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Transnational Entrepreneurship: Exploring Determinants and Impacts of a Dutch-based Filipino Immigrant Business

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Remittances typically receive the most attention from sending governments as a resource for national economic development. However, evidence shows that migrants increasingly maintain other types of relations with the home region that may have more potential to contribute to sustainable economic growth. This paper explores transnational entrepreneurship as one of these newly emerging cross-border relations. It draws upon existing studies on transnational entrepreneurship and provides an overview of the factors that explain its emergence and its (potential) significance or impact on the home society. It situates this particular form of transnational migrant engagement within the broader process of transnationalization. Based on a case study of transnational entrepreneurship initiated by a Dutch-based Filipina, I aim to illustrate how such an activity can contribute to –or even initiate– the development of broader transnational involvements. This case study thus sheds light on how an individual migrant’s business connections can affect the lives of people in the origin region.

Introduction

Migrants’ remittances are commonly used as an indicator of migrants’ continuing commitments to their home regions. Other linkages between migrants and their home society have hitherto received relatively little attention. However, a growing number of empirical studies show that migrants increasingly contribute in other ways to their home communities.

Direct investments in existing businesses, transfer of knowledge and skills, migrant groups supporting charity projects in their home town, and business relations have recently been "discovered" or recognized as other forms of migrants' commitment to their communities of origin. Moreover, not only are home and host societies connected in more diverse ways, a growing body of empirical evidence also shows that more people are involved in these cross-border connections that go beyond migrants and their families.

This finding has led scholars to argue that new social structures are emerging that transgress national borders and bring people on either side into one transnational social field of action. The new types of relations that lie at the heart of these emerging social structures may have greater potential to affect local development in the home region in a sustainable way than the traditional migrant-origin connection, i.e., through remittances. Transnational immigrant entrepreneurship – a new form of -cross-border engagement that is central to this paper - directly bears upon local employment and productivity in migrants' home region. Instead of the one-way flow of remittances, this nation-transgressing business involvement- consists of forward and backward linkages that initiate economic growth. Several scholars have further suggested that this international trade promotes other cross-border relations and activities, which contribute to the formation of a truly *transnational community*, a community in which the ties and corresponding resources are no longer embedded in migration flows alone but in other linkages such as political or religious projects as well (Faist, 2000).

This paper seeks to contribute to this field of study by exploring one particular type of a newly emerging overseas engagement, viz. transnational immigrant entrepreneurship. Immigrant entrepreneurship has been the subject of numerous empirical and theoretical studies, -but it has hardly been studied from the point of view of -migrants' continuing reciprocal relations with their former society. I will explore this topic by alternately drawing upon a limited number of earlier studies on transnational entrepreneurship and upon one particular case out of my own empirical study among Dutch-based Filipino entrepreneurs. In doing so, I aim to give a broad idea on (1) what defines cross-border migrant entrepreneurial activity; (2) what factors stimulate or affect its emergence and performance; and (3) what potential economic significance it has or may have for the home region of the immigrant. By mapping out a particular immigrant's business decisions and operation strategies, as well as the 'lived experiences' of those to whom these activities pertain, I show in greater detail how this specific grassroots business connection actually came into existence and what role it plays in the lives of the people back home. On a higher level of analysis, I seek to (4) situate the particular act of immigrant entrepreneurship in the

broader process of transnationalization, and address the question of how transnational immigrant entrepreneurship can be understood within the formation of broader cross-border social structures.

The data for this paper were collected as part of my dissertation research. The empirical work started in November 2000. I began by conducting interviews with 30 Filipino entrepreneurs in the Netherlands. From the interviews, I selected several enterprises which have business linkages in the Philippines. In June 2003 and February 2005, I followed up seven families in the Philippines who had some involvement in the business ventures of their migrant relative in the Netherlands. During these visits, I observed the daily business operations and interviewed all relatives who had some role in these transnational business ventures. Of these transnational family businesses, I selected one particular case for further analysis, NederFil Trade, because it illustrates how a "typical" migrant-family relationship may develop into a larger chain of interrelated business activities that could have impacts for the community in the home region. In the presentation of the findings, I have changed the names of the places, businesses and informants to protect their privacy.

Transnational Entrepreneurship and the Case of NederFil Trade

In the early nineties, Glick Schiller et al. (1992) highlighted migrants' cross-border economic activity as part of a more embracing phenomenon that they labelled transnationalism. Portes and Guarnizo (1991) conducted one of the earliest studies with an explicit focus on immigrant business connections; between Dominicans back home and in New York City. Interest was raised and other studies soon followed (Itzigsohn and associates, 1999; Kyle 1999, 2001 and Mahler, 1999). However, as Portes, Guarnizo and Haller argue (2002:279): "The emerging literature on immigrant transnationalism is characterized by an empirical base consisting exclusively of case studies." They conducted one of the first and few comparative quantitative studies, directed to various immigrant groups in the US. Lack of knowledge about size, scope and determinants of this practice has been identified by various scholars as a consistent weakness of this field of study (Guarnizo and Smith, 1998; Zhou, 2003). Yet, qualitative case studies may be the best way to develop a first understanding of processes that are still not identified or conceptualized in unambiguous ways.

In defining transnational immigrant entrepreneurship, some researchers consider the continuous cross-border movement of the immigrants themselves as the decisive norm (e.g., Portes, 1997; Kyle, 1999, 2001). The case can be made, however, not to use this bodily travel as the primary feature of transnational entrepreneurship. By -focusing on the immigrants'

back and forth movement as a prerequisite, other business ventures that cross borders and which also have an impact on the origin communities are neglected. Faist argues that migrant entrepreneurs do not necessarily need to be physically involved in two or more regions to be called transnational entrepreneurs. To him, such entrepreneurship is characterized by a constant circulation of goods, information *or* people transgressing the borders of sending and receiving states along the principle of exchange, or what he calls "instrumental reciprocity" (2000:206). Itzigsohn and associates (1999) -also state that regular commuting is not a necessary requirement, if the cross-border venture is characterized by a high degree of institutionalization and constant personal involvement. They understand transnational migrant entrepreneurship as "the primary form of narrow economic transnationalism" as against, for example, remittances, which they consider "broad transnational involvement."

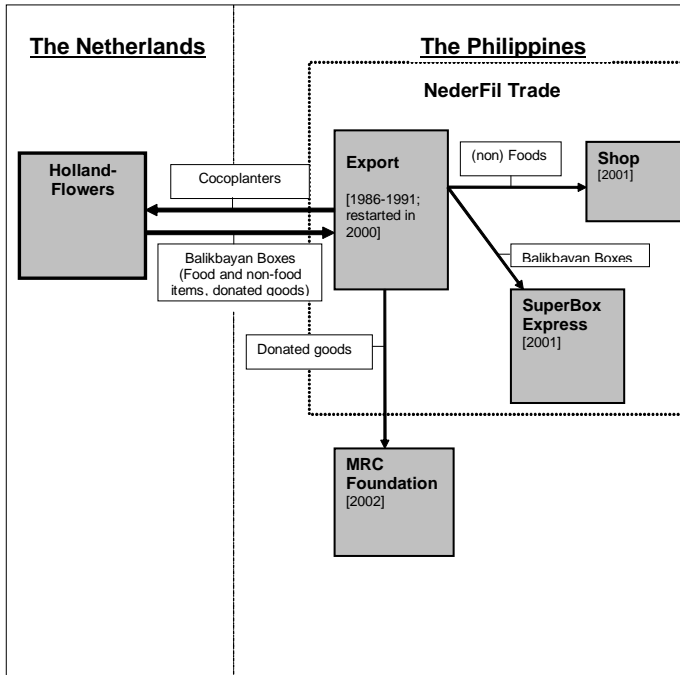
The case selected for this paper concerns the business activity of Luz Pieters, a Filipina who lives in the Netherlands. No matter what definition of transnational entrepreneurship is used, her business is a truly transnational venture: it heavily depends on regular cross-border contacts and activities and actually consists of business establishments in the immigrant's host and home society, in which she is closely involved. In the Netherlands, her Dutch husband Hans owns and runs together with her the flower wholesale trade HollandFlowers. In the Philippines, NederFil Trade is registered in the name of one of Luz's nephews (Carlos) but in practice, it is run by several family members. This Philippine business counterpart consists of several smaller business ventures: the company that produces and exports cocoplanters (flowerpots made from coconuts) for the Dutch market (called NederFil Export); the shop in the main street of San Luis,¹ Catalan primarily selling imported Dutch foods (NederFil Shop); and Super Box Express, an additional business establishment run by Luz's eldest brother, which deals with the distribution of *balikbayan boxes*² all over the country.

On a regular basis, HollandFlowers sends a container to NederFil Trade in Catalan, loaded with *balikbayan boxes*, foodstuffs and other merchandise,

¹ San Luis is one of Catalan's oldest barangays. Barangay is a Filipino term referring to "neighborhood." It is also the smallest political/administrative unit in the Philippines. Catalan is the pseudonym of the province to which San Luis belongs.

² A balikbayan box (balikbayan means someone who returned to one's homeland) is a cardboard box filled with goods and items which overseas Filipinos send to their families in the Philippines. It has evolved into a door-to-door business, so-called because the boxes are picked up from the sender's place and are delivered to the doorsteps of their recipients in the Philippines.

FIGURE 1
 ORIGINS AND DEVELOPMENT OF TRANSNATIONAL ENTREPRENEURSHIP:
 NEDERFIL TRADE



and donated goods. The boxes go to Super Box Express, from where they are delivered to the addressees; the merchandise is distributed to and sold in NederFil Shop; and the donated goods find their way to various projects in the *barangay* through MRC Foundation, a collective charity effort of Luz and some of her relatives back home. In turn, NederFil Export produces the cocoplanters and sends them back with the emptied container to the Netherlands, where HollandFlowers sells these decoration items at the auction. With the income from these ventures, Luz buys the next load of goods to be sent to and sold in the Philippines (see Figure 1 for a schematic overview of the various business establishments, their year of foundation and the flows between them; and Figure 2, for an overview of the distribution of the central tasks among the people involved in these businesses).

HollandFlowers and NederFil Trade thus form an integrated chain of activities that provide a livelihood not only to Luz' immediate relatives but also to a number of neighbors, who are primarily involved in the production activity. In addition, this transnational business venture comprises more

FIGURE 2:

DISTRIBUTION OF FUNCTIONS AND ROLE ALLOCATION IN THE NEDERFIL BUSINESS¹

Business branch	Product/ Line of business	Person(s) responsible for supervision and overall management	Number of employees
HollandFlowers (Netherlands)	Wholesale (flowers)	Hans and Luz Pieters	
NederFil Trade (Philippines)		Gloria (Luz' s sister) Carlos (Gloria's son)	
	Export Production (cocoplanters)	Ronald(Gloria's son-in-law)	2 full-time employees (relatives) 15-20 pieceworkers
	NederFil Shop (sells goods from the Netherlands)	Emma(Gloria's daughter)	2 part-time employees (relatives)
SuperBox Express (Forwarder)		Joey(Luz's brother)	2 occassional helpers
MRC Foundation (Philippines)	The board members are mostly Luz's relatives and several church members		

NOTE: The outline presented above describes the people who are involved in the business. According to the relatives I interviewed in Catalan, Luz is the one who assigns the tasks and functions, based on who she considers best suited for the job and in most need of (some) financial support. The relatives expressed that this procedure is fine with them – they are happy to have an opportunity to earn an income. Besides, according to them, the functions and tasks can not really be strictly distinguished from one another: “NederFil Trade is really a family business, everybody helps everybody.”

¹ Only those holding supervisory positions receive a fixed income and are provided with health insurance. Other employees and workers, who are hired depending on the bulk of orders from the Netherlands do not have a regular income and health insurance.

than just economic activity, as briefly indicated. Consequently, its impact goes beyond purely economic gains. I will elaborate more on this in a later section. First, let me turn to explain -how businesses like these come into existence. A rather comprehensive business like NederFil Trade obviously does not emerge overnight. Since the Dutch-Filipino couple first engaged in business activity with Luz's family back home in 1986, NederFil's story is characterized by interruptions, upward and downward mobility, expansion and diminution of activity. Both personal or internal factors and external influences affected its emergence, subsequent development and current performance, and its impact on the lives of those that are involved

in its operations. It is exactly these conditions, which arise from the entrepreneur's particular embeddedness in the social, economic and political environments of both host and home country that we need to understand since these affect the potential that this type of -cross-border activity may have for development of the home region.

External and Internal Factors Explaining Transnational Entrepreneurship

Technological progress, particularly in air transportation and long-distance communication, has greatly facilitated and encouraged migrants' cross-border economic ventures. When asked what factor has affected NederFil's business development most, Luz' eldest sister Gloria, charged with the overall supervision of the business, mentions without any hesitation the improved communication and transportation means:

Nowadays, everything is handled much quicker than fifteen years ago. Whenever we need something now, we just send an email to Luz. Or she does to us, when they have an order for the cocoplanters. Before, it took some three weeks before our money arrived from the Netherlands; but now we can have it within a couple of hours! Transactions are much easier and we can act upon the demand much faster.

While improved transport and communication facilities enable migrants to act as agents of change in two far-flung areas, migrants are also subjected to economic and political constraints in both regions, such as an unfavorable investment climate, cut-throat competition, lack of infrastructure or institutional hostility. Such constraints, no matter how easily one can transgress borders and connect remote areas, remain highly localized. As Mahler (1999) argues: "In the age of the global, the local is not superseded." Hence, multiple factors, and *agents*, at the local, regional and transnational level affect relations across borders.

According to various relatives of Luz, the across-the-board price increases have negatively affected NederFil business activity the most. Production and living costs have risen steeply over the past few years in the Philippines; in particular, since the war in Iraq, the price of oil has dramatically increased. Also the troublesome domestic peace and order situation hampers the business to some extent. Though the business is not located in the center of the conflict, Luz's brother has been stopped several times by soldiers who wanted to check his *balikbayan boxes*. Somewhat deterred by this, he now prefers to contract out the distribution in more remote areas to locals, which obviously increases the costs and pulls down his yields. High

transaction costs at the customs also affect the profitability of the business. Emma, Luz' niece who runs the shop, explains that sometimes, the container with goods is retained weeks before it is processed – and only after paying more than double the prescribed amount of money. In the past, some of the foodstuffs had already expired before they could be displayed. One time, the customs officers did not believe the hospital beds to be gifts from a Dutch hospital to the one in San Luis, and did not want to release the cargo unless additional tax was paid.

Obviously, external conditions in both host and home society determine to what extent cross-border economic ventures are possible or can be successful. However, to understand the emergence and impact of transnational entrepreneurship, one should first of all focus on the entrepreneurs themselves. It is at the grassroots level where the actual decisions to engage in transnational activity are made. It is also the level where transnational processes and activities are initiated and sustained by immigrants and their home country counterparts, and where subsequently the consequences of these processes and activities are first and foremost felt. If we are to understand transnational entrepreneurship as “some distinctive form of economic adaptation,” as various researchers suggest, there must be a distinct class of immigrants who differ from the immigrants engaged in wage labor and the more traditional ethnic entrepreneurs whose activities are limited to the local markets of the host society (Landolt, 2001; Levitt, 2001; Maas, 2003; Portes et al., 2002). Individual demographic traits (e.g., age, sex, marital status); socio-economic features (education, labor experience and financial position); duration of stay abroad, legal status and adaptation characteristics (citizenship, perception of discrimination); and future plans are just some of the factors that possibly determine the extent to which migrants are inclined to put up a transnational business.

The quantitative analysis of Portes and colleagues (2002) of three immigrant groups in New York demonstrates that transnational entrepreneurship indeed *is* a distinct path of immigrant economic adaptation: “transnational enterprise is an exceptional mode of economic adaptation, but one that is neither marginal nor associated with poverty or recency of arrival. On the contrary, it is the better qualified, more experienced, and more secure immigrants who are overrepresented in these economic activities” (2002:209).

Interestingly, their research does not support the traditional expectation from the assimilationist standpoint that transnational activities are a transitional pursuit which is abandoned as soon as the immigrant assimilates into the host society. In addition, they conclude that this activity is not open to everyone. The Portes et al. study, as well as several other studies, primarily point to human capital as playing a significant role in the emer-

gence of transnational immigrant business. Education and professional experience increase the probability of self-employment, and their effects are found to be stronger on transnational enterprise than on domestic business (Portes et al., 2002:288).

Moreover, these immigrants are not the poorest: a certain degree of financial capital accumulation is necessary before people can invest back home (Itzigsohn et al., 1999:336). In addition, most literature explains the immigrants' proclivity for (transnational) entrepreneurship by reference to their (international) social capital (Light, 2001). Yet, transnational immigrant entrepreneurs do not *need* to make use of their personal relations; but it does make sense that they employ their easy access in their former society to gain an economic foothold. Immigrants with more extensive and diverse social networks are then found to be in a better position to initiate and sustain transnational enterprise. According to Portes et al. (2002), "business owners have more numerous social ties than wage workers, and transnational entrepreneurs have more than domestic ones"; with the transnational entrepreneurs obviously "commanding international social capital" (Light, 2001) which multiplies the ethnic resources they can draw upon for their business pursuits. Enforceable trust and bounded solidarity are generally considered the main mechanisms underlying this capital (*see*, among others, Ballard, 2001; Mahler, 1999; Portes and Sensenbrenner, 2001; Zhou, 2003), allowing the entrepreneurs to make use of insider advantages (Faist, 2000) through which they can more easily -tap business opportunities.

To conclude, transnational entrepreneurs are frequently considered "part of the elite in their respective communities in terms of education and legal standing" (Portes et al., 2002:293). This type of entrepreneurship presumes, more so than the domestic variant, "mechanisms of financial and administrative support, as well as a wealth of resources, knowledge and expertise" (Landolt et al., 1999:302). As such, transnational entrepreneurship is seen as "the privileged domain" of the immigrant population.

Personal Factors Explaining the Rise of NederFil Trade

Although this paper cannot establish whether Luz is indeed part of an elite or privileged group in the Philippine community in the Netherlands, this particular case clearly illustrates the reliance of the business on various forms of material and human resources found within the -immigrant's personal network – on both sides of the borders. To begin with, both Luz and her husband have some background in business, and could thus draw upon personal experience and knowledge in setting up their business links with the Philippines. Luz studied banking and finance at the university and grew up surrounded by entrepreneurs. Her parents had a fairly large manufactur-

ing business in clothes; later they expanded into an import-export business. Husband Hans had, already before he knew the Philippine family, his own wholesale in flowers in the Netherlands, called HollandFlowers. As a matter of fact, it was due to business that they met each other:

I met Hans because... He had put up this advertisement that he was looking for a business partner in the Philippines. And my friend saw that and told me. And then I wrote to him, that my parents had an import-export business. So then he stayed at our place, for three months. My father helped him look for products, but I actually took care of him. And then it appeared that he liked me. And when he was already back in the Netherlands, he invited me so I could see for myself what happened with the products that he had bought in the Philippines. That was in December 1981.

Luz stayed in the Netherlands and married Hans. Years later, Hans saw some new trading opportunity with his wife's family in the Philippines, viz. the production and import of the cocoplanters. In 1986, the couple registered and founded the NederFil factory in Luz's parental home in Catalan. Although I speak of the couple here - Luz clearly indicates she is as much involved in the NederFil business as her husband - it was in fact Hans who provided the initial idea, as well as the financial input which he derived from his own flower business (in which, by the way, Luz in the meantime had come to work as well). Back home, Luz's parents were deployed to recruit other relatives and people from the neighborhood to work in the small production plant and to subsequently get the production going.

For some years, the production went smoothly. Every month, a shipping container with some 5000 decoration items was sent to the Netherlands. In Catalan, around 20 people worked in the business. However, due to the withdrawal of the single customer in the Netherlands, the business closed down in 1991. Ten years later, Hans found new outlet opportunities, once again among his personal business contacts in the Netherlands. Luz's eldest sister Gloria and her son Carlos were assigned the task to hire people (mostly the same ones hired by Luz's parents a decade before) and to manage the production - Luz's parents had passed away at the time. Again, it was Hans' income out of his flower business that provided the starting capital.

This brief account underscores how human and financial resources found within the immigrant's personal network contributed to the emergence of (or part of) the NederFil business. However, as it turns out, it was not the immigrant herself who started the transnational business link but her Dutch husband. Most studies emphasize the importance of social capital in the emergence and functioning of (transnational) immigrant entrepre-

neurship, assuming that it is the immigrant who initiates the business links with the home region and finds the resources within his or her own kin or ethnic group. Yet, the case of Luz (as well as of some others included in my current research among Filipino entrepreneurs in the Netherlands) provide evidence of businesses that, although registered in the name of the Filipina women, actually rely on the financial and human capital of their Dutch spouses (Maas, 2003, 2004).

Studies traditionally put an almost exclusive emphasis on the immigrants' personal endowments (i.e., their social, human and financial capital) that enable them to run transnational businesses. Although this might be legitimate, they seem to ignore another important dimension in understanding the immigrants' transnational economic behaviour. As the NederFil case suggests, understanding the development of a business' activities requires more detailed attention to the immigrants' relations with non-ethnics and these latter's resources and contributions to the business pursuit.

Immigrants' Motivations

Previous studies often convey the impression that transnational immigrant entrepreneurs are rational businesspersons who take advantage of their connections to two regions to achieve the highest economic returns. Their business activity is often mainly portrayed as an avenue for individual economic mobility, as a newly discovered route to economic adaptation in the host society through deployment of their unique resources, enabled by the improved means of transport and communication. In short, the literature generally assumes that running a transnational business is an individual and, first and foremost, economically inspired choice.

Portes (1997:9) calls transnational entrepreneurship the "popular response to global economic restructuring". He argues that the economic logic of immigrant entrepreneurs resembles that of large corporations. The main difference between the "large global players" and the grassroots is that the latter primarily rely on their social networks to carry out their activity, whereas the former can draw upon their larger financial capital. Light (2001:3) reasons in similar vein when he states that migrants "have real economic motives to retain their cultural and social ties with their homeland's cultural traditions" – according to him, their livelihood depends on it. But are contemporary immigrants indeed only, or primarily, concerned with their personal concerns? Immigrants' personal considerations or motivations should be examined closer to see whether this is true. The NederFil case then sheds light on an often neglected dimension in the reasons behind maintaining transnational business links.

The Motivation Behind NederFil Trade

As stated earlier, the NederFil business activities got started after the *Dutch* husband had seen, in Luz's words, "some opportunity for trade." But still, this conceals the real motivations he, together with his Filipina wife, had in putting up the business with her family back home. Luz recounts:

What we do in the Philippines, our work there is more of humanitarian help. Because my husband, he has this idea of "I do not need to have my money in the bank; I want to help the people there." He really has an eye for the people, [he] always wants to help them. Everything that he sees here, he wants to send it there. His heart really is with the Philippine people. And then, he is like "grasp the first opportunity," you know. So we do everything we can here, and the rest, they have to look up to for themselves. We did this so that the people there can earn some money by themselves. We opened a shop there, and a small factory where they make these cocoplanters, you know. There, we hire almost twenty people. They get paid by piece, it is piecework. And then there are some who get a salary every month. And insurance, everything. We finance all that. To give them work, so that they do not have to ask us for money every time again.

Luz and her husband do not earn from the business; rather, the profits from the sale of the cocoplanters in the Netherlands are almost completely channeled back to Catalan. Prior to the establishment of the shop in Catalan, the income went back as salaries for the employees in the production plant. Nowadays, Luz uses the income from the sales of the Philippine products to buy goods to be sold in the NederFil shop. In this manner, more money is made, which is then allocated to the salaries of the employees, the purchase of materials for the production of cocoplanters, the salaries of the people who work in the shop, and the distribution fees of the *balikbayan boxes* managed by Super Box Express. In other words, more livelihoods are financially supported by the present set-up. According to Luz, this was also the main goal for expanding the initial trading line into a wider business:

We started the export [from the Netherlands], actually because every month, I already used to send back home all kind of things. But it was too costly, to do that through another door-to-door service. My husband said: "for ten of those boxes, you better take a complete container yourself!" So I collected everything, also from other people [...] But it was too much, so they started giving it away or selling it to people in the neighborhood. And then my husband

said “you’d better send much more, then they can sell that too and earn a bit.” And then, two years ago, on a holiday, my husband saw them selling the stuff and then he wanted to try other things, to send from the Netherlands, also to sell. And in the Philippines, they used to sell just from our own house. But we sent so many things, all kinds of things, so we went looking for a real store. So we found the *one, there* in the main street of our barangay. And now we rent that place.

Obviously, even though she has a family of her own in the Netherlands, Luz’s enduring care towards the ones left behind, and her Dutch husband Hans’ “feeling for the Philippine people” are major forces behind their transnational entrepreneurial engagement. Instead of limiting herself to remitting money to express this continuing responsibility towards her relatives, she thinks it a better way to help the home front by providing them the opportunity to help themselves. Luz and her husband are definitely economically minded as they, in close cooperation with the family back home, continuously avail of the political and cultural resources across the borders and always search for new possibilities to make money. It should be pointed out, however, that they are also *socially* motivated to engage in transnational business. The various Philippine-based units that are linked to the NederFil business are the result of a fusion of practical or economic considerations with the more ideological or social motivations of Luz and Hans. In this particular case, it should be pointed out that Luz is in a rather favorable position to engage in a more humanitarian or social form of transnational entrepreneurship as her husband’s income is the main economic support of their household. For many immigrants, the household situation is likely to differ, in which case it is reasonable to assume that their transnational businesses are run first and foremost in order to make a living.

Two particular findings from the studies mentioned before (Itzigsohn, et al., 1999; Landolt, et al., 1999; Portes et al., 2002) may suggest that transnational immigrant entrepreneurs are or can be less concerned with personal gains than is often assumed. First, as we already saw, these immigrants often appear to belong to the wealthier classes, commanding more financial, human and social resources. Second and probably closely related to this better socio-economic position, Portes and colleagues (2002:287) found that transnational entrepreneurship is strongly associated with participation in charity projects or associations in the sending communities. They could, however, not establish the direction of causality on this matter. Still, these findings are directly of interest to the current debate on the potential contributions of immigrants to the development of their home region and how these can be effectively harnessed. I will briefly come back

to this issue after exploring the impact of transnational entrepreneurship in the sending community.

NederFil's Impact in the Home Community

As we have seen, the NederFil Shop, the production of the cocoplanters and the forwarding service, Super Box Express, all provide a direct source of livelihood for several family members. Except for the family member who distributes the *balikbayan boxes*, the rest earn not just a supplementary but the main income from their business involvement. Although the net economic benefits vary and for some the income is not necessarily more than their earnings before they got involved in this business, the general picture is one of at least a more secure existence. Aside from their salaries, they are provided with health insurance, which is a luxury by Philippine standards. One of Luz's nephews working in the company says: "The lifestyle of the family changed when we started business with them. Because now we earn. That is one of the most important things, that we could earn, for our big families." Gloria, Luz's eldest sister, who is charged with the overall supervision of the business, explains how her children can take better care of their own households and no longer lean on her:

Before NederFil they had no job. They depended on me, on my sewing, so they could eat three times a day. That was really hard. There was a time they had no sufficient income. Now, they have income, so life is a bit better. But still .. it is hard... though it has brought a little comfort to me, cause now they rely less on me.

It is furthermore worthy to note that the benefits are not only in absolute or economic terms. Various relatives explicitly point out that they have learned new skills, such as how to use the computer and keep the books; gained experience in doing business; and got more contacts within the community. Consequently, they feel less dependent and more confident about their capabilities. Gloria makes the same observation about her children:

Before, they were just plain workers. Now, they have acquired some talents with the things they do in the business, with which they can improve their life style. So they learned some things from doing this that they can apply later on also.

In the past few years, Luz and Hans have invited several of her relatives to the Netherlands so they could see for themselves how the business on the Dutch side was run and could learn from it, and to have ideas on how to improve the trading. One of them proudly recalls:

That was when I saw what was done with the cocoplanters. And I so appreciated it when it was put together in the auction with those other beautiful plants and flowers, because I saw that our product was unique! The cocoplanters were different from all the other things and we had made them!

Ronald, who helps his wife in the NederFil Shop, confirms "life is better now" - with their more secure financial base, they can spend more time with their children. "Before, I could not teach them, I could not cook for them. I could do nothing for the kids. I just worked wherever I could find work. That is the most important difference. It was only since NederFil can we do all those things." As a result, the family ties have improved: "the relations in my family have strengthened. We have a stronger bonding together now."

Clearly, the business links between Luz in the Netherlands and her family in the Philippines have an impact that go beyond economic gains. They contribute to the stock of human capital within the family and to the relatives' self-esteem. The business has brought the family together as a whole and it has sustained the separate households.. All the relatives working with NederFil Trade say that they now face the future with much more faith than before.

Yet, the impact of transnational businesses can even go beyond direct – or even extended - family ties. As indicated, between 15 to 20 members from Luz's home community earn an additional or temporary income in the production plant - the exact number of workers and the amount of their salary depend on the regularity and magnitude of orders from abroad. Through these jobs, Luz seeks to "teach the people the value of self-reliance, develop their sense of responsibility towards their family and community. We also educate parents with various skills and make them better realize the value of sending their kids to school - and we actually put them in a better position to do so." Furthermore, not only parents earn a supplementary income as workers in the production of the cocoplanters, the production plant also hires some youths so they can pay for their school fees. Although Luz's relatives are the ones who are benefiting most, the business also supports people who are emotionally or socially more remote from the migrant. The latter, thus, become included in and are affected by such a "transnational trading circuit" (Faist, 2000).

More Than Just Business

It must be noted, however, that the benefits mentioned above not only ensue from economic activities. They can also be attributed to MRC Foundation that was put up in early 2002 upon the initiative of Luz. Governed by several

of her relatives and some church members, the main objectives of the foundation are to help the community's street children go to school, support the *barangay* (community) in its out-of-school youth programs, provide medical supplies and equipment to the community's health centers and clinics, and provide teaching materials like computers and books to several schools. Obviously, Luz's cross-border engagement does not only have a primary social or charity nature, it also has a wider scope than the business link, supporting her home community, San Luis, in general.

To achieve the above objectives, the foundation works together with various institutions, both in the Netherlands and in the Philippines. As Luz explains:

MRC Foundation has adopted the *barangay*, San Luis. We work together with the Barangay Captain, the chairman of the village. He supports us in our projects. He helps us find the children who need to go to school. And to help these kids, the foundation has received lots of things, school things. From the Netherlands, from our church here and also from Damayan³. And we also got a request from the captain for hospital beds. They just built a small clinic in the village, but they do not have any equipment yet. So we got 35 hospital beds, here, in the Netherlands, from a nursing home in Leusden.

Even more interesting than these institutional transnational linkages is the fact that MRC's work is actually an outgrowth of and supported by NederFil's business activities:

I get so many things here. When we pick up these boxes here, people always also give me things for free, to send to the Philippines. Like second-hand clothes, or toys, or computers. Because I already send this container every two months or so, you see. So everything I get from the people here, I keep apart. That is for the foundation. But we send it in the same container, together with the boxes and the food. To cover the costs, you see. So we have some stuff to sell in the shop, and also some stuff for the foundation. For the community, for free. And we send it to NederFil. So actually, MRC is a charity project of NederFil and HollandFlowers.

³Damayan (the full name is "Damayang Pilipino sa Nederland," literally "Cooperation of Filipinos in the Netherlands") is a Filipino foundation that aims to, among other things, promote unity among Filipinos by establishing organizational linkages and stimulate joint undertakings on common concerns affecting the Dutch-based community and the Philippines. Luz is an active member of this organization.

Hence, the transport line of the NederFil business provides a very practical, and relatively cheap, means to be socially active from great distance – in close cooperation with the ones at home.⁴ This finding underpins the earlier suggested relation between transnational entrepreneurship and social commitment. It must be said, though, that at times this charity component of the NederFil case stands in the way of the economic interests of the Philippine business counterparts. Emma, who manages the shop, complains that sometimes the containers are overflowing with donations, taking away space for goods to be sold in the shop and consequently diminishing their earnings. And since these earnings are subsequently used to pay for the production materials and salaries of the workers, also the activity in the export department slows down. As such, “sometimes we suffer from too much focus on the foundation,” she states. Joey, who helps with SuperBox Express, however explains that in the future, when both the business and humanitarian pursuits will have expanded and the cargos will be bigger for each of these transnational links, the shipments will be handled differently: “We are already preparing for that. In the foundation, more goods will come in. Also the production is growing. So there will come a time that we will do these shipments for NederFil and the foundation separately. When we get bigger, we won’t have that problem anymore.”

For now, according to Luz’s relatives, the business is “surviving.” The manager of NederFil Trade, Carlos, explains: “There are still a lot of things to do. But it is getting better. The market is increasing. The number of people who know the business is growing. Our focus now is on the goods to arrive more steadily.” Although the improved transport and communication means have made running their business much easier, he also states that the communication with the Netherlands is still not yet optimal. “One problem is the communication to Luz and Hans. That is not always so accurate. That is our problem now. We have to learn to use the internet and make the records straight.”

Clearly, the NederFil case still is in its starting-up phase and has to find out the best workable way to combine both its economic and more social pursuits. Yet, despite the difficulties that this particular case of transnationalism may face, one thing is undeniable: firms like this function as bridges that keep alive the ties with the home region, strengthening and expanding them over time. As they develop, they thus may encompass

⁴ Among the 30 entrepreneurs in the Netherlands that are included in my research, including NederFil, there were several instances when the door-to-door service was used as a means to carry out humanitarian projects. Several entrepreneurs combine their business objectives with social ones by sending over goods they acquired through their contacts within the ethnic community (Maas, 2004a, 2004b).

more varied activities and contribute in various ways to improved living conditions of a growing number of people. This notion brings us to the final part of this paper, in which I seek to situate the phenomenon of transnational entrepreneurship within the broader, more embracing process of transnationalism.

Towards a Transnational Community

As various authors have suggested, and as the NederFil case illustrates, economic relations between immigrants and their home communities form the base from which more transnational engagement may develop. The final stage of this transnationalization process, or the most embracing (and we might call this the most mature) cross-border social structure, is then the "transnational community." Both movers and stayers are part of such a "community without propinquity" and their alignment "encompasses all forms of relationships which are characterized by a high degree of personal intimacy, emotional depth, moral commitment, social cohesion and continuity in time" (Faist, 2000:311).

This process towards more cross-border bonding generally starts at the level of the household or kinship. Reciprocity or feelings of obligations between immigrants and relatives left behind form the bedrock for the first transnational involvement, which starts with the sending of remittances. Later on, other transnational activities are undertaken, expanding the range of the transnational social space. Some studies point to "spontaneous and institutional responses" from out of the home region (Landolt et al., 1999:312), e.g., the state in the country of origin becomes aware of the financial capacity of its overseas nationals and then engages in facilitating and supporting more transnational involvement. This is evident in the Philippine case as well. Since the start of its overseas employment program in the early seventies, the Philippine government has implemented various policies to keep its nationals based abroad connected to the home region. Until recently however, most efforts were directed to increasing their remittances, as these comprise the most reliable source of foreign income for the country.

Our case also shows how Luz, after first sending remittances, she proceeded to establish business links with her family members, the persons with whom she has the closest ties. Yet, although the family may often be the business counterparts of the immigrant, according to Faist (2000:206), in this stage of increased transnational involvement, it is more the principle of exchange or instrumental reciprocity that guides the cross-border activity. He labels this stage as the "transnational circuit," which is characterized by a higher degree of institutionalization or professionalization. Insofar as transnational immigrant entrepreneurs are economically successful, they

may stimulate others to follow their example, thus expanding this mode of economic adaptation. As such, they are considered "the forefront of new economic ties" (Light, 2001:5).

Several scholars continue to reason that "while the original wave of these activities may be economic and their initiators can be properly labelled transnational entrepreneurs, subsequent activities encompass political, social and cultural pursuits as well" (Portes, 1997:15). Transnational entrepreneurs are said to expand and thicken the relations with the home country, not just in numbers, and not just the economic ones, but also other types of linkages and activities. Thus, the immigrants' economic transnational pursuits are said to set in motion a cumulative process that in the end leads to a qualitatively distinct phenomenon. In this sense, immigrant entrepreneurs are considered to be the initiators of new transnational social structures (e.g., Faist, 2000; Guarnizo, 2001; Portes, 1997; Guarnizo, 2001). The final outcome of this process is the "truly" transnational community based on "dense and strong social and symbolic ties of group members and organizations, ranging from local villages to nations" (Faist, 2000:311). The cross-border relations have moved from being primarily economically inspired to also include activities in the political and cultural realms. Solidarity among larger groups complement the exchange and reciprocity that hitherto formed the basic resources or mechanisms for transnational involvement. Exchange, reciprocity and solidarity are all at work "to achieve a high degree of social cohesion, and a common repertoire of symbolic and collective representations" (Faist, 2000:207). Faist argues: "the stronger the manifold social and symbolic ties of migrants between two or more countries in migration systems, the more numerous linkages other than migration and the more favourable the conditions for public political and cultural activities – the more prosperous the conditions for the emergence of transnational spaces in the form of transnational communities" (2000:213). The transnational social space has now surpassed the strictly migratory chains of first-generation migrants and developed a life of its own, including more people from different sectors of society and more numerous and qualitative diversified linkages. Consequently, more resources flow back and forth between home and host society. The original pioneering economic ventures of the immigrants have expanded into a transnational community (Portes, 1997:16).

Conclusion

Engaging in business is often portrayed as an economic pursuit that is primarily put up for the immigrant's personal economic gain. The immigrant capitalizes on the advantages of being part of two societies, and

running a business becomes an avenue for his or her individual economic mobility shaped by the resources from both regions to which the immigrant is attached. The family back home and sometimes even the wider home community share some of the profits too by being involved in the business activities. Hence, the impact goes beyond the entrepreneurs alone: "At the very least, customers of these firms and their home country counterparts are brought into transnational circles on a repeated basis" (Portes et al., 2002:293).

Transnational entrepreneurship is considered to be part of a transnational community. Several authors suggest that economic ties initiate other transnational linkages. As such, the development of a transnational community is to be seen as the final outcome of transnational business linkages. The empirical case that I put forward in this paper is illustrative of the above findings. It shows how concern for the family back home, initially expressed in the traditional remittances sending, evolved into economic ties that subsequently resulted in the emergence of other linkages with a higher degree of institutionalization, involvement of more people outside the direct circle of relatives and a variety of activities. While achieving business goals, Luz Pieters and her husband also saw opportunities to benefit the wider society.

Current efforts of the Philippine government, private sector and civil society to enhance the migration development potential; mostly seek to transform migrants into entrepreneurs in their home region. Their programs primarily aim to stimulate migrants to invest their foreign earnings in businesses back home. It is doubtful how successful such efforts can be: how can migrants, who were not inclined to business activity prior to migration, become successful entrepreneurs? In seeking to increase the development potential of migration, efforts should also be directed at linking migrants in the destination region that *are* already active in the entrepreneurial field, particularly those that already have business links with the origin society. These immigrant entrepreneurs generally command more diverse resources, and as such, they are better equipped to contribute to the home region. Besides, these immigrant entrepreneurs may be socially engaged as well. This further increases the potential of immigrant entrepreneurs as partners for sustainable development in the home regions.

However, there is still a need to better understand under which conditions immigrants are inclined to put up transnational businesses and when or how these can link up with a social outlook. The evaluation of opportunities and the motivation for initiating social business ventures are thus of considerable interest. What motivates individuals to embark on enterprises, and more specifically, on enterprises that combine the interests of people other than those of the immigrant's household or family? How do they combine social goals with business ones? What circumstances or factors

promote social entrepreneurship? Clearly, immigrant entrepreneurs are already actively involved in improving the living conditions of the ones left behind. The public, private and civil sectors should then aim to support these grassroots activities by taking away the impediments that hinder migrants from carrying out their business pursuits in the transnational field.

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