Immigrant self-employment and transnational practices: the case of Moroccan entrepreneurs in Amsterdam and Milan
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CHAPTER 1

Immigrant entrepreneurship across the borders: An introduction

As he does almost every summer, six years ago S. was on holidays in Morocco with some friends. One day, they went to the beach and rented some watercrafts, which one of these friends had booked in advance. When they arrived, they found out that they needed a permit, but they did not have it because his friend did not know that it was required. Most of the friends who were present in that circumstance, including the friend who had rented the watercrafts, were of Moroccan background, but had been born in the Netherlands. This led S., who had migrated to the Netherlands with his parents when he was young, to think about his friends’ situation. They have on-going relations with Morocco and they spend a lot of time there, but they have grown up in a Northern European culture, which is why - in S.’s opinion - they have problems when they go to Morocco. They know the language but do not really understand how ‘things work’ in Morocco, in particular when it comes to regulations and red tape. S. saw an opportunity in this, and so he decided to start a website providing information and consultancy services about his country of origin. He started focusing mainly on Dutch people with a Moroccan background, then he decided to expand the scope of his business, and now he focuses on all kinds of people interested in Morocco (Moroccan immigrants, tourists, companies, etc.). Thanks to his regular contacts with both Morocco and the Netherlands, he was able to start a business as a mediator between people in these two countries.

S. is just one of the many examples of people doing business ‘across borders’ by taking advantage of the opportunities created by new forms of migration, communication, travel, consuming and belonging.

Over the last twenty to thirty years, some processes - generally indicated as globalisation processes - have changed the world and contemporary society (Martell, 2010). Among
these, the growth and implementation of communication technologies (Castells, 1996) and increased possibilities for relatively cheap travel on a large scale (Elliot & Urry, 2010) have contributed to influence and modify the way people live and behave. Such increasing opportunities for long distance travel (e.g. low-cost flights) and communications (e.g. Skype, Facebook, etc.) encourage people to create and maintain social relations with other people located all over the world, and to easily exchange information about different places and contexts. This also holds for both entrepreneurs in general (Mathews & Zander, 2007) and migrant entrepreneurs (Levitt & Jaworsky, 2007). These changes have modified migration patterns. Migrants can now develop migration trajectories that unfold across different countries. They have the possibility to maintain links with other countries (besides their country of destination), while at the same time making and cultivating new contacts in their chosen country, as emphasised by several scholars within the transnational paradigm (Glick-Schiller et al., 1992; Bash et al., 1994; Guarnizo et al., 2003). These new opportunities re-define the way habits, feelings and belongings change through migration (Glick-Schiller et al., 1995; Vertovec, 2001 and 2004; Faist, 2003; Ehrkamp, 2005; De Bree et al., 2010). Through the process of moving from one country to another, migrants develop new links and new contacts, but often keep their old ones as well. They also come in contact with new contexts, new habits and new opportunities, and migrants can use these connections and opportunities to start and maintain entrepreneurial activities with links (e.g. with customers and suppliers) outside their country of destination1 (Saxenian, 1999; Lin et al., 2008).

In this changing global and migratory landscape, it is thus relevant to focus on transnational business practices in order to understand how the new processes that fall under the name of globalisation have modified and shaped migrants' lives, and how such new options have re-defined their entrepreneurial practices. Analysing the case of people engaged in transnational entrepreneurial practices allows us to better illustrate the phenomenon of transnationalism in general, and to better understand how migrants - and more generally 'globalisers from below' (Smith & Guarnizo, 1998; Portes et al., 1999; Mau, 2010) - react to, are influenced by, and use the new communication and travelling possibilities.

Indeed, one of the most recent areas of research in the study of migrant transnationalism is the topic of transnational immigrant entrepreneurship (Drori et al., 2009; Chen & Tan, 2009; Ambrosini, 2012), namely cross-border entrepreneurial activities carried out by immigrants. Focusing on this category of immigrant entrepreneurs seems particularly important because, despite the increasing number and relevance of immigrant entrepreneurs in our societies (Rath, 2007; Fairlie & Loefstrom, 2014), the literature shows that a significant part of immigrant entrepreneurs still conduct small-trade, low-profit and unstable businesses (Waldinger et al., 1985; Kwok Bun & Jin Hui, 1995; Brettell & Alstatt, 2007; Auster & Aldrich, 2010). Conversely, transnational immigrant entrepreneurship seems to entail more profitable

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1 The term 'country of destination' refers to the country where immigrants immigrate.
Immigrant entrepreneurship across the borders: An introduction

and successful businesses (Portes et al., 2002; Kariv et al., 2009; Wang & Liu, 2015), which facilitates economic integration in the country of destination for immigrant entrepreneurs.

In this regard, the main issue is to understand what ‘drives’ immigrant entrepreneurs to this form of entrepreneurship and how it can be fostered. In order to do that, it is necessary to understand what opportunities transnational immigrant entrepreneurs take advantage of, what resources they employ to identify and seize such opportunities, and what are the differences between immigrant entrepreneurs as a general category and transnational immigrant entrepreneurs in particular.

This thesis investigates the relationship between transnational practices and immigrant entrepreneurship, focusing in particular on immigrant entrepreneurs with business activities across borders (transnational immigrant entrepreneurship), a topic that remains partially understudied (see Section 1.2). In particular, the aim of this study is to understand how transnational immigrant entrepreneurs identify and seize business opportunities. In other words, the goal is to comprehend what kind of factors transnational entrepreneurs rely upon when it comes to identifying and exploiting available opportunities. I chose to focus mainly on the identification and seizing process since this is the core of every entrepreneurial activity (Shane & Venkataraman, 2000). In doing so, I also address the entrepreneurs’ embeddedness in different places (country of origin, country of destination, and other countries), at diverse spatial scales (neighbourhood, city, region, and country level), and groups (e.g. natives, co-nationals, other immigrants, family, friends).

In analysing how opportunities are identified and seized, this study also aims to understand whether immigrant entrepreneurs who run a transnational business differ from the general category of immigrant entrepreneurs, and whether there are dissimilarities among transnational immigrant entrepreneurs. This comparison allows us to understand the distinctive characteristics and the business practices of a particular group of immigrant entrepreneurs, who exploit the new possibilities linked to global processes for their business. This helps me draw an accurate profile of transnational immigrant entrepreneurs, and this is one of the main contributions of my research (see Section 1.2).

In order to do this, I will illustrate the case of Moroccan entrepreneurs in Amsterdam and Milan. In the research, I compare entrepreneurs with a transnational business (TIEs) with those focusing on a domestic market (DIEs), which is the central comparison of the dissertation. In particular, the empirical research uses an overall qualitative approach, but employs mixed-method questions, and consists of 70 interviews with Moroccan entrepreneurs in the two cities.

I decided to compare Amsterdam and Milan because they present some dissimilarities that I considered fruitful for the objectives of the research (e.g. to address the influence of certain contextual conditions). In particular, they differ in their economic structure, since Amsterdam is characterised by the importance of its service sector (Kloosterman, 2014), while Milan still has
a strong industrial vocation (Mingione et al., 2007). The two cities also present differences concerning their migratory history, and the size and composition of their immigrant populations. Amsterdam and the Netherlands have an older tradition of being places of immigration for people from abroad, and their population of foreign origin is much higher than Milan and Italy.

Then, I chose to focus on the Moroccan group, because it is one of the most significant immigrant groups in both cities, but with important variations in size and incidence (percentage of the total population) between the cities. Moreover, Moroccans come from a country that is not very far from either city and enjoys a certain degree of political and economic stability (Arieff, 2015) that may well facilitate transnational relations.

1.1 Terminology and definitions

Before going more in depth into the study’s contributions and the research questions, it is necessary to define and explain a number of terms used throughout the entire thesis: ‘entrepreneur’ and ‘self-employed’; ‘immigrant’ and ‘migrant’; ‘transnational immigrant entrepreneur’ and ‘domestic immigrant entrepreneur’.

The first concerns the use of the words ‘entrepreneur’ and ‘self-employed’. I utilise the two interchangeably, referring to any person “who runs a business with employees, or carries out a task with a certain degree of autonomy on the market” (Codagnone, 2003, p. 34). However, following the tendency in the literature, I prefer the term ‘entrepreneur’, as defined above.

Second, I employ both the terms ‘immigrant’ and ‘migrant’. ‘Immigrant’ is normally associated with entrepreneurship or entrepreneurs in order to stress that the economic activity is primarily located in the country of destination (and possibly in other countries as well). ‘Migrant’ is usually connected to transnationalism (e.g. migrant transnationalism), since in this case I would emphasise the fact that migrants often live ‘here and there’ (Vertovec, 2001).

The third point concerns the use of the word ‘transnational’ in connection with the terms ‘entrepreneurship’ and ‘entrepreneur’. In the terminology commonly accepted in the field (Drori et al., 2009), the expression ‘transnational entrepreneurship’ refers to any entrepreneurial activities carried out by immigrants and involving a certain degree of transnationalism (see also Chapter 2). However, to further stress the fact that this kind of entrepreneurship involves entrepreneurial practices of people who have migrated to another country, I have decided to add the adjective ‘immigrant’ to the common name in the field (hence: ‘transnational immigrant entrepreneurship’). Adding the word ‘immigrant’ stresses the fact that this kind of entrepreneurship is strictly linked to the entrepreneurs’ migration patterns. Indeed, immigrant entrepreneurs do not simply internationalise their business, they strongly value their experience as migrants and make use of it in creating a business across borders. Therefore, immigrants involved in a form of

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2 The term transnational refers to the ‘transcending’ of national borders.
transnational entrepreneurship can be called ‘transnational immigrant entrepreneur’. However, even though I will use the term ‘transnational immigrant entrepreneur’ for the sake of simplicity, it must be noted that it is the business that is transnational, since it involves cross-border activities. A ‘transnational immigrant entrepreneur’ is therefore an immigrant entrepreneur with a transnational business (TIE), as opposed to a ‘domestic immigrant entrepreneur’, who is an immigrant entrepreneur with a domestic business (DIE) – see also Chapter 3.

A **transnational business** is a business which spans across borders and entails economic activities linked with other countries, namely outside the country of destination – e.g. import/export businesses (Portes *et al.*, 2002; Chen & Tan, 2009; Drori *et al.*, 2009). A **domestic business** is a business that does not have connections outside the immigrant’s new country and focuses exclusively on the domestic market of this country (Portes *et al.*, 2002). Therefore, the difference in the type of business is linked to the degree of transnational connections the entrepreneur has and uses for the business. For example, a retail business (e.g. a minimarket) could be transnational or domestic. If the business imports the products it offers from abroad or sells these products to people or other businesses located outside the country of destination, it can be considered transnational. In contrast, if all the suppliers and all the customers are located in the country of destination, it is a domestic business.

### 1.2 Contribution to existing scientific knowledge and societal relevance

The relevance of immigrant entrepreneurship as a central issue in contemporary society has generally been acknowledged, since it is now a distinctive characteristic of the urban landscape of advanced economies (Kloosterman and Rath 2003; Rath, 2000 and 2007). Furthermore, in the last decades, the number of immigrant entrepreneurs has strongly increased in Western countries (OECD, 2010). Immigrant entrepreneurship represents one of the possible ways through which immigrants achieve economic integration in their country of destination (Portes *et al.*, 2002; Rath & Schutjens, 2015). However, as already underlined, the businesses run by immigrants are often not very profitable or not very successful (see for example: Kwok Bun & Jin Hui, 1995; Auster & Aldrich, 2010). The literature has also generally acknowledged that migrants often maintain transnational links and ties (Guarnizo *et al.* 2003; Snel *et al.*, 2006; Lubbers *et al.*, 2010), and that migrants can use these connections to run cross-border businesses - namely, forms of transnational immigrant entrepreneurship (Portes *et al.*, 2002; Bagwell, 2015) -, which are generally more profitable than domestic ones (Wang & Liu, 2015).

Despite the relevance of transnational immigrant entrepreneurial activities, these have generally been under-addressed. Compared to transnationalism and immigrant entrepreneurship as scientific fields, the topic of transnational immigrant entrepreneurship has been investigated in a relatively small number of academic studies (see for example: Portes *et al.*, 2002; Bagwell, 2015).

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3 I sometimes use the word ‘cross-border’ with ‘entrepreneur’ or ‘business’, since my research focuses on this particular category of transnational entrepreneurship (see Chapters 2 and 3).
Due to this small amount of research, some gaps, both from a theoretical and an empirical standpoint, remain. There is a lack of concepts (see Chapter 2) to understand the phenomenon more in depth. Since transnational entrepreneurship involves various contexts, it appears that the field of immigrant entrepreneurship, which has mainly focused on the country of destination, fails to fully explain the processes and the practices connected to transnational immigrant entrepreneurship. This happens mainly because articles on immigrant entrepreneurship have focused only on the country of destination (and not the country of origin or other countries) and they rarely mentioned the links with other countries (Zhou, 2004). At the same time, transnationalism provides a general theoretical framework for understanding cross-border activities, but does not allow us to truly clarify the entrepreneurial process, for example how entrepreneurs identify and exploit entrepreneurial opportunities.

Furthermore, it is not empirically understood how and through which processes entrepreneurs engage in transnational entrepreneurial activities. This is connected to two main critical points:

• Since TIEs and DIEs have rarely been compared until now, it is not completely clear whether findings on the topic are peculiar to this particular group (immigrant entrepreneurs with a transnational business) or if they are similar to findings concerning entrepreneurial practices for the general category of immigrant entrepreneurs. The main study that has previously addressed this comparison is that of Portes and colleagues (2002). It concerns the probabilities immigrants have of engaging in transnational or non-transnational entrepreneurial activities. The study indicates that there are some differences in terms of profile (e.g. education, previous work experience) between the two groups.

• Previous studies have often treated entrepreneurs with a transnational business as a homogeneous group (e.g. Portes et al., 2002; Patel & Conklin, 2009; Terjesen & Elam, 2009; Mustafa & Chen, 2010), or they have focused on one specific group of TIEs (e.g. trade businesses in Miera, 2008; linguistic schools in the case of Kwak & Hiebert, 2010). However, it has not yet been acknowledged that TIEs can be considered a homogeneous group or whether there are differences among them (for example, on the basis of the sector and the market addressed).

This study proposes to contribute to the field by seeking to partially fill these critical gaps.

This research also has strong societal relevance. The topic of immigrant entrepreneurship, and, in particular, that of transnational entrepreneurship appears socially relevant for three main reasons.

Firstly, for many immigrants, transnational entrepreneurial activities represent a way to
avoid establishing low-profit forms of small businesses in unstable and highly competitive markets in their country of destination, especially in times of economic recession. Understanding how immigrant entrepreneurs engage in transnational entrepreneurial activities can contribute to fostering this particular form of immigrant entrepreneurship. This might disclose new opportunities and improve the way immigrant entrepreneurs seize new opportunities for transnational entrepreneurship.

Secondly, even though no statistical data on the number of immigrants involved in transnational entrepreneurial activities is available, previous studies have shown that a significant number of immigrant entrepreneurs develop transnational business practices (Portes et al., 2002; Tan, 2008; Bagwell, 2015). Furthermore, with the increasing number and possibility of cross-border trips and communications, an increasing number of immigrants may carry out cross-border business activities. Therefore, the results of my research will be interesting for a growing number of immigrant entrepreneurs.

Thirdly, in a world characterised by increasing diversity (Vertovec, 2007; Tasan-Kok et al., 2013), transnational immigrant entrepreneurs provide a fundamental service by giving people (e.g. immigrants) the products they need or would like to have. Therefore, many consumers benefit from such entrepreneurs, who bridge several countries and cultures.

Clarifying the specific features of immigrant transnational business activities, the barriers TIEs encounter and the resources they employ is important in order to allow policy makers to better understand, and eventually foster, this important phenomenon. To do that, policy makers might provide or facilitate access to the opportunities and resources that immigrant entrepreneurs need in order to set up and conduct transnational entrepreneurial activities. This research will hopefully help decision-makers to implement policies that support this as a way towards economic integration for immigrants. Furthermore, as the literature underlines (Tasan-Kok & Vranken, 2008; Blanchard, 2011; Solano, 2015a; Allen & Busse, 2015; Rath & Schutjens, 2015), economic integration could also lead to better social integration and a greater sense of ‘being accepted’ in the country of destination.

The immigrant entrepreneurs themselves might benefit from this research, since knowledge of the results might provide them with useful suggestions regarding which resources and which social contacts can be used in order to run a transnational business.

1.3 Research questions

In order to address the topic of transnational immigrant entrepreneurship and partially fill the above-illustrated gaps, the overall dissertation will provide answers to the following two main research questions.

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5 Here the term ‘resources’ has to be considered in a broad sense, indicating all the factors that could be considered as a resource by the entrepreneurs, and that could be used by them for the business.
CHAPTER 1

1. **What are the factors influencing transnational immigrant entrepreneurship and what resources do transnational immigrant entrepreneurs use to identify and seize opportunities in running their business?**

2. **How do immigrant entrepreneurs who own a transnational business (TIEs) differ from those who run a domestic business (DIEs) as per Research Question 1?**

Besides these two research questions, which are the core of my dissertation, a third enquiry emerges since it is not yet clear whether there are dissimilarities among TIEs in their entrepreneurial activities and practices. This third overall research question is:

3. **Are there similarities or differences (as per Research Question 1) among transnational immigrant entrepreneurs, and if so, which ones are there and why do they exist?**

**1.4 Structure of the dissertation**

This introduction is followed by Chapter 2, which illustrates the theoretical framework and the key concepts employed in this study. The existing literature and a proposal for conceptual advances are discussed in this chapter. In particular, a model for a better understanding of immigrant transnational entrepreneurship is presented. In this model, the concept of multifocality and a re-definition of structural and relational embeddedness are proposed.

Chapter 3 introduces the empirical research design, which is the basis of the thesis. In particular, it explains why I chose to concentrate on Amsterdam and Milan, and why the research is focused on Moroccan entrepreneurs. Furthermore, the chapter presents the methodology used (a qualitative approach employing mixed-method questions), the sample collected (70 entrepreneurs), and their main characteristics (gender, education, type of immigrant entrepreneurship, sector, market).

After the conceptual and methodological chapters, the focus then turns to the results of the empirical research on Moroccan entrepreneurs in Amsterdam and Milan. This part of the dissertation consists in three chapters empirically addressing the concepts illustrated in Chapter 2: opportunity structure and structural embeddedness; social networks and relational embeddedness; individual characteristics.

Chapter 4 examines the topic of opportunity structure and structural embeddedness, comparing TIEs and DIEs and identifying whether there are any differences among TIEs in this respect. First, I illustrate the role of opportunity structure and the different spheres that contribute to creating the opportunity structure. Second, I focus on what countries (and what spatial scales) and groups produce the opportunities that Moroccan entrepreneurs tend to
seize, and I examine the concept of multifocality. Third, the chapter also analyses the topic of how entrepreneurs identify and seize business opportunities, which is the central topic of this dissertation and is also analysed in Chapters 5 and 6. In this regard, the role played by the structural embeddedness of entrepreneurs is addressed.

Chapter 5 illustrates the part played by social networks in identifying and seizing business opportunities, and it underlines the differences between TIEs and DIEs, as well as any differences among TIEs. In particular, the chapter analyses network composition and structure, the role of the entrepreneur’s contacts (in terms of support provided), and how entrepreneurs take advantage of their embeddedness in these networks (relational embeddedness) to identify and seize business opportunities.

Chapter 6 addresses the role played by individual characteristics in identifying and seizing business opportunities. In particular, many individual characteristics (i.e., education, past work experience, entrepreneurial family background) are taken into account. Here as well, TIEs and DIEs, and the different types of TIEs, are compared. Furthermore, the chapter investigates whether individual characteristics affect the role of structural and relational embeddedness (and the differences between TIEs and DIEs) when it comes to identify and seizing opportunities for the business.

Chapter 7 concludes the dissertation by summarising the main results from the empirical research and answering the main research questions. First, it illustrates the role played by structural embeddedness, relational embeddedness, and individual characteristics in identifying and seizing opportunities to run a transnational business (Research Question 1). Second, the main differences between Moroccan entrepreneurs who run a transnational business (TIEs) and those who run a domestic business (DIEs) are summarised (Research Question 2), and dissimilarities among TIEs are pointed out (Research Question 3). The chapter closes with considerations regarding study’s scientific and societal contributions, and provides some policy recommendations as well as suggestions regarding possible further research developments.