

HOW DOES START-UP ASSISTANCE CAPTURE THE CHALLENGES, BARRIERS, AND  
SUCCESSSES FOR REFUGEE ENTREPRENEURS IN AUSTRIA

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by  
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Approval of the Dissertation

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Abstract

HOW DOES START-UP ASSISTANCE CAPTURE THE CHALLENGES, BARRIERS, AND  
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In countries around the world, refugees have started to create economic identity through entrepreneurial activities. In doing so, they boost new business formation, innovation, and job creation. Acknowledging this potential, the Austrian Federal Government passed a comprehensive program in 2015 to support start-up businesses. This program targets Austrian and foreign-born entrepreneurs alike. Recent estimates are that between 3,000 and 14,700 refugees could begin businesses in Austria. Beyond the examination of the success factors and barriers of refugee entrepreneurs, this case study sought to explore how the start-up programs capture the needs of refugee entrepreneurs.

The target population consisted of 12 recognized refugees who were about to start, or have started, a business within the past 5 years in Austria. Using online surveys and narrative interviews, the aim of this study was to yield insight into the successes and barriers refugee entrepreneurs encountered in becoming business owners in Austria. Further, a survey with five service providers of start-up programs aimed to support documentation of the offered services and how their activities mitigate the barriers to meet entrepreneur's needs to become successful.

Findings show that the biggest barriers for refugee entrepreneurs lie within the institutional environment (e.g., tax and social security regulations), lack of human capital (e.g., lack of German language skills), and access to resources (e.g., access to financial capital). The presence or absence of German language skills is a particularly significant factor. Combined with business administration skills, it offered a great advantage. Other success factors included knowing one's start-up reasons and having favorable market conditions.

From the clients' viewpoint, start-up service providers appear to offer appropriate services for refugee entrepreneurs. Nonetheless, data suggest that agencies could improve delivery of service on the program level and in regard to coordination among and beyond service providers. Some reasons why refugee entrepreneurs' needs are not fully met include lack of cultural contextualization of knowledge or demands that exceed supply. Based on expressed barriers and needs, this study provides recommendations for how start-up service providers could improve their services on both the program and the systems level.

## **Dedication**

This study is dedicated to my interview partners who were forced to flee from their home countries. Not only did they openly share their experiences about being entrepreneurs in Austria, but they also disclosed what it means to leave everything behind and start anew in a country that is so different to theirs. They taught me more about cultural differences than any course or book could provide and I am grateful that they allowed me to learn from them. Through their stories, I understood the meaning of dignity and living brave.

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made me fly to the moon and back and finally land where I wanted to be: A researcher in the field of forced migration and a Saybrook graduate.



## TABLE OF CONTENTS

List of Tables .....	xiii
List of Figures .....	xiv
CHAPTER 1: INTROCUCTION .....	1
Purpose.....	1
Background.....	8
The National Plan for Integration (NAP.I) .....	12
Fifty Action Points to Integrate Forcibly Displaced Persons.....	13
Start-Up Programs for Foreign-Born Entrepreneurs.....	14
Specific Challenges of Immigrants in the Austrian Labor Market .....	15
Rationale .....	17
Research Questions .....	20
CHAPTER 2: LITERATURE REVIEW .....	21
Migration: A Global Occurrence .....	23
Immigration and Integration in Austria .....	25
Migratory Movements in Austria.....	25
Integration of Foreign-Born Nationals in Austria.....	28
Occupational Conditions for Immigrants in Austria.....	31
Wage/Salary Employment for Foreign-Born Nationals. ....	32
Entrepreneurship in Austria .....	33
Immigrant Entrepreneurship in Austria .....	35
Start-Up Programs for Refugee Entrepreneurs in Austria .....	36
Summary of Occupational Conditions of Immigrants in Austria .....	38

Ethnic Identity and Job Market.....	39
Qualification Structure of Refugees.....	39
Structural Disadvantages for Immigrant Workers .....	42
Active Labor Market Programs (ALMPs) .....	43
The Efficacy of ALMPs in Europe .....	45
Ethnic Identity and the Moderating Role in Labor Market Outcomes .....	46
Summary of Ethnic Identity and Job Market.....	46
Ethnic Entrepreneurship.....	47
Economic Contribution of Immigrant Entrepreneurs .....	47
Motivational Factors for Ethnic Entrepreneurship .....	48
Factors Influencing Immigrant Entrepreneurs’ Success .....	49
Refugee Entrepreneurship: An Underutilized Research Discipline.....	52
Success Factors and Barriers of Refugee Entrepreneurs .....	53
Summary of Ethnic Entrepreneurship.....	57
Summary and Evaluation of the Research.....	58
Implication for Future Research .....	60
CHAPTER 3: RESEARCH METHOD .....	63
Research Design.....	63
Research Participants .....	63
Participant Recruitment Refugee Entrepreneurs.....	64
Screening Process Refugee Entrepreneurs.....	65
Informed Consent Refugee Entrepreneurs.....	66
Recruitment Procedure Start-Up Service Providers .....	66

Informed Consent Start-Up Service Providers. ....	67
Research Setting.....	67
Research Instruments .....	68
Questionnaire for Refugee Entrepreneurs.....	68
Questionnaire for Start-Up Service Provider.....	69
Semistructured Interviews With Refugee Entrepreneurs.....	69
Research Procedure for Refugee Entrepreneurs .....	70
Research Procedure for Service Providers.....	71
Research Analysis.....	72
Reporting the Data .....	73
Ethical Considerations .....	74
CHAPTER 4: PRESENTATION OF FINDINGS.....	77
Findings for Start-Up Programs in Austria.....	80
Program Characteristics .....	80
Activities Within Start-Up Programs.....	83
Satisfaction With the Programs .....	84
Summary of Findings for Start-Up Service Provider .....	84
Findings for Refugee Entrepreneurs .....	85
Demographics of Participants.....	86
Drivers and Successes for Refugee Entrepreneurship .....	87
Results Motivational Factors .....	88
Results Previous and Future Experience.....	90
Measurement Success Factors .....	90

Results Success Factors .....	90
Barriers for Refugee Entrepreneurship .....	92
Measurement of Barriers for Entrepreneurs .....	92
Identified Barriers for Entrepreneurs .....	92
Experience With Start-Up Programs .....	94
Cross-Case Presentations .....	94
Sample Characteristics .....	96
Entrepreneurial Profiles .....	97
Entrepreneurial Success Factors .....	100
Human Capital .....	100
Knowing One's Start-Up Reason.....	102
Market Conditions .....	103
Institutional Environment .....	103
Social Networks .....	104
Access to Entrepreneurship.....	105
Entrepreneurial Barriers.....	105
Institutional Environment .....	106
Lack of Human Capital.....	106
Access to Entrepreneurship.....	107
Power Rituals .....	107
Societal Environment.....	108
Barring Strategies.....	109
Self-Efficacy .....	109

Barring Processes to Power Rituals .....	110
Positive Future Orientations .....	111
Expectations Toward Start-Up Service Providers .....	111
Mentoring/Counselling .....	112
Training .....	113
Increase Cooperation With State Actors .....	114
Investment and Partnerships .....	114
Increase Collaboration Between Entrepreneurs and Financial Institutions .....	115
Administrative Support .....	115
Information Provision .....	116
Networking .....	116
Summary of Success Factors for Refugee Entrepreneurs .....	117
Summary of Barriers Encountered by Refugee Entrepreneurs .....	119
Summary of Strategies to Overcome Barriers .....	121
Summary of Expectations Towards Start-Up Programs .....	122
Alignment of the Barriers Between the Survey and Interviews .....	124
Juxtaposition Programs Compared to Needs of Clients .....	126
Start-Up Services in Austria .....	126
Self-Evaluation of Programs .....	127
Juxtaposition Start-Up Services and Common Barriers .....	129
Juxtaposition Start-Up Services and Expectations .....	132
CHAPTER 5: DISCUSSION .....	138
Specific Characteristics of Refugee Entrepreneurs .....	139

Barriers of Refugee Entrepreneurship .....	142
Institutional Environment .....	142
Language and Business Skills.....	143
Access to Capital.....	144
Power Rituals .....	144
Success Factors of Refugee Entrepreneurship.....	145
Program Level Change .....	146
System Change.....	150
Start-Up Providers as Integrators and Collaborators .....	150
Incubation Agency: Integrating the Parts .....	152
Service Providers: Diversifying the Parts .....	152
Start-Up Providers as Connection Points.....	153
Conclusions.....	156
Recommendations for Start-Up Service Providers .....	157
Program Level Recommendations .....	157
Systems Level Recommendations. ....	158
Limitations .....	159
Future Research .....	160
Considerations for Future Research With Refugee Entrepreneurs .....	160
Factors That Facilitated Participation .....	161
REFERENCES .....	162
APPENDICES .....	172
Appendix A: Questions Survey for Refugee Entrepreneurs .....	172

Appendix B: Questions Survey Service Provider.....	177
Appendix C: Guiding Questions Interviews.....	180
Appendix D: Coding Manual.....	181
Glossary Terms in Migration.....	184

## List of Tables

Table 1: SME Tresholds. ....	33
Table 2: Success Factors of Refugee Entrepreneurs. ....	55
Table 3: Activities by Participants. ....	78
Table 4: Characteristics of the Program. ....	81
Table 5: Demographic Data Survey Respondents. ....	86
Table 6: Fit Score Barriers Survey and Interviews. ....	125
Table 7: Start-Up Activities for Ethnic Entrepreneurs ....	127
Table 8: Satisfaction With the Program (Agency Evaluation) ....	128
Table 9: Match Between Service Offered and Barriers (Survey) ....	130
Table 10: Match Between Service Offered and Expectations (Sufficient Degree of Fit) ....	133
Table 11: Match Between Service Offered and Expectations (Moderate Degree of Fit).....	134
Table 12: Match Between Service Offered and Expectations (Low Degree of Fit).....	136



## List of Figures

Figure 1: Competence Data Syrian Refugees. ....	41
Figure 2: Competence Data Afghan Refugees.....	41
Figure 3: Agencies and Their Services. ....	83
Figure 4: Drivers for Refugee Entrepreneurs.....	88
Figure 5: Supporting Factors for Refugee Entrepreneurs .....	91
Figure 6: Barriers for Refugee Entrepreneurship.....	93
Figure 7: Types of (Immigrant) Entrepreneurship Support Programs.....	147
Figure 8: Activities of Austrian Service Providers .....	147
Figure 9: Activities Matching the Needs .....	148
Figure 10: Agencies and Services in Refugee Entrepreneurs' Education .....	152
Figure 11: Influencing Elements for Structural Change .....	154

## CHAPTER 1: INTROCUCTION

### Purpose

The United Nations High Commissioner for Refugees (UNHCR, 2015) reported a total of 65.3 million forcibly displaced persons worldwide, who were seeking protection and asylum in the Middle East (Lebanon, Turkey, Jordan, Pakistan, and Iraq) as well as in Europe by the end of 2014. According to the UNHCR, more than one million migrants and refugees crossed into Europe in 2015 (UNHCR, 2015). This large-scale immigration into Europe raises the question how to support social and economic membership of refugees and immigrants.

Studies from the United States have shown that skilled immigrants are more likely to start businesses than native-born Americans, that a significant number of Silicon Valley companies were founded and run by immigrants, and that start-up businesses significantly contributed to job and economic growth of the United States and Canada (Compass, 2015; Kerr & Kerr, 2016). Those studies also indicated that new entrants play a relevant role in high-tech entrepreneurship, patent applications, and biotech industry.

Research on small scale industries in India show evidence that entrepreneurial industries “provide employment to nearly 20 million persons” (Khan, 2014, p. 89). Equally successful are entrepreneurial activities, which have boosted economic development in countries such as Mexico, Argentina, and the BRICs (Brazil, Russia, India, China) since 2000 (Kelley, Singer, & Herrington, 2016).

These positive statistics from abroad appeared to have influenced the Austrian government, and the “Land of Founders Strategy” was passed in 2015. Within this strategy, the Austrian Federal Government acknowledged the small-scale industries as a boosting factor in economic development and launched startup programs to create legal, financial, and structural

conditions to make Austria the number one start-up country in Europe (Bundesministerium für Wissenschaft, Forschung und Wirtschaft [BMWF], 2015). Within this initiative, the government has come forward to assist entrepreneurs in developing businesses by relieving auxiliary wage costs for employees, providing seed financing and other funding sources, and alleviating residential and legal requirements.

In 2015, Eurostat presented that on average 1.813 million people (21.4% of the population) with foreign backgrounds lived in Austria, about 98,000 more than in 2014 (1.715 million; Eurostat, 2016b). Of these, 1.334 million were born abroad, while 479,000 people were descendants of foreign-born parents born in Austria and thus counted as “second generation immigrants” (Baldaszi et al., 2016). The largest group of immigrants, according to Eurostat (2016b), are German natives (176,500), followed by 116,600 Serbian, 116,000 Turkish, 94,000 Bosnian, and 82,900 Rumanian natives.

According to the Ministry of the Interior (Bundesministerium für Inneres [BMI], 2016), a total of 88,100 forced migrants filed for asylum in 2015 and 42,083 in 2016. The largest group of individuals filing for asylum in 2015 were from Afghanistan (25,143) and Syria (24,314). The high request for asylum continued into 2016. Through December 2016, 11,742 persons from Afghanistan and 8,845 persons from Syria applied for asylum (BMI, 2016). The share of positive decisions in the total number of asylum decisions (i.e., recognition rate) for these groups in 2016 was between 25% (for Afghans) and 95% (for Syrians). With positive asylum decision pursuant to §3 of the 2005 Asylum Act, people are granted asylum and have full residency and access to work (Sozialministerium 2014; Austrian Employment Service, 2016a).

With the inflow of 214,400 foreign nationals (an increase of 11% compared to 2014) to Austria in 2015 (Baldaszi et al., 2016), and approximately 49,260 people granted refugee or

subsidiary protection status in the period 2012 to 2016 (BMI, 2016; Statistik Austria, 2016), Austria is facing the challenge to integrate this group of asylum holders into the labor market. Baldaszti et al. (2016) reported a 13.5% unemployment rate of immigrants in 2015, whereas the unemployment rate of Austrian nationals was 5.7% (Eurostat, 2017). To tackle the economic slowdown since 2013 and respond to the growing unemployment rate (especially elderly and immigrant unemployment), the Austrian government developed measures to maintain economic growth potential. Among others, one core strategy to fight the rising structural unemployment is to get immigrants and recognized refugees into the Austrian workforce (Baldaszti et al., 2016).

Recognizing the limitations of the National Action Plan for Integration (NAP.I) that was introduced in 2010, the Austrian government introduced an extended plan, the “50 Action Points,” in April 2015. With this plan, Foreign Minister Kurz and Provincial Secretary Darabos presented a plan for social and economic integration of refugees and people granted subsidiary protection<sup>1</sup>. This new integration plan highlighted the importance of forced migrants’ commitment to dominant Western values and norms, as well as membership through active participation and establishment of an economic identity by “making a living without relying on state support” (Fassmann et al., 2015, p. 5). The 50 Point Action Plan specifically targets recognized refugees and people under subsidiary protection (temporarily present). This population is required to adhere to the measures in the 50 Point Action Plan as a means toward integration and social and economic membership in Austria. The major features in this action plan are interventions in the areas of education, work and employment, health and social issues,

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<sup>1</sup> Definition of terms related to migration are presented in the Glossary at the end of this document

intercultural dialogue, sports and leisure, housing, and law and values (Federal Ministry for Europe, Integration and Foreign Affairs, 2015b).

While the majority of those measures are intended to bring refugees into wage and salary employment, little attention was paid to entrepreneurial development. An unpublished survey, conducted by the University of Economics and Business Vienna in 2015, showed that refugees indicate a high willingness for entrepreneurial activities, and 33% of the respondents ( $n = 157$ ) have elaborated business ideas for small business development (Vandor, 2016). An unpublished report of the Center of Social Innovation (based on the EU Labour Force Survey Ad Hoc Module from 2014) showed that approximately 111,600 people between 15 and 64 years had settled in Austria in the past three years because of forcible displacement, and approximately 9,200 (i.e., 8%) of them indicated that they had run a business in their countries of origin (A. Gächter, personal communication, October 24, 2016). Undeniably, not every refugee will be a successful entrepreneur. However, they bring many competencies with them from their countries of origin, and the struggles that many have endured can be seen as evidence for their entrepreneurial potential. They have successfully journeyed for thousands of miles, have shown resilience in the face of failure, and proven their capacities to overcome adversity. Many have had to pick themselves up again in new environments, beginning with only what they have been able to carry from their home countries.

Austria has a well-established entrepreneurial culture. As presented in the Austrian Global Entrepreneurship Monitor 2015, early stage entrepreneurial activity in Austria is ranked 13th of the innovation-driven (most developed) economies and eighth in the participating European Union economies (Schmalzer, Wenzel, Mahajan, & Penz, 2015). The report further shows that entrepreneurial activity has risen from 14,631 new businesses in 1993 to 37,120 in

2014 (BMWWF, 2015). In 2016, 39,973 new businesses were registered in Austria; that totals about 340,000 enterprises in Austria by the end of 2016 (BMWWF, 2016). The statistics from the Federal Ministry of Science, Research and Economy further showed that more than one thirds of registered small- to medium-sized enterprises (SMEs) in 2016 are one-person-enterprises (OPEs; 130,000). The largest number of OPEs in the period 1993–2016 was registered in Vienna (541,805; that is 79.2% of the total % of OPEs). The Austrian Chamber of Commerce [WKÖ] presented that in 2015 approximately 15,200 immigrants were entrepreneurs (WKÖ, 2016). Approximately 72% of the immigrant entrepreneurs are migrants from Eastern European Countries (i.e., Rumania, Slovakia, Hungary, and Croatia).

A qualitative study conducted in 2006 showed that immigrant entrepreneurs not only play an important role in modeling the integrative process in Austria, but also provide employment for Austrian natives (Schmid, Mandl, Dorr, Staudenmayer, & Haberfellner, 2006). Acknowledging the potential for immigrant entrepreneurship and the inflow of entrepreneurial potential from immigrants and recognized refugees, the Austrian government, the public Austrian Employment Service, the city of Vienna, and private institutions launched start-up services for ethnic minority enterprises in 2013.

While there is a great deal of political enthusiasm about leveraging the entrepreneurial potential in Austria, little is known about the motivations, barriers, and success factors of immigrant entrepreneurs in Austria. No study has been discovered to date that explored refugee entrepreneurship in Austria. Reasons for this gap might be that (a) labor and economic agencies did not statistically capture the migration backgrounds in the past; hence, immigrant entrepreneurship studies did not differentiate between immigrants and recognized refugees thus

far, and (b) refugee entrepreneurship studies were less relevant prior to the refugee crisis triggered by large-scale movements since 2014.

Scholars who have explored Albanian immigrant entrepreneurial development in Greece have shown that “personal networks are key to success” (Halkias et al., 2009, p. 160). Research exploring the challenges of refugees in Belgium presented the lack of certificates and skills, lack of start-up capital, and legal and professional restrictions as the hindering factors for refugee entrepreneurship (Wauters & Lambrecht, 2008). In addition, these authors showed that prejudice toward refugee entrepreneurs, insufficient language skills, difficult access to advice, and limited social networks negatively influence ethnic entrepreneurs’ performance. Grey, Rodriguez, and Conrad’s (2004) study of Hispanic entrepreneurs in Iowa showed the lack of start-up funds and the inability to secure bank loans, language and educational barriers, and discriminations as barriers of entrepreneurship. Fong, Busch, Armour, Heffron, and Chanmugam (2007) found the following factors to be relevant for success or failure: (a) individual and family factors, (b) prior experience, (c) clarity of purpose, (d) language skills, (e) access to human and financial resources, (f) strategic partnerships, (g) cultural and linguistic capacity, and (h) favorable environmental and social conditions. Doern and Goss (2013) explored the effects of social interactions between Russian entrepreneurs and state officials and discovered that negative emotions that resulted from power rituals and bureaucratic inefficiencies drained entrepreneurial resources and hence business success. The authors defined power rituals as “an encounter where (at least) two parties engage in order to secure control over some resource and where, ultimately, one party is confirmed as an order-giver, the other(s) as an order taker” (Doern & Goss, 2013, p. 499) and so the authors further, where “order givers generally maintain or increase their levels of emotional energy at the expense of order-takers’ loss” (Doern & Goss, 2013, p. 499). As a

result of such encounters, order takers are coerced into situations they not wish to repeat or sustain. However, because of the nature of meetings with legitimate authorities order takers have to engage despite the emotional costs which results in depletion of emotional energy.

It is the assumption of the Austrian government that start-up initiatives and assistance as stated will contribute to entrepreneurial development. However, the shift from a “welcome culture” for foreign-born immigrants since April 2014, the Austrian business, legal, and professional regulations, an Islamophobic and xenophobic movement, the structural failures to provide sufficient resources for language trainings for refugees, the current asylum politics, and the general Austrian trade and business market requirements, might not be the most favorable conditions for entrepreneurial development. Hence, there is a need to carefully scrutinize the currently emerging entrepreneurial programs and to explore how they capture the whole range of constraints and success factors influencing entrepreneurial development of refugees.

Following Luhmann’s (1995) system theory and his notion of interdependent and co-coupling communicative subsystems, with this research I suggest that the communicative processes of actors of states, institutions, and the hosting society have a high influence on immigrants’ experiences in their integrative process. If one wants to learn how and what measures contribute to refugee entrepreneurial development, one needs to understand refugees’ experiences in relationship with the subsystems.

The study was designed to collect data from entrepreneurs who are about to start or have started their businesses within the past five years, to gather and document the specific activities offered by start-up assistance providers in the field of entrepreneurial development, and to compare how those services capture refugee entrepreneurs’ experiences. Within those experiences there was a need to explore and document refugee entrepreneurs’ success patterns



and barriers. Research was done to document how the current start-up programs address those success patterns and barriers and to provide information and encourage agencies to tailor their start-up programs for refugees accordingly.

Thus, the purpose of this study was to understand the general successes and barriers in entrepreneurial development better and to investigate how the currently emerging start-up programs capture the experiences of refugee entrepreneurs in Austria. The ultimate purpose of this exploration was to provide recommendation what start-up service providers could maintain or change do support their clients.

### **Background**

When I started my business in 2005 in Austria, I had the privilege to begin in an environment where I was able to leverage my previous work experience, my social networks, and my communications skills to become a successful entrepreneur. However, I still have memories of being fearful of my new venture and its financial success in the early stages. Yet, with the sustainable success over a period of ten years, I established myself as an Austrian business owner and gained confidence in being the owner of a consulting business. Yet, when I immigrated to the United States in 2015, I realized that success in one country does not necessarily and easily transfer to another country. I learned that my native counterparts had significant business advantages not only because they had stronger ties to social networks, but also tacit knowledge how to work the legal and governmental systems. Lacking this social capital, I had competitive disadvantages which I did not have in Austria. Having the social capital in Austria that provides both business and social change opportunity, I chose to take advantage of those opportunities and decided not to pursue my entrepreneurial activities in the United States.

During my assignments as advisor for organizational development for small businesses in Papua New Guinea (2008-2010) and South Africa (2011), I learned the hardships of entrepreneurial action in adverse environments. I learned how lack of business skills, corrupt systems, and the impact of natural disasters are putting entrepreneurial success at risk and diminish creative energy that is needed for entrepreneurial action. This led me to the observation that business owners in adverse environments needed a different resilience and coping strategy than those who have established and stable legal systems that support successful and ethical business. Based on my observation, I conducted my research to obtain a Master degree in International Collaboration and Humanitarian Aid at the Humanitarian Aid Study Center. I noticed that founders of social change organizations overcame adversity and business failure by following a path to emotional resilience and unless social entrepreneurs worked through the emotional impact of failure events, problem-solving was compromised (Bristol-Faulhammer, 2013). I am not saying that the adversity refugee entrepreneurs are facing in Austria includes corruption or impacts of natural disaster to the extent entrepreneurs are facing those in developing countries. My point is that being a refugee entrepreneur in an unfamiliar environment is likely to trigger unanticipated adversity, and one might need more than adequate business skills.

Since 2016, I have been a mentor of refugees in Austria. Throughout this mentorship, I learned of their hardships that go along with having lost everything and having to start a new life in an unfamiliar environment. My involvement also made me aware how the Austrian systems put additional burden on refugees' effort to make a decent living. Equal to the observed struggles and difficulties, I saw a resilience of forcibly displaced persons, their capacity to leverage opportunities, and their eagerness and endurance to become members of a new society. Having

mentored seven refugees in the past half-year, I would not support the common narrative that refugees are generally vulnerable, helpless, or incapable of taking agency.

In doing my research on the state of refugee immigrants in Austria and Europe, I observed that academics are concerned that labelling subjects of the research (refugees) as a vulnerable population colors the research process and biases the research. When I was attending a conference on refugee research in August 2016 <sup>2</sup>, fieldworkers and researchers in the field were in agreement that ethic boards tend to assess refugees as specifically vulnerably and high risk groups. Admittedly, like any other immigrant or disadvantaged groups they might experience stereotypical threats and discrimination that make them more vulnerable compared to their native counterparts. But participants in the conference were in agreement that this experience is not because refugees are generally vulnerable. It is related to the disadvantage and victimization that comes with a lack of language proficiency or the lack of tacit knowledge about how to work the administrative, legal, and governmental systems. Yet, following the studies on racism toward ethnic groups (e.g., Muslims), I agree with scholars claiming that it is important to recognize that refugees have been victimized and hence are vulnerable because dominant European power groups have designed the structural make-up of European systems, reinforcing a “Europeanness” and a defense of the moral fabric of Western civilization that allows for systematic marginalization, racism, and discrimination (De Leeuw & Van Wichelen, 2012; Fekete, 2004).

Wilson (2011) suggested if people change their personal narrative, they change. His research further supports that any sustainable solution to a problem must involve a deliberate and purposeful effort to change the narrative. However, political leaders, media, and legal and

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<sup>2</sup> 65 years refugee convention: Summit of the network refugee research, October 6-8, 2016, Osnabrück, Germany. More information: <http://fluechtlingsforschung.net/konferenz/>

governmental service institutions have created negative narratives around immigrants, refugees, and ethnic minorities being an economic and social burden, and being incompetent and needy. These narratives are creating a power struggle between refugees wanting and being capable of becoming productive members in their host countries and host country systems, which are counterproductive to these efforts through negative stories. Hence, political and institutional systems need to acknowledge that language and rhetoric play an unquestionable role in creating reality. I agree with Jan Eliasson, UN secretary-general, in his pledge for counter-narratives when he said we need a narrative “that recognizes the inherent worth of each individual, and welcomes the vast contribution migrants make to economic and social progress as well as for the diversity of society” (UN News Centre, 2016, para. 2).

In my academic career as an international student, I have run into the challenges that emerge when people of privilege and power interpret and assess multilayered global situations from a Western biased perspective. I have experienced how painful it is to be treated as a cultural “other,” with personal agency and voice removed, that might challenge the perspectives of dominant groups within systems in which I have participated as a motivated agent.

Against this background and in service of my mission of being a guardian of hope and bridge builder, I proposed this study on refugee entrepreneurship to fulfill my humanitarian obligation, that is, to give a voice to people unheard and unseen and to contribute to inclusion and integration of different ethnic groups in Austria.

Within the larger context of refugee research, I situate myself in the field of ethnic economies. My focus of entrepreneurial development of refugees in Austria is my contribution to provide knowledge in the field of social and economic integration of refugees in Austria.

### **The National Plan for Integration (NAP.I)**

In 2016, an average of 1.813 million foreign-born immigrants were living in Austria (Baldaszi et al., 2016). Each immigrant (regardless of his or her migration background) who is seeking to obtain a residence permit in Austria, has to undergo an integration process. The measures in this process are defined in NAP.I.

Approximately 111,600 refugees entered Austria in 2015 (Medienservice Stelle, 2016). Of the almost 90,000 asylum applications in 2015, approximately 20,000 applicants were granted asylum, subsidiary or humanitarian protection; 70,000 cases were yet to be decided by the end of 2015. As of December 2016, 42,073 persons filed for asylum in Austria (BMI, 2016). Depending on the country of origin, the recognition rate is between 3% (Morocco, Algeria) and 95%; the highest change for being granted refuge is for persons from Syria (95%), Somalia (54%), the Russian Federation (34%), and Iran (30%). Measures to manage the integrative process of immigrants and refugees was the launch of the NAP.I in 2010 and the “50 Action Point Plan” in 2015.

The NAP.I is a platform to facilitate successful structural and social integration of the majority population and people with migratory backgrounds, and covers challenges, principles, and objectives, and evaluative indicators in the following fields of action: language and education, work and employment, rule of law and values, health and social issues, intercultural dialogue, sports and recreation, as well as living and the regional dimension of integration (Federal Ministry for Europe, Integration, and Foreign Affairs, 2010). With this action plan, Austria established a legal basis in the Austrian Federal Ministries Act and anchored integration in this government program of 2010. The aim of this National Action Plan was to utilize synergies between domestic integration work and foreign affairs and to regulate immigration as a

means to add economic and demographic value for both, the entering and the hosting society. Integration, according to this action plan, is a mutual process of respect and appreciation that builds on clear rules to ensure prosperity, social cohesion, and peaceful coexistence, and such an integrated society allows individuals to take ownership of their development without being discriminated based on ethnicity, language, or skin color. The economic rationale of integration was to establish cohesion and to get immigrants into the paid work force, thus lowering unemployment rates as well as welfare expenses (Fassmann et al., 2015). The implicit logic was that in order to become a fully functioning and rightful member of a new society, an immigrant has to earn the right of membership and has to learn to perform as a functioning social and economic member in the new environment (Joppke, 2012). The Integration Report 2015 showed positive evaluations of the Austrian integration policies (Federal Ministry for Europe, Integration and Foreign Affairs, 2015b). This evaluation of NAP.I activities in the period 2010–2014 showed:

In 2014, approximately half of the respondents from the receiving society stated that integration worked rather well or even very well...In 2015, that optimism must again be slightly reduced...Thus it is by no means astonishing that there is increasing uncertainty and that the proportion of those who believe that integration is not working has again increased. (Federal Ministry for Europe, Integration, and Foreign Affairs, 2015b, forward)

This assessment is not surprising given the influx of refugees seeking asylum in Europe in early 2014 and in the following years. The Austrian system was not prepared to facilitate integration of this target group on such a large scale, and refugees and persons granted subsidiary protection were not the target group of the NAP.I.

### **Fifty Action Points to Integrate Forcibly Displaced Persons**

Regardless of measures to keep refugees from entering Austria, refugees found ways to cross the borders, and the increased numbers of asylum applications in 2015 from non-European

countries presented a growing challenge for the Austrian government to safeguard social cohesion and social peace (UNHCR, 2015). As a consequence, and acknowledging the lack of facilitated integration policies, federal politicians identified urgent needs for action and presented “50 Action Points – A Plan for the Integration of Persons entitled to Asylum and Subsidiary Protection” in early 2016 (Fassmann et al., 2015). Alongside the compulsory participation in a German language course and willingness to work, values and orientation courses were central elements of the mandatory integration plan. Goals of this 50 point plan are to promote inclusion and self-sustainability (Selbsterhaltungsfähigkeit). The means to accomplish these goals are measures to include recognized refugees (right of residence and work for at least 3 years) and persons granted subsidiary protection (right of residence and work for at least 12 month) into public education, the labor market, health and social security system, sports and leisure activities, and assistance with managing daily living in their host society. Specific measures in the field of work and employment are (a) a comprehensive survey of available skills and qualifications, (b) vocational guidance and job-specific language tuition, (c) making increased use of existing structures, and (d) accompanying measures, such as pro-active person-organization fit programs, mentoring programs by mentors from the business sector, and so on (Fassmann et al., 2015).

### **Start-Up Programs for Foreign-Born Entrepreneurs**

While there are no specific measures for refugee entrepreneurs mentioned in the 50 Action Point Plan, the Austrian Employment Service, the City of Vienna, the Federal Ministry of Science, Research and Economy, and private institutions have launched programs for native and non-native business founders. A Google search in fall 2016, to research start-up programs for foreign-born entrepreneurs, identified six start-up service programs. Reviewing the websites of those start-up programs, I found that those service providers are contact points that provide

service (technical assistance and funding) and the development of business perspectives for non-native entrepreneurs in Austria. Their motivation was neither charity, nor philanthropy, but to actively represent the voices of entrepreneurs and facilitate economic growth in Austria, to take social responsibility for global issues and to strengthen Viennese companies and their innovative force. Because the identified start-up providers were included in my research sample, I am not providing a list of all agencies in the literature. Only those who gave permission for publication are named in the literature review.

### **Specific Challenges of Immigrants in the Austrian Labor Market**

As will be presented in this section, specific challenges which immigrants are facing include labor market marginalization, xenophobic mobilization, and structured discrimination due to social identity. Although persons granted asylum and beneficiaries of subsidiary protection legally have unrestricted access to the labor market (Koppenberg, 2015), a UNHCR Report showed that employment was a key concern for immigrants (UNHCR, 2013). Key reasons identified by UNHCR are specific barriers such as lack of language skills, lack of recognition of vocational and academic qualifications due to missing identity documentations and qualification certificates, a long period of inactivity during the asylum procedure, and limited access to social networks. Although Austria has a rather strong economy, the unemployment rate in 2016 was approximately 6% for Austrian nationals and (specifically low skilled) Austrians are concerned about the lack of jobs for themselves (Eurostat, 2017). Statistics from the Austrian Employment Service showed that as per February 2017, a total of 400,619 persons were registered unemployed in Austria (Austrian Employment Service, 2017) and approximately 29,146 (i.e., 7.2%) of them were recognized refugees and persons granted subsidiary protection (AMS Data Warehouse, 2017). As a result of precarious conditions in the



labor market for forcibly displaced persons, UNHCR highlighted that immigrants regularly face downward professional mobility, lower incomes than their native-born counterparts, and hence a poor social status. Immigrants who manage to get into the labor market often face exploitation and ethnic discrimination (Dokumentationsstelle für Muslime in Österreich, 2016; Kaas & Manger, 2012; Weichselbaumer, 2016). These systemic issues cause a precarious situation for the immigrants' engagement in the labor market and therefore influence their self-sufficiency and economic identity.

Persons who want to practice a profession in Austria are required to demonstrate formal validation of education and training (i.e., certificates from the formal education system, certificates equivalent to the formal education system, vocational certificates). While persons who obtain their degrees and certificates in Austria automatically obtain this recognition (accreditation), immigrants who want to practice their profession in Austria have to undergo a recognition of their qualifications (Federal Ministry of Foreign Affairs, 2014). In addition to the evidence of qualification and proficiency for regulated professions (almost all professions), entrepreneurs in Austria are required to obtain a business permit issued by the trade authority (e.g., district commission, municipal authority). This business permit equally applies for Austrian and immigrant entrepreneurs (WKÖ, 2016). Although there is awareness that this process of accreditation is difficult to navigate and that there are support services to facilitate this process (e.g., Austrian Integration Fund), there is also a recognition by Petra Draxl, head of the Austrian Employment Service, that the accreditation process for skilled and educated foreign professionals is a major burden in entering gainful employment or entrepreneurship (P. Draxl, personal communication, October 24, 2016). As a result, according to Draxl, many educated and

skilled immigrants lack the proper license and hence work in jobs that are often low-wage jobs and do not reflect their professional competence.

### **Rationale**

Entrepreneurship of migrants is a hot topic in various scientific disciplines. Numerous studies have explored the economic contribution of influential high tech immigrant entrepreneurs in the United States (e.g., Saxenian, 2002). Others have found empirical evidence that immigrant-owned firms drive the U.S. economy and are sources for job creation for native and non-native workers, as well as innovation (Fairlie & Lofstrom, 2015; Forsman, 2011; Jennings, Bryant, Jankie, & Lawrence, 2013; Lin, 2015).

Scholars who studied labor market assimilation of self-employed immigrants in the United States found that self-employed immigrants do better in terms of earnings and educational attainment compared to wage/salary immigrants (Lofstrom, 2002). Similar results were shown for Germany where statistics showed that self-employed men are financially better off than their employed counterparts (Constant & Zimmermann, 2006). While the German researchers did not find significant difference in earnings between self-employed immigrants and Germans entrepreneurs, scholars in Belgium found that immigrant entrepreneurs' average yearly income was considerably lower than the income of their Belgium counterparts (Wauters & Lambrecht, 2008).

Numerous studies have attempted to explore what factors compel immigrants to become entrepreneurs. An OECD report (Schrager & Lunati, 2012), summarizing those common reasons, stated cultural and personal predispositions (e.g., risk aversion, entrepreneurial traditions), access to social networks, lack of employment opportunities due to language barriers or employers' inability to recognize foreign credentials, and regulations in the host countries (e.g., regulatory

impediments on entry and contract enforcement or access to capital) as the major factors for successful immigrant entrepreneurship. Fong et al. (2007), who studied immigrant entrepreneurs in the United States, presented contextual and cultural factors, such as specific characteristics of immigrant entrepreneurs, family–community orientation, prior experience, clarity of purpose, language skills, and access to human and financial capital as relevant for entrepreneurs’ success. Personal networks, access to loans, and simple promotion strategies were also found to be success factors of ethnic entrepreneurs in Greece (Halkias et al., 2009).

Although access to capital and business skills are indeed significant factors in entrepreneurial success of immigrant business owners, some scientists focused on the social and emotional processes in entrepreneurs’ operations. Doern and Goss (2013) hypothesized that “many of the barriers confronting entrepreneurs operate as ongoing socio-emotional processes rather than static obstacles” (p. 497). Their studies with entrepreneurs in adverse environments showed that power rituals and shame-related experiences are significant barriers in entrepreneurial motivation and subsequent success (Doern & Goss, 2013, 2014). Studies concerned with entrepreneurial policies in rural Great Britain and India highlighted the important role and contribution entrepreneurs play to facilitate social and economic integration and the need to understand policies within the social, economic, and institutional context (Khan, 2014; Lyon, Sepulveda, & Syrett, 2007).

Few researchers in Austria have explored ethnic economies in Austria. One study conducted in 2006 explored the characteristics of push and pull-factors for immigrant entrepreneurs, as well as the role of services assisting immigrant entrepreneurs in their development (Schmid et al., 2006). Other researchers presented that there is a huge diversity of immigrant (or ethnic) entrepreneurs in Vienna, that ethnic economies do create economic impact,

and that immigrant entrepreneurs' incomes are below the wage/salary incomes of their non-native counterparts (Alteneder & Wagner-Pinter, 2013; Schmatz & Wetzel, 2014).

Like other countries, Austria is starting to recognize the importance of foreign-born entrepreneurs and the benefit they can bring to the social and economic development of their countries of destination. While the knowledge of the entrepreneurial motivation and supporting factors in immigrant entrepreneurship in the United States and some European countries (and to some extent in Austria) exists, no study has been discovered that specifically focused on successes and barriers of refugee entrepreneurship in Austria. Neither is there a contrasting juxtaposition of programs supporting entrepreneurial development and the needs of forced migrant entrepreneurs. This is simply due to the fact that refugee entrepreneurs were not yet seen as a relevant target group in entrepreneurial research. As the presence of refugee entrepreneurs is becoming increasingly important in Austria, and institutions are starting to launch start-up programs for this target group, there is an absence of empirical research of the specific characteristics of these entrepreneurs, their challenges, barriers, and successes. There is also a dearth of knowledge regarding how the currently emerging start-up programs capture the needs and potentials of refugee entrepreneurs. To close the gap, with the current study, I attempted to address the questions of challenges, barriers, and successes of refugee entrepreneurs based on quantitative and qualitative methods with 12 recognized refugees who were about to start or have started a business within the last 5 years. Additionally, a survey with five start-up service providers was conducted to draw conclusions about the fit of the refugee entrepreneurs' issues and challenges with the offered start-up programs in Austria.

## Research Questions

Following past research on economic and social characteristics and influences of immigrant entrepreneurs, this study was designed to gather information from refugee entrepreneurs, as well as a survey with start-up assistance providers in Austria. This study sought to explore the successes and barriers of refugee entrepreneurs. Since information about those factors for refugee entrepreneurs in Austria and the match with start-up programs is lacking, the research question was: What are the specific challenges, barriers, and successes of refugee entrepreneurs in Austria and how do Austrian start-up programs capture the potentials and barriers?

Within this question, the following sub-questions were explored:

1. What are the specific characteristics of refugee entrepreneurs in Austria?
2. What are the attractors for entrepreneurial activities of refugees in Austria?
3. What are the challenges faced by refugee entrepreneurs?
4. What are the successes experienced by refugee entrepreneurs?
5. What factors need to be in place to allow for success of refugee entrepreneurs in Austria?
6. What specific start-up assistance for foreign-born entrepreneurs is offered in Austria?
7. What start-up assistance do refugee entrepreneurs utilize in their entrepreneurial development?

## CHAPTER 2: LITERATURE REVIEW

Despite governments' attempts to regulate national migration systems, people continue to migrate across national borders. A number of factors, such as globalization, and advancements in communication and communication technologies makes migration easier than before (Goldin, 2016). While multiculturalism is seen as a unique feature of a globalized society, Goldin (2016) argued that the contribution of entrepreneurial migrants and refugees to economic development (for sending and receiving countries) is still underestimated. Given the dynamics and impacts of migration, refugee entrepreneurship (as a subtopic in the field of migration) and its moderating factors cannot be explained in isolation. It needs to be viewed in the context of a growing ethnic population in Western economies and the wider topic of global migration. Therefore, this literature review is organized in two sections. Section 1 starts with a presentation of migration as a global occurrence. Following this global perspective, an overview on migratory movements in Austria will be given. Within this section, I will also present how Austria's labor market systems have managed large-scale immigration and the integration of refugee migrants. Section 2 is a review of the literature that frames three fundamental aspects of this study: (a) ethnic identity and its linkage to labor market outcomes, (b) immigrant entrepreneurship, and (c) refugee entrepreneurship.

Important in the context of this research is the definition of migrant and refugee. The definition of refugee is laid out in the United Nations Geneva Convention relating to the Status of Refugees (GCR), adopted in 1951. In its first article, the convention defines a refugee as:

[any person who] owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country. (UNHCR, 2010, p. 3)

However, in the context of migration one also needs to understand terms such as immigrant, third-country nationals, or forcibly displaced persons. A glossary of terms relevant to this field is included at the end of this document.

Because research has further used multiple terms to explain entrepreneurship of foreign-born nationals, it is also necessary to provide definitions of the terms being used in the literature.

According to Zhou (2006),

ethnic entrepreneurs are often referred to as simultaneously owners and managers (or operators) of their own businesses, whose group membership is tied to a common cultural heritage or origin and is known to out-group members as having such traits; more importantly, they are intrinsically intertwined in particular social structures in which individual behavior, social relations, and economic transactions are constrained. (p. 1040)

Whereas numerous authors are using the term ethnic entrepreneurs, alternative terms used are “immigrant entrepreneur” and “migrant entrepreneurs.” Refugee entrepreneurship, in scholarly research, was often aggregated into the larger group of immigrant entrepreneurs. However, some scholars have addressed this gap and—at least conceptually—differentiated immigrant entrepreneurs from refugee entrepreneurs. Immigrant entrepreneurs were defined as individuals who perceive and create new economic opportunities and introduce their ideas into the market of their country of destination (Marchand & Siegel, 2014). While both groups engage in entrepreneurial activities in their country of destination, refugee immigrants are individuals who migrate because of fear of persecution often without knowing their final destination (UNHCR, 2015), whereas immigrants choose whether or not to migrate, and decide which country to migrate to. Immigrants intentionally migrate based on the constraints and economic benefits offered by receiving countries (e.g., Fong et al., 2007; Lyon et al., 2007; Wauters & Lambrecht, 2008). This differentiation is not only important for the foreign-born nationals as such, but also for economic models of receiving countries. While receiving countries typically choose economic migrants based on economic considerations, in the case of refugee migrants,

they are fulfilling their obligations as Geneva Convention signatories and are taking in refugees based on humanitarian considerations, knowing that refugees put a higher burden on political, social welfare, and fiscal systems than economic immigrants (Dustmann, Fasai, Frattini, Minale, & Schönberg, 2016).

### **Migration: A Global Occurrence**

The world is witnessing a global diaspora that is unprecedented in history. According to the United Nations, 244 million international immigrants were on the move in 2015 (United Nations, 2016). The United Nations presented that of the 140 million international migrants living in the global North in 2015, 85 million (i.e., 61%), originated from developing countries in the South, while 55 million (i.e., 39%), were born in the North. The largest portion of international migrants in 2015 resides in Europe (76 million), Asia gave 75 million a new home, and Northern America hosted 54 million.

While migration has been happening throughout history and has shaped the world as we know it until the start of the 21st century, there is something particular about it this time (Goldin, 2016). To date the majority of migrants still chose to change their usual country of residency due to economic, educational, and family reasons (United Nations, 2016). However, with the beginning of the new Millennium at least one quarter, that is 65.3 million persons, did not move because they wanted to improve their wellbeing and livelihoods, but simply because they were forcibly displaced (UNHCR, 2015). This forcible displacement is a consequence of climate change and political instabilities in the Middle East and North Africa that put more and more pressure onto people from these regions to find new living conditions in countries of higher stability (Internal Displacement Monitoring Centre, 2015; Lelieveld et al., 2016). However, while historically migratory movements were often motivated by the consequences of war and



climate change, contemporary advances in information technology, transportation, and cross-national networks have made social and economic mobility more attractive (Goldin, Cameron, & Balarajan, 2011).

Goldin et al.'s (2011) study of migration literature showed that there is agreement amongst researchers that receiving countries benefit from migration. Numerous studies provided evidence, according to the authors, that migrants boost and nurture economic growth of receiving countries, positively impact economies, contribute to human progress, fill labor market gaps in the global North, increase rates of inventions, and enrich social diversity. While there is also a degree of consensus that some migrant groups—especially asylum seekers and new refugee arrivals—can be a burden on social welfare systems in the short run (OECD, 2013), Goldin et al.'s (2011) review of research presented that migrants in general make a net contribution on fiscal costs in the long run. Nevertheless, there is also statistical evidence that ethnic and linguistic diversity may produce coordination problems and increase transaction costs (Gören, 2014), and that ethnic polarization can adversely affect social cohesion and hence negatively impact economic growth (Esteban & Ray, 2011). Therefore, Goldin et al. (2011) suggested that receiving countries wanting to accrue the full benefit of migration must create opportunities for social mobility and equal access to social and political rights, and stakeholder must challenge assumptions about migration and diversity. “The twentieth century assumption that migration is a strictly national problem to be handled independently by nation-states is no longer valid,” (Goldin et al., 2011, p. 6). Therefore, political leaders and policy makers have called for coordinated approaches to global migration governance and with that “migration agenda ought to be framed around principles that guide pragmatic steps toward a more open global economy that serves our collective interest (Goldin et al., 2011, p. 7).

Whereas Austria attempts to coordinate action with EU member states to create durable living and working solutions for the incoming refugees did not succeed thus far (“Kurz says EU should drop plan,” 2016), research provides clear evidence that expanding opportunities for migrants to fully participate in their host societies is a valuable economic and social investment (Goldin, 2016). However, Goldin (2016) made the case that to the extent receiving countries and natives are providing opportunities for immigrants for social mobility and access to political and social right, foreign-born nationals can be a boon for their economy and society.

With the introduction of NAP.I in 2010 in Austria, politicians have started to acknowledge the importance of social diversity and have put immigration high on the national political agenda. Yet, given the lack of collaboration and uncoordinated migration policies within EU member states and a shifted discussion to a narrow-national level view of migration, I claim that Austria’s (as well as the European Union’s) current regulations are poorly suited to capture the full potential inherent in migratory movements. To support my claim, I will discuss the history of migration in Austria and the current frameworks as presented in the next section.

### **Immigration and Integration in Austria**

This section starts with an overview of migration in Austria. It will include a brief chronology of migratory movements and show how the most recent inflow of refugees affected Austria’s labor market systems and how regulatory frameworks addressed the intake of foreign-born nationals.

#### **Migratory Movements in Austria**

Austria has a long history of migration. While Austria, and especially Vienna, was attractive for craftsmen from Germany, Switzerland, and Italy in the 18th century, there was a larger portion of internal migration within the Austro-Hungarian Empire (including Czech,

Slovak, Bosnia and Herzegovina) in the 19th century. Although Vienna became a melting pot at that time, foreigners were required to assimilate into the Austrian Monarchy (Bauer, 2008).

After 1945, Austria became one of the most important countries for immigrants seeking protection as displaced persons (Kriegsflüchtlinge), victims of the Cold War, the recession following the oil crisis (1973), and political crisis in the communist countries between 1956 and 1982 (Bauer, 2008; Jandl & Kraler, 2003).

Austria was also an attractive shelter for about two million people fleeing communist regimes in Eastern and Central Europe between 1945 and 1989 (Bauer, 2008). In the years 1956-1957, more than 180,000 refugees from Hungary sought refuge as a result of the Hungarian revolution; 162,000 people from Czech and Slovakia fled when the Prague Spring ended with the Soviet invasion in 1968. The increased tension of the first solidarity movement in Poland in the years 1980 and 1981 forced about 120,000 Polish people to flee to Austria. Although many traveled on to other Western countries, the vast majority was granted asylum and subsequently integrated into Austrian society during that time.

With the fall of the Iron Curtain and the disintegration of Yugoslavia, Austria experienced another immigration flow from Eastern Europe in the 1990s, and the number of non-nationals in Austria doubled from 344,000 in 1988, to 690,000 in 1993. The average number of asylum applications during this period was about 20,800 per year. In response to these developments, Austria reformed the immigration legislation with the aim to promote the integration of aliens present in Austria and to create the conditions for a legal residential status. Also, a new (more restrictive) law on the reception of asylum seekers was implemented in 1992 and, consequently, the average number of asylum applications dropped to approximately 7,000 through the start of the new Millennium (Bauer, 2008; Jandl & Kraler, 2003).

With the escalation of the Kosovo war in 1999, more than 5,000 Kosovo-Albanians attempted to find a new home in Austria. In addition, as a result of the ongoing conflict between Chechen and Dagestan at the beginning of the 2000, about 30,000 people from the Russian Federation, especially persons from the Chechen Republic filed asylum in Austria during the period 1999 to 2009 (Gangl, Götzelmann, & Zelenskajy, 2009).

Deteriorating living conditions due to political instabilities (International Organization for Migration [IOM], 2015), severe heat in the Middle East and Africa, and rising sea levels in Asia occurring in the new millennium forced people to leave their countries (Clark et al., 2016). As a result of this ongoing migration, the number of asylum applications in Austria rose again to peak at 36,354 in 2002 (BMI, 2002). However, what was believed to be a peak by then and was regulated down to approximately 17,500 asylum applications in 2013 (BMI, 2013), and roughly 28,000 in 2014 (BMI, 2014), became a new high of about 88,100 in 2015 due to the aftermath of the Syrian war (BMI, 2015). A total of approximately 26,800 asylum seekers received a positive notification and hence were granted asylum or subsidiary protection in the period 2013–2015 (Österreichischer Integrationsfonds, 2016). The asylum statistics in 2016 showed a total number of 42,073 applications filed in the period January to December 2016 (BMI, 2016). The reported number of people granted asylum, or subsidiary protection, in the period from January to December 2016 was approximately 19,400 (BMI, 2016); the majority of people receiving refugee status or being granted subsidiary protection were from Afghanistan, Syria, and Iraq. While the influx of people from the Middle East (Syria, Afghanistan, Iraq) is a rather recent phenomenon, prior to 2014 the most important countries of origin of migrants were Germany and Central Eastern countries (e.g., Rumania, Slovakia, Hungary, Croatia; Eurostat, 2016b).

## **Integration of Foreign-Born Nationals in Austria**

As presented in the following section, Austria underwent a shift from a welcoming culture to implementing rather strict asylum policies in the past five years. Whereas pre-2014 Austrian integration strategies targeted foreign nationals who settled permanently in Austria, as well as people with migration background living in Austria, since 2015, integration policies have changed considerably. With the outbreak of the Syrian civil war in 2011, Europe faced a considerable influx of asylum seekers originating mostly from Middle East countries (Syrian Arab Republic, Afghanistan, and Iraq). This generated a record number (over 1.2 million) of first-time asylum seekers being registered in 2015 in Europe (Eurostat, 2016b). Eurostat showed that in 2015 Austria was number four in terms of absolute numbers of asylum seekers. The highest number of first-time applicants applied for asylum in Germany (441,800), followed by Hungary (174,400), Sweden (156,100), and Austria (88,100). Eurostat also presented that the number of refugees and asylum-seekers from Syria requesting international protection in Europe doubled in 2015 compared to 2014, with the number of Afghans almost quadrupling (Eurostat, 2016b). With the slowdown in economic growth, together with this high inflow of refugees who seemed to overwhelm the systems, countries such as Germany and Austria shifted in early 2014 from a previous commitment from what was called “welcoming culture” to a tightened integration and asylum policy (Austrian Press Agency, 2016; Paterson, 2015). With that change, Austria not only increased border control and constricted asylum laws, but also tightened its labor market policy tailored to the group of persons granted asylum and persons under subsidiary protection.

Although persons granted asylum (i.e., recognized refugees) and beneficiaries of subsidiary protection pursuant to the 2005 Asylum Act legally have unrestricted access to the

labor market (Federal Ministry of Labor, Social Affairs, and Consumer Protection, 2014), UNHCR showed that they encounter a higher job market vulnerability because of labor market preconditions. Some of these unfavorable preconditions include language skills and proof of qualification, loss of identity documents and qualification certificates, and also experience unfavorable reception and living conditions that is, access to housing and health care, social exclusion, and poorer social status (UNHCR, 2013). Given the high numbers of incoming refugees and recognizing the specific needs of protection-seeking immigrants in Austria, an expert council for integration called for tailored policies to facilitate integration in mid-2015. Having recognized and acknowledged the special challenges that result from having to flee from one's country of origin (e.g., traumas, health, issues, lack of language skills and cultural orientation), the Council defined an urgent need for action. Building on the seven fields of action defined in the NAP.I, the 50 Action Points, a plan for the integration of persons entitled to asylum or subsidiary protection in Austria, was presented (Federal Ministry for Europe, Integration, and Foreign Affairs, 2015a). With this plan, the council proposed a framework and programs that were supposed to better suit the needs of beneficiaries of international protection and to support active participation of immigrants in society and enable integration of refugees without relying on state support. The plan became effective as of November 2015. The core measures were state funded programs to support language acquisition and education (e.g., language courses, completion of schooling, vocational education), access to labor markets (e.g., recognition of qualifications, counselling), and communication of values (e.g., cultural orientation and value courses). Those measures are implemented by Public Employment Service (Arbeitsmarktservice [AMS]), Österreichischer Integrationsfonds, and faith-based organizations.

In light of the chaotic situation caused by the high influx of asylum seekers and the unprepared administrative systems in Austria in 2015, and amid fears that warmer weather would bring another spike in migrant arrivals, Austria's leadership significantly tightened its stance on asylum seekers in April 2016, prompting condemnation from some EU countries. A total of 98 parliamentarians, including those from the ruling parties (Social Democrats and Conservatives) voted for the new legislation in favor of tougher asylum laws. Lawmakers built their justification on the potential threat of the "Schengen borders"<sup>3</sup> and vulnerable national security and, therefore, they advocated for increased priority and need to maintain order and security in Austria (SPÖ Bundesorganisation, 2016). However, while populists and nationalists advocated for closing borders and fighting the intake of refugees, liberalists, faith-based organizations, and civil society spent millions of volunteer hours and donations supporting refugees and showed a historic wave of solidarity and humanity for the incoming displaced population (A.-M. Wallner, 2015).

Despite heavy criticism from nongovernmental organizations, faith-based organizations, and the European Union, the Austrian government passed an asylum amendment on April 28, 2016. With that amendment to the asylum law, asylum seekers are facing changes in the following areas: (a) temporary granted asylum for a period of three years, under which an expansion will only be granted if the situation in the country of origin has not improved; and (b) family unification for people entitled to subsidiary protection in Austria is restricted and only granted upon certain conditions (three years residence of spouse in Austria, proof of sufficient income). The major source of criticism was the governments' legal right to declare an emergency

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<sup>3</sup> Schengen borders are borders of 4 non-EU and 22 EU member states, which constitute the Schengen Area. A list of Schengen countries is presented at <http://www.schengenvisainfo.com/schengen-visa-countries-list/>

ordinance if refugee numbers threaten public order or overwhelm public institutions. This amendment created the conditions to refuse applications or turn away applicants for asylum. EU commissioner Juncker, UNHCR, former UN Secretary General Ban Ki-moon, and civil society leaders expressed criticism, stating that not only was this a fundamental break of human rights and the law of refugee protection (“Caritas kritisiert,” 2016), but such measures also reinforced an already difficult situation concerning the integration of aliens into Austrian society.

While there is a negative shift in conditions for people seeking asylum, there is a clear legal framework that regulates the conditions for those people having legal status in Austria. A person granted asylum is recognized as refugee pursuant to the Geneva Convention of 1951 and, therefore, eligible for recognition as refugee or under subsidiary protection. With the recognition of refugee status, persons have the right to equal treatment with other citizens and enjoy fundamental rights anchored in the Federal Constitution (Austrian Employment Service, 2016a). In the following section, occupational conditions for foreign-born nationals and their successes in wage/salary employment, as well as in entrepreneurial programs will be outlined.

### **Occupational Conditions for Immigrants in Austria**

Depending on the legal status, displaced nationals have no, limited, or unlimited access to the labor market. The rights and legal regulations to foreign-born and native nationals are stated in the Austrian labor law, the foreigner employment law, and several acts of law (Austrian Employment Service, 2016a; Biffel, 2016). While persons in the asylum process do not have access to labor market, asylum seekers do have access, but with restrictions. Those restrictions are related to employment permits and qualifications, a quota/point system for seasonal jobs, and a cut in the Basic Care Acts (Mindestsicherung) if asylum seekers have income. Asylum



seekers may also perform community services for provinces and municipalities and may start self-employment three months after admission to asylum proceedings.

**Wage/salary employment for foreign-born nationals.** Once asylum seekers are granted refugee status, they become recognized refugees and have full access to the labor market without any legal restrictions (Austrian Employment Service, 2016a). Research has shown that education and training obtained in Austria, duration of stay and past employments are keys to salary/wage employment in Austria (Biffl, 2016). With the entitlement to enter the labor market, recognized refugees and persons granted subsidiary protection are also registered with the Public Employment Service Austria. While the overall foreign workforce (immigrants and work permit holder) in 2015 was 615,700 (Biffl, 2016), statistics showed that as of February 2017, approximately 29,100 refugees (that is 7.2% of the total unemployed population 2016) were registered as refugee workers at the Austrian Employment Service, about one quarter of whom were female (AMS Data Warehouse, 2017). AMS Data Warehouse statistics further showed that compared to October 2015, total unemployment increased by 0.3%, but the number of displaced persons registered for unemployment increased by 31.6%. Of those 29,146, some 12,000 were—though registered unemployed—in some type of employability training. The Austrian Employment Service is responsible for consultation, job referral, and unemployment insurance benefits (e.g., unemployment benefits). Persons being registered at the Austrian Employment Service obtain an insurance card (e-card), and with this card they have access to public health insurance. Recognized refugees are eligible to becoming self-employed or start a business and have to register with the Social Security Institution for Trade & Industry. They are required to tax their income with the fiscal authorities (Austrian Employment Service, 2016a; Biffl, 2016).

## Entrepreneurship in Austria

Bögenhold and Klinglmair's (2014) review of entrepreneur literature led them to the assertion that entrepreneurship is poorly defined and both popular and scientific literature do not regularly acknowledge the heterogeneity of entrepreneurs. The European Commission (European Union, 2015) has defined an enterprise as “any entity engaged in an economic activity, irrespective of its legal form” (p. 9). However, because of different support measures for entrepreneurs, the EU has further categorized entrepreneurship into small- and medium-sized enterprises (SMEs). The factors determining the type of an enterprise are staff headcount and turnover or balance sheet. Threshold factors for SMEs, according to EU (European Union, 2015), are presented in Table 1.

Table 1

### *SME Thresholds*

Enterprise category	Staff headcount	Annual turnover	Annual balance sheet total
Medium-sized	< 350	< € 50 million	<€ 43 million
Small	< 50	< € 10 million	< € 10 million
Micro	< 10	< € 2 million	< € 2 million

In addition to this categorization, the WKÖ has included the category of One-Person-Enterprise (OPE) into entrepreneurship. OPEs are businesses carried out by single business actors, without any employees (Bögenhold & Klinglmair, 2014). Start-ups, according to Bögenhold and Klinglmair (2014), are defined as OPEs that exist in the market for less than or equal to one year, yet they are included in the general definition of entrepreneur businesses. In

the context of this research, I am applying the definition and categorization of entrepreneurs according to European Union and the Austrian chamber of commerce (i.e., OPE, SME).

Small- to medium-sized enterprises (SMEs) form a major part of the Austrian economy. Of the approximately 340,000 enterprises in Austria by the end of 2016, 99.7% of the Austrian enterprises are registered as SMEs (BMFWF, 2016). In the period from 2008 to 2014, the active 326,900 SMEs have generated sales revenue of approximately 456 billion Euros and more than 1.9 million jobs (Neubauer & Zoder, 2016). More than one third of the active SME enterprises—that is approximately 130,000—are listed as OPEs (BMFWF, 2016). Neubauer and Zoder (2016) suggested that OPEs are generating 4% of Austria's gross value added on average.

If one wants to open an entrepreneurial business (regardless of the category), many business fields require a business license to carry out these activities (WKÖ, 2016). These regulations apply for foreign-born and Austrian nationals alike. The registration is filed at the responsible trade authority at the place where the business operates and requires adequate qualifications and certificates to conduct so-called regulated business. No evidence of qualification is required for unregulated trades (F. Wallner, 2002). With the reform of trade law in October 2016, 82 trades are regulated, only 19 are unregulated (“Regierung einigt sich,” 2016). While authorities defend the trade law claiming that such regulations maintain quality and transparency, critics asserted that such regulations put unjust burdens on business owners and impair start-up activities (Binder, 2016). Nevertheless, according to the most recent World Bank report, Austria shows favorable conditions for business-friendly systems. In 2016, Austria scored number 19 (of 190 OECD economies) in the business registration systems. The Doing Business report compared favorable as well as constraining business regulations for domestic firms in 11 areas (i.e., starting a business, dealing with construction permits, getting electricity, registering

property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency; World Bank Group, 2017). According to the report, Austria scored high on the distance to frontier score (DTF) in the area “trading across borders” (DTF score 100), but comparatively low in the areas “getting credit” (DTF score: 60), and protecting minority investors (score 65). According to the Small Business Act for Europe Fact Sheet (European Commission, 2016) starting a business in Austria takes eight days (compared to EU average 3.35 days). Costs for starting a business in Austria is 305 Euro (compared to EU average 315 Euro). Minimum capital required in Austria is 13.1% of income per capita, compared to EU average with 10.66%. The score for licenses and permit systems in Austria 2016 was 22, compared to 15.77% EU average (1=lowest level complexity, 26=highest level of complexity).

In 2015, the GDP per capita in Austria was \$43,438.86 (World Bank, 2015). To maintain those favorable conditions, the Austrian government has launched a start-up package in 2015. Part of the new start-up packet is to alleviate entry regulations for non-Austrian entrepreneurs by providing the so called “start-up visa.” Another part is to boost entrepreneurial development with investments of 185 Million to make Austria a number one start-up country in Europe (BMWWF, 2015).

**Immigrant entrepreneurship in Austria.** Biffl (2016) presented that in 2015 about 84,350 (13.7%) members of the foreign workforce were self-employed or listed OPEs. The largest portion of migrant entrepreneurs and migrant OPEs are persons from other EU member states (Rumania, Slovakia, Hungary, and Croatia). Biffl (2016) indicated that migrants in Austria are most often setting up business in services (such as cleaning, restaurants, or food production), as well as retail trade and manufacturing (clothing, leather ware, shoes, and textile production, or

repairs). While there are reliable data on immigrant entrepreneurs, no data are available how many refugees have started entrepreneurial activities or businesses. Absence of these data is because neither the Austrian Employment Service nor the Chamber of Trade and Commerce (the authority to register entrepreneurs and businesses) collected those data in the past. Even to date, the responsible agent for OPEs in the chamber of business and commerce reported, that WKÖ does not survey the migration background of start-up business owners and entrepreneurs (M. Hütter, personal communication, October 17, 2016).

### **Start-Up Programs for Refugee Entrepreneurs in Austria**

An estimation of the fiscal impact of asylum seekers and refugee integration, conducted by the International Monetary Fund (IMF), presented that “on a GDP-weighted basis, average budgetary expenses for asylum seekers in EU countries could increase by 0.05 and 0.1 percent of GDP in 2015 and 2016, respectively, compared to 2014” (Aiyar et al., 2016, p. 12). However, this estimate is not restricted to Active Labor Market Programs (ALMPs), but includes costs related to support asylum seekers (not eligible to work), social transfers, and unemployment benefits for accepted refugees who remain unemployed. Applying this percentage in the example of Austria (GDP in 2016 was \$374.06 billion), the fiscal impact of supporting forcibly displaced persons would be approximately \$116 million in 2016 (IMF estimate 0.31%). The actual investment dedicated to promotion of labor market integration and other integrative measures (including allowance, counselling, education, housing, health care) in 2015 in Austria was € 145 million (Berger, Biffel, Graf, Schuh, & Strohner, 2016). Berger et al. (2016) estimate accumulated “refugee costs” from 2016 to 2019 of approximately 10 billion Euro.

In the absence of data, nothing can be said about the financial investment into start-up programs in Austria. However, the fact that such programs were launched by the public

employment service, but also as corporate social responsibility or donor funded programs shows that there is a willingness to invest in entrepreneurial development of refugees. Whether those programs are a result of the NAP.I evaluators or emerged coincidentally cannot be specified. To my knowledge, five start-up programs were launched in the period 2014 to 2016, and at least two were in the design phase early 2017. While some of them specifically focus on refugee entrepreneurs, others do not differentiate between the status “immigrant” and “recognized refugee.” While some start-up programs are registered as non-profit organizations and funded by companies and other donors in Austria (private sector), others are outsourced agencies of the city of Vienna or the Austrian government (public sector). My Google search on start-up programs that targeted non-Austrian entrepreneurs in 2016 identified five start-up programs. Below are two examples. Example 1 is a non-state actor program, example 2 a public-sector program:

1. Immipreneurs – a mentoring program for immigrant entrepreneurs launched by Webster University and private partners. The aim of this ongoing program is to support small enterprises and OPEs founded by immigrants. The program includes mentoring, access to social networks, venture capitalists, and business consulting (Webster University, 2016).
2. Steps2business – a start-up program for recognized refugees by Public Employment Service. The aim of this 12-month program is to support refugee entrepreneurs in their start-up phase. The program includes competence checks, advisory assistance in business and marketing, legal assistance, and facilitating recognition of qualifications. Specific benefit in this program is that refugees have full access to unemployment benefit during the time of this program (Winroither, 2016).

The common denominator in the five identified programs was that start-up agencies and service provider are aware of and are aiming to tackle the specific challenges and vulnerabilities of early stage business in Austria. To my knowledge, at least two more start-up programs for refugee entrepreneurs are planned to be launched in summer/fall 2017. Given that in 2017 at least seven start-up programs are aiming to support foreign-born entrepreneurs, it is also a recognition of the benefits of ethnic entrepreneurship. Having reviewed the literature, I did not

identify any evaluation data of those programs. Whether this is due to the novelty of those programs or a general absence of evaluations cannot be reasoned. Therefore, I cannot make any conclusions how those programs capture the needs of this specific target group.

### **Summary of Occupational Conditions of Immigrants in Austria**

Austria has a history of migration since the 18th century. With the migratory movements since WWII, Austria has learned to facilitate the inflow of foreign-born nationals in both its welfare and labor market systems. However, the consequence of worsening living conditions for people from the Middle East and African countries and the subsequent migratory movement of third country nationals seeking shelter in Austria since 2014 has challenged Austria's administrative systems significantly and changed its character from a welcome culture to one of restrictions and strict regulations. Although Austria has started to invest in policies, action plans, and start-up programs to facilitate economic integration (both wage/salary employment and self-employment) of immigrants as of 2010, these integration measures showed positive results for people already holding a residential title, but integration of asylum seekers suffered a setback in 2015. However, the European Convention on Human Rights has constitutional status in Austria and hence regulates equal treatment of non-citizens. With this ratification, recognized refugees have legally full access to the labor market and are entitled to starting businesses in Austria. While those legal regulations and labor market support mechanism are taking foothold and are starting to show some positive outcomes for immigrants, refugee migrants suffer in labor market access and outcomes. Reasons for those disadvantages will be presented in the subsequent section on ethnic identity and labor market outcomes.

## **Ethnic Identity and Job Market**

Numerous researchers have provided explanations as to why immigrants experience hardships in entering the job market. Some have focused on qualifications (e.g., Neske & Rich, 2016), others on labor market policies (e.g., Caliendo & Künn, 2001), and others have studied the relationship of ethnic identity and labor market outcomes (e.g., Bisin, Patacchini, Verdier, & Zenou, 2011). The following section starts with presenting qualification structures of refugees in Austria. Because active labor market programs are boosting factors in labor market outcomes of foreign-born nationals, it is necessary to include this literature in this section. This presentation will provide the context for general employability of an immigrant workforce; however, because of the newness of those programs in Austria, no critique can be offered yet.

### **Qualification Structure of Refugees**

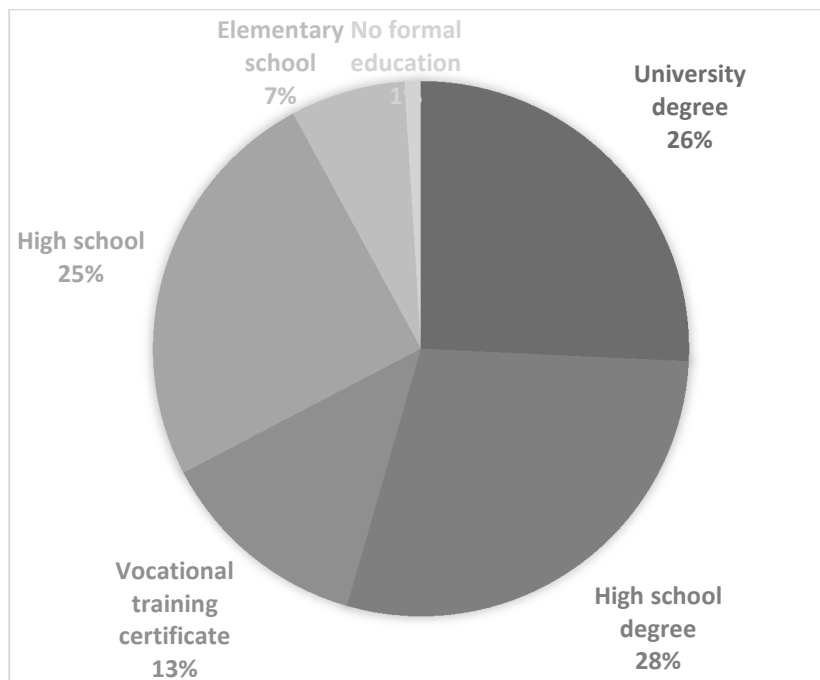
According to a German-wide competence check in 2015-2016, by the Federal Office for Migration and Refugees in Germany (BAMF) with 200,000 adult asylum seekers in Germany, 31% of the overall refugee population reported they had completed high school in their countries of origin, 21% completed elementary school, 21% secondary school, 17% have university level qualifications, and only 10% did not undergo any formal education. Amongst the 10 nationalities, Syrians showed the highest qualifications, followed by people from Iran, and the Russian Federation. Amongst the lowest educated groups are people from Afghanistan and Somalia (Neske & Rich, 2016). On average, male asylum applicants are better educated than female asylum seekers. The highest reported professional educational background was in the skilled crafts and trade sector, followed by provision of services and other auxiliary functions. About 130,000 of the asylum seekers are considered high skilled workers operating in the



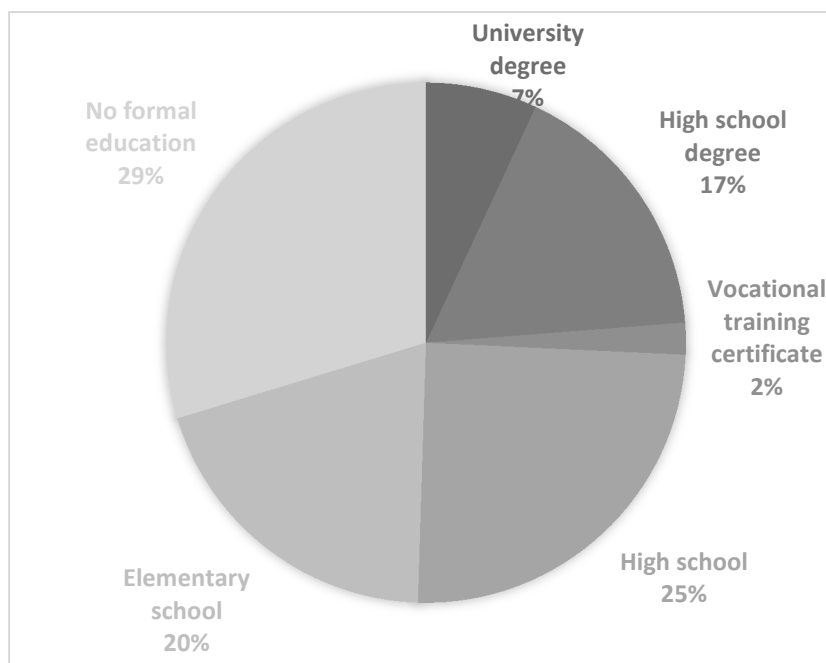
technical and medical professions. The lowest skilled workers are people working in agriculture and construction industry (Neske & Rich, 2016)

The 10 top countries of origin of people seeking refuge Europe in 2015 were Syria, Iraq, Afghanistan, Iran, Pakistan, Eritrea, Albania, Nigeria, Somalia, and the Russian Federation. The top native languages of asylum seekers are Arabic, Dari/Farsi, and the Kurdish language Kurmandschi (Aiyar et al., 2016).

Austrian Employment Service reported a total of 29,146 recognized refugees and persons granted asylum were registered as unemployed per February 2017 (AMS Data Warehouse, 2017). To date, no large-scale reliable competence data about refugees in Austria are available. However, a (non-representative) competence check with asylum seekers conducted by the Austrian Employment Service in January 2016 (including 898 persons) revealed, that Syrian, Iraqi, and Iranian natives showed a higher qualification than nationals from Afghanistan (Szigetvari, 2016). Figure 1 (Syrian) and Figure 2 (Afghans) present an intersection of the highest and lowest competence data.



*Figure 1.* Competence data Syrian refugees. Adapted from “Asylberechtigte auf Jobsuche [Asylum seekers seeking employment] by Austrian Employment Service, 2016b, p. 2. Copyright 2016 by Austrian Employment Service. Reprinted with permission



*Figure 2.* Competence data Afghan refugees. Adapted from “Asylberechtigte auf Jobsuche [Asylum seekers seeking employment] by Austrian Employment Service, 2016, p. 5. Copyright 2016 by Austrian Employment Service. Reprinted with permission.

Comparing the educational structure of refugees in Austrian and Germany, it can be asserted that refugees in both countries show a similar level of competence. An informal survey with refugees and persons granted subsidiary protection who were registered unemployed in Vienna in early 2016, showed that about 10% expressed a desire to start a business or for entrepreneurial activities in Austria (Winroither, 2016). With those numbers in mind, the Austrian Employment Service estimated the potential number of refugee entrepreneurs at about 1,700. This number is only an approximation based on expressed start-up business motivation; nothing can be said how many of those might become business owners within the near future. However, the new start-up program initiated by the Public Employment Service estimates 250 participants for the program period 2015-2016 (Winroither, 2016).

### **Structural Disadvantages for Immigrant Workers**

Studies revealed that due to a lack of German language skills and the lack of officially recognized educational and vocational certificates, displaced immigrant workers are more likely to be overeducated in their jobs compared to their native-born peers (Aleksynska & Tritah, 2013; Bock-Schappelwein & Huber, 2016). In addition, they face downward professional mobility due to their ethnicity, have lower income compared to their native-born peers, and hence are at higher risk of poor social status in their host countries (UNHCR, 2013).

Reports from Muslim immigrants in Austria demonstrate that especially female immigrants are facing discrimination (e.g., hate speech, verbal attacks from co-worker and leadership) in their professional environment because of their ethnic identity, appearance, and/or religion (Dokumentationsstelle für Muslime in Österreich, 2016). Experimental studies in Austria and Germany demonstrated that job applicants with foreign visual cues or names indicating migration background are confronted with employment discrimination and less likely

to be hired than persons with German-sounding names and looks (Kaas & Manger, 2012; Weichselbaumer, 2016).

Scholars, who explored the economic potential of integrated immigrants and related policies, suggested that hosting countries showed better results in labor market integration and utilization of immigrant workers when providing immediate access to labor market for refugees, and when they provided active labor market programs for foreign-born workers, such as specific job-access and anti-discrimination programs (Bisin et al., 2011; Butschek & Walter, 2014; Caliendo & Künn, 2011).

### **Active Labor Market Programs (ALMPs)**

As shown in the section migratory movements, occupational integration of foreign-born nationals or ethnic minorities is not a new challenge in Europe or in Austria. The massive inflow from new EU member states and third country nationals, and the more favorable industrial structure in Europe, have led to transformation in labor market regulations and requirements, but also opened the doors for nontraditional employments for both native-born and foreign-born nationals (Volery, 2007). To support immigrants' labor market integration, European governments are spending a substantial governmental budget on ALMPs. These programs include language and orientation courses, job creation schemes, job search assistance, specific skills training programs, subsidized public and private sector employment involving substantial government spending. The aim of these programs is to integrate unemployed persons in the labor market and to facilitate an upward shift in income level and hence individuals' increased livelihood and job satisfaction (Caliendo & Künn, 2011).

With the launch of NAP.I in 2010, Austria initiated one of the most comprehensive active labor market programs for immigrants in Austria. Measures in these programs particularly aimed

to safeguard personal integrity, appropriate remuneration, and safe working conditions for foreign-born nationals. Those measures included the implementation of facilities and information hot spots to support recognition of qualifications acquired abroad, measures to retain and ensure a formal school completion certificate, and support for employment opportunities of migrants (e.g., mentoring programs, and business-migrant collaboration projects). Additional measures focused on immigration of highly qualified individuals (e.g., information campaign for international students; Federal Ministry for Europe, Integration, and Foreign Affairs, 2010). However, because those measures focused on immigrants, the Austrian government recognized that a growing number of immigrants who were forcibly displaced was left out and launched another program in 2015—the 50 Action Points—with the aim to specifically support economic integration of refugees and asylum seeker. Within this program, the Austrian government recognized the importance of labor market integration of refugees, asylum seekers, and persons granted subsidiary protection (as employee or self-employed) and launched measures to support completing compulsory education and additional qualification programs with respect to recognition of professional qualification. Within those measures, the following actions were taken (Federal Ministry for Europe, Integration, and Foreign Affairs, 2015a):

1. Comprehensive survey of available skills and qualifications,
2. Recognition of professional licensing procedures,
3. Vocational guidance for young refugees,
4. Extended offers of vocation-specific technical language courses,
5. Expanding support mechanism for companies that foster their staff's acquisition of German skills,
6. Increased deployment of persons completing national alternative or military service and Federal Army staff in refugee-related activities
7. Contact points for pro-active companies, and

#### 8. Mentoring programs for pro-active refugees.

The evaluation of those measures in NAP.I and the 50 Point Action Plan showed that those initiatives have started and some positive implementation results have been reported. There was agreement that those programs are in their infancy and nothing was reported about the impact of those measures. However, the evaluators asserted being on the right track of actions regarding better understanding refugees and their needs in the area work and employment and recommended intensifying those measures (Expertenrat für Integration, 2016).

#### **The Efficacy of ALMPs in Europe**

While there is a willingness to invest in ALMPs' in European countries, a meta-analysis about the effectiveness of different ALMPs for natives and immigrant workers showed:

Recent analyses have strengthened a growing consensus: job search assistance and, to some extent, wage subsidies are effective in the short run while training works in the longer run; subsidized public sector employment (also known as public works), however, is generally ineffective. (Butschek & Walter, 2014, p. 17)

Those findings are in accordance with Caliendo and Künn (2011), who also asserted that job creation schemes were not found to be appropriate for improving participants' employment perspectives. However, their evaluation of self-employment programs in Germany were suitable to combat long-term unemployment and social exclusion.

Another factor found to be beneficial (aside from ALMPs) in immigrants' employment prospects was related to labor market policies. Bisin and colleagues' (2011) analyses of labor market policies within the EU revealed "that more flexible labour markets tend to be, in general, more favorable to immigrants" (p. 86). Especially countries with low trade-union density (e.g., United Kingdom, Ireland) showed higher labor market outcomes, compared to countries with more rigid labor markets, such as Scandinavian countries and Austria. Regarding refugee's economic success, Dustmann et al. (2016) suggested additional moderating factors, such as fast

processing times of asylum claims and a permanent or long-term perspective in the host country.

The disadvantage of rigid labor market regulations of foreign-born employees was highlighted by Biffi (2016), who claimed that the visa and work permit requirements and policies, professional licensing regulations, and an inefficient management system of migration policies neither help to attract migrant workers, nor support their successful labor market integration.

### **Ethnic Identity and the Moderating Role in Labor Market Outcomes**

Bisin et al. (2011), who studied how ethnic identity influenced labor market outcomes, reported that “there is a strong identification with the majority culture that is important in order to succeed in the labour market” (p. 65). They further identified that immigrants with a strong ethnic identity (i.e., persons with strong attachment to religion and traditions and not speaking the host-country language at home) pay a penalty in the labor market. These authors argued that this penalty could be related to discrimination, fewer contacts with majority groups, poor-quality social networks, and isolation due to rejection of the majority’s norms. Authors, who studied the economics of identity, hypothesized that when minority workers have to make a tradeoff between adherence to norms of a majority group and their own identity group, they choose to produce an oppositional culture—despite having economic disadvantages. Reasons for this choice of being the outsider, Akerlof and Kranton (2010) suggested, are related to not fitting into majority group norms, regardless how hard a minority group member tries, and the need to maintain dignity and respect among their peers.

### **Summary of Ethnic Identity and Job Market**

Summarizing the situation of immigrants and labor market outcomes, it can be said that immigrant workers, foreign-born nationals, and refugee migrants looking for work are facing

precarious occupational disadvantages, despite their competencies and despite policies and programs aiming at eliminating structural disadvantages. With this substantial evidence for labor market disadvantages of wage/salary immigrants, the question emerges as to the constraining or supporting factors foreign-born self-employed persons and entrepreneurs are facing. The subsequent section is an attempt to answer this question.

### **Ethnic Entrepreneurship**

Studies concerned with driving forces of entrepreneurship of foreign-born nationals are found in the field of immigrant entrepreneurship development, refugee entrepreneurship, ethnic economies, and migrant economies. Whereas some scholars were particularly interested in the economic contribution of foreign-born entrepreneurs (Fairlie & Lofstrom, 2015; Forsman, 2011; Jennings et al., 2013; Lin, 2015; Saxenian, 2002), others have focused on motivational factors of immigrants' entrepreneurial activities (Schrager & Lunati, 2012; Stephan, Hart, & Drews, 2015) and the role of entrepreneurs in economic integration (Khan, 2014; Lyon et al., 2007). Another group of authors has explored barriers and success factors in entrepreneurial development (Alteneder & Wagner-Pinter, 2013; Doern & Goss, 2013, 2014; Fong et al., 2007; Halkias et al., 2009; Schmatz & Wetzel, 2014; Schmid et al., 2006).

**Economic contribution of immigrant entrepreneurs.** Fairlie and Lofstrom (2015), Forsman (2011), Jennings and his colleagues (2013), Lin (2015), and Saxenien (2002) are in agreement that foreign-born entrepreneurs in the United States have stimulated the economy and provided substantial contribution to induce economic growth, innovation, and job creation. According to Fairlie and Lofstrom (2015), this positive economic contribution as reflected in a total business income for immigrants of \$121 billion (15% of all business income), is a result of a high rate of foreign-born business owners in the United States (i.e., 18.4% immigrant business



owner in 2010), relatively favorable market conditions, and less restricted trade regulations compared to Northern European countries (Forsman, 2011; Jennings et al., 2013; Lin, 2015; Saxenien, 2002).

In 2015, the rate of foreign-born business owners (including self-employed immigrants) in Austria was 85,500 (i.e., 7% of the foreign workforce; Biffl, 2016). According to Biffl (2016), most of the non-native business owners in Austria are from the Near East, other European member states, the United States, and Africa. Alteneider and Wagner-Pinter's (2013) survey of ethnic economies in Vienna showed that of the 26,200 self-employed persons and entrepreneurs in Vienna in 2013, 4,329 are of Slovakian origin, followed by Poland (2,724), former Yugoslavia (2,225), Rumania (2,166), Turkey (2,073), Germany (1,592), and Bulgaria (1,058). Based on Vladusic and Can (2014), the major entrepreneurial sectors of immigrants in Austria until 2014 were: retail trade and handcraft (38%), transport (31%), tourism and leisure industry (18%), commerce (14%), and information and consulting (13%). No predictions can be made yet about how this share will be changing with the large inflow of potential entrepreneurs from Syria and other Middle Eastern countries in 2014, 2015, and 2016. But one Austrian survey conducted with 157 recognized refugees from the Middle East showed that this population has a high motivation for entrepreneurial development and 33% have specific business ideas (Vandor, 2016). The areas for these aspired start-up businesses are gastronomy (including businesses related to food), textile industry, construction, and auto mechanics (Alteneider & Wagner-Pinter, 2013).

**Motivational factors for ethnic entrepreneurship.** Research showed that the motivational factors for ethnic entrepreneurs to start-up a business in Europe and the United States are both necessity-based and opportunity-based. A systematic analysis of 51 relevant studies conducted by Stephan et al. (2015) revealed the following motivational factors for

starting self-employment or entrepreneurial business: (a) achievement, challenge, and learning (e.g., personal development, meaningful work, responsibility), (b) independence and autonomy, (c) income security and financial success, (d) desire to receive recognition and status, (e) desire to continue family tradition and follow role models, (f) dissatisfaction with prior work arrangements, (g) desire to contribute back to the community and social motivations. In addition to those factors, an OECD report presented compelling factors to become entrepreneurs, such as cultural predispositions, access to social networks, institutional regulation and regulatory barriers in host countries, access to capital, and membership to ethnic groups (Schrager & Lunati, 2012).

In the absence of empirical data, little can be said about how those motivational factors apply to immigrant entrepreneurs who are starting a business in Austria. To my knowledge, only one study explored this area in 2006, and the only conclusion the authors made was that the relevant majority of Austrian immigrant entrepreneurs did not start out of necessity, but were rather intrinsically motivated and driven by the aspiration of self-actualization (Schmid et al., 2006). There is a clear need for more research in this field.

**Factors influencing immigrant entrepreneurs' success.** Scholars from various fields have identified influencing factors in the establishment of an immigrant (or ethnic) enterprise (including self-employment) and different features were presented. Although their paths have not crossed in regard to entrepreneurial success factors, scholars are in agreement that because of the heterogeneity of ethnic groups, comparison of different ethnic migrants deserves more in-depth scientific identification as one cannot speak of a single success factor for immigrant entrepreneurs (Grey et al., 2004; Masurel, Nijkamp, Tastan, & Vindigni, 2002; Nijkamp, Sahin, & Baycan-Levent, 2010; Volery, 2007).

Different scholarly disciplines have identified different features in entrepreneurial development of immigrants. Volery (2007) argued that successful immigrant entrepreneurship “cannot be traced back to a single characteristic that is responsible for entrepreneurial success of an ethnic group” (p. 34). Supporters of the culturalist approach have suggested features such as dedication to hard work, membership of a strong ethnic community, economical living, risk acceptance, compliance with social value patterns, and orientation toward self-employment to be successful entrepreneurial predictors (Masurel et al., 2002). In contrast, scholars who applied a structuralist approach have identified environmental features such as access to capital (Grey et al., 2004; Sequeira & Rasheed, 2006), network access (Halkias et al., 2009) and a combination of strong and weak ties in social networks (Sequeira & Rasheed, 2006), discrimination or entry barriers on the labor market (Volery, 2007), and strong relationships with employees and customers (Nijkamp et al., 2010) as success factors. Researchers who explored ALMPs, found that such programs have the potential to facilitate successful entrepreneurial development in general (Caliendo & Künn, 2011), but no specific remarks were made on how this positive influence also applies to helping foreign-born entrepreneurs to be successful.

Scholars who explored entrepreneurial success from the lens of personal characteristics or personality traits argued that factors such as need for independence, improving financial position, self-fulfillment, self-actualization, and demographic factors such as age, gender, religion, educational qualification, former work experience, and ownership pattern of ethnic entrepreneurs were determinants for success (Khan, 2014; Schmid et al., 2006).

Researchers who examined ethnic entrepreneurs’ success applying the lens of micro-sociology suggested that socio-emotional processes matter (Doern & Goss, 2013, 2014; Luthans, Stajkovic, & Ibrayeva, 2000). Doern and Goss (2013, 2014) specifically highlighted the

potentially shame-inducing power dynamics between immigrant entrepreneurs and state officials as a major barrier for successful entrepreneurial behavior. A socio-emotional lens was also applied by scholars who explored how ethnic identity and occupational success were related. Including norms and emotions into the concept of identity, they found that “the social environment of individuals have an influence on their identity choice and that those non-whites who have preferences that accord with being oppositional are likely to experience an employment penalty” (Battu & Zenou, 2010, p. F53).

Scholars who specifically focused on immigrant entrepreneurs in Austria asserted that immigrant entrepreneurs’ success was strongly related to family support, and strong ties to ethnic communities who not only provided mental but also financial support, and acted as brokers to other stakeholders (Schmid et al., 2006). An unexpected, yet interesting finding in this 2006 study was, that there was little awareness and utilization for migrant-specific support policies and programs. In the absence of more recent empirical data, nothing can be said about how the underutilization of migrant-specific entrepreneurial programs has changed within the past 10 years. A study that explored success factors for 1,169 business founders in Austria revealed that start-up process characteristics and entrepreneur’s personal environment were moderating factors (Kessler, 2007). Those factors included fulfillment expectations (locus of control, need for achievement) and success in early development stage, but also size of and access to networks, small target group strategy, and specialization strategy (Kessler, 2007). This study did not differentiate between native and immigrant entrepreneurs and hence little can be said about and how those factors apply to foreign-born entrepreneurs. However, my (not empirical) analysis of personal success stories with 50 immigrant entrepreneurs published in the book, *50 Unternehmerisch Erfolgreiche ZuwanderInnen und ihre Erfolgsgeschichten* (50 Success Stories

of Immigrant Entrepreneurs; Vladusic & Can, 2014) could point to similar success factors as identified by Kessler, but are not limited to those. Hence, additional empirical research needs to be conducted to explore the success factors and barriers of immigrant entrepreneurs in Austria.

**Refugee entrepreneurship: An underutilized research discipline.** With an average of 1.813 million foreign-born immigrants (including 49,260 asylum holder) living in Austria in 2016 (Baldaszi et al., 2016; BMI, 2016), there is clearly a potential for immigrant and refugee entrepreneurship in Austria. According to Austrian surveys with foreign-born adults, there is a drive for self-employment and entrepreneurial development within this target group (Alteneder & Wagner-Pinter, 2013; Vandor, 2016). While most scholarly work has focused on exploring success factors and barriers for immigrant entrepreneurs, the circumstances of refugees seeking to starting up and business and running it are different. Wauters and Lambrecht (2008), following Lyon et al. (2007), identified the following five differentiating factors that are specifically relevant for functioning refugee entrepreneurship:

1. Because refugees had fled their countries, their social networks in the host country are “likely to be less extensive than that of immigrants” (p. 510).
2. Because refugees fear persecution or other harm in their countries of origin, “it is usually no longer possible for them to return to this country to acquire funds, capital or labor force for their business” (p. 510).
3. Because of potentially traumatic experiences in their home countries or during their flight to Europe, refugees are more at risk to face psychological problems “which hamper self-reliance and self-employment” (p. 511).
4. Because the decision to flee is usually a decision that is not planned long in advance and, because there is a certain uncertainty where their journey might lead them, refugees have “less opportunity to prepare in advance their stay in the host country” (p. 511) and they often have “to leave several valuable things behind, such as capital and certificates of education” (p. 511).
5. Because of the different labor requirements and regulations, a number of refugees is not suitable for the traditional labor market in host countries. While they were paid in their home countries, the circumstances in host countries do not support finding

traditional employment and hence their entrepreneurial activities are rather a necessity to avoid unemployment.

Hence, trying to aggregate refugee entrepreneurs into the general category of immigrant entrepreneurs fails to acknowledge those differences. However, to apply a bigger lens, I will start with success factors and barriers of immigrant entrepreneurs and then focus specifically on findings in refugee entrepreneurship research.

**Success factors and barriers of refugee entrepreneurs.** Although there is a raising awareness and need for refugee research on a policy level (Betts, Bloom, Kaplan, & Omata, 2014; Wauters & Lambrecht, 2008), the majority of studies regarding ethnic or immigrant entrepreneurship have aggregated immigrants and refugees in their studies. Only a few scholars have addressed this limitation and focused on refugee entrepreneurship, notably Lyon et al. (2007), Fong et al. (2007), Wauters and Lambrecht (2008), and Betts et al. (2014). These authors agree that a distinction between immigrant entrepreneurs and refugee entrepreneurs and their specific migration and entering contexts play a role in entrepreneurial development, and they further agree that enterprising refugee entrepreneurs support social cohesion and economic development of entering refugees.

Lyon et al. (2007) found that refugee entrepreneurship in rural Great Britain has positive impact on three levels: (a) the owner-manager benefited in terms income, capacity building, and livelihood; (b) the employees of refugee businesses had enhanced their skills through informal training; and (c) on the community and local economy level benefited from the specialized and low price supply of products and services but also from the positive multiplier effect of refugee businesses. Constraints identified by Lyon et al. (2007) were limited financial resources or access to seed funding and investors, market knowledge and sustainable marketing strategies, lack of business information and advice (e.g., tax information, banking requirements), and the

entrepreneurs sense of settlement. One finding that stood out in this research was the fact that refugee entrepreneurs show “deeply ingrained suspicion that inhibits seeking support from mainstream and community based institutions” (p. 373), including business advice agencies.

Based on qualitative interviews with 50 refugee entrepreneurs and service providers in 2007, Fong and his colleagues (2007) identified the framework of characteristics, challenges, and success factors of refugee entrepreneurs in the United States as presented in Table 2.

Table 2

*Success Factors of Refugee Entrepreneurs*

Individual characteristics and attitudes/family	Family-community orientation	Prior experience	Clarity of purpose	Language and communication	Access to capital
Entrepreneurial spirit	Community / family-orientation versus individual preferences	Previous business knowledge	Understanding business motivation	Host countries language skills	Access to bank loans
Commitment to hard work	Recognition of common purpose	Familiarity with local conditions	Desire for growth		
Risk tolerance	Generosity toward others		Benefit to mental health and well-being		
Leadership and innovative skills			Orientation toward future generations		
Level of confidence					
Flexibility and open-mindedness					
Boundary management					



Fong et al. (2007) also identified eight challenging factors related to entrepreneurial start or growth:

1. Lack of language and communication skills;
2. Stressors such as insecurity about the future, or social isolation;
3. Lack of knowledge about how systems work in the country they entered;
4. Lack of support resources, such as transportation and access to child care;
5. Competing factors, such as taking responsibility for both family and business;
6. Financial literacy and access to capital;
7. Cross cultural challenges, such as gender roles in business, group versus individualistic culture; and
8. Business demands, such as near constant presence in business (pp. 146-152).

Based on their research, Fong and colleagues (2007) concluded, “both refugee service provider and the microenterprise providers appear to be under-prepared to fully assist refugee entrepreneurs” (p. 156).

In 2008, Wauters and Lambrecht studied barriers to refugee entrepreneurship in Belgium. Based on 22 interviews with advisors and refugee entrepreneurs, they developed explanatory frameworks for refugee entrepreneurship consisting of the following factors: (a) market opportunities, (b) access to entrepreneurship, (c) human capital and social networks, (d) institutional environment, and (e) societal environment. Their results showed that difficult access to entrepreneurship caused by missing formal qualification recognition, lack of access to skills and start-up capital, legal and professional entry restrictions (institutional environment) “hinder refugees more than they obstruct immigrants” (p. 911). They further found that the motivation to start up a business was rather out of necessity than of choice; refugees entering a sector with less regulation was preferred over personal motivation or knowledge (market opportunities). In addition, Wauters and Lambrecht (2008) asserted that negative perceptions and prejudice toward

refugee entrepreneurs (societal environment), but also lack of language skills (human capital) and social integration and affiliation with network (social networks) jeopardized refugee entrepreneurs' success. In agreement with Fong et al. (2007), they concluded that refugees are not only ill-informed in their start-up phase and face structural disadvantages due to their legal status, but that refugee entrepreneurs also seem to be reluctant to seek advice from consultancy agencies for those reasons.

Betts et al. (2014) who studied refugee self-employment in Uganda—a country with relatively low legal and business entry requirements—found evidence that the common narrative of refugees being economically isolated, being a burden on host states, being economically homogenous, being technologically illiterate, and being dependent on humanitarian assistance is a false myth (Betts et al., 2014). Their qualitative and quantitative survey of 1,593 refugee households in four different settlements in Uganda showed that (a) refugees positively contributed to the host states economy; (b) refugees are economically diverse with a range of livelihood activities and successful entrepreneurship; (c) refugees are both, users and creators of technology; (d) are relatively independent of humanitarian aid, but rather leverage their social relationships; and (e) are not shut off from the wider economic structures and communities, but from trade and exchange beyond their settlements.

**Summary of ethnic entrepreneurship.** It can be argued that there is an increasing awareness of the positive economic contribution for refugee entrepreneurs themselves, but also for host countries. There is also evidence that common myths, such as the idea that refugees who are involved in entrepreneurial activities are illiterate and needy, are false. While there seems to be some common denominator for refugee entrepreneurs' success across countries, like access to financial and social capital and language skills, research on entrepreneurship is yet in its infancy.

Hence, more knowledge about this target group as such and about their specific challenges and success factors in particular countries is needed.

### **Summary and Evaluation of the Research**

As the literature review has shown, Austria's history of migration goes back to the 18th century, and Austria has managed to absorb migrants from countries in conflict or war ever since. Austria has learned to adapt political, social, and economical systems to take in large numbers of migrants. With the inflow of 88,100 refugees in 2015 and 42,073 in 2016, migration movements shifted to a perceived refugee crisis and Austria started to face the challenge to integrate approximately 49,260 individuals who obtained asylum since 2012 into their economic and social systems. Admittedly, Europe and Austria has a more generous welfare system per capita than the United States, Middle Eastern, or African countries and, therefore, large-scale immigration may pose a more fundamental burden to the social contract between citizens and their states. However, given that Austria has successfully managed between 20,000 and 60,000 asylum processes per year in the 1950s, 1970s, 1990s, and managed to integrate thousands of refugees before the conflicts in Middle East and African countries started, one might wonder whether this is a refugee crisis or an emerging solidarity crisis.

Rather than looking at past episodes for guidance, populists and nationalist political leaders in Austria have invested significant money and energy in building fences and finding solutions to keep refugees away from their country. Despite the fear mongering narratives from those groups, democrats, global thinkers, and refugees themselves have put energy and efforts into managing the social and economic integration of immigrants and refugees. Austria's welcome culture—while starting to be questioned—is still intact enough to fuel the refugees' economic and social membership in this country, and governments, thus far, have provided

supportive measures to facilitate this membership. It is yet to be seen how recent xenophobic movements that have triggered phenomena such as the Brexit vote, the raise of democratically elected nationalist political leaders such as Donald Trump in the United States, Victor Orban in Hungary, and Recep Erdogan in Turkey, will influence Austria's migration policies. However, it is not possible to ignore the enormous challenges, and to prepare institutions and governments for solutions, since unstable political leadership, continued conflicts, and climate change will likely lead to increased migration pressures on Europe.

While media and anti-immigrant leaders claim to know what refugees need, want, and can provide to Austrian society, and have spread their biased narratives that did not yet contribute to finding durable solutions, researchers have started to fill the knowledge gap with scientific data on refugees' competencies, economic contributions, prior experiences, and so forth. Armed with these data, labor markets have started active labor market programs to leverage refugees' employment potential. However, most of this research was conducted in the realm of traditional employment for foreign workforces.

The success stories of immigrant entrepreneurs in Silicon Valley and other parts of the world have augmented scholars' attention, and numerous studies have shown the challenges and successes of immigrant entrepreneurs and provided policy recommendations for how to support those start-up and new business owners. There is agreement that ethnic entrepreneurs can contribute to National GDPs and economic growth, and there is also agreement that language skills of the host country, access to capital and networks are moderating factors in ethnic entrepreneurs' success. However, the majority of those scholars failed to acknowledge refugees as a target group that cannot be aggregated into the larger group of immigrants. Hence, little is known about the specific challenges, barriers, and successes of refugee entrepreneurs. While

there is some knowledge of refugee entrepreneurial development in Belgium, the United Kingdom, and the United States, to my knowledge no studies were conducted yet to explore the conditions of refugee entrepreneurs in Austria. Based on the knowledge generated through immigrant entrepreneurship and ethnic economy research, government and private institutions have started to launch start-up programs for refugee entrepreneurs. Given the different migration conditions and its consequences, this replication into the target group of refugee entrepreneurs might be a questionable strategy and run the risk not to capture fully the needs and successes of this specific target group. The movement of refugee entrepreneurship has started, and so have technical assistance for this target group. If policy makers and program developers want to assure they meet the needs of refugee entrepreneurial development, there is a need and urgency to generate scientific data and close this knowledge gap in the field of refugee entrepreneurship in Austria. Failure to establish tailored programs may, in the future, not only contribute to wasting money and technical assistance, but lead to frustration of both refugees who hoped to become successful economic members, and governmental institutions and private businesses who attempted to leverage those resources in service of integration and economic growth.

### **Implication for Future Research**

As presented in the literature review, there exists an extensive literature on moderating factors in labor market successes of immigrants in Austria (Aleksynska & Tritah, 2013; Bock-Schappelwein & Huber, 2016; Kaas & Manger, 2012; Weichselbaumer, 2016). There is also vast knowledge in the economic potential of integrated immigrant workforces (Bisin et al., 2011; Butschek & Walter, 2014; Caliendo & Künn, 2011), and the role ALMPs can play in immigrants' employability (Butschek & Walter, 2014; Caliendo & Künn, 2011; Federal Ministry for Europe, Integration and Foreign Affairs, 2015b).

Entrepreneurship for immigrants has attracted wide scholarly attention, and research in this field has provided evidence that host countries benefit economically through ethnic entrepreneurs' contributions (Fairlie & Lofstrom, 2015; Forsman, 2011; Jennings et al., 2013; Lin, 2015; Saxenian, 2002). Studying this target group has further revealed their motivational factors (Schrager & Lunati, 2012; Stephan et al., 2015), the integrative potential immigrant entrepreneurs can offer (Khan, 2014; Lyon et al., 2007), and moderating factors and constraints for ethnic entrepreneurial success (Alteneder & Wagner-Pinter, 2013; Doern & Goss, 2013, 2014; Fong et al., 2007; Halkias et al., 2009; Schmatz & Wetzel, 2014; Schmid et al., 2006). However, only a few scholars have distinguished refugee entrepreneurs from immigrant entrepreneurs. Those who tried to conceptualize successful refugee entrepreneurship have provided moderating factors (Betts et al., 2014; Fong et al., 2007; Lyon et al., 2007; Wauters & Lambrecht, 2008) and showed that access to financial and social capital and language skills are relevant success factors, among many others. They have further shown that the differences between immigrant and refugee entrepreneurs have an impact on functioning entrepreneurial activities—at least in the countries of study, such as Belgium, the United Kingdom, and the United States.

To my knowledge, no research has been carried out to explore refugee entrepreneurship in Austria. Any scientific data that do exist are related to immigrant entrepreneurs, their characteristics and conditions (Alteneder & Wagner-Pinter, 2013; Kessler, 2007; Schmid et al., 2006), but information about refugee entrepreneurs' perceptions of what has helped and impeded them to become successful is lacking.

Given that foreign-born entrepreneurs seem to be reluctant to seek advice from consultancy agencies (Fong et al., 2007; Wauters & Lambrecht, 2008), and more and more start-

up service providers are offering advisory assistance, it is not only necessary to explore the success factors and barriers of the target group refugee entrepreneurs, but also to investigate whether and how the start-up advisory programs for refugee entrepreneurs address the needs of their clients. Because knowledge about how those programs capture refugee entrepreneurs' barriers and successes is lacking in Austria, it was important to explore the specific variables needed to be in place for refugee entrepreneurs that would support successful co-coupling as a means for economic success in their new environment. The findings may help technical assistance (start-up business) providers to design and implement start-up programs that support immigrant entrepreneurship of ethnic groups who have not only been given the hope, but the obligation, to becoming performing members in their new environments.

### **CHAPTER 3: RESEARCH METHOD**

Scholars of various disciplines have used case studies to examine contemporary real life situations (Creswell, 2012). Yin (2013) suggested that case studies are the method of choice when the researcher wants to identify specific factors within social phenomena and explain the questions about how and why social phenomena work.

#### **Research Design**

The research question asks what the specific challenges, barriers, and successes of refugee entrepreneurs in Austria are, and how Austrian start-up programs capture the potentials and barriers. Comparative case study is considered to be an appropriate method for detecting influencing factors of social phenomena and providing explanations. Hence, comparative case study was the method of choice for this study. Analysis of case study material was based on qualitative data, although some quantitative data were collected as well. The unit of analysis was a group of 12 refugee entrepreneurs and five start-up service providers. Entrepreneurs' success patterns and needs were compared with the service offered by Austrian start-up program providers.

#### **Research Participants**

Two groups were participating in this study: (a) refugee entrepreneurs, and (b) business start-up providers. The former group encompassed refugees granted asylum (recognized refugees) in Austria who were about to start, or had already started, some kind of business activity within the last five years. The latter group consisted of start-up service providers targeting non-Austrian entrepreneurs in 2016/2017.

Recognized refugees are persons who are granted asylum as stated in their notification of recognition (Anerkennungsbescheid) issued by the Federal Agency for Immigration and Asylum



(Bundesamt für Fremdenwesen und Asyl [BFA]). With the positive asylum decision pursuant to §3 of the 2005 Austrian Act, refugees are no longer asylum seeker, but recognized refugees (Sozialministerium, 2014). With this status, they are entitled to residency and have unlimited access to the labor market and do not face any restrictions—just like Austrian or EU citizens. They are also entitled to start a trade and business according to the Austrian trade and business regulations. Because they are entitled to a so called Convention Passport they have the right to travel (Austrian Employment Service, 2016a; Knapp, 2015).

While the sample size in the group immigrant entrepreneurs was approximately 15,000 in 2015 (WKÖ, 2016), no exact data were available about the sample size of refugee entrepreneurs. However, the Austrian employment service estimated a potential of approximately 250 early stage refugee entrepreneurs in Austria starting their entrepreneurial activities in 2016 (Winroither, 2016). According to the head of the Austrian Employment Service Vienna research department, the estimated sample size of entrepreneurs who were fulfilling the inclusion criteria at the time the study was conducted was 35–40 (C. Felix, personal communication, February 13, 2017). In the absence of data from previous years, this study was based on the estimated sample size of 60 refugee entrepreneurs who could be reached through the Austrian Employment Service and other refugee organizations and who supposedly fulfilled the inclusion criteria. Because the study was a qualitative case study, representative sampling was not as relevant as in quantitative studies. For this study, I chose systematic sampling.

**Participant recruitment refugee entrepreneurs.** Refugee entrepreneurs were selected based on the criteria of their immigrant status (recognized refugee) and occupational characteristic (entrepreneur). Since refugee entrepreneurs constitute a different subgroup to immigrant entrepreneurs they are not captured in the business and trade database of the Chamber

of Economy and Trade. However, in 2015 the Public Employment Service has started to identify refugees who are aiming for an entrepreneurial career. Originally, I had planned to collaborate with Austrian Employment Service only. This service identified a potential target group of 35–40 and sent the recruitment letter including the link to the survey to them. The recruitment letter included detailed information about this study. However, as I started to talk to other refugee organizations and service providers and received interest for this study, other organizations offered to send out recruitment letters. Building on this positive interest, I broadened the recruitment channels and was able to access a wider group of refugee entrepreneurs. Thanks to the recruitment from Austrian Employment Service and five other refugee organization a total of 12 participants were invited for this study.

**Screening process refugee entrepreneurs.** The screening process was done through Austrian Employment Service and other refugee organizations. Refugee entrepreneurs who fulfilled the inclusion criteria for participation were invited to the survey. The inclusion criteria were: having refugee status, having started entrepreneurial activities in Austria within the past 5 years or having been at the start of business, being between 20 and 64 years of age (prime age workers), having elementary German or English language skills (A2 level in the common European Framework of Reference for Languages). Exclusion criteria were: entrepreneurs who do not have refugee status (i.e., individuals who are still in the asylum process), individuals who are not involved in business activities (i.e., those who are wage/salary employees), and individuals who do not have elementary skills in English or German.

At the end of the survey, participants were asked if they were willing to do an interview. Individuals who consented to participate in the interviews were asked for their contact details at the end of the survey and were informed that they will be contacted by the researcher. To ensure

the broadest, yet somewhat representative perspective and maintain confidentiality, the aim was to recruit at least two participants from the same nationality for the follow-up interviews. However, this was only partially possible because of the small number of participants who consented to do the interviews.

Screening criteria for selection of interview partners were:

- Country of origin
- Being able to have a conversation in English or German.

**Informed consent refugee entrepreneurs.** The selected participants for the survey received information about the questions asked in the survey and were informed about consent formalities. Informed consent for the survey was embedded in the online survey. Informed consent for the interviews was sent via email and a hard copy was provided at the start of the conversation; this email also contained contact details of the researcher and the invitation to ask any questions about the study prior to the first meeting. In the e-mail that confirmed the scheduled date for the interview participants were informed that they could choose to either do the interview right after they received the questions or to take some time and prepare. If they chose the latter, a second meeting was scheduled and the interview was done in the second conversation. At the first meeting, participants were invited to address their questions and the consent formalities were negotiated and completed. After this clarification process they were asked whether they would like to pursue the interview or take time to prepare and meet again at a later date.

**Recruitment procedure start-up service providers.** Start-up service providers were selected based on their services as described on their website and brochures. During my feasibility research in fall 2016, I talked to five agents responsible for start-up service programs.

Since they expressed interest in this study, they provided their contact details and expressed their interest to be invited to participate in this study. In addition, they introduced me to two agencies who started their programs in 2017. Following this introduction, I contacted the agencies via email and I sent a brief description of my intended study. I asked if they would be willing to be included in the study. Having received their expression of interest, I included those agencies in my contact list. The aim was to recruit one responsible person per service agency who is familiar with the program. The relevant inclusion criterion was that the agency is providing start-up services for a non-Austrian population. Having completed the screening process (based on the information provided on the website and phone calls), I included six agencies.

**Informed consent start-up service providers.** The person responsible for the program received an email invitation letter to participate in this study; the link for the online survey was presented in this invitation letter. Consent to participate was embedded in the online survey and my contact details were provided in case participants have questions regarding this study. The consent form was set up so that participants were able to choose to do the survey identified or non-identified. The only identifier was the name of the agency.

The recruiting and consent procedures for this study were approved by Saybrook University's Institutional Review Board on February 24, 2017.

### **Research Setting**

To explore the successes and barriers of entrepreneurial action and match those factors with existing start-up programs, a qualitative case study approach was conducted. The length of this study was two months during the period March–April 2017. Different sources of data were collected using online survey and semistructured interviews. Since there is a lack of knowledge about demographics and business history of refugee entrepreneurs, the online survey for refugee

entrepreneurs collected demographic data, educational data, motives for starting business, business characteristics (e.g., sector, size) experience with start-up programs, difficulties and success patterns encountered, success estimation, and future plans. Data from semistructured interviews showed specific successes and barriers encountered and how they leveraged successes and managed constraining factors. As much as possible, interviews were conducted in the entrepreneur's own place of business and interviews were audio-recorded. During the interview, paraphrasing was used to check what I understood and clear up potential misunderstandings or inconsistencies. Following the completion of the data analysis, I initiated member checks with interviewees to inquire whether their viewpoints were faithfully presented, if there are errors of facts, and to obtain their permission to use quotations (Thomas, 2017).

Data from the online survey with service providers identified specific activities within the program, length, and intensity of the program, and training experiences with the target group.

### **Research Instruments**

Multiple sources of data collection were used to capture participants' entrepreneurial experiences and the nature of the services offered. The questions asked in surveys for refugee entrepreneurs and start-up service providers are presented in Appendices A and B.

**Questionnaire for refugee entrepreneurs.** The questionnaire for refugee entrepreneurs used online survey technology. This survey was a snapshot of demographics, business and training experiences, and business characteristics of participating entrepreneurs. It was not linked to the in-depth exploration of success factors and challenges as investigated in the subsequent interviews. A mix of demographic questions, dichotomous questions, rating questions, multiple choice, and some open-ended questions were used. The major purpose of the survey was to get a broad perspective of demographic, educational and professional background, business

characteristics, services used, successes and barriers, characteristics of business, and future plans. The survey took a maximum of 45 minutes, and the participants had the option to do the survey in German or English.

**Questionnaire for start-up service provider.** The questionnaire for the service providers used online survey technology. Participants had the option to do the survey identified or without identifying the name of the agency. The only identifier was the name of the agency.

Individual data were aggregated into group data. A review of service provider documents and websites was used to help structure a mix of dichotomous questions, rating questions, multiple choice, and some open-ended questions. The major purpose of this survey was to understand and document the services offered. Hence, questions about served target groups, specific activities, length and intensity of the program, funding source of the program, experience with the training were asked. The survey took approximately 30 minutes and was in German.

**Semistructured interviews with refugee entrepreneurs.** The semistructured interviews were conducted in one-on-one settings at the premises of the entrepreneur or another site agreed upon. Prior to the interview, the participants were asked permission if the interview can be audio-recorded. The purpose of the interviews was to get an in-depth information about the successes and barriers encountered and expectations and satisfaction with start-up programs. The guiding questions for the interviews are presented in Appendix C.

Because the interview was done in the interviewees' second or third language, participants could choose if they wanted to prepare for the questions (2-step interview) or go into interview right after they heard the questions (1-step interview). Depending on the preferred structure, the interviews were broken into two or one conversations. If participants chose the

1- step structure, consent formalities were completed, questions were presented and we moved into interviewing. In the 2-step structure, consent formalities were completed, questions were presented and participants were given time to ask questions about the interview. After the briefing process, participants were given approximately one week time to prepare for a follow-up conversation. In the second meeting, participants were invited to narrate along the guiding questions. In any case, participants had the option to choose a preferred language: German or English. The 1-step conversation took about 60 minutes, the 2-step conversation was planned to be 15 minutes plus an additional 45 minutes. To ensure confidentiality, interviewees had the option to use code names for their interviews and these code names were used in the transcripts. Because of this anonymity, no personal identifiers could be linked to the participants' responses. To enhance reliability, the same questions for all interviews were used, and interviewees were given the opportunity to speak without interruption or interference from the interviewer.

### **Research Procedure for Refugee Entrepreneurs**

1. After the screening process conducted by the Austrian Employment Service and other refugee organizations to assess the eligibility of the participants, 60 participants from the group of refugee entrepreneurs received the invitation letter to participate in this study. This letter included the link to the online survey and participants were asked to complete the survey within two weeks. Before they start the survey, they underwent the consent procedure. The consent form was embedded in the online survey and included a description about the scope of the questions being asked. At the end of the survey they were asked if they were willing to participate in the interview. Those who agreed were asked to provide their contact details and were informed that I was contacting them to arrange for a date for interview.

2. Following the completion of the survey, seven interviews with refugee entrepreneurs (in a period of 2-weeks) were conducted. I called those participants who provided their contact details and asked for a potential date for the interview. To confirm the scheduled date, I sent an email with my contact information and invited potential interviewees to call if they have any questions about the research. Because the interviews were not conducted in the interviewees' native language, I also informed them that they could choose to do the interview in a one- or two-step structure. At the beginning of each conversation, time was given to establish trust, review ethical considerations, and complete consent forms. In the 2-step structure, the interviewee and I reviewed the questions. After this review, participants were given one week time to dwell and ponder the questions and a follow-up date was arranged. In the follow-up interview, participants were asked the questions and (upon consent) their narratives were recorded. All seven interviewees chose to complete consent formalities, clarification process, and interview in the first meeting.
3. Interviews were transcribed by the researcher and summaries of the interviews were provided if participants wished to receive their transcript. The purpose of providing this transcript was for participants' reflection of their narratives if they wished to do so.

### **Research Procedure for Service Providers**

1. After the screening process to assess the eligibility of the service provider, six agents from the group of service provider received the invitation letter. The invitation letter included the link to the online survey and providers were asked to click on the link if they wanted to participate.



2. The consent form was embedded in the online survey. It included a description of the scope of the questions and contact details of the researcher. They were asked to consent before they continued to start the survey.

### **Research Analysis**

The purpose of analysis is transforming data into findings (Patton, 2015). As I learned about refugee entrepreneurs' barriers and successes, I attempted to make analytic sense of their experiences. Due to the small sample size, no statistical analysis was conducted, but Microsoft excel was used to show data, such as educational and professional background, push and pull factors to start a business, sector, duration of entrepreneurial activities, problems experienced, knowledge of service provider, and training received prior to starting the business. The questions for the service provider survey were about the specific service offered, nature of the program, target group, didactic concept, and sponsor of the program; the results of this survey were also analyzed using Microsoft excel. Descriptive analysis was presented to be a description of the basic features of data, involving tabulating, depicting, and describing sets of data and aiming to simplify and summarize basic information (Hopkins, Hopkins, & Glass, 1995). To organize the variables from surveys, data analysis in this study followed the format of descriptive statistics.

Using transcript software (easytranscript), I transcribed the interviews. In case the transcripts were in German, I translated them into English before I started data analysis. The qualitative analysis from the interviews (in-depth exploration of barriers and success factors) was done using computer supported qualitative research tools (Atlas.ti). Data were organized to illuminate key issues, themes, and patterns that emerged from the interviews with refugee entrepreneurs. Since Wauters and Lambrecht (2008) have offered a wide lens to barriers and success factors of refugee entrepreneurs, the organizing principle was Wauters and Lambrecht's

theoretical framework of barriers and successes organized in the five clusters: (a) market opportunities, (b) access to entrepreneurship, (c) human capital and social networks, (d) institutional, and (e) societal environment. In addition, holistic coding was applied to identify variables that cannot be aggregated within this framework. Holistic coding was presented to be the method of choice in the analysts attempt to grasp themes or issues as a whole (Saldana, 2013). Transcripts were read and reread prior to coding and successes and barriers were identified within and across transcripts. Subsequent to this analysis, data from the service provider survey were used to compare how this assistance captures entrepreneurs' barriers, needs and success patterns.

After description and analysis were completed, I moved to interpreting the data. "Interpretation means to attach significance to what was found, making sense of findings, offering explanations, drawing conclusions, extrapolating lessons, making inferences, considering meanings, and otherwise imposing order on an unruly but surely patterned world" (Patton, 2015, p. 570). Hence, each section finished with a summary of findings and provided hypothesis in each unit of analysis.

### **Reporting the Data**

The ultimate outcome of this study was to report the success factors and barriers of refugee entrepreneurs and to draw conclusions on how their needs are captured by the start-up programs offered by service providers. Conclusions drawn from questionnaires are presented, followed by detailed descriptions and direct quotations of the qualitative findings from the interviews. The report included descriptions and interpretations from surveys and interviews and descriptions how the services offered match the needs of refugee entrepreneurs. The presentation

of the findings followed the sequence of the sub-questions in an attempt to answer them (as presented in section Research Question).

Reporting the data was organized into four sections:

1. Descriptive analysis of survey data gathered from surveys with five start-up service providers
2. Descriptive analysis of survey data gathered from surveys with 12 refugee entrepreneurs
3. Cross-case analysis to present essential themes and patterns across cases
4. Contrasting juxtaposition of refugee entrepreneurs' needs compared to service providers' program activities

The final section contains conclusions about barriers and success factors of refugee entrepreneurs and provides recommendations for future interventions to support refugee entrepreneurs.

### **Ethical Considerations**

As a member of the European Refugee Research Network (Netzwerk Flüchtlingsforschung), I am committed to the ethical guidelines for good research practice developed by the Refugee Studies Centre, Queen Elizabeth House, University of Oxford (Refugee Studies Centre, 2007). These guidelines provide an ethical framework for scholars to create research designs that recognize the rights and interests of research participants and “entail personal and moral relationships, trust and reciprocity between researcher and participants, and recognition of power differentials between them” (Refugee Studies Centre, 2007, p. 164). However, scholars observed that the group of people with a forced migration background is often permanently categorized as vulnerable and powerless rather than viewing their “refugeness” as a temporary experience (Block, Riggs, & Haslam, 2013).

Refugees are persons who had to leave their homes because of justified fear of persecution for ethnic, religious, or political reasons, due to their nationality, or because they

belong to a certain social group they have had to flee their country. Since Austria has signed the Geneva Convention on Refugees, it is compulsory for Austria to recognize people as refugees according to the definition of the Geneva Convention. Recognized refugees are people whose request for asylum has been granted by the state where asylum was filed. Recognized refugees receive notification of recognition (Anerkennungsbescheid) pursuant to §3 of the 2005 Austrian Act, a foreign identity card (Mobilitätspass), and become eligible for a Convention passport. As stated in the section, Research Participants, recognized refugees do not face any restrictions concerning residency and are entitled to full access to wage/salary work and trade and business.

While recognized refugees have full access to labor market in Austria, they might be disadvantaged due to lack of language skills, professional, and educational certificates. As a result, they suffer higher unemployment compared to their natives peers (Rath & Nachtschatt, 2015). Measures in the NAP.I and the 50 Point Action Plan seek to mitigate those disadvantages, as do start-up programs for immigrant and refugee entrepreneurs. As stated in the section Background, to label “recognized refugees” as a vulnerable group (just because of their migration background) would be disregarding their agency and achievements and hence be an unjust treatment and stereotype.

Krause (2016) argued, following the ethical guidelines of Refugee Studies Centre, that ethical relationships in refugee research need to apply ways to move beyond harm minimization and need to include principles of beneficence, integrity, respect for persons, autonomy, and justice. Given that the ethical principles of beneficence, integrity, respect, autonomy, and justice apply to the protection of any human subjects in research (Gostin, 1991), I suggest that from an ethical point of view, the ethical principles for the protection of human subjects equally apply for

recognized refugees. Hence, they need to be treated compliant with the same ethical standards as native-born Austrians.

My investigation about the potential target group has shown that research subjects are capable of communicating in English or German. Since I am fluent in both languages, it was not necessary to include translators. However, because the interview where not in interviewees native tongue and in case participants expressed insecurity about their language skills, interview questions were provided prior to the interviews and participants were given the option to prepare.

The following chapter will provide data of barriers and success factors of refugee entrepreneurs and analyze how start-up providers capture their needs.

## CHAPTER 4: PRESENTATION OF FINDINGS

The purpose of this study was to report the success factors and barriers of refugee entrepreneurs and to draw conclusions about how their needs are addressed through start-up programs offered by Austrian service providers. Two groups participated in this study: start-up service providers and refugee entrepreneurs. I began with identifying relevant Austrian start-up service providers. They were found through a Google search using the terms “start-up service providers for immigrants” and “Austria.” Following this search, I contacted the start-up agencies to explore if they targeted refugee entrepreneurs. In this conversation, I investigated first if they were (a) interested in such a study, and (b) knew of other service providers. During this process, a sample size of six start-up service providers was identified. Second, to get an idea of the actual number of refugee entrepreneurs or self-employed refugees, I asked service providers to estimate the potential sample size. According to their estimates, the sample size was between 30–60 people.

The next step was to recruit refugee entrepreneurs. Recruiting of refugee entrepreneurs for the survey was difficult. The original design of the recruitment was that the Austrian Employment Service would assist in the process by mailing the recruitment letter to refugee entrepreneurs registered in their database. However, due to the slow response rate, additional service providers were asked to assist in the recruitment process. Again, the response rate to e-mail communication was slow and service providers voluntarily decided to contact participants again through personal communication—either via phone or through the responsible advisor. Adding the personal communication proved to be a more successful strategy in the recruitment process. Table 3 provides data on participants and activities by group.

Table 3

*Activities by Participants*

Category	Activity	Persons contacted	Persons started survey	Persons completed survey	Persons consented to interviews
Refugee entrepreneurs	Online-survey	$N = 60$	$N = 38$	$N = 12$	
Refugee entrepreneurs	Face-to-face interviews	$N = 60$			$N = 7$
Start-up service providers	Online-survey	$N = 6$	$N = 5$	$N = 5$	

No conclusion can be made why only 1/3 of participants who have started the survey have completed it. However, the observation that 2/3 stayed on the survey website for not more than 2 minutes might point to at least three conclusions: (a) reading and comprehending the informed consent letter presented in German or English was more work than participants with a different mother tongue were willing to invest, (b) a consent form that had to adhere to IRB requirements of a Californian University was not applicable to the Austrian environment and hence did not facilitate participation for people in Austria, and (c) signing a quasi-legal agreement (which a consent letter is) without having any relationship with the researcher discouraged people from participating.

Of the 38 persons who have started the survey, only 12 participants completed it. Because interview partners were asked to identify themselves as potential interview partners at the end of the survey they did not even get to this question. Of those 12, seven chose to participate in the interview. Having had their contact details, I was able to call them and introduce myself as a researcher and talk about the study. Through this call, I was able to establish a relationship. As a result of these conversations, all seven agreed to be interviewed. Because those obstacles in the

recruitment process are relevant information for future research in the field of refugee entrepreneurship, recommendations about how to organize the recruitment and consent process differently are presented in Chapter 5.

The study was designed to include 10 refugee entrepreneurs. The goal was overachieved for the survey. Data collection based on interviews was stopped after seven interviews. Reasons were: (a) I felt seven interviews were sufficient because of an emerging consistency of data, and (b) opening another round of recruitment was difficult and had expanded the time frame assigned for data collection. Yet, because of the saturation, data are suitable to allow conclusion to be drawn of how start-up services capture the need of a small and highly educated sample, and provide general trends about barriers and success factors of refugee entrepreneurs. Data presentation is organized into five sections:

1. Descriptive analysis of survey data gathered from surveys with five start-up service providers,
2. Descriptive analysis of survey data gathered from surveys with 12 refugee entrepreneurs,
3. Cross-case presentation of seven interviews, and
4. Contrasting juxtaposition of refugee entrepreneurs' needs and expectations compared to service provider's program activities.

In order to protect participants' confidentiality, each participant's individual interview is presented under a pseudonym, chosen either by the interviewees themselves or arbitrarily by the researcher.

The figures about refugee entrepreneurs should be interpreted with awareness of the sample size. I recognize that the study design had an inherent filter of potential participants, influenced by: (a) agency contact, (b) virtual communication in the first recruitment round, and (c) language skills (English/German). Consequently, this process generated a sample of only



highly educated refugee entrepreneurs. Because I did not have any research funding, I did not use translators. It is thus very likely that the rate of refugee entrepreneurs is higher than the figures indicated, and that self-employed refugees speaking other languages or having lower educational attainments have different experiences and expectations than those who participated in this study.

### **Findings for Start-Up Programs in Austria**

The participants for this survey were five individuals who identified themselves as representatives of an agency that offers start-up programs for non-Austrian entrepreneurs. The survey questions were in German and were grouped in three clusters consisting of 15 questions:

1. Program characteristics,
2. Satisfaction with the program, and
3. Identification and publication.

Two agencies agreed to have the name of the program published: the privately funded program “Immipreneurs,” and the program “Steps2business” by the Austrian Employment Service.

#### **Program Characteristics**

The purpose of this cluster was to understand the characteristics of the program of five agencies (A1-A5). Table 4 is a presentation of launching date, program language, target group, gender distribution, nationality of clients (majority and second largest group), intensity, and completion figures.

Table 4

*Characteristics of the Program*

Agency	Program start	Program language	Funding source	Target group	Male : Female ratio	Nationality majority clients	Intensity of program	Completion figures since start
A1	Before 2013	English	Private funds	IE & RE	30:70	n/a	Need based	n/a
A2	2014	English, German	Private funds	IE & RE	67:33	n/a	> 12 month/ need based	1-20
A3	2016	English, German, Arabic, Farsi, Turkish, Rumanian, Slovakian, Hungarian	EU, state, institutional funds	IE & RE	51:49	Turkey, Serbia	4-12 month/ < 20 hrs/ week	>200
A4	2016	English, German	private funds	IE & RE	50:50	Syria	4 to 12 month/ need based	1-20
A5	2016	German, Arabic, Russian	state funds	RE	65:35	Syria, Russian Federation	> 12 month/ < 20 hrs/ week	21-50

*Note:* IE = immigrant entrepreneurs, RE = refugee entrepreneurs

**History and funding:** The majority of the programs (A3–A5) were launched in 2016, one in 2014, and one prior to 2013. Three agencies reported that they are funded by private donors (A1, A2, A4). One agency reported that their program is state funded (A5), and one program receives EU, institutional, and state funds (A3).

**Language:** Except for A5, which does not offer the program in English, four service providers (A1–A4) reported that their programs are offered in at least English and/or German. One program (A3) is offered in eight different languages, and one (A5) in three languages.

**Target group:** Only one program (A5) specifically targets refugee entrepreneurs, the others (A1–A4) do not differentiate between refugee entrepreneurs (RE) and immigrant entrepreneurs (IE).

**Gender distribution:** Generally, the percentage of male participants (51–70%) is higher than female participants (30–49%). Only one program (A4) reported an equal gender distribution. There are known reasons for the lower female participation which are explained in detail in Chapter 5.

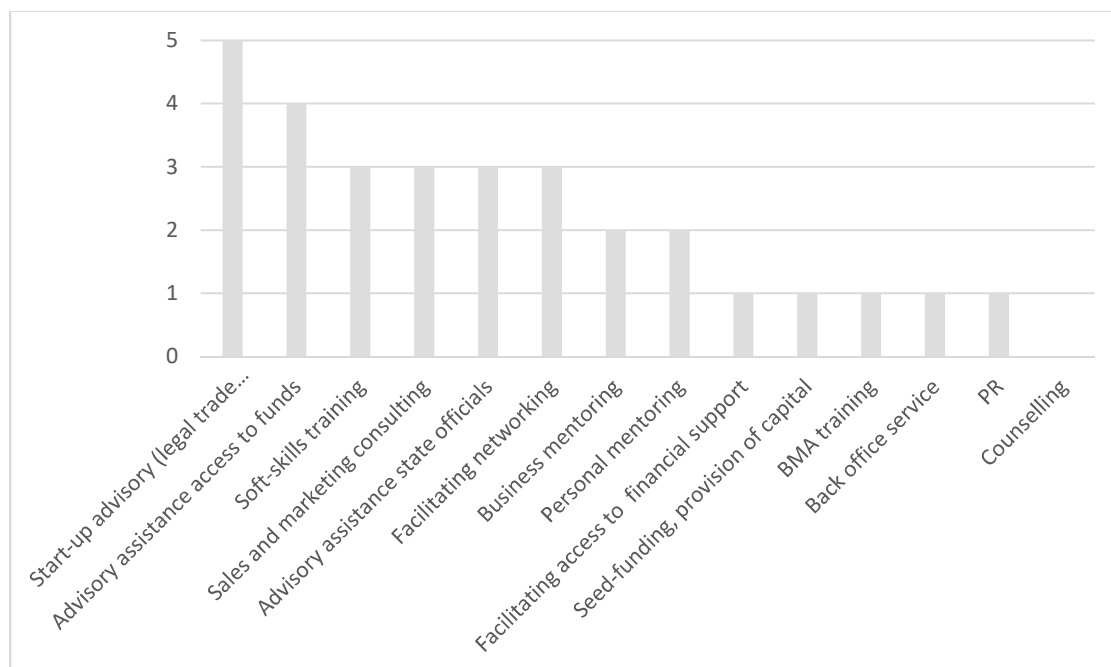
**Nationality of participants:** Two start-up providers (A4 and A 5) reported that the majority of clients are Syrian nationals and one (A3) had mostly Turkish clients. The second largest group reported were people from the Russian Federation (A5) and Serbia (A3).

**Length and intensity of the program:** Two programs (A3 and A 4) are between 4 and 12 months with less than 20 program hours per week. Two programs are more than one year long and without fixed program hours (A2) or less than 20 hours per week (A5). One agency does not call it a program, but provides on-demand support and hence does not have regular program hours (A1).

Completion figures: The agency with the highest language diversity reported that more than 200 participants have completed the program since 2016. Agencies A2, A4, and A5 reported total completions between one and 50 participants since the start of their program.

### Activities Within Start-Up Programs

Figure 3 shows services offered by five agencies.



*Figure 3.* Agencies and their services.

All five programs (A1–A 5) provide start-up consultation, such as legal consulting and advice about entry and trade regulations. All but A4 provide advice about where and how to access funds. Other activities offered frequently within the programs were soft skills training (A3, A4, A5), sales and marketing consulting (A2, A4, A5), advisory assistance for how to deal with state authorities and other decision-making agencies (A1, A3, A5), and facilitating networking activities (A1, A2, A3). Two programs provide business mentoring (A2, A4), and personal mentoring (A2, A4). Only one agency (A3) facilitates getting access to financial

support. A4 provides seed funding and financial capital. A3 provides business administration training, A2 back office service, and A4 public relations activities. No agency offered psychological support or assistance in dealing with critical incidents (on a personal level).

### **Satisfaction With the Programs**

The purpose of this cluster was to evaluate the success of the program from the lens of the service provider. Within this evaluation, the perceived satisfaction with the program was asked. In addition, participants did a self-assessment about how the start-up agency addressed the needs of the client. In order to identify influencing factors for entrepreneurial success, start-up service providers were asked to indicate factors that are currently missing to make refugee entrepreneurs successful. On a general level, it can be asserted that start-up service providers scored their self-evaluation between very good and good according to the Austrian grading system. Because those data were relevant for exploring how start-up service providers capture the needs of their clients, specific data will be presented in the section, “Contrasting Juxtaposition Programs Compared to Needs of Clients.”

### **Summary of Findings for Start-Up Service Provider**

The majority of service providers (60%) launched their businesses in 2016. Start-up service providers who launched their programs after 2013 indicated a diversity of nationalities and a broad variety of activities in the start-up programs. The most frequently offered activities for foreign-born entrepreneurs are (a) start-up advisory assistance (e.g., legal consulting, advice on rules and entry regulations), and (b) advisory assistance about grants/funding sources. Entrepreneurs who seek soft-skills training, sales and marketing consulting, advisory assistance for how to deal with state authorities, and networking activities, can get these services from three start-up agencies. Two programs help refugee entrepreneurs through business and personal

mentoring. Facilitating access to financial support or provision of financial capital, as well as business administration training, back office service and public relations for refugee entrepreneurs is rare in start-up programs. No program covers counselling or psychological support. The participating start-up service providers appear to have a positive self-evaluation of the satisfaction with participants' evaluation and the match between offered service and clients' needs.

At least one start-up agency appears to cover the linguistic diversity of its majority participants, and another one offers a variety of languages spoken to address their clients. As presented in Table 4, the majority of programs are conducted in English and/or German. Although there is evidence that the majority of participants were male and from Syria, no conclusion can be made about the smaller percentage of female participants, or about the higher attendance rate of specific nationalities. Hypotheses for these phenomena are provided in Chapter 5.

### **Findings for Refugee Entrepreneurs**

Participants for this survey were 12 individuals who identified themselves as recognized refugees who were engaged in entrepreneurial activities in Austria, were between 20 und 60 years of age, and had basic German and/or English skills. Four persons completed the survey in English, eight in German.

The survey questions were grouped in three clusters and consisted of 19 questions:

1. Demographics,
2. Successes and barriers, and
3. Experience with start-up programs.

## Demographics of Participants

Because little is known about refugee entrepreneurs in Austria, the purpose of this cluster was to get a snapshot of the demographics of refugee entrepreneurs. Within this cluster questions about nationality, gender, admission into Austria, educational background, language skills were asked. Table 5 is a presentation of demographic data.

Table 5

### *Demographic Data Survey Respondents*

ID#	Nationality	Gender	Year refugee status	Education	Native language	Additional language skills
P1	Armenia	Female	2002	High school degree	Armenian	German (C1), English (A2)
P2	Chechen Republic	Male	2012	Vocational certificate	Chechen	
P3	Chechen Republic	Male	2007	Vocational certificate	Chechen	German
P4	Other	Female	2007	University degree	Russian	Ukrainian
P5	Azerbaijan	Male	n/a	University degree	Azerbaijani	German (B1), English (B1), Turkish Russian
P6	Chechen Republic	n/a	n/a	n/a	Chechen	
P7	Syrian	Male	2014	University degree	Arabic	English (B1), German (A1)
P8	Syrian	Male	2015	University degree	Arabic	English (B1), German (A1)
P9	Syrian	Male	n/a	University degree	Arabic	English (B1), German (A1)
P10	Syrian	Male	2016	University degree	Arabic	English (B1), German (A1)
P11	Syrian	Male	2014	University degree	Arabic	English, German, Kurdish
P12	Iran	Female	Other	University degree	Farsi	English (B1), German (A1), Arabic (B1), Italian (B2)

*Note:* P6 completed survey without demographic answers.

**Nationality:** Refugee entrepreneurs who participated in the survey showed a high diversity of nationalities. All the countries have a history or are currently suffering political instability or ethnic conflicts.

**Gender:** The gender distribution of people who completed the survey was 67% (i.e., eight persons) male, 25% female (i.e., three persons), and 8% (one person) who did not indicate the gender.

**Tenure of refugee status:** Eleven participants had refugee status in Austria, one is a recognized refugee in Italy but resides in Austria on a student visa. All received their asylum between 2002 and 2016 and have lived in Austria since.

**Education:** All participants who completed the survey had high educational attainment and are either graduates of a foreign university or have vocational certificates from their countries of origin.

**Language competency:** The native languages reflected the diversity of nationalities. Ten of the participating persons reported that they speak at least one additional language. The most common second language was German (nine persons), English (eight persons), Turkish (three persons), Ukrainian (one person), Russian (one person) and Italian (one person). Except for one (P1) who reported an advanced level in German, those who indicated their language levels reported at least basic German skills. Six participants reported intermediate or advanced English language levels (P5, P7, P8, P9, P10, P12), four reported English skills on a basic level (P2, P3, P4, P6) or did not indicate their level (P1, P11).

### **Drivers and Successes for Refugee Entrepreneurship**

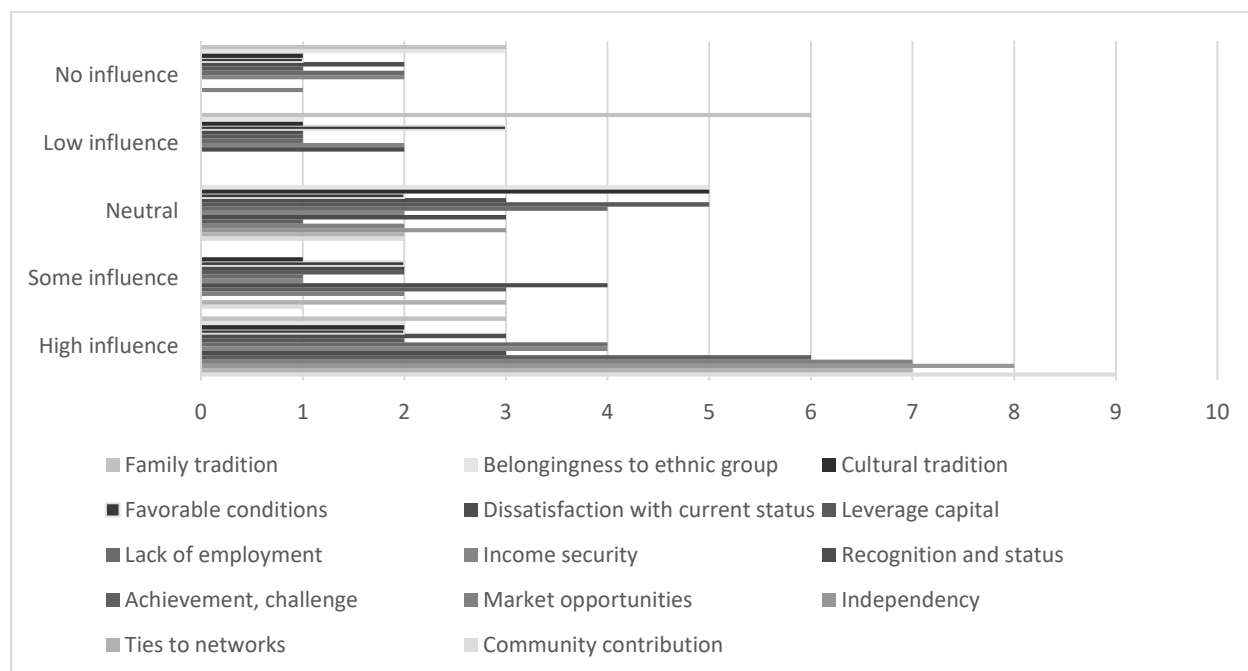
The purpose of this cluster was to understand the drivers and the types of support that contributed to entrepreneurial success. Within this cluster questions about business activities in



the country of origin and Austria, and motivational factors to create start-up businesses, were asked. The reason why I investigated their future plans was first, to get a sense of how much they wanted to leverage past professional experiences and, second, to explore if their entrepreneurial actions were short-term oriented, or if they intended to settle into business ownership in Austria for a longer period.

**Measurement motivational factors.** The framework for motivational factors asked in the survey were drawn from findings presented by Schmid et al. (2006), Schragger and Lunati (2012), and Stephan et al. (2015). The survey contained 14 motivational factors. A Likert scale was used to identify the extent to which respondents were influenced by a particular factor. Respondents were offered a choice between 1 (had no influence on my motivation to start a business) and 5 (had high influence on my motivation to start a business).

**Results motivational factors.** Figure 4 illustrates the influence of 14 motivational factors in the decision to start entrepreneurship.



*Figure 4.* Drivers for refugee entrepreneurs.

For 10 respondents (P1, P4–P12) the factor “I want to contribute and give back to community” (community contribution) was of high/or some motivational influence in the entrepreneurial decision. Of equally strong importance was the factor “strong ties to social networks (10 respondents; P1, P3–P7, P7–P12), followed by nine participants who reported that the factor “desire for achievement, challenge, and learning” had high or some influence (P1–P4, P6–P9, P12). Highly influential for eight respondents was the factor “independence and autonomy” (P1, P4–P6, P8–P12), as well as “market opportunity” which had high or some influence for eight respondents (P1, P4–P6, P8–P12) in the decision to start up a business. Six persons opted for the factor “desire to receive recognition and status” as high or of some influence (P1, P4–P6, P7, P8), followed by “income security and financial success” as a driver for entrepreneurship (five respondents; P1, P4–P6, P9). Less than half of the participants reported the factors “leveraging financial capital or having financial resources to start a business” had high/some influence (four respondents; P5, P8, P11, P12). “Favorable institutions regulations in Austria” had high/some influence for four respondents (P5, P6, P9, P12), “cultural tradition” had high/some influence for three respondents (P6, P10, P11). For three participants, high or of some influence in the decision to become an entrepreneur was family tradition (P3, P5, P6). “Belongingness to an ethnic group” was of high influence for only two respondents (P6, P11) in their desire to start a business

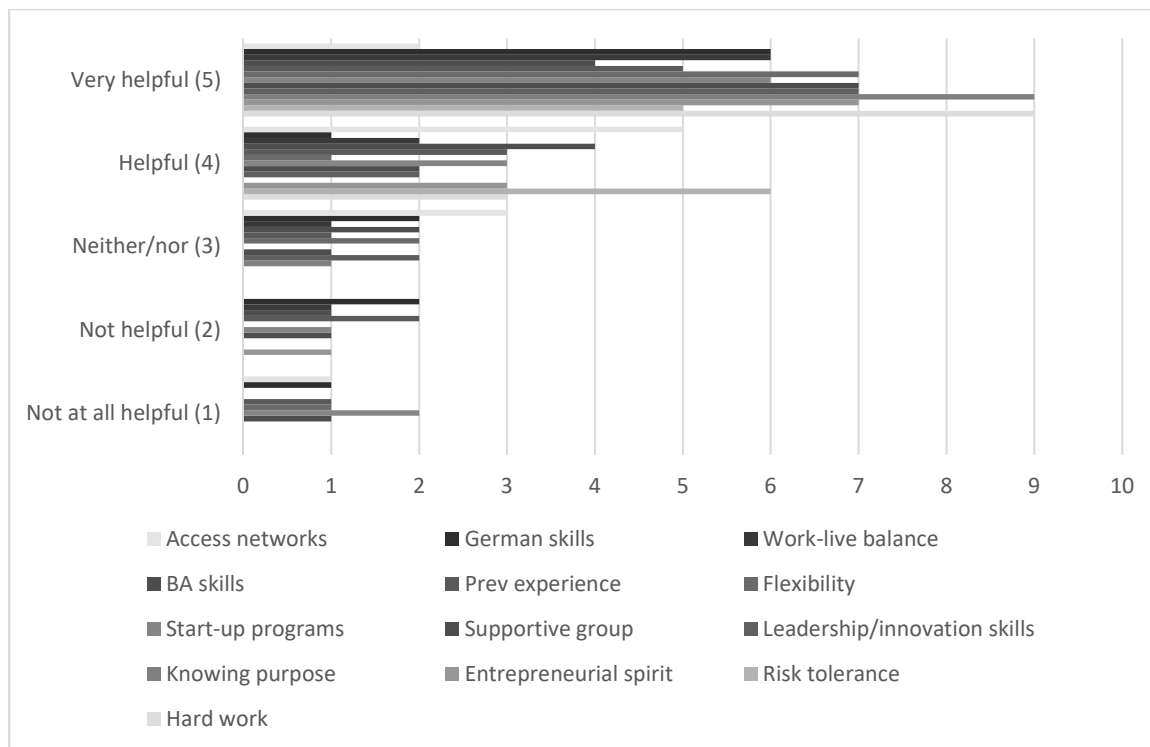
While five persons reported that lack of access to gainful employment had high or some influence (P2, P5–P7, P10), four reported that lack of access to work had no or low influence in the motivation to start a business (P4, P5, P6, P9). Five persons reported that dissatisfaction with the current professional status had a high or some influence to become an entrepreneur (P4–P7, P11).

**Results previous and future experience.** Five of 12 persons reported that they were engaged in entrepreneurial activities in their countries of origin between 1 and 3 years. Three reported they had a business in personal services (e.g., marketing consulting, language training), one in the sector of import/export, and one in handcraft (shoemaker). The newly launched or aspired businesses in Austria were transport (P1), handcraft (P3, P4, P10), tourism/gastronomy (P7), retail and trade (P8), and other (P1, P5, P6, P9, P11, P12). While P3 wanted to stay in his area of expertise with his new business, the others appeared to be changing their careers.

Ten of 12 reported that they aspire to grow and expand their business in the future (P1–P10), one wanted to sustain her business on the current level (P12). Those data indicate that refugee entrepreneurs are following a long-term business strategy as opposed to just filling a temporary unemployment gap.

**Measurement success factors.** The framework to identify supporting factors in the survey was drawn from studies who identified contextual and cultural factors, such as specific characteristics of immigrant entrepreneurs, family–community orientation, prior experience, clarity of purpose, language skills, and access to human and financial capital as relevant for entrepreneurs' success. Personal networks, access to loans, and simple promotion strategies were also found to be success factors of ethnic entrepreneurs (Fong et al., 2007; Halkias et al., 2009). Because a Likert scale is suitable to measure the intensity of a specific experience, a 1 to 5 Likert scale was used to identify the supporting factors in entrepreneurial success. The survey contained 13 potential success factors and the range was from 1 = not at all helpful, 2 = was not helpful, 3 = was neither/nor helpful, 4 = was helpful, to 5 = was very helpful.

**Results success factors.** Figure 5 is a presentation of 13 factors and their level of perceived influence in entrepreneurial success.



*Figure 5. Supporting factors for refugee entrepreneurs.*

A total of 12 respondents selected the factor “commitment to hard work” as being very helpful/helpful (P1–P12), followed by 10 who reported that the factor “knowing my purpose” (P1–P11), and risk tolerance (P1–P10) was very helpful/helpful. Equally, nine participants rated the factor “participation in start-up program” (P2–P7, P9–11) as very helpful/helpful, as well as “entrepreneurial spirit” (P1–P4, P6, P8–P11), and “leadership and innovative skills” (P1–P6, P8–P10). Five factors were rated very helpful/helpful by eight respondents: “access to supportive group of people” (P2–P4, P7–P11), “business administration skills” (P1–P6, P9, P10), “flexibility and open-mindedness” (P1–P8), “work-life-balance” (P1–P4, P6, P7, P9, P10), and “previous experience as entrepreneur” (P1–P6, P9–P10). Lastly, seven participants (P2–4, P6, P8–P10) reported “German skills” (P1–P7) as well as “access to professional networks” as very helpful/helpful.

Although German language skills were scored relatively high in the section barriers, the presence of German skills appears not to be that high on the list of supporting factors (seven very helpful / helpful). Also, access to professional networks seemed to be a less relevant success factor (seven very helpful/helpful) compared to other supporting factors.

### **Barriers for Refugee Entrepreneurship**

The purpose of this cluster was to understand blocking factors and potential barriers for entrepreneurial success.

**Measurement of barriers for entrepreneurs.** The framework to identify barriers in the survey was drawn from studies that identified access to finances, language and educational barriers, individual factors, and environmental and social conditions (Grey et al., 2004; Fong et al., 2007) as entrepreneurial barriers. Because a Likert scale is suitable to measure the intensity of a specific experience, a 1 to 5 Likert scale was used to identify the barriers. The survey contained nine experiences that could be perceived as difficult or a blocking factor in entrepreneurial success. The range was from 1 = was not at all difficult for me, 2 = was somewhat difficult for me, 3 = neither/nor difficult, 4 = was difficult for me, 5 = was very difficult for me.

**Identified barriers for entrepreneurs.** Figure 6 is a presentation of nine factors and their level of perceived difficulty in starting a business.

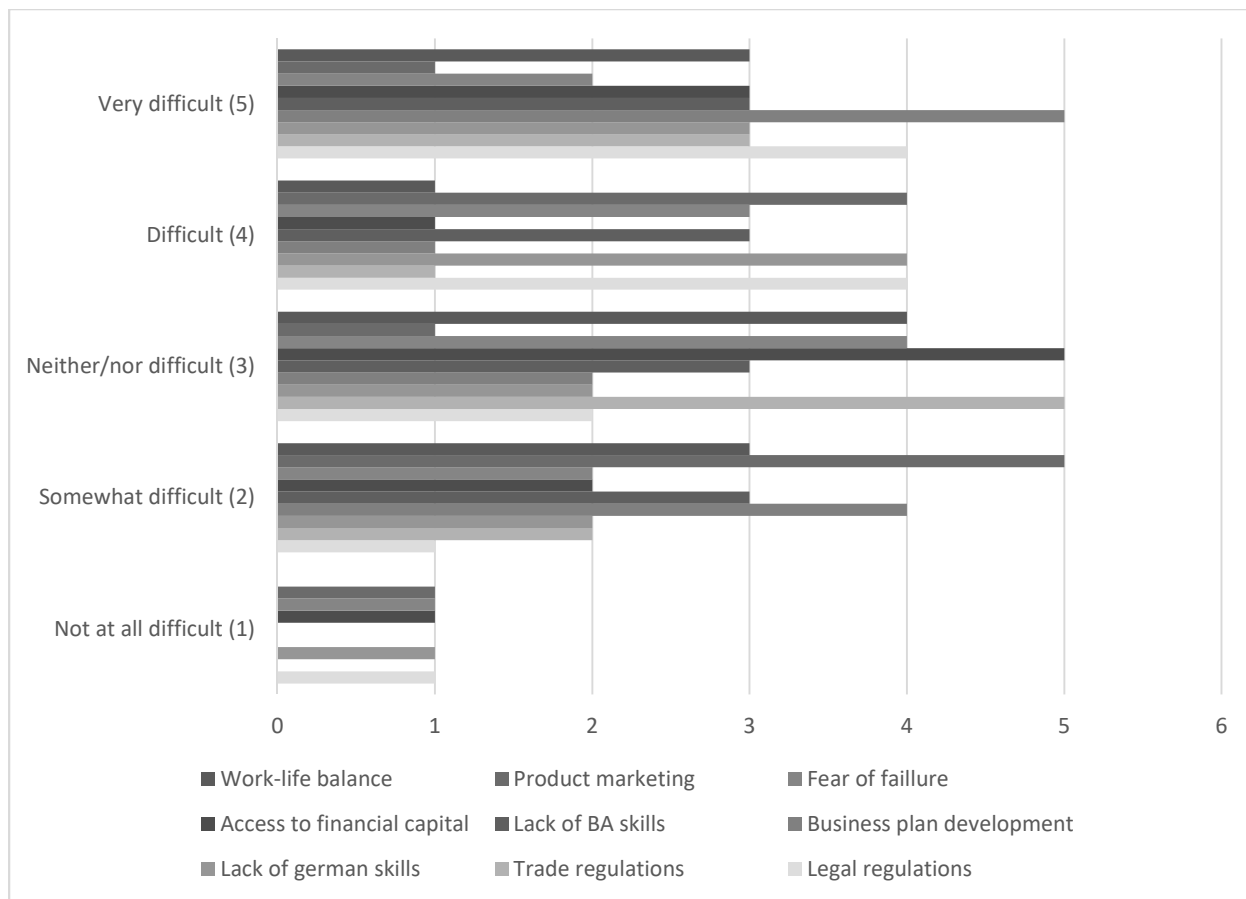


Figure 6. Barriers for refugee entrepreneurship.

Data from the survey showed that eight people rated the highest score on the scale for the factor “legal regulations” (P2, P4–P8, P11). “Lack of German skills” was reported as very difficult/difficult by seven respondents (P2, P4, P6–P8, P10, P11). Another important factor was “business administration skills,” which six of the respondents found to be difficult (P2, P4, P6–P8, P11), and six respondents (P2, P4–6, P8, P9) scored “development of business plan” very difficult/difficult. Similarly, five respondents found “product marketing” (P2, P4, P6, P10, P11), and “fear of failure” (P2, P4, P6, P9, P11) to be very difficult/difficult. Four reported “trade regulations” to be very difficult/difficult (P2, P6, P7, P9), four reported “access to financial

capital” very difficult/difficult (P2, P6, P10, P11), and four reported “work-life balance” to be difficult/very difficult (P2, P4–P6).

### **Experience With Start-Up Programs**

The purpose of this cluster was to get a broad sense of the utilization of start-up programs in ones’ entrepreneurial development. Within this cluster questions about knowledge of existing start-up programs and engagement in such programs were asked. Seven participants (i.e., 58%) persons reported that they attended a start-up program (P1–P6, P8), five did not participate in such programs (P7, P9, P10, P11, P12). Data shows, that the majority of participants either completed or are currently attending the program “start2business.” None of the other programs listed in the survey were chosen. This finding is not surprising insofar as the majority of participants were recruited through Austrian Employment Service, which is the responsible agency for the program “start2business.”

### **Cross-Case Presentations**

A semistructured interview was used to guide the interview. The guiding frame was to start with entrepreneurial history and future plans as a means to encourage people to talk about themselves. Following this exploration, questions about success factors and barriers were asked. Finally, the interview moved to exploring experiences with start-up programs and expectations in such programs. Because refugee entrepreneurs had no difficulties narrating their experiences, I decided to let the stories unfold according to the interviewees’ lines of thought. Only when interviewees got lost or distracted in their narratives did I use guiding questions to help structure their stories.

The interviews were conducted either in German or English and I transcribed all seven interview conversations myself. Three interviews were done in German, four in English. In order

to have a coherent unity of analysis, I translated German transcripts into English. The purpose of the transcripts was to revisit the conversations and gain insight into the information shared. The interview was structured into the following sections:

1. Entrepreneurial history,
2. Success factors for refugee entrepreneurs,
3. Barriers encountered by refugee entrepreneurs,
4. Strategies to overcome those barriers, and
5. Expectations toward start-up programs.

According to those five interview sections, I organized the transcripts into five units of analysis. The unit “entrepreneurial history” was used to present the sample characteristics and entrepreneurial profiles of individual participants. The unit “successes and barriers” was organized based to the analytical framework of entrepreneurial barriers and successes presented by Wauter and Lambrecht’s (2008) as well as Doern and Goss’s (2013, 2014) barring processes. One additional category that emerged in my analysis was “knowing one’s start-up reasons.” The analytical framework “how entrepreneurs overcame barriers” (barring strategies) was based on social and emotional barring process as presented by Doern and Goss (2013, 2014) and on characteristics of resilient adults as presented by Skodol (2011). The coding for “expectation toward start-up support programs” was based on the framework presented by Marchand and Siegel (2014). I used holistic coding (Saldana, 2013) to identify additional categories which were “increase cooperation with state actors,” “increase collaboration between entrepreneurs and financial institutions,” and “administrative support.”

Throughout the analytical process, I used a coding manual that described the specific aspects of each category. The coding manual was partially pre-developed and partially emerging



as I read the individual transcripts. The coding manual is presented in Appendix D. Because I chose to answer my research question through the exploration of cognitive knowledge and experience, I did not include nonverbal, para-verbal, and prosodic cues; however, I was sensitive to pauses or emotional expressions when they talked about barriers and used those cues to assess if they experienced emotional stress. The reason for the exclusion of contextual cues was that participants spoke in a language that was not their first language and I wanted to avoid potential misinterpretations of meanings that are related to linguistic or cultural differences. Interviews conducted in German were translated word by word, however, in the English transcript I left out those parts where participants were searching for words or where I was helping to identify or interpret the word they wanted to express.

The analytical lens in the cross-case analysis was a frequency count of mentioned success factors, barriers, barring strategies, and expressed expectations toward start-up programs in the transcripts.

### **Sample Characteristics**

As a group of refugee entrepreneurs, the participants showed the following characteristics: All seven entrepreneurs were nationals from countries affected by war or political crisis in the past or present. All seven had or presently have well-founded fears of persecution and/or their well-being was at risk in their home countries. All but one of them had received refugee status in Austria between 2002 and 2016. One is a recognized refugee in Italy and resides in Austria on a student visa. Hence, she is legally not allowed to register a business in Austria, but does entrepreneurial activities through self-employment. Two have been running their businesses between one and three years, and are in the phase of establishing their businesses. Two are about to launch their businesses, two have an elaborate business idea and are

ready to start by the end of 2017, and one is in the phase of identifying a business idea and the feasibility thereof. One business is established enough to be financially sustainable without any external funding, two businesses received seed funding as the basis for entrepreneurial income, two entrepreneurs work parallel salary jobs to support their businesses, and one is receiving financial support through a start-up program. One person sustains her self-employment through freelance jobs and financial support from relatives. While the male entrepreneurs reported that they were financially responsible for themselves and their wives and (some) for children, the female business persons felt a responsibility not only for themselves but for their parents who are also recognized refugees and are living either in Austria or somewhere else in Europe. All but one entrepreneur hold degrees from foreign universities; one holds academic certificates from an Austrian university. All participants were between their late twenties and late thirties. Two persons completed a start-up program three years ago, two are currently attending a start-up program, two are not doing a start-up program but are involved with incubator programs, and one was not aware of such programs.

### **Entrepreneurial Profiles**

Entrepreneur 1: Nala is from Armenia. She started her first business as financial service specialist in 2014. Besides her core business, she trains financial advisors to become partners in reputable investment firms. In addition to her business in financial services, she started a not-for-profit organization in 2015. As a founder and head of the not-for-profit organization, she employs five individuals (four of five are Austrian natives). She holds academic certificates in business law and is a certified investment advisor. Her native language is Armenian, she is fluent in Russian and German and has basic skills in English and other Slavic languages.

Entrepreneur 2: Adam is from Azerbaijan. In Azerbaijan, he worked in marketing for 17 years, and ran his graphic design and marketing agency for more than 10 years. Because he could not find wage or salary employment in Austria, he began a start-up program in 2016 and is preparing to start a business in producing sustainable hand sanitizer. He graduated in applied mathematics and information technology in Azerbaijan. His native language is Azerbaijani, he is fluent in Russian, Turkish, and holds level B1 (according to the Common European Framework of Reference for Languages) in German and English.

Entrepreneur 3: Quesi is from Syria. He owned and ran a restaurant in Istanbul. When he realized that this did not provide financial sustainability he started working as a project manager in the oil and gas industry in Abu Dhabi, and remained there for about 10 years. When he returned to Syria, before the outbreak of the war, he was imprisoned and he described his time in prison as an “enlightenment journey” to find his purpose as an entrepreneur. With the start of the Syrian war, he fled to Europe and together with his Austrian fiancée started an NGO in Vienna first, and later added a social business at the end of 2016. Both the NGO and the social business are social media platforms for refugees in Europe. His first language is Arabic, he is fluent in English and has basic German skills.

Entrepreneur 4: Nor is from Syria. He graduated from a university in Syria (with a major in English literature) and jointly with his co-founder ran a language institute in Syria, beginning in 2010. With the outbreak of the war in 2011, they had to close the business and leave the country. Although he had a Syrian university degree as a qualified language teacher, he could not find a job as a teacher in Austria. He is currently employed part-time as an integration coach who considers himself a “weekend-entrepreneur,” and he is in the process of starting a center for

language and cultural exchange in Austria. His native tongue is Arabic, he is fluent in English, and holds level B2 in German.

Entrepreneur 5: Omar is from Syria. He has been involved in incubator programs in Syria since 2008. As such, he has supported several social businesses and NGOs who were trying to tackle social issues and community challenges in Syria. He was project manager of a social business in Damascus until 2014, but had to flee for political reasons. Because of his negative experience during the integration process in Austria, he decided to initiate a project that aims to facilitate multiculturalist integration of refugees in Austria. Although he is currently working full time in an acceleration program, he wants to start his own social business as soon as possible. His native language is Arabic and he is fluent in English and has intermediate skills in German.

Entrepreneur 6: Hisham is from Syria. As a son of entrepreneurs, he has experience in entrepreneurship, and he was also involved in starting and growing a business in his role as the accountant of a Syrian business. Soon after his arrival in Austria in 2015, he wanted to start a business, but opted out in the early phase due to limited language skills and entry barriers. He is currently in the early phase of a new business, which is import and production of Syrian sweets and pastries. His native language is Arabic and he is fluent in English and advanced in German.

Entrepreneur 7: Pari is from Iran. She was a political activist and has been self-employed as an interior designer in Iran. She is a recognized refugee in Italy. Because she is now residing in Austria on a student visa, she has difficulties registering a business and hence works as freelancer in various jobs. Because she experienced harassment in wage/salary jobs (mostly from migrant employers), she wants to start her own business. At this stage, her business idea is not yet elaborated but she recognizes her passion for ethnic food and life style and is developing an

idea in response to that passion. She hopes to launch her business in 2018. Her native language is Farsi, she is fluent in English and Italian and has basic German skills.

### **Entrepreneurial Success Factors**

Refugee entrepreneurs shared a variety of success stories. The most frequently expressed success factors during the interviews can be grouped in four categories presented by Wauters and Lambrecht (2008): (a) human capital (28 statements), (b) knowing one's start-up reason (16 statements), (c) market conditions (11 statements), (d) institutional environment (seven statements), (e) social networks (five statements), and (f) access to entrepreneurship in Austria (two statements).

**Human capital.** The success factor expressed with the highest frequency was utilizing human capital. Within this factor were subfactors: (a) entrepreneurial characteristics, attitudes, skills, competences, and education, (b) personal background as an entrepreneur, (c) access to business training, (d) language skills, (e) access to advisory institutions, and (f) familiarity with authorities. The strongest factor within this category was factor A. Entrepreneurial attitude was expressed as a way of life and how they look at themselves. "I want to work. I am a person who needs to feel a sense of utility and accomplishment, that is an important psychological factor" (Adam). And Nala reflected:

I have always worked parallel in jobs such as babysitting, private lessons, everything possible [that] one could get... Yes, I did a lot to get there. I took everything I could and I am very grateful: things I could not get I was thankful too.

Within the factor human capital all entrepreneurs expressed that they had the skills and competence they need as an entrepreneur. However, while some leveraged the skills they learned in school or at university, for others it was life that taught them what they needed to become an entrepreneur. Omar and Nor reflected the importance of a multiculturalist approach in doing business. Omar stated: "My tip is to bring the cultural background and consider this as added

value, not forget about your background and bring this added value to this culture and people will be liking it and get used to it” (Omar). And Nor’s strategy at the start was this: “When I arrived in Europe it was important to learn how people communicate with each other, which kind of relationships they have here. Because it is different and we need to work with those differences.”

For Nala, investing in capacity building was important:

That [the difficulties to acquire customers at the start] is why I have very intensively invested in training. Because it creates a lot of expertise. And then, the person who is sitting opposite of you no longer looks at your age, appearance yes, but not your origin. Because the expertise counts. If you are competent, you will be judged as qualified by the person and so you get ahead.

In contrast, Quesi’s story showed that life can provide important lessons to become an entrepreneur:

[In prison] I learned things...I felt things I never felt before. Especially my role in a community, because we were 36 people, we were in a smaller room than this. I learned how to care about others without any interest, or reason other than empathy or compassion. So I discharged any ideas that didn’t have a purpose or meaning and started focusing on what did make sense.

A second important factor expressed within human capital was access to advisory institution. Whereas the majority had positive experience and mentioned this to be a success factor, the absence of it appeared to be a barrier. Expressed as a success factor, Hisham said: “I have done my business plan with the support of somebody from Impact Hub here in Vienna. She helped me a lot in developing the plan.” Three entrepreneurs confirmed the value of advisory assistance, but they experienced it different. Nala, for example, reported: “There is everything, there is no lack of advice, people, funds or grants, loans, information, where to go. This is all out, but it is not implemented correctly. Or, there are not the right people in advisory function.”

Another important factor within human capital was having language skills. Again, the presence of sufficient German skills was considered a success factor, whereas the absence of

German fluency clearly marked a barrier for all entrepreneurs interviewed. However, Nor who is a professional language teacher asserted: “It is not enough to know the language in the country. Most important is to be communicative with the people, to know the people, know the culture, know how to communicate with the natives, with the local people.”

**Knowing one’s start-up reason.** What was outstanding was that all but one had a strong sense of purpose and clarity about their start-up reasons. Within this category, the following subfactors were merged: (a) knowing one’s purpose, (b) being one’s boss, (c) execute a profitable activity, (d) work–life balance, and (e) being able to execute agency. Participants seemed to be guided by their purpose, especially when they faced difficult times as entrepreneurs in Austria. It appeared that the entrepreneurial purpose originated from personal experiences and hardships they had in their home countries. “I always wanted to make uh...something where I make a lot of money....And if you’ve seen such a bad life [as many people have in Armenia], you just want to create something better” (Nala).

And Qesi reflected:

I was imprisoned by the government for political reasons and there it was like the most spiritual experience I had and it changed my perception on life in general and specially my purpose. I think there I found my purpose or my goal, role as human being. Since then I decided subconsciously that I will not just spend my time or knowledge or experience in something other than meaningful. It should be meaningful and has a purpose bigger than myself. And yes...I didn’t think that this would affect my entrepreneurship but I think that was the...one of the major things that shaped my future and how I look at entrepreneurship.

Omar, who understood that refugees were often viewed as needy and helpless said that this narrative shaped his aspiration to become an entrepreneur: “I have always said I don’t want to be a problem, I wanted to be part of the solution as a refugee here in this community, at least a part of it or the whole solution.”

Coming from a Russian business environment, Adam said:

In communism and fascism, it was about having work, work was important. But now we need to think more creative, we need to expand our frame of thinking. Look at the Tesla founder, he thinks we need to redefine our planet. And he has 1,000 employees who think this way, but what if we had 7 million people thinking this way. We could find solutions for all the problems we are having.

**Market conditions.** This category consisted of factors such as (a) opportunities that refugees can take advantage of, (b) ethic products and services, (c) economic survival, (d) imitation of compatriots, (e) access to sufficient client base.

Four entrepreneurs believed that there was a sufficient client base for their businesses in their immediate business environment. Not only because globalization brings a diversity of people and demands, but also because of changed clients' need in the future. Adam made this point:

Austria is a good place to do so because there is a lot of opportunities. It is the heart of Europe, it is an attractive tourist destination; it is multicultural and has a lot of diversity. If you have a diversity there is always someone who is interested in your products and services.

However, when Nor compared the small business of Syria with Austria, he expressed a discomfort with what he called the “capitalistic system” in Austria and the disadvantage of big chains:

In Syria, we have thousands of small shops. Here, most of the refugees work as hairdresser, food, or in gastronomy. But because of all those big chains even the Austrians cannot compete with the big, huge international companies. This is a big problem I think.

And Hisham acknowledged that refugees are better off in entrepreneurial activities than in wage/salary employments, saying: “We can leverage our expertise faster if we start a business here and [because we cannot compete with native workforce anyway] it is pointless to try to make career as employee in Austria as a refugee anyway.”

**Institutional environment.** Within this category, subfactors such as (a) rules and trade regulations, (b) policies and programs, (c) clarity about administrative procedures were merged.



All seven refugee entrepreneurs had a very positive assessment of the institutional environment in Austria. Since many of them had been involved in entrepreneurial activities in other countries than Austria they clearly saw the benefits compared to other places. Quesi, who run a business in Turkey made the point:

I believe that Europe is a very good place to start a business and start-up. Especially Austria and Germany. And Austria lately had so many rules to support an entrepreneurial ecosystem. They really have awesome laws coming this year. And in general, the ecosystem is strong in Austria, so it's a great place to start.

And Adam, who knows the institutional environment in Azerbaijan narrated:

In Azerbaijan, the entrepreneurial ecosystem is not as developed and entrepreneurs do not receive the same support as in Austria. The Austrian government knows that entrepreneurs contribute to fiscal income and they need entrepreneurs....Austria doesn't have natural resources, so they know they need creative entrepreneurs.

However, all entrepreneurs saw the institutional and regulatory limitations, especially the in the areas tax and social security contributions; here they found the rules and regulations, but also the administrative procedures to be a barrier and expressed a need for changes in policies and regulations in these areas for young entrepreneurs. When Nor compared the institutional and financial systems with those in Syria, he found:

We don't know where to get the money from. We don't know. In Syria if we needed budget people got money from government and banks, but more from family. People get support from father, mother, brother, sisters, other rich persons in the family. Even with the insurance. Insurance system was the family, not the government, the state. And since we are here everything is different and we are stuck in the official systems.

**Social networks.** Within this category entrepreneurs reported their capacity to utilize social networks (inside and outside of immigrant communities) in service of their start-up activities. Four entrepreneurs shared multiple examples of the importance of strong social ties and Omar summarized their experience in one sentence: "In Vienna once you get into circles you know all about it. Like once you get into circle about entrepreneurship you get to know all that events and get to know so much people who know about these topics." Hisham realized that

strong ties to ethnic communities help to create a client base: “Yes I have used networks. Within and outside of refugee communities. Refugee networks are good to create a brand reputation.”

**Access to entrepreneurship.** Relevant subfactors in this category were (a) knowledge of business administration, (b) recognition of professional skills and professional experience, (c) access to financial capital and provision of capital guarantee. The strongest factor was “b.” This was true for all interviewees. Nala reflected:

This [access to a university] has helped me to study three semesters, so in my intensive time I managed to pass 2 very important exams—for the Chamber of Commerce.... Because I had the needed certificates from Austria. If you want to start-up you need to pass exams—that’s the way it is here.

Within this category all entrepreneurs mentioned that they had access to financial capital because they had savings, found an investor, or used their wage/salary money either in the starting phase or when they had to fill financial gaps over time. However, access to financial capital through official institutions seemed to be much more difficult and was mentioned as a relevant barrier.

And finally, within the category access to entrepreneurship the factor “previous experiences as entrepreneur” seemed to be a success factor for at least four entrepreneurs (Qesi, Adam, Omar, Hisham). Qesi reflected:

[In Turkey] I started the restaurant and it was working pretty good at the beginning. But the owner of the shop started to raise the rent every couple of month and with my lack of financial management and some mistakes I did, the business was going bad slowly. So I know that with the rent increasing at some point it will not be successful. So I sold it and returned the money to the shareholders. Yes and so many people think it was a failure, for example my brothers, but I don’t. I found it was a very great entrepreneurial training for me. I figured out so many things I didn’t think of before.

### **Entrepreneurial Barriers**

While the majority of interviewees themselves used the word barrier, Nala said she would not call it barriers, but rather slight challenges one has to overcome. However, during the

interview, she provided multiple difficulties she had experienced and mentioned that this was stressful or not easy to deal with. Hence, I considered these utterances to be barriers. The most frequently expressed barriers can be grouped in five categories (a) institutional environment (13 statements), (b) lack of human capital (12 statements), (c) access to entrepreneurship (11 statements), (d) power rituals (nine statements), and (e) societal environment (1 statement).

**Institutional environment.** Within this category, the most difficult factors were policies and programs, especially the way the social welfare system is set up. Adam, who is currently undergoing a start-up program and is planning to start by end of the year, said he is in a conundrum because he would not have a transition period from receiving basic welfare and making revenue as a businessperson.

I had savings to sustain me and my wife for 2 years. But now things have changed, we have a little child, my father passed away recently and now we are running low on savings. Now I am in a transition phase between receiving basic welfare from the Austrian Employment Service and wanting to start my business and show my potential. If I launch my business now I am losing the state support and that's risky because I don't know yet if my business will be successful and still I have to pay full taxes.

For Nala, it was the lack of clarity of administrative procedures. She expressed her frustration when dealing with state authorities:

When you receive a letter from the agency—I think they are doing this intentionally—it is so complicated. My clients love me because I talk simple. Because of all the bureaucracy we don't have time to do our real work. Because for example, today I got up at 4 A.M. to recheck all my files I needed for the clerk. That's a lot of work, and nobody does that for free.

**Lack of human capital.** Although refugee entrepreneurs in this study had sufficient business administration skills and expertise in their field of business, they knew that entering as a start-up in Austria was entering a competitive environment. Hence, they understand that more expertise, but also German language skills were needed to become successful. When asked about

this lack of expertise Quesi, who is fluent in Arabic and English, but not yet in German, reflected:

Well, the language is a big barrier, otherwise it wouldn't be. Because I could research and get to understand the laws....Also our lack of technical expertise or technical aspects of business [is a big barrier]. And we struggled and spent a lot of time.

Omar asserted: "99% of the information that government gives its in German. Again, then I need to find someone who can translate and then there might be misunderstandings which create problems later." This was supported by Hisham, who found that insufficient German skills put entrepreneurs at legal risks: "I had to sign documents in German. And signing is a responsibility. So, if you do not understand the legal consequences of a signature, it's difficult."

**Access to entrepreneurship.** Within this category, all interviewees mentioned that access to financial capital (through official institutions) and provision of capital guarantee was difficult. When asked about financial difficulties, Nala described not only her own experience but also what she knew from compatriots and other refugee entrepreneurs:

I believe that many fail...more than 90% because of the finances. There is no bank giving support, no Chamber of Commerce. Because just...if you make a loan request, if you have no money. If you have money you do not make a loan request. The bank looks at files and if it looks bad in the moment, the loan is declined.

And both Hisham and Pari identified that capital guarantee for refugees is the problem: "[access to funding] is especially hard for refugee entrepreneurs, because they don't have capital guarantee here. In Syria if you have property or other wealth it's no problem to get loans or credits" said Hisham.

**Power rituals.** Within this category Hisham, Nala, and Pari expressed their perception of interactions between state actors and entrepreneur. Quesi said this was not at all relevant for him, because all those interactions are done by his co-founder who is Austrian. For Nor and Omar the situation presented itself differently because both "appear European," without visual cues that

would identify them as having Arabic roots, which they believe mitigated disrespectful behavior of state actors and therefore, they did not encounter these power rituals. However, Hisham mentioned that sometimes he had negative encounters with state authorities:

Two week ago, I went to [name of agency]. I had asked questions and all I got was a sheet of paper. When I was wanting to clarify something all I heard was “this is the way it is, you either take it and if you don’t understand that’s your problem.”

Nala and Pari shared multiple examples of power rituals and reported that these encounters caused negative emotions, such as anger, frustration, and humiliation. When Nala had to deal with the business registration offices she remembered:

And sometimes one feels it. You don’t even have to talk...I was asking politely, nice and I was treated badly....He [the officer] pointed his finger on my face saying, “you do not call and neither show up in person—we will contact you.

Pari reflected that while the general public was supportive, state officials are not only using their discretionary power in decision-making, but intentionally show hostile behavior to mitigate refugees’ sense of agency: “I wanted to talk and they screamed at me and she [the responsible agent] said this is Austria and if you don’t know how to talk German you are not allowed to register an NGO.” Or when she was travelling to renew her visa in Austria she recalled:

I had cases, for example at the airport, they stopped me and didn’t not allow me to board because they said it [my convention pass board] is a fake passport. Then I said but this is a refugee pass board and she said, “I never saw this before.”

**Societal environment.** While Nala and Hisham explicitly disclosed that they felt less appreciated in their competency, Nor shared narratives that could point to prejudice of refugees’ capacities but did not explicitly talked about lack of being accepted. Nor made the point:

My experience in Austria, it’s difficult for us here to be valuable, to be ourselves and have the same positions, although refugees are trying to do similar jobs in Austria as they had in their countries, it is difficult here.

As the statements presented in the different categories show, all entrepreneurs and aspiring entrepreneurs expressed challenging situations and barriers in their entrepreneurial development. However, despite the difficulties all of them found strategies how they could overcome those barriers. Following are strategies how entrepreneurs managed to deal with the barriers.

### **Barring Strategies**

The most frequently expressed barring strategies can be grouped in three categories (a) self-efficacy (12 statements), (b) barring processes to power rituals (four statements), and (c) positive future orientation (two statements).

**Self-efficacy.** The factors in this category showed that when interviewees faced difficulties, all of them increased their efforts or applied resources they had not used that much to date, such as (a) access personal savings or resources, (b) utilize social ties, (c) get more education, and (d) work harder. A common strategy for a social business owner in difficult times was to access networks and learn from them:

We went to a web summit in November last year and we met a lot of investors who were interested in investing in (name of the business) until they figured out it was an NGO. But that gave us a motivation because they saw the opportunity and as a result we created a social business.

While Quesi utilized social ties to enhance his human capacity, Pari understood that she could alleviate negative power rituals with state authorities when she was accompanied by Austrian natives: “I need to go with my friend and when he talks in German then they reply.”

Nala and Adam knew that the barrier to sustainable growth revenue and secure income could be mitigated by using bridge funding from private savings, “Because if you have savings, then you can overcome these difficult times. Savings that you have acquired yourself” (Nala).

Hisham and Omar said their flexibility helped them to overcome difficult times: “[I soon realized that] the first idea was too big and I decided to downscale a little bit and target refugee women who were skilled in knitting [instead of the entire refugee community]” (Omar). And Hisham went even further, and because he was frustrated with the information he had gotten, he started to create a website for Arabic speaking people to help him and others understand the legal jargon.

**Barring processes to power rituals.** This cluster consisted of narratives where entrepreneurs had difficult encounters with state officials or other institutions they depended on in their entrepreneurial actions and where their entrepreneurial motivation was impaired. Specific factors in this category were (a) showing open resistance, (b) avoiding or minimizing such interactions in the future, (c) continue to act but manage the emotional response internally. Three of seven participants reported one or more incidents where they had to deal with power rituals (Nala, Pari, and Hisham). Quesi decided to outsource all interactions with state officials to his Austrian co-founder, because he knew that due to his nationality and language barriers he would have to work much harder and he did not see the point of even exposing himself to such troubles.

When Nala wanted to register her not-for-profit organization, she experienced the encounter with the state official as disrespectful. Asked for her behavioral and emotional responses to a situation with a business registration officers, she reported internal emotion regulation:

Mentally I wanted to turn around and tell her that if I wasn't the one who runs a business, providing jobs, those five ladies wouldn't have a job themselves. But it would be below my dignity to respond to those women. Because we immigrants, we are opening businesses, we are having all the stress, we are the ones who are allowing insults without confronting back, and we are the ones who are creating jobs for them. If other immigrants would think like I and not tolerate how we are treated we would close businesses. And if there were no such institutions, then those ladies wouldn't have a job at all.

Because of the accumulation of negative encounters with state authorities, Pari reported that she felt disrespected and taunted because of her identity as asylum holder: “I feel they [state authorities] think that every refugee is stupid and coming because they have nothing to do in their country. There are so many barriers and that’s so complicated, and I lost my aim several times.” Later, she reported examples where she stood up against agents:

I had cases, for example at the airport, they stopped me and didn’t allow me to board because they said my [convention passport] is a fake passport. Then I said, “but this is a refugee pass board,” and she said, “I never saw this before.” And I said, “Because you didn’t see it before it doesn’t mean it doesn’t exist.”

**Positive future orientations.** Narratives that were clustered into this category showed that all of the interviewed entrepreneurs showed determination and persistence in the pursuit of personal goals and oriented themselves on their purpose when facing difficult situations.

When asked about his coping strategies, Quesi reflected:

I think it [knowing my purpose] is very vital because that’s what keeps me...gives me the energy and motivation to continue even when it is very difficult. So many times I almost gave up...but I couldn’t because there is something...that’s guiding me.

All statements show that, faced with difficult business situations, subordinate positioning, or adversity, refugee entrepreneurs found ways to overcome those challenges and move on with their entrepreneurial engagement. When asked about their expectations toward start-up programs, refugee entrepreneurs drew their expectations based on their barriers encountered, but also based on experiences they had with start-up programs. The following section is a presentation of their experiences.

### **Expectations Toward Start-Up Service Providers**

Those who had experience with start-up programs formulated their needs based on the support or lack of support they had experienced within the program; those who did not participate in a start-up program narrated what they would expect, if they were to enroll in such



programs. The factors within this category (presented by the frequency of expression) were: (a) mentoring/counselling (15 statements/seven interviewees), (b) training (nine statements/five interviewees), (c) increase cooperation with state actors (nine statements/five interviewees), (d) investment and partnerships (four statements/four interviewees), (e) increase collaboration between entrepreneurs and financial institutions (three statements/two interviewees), (e) administrative support (three statements/two interviewees), and (f) information provision (two statements/one entrepreneur). A factor that is generally offered in start-up programs, but was not mentioned as need was networking. Networking was considered to be an important factor but appeared to be fully covered (either through start-up service providers, or as individual events offered by other service organization) and hence was not expressed as needs.

**Mentoring/Counselling.** Within this category, entrepreneurs expressed the need to receive personalized information from a pool of experienced business people and experts. All entrepreneurs interviewed assessed this service to be extremely helpful (especially legal advice). However, what was lacking for some was receiving this advice in a timely manner, or the ability to trust that seeking such advice would be to their benefit. For example, Adam who experienced corruption in his home country, was contemplating how safe it was to present business ideas to an expert, “Because those people who are writing business plans are entrepreneurs themselves and then they can steal it and make it their own business.” And Nala, who already had completed a start-up program, said that although she received advice it came at a point when she no longer needed it:

Then [toward the end of the program] I was there, got consulting...in many conversations I ask the questions, what can I do, what can I claim, what possibilities are out for me? Then I am told, well you are no longer in the program—we cannot do anything for you. Then this appointment is for nothing. So, there is much in Austria but it is not used properly.

Quesi, who attended the Robert Kiyosaki's online program, "Rich dad, poor dad" said that he was extremely satisfied because not only did he get a personalized consulting, but he had access to his consultant through a helpline open all week. His statement was emphasized by Omar who asserted:

Yes, [mentoring and coaching can be helpful] but it needs to be customized depending on the needs. For example, ventures that work with clothes, they need consultants who can address the specifics of this industries....But if it [consulting] remains like this, I don't think it's attractive.

**Training.** The specific interventions within this sector were capacity building necessary for the start-up business (e.g., business administration skills), and education related to the business sector. While those who did lack business administration skills found this kind of training helpful and said it covered their needs, those who already had this education said they got something they did not need. Whereas those skills they did need, especially those related to local behavioral economy and cultural influence in purchasing decisions, were not included in the training. Four future business owners said that despite being skilled in marketing and sales, getting to understand the cultural component of business skills and how it is done in Austria was important. Hisham proposed: "We need to learn the consumer habits of Austrian consumers, we need to learn the impact of different marketing tools in this environment—otherwise our attempts to attract customers are ridiculous." And Pari emphasized the need for culturally specific training saying: "The thing is I have many ideas for here and I think people would like that but I have no idea how it fits into the culture."

Quesi and Hisham mentioned the importance of getting training in entrepreneurial mindset and both referred to Robert Kiyosaki's program as a best practice:

Of course, the mindset [needs to be trained], because I know how important it is and it's the first step to prove your program. It is the mindset. If you have the mindset or train your mindset then you can start with business skills, financial management, business systems, strategy. This is very important (Quesi).

**Increase cooperation with state actors.** Five entrepreneurs (Nala, Adam, Omar, Nor, and Hisham) shared stories where they thought they could have benefited from increased collaboration between actors. Within this category were factors such as (a) advocacy for diversity in agencies, empathy for circumstances as refugee entrepreneur, (b) advocacy for entrepreneurial potential for refugee entrepreneurs, (c) advocacy for transition programs from basic welfare to fully functioning entrepreneurship.

Nala, when reflecting on her experience with tax agencies, or business registration offices noticed that “99% were immigrants and the tax office was packed. And on the counter, there are only Austrians.” And later she added, “they don’t see us.”

Adam, who is in the founding stage of his entrepreneurial journey, said:

I don’t know, I am not an expert in economies and I know Austria depends on fiscal income. But what I know is that something needs to change for young entrepreneurs, for example reducing the social security payments for start-ups. What I also think would help is a longer transition time. If I keep my social welfare in the first period of my entrepreneurial actions it would be less risky to start.

This need was supported by Omar, Nor, and Hisham. Omar, who is well connected with other refugee entrepreneurs, reported that “lobby for a different tax structure for young entrepreneurs that would be helpful,” and he further asserted that due to the complicated systems “people think of going to Hungary or Czech Republic to start operation from there because the tax system is easier there.”

**Investment and partnerships.** The relevant factor within this category was the need for seed funding, access to credits and loans, business angels, and access to free workspace. This expectation as an activity in start-up programs was expressed by all seven entrepreneurs and all of them needed more of this kind. Adam clarified:

[What is needed is] something like a kick-start package they give in the US. As far as I can tell, it is easier to get access to financial support and seed funding in the US. You get money to start and investors are getting the share in case the business is successful.

Quesi and Nala reflected that access to funding was not only important at the start, but for a period of at least three years, where the entrepreneur proves herself/himself to become successful.

Ok you are prepared, you have the mindset, the skills, the proper skills to build the start-up in your market. The next thing is the funding to be able to either build it or expand or add more feature. (Quesi)

And Nala proposed:

It does not have to be immediate financial support, which one does not return. But at least an account overdue frame that gets you 10,000 account overdue with a low interest rate or so. But firstly, the banks require a lot of documentation and decisions take 2-3 months. In my case for example, I did not need that anymore. I need it now and immediately.

**Increase collaboration between entrepreneurs and financial institutions.** Within this category there were experiences related to encounters with financial institutions. What was needed here was that start-up providers would lobby for bankers to do holistic risk-assessments, educate bankers in entrepreneurial thinking, and lobby for other types of organizations to provide microcredits. For example, Nala, who is a financial advisor and an expert in risk-assessments, said:

This bank story [when a peer didn't get a loan],...that hit me very much last week. I shared my concern with the colleague from the bank and she has admitted that many bank employees who make risk assessment are still very old-fashioned. There are not the right people in financial advisory functions.

**Administrative support.** Within this category the following factors were relevant: (a) providing support to deal with administrative procedures and patent procedures, (b) providing support to understand correspondence with governmental officials, and (c) making existing services more visible. Adam, for example, who wanted to register a patent, expressed that more help was needed in such procedures: "If I go to the patent agency and seek a patent for my idea it costs. And for someone who doesn't have a lot of money that's not possible." And Nala, the

owner of a for-profit and a not-for-profit organization, could benefit from administrative support as she was disappointed that she had to do all this work herself:

[What's needed is] quicker access to advice, faster responses, sometimes a simple yes or no is sufficient. And that especially for entrepreneurs...because we are doing everything by ourselves anyway. And because of all the bureaucracy we don't have time to do our real work.

**Information provision.** While all entrepreneurs reported that they received information at specific events or from consultants, they were not satisfied with the quality of information; either because it was unspecific, it took them a long time to identify the responsible expert, or they received information in German but they could not comprehend it due to the jargon used. However, only Nala stated explicitly a change when asked about expectation, the others implied an expectation based on their expressed experiences.

This is all out, but it is not implemented correctly. Or there are not the right people in advisory functions...Not just talk about topics that do not interest me. I am in the financial sector, for me it would be fiscal tips what can be re-claimed. For example, if someone is in the trade, then one should one have an advisor who is expert in trade, and not a general advisor.

Hisham, who has advanced German competence, said:

First I think it need to be program for refugees only. Because they need different information that Austrians do. If an Austrian is asking a question in German he/she will have no difficulties to understand, but this is different for us and everything is new to us.

**Networking.** This category consisted of stories where entrepreneurs were offered opportunities to meet other entrepreneurs, suppliers, customers, and business partners. Entrepreneurs appeared to be satisfied with the networking opportunities offered by start-up service providers. Quesi emphasized the importance of such events:

Actually, connecting with local entrepreneurs [is important] because like that can help so much. I think if you are an entrepreneur and you are here the first thing is to connect with local entrepreneurs and try to understand the start-up ecosystem here and figure out how you can use it.

The interviews showed that refugee entrepreneurs are well aware of factors that are supporting and blocking their entrepreneurial success, and they found several strategies to overcome barriers. While many of them did not explicitly state expectations, there was a recognition of what they needed to make their business successful. The following section is a summary of reported success factors, barriers, strategies to overcome barriers, and expectations toward start-up service providers.

### **Summary of Success Factors for Refugee Entrepreneurs**

The data showed a number of supportive factors for entrepreneurial success and confirmed Wauters and Lambrecht's (2008) findings on barriers and successes. First, this study showed that the factor that contributed to successful entrepreneurship of refugees is the utilization of human capital. Knowledge of German language and business administration skills was generally considered to be important and the absence of these skills was definitely recognized as a barrier. However, conceptual knowledge about business administration skills or marketing is not applicable if not embedded in cultural training that included training of the culture-based difference of consumers and other stakeholders. Equally important within this category were entrepreneurial attitudes, such as open-mindedness, flexibility, as well as sufficient education and previous experience as an entrepreneur.

A second aspect of successful refugee entrepreneurship was knowing one's start-up reason. Because this was not included in Wauters and Lambrecht's (2008) framework, it was added as a new category. Motivational factors such as knowing one's entrepreneurial purpose and motivational factors (e.g., being one's boss, being able to execute agency) not only are strong drivers in the starting phase, but they become especially important when entrepreneurs are facing difficult times while running the business.

A third and fourth factor mentioned frequently was market conditions and institutional environment. Entrepreneurs in this study did not appear to start their businesses because of the need for economic survival, but rather opted deliberately to become entrepreneurs. They took or knew they could take advantage of market opportunities of the ethnic diversity and multiculturalist environment, Vienna is providing. This perceived sufficiency of clients, but also their understanding of future services that arise from ongoing and future migration, gave them the necessary confidence to start businesses. A motivational factor I did not find in the literature before was the finding that one female aspiring entrepreneur thought it was favorable to start a business because this was her way out of harassment and abuse at the workplace.

Refugee entrepreneurs had a positive perception of the institutional environment in Austria for two reasons: (a) the government is supportive of entrepreneurial actions and hence creates favorable business conditions, and (b) rules and regulations mitigate corruption and hence support transparency. While (aspiring) minority business owners have a good amount of clarity about administrative rules and regulations, as well as the legal and tax systems, barriers due to Austrian's tax and social security system are particularly hard for refugees, as they are not only complicated and very different from their "home" systems, but also because they are taking a big portion of the income at a time when entrepreneurs are struggling to get onto their feet or sustain their businesses.

A fifth success factor was access to social networks. Entrepreneurs in this study had no problems to access social networks, both within their ethnic and outside the immigrant community. Having those social ties not only helped them to get a client base but also access to information about starting businesses in Austria, learning to understand the local business

culture, and identifying potential partners or other stakeholders. As a consequence, they felt more integrated in the local business environment and increased confidence as a business owner.

A sixth factor was access to entrepreneurship. Entrepreneurs in this study chose to start their businesses in a sector for which they were qualified, either through their academic education or their entrepreneurial activities in their home countries. Almost all of them had diplomas and degrees that were recognized in Austria. Because of their status as recognized refugees they had full access to the labor market in Austria. As a consequence, they were admissible to business activities and had formal proof of their professional skills, a condition that is required to start a business in Austria.

### **Summary of Barriers Encountered by Refugee Entrepreneurs**

The data showed a number of barriers for entrepreneurial success. The barriers are presented according to the frequency of factors expressed in the interviews. The first factor was institutional environment. While entrepreneurs appreciated the transparency of regulations and policies, the major barrier for all of them was tax and social contribution. This is not surprising, because according to the most recent report by OECD (2017a), the tax rate for income of 18,000–30,000 Euro is 25%, 31,000–59,000 it is 35%, and 60,000–90,000 it is 48%. Compulsory social security contribution is between 25% and 50% of the income (depending on the revenue). OECD reported that on average, Austria has the fifth highest percentage of income tax and social security contribution (on both wage income and business revenue for OPEs) in OECD countries (i.e., 36.5%–47.1%). Because of the uncertainty of being able to generate revenue in such tax and social security systems, refugee entrepreneurs are less willing to take the risk of full-time entrepreneurship. As a consequence, new entrepreneurs preferred to stay in the social welfare system longer, start their entrepreneurial endeavor as a non-for-profit (because non-for-profit



organizations have a different tax structure), or work parallel in wage/salary jobs. None of those options allows for a full-time investment in entrepreneurship.

The second barrier was lack of human capital. Speaking the local language was considered to be a success factor. However, the absence of language skills was a barrier mentioned by all entrepreneurs. While some of the business registration agencies communicated at least in English (a language that was utilized when entrepreneurs are fluent in), the lack of German skills is a major burden for entrepreneurs when communicating with public institutions. Because the official language in Austria is German, combined with the lack of other language skills of state officials, entrepreneurs experienced official communication as a significant barrier to get started. While access to advisory institutions appears to be an important success factor at the start and while running the business, entrepreneurs are sometimes discouraged by the delivery of the support, either because it is unspecific and hence unsuited to their business, only provided in German and hence hard to comprehend, or provided at a time when it is no longer needed. Equally limiting was the lack of business administration skills and other business skills. In the absence of tacit knowledge about cultural habits of customer and stakeholder, refugee entrepreneur could not utilize the theoretical knowledge and considered the lack of contextualized business skills to be a barrier for entrepreneurial success.

A third barrier was access to entrepreneurship. While the majority of entrepreneurs had access to private savings or financial capital that was gained through gainful employment or private investors, they know that setting up and running a business needs capital investment. Because of bank regulations, lack of knowledge where to access funds, how to apply for funds in Austria, and lack of capital guarantee due to unfavorable income statements in early-stage business, they perceived access to capital as a barrier. While this lack of access to funds did not

stop anyone to start a business (because they leveraged their own financial resources), they were concerned about the financial sustainability over time.

A fourth barrier was power rituals. While discrimination was included in Wauters and Lambrecht's (2008) category societal environment, power rituals were defined as a separate category in this study because they are different from discrimination. At least three entrepreneurs reported they had experienced emotionally draining experiences with state officials. These results support findings from Doern and Goss (2003; 2014) that power rituals with state authorities (i.e., order givers) and entrepreneurs (order takers) can trigger subordinate positioning of order takers and consequently decrease motivational energy from performance. An interesting finding was, that women entrepreneurs reported several of such examples, while only one male entrepreneur pointed to such an experience, without explicitly marking it a barrier. Two male entrepreneurs said they did not encounter such barriers and they thought their "European appearance" might be the reasons.

A fifth barrier was the societal environment. Two entrepreneurs experienced contacts with the external environment (i.e., state officials, clients, business agents) as difficult. While they had a similar, if not better education as their native counterparts, they did not feel appreciated with their competences. As a consequence, they had more difficulties to acquire clients or find an occupation appropriate to their skills.

### **Summary of Strategies to Overcome Barriers**

Starting and sustaining a business for refugee entrepreneurs was not always easy. When facing difficult situation, entrepreneurs showed a high sense of belief in their own abilities and applied agency to manage difficult situations. Since entrepreneurs in this study were not driven by economic survival but rather by opportunity, is not surprising, as it confirms findings that

opportunity-driven entrepreneurs show a higher level of self-efficacy compared to necessity-driven entrepreneurs (Tyszka, Cieslik, Domurat, & Macko, 2011). The entrepreneurs further showed persistence in the pursuit of their entrepreneurial goals and the ability to sustain efforts over time (labeled positive future orientation), which points to the capacity of resilient personalities as presented by Skodol (2011). In accordance with Doern and Gross's (2013, 2014) claim that "order-taker entrepreneurs" apply different bargaining processes, this study found that open resistance, avoidance of interactions, and internal emotion management were strategies also applied by refugee entrepreneurs when dealing with Austrian state officials.

### **Summary of Expectations Towards Start-Up Programs**

Expectations and self-reported barriers were interconnected. To the extent that mentoring and consulting were provided in ways personalized and customized to refugee entrepreneurs' needs, it was perceived as beneficial. When provided in unspecific and general ways, it was of limited value. A similar assessment was reported for training. While business administration and specific skills related to the business were perceived as necessary skills to enter entrepreneurship, refugee entrepreneurs reported they would benefit more if those trainings were connected with cultural training, and information about applying entrepreneurial mindsets and activities in the Austrian business context. In the absence of tacit knowledge of Austrian business culture and consumer behavior, refugee entrepreneurs reported a need of culturally specific capacity building and how to apply business administration in the local context. This need was especially relevant for sales and marketing training. New business owners who underwent entrepreneurial mindset training reported they benefited from training that included innovative skills, knowing their values, and finding new markets. Hence, support programs offering this kind of training were requested.

Because all business owners reported that German skills were a barrier, there is awareness by the refugee entrepreneurs for the need to enhancing their German language skills. To what extent it is expected to provide such training as part of start-up programs cannot be concluded. Given that German courses are part of the compulsory integration program it might be covered by institutions responsible for this integration programs. However, business conversations are different from common conversations and hence, refugee entrepreneurs reported they could benefit from business conversation training in German in their start-up phase.

Refugee entrepreneurs were well aware that some difficulties they faced went beyond their personal influence and were of an institutional nature. They reported that they would benefit from systems change that reflects the diversity of refugee entrepreneurs and provided cultural and linguistic diversity of agents, altered policies and regulations—especially in the transition phase from social welfare to self-employment. Refugee entrepreneurs reported they would benefit from written communication with state officials that were easier to understand (less jargon) or advisory assistance to interpret such letters. And finally, a more beneficial tax and social security system for early stage-entrepreneurs would significantly improve entrepreneurs' confidence. Hence, advocacy for a more favorable collaboration with relevant state actors, implemented by start-up service providers was expected. The same expectation for advocacy was reported for a more favorable collaboration between entrepreneurs and financial institutions, since this was also a systems issues, rather than individual problems.

Given the need for financial capital at the start and while running the business and given that information about funds, grants, and access to capital was generally lacking within the refugee entrepreneurs' community, another expectation was that start-up providers would furnish

information and advice about where and how to access funds, but also facilitate access to business angels and other funding institutions. Information provision was beneficial to the extent it was comprehensible for non-native speakers. Therefore, the expectation in this realm was for start-up agencies to provide written and oral information in multiple languages, especially in the early start of business activities.

Having summarized the successes, barriers, and expectations of refugee entrepreneurs, the next section focuses on answering the question how needs and expectations are met by service providers. Following that, I will identify if there is an alignment between the two sets of data that were used to explore the barriers for refugee entrepreneurs.

### **Alignment of the Barriers Between the Survey and Interviews**

The reason for comparing results from the structured survey to the emergent interview was to do (a) a consistency cross check of the structured survey and the emergent interview and (b) to discover items that were important but not identified in the structured surveys. When looking at the barriers expressed in survey and interviews, it can be concluded that barriers expressed in the interviews align with those reported in the survey, except in the areas “fear of failure” and “work life balance.” However, the barriers reported in interviews were not only more nuanced, but reinforced the barriers presented in the survey and revealed additional items the author did not anticipate in the survey (e.g., power rituals). These results confirmed my data collection strategy to complement the survey with a qualitative investigation of challenges, barriers, and successes. Table 6 is a comparison of barriers expressed in survey and interviews. The formula to identify the fit score was:

$$\text{Fit score} = \% \text{ Interview} - \% \text{ Survey}$$

The result of this formula shows a positive or negative fit. A positive fit means that the interview gives more significance to the barrier than the survey, a negative fit means that the survey gives more significance to barrier than the interview.

Table 6

*Fit Score Barriers Survey and Interviews*

Rated or expressed barrier	Survey	% (N=12)	Interviews	% (n = 7)	fit-score
Access to financial capital (factor in AtE)	4	33	7	100	67
Product marketing (factor in unit HC)	5	42	7	100	58
German skills (factor in unit HC)	7	58	7	100	42
Trade regulations (factor in unit IE)	4	33	6	86	33
Lack of business plan skills (factor in HC)	6	50	5	71	21
Fear of failure (factor in HC)	5	42	0	0	-42
Work life balance (factor in HC)	4	33	0	0	-33

*Note.* AtE = Access to entrepreneurship, HC = Human capital, IE = Institutional environment

The results show that the highest frequency difference between reported barriers in the survey were in the areas (a) access to financial capital, (b) product marketing, and (c) German skills. Those barriers were more significant for persons in the interview (fit score 67–42). There was a moderate alignment between the surveyed and expressed barriers business plan skills and trade regulations (fit score 21–33). Fear of failure and work life balance were reported as barriers in the survey but not mentioned as barriers in the interviews (fit score -42 to -33). At least three conclusions can be drawn from this observation: (a) the choices presented in the structured survey were based on the author's anticipated barriers (drawn from other studies in the field of refugee entrepreneurship), whereas data from an emergent interview gave room to narrate about

individuals important needs and concerns, (b) the reflective nature of narrative reveals barriers one would not see when doing multiple choice questions, and (c) disclosure of barriers remain superficial without having a sense of a safe relationship.

### **Juxtaposition Programs Compared to Needs of Clients**

To identify how refugee entrepreneurs can benefit from start-up programs the following data were compared:

1. Start-up services and common barriers as reported by refugee entrepreneurs in the survey, and
2. Start-up services and expectations toward start-up program as identified through interviews.

Four of seven refugee entrepreneurs attended a start-up program in Austria in the past five years or are currently participating in such programs. While all but one said participation in the start-up program was helpful, those four also reported that some things were missing or could be improved in the future.

### **Start-Up Services in Austria**

As presented in the section “Activities Within Start-Up Programs,” data about support services were drawn from online questionnaires completed by service providers.

Table 7 provides data of the type of support and the number of programs offering the specific activities.

Table 7

*Start-Up Activities for Ethnic Entrepreneurs*

Activity	Description of activity	# of programs
Start-up advisory assistance	Legal consulting, advisory assistance entry regulations	5
Information provision (finance)	Advice where and how to access funds and grants	4
Capacity building soft skills	Business soft-skill development, e.g., negotiation, conflict management (training, workshops)	3
Consulting, marketing, and sales	Advisory assistance in product promotion and sales	3
Advisory assistance state officials	Advice how to deal with agencies and start-up procedures	3
Networking	Information provision and facilitating access to networks	3
Business mentoring	Frequent interactions on business relevant issues between mentor and mentee	2
Mentoring personal development	Individual advise on personal development	2
Facilitating access to funding	Providing support with applications	1
Seed funding	Provision of start-up capital	1
Provision grants	Provision of funds/grants	1
Business administration skills	Training in accounting, sales, marketing	1
Back office service	Access to workspace and administrative support	1
Public Relations	Media work and access to Media	1
Psychological support	Counselling in dealing with critical incidents and personal issues	0

**Self-Evaluation of Programs**

In the investigation of how satisfied service-providers were with their programs, two questions were asked. Assessed were (a) overall satisfaction, and (b) satisfaction with fulfillment of clients' needs. The Austrian school grading scale was used in this self-assessment: 1 = very



good, 2 = good, 3 = satisfactory, 4 = sufficient, 5 = insufficient. Table 8 presents the self-evaluation indicating the program satisfaction and match with clients.

Table 8

*Satisfaction With the Program (Agency Evaluation)*

Question	<i>M</i>
How satisfied are you with the success of the program	1.4
How would you evaluate the match between your service and participants needs	1.8

Data in Table 8 show that service providers evaluate their programs between very good and good in regard to success of the program and needs match. In the Austrian educational system, very good is the best possible grade and indicates outstanding performance with minor errors/flaws. Good indicates that performance is above average standard but with some errors.

Service providers were asked to look beyond their programs and provide ideas for favorable entrepreneurial ecosystems. Data showed that service providers have specific ideas how to create favorable conditions that go beyond business support. The following ideas were reported:

1. Simplification of entry regulations,
2. Additional funding sources to create start-up programs,
3. Scholarships or other financial support for potential participants, and
4. Co-working spaces.

### **Juxtaposition Start-Up Services and Common Barriers**

In this section, the start-up activities offered by service-providers and the barriers reported by 12 refugee entrepreneurs were juxtaposed and a fit score how the start-up activities address the barriers was developed. The formula was:

$$\text{Fit score} = \% \text{ Service providers offering service} - \% \text{ Persons reporting barrier}$$

The result of this formula shows an under-delivery or over-delivery and hence provides information how well service-providers help to mitigate the barrier.

Table 9 shows the activities offered by start-up programs, the barriers mentioned by 12 refugee entrepreneurs, and the fit score between offered service and reported barrier. The % of barrier is a frequency count of participants ( $N = 12$ ) who had scored the specific barrier as very difficult or difficult in the survey.

Table 9

*Match Between Service Offered and Barriers (Survey)*

Start-up activities suitable to mitigate a barrier	% of agencies	Barrier reported by target group	% (total) of persons	Fit score*
Legal consulting, advisory assistance entry regulations (5 service providers)	100	Legal regulation	67% (8)	33
Advice how to deal with agencies and start-up procedures (3 service providers)	60	Trade regulations	33% (4)	27
German course	0	Lack of German skills	58% (7)	-50
Frequent interactions on business relevant issues between mentor and mentee (2 service providers)	40	Development of business plan	50% (6)	-10
Training in accounting, sales, marketing (1 service provider)	20	Lack of business administration skills	50% (6)	-30
Training in accounting, sales, marketing (1 service provider)	20	Product Marketing	42% (5)	-22
Mentoring personal development (2 service providers)	40	Fear of failure	42% (5)	-2
Provision of start-up capital and funds/grants/bridge funding (2 service providers)	40	Access to financial capital	33% (4)	7
Providing support with fund/grant applications (2 service providers)				
Advice where and how to access funds and grants (four service providers)				
Mentoring personal development (two service providers)	40	Work life balance	33% (4)	7

\* + in the fit score indicates over-delivery, - is under-delivery

*Note.* Barriers presented in rank order according to % persons expressed this barrier. A low positive figure means there is a low degree of over-delivery, a high positive figure means there is a high degree of over-delivery. A low negative figure means there is a low degree of under-delivery, a high negative figure means there is a high degree of under-delivery of services to address the barrier.

Applying the analytical lens of “match between offer and barrier,” it can be argued that there is an over-delivery of services to address in the barrier “legal consulting and advisory assistance entry regulations” (+33) and “advice how to deal with agencies and start-up procedures” (+27). On the other hand, there appears to be a lack of services to mitigate the barriers “lack of business administration skills” (-30), “product marketing” (-22), “and business plan development” (-10). There is also an under-delivery of German courses within start-up programs (-50). However, given that other refugee service providers are offering German language training, it can be argued that such training does not need to be an activity in start-up programs. According to the survey data, it appears that the barriers “fear of failure” (-2) is captured sufficiently through mentoring. The barrier “access to financial capital” (+7) appears to be addressed sufficiently by service providers through advisory assistance and provision of capital, and so are personal barriers, such as work-life balance (+7) through personal mentoring.

My hypothesis is that the program is successful to the extent it helps to address barriers encountered. Referring these results back to the service providers’ self-evaluation in the category “success of the program” (who scored between very good and good; grade 1.4), this self-evaluation might be slightly too optimistic and shows room for improvement both in terms of efficiency (over-delivery) and actual services offered (under-delivery) to address the needs. However, it can be assumed that service-providers did their self-evaluation based on their actual sample size which was wider than the sample in this study. Nothing can be said how this match changed when needs from refugees with lower educational attainments were included in the sample for this survey.

### **Juxtaposition Start-Up Services and Expectations**

In this section, the start-up activities offered by service-providers and the expectations reported by seven refugee entrepreneurs were juxtaposed and a fit score how five start-up programs address the expectation was developed.

As presented in the section “entrepreneurial barriers,” the major barriers identified from the interviews as presented earlier are:

1. Access to entrepreneurship (containing the factors access to financial capital and provision of capital guarantee);
2. Lack of human capital (containing the factors lack of advisory assistance and business skills);
3. Institutional environment (containing the factors governmental and administrative policies, programs, and procedures); and
4. Power rituals (containing factor perceptions about interaction with state officials).

Those results need to be interpreted with caution because satisfying expectation may or may not influence the mitigation of barrier. Hence, the causal influence in some areas between expectation and barrier is unclear. For example, receiving consulting about legal regulations may or may not influence how the legal system treats entrepreneurs, whereas receiving training in business conversation may influence the barrier lack of German skills.

Table 10 through Table 12 show three degrees of fit between the activities offered by start-up programs, the expectations mentioned by seven refugee entrepreneurs and the fit score between offered service and reported expectation. The % of expectation is a frequency count of participants ( $N = 7$ ), who had expressed the specific expectation in the interview, divided by the total number. The formula to identify the fit score was:

$$\text{Fit score} = \% \text{ Service providers offering service} - \% \text{ Persons reporting expectation}$$

The result of this formula is the degree of under-delivery or over-delivery and hence provides information how well service-providers meet the expectations of seven refugee entrepreneurs.

Table 10

*Match Services Offered and Expectations (Sufficient Degree of Fit)*

Activities offered from service providers	% of programs offering activities	Reported expectations from refugee entrepreneurs (based on interviews)	% (total) of participant	Fit score*
Start-up advisory assistance (MC)	100	Legal consulting, advisory assistance entry regulations	100% (7)	0
Psychological support	0	Counselling in dealing with critical incidents and personal issues	0% (0)	0
Consulting, marketing and sales	60	Advisory assistance in product promotion and sales	57% (5)	3
Back office service	20	Access to workspace and administrative support (back-office services)	28% (2)	-8
Information provision (finance)	80	Advice where and how to access funds and grants	86% (6)	-6

\* + in the fit score indicates over-delivery, - is under-delivery

*Note.* Fit 0 to +/- 8 means that activities capture the expectations sufficiently; MC = Mentoring/Counselling

Applying the analytical lens of “match between offer and expectations” (see Table 11), it can be argued that the five areas (a) start-up advisory assistance (legal consulting), (b) psychological support, (c) consulting marketing and sales, (d) back office services, and (e) information provision finance are covered according to the expectations. However, the qualitative data showed that there is a need for personalized and culturally specific assistance in

the areas (a) start-up advisory assistance (legal consulting), (c) consulting marketing and sales, and (e) information provision finance.

Table 11

*Match Between Services Offered and Expectations (Moderate Degree of Fit)*

Activities offered from service providers	% of programs offering activities	Reported expectations from refugee entrepreneurs (based on interviews)	% (total) of participant	Fit score*
Business Mentoring	40	Frequent interactions on business relevant issues between mentor and mentee	29% (2)	11
Networking (PS)	60	Information provision and facilitating access to networks	43% (3)	17
Public Relations	20	Media work and access to media	0% (0)	20
Interventions to build capacities in the sector of the new business	0	Technology training	14% (1)	-14
Facilitating access to funding	20	Providing support with fund/grant applications	57% (4)	-37
Information provision (environment) (MC)	60	Advice how to deal with agencies and start-up procedures	86% (6)	-26
Increase collaboration between entrepreneurs and financial institutions	0	Lobbying activities to support holistic risk-assessments and educate bankers in entrepreneurial thinking, encourage banks to giving more loans, encourage other types of organizations to provide microcredits	28% (2)	-28

\* + in the fit score indicates over-delivery, - is under-delivery

*Note.* Fit 11 to 20 means there is a moderate degree of over-delivery of services compared to the expectations. Figures -14 to -37 show there is a moderate degree of under-delivery of services compared to the expectation. PS = Partnerships, MC = Mentoring/Counselling

According to this sample there appears to be a moderate degree of fit (over-delivery) in (a) business mentoring, (b) networking, and (c) public relations. A moderate degree of fit (under-delivery) appears to be in the areas (a) interventions to build capacity in the sector of the new business, (b) facilitating access to funding, (c) information provision (environment), and (d) increase collaboration between entrepreneurs and financial institutions (see Table 12).



Table 12

*Match Between Services Offered and Expectations (Low Degree of Fit)*

Activities offered from service providers	% of program offering activities	Reported expectations from refugee entrepreneurs (based on interviews)	% (total) of participant	Fit score*
Mentoring personal development	40	Individual advise on personal development	0% (0)	40
Capacity building soft skills	60	Business soft-skill development, e.g., negotiation, conflict management (trainings, workshops)	0% (0)	60
Business administration skills	20	Training in accounting, sales, marketing	71% (5)	-51
Administrative support (AS)	0	Providing support to deal with administrative procedures and help understanding correspondence with governmental officials Making existing support services more visible (AS)	57% (4)	-57
Investments (IVM)	20	Provision of start-up capital Provision of funds/grants/bridge funding	86% (6)	-66
Increase cooperation with state actors (ICRA)	0	Lobbying activities to support the development of entrepreneurial ecosystems, such as diversity in agencies, empathy for clients' circumstances, more favorable entry and transition barriers, creating awareness for the entrepreneurial potential of refugees	71% (5)	-71

\* + in the fit score indicates over-delivery, - is under-delivery

*Note.* Fit 40 to 60 means there is a low degree of fit between the delivery of services compared to the expectations. Figures - 51 to - 71 shows there is a high degree of under-delivery of services compared to the expectation. AS = Administrative support, IVM = Investment, ICRA = Increase cooperation with state actors

According to this sample, there appears to be a low degree of fit (over-delivery) in delivery of the services (a) mentoring personal development, and (b) capacity building soft skills compared to the expressed expectation. Data from the qualitative interviews showed that personal development was not an issue for those entrepreneurs, and because of their previous experience and education there was no need for soft-skills training. There is a high under-delivery of the services (a) business administration skills, (b) administrative support, (c) investment, and (d) increase collaboration with relevant state actors. The interview data show that those expectations are correlating with the reported barriers.

My hypothesis is that needs are arising from barriers encountered. Referring this back to the service providers' self-evaluation in the category "match between offered service and needs" (who scored this match between very good and good; grade 1.8), this self-evaluation might be slightly too optimistic and shows room for improvement both in terms of efficiency (over-delivery) and actual services offered (under-delivery). Equal to my earlier statement, it can be assumed that service providers did their self-evaluation based on their sample size. Nothing can be said how this match changed when expectations of refugees with lower educational attainments were included in the sample for this survey.

## CHAPTER 5: DISCUSSION

The research focused on examining general successes and barriers in entrepreneurial development of minority business owners and on the exploration how the currently emerging start-up programs capture the experiences of refugee entrepreneurs in Austria. Findings from this study were used to provide recommendation what service providers could maintain or change in order to support start-up refugee entrepreneurs' success better.

There is wide scientific agreement that immigrant and refugee entrepreneurs contribute to economic growth of host countries (Compass, 2015; Goldin, 2016; Kerr & Kerr, 2016). Recognizing the economic potential of a growing foreign-born immigrant population, Austria was investing 185 million Euros to boost entrepreneurship (BMFWF, 2015). Within this program, the Austrian government was developing a comprehensive funding system and start-up program for national and non-national entrepreneurs alike. However, while there is some knowledge about the characteristics, barriers, and successes of immigrant entrepreneurs in Europe (Marchand & Siegel, 2014), no study was identified that explored refugee entrepreneurship in Austria to date. Hence, there was a need to explore questions about how Austrian start-up programs capture refugee entrepreneurs' experiences in Austria. Within these questions, the specific characteristics of a group of refugee entrepreneurs, including challenges, barriers, and successes were explored. Because the ultimate purpose of this exploration was to suggest interventions to support refugee entrepreneurs, recommendations for start-up agencies are provided later in this chapter.

On the most general level, data suggest that service providers capture the needs of refugee entrepreneurs. However, because of the diversity of refugee entrepreneurs' needs, and because of agencies' generalist approaches and lack of coordination between agencies, there are

several improvement areas required to better capture their clients' needs and expectations. Some of those improvement areas are within the program and the way it is being delivered. Other improvements compel system changes within and beyond the service delivery system.

Regarding the barriers and success factors of refugee entrepreneurs, this study reinforces factors identified by scholars in the field of refugee entrepreneurship (Fong et al., 2007; Wauters & Lambrecht, 2008). Yet, because of the relatively high rate of taxes and levies compared to other OECD countries (OECD, 2017a), and because German is the official language in Austria, the hierarchy of barriers encountered by refugee entrepreneurs in Austria is slightly different from those in countries with lower taxes or higher language diversity. This research also confirms findings conducted in other countries with high immigrant populations, such as Belgium (Wauters & Lambrecht, 2008), or in U.S. states, such as Texas (Fong et al., 2007). In both places, there were relatively small numbers of refugees who engage in entrepreneurship; the same was true for refugees residing in Austria. Success factors such as strong entrepreneurial spirit and attitudes, resourcefulness, and clarity of purpose are elements of successful refugee business ownership, regardless of the country where refugees are starting a business.

### **Specific Characteristics of Refugee Entrepreneurs**

Given the precarious labor market and the downward mobility in wage/salary jobs for refugees, it is not surprising that highly skilled refugees are inclined to find alternatives to traditional employment. Data exploring the motivational factor "lack of access to gainful employment" slightly counters findings from Schmid et al. (2006). These scholars argued that more than two-thirds of immigrant start-up entrepreneurs in Austria (i.e., people who were born abroad but have permanent residential titles) are driven more by the desire for self-actualization than by the lack of employment (e.g., being one's boss, autonomy). Although this is an

influencing factor for the majority of refugees too, the current study provides evidence that almost half of the participants (i.e., 42%) were driven into entrepreneurship due to lack of gainful employment. Equally, 42% aspired to entrepreneurship because they were dissatisfied with their current occupational status. Data confirm that a larger percentage of refugee entrepreneurs are not primarily motivated to start a business because they could not find jobs (necessity entrepreneurs). However, I argue that a lack of job opportunities influences refugees' decision to become an entrepreneur to a higher degree than for immigrants. One way to explain this divergence between immigrant and refugee entrepreneurs is that refugees are more disadvantaged in the labor market than immigrants because of the rights related to their residence permits. An OECD (2017b) report provided evidence that employers are reluctant to employ refugee for three reasons: (a) lack of German skills, (b) higher administrative investment, and (c) legal uncertainty regarding the occupational and residential rights and responsibilities of recognized refugees including the length of stay for persons with unstable residence permits (i.e., persons under subsidiary protection).

Data from this study show that refugee entrepreneurs recognize that migratory movements in Austria has opened ethnic consumer markets that create entrepreneurial opportunities they did not have in their countries of origin, and they found meaning in providing ethnic goods and services for a group of people that is not yet or insufficiently targeted by local entrepreneurs or institutions. This demand meets refugee entrepreneurs' social motivations to contribute and give back to the community, their desire for achievement, challenge, and learning, and their ability to utilize their strong ties to social networks. Although there is a belief that cultural predisposition and family tradition play a role in ethnic entrepreneurship (Schrager & Lunati, 2012; Stephan et al., 2015), this study does not confirm these findings. Data from this

study show that these factors have low influence in the decision to start a business for the majority of refugee business owners in Austria.

Data from this study further provide evidence that refugee entrepreneurs who have started or are intending to start a business in Austria are highly resourceful, demonstrating a high level of professional and educational competency, and a willingness to utilize their skills as a means to become successful economic members in their host countries. It is not only the skills and competencies they are utilizing. The entrepreneurs in this study showed a high level of self-efficacy to make their business successful. It was also found that refugee entrepreneurs are using similar strategies to deal with power rituals as Doern and Goss (2013, 2014) have identified with Russian entrepreneurs. Refugee entrepreneurs' narratives showed that they were extremely resilient in the face of adversity during their escapes and after the arrival in Austria. There is empirical evidence from Skodol (2011) that resilient personalities use their positive future orientation to overcome barriers or respond to challenges. The same was true in this study. Displaced persons not only showed positive future orientation as refugees in general, but also when they experienced struggles in their businesses.

Refugees who started or intended to start a business in Austria were primarily men. One hypothesis regarding the lower percentage of female entrepreneurs is the general gender distribution of asylum seekers and recognized refugees, which shows that in 2016 approximately twice as many men applied for asylum as women (BMI, 2016).

More than 50% of refugee entrepreneurs are aware of and are making use of start-up programs in Austria. However, it seems that such programs are more frequented by persons from Syria than by other nations. A hypothesis regarding the higher participation in start-up programs from persons from Syria is that this group encompasses the largest population who was granted

asylum in 2015 and 2016 (BMI, 2015, 2016). Hence, a large group of Syrians is seeking employment opportunities and starting a business is one way to do so. Other reasons might be related to the educational background of this group and the finding that amongst all groups of refugees, Syrians have—on average—the highest education (Austrian Employment Service, 2016b). Considering that a pre-requisite to enter a start-up programs is a certain educational level (that includes sufficient English/German language skills and some business administration skills), it is not surprising that higher educated persons are more attracted to such programs than those who are not yet able to demonstrate the required language or business skills.

### **Barriers of Refugee Entrepreneurship**

Data from this study revealed that refugee entrepreneurship—although an attractive alternative to traditional employment for refugees—come with challenges and barriers. The most common and frequently mentioned barriers are: regulations in host countries' institutional environment, lack of human capital (specifically language and cultural business skills), access to capital, and power rituals.

**Institutional environment.** One of the major barriers within the institutional environment is legal barriers and regulations in the tax and social welfare systems. There is an appreciation and at least theoretical clarity about administrative procedures. Nonetheless, refugee entrepreneurs (who are mostly starting as an OPE) are fearful that they will not be able to generate enough revenue to cover those expenses in their early stage of business or even slide into bankruptcy if they cannot succeed. Business failure has extensive consequences for an OPE in Austria. According to Austria's Insolvency Code, an OPE that declares bankruptcy not only runs the risk of losing his or her trade certificate, but he or she is also losing her private assets in case of insolvency and is personally liable for at least seven years (Rautner Attorneys at Law,

n.d.). In addition, banks often do not grant overdrafts, let alone give credit or loans. Because of these tough punishment regulations and a low degree of support for a second chance, refugee entrepreneurs in this study either chose to become “part-time-entrepreneurs,” which means they work parallel wage/salary jobs, or remain in the social welfare longer than they would actually need. Those two options provide some kind of income security and hence reduce the risk of failure as an entrepreneur. An alternative to ease the tax burden or work around personal liability in case of over-indebtedness is to register social business activities as a non-for profit organization, which has easier registration rules and provides tax advantages on the one hand, whereas this strategy has a disadvantage for generating revenue and/or attract investors on the other hand.

**Language and business skills.** This study confirms findings from Grey et al. (2004) and Wauters and Lambrecht (2008), who found that lack of proficiency in the language of the host country was a significant barrier for refugee entrepreneurs. Entrepreneurs who do not speak or write German well are not only facing difficulties to communicate with state officials or understand official correspondence, but also experience a tremendous challenge to present a convincing business plan in German.

Other difficult factors for successful refugee entrepreneurship within human capital are business administration skills and development of business plan. Entrepreneurs who started or intended to start a business know theoretically how to use their business administration skills or skills to write a business plan from their home countries. In addition, they also receive this training in start-up programs. Nevertheless, having this knowledge is insufficient, because refugees are not familiar with and lack tacit knowledge of local management customs, consumer



behavior, and modes of doing business. Consequently, they lack the confidence to attract local costumers and investors in the early stage of their business.

**Access to capital.** This study supported findings from the Iowa study (Grey et al., 2004) that access to financial capital was a blocking factor for refugee entrepreneurs in general. Thirty-three percent of respondents in this survey found access to financial capital as very difficult or difficult. Yet, this study counters Marchand and Siegel (2014), who claimed that the main obstacle for foreign-born entrepreneurs in European cities was securing start-up funding. This seems to be less of an issue for refugee entrepreneurs in Vienna. While those data show that new business owners in Austria are aware of the importance of receiving seed funding, loans, or other forms of capital, it was less of a barrier for refugee entrepreneurs in Austria than in the United States. Reasons for this might be that refugee entrepreneurs in this study did not necessarily use official providers (e.g., banks, investors) to start their businesses. Because they understand how difficult and unfavorable Austrian banking regulations are, they did not even attempt to get loans, but rather utilized their own financial resources to start or sustain their business in the early stages.

**Power rituals.** Responses from refugees in this study indicate that power rituals are a barrier, at least for female refugee entrepreneurs. Similar to findings from studies with entrepreneurs in Russia (Doern & Goss, 2013, 2014), 43% of refugee entrepreneurs in Austria reported difficult encounters with state officials. Those power rituals are often perceived as discretionary acts toward refugees, resulting in feelings of humiliation and anger, and consequently impair entrepreneurial motivation which could otherwise be invested in entrepreneurial activities. Comparatively, the data suggest that these barriers are more significant for female entrepreneurs than their male counterparts. However, due to the small sample size, no

gender comparative conclusions can be made. For this reason, further research is needed to explore the impacts of power rituals on male and female entrepreneurs. Refugee entrepreneurs not only find ways to successfully overcome barriers, but they are poised to overcome many of those obstacles because they are well aware of factors that help entrepreneurial success and know to utilize them.

### **Success Factors of Refugee Entrepreneurship**

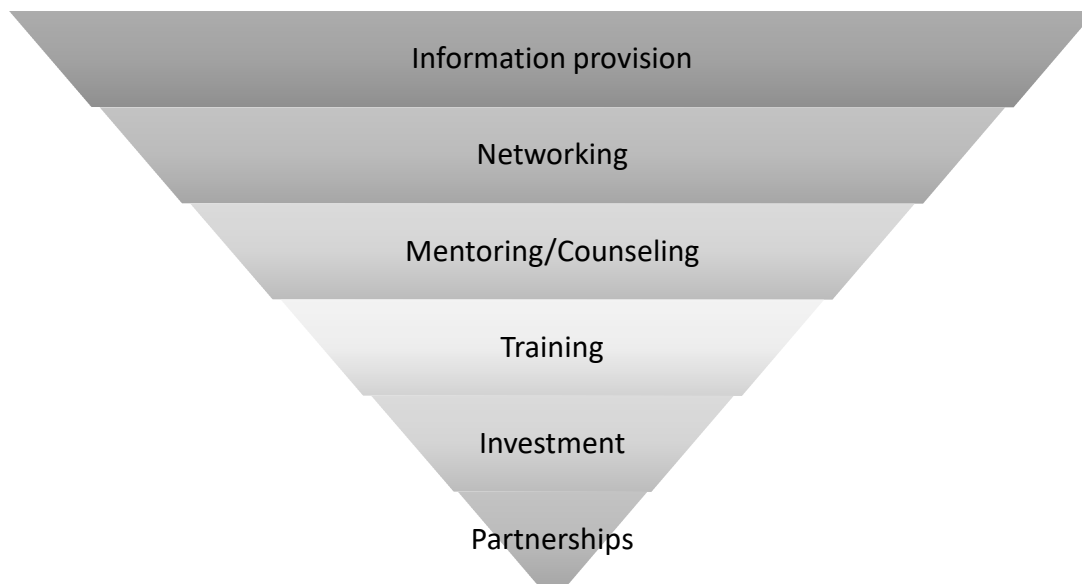
Much of the success of refugee entrepreneurs can be attributed to factors Wauters and Lambrecht (2008) have merged in the following categories: (a) human capital, such as commitment to hard work, risk tolerance, German language skills, entrepreneurial mindset, leadership and innovation skills, flexibility and open-mindedness, and previous experience as entrepreneur; (b) market conditions, including the ability to exploit opportunities that arise from ethnic consumer markets and migration; (c) institutional environment, that is, supportive start-up scene, favorable entry conditions; (d) access to social networks; and (e) access to entrepreneurship, for example, recognition of foreign language credentials. While data from this study support Wauters and Lambrechts' (2008) success framework, a category that needs to be included into this framework is "knowing one's start-up reasons." The ability to practice what is motivational in their entrepreneurial action spurs refugee entrepreneurs' success. When expressing reasons for starting their businesses they describe motivational values/behavior (e.g., being their own boss, being able to execute agency). This supports findings from scholars in the field of values research, claiming that motivational values by definition are behaviors that elicit emotions and support continued practice of specific values/behaviors. They are thus self-sustaining (Bristol, 2000; Frankl, 1963). Hence, the relationship between knowing ones' motivational values and entrepreneurial activities is an interesting question that can have

implications for entrepreneurial failure or success—not only for refugee entrepreneurs but entrepreneurs in general.

### **Program Level Change**

Austria's state actors and non-state actors have realized the economic potential of foreign-born entrepreneurs and therefore started to provide programs that support entrepreneurs who wish to establish their own businesses. However, given that Austria counted approximately 84,350 immigrant entrepreneurs in 2015 (Biffl, 2016), it is surprising that only six agencies offered comprehensive start-up programs (i.e., more than isolated or on demand information events) for immigrants between 2013 and early 2017. Considering that approximately 3,000 refugees expressed interest in entrepreneurship in 2016, it is even more surprising that only one agency was offering its program specifically for this target group. Nevertheless, this was the status as of early 2017. While conducting this study, two more agencies have launched programs that target refugee entrepreneurs.

Figure 7 shows the types of immigrant support programs Marchand and Siegel (2014) have presented:



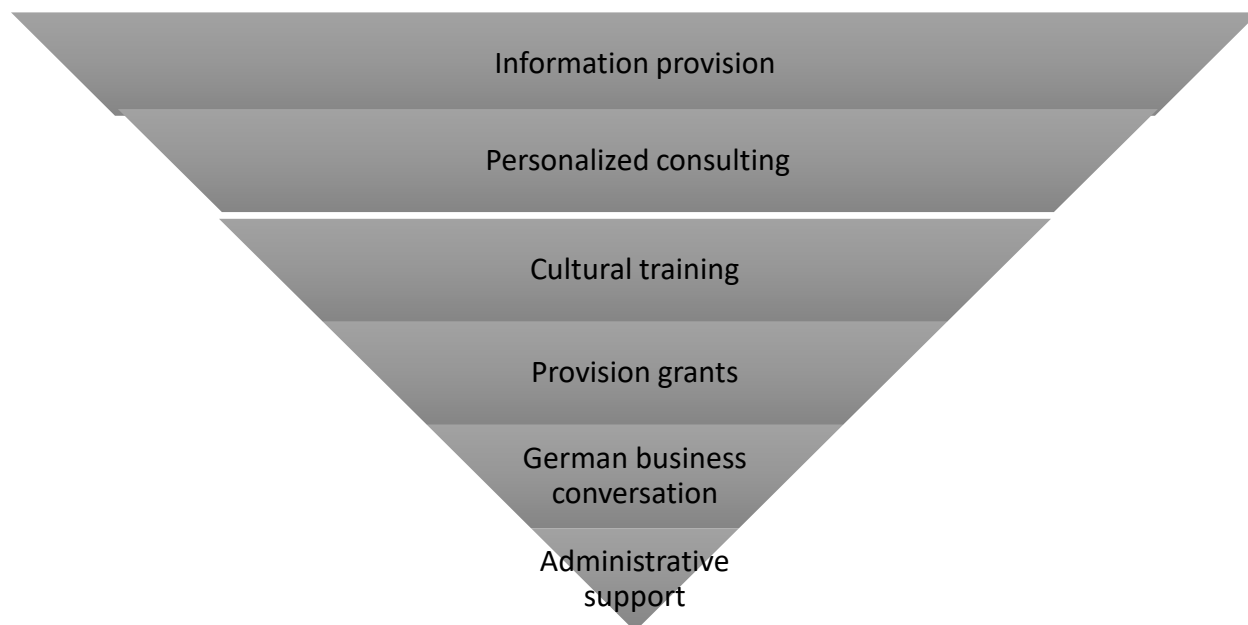
*Figure 7.* Types of (immigrant) entrepreneurship support programs. Adapted from “World Migration Report 2015” by K. Marchand and M. Siegel, 2014, p. 20. Retrieved from [https://www.iom.int/sites/default/files/our\\_work/ICP/MPR/WMR-2015-Background-Paper-KMarchand-MSiegel.pdf](https://www.iom.int/sites/default/files/our_work/ICP/MPR/WMR-2015-Background-Paper-KMarchand-MSiegel.pdf)

Data from this study (see Figure 8) showed the following hierarchy of activities provided by five Austrian service providers:



*Figure 8.* Activities of Austrian service providers.

However, comparing this hierarchy of interventions with the actual needs and expectations of refugee entrepreneurs, a more matching hierarchy would be the following as shown in Figure 9:



*Figure 9.* Activities matching the needs.

**Information provision:** Within this activity, refugee entrepreneurs need information about entry regulation and the legal and administrative system in Austria. Although, refugees generally appreciated how service was provided by the agencies, and there was a satisfactory match between offer and demand, refugee entrepreneurs needed a multilingual provision in the legal area. Approaches to achieve this multilingual information could be through websites and informational material provided in German, English, and at least Arabic, along with the inclusion of bilingual entrepreneurs who continue as information providers as the businesses develop.

**Personalized consulting:** Within this intervention, refugee entrepreneurs need support in business plan development, and developing their funding and financial sustainability strategies.

There is a clear need not only for more personalized consulting, but also for frequent interaction between consultant and refugee entrepreneur. Approaches to achieve a more personalized consulting could be to match the new entrepreneur with an experienced business owner in the relevant sector of business, to provide access to a pool of consultants who have at least English language skills, and provide access to multilingual coaches who can support refugee entrepreneur in defining the purpose and strategy of the business.

**Cultural training:** Within this intervention, refugee entrepreneurs not only need more agencies who offer this service, but also support to understand local consumer behavior, local business administration habits and rules, and the impact of localized micromarketing activities. Approaches to achieve this could be providing lectures in marketing and behavioral economics, and provide coaches who support localization of business activities.

**Provision of grants:** There is a significant under-delivery of this activity. Within this intervention, refugee entrepreneurs needed access to investors and angel funders, but also support in writing grant and fund applications. Approaches to achieve this could be “meet the investor” events, providing microfinances through agencies, banks, and cities, training in crowd funding, training about writing a grant/fund application, and the availability of prizes and awards for business excellence.

**German business conversation:** No agency is offering this service as of Spring 2017. Within this intervention, refugee entrepreneurs needed a practical training and enhanced confidence to master business conversations, for example, with a bank advisor or business stakeholder. Approaches to achieve this could be conversation classes, specific business conversation language training, and buddy systems where refugees fluent in the native language engage in business conversations in German using roleplay.

Administrative support: There is a significant under-delivery of this service. Within this intervention, refugee entrepreneurs could benefit from access to workplace and back office support, but also from buddies who help them translate letters from government authorities. In addition, bilingual templates of commonly used phrases in government letters could be provided.

### **System Change**

Luhmann's (1995) system theory suggests that the social world is constituted through co-coupling of communicative processes. Communicative processes between subsystems shape the communicative experiences of each actor within this system. Since state actors, institutions, start-up providers, and refugee entrepreneurs are subsystems and jointly generate a larger entrepreneurial ecosystem, it is worth applying a systemic lens to identify solutions indicating how start-up providers can capture refugee entrepreneurs' needs and barriers in a more holistic way. Because of the nature of interacting social systems, I argue that the approaches presented on the program level might not suffice, but need a systemic approach. This systemic approach would operate within the boundaries of the subsystem service provider on the one hand, but would go beyond the subsystem and interact with the larger system, which is the institutional environment, on the other hand.

**Start-up providers as integrators and collaborators.** As there are more start-up service providers for foreign-born entrepreneurs now entering the market, a more integrated and coordinated approach to facilitate learning is needed. An important part in the wheel to facilitate coordination could be the incubator agency. The function of the incubation officers (who act as incubation coaches and case managers) in such agencies would be to:

- Assess entrepreneurs' competencies and requirements,
- Map the available services for refugee entrepreneurs,
- Support the creation of an entrepreneurial development road map,

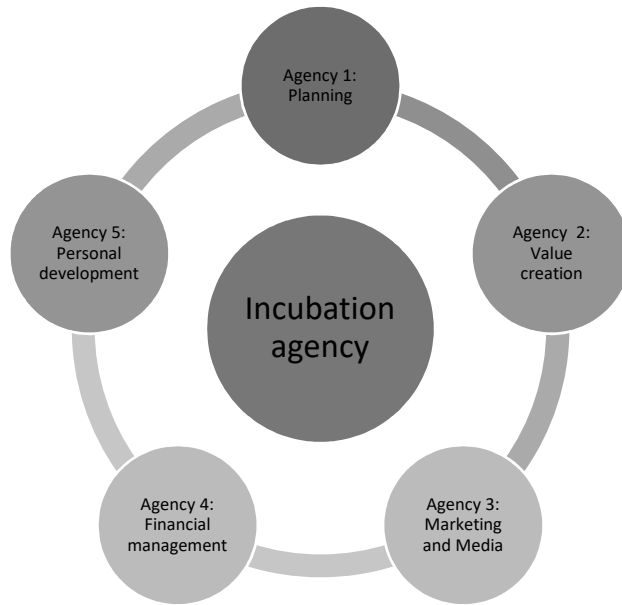
- Establish the linkages to start-up agencies,
- Assess entrepreneurs progress, and
- Provide administrative support and office space.

This approach implicitly requires refugee entrepreneurs to be assessed at the start and during the program, and the refugee entrepreneur becomes co-owner of his or her program. In the initial assessment, the competences to become an entrepreneur and the stage of the business idea are assessed. Based on this assessment, refugee entrepreneurs develop their entrepreneurial learning goals and an individual road map with the incubation officer is developed. Based on this first step, the entrepreneur participates in the core trainings, and according to his or her road map works toward completion of the learning goals. Monthly check-in meetings with the incubation officer ensure implementation and potential adaption according to learning progress.

In this concept, the incubation agency would be the facilitator and support entrepreneurial development of refugees in conjunction with service providers who offer programs for this target group.

One option for how such a system could be structured is presented in Figure 10 showing the interrelated parts of the educational system of refugee entrepreneurs.





*Figure 10.* Agencies and services in refugee entrepreneurs' education

**Incubation agency: Integrating the parts.** All agencies have a core training that covers entry-information and need to be completed by every refugee entrepreneur:

- Legal regulation
- Tax systems
- Administrative systems
- General information about funds and grants
- Advice how to deal with agencies and decision makers

This training is conducted in German and/or English. In addition to the core training, each agency offers regular business conversation classes on different German fluency levels.

**Service providers: Diversifying the parts.** A diversification of services is achieved by supplementing this core curricula with educational interventions that are offered by specialized agencies. Each agency creates a unique selling proposition through its specialization, and refugee

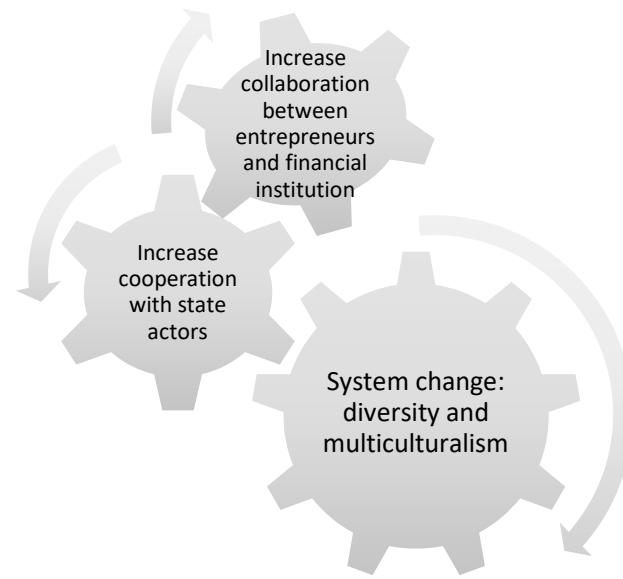
entrepreneurs complement their core curriculum according to their developmental map. Areas of specification would be both in regard to content and language:

- Agency 1 Planning: Developing vision, entrepreneurial strategy, and entrepreneurial mindset;
- Agency 2 Value creation: Developing business plan, revenue projections, and business pitch;
- Agency 3 Marketing, Media, and Customer Service: Cultural marketing and behavioral economics;
- Agency 4 Financial Management: Grant and funding application, financial sustainability trainings, and accounting skills;
- Agency 5 Personal development: Dealing with critical incidents and improving self-confidence.

While a similar concept is already applied at the Austrian Employment service, where every person registered as unemployed is supported by his or her case manager, an interesting question would be if and how such a concept could work in the entrepreneurial environment.

Restructuring the start-up agency system is one way to improve entrepreneurial development. Another way would be to go beyond the start-up service system and leverage the capacity of agencies to be change agents within the institutional environment. In this role as change agents, start-up agencies would be advocates for a multiculturalism and diversity in the wider system.

**Start-up providers as connection points.** In this approach, the subsystem service provider would interact with the co-coupled environment and by doing so cause a structural change of the coupled systems. Acting as the connection point to tax, business registration, and other institutions, they would advocate for behaviors that embrace diversity and multiculturalism in the entrepreneurial ecosystem. Figure 11 illustrates the cogs in the system.



*Figure 11.* Influencing elements for structural change

Increase cooperation with state actors: In starting a business as a refugee, different actors on different levels are involved, such as Austrian Employment Service, Chamber of Commerce, business registration offices, tax offices, and social security offices. However, experiences from refugee entrepreneurs lead to the conclusion that agents in public offices have little understanding for refugee entrepreneurs' obstacles and circumstances, nor do they cover the linguistic diversity of their clients. Hence, on a systemic level, refugee entrepreneurs could benefit from agents who encourage their start-up endeavors, or at least do not discourage them. Encouragement could be achieved if refugee entrepreneurs get the feeling of being respected and treated fairly, but also by being able to converse with agents in a language that is more familiar to them than German. If the different actors receive intercultural training and if English were the second official language, refugee entrepreneurs (who usually speak better English than German in their first years after arrival) could benefit from this system change. Because start-up service providers have a stronger voice than a single entrepreneur or a small group of refugee

entrepreneurs, they could advocate for diversity training, and multilinguistic staff. With the start-up initiative launched in April 2017, a first step is already done, and creating awareness for entrepreneurship in society and the educational system is on the way. However, more work is needed on the state actors' level.

Refugee entrepreneurs are suspect of entry regulations, tax and social security regulations, and social welfare payments. If service providers could advocate for alternative tax and social security models for early stage entrepreneurs, those regulations would become less of a barrier. This need or suggestion was not only expressed by refugee entrepreneurs, but also emphasized by start-up agencies. With the start-up initiative 2015, first steps to simplify trade and entry regulations are already on the way, but more is needed to facilitate successful transition from social welfare into a business system. Because the Austrian Employment Service (within their program Steps2business) already has a transition program that supports the stage of receiving social welfare into the first two month of business ownership in place, similar models could be expanded to other start-up providers.

Increase collaboration between entrepreneurs and financial institutions: As banks are operating in a highly regulated system, they may not have room to alter risk management or loan regulations. However, refugee entrepreneurs could benefit if they had a financial advisor who does a more holistic risk assessment that includes future potential rather than past revenue statements. Refugee entrepreneurs could also benefit from bank advisors who have intercultural competence and empathy for the specific situations refugee entrepreneurs are in. Start-up providers could advocate for diversity training for bankers, and regulations that support holistic risk assessment. With the "Land of Founders Strategy" a first step is already done and

identifying alternative and additional funding strategies are on the way. Nevertheless, more work is needed to make the banking sector fit for supporting refugee entrepreneurship.

### **Conclusions**

Given the growing number of refugees who want to start a business in Austria and given their capacities, it is the right choice for start-up providers to offer programs for this target group. The motivation of refugees to start a business is mostly opportunity driven, as they see the potential for ethnic products and services that go along with migratory movements into Vienna. Their utilization of human capital, but also knowing their start-up reasons, as well as having favorable market conditions, institutional environment, social networks, and access to entrepreneurship, are factors that help refugee entrepreneurs to become successful business owners. While the presence of those factors is beneficial for refugee entrepreneurs, when absent they create barriers for this group. In addition, refugee entrepreneurs face obstacles that arise from power rituals with state officials, and they have to deal with a societal environment that shows less appreciation for refugee entrepreneurs than for business owner with a permanent residential title (i.e., immigrants and Austrian natives)

Based on those barriers and their experience with start-up programs, refugee entrepreneurs have clear expectations about how such programs could help their entrepreneurial development. Although start-up service providers capture the needs and expectations of refugees, there is a lack of personalized delivery of such programs. There exists a lack of culture-specific education about how to use the skills entrepreneurs bring with them. There is also an efficiency problem, as agencies are over-delivering some activities, and under-delivering others. The biggest mismatch between offered service and demand is in the fields of provision of capital, administrative support, and business administration training. These areas are significantly under-

delivered, in contrast, personal mentoring and soft skill capacity building is over-delivered. Improvement in the delivery of information can be achieved by providing personalized assistance and training that includes a cultural dimension. Efficiency can be improved through structural changes in the service delivery system. This would mean that agencies move from a generalist approach to an integrated specialist approach that is facilitated by case managers (incubation officers).

Improvements for refugee entrepreneurs and meeting their expectations can also be achieved on a systemic level. Because service providers have a stronger voice than individual refugee entrepreneurs, they could be change agents who advocate for diversity trainings and multilinguistic staff in official institutions. They could also be helpful intermediaries to create awareness for the specific circumstances of refugee entrepreneurs in the community of bankers and advocate for more holistic risk approaches in financial decisions.

### **Recommendations for Start-Up Service Providers**

From the lens of clients of start-up programs, start-up agencies could take the following eight recommendations on both program and systems level into consideration:

#### **Program level recommendations.**

1. In the absence of tacit knowledge about the Austrian culture, general marketing advice or business training is insufficient. Because refugee entrepreneurs do not want to target their ethnic peers only and need to collaborate with Austrian stakeholders, training about marketing and business administration needs to be contextualized to the Austrian environment and Austrian consumer habits.
2. Because of the limited German language proficiency of refugee entrepreneurs, they are disadvantaged in understanding official letters or legal jargon uttered in German.

- Interventions that address such issues should include interpreters who help make sense of what was discussed. In addition, written information that contains common legal phrases in both languages should be provided and German business conversation classes could be used to become familiar with those terms.
3. Because access to financial capital is an issue for all entrepreneurs, not only at the start but also as their businesses develop, start-up agencies could do more to foster collaboration with angel networks, private equity firms, and other investors to provide necessary capital for promising business ideas. In addition, they could explore options to provide microloans or financial incentives for entrepreneurs who prove to be successful in the early stage. Training modules how to write appealing funding/grant applications as well as financial sustainability trainings could be included in the programs.
  4. Considering the diversity of competences and circumstances of refugee entrepreneurs, general start-up programs do not suffice. General advice or capacity-building need to be complemented with personalized assistance. In addition, incubation officers (who act as case managers) need to invest in intake interviews to understand the profile and aspiration of their clients and create personalized road maps for entrepreneurial development.

#### **Systems level recommendations.**

1. Because refugee entrepreneurs conduct their research about starting a business themselves and frequently use sources which are suspect in both quality and quantity of information, they waste time and effort. Incubator agencies could not only speed

- up this information process but also provide more accurate information and direct clients to appropriate institutions.
2. Because more and more agencies are providing start-up services and because of a growing and more diverse target group, start-up agencies need to shift from a generalist approach to a coordinated specialist approach to avoid over- or under-delivery of services.
  3. Because start-up agencies have a stronger voice in the entrepreneurial ecosystem, they need to leverage their power to be change agents and advocate for diversity and multiculturalism in governmental agencies and financial institutions, for example, by having multilinguistic staff with migration background.
  4. Considering the rules and regulations in the institutional environment (e.g., tax and social security regulations), start-up service providers could advocate for alternative regulations —especially in the transition from social welfare system into the early stage of business.

### **Limitations**

This study used a recruitment strategy that inherently excluded refugee entrepreneurs who did not have German or English language skills. Therefore, the findings are not generalizable to refugee entrepreneurs who speak other languages. Data from start-up service providers were drawn from survey only. Given that there are different terms for different interventions, for example, in German, the terms consulting and advisory assistance are often used interchangeably, it is unknown if all service providers used the same terms for the same intervention. Therefore, it can only be assumed that terms used had the same meaning for all service providers.



## **Future Research**

Clarity of purpose and knowing what was motivating to start a business was an important success factor. While there was an awareness that motivational factors played a significant role, it was unclear how they sustained their motivating system. Because motivation and values are interrelated, research could explore the correlation between values literacy (i.e., knowing one's values) and entrepreneurial success.

Responses from interviewees indicate that power rituals are a barrier for refugee entrepreneurs, but mostly women participants experienced negative encounters. Because of the small sample size, it cannot be ascertained whether this is a gender dynamic or simply coincidence. Considering that more women will be entering the entrepreneurial arena in the future, gender research could explore how female entrepreneurs are influenced by power rituals.

The evidence so far suggests that the current educational concepts targeting refugees on a group level and in a "one-stop-shop" concept are not sufficient. If service providers desire higher rate of successful and sustainable entrepreneurship, a more personalized and specified approach is needed. Because of the novelty of this approach, the move from a generalist to a coordinated specialist approach that is built on individual case management is a disruption in the system. Hence, further research needs to be done to explore if and how such approaches with refugee entrepreneurs are implemented in other countries.

## **Considerations for Future Research With Refugee Entrepreneurs**

Although this research study provided findings about refugee entrepreneurs and start-up programs, the findings also helped to better understand a relatively new field of research which is research about the refugee experience. Because of the importance of those findings for future research, I summarize what I have learned from working with refugee entrepreneurs.

**Factors that facilitated participation.** The recruitment process was successful for this small sample size. However, had start-up service providers not utilized their relationships with refugee entrepreneurs, including personal communication with them, the recruitment would not have worked as originally designed. Start-up providers reported that having personal relationships and highlighting the potential benefits of this study were key for entrepreneurs' participation. They hypothesized that a larger number of participants could be recruited if this research was presented at start-up events for refugee entrepreneurs and participants could establish a personal relationship with the researcher.

Entrepreneurs who participated in the survey showed different levels of educational attainments and language skills. Because those who had higher education and advanced German and language skills were willing to move from survey to interview, it can be assumed that refugees with advanced competencies are more comfortable in discussing their experience as entrepreneurs. To capture the full diversity of refugee entrepreneurs, multilingual interviewers should be included.

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## APPENDICES

### Appendix A: Questions Survey for Refugee Entrepreneurs

#### Group: Demographic questions:

1. What is your citizenship according to your passport?
  - Syria
  - Afghanistan
  - Russian Federation
  - Somalia
  - Iraq
  - Iran
  - Rumania
  - Bulgaria
  - Slovakia
  - Hungary
  - Croatia
  - Poland
  - Other
  
2. What is your gender?
  1. Male
  2. Female
  3. Prefer to not indicate my gender
  
3. When did you receive refugee status in Austria?
  - 2017
  - 2016
  - 2015
  - 2014
  - 2013 and before
  
4. What is your highest education?
  - No formal education
  - Elementary school (maximal 4 years primary school)
  - Secondary school (grade 5-8)
  - High school (grade 9-12)
  - High school degree (completion of high school)
  - Vocational training certificate
  - University degree
  
5. What is your native (first) language?
  - Arabic
  - Farsi

- Dari
- Chechen
- Kurdish
- Romanian
- Slovakian
- Hungarian
- German
- English
- Other

6. What other languages do you speak? (please indicate basic, intermediate, advanced)

- German
- English
- Arabic
- Farsi
- Darsi
- Chechen
- Kurdish
- Romanian
- Slovakian
- Hungarian
- Other

Group: Successes and barriers

7. Did you run a business in your home country?

- Yes
- No

8. If yes, in your home country, what business were you in?

- Retail trade and commerce, e.g., mobile phone shop, clothes store
- Handcraft, e.g., shoe maker
- Transport, e.g., taxi driver
- Tourism, gastronomy, and leisure industry, e.g., restaurant owner, food delivery
- Information and consulting, e.g., IT consulting
- Medical field, e.g., doctor, pharmacist
- Construction, e.g., builders, painters, carpenter
- Mechanics, e.g., auto repair, machinery operation
- Other

9. If yes, how many years have you been an entrepreneur in your home country?

- More than 10
- 6-10
- 1-5

- less than 12 months
10. Did you already start a business in Austria?
- If yes, when?
  - If no, when are you planning to start up?
11. What is the size of your (indented) business?
- OPE (no staff)
  - Micro Enterprise (less than 10 staff)
  - Small Enterprise (< 50 staff)
  - Medium-sized Enterprise (<350 staff)
12. On a scale 1-5, how much did each of the following factors affect your motivation to start a business in Austria? (1) did not influence my motivation to start at all, (2) had a low influence on my motivation to start, (3) neutral, (4) had a relevant influence in my motivation to start, (5) had a high influence on my motivation to start
- Lack of access to paid work
  - Market opportunities
  - Achievement, challenge and learning
  - Independence and autonomy
  - Income security and financial success
  - Recognition and status
  - Family and roles
  - Dissatisfaction with current professional status
  - Community and social motivations
  - Cultural predispositions
  - Access to social networks
  - Favorable institutional regulation in Austria
  - Having access to financial capital
  - Belongingness to ethnic groups
  - Other, please indicate
13. What is the sector of your business you have started/will be starting?
- Retail trade and commerce, e.g., mobile phone shop, clothes store
  - Handcraft, e.g., shoe maker
  - Transport, e.g., taxi driver
  - Tourism, gastronomy, and leisure industry, e.g., restaurant owner, food delivery
  - Information and consulting, e.g., IT consulting
  - Medical field, e.g., doctor, pharmacist
  - Construction, e.g., builders, painters, carpenter
  - Mechanics, e.g., auto repair, machinery operation
  - Other
14. On a scale 1-5, how difficult did you experience the following situations? (1) did not perceive it as difficult at all, (2) did perceive it as slightly difficult, (3) did perceive it as

neither difficult nor easy, (4) did perceive it as difficult, (5) did perceive it as very difficult

- Access to funding and loans
- Marketing my products
- Developing a business plan
- Language skills
- Legal requirements
- Trade regulations
- Balancing family and business
- Fear of failure
- Other, please describe

15. On a scale 1-5, how much did each of the following factors help you starting your business? (1) did not perceive it as helpful at all, (2) did perceive it as slightly helpful, (3) neither helpful nor hindering, (4) did perceive it as helpful, (5) did perceive it as most helpful

- Having a supportive network of friends and family
- Attending start-up programs
- Access to professional networks
- Having acquired German language skills
- My previous experience as an entrepreneur
- Commitment to hard work
- Entrepreneurial spirit
- Having the capacity to tolerance risks
- My leadership and innovative skills
- Flexibility and open-mindedness
- Boundary Management
- Knowing my purpose
- Other, please describe

16. What are your future plans for your business?

- Sustain at current level
- Grow and expand
- Other, please describe

Group: Experience with start-up programs

17. Did you complete a start-up program in Austria or are you currently in a start-up program?

- Yes
- No

18. If yes, which of the following

- Found
- Deloitte Future Fund



- Ideegration
- Immipreneurs
- Migrant Enterprise
- Steps2business
- Other

19. Would you be willing to do a follow-up interview with me? If yes, please provide your contact details (mail, phone number, name - you can choose your real name or any name you wish)

## Appendix B: Questions Survey Service Provider

### Group: Program characteristics

1. When was the program launched?
  - 2016
  - 2015
  - 2014
  - 2013 or before
  
2. What languages does the program offer?
  - German
  - English
  - Arabic
  - Farsi
  - Dari
  - Chechen
  - Kurdish
  - Romanian
  - Slovakian
  - Hungarian
  - Other
  
3. Who is the target group for your program?
  - Start-up (early stage) refugee entrepreneurs only
  - Start-up (early stage) migrant entrepreneurs only
  - We do not differentiate between refugee and migrant entrepreneur
  - Others:
  
4. What is the gender distribution of participants?
  - % of male participants
  - % of female participants
  
5. What is the nationality of the majority of participants in your program?
  
6. What is the nationality of the second largest group of participants?
  
7. What is the length of the program offered?
  - 1-3 month
  - 4-12 month
  - more than 12 month
  - Other
  
8. What is the intensity of the program?
  - Full time training (40 hrs. the week)

- Part time training (20 hrs. the week)
  - Less than 20 hrs. the week
  - Need-based
  - Other
9. What are the specific activities offered in the program?
- Start-up advisory assistance
    - Legal advice (business, labor, and tax-regulations)
    - Advise entry and trade regulations
  - Advisory assistance how to deal with official authorities and departments
  - Business mentoring (expert assistance in relation to business development)
  - Personal mentoring (personal development)
  - Information about access to financial capital
  - Facilitating access to social and financial capital
  - Provision of grants and other funding resources
  - Soft business skills training (e.g., business communication, negotiation)
  - Other Business skill training (e.g., accounting, marketing, sales)
  - Psychological support
  - Sales and marketing consulting
  - Back offices services
  - Public Relations and Media contacts
  - Other
10. How is the program funded?
- EU grants
  - Governmental funding
  - Private donors
  - Institutional donors
  - Participant tuition
  - Other
11. How many participants completed the program so far?
- 1-20
  - 21-50
  - 51-100
  - 101-200
  - more than 200

Group: Satisfaction with the Program

12. How satisfied are you with the success of the program? For each of these questions please check the scale (1=not at all, 2=somewhat, 3=neutral, 4=yes, 5=very much)
- Are you satisfied with participants' evaluation of the program?
  - Are you satisfied with the achievement of the defined objectives of the program?

- Are you satisfied with the results of the specific program?
- Overall, of the three categories (satisfaction with participants' evaluation, achievement of objectives, results) do you feel you are meeting the needs of the target group?
- Overall, do you think the offered program sufficiently address the needs of your clients?

13. If you think beyond your program, what do you think is missing to make refugee entrepreneurs successful in Austria?

Group: Identification and Publication

14. Do you consent to publication of the name of your agency? If yes, please indicate the name of your agency
15. Do you consent to publication of the name of the program? If yes, please provide a brief description of the program.

### **Appendix C: Guiding Questions Interviews**

- Please tell me about your entrepreneurial history?
- What factors do you think help your entrepreneurial success in Austria?
- What barriers did you encounter since you started your business in Austria?
- How did you overcome those barriers?
- How did start-up programs help you in your entrepreneurial development?
  - What expectations did you have going into the program?
  - What expectations were addressed?
  - What expectations were not addressed?
  - What did you learn that you did not anticipate?
  - How satisfied were you with the program? (exceeded my expectation, met my expectation, failed to meet my expectation)
- At this point in time, what do you need to make your business more successful?

### Appendix D: Coding Manual

Successes and barriers for entrepreneurship (Framework presented by Wauters & Lambrecht, 2008; Doern & Goss (2013; 2014), plus emergent categories)

Basic coding	Description
Market condition (MC)	<ul style="list-style-type: none"> <li>• Opportunities that refugees can take advantage of</li> <li>• Ethnic products and services</li> <li>• Lack of regular employment “economic survival”</li> <li>• Imitation of compatriots or other refugees</li> <li>• Sufficient client base</li> </ul>
Access to entrepreneurship (AtE)	<ul style="list-style-type: none"> <li>• Recognition of professional skills</li> <li>• Recognition of professional experience</li> <li>• Access to financial capital (through official institutions or family members)</li> <li>• Provision of capital guarantee</li> </ul>
Human capital (HC)	<ul style="list-style-type: none"> <li>• Entrepreneurial characteristics, attitudes, skills, competences, education</li> <li>• Personal background as entrepreneurs</li> <li>• Access to Business training</li> <li>• Language skills</li> <li>• Access to advisory institutions</li> <li>• Familiarity with authorities</li> </ul>
Social networks (SN)	<ul style="list-style-type: none"> <li>• Access to social networks inside and outside of immigrant communities</li> </ul>
Institutional environment (IE)	<ul style="list-style-type: none"> <li>• Rules and trade regulations</li> <li>• Policies and programs</li> <li>• Clarity about administrative procedures (tax, social security)</li> </ul>
Societal environment (SE)	<ul style="list-style-type: none"> <li>• Perception of local population about ethnic entrepreneurs</li> <li>• Perception of ethnic products/services and quality by local population (prejudice/acceptance)</li> <li>• Cultural differences of doing business (e.g., gender roles, cultural orientation)</li> </ul>
Power rituals (PR)	<ul style="list-style-type: none"> <li>• Negative perception of interactions between state officials and entrepreneur</li> </ul>
Knowing one’s start-up reasons (KSR); new topic	<ul style="list-style-type: none"> <li>• Knowing one’s purpose</li> <li>• Being one’s boss</li> <li>• Execute a profitable activity</li> <li>• Work-live balance</li> </ul>

	<ul style="list-style-type: none"> <li>• Being able to execute agency</li> </ul>
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Expectation toward start-up programs (Framework Marchand & Siegel, 2014; plus emergent categories)

Basic coding	Description
Information provision (IP)	<ul style="list-style-type: none"> <li>• Specific events where information is provided to a general pool of entrepreneurs</li> </ul>
Networking (NW)	<ul style="list-style-type: none"> <li>• Offering opportunities to meet other entrepreneurs, suppliers, customers, and other business partners</li> </ul>
Mentoring/Counselling (MC)	<ul style="list-style-type: none"> <li>• Information provision from a pool of experienced business people and experts for a limited period</li> </ul>
Training (TR)	<ul style="list-style-type: none"> <li>• Interventions to gain relevant knowledge and skills necessary for the start-up (marketing, business skills, information on possibilities for financing)</li> <li>• Capacity building related to business sector</li> </ul>
Investment and partnerships (IVM)	<ul style="list-style-type: none"> <li>• Provision of seed funding and access to credits and loans</li> <li>• Provision of incubation, access to business angels, access to free workspace</li> </ul>
Increase cooperation with state actors (ICSA); new category	<ul style="list-style-type: none"> <li>• Lobby for the development of entrepreneurial ecosystems, such as diversity in agencies, empathy for circumstances, more favorable entry barriers</li> <li>• Lobby for entrepreneurial potential of refugees</li> <li>• Lobby for transition programs</li> </ul>
Increase collaboration between entrepreneurs and financial institutions (ICFI); new category	<ul style="list-style-type: none"> <li>• Support holistic risk-assessments and educate bankers in entrepreneurial thinking, encourage banks to giving more loans, encourage other types of organizations to provide microcredits</li> </ul>

Administrative support (AS); new topic	<ul style="list-style-type: none"> <li>• Providing support to deal with administrative procedures and patent procedures</li> <li>• Providing support to understand correspondence with governmental officials, making existing services more visible,</li> </ul>
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Overcoming barriers (Framework Doern & Goss, 2013, 2014; Skodol 2011)

Basic coding	Description
Barring processes to power rituals, BP (Doern & Goss, 2013; 2014)	<ul style="list-style-type: none"> <li>• Open resistance</li> <li>• Avoid or minimize such interactions in the future</li> <li>• Continue to interact but manage the emotional response internally</li> </ul>
Self-efficacy, SEF (Skodol, 2011)	<ul style="list-style-type: none"> <li>• Access savings</li> <li>• Utilize social ties</li> <li>• Get more education</li> <li>• Work harder</li> </ul>
Positive future orientation, PFO (Skodol, 2011)	<ul style="list-style-type: none"> <li>• Showing determination and persistence in the pursuit of personal goals</li> <li>• Clarity of purpose</li> </ul>



### Glossary Terms in Migration

Term	Definition	Related term
Alien	A person who is not a national of a member state of the EU	Third country national
Asylum seeker	A person who has filed an application for protection under Geneva Convention; a final decision has not yet been taken	Applicant for international protection
Displaced person	A non-EU national or stateless person who has to leave his or her country of origin or has been evocated in response to an appeal by international organization and is unable to return in safe and durable conditions	Forced migrant
Guest worker	An economic migrant recruited for a restricted term of employment and settlement	Economic migrant
Immigrant	A person of a third country who establishes usual residency in the territory of EU member state for a period of at least 12 month	Migrant
Migrant	A person of a third country who establishes usual residency in the territory of EU member state for a period of at least 12 month	Immigrant
Refugee	A third country national owing to a well-founded fear of persecution due to reasons of race, religion, nationality, or membership to a particular social group who is outside of the country of nationality and unable or unwilling to return due to the lack of protection of the country of origin	Forced migrant
Recognized refugee	A person recognized as a refugee by a state under the criteria Art. 1A of the Geneva Convention	Convention refugee
Person eligible for subsidiary protection	A third country national or stateless person who is not qualified as a refugee but who has substantial grounds to believe to be at real risk of suffering serious harm and is unable to avail themselves to the protection of the country of origin	Beneficiary of international protection
Person with migratory background	A person who has (a) migrated into the present country of residence, (b) previously held a different nationality from the present one, (c) at least one of their parents previously entered their present country of residence or a migrant	First/second generation migrant
Third country national	A person who is not a citizen of EU and not enjoying the Unions right to free movement as defined in the Schengen Border code.	Non-Union citizen

*Note.* Adapted from European Migration Network [EMN] glossary and thesaurus 3.0 (2014). Retrieved from [http://ec.europa.eu/dgs/home-affairs/what-we-do/networks/european\\_migration\\_network/glossary/index\\_a\\_en.htm](http://ec.europa.eu/dgs/home-affairs/what-we-do/networks/european_migration_network/glossary/index_a_en.htm)