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European Foundation for the Improvement of Living and Working Conditions

Cities Local Integration Policies:

Ethnic Entrepreneurship

In Amsterdam

Anja van Heelsum

V3, July 23 May, 2010 Comments included from Josef Kohlbacher, Anna Ludwinek and Aggie Augenbroek (Economic Affairs Amsterdam).



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Foreword

This report is written as a result of the Eurofound project 'Cities for Local Integration Policy' (CLIP), which started in 2006. Amsterdam is one of the 31 European cities that cooperate in exchanging information on their Integration Policies and in this policies on ethnic entrepreneurship.

The project aims at collecting and analysing innovative policies and their successful implementation at the local level, supporting the exchange of experience between cities and encouraging a learning process within the network of cities, addressing the role of social partners, NGO's, companies and voluntary associations in supporting successful integration policies, providing objective assessment of current practice and initiatives and discussing their transferability, communicating good practices to other cities in Europe and developing guidelines to help cities to cope more effectively with the challenge of integrating migrants, supporting the further development of a European integration policy by communicating the policy relevant experiences and outputs of the network to: European organisations of cities and local regional authorities, the European and national organisations of social partners, the Council of Europe and the various institutions of the European Union.

The CLIP network is also cooperation between cities and research institutes. Six research institutes in Bamberg, Amsterdam, Vienna, Turino, Wroclaw and Swansea are taking care of the publications of the CLIP project. As a researchers of the Institute for Migration and Ethnic Studies (IMES) of the University of Amsterdam, I am responsible for this report on Amsterdam. Together with our contact persons of the municipality Marian Visser and Mustapha Laboui, of the *Dienst Maatschappelijke Ontwikkeling* (Department Social Development), we gathered the necessary data on Amsterdam for this report. Many officials who are involved in municipal policy were involved, on integration policies, economic policies, supporting the unemployed, statistics, as the list at the end of the report shows. They have provided us with reports, statistics and comments on the concept version of this report. But also representatives from outside the municipality, of the Chamber of Commerce, the employers associations MKB Amsterdam, the workers union *FNV*, the labour inspectorate, start-up supporting agencies and several entrepreneurs have been willing to provide us with information. And finally researchers from the University of Amsterdam and the Free University of Amsterdam have provided us with data. I want to thank all those who have cooperated in giving information and particularly Marian Visser and Mustapha Laboui for coordinating the search of data.

We thank Josef Kohlbacher, Anna Ludwinek, for their comments on V2 of this report and Aggie Augenbroek, of the city of Amsterdam for looking at chapter 5. The author remains completely responsible for the content of this report and the copyright of the report remains with Eurofound.

Anja van Heelsum
23 July 2010, Amsterdam

1 Introduction

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

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

A. What are the *characteristics of the urban economy* and which openings have emerged in a number of cities since 1980? How has the political economy of these cities evolved? More specifically, what has been the development of the Small and Medium Enterprise (SME) sector in general in terms of numbers of businesses, volume of workforce, value of sales, variety of products, and market segmentation, and what has been i) the spatial distribution, ii) the distribution over the various sectors of the urban economy, and iii) the ethnic, gender and age composition?

B. What kind of *profiles of ethnic entrepreneurship* can be identified? How does the emergence of ethnic entrepreneurship fit into the specific dynamics of the wider urban economy? Which general and specific barriers do ethnic entrepreneurs encounter, and what are their competitive advantages? What are the structural determinants of the observed trends? What are the employment effects of ethnic business? How many and what quality of job have been generated on the local labour market?

C. What *policies have cities implemented* in general and the ethnic SME sector in particular at the local level and how have they shaped ethnic minorities' self-employment trajectories? How have policy debates and interventions on (ethnic) entrepreneurship influenced the emergence of entrepreneurial opportunities—real or discursive—and further development of ethnic businesses? What policies can be found supporting the access to employment for migrants in ethnic businesses?

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

2 Background information of the city's ethnic diversity

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

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

Table 1 shows the ethnic composition of Amsterdam per 1 Jan 2009, based on origin. A consequence of policy attention for underprivileged groups is that immigrants are divided into western and non western immigrants. The Western immigrants are supposed to be unproblematic and don't need support, while the non western ones may have some problems, either socio economically or culturally, and need support. This logic can have weird consequences like categorising Japanese as 'Western' and the children of a Korean and Dutch parent as 'non Western'.

As table 1 shows that the proportion of Dutch is 50% on January 2009. The other half of the population is a mixture of immigrants with a western (15%) and non-western origin (35%). Of the non-western immigrants, 58% are first-generation immigrants and 42% are second-generation. Because of the same policy attention criterion Surinamese, Antilleans, Turks and Moroccans are nearly always part of tables, while for instance Indonesians (26,519) or Germans (16,969) are not mentioned separately while they are actually bigger in number than Antilleans (11,559).

Table 1. The policy relevant ethnic groups in Amsterdam, based on origin, 1 Jan 2009

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

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

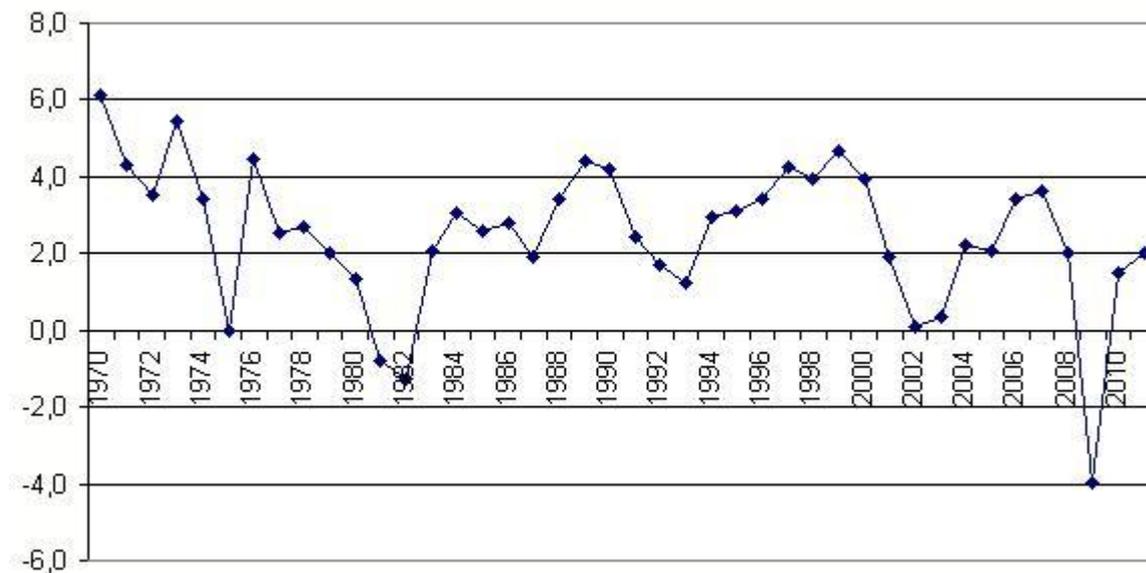
In the last years the categories 'other non western immigrants' and 'western immigrants' are growing, while the Dutch category is diminishing (partly due to the fact that a mixed child is not considered Dutch). In section 3.3 we will show that the socio economic position of non western immigrants is more problematic than the position of Dutch or western immigrants.

3. The urban economy in general

3.1 Historical development of urban economy

The Dutch economy was generally growing, except for a few problematic periods in the last 40 years, as figure 1 on the development of the Gross Domestic Product GDP shows.

Figure 1 Annual growth rate in the Gross Domestic Product (GDP) in the Netherlands between 1970 and 2010



Source: CPB (2010), Netherlands Bureau for Economic Analysis

<http://www.cpb.nl/nl/research/sector2/data/>

In Amsterdam there was in the 60's and beginning of the 70's still a lot of economic activity in industries, and both the build area and the number of inhabitants increased. As we explained in earlier CLIP reports, the availability of low qualified jobs attracted guest labourers from Turkey and Morocco. Quit a number of old inhabitants started to move from the old city districts to nearby new towns like Almere, Around the end of the 70's a lot of Amsterdam's former industrial activity diminish sharply or moved to areas around Amsterdam, like Zaanstad, Diemen and IJmuiden, and the number of unemployed increased. In 1978 the city government decided that Amsterdam had to remain a city to live in and not just a city to work in. As figure 1 shows, 1980–1982 was a period of economic crisis.

But after 1984 the Amsterdam economy recovered and a new type of economic activity developed. After large infrastructural projects, like a highway around the city, and some routes straight through the city (towards the IJ tunnel). But the business gets back its full development potential. The port of Amsterdam and Schiphol Airport provide the city a central position in European transport network. The economy gets new impetus by the development of the area around the 'South Axis', the main transportation artery between the city and the airport. The 'South Axis' should act as an instigator of

the urban economy in the 21st century. A concentration of high rise offices and businesses near the ring road developed such as Amstel Tower, the World Trade Centre developed and the telecommunications-oriented complex Teleport Sloterdijk. Of the total workforce of over 400,000 people about 10% is in the IT sector, but also culture and tourism became more important.

The main characteristics of the urban economy in the last ten years are according to O+S (2009b¹) :

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

The website of '*Amsterdam Topstad*', mentions that Amsterdam is currently the 5th popular city in Europe to establish a company after London, Paris, Barcelona and Madrid. This rating is based on four international benchmarks, namely: the establishment of new international companies benchmark (by Buck Consultants International), the appreciation of the business climate benchmark (by European Cities Monitor), the economic growth expectation benchmark (by the European Regional Prospects), and the quality of life benchmark (by Mercer Quality of Living)². The airport is nearby and easy to reach by train and its large harbour makes transport of heavy goods easy, and the development of financial and service related institutions makes international transfers easy and for the employees the city is relatively clean and full of canals and parks not as much dominated by traffic as for instance London.

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

- Towards the end of 2008 the transition is visible towards the recession period that may last longer than we have experienced before.
- The employment in Amsterdam increased most in the last years in the commercial services; this sector provided 24% of all jobs in Amsterdam in the beginning of 2009.
- Another striking phenomenon is the increase of one man businesses in Amsterdam: 61% of the businesses established in Amsterdam only employ one person, compared to 51% in 2000. We find one man enterprises particularly in the following sectors in Amsterdam: advice and research, information and communication, retail trade, building and culture, sport and recreation. Firstly this is a consequence of the innovative type of companies that remained after the industries closed. But it is also an impact of the economic crisis that some formerly contracted employees have started to work independently, so the number of one man businesses has increased. This has particularly

¹ O+S (2009b '*De Staat van de Stad Amsterdam V*', chapter 5 on the economy

² http://www.topstad.amsterdam.nl/nieuws/amsterdam_op_5e_0

happened in all kinds of administrative, computer and management advice jobs. In some cases it is actually hidden (part time) unemployment, very often the number of worked hours has diminished. Another impact of the economic crisis is that some small businesses are operating on very problematic (lack of) profit margins. The only reason why some shops don't ask for bankruptcy is that the family lives below the minimum income, or a partner supplies the family income.

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

3.2 Main industries and services

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

Figure 2a Employment per sector in the Metropolitan region of Amsterdam 1996 (light blue) and 2008 (dark blue)

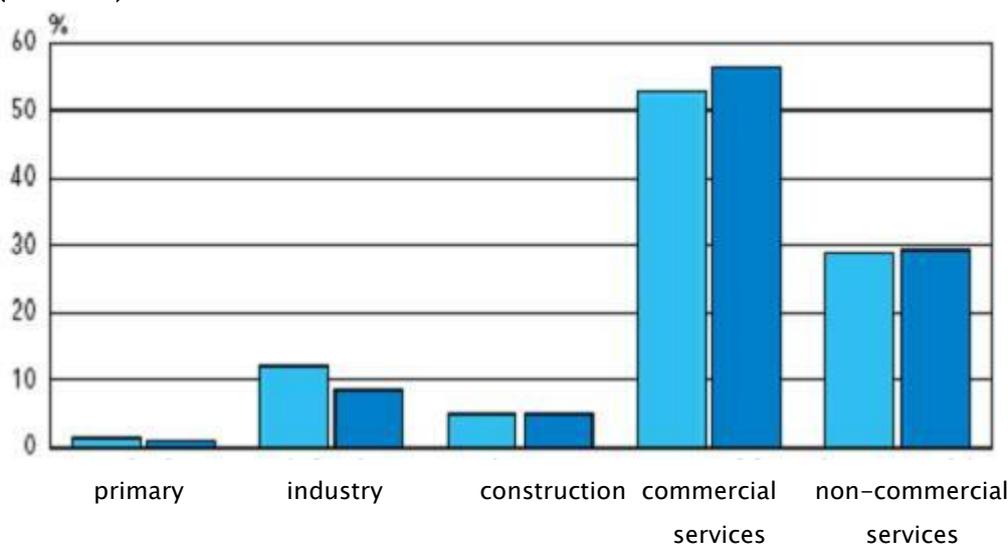
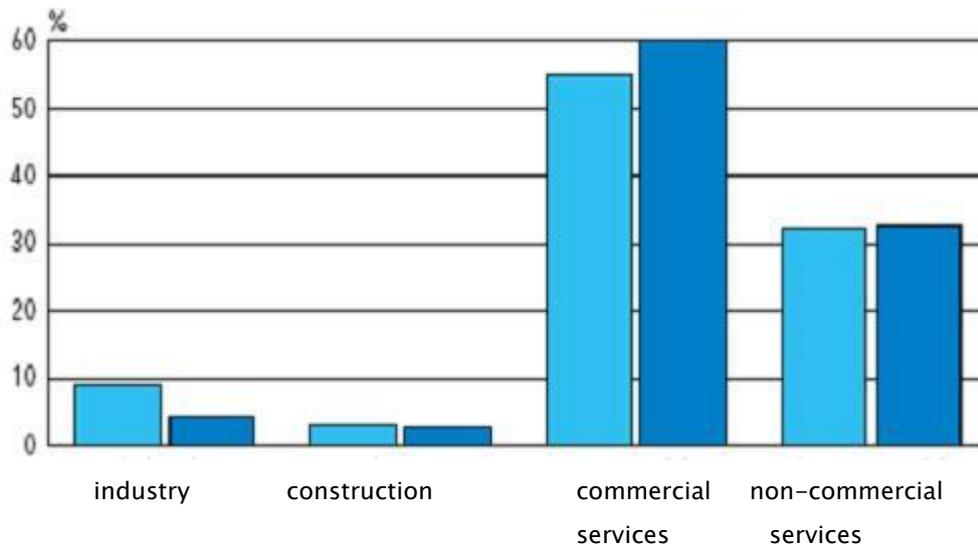


Figure 2b Employment per sector in the city of Amsterdam 1996 (light blue) and 2008 (dark blue)



To give a little bit more insight in the current situation, we will shortly discuss a few of the large and important main economic activities in Amsterdam, based on the website of the Statistical Office of Amsterdam: ³

- 1) The Sea Harbour: in 2008 a total of 6,034 ships arrived in the harbour, including 117 sea cruise ships. The cargo ships carried a total of 82,952,000 ton of cargo of which 51,566,000 ton was unloaded 24246,000 was loaded.
- 2) The Airport Schiphol in 2008 23,704,000 passengers arrived at Schiphol and 23,688,000 left; 835,107,000 kilo of cargo arrived and ton was send, and 732,604,000 kilo was send through Schiphol, and 15,624,000 kilo of post arrived, while 19,249,000 kilo of post was send.
- 3) Tourism, this sector has supplied 48,230 people with jobs in 2008, we saw a total of 8310,000 stays at hotels, giving 8104 people jobs, and 23666 jobs in other catering industries than hotels. Of course also yacht harbours, tour organisation, and other recreation and cultural activities provide jobs.
- 4) Shops: about 12% of the clients of shops for non daily products come from outside Amsterdam; higher percentages up to 20% are seen in city district North and South East, where parking is easier.
- 5) Creative industry: in 2009 there were a total of 12,214 creative establishments in Amsterdam, giving jobs to 12,481 people. The number is increasing rather fast in the last five years. For instance the number of people working in media and entertainment was 11,857 in 2005 and 14,005 in 2009. Creative services are growing with the creative industry.
- 6) Commercial services: while there were 16,983 establishments in 2005, we find a fast increase to 23,453 establishments in 2009 giving jobs to 112,976 people.
- 7) IT: Amsterdam counted 10,752 establishments for IT in 2009 where 45,704 employees work. 21,436 work on IT content, 19,317 on services, and 4,951 on hardware.

³ <http://www.os.amsterdam.nl/feitenencijfers/amsterdamincijfers2009/26126/>

3.3 Size and characteristics of workforce

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

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

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

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

Table 2 The population of 15–64 years divided into labour force and non labour force and working and non working by ethnic group and gender, 2009 (x 1.000)

Ethnic group	a. total population 15–64 year	b. non labour force	c. labour force	d. participation rate (c/a)	e. working	f. unemployed	g. unemployment rate (f/c)
<i>Men+Women:</i>							
Surinamese + Antilleans	60,9	19,9	41,1	67%	36,7	4,3	10%
Turks	28,3	12,5	15,7	55%	13,7	2,0	13%
Moroccans	44,6	21,0	23,6	53%	18,6	4,9	21%
other non western immigrants	55,4	18,8	36,5	66%	33,1	3,4	9%
Dutch	276,8	58,6	218,2	79%	211,8	6,4	3%
Total	553,7	148,6	405,1	73%	381,3	23,8	6%
<i>Men:</i>							
Surinamese + Antilleans	28,5	9,0	19,4	68%	17,5	1,9	10%
Turks	14,6	4,7	10,0	68%	9,4	0,6	6%
Moroccans	22,7	7,2	15,5	68%	12,5	3,0	19%
other non western immigrants	29,1	8,7	20,4	70%	18,8	1,6	8%
western immigrants	42,5	7,1	35,4	83%	33,9	1,5	4%
Dutch	139	22,0	117,0	84%	114,3	2,7	2%
Total men	276,4	58,7	217,7	79%	206,5	11,2	5%
<i>Women:</i>							
Surinamese + Antilleans	32,5	10,8	21,6	66%	19,2	2,4	11%
Turks	13,6	7,9	5,8	43%	4,3	1,4	24%
Moroccans	21,9	13,8	8,1	37%	6,1	2,0	25%
other non western immigrants	26,3	10,2	16,1	61%	14,4	1,7	11%
Western immigrants	45,2	10,6	34,6	77%	33,3	1,3	4%
Dutch	137,8	36,6	101,2	73%	97,5	3,7	4%
Total women	277,3	89,9	187,4	68%	174,8	12,6	7%

Source: O+S (2009b) 'De staat van de stad'

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

we find unemployment rates for 11% Surinamese women, 24% for Turkish women and 25% Moroccan women.

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

The reason for unemployment is the mismatch between demand and supply. There are 1,028 jobs for every Amsterdammer, compared to 0,946 jobs outside the big cities, but there are not enough low qualified jobs. Two third of the unemployed has a low educational level (O+S 2009b, p.98).

3.4 Formal access to entrepreneurship

To start a business, a starter needs to register in the Chamber of Commerce, by Dutch law, showing valid identity papers: a passport, a Dutch driving license, a European identity paper or a Dutch 'foreigner document'. If a person is already living in the Netherlands he will have a *sofinummer* = citizens service number, other wise one cannot even open a bank account. A new immigrant obtains a citizens service number, when he registers with the municipal authorities (the Municipal Personal Records Database).

The simplest legal situation is the sole proprietor. For some legal forms more documents are required, like a rental or franchise contract. In some cases a diploma is required to establish as a certain type of professional (protected titles of certain professionals). From most European and some other countries one only need to obtain an apostil stamp on the diplomas. But for certain non western countries, listed the chamber of commerce website, the starter will first have to legalize his diplomas before registering as a professional.

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

1. Value added tax VAT: It is almost always compulsory for businesses to charge clients VAT (BTW).
2. Income tax: If the Inland Revenue considers the starter as an entrepreneur, he can benefit from a number of tax allowances. He will then pay less income tax. If he is a director/shareholder or normal employee of a limited company, he must be on a payroll.
3. Wages and salaries tax: If the business employs staff, it will be liable to pay wage tax. And a payroll administration must be set up.
4. Corporation tax: If the business is a private company with limited liability, it will be liable to pay corporation tax.

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

It is generally acknowledged that the bureaucracy around starting a business is most complicated in the Netherlands, both for Dutch entrepreneurs, but even more so for immigrants. A short list of the permits that we find in all cities is based on the website of the Chamber of Commerce⁴:

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

Besides the general laws and permits, there are local permits and event permits. The employers association MKB Nederland has published a study on local permits (MKB 2006), which concludes that permits differ in all municipalities, are overlapping and sometimes unnecessary, and many of them should be abolished. The municipality of Amsterdam is also aware of the over regulation, and has as one of its policy lines to make things simpler.⁵

3.5 Development of small and medium sized businesses (SMEs)

In line with the development towards services, small and medium sized businesses have increased consistently during the last 20 years, particularly in IC, business services and creative jobs as 3.1 showed. They currently form the largest part of the business sector in terms of size as figure 2a shows: 61.1% of the companies has only 1 employee, while 25.5% has 2–5 employees, together 86.6%. Of course this is only true when you count the number of establishments (locations), and not when you count the number of employees. The 0.9% large companies (100 or more employees), give jobs to 45.0% of the total employees. Only 9.4% of the population that works in the business sector, works in a one man business and about 20% works in a small company with 1–5 employees.

⁴ http://www.kvk.nl/bedrijf_starten/verplichtingen_en_vergunningen/vergunningen/branchespecifieke_vergunningen/

⁵ Improving the rules and laws: <http://www.handhaving.amsterdam.nl/regelgeving>

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

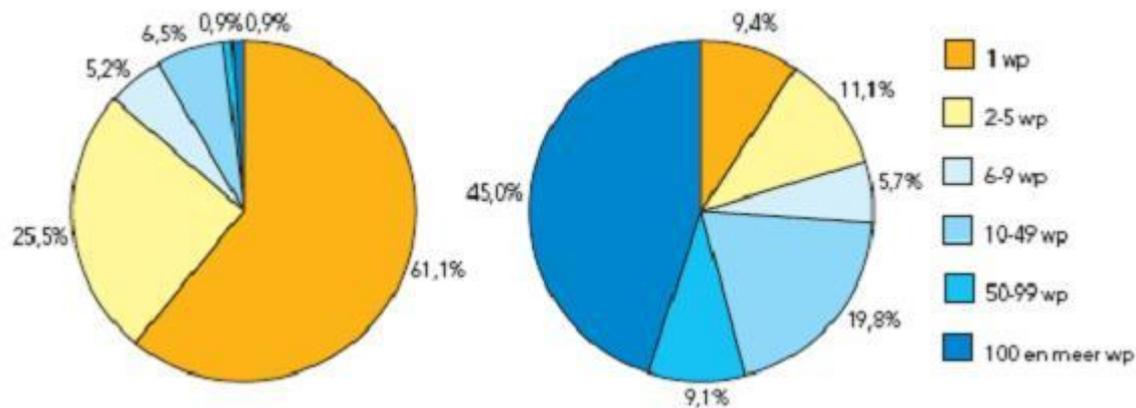
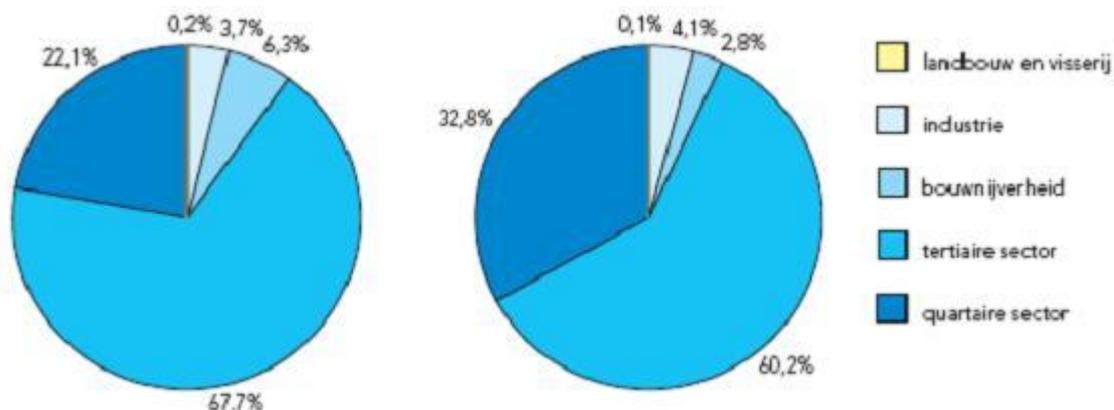


Figure 3b Sector classes, based on number branches (left) and number of employees January, 1st, 2009.



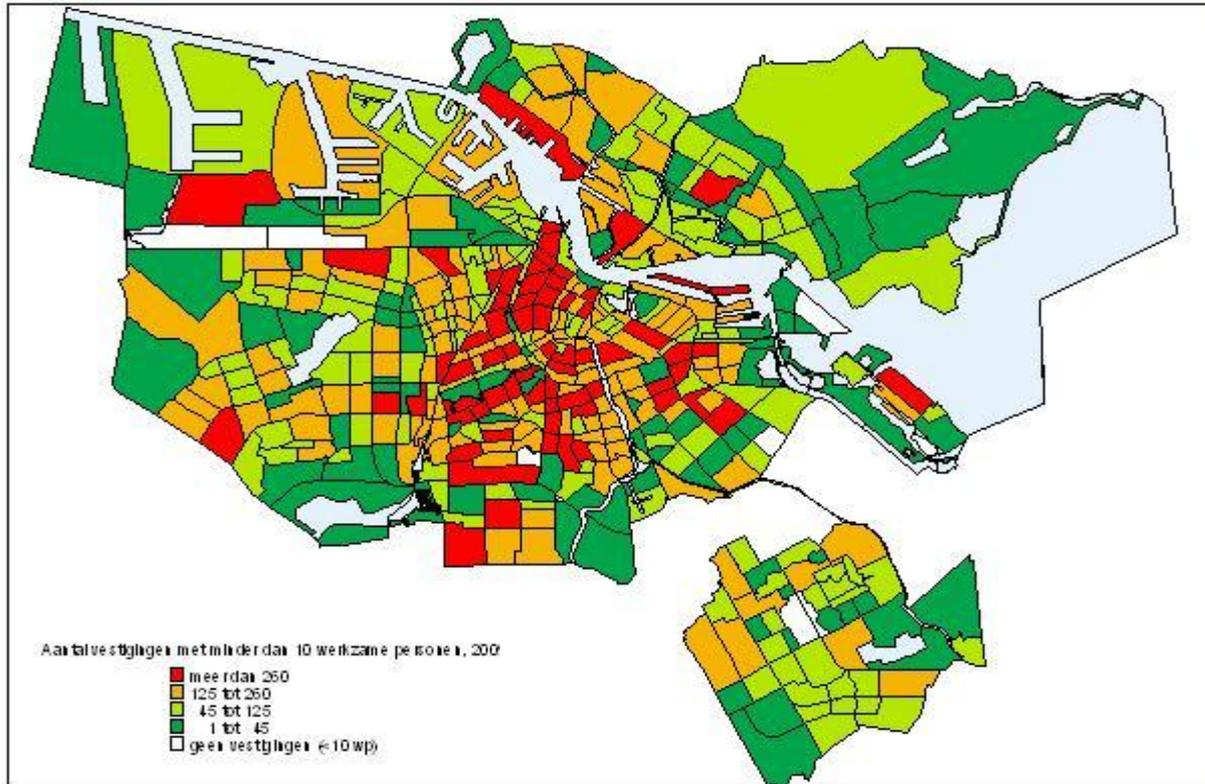
Source: O+S (2009a) Jaarboek (explanation of colors: 'landbouw en visserij' means agriculture and fishing, 'bouwnijverheid' means construction).

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

3.6 Spatial distribution of SMEs

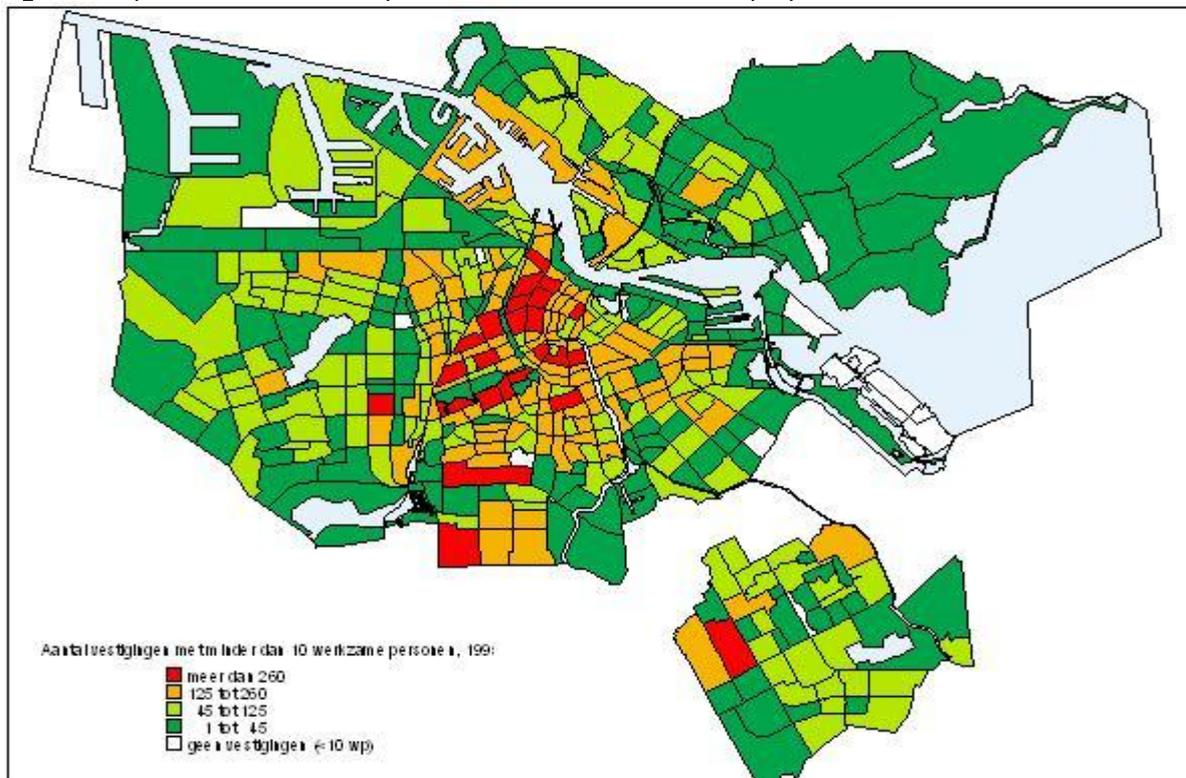
The spatial division of companies of different sizes is visible on the maps of figure 4a (1999) and figure 4b (2009). The figures show clearly how larger companies (red) diminish and smaller companies (dark green) increase between 1999 and 2009. Smaller companies (1–45 employees) are situated more towards the outskirts of town, while larger companies were situated in the city centre and the southern districts, and that concentration has become only stronger.

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



* Red= more than 250 employees, orange = 125-250, light green=45-125 and dark green=1-45 employees.

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



* Red= more than 250 employees, orange = 125-250, light green=45-125 and dark green=1-45 employees.

4. Ethnic entrepreneurs: position and problems

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

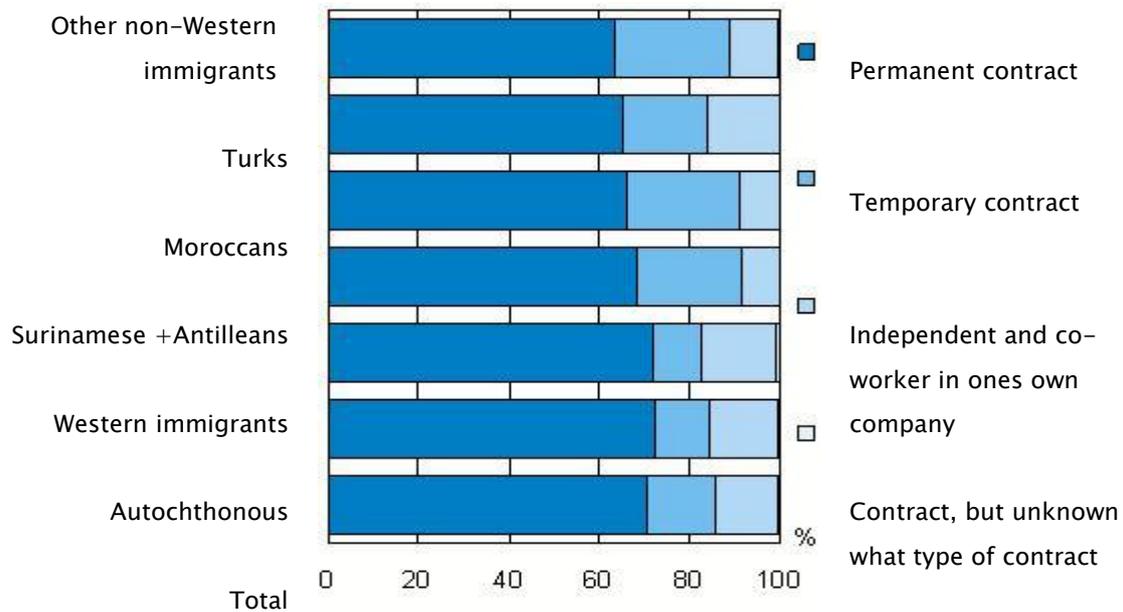
4.1 Definition of ethnic entrepreneurship

Whom are we talking about? We found different definitions of ethnic entrepreneurship outside the municipal publications. The most usual one, and the one we will use here, is that an ethnic enterprise is a business ran by a first or second generation non-western (“allochthonous”) entrepreneur. The main criterion is the place of birth of the owner of the business or his parents. In chapter 5 we will also give the policy definition.

4.2 Development of ethnic entrepreneurship

The municipality does not collect data on ethnic entrepreneurship (if necessary they can get it from the Chamber of Commerce). The Chamber of Commerce registers the business with the birth place of the entrepreneurs, but we had not budget to buy this information (€2,50 per company), so we have to rely on other sources. The data that were available for us, came from the following studies: (1) *Regionale Enquête Beroepsbevolking*, REB (Regional Survey on the Working Population), (2) from *Economisch Instituut Midden- en Kleinbedrijf EIM* and (3) from one of the banks: *Rabobank*.

Ad 1. From the first source, *Regionale Enquête Beroepsbevolking*, REB, we get information on the types of labour contract that working individuals have per ethnic group. As figure 5 shows, the percentage of independent workers plus co-workers in their company, is for the total population around 15%. Comparing ethnic groups, Surinamese/Antilleans and Moroccans have lower rates (around 10%), Dutch have a bit higher rates and Turks other Western immigrants have much higher rates (around 18%) of independent workers (+ co-workers).

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

Source: O+S Regionale Enquête Beroepsbevolking 2009.

Ad 2. From the second source, *Economisch Instituut Midden- en Kleinbedrijf EIM* (2007), we find figures comparing the number of entrepreneurs in the four largest Dutch cities, Amsterdam, Rotterdam, Den Haag and Utrecht. Foreign entrepreneurship is concentrated in the large cities, because immigrants live there. Table 3 shows the development of the number of entrepreneurs in the four largest Dutch cities from 1999 to 2004. Firstly it shows that entrepreneurship in general is on the rise among all groups: in Amsterdam from 44,800 to 50,900 in total. Secondly it shows that immigrant entrepreneurship grows faster than Dutch entrepreneurship. Thirdly it shows that the number of non western immigrant entrepreneurs grows faster than the number of Western immigrant entrepreneurs.

Table 3 Number of entrepreneurs (x 1.000) per ethnic group in the four big cities

	Dutch			Non Western immigrants			Western immigrants			Total		
	1999	2002	2004	1999	2002	2004	1999	2002	2004	1999	2002	2004
Amsterdam	31,3	33,3	33,7	5,8	7,8	8,3	7,7	8,5	8,9	44,8	49,5	50,9
Rotterdam	16,8	17,4	17,2	3,5	4,3	4,8	2,6	2,8	2,8	22,9	24,6	24,8
Den Haag	13,8	15,6	15,3	3,0	4,5	4,7	2,9	3,3	3,3	19,7	23,4	23,3
Utrecht	8,1	10,3	10,3	1,0	1,3	1,5	1,3	1,5	1,5	10,3	13,1	13,3

Source: EIM (2007, p: 32)

There are also differences between the cities. In Amsterdam, Rotterdam en Den Haag about one in three of the entrepreneurs has a foreign origin. In these cities the importance of ethnic entrepreneurs has increased since 1999. In Utrecht a bit less than a quarter of the entrepreneurs is of foreign origin. In Utrecht this hardly changed since 1999. Most immigrant entrepreneurs in the four big cities are of

non western origin and first generation immigrant. Smaller sections are the second generation entrepreneurs of non western origin. In table 4 we have distinguished between first and second generation. Table 4 shows that among non western immigrant entrepreneurs the second generation grows faster than the first the generation.

The entrepreneurs' rate (number of entrepreneurs per 1.000 persons of the workforce) shows considerable differences between ethnic groups and between the four big cities and. Amsterdammers have a higher entrepreneur's rate (95) than the others, and Rotterdammers are the least entrepreneurial (60). Dutch and second generation western immigrants are most entrepreneurial, while non western immigrants of the second generation remain behind. Table 4 shows the development from 1999 to 2004 in Amsterdam.

Table 4 Entrepreneurs' rate per ethnic group (number of entrepreneurs per 1.000 persons of the workforce per ethnic group), in Amsterdam

	1999	2002	2004
Dutch	107	118	121
Non western immigrants 1 st generation	40	49	50
Non western immigrants 2 nd generation	29	35	34
Western immigrants 1 st generation	91	92	97
Western immigrants 2 nd generation	113	123	127
Total	86	93	95

Source: EIM (2007: p. 32)

Ad 3 The third source of data on ethnic entrepreneurs comes from a study by *Rabobank*.

The municipality cooperates with *Rabobank* because it pays relatively a lot of attention to small, starting businesses. According to *Rabobank's* (2006) "Visie op Provinciale dynamiek":

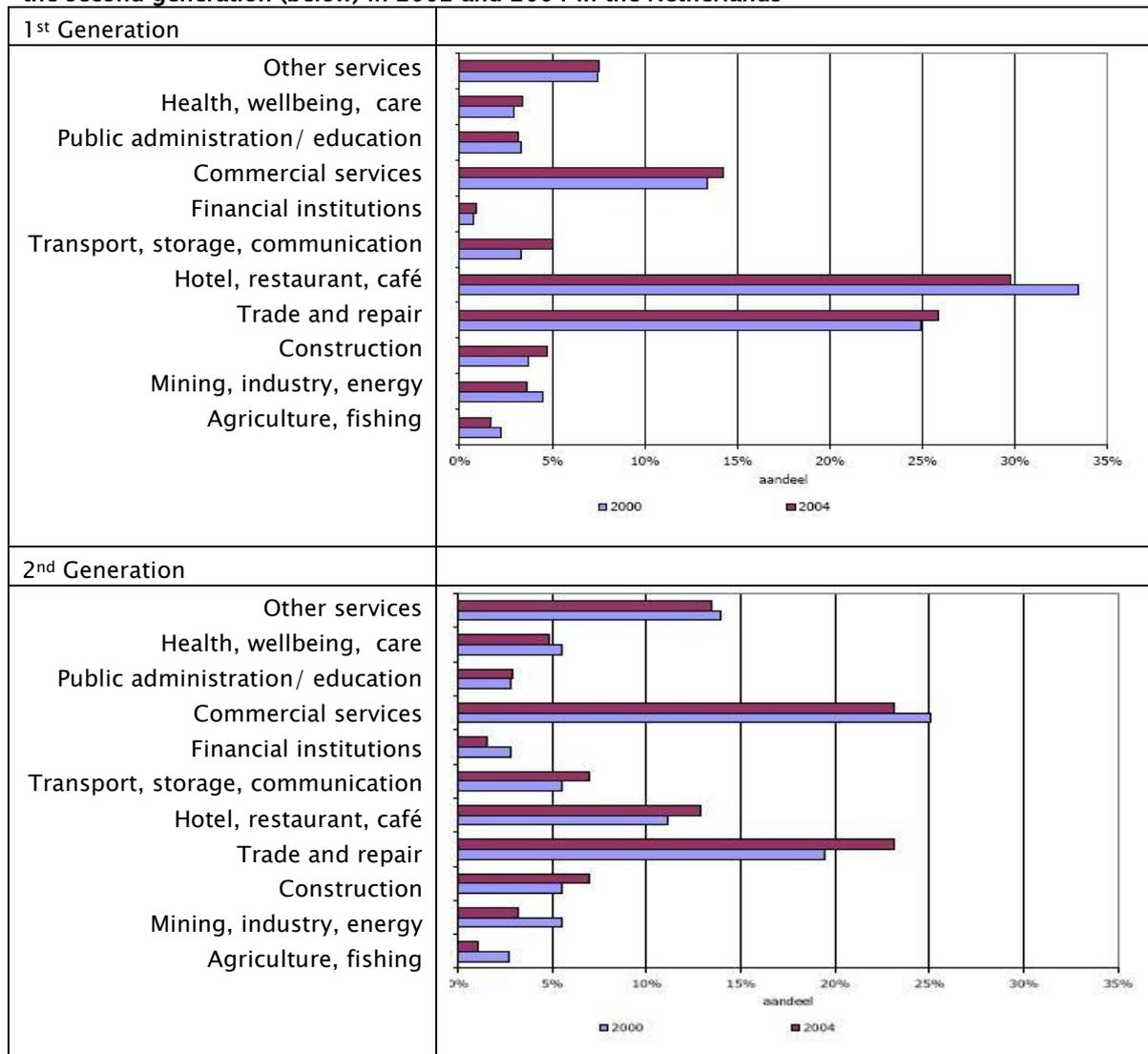
- The number of non western migrants with a business has increased between 2003 and 2006 with more than 13 percent. That is more than twice the average increase of all Dutch entrepreneurs (6.5%) (2006).
- There are 10,430 entrepreneurs of non western origin in Amsterdam. That is almost one in five entrepreneurs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

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

4.3 Sectoral and spatial distribution of ethnic enterprises

Sectoral distribution: We have no information on the distribution of ethnic enterprises over the various sectors of the urban economy in Amsterdam. But from the *Monitor Nieuw Ondernemerschap 2006* (EIM, 2007), a national study, we get some insight in the sectors that immigrants choose generally, as presented in table 5. Dominant for the first generation are two sectors 1) hotel, restaurants and cafés, and 2) trade and repair. For the second generation the dominant sectors are: 1) commercial services and 2) trade and repair.

Table 5 Sector choices of non western immigrant entrepreneurs of the first generation (on top) and of the second generation (below) in 2002 and 2004 in the Netherlands



Source: EIM (2007: p. 16) purple=2002, lila=2004

Spatial Distribution. The *Monitor Nieuw Ondernemerschap 2006* (EIM, 2007) is a national study, but some conclusions are also relevant for Amsterdam. EIM concludes that ethnic enterprises are – just like the ethnic groups where they originate from – concentrated in certain city districts and neighbourhoods. Immigrants are more often concentrated in disadvantaged areas, as measured with the mean home value, which is lower in disadvantaged areas (see table 6). In the four big cities the spatial concentration of second generation western immigrants is rather similar to that of Dutch. This

is also true for first generation western immigrants in Amsterdam. First generation immigrant entrepreneurs in Rotterdam, Den Haag and Utrecht have established their businesses more often in neighbourhoods with a low mean house value. For the non western immigrants this is more evident. The 1^e generation non western immigrant entrepreneurs are more concentrated in disadvantaged neighbourhoods than the second generation.

Table 6 Spatial division of entrepreneurs by house value area and ethnic category in Amsterdam

<i>Mean house value (x€1000)</i>	<i>total</i>	<i>Dutch</i>	<i>1st gen. non western immigrant</i>	<i>2nd gen. non western immigrant</i>	<i>1st gen. western immigrant</i>	<i>2nd gen. western immigrant</i>
< 100	15	10	38	30	11	8
100–150	40	40	41	43	42	41
150–200	27	30	16	18	28	28
> 200	18	20	5	9	19	23
	100	100	100	100	100	100

Source: EIM (2007 p. 35)

4.4 Reasons for entrepreneurship career, market and competition

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

At the *Dienst Werk en Inkomen/ Uitvoeringsinstantie Werkeloosheids Voorziening (DWI/UWV* Service for work and income/unemployment service), the representative told us, that currently a lot of unemployed young people want to start a business without any clear plan or even entrepreneurial interest. They don't want to work for a boss, and for these potential entrepreneurs starting a shop is a negative choice or sometimes copy behaviour and sometimes the only thing they see as left to get out of unemployment benefit. The officials at the office for work and income first try to find out how serious the plan is, and help them to think through all consequences, but if they judge the plan not serious, a discouragement route is chosen. Someone who starts a business without any sense for

entrepreneurship is likely to get into trouble and debts, and he will be in a worst situation than from where he started. Of course the office for work and income can only stop people if they are using some kind of benefit, and not if they have saved or borrowed enough money to manage the first half a year.

Entrepreneurs always cater a certain market. In the last thirty years we have seen that ethnic entrepreneurs jumped into several niches. An example in the sixties was the Italian ice cream sales and in the seventies Chinese/Indonesian restaurants were booming, and some years later the Pizzeria's (first by a few Italians, but later by Turks). All these businesses targeted at Dutch clients curious about non Dutch food. In the eighties Amsterdam's ground floors and cellars suddenly filled up with sewing machines. Mainly Turkish and Pakistani business men, developed for some 10 years a garment industry that could work cheap and fast, producing fashion for department stores like C&A. Currently there is not a single one anymore, due to even cheaper production methods in the low income countries and measures to enforce the minimum wage on them.

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

In the last years the orientation of ethnic entrepreneurs seems to broaden. An interesting developments are the care entrepreneurs, legal and financial service providers, computer companies, social and spiritual care workers, home advisers etc. This is partly due to the second generation coming forward with better training. According to Karima Kourtit, researcher at the *Vrije Universiteit*, most of the second generation Moroccan entrepreneurs work in the modern niches of IC and business service provision. Sometimes they choose these kinds of ventures consciously not to aim primarily at their own ethnic group but to "break out". A new development in Amsterdam is the rise of Turkish banks (see section 4.4).

Figure 6. An Ethiopian entrepreneur selling high quality Ethiopian coffee



Source: Folder Wijkeconomie Gemeente Amsterdam

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

Ethnic entrepreneurs have several strategies to outperform their competitors. One strategy of ethnic entrepreneurs is jumping in a new section of the market, as happened with the pizzeria businesses. In the period that pizzeria's became popular; there were not a lot of foreign food restaurants, so the public found the food interesting and new. In the last 15 years the same is happening with Ethiopian restaurants in Amsterdam, though on a smaller scale, but quite successfully. A strategy that we already mentioned is to focus at ones own ethnic group. Halal butchers and Afro hairdressers are examples which have provided specific services that were non-existing, or the existing shops were not good at. The grocery stores in immigrant neighbourhoods are without doubt popular among Turks and Moroccans because they sell exactly the same olive oil that women in the Turkish village used at home, and because one can have a nice chat in ones own language with the shopkeeper. And a third strategy is to produce cheaper than the Dutch competitor. Extremely low salaries, long work hours, and sometimes hiring employees outside the official route made the tailor shops successful. And the Moroccan bakery is open on Sundays, when his Dutch competitors are closed.

4.5 Workforce, employment conditions, labour relations and illegal and informal practices

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

The employment conditions for workers in these small and less formalised ethnic businesses may not be as good as among larger established Dutch companies. We already mentioned that ethnic entrepreneurs often work more hours for minimal salaries, and do not know all the rules. But this doesn't mean that the employment conditions are always miserable in ethnic enterprises. From our interview with a representative of the *Arbeidsinspectie* (Labour Inspectorate) we get the impression that ethnic entrepreneurs are not less careful with the labour regulations than Dutch entrepreneurs, but are less aware of rules. The ones that are caught on breaking the labour laws often don't know all the complicated rules about for instance safety on the work floor, hygiene, work hours and conditions. The representative thinks her task is to educate people about all these laws, and feels that it is easier to educate the immigrants than the protesting Dutch, who find it all unnecessary interference. In the immigrant companies there is quite often a lack of awareness about safety or hygiene. She explains how she helped a Pakistani import company to make the obliged risk analysis when working with gassed containers, and found a very cooperative partner, because they never realised how dangerous this was. The three problems she noticed in her work are:

- 1) lack of knowledge,
- 2) not seeing the advantage of professionalisation/ long term investments, but also
- 3) simply problems with writing.

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

Compared to other European countries, it is rather difficult for entrepreneurs in the Netherlands to work illegally or to work with illegal employees. But there are sectors, like construction, hotel/restaurant/café business, and care in peoples home where at least a part of the labour is not reported. According to the interviewee of the labour inspectorate this is not more common among ethnic entrepreneurs than among Dutch entrepreneurs, actually the big employers of illegal Polish workers are Dutch bosses. There have been campaigns to stop this, but as far as we know in the last years not towards ethnic business. The campaigns that were reported in the newspapers were directed at the flower fields and greenhouses just West of Amsterdam.

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

4.6 Problems and barriers of ethnic entrepreneurs

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

- low education and lack of language proficiency leads to a lack of basic knowledge;
- limited preparation, the start is sometimes over-enthusiastic, without a developed business plan, and they get into trouble later for instance with the tax services;
- limited network formation, and lack of openness to networks outside ones own language group, but even within the language group there is not a lot of organisation;
- limited openness to information and advice, particularly to bureaucratic services, asking for advice from the government is considered a weakness, and problems are solved in the family;
- limited openness to institutions for entrepreneurial support, sometimes because they don't know these institutions, sometimes because they find them meddling;
- one-sided branch choice, easily accessible branches (low investment required), copying each other and choosing risky branches;
- difficulties with financing, due to underdeveloped business plan, and lack of guarantee to get loans;
- norms of conduct are based on informality and trust; clients that can pay later, which leads to an unclear number of suspect debtors and a general lack of overview on the financial situation;

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

Some of our interviewees observed and highlight certain problems that they observe specifically, like the representative of the *Arbeidsinspectie* (Labour inspectorate) in section 4.3, who observed three problems that ethnic entrepreneurs encounter more than Dutch ones: 1) lack of knowledge, 2) not seeing the advantage of professionalisation/ long term investments but also simply 3) problems with writing.

Another view on what the main problems are came from our interview with the director of *Federatie Nederlandse Vakverenigingen* (FNV) *Zelfstandigen Zonder Personeel* (ZZP), branch of workers union for independent workers without staff). She remarks that the problems are: 1) administrative, 2) underrepresentation in the unions, 3) hidden poverty, 4) the information level is low and 5) no communication through the usual channels. We asked all CLIP cities to report specifically on problems with financial management, marketing, rules and regulations and bureaucracy and intermediary institutions and we will subsequently treat these problems now.

— *financial management*

Ethnic entrepreneurs tend to borrow more easily within their own network or family than Dutch entrepreneurs. This is often their starting point, but it can also be a consequence of being disappointed by institutions and banks. One our interviewees has worked as an advisor on

entrepreneurship in an ethnic association in the past. He developed business plans with at least 20 of his countryman, cooperating with the agency for starters STEW (see section 5.4) and the municipal Service for Work and Income DWI. Even though STEW gave the necessary signature for an adequate business plan, as required by the Work and Income Service, not a single entrepreneur could get the necessary starting credit. The banks didn't trust the entrepreneurs, and asked for more guarantees than they could deliver. We heard experiences of for instance two Ethiopians, arriving at a bank with an appointment, but getting thrown out immediately, which the Ethiopians took it as outright discrimination. On the other hand we heard at the STEW office that some very unprofessional people apply for bank loans with unpractical and risky plans, who speak limited Dutch, and officials have reasons to throw some out.

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

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

– marketing

Usually companies have their marketing strategies. We have no information on the problems or barriers that ethnic entrepreneurs encounter with regard to their search for consumers. The only thing that became quite clear from the interviews is that many of them only advertise themselves in their own community by word of mouth. They are active in informal channels, and less on marketing campaigns, or employers networking events. According to researcher at the Department of Economics of the *Vrije Universiteit*, Karima Kourtit, this is also true for the second generation Moroccans. Companies of second generation Moroccans have improved compared to the first generation: they do not only look for Moroccan clients, or only for Moroccan employees and they are active in successful sectors as business servicing, but one difference remains with Dutch companies: the lack of membership in the usual networks in the sector.

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

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

Figure 7 Halal Butcher



Source: Folder Kansenzones Gemeente Amsterdam

- rules and regulations

As we explained in section 3.4 the rules and regulations surrounding entrepreneurship are quite complicated and not every immigrant knows all these rules. Some entrepreneurs get their information because stories go around in their community, as for instance a story that one of the restaurants was fined because of employing people illegally. This startled the others, and they became much more careful to phone an extra person in the kitchen on a busy Friday evening.

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

-bureaucracy and intermediary institutions

Besides rule there are institutions that entrepreneurs have to cope with. Most people know that one needs to register in the Chamber of Commerce and with the tax office. But where all the permits come from, is not clear to all, and as we saw, there are permits that people have never heard of, and that is also true for many of the institutions. Probably the most feared institution is the tax office: if one gets

a problem with them, and this is not considered completely in people's control, you may have to pay back for years. Most entrepreneurs that we talked to don't fill in the tax forms themselves but have an accountant or administration office to do this; it is considered too complicated.

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

4.7 Union and Networks.

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

- There are two main employers' associations, that cooperate closely: *Vereniging Nederlandse Ondernemers* (VNO Association Dutch Entrepreneurs)–*Nederlandse Christelijke Werkgeverscentrale* (NCW – Dutch Christian Employers Association) and *Midden en Klein Bedrijf* (MKB – Medium and Small Business) *Amsterdam*. VNO–NCW is the largest employer's organisation in the Netherlands. The companies and branch organisations connected with VNO–NCW – altogether 115.000 companies – represent 90 percent of the employment in the Dutch market sector. VNO–NCW has a common policy office with the organisation for the small and medium sized companies: MKB–Nederland. The associations defend the interests of entrepreneurs, and take part in the national negotiations organ *Sociaal–Economische Raad* (SER – Social Economic Council) with the government and workers unions. If one becomes a member, a lot of support is free.

An example of the work of *MKB Nederland* can be found in their report on local licences (MKB 2006).

The kinds of licenses required in different municipalities are investigated, and simplifications are suggested. MKB Amsterdam is a relatively white institution, but it is actively trying to diversity in terms of gender, age and migration background.

- Within the workers union *Federatie Nederlandse Vakcentrale* (FNV Federation of Dutch Workers Unions) there are two options, to become a member of the *Zelfstandigen Zonder Personeel* (ZZP independent worker without staff department) and one can become a member of one of the organisations per branch, for instance the branch retail trade associations. ⁸

ZZP offers information and advice, lower rates for insurances and administrative services, free legal advice and support, keeps members up to date with news, and lobbies for people who work independently. It supports the government with law construction and comes forward with creative solutions on for instance pregnancy leave, disability to work and pension. For its members, ZZP offers a) training on specific issues; as for instance working according to the safely rules of the *Veiligheid, Gezondheid en Milieu Checklist Aannemers* (the safety, health and environmental checklist for contractors), internet sales, website constructions, digital presentations, but also b) on more general skills, like the taxes, fixing rates, contracts, networking and acquisition, presentation techniques, negotiating, and c) it provides individual coaching. FNV has 13,000 members in the ZZP section, but very limited numbers of immigrants.

⁸ <http://www.fnvzpp.nl/>

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

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

Besides these 'Dutch institutions', we found networks among ethnic entrepreneurs in their own communities, as for instance the *Marokkaanse Ondernemers Amsterdam* (MON Moroccan Entrepreneurs Associations)⁹, the Turkish entrepreneurs group *AGIAD*, the Chinese entrepreneurs *Dragons Business club*, and *The Other Businessman*, etc. Most of these networks promotes the degree of organisation among entrepreneurs in Amsterdam and don't ask contribution, so that makes them attractive and in a way competitors of the unions.

MON was not self founded. From our interview with one of the founders of MON, we understood that this network was set up because the Chamber of Commerce, the municipality and MKB wanted contact lines with Moroccan entrepreneurs. Within a rather short period the Moroccan official then working at the entrepreneur's support desk of STEW – paid by the municipality – set up a network. He phoned 120 entrepreneurs and brought them together. This cooperation was successful for three to four years. They organised information meetings and broadened their circles. Currently the municipal support and therewith the subsidies for hiring an event space have stopped, and the number of activities has gone down. But as a network it is still very effective: people know each other they and phone each other for help and do business together. A Moroccan accountant has build up an enormous clientele because of this network. According to the organiser, the output is tremendous, though there are no officially paying members and registered numbers of visitors during meetings. He states that it is a problem that the employers association MKB views the Moroccan network MON as a competitor. But MKB doesn't adjust to this new group, so Moroccans don't become members of MKB. Moroccans simply find it too expensive to become a member.

⁹ <http://www.mon-amsterdam.nl>

5 City policies on entrepreneurship

In this chapter we will describe the policies that we have found on ethnic entrepreneurship, or actually on small and medium businesses, but with attention for ethnic entrepreneurs. We first describe the economic policies, then of the integration and diversity policies, and then we present some concrete examples of the policy implementation.

5.1 Overall policy lines of 'Amsterdam Topstad' and the Economics Department

An important program of the Amsterdam municipality from 2006–2010 was *Amsterdam Topstad* (Amsterdam Top City).¹⁰ It is basically a program with a future perspective on Amsterdam's international position, dominated by economic elements, besides educational and social elements. This program is relevant to immigrants since it targets at 1) facilitating expatriates, and 2) building an open and hospitable city. The other targets also indirectly point at the international outlook of the city: 3) developing top education Harvard at the Amstel River, 4) facilitating creative talents and cross-overs, 5) optimising the it–infra structure, 6) stimulating knowledge valorisation and entrepreneurship in the life sciences, 7) developing a sustainable city, and 8) advertise Amsterdam as an city for events.

The website of the Economic Department shows, that being internationally directed, stimulating the knowledge industry, stimulating tourism and being supportive to entrepreneurs are important topics. An interesting new development (April 1st) was that Economic Affairs Amsterdam launched a Chinese language website, to attract Chinese entrepreneurs to settle in Amsterdam¹¹. Since China and India are the new economic powers of the 21st century, the website is targeted at Chinese companies who are looking around to establish a branch in Europe. The former alderman remarks: "Chinese companies provide a large share of employment in the Metropolitan Region. Besides acquisition, we also service they provide better service so we will be. Currently there are about 60 Chinese companies established in the Amsterdam region. I am very pleased that we can meet their needs and I hope this will create more jobs" (translated from the EZ website). The policy of the municipality is paying off. In 2009 increased the share of Chinese companies in the number of new foreign companies to about 10 percent. It concerned mostly European headquarters, companies in marketing & sales and logistics & transportation. Note that Amsterdam doesn't translate any documents in the language of origin of immigrants, but it does for future immigrants.

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

- there is a great urgency to stimulate entrepreneurship in general and to improve the entrepreneurial climate, but more specifically for techno starters and fast growers;
- this can be done within the educational institutions and in cooperation with the two universities and colleges;

¹⁰ <http://www.topstad.amsterdam.nl/>

¹¹ http://www.ez.amsterdam.nl/@308354/gemeente_amsterdam/

- not only stimulating and supporting starters but also boosting competencies of existing entrepreneurs is important;
- and taking care of the right financial possibilities for different types of entrepreneurs;
- creating more accommodation for entrepreneurs in all stages of growth;
- diminishing barriers for groups to increase the start-up ratio of groups that now lag behind, particularly people who start from unemployment benefit, women, and ethnic groups;
- and diminishing barriers for high quality immigrant entrepreneurs.

5.2 Overall policy lines on Integration/ Diversity

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

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

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

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

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

In the information brochures that Amsterdam publishes, entrepreneurs in general are addressed, but the examples and pictures are to a large extent about non western ethnic entrepreneurs, so indirectly they are clearly addressed.

The following answers were given in the CLIP questionnaire on the question what role ethnic entrepreneurship plays in the overall strategy supporting integration of immigrants. "Diversity

¹² This information found in the CLIP questionnaire.

management is defined as optimally using all different talents of individual employees, for provision of services, profit and or the results of the organisations.”¹³. And integration is: “joining and participating. Integration is a concept that targets all Amsterdammers and not only newcomers from non-western countries or already settled immigrants who still need to do the courses to become a full citizen”.¹⁴ As the municipality writes in the CLIP questionnaire, “Optimally utilising chances requires that the available talents are optimally exploited. Currently this is not the case, and talents in relation to ethnic background remain under utilised, but also in relation to gender or handicap. Focussing on talents requires an individual approach and not a group approach. Every human being has a unique mix of characteristics and talents available and ethnic background is only one of the relevant factors, which can be expressed differently by different individuals. But ethnic background can in many cases be the basis for talents, that can be profitable for society as a whole, economically, if the right conditions are created. These talents can include:

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

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

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

- ethnic diversity can ensure higher entrepreneurs rates, because some ethnic groups or people with another cultural orientation are more inclined to become entrepreneurs;
- ethnic diversity can be a source of more creativity and innovation;
- exploiting diaspora networks can offer access to new sources and markets;

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

¹⁴ Translated from: Gemeente Amsterdam (2003, p. 5) *Erbij horen en meedoen*.

- diversity of suppliers can promote innovation and be an answer to the diversity of services that consumers want;
- ethnic diversity can lead to ethnically oriented events and activities and as a result, raise attractiveness for tourism;
- an ethnically differentiated society can be an attraction for foreign investments and visitors/tourists;
- diversity on the work floor can ensure cross-fertilization and innovative processes; more connection of organisations with the changing social structure; and an increase of the participation of minorities in the social process.

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

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

As the official of the municipality writes in the CLIP questionnaire, to exploit these chances obstructions must be tackled. The two main obstructions seem: (1) the existence of influential old boys' networks, in which people from ethnic groups get access with difficulty or not at all and (2) the limited access to bank credits and venture capital for people from ethnic groups. We tried to find out several times, but unfortunately the officials did not make clear how the EIM chances and obstructions have translated into policy and if so in which department these policies are implemented.

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

From section 5.4 on we will look in detail at the execution of concrete projects, we will first focus at starters projects in 5.4, then at project for already existing entrepreneurs in 5.5 and then at projects that focus on neighbourhoods in 5.6. But first we will see which actors are involved in this field.

5.3 Main actors

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

- *Economische Zaken* (Economic Affairs of the Municipality of Amsterdam). This department was involved in the three policy areas which we will show later: a) *Ondernemershuizen* – Entrepreneurs' Centres; b) stimulating entrepreneurs in neighbourhoods and the allocation of *Kansenzones* – opportunity areas; and c) providing micro credit.
- *Dienst Maatschappelijke Ontwikkeling* DMO (Department for Social Development of the Municipality of Amsterdam). This department houses the coordinator of the *Kansenzones* (Opportunity Area) policy, whose official job is to connect all the involved. Another important issue for DMO is to support networks, among them the networks in neighbourhoods, which includes migrant associations and shopkeepers.
- *Dienst Werk en Inkomen* DWI | UWV (Labour and Income Service of the Municipality of Amsterdam): unemployed, dependent on welfare benefit, and interested to start a company, can request a starting capital at DWI, as well as an additional benefit for maintenance. One can submit an application to get supported during a preparation period. This is a route where one prepares oneself during a year keeping the unemployment benefit and with the support of external partners to become an independent entrepreneur.
- *Stadsdelen*, City Districts, who take care of the implementation of the *Kansenzones* and of most of the licences that deal with the location, like the licence to establish a business at a certain location (only when the purpose in the zoning plan is business), the permit to have a terrace in front of a café or restaurant, the advertisement permit (on shop window or sign board), etceteras. *Winkelstraatmanagers* (shopping street managers) can be employed by the city district, though sometimes co-funded by a housing company or a project developer.

Besides these services inside the municipality, there are temporary ones installed by the municipality on project basis, usually outsourced to a company like the *Ondernemershuizen* and *STEW*, which we will treat in 5.4–5.6 when we look at concrete projects. And there are stable non-municipal institutions and cooperating partners relevant for entrepreneurs as:

- *Kamer van Koophandel* (Chamber of Commerce), this is the starting point, where a new entrepreneur has to register the name of his business. At the first visit it is possible to get information and advice, for instance on the different legal forms. Since 2009 it is not necessary anymore to register separately at the tax office, since this is now also done at the Chamber of Commerce. The Chamber then checks the location, and helps to make the profit calculation, that is required for the tax service. Beside registration, the tasks of the Chamber include: giving information lectures and courses, organising network events, and cooperating with cities, supporting internationalisation and helping with sales or closure of companies. Generally the Chamber has only one large location in Amsterdam, beside the Central Station, and does not reach out, but a completely new and unusual development is that one official keeps an office hour at *Ondernemershuis Nieuw West*.
- The employers' associations: *Vereniging Nederlandse Ondernemers (VNO)–Nederlandse Christelijke Werkgeverscentrale (NCW)* and *Midden en Klein Bedrijf (MKB) Amsterdam*.

- The workers union, f.i. *Federatie Nederlandse Vakcentrale* (FNV) particularly the office for – *Zelfstandigen Zonder Personeel* (ZZP Independent Workers without staff), CNV, and others, and their branch organisations.
- Networks of ethnic entrepreneurs, like *Marokkaanse Ondernemers Amsterdam* (MON ¹⁵), Turkish entrepreneurs *AGIAD*, Chinese entrepreneurs *Dragons Business club*, and *The Other Businessman*, etc.

5.4 Projects for Starters

We will now turn to policy execution, so concrete projects. We will focus in this section on start-up support, financial support and stimulation of entrepreneurial careers, then in section 5.5 on project towards professionalisation for already existing entrepreneurs, in 5.6 on projects that focus on neighbourhoods and in 5.7 on other projects. In general the execution of these policies takes place in institutions that function as partners of the municipality.

Some relevant initiatives to support starters are (note that we cannot list all ¹⁶):

- *Ondernemershuizen* (Centres for Entrepreneurship).

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

They employ business advisors, who support and coach the (re) starts of a business. As the representative we talked to explains: "The coaching consists of individual business advice, making a business plan, suggesting courses and workshops, providing background information and help in finding suitable accommodations and financing. The advisor helps the entrepreneur through all the paperwork, and calls if necessary to other offices, as much as possible avoiding that the entrepreneur gets lost in bureaucracy." The intention is to be complete and to have all necessary forms of other institutions in one office, including the ones on the Chamber of Commerce (official registration of the business), the Tax Office (getting the business tax id), the information on all Permits and Licences, the standardised forms for a business plan, addresses of accountants, of the usual networks and associations, etceteras.

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

¹⁵ <http://www.mon-amsterdam.nl>

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

Besides personal advice, *Ondernemershuis* organises courses: acquisition (2 half days), administration (1 half day), taxes (1 half day), bookkeeping (6 half days), business plan (6 half days), import and export (2 half days), marketing and pr (3 half days), networks (1 half day), quick course book keeping (3 half days), fixing rates and prices (1 half day), time management and organisation (2 half days), preparation for starting a website (1 half day).

The website of *Ondernemershuis* provides a (limited) number of advertisements of business spaces in Amsterdam.

- STEW ¹⁷

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

Besides this task, STEW judges business plans and requests for micro credit, held the secretariat of the Moroccan Entrepreneurs Network MON for some years paid by the municipality, trains refugees for the *Universitair Vluchtelingen Fonds* (UAF, university refugee fund), and searches and supports existing businesses in the next project that we will shortly mention, *Vernieuwende Zaken* (Renewing Affairs)..

- *De Kunstzaak Amsterdam* (the Art Affaire Amsterdam) ¹⁸

This project offers support to artists and creative entrepreneurs in all phases of their business development, including short recommendation routes but also a year long route with a basis of training, coaching and intervision. Artists, who are already busy for some years and want to develop new services or want to work on further professionalisation, can take part.

- *Nieuwe bedrijvigheid Amsterdam* (New business activity Amsterdam) .¹⁹⁾

The general aim of this project is to give professional recommendation and a network for innovative young companies. It is the largest national network for innovative entrepreneurs. They provide up to fourteen days recommendation for things like attracting financing, protection of products and services, searching strategic cooperation partners, commissioning customers and legal questions. The recommendation has been mainly subsidised, two third of the costs is compensated.

- *Stadia*: ²⁰

¹⁷ <http://www.stew.nl>

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

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

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

Beside coaching start up, financial arrangements and possibilities to start a business from welfare benefit have been developed. These are generic measures but often with the specific situation of immigrant entrepreneurs and their difficulties to get finances in mind. First a starting entrepreneur has to try the regular bank loans. *Rabobank* is mentioned by interviewees as the friendliest to small entrepreneurs. Then Amsterdam has several possibilities to serve people who can prove that they don't manage to get the regular bank loans. The website of the Economic Department Amsterdam shows eight categories: 1) micro credit 2) subsidies for entrepreneurs in *Kansenzones* – opportunity areas (as we explained will explain in section 5.6) 3) supporting measures that increase the safety of entrepreneurs 4) extra possibilities for small and medium businesses for guarantee (*garantstelling*) 5) starting a business from social benefit 6) subsidies for employers 7) subsidies for innovative companies and 8) subsidies for electric cars.

This list provides some of the possibilities for micro credit:

- *Garantiefond Microkredieten Amsterdam*, micro credit fund for people who started less than 5 years ago (€ 5.000 – € 35.000). (formerly *Startersfonds Amsterdam* (starter fund Amsterdam))
- *Startersfonds Zuidooost* (=starter fund of city district South East), € 5.000 – € 25.000, the credit is given + an experienced coach.
- *HandsOn Microkrediet* is an organisation for starters with a low income (maximally € 25.000 annually), maximum credit € 5.000, accompanied with coaching by an experienced entrepreneur
- *Qredits*, a national fund for starters and already established entrepreneurs, maximum € 35.000, tailor made approach with professional coaching
- *Waarderingsubsidies* (appreciation subsidies) are given occasionally to special network meetings, for instance start-up subsidies for Turkish and Moroccan business networks, and/or a prize is awarded for a special target groups, such as 'The Black Businesswoman or the Year'.
- *Project Suikeroom*: a participation fund for (young) entrepreneurs or migrant origin with growth potential. They are linked to an experienced entrepreneur who supports them with money (€25.000 – €150.000) and expertise.

Only the last one – *Suikeroom* – targets at migrant origin customers only, but the starter fund of city district South East counts a larger number of ethnic entrepreneurs because of the larger presence of ethnic minorities in this district.

As a starter it is also possible to start a business from social benefit, with support of the work and income service of the municipality:

- *Dienst Werk en Inkomen/ Uitvoeringsinstituut WerknemersVerzekeringen* (DWI/UWV) may support a starter with welfare benefit for a period of half a year to cover the first phase and get started. DWI requires a thorough business plan and the coaching by STEW. After this is granted, the unemployed person is not obliged to apply for jobs.

²⁰ <http://www.stadia.nl/>

- *Startfoundation*, a fund for the most vulnerable groups (handicapped, ex-detainees, long time unemployed, ex-psychiatric patients and certain groups of youngsters), maximum € 25.000 for an unemployed who starts a business, and who is supervised in the process

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

We found a few projects to stimulate kids and students in de '*Ondernemersnota*' (Kok, 2008), for instance the Cooperation of Amsterdam Schools for Entrepreneurship CASE, to stimulate youth and students to undertake entrepreneurial activities during their studies already, the 'Awards program', giving a prize for good ideas and the Dutch entrepreneurs week.

Another example is the entrepreneurs game '*Ondernemershart Scholieren*' on primary schools. An experienced entrepreneur come four times for two to three hours to a school, and an element of business management is central, like finances, production, and marketing. It is run by Economic Affairs in cooperation with the Social Development Department DMO and primary schools (Kok 2008: p. 34).

The schools for professional education have possibilities for apprenticeships. Sometimes the schools provide contacts with larger companies but students can also search for the business where they want to practice. Since about two third of the teenagers in Amsterdam are from immigrant background (O+S 2009a), some prefer to do their apprenticeship in a business in their own ethnic group. As our interview with a shopkeeper showed, the entrepreneur didn't know about this possibility and at first thought that the rules were too complicated. But one student pushed her idea to do her apprenticeship of a MBO school at his company, and managed to make the arrangement between the ethnic business and her school. In the end it solved the shopkeeper's problem that he could never leave his shop alone, and the student was most happy with the apprenticeship, since she was introduced in nearly all aspects of keeping a small business. The lack of knowledge about this possibility is probably not exceptional.

5.5 Projects for existing entrepreneurs

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

- *Vernieuwende Zaken* (Renewing affairs):

This is a project which supports already established entrepreneurs to optimise the functioning and management, and solve all problems that small shopkeepers encounter in the western city districts. Parts are executed by *STEW* and parts by *Bureau Koers Nieuw West*. The project worker of STEW tries to visit all shops in the targeted city districts, just to find out if there is any support they need or rights they are not using, or improvement possible with which someone can help. The experience shows that it takes time to gain trust among the immigrant shopkeepers. They are usually not in contact with the usual support institutions, and are not immediately convinced that they need support. But after visiting

them a few times on the less busy moments, some of the problems become clear, from very serious like very limited profit or need of renovation, to less serious like an unattractive shop window or being tied to the shop without having time to get supplies. Usually the shopkeepers are single owners, and have no time to take courses; they work long hours including the weekend. They don't know that they can renovate the shop front with a subsidy from the city district or that they could get a cheap intern from one of the nearby schools to replace them now and then. With the personal contact and support from the project bureau, it is often possible to make a business more successful. STEW can give the following support: ²¹

- Investigate the financial positions of the company, looking for the vulnerable spots in the operational management, and searching for solutions.
- Support with requesting financing (STEW maintains contact with banks and funds for micro credit). First the request for finances is feasible, then the best financier is sought.
- Think about promotion and publicity.
- Test whether the formula of the company still fits to the wishes of the clients.
- Develop sale-skills further.
- Give advice on display and shop design.

Beside *Vernieuwende Zaken*, Amsterdam attempts to make things easier for business people. The website of the Economics Departments of the municipality of Amsterdam provides a page with business locations for all entrepreneurs: <http://www.amsterdam.nl/ondernemen/bedrijfsruimte>. It is divided in the sections: project locations (newly build), building locations, small location, big locations and hotel locations. The section small locations – most of them rentals – has the following subsections:

- a search screen that helps to search very easily in one of the main commercial website (marktplaats.nl), but making selection of for instance hotel/restaurants/café spaces, creative space, office space, offices for medical professions, etc.
- a link to *Projectontwikkelingonderneming Kleinschalig Vastgoed Amsterdam (KVA)*, a project developer on small scale real estate. This organisation offers two current projects: two former school buildings, *Het Sieraad* and *De Timoreesschool*, that have been transferred in multi project spaces, with small spaces (15m² and more);
- a link to *Startgoedamsterdam*, (Start Well Amsterdam), a cooperation between housing corporation *Eigen Haard*, *Lingotto Real Estate* and the Department of Economics Amsterdam offering locations of less than 100 m². There are at the time we saw the website three locations with units from 15 m² and more.
- a link to *De Amsterdam Compagnie N.V.*, a company that creates *bedrijfsverzamelgebouwen*, multi business buildings in Amsterdam with usually some 40 small scale offices spaces per building, from 18 m² to 150 m². It works like websites of brokers, and has currently 30 spaces on offer.

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

By coincidence one of the entrepreneurs we interviewed, was searching for a new space during the fieldwork of this project, so we asked him how he tries to find a new rental. It's interesting to see that he took a different route. Firstly he didn't know the municipal website. He first talked to the housing corporation that rented him his old place and who was throwing him out because of renovation plans. After they offered him something unsuitable he went to the street manager, whom he knew personally, and looked in local newspapers and on the national broker's website.²²

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

Figure 8 Four immigrant businesses in a new complex in Amsterdam Zuid–Oost

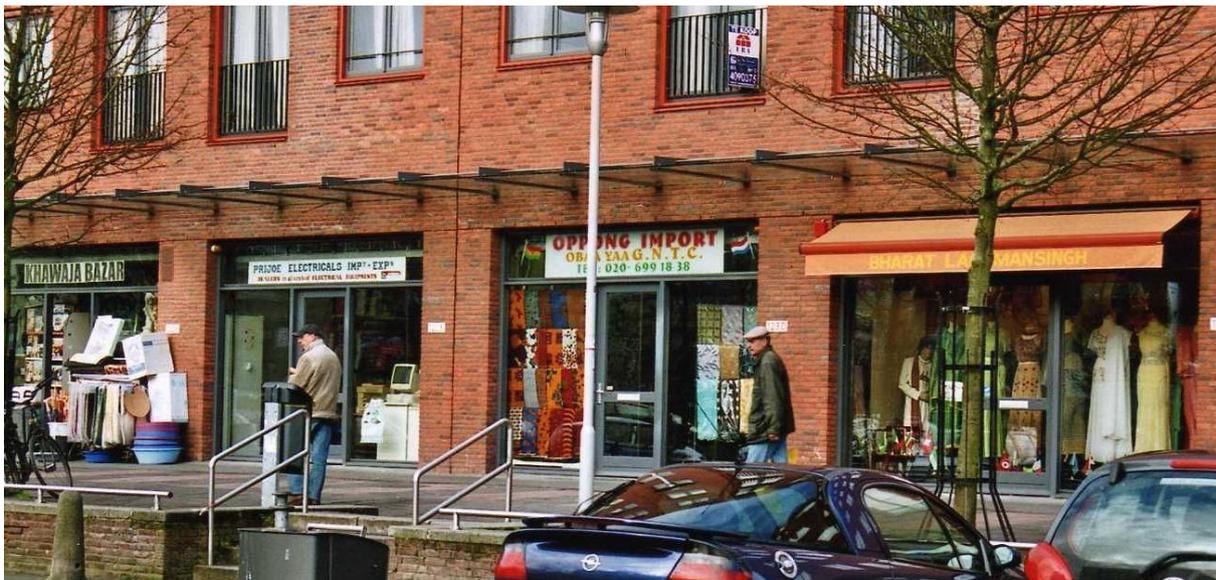


Photo: Anja van Heelsum

Besides supplying information, network formation is supported by the municipality. As we said, immigrant businesses are not as well connected to professional networks as Dutch entrepreneurs. The *Dienst Maatschappelijke Ontwikkeling DMO* (Department of Social Development) has actively supported the formation of networks, by paying an official to establish MON that we have mentioned several times.

5.6 Projects that focus on neighbourhoods or zones

Stimulated by the national policy on neighbourhoods, Economic Affairs Amsterdam, the employers organisation MKB and *Rabobank* organised a common background study which resulted in the 'De

²² <http://www.fundainbusiness.nl>

kracht van de Wijk' by Aalders et. al. (2008). Aalders et. al. (2008: p. 39) show that a higher percentage of entrepreneurs in economically depressed neighbourhoods are of immigrant origin (33% in *Bos & Lommer* and 36% in *Indische Buurt & Transvaal*) than in non depressed neighbourhood (like *De Pijp*). It turned out that the non western entrepreneurs, whom they interviewed, were more attached to their neighbourhoods and less inclined to move out than western or Dutch entrepreneurs. On the other hand Dutch entrepreneur more easily invest in the renovation of their establishment, partly because of their higher margins of profit. But this means that there is more investment in the buildings in the economically not depressed neighbourhood *De Pijp* than in an economically depressed neighbourhood *Indische Buurt & Transvaal* (Aalders et. al. 2008: p.42). This causes a circular effect: because the neighbourhood doesn't look as good as the other one, it is less attractive for clients to shop, business is less successful and less investment takes place. After this study the determination to invest particularly into the economic activities of small and medium size businesses in specific neighbourhoods became stronger. After this first investigation *Kansenzones*, opportunity areas that have been assigned in depressed neighbourhoods as a result.

So in the basis programme for the Amsterdam economy (*Basis Programma Economie Amsterdam 2007-2010*) one of the policy lines is to set-up *Kansenzones* (opportunity areas).²³

An economic opportunity area is an exactly defined number of streets where the neighbourhood economy will get an extra impulse. The main point in Amsterdam is, to improve the public space. When shops and businesses in a neighbourhood look more attractive, the neighbourhood becomes a better place to live and a nicer place to visit. And this again works positively for the entrepreneurs, who get more clients. So a mix of measures is taken, including investment ('Investment Regulation for Entrepreneurs in Opportunity Areas'), establishment of entrepreneurs associations and the creation of new buildings or premises for entrepreneurs.

Of course this kind of zoning policy has its drawbacks. It was only possible with a specific law on measures related to metropolitan problems, the *Rotterdam-Wet* of 22 December 2005, since stimulating entrepreneurs in one street is unfair competition for the ones in the next street.

Kansenzones was copied from Rotterdam, though the emphasis in Rotterdam was on long term job creation in depressed areas and less on improving the public space. But the experience in Rotterdam learned that a subsidy regulation is an effective instrument to stimulate depressed neighbourhoods (see for the description of the project in Rotterdam: European Commission, 2008, p. 84).

The procedure to implement the zoning was not fast. The plan has been determined in 2007 by the Council. City and city districts would strive for the introduction of at least two a three opportunity areas in the autumn of 2008. The mayor and aldermen take the decision where an opportunity area is established and which amount of subsidy is available, based on the aimed results. The actual implementation is executed by the city districts authorities; because they have most insight in the local situation in the opportunity area and they are commonly the first point of contact for entrepreneurs in the area and this helps to cut administrative costs. The application forms and procedure are as simple as possible, and the forms are in all city districts the same. The implementation plan of city district contains an analysis of the area in question and indicates at which economic development the chance

²³ http://amsterdam.nl/ondernemen/subsidies_of/kansen_voor

area will aim at for how long it will be a opportunity area (maximum four years). The plan gives an overall indication of the number of entrepreneurs/owners in the area for whom a subsidy application could be attractive.

The investment regulation is meant for small and medium entrepreneurs and real estate owners to support investments in new and renovated real estate and in fixed assets that would not take place without this, and that contribute to the entrepreneurship and the liveability in the neighbourhood. For instance a run down street with a block of ten shops gets the chance to improve the facades of the shops. This makes the shops more attractive for customers, but at the same time turns the street into a better environment, where the public enjoys being, and dirt and graffiti are removed faster. So the primary aim is stimulating investments; and on a longer term the regulation aims at stimulating entrepreneurship and the strengthening of the economic structure in a district. Figure 9 shows which areas were chosen for development in city district Geuzenveld–Slotermeer. Note that compared to city district Zeeburg, this city district has chosen a rather limited surface.

Figure 9 Kansenzone (in red), the opportunity area in city district Geuzenveld–Slotermeer.



Source: Folder Kansenzone Geuzeveld–Slotermeer

Beside this zoning policy, a second activity that the municipality develops on neighbourhood level or even more locally is the establishment of *Staatmanagers* (street managers) in run down streets and areas of Amsterdam. A street manager tries to coordinate the improvement of a central street in a neighbourhood, by supporting renovation, trying to establish a line of attractive shops and throwing out less attractive shops, and improving the general outlook (pavement, trees). The street manager develops a clear profile for the street that has its roots in what is happening in the neighbourhood. He works in cooperation with the municipality, housing associations and shop keepers associations. The example of *Czaar Peterstraat* shows, that a street that was 10 years ago extremely unattractive, unsafe and full of junks, can turn into an interesting place to be. It is being renovated and had around the end

of 2009 attracted 26 small businesses. Themes are small scale, creative, handicrafts, and useful for the neighbourhood and this resulted in a mix of artistic, a little special shops that one doesn't find anywhere else, like a violin builder, a specialised shop for high quality Ethiopian coffee, a garden design shop, an artistic hairdresser, a few ateliers, an excellent Italian take away, but also some old shops who remained, like a tailor, a knife grinder and a bicycle repair place.

5.5 Other projects

Besides the three lines we have described, there are a few projects that we want to show, that don't fit in the above categories. The amount of laws and permits that govern the business sector is enormous as we have shown in detail in 3.4. It is the explicit intention of the municipality of Amsterdam to deregulate and to diminish the amount of permits that one needs to get. The digital counter Amsterdam www.loket.amsterdam.nl offers information for entrepreneurs on starting a company, subsidies, finding housing, licenses, dispensations and taxes. Searching is possible with keywords or by looking for a certain topic. Applying for municipal services online is possible through a digital form. In 2007 Amsterdam has won the European 'E-government Award', for developing one single digital form to apply for seven licences at ones. This prize is awarded ones in two years to the best digital project in Europe.

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

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

- Project *Streetlab Goes Istanbul*²⁴ five Dutch fashion designers will join five local designers, resulting in a Show Off with exhibitions, fashion shows, DJs and performances, organised in cooperation with fashion schools from Amsterdam, Istanbul and New York street artists.
- Cultural project *Made in FEZ*²⁵ a group of Dutch investigated to extend possibilities of their own design discipline: fabric/designs, ceramics and silver/metal work, to exchange ideas and inspiration on design, to learn from each other, but above all to work together with a selected group of artisans from Fes on a prototype collection in which both east and west and craft and design would meet.

That Turkish Banks have become so active (see section 4.4), is an indicator that more transnational activity is taking place between Turkey and the Netherlands then we have been able to register here. Probably the international exchange of ethnic entrepreneurs is considerable.

But, according to the CLIP questionnaire, the municipality could do more, to expand the possibilities that transnational connections of ethnic entrepreneurs offer with their home country or with co-ethnics

²⁴ http://www.design.nl/item/streetlab_goes_international

²⁵ <http://madeinfes.blogspot.com/>

elsewhere in Europe. For instance it could set up trade centres for the promotion of the trade with countries of origin. It could anticipate on uses and developing links with countries of origin, for instance in the case of Ghana – in relation to fashion, in the case of Morocco – Moroccan vogue profession grant. The municipality could try to commit foreign students as Amsterdam ambassadors and commit Hindu Surinamese in contacts with India.

5.8 Dialogue and involvement in policymaking

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

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

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

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

There has also been rather regular cooperation on projects between Economic Affairs, MKB Amsterdam and *Rabobank*, for instance on the report '*De Kracht van de Wijk*' (Aalders a.o.2006). When it comes to the neighbourhood approach (*Kansenzones*), the departments of Economic Affairs, Social Development

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

DMO, the city district administrations, housing corporations and real estate developers are involved, but not banks and employers organisations.

When asked whether or not the interviewee at the trade union FNV for retail trade ever works together with the municipality of Amsterdam, the representative answered to our surprise: we have once had an information project together but this was many years back; so it nearly never happens. Why not?

Because the union generally operates as a lobby machine on national level, and the local or city district groups are not very strong.

6 Conclusion and good Practices

6.1 Summary and conclusions

As we have seen in this case study, half of Amsterdam's population consists of people with an immigrant background and therefore the administration thinks that it is better to use generic policies, always with the idea in mind that a policy has to be suitable also for Dutch, non western and western immigrants. This does not mean that Amsterdam has not done anything for ethnic entrepreneurs. Actually many of the policies reach them, sometimes because they live concentrated in an opportunity area where extra subsidies are given to entrepreneurs who improve their business and at the same time the neighbourhood, sometimes because they are overrepresented in the target group of low income citizens (micro credit), and sometimes because employing staff from specific background and opening locations in neighbourhoods where immigrants live attracts ethnic clients as customers. But at the same time the entrepreneurs rate of non western immigrants is still lower, they are more vulnerable, their incomes are lower, they are situated in neighbourhoods with lower property value, and their business more easily ends in bankruptcy, and they are not represented in the usual networks (EIM, 2007, p.55–56).

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

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

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

Figure 10 One of the four Ethiopian restaurant – popular among Dutch – in the same street



Photo: Anja van Heelsum

6.2 Good practices

A few good practices according to the Amsterdam officials are:

- According to Amsterdam, generic policy is a good practice, as long as there is enough attention for people from other cultures: as for instance in the case of the *Ondernemershuizen* (entrepreneur's centres) described in 5.4;
- The whole supportive infrastructure needs to adjust to the needs of people with different cultural backgrounds for example by means of outreach workers;
- Provide information on neighbourhood level. It is not surprising that the enormous amount of institutions and projects looks like a jungle to ethnic entrepreneurs, and it is difficult to understand whom to contact. Of the two Ethiopian entrepreneurs we interviewed one didn't know any of these supportive institutions and projects, and the other one knew only STEW in his former job as adviser, because they had to judge proposals for micro credit.
- A city should invest in the development of talents in its full breadth, so see non western entrepreneurs as potential talents (Diversity approach of Amsterdam);
- Small start-up subsidies and micro credit for private initiatives are necessary, like for instance Stichting Suikeroom.
- Invest in depressed areas to turn them into opportunity areas by supporting the small businesses in these regions (*Kanszones*), even if this leads to unfair competition. Since depressed areas are

inhabited by immigrants, stimulation of investment through this policy has for 50% been rewarded to ethnic entrepreneurs.

- Offer support for professionalisation of this group and support the search through the bureaucracy (for instance through projects like *Vernieuwende Zaken*).
- Promote networks among entrepreneurs, like in the case of *MON*, and promote more contact between ethnic and Dutch entrepreneurs.

6.3 Any other final comment or suggestion?

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

Interview partners

1. Marian Visser, *Platform Amsterdam Samen/ Dienst Maatschappelijke Ontwikkeling* (Department for Social Development), Municipal of Amsterdam (CLIP contact person)
2. Mustapha Laboui, *Platform Amsterdam Samen/ Dienst Maatschappelijke Ontwikkeling* (Department for Social Development) Municipal of Amsterdam and representative minority affairs FNV labour union)
3. Manilde Oord, official at *O+S Statistics Amsterdam*
4. Engeliën Hengeveld, *Verbinders economie en werk Amsterdamse Wijkaanpak en projectleider Economische Kansenzones en adviseur Grotestedenbeleid*. Official executing the national “power neighborhood” policy in Amsterdam, in relation to economic stimulation of entrepreneurs at the *Dienst Maatschappelijke Ontwikkeling* (Department of Social Development, Amsterdam)
5. Redouan Bosaid, has established *Marokkaanse Ondernemers Netwerk* (the network of Moroccan entrepreneurs) and is not coordinator of “*Kanszone Nieuw West*”, *Kanszone* is a subsidy arrangement for entrepreneurs, specific for the neighborhoods that are considered problematic. Clients are largely Turks and Moroccans. This one works in the surrounding of for instance Osdorpplein, in cooperation with elderman Baadoud (one of the measures was to have an information desk of the Chamber of Commerce in the ‘*Ondernemingshuis Osdorp*’ (Entrepreneurs House Osdorp)).
7. Aydin Daldal, *Uitvoeringsinstituut Werknemersverzekeringen UWV werkbedrijf*, Labour Office, Amsterdam/ Board member of the Chamber of Commerce
8. Achmed Baâdoud, elderman of the *Stadsdeel Osdorp* city district of Osdorp, with special attention for ethnic entrepreneurs
9. Naziha Aakoek ‘*Arbeidsinspectie Amsterdam*’, labour inspectorate Amsterdam.
10. Steve Osei Owusu, ‘*Ondernemershuis Zuid Oost*’, entrepreneurs house of city district South East.
11. Reshma Sookha (project manager/pr) van *STEW*, and Jan Gerritse, director of *STEW*. She was also part of ‘*Vernieuwende Zaken*’ in de Western city districts which aims at 40% ethnic entrepreneurs.
12. Marcos Desta, shopkeeper with experience with municipal programs and banks, he worked in the past for an NGO to support new entrepreneurs, and is a member of the shopkeepers association in his street, his shop window is in the flyer of the street manager project
13. Fitzum Fenan, restaurant owner, without any experience with programs or banks
- 14 Kees Verhoeven (director) from Midden Klein Bedrijf MKB – Amsterdam, i.e. the Dutch employers association for small and medium entrepreneurs, Amsterdam branch
15. Linde Gongrijp, labour union *Federatie Nederlandse Vakverenigingen FNV* director of *Zelfstandigen Zonder Personeel (ZZPers)*, independent workers without personnel
16. Murat Sekercan of ‘*Federatie Nederlandse Vakverenigingen (FNV) Bondgenoten Detailhandel*’, the branche organisation retail trade of trade union FNV ‘

17. Surendra Surendra, researcher on municipal policies related to ethnic entrepreneurs

18. Annemarie Bodaar, researcher on Chinese entrepreneurs in Amsterdam

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

Books and reports for further reading

O+S website for general figures on Amsterdam <http://www.os.amsterdam.nl>

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