



**Transformational Entrepreneurship
Hubs for Recognised Refugees**

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About Enter to Transform

Enter to Transform is a joint transnational European project developing a supportive environment of hubs. Through mentoring, the hubs function as 'door openers', enabling recognised refugee (RR) re-starters to access existing entrepreneurial infrastructures. By opening doors, the project avoids parallel structures while introducing RRs to the how and where and from whom they can obtain the tools necessary to restart business activities. The project is co-funded by the Interreg North-West Europe Programme under a grant agreement NWE1096.

Disclaimer

These policy recommendations are part of the WP Long-term. The information and views set out in these recommendations are the sole responsibility of the author(s) and do not necessarily reflect the NWE Secretary's views.

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Introduction

The number of formally recognised refugees globally increased significantly in the 2000s. Conflicts in Afghanistan, Syria, and, most recently, Ukraine and Iran displaced millions of people in past years and continue to do so. The United Nations High Commission for Refugees (UNHCR) estimates that forcibly displaced people globally has reached 103 million at mid-2022, of which 32.5 million are refugees (UNHCR, 2022). A situation exacerbated by climate emergencies converging with other threats drives new displacement.

Refugees' fast labour market entry unleashes creativity, knowledge, and innovation. Yet, it is vital for humans' lives to be productive, worthwhile and meaningful. Labour market integration enables people to earn a living, allows them to participate in society, and provides security and a sense of dignity. Thus, work is inherently and intrinsically linked to human development. In addition, refugees' fast entry into the labour market decisively contributes to fair social coexistence. Yet, despite its individual and societal importance, the labour market integration of refugees is slow.

Against this background, the transnational joint project Enter to Transform (E2T)¹ developed a supportive environment of hubs for recognised refugees in North-West Europe (NWE). Through mentoring, the hubs function as 'door openers', enabling recognised refugee (RR) re-starters to access existing entrepreneurial infrastructures. By introducing RRs to the how and where, and from whom they can obtain the tools necessary to restart business activities, E2T avoids the duplication of support infrastructures.

¹ E2T is co-funded by the Interreg North-West Europe Programme under a grant agreement NWE1096

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Recommendations for Practice

#1

Context-specifics in supportive environments for refugee entrepreneurship

E2T showed that

the participating regions differ not only socio-economically and here in terms of innovative capacity, openness, inclusion, technology readiness and other factors but also in attitudes towards entrepreneurship and migration.

We therefore propose

regional actors to explore whether there is a need for mentoring/training for this specific target group before establishing a hub or accelerator that focuses on refugee entrepreneurship. Only then should the actors examine how such a hub can be embedded in the already established structures to avoid unnecessary duplication.

#2

Human-centred approach needed

E2T showed that

the phenomenon of refugee entrepreneurship exists. It is a group of entrepreneurs that did not voluntarily leave their country of origin but were forced to do so due to war or prosecution. However, it also became evident that the narrow targeting of subgroups of newcomers, such as refugees, is not necessarily conducive to entrepreneurial mentoring. Every newcomer is an individual, regardless of whether they are a refugee, migrant or member of another 'marginalised' group.

We therefore propose

regional decision-makers to adopt a human-centred approach that addresses individual needs and aspirations while exploiting personal experiences and skills rather than labelling groups of newcomers. Such counselling and mentoring may seem more costly at first glance but proves more promising in the medium term as it reduces abandonment rates of entrepreneurs.

E2T showed that

fast labour market integration is one of the most crucial preconditions for newcomers to secure their resident status. It also enables them to keep their promises of 'standing on their own two feet' and financially supporting their family back home (e.g. through remittances).

We therefore propose

in addition to entrepreneurship activities, considering paid employment of newcomers as a further opportunity for labour market integration. On the contrary, it is vital to remind newcomers that entrepreneurship is not necessarily a fast track into the labour market but comes with many challenges, uncertainties and risks. Thus, more clarity is needed concerning domestic labour markets and regional employment opportunities, as well as a realistic weighing of the prospects of success of self-employment and paid employment.

E2T showed that

those with an entrepreneurial spirit and mindset, whether newcomers or further groups, tend to start their own business no matter where and how. What distinguishes them from other employable groups is their aspiration for independence and their will to bring their ideas to life and self-employment right from the start.

We therefore propose

enforcing the immediate identification of entrepreneurial skills in the target group. Along with this, information on regional and national specifics of business creation, including legislation and procedures, the local ecosystem, the industry structure, and markets, should be provided for those having the capabilities and are interested in business formation.

E2T showed that

as in the past, refugee and migrant entrepreneurship consultation/mentoring focuses primarily on business model development and access to resources, including financial ones in the form of bank loans. Nevertheless, studies indicate that migrant entrepreneurs not only start businesses more often but also fail more often within the first few years (cf. OECD, 2021).

#3

Do not neglect other forms of labour market integration

#4

Immediate identification of entrepreneurial spirit and skills

#5

Insolvency counselling as part of entrepreneurial mentoring

#6

Individual, customised
on-demand counselling

We therefore propose

to integrate insolvency counselling as a component in mentoring schemes to sensitise entrepreneurs to the risks of failure. In fact, taking a cascading approach to support viable businesses and empowering newcomers to take timely counteractions helps mitigate liquidity shortages and avoid unnecessary bankruptcies. This applies not only to refugee and migrant entrepreneurs but any start-up.

E2T showed that

many of the newcomers are in a phase where they operate in their ethnic networks, develop ideas and business models here, and only need partial help to implement their business idea. Similarly, our experiences mentoring refugees indicate a wide range of counselling needs, varying support intensity and at different points in time. Hence, mentoring is not necessarily linear but runs in waves with feedback loops and fuzzy ends.

We therefore propose

establishing a network of counselling infrastructure which offers next to basic entrepreneurship training and mentoring the opportunity to get advice concerning specific questions in all phases of the business cycle from standing-up to starting-up to scaling-up. Such customised on-demand support reduces uncertainties and helps sustain newcomers' entrepreneurial endeavours by offering support when needed.

#7

Interconnecting newcomers
with the entrepreneurial
ecosystem

E2T showed that

interactions with and power relations in the entrepreneurial ecosystem are key influencing factors in newcomers' entrepreneurial activity. By this, we mean access to networks, knowledge and context-specific language and interconnections with other ecosystem actors, but foremost, business relations with other – native and established migrant – entrepreneurs.

We therefore propose

giving refugee or newcomer entrepreneurs a voice in shaping and opening up opportunities to utilise the local entrepreneurial ecosystem by establishing links with and actively supporting their early embeddedness. This is about linking newcomers up with indigenous and other migrant entrepreneurs.

E2T showed that

many of the first to flee in times of war are artists. Due to their openness, creativity, and mindset, this group is also the first to build bridges between the country of origin and the country of receive from the beginning. Among them are mainly artists who have already been self-employed all their lives.

We therefore propose

some of the support actions and measures for refugee entrepreneurs to specifically address the group of artists. That is because artists are generally a vulnerable, often neglected group of self-employed, whose successful self-employment is subject to continuous cycles of 'taste'. As the COVID-19 pandemic showed, art is one of the first things to fall behind in uncertain times. However, these entrepreneurs are meaningful in merging cultures and societies.

E2T showed that

only a few newcomers envisage starting a business upon arrival before knowing the specific context of their country of receive better. Those starting upon arrival are foremost persons known as 're-starters' who already have years of experience in business making.

We therefore propose

to inform newcomers about available support infrastructures, including advice and mentoring in the field of entrepreneurship but not push them into something they do not want. Instead, newcomers should be given leeway to familiarise themselves with their new living environment, people and behaviours and then actively decide for or against self-employment.

E2T showed that

the propensity of newcomers to start a business in rural regions is lower than in urban areas. This is because migrants tend to choose urban regions as a destination for reasons of economic opportunity. In addition, those living in rural areas have fewer opportunities for starting up.

#8

Artist refugees are a largely overlooked group of migrant entrepreneurs

#9

Being sensible towards newcomers' aspirations

#10

Newcomer entrepreneurship in rural areas

#11

Business succession as mainstreaming

We therefore propose

to take measures to build personal and emotional bonds with the rural region. Actively supporting a sense of belonging through place attachment and place identity holds the potential for refugees to engage more with their surroundings and establish social links, which opens new perspectives also regarding business opportunities. Among others, emotional bonds to a place or region are from positive experiences and pleasure.

E2T showed that

independent of refugee entrepreneurship, business succession is a topic that has been addressed several times in the project. Many entrepreneurs have problems handing over their business, which is often their life's work, due to different entrepreneurial cultures and mindsets. Rather than a 'replacement approach', handing over is a process which goes along with openness and building trust on both sides. Ageing workforces, skill shortages in some sectors and increasing retirement not only make the issue more urgent but also offer further opportunities for entrepreneurial activity.

We therefore propose

to provide intercultural support and mentoring in the case of business succession by a migrant (newcomer/refugee). It is not just about mentoring the newcomer but about mutual learning, where the successor and the business owner learn from each other. With a shared understanding, trust and openness, both parties can help each other achieve personal and business success. In addition, mentoring in the succession process means giving that the entrepreneur can let go and the newcomer can contribute his ideas and his way of running the business in the future. If both parties engage in this process, it increases the likelihood that relevant knowledge will be passed on and thus become usable for the successor.