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Refugee Entrepreneurship: Context and Directions for Future Research 11.19.19

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Special section “Refugee Entrepreneurship” for Small Business Economics

Abstract. This article provides an overview of future directions for research related to refugee entrepreneurship. It puts forward key concepts, explores the relations within the current broader literature on migration and entrepreneurship, and identifies several gaps that represent questions for future research. We also introduce five papers in a special section of this issue, which offer answers to critical questions and cues for further research.

Keywords: forced migration; refugees; entrepreneurship; immigration; self-employment; labor markets

JEL Classifications: J61, F22, L26, O15

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1. **Introduction**

   The United Nation’s High Commissioner for Refugees (UNHCR) defines refugees as people who have fled war, violence, conflict or persecution and have crossed an international border to find safety in another country.¹ Holders of asylum status in a receiving country have been recognized as refugees and receive legal protection and material assistance (UNHCR, 2018). In this paper we use the term refugee for both those who seek and who were granted asylum. A refugee is a displaced person, in that her or his movement was spurred primarily by push rather than pull factors, although these are often crucially entangled.

   As depicted in Figure 1, the number of formally recognized refugees globally increased significantly since around 2005, from an estimated 12.8 million in 2005 to 25.3 million refugees by 2017. The UNHCR estimated 25.9 million refugees in 2018 (UNHCR, 2018). Conflicts in Iraq, Syria and Libya especially displaced millions of people in recent years. It is also worth noting that as a proportion of the stock of total international migrants, refugees declined from 13 percent in 1990 to 9 percent in 2015. As Figure 2 shows, the increase in voluntary migration has been much faster than the growth in refugees between 1990 and 2015.² As Figure 2 indicates, less than one in ten migrants was a refugee in 2015.

   --INSERT FIGURES 1 AND 2 ABOUT HERE--

   The bulk of the world’s refugee population has found refuge in neighboring countries (UNHCR, 2019) in the Middle East and North Africa (MENA) and in Sub-Saharan Africa (SSA). In the MENA area, Turkey, Jordan, the West Bank and Gaza, and Lebanon have the highest numbers of refugees taken in, and in SSA the countries that received large refugee inflows are Uganda, Sudan, Ethiopia, DRC, and Kenya. In 2018, Turkey and Pakistan hosted the highest number of refugees (UNHCR, 2018). One third of the global refugee population was in the least developed countries and 16% was in developed countries (UNHCR, 2018). Nine percent of the world’s refugees in 2017 were present in the European Union and 1.1 percent were in the United States.

   The share of refugees of the total population varies significantly across destination countries. In 2017, the refugee population was about 30% and almost 26% of the total population in Jordan and Lebanon, respectively. In the same year refugees made up 0.3% of the total population in the United States, 1.5% in Germany, 0.5% in France and 3.2% in Sweden (Migration Policy Institute, 2017 data³). Migrants that are not refugees tend to be mainly residents in the European Union, United States, Russia, Saudi Arabia and United Kingdom, which in 2015 together hosted 54 percent of the world’s migrants.

   Global policy interest in refugees can ebb and flow according to the urgency and immediacy of public awareness. An example of recent interest is the *Global Compact for Safe, Orderly and Regular Migration*, adopted by UN member states in December 2018, which built on the 2016 *New York Declaration for Refugees and Migrants*.⁴ This global

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¹ This definition of the United Nation’s High Commissioner for Refugees (UNHCR; [https://www.unhcr.org/what-is-a-refugee.html](https://www.unhcr.org/what-is-a-refugee.html)) draws on the 1951 Convention Relating to the Status of Refugees, which declared a refugee to be “someone who is unable or unwilling to return to their country of origin owing to a well-founded fear of being persecuted for reasons of race, religion, national, membership of a particular social group, or political opinion”.

² Azose and Raftery (2017) provide comprehensive estimates of emigration, return migration and transit migration and find that the share of total migration as percentage of the global population is fairly constant since 1990: between 1.13 and 1.29 percent.

³ Migration Policy Institute 2017 data on top 25 refugee destination countries and refugee share of the total population by country of destination; see [https://www.migrationpolicy.org/programs/data-hub/Charts/largest-refugee-populations-country-destination](https://www.migrationpolicy.org/programs/data-hub/Charts/largest-refugee-populations-country-destination)

policy interest, matched in many countries by national policy attention and action, highlights the need to understand the economic dimensions of refugee flows. This includes understanding livelihood and labor market options of refugees, economic behavior and allocation of effort, effects on regional and national economies, and the institutional context, including public policy frameworks that influence their economic engagement.

Entrepreneurship in this context is an important question that has thus far received little nuanced treatment in the extant literature, despite having tremendous relevance to local, national, and international policymaking (see Betts et al., 2015). Within the body of research on the economic behavior of refugees, entrepreneurship has received less attention compared to, for example, wage labor outcomes and effects on the wages of native-born employees. In the entrepreneurship literature, the context of migration is multi-dimensional and has not been fully explored (see e.g. Kerr and Kerr, 2016: 25). This is particularly so in the case of refugees. The extant research on migration and entrepreneurship focuses largely on immigrant entrepreneurs but not specifically on the refugee context. Refugees may be different from other migrants because of the reasons, nature, and processes of their mobility (see OECD, 2019; Cortes, 2004). How and why, are not well understood. Since refugees are not primarily moving for economic or business reasons, the forced nature of their mobility should play a significant role in shaping their economic activity. For example, labor market regulations and legal frameworks specifically governing asylum seekers can determine if and how quickly they may participate in the economy in the host country (see Schuster et al., 2013).

We offer an overview of the literature on refugee entrepreneurship in an effort to begin to close this gap. We discuss what is currently known about refugee entrepreneurship, identify gaps and opportunities for future research, and discuss some new contributions from papers in this special section.

Three important points set the stage for our treatment of refugee entrepreneurship. First, we recognize that the category of “refugee” as described earlier might appear legally unambiguous. Ongoing debates highlight how contested the categorization and labeling of migrants are, despite the existence of legal and policy demarcations. These differentiations provide legal and policy constructs that might be necessary to current migration management regimes in an international order of nation-states but are routinely defied by empirical reality (see Chimni, 2009; Long, 2014: 479; Stepputat and Nyberg Sørensen, 2014: 86).

Second, we emphasize that the question of how refugees engage in entrepreneurship – and in economic activity more broadly – is a sizable knowledge gap that our focus on refugee entrepreneurship here only begins to address. We limit ourselves to refugee entrepreneurship as it is beyond the scope of our paper to address forced migrants that are not refugees or internally displaced persons that do not cross borders. But we acknowledge that these groups of migrants are of great interest to researchers and decision makers. Our discussion therefore relates to refugees who have crossed a border.

Third, we recognize that the flow of refugees is a phenomenon that can generate social, legal, and political debate in local, national and global fora. We take no position on

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5 Fiddian-Qasmiyeh et al. (2014) argue that the multifaceted reality of displacement makes a bounded definition of refugeeness elusive. Scheel and Squire (2014: 190) note that a consensus in recent scholarship is on the impossibility of distinguishing voluntary from forced, and economic from political determinants of mobility.

6 Not all displaced people are refugees, as many flee due to economic crisis, climate, environment or natural disaster. These are not encompassed in the UNHCR definition. Also, not all people who flee will cross a border. Large numbers of internally displaced persons flee their homes without fleeing their country. For instance, since 2008 an average of 24.7 million people has been internally displaced annually due to adverse natural events like floods, droughts and earthquakes – more than the entire stock of refugees in the world (Cazabat et al., 2019). In 2018, there were 41.3 million internally displaced persons worldwide (UNHCR, 2018). Some of the countries most affected have been Syria, Colombia, the DRC, Iraq, Sudan, Yemen, South Sudan and Nigeria.
these debates: our point of departure is the empirical trend in refugee movements around the world and the ways in which refugees’ lived experiences affect their participation in entrepreneurship and labor markets (Elie, 2014; Zetter, 2007), and the identification of key salient opportunities for research to provide a knowledge base to clarify refugee entrepreneurship and offer information for stakeholders.

The rest of this paper is as follows. Next, we discuss some background about refugee entrepreneurship. In the third section, we outline some promising research agendas, followed by an overview of the papers in this special section. We end with a brief conclusion.

2. Background

Many dimensions embedded within the forced migration context have led to a vociferous global debate on the subject. In reality, evidence on the topic of refugee entrepreneurship is so limited that reliable conclusions to guide policy are still out of reach, and policymakers have less information about refugees than about other categories of migrants.

Some proposed approaches to refugee labor, market integration, and entrepreneurship are extensions of assumptions based on the broader migration and entrepreneurship literature, and some arguments reflect social or political assumptions or desired outcomes. On the one hand, refugee entrepreneurship may be viewed as a promising avenue to cut time to economic participation and income generation, and to create bridges to local economies and perhaps further socioeconomic integration in the future. On the other hand, focusing on refugee entrepreneurship instead of employment integration may pose risk of moving away from other types of interventions and pushing refugees to precarious and exploitative informal work situations, while at the same time excluding them from access to aid.

Also, re-migration may be seen as potentially stimulating entrepreneurship in sender countries and open up opportunities for long-term international business relationships between countries. The extent of return migration (Azose and Raftery, 2019) and the relatively few studies that have attempted to examine the occupational choices of returning migrants and refugees have tended to find mixed results. Backman et al. (this issue) find that less than one percent of refugees in a Swedish sample leave for their home countries, and UNHCR (2018) find that less than 3% of refugees return to their country of origin. Batista et al (2017) and Wahba (2015) report a higher likelihood that return migrants become entrepreneurs, while Gibson and McKenzie (2012) and Obukova et al (2012) do not find much difference between return migrants and non-migrants, and Brück et al. (2018) find that return migrants are only more likely to be entrepreneurial if they were self-employed employers before their migration.

A lack of research, and particularly empirical research, on refugee economic participation and entrepreneurship, leaves decision makers to rely on findings of immigrants more broadly (Ruist, 2015; Bevelander, 2011; Cortes, 2004). Research on migration and entrepreneurship has thus far largely focused on immigrants broadly (Lewis and Peri, 2015; Aslund et al., 2014; Kerr and Lincoln, 2010; Fairlie and Meyer, 2003; Lofstrom, 2002; Borjas, 1986; see also Naudé, 2018; Naudé et al., 2017; Kerr and Kerr, 2016). Within this discussion, some subthemes can be identified, including ethnic groups or ethnic enclaves (Bengtsson and Hsu, 2014; Moser et al., 2014; Patel and Vella, 2013; Kerr, 2008; Chung and Kalhins, 2006), specific high skill groups or visa holders (Kerr and Lincoln, 2010; Wadhwa

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7 Refuge arrivals and integration have featured significantly in the public discourse in many countries. In some cases, this can be disproportionate to the nature of inflows. For example, Alesina et al. (2018) find most Europeans greatly over-estimate the real number of immigrants in their country and often mistake their countries of origin and religious affiliations.
et al., 2007), and specific industries like technology (Hart and Acs, 2011; Saxenian, 2002; Stephan and Levin, 2001).

There are good reasons to pursue research on refugees as distinct from other categories of migrants, as they face different circumstances than non-forced migrants (Bevelander, 2011; OECD, 2019). There can be significant heterogeneity in their modes and rates of economic participation in a country (see Rashid, 2018). For example, Klaesson and Oner (this issue) find significant variation in employment and business ownership trends among natives and key immigrant groups in the Swedish population. Among refugees, there is significant heterogeneity in socio-economic profiles, including individual attributes like age, gender, and education levels (Backman et al, this issue). Critical differences between forcibly displaced people and other types of migrants can affect the factors driving their economic decision-making, including entrepreneurial activities (see Cortes, 2004).

3. Directions for future research

This special section presents a set of studies to accelerate research on refugee entrepreneurship, an area of investigation that has been surprisingly and largely unexamined by the existing research. In light of these gaps in the literature, this section presents insights on specific questions and raises promising next steps for future research. The questions raised here do not sit in a vacuum and we emphasize that a combination of factors will interact to explain an outcome.

3.1. Research to better understand refugee entrepreneurship

First, and most foundational, there is a need for research to establish and understand the basic trends in refugee entrepreneurship. This includes questions around what, when, how, and why. It is argued that migration can potentially serve to improve entrepreneurial dynamism because a large literature shows that migrants more broadly have higher rates of entrepreneurship than native-born, and that this trend persists across many countries (see Naudé, 2018; Kerr and Kerr, 2016). Does this hold for refugees as well? Is it the case that refugees are more likely to become entrepreneurs than native-born people?

Related to this question is the matter of how refugees start businesses compared to other types of migrants. Kone et al. (this issue) found that refugees are more likely than both native-born and other (non-forced migrants), but their sample comes from a single advanced economy. What applies elsewhere could vary substantially based on individual, regional, and institutional factors. More research is needed, including on the question of when refugees tend to become entrepreneurs.

One basic set of questions concerns the initial reason and mechanism of migration. Few studies have been able to distinguish the initial context of migration, leaving an unclear picture of how immigrant founders enter a county, and how the broader policy environment might affect the transition to entrepreneurship (see Kerr and Kerr, 2016). This is a complicated issue because visa categories, for example, do not necessarily align with the motivation for migration, nor does the reason for migration necessarily line up with labor market or entrepreneurial readiness of the migrant. For example, Hunt (2015, 2011) found that immigrant college graduates in the United States who arrived initially on a work or study visa were more likely to start a business than those who arrived through family reunification.

These and other questions have been dealt with in the broader literature on immigrant entrepreneurship. Naudé (2018) summarizes this literature in terms of several broad questions: are migrants more entrepreneurial than natives? Can migration remittances finance startups in countries of origin? Will remigration bring entrepreneurial skills to developing countries of origin? Can migrants help regenerate entrepreneurial contexts in host countries? Also, what obstacles are faced by migrant entrepreneurs that are not faced by natives?
It is worth testing if current approaches to answering these and other questions in the broader immigrant entrepreneurship research will hold in the refugee context. The refugee context could help clarify and contextualize the current research on immigrant entrepreneurs. In particular, two contrasting hypotheses dominate the research on why immigrants, as a group, start businesses. On one hand, relative wage labor disadvantages or labor market discrimination can push immigrants to start businesses; on the other hand, immigrants may have specific human capital and expertise to exploit a business opportunity. The findings on these two hypotheses are mixed and reflect multiple dimensions related both to the person and the host country. For instance, it has been found in the United States that the earnings of immigrants have historically been initially less than that of natives, but that immigrants’ earnings catch up over time (Abramitzky and Boustan, 2017). Using data on 1.1 million refugees to the United States between 1987 and 2016, Kerwin (2018: 206) found that refugees’ median personal income equals that of non-refugees and exceeds that of the foreign-born overall. He also found that their propensity to enter into entrepreneurship was similar to that of the native population. In the context of the United States, it is difficult to identify if refugees seem to have been pushed into entrepreneurship disproportionately or seem to possess better skills and experience for entrepreneurship.

People displaced by violent conflict and persecution have also been found to achieve higher levels of country-specific human capital than other migrants (Cortes, 2004). This raises questions of the relevance of human capital at the time of migration, and how host country-specific human capital affects refugee integration into economic activity. Will refugees that face better wage labor opportunities be less likely to start a business? Will higher levels of human capital, perhaps over time, shape how and when they may start a business compared to seeking employment? Local businesses may want to employ refugees as workers, but perhaps at exploitative wages. If this is prohibited, and refugees thus cannot compete against locals on wage costs, then they need to compete based on skills and productivity. This can be affected by many factors, such as education, expertise, and ability to speak a local language.

It is worth pointing out that barriers or discrimination in the labor market can also carry over into the life of the entrepreneurial business if the local population chooses not to engage with the refugee entrepreneur. This could be due to outright discrimination or to language barriers, cultural barriers, and differences in norms, affecting things like sales, access to credit and infrastructure. An interesting question for future research is to study these dynamics, and to ask if – under different institutional contexts – refugees prefer to be employed or prefer to be entrepreneurs (Stel, 2013). An important dimension when asking this question would be the potential market that refugees themselves represent. Large refugee settlements in host countries may be attractive markets with large and often sudden growth in demand, and local entrepreneurs may prefer not to have competition in accessing this market. On the other hand, being part of the market may present unique opportunities for refugees to serve the refugee community (see Betts et al., 2015). These potentially different dynamics are worth further study.

3.2. Research on multilevel and multidimensional questions

Another cluster of questions relates to disentangling the multiple and multi-level factors that can affect refugee entrepreneurship. The individual/family, community, and country (both home and host) levels each carry a large number of dimensions. At the individual level, the psychological and psychosocial dimensions for refugees may be very important, given the reason for migration, in explaining economic decision making (see OECD, 2016). Individual dimensions like language skill and readiness to participate in social and economic interactions can affect how and when economic activities like entrepreneurship occur. For example, how do factors like shared or different language capabilities matter?
Language barriers may limit opportunities, particularly in occupations that require a high level of interaction.

The individual is also nested in the family dimension, which could be shaped by for example if the whole family has or has not migrated together. Family context could affect the relative allocation of resources that a refugee can put into entrepreneurship, and could be shaped by family responsibilities in the host or home country, as well as family resources that could be put into a new business.

The community level reflects the immediate environment in which the refugee operates. In some cases, this community may be a refugee camp or a city, or even a region. Kone et al. (this issue) identify spatial concentrations of migrants with similar migration rationales and compatriot networks to be more likely to become opportunity entrepreneurs. Depending on the country, the geographic distribution of refugees can be a significant part of policy, as refugees may be intentionally directed to live in specific regions in their countries of asylum.

The country level is where questions of broader policy, institutions, and regulations are relevant. These may include labor market policies, legal and financial institutions, and many cross-cutting national institutional conditions that affect refugee entrepreneurship directly and indirectly. Previous research shows that significant heterogeneity of country level factors is meaningful for various types of entrepreneurship (Audretsch et al., 2018; Stenholm et al., 2014), e.g. opportunity and necessity, but this has not been examined in the case of refugees and presents an opportunity for future research.

Another set of questions revolves around host country concerns about integration services and public services for refugees, which may play an important role in determining economic participation as well as opportunities for entrepreneurship. While the existing research has examined how public support services affect entrepreneurship more generally, or public services and migrants broadly, there is a need for systematic evidence on the link between public services for refugee entrepreneurship and the expected outcomes.

The complexity facing researchers in this endeavor is that these levels are intimately connected. Policies at the country level can shape who becomes an entrepreneur, such as how dimensions in the broader policy environment can influence outcomes among different groups of potential entrepreneurs (see Brieger and Gielnik, this issue). An additional complicating factor is that different host country laws and regulations govern the process and conditions of processing refugees and their economic engagement. For example, host country requirements related to labor market participation can differ within a broadly integrated economic region (Desai, 2016) or even a country (Schuster et al., 2013; Stel, 2013).

If refugees face discrimination in formal labor markets, they may become necessity entrepreneurs or self-employed (see Rashid, 2018). For instance in Lebanon, Palestinian immigrants are excluded from employment in more than seventy job categories, and Syrian refugees are de facto barred from obtaining work permits. These types of barriers may have the effect of pushing refugees into the informal sector, which is often rife with exploitation. Jordan, which committed to improving access to legal employment for Syrian refugees (the “Jordan contract”) offers a markedly different labor market context for refugees.

The interaction across these levels is not as straightforward as it sounds because the policy environment itself is characterized by heterogeneity (Audretsch et al., 2018). At the same time, refugees themselves are not a homogenous group in terms of skills and background, and there can be substantial variation within and across refugee groups. For example, the time horizon of an individual can be an important determinant of whether the person actually becomes an entrepreneur (Desai et al., 2014). This, in turn, can be shaped by the external environment (Wauters and Lambrecht, 2008). A key question here is on the legality and regularity of a refugee. For example, unclear information or a long wait to
receive status decisions about asylum applications can raise uncertainty around starting a business, as the investment could be lost upon denial of an asylum claim. This can have important implications for interventions, because providing support like access to finance or training to an individual still waiting for an asylum decision may not have the intended impacts.

In addition to these levels, a research focus on geographic levels is useful because entrepreneurship is by nature embedded in geographic context. This is important because economic opportunities and entrepreneurship can be highly local in nature, yet levels may be nested within each other (Audretsch et al., 2018; Klaesson and Öner, this issue). Various levels may have opposing or complementary effects, and multi-level geographic analysis allows for this kind of insight. Public planning and housing policies, for example, can be an important dimension in the management of refugees in host countries. Klaesson and Öner (this issue) argue that ethnic concentration and segregation can have different effects on choices of refugees, and that governments should be aware of the implications of pursuing each approach in different geographic levels. Some countries intentionally settle refugees in specific areas, sometimes with expectations of counterbalancing population decline or lagging economic performance. This often rests on the assumption that the infusion of population may have a revitalizing influence on lagging regions (see Kerwin, 2018, for a discussion of refugee resettlement in the United States and revitalization of lagging regions and cities).

3.3. Research to inform decision making

Many research questions around refugee entrepreneurs have strong practice dimensions. Countries are looking for ways to understand and manage refugee flows, and economic participation through entrepreneurship is one such consideration. The related questions, as noted earlier, are multi-dimensional, calling for more in-depth research. One set of questions is on the impact of refugee flows and specifically how entrepreneurship matters. Whether and how refugees can be absorbed into local economies has become a key question for decision makers. Future research could take on this question, and identify how refugees interact within local labor markets, how programs and services affect refugees in the creation of new jobs and taxable incomes, and on the effectiveness of public services aimed at their integration.

Several frameworks and conceptual models have been proposed to better understand the dynamics of refugee entrepreneurship in a host economy. Wauters and Lambrecht (2008) proposed five dimensions in a model to explain refugee entrepreneurship trends in Belgium: market opportunities, access to entrepreneurship, human capital, social networks, and the societal environment. Each dimension is broad and itself represents a substantial research agenda comprising multiple levels and layers of other questions. For example, the human capital dimension includes both knowledge and skills, representing familiarity with laws, regulatory processes, rights, responsibilities, market need, and market structure, as well as language, social context, culture and norms (Rashid, 2018). These do not take place in isolation and can be embedded in many other questions. The process to start a business can vary significantly across countries and technical know-how may be related to access to information (see Rashid, 2018) and host country-specific human capital. In the case of the local language, gaining familiarity could be shaped by exposure to opportunities to learn the language. Future research could investigate the determinants and relationships between these dimensions.

OECD (2016) proposed ten themes to support the economic integration of refugees (see Crawford, 2016), specifically in terms of giving consideration to matching their skills.

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with local employment opportunities and taking a long-term approach. These themes include providing integration services quickly for those asylum seekers most likely to be allowed to stay, ensuring that foreign qualifications and prior work experience count, and addressing mental and physical health issues early. The themes serve as broad considerations, and more research is needed to clarify how and what direction decision makers should be considering. They point to the challenges and complex nature of understanding of refugee entrepreneurship.

A productive research agenda would consider the merits of questions raised by such frameworks (and others), test the nature of the relationships across different contexts, and elucidate insights useful for different types of decision makers. For example, OECD (2016) highlights issues related to making foreign qualifications and work experience count, which reflects a complex set of factors (see Schuster et al., 2013). The transfer of credentials for skilled refugees is an example: nursing credentials from the home country reflect human capital at the individual level, but occupational licenses, standards, and verification of foreign degrees are governed in line often with host country procedures. Even within a country, there may be different procedures for validating and recognizing education or qualifications; further, these procedures may vary according to the country in which the qualifications were earned (Schuster et al., 2013: 24). Refugees may not have proof of their credentials (see Schuster et al., 2013) and expectations in the host country about accepting foreign credentials may include documentation, testing, and other requirements that – in the refugee context – pose large challenges (Desai, 2017). In politically unstable countries, obtaining records from educational and professional institutions, verifying references, and conducting basic assessments may prove very difficult (Nassar and Stel, 2019).

3.4. Data and methodological questions

A question for future research relates to the measurement of refugee entrepreneurship, representing the intersection of two topics that are individually challenging to measure. Future research could address the conditions under which different types of data and methodological approaches are appropriate, and if and when they may be pieced together and for which purpose. For example, Betts et al. (2015) used respondent-driven sampling to identify respondents in their study involving refugees from multiple countries in Uganda. They consider this approach appropriate for hard to reach populations, noting that it combines the benefits of purposive snowball sampling (nonrandom) with a mathematical model to introduce randomness into the data.

Administrative data and self-reported data may serve different or complementary roles in research on refugee entrepreneurs. Self-reported data may not be as reliable as administrative data which can be verified. However, administrative data systems may face delays or some host countries may have inadequate administrative data systems, which means self-reported data may be useful and realistic (see Costello and Kaytaz, 2013). In their study of Afghan refugees who returned to Afghanistan, Loschmann and Marchand (this issue) use self-reported data from individuals who report having migrated due to political and security concerns, environmental disaster, and who returned not because of employment reasons but rather because of improvements in the political and security situation in the country or various personal reasons (e.g. missed country, culture or family). They argue that this approach reduces selection bias because it excludes voluntary migrants and returnees motivated by employment opportunities.

When it comes to migration, the nature of arrival and presence in the receiving country implies the administrative data may not present the full picture of an individual that has migrated. For example, while administrative data systems in some countries might track a native-born individual from birth to death, and a migrant from the time of arrival in that country, they might not necessarily be able to track based on the pre-arrival life of a refugee.
In such cases, self-reported data may be an immediate source of information on activities before arrival in the host country. Brieger and Gielnik (this issue) use self-reported data to measure educational attainment, which provides insight that may be difficult to obtain. This also points to a challenge, which is that self-reported data may be immediate and enable easier tracking of some missing information, but it might not easily verified and may still be limited in terms of being acted on.

Another possible line of inquiry for future research is on measurement, given the forced nature of the movement of individuals from specific regions or countries, and the messiness of definitions surrounding. Klaesson and Öner (this issue) study the Swedish context and use natives compared with three groups based on clustered countries of origin. These are EU+Nordic representing largely opportunity labor migrants, and Balkans and the Middle East, both characterized by the majority of displaced people. They consider these groups to be broadly reflective of push and pull factors relevant to forced migration. Brieger and Gielnik (this issue) define their sample of forced migrants, which they identify as both first- and second-generation immigrants from sender countries rated "warning" or "alert" on the Fragile States Index. On one hand, it could be that these approaches do not capture refugees in the strictest sense since they are not counting people based on designated status as a refugee. Such approaches could include migrants who used pathways other than asylum-seeking, such as economic grounds and family reunification. On the other hand, it could also be the case that a pathway used to migrate could reflect access to opportunities for migrants who have choices about how to migrate. The type of pathway does not necessarily diminish if migration was forced and resulted from "push" and this itself represents a question for future research9.

4. Contribution of the Special Section

In light of the dearth of existing research findings, this special section advances five papers on refugee entrepreneurship. Collectively, the papers provide empirical evidence and demonstrate the methodological challenges and opportunities in researching the complex dynamics in the refugee entrepreneurship context.

The first paper, by Kone, Ruiz and Vargas-Silva, analyses the likelihood that various groups of migrants in the United Kingdom that have migrated for different reasons would be self-employed. They find that individuals from the same ethnic group and country of origin who migrated to the same country for different reasons have a different propensity of engaging in self-employment, suggesting that motivations to migrate encompass shared interests, social experiences, and legal restrictions that affect self-employment propensity in the short- and long-term. They argue that spatial concentrations of migrants with similar migration rationales and compatriot networks can positively affect the choice to enter into entrepreneurship for opportunity, rather than necessity. Their research finds that refugees are significantly more likely to engage in self-employment than the native-born and people who migrated for study and work, and they consider this to be because they are rewarded less in wage employment.

The work of Kone et al. points to deeper consideration of the reasons for migration, as well as the role of ethnic capital in contributing to economic outcomes (Maani, 2016). Their findings on compatriot networks are noteworthy given the central role of networks in both the

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9 Some countries have special allocations and procedures for different migration pathways, e.g. family- or skill-based. A high skilled individual in an unstable country that is forced to migrate might seek economic grounds if qualified, which may seem faster during periods of significant displacement or less likely to be rejected in some countries. Host countries can have different procedures for accessing the labor market depending on the nature of the migration. For example, some countries delay entry to the labor market while asylum applications are pending (Desai, 2016).
entrepreneurship research and in the migration research, and provides cues for future research, including understanding the basis for, and depths of, the relationships between refugees.

The paper by Backman, Lopez and Rowe sheds light on the wage employment conditions that refugees may face by analyzing the long-term labor market integration process of multiple waves of refugees. Using administrative data from Sweden for the 1991 to 2013, they perform sequence analysis of the career pathways of refugees from four different sender regions (Balkan, Asia, Africa and the Middle East). Their analysis reveals that historically, refugees have embarked on one of four “representative” long-term career pathways: stable employment, employment to self-employment, inactive to self-employment, and persistent inactive. They note that the largest share of refugees was not in work, actively seeking a job, or studying in the year of arrival in Sweden. This changes considerably over time: about one-third of their sample successfully integrates in the Swedish labor market within ten years, experiencing a rapid transition from employment to self-employment, and that an equally large share is characterized by a consistently long period of inactivity. They also find that a small share of displaced people gains stable employment, raising questions for future research on the underlying factors shaping broader participation in stable employment and labor market integration.

A contribution of Backman et al which provides significant nuance is the identification of an empirical link with necessity entrepreneurship: they estimate that around 17 percent of refugees in Sweden start their own business due to difficulties in securing employment. The authors suggest that expanding educational qualifications and skills of refugees can promote more successful integration into the local labor market, which they argue is affected by barriers of cultural proximity. They find that educational advantages for refugees arriving in Sweden with the highest levels of education are preserved over time.

An interesting question that extends from their study is how refugees enter in and out of entrepreneurship and wage employment over the course of their lives – and further, how this compares with the economic trajectories of the native-born and other types of migrants. The authors find that refugees, regardless of sender region, experience rising income over time, but still with concentrated wage outcomes. Similarly, Cortes (2004) found that refugees in the United States start at a disadvantage in the wage labor market but eventually outperform economic immigrants. Future research could investigate these trajectories in multiple and diverse host country contexts. Backman et al. also show that policy can channel the type of activity refugees adopt. This raises questions about the design of potential interventions targeting specific outcomes. For example, given the finding that a sizable share of refugees become necessity entrepreneurs, should potential interventions attempt to divert them into different activities from the start, or focus on strengthening their businesses in the long-term? Another example is their finding that most refugees concentrate in urban areas, suggesting spatial dynamics may offer potential reach for city or neighborhood interventions.

The frequent co-location of migrants (see Maani, 2016) is studied in the paper by Klaesson and Öner, also using Swedish data, and arguing that locational analysis must consider multiple geographic levels. They study the effects of ethnic concentration (neighborhood, municipality, region) and residential segregation trends (neighborhood versus municipality, neighborhood versus region, municipality versus region) in the probability than an immigrant is an employer or owns a business. They use matched data for individuals and firms for natives and three immigrant groups in the population – those coming from countries in the EU+Nordic, Balkan, and Middle East regions. Their study provides an entrepreneurship lens to previous mixed findings on the role of ethnic concentration in measures of economic success (Maani, 2016; Edin et al. 2003).
A key finding is that ethnic concentration in the neighborhood is not necessarily associated with better earnings or employment; in fact, the concentration of an ethnic immigrant group at the neighborhood level is negative both for employment and entrepreneurship. However, it points to a higher probability of entrepreneurship and employment at the city level. In contrast to this mixed result for ethnic concentration, they find that segregation almost always has a negative effect on entrepreneurship among refugees. They also demonstrate that the effects of ethnic concentration and segregation at different geographic levels matter in different ways across the four groups. Klaesson and Öner conduct an additional analysis of the timing of migrations using the Balkan sample, and identify a stronger competition effect at the city level among migrants arriving at the same.

In the fourth paper, Brieger and Gielnik examine factors that shape the presence of strong or weak gender dimensions in female immigrant entrepreneurship, providing a comparison between immigrants more broadly and displaced people specifically. Their study includes more than 11,000 immigrants across 51 countries, using self-reported survey-based data from the Global Entrepreneurship Monitor for their key variables.

Brieger and Gielnik find that female immigrants are less likely to be entrepreneurs than males and that this holds specifically for displaced people. The study considers the role of institutional and policy conditions, including access to markets, networks, business regulations, and rule of law, in entrepreneurship uptake for men and women. They find that countries with a higher presence of migrants have higher rates of immigrant female entrepreneurship, adding to previous research (see Wang and Maani, 2014; Lofstrom, 2002). They find that more favorable institutional environments help alleviate the gender gap among immigrants – and importantly, even more strongly among forced immigrants – but deepens the gap among the native-born. This includes conditions related to government support for early-stage entrepreneurship as well as business-specific regulations. The authors interpret this to mean that entrepreneurship represents a “Plan A” strategy for female immigrants but a “Plan B” for native-born women. This finding points to an important direction for future research to understand the processes and decision context that may make entrepreneurship more or less attractive to immigrant and native-born women.

The final paper, by Loschmann and Marchand, examines the return of refugees to Afghanistan, one of the top countries of origin in global refugee flows. Their research question is relevant in both origin and receiving countries for refugee flows, as assumptions are often made about “super-entrepreneur” refugees with little empirical testing (see Naude et al., 2015). As with Backmann et al., the authors model several “states” of engagement in the labor market. In their model, an individual can be engaged in three states compared to a base of not working: self-employed in business, agriculture including subsistence farming and herding, and wage employment. Their main finding is that Afghan refugees who return home after some time abroad are less likely to be employed than those that never migrated, and that they instead tend to have a higher likelihood of becoming entrepreneurs. This provides fresh insight specifically on refugees to previous mixed findings on entrepreneurship among return migrants (Wahba, 2015; Gibson and McKenzie, 2012; Obukova et al, 2012; Brück et al., 2018).

Loschmann and Marchand also find that the level of education is more important for non-migrants than for returnees in wage employment, which raises questions about what accounts for this difference. Their results show that employment prior to migration, time abroad, amount of savings brought back upon return, return assistance, and intentions to re-migrate are central factors in understanding returned refugee reintegration and their entrepreneurial potential. An important finding in their study is on the strength of social networks across all labor market outcomes, and for non-migrants and returnees. This adds to a body of research on the importance of social networks in labor market outcomes. It also
points to an important question in the context of unstable countries, which is the extent to which social capital may be damaged and/or recovered due to conflict (Colletta and Cullen, 2000) and whether or not this presents a potential target for intervention.

5. Conclusion

Contextualized research on the drivers, characteristics, and effects of migration on the economic activities of migrants is necessary to better understand the trends and to better inform a wide variety of stakeholders. Such research, however, is not widely available for the specific matter of refugee entrepreneurship and the subject lacks a large base of evidence from which to draw conclusions. While large population movements can put pressure on fiscal resources and infrastructure and increase competition with locals for jobs, rand have been considered to constitute a ‘brain drain’ from their countries of origin, the proportion of refugees relative to the larger population of migrants is modest. Refugees may be a potential source of labor, skills and innovation, consumer demand, and finance.

The studies in this special section have contributed to nascent scholarly work on refugee entrepreneurship by providing insights from the perspective of networks, employment trajectories, spatial planning, gender, and return movements. Future research could build on these analyses to explore in more detail the experiences of refugee entrepreneurs, the socioeconomic and institutional conditions they operate in, and how these line up with migrants at large.

References


Figure 1: Total number of refugees in the world, 1990 to 2017

(Source: authors’ compilation based on data from the World Bank: https://data.worldbank.org/indicator/sm.pop.refg)

Figure 2: Total stock of international migrants and refugees worldwide, 1990 and 2015

(Source: authors’ compilation based on data from the World Bank: https://data.worldbank.org/indicator/sm.pop.refg)