

Thinking Space No.13

Accompanying refugees into self-employment - a field report from a project in Germany

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In the framework of the European project RIAC¹, KIZ developed a set of approaches that lead to an accelerated integration of refugees in the German society. The group participating in the entrepreneurship programme included mainly highly qualified and skilled people who could not find an adequate job in Germany and therefore chose to participate in a programme aiming at self-employment. This thinking space presents the programme, its learning and makes suggestions what to consider when supporting refugees to become entrepreneurs.

Refugees are a sub-group of migrants defined by the UNHCR. The evidence on the proportion of refugees who start a business are mixed. A survey of Syrian refugees in Austria, the Netherlands and the UK found that although 32% of interviewed had owned a business in their home country, only a few started a business in the host country and less than 12% had the intention to become an entrepreneur. Further, evidence suggests, refugee entrepreneurs start businesses due to obstacles faced in the labour market. They imitate others in their community and operate in markets with low barriers to entry such as retail and wholesale trade or restaurants.² In Germany are currently about 1.5 Mio refugees; 70% come from Afghanistan, Eritrea, Iran, Nigeria, Pakistan, Somalia and Syria. 73% of the adult refugees are male and 27% are female.³ The figures and evidence are broadly reflected in the results and experience of the RIAC entrepreneurship programme.

The initial 30 participants in the RIAC programme came from different countries, including Afghanistan, Pakistan, Syria and Eritrea, which made German the common working language of the group. The group was composed of 27 men and 3 women. Participants in the self-employment programme had a rather higher educational level and professional experience than refugees in programmes seeking to bring them in employment: 67% of participants were academics or had a professional education and 33 % had been entrepreneurs in their country of origin. Consequently, these people have more options; entrepreneurship is seen a possibility to make a decent living as working in their original professions is not possible (e.g. attorney general, military, journalist or civil servant in a government department for education).⁴ In addition,

¹ <http://riac-project.eu/>

² OECD/European Union (2019), The Missing Entrepreneurs 2019. Policies for inclusive entrepreneurship, Paris, p.166, <https://www.oecd-ilibrary.org/sites/3ed84801-en/1/2/2/5/index.html?itemId=/content/publication/3ed84801-en&csp=67257f9631644767e0a36667defaae3d&itemGO=oecd&itemContentType=book>.

³ BAMF-Kurzanalyse. Ausgabe 01 | 2019 der Kurzanalysen des Forschungszentrums Migration, Integration und Asyl des Bundesamtes für Migration und Flüchtlinge. Zweite Welle der IAB-BAMF-SOEP-Befragung Geflüchteten machen Fortschritte bei Sprache und Beschäftigung von Herbert Brücker, Johannes Croisier, Yuliya Kosyakova, Hannes Kröger, Giuseppe Pietrantonio, Nina Rother und Jürgen Schupp, p2, https://www.bamf.de/SharedDocs/Anlagen/DE/Forschung/Kurzanalysen/kurzanalyse1-2019-fortschritte-sprache-beschaeftigung.pdf?__blob=publicationFile&v=13.

⁴ See also: <https://www.oecd-ilibrary.org/sites/3ed84801-en/1/2/2/5/index.html?itemId=/content/publication/3ed84801-en&csp=67257f9631644767e0a36667defaae3d&itemGO=oecd&itemContentType=book>, "...employed immigrants with a tertiary education are also more likely than natives to be overqualified for the job that they hold, and have lower wages on average."

other things are on their mind such as a permanent residence or family reunion; both of them require a job and not self-employment. However, our experience shows that once these issues are settled, candidates returned to the self-employment programme.

The RIAC entrepreneurship training consists of four modules:

Opportunity workshop (2 weeks)	<ul style="list-style-type: none">• Is self-employment and option for me? Am I suitable for self-employment?
Basic training (12 weeks)	<ul style="list-style-type: none">• Technical courses on self-employment, intercultural training, occupation related language training.
Intensive training (12 weeks)	<ul style="list-style-type: none">• An intensive mix of topics such as marketing, IT, cost calculation, accounting, insurance, taxation, pitching, and open office.
Concept & start phase (6 month)	<ul style="list-style-type: none">• Work on individual entrepreneurial project with a one-day a week support of a coach.

The “opportunities workshop” started with 30 participants. After two modules of basic and intensive training, 12 participants were remaining in the concept phase after 26 weeks, among a single woman. Drop-out reasons included insufficient progress in language acquisition (25%), inappropriate expectations (25%), inconsistent participation (13%), or a different perspective (38% - switched to a different programme or found a job). Strikingly, those who completed the program with a concept had been either freelancers or entrepreneurs in their country of origin.

At the end of the programme, three participants were about to create their businesses when the COVID-19 pandemic started. The pandemic and the related shut-down delays the process, but the three participants are still determined to go ahead. All three have been matched with mentors to support them through-out the crisis. Three self-employers seem very few, but it represents 25% of the people who completed the programme. The three businesses include a graphic design service, a services and consultancy for IT, electrical systems and an educational institute, that supports children and adults with language classes and private tutoring for math, physics, biology, other subjects taught at school and also teach Arabic to second generation migrants.

The small number of participants actually moving into self-employment demonstrates, that KIZ’ ambition is not to push as many participants as possible into self-employment. The objective is rather to develop sustainable business models, even if this means that finally some potential entrepreneurs have to be advised not to progress.

Participants went a long way from their original business ideas to more concrete concepts and business cases, but also in terms of personal development and self-finding. There is a lot of potential in this group and some might create their businesses after the completion of further studies or professional education (Meisterausbildung) in Germany or integrate finding jobs.

The most important findings include:

- Attention needs to be paid to the extreme lack of resources about refugees. Not only capital, contacts and know-how about markets are missing, but also an understanding of economic practices in Germany. Already the simple registration of a trade represents a hurdle. To bridge the gap, visits to the chamber of commerce, either with the native coach or with an interpreter were organised. It proved to be a very successful practice that eliminated many uncertainties in the participants' minds, which made it also easy to keep working on other themes of more central importance.
- Each step into the self-employment takes a lot longer than anticipated due to language barriers, concept / model hurdles but also roles and self-understanding (job centre, coach, personal responsibility, ...).
- At the beginning, the business ideas are often far behind the potential and do not tie in with the experiences / qualifications.
- Many participants could not handle computers well. Short courses were held on how to use basic sheets and documents.
- Cultural hurdles must be overcome.
- The language barrier is extremely high. The formal certificates (B1, B2, ...) are not always meaningful. While there is little appreciation of participants for formal language exercises, experience shows that there is a great deal of passion for subject-related language exercises (such as "My entrepreneurial idol"). The development of the business idea is extremely well suited for learning the language, because it has to do with the founder, his/her own future and requires permanent research and writing. The greatest progress was made by participants who consistently participated in the entrepreneurship programme. Heterogeneity of the group proved to be an advantage, as participants needed to communicate in German among each other.
- In many cases refugees should do an apprenticeship, a "German Meister", in their craft or continue tertiary education before starting their business. This detour prolongs the process but enables them to better understand the system, customer requirements, business practices and build a network to create a sustainable business and develop their full potential.
- More than half a day of training programme is not possible. Classroom teaching is suboptimal as individual capacities regarding language skills, entrepreneurial experience, development of the business idea and digital skills are very diverse.
- The classic business plan must be supplemented / replaced by more modern instruments, such as effectuation principles, business model canvas, short presentations and 'first business figures'.

The start-up support leads to an integration on two levels: on one hand, the always required adaptation of the participants to the system takes place via qualification. On the other hand, the support system must also be adapted to the participants, if it is to be successful. Structures must take religious conditions, mentalities or networks into consideration.