

Barriers to Social Entrepreneurship by Refugees: An Explorative Study How Prior Experience Influences Social Orientation

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Abstract : We are witnessing the largest level of displacement of people since World War II. Refugees want to become independent as quickly as possible and build a new, safe future; however, access to the labor market is difficult and they face many problems that are not easily solved. This makes self-employment including social entrepreneurship a valuable alternative. Our research studied refugee-based entrepreneurship and examined whether prior knowledge, unmet personal needs and contextual factors influence how refugees recognize opportunities and if this influences their social orientation. In addition, we examine the barriers refugees face when starting up a company in the Netherlands. We use a case study design with a mixed-method approach, combining in-depth interviews and survey data. Data was collected from two Dutch entrepreneurial training programs in the Netherlands. We have a sample size of 27 latent refugee entrepreneurs. Our results show that refugees score high on the social entrepreneurial measures. They perceive themselves as having a strong social vision and are determined to defend a social need. They also score high on sustainability and state that their business ideas improve the quality of life on the long run. Based on these findings, we did not expect that only 5 participants had business ideas with a social orientation. In this group, 37,5% started a company before and 77,8% used their personal experience to come up with this business idea. Another 70,3% had the higher professional education or academic education. In the interviews, we found that they often copy and paste their gained experience from a previous profession on their new context and expect that it would work well. The social aspect lies in their cultural values and personal beliefs but is not reflected in their business models. One of the reasons could be that the context in which the refugee operates as a moderator suppressing the social mission and social value creation opportunities. Refugees are first and foremost focused on their survival. They do not want to be on social welfare and feel a strong need to be independent. Since they cannot access the labor market easily and face labor market discrimination they want to start a company. Another factor that explains lack of the social orientation in their business ideas is that social entrepreneurship is not a known concept in their home countries. Their idea of entrepreneurship differs substantially. We found that a huge barrier for refugees is their expectations about setting up a business, which are often not realistic because they have little knowledge about the system, institutions and corresponding red tape. In those instances, can the institutional configuration of a country, cultural differences, and perspective on entrepreneurship hinders social entrepreneurship. In conclusion, there might be latent potential for social entrepreneurship in refugees but there are many barriers to overcome. Overcoming these barriers can enhance local communities and enhance integration. In addition it has a positive financial impact on the host country because it reduces the pressure on the social system and stimulate the economy.

Keywords : immigrant entrepreneurship, refugee entrepreneurship, social entrepreneurship, prior experience, opportunity recognition

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