

Igniting Change: A Comprehensive Approach for Business Support Providers to Empower Refugee Entrepreneurs

Policy brief for business support providers and policymakers

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The role of business support providers

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This policy brief sets out the **key role of business support providers** can play in realising the potential of refugee entrepreneurs. It establishes the importance of a **holistic approach** which benefits refugee entrepreneurs and the wider community. The insights we share draw from an innovative three-year longitudinal action research project conducted at ACH, a thought leader in the field refugee integration. This study by Shuai Qin from the **Centre for Research in Ethnic Minority Entrepreneurship** at Aston University casts new light on the value of entrepreneurial support in this crucial area.

The context: the current landscape

Global instability has caused **27.1 million** people to seek refugee status as of 2021. The economic livelihoods of these displaced communities are of great concern to all sectors of society. Refugees are **1.5 to 2 times** more likely than local nationals to engage in entrepreneurial activities (Hanna, 2022). While their contribution is significant - with ethnic minorities and new migrants adding an estimated **£25 billion** per annum to the UK's economy (Kasperova et al., 2021) - refugees face unique challenges in their entrepreneurial journeys. These challenges often result in a gap between rich and poor regions, and unequal economic resources within the business ecosystem. Therefore, a bespoke, comprehensive support system for refugee entrepreneurship is essential for social and economic integration. Beyond the economic benefits, a socially inclusive environment for newcomers is crucial to their integration into the host country.

However, with more than **130 organisations** eager to provide entrepreneurial support, there's a shroud of confusion around best practices. This ambiguity, coupled with the immediate needs and precarious lives of refugees, magnifies the urgency of refining these support mechanisms.

Refugee entrepreneurs are constrained by multiple barriers

- As a result of forced migration, refugee entrepreneurs are typically unprepared and lacking in entrepreneurial capital to start their own businesses. They lack language proficiency, qualifications, start-up money, social connections, adaptive skills, and market knowledge.
- As a result of the turmoil experienced by refugee entrepreneurs, their careers and personal lives are disrupted, which results in trauma and the need for them to rebuild their professional confidence.
- A host country's reception and resettlement system create complex exogenous hurdles for the development of refugee economic activity, including repeated residential relocations, alienation from training and markets, a lack of access to information, and ethnic segregation.
- Refugee-owned businesses typically operate in co-ethnic markets with low margins of profit and rely on only family-based business support. The absence of a 'track record' limits their opportunities for development through finance and collaboration; racism and xenophobia restrict their ability to expand into mainstream markets.
- The specific needs of refugee entrepreneurs are rarely catered for by the current one-size-fits-all business support models.

- The UK lacks a consistent and comprehensive policy to guide local efforts to help refugee entrepreneurs. This creates a mismatch between the market opportunities for successful start-ups and the availability of support for refugees who want to start their own businesses. As a result, many refugees cannot fulfil their economic potential.

Together, these issues significantly constrain the aspirations and potential of refugee entrepreneurs with diverse backgrounds and talents in the UK, holding back post-Covid-19 UK economic recovery and the country's commitment to social equality.

Unleashing the growth potential of ethnic minority businesses

Entrepreneurs need quality and tailored business support to succeed and grow. But refugee entrepreneurs need more than just generic business support. They require a client-based, tailored approach, which acknowledges their unique journey from forced migration. Current mainstream support systems largely marginalise newcomers, overlooking their dynamic needs, often resulting in high-risk business decisions that exacerbate their precarious situation. This can exclude refugees from the entrepreneurial scene and limit their resources. It can also force them to make risky decisions that harm their economic and social well-being.

Recommendations

Based on my three-year research with ACH, I propose a series of concrete recommendations. These actions aim to encourage business support providers and policymakers to adopt a holistic approach to support refugee entrepreneurs, bolster their aspirations, and contribute to their well-being and the wider economy.

(1) Business support providers for refugees should **recognise and embrace the distinctive needs of refugee entrepreneurs** and innovate their services when creating and assembling support initiatives.

- Traditional and mainstream business support services often have a transnational and consultative nature with explicit or implicit eligibility restrictions for participants. For instance, participants must have registered with the company house, have a business plan, possess basic digital skills, language skills, and a basic understanding of cultural and market issues.
- It is essential that business support providers for refugee entrepreneurs are familiar with both the distinctive (compare with local and migrant business owners) barriers and structural limitations they face in accessing regional business resources, as well as their marginalized position within existing business systems.

(2) Business support providers need to understand how **refugees' social integration journeys** affect their entrepreneurial activities. This will help them to offer **tailored services** that suit their clients' changing needs.

- The impacts of diverse barriers in the social integration of refugees on their economic life need to be considered in a targeted manner within refugee business support. For instance, limited commuting distances for their attendance in support activities, language barriers and lack of confidence prevent them from participating in training, continual relocation leads to their limited opportunities to build social ties, and lack of digital skills and knowledge about paperwork causes their inability to register independently with the company house.
- Support services should promote synergy between social integration and economic integration based on their understanding and diagnosis of the refugee integration process.

(3) Providers of business support must strive to establish **long-term relationships based on trust** with refugee entrepreneurs in order to gain a comprehensive understanding of their needs and shape bottom-up support programs.

- Existing entrepreneurial support services for refugees are highly fragmented and reliant on short-term project funding, which hinders the development of long-term relationships.
- It can be beneficial to increase community trust by avoiding top-down structural design and consciously designing solutions to support refugee aspirations by incorporating the views of refugees.
- The development of a long-term relationship with clients enables support organisations to gain a greater understanding of the refugee integration process and the diversity of needs that result, which is vital to ensuring the effectiveness and quality of personalised support.
- Supporters could gain positive word-of-mouth within the refugee or ethnic community as a result of trusted relationships, which, in turn, reinforces communication and participant engagement between the organisation and individuals.
- Developing long-term service relationships allows supporters to design and create cumulative service experiences and service provision, enabling innovation and the development of expertise to be incremental.

(4) Refugee business support providers should pay attention and respond to refugees' wider life re-building needs, be aware of refugees' well-being, and **avoid focusing solely on or 'selling' entrepreneurship**.

- Supporters should develop the knowledge and capacity to translate the risks and opportunities that different integration scenarios may present to refugees seeking to become entrepreneurs.
- It is important for supporters to emphasize to clients the risks, challenges, and predictable outcomes of engaging with support services and to conduct periodic surveys and dynamic adjustments to services as necessary.
- Entrepreneurship should be viewed by supporters as an avenue for refugees to achieve economic independence, rather than as a necessary or simple alternative to employment.
- Supporters should actively examine the sources of refugees' entrepreneurial enthusiasm as well as avoid anxious 'job seekers' who have unrealistic expectations and irrational beliefs about entrepreneurship.
- Supporters should design support services to maximize entrepreneurship's contribution to refugee well-being rather than designing services in order to energise/force refugees into entrepreneurship.

(5) Business support providers for refugees should contribute to the **resolution of structural disadvantages of refugee entrepreneurs** by connecting with stakeholders across sectors and further representing community voice, and ensuring the sustainability and growth of their support services.

- Mainstream support providers have most of the business support resources, but they need to learn from and work with refugee supporters to reduce refugee disadvantage and exclusion.
- Supporters need to take the lead in fostering regional inclusion by developing themselves and collaborating with regional business support networks. This is vital for improving refugees' access to more business resources and market opportunities.
- Supporters need to work with policymakers to co-create and advocate for an inclusive enterprise policy agenda. This will help to increase institutional awareness of the need for a holistic approach in support and the complexity of refugee entrepreneurial needs.

- Supporters need to build relationships with other stakeholders from different sub-sectors that are important for refugees' integration journey (e.g., churches, hospitals, libraries, community centres, job centres, universities, charities, housing services, language training). This will help business supporters to understand and address the refugee integration journey and its effects.

These recommendations constitute a long-term, ambitious agenda for everyone involved in refugee business support. Most support organisations are resourced by government contracts and foundation grants. But they need to adopt a transformative bottom-up design logic that supports our holistic and relational approach. The main challenges to this approach are the strict bureaucratic norms of funding, the focus on economic/numerical outcomes, the eligibility issues of refugees, and the ability of support organisations to listen to refugee voices. However, we strongly believe that policymakers, public-funded business support providers, and others can effectively shape and fuel this tailored support model for refugees.

The agenda should be based on 'best practice' and research findings; developing a practical blueprint from research and practice; and building consensus between support organisations and policymakers. Supporters need to see the holistic approach as a unique skill and expertise that they need to respond to refugees' integration journeys. Funders also need to be more flexible in evaluating their contractors and grant recipients, and consider the social benefits of refugees' inclusion and integration as well as the economic value. All these activities should be part of the Inclusive Entrepreneurship System programme - the Refugee Entrepreneurship Section - and show the different roles and expectations of service providers, funders, and others to promote refugee entrepreneurship in a more accurate and inclusive way.

International best practice example: Migrant Business Support (MBS) project - Co-producing a holistic approach in refugee business support, ACH, United Kingdom

The Migrant Business Support is a 2-year business support project delivered by ACH, partly funded by the Asylum, Migration and Integration Fund of the European Commission, designed to help entrepreneurs from a migrant and refugee background navigate the world of business and get their ideas up and running, or advance a pre-existing business. The program resides in a holistic approach. Some distinctive and key elements:

- Using outcomes of integration diagnosis on clients' entrepreneurial stages and aspirations to co-produce personalised support activities
- The impacts of the integration process of clients on their entrepreneurial aspirations and engagement in this support journey are considered.
- Business support is an element of their systematic support portfolio, with the wider needs of refugees taken care
- Transforming the community's shared voice into courses, systematic training, and support workshops
- Build the communicative pipeline and knowledge exchange between integration service, housing service, career service and business support services within the organisation

This program supports over 500 individuals over 2 years to help refugee entrepreneurs overcome their structural barriers in integration journey and release their potential.

Critical to the success of the program is the way in which business support activities deeply intertwine with refugees' integration journeys and barriers. The ACH team proactively diagnoses

the entrepreneurialism of project participants based on its integration evaluation tool/experiences, creates novel practices from scratch to respond to refugees' dynamic voice in a 1-2-1 format, and views entrepreneurship not as simply an economic action, but also as a viable route to integration.

Find out more about the program [here](#).

Contact

Please contact CREME Centre Manager [Gurdeep Chima](#) to discuss this policy brief in more detail.