

Start-up Incubators for Refugees: How to Develop and Deploy Entrepreneurial Skills to Generate Impact

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Abstract: Refugee entrepreneurs play an increasingly important role in the ecosystem. However, they may find themselves unable to use their potential because they lack relevant skills, encounter language barriers, have weak local networks and deal with personal problems. Start-up incubators for refugees address these challenges by offering programmes that empower them to develop and deploy entrepreneurial skills for business creation. This work-in-progress paper presents initial insights on skill-related programme elements which will be extended into a detailed analysis of resulting types of economic impact.

Keywords: start-up incubators for refugees, entrepreneurial skills, mental support, local networks, economic impact

1. Introduction

Dedicated start-up incubator programmes seek to empower refugees to take on entrepreneurial endeavours and create social and economic impact (Harima, 2022; Harima, Freudenberg and Halberstadt, 2019; Nijhoff, 2021; Shneikat and Alrawadieh, 2019). For instance, they offer entrepreneurship and language training to develop skills such as business modelling, prototyping and communication (Bajaba et al., 2021; Harima, Freudenberg and Halberstadt, 2019; Nijhoff, 2021). Moreover, they provide coaching and mentoring to support refugees in addressing personal problems and in building local networks to gain access to resources (Chliova, Farny and Salmivaara, 2018; Harima, 2022; Harima, Freudenberg and Halberstadt, 2019; Nijhoff, 2021).

This work-in-progress paper is guided by the following research question: How can start-up incubators for refugees assist the development and deployment of entrepreneurial skills to generate impact?

The paper is structured as follows: First, the methodology is outlined. Second, a preliminary overview on the reviewed literature is given. Third, concluding remarks are made including directions for further research.

2. Methodology

The preliminary literature review presented here focuses on how start-up incubators can support refugees to develop and deploy their entrepreneurial skills. In a next step, the literature will be reviewed extensively to obtain a better understanding of relevant skill-related programme elements, resulting types of economic impact as well as potential cause-effect-relationships.

Based on these findings, a conceptual model will be developed that illustrates programme elements of start-up incubator programmes, types of economic impact as well as the links between the two. This conceptual model seeks to assist further empirical research on cause-effect-relationships.

3. Literature review

Start-up incubators for refugees support the development and deployment of entrepreneurial skills and create economic impact (Harima, 2022; Harima, Freudenberg and Halberstadt, 2019; Nijhoff, 2021; Shneikat and Alrawadieh, 2019). They address typical challenges refugees encounter when creating a business, often related to a lack of relevant skills, language barriers, weak personal networks and mental problems (Harima, 2022; Harima, Freudenberg and Halberstadt, 2019; Nijhoff, 2021; Dustmann et al., 2017; Chliova, Farny and Salmivaara, 2018). This work-in-progress paper focuses on three elements of start-up incubator programmes that can address these challenges: Facilitating entrepreneurial skill development, addressing mental problems and providing access to local networks.

3.1 Facilitating entrepreneurial skill development

Standardised entrepreneurship and language training equips refugees with skills such as business modelling and planning, prototyping, pitching, creative thinking, communication and cultural awareness (Bajaba et al., 2021; Harima, Freudenberg and Halberstadt, 2019; Nijhoff, 2021). Qualifications and skills of refugees may not be recognised in host countries or be regarded inferior which often leaves their potential unused (Bucken-Knapp, Fakh and Spehar, 2019; Spadarotto et al., 2014; Degler, Liebig and Senner, 2017). This represents a major disadvantage in building relationships with investors, potential customers and business partners. In addition, refugee entrepreneurs often face challenges with finances as well as legislative and administrative processes (Harima, Freudenberg and Halberstadt, 2019; Nijhoff, 2021). Moreover, they tend to have insufficient knowledge of market mechanics, important institutions and other key stakeholders providing support for business creation (Meister and Mauer, 2018; Kloosterman, 2010; Harima, Freudenberg and Halberstadt, 2019; Nijhoff, 2021). Further, refugees often face significant disadvantages in accessing the market due to language barriers (Bucken-Knapp, Fakh and Spehar, 2019; Degler, Liebig and Senner, 2017). Without appropriate language skills, refugees cannot effectively negotiate with customers and investors (Nijhoff, 2021). Interactions with stakeholders can become even more challenging when inadequate knowledge of cultural norms becomes apparent (Meister and Mauer, 2018; Nijhoff, 2021).

Start-up incubators for refugees can address these challenges by providing relevant entrepreneurial training and sharing knowledge of the local ecosystem (Meister and Mauer, 2018). The benefit of entrepreneurial skills is particularly large for refugees. They get the alternative to pursue an entrepreneurial career instead of depending on the labour market where they are disadvantaged versus locals (Harima, Freudenberg and Halberstadt, 2019; Nijhoff, 2021; Shneikat and Alrawadieh, 2019). Chliova, Farny and Salmivaara (2018) recommend that start-up incubators also offer fast-track programmes for refugees with previous entrepreneurial experience and skills. In addition, start-up incubators are positioned well for intensive language training in the entrepreneurial context where refugees can immediately apply it to interact with stakeholders (Chliova, Farny and Salmivaara, 2018; Kloosterman, 2010).

3.2 Addressing mental problems

Individualised support on mental problems encountered by refugees is important because they can undermine their ability to expand and use their skills and build their local network (Chliova, Farny and Salmivaara, 2018; Harima, 2022; Harima, Freudenberg and Halberstadt, 2019; Nijhoff, 2021). These support forms have a mediating role in that they increase the chances that refugees not only acquire skills but also become empowered and self-confident enough to “go out there” and deploy these skills. Refugees may encounter mental problems like anxiety and depression that affect the confidence needed to start a business (Chliova, Farny and Salmivaara, 2018; Lyon, Sepulveda and Syrett, 2007; Needham and Quintiliani, 2007; Wauters and Lambrecht, 2006; Nijhoff, 2021). Refugees often have had traumatic experiences in their home-countries and during their escape which leaves mental strains. These can affect their ability to trust, believe in themselves and their skills and interact freely with others (Degler, Liebig and Senner, 2017; Dustmann et al., 2017; Nijhoff, 2021; Karlsdóttir et al., 2017). These strains may also damage their ability to acquire and apply skills and make new contacts as far as networking and business development are concerned. Refugees may also experience prejudice and discrimination which can undermine mental well-being and confidence even more (Chliova, Farny and Salmivaara, 2018; Najib, 2014). Overall, these mental problems represent a major barrier for refugees to use their skills, make new contacts and become integrated in the ecosystem (Chliova, Farny and Salmivaara, 2018; Scholten et al., 2017).

To help refugees overcome mental problems, start-up incubators should offer programmes that go beyond skill development and focus on the mental stability necessary for skill deployment (Harima, Freudenberg and Halberstadt, 2019). This requires personalised approaches by coaches and mentors that account for individual needs, characteristics and mental conditions as well as previous education and business experience (Chliova, Farny and Salmivaara, 2018; Degler, Liebig and Senner, 2017). In these personal interactions, coaches and mentors can create an encouraging and positive atmosphere and build trust (Meister and Mauer, 2018). According to Harima, Freudenberg and Halberstadt (2019), coaches and mentors should help refugees address anxieties related to interactions with institutions and individuals that are essential for business creation. Moreover, they should provide continuous motivation and encouragement to persevere and give general guidance and soft support in personal life with mental well-being in focus.

3.3 Providing access to local networks

While networking can be considered an entrepreneurial skill, it is also a mediating factor for entrepreneurial skill deployment in business creation because it provides access to knowledge, funding and other resources (Meister and Mauer, 2018). Because refugees tend to have small local networks with limited access to potential investors, customers and other partners, their skills stay partially hidden instead of being applied for business creation (Harima, 2022; Lyon, Sepulveda and Syrett, 2007). Being unable to access these stakeholders for funding, marketing and business development as well as general advice on market-related and administrative issues is a major obstacle (Meister and Mauer; 2018; Harima, 2022; Alrawadieh, Eyup and Gurel, 2019; Shneikat and Alrawadieh, 2019; Rashid, 2018; Easton-Calabria and Omata, 2016; Alrawadieh, Eyup and Gurel, 2019). In addition, refugees tend to have homogeneous networks, mainly with compatriots who are poorly integrated themselves, which accentuates their disadvantages in the local ecosystem (Ruedin et al., 2020; Söhn et al., 2017).

To address these challenges, start-up incubators provide guidance and facilitate access to the local ecosystem (Meister and Mauer, 2018; Harima, Freudenberg and Halberstadt, 2019). This includes individual support by culturally affine mentors and coaches who understand specific barriers to business creation and can connect refugees with appropriate institutions and experts (Nijhoff, 2021; Meister and Mauer, 2018). While contacts can provide support and access to resources to assist venture creation, the process of building a local network can have larger implications (Harima, Freudenberg and Halberstadt, 2019). As refugees make more relevant connections to other stakeholders and entrepreneurs, they become better integrated in the start-up community and can actively collaborate and contribute to the creation of new business opportunities (Meister and Mauer, 2018).

4. Conclusion

This work-in-progress paper addresses exemplary programme elements of start-up incubator programmes that help refugees build and apply entrepreneurial skills to overcome challenges in venture creation. This represents the basis for further research.

In a next step, the literature will be reviewed extensively to better understand incubator programme elements as well as their relevance and to gain insights into the potential impact they create for refugees and the ecosystem. For instance, it can be assumed that incubator programmes increase the likelihood that refugees build and deploy their skills faster, which accelerates start-up creation. If refugees are successful, they start paying tax and social security contributions themselves and if they create jobs, the effect is multiplied. Moreover, if incubators succeed in building more relevant skills, refugees will likely have steeper learning curves, which increases their chances of success further. In consequence, they may become role models for compatriots in their network and encourage them to follow suit.

Deeper insights into these and other cause-effect-relationships will inform the development of a holistic conceptual model which in turn aims to guide subsequent empirical research.

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