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## **Ghanaian entrepreneurship**

*First-generation Ghanaian entrepreneurs in the Netherlands*

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## **Summary**

### **Setting of the scene**

In recent decades the Netherlands has witnessed a rise in the number of immigrant entrepreneurs, notably from non-Western countries, which has led to an increasing number of studies on immigrant entrepreneurship. In 2013, there were some 1,117,000 self-employed in the Netherlands. A large number of them are self-employed without personnel (so-called ‘zelfstandig zonder personeel’ or ‘zzp-ers’). By the end of 2013, it was estimated that there were around 800,000 self-employed people without employees in the Netherlands. About 82 per cent of the self-employed were native Dutch, 10 per cent migrant entrepreneurs of Western origin, and the remaining 8 per cent were non-Western migrant entrepreneurs. The share of self-employed of Dutch origin in the total labour force rose from 12 per cent in 2001 to 14 per cent in 2013. The corresponding share of self-employed migrant entrepreneurs of non-Western origin in the total labour force also showed a rise, but this was much more modest; from 9.1 per cent in 2001 to 10.4 per cent 2013. In addition, the number, and hence also the share of non-Western migrant entrepreneurs displayed much more volatility and they seemed to be more vulnerable to cyclical swings.

Immigrant businesses in the Netherlands are typically found in urban areas, particularly in the Randstad conurbation. The appearance of these businesses in neighbourhoods with high concentrations of immigrants in the big cities in the Randstad, which are Amsterdam, Rotterdam, The Hague, and Utrecht, has caused visual changes in the urban landscape.

More recently it has become clear that not only immigrants from Surinam, the Dutch Antilles, Turkey and Morocco - the ‘traditional groups’ - have been setting up shops in the Netherlands, but also so-called ‘newcomers’ – immigrants from other non-Western countries – have emerged as entrepreneurs. These ‘newcomers’ include Egyptians, Ghanaians, Somalis, Iranians, Afghans and Iraqis. In this dissertation, a closer look was taken at first-generation Ghanaian immigrant entrepreneurship in the Netherlands.

The research on immigrant entrepreneurship in the Netherlands has been dominated by a social science perspective emphasizing the (real or assumed) ethno-cultural characteristics of the immigrant populations. The argument, based on this one-sided supply side approach which focuses on the immigrant entrepreneurs, is that immigrants would enjoy a particular ‘ethnic advantage’ to start and maintain ‘ethnic businesses’. Such a limited view and focus, based on ethno-cultural characteristics and processes of the traditional migrant groups, has tended to view immigrant groups as culturally homogenous and that, most,

if not all of them follow the same path of incorporation. Besides, this narrow view on immigrant entrepreneurship has often been at the expense of other important aspects such as political and economic circumstances in which the immigrant entrepreneurs operate. This study of the Ghanaian immigrant entrepreneurs opted for a broader perspective by taking account of their characteristics and resources, the opportunities for entrepreneurs, and the institutional framework and policies that facilitate and promote entrepreneurship.

Ghanaian immigrants are registered as non-Western. Although lumped together with the ‘traditional’ migrant groups as non-Western immigrants, there are quite a few differences between Surinamese, Turks, and Moroccans on the one hand, and Ghanaians on the other, with regard to timing, process of migration, resources and socio-cultural affinities. These differences make Ghanaians an interesting subject of research on immigrant entrepreneurship.

### **Research questions and methodology**

This research aimed to define how these differences have impacted on Ghanaian entrepreneurship in the Netherlands. The issue investigated in-depth in this research was how the first-generation Ghanaian immigrant entrepreneurs were able to exploit the business opportunities in the Netherlands.

This research focused primarily on the micro level, namely the entrepreneurs and the resources they possess which enabled them to start their own businesses. I also took account of the fact that first-generation Ghanaian immigrant entrepreneurs are embedded in the wider economic and institutional framework of the Netherlands which impacts on the businesses and the sectors the entrepreneurs are involved in. Consequently, this research followed the approach of ‘mixed embeddedness’ which presents an interplay of the characteristics of the individual entrepreneur and the opportunity structure as well as the institutional setting. Special attention has been paid to how the first Ghanaian immigrant group is embedded in social networks and how this has impacted their entrepreneurship. This research investigated the emergence and dynamics of the first-generation Ghanaian immigrant entrepreneurs and their businesses mainly in the cities of Amsterdam, Rotterdam and The Hague, where most of the Ghanaian population in the Netherlands is concentrated. The number of Ghanaian immigrants in the Netherlands, including both the first- and second-generation, was 21,900 in 2012, with 62 per cent being first generation. Ghanaian immigrants are the second most populous group from sub-Saharan Africa in the Netherlands, just after Somali immigrants who numbered 23,900 in 2012.

First, this dissertation addressed the question of how first-generation Ghanaian immigrant entrepreneurs have used their human capital to set up their businesses in the Netherlands. Secondly, the sources of finance (formal and informal) used by Ghanaian immigrants to set up their businesses in the Netherlands were examined. Thirdly, the informal and the formal networks in which first-generation Ghanaian immigrant entrepreneurs are embedded were investigated: how do Ghanaian entrepreneurs deploy their social capital?

More generally, this dissertation attempted to discover whether Ghanaians have benefitted from the era of de-industrialisation by entering into new market segments and escaping from the 'traditional' low-end activities of retail, wholesale, catering and hospitality which have lower access barriers and require fewer skills.

A qualitative methodology has been used to address the research questions and to map and explain the processes of matching between resources and opportunities and the relationships between them. The research project is based on interviews with eighty-four first-generation Ghanaian entrepreneurs. The entrepreneurs were interviewed between 2005 and 2012. Initially, I interviewed businesses that were established before and till 2006. In 2010, the research was re-started and, from 2010 onwards, first-generation Ghanaian entrepreneurs who started their businesses between 2007 and 2012 were interviewed. In both instances the questionnaire and letter of introduction were personally handed over to the entrepreneurs. Some of the businesses I interviewed in 2006 were visited as a follow-up in 2011 to find out if there had been some important changes in the business activities, business size, business location or otherwise. What is more, in 2013, I revisited most of the businesses and I interviewed the entrepreneurs to find out if they are still in business or not and also to familiarise myself with their performance in the midst of the recession. As a result the fieldwork covered a period of seven years. The advantage of this longitudinal aspect was that it gave me the opportunity to examine whether the tendency of the Ghanaian business to close down came to be true over the years. The interviews were mainly conducted in the cities of Amsterdam, The Hague, Rotterdam and in a few other smaller cities in the Randstad area (Haarlem and Heemstede). Information about Ghanaian entrepreneurs and the location of their businesses was obtained mostly with the help of RECOGIN and Sikaman, Ghanaian immigrant associations in Amsterdam, Ghanatta in The Hague and Ghanirrom in Rotterdam.

Statistical Package for the Social Sciences software (acronym SPSS) was used to store and analyse the data obtained from the 165 questions in the questionnaire which pertained to different variables such as

personal characteristics, entrepreneur's resources, economic environment and institutional involvement and support.

## **Findings**

Ghanaian migration to the Netherlands, which is a quite recent phenomenon, was individually-induced, necessitated by internal push factors (related to the developments in Ghana) and external pull factors, and occurred in two phases. The first phase took place between 1974 and 1983, a period when the world experienced severe oil crises. The second phase entails the years between 1983 and the early 1990s when Ghana experienced severe drought, political instability and the repatriation of more than one million Ghanaians from Nigeria which compounded the economic problems in Ghana

Most of the Ghanaian immigrants in the Netherlands reside in the western part of the country. Of a total registered Ghanaian population of 21,900 in the Netherlands in 2012, 72 per cent reside in the western part. Amsterdam, the capital and the largest city in the Netherlands, is home to 52 per cent of the total registered Ghanaian population in the country. It is also estimated that two-thirds of the Ghanaian migrants live in Amsterdam 'Bijlmermeer' and this makes them a recognisable and fourth largest non-Western ethnic group in this neighbourhood. The large Ghanaian population, especially in the Bijlmermeer, have established different kinds of retail businesses among other things, the import and selling of Ghanaian exotic food and groceries, African music and movie dvds and cds and alcoholic beverages. There are also producer and personal service businesses, which include shipping, air travel ticketing agencies, employment agencies, barber shops, day-care centres and beauty salons.

Most of the first-generation Ghanaian entrepreneurs possessed a high level of human capital. They became self-employed because they identified opportunities in the sectors in which their businesses are inserted. Several Ghanaian entrepreneurs have been engaged with their motherland Ghana in diverse ways, namely as a source of supply for the products they sell in the Netherlands, as a market for some businesses and also as a place for business investments.

Related to this matter of human capital, the findings indicated that the respondents who are fluent in Dutch language are 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, most likely gives them better access to the Dutch economy and also probably enables them to set up businesses with a mainstream character given their educational background. With regards to financial capital it appeared 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. The respondents' over-reliance on their pre-migration human and financial 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 possessed, combined with the available business opportunities (facilitated by the Dutch business laws and policies), were critical for immigrants to be pulled rather than pushed to set up businesses. First-generation Ghanaian entrepreneurs used their informal social networks beyond the borders of the Netherlands. The empirical results indicated that about half of the respondents are involved in transnational business activities with Ghana. 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 to generate other investments both in the Netherlands and in Ghana.

Any meaningful comparison between the former '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 offered more entrepreneurial opportunities to first-generation Ghanaian immigrants.

Most first-generation Ghanaian entrepreneurs grounded themselves in the low-skilled, stagnating and servile activities despite the fact that most of them were relatively highly educated. Most of them asserted that they were pulled rather than pushed to self-employment because they identified an opportunity to succeed. Nonetheless they ended up more with businesses in the servile activities which have lower prospects for survival than cognitive-cultural activities. The Ghanaian context appeared to play down on the assertion that migrants with high human capital are better positioned to start businesses in the post-industrial high-skilled sectors or be more involved in cognitive-cultural activities. The opaqueness of the opportunity structure may have contributed to this sectoral orientation.

### **Final remarks**

Analysing the emergence and dynamics of this more recent entrepreneurial group can help to broaden our views on immigrant entrepreneurship which have been mainly based on the trajectories of the 'traditional' groups of immigrant entrepreneurs. Given the differences in resources and the set of opportunities Ghanaians faced when they arrived in the Netherlands in the 1990s, when de-industrialisation had run its course and the Dutch economy was booming, the trajectory to entrepreneurship by Ghanaian immigrants in the Netherlands might be rather different from those followed by the first-generation Surinamese,

Antilleans, Moroccans or Turks. This research, then, positioned its findings in a broader perspective of trajectories of other migrant entrepreneurs.

This research encourages and throws up a challenge to researchers to re-examine the overall conclusions about immigrant entrepreneurship and particularly of first-generation immigrants from non-OECD countries. First, due consideration should be given to improve the pre-migration human capital resources of the (nascent) immigrant entrepreneurs. Second, policies for enhancing access to formal social networks should also be considered. This would increase the capacity of immigrants to access formal resources and the opportunity structure without limited restrictions and enable them to set up businesses which have high growth potential and survival instead of establishing businesses in the traditional retail and wholesale and catering sector, which have an alarming mortality rate. Researchers of immigrant entrepreneurship should also have the latitude to contextualise and redefine what constitutes success of immigrant businesses.