of obviously illegal practices’. Fourthly, immigrant entrepreneurs themselves had not attempted to draw the attention of policy makers in marked contrast to immigrant workers. Fifthly, the tendency of the ‘minorities industry’ to be more attuned to ‘social needs’ than to ‘independent initiatives of this sort’. Bovenkerk’s criticism of the social sciences was right on target, but he, remarkably, omitted economics from his critique. Economists and students of management were completely absent in research on immigrant entrepreneurs, a subject which, ideally, should be part and parcel of their field.

Bovenkerk’s article, still worth reading today, seems to have initiated a series of research on self-employed immigrants. We mention the most important of these. To start with there were

Bovenkerk's own theoretical deliberations (Bovenkerk, 1982b and 1983) and his empirical research on Italian ice-makers, plasterers, chimney sweeps and terrazzo workers (Bovenkerk, Eijken and Bovenkerk-Teerink, 1983; Bovenkerk and Ruland, 1984 and 1992). In addition, Boissevain and Grotenbreg (1984, 1987a, 1987b, 1988 and others; see further Boissevain, Choenni and Grotenbreg 1984) undertook studies on self-employed Surinamese. Pennings published on self-employed Greeks (Vermeulen *et al.*, 1985), and Pieke (1987) on Chinese restaurants. Tap (1983) pioneered research on Turkish contractors in the garment industry; followed by his collaboration with Bakker on Islamic butchers (Bakker and Tap, 1985). Veraart (1987) explored Turkish coffee houses. Dijst *et al.* (1984; see also Cortie *et al.*, 1986) took the Amsterdam inner-city neighborhood Oude Pijp as their starting point for research on immigrant businesses. Jeleniewski (1984 and 1987), who compared the Oude Pijp with the Schilderswijk, a neighborhood in The Hague, took the same approach. Moreover, general overviews on immigrant entrepreneurs in the Netherlands, paid for by the Dutch government, were produced by van den Tillaart and Reubsaet (1987; see also van den Tillaart, 1993). Additionally, magazines published special issues (among others *Kroniek*, 1984), workshops were organized and discussion papers published (Gowricharn, 1985).

Most of these studies were centered on, what was considered the *ethnic* nature of the immigrant businesses. *Ethnic* loyalties and *ethnic* markets were assumed to be the hallmark of immigrant entrepreneurship. Furthermore, many of these studies were one way or the other, funded by the Dutch government. The Ministry for Economic Affairs led the funding of research in this field, but other departments followed suit. Immigrant entrepreneurship came to be seen as a form of socio-economic self-help that snugly fitted in with the among policy makers prevailing neo-liberal views on ways of incorporation of immigrants. More pragmatically, it seemed to provide a cheap and easy solution for the staggering high rates of unemployment among immigrants at that time.

In the second half of the 1980s, however, euphoria ebbed as entrepreneurship clearly was not just a bed of roses for every immigrant. The research now seemed to emphasize the other side of the coin. Studies appeared, such as that of Bloeme and van Geuns (1987a and 1987b; see also van Geuns, 1992) on informal activities, in particular in the Turkish contractors in the garment industry in Amsterdam. Immigrants had managed to penetrate into this sector of manufacturing more than in any other economic sector and this had not gone unnoticed by self-proclaimed political spokesmen, interest groups and journalists. They published indignantly about the unequal balance of power in the industry as a whole and about the abuses in the Turkish factories in particular (for example, van Putten and Lucas, 1985; Smit and Jongejans, 1989; Smit, 1994; Stichting Opstand, 1993; Zeldenrust and van Eijk, 1992).

In the 1990s, parallel with the then manifestly strong growth in entrepreneurship in general, interest in the subject increased again. Studies were carried out by both renowned and lesser well-known commercial consultants again paid for by government agencies. Coopers & Lybrand (Setzpfand, Engels and Linssen, 1993), the Bureau for Economic Argumentation (1994), Regioplan (Hulshof and Mevissen 1985) and Kybele Consultants (Bayraktar and van der Weide, 1996) undertook research projects. In 1996, the fully state-sponsored Social and Cultural Planning Bureau for the first time paid attention to ‘ethnic entrepreneurship’ in their yearly report (Tesser, van Dugteren and Merens, 1996). Furthermore, van den Tillaart and Poutsma (1998) provided another general overview on immigrant entrepreneurs. Finally, Choenni (1993 and 1997), van der Meulen and Heilbron (1995) and Rijkschroeff (1996) researched the development of entrepreneurship among specific immigrant groups. Starting point of most of these studies was still the (real or alleged) *ethnic* character of the business activities of immigrants.

Recently, research into immigrant entrepreneurship has entered a new phase. Researchers—influenced by more encompassing views on immigration and socio-economic developments such as has been undertaken by Sassen (1991) and Waldinger (1996)—have moved away from this focus on ethno-cultural endowment and have started to pay attention to the more structural economic or sociological embeddedness of immigrant entrepreneurs. Rekers (1993) has explored the role of the urban economic structure within which immigrant entrepreneurs operate. Others (Bruin, Hellingman and de Lange, 1997; Kloosterman, van der Leun and Rath 1997a, 1997b and 1998; and Rath 1995 and 1999b) have taken into account the role of the institutional framework (welfare state arrangements and its concomitant specific set of rules and regulations) on immigrant entrepreneurship. Finally, Raes (1996 and 1999) has examined the impact of international market developments on immigrant entrepreneurs. A similarly wide perspective can be found in the studies of Burgers *et al.* (1996) on urban marginality, of Kehla, Engbersen and Snel (1997) on immigrant entrepreneurs in a weekly market in Rotterdam, of van Delft, Gorter and Nijkamp (1988) on entrepreneurship in an Amsterdam neighborhood, and in the study of Bovenkerk and Fijnaut (1996) on criminal entrepreneurs.

The commissions for research during this period are mostly from the national government (and particularly from the Ministries of Economic Affairs and Internal Affairs) and municipal governments (especially Amsterdam and Rotterdam), but also from advisory bodies such as the Temporary Scientific Committee on Minority Policy (TWCM). During this period, business institutions such as sector/trade organizations, associated companies or Chambers of Commerce,—although concerned—kept fairly quiet. Exceptions to the rule here are the

Association of Butchers (Bakker and Tap, 1985), the Dutch Bakers' Foundation (Swinkels, 1991), the Board of Trade for the Clothing Industry, which was only looking for arguments to settle for once and for all with the Turkish c.q. illegal clothing contracting industry (BEA, 1992), and the Royal Association of Restaurants (Bruin *et al.*, 1997; van Brussel and Venninckx, 1997).

Much research has thus been strongly policy-driven and to a much lesser extent undertaken out of purely scientific interest. Research objectives and questions have been, accordingly, mainly based on policy priorities allowing for only limited theoretical reflection. Many social scientists, faced with poor employment opportunities themselves, were only too eager to go along with the prevailing political agenda. Historians, also struggling on the labor market but lacking in contract research assignments, could safely ignore the policy makers' wishes. They have researched the activities of self-employed craftsmen, hawkers, tradesmen and manufacturers of various origins, such as immigrants from the Southern Netherlanders (current Belgium), Portuguese and East European Jews, French Huguenots, Roman Catholic Westphalians and gypsies (see for example, Berg, Wijsenbeek and Fischer, 1994; Knotter 1995; Merens, 1996; Miellet, 1987; Schrover, 1996; Rath, 1998 and 1999a).

One-sided, local and theoretically not far reaching

Which patterns can be discerned in this short history of research into immigrant entrepreneurship in the Netherlands?

Firstly, we notice that the field of contemporary research on the immigrant entrepreneurship has been dominated by social scientists, such as cultural anthropologists, sociologists and economic geographers. Economists have been notably absent, although there are many interesting economic aspects to study, ranging from the fast rise in numbers to innovations in various entrepreneurial activities. As far as the latter is concerned, the introduction of—in the Netherlands—unknown products, the discovery of new distribution lines and the servicing of under-served markets, such as that of the immigrants themselves, can be called to mind (Kloosterman, van der Leun and Rath, 1997a). This conspicuous absenteeism of economists is not confined to the Netherlands nor to the study of immigrant entrepreneurship. Contemporary economists have given short shrift to the study of entrepreneurship more in general “exactly because of the bias to the assumption that profitable activities automatically take place” (Granovetter, 1994:453). Neo-classical economics has thus

de-problematized entrepreneurship altogether by making it endogenous in their models: opportunities for entrepreneurs will be perceived and, subsequently, seized by rational economic actors (cf. Block, 1990; Light and Rosenstein, 1995). The fact that economists have taken so little trouble to examine entrepreneurship in general has hampered research into primarily economic aspects of immigrant entrepreneurship more in particular.

Secondly, the majority of researchers on immigrant entrepreneurship have displayed a great deal of interest in *ethno-cultural* characteristics and processes of *ethno-cultural* incorporation. Completely in line with Dutch ‘ethnic minorities research’ (Rath 1991 and 1993), they tend to regard entrepreneurship first and foremost in *ethnic* terms, something which is illustrated by the indiscriminate use of the term ‘*ethnic* entrepreneurship’. Exactly what distinguishes *ethnic* entrepreneurship from entrepreneurship in general is seldom or never (theoretically) made explicit: does this adjective refer to the origins of the entrepreneur, his or her management strategies, personnel, clientele, products, or a combination of these? The majority of researchers just assume without any further reflection that *there are real differences*, just because they are dealing with immigrants. Explanations for every aspect of immigrant entrepreneurial behavior are directly related to ethno-cultural traditions, ethnic moral frameworks and ethnic behavior patterns, ethnic loyalties or ethnic markets. Thus, they reduce immigrant entrepreneurship to an ethno-cultural phenomenon existing within an economic and institutional vacuum. Choenni (1997) made an attempt to give body to the term ‘ethnic entrepreneur’—in a more general sense he uses the policy term ‘allochtonous entrepreneurs’. His search for entrepreneurship as route of incorporation, however, by no means rises above the ‘ethnic minorities knowledge’. Instead of affiliating with theoretical insights from economics or economic sociology, he sought refuge in culturalist notions and in van Amersfoort’s thesis (1982) on the formation of ethnic minority groups.

Thirdly, many researchers seem to neglect much of the more recent theoretical developments in international research on immigrant entrepreneurship. The anthropologists Boissevain, Bovenkerk, and Vermeulen (1991) are among the few Dutch researchers who have made headway, in so far as they have explored articulated theoretical viewpoints in (international) publications. The lack of theoretical depth has much to do with the policy-driven character of most of the research so far. Most government agencies have little time for theoretical reflections and contract research is strongly geared towards more pragmatic questions. Those researchers that try to integrate theoretical insights mostly refer to the same sources. In general, they start with the viewpoints of Light (1972) and Bonacich (1973) and end with the interactive model of Waldinger and associates (1990). This interactive model—which is more of a classification than an explanatory model—is intended to assist the understanding

of *ethnic strategies*, whereby the strategies are considered to be the products of group characteristics and the surrounding opportunity structures. The book, however, neglects a number of crucial questions: why are immigrants *a priori* depicted as unchanging *ethnic* subjects; why is the economic context within which their entrepreneurship develops viewed as more or less static, and the institutional context simply portrayed by the listing of laws and regulations (see more extensively Rath, 1999b)? Notwithstanding these criticisms, *Ethnic Entrepreneurs*, with contributions by a group of prominent international researchers (e.g. Blaschke, Boissevain, Light, McEvoy, Morokvasic, Phizacklea, Waldinger and Werbner), is still a valuable book, illustrating the insights which were commonplace halfway during the 1980s. Viewing this book as a end-all and be-all of research on immigrant entrepreneurship, makes one not only miss the more recent developments in international theory-building (such as Light and Rosenstein, 1995; Waldinger, 1996), but also means forgoing a chance to make a contribution to the current international debate on the subject. More recently, we ourselves have initiated an ambitious research programme with an explicit international comparative dimension to try to advance this type of research in the Netherlands (see, for example, Kloosterman, van der Leun and Rath, 1998 and 1999; Rath, 1999a and 1999b).

Fourthly, in conjunction with the ethnic bias, most scientific researchers have paid little systematic attention to the underlying structural changes of the economy in general and specific markets more in particular. Neither have they paid much attention to the overall institutional framework of the corporate welfare state within which entrepreneurs operate. Exceptions are Boissevain and Grotenbreg (1986 and 1987b), Bloeme and van Geuns (1987), Kehla *et al.* (1996), Raes (1996 and 1999), Rekers (1993) and our own work (Kloosterman 1999; Kloosterman, Rath and van der Leun 1998; Rath 1998, 1999a and 1999b). When studying *ethnic* entrepreneurs, many researchers found it perfectly sensible to implicitly assume that market conditions are of little importance. As if bakers, car-repair, ice-cream parlors, garment factories and bureaus for inter-cultural communication operate under more or less identical market conditions, have to deal with the same set regulations and of institutions and thus demand similar entrepreneurial skills and produce similar results. Obviously, this is not the case. Take for instance the strong rise of Turkish contractors in the Amsterdam garment contracting during the 1980s and the beginning of the 1990s. The proliferation of contractors was very much linked to the changing consumption patterns and purchasing strategies of wholesalers and chain stores, as well as the fairly tolerant attitude of the relevant authorities towards informal practices. The collapse of the industry halfway through the 1990s was linked to the opening of new markets in East Europe and with the more rigorous control on illegal work and tax evasion. The political mobilization of the contractors and their political advocates

brought no change. This example shows the extent to which specific processes external to the entrepreneurs and their businesses, can thwart entrepreneurship within one sector. To obtain a deeper insight on the functioning of entrepreneurship, a broad theoretical approach, which goes way beyond ethnic studies, is a necessity.

In sum, we must conclude that although research in the Netherlands has brought to light a number of interesting facts, it has not contributed a great deal to a more thorough understanding of immigrant entrepreneurship. The harvest is one-sided, local and theoretically not very incisive. This deficiency is to a large extent explained by the specific combination of a particular rather recent tradition of doing research on minorities in the Netherlands with the fact that most of the research was commissioned by the Dutch government with the more or less explicit purpose to improve the socio-economic position of immigrants in the Netherlands after 1970. The absence of economists—general and business—has resulted in a neglect of underlying economic processes and a narrow focus on (real or alleged) ethnic factors.

New directions for research

The rise of immigrant entrepreneurship in the Netherlands during these past years has become ever more manifest. This development have prompted penetrating questions regarding the relationship of entrepreneurship with, for example, the immigrant's social mobility or segregation of the housing market. As we have already seen, much researchers have approached these important questions from an ethno-cultural perspective showing a certain preference for case studies of specific ethnic groups. This more parochial approach to immigrant entrepreneurs and to immigrants in general, will—in the end—primarily re-ascertain essentialist conceptions of ethnicity and not contribute to the interrelationship between immigration and its wider context (cf. Cassarino, 1997; Rath, 1999b).

In the case of immigrant entrepreneurship, where many strands meet, we propose a multi-disciplinary approach to assess this relationship from a theoretical perspective which allows explicit international comparison. We, therefore, seek linkages with economic-geographic or economic-sociological viewpoints on entrepreneurship in particular, and business activity in general. Ethno-cultural factors are not given *a priori* an independent role, but are integrated into a greater whole, while other variables are given their due attention. The change in the direction of the theoretical standpoint from ethno-cultural to more general economic, sociological or geographical perspectives, makes it possible to build on other, possibly more fruitful research traditions of related disciplines. Moreover, we can immediately locate

immigrant entrepreneurship in a broader context with far-reaching consequences. This line of reasoning constitutes no less than a plea for a break with the research tradition which has developed during the last fifteen years in the Netherlands. This, by implication, also means at least an arms' length distance from the government and its policy-driven contract research.

To explore immigrant entrepreneurship, we suggest linking up with a number of current, more theoretically-informed research perspectives. We start with a perspective which sees the entrepreneur first and foremost as an economic actor; following this we suggest a number of perspectives on meso-level and finish with an international comparative perspective.

The first perspective views the entrepreneur as an *individual actor*: Schumpeterian entrepreneurship. This perspective is advocated by the so-called Austrian School (Kirzner, 1997; see for a more critical view Light and Rosenstein, 1995). Central in this perspective is the question, to what extent the entrepreneur is really innovative and thus able to avoid the dictates of the market in the neo-classical sense. An entrepreneur can, through innovation of the product, the production-method, logistics, distribution or marketing, procure a monopoly—albeit generally short-term. Such an opportunity offers the entrepreneur the chance to temporarily raise prices and make monopoly profits where other, non-innovative entrepreneurs have to accept the price and the lower rewards which ensue. To what extent are the immigrant entrepreneurs such 'real entrepreneurs'? How do they create their monopolies? To what extent are they able to maintain and exploit their monopolies? To what extent—to use a concrete example—is the first Turkish baker in a neighborhood an innovative entrepreneur; if so, on the basis of what (product, market, organization of production, otherwise); and how long can he keep his monopoly—if it exists—intact; and which other businesses eventually usurp it?

The second perspective lays emphasis on *the social embeddedness of entrepreneurs*, a subject which preoccupies the contemporary economic sociologists (Light 1999; Portes, 1995a; Portes and Sensenbrenner, 1993; Waldinger 1996; Rath 1999). The insight that entrepreneurs do not operate in a social vacuum, but that they are embedded in various social networks which they use and manipulate for economic goals, has taken root. The term social capital is used in this context. Such social capital is an important prerequisite, but no guarantee, for economic success. Each social relationship has its own shortcomings, as well as inherent material and immaterial costs (Flap, Kumcu and Bulder, 1999). Thus, embeddedness in—ethnic or other—social networks of workers can be strong, and the embeddedness in economically relevant networks of suppliers and financial institutions, weak. More systematic and theoretically grounded research on the distribution, density and working of such social networks is absolutely necessary for a good understanding of immigrant entrepreneurship. Research on the international distribution of such networks and their extent and meaning for transnational

economies fits this perspective (compare Aktar and Ögelman, 1994; Portes, 1995b; Strijp, 1997; Wallace, Chmouliar and Sidorenko, 1996).

The third perspective is closely related, but has as starting-point the (line of) business and not the entrepreneur. It is based on general business studies and gives a pivotal role to *firms in economic networks and value systems* (Porter, 1990; Elfring and Foss, 1997). Economic networks can offer businesses various possibilities—for example, in the form of complementary assets: specific skills which in combination can lead to a more or less unique product -, but can also trap them in traditions which can hamper innovation. Which position do immigrant businesses occupy in such networks and value systems? To what extent does their immigrant background determine their position? Under what circumstances is this an asset or a disadvantage?

The fourth perspective draws attention to the relationship between immigrant businesses and more general *transformation processes in advanced (urban) economies*. Sassen's work (1988 and 1991) for example, places the economic activities of immigrants in the larger context of changes in the urban economic structure. In the Netherlands also, an attempt has been made in this direction (Kloosterman, 1996; Kloosterman, van der Leun and Rath, 1997b; Rath, 1995). Further research will have to explore in more detail the relationship between immigrant's activities and the rise of an urban service-economy. In this way, more precise information can be gathered on the exact position which (immigrant) businesses occupy in economic activities in specific economic sectors (compare Raes, 1996 and 1999).

The fifth perspective focuses on the *political-institutional framework*. Although this perspective is often found in international research on unemployment, it has not yet taken hold in research on entrepreneurship. It makes sense to develop this research avenue. What kinds of relationships exist between the political-institutional framework (in particular, the nature of the welfare state) and (immigrant) entrepreneurship, both direct and indirect (for example via the labor market). With this latter viewpoint links can be made with the research initiated by Esping-Andersen on the broad effects of the labor market's institutional framework on the extent of employment in the post-industrial era (Kloosterman, 1999). The institutional framework includes the law and the issuing of rules and regulations concerning economic activity and its implementation (Freeman and Ögelman, 1998). To what extent are rules and regulations favorable or unfavorable for entrepreneurs operating in the more marginal sectors of the economy, and to what extent are economic activities carried out in an informal atmosphere (Kloosterman, van der Leun and Rath, 1997b; Rath 1999a)?

In principle, these meso-perspectives can be well combined with our last perspective, the *international comparison*. The renaissance of entrepreneurship and the role of immigrants is

certainly not just of concern in the Netherlands. As stated, this development also takes place in other advanced economies. Until now almost no international comparative research has been carried out (for exceptions see Ward, 1987; Morokvasic, 1993; Morokvasic, Phizacklea and Rudolph, 1986; Morokvasic, Waldinger and Phizacklea, 1990; Razin, 1993).⁵ This scarcity is probably explained by the great conceptual complexity and problems involved with the gathering of comparable data (Kloosterman, 1998). The design and implementation of systematic international comparative research, for example, from within the institutional framework, could lead to the development of a new vision on immigrant entrepreneurship whereby new relationships may come to light.

Entrepreneurship has many facets; the ethno-cultural background of the entrepreneur is just one of these. With the above mentioned suggested perspectives, it will be possible to link this specific facet systematically with others. Linking up with other perspectives to economic activities will allow for a broader understanding of immigrant entrepreneurship than is now possible and will, eventually, contribute meaningfully to other disciplines in the Netherlands and, more important, abroad. This step is in the long term not only fruitful for the incorporation of immigrant entrepreneurs in an advanced economy but for the emancipation of those who do research on this subject •

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Table 1 Entrepreneurs in the Netherlands according to land of origin, and their share in the corresponding labour force, 1986, 1992 and 1997

	<i>Number of entrepreneurs</i>			<i>Share of entrepreneurs in the labour force (%)</i>		
	<i>1986</i>	<i>1992</i>	<i>1997</i>	<i>1986</i>	<i>1992</i>	<i>1997</i>
Surinam	1,725	4,148	6,233	2,0	4,5	5,4
Dutch Antilles/Aruba	405	1,003	1,629	2,9	4,6	6,3
Turkey	1,895	5,385	7,453	2,9	7,8	12,2
Morocco	866	1,912	2,844	3,3	5,0	5,9
Other Mediterranean countries	2,074	3,241	4,204	4,9	7,7	7,9
Subtotal immigrant entrepreneurs from Surinam, Dutch Antilles/Aruba, and Mediterranean countries	6,965	15,689	22,363	3,3	6,0	7,4
China (incl. Hong Kong)	2,386	3,224	4,794	-	-	-
Rest	450,649	541,087	632,843	-	-	-
Total	460,000	560,000	660,000	8,0	8,9	10,1

Source: van den Tillaart & Poutsma 1998: 39-40.

Notes

- ¹ Surinamese, Dutch Antilleans and Arubans, Turks, Moroccans, immigrants from other Mediterranean countries, Chinese (including those from Hong Kong) constitute the majority of the so-called target groups of minority policies as conducted by the Dutch government. These target groups include second and third generation immigrants from these areas, but exclude immigrants from other origins.
- ² Announcement by the IOT to one of the authors (November 1994).
- ³ BEA estimated roughly 1,000 entrepreneurs from these target groups. Baetsen and Voskamp (1991:49), however, counted in their survey in Rotterdam a significantly smaller number of employees: in total 126 jobs to 56 immigrant businesses.
- ⁴ We could only find a short passage on Chinese eating houses and restaurants in the contribution by Vellinga and Wolters to the collection *Allochtonen in Nederland* (1973:223-224).
- ⁵ Under the auspices of IMES, University of Amsterdam, international comparative research of immigrant businesses in the garment industry in Britain, France, The Netherlands and the United States is currently being carried out.