

Refugees as entrepreneurs: what's behind their success or failure?

*From brainwave to fruition, a successful entrepreneurial journey is theoretically determined by social networks and cognitive abilities. But how can entrepreneurial success be explained in the case of refugees, who leave everything (including human ties) behind, and whose skills don't necessarily apply in their host countries? **Yi Dragon Jiang, Caroline Straub, Kim Klyver, and René Mauer** explain why some refugees still manage to create businesses and explore the specific ways in which they navigate the entrepreneurial process.*

"Narenj", or orange in Arabic, is the name Nabil Attar chose for the restaurant he opened in the French town of Orléans in 2018. An engineer by training, Attar fled the war in Syria and eventually made it to France with his family, where they were granted refugee status. Now a successful restaurant owner, he has become a [poster-child of refugee-turned-entrepreneur for the UNHCR](#) (the UN's refugee agency). How did he manage? The answer lies in a mix of factors: his passion for cooking, his networking at the Refugee Food Festival and his will to build a new life for himself. These factors, which can be formalised as knowledge (cooking), motivation (willingness to start over) and social networks, are precisely the ones my co-authors and I explore in [a study of refugee entrepreneurs](#). Why this study? Entrepreneurship may not suit all, but it is definitely a crucial issue for the integration into the labour market of the [almost seven million](#) refugees who have made it to Europe over the past few years.

Exploring entrepreneurship after trauma

Entrepreneurial success is often explained through two elements:

- [Cognitive abilities](#) (imagination, knowledge, motivation) which are thought to determine the ability to recognise opportunities and create new businesses.
- [Social networks](#), through which budding entrepreneurs engage stakeholders.

What the literature assumes is that entrepreneurs' continuous flow of life and experience allows them to benefit from their accumulated cognitive abilities and social networks in producing opportunities. But individuals may be subject to life events, like the death of a loved one or the threat of violence, that can disrupt their flow of life. As a result of such disruptive events in their home countries, refugees often start their lives in host countries with impaired cognitive abilities and fractured social networks. Unlike ordinary entrepreneurs, refugees start the new venture creation journey without the benefits of local market knowledge and may experience isolation due to limited language skills.

And yet, a number of refugees do thrive in new venture creation. For example, even in an extreme environment like the Zaatari camp in Jordan, refugees in the camp created more than 3,000 informal start-ups, generating [\\$13 million per month](#). How do they become entrepreneurs with such disruptive backgrounds? That's what we set off to examine.

For our study, we collected data from 18 Syrian refugees in France, Germany, and Switzerland over four years and tracked 50 ideas and 354 related actions. We used a model of an opportunity-production process that organises entrepreneurial actions into three stages: conceptualisation (considering an idea about a new product or service), objectification (reaching consensus among knowledgeable peers about the viability of the idea) and enacting (engaging in actions to draw in stakeholders and turn the idea into a working venture).

The four patterns of entrepreneurship among refugees

Our analyses identified four patterns, which show the probability of the entrepreneurs' moving from one stage to the next, the sequence of how they move across the process stages, and the continuity of the process. The patterns are as follow:

1. Stuck in conceptualisation

Some participants dreamed up multiple opportunity ideas but did not take up many follow-up actions to bring them to life. For example, one Syrian imagined creating an automatic translation and check-out chip for supermarket carts but abandoned after failing to find a mentor and investor for the idea.

2. Focus and low iteration

In this second group, participants had a few focused ideas and followed a mostly fixed linear process, from conceptualisation and objectifying to enacting. The participants in this group did not attempt to iterate, i.e., return to a previous stage to improve on the viability of the idea.

3. Jump ahead and iterate backwards

The actions of these participants were unstructured, jumping straight from ideas to enactment before going back to objectifying. One example is a woman who used to run a trade company in Syria and tried to replicate her success in Switzerland by reaching out to her previous contacts in Syria before understanding the local market.

4. Enacting after early iteration

These entrepreneurs moved back and forth between conceptualisation and objectification several times before they finally closed in on a specific idea to enact, and then remained absorbed in the enacting stage until the opportunity was transformed into a product and tested by the market.

The key to success: embeddedness in the host country

Why such differences in patterns? We found that the degree to which the entrepreneurs “embed” in the home country versus the host country influenced the alignment of cognitive abilities and the use of networks. By embeddedness, we mean the extent to which people anchor themselves to a country’s cultural norms, values and learned routines. The concept is strongly related to temporality perceptions.

While navigating through the opportunity-production process, the entrepreneurs who followed patterns number 1 and 3 were mostly embedded in the home country. Although this provided them with quick access to resources and contacts, allowing them to generate ideas quickly, it was insufficient for producing useful opportunities in the host country context. These entrepreneurs were stuck in their past, all too eager to go back to Syria when the situation became stable again.

The entrepreneurs who followed pattern 2 were embedded in both countries, which helped them move forward. However, they were torn between past and present, and the combined information obtained from both home and host countries’ networks eventually confused the decision-making process.

Finally, the entrepreneurs who followed pattern 4 were mostly embedded in the host country, working on opportunity ideas that fitted the new context, and leveraging local contacts – an illustration would be Attar, who tailored his Syrian dishes to French tastes in his restaurant.

In conclusion, our findings are useful for refugees and support programs in the EU. Refugees need to focus on receiving coherent information from host countries so they can build new knowledge about what to do in the new context, and how. For example, training entrepreneurs in social skills and network-broadening strategies would be useful. Last but not least, our contribution around the importance of temporality has implications for non-refugee entrepreneurs in other disruptive situations, such as the Covid-19 crisis.



Notes:

- This blog post is based on [Unfolding refugee entrepreneurs' opportunity-production process — Patterns and embeddedness](#), *Journal of Business Venturing*.
- The post represents the views of the author(s), not the position of LSE Business Review or the London School

of Economics and Political Science.

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