

How Refugee Entrepreneurs are Changing the Narrative on Refugees in America

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Since 1975, the United States has admitted nearly three million refugees for permanent resettlement, establishing itself as a global leader in resettling refugees. However, the country's attitude towards refugees has changed in recent years. The annual cap on refugee admissions was lowered to 18,000 in the fiscal year 2020 - the lowest in the history of the U.S. resettlement program. The reasons often cited by policymakers for such cuts are economical, with refugees painted as being a drain on American society. Specifically, refugees are perceived as being incapable of adapting successfully and achieving economic self-sufficiency unlike, other immigrants. However, the study I conducted along with my colleagues on entrepreneurship among refugees suggests that this narrative may be far from true - Refugees may be much more resilient than previously thought about.

As part of our study, we analyzed the business performance of nearly 20,000 self-employed immigrants who migrated to the U.S between 1995-2000. The study revealed two key findings:

- Refugee entrepreneurs earn annually, on average, around \$6,000 less than other immigrant entrepreneurs initially.
- They fully close this gap in just ten years.

What explains this remarkable “catch-up” effect? The answer to this question seems to lie, surprisingly, in the form of adversity faced by refugees in the new country.

Resilience researcher Dr. Dean Shepherd points out that the adversity of refugees' experience plays an important role in how they make sense of and adapt to the new environment; a key expression of this adaptation being how they start and run ventures. Like other immigrants, refugees face adversity in the form of a “culture shock” that makes it hard for them to run ventures effectively. However, refugees also face other unique sources of adversity that influence their adaption in the new country. The forced and abrupt nature of their migration, often accompanied by lasting trauma, makes it difficult for refugees to secure support for their ventures early on. However, another dimension of their adversity, specifically their inability to return to their home country, may provide refugees more incentives to adapt than other immigrants.

Lacking the option of emigrating back to their homeland, refugees are likely to develop a more long-term perspective and have stronger incentives to integrate into the host society than other immigrants. Thus, relative to other immigrant entrepreneurs, refugee entrepreneurs are likely to learn more about the host country, become more aware of local political habits that may affect business operations, and make more effort to form long-term mutually-beneficial relationships with local customers, suppliers, lenders, employees and trade associations. This drive to learn and form connections with locals is clearly perceptible when you talk to refugee entrepreneurs. For example, one of the 60 refugee entrepreneurs we interviewed as part of our study told us:

“I never hesitate to speak with anybody. So, I have a pretty good network now, from people in very low areas of life to the high areas like elected officials, government staff etc. I have been to many churches and spoken there. So, if you speak up and tell your story, I think you can reach the heart of the people.”

Over time, this deeper integration helps refugee entrepreneurs gain access to resources, knowledge, and support that are particularly relevant for their ventures. This may explain how they are able to close the initial gap in their business performance relative to other immigrant entrepreneurs.

A unique aspect of the integration of refugees seems to be with respect to how they draw on relationships with others from their own national community (i.e., community with members from the same home country). We find that refugees who belong to smaller national communities show more performance improvements over time than those from larger communities. This is because refugees who belong to smaller communities have stronger incentives to integrate with locals (non-refugees) than refugees belonging to larger communities – something that has been shown to have long-term benefits for immigrant entrepreneurs.

Thus, it seems that refugee entrepreneurs take some time to adjust to a new country due to the more acute dimensions of adversity they face, but that the very same dimensions also contribute to their eventual success. These findings clearly show that refugees, particularly refugee entrepreneurs, can be contributing members to American society. Therefore, policymakers need to take these contributions into consideration while making future decisions on refugee admission.

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