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First-generation Ghanaian entrepreneurs in the Netherlands

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5. The Resources of First-generation Ghanaian Entrepreneurs in the Netherlands

5.1 Introduction

Bernard, the owner of a travel agency in The Hague has lived in the Netherlands for 30 years. He hails from Bekwai in the Ashanti region of Ghana. Bernard was 52 years old at the time of the interview. He has 16 years of formal education and holds an HND (Accounting) Diploma from Kumasi Polytechnic in Ghana. In 1980, Bernard migrated to the Netherlands. Prior to his migration, he worked with the Ghana Cocoa Board as an assistant accountant for five years. He is well versed in the Dutch language, both spoken and written. Bernard is also computer-literate and has all the relevant skills for his business. In 1991 he started a joint-venture business in shipping with his elder brother Agyemang in The Hague which went bankrupt after five years. With an initial capital of 12,000 euros from his own savings Bernard went into a partnership with Kwame, the owner of another travel agency in Amsterdam, in 1997. Later on, he borrowed an undisclosed amount of money from a friend to help meet the financial needs of his business. His travel business has three employees, all of which are Ghanaian immigrants. One of these employees is a friend, while the other two were employed through the Centre for Work and Income (*Centrum voor Werk en Inkomen*). By doing this Bernard has helped to reduce unemployment in the Dutch labour market. The business is open on a daily basis from 9 in the morning until 5 in the evening, 6 days in the week. His business, which sells air travel tickets and ship's cargo initially, only targeted the Ghanaian market in the Netherlands. According to Bernard, it was easy and cost-effective to inform fellow Ghanaians about his business activities through ethnic associations, churches and by word of mouth. Initially no other form of advertising, for example local radio or television was used. With the initial Ghanaian patronage of the ticket business, his travel agency in The Hague, as well as that of his partner in Amsterdam, has now attracted clients outside the Ghanaian community. They sell tickets to Nigerians, Cameroonians and other African immigrants living in the Netherlands. Bernard disclosed during the interview that the other African clients got to know about his business through their Ghanaian friends and acquaintances. Bernard's travel agency is steadily growing, thanks to growth of their client base. Since 2004 it has partnered an air ticket agency in Accra, the capital of Ghana, to help Ghanaians who have a visa to travel to the Netherlands to buy their plane tickets from there. This partnership became necessary when their company saw that the laws concerning immigration to the Netherlands stipulated that foreigners, particularly those from less-developed countries, who have to travel to the Netherlands and to

stay for more than three months need to have a their temporary residence permit ('MVV') from the Netherlands embassies overseas. Some Ghanaian clients who came to their offices in Amsterdam and The Hague wanted a one-way ticket to travel to Ghana. Enquiries revealed that they were not sure if they should buy return tickets because their ability to come back to the Netherlands depended on passing the Dutch knowledge test ('Nederlandse kennis toets').

Since 2001 the annual turnover of the business in The Hague has been more than 300,000 euros. The company has also been making steady and satisfactory profits since the same year, though Bernard was unwilling to disclose the information for reasons of confidentiality. However, he did mention that the strong financial position of the business has enabled him to start a petroleum filling station in his home town which is managed by his elder brother. He believes that the petroleum filling station will be his strategic business for the future. He says that his travel agency is a socially responsible business because he often donates to orphanages in Ghana and to social development projects in his home town as well.

Bernard's story showcases how first-generation Ghanaian immigrants combine different forms of capital, namely human, financial and social capital, to exploit openings in the opportunity structure of the Netherlands to start their different kinds of business in the Netherlands. It also illustrates their involvement in transnational business activities beyond the borders of the Netherlands, particularly with their home country Ghana.

Human capital is defined as the possession of productivity-enhancing skills and knowledge (Becker 1964; Shane and Stuart 2002; Hsu 2007; Hallen 2008). It enables individuals to act in new ways (Coleman 1988). In other words, human capital enables the individual to adjust his/her behaviour to suit new and innovative ways and environments. Human capital has therefore been deemed to play an important role in the start-up and subsequent growth of entrepreneurial ventures (Sequeira and Rasheed 2004:87) as well as business longevity and profits (Bates 1994a, 1994b). Human Capital and entrepreneurship impact each other positively. Jansen et al.. (2003: 15) assert that individuals with high levels of human capital have a high probability of becoming entrepreneurs (see also Storey 1994; Light and God 2000).

A number of studies on immigrant entrepreneurship, which discuss the resources available to immigrant businesses, also deal with issues regarding their funding (see Waldinger et al. 1990; see Wolff and Rath 2000; Raijman and Tienda 2003; Kushnirovich and Heilbrunn 2008). Financial capital is critical for the start and the continuous existence of a business. It is needed to acquire business premises, furnishing the premises, hiring personnel, procuring products, installing computers and advertising products or services. Financial capital is also needed at a later stage of the business for expansion or diversification. In short, financial capital becomes the 'life blood' of the business without it making all other resources become redundant and ineffective. Financial sources could be informal or formal according to their relationship with the immigrant entrepreneur's close environment or official financial institutions.

Apart from human and financial capital, immigrants are extensively embedded in social networks which they actively use to start their businesses. Social capital is defined as, ‘the ability of members in social networks and other social structures to obtain benefits (see Portes 1998). Entrepreneurs are generally able to acquire scarce resources from their embeddedness in these social networks, which are either informal such as networks of friends, or formal such as business associations. Immigrant social embeddedness may extend beyond the border of the receiving country and especially to the home country. The cross border interconnections of immigrants in their socio-economic and political issues are termed transnationalism. Transnationalism refers to the social, economic, cultural, and political ties migrants maintain with their country of origin. Transnational networks thus connect the country of destination with the country of origin. An essential element is the multiplicity of involvements that trans-migrants maintain in both home and host societies (Basch et al. 1994:6). This chapter is descriptive in nature and shows, using empirical findings, how first-generation Ghanaian immigrants in the sample have used their human, financial and social capital to start their businesses in the Netherlands.

With respect to human capital (5.2) below, I will look at their educational qualifications in section 5.2.1, their Dutch language proficiency (section 5.2.2) and computer skills (section 5.2.3) as well as their pre-migration and post-migration experiences with regard to running a business. (sections 5.2.4 and 5.2.5 respectively). A brief overview of the literature on social embeddedness in relation to sources of financial capital is given in section 5.3 The sources of obtaining financial capital for their businesses are grouped into informal and formal and this is dealt with in 5.3.1. First, I describe the informal source of capital which the entrepreneurs acquired to assist them to start their businesses in section 5.3.2. This is followed by the formal source of capital in section 5.3.3. In the next part of the chapter, section 5.4 I continue to discuss social embeddedness by specifically looking at the kind of social networks which these entrepreneurs used to obtain non-financial resources to start and continue with their business. The kind of social capital which emerged as described is also grouped into formal (section 5.4.1) and informal (section 5.4.2) sources. Finally, the Ghanaian entrepreneurs’ social capital is also looked at transnationally to describe the economic engagements of the entrepreneurs in both the Netherlands and Ghana (section 5.5). The chapter concludes with a summary of the findings in section 5.6.

5.2 Human Capital

With respect to entrepreneurship, human capital can be seen in terms of concrete attributes like education level, experience, knowledge and skills (see Unger et al. 2011). In the following subsections, I describe how their educational qualifications, skills, and pre-migration and post-migration business experiences have helped in the setting up of their businesses.

5.2.1 Educational qualifications

Human capital theorists hypothesize that education is an investment that yields higher wage compensation (Mincer 1974; Honig 1997). The importance of education for an entrepreneur is underlined by the fact that it increases his/her stock of information and skills needed to pursue an entrepreneurial opportunity successfully. Immigrant entrepreneurs with high levels of educational attainment appear to have greater chances of business success (Birley and Ghaie 1992; see Bates 1994a, 1994b; Basu 1998). Education is both formal and informal. Formal education refers to the structured and pre-arranged educational system while, by contrast, informal education does not need regular curriculum, is not obligatory and lacks formal certification (www.dcadultliteracy.org). Formal education is thus engaged in for the express purpose of acquiring abilities and skills for the future activities. Informal education, on the other hand, is taken spontaneously with no conscious recognition of an educative purpose on the part of the individual or others influencing him/her. It is acquired through the process of socialisation with others or life-time experiences.

The first-generation Ghanaians who migrated to the Netherlands are said to be more formally educated compared to other first-generation non-Western migrant groups. Most of them were living in towns and urban areas in Ghana (see chapter 3). On the contrary, most of the ‘guest’ workers from Turkey and Morocco are known to have lower levels of formal education and were mostly recruited from the rural areas of both countries. Formal education has been said to increase the stock of information and skills needed for entrepreneurial activity. With this background, it is assumed that the rate of entrepreneurial development among first-generation Ghanaian immigrants is more likely to be relatively higher than among the ‘guest’ workers, particularly in businesses which require educational and training skills. It is therefore to be expected that first-generation Ghanaians are, in principle, better suited to set up businesses in the personal and producer services compared to their ‘guest’ worker counterparts.

The results of Table 5.2.1 indicate that all the respondents are formally educated. However, about 30 per cent of them only attended elementary school. A respondent disclosed that her basic education was sufficient for the business she had established. In 1996, Bea migrated to the Netherlands for family reunion. Since her arrival, her family of four has lived in the Amsterdam ‘Bijlmermeer’. While in Ghana, she received 10 years elementary school education. After schooling, her mother employed her in the family’s indigenous Ghanaian catering popularly known in Ghana as ‘chop bar’, located near the Kumasi central market. Bea decided to replicate the same Ghanaian catering business in Amsterdam ‘Bijlmermeer’. In 1998, she started informally from home, by serving popular Ghanaian dishes such as ‘fufu’ (pounded yam) with soup, ‘emutuo’ (rice balls) with diverse kinds of soup. In 2004, Bea officially registered the budding business and subsequently hired a place for her ‘chop bar’ when she saw that the number of her customers was steadily increasing. Bea received a lot of compliments from the customers

and this was the reason for the customer increase. To her higher education is important in all aspects of human life. However, just having education and training in business might not be a reason for starting a business. What is important for the business is to know what your customers want and also to know if there are enough of them to buy your goods' Bea concluded.

The table also shows that 40 per cent are senior high-school graduates. In 1976 Faustie completed her 'ordinary' level General Certificate of Education at one of the local secondary schools of Ghana with disappointing results. While in Ghana, between 1977 and 1985, she traded in cosmetic products. Faustie migrated to the Netherlands in 1985. In 2004 she established her ABB Cosmetics and General Goods shop in The Hague. She disclosed that she was able to recommend the best suited cosmetic products for different women who bought from her shop and her recommendations had worked well for all her customers. *"It is a gift or skill that I acquired naturally and my educational background does not play a key role,"* Faustie emphasised.

Both respondents claim that setting up businesses in the low-end catering and cosmetic businesses does not necessarily require a high level of education or business-related courses but first and foremost knowledge acquired informally in that business. To a certain extent differences in owner's educational background support the respondents' argument that certain business establishments and operations do not require owners to have high educational levels, nor follow any business-related courses. The respondents' remarks also stress the importance of informal education in setting up their retail businesses which, in this case, is acquired through long-term experience and practice of a concrete (business) activity.

The table also shows that 13 per cent of the respondents with higher levels of education (higher vocational degrees) have established their own businesses. Those with higher vocational degrees include accountants, technicians, nurses and teachers. One of the respondents who has a higher vocational degree and preferred to be self-employed is Bernard in the opening story of this chapter.

As can also be deduced from Table 5.1.1 about 12 per cent of the respondents with university degrees have become self-employed. Dominic studied chemistry at the University of Cape Coast from 1977 to 1981 and obtained a Bachelor's (honours) degree. In Ghana he taught chemistry at Axim secondary School. In 1984, Dominic left for the Netherlands. His parents were distillers of local gin called 'akpeteshie' and it gave him the opportunity to find out more about alcoholic beverages, apart from the fact that he followed chemistry courses which covered alcoholic and non-alcoholic beverages at university.

During his early years of residence in the Netherlands Dominic worked in different factories but also sold a variety of alcoholic beverages to Ghanaian customers at the weekends who were going to funerals and child-naming ceremonies. Some years later, Dominic started his Master's degree in pharmacy at the University of Utrecht with the intention being to acquire a lot more knowledge and expertise in alcoholic

and non-alcoholic beverages. This idea was to facilitate the sale of different and diverse alcoholic and non-alcoholic beverages to the consuming public and also boost his chances of being employed by a pharmaceutical company in the Netherlands. In 1993, Dominic formally registered his business with the Chamber of Commerce in Amsterdam ‘Bijlmermeer’ where the business is located. His strategic intention was to expand this business to other cities in the Netherlands. Dominic’s remarks illustrate that, by their nature, some kinds of businesses need specialist knowledge and that, consequently, only individuals with a high level of education and specialised knowledge can establish them.

Another respondent who is a university graduate and chose to become an entrepreneur is Louisa. She is a Ghanaian-naturalised British citizen. In 2009 Louisa migrated from the United Kingdom to the Netherlands to work with the United Nations. She is married to a native Dutch citizen and both of them live in Leiden. Louisa has a Bachelor’s degree in Management from a British University. Although Louisa had a well-paid job she always wanted to become self-employed. Apart from the management courses she also graduated with a diploma in fashion from another university in the United Kingdom to equip her with practical fashion and beautification skills. In 2010 Louisa established her hairdressing and fashion salon in The Hague, while she was still working at the United Nations. Louisa established her first hairdressing and fashion salon in London about four years earlier. Louisa also stated that all the products displayed in her salon in The Hague are ordered from the United Kingdom. “I prefer to do what I enjoy most, and I am convinced that using my skills to make people more beautiful is what I am born for, though my university degree has enabled me to manage my business more effectively”, Louisa explained.

Table 5.2.1: Educational qualifications of Ghanaian entrepreneurs in the Netherlands

	N (Total=84)	Percentage
Elementary school	25	30
High school	34	40
Lower vocational education	3	4
Higher vocational education	11	13
University	10	12
Other	1	1
Total	84	100

Source: Research data

5.2.2 Dutch language skills

A (nascent) immigrant entrepreneur's level of proficiency of the host country's language enhances access to networks that are helpful in providing relevant business information, which is equally pertinent to the start-up phase and also opens the door for the entrepreneur to communicate with a lot of (would-be) customers and other stakeholders (Evans 1989; Clark and Drinkwater 2000; Jansen et al. 2003:15). This argument suggests that first-generation Ghanaian immigrants who are quite proficient in the Dutch language have a better chance of becoming self-employed and of owning better-performing businesses in the Netherlands compared to first-generation 'guest' workers, taking their relative higher level of educational qualifications into consideration. Various empirical studies undertaken by some scholars regarding an immigrants' level of proficiency of the host country's language and the propensity for entrepreneurship have indicated that there is a positive correlation between the two (Portes and Zhou 1996; Clark and Drinkwater 2000; Jansen et al. 2003: 15)

It has been estimated that only between about a quarter and a third of first-generation immigrants in the Netherlands report that they do not have difficulties speaking Dutch (see SCP 1999a). Hence, the level of Dutch language proficiency among many first-generation immigrants in the Netherlands is generally considered to be low. For example, it is stated that both 21 per cent of first-generation Turkish and 13 per cent of first-generation Moroccan immigrants in the Netherlands have difficulties with Dutch language proficiency (CBS/SCP 2006) despite their relative longer history of migration and residence in the Netherlands). First-generation Ghanaian immigrants do not fare better with Dutch language than the first-generation Moroccan and Turkish immigrants despite the fact they are relatively better educated than these 'guest' workers. Nevertheless, first-generation Ghanaian immigrants have a higher level of proficiency in the English language, a language which a significant portion of the native Dutch population speaks. Consequently, first-generation Ghanaian immigrants have a much better position from which to become self-employed based on an improvement in their Dutch language skills. Equally, one can assume that first-generation Ghanaian immigrants are more likely to set up mainstream businesses instead of ethnic businesses than first-generation Moroccan and Turkish immigrants who scarcely speak the English language. In other words, *ceteris paribus*, the rate of entrepreneurship among first-generation Ghanaian immigrants, should be higher than among the 'guest' workers especially in setting up mainstream businesses.

As Table 5.2.2 shows, one third of the first-generation Ghanaian immigrant entrepreneurs in the Netherlands have a fluent command of Dutch. In other words these respondents are able to understand, speak and write Dutch.

The following remarks by two respondents add a new understanding to the necessity of fluency in the Dutch language in doing business in the Netherlands, particularly when the business serves the market

beyond the ethnic community. In 1985 Douglas migrated to the Netherlands in search of a more prosperous life. He settled in Amsterdam in the same year. Douglas attended a three-year Economics degree course at the University of Ghana and graduated with a Bachelor's degree in 1982. He worked with the Ghana Commercial Bank as a management trainee and studied for a Master's degree in Economics at the Free University, and graduated in 1992. After that Douglas worked as a financial analyst with an international company in Amsterdam. In 1998 he resigned from the company and, two years later, started his own business in the money remittance business. Initially, Douglas thought his target market was the Ghanaian immigrants in Amsterdam and, that therefore, proficiency in the Dutch language was unnecessary. Four years later the business expanded beyond the Ghanaian market to cover the larger African community in Amsterdam South East. Douglas realised that not all those who did business with his company speak English but instead prefer to express themselves in the Dutch language. In order to be able to do business with them, he attended a one-year intensive course at a college in Amsterdam which has greatly improved his Dutch language proficiency and also helped his business to grow.

Another respondent, Kabiru, who runs a repair and retail business in The Hague migrated from Ghana to the Netherlands in 2005. He met his native Dutch wife as soon as he arrived in the Netherlands and they married in December of the same year. Kabiru was born into a family of entrepreneurs so, upon his arrival in the Netherlands, he decided to start his own business. He became an apprentice to his father-in-law who owned a bicycle repair and retail firm. In addition to the apprenticeship he followed an intensive Dutch language course via Mondriaan College in The Hague. With the help of both his wife and father-in-law, Kabiru became skilful in both the Dutch language and bicycle repair in less than two years. In 2007, Kabiru registered his bicycle repair and retail business with The Hague Chamber of Commerce, after having started informally at home with a small number of clients. The fluent Dutch language he speaks enabled him to attract more native Dutch clients. Kabiru believes that for any immigrant to start a promising business in the Netherlands, he/she should be able to write and speak the Dutch language. The remarks by both Dominic and Kabiru emphasise the necessity of being fluent in Dutch as a means to start and operate a business in the Netherlands with better prospects for growth and success as well. In other words, most of the businesses these immigrants set up have the potential to break out into the mainstream market.

The table also shows that about 52 per cent of the immigrants have good spoken command of Dutch, meaning that they understand Dutch and can also express themselves quite well. Some of these respondents assert that their ability to speak what they call 'street' Dutch is attributed to the length of their residence in the Netherlands. These respondents also allege that, although their Dutch language expressions might be substandard, whenever they visited official business institutions such as the Tax and

Customs Administration (Belastingdienst) and the Chamber of Commerce they could speak Dutch which the workers at these offices understand and this enabled them to run their businesses effectively. This remark concurs with the findings of Chiswick (1992) who observes that the length of residence of Chinese entrepreneurs in the United States of America (USA) determines, to some extent, both their level of English language skills and also the kind of businesses they start.

Kwadwo, one of the respondents in this group, sells food and other exotic products imported from Ghana. In 1992 Kwadwo migrated to the Netherlands at the age of twenty-six years to join his mother who by then had lived in Rotterdam for over fourteen years. Kwadwo worked on a part-time basis and in the weekends with his mother in retail business located in Antwerp. He also had a full-time job with a manufacturing company in Rotterdam. In 2003, he established his own business in Rotterdam and six years later he opened another retail shop in The Hague. Kwadwo states emphatically that he had never attended any formal Dutch language course to learn the Dutch language, but he was able to speak Dutch at that moderate level, on the shop floor with the help of co-workers who never spoke the English language. The spoken Dutch skills he informally acquired enabled him to effectively communicate with Cape Verdians and Antilleans who compose a good portion of his customer base in Rotterdam. The remarks by these respondents clearly show that the educational qualifications and the level of Dutch proficiency are important to entrepreneurship.

The table also shows that not every respondent speaks the Dutch language. About 15 per cent of the research population admitted that they have poor Dutch language skills. In other words, they cannot speak and write Dutch. By way of an illustration Cynthia migrated to the Netherlands from Ghana and settled in The Hague in 1995. In 2008 she officially started her beauty salon in the centre of The Hague. During the interview the following conversation took place between the interviewer (the questioner, Q) and Cynthia, the respondent (R).

Q: How is your Dutch language proficiency?

R: Poor.

Q: What do you mean by having poor Dutch language skills?

R: I have not made any effort to learn the Dutch language.

Q: How do you communicate with your clients who prefer to speak in Dutch to you?

R: It is really a difficult situation. However, I usually communicate with the non-Ghanaian clients in English and some of them even speak better English than me. Surprisingly, it seems in the Netherlands that both the natives and immigrants alike have a good spoken command of English. In any event my non-Ghanaian clients always speaking English has not motivated me to learn the Dutch language.

Q: Don't you think that, in the long run, if you want to actually grow your business, it will be necessary to speak and write Dutch?

R: Occasionally I do think that having Dutch language skills will be a great asset for my business. I am going to register for Dutch language courses soon which will enable me to acquire the skills needed for the growth of my business.

According to research performed by ACB Kenniscentrum (see 2011), most of the first-generation Ghanaian immigrants in the Netherlands only speak moderate Dutch, that is have only good level of spoken Dutch. As they work many hours a day, they have no time for Dutch language lessons. What is more, some of them are ambivalent about their stay in the Netherlands and hope to relocate back to Ghana in the foreseeable future. Their ability to communicate with Dutch citizens satisfactorily in English language obviously does not motivate and encourage them to learn the Dutch language as well.

Table 5.2.2: The Level of Dutch Language Proficiency of Ghanaian Entrepreneurs in the Netherlands

	N (Total=84)	Percentage
Poor	13	15
Good spoken level	44	52
Fluent	27	33
Total	84	100

Source: Research data

5.2.3 Computer skills

In today's business world, entrepreneurs most likely need fundamental computer skills such as Microsoft Word, Excel and Internet to do business with buyers or suppliers and for other important business information. Small business entrepreneurs with basic computer skills can write their own letters and send e-mails without any external assistance. They can also prepare their company's basic bookkeeping entries. These merits of computer literacy are useful for immigrant businesses of which the vast majority are one-person businesses, often self-managed by the owner. These computer skills help reduce the volume of work that a hired professional bookkeeper would have to do for the business and therefore eventually minimise the total operational costs associated with out-resourcing the firm's activities.

First-generation Ghanaian, Moroccan and Turkish immigrants, for example, are more likely to lack any good level of computer skill competence. This is attributable to the time of migration from their various

countries. In the 1960s and the 1970s computers were probably not available in Turkey and Morocco and these immigrants did not have any knowledge of their use. What is more, these first-generation immigrants had low levels of education and were recruited from the under developed areas of Morocco and Turkey. First-generation Ghanaian immigrants who arrived in the Netherlands between the 1980s and the 1990s scarcely had any knowledge of computer use since computer technology was not available in Ghana as a whole back then.

However, considering the relatively high level of education that most of first-generation Ghanaians had in Ghana before migrating, one could conclude that it would be easier and faster for Ghanaian immigrants to acquire computer-related skills than the 'guest' workers who had barely completed primary school. Hence, first-generation Ghanaian immigrants are in a relatively better position than their counterparts from Morocco and Turkey to access and exploit business opportunities in the Dutch economy, especially in businesses which require computer-related skills.

First-generation Ghanaian entrepreneurs with computer skills acquired them after settling in the Netherlands. Mostly through self-study, Table 5.2.3 shows that 61 per cent of all the respondents acquired basic computer literacy skills in Word and Excel for a period between six months and one year before or after establishing their businesses. This shows that the majority of the respondents realise the importance of the use of computer technology in operating their businesses. The following respondents commented on the positive impact the use of computers has had on running their businesses.

In 2003 Kojo established his barber and beauty salon business in Amsterdam 'Bijlmermeer'. His business attracts clients via the company's website and a few of them use the website to make appointments. Kojo learned computer skills for about one year. The internet enables Kojo to discover and monitor new hair and cosmetic products and he also buys some of these products online. In addition he uses Microsoft Word and Excel to prepare the daily sales and keep track of the costs of his business. The fact that Kojo is able to conduct some of the company's basic bookkeeping entries on the computer himself reduces the workload for his accountant and the related costs. He also stated that the use of the computer brings in new clients that he, hitherto, could not have reached and attracted.

Susan is another entrepreneur who also uses the computer extensively in her crèche. Susan came to the Netherlands to reunite with her mother in 1992. In 2001, Susan obtained her basic administration diploma after her studies at a secondary school in The Hague. Susan worked for different companies in Zoetermeer and Leiden till 2004. In 2004, after having followed courses in childcare, Susan started her own crèche in The Hague. Susan intimated to me that any person who wants to establish a crèche formally cannot do so without computer skills. In her opinion the owner of a crèche needs the detailed information of every child that is admitted and the only place this information can be securely stored is on

a computer. Apart from using the computer to store information, the computer enables her to learn and benchmark the good practices of other crèches elsewhere in the Netherlands or elsewhere.



Children's day-care centre *Liefjes* in The Hague run by a Ghanaian entrepreneur

One of the respondents with a graduate degree in computer technology has set up computer-based businesses. Alvin owns an Information and Communication Technology (ICT) business. He has a Master's degree in Computer Science from De Montfort University in the United Kingdom. In 1999 Alvin came to the Netherlands to re-unite with his wife after his studies. Due to the huge demand for computer scientists, Alvin received a lot of employment offers in Ghana. However, considering how low the proposed salaries were, he decided to come to the Netherlands. Alvin found employment three months after his arrival and also received a lot of web designing, web hosting and database development work outside his official assignments with his employer. In 2004, Alvin started his own ICT business. *“Computer technology and the use of computers have come to replace any form of technology that has been available up to now, and, has made office work a lot easier and much faster than could have been imagined. It is a fast-growing and expanding technology and there will always be the need for computers as long as new businesses keep emerging and many more people still have to learn and find out about the technology”* he concluded. Alvin's remark underscores the lucrateness of ICT business and the

importance of computer technology in modern day business operations, more especially in the field of producer services.

Another case in point is John. John has emphatically and tacitly remarked about the necessity of using computers in setting up and operating contemporary businesses. John migrated to the Netherlands in 1980. Since his arrival in the Netherlands, he has only lived in Amsterdam. In 1994, John and a partner started a car-shipping business. However, due to the sudden departure of his partner to the USA he had to close the business three years later. In 2002, with financial assistance from friends, he started the same business, shipping both new and used automobiles to West African countries. Prior to starting this new business, John attended a two-year intensive computer skills training course at a computer training school in Amsterdam. The computer technology skills John acquired enabled him to develop a custom-built website for his business which targeted automobile companies in Ghana that are looking to import big trucks. Thanks to the useful information on his website about quality and roadworthy second-hand trucks from the Netherlands, his company earned contracts with companies in Ghana. John searches for low-priced cars and trucks on the internet on behalf of his clients for commission. With the help of the information on the company's website, John hoped the business would soon attract more customers from Africa. The above cases illustrate that the use of computers and the application of computer technology in businesses generate more benefits than costs regardless of the kind of business an entrepreneur starts.

Table 5.2.3: First-generation Ghanaian entrepreneurs having computer skills

	N	Per cent
Yes	51	61
No	33	39
Total	84	100

Source: Research data

5.2.4 Pre-migration entrepreneurial experience

Pre-migration entrepreneurial experience generally denotes the business experiences which migrants had in their countries of origin prior to settling in the host country. Experience with business ownership in the countries of origin greatly increases the likelihood of business ownership in the host country. In their study of pre-migration self-employment activities of foreign-born legal residents of the United States, Akee et al. (2007:2) assert that ‘immigrants who come from countries with relatively large self-employed

sectors and who are therefore more likely to have been self-employed in their country of origin, are hypothesised to exhibit higher probabilities of being self-employed in the host country'. However, the results of the propensity of immigrants who were self-employed in their countries of origin and are more likely to become self-employed in the host country have been mixed. While Yuengert (1995) concurs with the proposition posed by Akee et al. (2007: 2), Fairlie and Meyer (1996) do not find any relationship between the two. In other words, the fact that an immigrant was an entrepreneur in their home countries before migrating does not necessarily lead to self-employment in the host country.

However, the results of the propensity of immigrants who were self-employed in their countries of origin and are more likely to become self-employed in the host country have been mixed. Yuengert (1995) finds a positive effect, while Fairlie and Meyer (1996) find no effect. This section explores the basis of the empirical results to establish whether or not first-generation Ghanaian immigrants who have started their own businesses in the Netherlands had any pre-migration entrepreneurial experience.

Information from Chapter 3 shows that most of first-generation Ghanaians who migrated to the Netherlands in 1980s and 1990s were economic migrants. These migrants arrived in the Netherlands in the 1990s when the economy of the country was performing well. It was also the period that the Dutch government rolled out the neo-liberal deregulation policy which favoured the establishment of small and medium-sized businesses without many formal impediments. Thanks to the deregulation policy many immigrants started their own businesses. Evidently, immigrant entrepreneurship benefited from deregulation and grew more rapidly in the Netherlands in the 1990s (see Kloosterman and Rath 2003). The opportunity structure and the institutional framework of the Netherlands at the time that first-generation Ghanaians migrated to the country were conducive and favourable for both wage employment and self-employment. With this enabling environment, it was more likely that first-generation Ghanaian immigrants who possessed the necessary pre-migration business experiences could, given their resources, start their own businesses in the Netherlands. On the other hand most first-generation Turkish and Moroccan immigrants who came to the Netherlands in the 1960s and the 1970s were known to be rural dwellers involved in peasant farming with hardly any entrepreneurial abilities.

As can be seen in Table 5.2.4, 44 per cent of the respondents were involved in some form of self-employment activities while living in Ghana. One respondent in the sample who was self-employed before migrating to the Netherlands is Evelyn. In 1986 Evelyn left Ghana for the Netherlands to re-unite with her husband and has since lived with her family in The Hague. In 1972 Evelyn completed her elementary school education in Ghana and then joined her mother who was in the retail business, selling local and imported textiles and wax prints at the Kumasi Central Market. In 1981 Evelyn's mother opened a second shop at the same market for her to manage. She ran the business for five years before migrating

to the Netherlands. Evelyn acquired a lot of experience in retail business while in Ghana and was always looking for an opportunity to start her own retail business in the Netherlands.

Another respondent who shared his pre-migration entrepreneurial experiences is Dickson. He hails from Yomso, a small town in the Ashanti region of Ghana. In 1987 he migrated to the Netherlands. His father was a commercial transport owner as well as footwear retailer. In 1983, Dickson took over the management of the shop a year after completing his secondary school education. Dickson was happy to manage the family business for four years, but wanted to start his own business in future. Although, the shop was profitable, he felt he could make much more money if he could move to the Netherlands and start his own business there. Given his wealth of experience with his family business back in Ghana, he was enthusiastic and motivated about setting up his own business in the Netherlands.

Another example is James who migrated to the Netherlands in 1986 at the age of 24 years. In 1982 he graduated with a Bachelor's degree from one of the universities in Ghana. Prior to migrating he worked as the Personnel manager at his father's timber firm in Kumasi, Ghana. Occasionally he acted as the CEO of the firm and gained a lot of experience in running a business. In the Netherlands he could not get a white collar job and chose to do various menial jobs; as a cleaner, a factory hand and a kitchen assistant. Given the business experience he had acquired in Ghana, James did a Master's degree in business administration with the intention of starting his own business in the Netherlands.

The remarks given above show that some of the Ghanaian entrepreneurs in the Netherlands illustrate the following. First, nearly half of the first-generation Ghanaians who migrated to the Netherlands are not novice to self-employment. Consequently, some of them with their lofty business experiences were searching for business opportunities to start their own businesses. Second, with their respective experiences with businesses in Ghana, they came to the conclusion that they would be much better off economically when they went into entrepreneurship than doing menial jobs with less satisfying remunerations.

Table 5.2.4: The pre-migration business experience of first-generation Ghanaian entrepreneurs

	N	Per cent
Yes	37	44
No	47	56
Total	84	100

Source: Research data

5.2.5 Post-migration work experience

The post-migration experience in this context involves any legitimate economic activity engaged in by first-generation and other immigrants upon their arrival in the Netherlands prior to starting their own businesses. First-generation Turkish and Moroccan ‘guest’ workers were recruited mainly to fill the vacancies in the manufacturing sector of the Dutch economy in the 1960s and 70s. In 1998 it was estimated that between 93 per cent and 96 per cent of the immigrants in the Netherlands were wage earners (Martens and Veenman 1999; Rath and Kloosterman 2003). First-generation Ghanaian immigrants who migrated to the Netherlands in the 1980s and 1990s were similarly wage earners. The Ghanaian immigrants’ insertion in the Dutch economy came after 1990 when services were expanding rapidly. Most of them have been employed in the cleaning, hotel and catering and horticultural services (see Choenni 2002:20).

Notwithstanding the assertion that most of the first-generation Ghanaian immigrants are employed in unskilled jobs (ibid.) just as much as the ‘guest’ workers regardless of the fact that the Ghanaians are better formally educated, a few first-generation Ghanaian immigrants have upgraded their qualifications since they came to the Netherlands and are now employees of banks, hospitals, government institutions and consultancy firms. The examples set by these few first-generation Ghanaians are clear indications that they were relatively better positioned to diversify into other sectors of the Dutch economy such as white-collar employment or self-employment, provided they improved their pre-migration human capital in the Netherlands.

As we saw in Table 5.2.4, more than half first-generation Ghanaian immigrants in the sample had virtually no entrepreneurial experience before migrating to the Netherlands. In other words, most of the respondents became self-employed after settling in the Netherlands. The question is what type of experience did first-generation Ghanaian migrants in the sample have in the Netherlands which enabled them to start their own businesses? A respondent who became self-employed after settling in the Netherlands asserts that the time of arrival in the host country and the number of years a migrant has resided in that country contributes to one’s determination to be self-employed.

Nana migrated from Ghana to the Netherlands in 1980. She left the shores of Ghana based on a few attractive stories of the economic prosperity of the Netherlands that some Ghanaian returnees from the Netherlands had told her. Nana settled in Amsterdam and later married a Ghanaian migrant in the same city after three years of courtship. In the early years of her stay in the Netherlands, Nana worked in low-skilled and often informal jobs despite her secondary school education in Ghana. Having obtained her legal residence permit in the Netherlands in 1985, Nana initially attended Dutch language courses which she felt could enable her to pursue Dutch secretarial and administrative courses. She disclosed that the only path to socio-economic prosperity in the Netherlands was firstly to be proficient in the Dutch

language. Nana achieved her educational goal and ambition by finally obtaining a higher vocational education in Business Administration. She was later employed by a Dutch bank as a cashier in one of their Amsterdam branches. In 2001, Nana was relieved of her job because the bank downsized its labour force. Nana resolved afterwards that instead of applying for a new job she would take her economic 'destiny' into her own hands. With the help of her husband, she decided to become self-employed. In 2002 Nana established her candies retail shop in Amsterdam 'Bijlmermeer' selling both imported and local candies. Nana concluded that the different menial jobs, both informal and formal, had given her plenty of experience of dealing with different people and customers. Nana was confident her business would attract a lot of customers.

Post-migration experience also includes the number of years that these respondents had lived in the Netherlands before setting up their businesses. Migration history of the Netherlands clearly shows that most of the 'guest' workers from Morocco and Turkey have lived in the Netherlands for more than 40 years. By contrast, most first-generation Ghanaian immigrants have lived in the Netherlands for between 15 and 30 years. Time is essential for most migrants to accumulate experience, skills, material and financial resources in the host country before going into self-employment. It can be assumed that, first-generation Ghanaian immigrants and the 'guest' workers from Morocco and Turkey who have lived in the Netherlands and worked as wage employees for long enough are adequately versed in the socio-economic life and environment of the Netherlands which invariably facilitates business establishment. However, the superior human capital characteristics, such as the level of educational attainment and training and skills and pre-migration business experiences which first-generation Ghanaian immigrant entrepreneurs possess enable them to access more promising business opportunities in the Netherlands than first-generation Turkish and Moroccan immigrants.

Table 5.2.5 below shows that nearly all the respondents have lived in the Netherlands for fifteen years or more. However, not all first-generation Ghanaian immigrants who have lived in the Netherlands all these years or even longer have become self-employed. A respondent's remark below rather reinforces and confirms that the longevity of an immigrant's residence in the Netherlands is a factor that facilitates entrepreneurship. In 1987, Kofi relocated to the Netherlands from Germany and settled in The Hague. He obtained his official legal documents allowing him to stay and work in the Netherlands in 1989. He had earlier planned to start his own business in the Netherlands, but he put off his plan. Instead he worked for different companies as a wage earner for fourteen years. Kofi sought advice from a few co-workers about his idea of becoming self-employed. The different shades of advice and opinions from friends and co-workers greatly motivated him to become self-employed after waiting for more than ten years. During those years he had accumulated a substantial amount of financial capital to realise his entrepreneurial

ambition. “*The number of years I stayed in the Netherlands was the key which opened the door to entrepreneurship*”, Kofi asserted. It helped him to identify the business opportunity and the relevant contacts for this business, apart from enabling him to familiarise himself with the Dutch business environment.

Another respondent who also affirms that having resided in the Netherlands for many years enabled him to identify business opportunities is Stephen. Stephen migrated to the Netherlands in 1982. He obtained his legal resident permit three years later. Stephen also had the intention to start a travel agency business in the Netherlands. Similarly, Stephen knew he would be more able to fulfil his entrepreneurial ambition if he could initially work as an employee to accumulate experience and earn enough financial capital. Consequently, Stephen worked different menial jobs for several years. In addition, he attended IATA courses and obtained the certificate necessary to become a qualified agent for the Dutch Royal Airlines (KLM). “Starting this business in 1999 became possible because I had then lived in the Netherlands for more than seventeen years and had adequate information about the rudiments of the Dutch business environment. I also had enough human and financial resources for this business”, Stephen stated.

The findings about the longevity of stay in the Netherlands show that these respondents are likely to be relatively well-informed about the Dutch self-employment laws and policies. In addition, the duration of an immigrant’s stay in a host country generally equips him/her with a cumulative and sufficient level of diverse social capital which is also an important resource for entrepreneurship. This statement presupposes that it is not only a first-generation immigrant’s pre-migration business experience which is a sufficient requisite condition for entrepreneurship, but also essentially the level of social capital that the immigrant can accumulate and use, as well as the set of business opportunities which the Dutch economy creates, facilitated by its institutional and legal framework.

Table 5.2.5 also shows that more than half of these respondents migrated to the Netherlands in the 1980s when Ghana was marred by economic mismanagement, political reprisals and natural disasters such as drought and famine (see Chapter 3). All these factors pushed young Ghanaians to migrate to the countries where the pastures seemed ‘greener’ and the political environment was more conducive to human development.

With respect to the human capital of first-generation Ghanaian entrepreneurs, the empirical findings indicate that most of them basically have the educational qualifications and pre-migration business experience which are sufficient to enable them to start businesses in the promising sectors of the Dutch economy. Although, most of them have lived in the Netherlands for several years, their lack of Dutch language proficiency becomes a constraint on their ability to access the opportunities which enable a prospective entrepreneur to set up a mainstream business.

Table 5.2.5: Time of arrival of first-generation Ghanaian entrepreneurs in the Netherlands

	N	Per cent
Before 1980	1	1
1980-1989	44	52
1990-1999	34	41
2000-2009	5	6
Total	84	100

Source: Research data

5.3 Social Embeddedness of First-generation Ghanaian Entrepreneurs

Social embeddedness of entrepreneurs denotes entrepreneurs' membership of social networks. It plays a critical important role in the businesses of entrepreneurs and, more importantly, in the businesses of immigrant entrepreneurs (see Granovetter 1985; see Waldinger 1986; Uzzi 1999; see Rusinovic 2006). The concept of social embeddedness also explains how entrepreneurs' economic action is embedded in social relations structures (Razin 2002: 163). Numerous studies have shown that entrepreneurs make extensive and important use of social networks (see Light and Gold 2000: 94). According to Rusinovic (2006) the social network of first- and second-generation immigrant entrepreneurs can be considered as 'mixed', as these entrepreneurs have both an informal as well as a formal social network on which they depend in running their business. Informal social networks consist of family, friends, acquaintances and ethnic organisations. Formal social networks include professional contacts, such as business contacts with banks, or contacts with local government agencies, organisations and associations (see Rusinovic 2006; Granovetter 1995; Sequeira and Rasheed 2004: 77).

Being a member of a social network and other social structures enables the individual entrepreneur to secure benefits from that network (Portes 1998; Burt 2001) and this translates into social capital. Zhou (1998) also notes that membership of social networks is important in economic life because these networks are the sources for the acquisition of scarce business resources such as capital and information by immigrant entrepreneurs. It seems as though immigrant entrepreneurs in particular exploit more of their informal social networks in starting and operating their businesses (Flap et al. 2000; Waldinger et al. 1990). Immigrant entrepreneurs are said to mostly depend on funding from their family, kinship and their own groups to set up their businesses and the continuous existence of their business is partly due to the use of either low-paid or unpaid family labour (see Kloosterman et al. 1998; Rusinovic 2006: 82, Nkrumah 2016).

It can be inferred that immigrant entrepreneurs generally rely more on these informal social networks of family, kin and their own groups and thus deprives them of seeking and acquiring resources from formal

networks such as banks, state institutions and other relevant formal organizations. (Gold 1995; Hagan et al. 1996; Portes 1998: 14; Rusinovic 2006).

(Immigrant) entrepreneurs therefore use both informal and formal social networks to obtain scarce financial and non-financial resources to set up their businesses. In this context first-generation immigrant entrepreneurs illustrate how Ghanaian entrepreneurs, by virtue of being members of social networks, have obtained many financial and non-financial resources to start businesses in the Netherlands. With respect to the crucial importance of both the financial and the non-financial resources available to the Ghanaian entrepreneurs, each of these two resources is described separately. Firstly, I describe the different sources of finance which first-generation Ghanaian entrepreneurs relied on to start their businesses.

5.3.1 Financial resources (capital)

Entrepreneurs generally need a certain amount of funding for their businesses (see Waldinger et al. 1990). Obtaining the right amount of financial capital is crucial for the start and continuity of the business. In other words, without financial capital it would be impossible for any individual to set up a business. Generally, there are four main sources a (nascent) entrepreneur can turn to for financial capital, namely their own capital, family and friends and financial institutions such as banks and the government (Huck et al. 1999; see Wolff and Rath 2000; see Rusinovic 2006). First-generation Ghanaian immigrant entrepreneurs obtained funding for their businesses from the first three sources and none of these entrepreneurs received financial support from the government sources as the empirical results showed. The sources of funding for first-generation Ghanaian immigrant entrepreneurs to start their businesses are grouped into informal and formal financing and are described below.

5.3.2 Informal financing

Like any other immigrant entrepreneurs, some of the first-generation Ghanaian entrepreneurs use(d) informal sources of finance to start and run their businesses. This source is informal as no banks are involved. Rajjman (2001) states that immigrant entrepreneurs are able to mobilise ethnic financial resources and labour to establish and operate their businesses. These sources include loans from family, friends, ethnic associations and, in some cases, rotating credit associations (Bates 1997). Rusinovic (see 2006) gives several reasons for immigrant entrepreneurs to seek informal finance to set up their businesses. The requests for loans by immigrant entrepreneurs from banks were rejected, or they assumed that the requests would be rejected and therefore did not bother to make any request. Informal loans are often made available interest-free or subject to a low rate of interest, the agreement is usually verbal and based on a relationship of mutual trust (see also Portes 1995: 15; Uzzi 1996: 678; Watson, Keasey and Baker 2000: 87) and the payment schedule is flexible. Informal

financing could also be seen as a source of a competitive advantage for immigrant entrepreneurs (Kesevan 2003). Religious considerations are also a crucial factor where, for example, Muslims generally perceive the loan from a bank as usury which is prohibited by the Islamic faith (Taner 2002). According to Rath (see 2000), immigrant entrepreneurs are less likely to receive bank funding than native entrepreneurs and therefore often borrow capital from family or another group.

Table 5.3.2: Sources of finance of first-generation Ghanaian entrepreneurs

	N	Per cent
Family	32	38
Friends	5	6
Bank*	6	7
Mixed sources**	3	4
Private means***	38	45
Total	84	100

Source: Research data

*According to this table banks are the only source of formal financing.

**Mixed sources of financing include informal and formal financing (Informal shows the combination of loans from family members and friends and formal loans from banks to start the business).

***Private means refers to the entrepreneur's own savings and funds not obtained from their membership of social networks.

The findings shown in Table 5.3.2 indicate that a large share (N=32 or more than one-third) of the first-generation entrepreneurs used their family capital to start their businesses. The main reason for relying on family loans was that it was the most immediate way of receiving funding, besides one's own capital. In addition, family loans are generally subject to a low rate of interest or no interest and the paying back period is flexible.

Kojo is a respondent who disclosed that it was the family loan which helped him to finance his hairdressing and barber salon in Amsterdam. Kojo migrated to the Netherlands in 1997. After his secondary school education in Ghana, which he finished in 1991, Kojo learned hairdresser and barber skills at a local salon in one of the cities in Ghana. In the same period, Kojo acquired some professional training from the Ghana vocational Training Institute. He was convinced that if he started a business with this vocation in Amsterdam 'Bijlmermeer' where he lives, it would be profitable. In 2002 Kojo started this business using an amount of twenty-five thousand euros which he obtained from his mother in Ghana

as his start-up capital. *“I never made up my mind to ask for a loan from a bank because the bank would refuse my application. Besides, I would not be able to bear the pressure a bank would bring to bear upon me if I was unable to pay off the loan and the interest on time”*. Kojo explains that he managed to set up his business thanks to his mother who immediately responded to the financial needs of his business even though she lives in Ghana.

Kojo's short story is an indication that immigrant entrepreneurs most probably are jittery about raising loans from banks for fear of threats and pressure that the banks will bring upon them, should their businesses fail to honour their financial obligations on time. This story also shows that immigrant entrepreneurs could readily receive informal financing from relations back in their country of origin when the need arose. Although, it is a rare instance, it is expected that a Ghanaian immigrant who lives in a developed country with a job and a secure income is rather more likely to support his or her family and friends in Ghana, by sending them money and goods (Smith 2007).

Apart from family loans, some respondents (N=5) obtained financial assistance from their friends to set up their businesses (see Table 5.3.2). Among these respondents is Bernard, the respondent featured in the opening story of this chapter. Bernard is the co-owner of a travel agency with branches in Amsterdam and The Hague. During the interview he stated that a loan of 10,000 euros from a close friend as supplementary capital had enabled him to settle his financial obligations in the business partnership he signed with Kwame in Amsterdam. According to Bernard, *“a trusted friend is always willing to help in critical times of need. The loan protected me from shame and ridicule”*. An interesting result shown in Table 5.3.2 is that, 44 per cent of the financial support that the first-generation Ghanaian entrepreneurs mobilised to start their businesses came from family and friends. The communal responsibility and support which emerges from the shared value of the Ghanaian culture implies that the term friend or family typically comprises a sense of inclusion and reciprocity. Like the Ghanaian immigrants, the Turkish immigrants are also known to be a close-knit and a supportive community in the Netherlands. They keep close ties with other Turks and live close to their relatives and acquaintances (Smets and Kreuk 2008; Vervoort et al. 2010; Yilmaz 2013). Besides the informal sources of funding, immigrant entrepreneurs use personal resources or private means to finance their businesses (see Huck et al. 1999; see Rusinovic 2006). Private means simply refers to one's own savings (see *ibid.*). As Table 5.3.2 also shows, 45 per cent of the respondents used their own savings to start and operate their businesses.

One respondent gives the following reasons for starting her businesses with her own savings. In 1984, Ernestina migrated to the Netherlands for family re-union purposes. She worked at a supermarket in Rotterdam for 15 years. Apart from this, she was also engaged in an informal business selling cosmetics and other beautician products to mostly Ghanaian women in The Hague and in Rotterdam. In 2002 Ernestina started her retail shop in artificial hair products and body creams in the Transvaal district of The

Hague. She claims that the initial capital of 15,000 euros for the business was proceeds from both her own savings as an employee and the profits from her informal business.

“I never bothered to ask for financial assistance from either a family member or a friend because it would be suicidal to do so. Family members or friends always demand something from you in return for their assistance. Neither did I apply for a bank loan because I knew my request would be rejected since a retail business is not appealing to banks in the context of a loan request”, Ernestina stated. Despite the merits and reasons that immigrant entrepreneurs generally provide for financing their businesses from informal sources, there is evidence that some of them are able to obtain financing from formal sources to start their businesses.



Ghanaian hair dresser salon in The Hague

5.3.3 Formal financing

Formal financing means that entrepreneurs receive financial capital from banks or other financial/government institutions. One of the main problems for entrepreneurs in general, and immigrants in particular, is to raise capital from formal institutions such as banks (Rath 2000; Granovetter 1995; Nkrumah 2016). In her research on immigrant entrepreneurs in the Netherlands, Rusinovic (2006) cited

the different sources to support the reasoning why it is difficult for immigrant entrepreneurs to raise capital from banks. A first problem is that immigrant entrepreneurs often do not have property (e.g. a house) that can be used as collateral (Flap et al. 2000:153; Nkrumah 2016). Second, immigrant entrepreneurs usually ask for a small loan, which is less interesting for banks (SER 1998). Third, sectors which are already close to saturation (or even beyond), such as particular parts of the retail trade (e.g. groceries), are still popular among immigrant entrepreneurs (ibid: 49). Finally, the likelihood of obtaining a business loan evidently increases if an entrepreneur can present a sound business plan. Many immigrant entrepreneurs in the Netherlands hardly have enough skills to write a good business plan (in Dutch) and they also do not understand the need to engage with the services of a professional business consultant to prepare a comprehensive business plan for them. They do not recognise the importance of a good business plan when applying for a business loan. Immigrant entrepreneurs usually do not obtain loans from banks to set up their businesses because they are not able to provide collateral for loans, the nature and type of businesses they set up are prone to failure, and there is a lack of access to relevant business information, even though cultural and racial issues could also impact them negatively (Watson et al. 2000; Rusinovic 2006: 89; Nkrumah 2016). Some of the respondents applied for bank loans with business plans but they were rejected. One respondent whose business plan was rejected is Jerry, an entrepreneur who sells tropical food and exotic meat products in Amsterdam. He came to the Netherlands in 1993 and obtained his legal residence permit the following year. In 1995, with the help of start-up capital from his father who resides in Ghana, he started a retail business in tropical food in the Amsterdam 'Bijlmermeer'. Jerry also runs a small-scale laundry service. His clients bring their clothing to his shop and he takes them to a laundry company for a fee. In addition to the fee, he makes a little profit from both the amount he charges his clients and what he pays to the company. He applied for a loan from a bank to expand both the retail and the laundry business, using the shop as the collateral. The bank refused his request, with the reason being that, a retail shop selling African food items entails a high risk of failure. The reason for the loan rejection shows how difficult it is for retail businesses to raise bank loans to start or expand.

The rejection of business plans presented to banks for loans to finance (emerging) businesses, due either to a lack of sound collateral or otherwise, is not peculiar to Ghanaian entrepreneurs. In their research on immigrant entrepreneurship in the Netherlands, Jansen et al. (see 2003) concluded that immigrant entrepreneurs from Turkey and Morocco encountered more difficulties in financing their enterprise with bank loans. Banks rejected all applications from the Turkish and the Moroccan entrepreneurs for loans, and most of them felt that the bank had not treated them fairly, despite the fact that these immigrants are forbidden by Islam to ask for a bank loan because of the added interest (see Taner 2002; see Rusinovic 2006).

Notwithstanding the almost insurmountable hurdles that immigrant entrepreneurs generally face in obtaining loans from banks or other financial institutions to set up their businesses, Table 5.2. also shows that 7 per cent of the respondents were able to obtain bank loans to start their businesses. In other words, formal financing was the main source of financial assistance.

Dominic is one of the few respondents who had his loan application approved by a bank. Dominic sells alcoholic and non-alcoholic beverages in Amsterdam 'Bijlmermeer'. The products he retails, attracts all kinds of customers and people of all race and colour in Amsterdam 'Bijlmermeer'. His loan request was eventually approved when he presented a business plan to a local bank. The bank was convinced of his turnover and the growth of the business. The loan was enough to start the business without financial hitches. In other words he did not initially contribute his own resources or borrowed from any informal source.

Table 5.3.2 also shows that 4 per cent combined both informal and formal sources of financing as either their initial capital or to expand their businesses. One respondent who used mixed resources to start her retail business is Nana. Nana sells assorted candies in Amsterdam South-East. She knew in advance that the family capital of 25,000 euros would not be adequate to furnish the business space and buy in the products to be sold. Nana applied for a loan from a bank which was her former employer. Nana's business plan was approved by the bank and she received 20,000 euros to augment the initial family capital. Her experience with the bank and the nature of her products helped her raise capital to start the business without any difficulty. Nana's mixed sources of funding concur with Bates (see 1997) who argues that immigrant entrepreneurs invest substantially more start-up capital than non-immigrants who become entrepreneurs, though the general contention is that, due to financial constraints, immigrant entrepreneurs work with smaller initial capital than non-immigrant entrepreneurs (Mata and Pendakur 1998; see Huck et al. 1999).

Another respondent who also obtained a bank loan to grow his business is Joseph. In 1990, Joseph migrated to the Netherlands and resided in Rosendaal for four years. In 1995, he moved to Heemstede to live together with his Dutch partner. In 2001, Joseph started a cleaning company in Heemstede, after having been employed by the cleaning company, ISS. Joseph followed cleaning courses and obtained a certificate which qualified him to start his own cleaning company. Initially Joseph had contracts with two companies in Haarlem with fifteen workers. A few years later, he presented his financial statements to the bank for loans to enable him to expand the business. The bank was convinced of the economic viability of his business and granted him a loan of 15,000 euros to expand it. Though Joseph started the business with the family capital, the financial assistance he obtained from the bank helped him to expand his business. The comments from these respondents show that banks approved their loan applications because their

business plans satisfied all the banks' requirements. The banks were also convinced that the economic prospects of their businesses were positive

5.4 The Non-financial Sources of First-generation Ghanaian Entrepreneurs

Starting a business entails more than a (nascent) entrepreneur's human and financial capital. Obtaining relevant non-financial assistance such, as business information, is crucial for the start and continuity of the business. The social networks in which an entrepreneur is embedded are crucially important. Entrepreneurs, and for that matter immigrant entrepreneurs, not only exploit informal and formal social networks for financial assistance but use both sources to obtain non-financial resources as well. In other words family, friends and other ethnic relations that provide them with financial support to start their businesses also provide them with non-financial resources, such as relevant business information. Immigrant entrepreneurs rely on family, friends, co-ethnics and ethnic associations for labour (see Kloosterman et al. 1998), for customers, business information and ideas.

First-generation Moroccan and Turkish entrepreneurs are more embedded in informal networks, though the second-generation relies more on formal networks (see Masurel and Nijkamp 2003; see Rusinovic 2006) and this relates to the sectors in which their businesses operate. However, most of the immigrant entrepreneurs in the Netherlands, including the second-generation, for instance the Moroccans, make extensive use of the informal networks that is, their own social networks to start and run their businesses (see Kourtit and Nijkamp 2012). According to Rusinovic (2006) second-generation immigrant entrepreneurs use both the informal and formal social networks. The empirical findings below about first-generation Ghanaian entrepreneurs show whether they also depend heavily on informal sources or use both informal and formal sources for non-financial resources to start their businesses.

5.4.1 Formal social capital for non-financial resources

This section introduces and describes the various formal institutions in the Netherlands notable for supporting (immigrant) entrepreneurs in many and diverse ways and how first-generation Ghanaian entrepreneurs, in particular, have accessed these formal institutions to facilitate the realisation of their entrepreneurial ambitions. Institutional embeddedness refers to the interconnections between a population and its institutional environment (DiMaggio and Powell 1983). Here I refer to the availability of state agencies and organisations purposely established to assist and support (nascent) entrepreneurs in diverse ways to effectively start and manage their businesses. The national and municipal governments, various advisory bodies and sector associations have tried with varying degrees of involvement to promote small entrepreneurship in general and particularly among immigrants in the Netherlands.

The national governments and the municipalities have set up special programmes. The aim of the special programmes is to make soft loans available (see Wolff and Rath 2000), give advice to new entrepreneurs (help them design a business plan or find a location) or offer ready to use business or marketing concepts. With a view to implementing these special programmes, the city of Amsterdam, for example, opened the Y-markt (a 'tropical bazaar') in 1993. However, the programme failed the following year (Pool 2003). The city of The Hague initiated the City Mondial, walking tours along immigrant businesses in the downtown area (Rath 2002d). These programmes were probably initiated to build and enhance the level of social networks among immigrant entrepreneurs.

Though the Y-markt programme in Amsterdam failed (see Pool 2003), municipal governments did not abandon the policy of promoting self-employment among minorities. Institutions such as 'Ondernemershuis Amsterdam Zuidoost' in Amsterdam, stichting Stabij in The Hague, stichting IntEnt in The Hague were set up and located in the immigrant neighbourhoods to offer services such as coaching and counselling for people starting businesses, help drawing up business plans, providing general business advice, helping to negotiate loans from local banks and running intensive workshops on business management and market research.

In addition the Chambers of Commerce of Amsterdam, Rotterdam and The Hague drew up and implemented an action plan called 'local businesses' to promote and stimulate (immigrant) entrepreneurship. Furthermore, other national level formal institutions such as the The Work department of the Employment Insurance Agency (UWV WERKbedrijf van Uitvoeringinstituut Werknemersverzekering,UWV). This institution was formerly known as the Centre for Work and Income (Centrum voor Werk en Inkomen, CWI) and the Association of Small and Medium-Sized Businesses in the Netherlands (Het Midden-en Kleinbedrijf-Nederland) support entrepreneurs, both natives and immigrants, in the recruitment of employees and the rights of employees respectively. To start with I briefly describe some of the formal institutions mentioned above and their goals regarding (immigrant) entrepreneurship.

1. 'Ondernemershuis Amsterdam Zuidoost' can be translated into English as the Organisation for Entrepreneurs in Amsterdam South East. This organisation was established specifically for residents in Amsterdam South East. It initiates projects which are intended to help new businesses and established entrepreneurs in the Amsterdam South East district implement their business plans. In short, 'Ondernemershuis Amsterdam Zuidoost' helps to provide nascent and extant entrepreneurs with information and professional advice on matters such as funding, promoting and expanding their businesses. It also organises practical entrepreneurship workshops and courses.

2. Stabij is a Dutch acronym for 'de Haagse startersbegeleidingsmaatschappij'. My own translation into English of 'Stabij' is The Hague's Business Starters Guidance Association. It is an organisation established by The Hague city council in May 1997 to provide business guidance to new immigrant entrepreneurs who live, and are preparing to start or have started businesses, in the 'Schilderswijk' and Transvaal neighbourhoods of The Hague. 'Stabij' guides and advises new immigrant businesses in The Hague on how to fine-tune their business ideas, identify markets for the potential businesses, the legal implications involved in the different forms of business, such as the legal implications involved in sole proprietorship, partnership and limited liability company formation and in the acquisition of suitable permits and certificates. 'Stabij' also helps new immigrant business people search for financial help and suitable personnel and, above all, write business plans. These two formal institutions are local-area based and have been specifically established to support immigrant entrepreneurs in certain sub-zones of Amsterdam and The Hague respectively.
3. 'Het Midden-en Kleinbedrijf-Nederland' (MKB-Nederland) is Dutch term for the Association of Small and Medium-Sized Businesses in the Netherlands. This organisation has 135 branches all over the Netherlands. According to 'MKB-Nederland', member companies have between zero and two hundred and fifty employees. Membership is open to anybody who has a business in the Netherlands. It acts as a mouthpiece for members in negotiating policies with the government and other state institutions whose policies affect their members, such as the Tax and Customs Administration (Belastingdienst) and the Employment Insurance Agency (Uitvoeringsinstituut Werknemersverzekering-UWV). It also informs members on several other issues such as the economy, short-term business courses, the use of modern technology for business development and growth. MKB and the banks in the Netherlands jointly organise workshops on financing for its members.
4. The Work department of the Employment Insurance Agency (UWV WERKbedrijf) formerly known as the Centre for Work and Income (Centrum voor Werk en Inkomen, CWI). The UWV WERKbedrijf is a state institution established as a job market platform for employers and (potential) employees. Companies send information on available job vacancies to the UWV Werkbedrijf and individuals searching for vacant job positions apply through the UWV WERKbedrijf. In effect, the UWV WERKbedrijf acts as an intermediary for companies which have vacancies to fill and individuals who are looking for vacant job positions to apply for. It is the policy of the UWV WERKbedrijf that companies and potential employees register their respective information with the centre so that it can put the information in a database which enables them to help match vacant positions with the suitable candidates for selection and

employment. In addition, the UWV WERKbedrijf registers unemployed people for unemployment benefits. MKB and the UWV WERKbedrijf are formal institutions which operate at a national level.

5. Foundation IntEnt (International Entrepreneurs) was set up in 1996, at the request of the Minister for Development and Cooperation, to facilitate the creation of new businesses by entrepreneurial and enterprising migrants. Its services are primarily offered to migrants who wish to set up businesses in their countries of origin. IntEnt has a four-phase programme which includes the promotion and publicity phase, preparatory phase, starting (financing) phase and implementation phase. The IntEnt programme is a comprehensive but modular programme. It comprises assistance right from the orientation phase until the business actually starts and the first period of operations (implementation phase). Each client is offered a tailor-made programme that may consist of one or more modules based on his or her level of preparation. The actual trajectory that has to be followed to enable an individual migrant to start a business can be determined in mutual consultation (ValueChainGroup, n.d.). Strong emphasis is placed on the person's 'own responsibility'. A 'do-it-self' approach combined with a structured self-learning approach is adopted in the preparatory stage.

The above information about IntEnt emphasises support for aspiring migrant entrepreneurs who have ideas on how to start business in their countries of origin. IntEnt projects cover Ghana, Turkey, Morocco, Suriname, Curacao, Ethiopia and Afghanistan. IntEnt provides business advice to the aspiring entrepreneur through information gathering in the country of origin, market research, and it also provides guidance in the writing of a business plan. In addition to the above, IntEnt functions as a guarantor for the financial loan which the aspiring entrepreneur has to raise from the country of origin.

The unusual thing about IntEnt is that, although it is like MKB and operates at national level, it only serves immigrants. Its selection and support activities are geared towards immigrants who want to remigrate and establish businesses in their country of origin. IntEnt is more transnationally focused.

Awareness of Institutional Support.

Using the background information on these formal institutions I first want to establish whether the Ghanaian entrepreneurs were aware of these institutions and their respective activities. I also describe the support which the Ghanaian entrepreneurs received from these formal institutions when they approached them for support with starting their businesses. The research findings shown in Table 5.4.1 state that 67 per cent of the respondents were aware of the Dutch government's policies for promoting self-employment among minorities in the Netherlands through the operations of these formal institutions. To

clarify the awareness of these institutions and their operational activities some respondents mentioned some of these institutions during the interview.

Douglas is one of these respondents who disclosed at the interview that he was aware of the support that some state and municipal institutions give to emerging entrepreneurs. He came to the Netherlands and settled in Amsterdam in 1985. Douglas later worked for an international company as a financial analyst for five years and resigned in 1998 to set up his own money transfer agency in the 'Bijlmermeer' neighbourhood of Amsterdam. Before he took the decision to start his business he contacted the Amsterdam South-East municipality on several occasions to inquire about formal institutions that could offer him advice and support to facilitate the implementation of his business idea. He was directed to 'Ondernemershuis Amsterdam Zuidoost' and the UWV WERKbedrijf for further information and assistance.

Eric is a respondent who became aware of these formal institutions just after he started his business. After completing his secondary school education in Ghana in 1995, Eric migrated to the Netherlands to unite with his mother. He started working as a barber while still at school and continued this work informally when he came to the Netherlands. In 2002 Eric officially registered his business with The Hague Chamber of Commerce. Prior to setting up the business, he was not aware of any formal institutions which could support him to employ skilled personnel for his business. However, in 2003, one of his native Dutch clients told him about the possibility of recruiting skilled workers through the UWV WERKbedrijf. All that he needed to do was to send his request to the UWV WERKbedrijf which would post the job vacancies on a board for prospective candidates to apply.

Table 5.4.1 also shows that 33 per cent of respondents did not have any information about the existence of these institutions. Aikins left Ghana for the Netherlands for a better life in 1989. Since then he has lived in The Hague. Since arriving in the Netherlands Aikins has always intended to become self-employed. However, it never occurred to him to search for any institutional help. Aikins only discussed his intention with a few Ghanaian friends who were supportive of his idea. He started his business without any professional business advice. *"My inability even to think of looking for any professional advisor to guide me in starting the business was attributed to my poor Dutch language skills and none of my close friends fared better in Dutch language. Unfortunately, most of us Ghanaian immigrants in the Netherlands seem less concerned about Dutch institutions and their activities which could be of much help to us. The matters which many first-generation Ghanaians in The Hague usually discuss are the political situation and the economy of Ghana. I can state with some certainty that despite having lived in the Netherlands for several years many Ghanaians have only very scant information and knowledge about the Netherlands"*, Aikins stressed.

Table 5.4.1: Entrepreneurial-related institutions

	N	Per cent
Yes	56	67
No	38	33
Total	84	100

Source: Research data

Formal institutional contribution

As can be deduced from Table 5.4.2, 61 per cent of the respondents who approached these formal institutions for support did receive help. The assistance includes writing business plans, recruitment of workers and business advice. Some of the respondents claim that the nature of their businesses requires help from specific formal institutions particularly in the formation stages.

James owns a money remittance business. He attended the IntEnt orientation programmes to obtain information on how to write a business plan for his money transfer business. Although many entrepreneurs write business plans for the purpose of seeking financial assistance from banks, he needed a business plan as a guide for his business. The IntEnt's training programme helped him to promote his business effectively both here in the Netherlands and in Ghana. In addition, the business plan helped him add a new business line in real estate management for Ghanaian immigrants in the Netherlands who want to build houses in Accra, the capital of Ghana.

Stephen is another respondent who runs a travel agency business in Amsterdam. Stephen's business initially could have encountered a lot of difficulties if he had not received some business training and advice from 'Ondernemershuis Amsterdam Zuidoost'. Business activities such as recording daily cash receipts and having sound budgets were all included in the training programme he followed. *"I can certainly tell others that my business now has efficient business practices due to the training I had from 'Ondernemershuis Amsterdam Zuidoost'",* Stephen disclosed.

Kwasi is a respondent who has owned and run a temping agency in the 'Schilderwijk' area of The Hague since 2001. To run the business without encountering any unforeseeable problems, Kwasi solicited the help of the UWV WERKbedrijf to recruit qualified personnel for his administration. Through the UWV WERKbedrijf he hired an experienced bookkeeper and administrator who managed the business for him. His job was to recruit employees to work through his company for his client-companies. *"At the moment my business is going well and I do not have any of the headaches some other immigrant temping agencies in The Hague are encountering because of the good business practices I adhere to".* The remarks by

these respondents, and perhaps many more, show that the entrepreneurs who sought help from these formal institutions got what they wanted. These respondents are satisfied with the assistance and support they were offered.

However, 39 per cent of first-generation Ghanaian entrepreneurs claim that none of the institutions supported them after they had sought assistance from them. Some of these respondents concluded that these formal institutions were selective in offering both financial and non-financial assistance to nascent immigrant entrepreneurs.

One respondent who shared his disappointments with me is Dickson, after he had visited the offices of Stabij on several occasions for guidance and advice about how to write a business plan yielded no results. Dickson sells mainly African music dvds and cds in The Hague. He contacted Stichting Stabij for business advice and guidance to enable him to write a business plan. One of the business advisors at Stabij planned an interview for him. He visited Stabij's office on three different occasions and met different people each time who told him that the advisor was no longer employed at Stabij and they could not trace his company's information. He registered for a second time and he was told that he would be invited to an interview but this never happened. The respondent concluded that Stabij only provides help to people with Asian origins because every time he visited their offices he saw that only people with Asian backgrounds were being assisted. Stichting Stabij is supposed to help all immigrants who want to start a business in The Hague by providing business advice or support to immigrant entrepreneurs as regards applying for a loan facility from a bank. Dickson concluded, however, that the consultants working with Stabij are selective when it comes to providing their services.

Table 5.4.2: Share of formal institutional support among first-generation Ghanaian entrepreneurs relying on entrepreneurial institutions

	N	Per cent
Yes	34	61
No	22	39
Total	56	100

Source: Research data

Membership of recognised business associations

It is often stated that immigrant entrepreneurs are less likely than native entrepreneurs to become members of recognised business associations such as storekeepers' associations, trade or other

professional organisations (see EIM 2004; see Ministry of Economic Affairs 2005; see Rusinovic 2006). Immigrant entrepreneurs are more often than not enmeshed in their own groups because of the critical role these groups play in the early stages of their businesses. However, some of the respondents have become active participants in business forums, organised by the Chambers of Commerce in the cities where their businesses are sited. Some have become members of business associations while others are also searching for business associations for their businesses to join. In other words, some of the respondents are convinced that being embedded in formal networks can be hugely beneficial for them and their businesses. This is, however, a minority as Table 5.4.3 shows, only 19 per cent of the respondents are members of a formal business association, while 81 per cent are not members of any formal business association. A few of the respondents who opted to become members of formal business associations shared their views, as detailed below.

One respondent in the textile retail business explained why she became a member of a business association. Suzzy migrated to the Netherlands in 1989 and, since her arrival, she has lived in Amsterdam South-East. In 1997 she established a textile retail shop in the Amsterdam 'Bijlmermeer' selling African wax prints, African tie and dye prints, woollen and other materials. She has customers of all nationalities who mostly live in Amsterdam, although some come from other parts of the Netherlands as well. She also supplies two Ghanaian textile retail shops in Dortmund and Hamburg. In 2007, Suzzy became a member of textile retailers association. The association advertises her business via the association's magazine. She has personal contact with other members at meetings when she has an opportunity to introduce people to her business activity. Her business is known and recognised in the Amsterdam metropolis due to her membership of the retailers' association. Customers from Amsterdam and other cities come to buy goods from her shop. Suzzy understands that her membership of the association has helped promote her business much more than she imagined. The association can arrange the services of professional lawyers for its members in an event that any of them encounter problems with their businesses.

Apart from Suzzy, other respondents also realised the need to be a member of professional associations that are relevant to their businesses because of the sensitive and complicated nature of the businesses they own and manage. A case in point is Kay who owns a music/movie production and retail shop in Amsterdam. In 1989 Kay migrated to the Netherlands from Ghana and settled in Amsterdam. Kay acquired a deep interest in, and love for, Ghanaian music and movies when he was in Ghana. In 2002, he established his music/movie retail shop in Amsterdam with his family savings. Initially, he sponsored Ghanaian gospel and more secular music artistes to come to the Netherlands to perform in Amsterdam and in The Hague. In addition, he financed some of the artistes, thereby enabling them to produce new music albums and, in return, buy the copyright from them. Kay expanded his business into the production of Ghanaian movies made both in Ghana and in Europe. Music piracy is on the increase because people

can easily download from the internet free of charge and that has not been good for the music/movie production and retail business. In 2007 he became a member of music/movie production and retail associations both in Ghana and in the Netherlands to help combat music/movie piracy. The association has helped him to protect the movies and music that he produces and since then sales have increased. Although, as a member of the association, Kay pays an annual membership fee, the benefits he obtains far exceed these costs.

Some Ghanaian respondents in The Hague also gave reasons for becoming members of professional business associations. Louisa, who owns a hairdressing salon, became a member of the hairdresser's association known as the 'Algemene Nederlandse Kappers Organisatie' (ANKO). ANKO has helped Louisa to broaden her social networks by embracing new members and partners. Besides that her employees can attend free training and symposia programmes that ANKO organises. ANKO has also arranged a special insurance scheme for her employees and the business premises.

Another respondent who also expressed satisfaction with being a member of the VBM Business Club in The Hague is Charles. Charles left Ghana for the Netherlands In 1990 in order to join his wife who had already settled in The Hague. He completed his General Certificate Advanced Level and decided to enrol in one of the universities in Ghana. However, he changed his mind and chose to go into business. Prior to coming to the Netherlands he was involved in hardware retail. Charles had an entrepreneurial mind and spirit but discovered that it was impossible to start a successful business in the Netherlands without being proficient in the Dutch language. He enrolled in part-time Dutch lessons in the evenings and worked during the day as a factory hand. He claims that he became reasonably proficient in the Dutch language with the help of his wife and their two children. Considering his ambition to become an entrepreneur, and also considering the opportunities available, Charles started an African dish restaurant in The Hague cooking and selling purely African dishes such as 'banku' and 'okra' soup, rice and stew, popularly known as 'joloff', plus a few other meals, to clients who were both Africans and Europeans. With a view to increasing the number of clients and his restaurant's popularity, Charles joined the VBM Business Club The Hague. This is a social network platform for entrepreneurs and their businesses. "*Being a member of VBM Business Club has helped increase the number of non-Africans who dine at my restaurant*", Charles explains with a smile.



The Swinging Safari; according to its website “the best African restaurant in Den Haag”

As Table 5.4.3 also shows, the majority of immigrant entrepreneurs do not belong to any association. The reasons the entrepreneurs gave for not being members of any professional trade or business associations are that they do not consider it important and necessary, attending meetings is time consuming, they are unable to pay monthly fees without any immediate benefits and that their businesses are not making enough profit. However, a few of these respondents expressed their desire and willingness to become members, provided they could find the appropriate associations. One of them is Evelyn. In 1995 Evelyn established her business in The Hague. She retails imported food and exotic meat items from Ghana. Since 2002 Evelyn has expressed her desire to become a member of a professional association of retailers which could come to her aid whenever her business faced legal and financial problems, but she has not been able to find any in The Hague. All the retailer associations she approached belonged to Turks and Moroccans. Through effective coordination these ethnic associations have had visits by representatives of the Chamber of Commerce in The Hague who came to talk to them about new business laws in the country, new business opportunities and how to access credit and also strategise to attract customers. Evelyn could not become a member of any of these associations in her neighbourhood because the members communicate mostly in Arabic or Turkish. Evelyn contacted some Ghanaian and Nigerian immigrant entrepreneurs and suggested that they set up a foundation to cater for their business ideas. However, the level of apathy among the African entrepreneurs meant this plan never materialised.

Table 5.4.3: First-generation Ghanaian entrepreneurs and their membership of recognised business associations

	N	Per cent
Yes	16	19
No	68	81
Total	84	100

Source: Research data

Entrepreneurs who were unable to receive formal assistance to set up their businesses had to rely on their informal social networks which involved family, friends, ethnic associations and churches. The next section deals with the informal assistance entrepreneurs received through their social networks.

5.4.2 Informal social capital for non-financial resources

Informal social networks consist of family, friends, acquaintances and co-ethnics. The ability of first-generation Ghanaian entrepreneurs in the Netherlands to obtain scarce resources from members of their informal social networks to start their businesses is defined as informal social capital. Many immigrant entrepreneurs are able to run and succeed in their businesses by usually using cheap family as well co-ethnic workers (Waldinger et al. 1990: 141; Kloosterman et al. 1998; Rusinovic 2006: 82; Nkrumah 2016: 166).

With respect to the research findings, the subsequent sub-section describes how the Ghanaian immigrant entrepreneurs have used their informal social capital in diverse ways to start and manage their businesses.

Source for a business idea

Businesses large or small start with an idea. A business idea becomes a reality through the persons the potential entrepreneur shares the idea with, or the person even suggested the idea to the entrepreneur. Networks and social relations are found to be of great value in the entrepreneurial process especially in the business venture creation (Casson and Giusta 2007: 230). In other words, a (nascent) immigrant entrepreneur's ability to make a business idea into a business can be influenced greatly by the existing social network and the entrepreneur's ability to use the emerging social capital in many and diverse ways. With regard to business idea generation the chapter primarily deals with how first-generation Ghanaian entrepreneurs obtained assistance from members of their informal social network to turn their business ideas into businesses. The assistance was received in varied ways namely through conversation, advice

and suggestions. Surprisingly, (N=28) respondents were assisted in their business idea generation from their informal social networks. In other words, 67 per cent developed their business ideas all by themselves. As Table 5.4.4 indicates, 15 per cent of the respondents' family contributed to making their business idea become a reality.

Table 5.4.4: The origin of business idea of first-generation Ghanaian entrepreneurs

	N	Per cent
Family	13	16
Friends	11	13
Ethnic association*	4	5
Own idea	56	67
Total	84	100

Source: Research data

*Ethnic Association consists of hometown associations and Ghanaian churches.

One of the respondents who disclosed that the encouragement of his father-in-law made him establish his bicycle retail and repair business is Kabiru. Although Kabiru had no previous experience with repairing defect bicycles, he quickly acquired the necessary skills as an apprentice in his father-in-law bicycle repair business. With the skills he learned, he even began repairing bicycles for friends from his home. Kabiru's father-in-law suggested the idea of starting the same business as him because he was convinced Kabiru could do a high-quality and efficient work. *"I came from a family of business people but they all worked in the retail sector. My father-in-law introduced me to a different profession and a business I really like and enjoy"*, Kabiru disclosed.

Besides family members who helped some of the respondents with the business idea, the table also shows that 13 per cent of their friends helped them either to think up an idea or even suggested the idea of starting a business. One of these respondents is Ivan. In 1998 Ivan migrated from Ghana to the Netherlands to start a new life in Europe. He settled in The Hague. He owns a mobile phone and communication centre in the city which he bought from the former owner who was also his employer. His former employer owned the business but decided to relocate to Poland. Ivan's former boss made him a manager of the business for a period and was impressed by the profit Ivan earned for the company within six months. Besides that the boss was impressed with the skills Ivan had acquired since he started working for him in 2007. Outside the official business activities Ivan's boss also became his personal friend and suggested that he (Ivan) should buy the business from him. Ivan's boss asked him to buy the

business on credit and repay the total costs of the business in 2-year monthly instalments. Consequently Ivan became the actual owner of the business in 2011 after making full payment of the debt in 15 months. It is not uncommon for Ghanaians in general to look for different kinds of support from their friends apart from the initial support they receive from family members. In her study paper on Asante transnational relations Mazzucato (2003) tried to discover who a friend is in the context of the respondents, and what that means for Ghanaian immigrant residents in the Netherlands. In an interview with more than eighty Ghanaian immigrants in the Netherlands, Mazzucato (ibid.) observed that 11 per cent would use their friends to help them build houses in Ghana. Her findings invariably show the importance of friendship within the cultural context, especially regarding the reciprocity of trust which goes beyond kin relationships.

As can be seen in Table 5.4.4, 5 per cent of the respondents were helped by Ghanaian ethnic associations and churches to generate their business idea. The figure seems relatively insignificant but nevertheless illustrates the importance of these ethnic organisations, not only as groups that socialise or offer spiritual support to their members but also as a platform to help members generate business ideas which ultimately turn into businesses. In other words, the Ghanaian ethnic organisations are multifunctional in their purpose.

To specifically illustrate this Kwasi said that the idea to start his business came from his wife and was supported by members of his hometown association. Kwasi said the encouragement and the motivation to start an employment agency in The Hague came from the 'Bonokyempim' association, which is a tribal association with members from the Bong-Ahafo region of Ghana. His wife casually suggested the business idea to him. The members of 'Bonokyempim' to which he belongs encouraged and urged him to start an employment agency when the idea cropped up during a conversation while some members were visiting his home. One of the members promised him he would talk to the boss of the company where he worked about the possibility of getting him a contract. *"To be honest, the idea to become self-employed never entered my mind"*, Kwasi explained.

Finding personnel

First-generation Ghanaian entrepreneurs used different sources of informal social capital to find employees for their businesses. These included family, friends, ethnic networks of Ghanaian churches and hometown associations. According to Zorlu (1998:145), an informal way to find employees is through an entrepreneur's own network.

Table 5.4.5 below shows that three quarters of the 84 respondents recruited workers for their businesses from different sources, with 40 per cent recruiting workers through the Ghanaian churches and hometown associations in the cities where the businesses are located. The above findings show that Ghanaian

churches and hometown associations are important sources of personnel for Ghanaian businesses. Ghanaians abroad have formed different social groups, clubs, networks and associations which bring together Ghanaians with a common interest (Owusu 2000). These networks typically and mostly involve Ghanaians who share a common background by coming from the same traditional area, town or village and/or belonging to the same tribal/ethnic or religious group. The main objective of these ethnic associations is to help members settle well in the new country. They act as the channels through which newcomers find work, housing and other social and spiritual support.

With regard to the church as a source of social capital, a small number of studies have been done (Calland 2000). In their classic presentation of the bases of ethnic solidarity Bonacich and Modell (1990: 236) proposed that a key aspect of the relationship between religion and social capital is the idea that 'religion is not only a set of beliefs and cultural practices, but that it is also a set of social relations'. Besides providing spiritual support for their members, the Ghanaian churches in the Netherlands have, like the home associations, helped members to get jobs, housing and, in some instances, promote self-employment.

One respondent who lauds the church for its socio-economic support is James. In 2000, James established a money remittance agency in The Hague. After his Master's degree he decided to become self-employed after all his job applications were turned down. However, James was unsure how the business could be successfully started. On the advice of his Pastor, James recruited two church members who assisted him to promote his company through visits to other churches and the gatherings of hometown associations in The Hague. *"The relentless support from my Pastor and the employee-members of the church was instrumental for the smooth start of my business"*, James asserted

Eric is another respondent who relied on this source to recruit a skilful worker. He has a barber shop in The Hague and, when he started the business, he saw that he could not work alone. Eric asked people to help him recruit a barber from the Ghanaian community to help in the business. According to him he was able, within a few weeks, to employ somebody from the 'Asantemankuo' (Ashanti) ethnic association of which both he, as the employer, and the employee are members.

As the table also shows, 15 per cent of the entrepreneurs who employed workers for their businesses used their family members. Kwadwo, for example, has retail shops in tropical foods and exotic meat products both in Rotterdam and in The Hague. In 2009, when he opened the shop in The Hague, Kwadwo could not find a trustworthy person to manage the shop while he mostly managed the shop that had already been established in Rotterdam. Kwadwo contacted his cousin Joyce who found a Ghanaian co-ethnic, who Kwadwo employed to manage the shop without much problem.

"Without the assistance of my wife in finding the two industrious workers I now work with, my business could have run into serious problems". This was the open statement Davis made when he was questioned

about how he found his workers. Davis started a folders and flyers distribution business in Amsterdam in 2000. The supplier company assigned more flyers and folders than he had initially expected, so he had to employ two additional hands from the start of the business. Thanks to his wife's timely intervention, Davis immediately found and recruited two reliable Ghanaians in Amsterdam to help.

While some of the respondents sought assistance from ethnic networks and family to find their workers, several others used their friends. As can also be deduced from Table 5.3.5, 25 per cent of the respondents who recruited employees relied on friends. In 1980, Peter migrated from Ghana to the Netherlands. In 1991 Peter moved his family to Rotterdam after living in The Hague for eleven years. In 2006 Peter started a facility services business in Rotterdam. For the first six months he worked alone since he only had a small project. Unexpectedly he was awarded contracts both in Rotterdam and The Hague and, as a result, he urgently had to find skilful workers to employ. Joe, a friend in the same business, helped him to find hardworking employees for a new job contract which was too much for him to do alone.

A few of the respondents mentioned that they used both formal and informal sources to find their employees. The table also shows that about 8 per cent of the respondents used mixed social networks to recruit their employees. Kwame owns an air travel agency in Amsterdam which he set up in 1993. Since most of the company's activities are done using the computer, and, require employees to have an excellent command of Dutch Kwame initially recruited an employee via the Tempo Team Uitzendbureau temping agency. He also recruited two other employees through the 'Asantemankuo' and the Amsterdam Pentecost church. Both formal and informal sources actually helped him find the suitable workers for his business.

The same Table 5.4.5 also shows that 12 per cent of the respondents ("other") did not use either informal or formal sources to find their personnel. Some of these respondents stated that their businesses were formally registered as 'businesses without personnel' and that they were therefore not allowed to recruit workers. In addition to this their business activities were just enough to keep them occupied on their own. In 1980 Emmanuel migrated from Ghana to Libya to work for an oil company. He lived in Libya with his family for ten years. In 1991 he migrated from Libya to the Netherlands and settled in The Hague. With the experience and skills he had acquired in Libya, Emmanuel started a small company in 2008 working as a handyman doing occasional domestic repairs and minor renovations. He registered the company as a business without personnel for two reasons. The nature of the work he does includes painting, building new rooms and new spaces in houses, minor repairs to refrigerators and making wooden floors. The work is too technical for people without similar skills and experiences to perform. Another reason is that Emmanuel's company is small and does not earn him enough to recruit and pay a worker. *"My company's earnings are just scant at the moment and I don't need any helping hand"*, Emmanuel explained.

Table 5.4.5: Sources used by Ghanaian entrepreneurs to find personnel

	N	Per cent
Family	13	15
Friends	21	25
Ethnic networks	34	40
Mix of informal and formal networks	6	8
Other	10	12
Total	84	100

Source: Research data



A Ghanaian entrepreneur selling African waxprints and cosmetic products

(Un)-paid personnel

This part of the chapter provides an overview of first-generation Ghanaian entrepreneurs in the sample with paid employees. It also describes the mode of payment, whether informal or formal. Formal payment simply denotes that the employer (the entrepreneur) officially pays the employee's income taxes to the Tax and Customs Administration (Belastingdienst) of the Netherlands, while informal payment is when an entrepreneur deliberately withholds the official and legal taxes for payment to the Tax and Customs Administration (Belastingdienst) of the Netherlands. Entrepreneurs who virtually pay no monetary remunerations to their employees are also examined.

As can be seen in Table 5.4.6, about two thirds of the entrepreneurs have paid employees (both formally and informally paid). The table shows that more than one third of the entrepreneurs with paid workers pay them informally. One of these respondents made the remarks below to confirm that he pays his employees informally. He produces and retails Ghanaian and other African music and movie dvds and cds in The Hague. He later added the retail of Ghanaian exotic food and cosmetic products because he realised that this line of business was lucrative. He could not manage the new business unit very well so he employed two workers and paid each of them 700 euros per month. He paid them informally because he could not afford to pay the workers formally due to the taxes involved. Although he risked his business success by employing these workers off the books, he asserted that any business venture by itself has inherent risks and this is one of them.

Another respondent is Agnes. In 2006, after realising she could not fulfil her economic dreams in Africa, she migrated from the Ivory Coast to Netherlands and settled in The Hague. In 2008, with the financial support from her fiancée, she started her hairdressing salon in the heart of The Hague. Agnes employs two trained hair stylists on a part-time basis who are also co-ethnics but she pays them informally. Agnes does not pay taxes on their wages since, according to her, it is more important to use that money to re-invest in the business.

However, there are other respondents who do pay their workers formally. The same Table 5.4.6 indicates that 29 per cent of the respondents with employees pay them formally. Some of the respondents have indicated their reasons for hiring their employees in accordance with the Dutch laws. One of these respondents is Edward. In 1998, Edward started his cleaning business in Haarlem, after having worked for a cleaning service company for ten years. A 'clean businessman' only recruits people who are properly and legally documented and have permits to work in the Netherlands, Edward advised. Though it was easier for him to employ co-ethnics, he noticed that some of them who came looking for work were illegal immigrants. Edward pays all his employees formally, implying that all their taxes are paid on time to the Tax and Customs Administration (Belastingdienst). He also pays their annual holiday money and pension funds according to the Collective Labour Agreements (CAO) pertaining to the

cleaning sector. *“Although paying all these monies takes away all the expected profits, it is better to oblige than to get into the trouble which most immigrant entrepreneurs find themselves entangled in”*, he intimated.

Another respondent who claims to be careful not to be punished for breaking the law is Stephen. Stephen started his travel agency in Amsterdam in 2000. Although all his employees are co-ethnics, he practices sound management in his business. By this he means he employs the workers formally and pays all the necessary wage taxes and other business-related taxes. Some Ghanaian businesses do not exist for long because of their flawed business practices. Sooner or later they get caught by the system and are forced to close down. Stephen mentions that he has been advising some friends and acquaintances who are in business to work strictly within the confines of the Dutch tax and labour laws to avoid trouble.

About a third of all the respondents claim to have no *paid* employees, which does not necessarily mean that they run the businesses all alone. These respondents use the services offered by family, friends and co-ethnics who are mostly rewarded in kind. Ivan Light (2004) observes with regard to ethnic ownership economy that about two-thirds of personnel in ethnic ownership economies are owners or unpaid family members, not employees.

One respondent who uses the services of two co-ethnics without rewarding them in monetary terms is Ama. In 1997 Ama migrated from Ghana to the Netherlands for family re-union purposes. In 2012 she formally established her retail business in the ‘Schilderswijk’ neighbourhood in The Hague. She sells imported Ghanaian foodstuffs and exotic meat products, as well as cosmetics and textile wax prints. Her husband and a friend help her to run the business. Ama does not pay them in cash for their services because the profit is for the upkeep of her family. She pays her friend in kind with foodstuff and imported exotic meat from Ghana. Ama’s case is an example of how some employees are paid in kind. In other words, rewards to these family members and friends are in non-monetary terms such as gifts. According to Sanders and Nee (see 1995) business owners employ family members because they may be cheap and committed to the business. Embodying social capital, families normally enjoy internal relationships of trust, solidarity, and moral community which greatly facilitate concerted economic action (Sanders and Nee 1996: 237).

The conclusion drawn from Table 5.4.6 is that 71 per cent of the respondents indulge in informal activities. Most of the respondents make use of the services of the family, friends and co-ethnics without paying official wages as well as without paying taxes and other social premiums which the labour laws require to be paid to the treasury. However, as the empirical results in Table 5.4.6 also indicate, more than a quarter of the 84 respondents have engaged the services of both co-ethnics and other employees formally, that is, they paid them officially in accordance with Dutch labour laws and also honour all their tax and social security obligations.

Table 5.4.6: (Un)-paid personnel of the Ghanaian entrepreneurs

	N	Per cent
Informally paid	31	37
Formally paid	24	29
Unpaid	29	34
Total	84	100

Source: Research data

5.5 Transnational Embeddedness of First-generation Ghanaian Entrepreneurs

The business investments and activities of some immigrant entrepreneurs transcend the borders of both the home and the host countries. These entrepreneurs are transnationally active. As stated before, the concept of transnationalism refers to the multi-stranded social ties of migrants linking the country of origin with those of destination. These linkages illustrate the fact that immigrants build and maintain social networks across geographic, cultural, and political borders (see Basch et al. 1994:6). Transnational involvement includes economic ties, such as economic investments by migrants in the country of origin. But it also entails cultural and religious ties such as homeland-based cultural and religious organisations that set up branches in the country of settlement. Immigrants can also be politically transnational involved, this includes for example the mobilisation of migrants by homeland political parties and social movements or the diffusion of homeland-based conflicts to the migrant community abroad (Foner 2001; Levitt 2001; Portes, Haller, Guarnizo 2002). Ghanaian migrants living abroad, for example, are forced to maintain ties to relatives, friends and social institutions and invest at home as a means of gaining social recognition back in Ghana (see Tonah 2007).

By contrast, transnationalism in an economic sense and considered at a micro level as well, indicates that some individual immigrants establish business activities which link them with their places of origin, either by exporting goods to home countries or importing indigenous products from their home countries to sell in their new home country, or by establishing businesses in their home countries to be managed by their family, friends or business partners and also as a means of providing financial support to family in the home country (see Portes, Haller, and Guarnizo 2002; Aldrich and Cliff 2003; Kariv et al. 2009). These entrepreneurs operate both locally and in a global context (Light 2005: 661). The number of transnational entrepreneurs has been growing and this has become possible as a result of the existence and the availability of many options of new technologies which have helped to lower costs (see see

Portes 2000; Rusinovic 2006). In the past it was not easy for entrepreneurs to be transnationally active, as the costs of regular travel to the home country and back were exorbitant, if not impossible.

The opening case of this chapter amply describes the transnational activity of some first-generation Ghanaian immigrant entrepreneurs in the Netherlands. Information in this research has clearly shown that some entrepreneurs founded their businesses in the Netherlands based on the pre-migration business experiences in Ghana. These respondents either established their own businesses or worked in the family businesses before they migrated. In addition, the available information shows that some of the entrepreneurs, especially those involved in the retail of food and music and movie products, import their products from Ghana. In addition, some Ghanaian entrepreneurs depend on the home country as the market destination for their activities. According to Snel et al. (2006) this illustrates how immigrants use their contacts and associates in their country of origin for their businesses. The relevance and importance of these transnational networks is explained in more detail in the next section.

Transnational business ties with Ghana

Transnational networks involve activities which bridge national borders usually carried out by immigrant entrepreneurs with home countries (Saxenian 2002; Salaff et al. 2003; see Kariv et al. 2009). To know whether these respondents were involved in transnational networks, the respondents were asked about their contacts in Ghana. Any contacts with the family, friends and community left behind in Ghana is assumed to be important especially for import/export businesses which some of these respondents have started in the Netherlands.

The respondents mentioned several reasons for becoming transnationally involved with Ghana. The first of these is economic. Specific products from Ghana, such as food and music, are relatively cheap and respondents earn a greater profit on these in the Netherlands. Goods such as electronics and used cars exported from the Netherlands for sale in Ghana are considered by the Ghanaian consumer market to be of higher quality and therefore attract better prices than the same or similar goods which Ghanaians import from Asia. The second reason is as a strategy to remigrate. Entrepreneurs who have business investments in Ghana want to continue with the Ghana businesses while at their prime or into old age. As can be seen from Table 5.5.1, 49 per cent of the respondents have contacts with their networks in Ghana. Some of them have established second businesses in Ghana, some of them import most of the goods in their shops in the Netherlands from Ghana and others - by the nature of their businesses - only have Ghana as their main market (the details are in Table 5.5.2). These entrepreneurs travel either regularly or occasionally to Ghana for business reasons. Hence, these entrepreneurs are considered to be transnationally active as far as business is concerned. Some of these respondents who are not economically active transnationally probably have transnational ties with relations in Ghana for socio-

political reasons.

Some of the respondents indicated that their contacts with Ghana are regular and relevant for their businesses in the Netherlands and for their future economic investments. The regularity of these contacts has been facilitated by the availability of long-distance cheap communication through telephone, internet, electronic mail, cheap and regular air flights (Portes et al. 1999; see Zhou 2004; see Rusinovic 2006).

Jerry, for example, is a respondent who owns and runs a retail business in food and other exotic meat products imported from Ghana. He mentioned during the interview that his initial capital for the business came from his father. In addition he operates a business whose activities oblige him to make regular calls to his father, who also acts as his prime financier and procurement agent to inform him about the state of the business.

Table 5.5.1: Ghanaian entrepreneurs' transnational Ghanaian business ties

	N	Per cent
Yes	41	49
No	43	51
Total	84	100

Source: Research data

Ghana business activities

All the 41 respondents who have transnational ties in Ghana mentioned the economic importance of Ghana for their businesses in the Netherlands. The nature of the transnational activities these respondents are involved in with Ghana are analysed in Table 5.5.2 and these include products imported from Ghana (the supply source), products or goods exported to Ghana for sale (the market)⁶ and business investments. It can be read from Table 5.5.2 that 34 per cent of the 41 respondents who are involved in transnational business activities have business investments in Ghana. These business investments include a second business, a commercial housing, transportation services and farming projects.

One of these respondents is Kojo. In 2003, Kojo's mother in Ghana provided him with the initial capital to start his barber shop. An amount of 20,000 euros was given to Kojo on the condition that he would make profits and invest part of the profits in a business in Ghana. Following on from, and fulfilling, his promise to his mother he has built a modern house in his hometown for the family. In addition he has invested in a cement blocks factory in his hometown, which employs fifteen young men in the town.

Kojo keeps regular contacts with his family in Ghana to stay up-to-date on progress at the company in Ghana.

Bernard is another respondent who maintains regular contact with Ghana because he has a second business there. Bernard established his air travel ticket agency in The Hague in 1997. Since 2006, he has visited Ghana twice a year and stays for six weeks on each occasion. This has become necessary because he has established a petroleum-product business in Kumasi. The second business is his strategic business because he has invested a lot of financial capital in it. These respondents and others are transnationally embedded because of the diverse investments they have in Ghana which means they need to maintain strategic and sustained contact with Ghana.

As Table 5.5.2 also shows, one third per cent of the entrepreneurs either import or export goods from and to Ghana. Joyce migrated to the Netherlands in 1985 and initially settled in Dordrecht. She moved again to Rotterdam after a painful divorce. Having obtained her legal residence permit in 1990, she worked as a factory hand with a manufacturing company in Rotterdam for seven years. All the time she was planning to start her own business and, in 1998, she opened a retail shop selling Ghanaian food and exotic meat, African custom-made textiles and cosmetics. Prior to starting the business Joyce travelled to Ghana and, with the help of her sister who later became her procuring agent in Ghana, she acquired a depot to store foodstuffs such as tubers of yam, smoked fish and smoked 'bush' meat before shipment to the Netherlands. Doing business with Ghana enables her to obtain the quality products she needs, as well as getting them at much cheaper prices.

These stories do not, however, mean it is possible to conclude that every respondent who contacts their transnational social networks do with the purpose of investing in a project or uses Ghana as source of supply. Importantly, Ghana rather becomes the market for the businesses for other respondents. As the Table further indicates, 15 per cent of those who are transnationally embedded have Ghana as the market destination for their businesses.

One such respondent is Yaw. In 2004, Yaw opened a shipping business in The Hague. Yaw ships automobiles, used and new clothing and house appliances for his co-ethnics to Ghana. Besides that, he buys used refrigerators and gas cookers from the Netherlands and sells them in Ghana. He regularly ships these items to Ghana because the sale of used home appliances such as these in Ghana earns him a lot of money. Yaw regular calls and contacts his customers in Ghana because he wants to find out about items which are in high demand in Ghana. He also maintains regular contact with his clearing agents in Ghana who might be involved in clearing the vehicles and other products shipped to the Tema and Takoradi seaports of Ghana.

Table 5.5.2: Ghanaian entrepreneurs' transnational business activities

	N	Per cent
Business investments	14	17
Supply source	14	17
Market	13	15
None	43	51
Total	84	100

Source: Research data

*The goods exported from the Netherlands are sold in Ghana.

** Not transnationally involved.

Ghana networks relevant for the entrepreneurs' business(es)

This part of the chapter focuses on those in Ghana who matter to the respondents' businesses in the Netherlands or their business activities in Ghana. These relevant networks include the family, friends and business contacts who run their second businesses in Ghana, act as their procurement agents for goods meant for the businesses in the Netherlands, or act as clearing agents for goods shipped from the Netherlands for the Ghana market. These relevant people become the representatives or 'proxy owners' of their businesses or business activities in Ghana.

As Table 5.5.3 indicates 61 per cent employ a family member either to procure the products for the businesses in the Netherlands, or to run their business activities in Ghana. This conforms to the norms of the Ghanaian culture, where a relatively well-to-do family member is morally obliged to support the less fortunate member of the family financially, materially and emotionally. In return, the rest of the family is morally obliged to offer their support to the family member who makes an economic investment and contributions for the mutual benefit of all the family members. As a further illustration of this point of collective responsibility, some respondents expressed their views on this issue during the interviews.

In 1978 Fanny migrated directly from Ghana to the Netherlands for family re-union purposes. In 1998 she started her retail shop in The Hague selling Ghanaian foodstuffs, exotic meat products and custom-made textiles and wax prints to African immigrants in The Hague. In 2004 Fanny opened a second retail shop in Kumasi which her own sister manages. *"I opened a retail shop for my sister to manage with the sole purpose of helping my family members there to help themselves"*, Fanny disclosed. Bernard, another respondent has a petroleum-product business in Ghana which is managed by his elderly brother.

By contrast, other respondents prefer to employ their friends. The table shows that 12 per cent of the respondents have engaged friends to oversee their economic investments in Ghana. In this context a friend is somebody who a respondent has known for a long period of time and both have built a trust-

based relation together for many areas of their lives. A friend is either a long-time friend from elementary school or secondary school, or surprisingly, a person someone met relatively late in one's lifetime. A friend is generally someone who the person involved in the relationship regards as a 'good' person (see Mazzucato 2003).

There are various reasons for Ghanaians to involve their friends in a project in Ghana or to ask for assistance from a friend. Family members might have disappointed the investor through embezzlement of funds meant for a project. The friend is used to create room for autonomous decision-making within a context of kin relationships and also as a means to ignore the needs of family members in times of business start-ups. Several researchers have emphasised the importance of trust in personal relations and in economic performance (see Granovetter 1985; Fukuyama 1995; Putnam 2000; see Mazzucato 2003; see Rusinovic 2006) and this is clearly exemplified in the Ghanaian context.

Kojo is one of the respondents who stated that, though his mother is the overall boss of his block making business in Ghana, his best friend from infancy manages the business. Both of them have been friends since childhood, attended schools together and sometimes ate and slept in one another's house. It was his friend who supervised the legalisation of all his resident permit documents with the Netherlands embassy in Ghana, while he was already in the Netherlands. Kojo and his friend are so intimate that they see themselves as more than blood brothers. He feels more secure when his friend does anything for him than even his own family members. Kojo's remark emphasises trust and supports Woolcock (2001:13) who argues that trust can best be seen as a consequence of social capital over time.

Apart from relying on family and friends for their transnational economic activities in Ghana, some respondents use their formal business contacts. Business contacts involve parties with only business motives and transactions. These include Ghanaians or formal Ghana institutions whose services are hired by some of these respondents to transact an economic activity on their behalf in Ghana. As the table also shows, 27 per cent of the respondents prefer to use their business contacts in place of family or friends. The advantage of using business contacts in doing business is that the business relationship between the owner and employee becomes more formal and more business-like which usually involves formal contractual agreements between the two parties.

Douglas is one of the few respondents who engage the services of a business contact in Ghana. Douglas operates a money remittance agency which has obtained an exclusive licence from a Ghanaian bank to which recipients of money sent by family members in the Netherlands go to withdraw. Douglas pays a quarterly commission to the bank for the services they provide to his clients in Ghana. Douglas affirms that doing international business with formal and recognised institutions allays the fears of fraud which is a perennial socio-economic problem in most African countries including Ghana.

Table 5.5.3: Ghanaian networks relevant for entrepreneurs' business(es)

	N (Total=41)	Per cent
Family	25	61
Friends	5	12
Business contacts**	11	27

Source: Research data

*Ghana Relevant Networks

5.6 Conclusion

This chapter looked at the supply side of first-generation Ghanaian immigrant entrepreneurs in the Netherlands. This includes their human, financial and social capital. For an elaborate understanding of each of the three different forms of capital which these respondents employed to set up their businesses in the Netherlands, each of them was described separately in a brief literature overview, which was followed by the empirical findings based on the interview. The first section deals with the human capital of the respondents. The human capital included their educational background, skills and pre-and post-migration (business) experiences which enabled them to set up their own businesses in the Netherlands. According to the interview findings, all the respondents are educated and can therefore read and write. Their level of human capital distinguishes them from most of first-generation Moroccan and Turkish immigrants who were barely educated before they migrated to the Netherlands. Some respondents acquired skills and experiences from the different jobs they did before becoming self-employed. Other respondents did some courses to improve their human capital to enable them establish their businesses. In addition, some of the respondents understood the importance of computer technology for their businesses and therefore acquired computer literacy skills through self-study or from a formal school setting.

The findings show that only a few first-generation Ghanaian entrepreneurs are fluent in the Dutch language, that is, they are able to read and write Dutch well. However, a significant number of the respondents have a good command of spoken, but not written, Dutch. The difference here is that, in everyday conversation, most of them can express themselves well in what may be termed as 'street' Dutch but not 'working' Dutch. The findings also indicate that the respondents who are fluent in Dutch language probably those who have lived in the Netherlands for several years. The respondents' ability to improve their Dutch language skills in combination with the better command of English that most of them already have, is more likely to give them a better access to the Dutch economy to enable them to

set up businesses with a mainstream character given their educational background. A potential benefit and advantage that first-generation Moroccan and Turkish entrepreneurs would scarcely have.

Since most of the respondents did not have satisfactory Dutch language and computer skills, they mostly relied on their pre-migration experience, good English language skills and informal financing to start their businesses.

About half of the respondents indicated that they were engaged in some form of self-employment activities prior to migration. In the period between 1980s and the early 1990s, when most of the respondents left the shores of Ghana for the Netherlands and other Western countries, the Ghanaian economy was almost bankrupt and cash strapped. The only practical way most of the citizens could then survive was to be involved in multi-economic activities. Upon arrival to the Netherlands some of first-generation Ghanaian immigrants who got a foretaste of self-employment were eager to become self-employed. The diverse economic opportunities for self-employment that the Dutch economy created and churned out in the 1990s became a catalyst for some of the Ghanaian immigrants to set up their own businesses.

With regard to business financing the chapter shows that most of the respondents used informal means to start their businesses. In other words, besides using their own financial resources, they borrowed money from family and friends. Although a small minority was able to obtain formal financing from the bank, informal financing appears to be the most reliable source of business financing of other immigrant entrepreneurs, such as Moroccans and Turks as well, who resort to borrowing from family and friends to set up their businesses.

Reasons usually advanced to support lending from the informal sources include low interests, flexible repayment schedules, the banks' refusal to give loans to immigrant business owners due to the paucity and non-convincing business plans which most of the entrepreneurs present, or because of the lack of a strategic basis of the businesses which most of them start which the banks then expect to fail a few years after the start or even during the gestation period. First-generation Moroccans and Turkish, who are predominantly Muslims, also cite interest payments on loans obtained from the banks as being a problem because they represent usury which their religion forbids (see Taner 2002; see Rusinovic 2006).

The respondents' over-reliance on their pre-migration human capital to set up businesses in the Netherlands to the neglect of post-migration human capital development probably limited their potential for assessing the Dutch mainstream market beyond that of the ethnic market. The resources that immigrants possess combined with the available business opportunities and facilitated by the Dutch business laws and policies are critical for immigrants to be pulled rather than pushed to set up businesses. Chapter 6 reveals whether or not first-generation Ghanaian entrepreneurs were pulled or pushed toward self-employment. State institutions must be proactive in enhancing the skills of the

supply side of entrepreneurship that is, by providing and promoting compulsory Dutch language classes, computer skills training and basic business courses to the immigrants. This will go a long way towards honing the inherent entrepreneurial abilities of some immigrants.

The empirical results in Chapter 5 clearly indicate that first-generation Ghanaian entrepreneurs in the Netherlands have used their embeddedness in social networks to start businesses both in the Netherlands and in Ghana. Although the empirical results indicate that they accessed more resources through informal social networks, they also sought help from formal social networks. In other words they relied on both the formal and informal social networks. This empirical result agrees with the findings by Rusinovic (see 2006) who concludes that first-generation immigrant entrepreneurs, which obviously include Ghanaians, Moroccans and Turks, also depended on formal social networks to establish and operate their businesses. Some of the formal institutions that respondents contacted for information and support to start their businesses include the 'Ondernemerhuis Amsterdam Zuidoost', the Association for Small and Medium-Sized Businesses (MKB) Holland, IntEnt, The Hague, UWV WERKbedrijf, Stabij and a few others. For example, 'Ondernemershuis Amsterdam Zuidoost' and 'Stichting Stabij' in Amsterdam and The Hague respectively have generally helped (nascent) immigrant entrepreneurs with business advice and training on how to write a business plan. The Centre for Income and Work (CWI)/UWV WERKbedrijf has also contributed to the employee selection and recruitment process for some of the Ghanaian immigrant entrepreneurs and IntEnt is instrumental in promoting Ghanaian business investments back in Ghana.

This chapter shows that many first-generation Ghanaian entrepreneurs have made less use of these institutions to obtain the required information to start their businesses, since only a few entrepreneurs have, for example, used the services of /UWV WERKbedrijf. Apparently, Ghanaian immigrant entrepreneurs have resorted more to the informal social networks for their business start-ups. These informal social networks include members of their family, friends and Ghanaian hometown associations and churches to generate business ideas, to find and recruit personnel and to involve them in their transnational economic activities. Although the Ghanaian hometown associations and churches are formally registered entities in the Netherlands, these organisations have informalised their operations in support of a sizable number of their members.

Apart from the fact that the respondents own the businesses, some of them decided to become entrepreneurs through conversations with family, friends and at hometown association meetings with their co-ethnics. The empirical findings indicate that one third of the respondents stated that it was their informal social networks which gave them the idea to become self-employed. This statement shows that Ghanaians are a bonded community and are always coming up with ideas about finding their own ways and means to assist and support one another to develop themselves socio-economically.

Since most of first-generation Ghanaian entrepreneurs use informal networks to find and recruit personnel, the following conclusions can be drawn. It is most likely that a disproportionate number of their employees are Ghanaians, including family, friends and other co-ethnics. Some of these entrepreneurs also pay their employees informally. In other words they are paid without any official documentation and without tax payments to the Tax and Customs Administration (Belastingdienst). (Belastingdienst).

First-generation Ghanaian entrepreneurs used their informal social networks beyond the borders of the Netherlands. The empirical results indicate that about half of the total respondents are involved in transnational business activities with Ghana. Some of the entrepreneurs have made their family members their financiers, buyers and advisors of their businesses in the Netherlands. The empirical results showed that one third of the respondents have established second businesses and made other investments in Ghana. These entrepreneurs have placed the management of their economic activities in Ghana in the hands of family, friends or contract agents. The reasons given for having businesses and investments in Ghana include their desire to return to Ghana to manage the Ghanaian investments. The respondents are convinced that the Ghana businesses have better profit potentials than the businesses in the Netherlands. It will also lead them to have a less stressful life than the life they are experiencing in the Netherlands.

All the evidence points to the fact that first-generation Ghanaian entrepreneurs have relied more on their informal social networks than formal social networks to establish and run their businesses and other investments both in the Netherlands and in Ghana. The question is therefore what made it possible for them to over-rely on their family, friends, hometown associations and ethnic churches to setup and manage their businesses and investments? Ghanaian immigrants in the Netherlands are generally considered to be close to another and relatively well organised (Nijenhuis and Zoomer 2012). Ghanaian entrepreneurs who are embedded in these networks use these elements to their advantage though, at times, a few members of the networks abused the trust others placed in them. The respondents use informal social capital for finances and other non-formal resources possibly due to problems with the Dutch language, lack of adequate improvement on their pre-migration human capital and also the nature of the businesses which they established.

Generally, it is difficult to conclude that the rate of entrepreneurship among first-generation Ghanaian immigrants is relatively higher than that of the 'guest' workers because no research has been done on that issue. What is more, the number of registered immigrants from Ghana is about fifteen times smaller than that of, for example, immigrants from Morocco. Besides that, both first-generation Moroccan and Turkish immigrants and the respondents do not possess adequate Dutch language skills and they also all prefer to use family and friends to help run their businesses.

Any meaningful comparison between the 'guest' workers and the respondents seems to be far-fetched.

However, the relative higher human capital and good proficiency of the English language that first-generation Ghanaian entrepreneurs possess compared to the 'guest' workers potentially offer more entrepreneurial opportunities to first-generation Ghanaian immigrants.

First-generation Ghanaian entrepreneurs in the Netherlands have the edge when it comes to accessing more promising opportunities and trajectories which potentially offer better business prospects and business success. In other words, for any immigrant business to grow and to be successful, it needs to have human capital that suits the host country's conditions and requirements for prospective business development and also needs to be more suitably embedded in social networks which go beyond the informal type and which mostly embeds members of their own ethnic community and ethnic group. In short, the pre-migration human capital of first-generation Ghanaian entrepreneurs, the Dutch business environment and the liberalised legal and policy regime which offer immigrants the opportunities to improve on their human capital place first-generation Ghanaian entrepreneurs at a different business level to that of 'guest' workers. First-generation Ghanaian entrepreneurs (potentially) have access to the promising sectors of the Dutch economy and are therefore more likely to engage in entrepreneurship which is different to that of the 'guest workers'. In the next chapter, Chapter 6, I discuss the human capital of the respondents, the levels of their social embeddedness and relate them to the businesses that they have established. This relationship enables me to discover into which quadrants of the mixed embeddedness model the businesses have been inserted. In other words, I attempt to relate the businesses to the type of opportunity the respondents exploited. Chapter 6 also discusses the success and failure of the businesses which the respondents set up in the Netherlands.