

Refugee Entrepreneurship: A Conceptualisation of Key Business Decisions

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The various conflicts around the world meant that 2015 has seen an all-time refugee figures since World War Two. While some refugees need government support, others are determined to lead an independent life through self-employment (Betts, Bloom and Weaver, 2015; Dijkhuizen and Berkhout 2015; UNHCR 2015). However, we know very little about the economic lives of refugees (Betts, Bloom, Kaplan and Omata 2014), let alone their entrepreneurial activity.

Refugee entrepreneurs represent a special case of migrant entrepreneurs. Unlike many migrants, East Europeans moving to the UK for example, refugees were forced to leave their home countries with very limited, if any, belongings. They often have had to go through a lengthy legal process to get the right to work in host nations and their ability to change countries of residence, and sometimes municipalities, is usually restricted. In addition, refugees are likely to have experienced traumatic events, in their home country or in the journey to their host nations, which can lead to psychological problems or, to the contrary, be confronted with strengthened resilience (Hutchinson and Dorsett 2012). Either outcome can impact on self-reliance and self-employment. Finally, the social network of refugees in host countries, which represent a key resource for starting a business, is likely to be more limited than that of economic immigrants (Wauters and Lambrecht 2006). For these reasons, it is important to treat refugees as a distinctive group of immigrants, though the literature has often blurred them into the wider group of immigrants (e.g. Jones et al. 2014).

There is some literature discussing immigrant entrepreneurship in general, but the phenomenon has not received sufficient attention (Terjesen et al. 2016). The situation is more dismal when it comes to refugee entrepreneurship with only few rather dated studies (e.g. Wauters and Lambrecht 2006; 2008) and very limited recent attention from academics (e.g. Hagos et al. 2015) and master students (e.g. Atia 2016; Smorenburg 2015; Valarini 2015). Despite their differences, and taking into account the limited theorisation on refugee entrepreneurship, the immigrant entrepreneurship literature offers a good starting point for understanding the refugee self-employment phenomenon. A recent review of the immigrant entrepreneurship literature by Aliaga-Isa and Rialp (2013) revealed the limited attention given to the strategy and performance of immigrant businesses. Kulchina (2016) pointed out the same limitation indicating that the immigrant entrepreneurship literature has mainly focused on the decision to start-up a business, whilst ignoring other strategic decisions that accompany the start-up choice.

This paper adopts a contextualised approach to understanding those decisions through developing an appreciation of the backgrounds those entrepreneurs are coming from and their host environment. In doing so, the paper builds on Kloosterman's (2010) work in which he attempts to remedy prior theorisation focusing solely on the entrepreneur, the supply side, by incorporating simultaneously an analysis of the demand side, the market, leading to a mixed embeddedness framework for analysing the opportunity structure. Kloosterman's (2010) theoretical advancement marks an important step in enhancing our understanding of strategic aspects of immigrant businesses. However, examining refugee entrepreneurship is likely to benefit from a broader conceptualisation of both the entrepreneur and the environment. Specifically, considering the soft aspects of the environment, in addition to the formalised industrial and institutional aspects, is likely to be very fruitful. This is particularly important when taking into account the rising unease, and in some cases hostility and racism, towards immigrants around the world and particularly in Europe, which has recently witnessed the largest influx of refugees in decades. Hence, refugee entrepreneurs in Europe face not only a liability of newness and a liability of foreignness but also a liability of refuge-ness. Accounting for the softer side of the environment is likely to enrich our understanding of why refugees choose specific types of businesses. More importantly, such analysis is likely to help us understand the type of market refugee entrepreneurs choose to target, a decision that we know very little about from prior research.

Understanding such strategic decisions would also benefit from examining aspects of the entrepreneurs themselves that go beyond their various types of capital. These aspects may include their perception of the importance of innovation and sustainable competitive advantage, their prior expectations of opportunities in host nations, their level of integration within host societies, their trust in local people and the challenges they face in accessing work or support to start up a business. Such factors are likely to shape how the refugees view their host countries and subsequently how they make their business decisions if they choose the self-employment route.

In developing the dual environment-entrepreneur perspective, the paper puts forward a number of propositions on the impact of the environment and the entrepreneur on strategic business decisions. Accounting for these decisions and understanding the factors that determine them is important as these decisions can influence the survival and growth potential of refugee enterprises. In trying to offer these propositions, the paper aims to contribute to the emerging conversation on refugee entrepreneurship and suggest future research to draw implications for both the entrepreneurs and policy makers.